

The Acronyms of TAM* - Part 1

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An acronym is defined as, “a word formed from the first letters of each one of the words in a phrase.” When I first glanced at Gerald Townsend’s business card and saw under his name a string of **acronyms** which read like a chemistry formula, I was intrigued.

What did it take to acquire those distinct letters? Although I knew that CPA stands for “Certified Public Accountant” and CFP® indicates “Certified Financial Planner”, I wasn’t fully aware of all that is entailed to attach these letters to one’s name.

Let’s start with CPA - what is required to be one? As the American Institute of CPAs’ website states, “**All CPAs are accountants, but not all accountants are CPAs.**” To become a CPA requires education, examination and experience. Most states call for 150 semester hours of accounting. Then there is the rigorous CPA exam consisting of four distinct sections. The rub here is that the CPA candidate has to pass all four sections generally within an 18-month timeframe. If the sections aren’t completed in that time, the exam process starts all over. It is an accountant’s “Groundhog Day” nightmare! The candidate must also have 1-2 years of experience working with a CPA. Finally, a CPA is obligated to meet continuing professional education requirements every year. The learning never ends.

If we glance back at Gerald’s card, what do PFS and ABV signify? These letters come after CPA because you must be one in order to earn these qualifications.

A “**Personal Financial Specialist**” (PFS) sits for an exhaustive exam focusing on all aspects of personal financial planning, including the needs of the client.

Being “**Accredited in Business Valuation**” (ABV) validates the CPA’s knowledge of all facets of evaluating businesses. This includes qualitative and quantitative analysis of multiple sources of data, as well as tax and legal issues related to valuation. It is pretty heavy stuff!

Time for a break – in my next article we’ll take a look at some more TAM acronyms.

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