



## Thames Tax & Retirement Services

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# What Is a Chartered Financial Consultant®?



### **The programs of study required of a ChFC® include such topics as:**

- *Financial Planning*
- *Insurance Planning*
- *Income Taxation*
- *Planning for Retirement Needs*
- *Investments*
- *Estate Planning*
- *Executive Compensation*

A Chartered Financial Consultant® or ChFC® is a financial professional who meets the requirements established by The American College. These include completing a specified program of study, and meeting minimum experience requirements and specific ethical standards.

## **What are the requirements?**

In order to obtain the ChFC® designation, a number of requirements must be met. An applicant must:

- Take nine college-level courses and pass an exam for each course
- Have at least three years of qualifying full-time work experience in financial planning or a related field
- Pass a professional fitness standards and background check

Once appointed, a ChFC® must meet continuing education requirements in order to maintain the certification.

## **What does a ChFC® do?**

Practitioners with the ChFC® designation are trained to develop and implement comprehensive financial plans for individuals, businesses, and organizations. A ChFC® has the knowledge and skills to objectively assess your current financial status, identify potential problem areas, and recommend appropriate options. And, you're working with someone who has demonstrated expertise in multiple areas of financial planning, including income and estate tax, investment planning, risk management, and retirement planning.

## **How is a ChFC® compensated?**

Typically, financial advisors earn their living either from commissions or by charging hourly or flat rates for their services. A ChFC® may use a combination fee-and-commission structure: you pay a fee for development of a financial plan or for other services provided by the ChFC® who also receives a commission from selling you products. A commission

is a fee paid whenever someone buys or sells a stock or other investment. It also is paid when someone buys insurance (such as health, life, or long-term care insurance) or annuities.

When calculating the cost of working with a ChFC® consider fees, commissions, and related expenses, such as transaction fees and management fees related to the products they recommend.

## **How can a ChFC® help you?**

A ChFC® can help you create a personal budget, control expenses, and develop and implement plans for retirement, education, and/or wealth protection. A ChFC® often offers expertise in risk management, including strategies involving life and long-term care insurance, health insurance, and liability coverage. A ChFC® often can help with your tax planning or manage your asset portfolio based on your goals.

Specifically, a ChFC® can help you:

- Establish financial and personal goals and create a plan to achieve them
- Evaluate your financial well-being with a thorough analysis of your assets, liabilities, income, taxes, investments, and insurance
- Identify areas of concern and help you address them by developing and implementing a financial plan that emphasizes your financial strengths while reducing your financial weaknesses
- Review your plan periodically to accommodate your changing personal circumstances and financial goals

## **How to choose a ChFC®**

Working with a ChFC® involves sharing very personal information, so you will want to feel comfortable with the professional you've chosen. Not only will you want the ChFC® to be competent, but he or she should also have integrity and a commitment to the highest ethical standards in the industry. Also, many a ChFC® offers services to a particular clientele, such as small business owners, corporate executives, or



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retirees, so be sure the ChFC® you select works with people whose interests and goals are similar to yours.

Before you choose a ChFC® to work with, ask around. You may know a family member, friend, or colleague who has worked with a ChFC® they'd recommend. Also, be prepared to interview the prospective practitioner. If the ChFC® provides investment advice for a fee, request a copy of form ADV or the comparable state form. A ChFC® who offers investment advice is required to file form ADV with the U.S. Securities and Exchange Commission (SEC) or with the state of residence of the ChFC® (although some exceptions apply). Form ADV contains information about the advisor's education, business, disciplinary history, services offered, fees charged, and investment strategies. In addition to form ADV, ask for the disclosure document that contains other important information. Even if you don't ask for the disclosure document, it must be provided to you at the time you enter into an agreement for services, or soon thereafter. Be sure to read the disclosure document carefully as well as any written agreements you enter into.

Here are some questions you may want to ask a ChFC® to help you find the right planner for you:

- What is your education? What schools did you attend and what degrees have you earned?
- What licenses do you hold? Are you registered with the SEC, FINRA, or the state?
- Are you affiliated with any professional groups or organizations?
- Does your practice concentrate in a particular area? What types of clients do you work with?

- What type of products and services do you offer? Are you limited as to the types of products and services you can offer me?
- How are you compensated for your services? Do you receive a commission for products you may sell to me?
- Have you ever been disciplined by any government board or regulatory agency?

### **Is a ChFC® right for you?**

The financial world has become a very complex place. Even if you're used to handling your own financial affairs, the time may be right to consult a ChFC® who can review your financial health and offer suggestions that may help you reach your financial goals.

For example, are you familiar with all the different investment opportunities that might be available to you? Are you on track to meet your financial goals such as saving for your child's college education, securing enough income for a comfortable retirement, or protecting your assets against risks and lawsuits? A ChFC® can offer the analysis you need to answer these and other important financial questions pertinent to you.

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