

## CFP Board's Business Update Webinar November 17, 2008

### Attendee Questions

CFP® certificants were invited to submit questions before and during CFP Board's Business Update Webinar on November 17, 2008. While the panelists addressed many questions during the live Webinar, the panelists were unable to address all questions received from the more than 500 individuals who participated. Below are the questions submitted for the Webinar, grouped by general category, with responses from CFP Board.

A recording of the Webinar is available at <https://www2.gotomeeting.com/register/924120539>.

CFP Board welcomes questions from CFP® certificants and other CFP Board stakeholders through our toll-free number, 800-487-1497, or to our general e-mail address, [mail@CFPBoard.org](mailto:mail@CFPBoard.org).

Communications to CFP Board's Board of Directors may be directed to [BOD@CFPBoard.org](mailto:BOD@CFPBoard.org).

### General Categories:

### Page:

CFP Board's Direction and the Future of CFP® Certification	1
Public Awareness of the CFP® Certification	5
The CFP® Certification Requirements	7
CFP Board's Revised Ethical Standards	9

### CFP Board's Direction and the Future of CFP® Certification

#### **Q1: What is the current number of CFP® certificants, and what is the percentage of CFP® certificants who currently practicing financial planning?**

**A:** As of October 31, 2008, there were 58,278 CFP® certificants in the U.S. More than 71% of CFP® certificants have indicated to CFP Board that they currently practice financial planning. General demographic information about the CFP certificant community is available on CFP Board's Web site, updated at the beginning of each month, at [www.CFP.net/media/profile.asp](http://www.CFP.net/media/profile.asp).

#### **Q2: Does CFP Board recognize CFP® certificants as its most important stakeholder group (notwithstanding its mission to protect the public)?**

**A:** CFP Board's mission is to protect the public, and CFP® certificants are the most important stakeholder group that contributes to CFP Board's work to benefit the public. Without the services CFP® certificants provide directly to their clients and communities, the CFP® certification and CFP Board would have little benefit for the public.

#### **Q3: What is CFP Board's 3-year plan? What are the organization's top priorities?**

**A:** At the start of 2008, CFP Board established a 3-year plan to support its mission to benefit the public by granting the CFP certification and upholding it as the recognized standard of excellence for personal financial



planning. The 3-year plan includes six core objectives that drive CFP Board's work in reaching toward its mission:

- 1) Credentialing: Provide the most rigorous financial planning credentialing process that is valid, reliable and legally defensible.
- 2) Education: Establish and enforce educational standards for enhancing the knowledge, skills and abilities of current and potential CFP® certificants.
- 3) Enforcement: Protect the public's interest through rigorous, ongoing enforcement of CFP Board's *Standards of Professional Conduct*.
- 4) Communication: Build the CFP® certification brand as the recognized standard of excellence in financial planning; Promote its understanding and acceptance among the public and other stakeholders.
- 5) Advocacy: Influence policy to benefit the public and increase access for all to competent and ethical financial planning.
- 6) Sustainability: Strengthen CFP Board's capacity to achieve its mission.

During 2009, CFP Board's top priorities will be related to the Communication and Advocacy objectives, working toward increased recognition of the value of the CFP® certification among the public, policy makers and regulators.

**Q4: Why does CFP Board keep changing its mission?**

**A:** CFP Board's most recent mission statement was adopted at an important time for CFP Board, during the transition of its headquarters from Denver, Colo. to Washington, DC. The Board of Directors has an obligation to set clear direction for the organization through a mission statement, and modifications to the mission are required from time to time. The current mission affirms CFP Board's obligation to benefit the public, and it asserts the centrality of the CFP® certification to the organization's work. The current mission and core objectives are strikingly similar to the organizational objectives set in 1985 at CFP Board's inception, which are available for review in the document, *Purpose, Parameters and Policies of CFP Board*, available on CFP Board's Web site at: [www.CFP.net/downloads/Purpose\\_of\\_CFP\\_Board\\_May\\_2008.pdf](http://www.CFP.net/downloads/Purpose_of_CFP_Board_May_2008.pdf).

**Q5: Does the CFP Board believe that financial planning should be a separate and distinct profession? What is your strategy for turning financial planning into a recognized profession?**

**A:** CFP Board believes financial planning is a distinct profession, but CFP Board does not have a specific strategy for turning financial planning into a recognized profession. CFP Board's work is focused on recognition of the CFP® certification, not the larger financial planning profession.

**Q6: Is CFP Board headed to a fee-only model, or will we stay open to all? Will you continue to serve CFP® certificants who do not sell investments?**

**A:** CFP Board does not advocate any particular business model or compensation arrangement, and CFP® certification will remain available to all financial planners who meet CFP Board's initial and ongoing certification requirements.

**Q7: How do you plan to support flexibility and creativity in the financial planning process?**

**A:** The financial planning process, as defined by CFP Board, is a flexible one that allows for a great variety of creative approaches to providing competent and ethical financial planning services to the public. CFP Board does not advocate or require any one approach to financial planning and encourages CFP® certificants to devise creative strategies that meet the needs of their clients.

**Q8: What is your plan to serve middle-income America? Clearly the sophisticated Fee-Only planning is not a good fit for them.**

**A:** CFP Board's monthly consumer e-newsletter, *It's Your Turn* (available at [www.CFP.net/learn/enewsletter](http://www.CFP.net/learn/enewsletter)), is primarily focused toward middle-income audience, and our Financial Planning Clinics program has also reached a primarily middle-income audience. CFP Board encourages CFP® certificants to reach out to segments of the American population that have not traditionally been sought as financial planning clients, including middle-income America. CFP Board does not advocate any particular business model or compensation arrangement, and CFP®

certificants are free to establish practices that address the needs of underserved populations. Many CFP® certificants have developed successful practices focused on middle-income clients, including those associated with the Garrett Planning Network and My Financial Advice.

**Q9: Can you help organize local organizations in smaller communities?**

**A:** As a national certification organization, rather than a membership organization, CFP Board does not have a system of local organizations such as the FPA Chapters associated with the Financial Planning Association. CFP Board believes CFP® certificants benefit greatly from networks and groups within their local communities, and we can offer assistance to CFP® certificants in identifying colleagues in their areas who may be interested in establishing such networks or groups. CFP® certificants located in areas near campus-based financial planning educational programs registered with CFP Board may also find interested participants among the students and faculty at those educational programs.

**Q10: How can we support a pedagogical paradigm for financial planning vs that of "fiduciary"?**

**A:** CFP Board requires CFP® certificants who provide financial planning services to do so with the duty of care of a fiduciary. The fiduciary standard is one expected of essentially all professionals who have a greater knowledge of the topics on which they advise clients. If by "pedagogical paradigm" you mean one that focuses less on providing advice and one more focused on educating clients to understand the elements of financial planning so they can make their own decisions, CFP Board encourages CFP® certificants to educate their clients about factors that can lead them to their financial and life goals, but CFP Board believes that expert advice provided by CFP® certificants in a fiduciary manner will always be essential for financial planning services.

**Q11: What are you doing to improve relationships with national wirehouses?**

**A:** A significant part of CFP Board's work on the implementation of the revised *Standards of Professional Conduct* has focused on working with firms that employ or contract with CFP® certificants, including national wirehouses. CFP Board also recently hired a Director of Professional Alliances whose work includes a focus on establishing and strengthening CFP Board's relationships with all types of firms that employ or contract with CFP® certificants. CFP Board believes that CFP® certificants provide valuable services to clients within all segments of the financial services industry, even those that don't allow for the provision of comprehensive financial planning services. CFP Board continues to encourage national wirehouses and other types of firms to support the CFP® certification and their employees and agents who hold CFP® certification.

**Q12: What steps is the CFP Board undertaking in building relationships with other industry organizations and consumer groups?**

**A:** CFP Board has renewed its efforts to establish and strengthen its relationships with industry organizations and consumer groups. The leadership of CFP Board is in frequent contact with the leadership of FPA and other financial planning membership organizations, and we have reached out to other organizations that represent groups of CFP® certificants and consumer groups on a variety of subjects, including CFP Board's revised *Standards of Professional Conduct* and opportunities to partner for increased public awareness of the value of CFP® certification. In 2009, CFP Board will continue to work with other allied organizations to further its Communication and Advocacy objectives, working to increase recognition of the value of the CFP® certification among the public, policy makers and regulators.

**Q13: Will CFP Board endorse the value of workplace financial education workshops?**

**A:** CFP Board has long supported financial planning education and services delivered through the workplace. The workplace is where the majority of Americans make some of their most significant financial decisions, and CFP Board encourages employers to develop programs that provide their employees with financial planning education and services from CFP® certificants.

**Q14: Does CFP Board endorse or approve planning software?**

**A:** No. CFP Board does not endorse or approve planning software or other products.

**Q15: The body of CFP® certificants has been graying. What is the Board doing to encourage younger CFP® certificants, and how are we going to develop a formal program for new CFP® certificants to enter the industry?**

**A:** While the CFP® certificant community is blessed with many individuals who have been involved in financial planning since its inception nearly 40 years ago, more than half of the CFP® certificant population is under 50 years of age. CFP Board works with financial planning educational programs to reach out to their students and potential students with information about the benefits of a career in personal financial planning and the value of attaining CFP® certification. Membership organizations such as FPA also provide young financial planners with the opportunity to network and learn from their peers and more experienced colleagues.

**Q16: What role do commissions have in delivering financial planning services to a consumer? With the scrutiny that is being applied to our profession, it's difficult to balance the necessity of fees with the inevitability of commissions in a comprehensive plan. Any broad advice would be helpful for young certificants trying to establish our compensation model. There are many CFP® certificants in my region that marginalize the commission compensation.**

**A:** CFP Board does not advocate any particular business model or compensation arrangement. A CFP® certificant's choice of business and compensation model involves many factors, including balancing the cost of maintaining a successful business and the costs that one's chosen clientele can afford. We encourage CFP® certificants to network with their colleagues to learn more about the different compensation arrangements in place at successful financial planning practices of various types.

**Q17: Understanding that communication is important between certificants and their clients, what is being done for Board staff to be equally communicative with certificants, such as returning phone calls, responding to e-mails and answering queries?**

**A:** CFP Board has service standards designed to facilitate timely and accurate communication with our stakeholders. If you've contacted CFP Board and haven't received a response, we encourage you to follow up with a courtesy follow-up call or e-mail. Complaints about service may be sent to the attention of the Board of Directors at [BOD@CFPBoard.org](mailto:BOD@CFPBoard.org).

**Q18: Has the Board considered using professional networking sites like "Linked In" to set out education updates, bring CFP® certificants together, or expand communications to the public?**

**A:** Yes. There are many existing Internet-based tools that CFP Board is considering using to achieve expanded communication with and among our stakeholder groups.

**Q19: How do you become involved on the national Board?**

**A:** CFP Board's Board of Directors and our other volunteer bodies typically fill open positions with individuals who have registered to be considered for specific roles through the volunteer application forms available at [www.CFP.net/aboutus/opportunities.asp](http://www.CFP.net/aboutus/opportunities.asp). Members of the Board of Directors are often in attendance at conferences and meetings across the country and welcome indications of interest in participating in CFP Board's work. CFP® certificants and other stakeholders can also communicate with the Board through the [BOD@CFPBoard.org](mailto:BOD@CFPBoard.org) address.

**Q20: Do you have a referral program to help to obtain new clients?**

**A:** CFP Board does not provide referrals, but our Web site features a "Search for a CFP® Professional" function that allows consumers to locate CFP® certificants in their areas. This feature is by far the most popular section of the CFP Board Web site, drawing nearly 100,000 hits each month. CFP Board has also entered into arrangements with [Forbes.com](http://Forbes.com) and [Bankrate.com](http://Bankrate.com) to provide similar search functions to help their large audiences connect with local CFP® certificants.

**Q21: Where can I obtain additional training to improve my financial planning skills?**

**A:** The continuing education requirements for renewal of CFP® certification are designed to encourage CFP® certificants to improve their financial planning skills and knowledge on an ongoing basis. There are more than 3,100 continuing education sponsors registered with CFP Board. To locate a continuing education sponsor or program, visit CFP Board's Web site at [www.CFP.net/sponsors](http://www.CFP.net/sponsors).

**Q22: Is there a replay of the “CFP Board's Ethical Standards – Firm Implementation Strategies” Webinar held on November 5?**

**A:** Yes. The recording of this informational Webinar (not for continuing education credit) is now available and can be accessed through CFP Board’s Web site at [www.CFP.net/aboutus/standards.asp#Webinars](http://www.CFP.net/aboutus/standards.asp#Webinars).

**Q23: Is the CFP® mark a meaningful title outside the US, like in China?**

**A:** Yes. Financial Planning Standards Board Ltd. (FPSB) is the international organization that owns the CFP marks outside the US. FPSB member organizations in 22 territories across the globe currently award CFP certification, and FPSB works to ensure that the CFP certification remains a rigorous and meaningful credential in every territory it is available. While certain requirements change from one territory to another, all FPSB member organizations have programs that require an individual to meet education, examination, experience and ethics requirements prior to obtaining the right to use the CFP marks. FPSB has demonstrated a commitment to maintaining and strengthening standards for CFP certification around the world, and CFP Board is pleased to have joined FPSB in 2007.

## Public Awareness of the CFP® Certification

**Q1: How is CFP Board helping the public understand the importance of working with CFP® practitioners?**

**A:** CFP Board has many initiatives that promote the benefits of CFP® certification to consumers, the media and those in positions to influence public policy. Our Financial Planning Clinics, and the outreach activities related to those events, are one initiative that reaches the public directly with evidence of the benefits of working with CFP® professionals. Our work with the media has generated frequent references to the CFP® certification as a minimum requirement consumers should seek in a financial planner, often with references to our Financial Planning Resource Kit, which includes the brochure “Why You Should Choose a CERTIFIED FINANCIAL PLANNER™ professional.” Each month, CFP Board distributes more than 1,000 of these Kits to consumers across the country. The Bankrate.com site now lists CFP® practitioners exclusively to increase public access to competent and ethical financial planners. Forbes.com also recently added a search function to allow its readers to locate CFP certificants in their areas. Later this year, CFP Board will launch a consumer advertising campaign to promote the value of working with CFP® certificants, and increasing public awareness of CFP® certification will be a top priority for CFP Board in 2009.

**Q2: How is CFP Board working to differentiate CFP® certificants from financial advisors who aren't certified?**

**A:** CFP Board has made great strides in helping people differentiate the CFP® certification from other, less-rigorous financial designations. The rigorous CFP Certification Examination, the revised *Standards of Professional Conduct* and their introduction of a fiduciary duty of care for financial planning services, and CFP Board’s active enforcement of its *Standards of Professional Conduct* are only three of the most notable elements of the CFP certification that make it stand out from other qualifications.

Within the financial services industry, the CFP® marks are well-recognized and understood. The CFP® certification is also well-understood among media outlets focused on personal finance; today, you’re unlikely to find a story with tips for finding a qualified financial professional that doesn’t highlight CFP® certification as an important – if not the primary - qualification when making such a decision. We still have much work to do to increase public awareness of the CFP® certification, and that will be a top priority for CFP Board in 2009.

**Q3: Who is responsible for promoting the value of working with a CFP® certificant? The FPA or the CFP Board?**

**A:** As owner of the CFP® marks, CFP Board is responsible for upholding the CFP® certification as the recognized standard of excellence for personal financial planning, and much of CFP Board’s work is focused on educating the public about the value of working with financial planners who hold the CFP® certification. CFP Board’s work in this area benefits directly from the work of individual CFP® certificants in their communities all across the country, as well as the work of allied organizations that support the CFP® certification, such as FPA.

**Q4: How can we get the CFP® certification to be as well known to the public as the CPA designation?**

**A:** The financial planning profession will celebrate its 40<sup>th</sup> anniversary in 2009. In contrast, the Certified Public Accountant title has been around since the 19<sup>th</sup> century. We're a young profession, and it will take time for the public to recognize the CFP® certification in the way they recognize the credential of CPA.

One important step in increasing public recognition of the CFP® certification is educating the public about financial planning and the type of work done by CFP® certificants. The average person probably can't give an accurate description of what distinguishes a CPA's work from the work of an accountant who is not a CPA, but they have a general understanding of what an accountant does. In contrast, many have no idea what financial planning is, or how the financial planning process differs from the work done by others in the financial services industry. When people understand what financial planning is and what value it will have for their lives, they will have more need to learn what differentiates a CFP® professional from "financial planner" with no professional credentials.

Another important step will be increasing the number of CFP® certificants to meet increased demand for their services. While the number of CFP® certificants in the U.S. now exceeds 58,000, there are more than 350,000 CPA members of the American Institute of Certified Public Accountants, and many more CPAs who have not joined that membership organization.

**Q5: How can CFP Board utilize the financial turmoil we are in now to educate the public the importance of financial planning?**

**A:** CFP Board's recent media outreach work has made frequent reference to the current uncertainty in the economy. News outlets of all types are now focused on the economy, and we've received a significant increase in the number of reporters who have contacted CFP Board for resources and information to help people cope with the economy. We've issued news releases about the heightened urgency of selecting a financial planner who will put the client's interests ahead of their own. Our recent pulse survey of CFP® certificant views of the current economic situation was picked up by more than 100 news outlets and covered in separate articles by a dozen news organizations. And media coverage of our Financial Planning Clinics in September and November 2008 frequently highlighted how timely the events were, coming in the midst of increasingly negative economic indicators. As CFP Board continues its work to increase public awareness of the CFP® certification, we will work to address topical issues as appropriate.

**Q6: How do you assure that the aggressive marketing of the CFP® mark will not dilute the integrity and rigor of the CFP® exam?**

**A:** CFP Board is committed to maintaining the integrity and rigor of the CFP® certification and the CFP® marks, and that integrity and rigor is the focus of CFP Board's marketing efforts. CFP Board will never engage in marketing activities that could compromise that integrity or rigor. CFP Board also monitors the use of the CFP® marks to ensure that only those who hold the certification represent themselves to the public as CERTIFIED FINANCIAL PLANNER™ certificants, as well as to ensure that messages associated with the CFP® marks do not reflect poorly on the marks.

**Q7: How do we get grants in our area to educate the public about CFP® certificant education and training that makes them valuable? Why does it seem that most grants are offered to the east coast cities?**

**A:** There are numerous organizations with grant programs that may be suited to projects designed to educate the public about financial planning, including the following:

- The National Endowment for Financial Education (NEFE) administers a grant program as part of its effort to increase the financial education and literacy of Americans. Information about NEFE's grant program is available at [www.nefe.org/Grantmaking/GrantGuidelines/tabid/127/Default.aspx](http://www.nefe.org/Grantmaking/GrantGuidelines/tabid/127/Default.aspx).
- Foundation for Financial Planning ([www.foundation-finplan.org/grantInfo.html](http://www.foundation-finplan.org/grantInfo.html)) has grant programs that further its mission to help people take control of their financial lives by connecting the financial planning community with people in need.
- FINRA Investor Education Foundation ([www.finrafoundation.org/grants.asp](http://www.finrafoundation.org/grants.asp)) has teamed with NEFE to offer several grant programs to further its mission to provide investors with high quality, easily accessible information and tools to better understand the markets and the basic principles of financial planning.

- MMI Education Foundation awards grant funding to projects that serve the public interest and strengthen the communities. Periodic announcements and grant guidelines are available at [www.mmifoundation.org/GrantSeekers.asp](http://www.mmifoundation.org/GrantSeekers.asp).
- The Foundation for Financial Literacy has a grant program designed to support educational, charitable, religious and scientific programs and organizations that use financial education to teach the difference between earned, passive and portfolio income and also educate individuals to convert earned income into passive and portfolio income. Visit [www.ffliteracy.org](http://www.ffliteracy.org) for more information.

Since 2006, CFP Board's Financial Planning Grants program has awarded funding to 33 projects. While a cluster of these grant-funded projects is located in the New England area, the projects that have received funding are located in 22 states across the country.

**Q8: How do I get involved in community outreach and diversity?**

**A:** A good way to get involved with community outreach is to participate in activities organized by any local chapters of financial planners in your area. Chapters of membership organizations, such as FPA and NAPFA, often organize events in partnership with local media outlets that reach large numbers of the public.

You can also learn about local organizations involved in community outreach through CFP Board's monthly newsletter, *CFP Board Report*. Many organizations contact CFP Board about the possibility of involving CFP® certificants in their activities, and these opportunities are announced in the *CFP Board Report* newsletter or through targeted e-mails sent to CFP® certificants in specific parts of the country.

**Q9: Are there any new marketing templates that address the current industry climate that I can use to attract potential students into the industry?**

**A:** CFP Board provides CFP Board-Registered Programs with marketing templates that can be customized by each educational program. The content of these templates can also be customized with any references to the current industry climate or other topical information.

## The CFP® Certification Requirements

**Q1: What is the prospect for making Long-Term Care Planning (including the insurance option) a central theme of the education component of CFP® certification?**

**A:** The topics that make up the education component of CFP® certification are designed to ensure that CFP® certificants have knowledge of the broad range of activities that may be involved in comprehensive financial planning. The education component of CFP® certification is intentionally broad in range and is not designed to be delivered with a focus on one particular topic area.

CFP Board's financial planning topic list, which comprises the topics covered in the education and examination requirements for CFP® certification, currently features seven main categories: General Financial Planning, Insurance Planning and Risk Management, Employee Benefits Planning, Investment Planning, Income Tax Planning and Estate Planning. Long-term care insurance is included under both the Insurance Planning and Risk Management and the Employee Benefits Planning categories. The topic list is updated every few years based on a Job Analysis Study of practicing CFP® certificants. It is possible that topics related to long-term care planning or other specific topics may be added to future editions of the topic list.

**Q2: Does the bachelor's degree requirement apply retroactively to existing certificants? What if someone has a Master's degree but no Bachelor's degree?**

**A:** The bachelor's degree requirement is not retroactive to existing certificants. Individuals who obtained their CFP certification before March 2007, when the bachelor's degree requirement took effect, are not required to hold a qualified bachelor's (or higher) degree.

Individuals seeking to obtain CFP® certification must hold a bachelor's degree (or higher), or its equivalent, in any discipline, from an accredited college or university. The requirement includes a note that degrees higher than a bachelor's degree will satisfy the requirement. So a Master's degree from an accredited college or

university will satisfy the bachelor's degree requirement, even if the individual holding that degree does not hold a bachelor's degree. Additional details about the bachelor's degree requirement are available at [www.CFP.net/become/degree.asp](http://www.CFP.net/become/degree.asp).

**Q3: It appears that CE requirements are different than in past years. Please clarify what will & will not be accepted for CE.**

**A:** The process for reporting CE hours completed was updated in 2006, but the CE requirements for renewal of CFP® certification have not changed in recent years. CFP Board accepts for CE credit programs that meet the following criteria:

- Programs must address subject topics listed in CFP Board's financial planning topic list (available at [www.CFP.net/downloads/RenewalCEBooklet\\_topiclist.pdf](http://www.CFP.net/downloads/RenewalCEBooklet_topiclist.pdf)).
- Programs must contribute to increasing the professional competency of participants.
- Programs are developed and conducted by persons qualified in the subject matter and in instructional design.
- Programs must be current and correct in program content.
- Programs should be at least 50 minutes in length.

If you complete a CE program registered with CFP Board, the CE sponsor will report your CE hours to CFP Board, and you will receive e-mail notification when those hours have been credited. If you complete a CE program that is not registered with CFP Board but that otherwise meets CFP Board's CE criteria, you can self-report your completion of the program through your online CFP Board account. Self-reporting of non-registered CE programs requires payment of a nonrefundable \$20 processing fee.

**Q4: Why can't a CFP® certificant get credit for more than 2 hours of Ethics CE in a 2 year period? Does the CFP Board believe that too much Ethics training is harmful to the profession?**

**A:** The continuing education requirements for renewal of CFP® certification require CFP® certificants to complete at least 30 CE hours, with a minimum of 2 of those CE hours completed through a CFP Board-approved program on CFP Board's ethical standards. Certificants can take multiple CFP Board-approved ethics courses and receive credit for more than 2 hours of ethics CE. CE hours must be related to topics included on CFP Board's financial planning topic list, and courses on ethics that are not CFP Board-approved, but relate to the topic list, may also be accepted for general CE credit.

CFP Board believes ethics is an essential part of the financial planning profession, and we encourage certificants to study ethics through CE programs or through non-credit informational presentations such as the recent Webinars CFP Board has hosted on its revised *Standards of Professional Conduct*.

**Q5: Would it be possible to design an ethics class that would satisfy the IRS and CFP Board and be offered by both?**

**A:** It would be possible to create such a continuing education program that satisfied IRS requirements and that included at least 2 hours focused exclusively on CFP Board's ethical standards. Such a class would be offered by the IRS or another continuing education provider, not by CFP Board, as CFP Board has not traditionally delivered continuing education programs. The IRS is registered with CFP Board as a continuing education sponsor and has registered several programs with CFP Board. We encourage CFP® certificants to contact the IRS or your favorite CE providers with suggestions for new program ideas.

**Q6: What changes are you planning for the continuing education requirements for renewal of CFP® certification?**

**A:** CFP Board established a Continuing Education Task Force in late 2007 to review the continuing education requirements for renewal of CFP® certification. The task force suggested that CFP Board's CE requirements might be strengthened by increasing the required number of hours and/or by requiring CFP® certificants to complete programs covering a greater diversity of subject topics. No specific plans are in place to change the CE requirements, but during 2009, CFP Board will be soliciting input from CFP® certificants regarding potential changes to CFP Board's CE requirements.

**Q7: Some certificants are attempting to differentiate "their" CFP® certification based on where their training occurred. This seems to begin a process of denigrating the CFP® as "the" absolute hallmark of excellence in and of itself. This begins a process of categorizing different CFP® certificants based on their course preparation. What is the Board doing to address this potential erosion of the mark as a "final" standard and arbiter of excellence?**

**A:** CFP Board diligently monitors use of the CFP® certification marks. While we have encountered situations where CFP® certificants mistakenly state that they obtained CFP® certification from an educational institution, rather than from CFP Board, we have not encountered situations where the CFP® certification has been denigrated through a CFP® certificant's reference to the institution where they completed training in financial planning.

All financial planning educational programs registered with CFP Board have met criteria designed to ensure the quality of the training received. Aside from that criteria, CFP Board-Registered Programs are welcome to establish programs designed to meet their specific student demographics and to differentiate their programs from those offered at other institutions. It isn't uncommon or unreasonable for graduates to take pride in the distinctiveness of their alma mater. You can be assured that CFP Board will continue its efforts to monitor use of the CFP® marks and will provide guidance to CFP® certificants if we become aware of apparent patterns of misuse.

**Q8: I passed the exam in July 2008, but was not able to use the marks until November. What are the timeframes for CFP Board's processing of the post-exam requirements, and what is being done to make the certification process more efficient?**

**A:** The process of scoring and releasing results for the CFP® Certification Examination takes eight weeks. Processing work experience reports and verifying completion of the bachelor's degree requirement may take up to four weeks. Processing of the CFP® Certification Application may take up to one week. Completion of a background check, and any required review of any matters disclosed on the application or discovered through the background check, may take anywhere from several weeks to one year.

CFP Board works to process materials as quickly as possible, and we also work to lessen the processing times by re-allocating staff resources when appropriate. The most common cause of processing delays are 1) incomplete information provided by the applicant and 2) matters not disclosed as required on the CFP® Certification Application. CFP Board frequently reviews its communications about the various applications on a frequent basis to ensure that the instructions are clear and reflect the most current timeframes for processing.

## CFP Board's Revised Ethical Standards

**Q1: Where can I learn more about CFP Board's ethics requirements?**

**A:** CFP Board's revised *Standards of Professional Conduct* and other materials – including frequently asked questions, sample disclosure documents and links to recorded Webinars on the ethical standards – are available through CFP Board's Web site at [www.CFP.net/aboutus/Standards.asp](http://www.CFP.net/aboutus/Standards.asp).

There are also more than 35 continuing education programs currently available on CFP Board's revised Standards. To find a CE program, visit CFP Board's Web site at [www.CFP.net/sponsors](http://www.CFP.net/sponsors).

**Q2: Please clarify the impact the new *Standards of Professional Conduct* that took effect this past summer will have on the practices of CFP® certificants.**

**A:** All CFP® certificants should 1) review the disclosures they make to clients to ensure alignment with the requirements of the *Standards*, 2) ensure that they provide services that put the client's interests ahead of their own, with financial planning services provided with the duty of care of a fiduciary, and 3) review the documentation of client relationships to ensure alignment with the *Standards*.

While many standards were left unchanged, the following key existing standards have been strengthened:

- The baseline duty of care for those holding CFP® certification has been raised from the current "reasonable and prudent professional judgment" standard to a requirement that a CFP® certificant "shall at all times place the interest of the client ahead of his or her own." [See Rule 1.4]

- For CFP® certificants providing financial planning services, the duty of care has been raised from the current duty to "act in the interest of the client" to the "duty of care of a fiduciary," which is partly defined as acting "in the best interest of the client." [See Rule 1.4 and Terminology]
- Requirements for disclosures to clients and prospective clients, and requirements for documentation of the relationship with a client have also been strengthened. The updated *Standards* also clarifies that the disclosure requirements for CFP® certificants apply to clients as well as prospective clients. [See Rules 1.2 and 2.2]

**Q3: Is there a sample disclosure agreement for prospective clients that complies with new ethics requirements?**

**A:** Yes. CFP Board has prepared sample disclosure forms for CFP® certificants who provide services other than financial planning (Form OPS) and for CFP® certificants who provide financial planning services (Form FPD). Another sample form (Form FPDA) for CFP® certificants who provide financial planning services includes a client agreement in addition to client disclosures. All of these forms are available on CFP Board's Web site at [www.CFP.net/aboutus/Standards.asp](http://www.CFP.net/aboutus/Standards.asp).

**Q4: Are there any new continuing education requirements for Ethics courses?**

**A:** No. The renewal requirements for CFP® certification remain unchanged. CFP® certificants are required to complete at least 30 hours of CE every two years, with 2 of those hours completed through a CFP Board-approved course on CFP Board's ethical standards. All CFP Board-approved ethics courses currently available cover the updated *Standards of Professional Conduct*. To find a CE program, visit CFP Board's Web site at [www.CFP.net/sponsors](http://www.CFP.net/sponsors).

**Q5: What is the exact definition of fiduciary responsibilities? Is it simply, "To put the client's best interests before one's own?"**

**A:** CFP Board's Standards of Professional Conduct define the word "fiduciary" as: "One who acts in utmost good faith, in a manner he or she reasonably believes to be in the best interest of the client." CFP Board expects CFP® certificants to provide only financial planning recommendations (services and/or products) that they reasonably believe to be the best possible options available to their clients.

CFP Board's ethical standards have always emphasized the importance of professional judgment. CFP Board acknowledges that it is impossible to review all possible options to select the best. There can be nearly infinite options when one brings together an individual's situation and goals with the ever-increasing range of choices available to the financial services industry. For a CFP® certificant who works in a setting where business or regulatory requirements limit the services or investments that can be made available to clients (captive agents, for example), CFP Board expects any financial planning services provided to be the best services and recommendations available, given the CFP® certificant's reasonable professional judgment and the limitations placed on the CFP® certificant by those business or regulatory requirements. In such situations, the CFP® certificant would be expected to disclose the limitations to the client, including any contractual or agency relationships that have potential to affect the client and any terms under which proprietary products may be offered.

For the CFP® certificant who is engaged in financial planning or materials elements of the financial planning process, *Practice Standards* 400-2 explains that "the recommendations developed by the practitioner may differ from those of other practitioners or advisers, yet each may reasonably meet the client's goals, needs and priorities." Additionally, *Practice Standards* 500-2 explains that "products and services selected by the practitioner may differ from those of other practitioners or advisers [and m]ore than one product or service may exist that can reasonably meet the client's goals, needs and priorities."

**Q6: May a CFP® certificant use the term "fee-only" if the certificant receives less than 4% of his or her professional income from renewals (independent 3rd party) and if the certificant has for several years charged hourly advisory fees and made no product sales?**

**A:** No. A CFP® certificant who receives commissions of any sort, including trailing commissions, may not use the term "fee-only."

**Q7: What if my firm institutes a policy that doesn't allow me to display the CFP® marks or that requires me to relinquish my CFP® certification? What is CFP Board doing to avoid such a situation?**

**A:** CFP® certificants are among the most valuable employees and agents a firm can have, and it is unfortunate that some firms have discussed or implemented policies that don't support the CFP® certification. If you hear rumors of firm policies that affect your ability to present yourself as a CFP® certificant, or if policies are enacted that compromise your ability to present yourself as a CFP® certificant, please contact CFP Board immediately to share this information. CFP Board is in frequent contact with representatives of all types of firms, and we will continue our work to encourage firms to recognize the value of CFP® certification and to develop policies that support their dedicated employees and agents who hold CFP® certification.