

New bid to define and protect turf

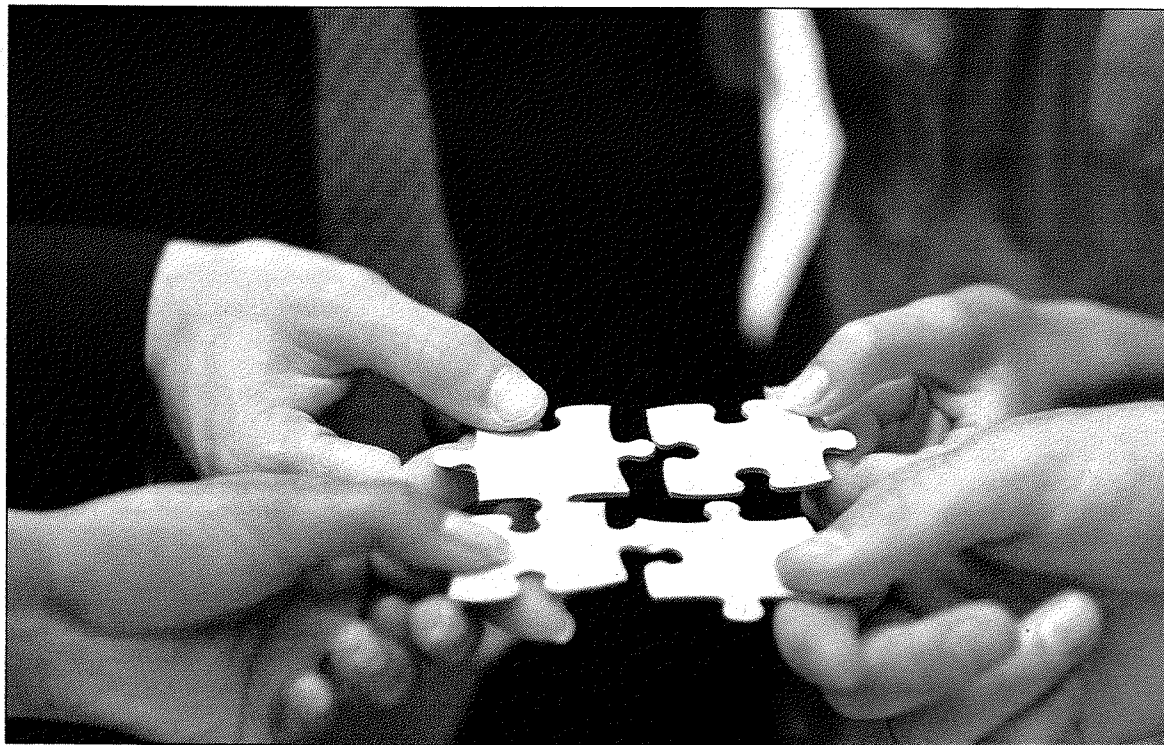
By DONALEE MOULTON

Five professional associations across Canada have joined forces to force people calling themselves financial planners to merit the title, something that is not the case today.

"Currently, anyone in most provinces and territories can claim to be a financial planner without any requirements for qualifications or professional oversight," said Ann Walker, spokesperson for The Financial Advisors Association of Canada (Advocis) in Toronto. "This leaves Canadians without a consistent means of distinguishing between those who are qualified, competent and ethical and those who are not."

"If someone is going to call themselves a financial planner, the public needs to know they are educated to a certain level. The client needs to know what they are getting," said Lenore Davis, Victoria-based president of the Institute of Advanced Financial Planners (IAFP).

To ensure this happens, IAFP and Advocis along with the Canadian Institute of Financial Planners (CIFPs), the Financial Planning Standards Council (FPSC), and the Institut québécois de planification financière (IQPF) have created The Coalition for



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Lenore Davis, Institute of Advanced Financial Planners

Professional Standards for Financial Planners. Its goal is the creation of national standards for

financial planners.

Getting there requires more weight than any one of the organizations wields on its own, said FPSC president and CEO Cary List in Toronto. "There is strength in numbers."

He's quick to point out, however, that the coalition is not expected to become yet another professional body representing financial planners. "There is no suggestion of the creation of a new organization. We are not creating added layers or costs."

Quebec is currently the only province in Canada that has a required designation for financial planners, but more is needed, said Jocelyne Houle-LeSarge, IQPF president and CEO in Montreal. "We do have the protection (for consumers) in place, but there should be more. To have national minimum standards would be a great improvement."

Such standards, noted Walker, "would provide Canadians with clarity and better protection when engaging financial planners."

That need has ramped up in the wake of scandals that have plagued the financial sector. "The timing is right," said Houle-LeSarge. "The stars are aligned unfortunately because of scandals and fraud. People are more aware of the pitfalls, but they don't know who they should go to."

That uncertainty has been compounded by mutual fund dealers, noted Davis. "The waters got muddy about 10 years ago when mutual fund dealers started calling themselves planners. It was very confusing," said Davis.

"We feel mutual fund dealers do not have the experience, background and education to do finan-

cial planning. It's not their bailiwick," she added.

Most financial planners in Canada probably do not have the credentials that the coalition would like to see entrenched in national standards. List noted that

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Cary List, Financial Planning Standards Council

there are at present 18,000 individuals with the Certified Financial Planner (CFP) designation in Canada. "There are probably two to three times more who claim to be financial planners but have no designation."

National standards will help paint a roadmap for consumers looking to find a qualified professional, noted Walker. "Canadians will know what to expect when they engage a financial planner."

They'll also be able to evaluate the qualifications of their current planner, said Houle-LeSarge. "National standards would be used by consumers to assess the qualifications of their financial planner. At least, they will be able to make a better decision than at present."

Planners themselves will also benefit — at least those who meet the standards, said Walker. "For qualified financial planners, they will be recognized as qualified professionals. They will be accountable to a professional oversight body. They will be able to prove that they meet a minimum standard of competence and

ethics.

"And most importantly," she stressed, "individuals who are not qualified will not be permitted to claim that they are financial planners."

List believes the impact will be even broader. "The future of Canadian society is going to be impacted by the growth and quality of financial planners in Canada.

"Unfortunately, over the past two to three decades, it's not been seen as a professional service," he added. "It's been seen as a means to an end, which, ultimately, has become a product sale. There is no appetite for looking at financial planning as a profession."

The coalition hopes to whet that appetite starting with a statement of principles, which it has created as a first step on the road to national standards. The principles state that any individual in Canada who holds themselves out to the public as a financial planner or claims to provide financial planning services must meet approved standards related to education, experience, examination, ethics, and duty of care — and be held up to professional oversight.

"They lay out what we perceive to be the skeleton for a profession," said Davis.

"You need a comprehensive background to assess a plan," she added. "The answer to every question is not to open a TFSA. Our



approach is, the process before the product."

Getting there will take time. "We are gathering buy-in for the concept," noted List. "We need to figure out whom to engage. We need to go further."

Davis would like accountants to support the coalition's mandate. "We're not looking to compete

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Scandals seen as change catalysts

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against accountants. Financial planning is not what most accountants do. Financial planners are the holistic professionals. I'd like to see us work together.

"This coalition should give comfort to accountants," she added. "They would see a designation and understand what this means in terms of skills."

Canadians are not alone in grappling with the issue of standards and financial expertise. The U.S. Financial Planning Coalition recently delivered a letter to the Securities and Exchange Commission hand in hand with a petition

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Jocelyne Houle-LeSarge, IQPF

signed by more than 5,200 financial planners, urging the SEC to apply a fiduciary standard to anyone providing investment advice to retail clients.

"We are deeply concerned that current regulations governing the delivery of personalized investment advice are insufficient to protect investors," the coalition

stated in its letter to the SEC, which was also sent to members of Congress.

The coalition, a collaboration of three professional associations representing 75,000 financial advisors, urged the SEC to use its authority under Section 913 of the *Dodd-Frank Wall Street Reform Act* "to establish a strong and uni-

form fiduciary standard of conduct for broker-dealers and investment advisers."

The goal both north and south of the 49th parallel is ultimately similar: a level and safe playing field. "It is important for the industry and consumers that all financial planners are held to the same high standards," said Walker.



HOULE-LESARGE