

# Lessons I Learned from Interviewing Over A Thousand Financial Planners - Forbes

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[Liz Davidson](#)

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Over the years, I've personally interviewed over a thousand financial planners as part of our recruiting process at Financial Finesse.

And it's the most important job I do.

As a financial education company, our financial planners are our service. Because our revenue stream comes from the sale of financial education programs to employers, the livelihood of our business depends on the quality of the planners we hire.

So why am I telling you this? The reason is simple: If you have built a nice sized nest egg, or even if you haven't and need to start investing, you have something in common with Financial Finesse. Your financial future will depend heavily on finding the right financial planner. So this blog is dedicated to sharing what we've learned from interviewing thousands of planners with the hope that some of this information will be useful to you. Consider it a form of legal "insider information."

Here's what we look for and how we test for the skills we think every planner needs to have to be effective:

1. **The Certified Financial Planner™ designation.** After about three years into the business I had talked to hundreds of planners who possessed the Certified Financial Planner™ designation and hundreds who did not, and it became clear we had to make this an absolute requirement. Not all Certified Financial Planner™ professionals are excellent financial planners, but your odds of finding an excellent planner dramatically increase when you focus on finding one. Here's why:

- Knowledge, dedication, and commitment required to obtain the designation — the CFP® exam is tough and only around 50% pass the exam—which makes it as competitive as the bar exam, widely known as one of the most demanding professional exams in the country. Planners must have a minimum of three years experience to gain the designation, and just going through the process shows a degree of dedication and commitment to the profession.
- Ongoing education – CFP® professionals have a continuing education requirement of thirty hours every two years, which includes mandatory ethics standards.
- Fiduciary standard – CFP® practitioners hold themselves to the standard of a fiduciary, which means always doing what is in the best interest of their clients. The industry is moving in this direction now, but the CFP® professional has had this as a standard for many years.
- Oversight – CFP® practitioners voluntarily submit to ongoing oversight by the CFP® Board to ensure that they are acting in the best interest of clients.

To search for a planner in your area, go to: [letsmakeaplan.org](https://letsmakeaplan.org)

2. **Experience—but the right kind of experience.** We require ten years minimum, but we also look carefully at the kind of experience longer term planners have to make sure they haven't fallen into a rut. There's some fascinating research about experience and the role it plays in professions that require a high level of specialized skills. The sweet spot is typically 10,000 hours of experience working with clients, which translates to about ten years (twenty hours a week in client meetings and working on client financial plans). At [10,000 hours](#), most people become experts, and develop a finely tuned intuition that comes from their experience so that they can read their clients, adapt to them, manage them, and invest for them in a way that best meets their needs.

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There is, interestingly, such a thing as too much experience. I recently read a study from the medical field where early-, mid- and late-career doctors were studied to determine their effectiveness, and it turns out that the mid-career ones were the most skilled at diagnosis because they had enough knowledge to make good judgments but also enough humility and caution to notice the exceptions—a perfect zone of confidence. The early-career doctors didn't have the experience to achieve this level of accuracy, and the later-career doctors tended to be overconfident and sometimes moved too quickly and/or didn't catch subtle cues from the patient that made mid-career doctors take pause and reassess the situation.

This is not to say all tenured planners are inferior. In fact, I employ several planners with 25+ years of experience, many in very senior level positions. I benefit regularly from their experience myself. The key is that their experience is varied: They spent their 10,000 hours in different roles, with different types of clients, getting expertise on different products and services and using different “muscles” of their financial planning expertise. This made them incredibly well rounded and prevented them from falling into the experience rut.

So, what can you take from this? As a general rule, you'll want to look for someone who has at the very least five years of experience as a financial planner, ideally ten or more. If you are working with a planner who has been in the industry for twenty plus years, you'll want to make sure that he or she has had a lot of different roles and experiences in the field of financial planning and is adaptable in their approach.

**3. Very strong core values and a highly adaptable, client centered approach.** A planner who doesn't listen and doesn't care is not one that will ever work at our firm and I would assume one you wouldn't want working with you for very long. One of the callers to our helpline shared a story with us today about the planner they just recently met with. His first question to her was whether she could roll her funds out of her 401(k) now (since she was over sixty) or whether she would have to wait until she retired. I would call that a red flag but she was unsure whether to trust her instincts because this advisor was highly recommended by a friend. She decided to trust her friend over her own instincts, and set up a second meeting with him. When she asked him what she needed to do to prepare for the meeting—what information she could get to him so he could develop a good plan for her—he had only one instruction: “Bring a checkbook”. Fortunately, she called our helpline and our planner further discussed the situation, and she canceled the meeting.

Here's the moral of the story, one that should resonate in our post-Madoff world: A planner who puts you first, and considers your needs above their own financial gain from your investments will not necessarily hit a home run with all their investment recommendations. But you can trust they will always look out for you and you can sleep well at night knowing they aren't steering you into expensive, ill-advised recommendations to line their pockets, or God

forbid, stealing from you.

Case in point: That caller who decided not to invest with the planner who was interested only in his own financial gain later asked her friend why she recommended the planner so highly. Her friend's answer: "I figured he must be really good. He has a huge house and several expensive cars and he lives the high life."

That spoke volumes—to us and to our caller. She is now working with a financial planner focused on helping his clients live the high life.

**4. A broad based generalist with knowledge in all areas of financial planning who can work with you to put together a strategy based on sound financial planning principles and fundamentals.** Here's the deal: With very few exceptions (which themselves are very likely a case of good luck), by far the most successful investors are those who follow fundamentals.

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I have two good friends who shall remain nameless. One is literally a genius, amassed significant wealth, and has a long track record for being “right” more often than he is “wrong” in business. For the last fifteen years, he has remained certain he can find geniuses who “time the market” and figure out the next big thing before it happens. For the last fifteen years, he has actually lost money, even though the S&P 500 gained an annualized return of about 7% per year over that time. He works with money managers, but no financial planner, and despite his intelligence, he falls prey to hedge fund managers with impressive experience and complex investment strategies that promise to “beat the market”. He considers investing a game, and thinks it’s one he can win by finding opportunities that other investors miss. Sometimes he does hit a home run, but more often than not, he loses money or underperforms the market. And because there is no Certified Financial Planner™ professional advising him, his portfolio is a mishmash of investments where he’s over-allocated in certain areas, under-allocated in others, and improperly hedged with investments that move in tandem. He is in effect betting against the house, and like every gambler, he is elated with his winnings, but over time he’s whittling away his fortune.

The other friend is less wealthy, but has enough money to be financially secure and is interested in keeping it that way. She hired a financial planner who told her upfront, in no uncertain terms, that there were no “magic” financial planning strategies, that the key to success was building a portfolio based on her own risk tolerance and time frame, and finding funds with low expenses and disciplined fund managers who took a long term, buy and hold approach which reduces brokerage fees and taxes and tends to generate better long term returns. He recommended mostly index funds, with some low-expense actively managed funds, and a solidly diversified portfolio that is rebalanced every year to stay in line with her ideal allocation. Boring? Maybe. But very effective and she has grown her portfolio significantly, in part by minimizing losses in the 2008 downturn.

Here’s the bottom line: Look for planners that give it to you straight, that don’t promise unreasonable returns, and who stick to the proven principles of financial planning rather than selling “hot” investments or sophisticated investment strategies which seem impressive mostly because they are too complex to actually understand. Planners shouldn’t tell you what you want to hear; their job is to tell you what you need to hear.

Liz Davidson is CEO of [Financial Finesse](#), the leading provider of unbiased financial education for employers nationwide, delivered by on-staff Certified Financial Planner™ professionals. For additional financial tips and insights, follow Financial Finesse on [Twitter](#) and become a fan on [Facebook](#).