



3250 N. Arlington Heights Road, Suite 109
Arlington Heights, Illinois 60004
Phone: 847.483.5400
Fax: 847.483.5415
E-mail: info@napfa.org
Web site: www.napfa.org

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turf@napfa.org

September 2, 2009

CFP Board

Michele W. Wetherald, Esq.
Managing Director, Education
1425 K St., NW, Suite 500
Washington, DC 20005

Dear Ms. Wetherald:

For more than 25 years, NAPFA has required candidates for membership to demonstrate their knowledge and their ability to integrate financial planning concepts through submission of a comprehensive financial plan. NAPFA believes that including a Financial Plan Development Course requirement for CFP Certification is advantageous for the aspiring practitioner, benefits the public and advances the profession.

Benefits for the New Practitioner

NAPFA has always believed that the ability to understand how all of the moving parts of one's financial life fit together is essential to helping clients achieve the best outcome. In addition to the ability to see the big picture, the financial planner needs to be able to communicate his or her findings and recommendations to the client. The educational environment is the perfect place for the aspiring planner to perfect these skills.

There has been some discussion as to whether the plan requirement should be part of the education process, or whether it should come after a candidate sits for the exam. We can see benefits to both ideas. We think that "putting it altogether" through practical application is an excellent way to prepare for the exam. Presenting recommendations to clients in a format that they can understand is a skill that can be fostered in a classroom setting. NAPFA's Basic Training courses, in which case studies are used to develop a financial plan, have been extremely popular.

NAPFA is interested in learning how the Financial Plan Development Course requirement will be integrated for those who challenge the exam. Will the "plan" requirement, along with the acceptable credentials, be a prerequisite for taking the exam? Or, will the plan requirement be a prerequisite for obtaining the credential and be completed either before or after the exam? A Financial Plan Development Course requirement or a plan submitted for peer review would go a long way toward protecting the integrity of the marks in the case of the challenge exam candidates.

Fee  Only

Advancing the Practice of
Fee-Only Financial Planning

Advancing the Profession

Some individuals have expressed the idea that plan preparation is archaic. Indeed, we know that some planners have not sought membership in NAPFA because of its financial plan peer review requirement. Many of these practitioners have questioned the validity of submitting a “plan” when today’s advisors tend to follow a more modular approach to planning. It is the demonstration of the knowledge and skill required to artfully guide clients through the decision making process that NAPFA is looking for through the plan review process. A requirement to demonstrate the practical application of comprehensive financial planning principals enhances the CFP credential and raises the bar for all who hold themselves out as practicing financial planning.

Benefits for the Public

The new requirement benefits the public by preparing practitioners to articulate and apply financial planning concepts to individual situations. There are still a few firms that present a plan which requires a modicum of data to produce a pound of paper. However, planning today can be more modular and highly interactive. Modular or interactive planning lends itself well to new business models designed for middle income clients enabling financial planning to be delivered to more consumers at reasonable cost. The more opportunities there are for a CFP candidate to apply and articulate financial planning principals in practice, the better prepared the practitioner will be to serve the public.

Comprehensive Financial Plan vs. Modular Planning vs. Interactive Planning

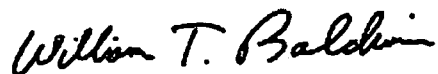
NAPFA supports the CFP Board in its proposal to include a Financial Plan Development Course requirement as part of the certification process and offer our assistance in developing guidelines for plan preparation, presentation and review.

In the time that we have been reviewing financial plans, our plan reviewers have seen every type of plan imaginable! Over time, we have adapted our plan review process to reflect changes in real financial planning practice. Today’s planner is more likely to involve the client in interactive planning sessions. Planning software and graphical interfaces have evolved and the ability to use these tools successfully with clients is an acquired skill.

Over the last several years, we have reviewed plans which included such interactive sessions on video tape, by session audio recording, through a series of modular meeting handouts and the more traditional “comprehensive plan.” Some of the more interactive modular planning we have seen particularly lends itself well to an hourly business model which has been seen to be an effective way to provide financial planning services to middle income clients. We encourage the Board in its course development to make some allowances for creativity in plan presentation and allow candidates to experience the variety of tools and techniques available.

In summary, NAPFA strongly supports the idea of including a Financial Plan Development Course requirement for CFP Certification. The Board's action in recognizing the importance of a candidate's ability to demonstrate their knowledge and their ability to integrate financial planning concepts through submission of a comprehensive financial plan reaffirms our decision to require the CFP as a minimum educational credential for NAPFA membership effective in January, 2010. We are happy to share our experience in this area with the CFP Board in any way that is beneficial.

Sincerely,



William Baldwin, JD
Chair, NAPFA



Ellen Turf
CEO, NAPFA



Susan MacMichael John, CFP®
Chair, Industry Issues Committee

Contact information:

Ellen Turf, CEO
National Association of Personal Financial Advisors (NAPFA)
3250 North Arlington Heights Road, Suite 109
Arlington Heights, IL 60004
Phone (toll-free): 800-366-2732
Phone: 847-483-5400