



# Financial Planning- The Next Big Thing

Your questions on  
careers in  
Financial Planning  
answered



CERTIFIED FINANCIAL PLANNER<sup>CM</sup>



FINANCIAL PLANNING STANDARDS BOARD INDIA



Why consider  
Financial Planning  
as a career ?

## Where we are ?

The Indian economy has undergone significant changes over the years, particularly in the last decade, and continues to evolve today. But with increased financial power, there has been an ever-increasing need for financial literacy among the populace.

India, in recent times has 'leapfrogged' to become the world's second largest growing economy. India's economic growth has averaged over 8% in the last five years. Even during the current global economic meltdown, when global GDP is expected to contract by 0.5 to 1.00% for the first time since World War II, India is expected to clock an impressive 6.5% GDP growth, next only to China.

It is said that economic growth comes from changes in labor, capital and productivity. India has a growing working population. Around 69% of the population is less than 35 years of age and with 3.5 crore tax-payers and around 5 crore PAN card holders there is evidence enough to support that Indian economy will increase the savings rate in the years to come. India is going to add a close to 80 million people to its working population in the next 6 years.

The savings rate is set to go up to over 30-35% from the present level of 26-28%. A 30% savings rate applied to India's \$ 1-trillion GDP implies that there will be a of an flow an annual savings of \$300 billion (Rs 1.5 trillion) of which a certain portion will flow into the financial sector.

India's emergence as the global economic power is helping Indians to obtain attractive income levels. Indians known for their healthy savings habits have one of the highest disposable incomes in the world. India has experienced the second highest growth rate of over 19%, next only to South Korea, in the HNWI in the world. The country already boasts of over 1, 00,000 millionaires (in \$ terms) and the numbers are expected to grow at 20% per annum in the coming years.

Thus there is an urgent need to channelize these savings to help individuals meet their life goals. With a burgeoning middle class and their increasing financial power, a need is increasingly being felt for financial literacy among the population.

On the other hand one of the most globally pervasive bad news in the last one year must surely be the recent unprecedented recession that has enveloped the whole world. Nations burgeoning middle class is beginning to feel the effects of inflationary pressure across the board which is not confined to just fuel or food.

As the people struggle to come to grips with these economically difficult times, the time for Financial Planners has arrived.

## What is Financial Planning?

Comprehensive Financial Planning requires more than good financial products or impressive looking reports. It requires the inputs of a professional who has mastered the principles of the 4Es - Education, Examination, Experience & Ethics - Cornerstones forming the mandatory requirements of the CFP<sup>CM</sup> Certification process.

In the past many people selected their Financial Planners based on relationships - the planners were either good friends or relatives. However consumers of today are more discerning - they are starting to ask hard questions. While it may be harder for the advisors to sell, consumer financial education is good for the industry as it will lift professional standards.

“It is not about reaching the finishing line. It is about exploring new starting points.”

Today if a company has to hire a Financial Planner, it would make sense for it to go through the same rigorous check as it would when hiring a Chief Financial Officer for the company.

The Financial Planning industry is one of the most evolving industries today, offering excellent career opportunities for all, from fresh graduates, professionals from financial sector, existing agents/brokers who want to augment their skills and knowledge and thereby increase several-fold their professional and earning potential.

The individual investors are increasingly acting as institutional investors and have come to expect sophisticated services such as portfolio risk management, dynamic asset allocation and objective investment advice. In response, wealth managers need to provide more advance and holistic services in order to grow their practices.

But first, wealth management firms need to address the most critical issue lack of qualified Wealth Managers/Financial Planners.

## What does a Financial Planner do?

Financial Planners determine a client's short, medium and long-term aspirations then work on an agreed Financial Plan to meet individual needs. They have strong people skills and are good listeners.

The Financial Planner and clients review the plan regularly to keep it on track and update it as appropriate. As a CERTIFIED FINANCIAL PLANNER<sup>CM</sup> professional, who is a member of FPSB India, you will see the 6 steps of the Financial Planning process. These are:

1. Gathering your client's financial data including details on income, debt levels, financial commitments and so on.
2. Identifying your client's goals. These may include buying a house, funding education, travel, etc.
3. Identifying any financial issues
4. Preparing a Financial Plan that identifies recommended investments and pays heed to the client's attitude to risk
5. Implementing the financial plan
6. Reviewing and revising the plan to ensure it stays up-to-date and relevant to the economic climate and the client's changing lifestyle



## Why should you become a Financial Planner?

Struggling to deal with a slew of new products and services every day and seeking their money's worth from the fee they are charged today, clients are demanding greater personalization of services and looking for trusted and knowledgeable advisors, who can explain their investment decision in detail and support their recommendation with incisive fact-based analysis.

Indian financial services sector is one of the fastest growing sectors and has a presence of all big and small Indian and multinational companies vying for the client's hard earned money. These companies are expanding exponentially and have huge appetite for qualified manpower.

This is where you have an opportunity to chip-in as a comprehensive Financial Planner. A 'Financial Planner'-who can give qualified and tested advice on all aspects of Financial Planning to the client.

### **You really can make a difference**

They don't teach us much at school about managing our money and building our futures, so we all need some degree of Financial Planning advice.

As a Financial Planner, you are helping people empower themselves. They will achieve all they can in life, become financially better off and plan a secure future for themselves and their families.

You will never get bored as Financial Planning could be very exciting and challenging. All your clients and their lives are so different.

Salaries for Financial Planners are at par with the best in the industry, so while you are helping other people becoming better off, you will be improving your own life as well.

Being a Financial Planner is all about helping others improve their own lives.

## How do you become a Financial Planner?

Financial Planning is the need of the hour. Financial Planning which takes a holistic approach to an individual's financial life including planning for his investments, taxes, insurance, retirement, and estate and most importantly expenses. A CERTIFIED FINANCIAL PLANNER<sup>CM</sup> professional takes comprehensive approach to preparing a financial plan covering all the above mentioned financial aspects. CFP<sup>CM</sup> is the highest professional certification that can be given to a Financial Planner.

The Wall Street Journal has described the CFP Certification as a 'GOLD' Standard. The Financial Planning Profession has been rated as No 1 Job in USA (Jobs America almanac) and it is expected that by 2014 in India we would need more CFP<sup>CM</sup> professionals than we can roll out, viz demand will outstrip supply. Currently also there is 80% shortage of Wealth Managers in the country.

CFP<sup>CM</sup> practitioners have demonstrated extensive industry experience, have undergone rigorous study and must maintain high standards of continuing professional development.

CFP<sup>CM</sup> is a prestigious international certification program which is already being run in 23 countries and with more countries attaining economic prosperity due to globalization, the numbers are growing.

## Who offers CFP<sup>CM</sup> Certification Program?

Certification is being offered by Financial Planning Standards Board India., an affiliate of the FPSB, USA headquartered at Denver, Colorado.

FPSB India is a standard setting body & has been proactively guiding the development and promotion of standards for the Financial Planning professionals and all other stakeholders ,viz the Government, the Regulators, Industry Associations, Corporate, Media and the general public, namely the financial consumers.

FPSB India provides a pathway for aspiring Financial Planners to develop the necessary skills and knowledge to be successful. It has positioned the CFP<sup>CM</sup> certification as the highest quality mark in financial advisory business.

It protects the 'CFP' mark and sets it on par with international standards. It maintains ethical standards, through the adherence to the Code of Ethics and Rules of Professional conduct. Lastly it educates the public on the benefits of Financial Planning.

FPSB India is a learning and knowledge driven organization, which uses measuring and monitoring tools to continually improve effectiveness and constantly endeavors to meet the changing needs of all the stakeholders.

With a view to tap the huge potential for wealth creation in our country several leading financial companies got together to form the Association of Financial Planners (AFP) to bring the CFP<sup>CM</sup> Certification to India. Later on the Financial Planning Standards Board India was established as a 'not for profit' organization, to promote the globally recognized CFP Certification through an affiliation with FPSB, USA.

## 2008 CFP<sup>CM</sup> Professional Count (By territory)

Territory	2008 CFP <sup>CM</sup> Professional Count
United States	58,830
Canada	17,230
Japan	15,802
Australia	5,430
China	3,414
Hong Kong	3,389
South Africa	3,196
Malaysia	2,508
Republic of Korea	2,086
France	1,394
Germany	1,092
United Kingdom	900
Singapore	671
Chinese Taipei	580
India	608
New Zealand	400
Indonesia	327
Brazil	294
Switzerland	276
Austria	182

## Who are FPSB India's student members?

The size and stature of FPSB India reflects the rapid growth of the Financial Planning sector. FPSB India's membership consists of individuals who practice within or support the Financial Planning profession. Most of the FPSB India's members are specialists in various disciplines such as insurance, mutual fund, taxation and stock broking who have then gained qualifications as Financial Planners, and are reorienting their businesses to meet the growing need for professional Financial Planning.

Practitioner members of FPSB India must:

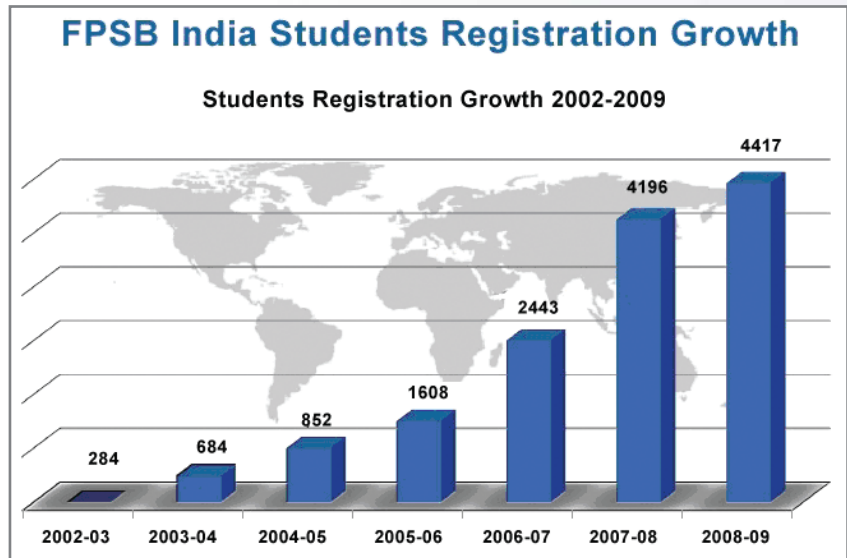
- Meet the FPSB India's strict assessment criteria
- Meet educational and experience standards.
- Adhere to FPSB India's Code of Ethics and Rules of Professional Conduct.

Financial Planning Standards Board India's mission is to foster professional standards in personal Financial Planning so that the public values, has access to and benefits from competent and ethical Financial Planning. In order to serve an increasingly diverse public, it is critical that our efforts address the changing demography of this country.



The promoters of FPSB India are known as 'Charter Members' and they number 50 presently. They are India's leading financial services companies, both public and private, Indian and multinational across all asset classes such as Insurers, Mutual Funds, Banks, etc.

The growth in student enrollments and practitioner membership of FPSB INDIA clearly indicates an increasing demand for well trained and qualified professionals.



## Where would you work as a Financial Planner?

As a Certified Financial Planner, you may choose to establish your own licensed Financial Planning practice. Alternatively you may also work at:

- Bank
- Life Insurance Company
- Accounting or Law Firm
- Stock Broker
- Funds Manager
- Wealth Management Company

## What could you expect to earn?

As a Financial Planner, you can earn income in a number of ways:

- Fee charged on an hourly rate, a flat rate per plan, a percentage of value of the client's assets and/or income, or a combination of these methods.
- Commissions for the products sold as the Financial Plan is implemented.
- A combination of fees and commissions
- Salary for those employed by financial organizations or other institutions

Salaries of a CFP<sup>CM</sup> professional at the entry level ranges between Rs 2-4 lacs, at the middle level between Rs 6-10 lacs and at senior levels above Rs 10 lacs.

## How do you become a CFP<sup>CM</sup> Practitioner?

FPSB India has authorized Education Providers (EPs) to deliver the CFP<sup>CM</sup> Certification Education Program to the students. Alternatively, you can also adopt “Self Study” mode whereby you can choose any courseware or study material available in the market and study by self. The CFP<sup>CM</sup> Certification Education Program is delivered by authorized Education Providers through distance learning, e-learning mode, part time and full time Education Programs.

There are 2 pathways through which an you can register for the CFP<sup>CM</sup> Certification namely:

- 1) Regular Pathway through either Education Providers or “Self Study”- where in you need to appear for all the 5 exams separately.
- 2) Challenge Status Pathway - wherein you need to appear for only the final module exam.

The course is based on the concept of 4 Es i.e., Education, Examination, Experience & Ethics. In order to take up the CFP<sup>CM</sup> Certification Program you need to have completed your HSC and above. You then need to apply for education either through one of the authorized Education Providers or directly under the self-study mode. The training is based on the 6 modules of the CFP<sup>CM</sup> Certification program for which you needs to give the 5 examinations.


The course curriculum made up of 6 modules is as under:

1. Introduction to Financial Planning
2. Risk Analysis and Insurance Planning
3. Retirement Planning & Employee Benefits
4. Investment Planning
5. Tax and Estate Planning
6. Advanced Financial Planning

All the 5 examinations are conducted online by National Stock Exchange (NSE). After clearing every exam, you will be awarded with an AFP - Associate Financial Planner Certification.

After passing the fifth examination you will be eligible for the CFP<sup>CM</sup> Certification provided you meet the experience criteria. You then need to follow the Code of Ethics that are prescribed by FPSB India.

Successful completion of the Certification attests to your mastery of the skills and knowledge needed to advance in the Financial Planning field and opens up doors to a most rewarding and satisfying career, with an opportunity to grow financially and in recognition by society. With this qualification you can discover your Mission, Passion and Purpose.

PATHWAY TO CFP <sup>CM</sup> CERTIFICATION					
Components →	Education	Examination	Experience	Ethics	Certification
Options ↓	FPSB India Modules' Certification (2 Hours, each) <ol style="list-style-type: none"> <li>1. Risk Analysis &amp; Insurance Planning</li> <li>2. Retirement Planning &amp; Employee Benefits</li> <li>3. Investment Planning</li> <li>4. Tax Planning &amp; Estate Planning</li> </ol>	CFP <sup>CM</sup> Certification Examination [4 Hours] # (FPSB India issues Provisional Certificate for successfully accomplishing CFP Certification Education Program)	Either Pre or Post CFP <sup>CM</sup> Certification Exam (3 Years for Graduates & 6 Years for Non-Graduates) Candidates failing the experience criterion within 7 years of competing examination shall have to retake all exams of CFP <sup>CM</sup> Certification	Signed Declaration for adherence to FPSB India's Code of Ethics and Rules of Professional Conduct, which includes Marks Use Rules	  CERTIFIED FINANCIAL PLANNER <sup>CM</sup> (CFP <sup>CM</sup> Certification)#  Ongoing Certification commitment requires Certificates to earn 15 Continuous Education (CE) points through various knowledge upgrade programs/ activities along with payment of Certification fees for the year
II	Challenge Status Qualifications**		Must have completed 3 years of appropriate experience prior to CFP <sup>CM</sup> Certification Exam (3 Years in Financial Services industry, 5 years for finance related experience in other industry, self-employed)		
Career Opportunities					
Levels	Entry	Middle		Senior	
Qualification/ Experience	Pursuing CFP <sup>CM</sup> Certification Education Program + Graduate Fresher	Passed CFP <sup>CM</sup> Certification Examination + Work Experience of 1-2 Years		Attained CFP <sup>CM</sup> Certification + Experience of more than 3 years	
Job Profile	Trainees and Executives Banks, Wealth Managers & Financial Advisory Firms	Relationship Managers, Wealth Managers, Financial Planners/Advisors, Investment & Insurance Advisors		Sr. Planners/Advisors, Team Leaders, Functional Heads, Business Heads, Specialists	
Expected Pay Packet###	Rs. 2 to 4 Lakhs	Rs. 4 to 8 Lakhs		Above 8 Lakhs	

\* You may accomplish the Education component of the CFP<sup>CM</sup> Certification Program by exercising the "Self Study" option or may undergo training from FPSB India's approved Education Providers and pass FPSB India's Modules Certification (Exam 1-4) conducted by NSE's Certification in Financial Markets (NCFM) compulsorily before registering for the final CFP<sup>CM</sup> Certification Examination. FPSB India and NSE jointly issue Associate Financial Planner (AFP) to successful candidates as a certificate of Education Component.

\*\* CA, CFA (USA), ICWA, CAIIB, LLB, PhD./M.Phil/ Post Graduate in Economics, Econometrics, Statistics, Commerce, Mathematics, Finance, Management, Financial Planning/ Advising, Investment. Licentiate/Associate/ Fellowship of Life Insurance from Insurance Institute of India, Actuary from Institute of Actuaries of India, Civil Services Examinations by Union Public Service Commission, Company Secretary from Institute of Company Secretaries of India, Fellow Financial Services Institute, Fellow Life Management Institute. Post Graduate Diploma in Financial Planning (PGDFA) by Indian Institute of Banking & Finance (IIBF)

# Provisional Certification shall be subject to payment of the annual requisite fees.

## Subject to fulfilling experience criteria & payment of annual Full Membership Fees. You could seek either Provisional Certificate or Final Certificate based on your eligibility in any financial year.

### Professionals with qualification such as MBA, CA, CFA etc may add 20-25% to expected pay packet

Source:

The data given in the above article has been sourced from the celebrated book "India's financial markets by Ajay Shah, Susan Thomas & Michael Gorhan. Various other publications, both Indian and foreign have also been referred to while preparing the same.

## What are the other benefits of pursuing a CFP<sup>CM</sup> Certification?

Certification not only gives a qualification and an expert understanding of Financial Planning subject but also gives 'International' recognition. With only 1000+ CFP<sup>CM</sup> Certificants in the country presently, India certainly needs many more of them as Indians are earning more and more money and they need qualified money managers to take care of their finances. Once a CFP<sup>CM</sup> practitioner, you will be among the cream of Financial Planners in the country.



## What is the opportunity for CFP<sup>CM</sup> Practitioners in the country?

CFP<sup>CM</sup> Certification program has an edge over other finance related programs today because of the sheer gap between the demand & supply of the qualified professionals in this field. India has roughly 5 crore + families with investible surplus and assuming that one Certified Financial Planner can handle 100 clients, we require at least 500000 CFP<sup>CM</sup> Certificants. This presents a fantastic opportunity for all those who are striving to make a mark in the financial advisory space.

Course	Institute	Main Areas Covered	Current Numbers	Numbers Required
Chartered Accountant	ICAI	Accounting, Taxation & Auditing	145841	150000
Company Secretary	ICSI	Company Law	35000	200000
CERTIFIED FINANCIAL PLANNER <sup>CM</sup>	FPSB India	Financial Planning	608	500000
Cost & Work Accountant	ICWA	Costing	45000	200000
Chartered Financial Analyst	AIMR	Portfolio Management & Investment Analysis	65000	50000
CPA	AICPA	Accountancy & Taxation	38000	150000

The individual after getting the CFP<sup>CM</sup> Certification will be a highly trained, technically competent professional having gained relevant practical experience. He would be able to write, to international standards, comprehensive Financial Plans for the individuals. The syllabus of the course is global in nature.

## What does it take to be a Successful CFP<sup>CM</sup> Professional?

Aspects of Financial Planner Success	Scale of 1-10
1) People/communication skills	9
2) Having the CFP <sup>CM</sup> certification	8.5
3) Referral from clients	8
4) Keeping up with continuing education	9
5) Education background	8
6) Qualification	9.5

## Why adopting CFP<sup>CM</sup> is a must for the Indian Financial Services Companies?

According to experts at Wharton and a survey of advisors and clients, trust is the foundation of the advisor-client relationship. Although that might sound elementary it is evidently overlooked by many advisors.

Charlotte Beyer, CEO of the Institute for Private Investors (IPI) in New York, an educational and networking group for ultra high net worth individual investors, concedes that at one time wealth management was a business 'shrouded in mystery' and very-high profit margins. Since the model has changed via a transition from product to service, many financial advisors have had to master the art of a new sales tactic. Call it the "sales-free sale" this approach is now an essential part of every successful advisor's repertoire

The distinction is noteworthy because there is much less of an emphasis on pitching stocks and mutual funds and more on personal counseling and education, say Wharton marketing experts.

A Global Private Banking/Wealth Management survey by PriceWaterhouseCoopers suggests that wealth managers have not taken adequate steps to retain clients. Although many of the wealth managers have indicated that they carried out segmentation to analyze their clients, the criteria on which segmentation has been performed are relatively unsophisticated.

In the last few years the criterion used by clients are quality of service, good reporting and advice. Today the financial services companies can retain clients only by providing frequent, relevant and personalized information to their clients. Today a company which is able to provide 360-degree client reporting on a quarterly basis as well as provide alerts will be in the best position to retain clients and gain additional share of wallet.

If these companies take a look at where they are right now and where they want to be. The choice is Obvious- CFP<sup>CM</sup> certification of course.

## Want to know more?

Join FPSB India as a student member

Financial Planning Standards Board India is the leading professional body for the Financial Planning profession, and represents approximately 14000 individuals and 50 top financial services companies. Whether you are starting out, or considering a career change, FPSB India provides you with resources, information, support and professional development throughout your career.

Joining FPSB India as a student member shows to the employers that you are keen and committed to a great career in Financial Planning.

Being a registered student also opens up the doors to valuable resources that will build up your knowledge and experience, and provides direct exposure to the real world of Financial Planning.

A registered student receives:

- Access to a range of information and resources
- Discounts to various FPSB India events and the annual Financial Planning Congress
- Subscription to publications - such as the E-Newsletter and the Financial Planning Journal
- Networking opportunities with other students, organizations and Financial Planners

You can learn more about becoming a CERTIFIED FINANCIAL PLANNER<sup>CM</sup> professional, future career opportunities and FPSB India by logging on to the FPSB India website:

[www.fpsbindia.org](http://www.fpsbindia.org) or calling +91 22 6171 2424, +91 22 6171 2432

Alternatively talk to a career advisor or a practicing CERTIFIED FINANCIAL PLANNER<sup>CM</sup>. Become a part of this dynamic industry and enter an exciting and rewarding career !

“Excellence feeds on itself (as does mediocrity); we are never standing still, but always either spiraling up or spiraling down. As your confidence in the quality of your work grows, we feel a deep conviction when we sit with a prospective client, that we may just be able to alter the whole course of his family’s history. It is the intensity of this belief in yourself and in your power to do well, which attracts and binds quality clients to you.”

-Nick Murray on the Financial Planning Professionals

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