

Firms emphasize CFP badge

Credential in U.S. for financial advisers becomes bigger focus

By Lingling Wei

U.S. brokerage firms are making sure the "financial advisers" they employ live up to that title.

Driven by the desire to catch more assets from affluent investors, securities houses are starting to offer incentives to their stockbrokers to pursue the certified financial planner, or CFP, designation, a badge commonly held by independent financial planners and widely recognized by consumers.

The CFP title indicates knowledge about how to help clients meet their goals, such as buying a home, saving for a child's education and having a comfortable retirement. Also coming with that title are the ethical standards that brokers-turned-advisers find themselves increasingly judged on.

Brokerage-firm executives believe brokers who make the effort to attain—and keep—the CFP credential could assure clients about their capabilities and trustworthiness. Today, about 59% of the more than 50,000 CFP holders in the U.S. work for brokerage and other financial-services firms, compared with 30% about a year ago, according to the CFP Board of Standards.

Currently, there is no uniform accreditation to become a financial adviser. A study from UBS AG shows that in addition to the CFP certification, there are more than

80 other certifications or degrees aimed at the financial-planning profession. That can cause confusion among broker-advisers and investors. The CFP title stands out because of the required courses of study, the CFP Board of Standards' continuing-education requirements as well as its code of ethics.

To get the CFP title, candidates need to have at least three years of work experience and complete a financial-planning curriculum at a U.S.-accredited college or university. Then they must pass a 10-hour, two-day exam covering more than 100 topics from tax planning, investments, insurance and retirement planning. Every two years, CFP holders are required to complete a minimum 30 hours of continuing education. Two of those hours must be spent studying the CFP board's code of ethics or practice standards.

Through the code of ethics, which mirrors certain rules under the federal law governing professionals who provide financial-planning services, CFP holders agree to put customers' interests first and make upfront disclosures about conflicts of interest. If found in violation of the code, an individual's right to use the CFP designation could be suspended or revoked. (The code, however, doesn't provide a legal basis for lawsuits against broker-advisers.)

According to data from the non-profit CFP Board of Standards in Denver, among the firms that boast a large number of CFPs are Merrill Lynch & Co., with more than 2,300; Morgan Stanley, with more than 1,800; and AIG Advisor Group, the bro-

ker-dealer unit of American International Group Inc., with nearly 1,400.

Bob Matthews, director of wealth management for Citigroup Inc.'s Smith Barney in New York, says "the CFP designation is the most applicable for what our [financial advisers] do every day." More than 1,200 of Citigroup's 14,000 advisers are certified as financial planners, and the firm is encouraging more of its broker-advisers to earn the designation. Starting with this year, Smith Barney reimburses as much as \$5,000 to those who achieve it.

Mr. Matthews says the reimbursement plan is a "natural progression" for Smith Barney, which over the past few years has beefed up internal training of financial-planning specialists and built product offerings geared toward fee-based, as opposed to commission-based, financial-advisory business. "It's not the toolbox that builds furniture," he says of the firm's advisory business. "It's the craftsman."

Advisers at Wachovia Securities, the Richmond, Virginia, brokerage arm of Wachovia Corp., are eligible for a full 100% reimbursement for the cost of achieving the CFP and Certified Investment Management Analyst titles.

Some firms have started to track the "productivity" of the broker-advisers who hold professional designations. "We think the growth in clients' assets is the best measure of the quality of the advice," says Doug Black, managing director and director of business and strategic development for UBS Wealth Management. "Clients vote with their assets."