

## Sentiment split on new degree requirement for financial planners

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FP Canada found that two-thirds of all certified financial planners have a degree. That number increased to more than 75 per cent among those who received the designation during the past five years.

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A new rule from FP Canada that requires candidates looking to earn the certified financial planner (CFP) designation to have completed a post-secondary degree is stoking division and debate among financial professionals.

Making a university or college education mandatory for those seeking to become CFPs is the first step in raising the financial planner profession to a higher standard, similar to that of

doctors and lawyers, says Cary List, chief executive of FP Canada. But while some financial planners are lauding the move, others denounce it as elitist and prohibitive.

“Financial planners are dealing with their clients’ futures and livelihoods,” Mr. List says. “When you look at other professions that are less high risk with lower stakes that require a degree, it was hard to argue why we wouldn’t go in this direction.”

Once the change comes into effect in April 2022, applicants for CFP certification must hold a degree from an accredited college or university. It streamlines FP Canada’s prerequisites with other Canadian financial planner certifications, such as the Institute of Advanced Financial Planners’ registered financial planner designation, and FP Canada’s partner in Quebec, the Institut québécois de planification financière (IQPF), both of which require applicants to have university degree.

The move is part of a series of changes to the program that FP Canada announced late last year, which includes a new certification for financial planning for clients with less complex needs, known as the qualified associate financial planner, that will not require applicants to have a post-secondary degree but will require them to have a post-secondary diploma.

When assessing whether to introduce the requirement, FP Canada said that it surveyed academics in the field, financial planning firms and CFP program providers in other countries. The organization also surveyed its membership, which showed little opposition to the move, Mr. List says.

FP Canada also looked at how many of its members have post-secondary qualifications and found that two-thirds of all CFPs have a degree; that number increases to more than 75 per cent for CFPs who have received the designation during the past five years.

“A degree has become table stakes for any professional service. There would be more criticism of us if we didn’t bring ourselves up to the standards that other professions, organizations and other countries are at,” Mr. List says.

But some financial planners say that they didn’t have an opportunity to provide input on the change or express concerns that could make the profession inaccessible for some and undermine the qualifications of others.

Robert Adams, financial advisor and CFP at Manulife Securites Inc. says that of the six CFPs in his office in Surrey, B.C., four do not have degrees as they having previously worked in the

restaurant, carpentry and fishing industries.

Rather than requiring a post-secondary education and potentially precluding people who want to build a second career as a financial planner, like his colleagues, FP Canada could instead increase the number of courses required to obtain the designation or make the exam more rigorous, Mr. Adams says.

“It’s elitist. You’re getting people who have a degree sitting around a table and saying that they should raise the bar. [They say] that a degree shows maturity and an ability to analyze reports,” he says. “But I don’t think that it’s necessary to have a degree to be good at this career. If you can learn the material and pass the exams, why does it matter if you have a degree prior to that?”

The new requirement could also disadvantage rural communities that typically have one or two local financial planners who may not have moved away for post-secondary studies, Mr. Adams says. Although more than half of Canadian adults had either a college or university degree in 2016, most of those graduates lived in large urban areas, according to data from Statistics Canada.

Brad Brain, a CFP at Brad Brain Financial Planning Inc. in Fort St. John, B.C. who also holds an undergraduate degree in economics from the University of Victoria, says the change will be ineffective because it ignores the need for regulation on who can call themselves a financial planner. With numerous designations available, an aspiring financial planner without a post-secondary degree could obtain a different certification to enter the industry.

“FP Canada is exacerbating the problem. There are too many designations in Canada right now,” he says. “So, if there’s somebody who doesn’t want to go back to school, they don’t need to get their CFP. They’ll just go get other letters to put after their name.”

Quebec is the only province that regulates the title of financial planner and the IQPF is the sole organization permitted to offer a financial planning diploma. (Ontario has also introduced a law that will require those who use the title to have obtained a financial planning credential from an approved credentialing body, but that rule has yet to come into effect.)

A lack of standard education contributes to client confusion around certifications and gaps in proficiency among financial planners – and the change to the CFP requirements should inspire universities to create dedicated programs, says Jason Pereira, partner and senior financial

consultant at Woodgate Financial Inc., a financial planning firm under the IPC Securities Corp. umbrella in Toronto.

Some financial professions, such as accounting, require that an aspiring accountant complete an undergraduate degree in that field of study. Without a similar undergraduate degree for financial planners, many industry professionals may lack knowledge or skills that are not covered through certification courses, says Mr. Pereira, who teaches a financial planning course at York University's Schulich School of Business.

"The CFP only goes so far," he says. "It's a good introduction, but to get a strong level of proficiency you have to study beyond that. Think about the things that aren't taught in the CFP that advisors deal with all the time: the psychological side, behavioural finance, the crisis counselling that we get into with clients, and the entrepreneurial side of running your own business."

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