

CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

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November Exam Statistics

Fifty-eight percent (1,392) of the 2,388 individuals who sat for the November 2003 CFP® Certification Examination passed. The 10-hour, two-day exam was conducted at 50 sites nationwide and three internationally.

CEO Search Progressing

A committee made up of members of CFP Board's Board of Governors recently named Heidrick & Struggles International Inc. as the search firm that will help in finding and interviewing qualified candidates for the position of CEO for CFP Board. Based in Washington D.C., Heidrick & Struggles specializes in executive searches for chief executive, board of directors and senior-level management assignments. The search firm has already begun to receive applications for the position.

2004 Job Analysis Gets Underway; Results to Impact Exam, Education Standards

What are the most important things for a CFP® certificant to know and do when practicing personal financial planning today?

That question and others will be answered by CFP practitioners during CFP Board's 2004 Job Analysis Study that starts this month.

The results of the study will be used to

update the specifications for the CFP®

Certification

Examination and likewise will affect

the curriculum content of CFP Board-

Registered Programs and continuing edu-

cation requirements for certification

renewal.

“Just as personal financial planning is based on a process and has

standards of practice, there is a process and best practices for setting certification standards,” says Kathryn Ioannides, CFP®, director of education and examination at CFP Board. “And the process of setting standards for certification starts with a job analysis.”

Job analysis validates exam

According to Ioannides, a job analysis is a systematic way of identifying the tasks typically performed by practitioners in specific fields, in this case CFP practitioners, and the knowledge, skills and abilities necessary to competently perform those tasks. “It’s the critical first step in validating the CFP® Certification Examination

content and must be repeated every few years to keep up with changes in the field,” Ioannides explains. (CFP Board conducted previous job analyses in 1987, 1994 and 1999.) “The fact that we regularly update our job analysis is one of the reasons why CFP Board is accredited by

the National Commission for Certifying Agencies (NCCA), the certifying arm of the National Organization for Competency Assurance (NOCA).”

Ioannides says that the job analysis is interesting on both intellectual and practical levels. “Its role is not to push a

profession forward, limit practice or provide a credential to everyone who wants it,” she notes. “Rather, a job analysis is a tool used to ensure that those who meet competency standards that are valid and legally defensible are eligible for certification, while those who do not meet those standards are not. The process helps ensure that our certification standards are objective, and that CFP certification is open to all who meet its standards.”

Steps in the process

CFP Board's 2004 Job Analysis Study will begin with a review of the most recent job analysis (conducted in 1999), as well as personal financial planning textbooks

2004 Job Analysis Study: The Process

Timeframe: January 2004 - mid-2006

CFP® Practitioners Surveyed: 15,000 approximately

Volunteer Task Forces: Two

Administrator: The Chauncey Group International

Purpose: To ensure that CFP Board's examination and education standards accurately reflect financial planning as practiced by CFP certifiants in the United States today.

(... continued on page 7)

Board of Governors

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CFP Board is directed by a Board of Governors which oversees four subsidiary boards. The Board of Governors establishes policy and oversees all CFP Board activities. Members serve three-year terms and a majority of Governors must be CFP® certificants. The CEO serves ex-officio as a Governor but does not have voting rights.

CFP Board Report is published to inform CFP® certificants, the profession and the public of CFP Board activities, policies and initiatives. A nonprofit professional regulatory organization, CFP Board fosters professional standards in personal financial planning so that the public values, has access to and benefits from competent and ethical financial planning. CFP Board does not discriminate in certification opportunities or practices on the basis of race, color, religion, sex, national origin, disability or any other characteristic protected by law.

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Chair's Message

On behalf of the Board of Governors, I wish to thank my predecessor Rick Adkins for his service to CFP Board in 2003. Rick always kept CFP Board's mission—to benefit the public—at the forefront of his thinking, and as this year's chair, I will do the same.

A careful reading of CFP Board's mission statement guides our efforts: "to benefit the public by fostering professional standards in personal financial planning so that the public values, has access to and benefits from competent and ethical financial planning." The job analysis that will soon start is an example of the work CFP Board undertakes to foster professional standards by ensuring that our education and examination requirements remain valid. (See story on page 1.) Our Code of Ethics, Practice Standards, and disciplinary review process, highlighted on the back page, are another aspect of this standards-setting role, which benefits the public by holding CFP® professionals to a high standard.

For the best way to carry out CFP Board's mission, my belief is that this unfolds by asking the right questions. Recognizing the impact that a new CEO will have on this organization, the Board of Governors will strive to ask the right questions as we interview candidates for the position. We will prioritize all of CFP Board's activities, and we will do this work in a spirit of openness and dialogue with the goal of reaching a rational consensus for our decisions.

When thinking about the importance of asking questions, one can't help but note how the questions have changed since financial planning first emerged 30 years ago. When I began my practice in Fort Worth in 1980, my clients had difficulty framing their questions, because they didn't know what financial planning was. Today, the questions have evolved from "What is financial planning?" to "How do you do financial planning?" and "Where can I find a CFP practitioner?"

The progress has been remarkable—from 42 CFP mark holders in 1972 to nearly 80,000 CFP certificants practicing around the world in 2004; from a single institution teaching a "CFP Board" education program in 1972 to 179 college and universities today; from a plethora of financial planning designations to one, the CFP certification, that is recognized as the world's standard for personal financial planning.

I am serving as a link in this continuum—supporting the good work that has gone before us and striving to build the consensus that will carry us forward, now and into the future. Planning for CFP Board as an organization is, in my mind, like planning for a client: Ask good questions and follow a process that creates options so that we have the tools to deal with the future, whatever it may hold.

I look forward to working with you in this endeavor.

David H. Diesslin, CFP®

D.C. Office Works to Protect the Marks, Inform Government Officials About Financial Planning

CFP Board opened a Government Affairs Office in Washington, D.C., in 1998 to create a more visible presence for CFP Board before Congress, federal regulatory agencies, consumer groups, and trade and professional associations. The government affairs staff also maintains relationships with state governments, as it monitors and responds to both state and federal legislation and proposed regulations.

“Our role is to speak on behalf of the public interest as it relates to financial planning,” explains Michael Herndon, director of government affairs. “Unlike a membership organization or trade group, we do not directly represent or lobby government for the interests of financial planners.”

Protecting the marks

When it comes to protecting the CFP certification marks, however, CFP Board is granted an exception to the general prohibition against lobbying that applies to a 501(c)(3) nonprofit organization like CFP Board. “We aggressively lobby to protect the proper use of the CFP certification marks, because it’s in the public’s

Monitoring Legislation and Regulation

When commenting on other types of legislation or regulation, CFP Board takes the following positions:

- 1 1 | CFP Board supports efforts to prohibit persons from using the terms “financial planning” and “financial planner” in misleading and fraudulent ways.
- 1 2 | CFP Board supports legislation designed to help educate Americans about the nature and importance of financial planning.
- 1 3 | CFP Board supports legislation that helps consumers access appropriate and qualified financial planning advice.
- 1 4 | CFP Board supports efforts to provide consumers with advice about investment decisions. However, CFP Board has concerns over the qualifications of those permitted to provide investment advice to employees about their employer-sponsored retirement plans. CFP Board supports legislation that would restrict those allowed to give investment advice to investment advisers.

interest for consumers to be able to distinguish CFP® professionals from other financial planners, and that can only be done if we maintain the trademark status of the marks,” says Mashari Whitfield, government affairs manager.

Last year, for example, the Government Affairs Office submitted a letter to the Florida Department of Banking and Finance, Division of Securities, requesting changes to incorrect references to the CFP certification marks in state regulations that describe the examination requirements for investment advisers and investment adviser representatives. The agency agreed to introduce new rules acknowledging the trademark status of the certification marks, and after a period of public comment, adopted the new language in November 2003.

Another effort produced positive results in California, when language was removed from Senate Bill 620, which would have prohibited individuals who sell insurance in that state from using the CFP marks. “CFP Board provided information to state legislators explaining why we believe that CFP certificants should have an unencumbered right to use the certification marks,” Whitfield said.

Building awareness

Another function of the Government Affairs Office is to build awareness of financial planning and the CFP certifica-

tion among legislators and regulators, and to be a source of information for government officials. As an example of these efforts, CFP Board hosts an annual “Financial Planning Day on Capitol Hill” to help educate Congressional staff about the importance of financial planning.

More than 150 staffers participated in the 2003 event, which was held on the House side of Capitol Hill last October. In one-on-one sessions, Congressional staffers had the opportunity to direct their personal financial planning questions to more than 10 CFP certificants who volunteered for the event. The day was so successful that the U.S. Senate Office of Education and Training invited CFP Board to co-host a similar event that was held on the Senate side of Capitol Hill on January 23, 2004.

“We believe that showing government officials what financial planners do gets across our message more effectively than just telling them,” Herndon explains. “We want legislators and regulators to understand the complexity of the financial decisions that face Americans and the value of receiving quality financial planning advice from a professional who meets certain standards and is accountable to a professional regulatory organization such as CFP Board.”

Calendar of CFP Board Outreach Activities: January - May 2004

HR Congress and Show	March 10-11 New York, NY
Midwest Finance Association Annual Meeting	March 17-20 Chicago, IL
American Express Planning Invitational	April 14-17 Minneapolis, MN
The Association to Advance Collegiate Schools of Business International Conf. & Annual Meeting	April 18-20 Montreal, Quebec
Eastern Finance Association	April 21-24 Mystic Seaport, CT
Financial Education Association	April 22-23 Mystic Seaport, CT
WorldatWork Annual Conference	May 23-26 Boston, MA

Certificants Can Educate the Media on How to Use the Marks Accurately

Imagine the following scenario: A reporter at your local newspaper, recognizing your expertise in personal financial planning, calls you for a quote. You are pleased to grant the interview, and give the reporter your name, CFP® certification and title. But when the story appears in print, you are identified improperly as a “certified financial planner.” Now what?

Don't worry that CFP Board will fault you for the paper's incorrect use of the mark, says Jennie McQuade, trademark counsel at CFP Board. “We educate the media about the proper use of the CFP certification marks every chance we get and urge them to acknowledge the legal trademark status of the marks in their stories, but beyond that we can't expect certificants to control a third party's reference to the marks.”

McQuade distinguishes between a newspaper's reference to the marks and a CFP certificant's use of the marks. “Certificants are granted use of the certification marks because they have met CFP Board's standards and have agreed to follow usage rules dictated by U.S. trademark law,” she says. “The media

are not under the same obligation; for whatever reason, some reporters and editors strive to conform with trademark usage rules in this regard and others do not.”

To educate the media about proper use of the marks, CFP Board includes trademark usage rules in its *Media Guide*, which is sent to more than 500 members of the media every year and is posted online. In addition, CFP Board has written letters to the media expressing concern over an incorrect use of the marks, or thanking a reporter who has used the marks correctly in a story.

As for what certificants can do when working with the media, McQuade offers the following suggestions:

- When describing yourself to a reporter, say “I am a CFP practitioner” or “I am a CERTIFIED FINANCIAL PLANNER professional.” Do not say, “I am a CFP” or “I am a certified financial planner.” This is because trademark rules specify that the marks must be used as adjectives, never as nouns.

- When telling a reporter about your certification, ask the reporter to use all capital letters and no periods. Also explain that CFP® and CERTIFIED FINANCIAL PLANNER™ are trademarks; therefore, the ® symbol should be used after “CFP” and the ™ symbol after “CERTIFIED FINANCIAL PLANNER.” Refer the reporter to CFP Board's *Media Guide* (available online at www.CFP.net/media) for more information and examples of correct use.
- Check all information you send to the media, such as press releases or articles, to make sure you have used the marks correctly.

“Join CFP Board in protecting the trademark status of the certification marks by making a conscious effort to use the marks correctly when speaking with members of the media, and take every opportunity to encourage them to do the same,” requests McQuade.

CFP Marks Use Fast Start

The purpose of this FAST START is to get you going in the right direction, fast. Please refer to the complete *Guide to Use of the CFP Certification Marks* for all of the guidelines you must follow for proper use of the CFP certification marks. The following three certification marks must be used under strict use and reproduction guidelines, or their value as trademarks could be lost.

CFP®

- Always use capital letters.
- Never use periods.
- Always use either the ® or the ™ symbol. (The ® symbol is recommended.)
- Always use with one of CFP Board's approved nouns: “certificant,” “professional,” “practitioner,” “certification” or “mark.”

CERTIFIED FINANCIAL PLANNER™

- Always use capital letters or small cap font.
- Always use the ™ symbol.
- Always use with one of CFP Board's approved nouns: “certificant,” “professional,” “practitioner,” “certification” or “mark.”



- Always use the three components of the logo (flame, “CFP” and ®).
- Always reproduce the logo from original artwork.
- Never alter or modify the logo.

Scandals Have Eroded Investor Confidence; Reforms Supported

An online survey of CFP® certificants conducted by CFP Board last November found that more than seven in eight (88.5 percent) planners say their clients have less confidence in the securities markets as a result of recent corporate governance, accounting and mutual funds scandals, with one-fifth saying their clients were “much less confident” in the markets.

Planners reported more confidence than their clients, although a majority (61.9 percent) of the 418 respondents said they were less confident in the markets.

“If there’s cause for optimism, it lies in the fact that some very old problems are coming to light,” said David Diesslin, CFP®, chair of CFP Board’s Board of Governors. “If meaningful reforms are enacted, the securities markets could emerge stronger and less susceptible to the abuses we’ve witnessed in recent years.”

The chart to the right shows the reforms supported by certificants who took part in the survey.

Reforms Supported by CFP® Certificants*

PROPOSED REFORM	% OF CERTIFICANTS RATING THE REFORM AS IMPORTANT
I 1 Enforce the 4 p.m. deadline for investors to receive that day’s closing price	87.3%
I 2 Increase disclosure and inspection requirements for hedge funds	73.1%
I 3 Make it easier for funds to enforce rules (including market timing rules) with brokers who use omnibus mutual fund accounts, which may shield customers’ names and contact information	72.1%
I 4 Require the chairman and 75 percent of the members of the mutual fund boards to be totally independent of the fund company	61.6%
I 5 Require greater disclosure of mutual funds’ brokerage commissions and expenses, including details on soft-dollar deals and financial incentives to sell a particular fund or class of shares	59.6%
I 6 Require mutual funds to have a compliance officer who reports directly to the fund’s board of directors	50.8%
I 7 Require mandatory fees on short-term mutual fund trades	45.7%
I 8 Create a new, private mutual fund oversight board	18.7%

* Source: CFP Board Investor Confidence Survey, November 2003. Results based on data from 418 respondents.

Consumer Publications Available

As part of its mission to educate the public about the benefits of financial planning and working with a competent and ethical financial planner, CFP Board provides free information to consumers via printed publications and www.CFP.net. In 2003, CFP Board distributed more than 27,000 free Financial Planning Resource Kits to consumers while another 307,000 of CFP Board’s consumer brochures were requested through the Federal Citizen Information Center.

Following is a brief list of some of CFP Board’s consumer publications:

- **What You Should Know About Financial Planning.** Explains the basics of financial planning and

describes the various types of financial advisors a consumer may work with.

- **10 Questions to Ask When Choosing a Financial Planner.** Educates consumers on how to choose a financial planner and includes a checklist of questions they can take to an interview.
- **Why You Should Choose a CERTIFIED FINANCIAL PLANNER™ Practitioner.** Explains the high standards met by CFP professionals and the benefits of working with a competent and ethical planner.
- **Your Rights as a Financial Planning Client.** Describes the kind of treatment a consumer should

expect in a financial planning engagement.

- **Financial Planning Resource Kit.** This pocket folder contains the four brochures mentioned above as well as information about CFP Board and www.CFP.net.

CFP® certificants can order these publications for a minimal fee plus shipping and handling. To place an order, certificants should call 800-487-1497 or go to www.CFP.net/certificants to view PDF files of the brochures and access the order form.

Code of Ethics (... continued from back page)

promise to do,” Bennett continues. “But action is more important than words, and that’s where the disciplinary process comes in—we don’t just say that CFP certificants should do these things, we enforce them.”

Dan Candura, CFP®, at ING’s Financial Horizons Advisory Service in Boston, Mass., agrees. “The *Code of Ethics* is at the heart of earning the public’s trust in the financial planning process and the value of working with a CFP practitioner,” he says. “But it’s one thing to have a code of ethics sitting on a shelf and another thing entirely to enforce it. CFP Board’s disciplinary rules provide us with a fair and rigorous process for upholding the *Code of Ethics*.”

Candura, who came off the Board of Professional Review in January after five years of service, explains that although CFP Board does not advocate for certificants in the disciplinary process, it also does not take an adversarial stance. “We try to get at the facts and provide a fair, respectful review of often very complicated and ambiguous situations,” he says.

The disciplinary process begins when a potential violation of the *Code of Ethics* or *Practice Standards* comes to CFP Board’s attention. CFP Board’s staff initiates an investigation and requests more information from the CFP certificant involved. Following this investigation, the case is either dismissed or goes to a probable cause review, again conducted by staff, to determine if there is sufficient evidence to support grounds for discipline. If there is not sufficient evidence, the case is either dismissed or dismissed with caution. If sufficient evidence does exist, the case goes to a hearing panel of three CFP certificants.

The hearing panel reviews the case and

submits its findings to the full Board of Professional Review for a final decision. Finally, the respondent may appeal the decision to the Board of Appeals.

At steps along the way, the respondent has the opportunity to provide information by letter, phone or in person, explain extenuating circumstances, bring in witnesses, and be represented by an attorney. “The care we take to provide a fair, yet rigorous, process is proof to the public that we are serious about holding ourselves to a high standard,” says Bennett.

Principles of the *Code of Ethics and Professional Responsibility*

Principle 1	INTEGRITY
Principle 2	OBJECTIVITY
Principle 3	COMPETENCE
Principle 4	FAIRNESS
Principle 5	CONFIDENTIALITY
Principle 6	PROFESSIONALISM
Principle 7	DILIGENCE

Bennett and Candura say that their experience on the Board of Professional Review has shown that often CFP certificants become involved in a disciplinary case because of neglect or oversight, rather than an intent to violate the *Code of Ethics* or *Practice Standards*. They provide a few suggestions for avoiding problems in the first place:

- **Read the *Code of Ethics* and *Practice Standards*.** “Focus on the spirit of these documents, rather than getting hung up on the details, and you’ll see that they add up to earning the public’s trust,” Candura says.
- **Check your office procedures against the *Code of Ethics* and *Practice Standards*.** For example, when you

understand that you must define the scope of the financial planning engagement with clients, you’ll quickly see the benefit of a disclosure form. (Sample disclosure forms are available at www.CFP.net/certificants.) “Also keep the *Code of Ethics* and *Practice Standards* in mind when training your staff so that everyone in the office follows the same procedures,” Bennett recommends.

- **Provide full disclosure to CFP Board.** If you have been the subject of a legal action or regulatory investigation, make sure you disclose that information within the timeframe required by the *Code of Ethics*. “When a planner neglects to make the appropriate disclosures or fails to respond to a CFP Board inquiry within the timeframes specified, what might have been a minor problem suddenly becomes more serious because the certificant has violated a *Code of Ethics* requirement,” Bennett explains.
- **Keep good records.** If a dispute arises, can you provide written documentation to back up your side of the story? Can you show that you clearly communicated with your clients at every stage in the financial planning process?

As for the CFP certificants who sit on the Board of Professional Review and volunteer for hearing panels, Candura has nothing but praise for their work. “These individuals give up a lot of time to take on a very difficult job, and they do it with an open mind, reserving judgment until they have heard all the facts,” he says. “They inspire me to continue to believe that this profession will succeed.”

Cash Awards Given for Financial Planning Articles

To encourage research and writing in the field of personal financial planning, CFP Board offers cash awards of \$1,000 for articles published in a printed periodical. A maximum of five awards are granted in three different categories: 1) consumer publications, 2) trade and professional publications and 3) academic journals.

Articles that deal with financial planning or issues related to financial planning are eligible for the awards. Articles must have been published in print media, excluding newspaper articles or client newsletter articles, and those published only electronically are also not eligible for submission.

“CFP Board continues to recognize authors of exceptional and informative articles in the field of financial plan-

Send submissions with cover letter to:

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ning,” said Kathryn Ioannides, CFP®, director, education and examination for CFP Board. “Not only are these articles valuable for readers, they aid CFP

Board’s mission by educating people about financial planning and its many issues.”

CFP Board is currently accepting articles that were published between January 1, 2003 and December 31, 2003, for this year’s awards. **The deadline to submit articles from 2003 is March 31, 2004.** For more details on eligibility and submission criteria for the article awards, please visit CFP Board’s Web site at www.CFP.net/certificants.

Job Analysis (... continued from page 1)

and other relevant literature. In addition, a select group of CFP practitioners and educators will be interviewed to learn about current practices and trends.

The information will then be provided to a task force of volunteers to stimulate their thinking as they design a survey for CFP practitioners to identify the tasks and knowledge important to the work performed by a financial planner. CFP Board will invite 15 CFP professionals to sit on this initial task force, representing a cross section of financial planners in terms of age, gender, years certified, geographic location, ethnic background, type of business and area of specialty. Susan O’Grady, CFP®, principal of EQUIPOISE Wealth Management in Denver, Colo., and J. David Ashby, DBA, CPA, CFP®, Chair, Department of Economics and Finance at Southern Arkansas University in Magnolia, Ark., have been named to co-chair the task force.

Following a pilot test of the survey, it will be administered via the Internet to a randomly selected group of 15,000 CFP certificants who have identified themselves as practitioners. “We also may send portions of the survey to aca-

demics to provide us with more information about the education component of the CFP certification process,” Ioannides says.

Following an extensive statistical analysis of the survey results, a second group of CFP professionals will be convened to discuss the data and make recommendations to CFP Board’s Board of Examiners regarding the topics to include on the CFP® Certification Examination and the relative weighting to give to topic categories.

Based on this input, the Board of Examiners and other volunteers will revise the topic list and test specifications. After allowing time for CFP Board-Registered Programs and exam preparation courses to modify curriculum and materials, the revised exam will be ready for administration by mid-2006. The revised topic list also becomes the basis for continuing education content requirements.

The Chauncey Group International, a subsidiary of Educational Testing Service (ETS), in Princeton, N.J., will provide the administrative and statistical services for the job analysis and will

deliver an extensive job analysis report. “Exciting innovations with Web-based surveys will make it possible for us to delve more deeply than ever into the knowledge that CFP practitioners deem important for providing competent and ethical comprehensive financial planning advice to clients, without supervision, as is expected of a CFP practitioner,” Ioannides notes.

Practitioners’ input vital

“If you, as a CFP practitioner, are randomly selected to complete the survey, it is critical that you participate,” Ioannides continues. “Your input will help ensure that new CFP certificants meet competency standards appropriate to current practice and also will help educators anticipate future directions in the field.”

CFP certificants who are interested in volunteering for the Job Analysis Study, or any of the other volunteer opportunities at CFP Board, are invited to visit CFP Board’s Web site at www.CFP.net/volunteers. Future issues of *CFP Board Report* will track the progress of the study.

Ethics & Standards

Code of Ethics at Heart of Public's Trust, Say Financial Planners

Editor's Note: This year CFP Board will undertake a review of the Code of Ethics and Professional Responsibility for any needed updates. In the story that follows, two CFP® certificants share their views on why a strong Code of Ethics is important to the financial planning profession.

Future issues of CFP Board Report will look at the Code of Ethics' seven principles in more detail.

The erosion of investor confidence brought on by the scandals and irregularities that have rocked corporations, accounting firms and mutual funds over the past five years (see survey results on page 5) underscores an

important truth, say two financial planners who have gained a unique perspective by serving on CFP Board's Board of Professional Review. And that is: If a profession hopes to earn the public's trust, its affiliates must abide by a code of ethical conduct.

Research also supports this idea. Adherence to a professional code of ethics was considered important by 97% of consumers polled in CFP Board's 2002 Consumer Survey.

"Education and degrees are important, but unless a person behaves ethically, knowledge can be misused," says David

Bennett, CFP®, at FMC Financial Group in Newport Beach, Calif.

Bennett, who will serve as 2004 chair of the Board of Professional Review, says that a written code of ethics inspires the public's confidence. "The Code of Ethics, combined with CFP Board's *Financial Planning Practice Standards and Disciplinary Rules and Procedures*, demonstrate to the public that CFP certificants not only follow a uniform financial planning process, but also are held to high ethical standards.

"The Code of Ethics and Practice Standards say in words what we

(... continued on page 6)



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