

# Accredited Financial Counselor: The State of the Designation

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*In order to gain an understanding of Accredited Financial Counselors' characteristics and professional activities, an online survey of Accredited Financial Counselors was conducted from December, 2002 to February, 2003. This paper describes the sociodemographic characteristics of Accredited Financial Counselors, reports the non-AFC financial counseling designations held by Accredited Financial Counselors, and provides a sketch of the contexts in which AFC designees are employed, including the type of employer, the number of counseling sessions typically conducted each week, and the average cost of counseling sessions. Suggestions for the growth and development of the financial counseling profession are offered*

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## Introduction

The Association for Financial Planning and Counseling Education (AFCPE) recently celebrated the twentieth anniversary of its founding. Reaching such a milestone presents a timely opportunity to reflect upon its past, assess its present and consider its future. To this end, this paper offers a description of the environment in which AFCPE and its flagship accreditation, the Accredited Financial Counselor (AFC) designation, developed. This historical background is followed by a description of a recent survey of Accredited Financial Counselors that provides insight into the demographic profile of Accredited Financial Counselors, and the contexts in which AFCs are employed, including the type of employer, the number of counseling sessions typically conducted each week, and the average cost of counseling sessions. Finally, suggestions for the growth and development of the financial counseling profession are offered.

The United States economic environment of the early nineteen-eighties was characterized by both high interest rates and high bankruptcy rates. During this time personal finance gained attention and grew in favor among an increasing number of researchers, educators and practitioners. Yet there were few professional organizations to support them in their scholarly and professional activities. In this environment Jerry Mason and Virginia Langrehr, then of Brigham Young University, and Tahira Hira, of Iowa State University, recognized that the study and practice of personal finance would be elevated if

researchers, curriculum developers and practitioners were synergistically brought together into a single organization to foster communication and collaboration among them.

The AFCPE was organized at Brigham Young University in 1983, during a national conference on personal finance. However, the name and bylaws were not formally adopted until the subsequent conference at Iowa State University, when Tahira Hira was installed as the first president and Jerry Mason as the first past-president. Tahira Hira managed the organization from her home for the next couple of years on a meager budget and *pro-bono* contributions of time and resources by herself, her husband and graduate students. To optimize the use of minimal resources, initial AFCPE conferences were held simultaneously with the International Association for Financial Planning (IAFP).

During 1987 and 1988, the AFCPE began publishing *Financial Counseling and Planning* with Sherman Hanna serving as editor. Membership and financial resources grew sufficiently during these years for the AFCPE to hold its own annual conferences independent of the IAFP (AFCPE, 2003). Thereafter the AFCPE reached two significant milestones in its development by initiating its Accredited Financial Counselor (AFC) certification program and publishing the first volume of *Financial Counseling and Planning* (AFCPE, 2003). AFCPE membership grew and conference attendance expanded in 1991 and 1992 as

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pre-conference sessions were added for members of the military, cooperative extension services and credit counseling practitioners. As the 1990s drew to a close, the management of the AFCPE transitioned from a volunteer leadership model to a half-time, and then full-time, professional staff with Sharon Burns as executive director (AFCPE, 2003).

The AFCPE continued to grow in the year 2000 as the International Society for Retirement & Life Planning (ISLP) joined with the AFCPE and created the Committee for Life and Retirement Planning. That year the AFCPE was also given a seat on the board of the JumpStart Coalition. In 2003, Sandra Helmick became the second editor of the AFCPE journal and the AFCPE board approved a new certification program, the Accredited Credit Counselor (ACC) (AFCPE, 2003).

#### **Mission and Vision**

The mission and vision statements of AFCPE give insight into its current purpose and future direction.

*Mission:* AFCPE provides professional development experiences for financial educators, practitioners and researchers to improve the economic wellbeing of individuals and families worldwide.

*Vision:* To be internationally recognized as the leading provider of professional development opportunities for financial educators, practitioners and researchers.

Twenty years after its inception the AFCPE mission and vision statements still focus on the same constituency of researchers, educators and practitioners, among whom the organization was founded to forge a strong connection (Mason & O'Neill, 2003). However, the scope of the current mission and vision statements is limited to providing professional development experiences. The statements do not mention research, which the AFCPE continues to support with the ongoing publication of its journal. Neither do they reference curriculum development, which was an emphasis in the organization's first decade. Nor do they address absorbing other professional organizations, or expanding certification offerings, which have occurred in recent years.

As the AFCPE grows and develops, it is important that a periodic assessment of its goals, membership, and member activities be conducted. To this end, this study describes a recent survey that was conducted to assess the characteristics and professional activities of one AFCPE constituency, Accredited Financial Counselors.

#### **Survey Procedures**

In order to gain a better understanding of Accredited Financial Counselors' professional activities and counseling practices, an online survey of counselors was proposed to AFCPE in the fall of 2002. In December, 2002, the Association provided an electronic list of all AFCs in good standing; that is, all AFCs whose dues were current and whose continuing education units were up to date. Each of the 322 individuals on the list were sent an e-mail that requested voluntary completion of a confidential online survey designed to provide an overview of characteristics of AFCs, their earnings, what kind of degrees they have, other certifications/licensures they hold, and professional activities in which they engage. In addition, subjects were told that data collected could prove useful for individuals who are considering earning the AFC designation and for current Accredited Financial Counselors contemplating a career move or change of employers.

The first survey request was sent to each of the 322 Accredited Financial Counselors in good standing December, 2002. Forty-two of the addresses were not valid and were returned as undeliverable. The remaining 280 Accredited Financial Counselors with valid e-mail addresses received this first solicitation. In order to increase the response rate, two reminders were sent to those who had not responded to prior requests. As a result, 210 valid surveys were received by the end of February, 2003, for a response rate of 75 percent.

#### **Results**

As shown in Table 1, individuals who have earned the Accredited Financial Counselor designation are predominantly female and well-educated; over 80% have a college degree. The mean age of Accredited Financial Counselors is 49 years old. Sixty-four percent of respondents report being currently employed as a financial counselor. More than half of those with the AFC designation earn more than \$50,000 annually; nearly one-third of AFC designees report earning more than \$65,000.

Approximately one-third of survey respondents have earned a professional credential other than AFC. As shown in Table 2, the most frequently held credential is some form of housing counseling certification, such as Certified Housing Counselor (CHC), Accredited Housing Counselor (AHC), or other housing-related designation. The Certified Financial Planner (CFP) and Certified Family and Consumer Scientist (CFCS) designations are second and third most frequently cited secondary designations. It is worth noting that numerous other designations were reported by a single respondent.

**Table 1.**  
Demographic Characteristics of AFC Respondents

	Percent*
Gender (N=210)	
Female	67.6
Male	32.4
Education (N=207)	
High school	2.9
Some college	8.7
Associates	6.3
Bachelors	38.7
Masters	38.7
Ph.D.	4.8
Currently a student	11.9
U.S. resident (N=207)	91.3
Census region (N=200)	
West	20.5
Midwest	22.0
Northeast	9.5
South	39.0
Non-U.S.	9.0
Individual income category (N=196)	
Less than \$10,000	1.5
\$10,001 - \$20,000	3.6
\$20,001 - \$30,000	5.6
\$30,001 - \$40,000	12.8
\$40,001 - \$50,000	24.0
\$50,001 - \$65,000	22.5
\$65,001 or more	30.1
Employed as a financial counselor (N=208)	63.9
Age (N=198)	Mean 49.0

\* Percentages within categories may not equal 100% due to rounding

Only 20 of the 210 respondents indicate that they have earned a third financial counseling designation. Thirty one respondents report that they are working toward another certification. The most frequently reported designation being pursued by respondents who already hold the AFC designation is the Certified Financial Planner (CFP).

As shown in Table 3, a large majority (85%) of Accredited Financial Counselors are employed by non-profit organizations, particularly in armed forces and educational settings. The armed forces employ the highest percentage of professionals with the AFC designation, followed by educational institutions.

Sixty-four percent of the Accredited Financial Counselors report that they are currently employed as financial counselors. Very few sell products as part of a their employment. Only four percent of respondents report selling any type of financial services product as a component of their work, suggesting that Accredited Financial Counselors are in a position to act as educators rather than salespersons for particular financial products. This may help Accredited Financial Counselors avoid the conflict of interest that can arise when one simultaneously provides financial counseling and sells financial products.

**Table 2.**  
Professional Designations Held by AFC Respondents

	Percent
Hold designation other than AFC (N = 210)	31.4
Second professional designation (N = 66)	
Real estate/CHC/AHC/other housing	24.2
Certified Credit Counselor	6.1
Certified Financial Planner	12.1
Licensed Professional Counselor	6.1
Certified Family and Consumer Scientist	7.6
Other miscellaneous	43.9
Third financial counseling designation (N= 20)	
Real Estate/CHC/AHC/Other housing	10.0
Certified Financial Planner	5.0
Licensed Professional Counselor	5.0
Certified Family and Consumer Scientist	5.0
Other miscellaneous	75.0
Working toward another designation (N = 31)	
Certified Financial Planner	74.2
Personal Financial Specialist	3.2
Other	22.6

**Table 3.**  
Characteristics of Financial Counseling Practice

	Percent
Employed by non-profit organization (N=210)	84.8
Employed as a financial counselor (N=208)	63.9
Current employer (N=210)	
Armed forces	41.0
Finance company, bank, credit union	14.8
Family services	2.9
Education	22.4
Consumer credit counseling service	3.8
Unemployed or retired	3.3
Other government employer	4.8
Other non-government	1.9
Self-employed	5.2
Sells products as part of employment (N=203)	3.5

Finally, information about the financial counseling practices of the 133 respondents who are employed as financial counselors is presented in Table 4. On average, Accredited Financial Counselors consult with 13 clients per week during an average of 3 counseling sessions. Because most financial counselors with the AFC designation are employed in the non-profit sector, very few, only 18, report charging a fee for any counseling sessions; the median charge is \$87.50 per hour.

Accredited Financial Counselors report spending, on average, 52 percent of their counseling time in a primary counseling area and 26 percent of their time in a secondary counseling area. The primary counseling area most frequently identified by AFC Counselors is "budgeting" (53%), followed by debt management (17%) and credit issues (10%). Secondary counseling activities included budgeting (24%), followed by credit issues (18%), saving or investing issues (18%), general money management (11%) and debt management (11%). Fifty-nine percent of active counselors use some form of evaluation to inform their counseling.

**Table 4.**  
Financial Counseling Practice Areas

	Percent
Primary counseling area (N=115)	
Housing	2.6
Budgeting	53.0
General money management and financial education	4.4
Debt management	16.5
Credit issues	10.4
Saving / investing	4.4
Other	6.8
Secondary counseling area (N=108)	
Budgeting	24.1
Credit issues	17.6
Saving / investing	17.6
General money management and financial education	11.1
Debt management	11.1
Student loans	5.6
Other	12.9
Uses any type of counseling evaluation	59.3
	Mean
Percent of time in primary counseling area	52.2%
Percent of time in second counseling area	25.5%
Number of counseling sessions per week (N=105)	3.3
Number of clients (N=112)	12.5
	Median
Hourly cost for counseling session for those who charge a fee (N=18)	\$87.50

### Discussion

Accredited Financial Counselors have been providing education through non-profits, educational institutions, in private practices, and on military bases for more than a decade, and AFCs are now poised to become an even greater force for the advancement of the economic well-being of individuals and families. The results of this survey show that Accredited Financial Counselors spend their time focusing on the core financial principles that underscore effective financial management: budgeting, debt management, and credit issues. Consistent with their role as financial educators, Accredited Financial Counselors generally maintain practices that do not involve selling particular financial products, and the vast majority assist consumers without charging a fee. As the results shared here suggest, Accredited Financial Counselors appear to be committed to providing basic financial education to consumers in employment settings where the cost of financial education can be mitigated by the military, the non-profit agency, or some other entity.

The results of this survey also point to an area where Accredited Financial Counselors might improve their practices. For example, approximately 59 percent of Accredited Financial Counselors use some form of evaluation as part of their practice. However, the AFC accreditation process provides very little guidance in the purpose and methods of effective client evaluation. Without effective evaluation, we will never be able to determine whether the economic well-being of the

individuals and families we serve has actually improved. Given the high percentage of AFCs who utilize some form of evaluation, developing a set of "best practices" would serve the organization well. As personal saving continues to diminish and credit use continues to increase, the role of AFCPE and Accredited Financial Counselors is likely to become even more important over the next decade.

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