

Is Financial Planning a Profession? Does it Matter?

February 9, 2021

by Knut Rostad

Advisor Perspectives welcomes guest contributions. The views presented here do not necessarily represent those of Advisor Perspectives.

The Financial Planning Association (FPA) president, Skip Schweiss, wants planners and consumers to know financial planning is not yet a profession. He believes fervently it should be and wants to help get it there. Who will listen?

Last month, President Biden was inaugurated. He launched his administration with some 40 executive orders. Coincidental but less noticed, the FPA's new president, former TD Ameritrade executive Skip Schweiss, was also "inaugurated." Schweiss launched his administration with several interviews and a priority topic was the state of financial planning.

In an FPA interview, Schweiss offered views on financial planning becoming a profession.

The FPA's views matter; Schweiss' remarks hit key points. He is evidenced-based, serious and sober; his views reflect the enormity of the task at hand. They also conflict directly with the views of the CFP Board.

As FPA's chief advocacy officer, Schweiss notes, "Whenever I talk to a member about advocacy, the one thing that seems to come up most consistently is being recognized as a profession. That, for me, has become number one after a lot of listening to our members."

Schweiss continues, "Eventually we want to be considered as a true profession. We deserve to be like doctors, lawyers, and teachers. Teachers are a profession; they have certain academic, requirements, and continuing education requirements – all those things that go with being a profession. That's a longer-term goal. We're not going to become a profession this year, but we can continue to move the ball down the field."

Schweiss' views are mainstream and are shared by planning guru, Bob Veres.

On December 9, 2019 Veres reported on a half-day meeting of some 80 planning leaders to imagine planning in 2030. The meeting participants identified the progress over the past 50 years and the challenges ahead. Veres' view is 2030 may not be enough time to get to a profession. He is skeptical that state or federal government bodies will license financial planners by then; or that college financial planning programs will agree on a major in less than a couple of decades.

Finance Professor Ron Rhoades underscored the requisites of a profession: a unique body of knowledge, a required course of study, a strong code of ethics, and commitment to the profession and the public it serves and a sanctioning organization.

Rhoades said, "I look forward to the day when I am proud to call myself a professional financial planner."

Planner Jeffrey McClure provided a broader context in a 2014 paper on the history of professions, *Profession and the Practice of Personal Financial Planning*. McClure described categories of jobs, occupations, trades and professions.

McClure likened planning to a trade like plumbing. His bottom line: "Personal financial planning has none of the characteristics associated with a profession as outlined in the disciplines of sociology and institutional economics." McClure told me his conclusions hold true in 2021.

Planner David Yeske wrote in the October 2019 *Journal of Financial Planning* on the progress made and challenges remaining. Yeske led with humility: "We have at least begun to embrace the imperatives of a true profession and are working to make them real."

The CFP Board differs. The board believes CFPs are professionals and financial planning is a profession. To underscore the point, the word *professional* gets 286 mentions in the CFP's Code of Ethics and Standards of Conduct. The board



website: “Advancing the *profession* ... (the) Record Growth of CFP *Professionals* ... The Commitment made by all CFP *Professionals*”.

How does one account for starkly different view between the CFP Board and planning leaders?

Richard Wagner, who passed away in 2017, offered an analysis. Wagner spoke and wrote for decades on the vital role and promise of financial and life planning. He wrote on an “authentic” profession and zeroed in on the importance of branding for financial planning and how confusion and obfuscation abound. The bottom line, according to Wagner, was that financial planning has failed to “define its particular mission and purpose.”

In his 2016 book, *Financial Planning 3.0*, Wagner wrote about the source of the problem in a chapter title, “They are not us; we are not them.” He did not mince words. The problem, he wrote, is the, “industry constantly engages in overt identity theft and unceasing assault on the structural integrity and the individualism of the financial planning profession.”

Schweiss raised the issue at a challenging time. Public trust in institutions and industries remains abysmally low. Finance gets the least respect.

What does this have to do with planning as a profession? Plenty.

The FPA has ambitions in the public square. Schweiss should lead a public conversation with current and potential FPA members and the public on financial planning and professionalism. Forget the legalese. Lead as a consumer might. He should explain why, as he has said, “We are not there yet and working hard to get there. Here is what we are doing. Here is what we are.”

This impact of this public discussion would be great – greater than many insiders imagine: plain talk, common sense, simple truths and humility are valuable traits. Those traits can be powerful messages when delivered by someone, like Schweiss, who comes by them naturally. He can move planning towards a profession and, as Wagner called for, define its mission and purpose.

Knut A. Rostad, MBA, is the co-founder and president of the Institute for the Fiduciary Standard, a nonprofit formed in 2011 to advance the fiduciary standard through research, education and advocacy.