

C-Careers in Personal Financial Planning and Counseling

Personal financial planning and counseling is a professional field that addresses the financial concerns of individuals and families. The need for sound advice in personal finance is becoming increasingly apparent to the public, inspiring ever more well-qualified people to enter this growing service profession.

Academic study in this field provides education and training for professionals who hope to offer counseling, education, or advice on individual and family financial matters, such as debt management, budgeting, financial management strategies, and fundamental financial planning opportunities. Financial services providers focus on the evolving role of personal finances in the lives of U.S. families, considering how people should spend, save, manage, protect, and invest their resources. Careers in the financial services industry—in business, government, and the nonprofit sectors—have been identified as terrific employment opportunities for at least the next two decades.

Factors That Have Led to Growth in the Field of Personal Financial Planning and Counseling

Just 35 years ago, the average U.S. consumer did not have any credit cards, seldom owned stocks, bonds, or life insurance, and either opened a non-interest-bearing checking account at a local bank or did not have a checking account at all. Many people planned on working for the same employer until they retired, with their jobs typically providing some health care benefits and perhaps a small pension.

Today, consumer choices among financial products and services have never been greater. The problems, challenges, and opportunities in personal financial matters facing individuals and families can seem overwhelming. People must select and pay for their health care plans and take responsibility for investing thousands of dollars every year into their personal pension plans. Although mistakes in either area can prove very costly, the public remains poorly informed about these complicated areas of financial decision making.

Individuals and families today face an increasingly deregulated personal financial marketplace, the constant introduction of new financial products, a wider availability of choices in products and services, loss of real spendable income due to inflation, higher costs for vital necessities (i.e., housing, transportation, and education), substantial housing mobility, employment dislocations because of regional economic instability with the resulting need for job retraining, and a growing dependence on two incomes to make financial ends meet and live a chosen lifestyle. At the same time, marketplace transactions have become much more impersonal because of the use of automated teller machines, bill paying by computer, mail-order catalogs, mega-shopping malls, home shopping via television, and financial transactions on the Internet.

These changes increase the likelihood of making errors in personal finances. These mistakes occur, in part, because everyone is not equally adept or successful at handling personal finances. Mismanagement in the areas of credit, planned spending, risk management, and investing can have serious negative results.

While the personal financial practices of the U.S. family undergo this transformation, most people still rely upon themselves or other family members as their primary source of advice about financial matters. Many consumers know few sources of financial help

available in their communities—let alone any unbiased sources. Because so few people are educated in personal financial management, most individuals and families are ill-prepared to deal with today's financial problems, challenges, and opportunities. Despite a general lack of educational preparation in personal financial management, however, the responsibility for a person's financial well-being today rests squarely upon the individual and family.

The Role of a Professional in Personal Financial Planning and Counseling

In response to these needs and opportunities, a sharp increase has been noted in the demand for qualified professionals who are willing to enter the rapidly growing field of personal financial planning and counseling to become financial services providers. Career opportunities for professionals in financial planning and counseling historically have been divided into two areas: (1) financial planning and (2) budget/credit counseling. Individuals in financial planning occupations usually sell financial products (such as life insurance, stocks, or mutual funds) and offer planning advice (in the areas of cash-flow management, risk management, and capital appreciation for retirement) to middle- and high-income clients. Members of the budget/credit counseling occupations generally advise clients of all income levels who are experiencing some type of financial difficulty (such as credit abuse) or facing a basic challenge (such as the need to accumulate funds for a child's education).

The financial services provider, or financial counselor, works with clients in a proactive manner to aid in financial decision making and to help implement those decisions. The definition of a financial counselor has evolved through the years, but now describes a professional capable of offering advice to those who need assistance with budgeting and credit problems as well as to those who need guidance in financial planning and decision making. Thus, this role encompasses the duties of both financial planners and budget/credit counselors. The prototype of this newer type of financial services provider is often employed in a company's employee assistance program (EAP), where he or she handles inquiries on all types of financial concerns of employees. The well-educated financial services provider of today and tomorrow can provide remedial and preventive advice to individuals and families regarding debt management, financial budgeting, and fundamental financial planning opportunities. Their clients may or may not already be managing their personal finances effectively. Keep in mind, however, that most job opportunities today remain divided into the traditional financial planning or the budget/credit counseling occupations, where the financial planner offers suggestions on productive financial opportunities while the budget/credit counselor helps people resolve problems with overspending and poor budgeting techniques.

Graduates from academic programs who enter professional careers in personal financial planning and counseling should take a holistic perspective to financial concerns in helping clients resolve specific financial problems, take advantage of unique planning opportunities, and integrate all aspects of a client's finances into a comprehensive financial plan. This comprehensive approach to resource management distinguishes personal financial counselors from credit counselors, insurance agents, and stockbrokers, each of whom might focus on a single area of a client's finances rather than the client's total financial needs.

Today's professionally educated financial services provider should be able to provide counseling, education, and advice to families on financial matters, such as utilizing human and community assets, obtaining entitlements, resolving credit and budgeting problems, managing cash, and dealing with risk management, retirement planning, and capital accumulation. The financial services provider can present issues, alternatives, and possible courses of action for clients to consider, with the overall goal of empowering individuals and families to function in their own self-interest. Importantly, the financial services provider also tries to educate and empower clients so that they can achieve their goals themselves.

In addition, the financial services provider can help individuals and families determine whether and how they can meet their life goals through proper management of financial and human resources. The immediate task is to help clients articulate goals and identify problems that may impede progress toward achievement of those goals. The financial services provider then helps the client determine whether the goals are achievable and how to accomplish them. Next, the financial services provider coordinates the implementation of a financial plan to improve the likelihood that the client will attain his or her immediate goals. In most cases, the financial services provider periodically reviews the progress of clients and, if needed, assists them in making any revisions necessary.

In advising clients, the financial services provider tries to point out how decisions and actions undertaken at one stage of life affect economic security at other stages of life and ultimately affect their long-term quality of life. If necessary, both remedial and preventive advice is offered, as well as productive planning suggestions. The advice provided by a financial services provider is intended to help clients position their assets, debts, and income so that they can efficiently and effectively meet their personal and family financial objectives.

In counseling people about their finances, a number of sensitive issues may arise with clients, occasionally including unresolved conflicts, which may result in the financial services provider making appropriate referrals to other specialized professionals as well as social services agencies. Thus, in addition to clients, financial services providers often interact with professionals employed in social service and government agencies, educational institutions, legal firms, and a variety of businesses.

Major activities of financial service providers include responding to client inquiries; offering credit and budgeting advice; proposing a budgeting format; contacting creditors and public assistance organizations (if necessary); explaining the provisions of an employee benefits package; preparing reports for and about clients; making productive financial planning suggestions (perhaps on how to provide for a child's education, reduce income taxes, or invest funds for retirement); developing promotional and informational programs; writing news releases, informational brochures, and newsletters; attending seminars and workshops to update the provider's personal knowledge of financial issues; and speaking to various consumer, employee, educational, government, business, and professional groups.

Professional Certifications

Professional certifications are obtained by many successful financial service providers who have voluntarily undergone training and met various qualifications. For those in

financial planning occupations, these certifications include Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), Certified Financial Analyst (CFA), Registry of Financial Planning Practitioners, Registered Investment Advisor (RIA), Certified Employee Benefits Specialist (CEBS), Certified Professional Insurance Woman (CPIW), and master of science (MS) degree in personal financial management. More than 90 academic programs across the United States are registered with the International Board of Standards and Practices for Certified Financial Planners, Inc. Graduates of IBCFP-registered curricula are automatically entitled to take the Certified Financial Planner (CFP) examination. For members of the budget/credit counseling occupations, two popular certifications are CCCS and AFC. The Certified Consumer Credit Counselor (CCCS) is available to counselors working in nonprofit consumer credit counseling agencies. The Chartered Mutual Fund Counselor (CMFC) serves that industry. The Accredited Financial Counselor (AFC) certification, offered through the Association for Financial Counseling and Planning Education,* is available to all financial service providers.

Career Opportunities

The financial services industry, of which careers in budget/credit counseling and financial planning constitute but one part, has been identified as one of the brighter career prospects in the new century. This expanding field offers career opportunities for well-educated financial service providers with social service agencies, military bases, government agencies, financial institutions, stock and insurance brokerage businesses, financial planning firms, and private practice.

The financial services provider is sometimes the only member of a team with special expertise in financial matters, and colleagues may rely on him or her accordingly. A growing number of large organizations employ such a financial services provider who informs, updates, and educates the firm's other workers. In other employment situations, three or four (or more) financial service providers with similar backgrounds and job responsibilities may work in the same office.

Appropriate entry-level employment positions for financial counseling graduates include credit counselor, budget counselor, consumer credit counseling service operations manager, employee assistance counselor, pre-retirement counselor, financial counselor, military financial educator, consumer relations coordinator, housing counselor, loan coordinator, loan officer, new accounts representative, debt collections coordinator, credit investigator, claims representative, bankruptcy court service worker, extension agent, coordinator of financial counseling volunteers, stockbroker, insurance broker, and financial planner.

Suitable entry-level positions for financial counseling graduates can be found within a number of nonprofit and service-oriented employers: consumer credit counseling services, credit unions, family service agencies, armed forces family/ community service agencies, corporate and government employee assistance programs, employee benefits counseling firms, college financial aid offices, social welfare agencies, hospitals, consumer finance companies, mortgage lenders, corporate credit departments, credit bureaus, credit collection agencies, juvenile and domestic relations courts, marriage counseling firms, mental health associations, community programs for the elderly/low-income workers, ministerial organizations, divorce mediation firms, cooperative

extension services, labor unions, as bankruptcy attorneys, U.S. bankruptcy courts, the Federal Home Administration, the Farmers Home Administration, Housing and Urban Development offices, banks, savings and loan associations, insurance companies, and financial planning companies.

In addition, many potential entry-level positions and employers exist in the financial services industry, such as account representative at a brokerage firm, customer service agent at a mutual fund company, accounts officer at a bank or savings and loan association, sales representative for a real estate agency or an insurance company, and junior associate at a financial planning firm. Positions in the financial services field are likely to be found in both small and large organizations. Potential employers are located throughout the country, in both small and large communities.

Professionals in the financial services industry may enjoy lifelong career development opportunities. Advanced positions in middle management require several years of successful financial service provider experience. Such managers direct and train other financial service providers, represent the organization at meetings, work with advisory committees, monitor legislative and regulatory issues, address legislative hearings, and reasonably advocate the interests of personal financial planning and counseling clients. According to many job-satisfaction studies, financial service providers are challenged and satisfied by their work. Salaries for entry-level employment positions vary. Entry-level positions for those employed in nonprofit credit/budget counseling positions usually pay less than \$20,000 annually; comparable positions in government or business may begin around \$25,000 but can quickly rise to \$50,000 or more. In general, financial service providers believe that they are making a significant contribution to their clients' economic well-being.