



CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

MAKING ROOM FOR WOMEN IN THE FINANCIAL PLANNING PROFESSION

Certified Financial Planner Board of Standards, Inc. (CFP Board) has seen impressive growth in the number of CFP® professionals in recent years. However, the percentage of women has remained flat at 23 percent for at least a decade. To address this challenge head on, in 2013, CFP Board launched its Women’s Initiative (WIN), and set out, with its WIN Advisory Panel of experts on women in financial services, to conduct a comprehensive research study on the “feminine famine” in the financial planning profession. The qualitative and quantitative research examines the attitudes and perceptions of key groups with a stake in the gender composition of the financial planning profession, including CFP® professionals and other financial advisors, students, educators and representatives of financial services firms.

A GAME OF CHUTES AND LADDERS?

It appears that the path to CFP® certification for women may be a bit like the board game “chutes and ladders.” As a woman moves through the career selection process to become a financial planner, there are any number of “chutes” that she may land on. These chutes then slide her off a course that otherwise could lead to a career in financial planning and CFP® certification.

The WIN Advisory Panel identified the following potential “chutes” for further research:

- Women, more so than men, may lack adequate information as to what financial planning involves or what it takes to be successful as a financial planner.
- Prevalent business models and compensation methods in financial planning may be unattractive to women or not aligned with their income requirements.
- Gender bias and discrimination may play a role in the underrepresentation of women in financial planning, either because firms are less likely to hire and support women, or because women are less likely to pursue the career because they assume they won’t be hired and supported.
- Concerns about work-life balance may deter women from considering a financial planning career.
- There may be a lack of visible role models, networks and professional development programs for women in financial planning.

RESEARCH FINDINGS.

The WIN research was designed to explore these hypothetical chutes, as well as uncover other possible detours taking women off a path to CFP® certification.

What Does the Woman Financial Advisor Look Like?

Relative to Male Financial Advisors	2013
She’s paid less.	Even when she has the same experience, revenue production and ownership as a man, a woman in the financial advisory field receives approximately \$32,000 less annual income than male advisors
She’s more likely to be paid a salary.	32% of women were salaried versus 13% of men
She’s younger.	Approximately half of women advisors surveyed were age 40 or younger, compared to one-third of men under the age of 40
She has less experience.	44% of women had eight or fewer years of experience, compared to 29% of men
She’s more likely to work for a bank.	21% of women were employed by a bank, compared with 10% of men
She’s more likely to work for a large (\$1 million + in revenue) practice team.	27% of women practiced in large firms versus 18% of men
She’s not as likely to own her own practice.	39% of women owned all or part of their practice versus 63% of men

FINDING #1: Financial planning and CFP® certification are simply not “top of mind” as career paths for women.

- The WIN survey data indicates that among individuals who do not consider themselves financial planners, women are less than half as likely than men to report being “very familiar” with the role of a financial planner (22 percent versus 53 percent).
- This knowledge gap is even greater among women and men students in finance-related programs.

FINDING #2: What women believe about financial planning is often clouded by misperceptions and inaccuracies as to the nature of the work.

- Over 90 percent of women in the CFP® Professional Community (including CFP® professionals, students in CFP Board-Registered Programs, and program directors) believe that financial planning requires strong communication and listening skills, and a holistic approach to clients’ finances.
- For women in the Financial Advisor Community (those without CFP® certification), misperceptions about the nature of financial planning strongly affect their interest in becoming financial planners.
 - Among women in the Financial Advisor Community who strongly agree that financial planning requires strong sales skills, only 33 percent are interested in becoming financial planners.
 - Yet among those who strongly agree that financial planning is primarily about building long-term relationships, interest in becoming a financial planner rises to 45 percent.

FINDING #3: Women’s own behaviors may be holding them back from pursuing or advancing in the financial planning profession.

- There is general agreement among men and women, including women CFP® professionals, that women are not speaking up for themselves.
- Risk aversion – particularly to risks of variable, performance-based compensation – may be another factor holding women back from a career in financial planning
 - Risk aversion was among the top five reasons cited by men as an explanation for women’s underrepresentation in financial planning, but was not cited by women.

FINDING #4: Gender discrimination and bias exist within the financial planning profession, likely resulting in women feeling unwelcome and unsupported.

- When Financial Services Firms officials are asked which gender is more likely to have the characteristics of a successful financial planner, seven percent vote for women, 41 percent for men.
- But when these same firm officials were asked about the specific qualifications deemed important for financial planning, they gave the advantage to women over men:

Qualifications	Women	Men
Receive adequate training from firms	89%	79%
Are well trained by educational programs	94%	73%
Are strongly ethical	88%	67%
Have an advantage with women clients	82%	61%
Have the characteristics to be a strong financial planner	89%	73%

FINDING #5: Contrary to one WIN hypothesis, women’s concerns about achieving work-life balance do not appear to be a major factor preventing them from pursuing CFP® certification. But firms still behave as if work-life balance is predominantly a woman’s issue.

- Both men and women respondents see the work-life issue as a minor problem in the financial planning profession.
- Women, men, the Financial Advisor Community, and Financial Services Firms are all much more likely to believe that financial firms are reluctant to hire women as financial planners because of concerns that they will leave to start families than to believe the same holds true for men.

Percentage of segment who believe firms are reluctant to hire women/men because of concerns they will leave to start families

Segment	Women	Men
Women	40%	9%
Men	34%	23%
Financial Advisor Community	41%	20%
Financial Services Firms	74%	56%

FINDING #6: There is widespread consensus that more female role models, women’s support networks and professional development efforts targeted to women would increase the number of female CFP® professionals.

- Only two-thirds of women CFP® professionals become practitioners, compared to nearly 80 percent of men, making the number of women practitioners in the CFP® professional population closer to 20 percent, as opposed to the official 23 percent.
- Among all respondent groups in the WIN survey, a strategy of developing mentoring programs emerged as the solution most likely to increase the number of women in the financial planning field, second only to repositioning financial planning as a career well-suited to women.

MAKING ROOM FOR WOMEN IN THE CFP® PROFESSION: THE CALL TO ACTION

After researching the “chutes” affecting women on the path to a career in financial planning, CFP Board next set out to identify what “ladders” might be provided along the path to give women the needed boost to take them closer to the top of the profession as CFP® professionals. These “ladders,” developed from the findings of the WIN research, form the recommendations of the WIN white paper. Some of the recommendations to attract more women to the financial planning profession and to make the profession more attractive include:

- Make women leaders in the profession, including successful women practitioners, more visible to broad audiences of women and girls through speaking engagements, public appearances, media presentations and social media.
- Leverage the confidence-building benefits of girls-only groups or clubs—such as the Girl Scouts and Invest in Girls—to promote the basic skills of financial planning.
- Educate guidance counselors and placement officers in high schools and colleges on financial planning as a distinct specialty within financial services, and on the requirements and benefits of CFP® certification.
- Call upon financial firms to adopt transparent compensation structures and standardized job descriptions to eliminate any gender discrepancies in pay and responsibility.
- Elevate the visibility of firm initiatives to support and develop women financial planning professionals.
- Build and sponsor networks of women financial planning professionals, as well as in-firm and association mentoring programs

CFP Board recognizes that simply making recommendations for increasing the number of women in financial planning, including those with CFP® certification, will not alone get the job done. Accordingly, CFP Board has committed to a number of initiatives based on the WIN Advisory Panel’s recommendations, including:

- Create a WIN Council, consisting of CFP® professionals, educators in CFP Board-Registered Programs and financial planning firm executives, to supervise and advise on progress toward achieving gender parity in the profession. The Council will publish periodic reports of its findings and recommendations.
- Conduct an internal CFP Board review of all department functions and processes to determine alignment with the overall goal of increasing the number of women CFP® professionals.
- Partner with four or five firms – representative of the different business models within the profession – to conduct pilot initiatives at the firm level to bolster gender diversity, support the professional development of female employees and promote the CFP® certification.
- Designate WIN Advocates who will reach out to their local media and communities to talk about financial planning, the CFP® certification and the role and importance of women CFP® professionals.
- Launch the “Faces of Women CFP Professionals” to showcase women leaders and practitioners in the profession, the reasons they chose financial planning and CFP® certification and the opportunities and challenges they’ve encountered.
- Develop conference programs and workshops, in conjunction with professional financial planning associations, which help women professionals and students understand and successfully navigate the career paths at various different types of firms, particularly in the first years of their employment.

METHODOLOGY

CFP Board commissioned Fondulas Strategic Research (FSR) to conduct comprehensive qualitative and quantitative research designed to: (i) identify the reasons for the underrepresentation of women in the financial planning profession and (ii) explore strategies to boost the number of women CFP® professionals. In addition to a qualitative phase, FSR developed a survey instrument designed to collect quantitative data, and conducted online interviews with 1,792 respondents from six segments: (i) financial professionals without CFP® certification (men and women); (ii) students in CFP Board-Registered Programs; (iii) financial professionals with CFP® certification (men and women); (iv) undergraduate and graduate students with relevant majors; (v) CFP Board-Registered Program directors; and (vi) financial services firm officials. Statistically reliable samples of all groups were surveyed except that of CFP Board-Registered Program directors.

CFP Board commissioned The Aité Group to analyze online survey data to identify the differences between male and female financial advisors (registered investment advisers and registered representatives of broker-dealers). Survey data was also segmented and analyzed for male and female CFP® professional respondents. The survey was fielded in January 2013 and gathered detailed information on approximately 500 U.S. financial advisors. Given the number of female financial advisors surveyed, the differences reported have an 8-point margin of error at the 95% confidence level for 2013 data. Given the number of female CFP® professionals surveyed, the differences reported for this group have a 20-point margin of error at the 95% confidence level for 2013 data.