

# **C.E. VANDENBERG & ASSOCIATES INC.**

**FINANCIAL PLANNING - INSURANCE - WEALTH MANAGEMENT**

## **THE PLETHORA OF FINANCIAL SERVICES AND ADVISORY DESIGNATIONS**

The Financial Services industry is comprised of many different segments and driven by various financial product manufacturing sections that are in effect, “competing” against each other. It is through this environment that a plethora of Financial Advisory designations have sprouted, with each industry segment and other educational entities throwing in their own Financial Advisory / Planning designation.

First, in order for a Financial Advisor / Planner to make specific investment or insurance recommendations they must be registered with the respective government or industry licensing bodies across Canada. To sell various investments or “financial products” an Advisor / Planner must be licensed with each Provincial Securities Commission in the provinces where their clients reside. For the various insurance products (including segregated funds) an Advisor / Planner must be licensed with the Provincial Insurance Council in the provinces in which they have clients that hold these financial instruments or products. For both these areas educational requirements and exams must be passed in order to obtain a license. To offer guaranteed bank deposit products and there is no specific education, exam or license required. The same applies to investments geared for “sophisticated investors” (those that meet certain income and networth criteria).

The various government bodies and other industry regulators determine the rules and regulations. The Financial Advisor / Planner’s firm must be a member of either the Mutual Fund Dealers or Investment Dealers Association. They, along with the government bodies set certain criteria and ongoing requirements that must continuously be met and adhered to. These include certain amounts of continuing education credits in any given year and that the Advisor / Planner has professional liability insurance in place. Also, each investment / insurance firm is required by these government bodies and industry regulators to have a Compliance officer who is responsible for overseeing the Advisor / Planner’s professional activities.

In addition to being registered with these various licensing bodies, many Financial Services Professionals may have earned and hold one or more of the following designations. This shows that a level of additional competency in Financial Advice / Planning has been met. Also, if a Financial Advisor / Planner plans to work on a fee only basis for a client, they must have had their Provincial Securities Commission sign off on this, allowing them to do so. The Provincial Securities

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Commission will only do this if the Advisor / Planner has a recognized Financial Planning Designation. An advisor charging fees for financial planning advice (or even tax preparation) who is not recognized as qualified to charge financial services fees by the provincial securities commission is at a very high risk of losing the licenses they hold to recommend investments, which for the vast majority of financial planners is their greatest source of revenue.

Below are many of the financial advice giving designations that you may come across:

**Certified Financial Planner (CFP):** This is the most popular designation awarded in Canada by Financial Planners Standards Council (FPSC). This designation was first granted in Canada in 1998. CFP professionals must meet FPSC's standards in education, experience, examination and ethics.

**Chartered Financial Planner (CFP)** – a made in Canada designation granted by the Canadian Institute of Financial Planning upon completion of an educational program and a series of exams. This was the first all encompassing Financial Planning designation in Canada. No more Chartered Financial Planner designations were granted after 1998.

**Chartered Financial Consultant (CH.F.C.)-** Chartered financial consultants study securities, estate planning, insurance and taxes. There are a number of advisers who hold this designation by the Canadian Association of Insurance and Financial Advisers (Advocis) however no more have been issued since 2002.

**Canadian Life Underwriter (CLU)**— Represents specialty training in health and life insurance and group benefits. An advisor must have the CLU designation before taking the CH.F.C. courses.

**Registered Financial Planner (RFP)**— A designation administered by the Financial Advisors Association of Canada - Advocis (formerly the Canadian Association of Financial Planners (CAFP)), a non - regulatory, voluntary membership body. No educational program is necessary, but passing an exam is required.

**Personal Financial Counselling (PFC) and Personal Financial Planning (PFP)**— The banking industry 's Financial Planning Designation. The PFC courses train advisors to counsel clients who have standard financial planning objectives.

**Chartered Financial Analyst (CFA):** Issued by the Association for Investment Management and Research (AIMR). Candidates must pass three levels of exams in areas including accounting, economics, ethics, money management and security analysis.

**Canadian Investment Management (CIM):** This designation, from the Canadian Securities Institute (CSI), requires candidates complete courses in Canadian Securities and investment and portfolio management.

There are numerous other designations that financial advisers may hold in Canada.

**Chartered Accountant (CA):** An accountant who has successfully completed the education, examination, and experience requirements of the Institute of Chartered Accountants of their practicing province(s) and is a member in good standing of that provincial institute. Members are

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subject to a code of professional ethics/conduct, mandatory continuing education, and mandatory professional liability insurance in respect of any public accounting practice.

**Certified General Accountant (CGA):** An accountant who has successfully completed the education, examination, and experience requirements of the Certified General Accountants Association and is a member in good standing of that provincial association. Members are subject to a code of professional ethics/conduct, mandatory continuing education, and mandatory professional liability insurance in respect of any public accounting practice.

**Fellow of the Institute of Chartered Accountants (FCA) :** The highest designation granted by a provincial institute of chartered accountants.

**Fellow of the Certified General Accountants 'Association (FCGA):** The highest designation granted by a provincial association of certified general accountants.

**Fellow of the Certified Management Accountants 'Association (FCMA):** The highest designation granted by a provincial association of certified management accountants.

**Fellow of the Canadian Securities Institute (FCSI):** The highest designation conferred by the Canadian Securities Institute. FCSIs must satisfy educational requirements and have a minimum of five years 'experience in the securities industry. In order to maintain the designation, FCSIs must meet high standards for ongoing professional development and ethical practice.

**Financial Management Advisor FMA):** A designation granted by the Canadian Securities Institute to graduates of its FMA program in advanced financial planning and wealth management. Graduates of the FMA program are able to provide advanced financial planning advice to sophisticated and high net worth investors.

Along with all of those there are numerous other designations relating to Financial Planning that are newer and may apply to specific areas. These include the **Registered Health Underwriter (RHU), Specialist in Financial Counseling (SFC) and Certified Divorce Financial Analyst (CDFA).**

These are just a few of the financial advisory designations you may come across. The designation list continues to expand at a rapid rate.