

CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

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CFP Board Report is published quarterly to inform CFP® certificants, the profession and the public of CFP Board activities, policies and initiatives intended to advance the practice of financial planning. 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 financial planning.

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■ Exposure Draft Comment Period Closed

The deadline to receive comments on the revisions to the Rules and Terminology that relate to the Principle of Fairness in CFP Board's *Code of Ethics and Professional Responsibility* has passed. The volunteers on the Disclosure Task Force will review all the comments received before presenting a summary of findings to the Board of Governors at their September meeting for approval. Revised rules are scheduled to go into effect January 1, 2003.



CFP Board Promotes Financial Planning in the Workplace

Thousands of employees will learn the facts about financial planning – why it's important, how to get started, and who to rely on for advice – thanks to a new program developed by CFP Board. The Workplace Education Program provides free educational materials and resources to human resource professionals across the United States.

"An uncertain economy, high consumer debt and disturbing events such as Enron and WorldCom, have left many employees anxious and confused about their personal finances," said Jan McCubbrey, assistant director of consumer affairs at CFP Board. "The time is ripe to offer basic education to help employees plan their financial future."

Employers and employees to benefit

The program's materials were developed with input from CFP Board's Consumer Advisory Council and include full-color workplace posters, black and white fliers, statement stuffers, newsletter articles, a PowerPoint presentation and script, Financial Planning Resource Kits, Intranet banner advertisements and Web links. In addition, CFP Board and CFP® certificant volunteers will assist human resource professionals with workplace seminars on financial planning topics.

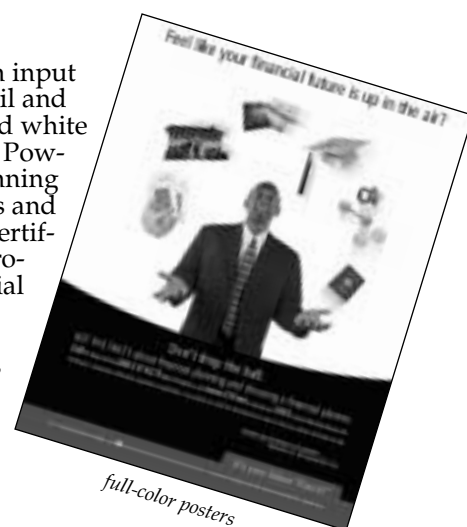
"Two of the biggest barriers people face in successfully managing their personal finances are lack of knowledge and denial of the need to plan," McCubbrey observed. "We hope that this program will help employees overcome these obstacles by providing them with basic education about financial planning. There's a pay-off for employers, too, when financial planning helps reduce the personal financial difficulties that often lead to stress, absenteeism and lowered productivity. It's a win-win situation for everyone."

Elaine Bedel, CFP®, chair of CFP Board's Board of Governors, added, "It's so important for people to understand their financial planning options, yet many people don't know where they stand financially or how to start planning. The workplace is an ideal place to offer this type of basic financial education. This program will provide HR professionals with easy-to-use, effective tools to help potentially thousands of employees plan their future regardless of the benefits their companies offer."

Getting the word out

To spread the word about the new program, Bedel recently made a presentation to 600 federal government human resources personnel at a meeting sponsored by the Office of Personnel Management in Norfolk, Virginia. CFP Board also distributed program materials at the 54th Annual Conference & Exposition of the Society for Human Resource Management in Philadelphia, and will promote the program at other human resource conferences and trade shows this year and next.

In addition, CFP Board is partnering with the Social Security Administration (SSA) to provide a series of workplace education seminars in the SSA's 10



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CFP Board is directed by a 14-member 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.

Receive CFP Board Report electronically

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CHAIR'S MESSAGE



One of the most gratifying aspects of serving as chair of CFP Board's Board of Governors is the chance to tell the story of financial planning as I travel across

the country and meet the public. Wherever the itinerary takes me, I use the opportunity to talk about the importance of financial planning in people's lives, educate listeners about the financial planning process, and urge them to look for the CFP certification marks when choosing a professional financial planner.

Recently my journeys took me to Norfolk, Virginia, where I unveiled CFP Board's Workplace Education Program to help human resources professionals inform employees about personal financial planning. (See story on page 1.) The event was hosted by the Office of Personnel Management and attended by some 600 human resources professionals from federal government agencies.

The event was a great success. We learned from these professionals that many employees are troubled and confused about their personal finances and frequently look to their HR departments for information. Now, with the materials and seminars CFP Board is making available, HR professionals will have the information they need to help employees take control of their financial future.

While in Norfolk, I also had the opportunity to participate in an Investors Town Hall Meeting hosted by the Securities and Exchange Commission. Consumers who attended, many from military families, asked

excellent questions: What should I expect from a financial planner? How do I choose a good financial planner? My response: Expect your planner to use the financial planning process and choose a planner who has attained CFP® certification.

It's a message that's taking hold with the media, as well. I saw that firsthand during a New York media tour this summer when we met with representatives of Associated Press, *Mutual Funds*, *USA Today*, *Money*, *Dow Jones Newswires* / *Wall Street Journal*, *Smart-Money*, *Business Week*, *InvestmentNews*, and *Financial Planning*. Editors and reporters know and respect CFP Board. They understand what we do and are interested in working with us to spread the word about financial planning. And, when reporters are looking for credible sources, they turn to CFP Board and CFP certificants for their information.

In my own practice, I see evidence every day that CFP Board's public awareness efforts are paying off. Ten or 15 years ago, I spent a great deal of time explaining to prospective clients what financial planning is. Today, they come into my office already understanding what I do and what the CFP marks mean. They are ready to get down to the details of planning for their future.

As CFP certificants, each of us can have a significant impact on the public's awareness of the need for – and benefit of – competent, ethical financial planning. Keep your suggestions coming, and together we will continue to tell the story of financial planning.

Trademark Tidbit

As a CFP® certificant, you have met CFP Board's rigorous certification standards and are authorized to use the following three CFP certification marks in your communications and marketing materials:

1. CFP®
2. CERTIFIED FINANCIAL PLANNER™
3.  CFP®

However, if you allow your certification to lapse and continue using the CFP marks, even for one day, that use is unauthorized. Any unauthorized use of a trademark threatens its viability and you will be asked to immediately cease from using the marks in your communications and marketing materials. Please remember to always keep your certification current. Thank you for your continued cooperation in positioning the CFP certification marks as financial planning's highest standard.



Case Study: Privacy Laws and CFP Board's Disciplinary Process

Editor's Note: The following hypothetical case study illustrates the importance of informing clients in privacy statements that CFP Board may request certain client data as part of investigating a potential violation of CFP Board's Code of Ethics and Professional Responsibility.

The Situation

CFP Board discovers that John Doe, a CFP® certificant, was recently involved in a civil suit in which a client alleged that John engaged in churning her account. As part of investigating the matter, CFP Board asks John to provide certain relevant data about this client, such as account transaction statements. John responds promptly, but informs CFP Board that the conditions of his privacy statement do not allow him to share client information with a third party. He asks that the case be dropped because there is insufficient evidence to support the allegation.

The Problem

Under the Gramm-Leach-Bliley Act of 1999, nearly all firms involved in the financial services industry are obligated to protect the privacy of information they obtain from consumers who use the firms' products and services. Although financial planners are not specifically listed in the Act, the nature of their services is such that most financial planners are covered by it.

Planners who are subject to the Act must provide privacy notices to all clients. In the notice, planners must give clients the ability to "opt out" of allowing the planner to disclose nonpublic personal information about the client to nonaffiliated third parties, other than disclosures permitted by law. For example, an exception to the opt-out provision might occur if the third party is a government regulator, such as the NASD or SEC. However, because CFP Board is a private regulatory organization, there is no automatic exception to the opt-out provision. The certificant must obtain the client's permission for the exception.

In the case of John Doe, no such exception is specified in his privacy agreement, and most clients have requested that their information not be shared with a third party. Upon learning this, CFP Board does not press John to release client information because doing so might cause him to violate the requirements of the Act. At the same time, CFP Board staff cannot drop the case without further investigation. Staff determines that the case must move to the next step in the process, an inquiry panel.

The Process

A CFP Board inquiry panel reviews the case but determines that it has insufficient information to dismiss it. The case goes to the next level of review, a hearing panel, where John and his attorney appear to explain the situation and present what evidence they can without breaching John's privacy obligations. Even if the hearing panel dismisses the case, the process has cost John time, money and some anxious moments.

The Solution

The solution to this problem is fairly simple and is in the best interests of the certificant. When drafting a privacy statement, a CFP certificant should make an effort to gain clients' permission to disclose relevant client data to CFP Board when requested in connection with a disciplinary investigation. This could be drafted as a specific exception to nondisclosure rules, using wording such as: "As a CFP® certificant, I may be asked to disclose client data to Certified Financial Planner Board of Standards Inc. (CFP Board) as part of complying with CFP Board's Code of Ethics and Professional Responsibility and Disciplinary Rules and Procedures. If you prefer that I do not disclose nonpublic personal information about you to CFP Board, you may opt out of this disclosure by [describe a reasonable means of opting out, such as notification by phone or using a check-off box]."

CFP certificants will want to make it clear to clients that CFP Board will also protect clients' privacy if any information is shared. It is likely that most clients will not opt out of this exception, thereby enabling a certificant to quickly provide evidence to CFP Board when requested and expediting the process for all parties involved.

Case Study Take-Away

At your earliest opportunity, build into your privacy statements a specific exception that allows you to disclose client data to CFP Board when requested as part of a disciplinary proceeding. Consult your attorney or compliance officer for specific wording.

International continued from page 6

international entity, which will receive financial support from each affiliate, including CFP Board. January 1, 2003, is the tentative launch date for the new organization. Issues that must be resolved before then include funding, governance, management structure, staffing, existing license and affiliation agreements, and certification program operations.

"The task force still has a lot of work to do to flesh out how this new international entity will be formed and how it will operate," said Rick Adkins, CFP®, chair-elect of CFP Board's Board of Governors and task force chair. "What we do know is that our international affiliates are ready to step forward and assume management responsibilities for the CFP certification program internationally, allowing CFP Board to focus more of its efforts on

domestic issues. There will be a transition period during which CFP Board will ensure that certain requirements are met."

In addition to Adkins and Bedel, task force members include Joanne Bickel, Barry Barbash and Ellyn Brown, CFP Board's Board of Governors; John Carpenter, Financial Planning Standards Council (Canada); Ray Griffin, Financial Planning Association (Australia) and chair-elect of the International CFP Council; Patti Houlihan, chair of the International CFP Council; Suzue Sato Johnson, Japan Association of Financial Planners; and Nicholas Koechlin, Swiss Financial Planners Association.

A committee currently is reviewing nominations to a nine-member board of directors of the proposed new international organization and is expected to announce appoint-

ments in late August. The directors will include the chair of the International CFP Council, three positions nominated by International CFP Council delegates and five positions nominated by CFP Board.

"The development of this new entity is a natural progress in the evolution of the financial planning profession," Garday observed. "CFP Board was created in 1985 to administer the CFP marks. Now, it makes sense for CFP Board to create a new international entity to move the marks to the next level of international recognition. This change rightfully gives international affiliates a greater leadership role and stronger voice in the issues that affect them directly."

Workplace Education continued from page 1

regions. A pilot program held in June at Charter Semiconductors in northern California kicked off the joint venture.

"Social Security representatives gave a 45-minute presentation to employees about Social Security eligibility and benefits," McCubbrey said. "The speakers emphasized that Social Security should be only one source of retirement income, which was a perfect segue to CFP Board's 45-minute presentation about the importance of planning for one's financial future – including issues such as retirement, how to get started and where to turn for competent, ethical advice. Then, CFP Board representatives stayed after the presentation to answer employees' individual questions."

In addition to the SSA project, CFP Board will promote the Workplace Education Program as part of its sponsorship of the "Denver Saves" program. Patterned after the Consumer Federation of America Foundation's "America Saves," the year-long "Denver Saves" program will enlist the support of local business leaders to go into the workplace and talk to employees about the importance of saving and financial planning. "Ultimately, our goal is to enroll 1,000 new savers in the Denver area," McCubbrey said.

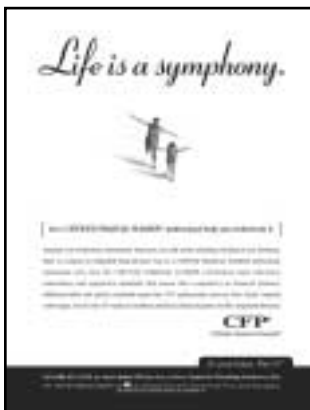
CFP certificants who are interested in volunteering to assist CFP Board with its workplace education initiative are invited to contact Jan McCubbrey at consumerED@CFP-Board.org. To learn more about the program, go to www.CFP-Board.org/HR.

Top Reasons for an Employer to Offer Financial Planning

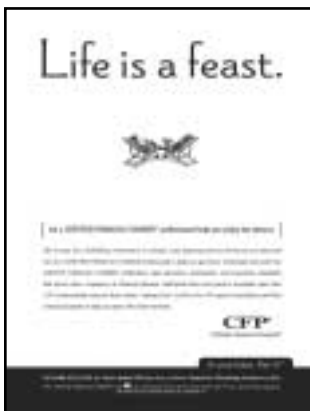
1. Enhancing appreciation of existing benefits
2. Reducing fiduciary risk
3. Maximizing employee contribution
4. Attracting and retaining workers
5. Reducing stress and absenteeism resulting from financial problems

Source: Census of Certified Employee Benefit Specialists, New Kid on the Block, Financial Planning as an Employee Benefit, Survey Results December 2001.

New Ad Campaign Launched



"Life is a symphony. Let a CERTIFIED FINANCIAL PLANNER™ professional help you orchestrate it." So urges a new consumer print ad sponsored by CFP Board. The ad is the first of a series of three full-page, four-color ads that will appear regularly in eight national publications during the last half of 2002 and reach more than 5 million targeted readers.



The ads are part of CFP Board's \$6 million consumer awareness campaign that began in 2001 and will continue through this year. The ads play off the theme of: "It's your future. Plan it!"SM Consumers are invited to call a toll-free number or visit CFP Board's consumer Web site, www.CFP.net, to request a free Financial Planning Resource Kit or search for a CFP® professional.



"The goal of the 2001 ad campaign was to establish the CFP certification marks as the premier brand for financial planning," said Doug Nogami, assistant director of communications at CFP Board. "For this new series of ads, the focus has shifted toward appealing to people who want to get the most out of their lives. The ads tell readers that financial planning, in general, and CFP practitioners, in particular, can help them achieve their life's goals."

The ads urge consumers to look for a CFP certificant when working with a professional financial planner because CFP certificants have met the education, examination and experience standards that assure their competency as financial planners. The ads also emphasize that CFP professionals adhere to ethics and practice standards and put

their clients' interests first.

The ads will appear in *Attaché*, *Conde Nast Traveler*, *Golf for Women*, *Gourmet*, *Hemispheres*, *Kiplinger's Personal Finance*, *Mutual Funds* and *The PGA Senior Tour Yearbook*.

"The publications were selected because reader demographics matched those of people likely to benefit from the services of CFP practitioners, and the caliber of the publications matched the quality associations desired for the CFP certification marks," Nogami said. "CFP Board also received other value-added components, including access to a mailing list of 10,000 readers, which we will use to promote CFP Board's Workplace Education Program, and several advertorial sections in which we will highlight the importance of financial planning and choosing a planner with CFP certification."

An integrated campaign

The new consumer ads are just one part of a multi-faceted, two-year campaign to increase the public's awareness of the financial planning process and the high standards of professionalism represented by the CFP marks. The integrated campaign also includes radio public service announcements; participation in consumer and trade events; bylined articles and promotional materials for use by CFP certificants; development of a new corporate identity that reinforces the CFP certification marks; creation of a speaker's bureau; and joint public awareness projects with consumer and government entities, including AARP, Social Security Administration, Securities and Exchange Commission, state securities administrators and others. In addition, CFP Board is finalizing a special consumer Web site, www.CFP.net, where consumers can request free Financial Planning Resources Kits, search for a CFP professional, find links to other financial planning Web sites and read about consumer trends in financial planning.

2002 Consumer Ad Schedule

▼ Attaché (U.S. Air)	July, Aug, Sept, Oct & Nov
▼ Conde Nast Traveler	July, Sept & Nov
▼ Golf for Women	July/Aug, Sept/Oct & Nov/Dec
▼ Gourmet	July, Sept & Nov
▼ Hemispheres (United Airlines)	July, Aug, Sept, Oct & Nov
▼ Kiplinger's Personal Finance	June, July, Sept & Nov
▼ Mutual Funds	July, Aug, Sept, Oct & Nov
▼ The PGA Senior Tour	2002 Yearbook

International Oversight Body for CFP® Certification Being Formed

A joint task force of CFP Board and its International CFP Council is currently in the process of creating a new organization that will oversee CFP® certification worldwide.

Under a plan approved by CFP Board's Board of Governors, CFP Board will continue to administer the CFP marks in the United States and shift responsibility for the CFP marks internationally to the new entity.

"Certificants in the United States will benefit from this development because it will take CFP certification to the next level in establishing it as the premier global brand for

financial planning," said Lou Gar-day, CFP Board CEO. "It also will free up CFP Board to direct more of its resources to issues that affect U.S. certificants."

Elaine Bedel, CFP®, chair of CFP Board's governing body and a member of the task force, noted that the tremendous growth in the number of planners holding CFP certification both in the U.S. and internationally was the driving force behind the decision to re-examine the structure of CFP Board's international operations.

"The number of certificants in the U.S. has increased from 23,350

in 1991 to more than 39,900 currently. The number of planners with CFP certification outside the U.S. has grown from 76 a decade ago to more than 30,000 today, and the number of affiliates has expanded from two to 17. We felt that the structure CFP Board developed in 1990 to handle international demand for the CFP marks needed re-examination given the growth we have experienced."

The International CFP Council was established in 1990 as a subsidiary board of CFP Board. Under the restructuring plan, the Council will become an adviser to the new

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