YOUR FINANCIAL FUTURE

Professional advice supports clients' short and long-term goals

GLOBAL ECONOMIC UNCERTAINTY AND STOCK MARKET VOLATILITY over the past year have shaken the confidence of many Canadians in their readiness to plan for future financial needs, whether it's buying a home, paying for their children's education or preparing for retirement.

But finding the right help to remain on financial track is not as challenging as it may seem, says Cary List, president and CEO of Financial Planning Standards Council (FPSC).

"Rather than trying to navigate these challenges on your own, consulting a Certified Financial Planner professional can bring clarity to complex matters and help you make sense of all the different pieces of your financial puzzle," says Mr. List.

He points out that a CFP professional can help build a long-term financial plan that's designed to withstand economic ups and downs while also providing ongoing guidance to help clients keep things in perspective and understand the impact of economic events on the financial plan.

"In the same way that you consult your doctor for their professional opinion on your health, you shouldn't feel embarrassed to consult a CFP professional for guidance on your finances," he adds.

Jocelyne Houle-LeSarge, president and CEO of the Institut québécois de planification financière (IQPF), FPSC's sister organization in Quebec, says

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there are currently four main trends in financial planning: rising interest rates; an all-time-high stock market; the rise of robo-adviser technology; and a greater demand for transparency in personal finance.

"Interest rates will likely continue to rise next year and beyond and will impact the dollar, loans, mortgages, investments, and trade between Canada and the U.S. So financial planners will need to stress test their clients' plans for a rising rate environment," she says. "The same applies to the stock market. Planners must prepare their clients for a possible decline."

For people who don't have financial plans, now is the time to get one, adds Ms. Houle-LeSarge, even if they believe they don't have enough assets to justify a formal plan.

A well-structured financial plan will help younger people and those nearing retirement cope with potential concerns about the current state of the global economy and where it's heading. By drilling down into both short- and long-term goals and intentions, a financial planner will help a client stay on track and remain focused, she says.

"The plan provides clients with the structure to make informed, rational decisions without becoming too emotional about external influences such as the global economy; it keeps them grounded," says Ms. Houle-LeSarge.

Trust plays a big part in the relationship between clients and financial planners, and education and training are crucial to helping build trust. Both FPSC and IQPF require their certificants to fulfill a required amount of continuing education annually.

"IQPF's mission is to protect the consumer by training financial planners and ensuring their knowledge remains current through mandatory professional development including integrated financial planning, compliance with standards, ethics

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and business conduct," says Ms. Houle-LeSarge.

CFP professionals have an obligation to complete a certain amount of continuing education annually, says Mr. List. FPSC performs annual audits to ensure compliance with these standards. This helps financial planners ensure their knowledge and skills remain current.

He cautions that not everyone in Canada who calls themselves a financial planner has the training of someone with a professional designation. Financial planning is not regulated in Canada, so anyone outside of Quebec can call themselves a financial planner.

"By verifying that your financial planner holds a professional designation, such as CFP certification, you can be sure they have the qualifications to meet your needs," adds Mr. List.

Ms. Houle-LeSarge says while some people may be tempted to consider robo-advisers – online services providing lower-cost information to people who wish to develop financial plans with minimal human intervention – she points out they are relatively untested in challenging times like a stock market decline or when interest rates increase rapidly.

"We don't know how robo-adviser platforms will respond under these circumstances, but one thing is certain: a robot will not be able to replace a financial planner or their ability to draw up a plan and test it in different situations," she says.

Ms. Houle-LeSarge notes that a financial plan is a very personal document and requires a personal relationship for it to be effective.

"That's not something you will find on the Internet. Any machine can add two and two and come up with four, but it lacks the soft skills, the human touch," she says. "That's what you get with a financial planner; an understanding of the client's needs."