Future Issues for Financial Planners in Texas

Sponsored by
Department of Agricultural Economics
Texas A&M University
What’s the Outlook for Professional Financial Planning?

Networking Dinner
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BLS Outlook for Personal Financial Advisors

• Employment of personal financial advisors is expected to grow much faster than the average for all occupations.

• Personal financial advisors are projected to grow by 30 percent over the 2008–18 period.

http://www.bls.gov/oco/ocos302.htm
## Employment Projections for Personal Financial Advisors

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<td>208,400</td>
<td>271,200</td>
<td>62,800</td>
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Number: 62,800  
Percent: 30%

http://www.bls.gov/oco/ocos302.htm
Employment of Personal Financial Advisors

• The estimated employment of personal financial advisors in May 2008 was 208,400.

• About 63 percent worked in finance and insurance.
  – Securities/commodity brokers, banks, insurance carriers, and investment firms

• About 29 percent of personal financial advisors were self-employed, operating small investment advisory firms.
Factors Boosting Prospects for Personal Financial Advisors

• Growing numbers of advisors will be needed to assist the millions of new retirees expected in the next 10 years.
• As more baby boomers approach retirement, their personal investments are expected to increase and more will seek the expert help.
• Many companies have replaced traditional pension plans with retirement savings programs, with more individuals needing assistance in managing their retirement accounts.
Factors Boosting Prospects for Personal Financial Advisors

• People are living longer, and they need plans to finance longer retirements.

• The growing number and assets of very wealthy individuals will help drive growth of demand for financial planning services.

• The need for personal advisors to explain and manage increasing complexity of financial and investment products will continue to drive growth.
Certified Financial Planner™ (CFP®)

• Certifying entity is the Certified Financial Planner Board of Standards, Inc.

• Website: http://www.cfp.net/

• The CFP Board has more than 60,000 CFP® certificants.

• In 2008, the CFP® certification examination was administered to 6,908 candidates, and 3,852 passed (56%).
Financial Planner’s Pyramid of Knowledge

- Planner’s Professional Responsibility
  - Financial Data Collection and Analysis
  - Establishing Financial Direction
- External Analysis
  - Communication and Internal Analysis
- Time Value of Money
  - Planning for Children’s Education
- Insurance
  - Investments
  - Tax
  - Retirement
  - Estates