

Opinion: How to digest financial advisers' alphabet soup of professional certifications

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These 3 designations can give investors greater confidence



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When shopping for a financial planner, you want someone with three prerequisites: expertise, experience and good communication skills. A quick glance at their bio shows their years in the business, and a brief conversation helps you assess whether they speak clearly and listen well.

But trying to judge their level of expertise gets tricky, so you look at the professional designations after their name.

Some advisers pride themselves on collecting a string of certifications. From ADPA (Accredited Domestic Partnership Advisor) to WMCP (Wealth Management Certified Professional), the list keeps expanding as professional associations and industry groups introduce new areas of study.

Which ones matter the most? "There's an alphabet soup of designations and it's difficult for consumers to figure out which ones are meaningful," said Michael Finke, chief academic officer at the American College of Financial Services in Bryn Mawr, Pa., which offers eight designations for advisers.

While opinions vary, three of the most well-established programs for financial advisers are CFP (Certified Financial Planner), **ChFC (Chartered Financial Consultant)** and CLU (Chartered Life Underwriter).

Finke calls CFP and **ChFC "the granddaddies" of designations** because they require diligent study and provide broad exposure to financial planning principles.

"Both are very similar curriculum, **essentially the equivalent of multi-semester education at a college,**" he said. "And CLU overlaps with CFP and adds an emphasis on [life] insurance planning" and risk management.

To help consumers make sense of all these certifications, Finke divides them into two categories. He refers to the more important ones, such as the three mentioned above, as “foundational designations.” Typically, they can demand one year or more of part-time study, so they represent a substantial commitment of an adviser’s time.

The second set of designations focuses more narrowly on a particular aspect of financial planning. The requirements to earn specialized certifications are usually less onerous, and they signal to consumers an adviser’s niche or professional interests.

For example, a CDFA (Certified Divorce Financial Analyst) works with clients on divorce planning. And there’s an organization called the Institute for Divorce Financial Analysts that sets certification standards and monitors compliance.

As baby boomers transition from wealth accumulation to wealth preservation, a popular specialty for advisers involves retirement planning. Designations such as Chartered Retirement Planning Counselor (CRPC) and Certified Retirement Counselor (CRC) indicate advisers’ intent to learn more to serve pre-retirees.

When scrutinizing an adviser’s specialized designations, ask questions such as:

What did you need to do to earn this designation?

How much time did it take to complete the course of study?

What organization or professional association sets standards and oversees compliance?

Advisers usually work with a credible governing body that manages the certification process for a particular designation. If you ask, they may even share how much they paid to complete the program.

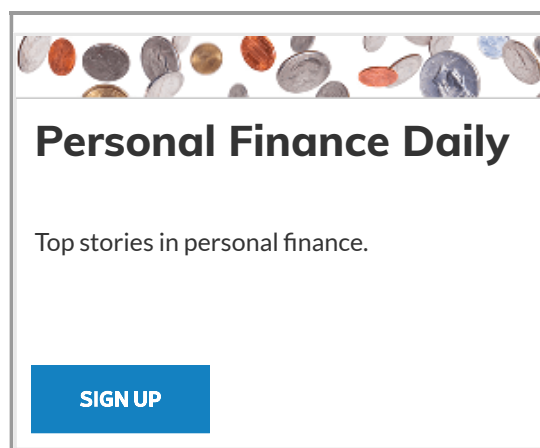
To get a sense of the wide-ranging menu of offerings, check out the Financial Industry Regulatory Authority’s [directory of designations](#). It lists the issuing organization and prerequisites for each designation, along with continuing education requirements.

“Some designations are ‘weekend designations,’” Finke said. “Studying for a week is different than a one- to two-year commitment.”

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