What Is A Chartered Financial Consultant (ChFC)?

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For money-minded consumers who need advanced financial planning services, a chartered financial consultant (ChFC) could be a great place to start. While ChFC may be less well known than the certified financial planner (CFP) designation, advisors who earn it actually have even more training designed to enhance their financial planning skills.

ChFC Requirements

The ChFC designation was rolled out by the American College of Financial Services in 1982 as a competitor to the CFP credential. It requires the same core curriculum needed for the CFP, plus additional coursework that further hones an applicant's skills as a professional **wealth manager.**

To become a ChFC, a candidate needs to pass a total of eight courses covering all facets of financial planning. In addition, they need to have worked full-time for three of the last five years in a related field. An undergraduate or graduate degree from an accredited institution counts toward one year of business experience.

"A ChFC primarily works in the financial services and insurance industries, providing financial planning advice covering topics including income tax, retirement, risk management, estate planning and investments," says Nicole E. Asher, a ChFC and senior wealth management advisor for Greenleaf Trust in Kalamazoo, Mich.

ChFC vs. CFP: What's the Difference?

The services offered by chartered financial consultants and certified financial planners are broadly comparable in practice. The difference between ChFC and **CFP** is in the training required for each designation.

The CFP certification is administered and awarded by the nonprofit Certified Financial Planner Board of Standards, Inc., also known as the CFP Board. The American College of Financial Services, an accredited private educational institution that offers both undergraduate and graduate training programs, awards the ChFC. It also supports the **Chartered Life Underwriter** (CLU) certification and prepares students to sit for CFP Board's national certification exam.

People studying to get a CFP or a ChFC designation have to pass a core curriculum of seven

courses. (Some CFP programs may package this as six courses instead.) ChFC candidates then must take an additional course on contemporary applications in financial planning that is not currently required of CFP candidates. The table below outlines the courses required for each designation:

1	2	3
Course	**CFP**	**ChFC**
General Principles of Financial Planning	✓	✓
Insurance Planning	✓	✓
Tax Planning	✓	✓
Retirement Planning	✓	✓
Investment Planning	✓	✓

1	2	3
Estate Planning	✓	✓
Personal Financial Planning	✓	✓
Contemporary Applications in Financial Planning		✓

There is no comprehensive examination required to obtain a ChFC, like there is with the CFP, which tests candidates' retention of their financial planning coursework cumulatively. Instead, ChFC candidates take exams after each course is completed. Advisors with their CFP certification in good standing can get their ChFC by completing the Contemporary Applications in Financial Planning course and passing that class's exam.

Both CFP and ChFC charterholders are held to a **fiduciary standard**, which means they are bound by law to consider the best financial interest of their clients when pursuing any investment decision. Both certifications require 30 hours of continuing education every two years, including an ethics course.

Fees Charged by ChFCs

Cost-wise, working with a ChFC is fairly similar to working with a certified financial planner. There are several fee structures generally used by **financial advisors**, no matter what their certification. Most ChFCs and CFPs will either be fee-only or fee-based.

Fee-based indicates the advisor may receive commissions from investment and financial firms that sell products, under certain circumstances. Think of these as finder's fees or rewards paid to the advisor for getting their clients to buy certain products. Fee-only advisors are ones that do not accept these third-party commissions.

"The downside is that the advisor could sell the client unnecessary or inappropriate products and hide the commission charges, or churn through the client's account by buying and selling often to just earn extra commissions," says Steve Azoury, chartered financial consultant (ChFC) and owner of Azoury Financial in Troy, Mich. That said, both fee-only and fee-based ChFC advisors are held to a fiduciary standard, meaning regardless of how they make their money, they shouldn't place you in products solely for a kickback.

Here are the most common fee types that may be charged by chartered financial consultants:

- **Hourly fee**: Some clients are charged a flat hourly rate for services. You can expect to pay between $200 and $400 for a trusted ChFC. Azoury warns that you need to keep on top of hours billed, especially if the advisor recommends active portfolio management, which requires more billable hours.
- **Percentage of assets**: Some may charge an annual fee equal to the investment portfolio they manage, with costs ranging from 0.50% to 1.25% annually.
- **Commissions**: With a commission model, a ChFC may not charge you anything directly. They'll facilitate the process of you buying the products they recommend, and you'll pay that as well as potentially the cost of the transaction. They'll then receive a referral payment from the company you purchased the product from. Azoury recommends this treatment only for clients who are knowledgeable about their finances and want to be involved in portfolio management so you remain well-versed enough to determine if a commission-based product works best for you.
- **Annual retainer**: Some chartered financial consultants may charge an annual retainer fee in addition to a percentage or hourly fee. Yearly costs generally run from $2,000 to $7,500.
- **A mix of the above**: Some ChFCs may use fee structures that borrow from bits of each of the previous fee types. An advisor might charge an hourly fee as well as receive some amount of commission, for instance.

How to Choose a ChFC

The American College of Financial Services **provides a portal** for finding and evaluating chartered financial consultants. Once you've identified one or more prospects, head over to the Securities and Exchange Commission's (SEC) investment adviser public disclosure **website** to research your potential financial advisor and make sure they haven't had formal complaints filed against them. The SEC site searches FINRA's BrokerCheck as well.

You may also ask your friends and family for a referral when looking for a ChFC, says Asher. Regardless of how you find your advisor, though, make sure you find time to sit down with them before hiring them. “Interview the advisor and see if you like their personality, demeanor, and knowledge. Ask them how they are paid. Do they accept commissions or kickbacks to place investments in certain products?” says Asher.

You’ll want to make sure you work with someone you trust who is open and transparent about payment, has good references, listens to and understands your needs and is someone you can relate with and speak to openly, Asher says.

Should You Hire a ChFC?

If it’s knowledge and expertise you’re seeking from a financial advisor, a chartered financial consultant can be a smart move, just so long as you do your homework.

“If you are going to work with an advisor then you should work with one that knows what they are doing and is transparent about how they charge,” says Jeremy Keil, a CFP with Keil Financial Partners in New Berlin, Wis.

The presence of a ChFC credential should give you at least some comfort that the advisor you’re working with has comprehensive knowledge of financial planning.