



**FPSC** FINANCIAL  
PLANNING  
STANDARDS  
COUNCIL®

**20** 1995-2015

## **Financial Planning Standards Council**

**MFDA Bulletin #0656-P: Consultation  
Paper on Standards for Use of the Title  
“Financial Planner”**

## About Financial Planning Standards Council

Incorporated in 1995, Financial Planning Standards Council (FPSC) is a not-for-profit organization which develops, promotes and enforces professional standards in financial planning in the public interest. As a standards-setting and certification body, FPSC's purpose is to instill confidence in the financial planning profession. FPSC ensures those it certifies (CFP® professionals and FPSC Level 1® Certificants in Financial Planning) meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience, ethics and continuous professional development.

We are pleased to provide comments on the MFDA Consultation Paper on Standards for Use of the Title “Financial Planner”, herein.

## FINANCIAL PLANNING VITAL AND FINANCIAL PLANNERS DISTINCT

As evidenced in the majority of submissions to the Ontario government's Expert Committee considering financial advisory and financial planning policy alternatives (the Committee), there is widespread agreement that financial planners offer the public a distinct, vitally important service, yet consumers find it difficult to distinguish between financial planners and other financial advisors in the marketplace. Further, they do not know whom they can trust to advise them on their overall financial wellbeing.<sup>1</sup>

The majority of submissions to the Committee generally support the importance of uniform standards and clarity in the use of the title financial planner across all regulatory and provincial jurisdictions.

FPSC has been working alongside our partners in the Financial Planning Coalition™ (the Coalition) – the Canadian Institute of Financial Planners (CIFPs), the Institute of Advanced Financial Planners (IAFP) and the Institut québécois de planification financière (IQPF) – to address this issue. As set out in the Coalition's “Matter of Trust” document, and spelled out in FPSC's submission to the Ontario Expert Committee, we propose that the appropriate solution is to restrict the use of the title “financial planner” to those who have demonstrated their competence and commitment by meeting a single set of unified qualification standards, agreeing to adhere to professional ethics and continuous professional development requirements; and who agree to be held accountable to a professional oversight body that represents the public interest.

Like our Coalition partners, FPSC believes that restricting the title “financial planner” would go a long way to resolving consumer confusion and instilling greater trust in financial planners. However, we caution that separate regulations and/or title restrictions by individual regulators or SROs, in the absence of a coordinated, unified solution across all regulatory sectors and across provincial lines, will create further confusion.

Canadians should be able to count on self-explanatory titles that clearly describe the service being offered, and should feel confident that the title “financial planner” represents an appropriate level of qualification, competence and ethics, regardless of the regulatory regime(s) the practitioner operates within. We therefore encourage the MFDA to work with FPSC, our

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<sup>1</sup> Financial Planning Standards Board. *The Value of Financial Planning and Awareness of CFP Certification, A Global Financial Planning Survey, Canada Results*. 2015.

Coalition partners and other interested parties to establish clarity in the use of titles across the country, in all regulatory jurisdictions.

While we recognize and respect the role and authority of the MFDA and other regulators to set standards and appropriate oversight of licensed firms and Approved Persons within their respective jurisdictions, our concerns lie in the gap that currently exists as a result of the absence of a single set of common mandated standards and oversight for those who claim, either through title or advertising, to be financial planners and/or offer financial planning as a core service.

## Response to Your Specific Questions

1. (a) *In Appendix “A”, we have set out some of the more commonly used financial planning designations. Input is sought, in particular, as to whether these designations would be appropriate for the purpose of meeting the MFDA’s proposed proficiency requirements;*

There is widespread acceptance that financial planners provide a distinct service.

As FPSC and IQPF have defined it, and as is widely accepted, financial planning is a disciplined, multi-step process of assessing an individual’s current financial and personal circumstances against their future desired state, and then developing strategies to help them meet their personal goals, needs and priorities in a way that aims to optimize the client’s financial position.

It takes into account the interrelationships among relevant financial planning areas in formulating appropriate strategies. These areas include financial management, insurance and risk management, investment planning, retirement planning, tax planning, estate planning and legal aspects of the client’s situation. Further, financial planning is generally not a one-time event. It is an ongoing process that includes regular review and monitoring of an individual’s progress towards achieving their goals.

Many financial planners are Approved Persons under the MFDA and must of course continue to be accountable to the MFDA for their activity; however, those who hold out as financial planners must also be competent across all financial planning areas and must also be willing to be held accountable to the body that certifies them for their conduct as financial planners. The financial planning certification body should work, as it does today, in harmony with existing regulators and SROs to achieve this.

### Financial Planning Certification Body

In determining which designations would be appropriate for the purpose of meeting the MFDA’s proposed proficiency requirements, it is not the letters behind the name (i.e. the designation) that should be considered first and foremost, but rather it should be the certification body and underlying standards behind those letters that are considered.

It is our assertion that any body that certifies individuals as meeting requisite standards and competence must meet the following two criteria:

1. The body must have a public interest mandate, and this must be demonstrated in the organization’s governance structure. Any organization that issues a consumer-facing financial planning credential should be a legally registered not-for-profit organization,

governed by a Board of Directors comprised of both financial planning practitioners and consumers; and

2. The body should be expert in the development and maintenance of standards for financial planning and the assessment of competence against those standards.

It should be noted that approximately 95% of those who hold the R.F.P.<sup>®</sup> credential, administered by the IAFP, are currently certified by FPSC as CFP professionals and therefore also meet the above criteria.

*1. (b) Where commenters, in their response to 1(a), identify a designation as being appropriate, they are asked to also supply reasons in support of their selection (e.g. the designation is subject to course work, exam requirements, related work experience, continuing education requirements, etc.);*

FPSC requires that to be certified as a CERTIFIED FINANCIAL PLANNER<sup>®</sup> professional, candidates must successfully complete a specialized and rigorous program of study established by FPSC, including an integrated Capstone Course that requires completion of a comprehensive financial plan based on a case study developed by FPSC; the completion of two standardized national examinations established and administered by FPSC; and a minimum of three years' relevant financial planning work experience.

Once these requirements have been successfully met, CERTIFIED FINANCIAL PLANNER professionals must annually demonstrate completion of a minimum of 25 hours of qualifying continuing education, which includes at least one hour of ongoing ethics education, and must attest to a professional code of ethics to maintain their certification.

All CERTIFIED FINANCIAL PLANNER professionals, regardless of employer or licensure, are required to abide by FPSC's *Standards of Professional Responsibility*, which includes practice standards; fitness standards that define the character expectations for becoming and remaining certified; and a code of ethics and rules of conduct that include, at the forefront, an obligation to place the client's interests before all others.

*1. (c) Comment is also sought as to what other designations might be appropriate for an individual seeking to use the title "Financial Planner".*

Based on the criteria for certification bodies set out above, and the underlying standards and certification programs themselves, the CFP designation and Pl. Fin. diploma – and by extension the R.F.P. – are the three designations that would be appropriate for an individual seeking to use the title "financial planner".

*2. (a) Should amendments to Rule 1.2.1(d) include a grandfathering provision?*

Consumers are challenged when seeking out the services of a qualified financial planner. Almost half erroneously believe that there are current regulatory standards specifically for financial planners in this country<sup>2</sup>. Further, a recent study conducted by FPSC in conjunction with Financial Planning Standards Board (FPSC's international sister organization), indicates

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<sup>2</sup> Financial Planning Coalition. *Awareness and Perceptions of Financial Planners in Canada*. 2014.

that the number one issue preventing Canadians from seeking out the services of a financial planner is trust.<sup>3</sup> As such, FPSC advises against grandfathering individuals who have not demonstrated the minimum competence expected of a financial planner in Canada.

*2. (b) Where commenters, in their response to 2(a), indicate that such a provision should be included, they are also asked to identify the criteria that should apply (e.g. grandfathering based on prior work experience and/or credentials/designations held by the individual etc.)*

We recognize that there are always challenges in drawing a clean line when it comes to the imposition of new laws or regulations related to title. As the process evolves, we suggest that we collectively establish a transitional relief period. This would allow those who have not yet been certified, but who demonstrate extensive work experience and a clean ethical record, an opportunity to continue to use the title Financial Planner for a pre-determined time period. We believe this is a reasonable balance of consumer protection and fairness to the existing financial service providers.

As a point of information, FPSC currently recognizes various exemptions to fast track certain qualifying individuals on the path to CFP certification based on candidates holding relevant designations (including the PFP, CLU, FCIA, CFA, CPA, a Lawyer or Quebec Notary).

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<sup>3</sup> Financial Planning Standards Board. *The Value of Financial Planning and Awareness of CFP Certification, A Global Financial Planning Survey, Canada Results*. 2015.