

CFP, CLU, Or ChFC – Which Is Best?

By Mark P. Cussen, CFP[®], CMFC

At some point in your financial career, you might encounter a client whose current situation is complicated, and during your meeting you might be stumped in determining the best solution. Clients with seemingly simple situations can often have complex issues related to life insurance, taxes, or estate planning they may be unaware of.

In order to avoid these types of awkward situations, it is important to ensure that you have equipped yourself to recognize many situations and guide your clients through them correctly. By increasing your knowledge, your credibility and your income will benefit. In this article we'll examine three different designations that will allow you to gain the knowledge you need to handle almost any client's situation: the CERTIFIED FINANCIAL PLANNER[™] (CFP[®]), Chartered Life Underwriter[®] (CLU[®]), and Chartered Financial Consultant[®] (ChFC[®]).

CERTIFIED FINANCIAL PLANNER[™] - The Media's Choice

The CFP[®] mark is offered – and governed – by the Certified Financial Planner[®] Board of Standards in Washington, DC. The CFP[®] designation is perhaps the most widely recognized credential in the field today, due largely to the amount of exposure it has received from the media. This credential is generally the designation of choice for those who wish to offer fee-based financial planning, and traditionally has been more heavily pursued by those in the tax, legal, or investment professions.

Insurance agents that obtain this designation can use it to provide comprehensive financial plans for clients and show them how their various insurance needs fit into such plans.

The CFP[®] curriculum contains seven core courses that cover the following planning topics:

- Investment planning
- Insurance planning
- Estate planning
- Tax planning
- Retirement planning
- Education planning
- Ethics and the financial planning process

There are approximately 89 conceptual topics related to financial planning that are covered in this material. Once all coursework has been successfully completed, students must pass a rigorous, comprehensive 10-hour board exam. Once the candidates have passed the exam, they must pass a background check and pay an entrance fee before receiving their certifications.

Chartered Life Underwriter[®] - The Oldest Designation

The CLU[®] is widely considered to be the most respected insurance designation in the industry. This designation was created in 1927 by the American College in Bryn Mawr, Pa. The CLU[®] has traditionally been pursued by agents who wish to specialize in life insurance for business or estate-planning purposes. The current course curriculum for the CLU[®] includes five required courses plus three elective

courses. The required courses include the following:

- Fundamentals of insurance planning
- Life insurance law
- Individual life insurance
- Estate planning
- Planning for business owners

The three elective courses can be chosen from such subjects as the following:

- Financial planning
- Health insurance
- Income taxation
- Group benefits
- Retirement planning
- Investment planning

Chartered Financial Consultant - Advanced Financial Planning

The Chartered Financial Consultant[®] (ChFC[®]) credential was introduced in 1982 as an alternative to the CFP[®] mark. This designation has the same core curriculum as the CFP[®] designation, plus two or three additional elective courses that focus on various areas of personal financial planning. The biggest difference is that it does not require candidates to pass a comprehensive board exam, as with the CFP[®].

Due to the number of courses that overlap both the ChFC[®] and CFP[®], the ChFC[®] and CLU[®] marks are often taken by individuals seeking in-depth knowledge of both financial planning and insurance, but who wish to avoid a lengthy board exam.

Which Is Best?

The answer to this question lies in your preferred area of focus. If you would like

to focus more exclusively on life insurance, then the CLU[®] designation will provide the most complete curriculum for you. If you would rather focus on comprehensive financial planning, then one of the other two credentials will be a

better fit. It should be noted that none of these designations are considered to be inherently superior to the others. The CFP[®] designation requires less coursework but forces its students to learn the material in a way that allows them to proactively apply

it in the board exam. The CLU[®] and ChFC[®] credentials require more coursework but have no comprehensive exam. The following chart can help you understand the differences and similarities between the three designations.

–	CLU [®]	CFP [®]	ChFC [®]
Comprehensive Board Exam	No	Yes	No
Number of courses required	8	5	8
Focus of Study	Life Insurance, both personal and business	Comprehensive financial planning	Comprehensive financial planning

Conclusion

Agents and brokers that decide to earn one of these designations will soon discover that some of the same coursework is required regardless of which designation is chosen. Those who desire to obtain only one of these credentials will need to personally evaluate the courses that are required for each and their relevance to their specific

areas of practice.

Mark P. Cussen has over 13 years of experience in the financial industry, which includes working with investments, insurance, mortgages, taxes and financial planning. He has two years of experience in writing and editing insurance and securities test training manuals, as well as other

financial topics. He has also worked in retail, discount and bank brokerage systems, and been involved in a venture capital enterprise in the oil and gas sector. Mark has a Bachelor of Science in English from the University of Kansas and completed his CFP[®]; coursework at the Bloch School of Business at the University of Missouri–Kansas City in August of 2001.

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