

**I READ WITH INTEREST** the interview between David Yeske and Dick Wagner in the May 2016 issue of the *Journal* (and reprinted in the May 2017 issue as a tribute to Wagner who passed away in March). Wagner was a thought leader, and I agreed with his assessment that, “financial planning done right, is in fact, a profession, but there are an awful lot of people calling themselves financial planners who fall a bit shy of that standard.” He was debating whether financial planning is a profession.

This is not a new discussion, but today it seems more timely than ever. A convergence of circumstances and demographics has created an opportunity in the financial planning profession that we cannot ignore. Shifting societal needs are forecasting an unprecedented demand for professional financial planners over the coming years. The aging population, longevity risk, and the retirement income responsibility shift from employers to ill-equipped employees continue to drive demand.

The U.S. Department of Labor’s Bureau of Labor Statistics, in updating its *Occupational Outlook Handbook*, has

projected an extremely positive job outlook for financial planners with a growth of 30 percent through 2024—much faster than related professions.

Although demand is high, the future supply of quality financial planners is uncertain. Most current financial advisers (some who are financial planners and others who do not profess to be) are over the age of 50 and are thinking about retirement. Only 5 percent of “financial planners” are under the age of 30, according to the Bureau of Labor Statistics. The financial planning community has not invested in the future of the profession and is inadequately staffed to deal with the exodus of seasoned planners as they retire.

practice and emerging trends in financial planning. This body of knowledge continues to evolve and is monitored by CFP Board's Council on Examinations and Job Analysis Task Force, and scientific research disseminated by the academic community. It is this body of knowledge that is used to train future financial planners, test their skills, and provide standards of conduct to achieve client well-being. This knowledge

is uniquely significant and of higher-order, as evidenced by the pass fail rates of the CFP examination, which tests for this knowledge.

Without financial planning regulation or standardization consensus, a professional status is questionable, because anyone can claim to be a financial planner. Financial planners who have not received training are ignorant to the practice

standards and the scientific approach developed and fine-tuned over the past 20 years. Lack of adequate educational requirements makes it difficult for consumers to identify high-quality professionals from low-quality non-professionals, creating mixed signals. Without appropriate regulation or an educational requirement, the financial planning industry has experienced fraud, abuse, incompetency, and conflicts of interest.

Literature on professionalism characteristics references a social contract with society, where service to others is governed by a code of ethics and a commitment to competence, integrity, and morality. This definition conures up an image of reliability, trustworthiness, and accountability—what you would expect from a fiduciary. In other words, a professional is a fiduciary. Again, if we look to regulation, it is as if the department of labor attached these attributes to all financial advisers when establishing the new fiduciary rule.

However, this regulation's focus is on removing conflicts of interest—it fails to either define financial planning standards or enforce adequate knowledge.

If the financial planning profession continues to focus on regulation, the bigger picture is obviated. Disclosure regulation does not ensure adequate knowledge or adherence to standards. The new fiduciary rule assumes that once conflicts of interest are ameliorated, a financial planner possesses the human capital required to be competent. Many financial planners who operate as sales professionals are unaware of the vast body of knowledge associated with financial planning. They don't know what they don't know. Many erroneously think they are appropriately educated because they passed licensure exams such as the series and insurance license exams.

The series exam the general securities representative qualification Examination administered by FINRA assesses the ability of an entry-level registered representative to sell securities and variable annuities within the suitability

standard while adhering to regulations. This exam does not test or minimize knowledge required to make recommendations in a client's best interest. Without this knowledge base, a financial planner has no idea whether recommendations are good or the client, or that it's stable and isn't harmful, but it's the best choice to improve the client's chance of success.

### Everaging the Regulator

Because the financial planning commitment has been unable to influence regulators adequately, an alternative authority could be engaged. Universities are expected to define and standardize the profession as an unbiased authority.

Though most current financial planners did not enter the industry as university students, today's university programs are developing a standardized body of knowledge and education for future financial planners. The universities have taken a lead with more than 100 board-registered