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# Financial Analyst and Planning Career, Job, and Training Information

## Finance Analysts and Financial Planning Career Highlights

- College graduates with excellent communication skills make the best analysts and advisors.
- The increase in personal investors will improve businesses for both analysts and advisors, particularly for advisors.
- Competition for analyst positions is tough, particularly for high paying jobs at elite securities corporations.

## Financial Analyst and Financial Planning Career Overview

Financial planners and financial analysts help guide businesses and individuals in making investment choices. Both carry out financial research and analysis, which they use to provide investment suggestions to clients. But analysts and advisors differ in their clientele and in the information they give out. Financial analysts evaluate the economic outlook of different sectors and industries for organizations that wish to invest. Personal financial advisors work with individual clients and focus on a wide range of personal investment needs.

Securities analysts are employed by insurance companies, banks, securities firms, pension and mutual funds, and other organizations interested in assisting their customers in the investment process. Analysts research industry statements and use company sales, costs, commodity prices, tax rates, and expenses to evaluate a firm's current and projected value. Analysts also meet with executives to evaluate an organizations leadership and market outlook. In addition, analysts research whole industries, evaluating business strategies, product trends, and market competition. In order to correctly interpret a company's success and value, analysts must also be familiar with and understand the market effect of industrial regulations and policy changes.

Using statistical software and spreadsheets, financial analysts evaluate data, identify patterns, and formulate predictions used to make recommendations about selling or buying various investment and securities products. Analysts with asset management responsibilities often make purchasing and selling decisions for their clients. Some Analysts focus on determining risk levels

connected with different investment possibilities.

Some companies have investment banking divisions with teams of analysts dedicated to researching companies interested in making initial public offerings. These teams also make certain that all paperwork is filled out in accordance with the guidelines of the Securities and Exchange Commission. In addition, they present information to investors regarding the potential of new corporations. Financial analysts are also responsible for researching the pros and cons of possible company mergers and buyouts.

Ratings analysts assess the capacity of bond issuing company's (or governments) to fulfill loan obligations. From their findings, the analyst team gives the company or government a bond rating that is similar to an individual's credit rating. Often finance professionals also evaluate credit, analyze budgets, and assess costs.

Personal Financial Advisors (sometimes referred to as financial consultants or financial planners) combine their experience and understanding of tax laws, insurance, and investments to help clients accomplish their short and long range financial objectives. The items advisors typically focus on are estate planning, saving for college, retirement, as well as general investment. The typical advisor can provide recommendations in many aspects of finance, but there are some who concentrate on specific areas like asset protection, retirement, or estate planning.

Advisors start by sitting down with a client looking at their financial situation to help them identify financial goals. From this information an advisor creates a financial plan for the client that addresses problems and suggests ways to fix them, and then identifies possible investment ideas that best meet the needs of the client. Very often these recommendations are verbal, although some advisors prepare formal reports. Once a plan is in place, advisors generally meet with their clients on a yearly basis to revise and adjust the plan to life changes and new investment opportunities. In addition, advisors respond to questions about the impact of life changes and benefit plans on their financial situation.

There are advisors who act as brokers, buying and selling stocks, bonds, and other investment products while others recommend the services of other professionals. For instance, an advisor may recommend a particular accountant or insurance agent or lawyer. In addition, many advisors act as asset managers for their clients.

The most essential skill a financial advisor can have is the ability to attract and keep customers. Happy clients are best resource for finding more happy clients. Some advisors use seminars and finance classes to attract new customers.

### **Career Training and Job Qualifications for Financial Analysts and Planners**

A bachelor's degree is essential for financial analysts and highly recommended for personal financial advisors. Analysts should probably have a degree in business administration, accounting, finance, or statistics. In addition to training in statistics, business, and economics, and understanding of administration and accounting are strongly suggested. Additional recommendations include courses on bond valuation, risk management, and options pricing.

While there is not a particular emphasis of study preferred for personal financial advisors, a degree in economics, law, business, accounting, finance, or mathematics offers a good footing for the position. Investment, risk management, tax, and estate planning classes are vital. Financial planning degrees are also becoming more common on college campuses. Still, a large number of advisors begin in other associated fields like insurance sales, law, financial services brokerage, auditing, and accounting.

Personal financial advisors and financial analysts must have computer, analytical, mathematical and problem-solving skills. Also, because analysts and advisors must explain their findings and recommendations to others, they must have excellent presentation skills, self-confidence, maturity, as well as the ability to work alone.

Among other skills a financial analyst must possess are a strong attention to detail, a drive for research, and an understanding of tax laws, money markets, and the economy in general. In addition, people skills and salesmanship are also very important.

While not necessary to work in finance, there are several certification organizations that offer professionals opportunities to increase their knowledge, understanding, and prestige through certification. The association of Investment management and Research offers certification as a Chartered Financial Analyst (CFA). Qualifications for certification include a completed bachelor's degree, three years financial experience, and successful completion of three essay tests. The test, which includes topics like economics, accounting, portfolio management, asset valuation and securities analysis, is taken annually until all three are completed.

Certification for personal financial advisors includes the Certified Financial Planner designation offered by the Certified Financial Planner Board of Standards, Inc. Candidates must have earned the necessary education, have applicable experience in finance, pass an examination, and agree to and follow an established code of ethics. The Chartered Financial Consultant (ChFC) is another credential that is obtainable from the American College in Bryn Mawr, Pennsylvania. In addition to career experience, candidates must finish eight instructional classes to qualify for certification. Annual refresher courses are required to maintain status in each of these designations.

Though personal financial advisors do not need to be licensed, if they wish to provide services as an investment or real estate broker then they must be licensed to offer those respective services. In addition, legal advice cannot be given unless the advisor is licensed to do so. Many advisors who lack these qualifications offer clients the services of other licensed professionals.

Financial analysts can move up to positions as finance or portfolio managers that oversee all the investments of a corporation or customer. Upward movement for personal financial advisors is typically accomplished by expanding your clientele; however those who work for organizations can advance by filling management positions.

### **Job and Employment Opportunities**

Because of the expansion of both individual and business investment, jobs for financial analysts and personal financial advisors will continue to grow through the next decade. As the number of people involved in investment increases, and as the next generation of retirees begins to think more seriously about the future both analysts and advisors will have the opportunity to provide them the financial services they need. The increased life expectancy also forced retirees to plan for more years of retirement. As the international securities economy expands, so will the need for advisors and analysts who understand it.

Another catalyst for growth in the financial services industry is deregulation. In the past few years insurance companies, banks and brokerages have been able to broaden the services they provide to include investment advice. Many banks are becoming involved in brokerage and investment activities and need qualified financial analysts to support new customers.

The demand for personal financial advisors will likely outstrip average demand for all other occupations over the next decade. The increase in 401(K) and other individually managed retirement accounts will likely persist. As investment activity of all kinds increase, people will seek out the expertise of qualified financial advisors to assist in their investment planning. Certified professionals are among those with the greatest outlook.

The demand for financial analysts will likely keep stride with the average demand for all other occupations over the next decade. Because of the expanding popularity of the mutual fund, mutual fund companies will have to hire more and more analysts that can make investment suggestions for the different funds.

Investment banking will also continue to require the services of qualified financial analysts to generate funds and assess mergers and buyouts. Although, the demand for financial analysts may be limited by the fact that more companies are outsourcing research to independent firms, which may lead to a reduction in internal research positions.

The need for financial analysts in investment banking is tied heavily to the performance of the stock market, and thus can vary widely. Likewise, corporate downsizing could possibly lead to the reduction of analyst positions throughout the industry. Elite job opportunities will be few and highly contested.