

# Financial Planner Encyclopedia Article

## Financial Planner

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# Financial Planner

Financial planners help individuals and businesses invest money. They provide financial advice based on their knowledge of tax and investment strategies, stocks and bonds, insurance, retirement plans, and real estate.

Financial planners interview their clients to help them define their financial needs and goals and to determine how much money clients have

Financial planners often discuss investment strategies with clients over the telephone. Their pay, or commission, is often a percentage of the dollar amount of the financial product sold.

available for investment. Whether the goal is long-term investing (for example, retirement) or short-term investing, financial planners use information provided by a client to develop a financial plan tailored to the client's needs. Additionally, a financial planner often sells stocks, bonds, mutual funds, and insurance.

Financial planners can work for credit unions, credit counseling companies, banks, and companies that specialize in offering financial advice. The vast majority of financial planners have bachelor's or master's degrees. A college degree in business administration or finance is useful.

Financial planners often use mathematics on the job. They calculate which proportion of a client's money may go into a particular investment. For example, does the client want half of his money to be invested in stocks and half in real estate?

Financial planners review stocks and bonds to determine which have the best profits. For example, a stock that is bought for \$10 a share and becomes worth \$15 a share shows a 50 percent return on the investment. They must calculate how much a purchase of multiple shares of a stock will cost. Four shares at \$20 per share will cost \$80.

For long-term investments, a financial planner may need to calculate compound interest. He or she must project and add all the investments over time to assess if enough money will be available for the client's retirement.

## See Also

Economic Indicators; Stock Market.

## Bibliography

*Career Information Center*, 8th ed. New York: Macmillan Reference USA, 2002.



## Internet Resources

Occupational Outlook Handbook, 2000–2001 Edition. <<http://stats.bls.gov/ocohome.htm>>.