

Evaluating a Financial Advisor: Sorting Through the Designations



**By: Liz H. Cauble, CFP®,
Principal**
Cauble & Harre Wealth
Management

When people begin to explore working with an investment professional, they quickly discover the alphabet soup of designations used in our industry (CFP®, CFA, CLU®, ChFC®, etc.). It can be difficult but important to determine what any particular designation means to you as a client.

Earning and using a designation can indicate a certain level of expertise in a particular area and can reflect an investment professional's commitment to learn and grow within their profession. Use of certain designations may require adherence to a code of ethical standards established by the sponsoring organization. Unfortunately, some designations have little value behind them and can be used to offer a false sense of security to investors.

To learn if a particular designation is valuable to you as a client, ask the professional what they had to do to earn it, what requirements there are to use the mark, and what, if any, ethical standards they are subject to in using the designation. Also note that since designations are controlled by sponsoring organizations, if you can determine the sponsoring organization, you can visit its website for additional information.

Four of the more widely used designations are described next. There are

other worthwhile designations not discussed here due to space constraints.

**Certified Financial Planner/
CFP® certificants:**

The CFP® program is administered by the CFP Board. Individuals must complete an educational program and pass a two-day 10 hour examination. Topics covered include the financial planning process, income taxation, retirement, insurance, estate planning and investments. CFP® certificants must have three years of work experience in financial planning, must adhere to a code of ethics and standards of practice and must complete 30 hours of continuing education every two years.

**Chartered Financial Analyst
(CFA):**

The CFA Program is administered by the CFA Institute. The first CFA charter was awarded in 1963. Individuals must have earned an undergraduate degree from an accredited university, must have at least four years of work experience in an investment decision making role and pass three, six-hour examinations that are taken in sequence over at least a two year period. The examinations cover ethical and professional standards, economics, financial statement analysis, quantitative analysis, valuation of equity, fixed income, derivative and alternative investments and portfolio management. CFA charterholders must adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

**Chartered Life Underwriter
(CLU®)**

The CLU program is administered by The American College. Individuals must successfully complete eight courses on topics including individual life insurance, insurance law, estate planning and planning for business owners and professionals. There is elective coursework in investments, income taxation and planning for retirement needs. Individuals must have three years of full-time business experience and

complete 30 hours of continuing education every two years. Users must also agree to comply with The American College's Code of Ethics and Procedures.

**Chartered Financial Consultant®
(ChFC®):**

Created in 1982, the ChFC® designation is also awarded by The American College. Individuals must

pass eight courses offered by the American College (each concluding with a two-hour exam), have three years of professional experience, earn a total of 30 hours of continuing education every two years and agree to comply with The American College's Code of Ethics and Procedures. Course topics include insurance and estate planning, investments, income taxation and planning for retirement needs.

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LIZ H. CAUBLE, CFP®
liz@caubleharre.com

PETER B. HARRE, CFA
peter@caubleharre.com

12977 North 40 Drive, Suite 213 St. Louis, MO 63141 Office 314.576.1112

Cauble & Harre Wealth Management was founded by Liz Cauble and Peter Harre with the goal of providing personalized and effective wealth management and financial planning services. We are an independent, fee-only firm. For more information regarding designations or to learn more about our services, please call Liz Cauble at (314)576-1112.