

Guidelines for Establishing an Internship

Why Hire an Intern?

Your reason for wanting to hire an intern can vary from helping new planners start their career, to finally working on some projects that never seem to get done, to having the opportunity to observe potential new employees. It is important to have a clear purpose in mind when hiring an intern. Establish goals and objectives you want to achieve.

Here are some questions to ask yourself about why you want to hire an intern. It is not a complete list but it may help you clarify your thinking.

Are you planning to hire new employees?

- Hiring an intern may provide you with the opportunity of evaluating an individual's performance without making a permanent hiring decision. Interns can reduce your hiring costs, risks and time in selecting new employees.

Do you have a list of projects that you would like to get done, but you or your staff never find the time to complete these projects?

- Interns can be an excellent resource to complete such projects.

Do you want some assistance in a particular area such as marketing or technology?

- Interns, through their course work or prior work experience, can provide needed expertise in targeted areas.

Could updating your technology base increase your efficiency and/or effectiveness?

- Interns can add to your knowledge base in this area and help you make good buying decisions and implementation strategies.

Would you like to give back to the financial planning profession and help in the development of this new profession?

- Hiring an intern will help the next generation of planners learn from those in positions who can help them the most – the successful, experienced planners.
- Financial planning students with their passion and commitment to financial planning can add to the culture of your firm.

Who to Hire?

Interns come with all types of backgrounds and experiences. You usually think of an intern as being a college junior or senior who is serious about entering a profession. While financial planning internship programs will certainly include traditional students who are in an undergraduate CFP Board-Registered Program, many of the potential interns will be individuals who are changing careers or who have completed one successful career and are now looking for a rewarding second career.

The process for hiring an intern should be similar to your process for hiring a new employee. You will want someone who is compatible in the office with you and with other staff members. In many ways you should be looking at potential interns as a long-term hire in terms of personality, skills that they can provide, the value system they bring, their work ethic, etc.

Qualities to consider in hiring an intern:

- Hard-working
- Willingness to learn and complete many different tasks
- Commitment to complete program
- Goal-Oriented
- Multi-Tasking abilities
- Proactive
- Resourceful
- Appreciative of opportunities
- Approachable & Trustworthy Energetic

What should you look for in an intern's education?

- First, look at students who are completing a financial planning education program that is registered with CFP Board of Standards. By selecting from this pool of students, you can be assured that the intern will have studied the financial planning process as well as many of the required technical topics needed for the CFP® Certification Examination. The intern will be familiar with the everyday technical language you use.
- Keep in mind that students with other college majors may have a certain knowledge base (for example in accounting or finance), but they may not be as familiar with financial planning as the students who have focused in this area.
- Most individuals who are enrolled in one of the Certificate programs will be working adults who are making a transition into financial planning. They will have the advantage of both the technical knowledge as well as experience and knowledge from past education and/or work.
- In all cases, review their academic record and accept those who have excelled in the financial planning course work. Just as you would look at a college graduate's academic record, examine an intern's academic record. Although an intern's academic record may not predict their ultimate success, it needs to be one of the factors involved in the hiring decision.

Structure of Internship

You will want to design an internship so that both you and the intern will benefit from the experience.

Length of Internship

Internships can vary in length based on the needs of both the planner and the intern.

- **Degree Program Students** ..Many financial planning students in degree programs are looking for a summer internship or possibly on a part-time basis during the regular school term. An internship may be required as part of their program or they may be voluntarily looking for practical experience in their chosen field. Summer internships could be eight, ten or twelve weeks. The actual length will be determined either by the school requirement or by the needs of the student as well as your needs. If the internship is going to be a requirement for an intern seeking a degree, arrangements should be coordinated with the school to assure academic credit.
- **Certificate Program Students** ..With certificate program students there can be much more variety in the length of an internship — possibly ranging from a few months to six months or maybe even a year or more depending on the needs of both parties. These students may be willing to commit for a longer period of time so that they can really learn the basics of starting a practice. Sometimes, however, they may be working at a regular “day” job but want to gain experience and a better understanding of financial planning. The planner and the intern will have to work out a convenient schedule that meets each other’s needs. Such a schedule may involve evening work or weekend work for the intern.

Intern Duties/Responsibilities

Interns are looking for an opportunity to apply their knowledge in a real-world environment. They are interested in gaining an understanding of what it is like to work in a professional financial planning office. They understand they have limitations in terms of experience and the practical application of their knowledge, but they are earnest, dedicated, and have a surprisingly high level of skill and knowledge that they are eager to demonstrate.

The financial planner needs to develop a list of duties and responsibilities that will help the intern grow and learn about financial planning while the planner is receiving much needed relief from the routine financial planning work. Depending on the length of the internship, the planner should anticipate providing the intern with increasingly challenging projects based on their level of progression.

Work assignments will vary depending upon the level of experience, knowledge and sophistication of the intern. The longer an intern is working for you and the more you learn of their capabilities, you will probably feel comfortable increasing the scope of activities done under your supervision or under the supervision of another qualified planner.

Common Tasks

Administrative Duties

- Answer phones, set up appointments, work on mailings and filing
- Attend Staff meetings

Back Office Support

- Data Entry
- Report Preparation

Observe Client Meetings

- Take notes for data entry
- Observe interviewing techniques

Potential Special Projects (depending on the intern's skills)

- Develop Seminar Program for Delivery
- Develop Marketing Plan
- Develop Office Procedural Manuals
- Work on Web Site Design
- Research/Evaluate Software
- Research/Evaluate Client Management Systems

Prepare financial plans (under supervision)

- Intern to be involved in meeting with client, gathering data, entering data and developing recommendations

Intern Reports

- Have the intern prepare a simple one-page report outlining their duties for the week stating what worked and what didn't work for them with suggestions for improvement.

Compensation for Interns

There is no standard compensation rate for internship. Compensation will vary depending on the local market, the talent and skills of the intern, and the level of work being required by the planner. In all cases fairness and equity should be the guideline in establishing compensation. "There is no free lunch" and interns should not to be considered as cheap labor.

In some cases, interns are willing to accept an internship where there is no monetary compensation. They may need the experience to help fulfill CFP Board's work experience requirement or they see an intrinsic value in the experience itself. In other cases, interns receive compensation such as tuition payments in lieu of monetary payments.

Here are some examples of compensation.

- An hourly rate based on the market conditions in your area for someone who is going to bring a level of skill and technical knowledge to your firm.
- Normal salary you would pay a beginning individual if they meet your requirements and you expect to hire them at a later date.
- In lieu of hourly compensation or monthly salary, compensation could be paid in the form of tuition payments, FPA membership, conference (local and national) registrations, and/or CFP® Certification Examination application fee. Payments made directly to an educational institution may provide a tax benefit to the planner.
- No compensation. If no monetary compensation is provided, the interns have a right to

expect a high quality experience that will help jump-start their career.

Developing a Contract/Letter of Agreement

To make sure there is complete agreement between you and the intern, you should develop a document that clearly describes the duties, responsibilities, expectations and compensation for an internship. Both parties to the agreement should sign the document as indication of commitment to making the internship a rewarding experience for both parties.

If you have other employees sign a confidentiality agreement, you should consider having the intern also sign an agreement. The intern needs to understand the serious nature of confidentiality in the financial planning process.

A Summary of the Hiring Process

Setting Expectations: Discuss with the intern what is expected of them, inform them of their role in your organization, length of internship, outcome expected, compensation and incentive arrangement, career path at firm. It is also important to identify who in your firm will be responsible for the intern's progress and serve as the contact.

Developing a Contract: Design the terms of the agreement with timelines, including the responsibilities and expectations of both parties and the compensation as well as non-cash incentive and award arrangement. Include an out clause or trial period in case the relationship does not work out. Have both parties sign and date the agreement.

Establishing Policies & Procedures: Outline your company policy regarding hours, dress code, and attendance at regular staff meetings, etc., so that the intern is clear on the company's operations. It is important to emphasize the firm's culture and inform the intern of the type of clients the firm deals with as well as the image your company is trying to convey.

Setting Goals: Set realistic goals with timelines with your intern. Timelines may be weekly or monthly depending on the term of the internship. Setting goals keeps the intern focused on value-added tasks and provides an excellent indication of how they can contribute to your firm.

Tracking Progress: Tracking the intern's progress becomes an integral step in developing a successful internship program. If goals are established weekly, progress reviews should be held once per week. If monthly, progress reviews should be held monthly. It is important to monitor how the intern is performing against their goals and new goals should be committed to once goals have been achieved.

Feedback Process: On a periodic basis, the contact person (the person responsible for the intern) and the intern should be communicating feedback to each other. This helps alleviate future problems with the internship, keeps the intern motivated and keeps the intern informed of what is expected of them. Giving and receiving feedback will help your firm improve the internship program and keep the intern actively involved in the process.

Recognition & Rewards: When goals have been achieved it is important to recognize the intern's accomplishments and reward them for their efforts. Recognizing the intern during

internal company meetings and highlighting how they have contributed goes a long way in motivating the intern. Rewarding the intern with opportunities to attend FPA conferences provides them with incentives to build their financial planning network and further develop their expertise.

Internship Best Practices

The statements below were made in conference calls with financial planners as part of the development of the Internship Program.

- Utilize the strengths/interests of your intern. Have them work on important-but-not-urgent projects that your firm needs to have accomplished
- Have Interns sit in on client meetings
- Have Interns sit with professional staff as they prep for meetings
- Being on the faculty of a CFP Board-Registered Program can give you an inside track to the cream of the crop
- Negotiate with unpaid interns about how many hours each week they can commit
- Put Interns through a basic training program to orient them to your firm: Client management software, Planning software
- Hold regular meeting (weekly) to review projects and opportunities to get involved; also an open forum for Interns to learn more about the firm
- Include your intern in everything you do: Client meetings, FPA meetings, conferences, and vendor meetings
- Look for the same qualities you'd want in a long-term hire: bright, personable, likes numbers, great values and work ethic
- Everyone wins when the firm is truly committed to their ongoing financial planning education
- The screening process is key: look for a real interest in areas covered by financial planning; look at past internship experiences; only look at students in a CFP Board accredited program; there's a real difference between financial planning majors and finance majors; show a 'fact pattern' and see what they can find
- Know why you're hiring interns: to find future professional staff, to get important-but-not-critical projects done
- Hire underclassmen. Keep them several years, but evaluate every 6 months; only keep them as long as they remain someone you'd be willing to hire as a professional staff
- Abilities that are valued: synthesize data, critical thinking, distill lots of data down to a concise outline or summary; spreadsheet creation
- Only hire interns that already know they want to be in Financial Planning
- Integrate the intern in all the regular activities of your firm: staff meetings, training
- Probe for the highest limits of what an intern can do; give this kind of work to an intern and then push them to go farther
- There's a professional obligation for established firms to have real financial planning positions available to help the next generation!! of planners get started in their careers