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# Survey of Trends in the Financial Planning Industry, 2020

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The purpose of this study is to provide a snapshot of trends in the financial planning industry through the eyes of CFP® certificants and the graduates of the College for Financial Planning®—a Kaplan company professional designation and graduate degree programs. The College for Financial Planning (CFFP) last conducted the survey in 2016, and has periodically been sharing results of similar surveys since 1996.

With the latest version of the survey, we wanted to showcase those individuals who have earned CFP® certification, one of CFFP's professional designations, a CFFP MS in personal financial planning or a FINRA and NASAA securities license. It provides information on who they are, how long they have been in the industry, their clients, their earnings, their practices, and even their opinions. We hope it shines a light on new perspectives on financial planning and advising and inspires you to join these professionals. If you already are one, we hope you can use the information here to advance your finance career.

## Survey Objectives

Our survey provides a succinct look at financial practitioners through the eyes of CFFP designation holders and CFP® professionals. This includes:

- Demographic information such as age, gender, education, experience, assets under management, etc.
- The designations they have earned
- Earnings information
- Feedback on client concerns
- How they foresee the future of the industry

In the 20+ years we have been publishing the Survey of Trends, at least a few characteristics have remained consistent. A financial certification or professional designation leads to greater earnings and additional clients. Respondents have reported this year after year, and the latest survey was no different. These results will be of interest to corporations and advisors looking for a benchmark for comparison.

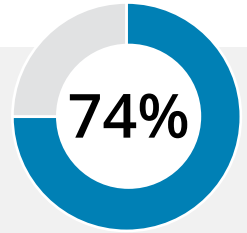
## About the Survey Respondents

The finance professionals who responded to our survey were predominantly male and older. Here are the demographics and the reasons why they chose their professions.

### Demographics

Here are the basic demographics, including gender, education, whether they were practicing in the field, and age:

- **74%** of the respondents are male. Of the designations that received a significant number of responses, only the FPQP™ deviated significantly from this overall trend. **78%** of FPQP™ respondents are female.
- **57%** of respondents have a bachelor's degree and 40% have a master's degree. **1%** have a Ph.D. or a J.D.
- **96%** of respondents say they are practicing financial services professionals. The average respondents have been in the industry for more than 14 years. LUTCF® designees have been in the business for nearly 24 years.
- The respondents trend older: **28%** are over 55 years old, **25%** are between the ages of 45 and 55, and **15%** are under 30.
- Respondents reported that the largest keys to their success were their communication skills and referrals from clients.



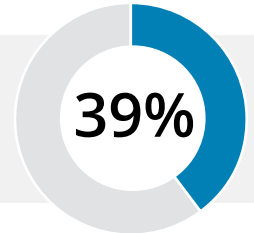
“I knew I always wanted to help people and have always loved budgeting and finance.”

—Survey Respondent, July 2019

## The Reasons Why

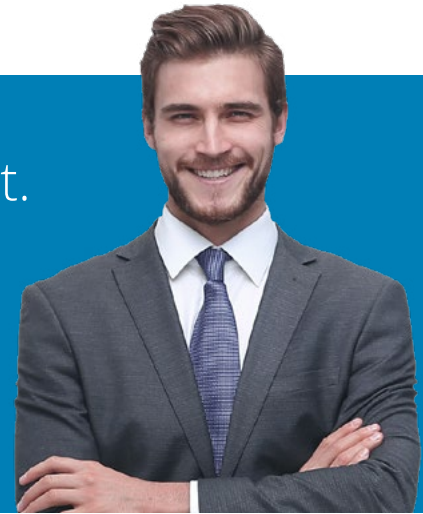
Most of the answers to the question of why they became financial planners or worked in the industry were unique. However, we found a number of patterns, grouped the answers and came up with these statistics:

- **39%** of the respondents say they joined their finance profession because they wanted to help others and liked working with people.
- **13%** of respondents say they pursued their finance careers because they were interested in personal finance, financial planning, or the industry.
- **12%** say they started in some other aspect of finance or banking and moved into their current role or decided it was a smart career move.
- **7%** of respondents say they were either following in a family member's footsteps, influenced by a family member, or wanted to be part of a family business.
- **6%** of the respondents indicate that they were looking for a career change.
- **5%** say that a job hunt or a desperate need for a job led them to the field.
- Another **5%** say they were looking for a career with flexibility and independence.
- **4%** say that a friend referred them or convinced them to pursue a financial planning position.
- Another **4%** say that their choice of major in college or an internship inspired them to become a financial planner.
- Yet another **4%** say the earning potential attracted them.



“I wanted a career that had meaning behind it. I was in the music industry and so thankful I found my way to this industry.”

—Survey Respondent, August 2019



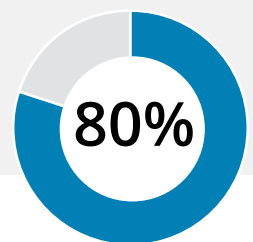
## The Designations Earned

We asked the survey respondents to tell us about the designations they held, when they earned them, whether they helped them acquire more clients, and whether they increased earning potential.

### The Professional Designation Effect

When we asked them if they had earned designations, we got some interesting answers:

- **51%** of the respondents say they have a professional designation, charter or certificate. **49%** say they do not.
- **80%** say they have at least one securities license. **53%** of the respondents have earned the CFP® mark, and **26%** have earned the CRPC® designation.
- **59%** of those who had credentials say that they earned their first credential at least 5 years ago. Only **9%** report that they received their first credential in the last year.
- **72%** of respondents report that their number of clients increased after obtaining their most recent credentials. **42%** report an increase of **11%** or more.





“I met a CFP® practitioner at a job fair and decided to apply for a position at his firm. That was 23 years ago.”

—Survey Respondent

### The Designation Breakdown

These are the designations the respondents hold, along with the percentage of holders.

- Securities License(s) - **80%**
- CERTIFIED FINANCIAL PLANNER™ (CFP®) - **53%**
- Chartered Retirement Planning Counselor (CRPC®) - **26%**
- Other - **18%**
- Accredited Asset Management Specialist (AAMS®) - **15%**
- Chartered Retirement Plans Specialist (CRPS®) - **9%**
- Chartered Financial Consultant (ChFC®) - **9%**
- Chartered Life Underwriter (CLU®) - **7%**
- Financial Paraplanner Qualified Professional (FPQP™) - **7%**
- Certified Public Accountant (CPA) - **7%**
- Accredited Wealth Management Advisor (AWMA®) - **5%**
- Behavioral Financial Advisor (BFA™) - **4%**
- Chartered Mutual Fund Counselor (CMFC®) - **3%**
- Accredited Portfolio Management Advisor (APMA®) - **3%**
- Life Underwriter Training Council Fellow (LUTCF®) - **3%**
- Chartered Institute of Management Accountant (CIMA®) - **2%**
- Chartered SRI Counselor (CSRIC™) - **1%**
- Wealth Management Specialist (WMS<sup>SM</sup>) - **1%**



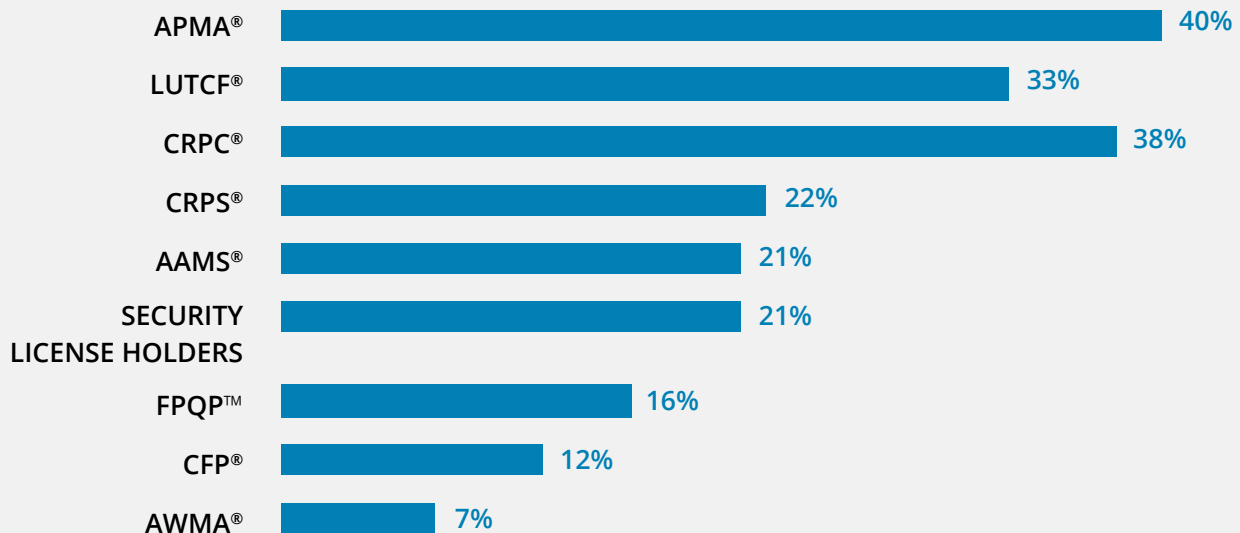
“I worked in banking for 28 years and it led me to where I am today as a Financial Paraplanner. I enjoy what I do and I couldn’t imagine doing anything else.”

—Survey Respondent

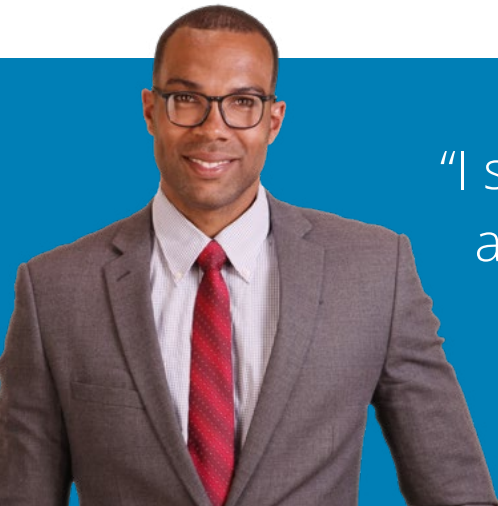


### Increased Earning Potential

Each time we have conducted the Survey of Trends, we have asked designation holders and CFP® certificants what their earnings were prior to and after obtaining their most recent credential. The overall increase for all respondents was from \$93,532 to \$116,736 (a 25% increase). While not every credential had enough responses to be statistically valid,\* those that did tell a clear story:



\*While designations like the WMSSM and CSRIC™ had similar results, we didn’t receive enough respondents to consider those numbers valid.



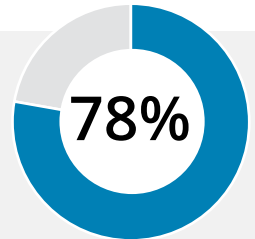
“I started in an entry level position and found a passion for helping people plan for their futures that grew into a career.”

—Survey Respondent

## What They Do

Managing assets is the top answer to the question of what the respondents do, and most work for a firm. Here is what they shared about their work, how they're paid, and the value of the assets they manage:

- **78%** of respondents reported that they currently manage assets. **17%** reported that they manage between \$1-19 million, **14%** reported that they manage between \$20-39 million, and **23%** reported that they manage more than \$100 million.



- **68%** of respondents reported that they worked for a financial services firm rather than being self-employed. **53%** of those working for a firm described it as medium or large.
- **72%** reported that their job had no supervisory responsibilities.
- **59%** reported that they prepared fewer than 40 comprehensive financial plans in the past 12 months.
- **49%** reported that they are compensated by both fees and commission, **42%** are fee-only, and **9%** were commission-only.
- **68%** of respondents reported that they do not charge an hourly fee.



“I have learned a lot about investing and how to help others grow their wealth.”

—Survey Respondent



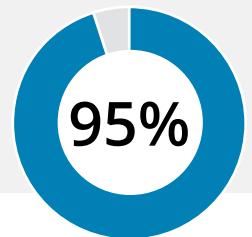
## About Their Clients

We asked the survey respondents to tell us about their typical clients and their interests.

### The Typical Client

The respondents describe their clients:

- **75%** of respondents report that their typical client is a salaried professional.
- **75%** place their “typical” client between the ages of 50 and 69. Only **8%** of respondents had a “typical” client under the age of 40.
- **50%** of respondents estimate that their “typical” client household makes between \$100,000 and \$200,000 annually before taxes. **56%** estimate their “typical” client’s net worth at under \$1 million.
- **95%** of respondents report that their clients expect the same or greater standard of living during retirement. However, only **84%** of respondents feel their clients should actually expect that standard of living.





“A significant bear market could be a positive as the need for advice and a plan becomes clearer.”

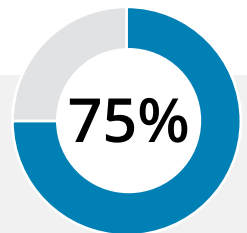
—Survey Respondent

### Client Investments and Concerns

When asked which areas were of greatest concern for their clients, the top responses were healthcare costs, tax burden, asset growth, and retirement funding.

Respondents are split on clients inquiring about investments that meet sustainability standards.

- **50%** say they have received more requests from clients, while **50%** say they have not.
- **75%** of respondents report that they have not received additional requests to avoid “sin” investments like tobacco, alcohol, gambling, and firearms.
- **63%** report that none of their portfolios contained cannabis-related investments.



“Advice has always been the focal point of what I do and planning is the core of what I am.”

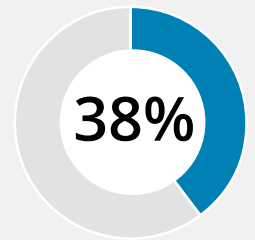
—Survey Respondent



## How the Industry Has Changed

Given that many of the survey respondents have been in the industry for 14 years or more, they've seen a lot of change, or so you might think. When we asked them if the industry has changed and if it was for the better or worse, here's how they responded:

- **38%** say that the industry has changed, but give no opinion on if it is for better or worse. Instead, they give proof points for change, such as, "More computer-based and virtual. Less in the office and at client's kitchen tables and more over the phone or through virtual meetings."
- **19%** say that the industry has changed for the better. They have a positive view of technology and how it can help them. They believe that new regulations are helping clients.
- **14%** say the industry hasn't changed much, if at all. The general opinion is that the art or skill of giving advice remains the same, even if the products and clients change.
- **29%** say the industry has changed for the worse. Most of these respondents are not fans of online trading, disclosures, or some of the newer products.



"Technology has increased analytical abilities. Products continue to get increasingly creative."

—Survey Respondent

## Challenges Ahead

When asked what their biggest challenges would be in the next 3-5 years, respondents not only make predictions about the future but also talk about their current challenges:

- **31%** of respondents say that the global economy and regulation are the biggest challenge, and several mention a global recession and a bear market.
- **22%** comment that the window of income opportunity is getting narrower. An additional 4% are more explicit, saying that the fee-based structure takes a bigger bite out of earnings.
- **13%** cite an over-reliance of technology in a profession that requires a human touch.
- **4%** say that although more knowledge about more products and services are required, those entering the profession don't have that knowledge.

“Professionals need to have broader knowledge in a multitude of areas (estate and income tax, insurance, investments, asset and income allocation, debt management and retirement planning) to properly service clients in the future, including impacts on personal and financial assets and cash flows from domestic and international.”

—Survey Respondent



## Conclusion

It is a challenging time to be working in financial services. The bar is consistently being raised year after year, and the future is never certain. But no matter what lies ahead, financial education is important for any successful financial advisor. The recently released best-interest rules being put in place by the SEC and individual states are just one example of the importance of keeping up with the industry through education.

The professionals who participated in this survey believe that having obtained financial credentials directly affects their level of success and enables them to better serve their clients. CFFP is committed to your financial growth, whether you are just getting started as a Registered Paraplanner<sup>SM</sup> or pursuing a Master of Science degree in Personal Financial Planning.

## Methodology

A series of questions was developed to inquire about planner demographics including age, sex, experience, and earnings. We sent the survey to recent graduates of our own CFP<sup>®</sup> Certification Professional Education Program, each of our professional designation programs, and Master of Science degree programs. In addition, we also contacted CFP<sup>®</sup> certificants who completed their education at schools other than the College for Financial Planning. From June through September 2019, 758 respondents completed the survey, although not all of them answered every question.

