



Amid Surge in Demand for Financial Planners, Consumers Are Harmed by Lack of Appropriate Regulatory Standards

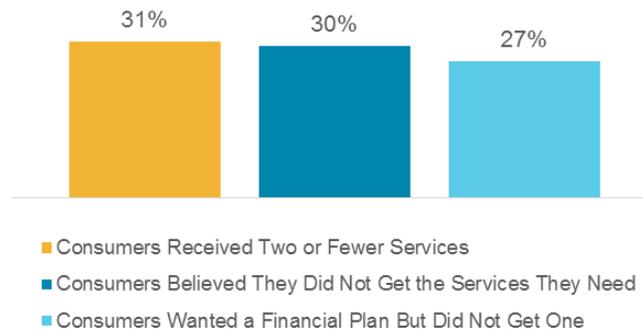
As millions of “Baby Boomers” head toward retirement, consumer demand for financial planning advice is surging. But while the current piecemeal regulatory framework is designed to protect consumers in search of investment advice, who want to buy or sell securities, or who want to buy insurance products, there are no regulatory standards for those offering – or claiming to offer – financial planning advice, including competency and ethics standards for financial planners.

The Financial Planning Coalition has conducted original research and analyzed reliable industry data showing that while components of the advice and services provided by financial planners are regulated, the regulatory standards for financial planners are insufficient. Consumers are harmed by the lack of appropriate regulatory standards for those who hold themselves out as “financial planners” but who instead provide consumers narrowly focused advice, single-product solutions, or advice that is not in the consumers’ best interest.

Consumers searching for financial planning services face the real risk that they will not receive the services they seek.

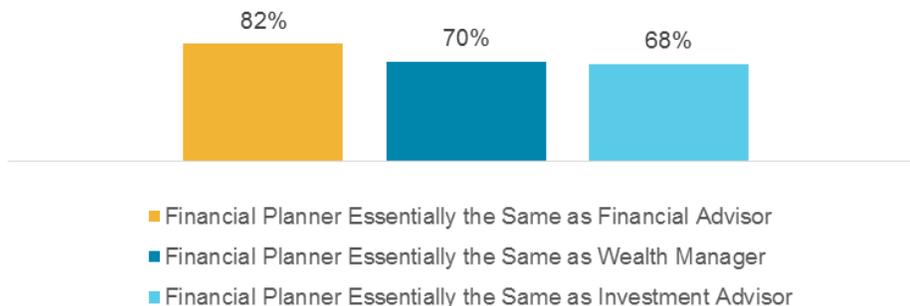
According to new research conducted by Fondulas Strategic Research on behalf of the Financial Planning Coalition, approximately one-third of consumers (31 percent) received two or fewer services as part of their financial plan, 30 percent reported they did not get all the services they needed, and 27 percent wanted a financial plan but did not get one.

Consumers Not Getting What They Ask For / What They Need

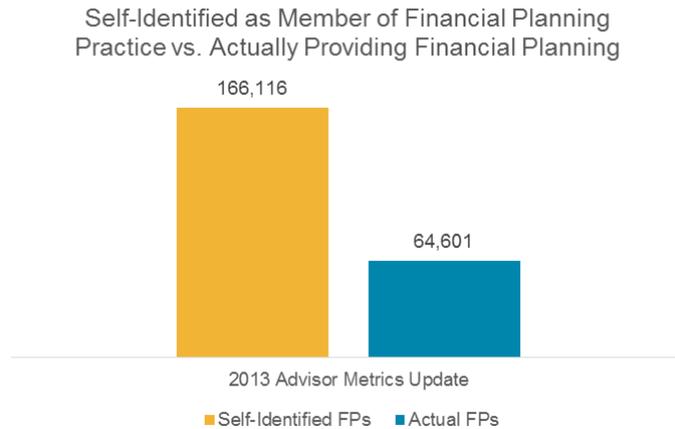


Without appropriate regulatory standards, consumers are confused and unable to identify qualified and ethical financial planners. In particular, there is significant consumer confusion about the distinctions among the various job titles associated with financial planning. The Coalition’s research revealed that 82 percent of consumers believe that a financial planner is the same as a “financial advisor,” and more than two-thirds believe a financial planner is the same as a “wealth manager” (70 percent) or a “investment advisor” (68 percent).

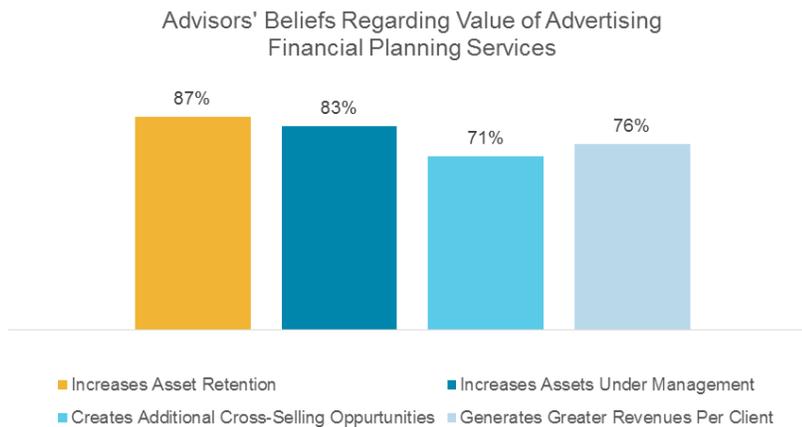
Perceived Similarity Among Financial Titles



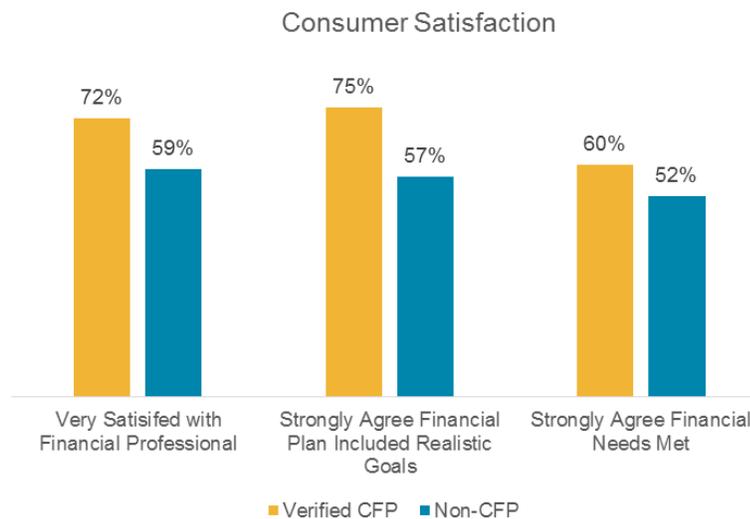
Financial service providers contribute to consumer confusion by identifying themselves as financial planners, despite providing limited financial planning services. Data from Cerulli Associates, a leading industry research firm, reveal that in 2013, over 166,000 financial advisors self-identified as members of a financial planning focused practice. Cerulli then verified the practice type by analyzing additional data, and determined that only 38 percent of the self-identified financial planners actually had financial planning focused practices. In other words, over 100,000 financial advisors incorrectly self-identified as being part of a financial planning practice. This gap has persisted over the last five years and shows no sign of abating.



Significant financial incentives encourage many financial service providers to identify and to market themselves as financial planners.



While consumers are confronted with confusing and inconsistent information in their search for financial planning services, the Financial Planning Coalition's research found that consumers who work with CFP® professionals had higher levels of satisfaction, were more likely to say they received a plan with realistic financial goals, and were more likely to feel their financial needs and objectives were addressed.



The Financial Planning Coalition is a collaboration of Certified Financial Planner Board of Standards, Inc. (CFP Board), the Financial Planning Association® (FPA®), and the National Association of Personal Financial Advisors (NAPFA) – the leading national financial planning organizations representing the development and advancement of the financial planning profession.

For additional information on the research cited here, visit www.FinancialPlanningCoalition.com.