CFP Board: How Far We’ve Come, Where We’re Headed

by Rich Rojeck, CFP®

Rich Rojeck, CFP®, is the 2015 Chair of CFP Board's Board of Directors.

This year marks the 30th anniversary of the creation of Certified Financial Planner Board of Standards Inc. (CFP Board), a landmark event in the movement to establish a new profession of financial planning. In 1985, there were about 10,000 CFP® professionals in the United States, including me. Today, nearly 71,000 individuals in the U.S. are certified by CFP Board—an increase of 54 percent over the last decade.

As CFP Board prepares to enter its fourth decade, I wanted to share my perspective, as a long-time CFP® professional and FPA member, as well as incoming chair of CFP Board’s Board of Directors, on how far we have come and where we are headed.

CFP Board’s mission is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning. Our core work is focused on keeping the standards of the CFP® certification strong and relevant.

The steady growth of the CFP® professional population over the years speaks to its prestige and relevance within the financial services industry. While we still have work to do, including establishing clear career paths for young financial advisers, we have seen individuals embrace the CFP® certification as a key component of their professional development. We have seen more and more firms recognize that the CFP® certification can be a key differentiator in improving the quality of their advice and the value and satisfaction their clients receive. The CFP® certification is a win-win-win for consumers, advisers, and firms.

Yet, we have not reached the critical mass needed to meet consumer demand for competent, holistic, and ethical financial planning or to further our shared goal of a recognized financial planning profession.

Financial planning was created to help address the increasing complexity of the financial decisions faced by individual Americans. Today, people’s financial lives are becoming even more complex. From managing cash flow to saving for retirement to selecting health care and other insurance options, individuals make potentially life-altering decisions on a daily basis. Unfortunately, most do this without the benefit of a qualified adviser.

Growth and Diversity

If you look at the American public, the increasing need for financial planning is perhaps strongest within the largest age demographics: baby boomers and millennials. Every day, nearly 10,000 baby boomers become eligible to retire and could benefit from the services of a CFP® professional who can help them plan for a secure retirement, plan for transfer of their wealth, and manage their tax obligations. On the other hand, 82 million millennials can benefit from working with a CFP® professional who can help them build their nest egg, save for their children’s college (while paying off their own student loans), and address many other financial needs.

While demand for our services is coming from both ends of the generational spectrum, the supply of new CFP® professionals does not reflect the broader demographics of the American public. Right now there are more CFP® professionals over the age of 70 than under 30. The average age for new CFP® professionals is 37. And only 23 percent of all CFP® professionals are women. Clearly, we need to grow and we need more diversity in our ranks.

CFP Board recognizes this, and we are doing something about it. Over the past several years, CFP Board has focused on four strategic objectives, which we refer to as AGRA: increase consumer awareness of the certification; achieve growth in the number of CFP® professionals; advance our long-term goal of recognition and regulation of financial planners; and exercise our authority to advance the profession of financial planning. We are meeting or exceeding our goals with each strategic objective.

Over the last year we’ve accomplished much:

- Our public awareness campaign drove unaided awareness of the CFP® certification up 6 percentage points to 30 percent. This is nearly double the baseline unaided awareness of 17
percent at the start of the campaign in April 2011.

- Our Consumer Advocate and Ambassador programs generated widespread attention of CFP® certification and financial planning in thousands of media outlets across the country, large and small.

- The number of CFP Board-registered programs now stands at 372, housed at 227 institutions, including 127 bachelor, 49 master, and five doctoral level programs.

- CFP Board’s Women’s Initiative, led by former Board Chair Nancy Kistner, CFP®, has taken important steps to help increase the number of women CFP® professionals.

- The Financial Planning Coalition (CFP Board, FPA, and NAPFA) released detailed research on the consumer harm caused by insufficient regulatory standards for financial planners. These accomplishments occurred even as CFP Board faced the headwind of ongoing litigation, in which we are aggressively defending our right to set and enforce standards for financial planners, thereby maintaining the integrity of the CFP® certification.

All of the great work we did last year, along with the strategic vision we have going forward, would not have been possible without our past Board Chair Ray Ferrara, CFP®. Ray was an outstanding leader and I know he will continue to be an active contributor to our profession for many more years to come.

2015 and Beyond

So, what then does 2015 hold for CFP Board?

First, I look forward to continuing our strong, collaborative relationship with FPA, the oldest and largest membership organization committed to the CFP® certification and the profession. As the 1999 chair of the IAFF (one of FPA’s two predecessor organizations), I was intimately involved in the creation of FPA. I hold a firm belief in the importance of a strong and growing professional membership organization. CFP Board looks forward to continuing to work together with FPA, as well as NAPFA and other potential partners, on many areas of mutual interest.

Second, CFP Board will continue its focus on achieving growth in the number of CFP® professionals and to increase public recognition of the value of working with CFP® professionals. We think these two goals go hand in hand.

Third, I’m excited to see the debut of the new CFP Board Center for Financial Planning that will contribute to growing the capacity of the financial planning profession. The Center will include a focus on workforce development, on increasing diversity, and on providing a home for academic research that builds the profession’s body of knowledge. Part of this broader work is the new online Career Center, which will be launched in early 2015, to connect students and CFP® professionals with firms, our Women’s Initiative, and research projects validating the value of financial planning and CFP® certification. We will be seeking out partnerships and support for the Center and its initiatives to build capacity within our profession.

Fourth, we will maintain our efforts to advance the cause of a fiduciary standard as well as pursue opportunities to reduce consumer confusion resulting from the proliferation of financial designations and titles.

Finally, we will be celebrating three decades of CFP Board’s contributions to the profession of financial planning. This milestone anniversary will provide an opportunity to celebrate our accomplishments, those of our partner, FPA, and dedicated financial planning professionals. It will also challenge us to recognize the work that remains as we strive to serve the public by building a strong, respected, and growing financial planning profession.