

Business and Financial Operations

Personal Financial Advisors

Personal Financial Advisors play an important role in the lives of their clients. They help individuals decide how to achieve their economic goals, and assist them in achieving those goals. A large part of their job entails using their knowledge of tax and investment strategies to help clients make sense of financial information and develop financial plans. They also advise clients making life-changing decisions that may affect their finances. They will usually help them identify and plan for their financial needs and improved economic prosperity.

Personal financial advisors need to be familiar with the following areas: investments, tax laws, insurance, retirement or estate planning, educational expenses, and risk management. Many personal financial advisors are licensed to directly buy and sell financial products, such as stocks, bonds, derivatives, annuities, and insurance products. Depending upon the agreement they have with their clients, personal financial advisors may have their clients' permission to make decisions regarding the buying and selling of stocks and bonds. Successful personal financial advisors have good social skills, are comfortable working with people. Accountability for the business decisions clients' make with their money is an important responsibility and personal financial advisors may often have to justify decisions at length to fretful clients; making patience an important trait in this particular job. They usually manage multiple client financial portfolios in a given time period.

Personal financial advisors often have to recruit their own clients, for instance through advertising, leading seminars, or through business networking. Being able to find clients and keep clients satisfied are among the most important job skills a personal financial advisors must have. They begin work with new clients by setting up a consultation. The consultation is usually an in-person meeting where the advisor obtains as much information as possible about the client's finances and goals. Next, the financial advisor creates a financial plan for the client. The financial plan identifies any problem areas in the client's spending or economic habits, makes recommendations for improvement, and selects appropriate investments compatible with the client's goals, opinions on financial risks, and expectations related to profits or returns.

They then continue to meet with clients after finalizing the financial plan, at least once a year, and may do so much more often, in order to plan and maintain investments, and adjust to client's needs and priorities. One of the chief responsibilities of personal financial advisors is to help the client make informed decisions based on full awareness of financial risks, and to be open with clients about the possibilities of rewards on investments, so that the client is not ultimately disappointed by unrealistic expectations. Keeping abreast of the financial news and the activities of relevant companies is an important component of the job.

Personal financial advisors often work standard business hours from home, or from an office, spending most hours at a desk. They sometimes need to meet clients on nights or weekends. The job may involve a significant amount of travelling to conferences, training seminars or to meetings with current and potential clients.

Education/Training

How to Obtain:

To become a personal financial advisor a bachelor's degree is necessary, preferably in a finance related area such as accounting, economics, business, mathematics, or law. Some advisors have pursued masters' degrees in areas like business administration, accounting or finance. Certification is generally recommended as money is an area subject to a high occurrence of fraud.

Personal financial advisors can apply for the Certified Financial Planner (CFP) credential conferred by the Certified Financial Planner Board of Standards, Inc. (CFP Board). For initial certification applicants must:

- Complete the Education Requirement of A bachelor's degree (or higher), or its equivalent in any discipline from an accredited college or university
- Pass the 10 hour CFP® Certification Examination which tests your ability to apply your financial planning knowledge to client situations.
- Meet the Experience Requirement of at least three years of qualifying full-time work experience
- Pass Candidate Fitness Standards and Background Check
- You must disclose past or pending litigation or agency proceedings and agree to abide by CFP Board's Code of Ethics and Professional Responsibility and Financial Planning Practice Standards.

Personal financial advisors who directly buy or sell stocks, bonds, or insurance policies may have a combination of licenses that vary based upon the products they sell. Information on requirements to obtain licenses is available from the North American Securities Administrator Association (NASAA). Most states, including New York, require that applicants pass the Uniform Investment Advisor Law Exam, in order to become licensed.

More Information on Certification:

- Certified Financial Planner Board of Standards, Inc. (CFP Board)
<http://www.cfp.net/become/Steps.asp>
- North American Securities Administrator Association:
http://www.nasaa.org/Industry_Regulatory_Resources/Exams/
- The Financial Industry Regulatory Authority (FINRA)
<http://www.finra.org/Industry/index.htm>

- National Association of Personal Financial Advisors (NAPFA)
<http://www.napfa.org/>

Average Costs:

Tuition and fees for a master's degree earned at an accredited public university in an area like finance costs an average of \$16,000* per year. Completion time is generally 2 years.

Certification conferred by the Certified financial Planner Board costs are a one-time, non-refundable initial certification application fee of \$100 for the background checks in addition to a biennial certification fee of \$360. Costs of continuing education and recertification may vary.

North American Securities Administrator Association offers three Uniform Investment Advisor exams. The fee to take the Series 63 exam is \$96. There is a \$135 fee for the Series 65 exam, and \$128 fee for the Series 66 exam.

*Note: This figure does not include federal, state, or university financial aid resources such as grants, fellowships, scholarships or work study. It also does not include vocational rehabilitation or other state resources available specifically to people with disabilities. Out-of-pocket expense may be significantly less.