

Understanding Professional Designations: What Do the Letters Mean?

Although credentialing for financial planners is not required by federal or state law, you should expect persons calling themselves professionals to have the appropriate educational background, have significant professional experience, be licensed by the appropriate government regulatory agency and have a commitment to helping others. A number of certifications and designations exist:


Certified Financial Planner (CFP) is probably the best-known certification in the field of financial planning. CFP licensees pass examinations in risk management, investments, tax planning, retirement planning and estate planning. They also must have a minimum level of three years work experience, continue to update their knowledge in the field and adhere to a prescribed code of ethics. CFP licensees are certified by the Certified Financial Planner Board of Standards Inc.

Chartered Financial Analyst (CFA) designations are awarded by the Association for Investment Management and Research (AIMR). Three levels of examinations can be taken. For example, the first level includes understanding investment analysis and management, financial markets, portfolio management and securities law.

Chartered Financial Consultants (ChFC) complete courses in economics, investments, insurance, taxation and related areas from the American College in Bryn Mawr, Pennsylvania.

Personal Financial Specialist (PFS) designations are obtained by some certified public accountants (CPAs). Additional specialized education is needed and other requirements established by the American Institute of CPAs must be met. CPAs with the PFS designation provide a broad range of personal financial services that may include investment advice.

Accredited Financial Counselors (AFC) must pass two examinations, one in personal finance and one in financial counseling and subscribe to the AFC code of ethics.

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Additional Resources: http://apps.nasd.com/DataDirectory/1/prodesignations.aspx			
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For information about additional professional designations, consult the "Understanding Professional Designations" database at www.finra.org.