CERTIFIED FINANCIAL PLANNER
BOARD OF STANDARDS, INC.

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CFP Board Written Statement to the Senate Special Committee on Aging

September 5, 2007

Executive Summary
In the summer of 2007, the Certified Financial Planner Board of Standards, Inc. ("CFP Board"), a professional regulatory organization that works in the public interest to set standards for personal financial planning in the United States, created a Task Force on Continuing Education and Competency. The Task Force is endowed with a mandate to review CFP Board's standards for the continuing education (CE) it requires of professionals who hold CFP® certification. The Terms of Reference of the Task Force are located within Appendix I (page 4). CFP Board's CE requirements were first established nearly 20 years ago as a process to encourage ongoing professional competency among the 55,000 financial planners who hold CFP® certification. At present, thousands of CE courses on financial planning topics have been registered with CFP Board by more than 2,500 organizations, subject to CFP Board's Terms and Conditions of Continuing Education Sponsor Registration (summarized within Appendix II, page 6).

The Task Force has been granted the imprimatur of CFP Board leadership to undertake a comprehensive review of CFP Board's CE standards and the enforcement of standards related to CE courses currently registered with CFP Board. In creating the Task Force, CFP Board has commited itself to ensuring and upholding the integrity of the CFP® marks for the benefit of the public at-large.

The Task Force's mission is three-fold: 1) To determine if the continuing education requirements for CFP® certification adequately encourage the availability of quality financial planning training and professional development opportunities appropriate for CFP Board's high standards; 2) To review the marketing and end use of CE courses registered with CFP Board, with special attention given to those CE courses connected with credential-granting programs; and 3) To recommend any changes to CFP Board's continuing education requirements that might be necessary to better protect the public interest and minimize public confusion about credentials other than CFP® certification.

The Task Force, along with several other initiatives, was requested by Kevin R. Keller as part of his assumption of duties as CFP Board's CEO. The focus of the Task Force received additional impetus from the July 8, 2007 article in *The New York Times* ("For Elderly Investors, Instant Experts Abound") concerning questionable and misleading financial designations. Since early August 2007, CFP Board has actively communicated with the Senate Special Committee on Aging in pursuit of the shared goal of protecting the public interest.

Overview of CFP Board

Certified Financial Planner Board of Standards, Inc. (CFP Board) is a professional regulatory organization that sets professional standards for personal financial planning in the United States. Founded in 1985 as a non-profit 501(c)(3) corporation, CFP Board's mission is to foster professional standards in financial planning so that the public values and has access to competent and ethical financial planning. To accomplish its mission, CFP Board has set rigorous standards for financial planners and awards use of its certification marks (CFP®, Certified Financial Planner™ and) to financial planners in the U.S. who complete CFP Board's initial and ongoing certification requirements.

CFP Board's certification program has received accreditation from the National Commission for Certifying Agencies (NCCA) of NOCA, and more than 55,000 financial professionals in the U.S. are currently authorized by CFP Board to use the CFP® marks. Each mark holder has voluntarily agreed to adhere to highest standards of competence and ethical practices for financial planning, as established by CFP Board.

The Most Rigorous Standards in the Financial Planning Profession

The public's growing need for objective financial planning advice, combined with the rigorous ethical and professional standards demanded of CFP® certificants, has placed the CFP® certification at the forefront of the financial planning profession. The CFP® certification has become the most widely recognized financial planning credential among consumers. In the absence of uniform government regulation of financial planners, this certification reassures the public that those financial planners who hold CFP® certification have pledged to abide by a rigorous set of ethical standards and are subject to enforcement of those ethical standards by CFP Board.

The requirements to attain CFP® certification include the four "Es": education, examination, experience, and ethics.

Education

The educational requirement requires knowledge in all areas of CFP Board's financial planning topic list, which is updated every few years through a Job Analysis Study of the topics used by CFP® professionals whose primary business is delivering personal financial planning services to clients. The topic list currently contains 89 primary topics, and each topic includes several sub-categories. More than 300 educational programs at more than 200 institutions across the country have registered with CFP Board to deliver programs covering these topics. These programs range from non-degree programs to post-graduate degree programs, and each program's curriculum must be the equivalent of at least 15 semester credit hours. Applicants must also hold a bachelor's degree from an accredited institution, or its equivalent, before obtaining CFP® certification.

Examination

Those who successfully complete the education requirement are eligible to take the CFP® Certification Examination, which is designed to assess the ability to apply financial planning knowledge, in an integrated format, to financial planning situations. Exam questions and case studies are meant to measure the critical thinking and problem-solving ability, with emphasis on the higher cognitive levels of evaluation, analysis and synthesis. The exam is administered nationally three times a year and is delivered for 10 hours over two days, and the cumulative pass rate since its inception in 1991 is 57%. Combined with the education and experience requirements, the exam is designed to assure the public that those passing it have met a level of competency appropriate for professional practice.

Experience
Applicants are required to complete three years of financial planning work experience (the supervision, direct support, teaching, or personal delivery of the personal financial planning process to clients) before they may attain CFP® certification.

Ethics
CFP Board has established fitness standards that bar applicants from becoming certified if they have engaged in unacceptable conduct, such as revocation of a financial professional license or felony convictions for financially-based crimes. CFP Board has also established high standards of ethical conduct for those who hold CFP® certification and requires all applicants to agree to abide by those standards before certification is granted. In May 2007, an updated set of ethical standards was adopted to strengthen key ethical standards in a way that better benefits the public, such as the requirement that all CFP® certificants act in the best interest of the client when providing financial planning services. CFP Board has an active ethics enforcement process and conducts investigations of potential misconduct and, when appropriate, issues disciplines ranging from cautionary letters to the permanent revocation of certification. Certain disciplines are made publicly available through national news releases and on CFP Board's Web site.

Continuing Education Requirements
Each CFP® professional is required to complete no fewer than 30 hours of CE every two years – one of the strongest continuing education benchmarks in the financial services industry. In order to facilitate this requirement for continuing professional competency among CFP® certificants, thousands of CE courses on financial planning topics have been registered with CFP Board by more than 2,500 organizations for purposes of meeting this CE requirement, subject to CFP Board's Terms and Conditions of Continuing Education Sponsor Registration. The rigorous requirements for CFP® certification have resulted in the CFP® marks becoming the certification most sought after by consumers and financial planners alike.

Appendix I. Terms of Reference for Task Force on Continuing Education and Competency

In the interest of protecting the public, CFP Board has appointed a Task Force on Continuing Education and Competency to address the critical issue of whether CFP Board's continuing education (CE) requirements remain relevant and in line with their purpose to encourage the ongoing professional competency of CFP® professionals, especially given the widespread proliferation of financial credentials and the resultant confusion among the public. The Task Force will review the following:

1) CFP Board's procedures for registering CE courses;
2) Emerging patterns in the content and marketing of CE courses connected to credential-granting programs;
3) Current end-use of CE courses;
4) Best practices and guidelines concerning the content and purpose of CE courses, as well as the qualifications of the individual delivering the CE course;
5) Best practices and guidelines for how a CE course may be marketed; and
6) Enforcement procedures related to violation of CFP Board's standards concerning CE courses.

The Task Force's recommendations will also include concrete policy options for CFP Board's Board of Director's consideration as they relate to the overall mission of CFP Board and its emphasis on the public interest.

The Task Force will also address the following key questions:

- Does CFP Board's practice of registering CE programs contribute to confusion by the public, particularly when the end-purpose of certain CE programs is the awarding of less than rigorous financial credentials?
- How do credential-granting organizations market their relationship with CFP Board in an attempt to legitimize their credentials?
- Do current efforts by CFP Board to enforce its CE standards need to be strengthened?

Methodology
The Task Force will produce its study based on an audit of CE courses currently registered with CFP Board, including CE courses that are part of credential-granting programs, consultations with like-minded organizations and associations, and a review of current best practices within the CE field. The Task Force shall deliver its initial findings to the CFP Board's Board of Directors with its recommendations.

Deliverables
The Task Force will be responsible for delivering a report of findings related to the issues outlined above, including a list of policy options for consideration by CFP Board.

Duration and Timeline
The Task Force is expected to complete this charge in accordance with the following timetable:

- August 1, 2007: Task Force named
- March 2008: First Draft of Report due
- July 1, 2008: Final Report released

Composition
Dan Candura, CFP®, Task Force Chair
The Candura Group/PennyTree Advisers, LLC
Braintree, MA
Current Board of Directors
2002 Chair of CFP Board's Board of Professional Review

Alan Goldfarb, CFP®
Weaver and Tidwell Financial Advisors, Ltd.
Dallas, TX
Current Board of Directors member
2006 Chair of CFP Board's Board of Professional Review

Terry L. Lister, JD
Waddell & Reed, Inc.
Shawnee Mission, KS
Joining CFP Board's Board of Directors in 2008

Charles D. Robinson, CFP®
Northwestern Mutual
Milwaukee, WI
Joining CFP Board's Board of Directors in 2008

Appendix II: Summary of CFP Board's Continuing Education Program Registration Requirements

CFP Board registers continuing education (CE) programs that deliver content designed to further the professional competency of those who attend the programs. CE sponsors that deliver CE programs registered with CFP Board must agree to the Terms and Conditions of Continuing Education Sponsor Registration and follow the guidelines and requirements of CFP Board's *CFP® Certification: Policies, Renewal Requirements and Continuing Education Standards*.

CE providers attest that the CE programs they submit to CFP Board for registration cover topics contained in CFP Board's financial planning topic list and that the programs have, among other things, the following attributes:

a) Programs contribute to increasing the professional competency of participants;
b) Programs are developed by persons qualified in the subject matter;
c) Program content is current, correct and presented in appropriate design and format;
d) Programs are not specific to public accounting, computer hardware and software, marketing, practice management, sales or specific company or product presentations;
e) Program titles accurately represent the course content and purpose; and
f) Programs are reviewed by a qualified person, other than the preparer, to ensure compliance with the above.

Most CE program registrations are completed through CFP Board's Web site. The registration process requires CE sponsors to provide the following information:

- Information about the CE program, including the title, the program ID number, one or two paragraphs describing the content of the program, and contact information from the program contact person.
- The method of delivery for the program (live, self-study or internet).
- The number of CE hours the program will be accepted for, including an identification of the financial planning topics are related to the hours (General Principles of Financial Planning, Insurance Planning and Risk Management, Employee Benefits Planning, Investment Planning, Income Tax Planning, Retirement Planning or Estate Planning).
- The start date of the program.
- A $50 program registration fee (unless the organization has provided CFP Board with documentation of its not-for-profit status and qualifies for reduced fees of $25 or $0, based on whether attendees are charged).
- An acknowledgement that the program meets CFP Board's CE standards.

Registration of a CE program lasts for two years. CE program sponsors are also required to maintain records about each presentation of the programs registered with CFP Board, and the agreement specifies that those records are subject to audit and review by CFP Board.

Marketing of CE programs registered with CFP Board is limited by a prohibition from stating or implying that CFP Board has made a determination on the merits or quality of any Program that is intended to meet its continuing education requirements, unless separately authorized by CFP Board. CFP Board allows CE sponsors to describe a program's registration with CFP Board only as being "accepted by CFP Board" for a certain number of CE hours or that a certain number of CE hours are "granted by CFP Board" for program participants. When notified of prohibited or potentially misleading statements about a the registration of a CE program with CFP Board, CFP Board's trademark department contacts the program sponsor to remedy the issue.