



# A matter of degree: With so many options, how can advisors find the best future planners?

By Maddy Perkins

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Some 50 years after the birth of the independent planning movement, the industry is facing a succession crisis. In a rush to fill soon-to-be empty roles, firms have finally begun to build talent pipelines with colleges and universities. For their

part, schools have ramped up their offerings for budding advisors.

Yet, there is still no consensus on how financial planners should be educated — and no singular academic degree such as the ones medical, legal and accounting students receive.

## **A DEBATE OVER VARIETY**

This inspires a question: Does the lack of a standard degree hurt or help the profession's growth?

At present, there are about 145 baccalaureate CFP Board-registered programs. At best, the variety increases awareness of what the career can offer. At worst, it lends ammunition to critics who insist the financial planning profession isn't a profession at all.

"If the profession banded together and said here's an X [degree] and without that you're not a wealth manager, that would go a long way," says Kashif Ahmed, an associate professor at Suffolk University and president of Boston-based American Private Wealth.

"Without getting an M.D., you're not a doctor — doesn't matter if you've read all the books on your own. You have to get the certification to prove you've got the necessary knowledge. That has to be standardized."

A standard degree would bolster the value of financial planning education for both students and recruitment-minded firms, Ahmed adds.

Yet the differences between degrees is not as great as some believe. All planning programs share a major similarity: They are registered with the CFP Board and qualify students to take the CFP exam, according to Dave Yeske, founder of the wealth management firm Yeske Buie and director of the financial planning graduate program at Golden Gate University. "I think we might be closer to the M.D. or J.D. model than you think," he says.

All registered programs must cover the 72 required student-centered learning objectives outlined by the CFP Board, which helps establish a solid foundation for the academic study of financial planning, Yeske says. "That's enough of a common core to give us an equivalent," he adds.

Even so, the lack of a widely recognized academic path has worrisome ramifications. "Students may not fully understand the differences between the various types of programs," says Mary Kay Svedberg, director of education for the CFP Board's Center for Financial Planning.

Many undergrads are unaware of the rewards of a



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career in financial planning. Only 37% of potential job-seeking students know what an RIA is, according to a study from TD Ameritrade Institutional.

Yet the variety offers important benefits for students and planning alike, says Kate Healy, managing director for Generation Next at TD Ameritrade.

“It’s good that there are so many choices,” she says, because different academic paths can bring students to wealth management.

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More choice can also help students absorb information in diverse ways, Svedberg says. “There’s no one type or approach to teaching or learning that’s perfect,” she notes. “The different programs also tend to cater to different types of students.”

If schools or advisors take even tiny steps toward publicizing the financial planning career track, big change can follow. For example, after reading a job description, 63% of job-seeking students said they would be interested in working for an RIA, according to the TD Ameritrade Institutional study.

Look no further than the University of Alabama — an example of how board-registered programs can take multiple approaches. The university has two board-certified programs in two of its schools: a B.S.B.A. with a personal financial planning minor housed in the Culverhouse College of Business, and a B.S. or M.S. in consumer sciences with a concentration in financial planning and counseling from the university’s Department of Consumer Science.

How should students choose? The difference comes down to specialization, says Eve Pentecost, program director at the Department of Consumer Science.

“All of our courses are tailored for folks who are going to be working with individuals and families instead of on the larger corporate side,” she says. “We’re really focused on having a lot of folks who will go to work as independent

advisors. They want to work with individuals that walk in, with households that are asking, 'Can I afford to retire?'"

On the Culverhouse side, the program director, Robert McLeod, says the CFP minor is intended to give students greater flexibility in their careers. "It has nothing to do with whether their program is better or our program is better; it's just different in terms of whom it appeals to," McLeod says. "Our [program] appeals to students who, for example, want a degree in accounting with a minor in personal wealth management. It gives them flexibility."

McLeod says many of his students take on the minor because they are looking to work in the brokerage space. "A lot of the wirehouses are trying to expand their service offering ... obviously, financial planning would be a component of that. With the minor, students have the option of getting the CFP in case it's something their employers would like them to have."

From a recruiting perspective, the array of programs allows firms to target specific prospects, says Matthew Gaffey, senior wealth manager at Corbett Road, an RIA based in McLean, Virginia.

"The diversity of the degrees may make it more difficult for students to choose, but it makes it much easier for them to be placed," Gaffey says. "It's not different than when you think of a J.D. or an M.D. — if you have that broad degree it opens up the door. It doesn't get you in."



## RECRUITING PIPELINE

Gaffey himself has established a recruiting pipeline with his alma mater, Virginia Tech, and encourages other advisors to consider doing so for recruiting purposes — and to pay attention to the types of students each program produces.

"A deeper understanding helps you become better involved and position your firm so you're the choice of students," he says.

Gaffey advises smaller programs to differentiate their students.

"If I'm at a smaller school, I'd highlight what that specialization brings. It's great you're CFP-certified, but so is everybody else," he says. "The benefit that

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smaller school has, the benefit of that niche degree, that niche targeted area that they're generating, that particular program. I think it's highlighting the niche."

### **STILL NOT A PROFESSION?**

Still, some insist financial advisors will never get the professional respect they deserve without a standardized degree.

"I don't think the industry is at a point where it's considered a profession. It's still an industry," says Suffolk's Ahmed. "That's why you see so many people who own wealth management firms whose own children aren't interested in coming into it."

Though Suffolk's planning programs are designed for students committed to becoming advisors, "I'm sure there are one to two people taking the class because it fit their schedule," he says.



Moving toward a standard degree would help develop respect and recognition and is crucial to the industry's future, says Nathan Harness, associate professor and TD Ameritrade director of financial planning at Texas A&M University.

"I want us professionally to ... have an undergraduate degree in financial planning," he says. "You can hear the sucking sound of people leaving the room as they're retiring already."

In the future, legally establishing a degree in financial planning as a requirement may be necessary for the profession's development, and some regulation may be needed to establish a uniform degree, Harness adds. "We'd have to have a multitude of programs that extend beyond the six to seven required classes," he says.

### **CHANGE COMING?**

Change may be coming to academia. Certificate programs used to make up the majority of financial planning tracks, Svedberg says, but now the number

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of baccalaureate programs has increased significantly, to slightly more than half of all registered programs.

"We hope at the CFP Board there will be a uniform degree offering someday, but it's emerging in the principal knowledge topics that we mandate through the program registration," Svedberg says.

"I think that's a sign we're moving in that direction,"

she adds.

One way advisors and firms can help push the industry forward is by actively engaging young adults in existing programs, Harness says.

That means advisors on the way out need to share what they've learned with the incoming generation of planners.

"Think about engaging a passion and scaling that out by bringing young adults in so we don't lose the institutional knowledge you've gained," he says. "On your way out, transfer that — and transfer it well. Hopefully it begins to set a blaze in our industry, so that spark turns into a fire that invades our space to the point where we do something about it."

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