FINANCIAL PLANNING COALITION

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Coalition Sends Letter to Congress Announcing New Poll That Shows Strong Public Support for Financial Planning Standards in Upcoming Regulation Bill

Survey of Washington D.C. Residents Showed 83% of Respondents Were in Favor of Establishing Standards for Financial Planning

Washington, D.C. – February 16, 2010 – The Financial Planning Coalition, a group of three leading organizations representing 75,000 financial planning professionals who serve millions of consumers, today sent a letter to the U.S. Senate Committee on Banking, Housing, and Urban Affairs announcing results of new poll indicating overwhelming public support for higher standards for financial planning. The Coalition continued to urge the Committee to include regulation of financial planners as part of the Financial Regulatory Bill currently under consideration by Congress. Financial planning is the process of advising individuals and families across a range of personal finance topics in addition to investment advice.

"For years, a lack of regulation in the financial planning industry has allowed untrained and unethical individuals to take advantage of American consumers. This is a rare instance where industry practitioners and consumers agree that America needs more regulation of financial planning," said the Coalition. "The Financial Planning Coalition strongly supports new standards establishing ethical guidelines and licensing methods to help reduce opportunities for fraud and misrepresentation and build consumer confidence. We urge the Senate Banking Committee to include our proposal in its upcoming financial reform package to help bring a new level of transparency and accountability to the industry."

Over 400 attentive voters, who were defined by their propensity to pay attention to news and politics and engage politically, as well as by income and education, participated in the survey, conducted by Global Strategy Group from January 20-24 in Washington, D.C. earlier this year.

Among the survey's key findings:

- **Support is very high for more regulation for financial planners.** When presented with the Financial Planning Coalition's proposed plan for increased regulation and oversight, 83% of the subjects said they support it and only 7% opposed it.

- **Voters believe that regulations and standards for financial planners are necessary to prevent abuse and to better serve consumers.** 91% of the voters surveyed said they were convinced by a statement describing the proposed regulations as including provisions to "ensure that financial planners pass tests measuring competency," to "establish ethical guidelines" to "have the ability to discipline financial planners who fail to follow the guidelines," and to "make all of this information available to consumers."

- **Financial planners are well-regarded, but are in an industry for which more regulation is supported.** Over half of D.C. area attentive voters (54%) gave financial planners a positive rating, while only 18% rated them negatively. (By contrast, stock brokers scored 22% positive, 37% negative.)

Full survey summary attached below.

The Coalition has proposed legislation that would regulate a currently unregulated industry. The proposal would, among other things, create an independent financial planning oversight board that would be responsible for establishing and enforcing competency and ethical standards among all financial intermediaries who use the title "financial planner." The board would make all of this information available to consumers so they can be confident that, when they choose a financial planner, the planner is well-qualified and will put the consumers' interests first.

About the Financial Planning Coalition: The Financial Planning Coalition is a collaboration of Certified Financial Planner Board of Standards (CFP Board), the Financial Planning Association® (FPA®), and the National Association of Personal Financial Advisors (NAPFA) to advise legislators and regulators on how to best protect consumers by ensuring financial planning services are delivered with fiduciary accountability and transparency.

To learn more, please visit www.financialplanningcoalition.com.

About the Global Strategy Group: Global Strategy Group is a public opinion research firm with 16 years of experience conducting surveys for clients across the country and around the world. Our clients include Fortune 500 companies, non-profit organizations, associations, political candidates and governments. We have conducted over 2,000 separate surveys on topics that range from the most pressing concerns of the day to issues that are unique to very particular audiences.

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FINANCIAL PLANNING COALITION

February 16, 2010

The Honorable Christopher J. Dodd
Chairman
Senate Committee on Banking, Housing & Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard C. Shelby
Ranking Member
Senate Committee on Banking Housing & Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Financial planning provisions in upcoming reform package

Dear Chairman Dodd, Ranking Member Shelby and Committee Members:

As the leaders of the Certified Financial Planner Board of Standards (CFP Board), the Financial Planning Association® (FPA®), and the National Association of Personal Financial Advisors (NAPFA) that compose the Financial Planning Coalition, we represent 75,000 financial planning professionals across the nation. The Financial Planning Coalition was formed in 2008 to advise legislators and regulators on how to best protect consumers by ensuring financial planning services are delivered with fiduciary accountability and transparency. We are writing to share with you the results of a survey conducted last month on public opinion toward increased regulation of financial planners.

The survey, commissioned by the Financial Planning Coalition and conducted by Global Strategy Group between January 20-24, 2010, surveyed over 400 Washington D.C. area attentive voters about their impressions of the financial planning industry and their opinions about increased regulation of our industry. The results demonstrate overwhelming support for increased government regulation of those who identify themselves as "financial planners," and a desire for new standards to increase the requirements for becoming a licensed financial planner.

The results of the survey indicate broad public approval of standards and regulations that will prevent unqualified and incompetent people who have no required code of ethical conduct from calling themselves financial planners. This survey confirms that there is broad support for the regulations proposed by the Financial Planning Coalition, which would include provisions to ensure that financial planners pass tests measuring competency, establish ethical guidelines for the industry and discipline financial planners who fail to follow these set regulations.

Survey highlights include:

- **Support is very high for more regulation for financial planners.** When presented with the Financial Planning Coalition's proposed plan for increased regulation and oversight, 83% of the subjects said they support it and only 7% opposed it.

- **Voters believe that regulations and standards for financial planners are necessary to prevent abuse and to better serve consumers.** 91% of the voters surveyed – a pool which included significant numbers of self-identified conservatives and liberals – said they were convinced by a statement describing the proposed regulations as including provisions to "ensure that financial planners pass tests measuring competency," to "establish ethical guidelines" to "have the ability to discipline financial planners who fail to follow the guidelines," and to "make all of this information available to consumers."

- **Financial planners are well-regarded, but are in an industry for which more regulation is supported.** Over half D.C. area attentive voters (54%) gave financial planners a positive rating, while only 18% rated them negatively. (By contrast, stock brokers scored 22% positive, 37% negative.)

In light of the findings of this survey, we urge you to include language directing the formation of a financial planning oversight board in upcoming financial reform legislation. New standards to increase the requirements for becoming a licensed financial planner will help reduce current unethical practices, and protect consumers and their hard-earned investments. We hope to increase the level of transparency in the financial planning industry, so that consumers can better evaluate financial planners before they trust them for help making important financial decisions.

We invite you to review the full report of the survey's results, which is enclosed with this letter. If you have any questions, please contact FPA's Director of Government Relations, Dan Barry, via telephone at (202) 449-6343 or via e-mail at dan.barry@fpanet.org, or Marilyn Mohrman-Gillis, Managing Director, Public Policy, CFP Board, via telephone at (202) 379-2235 or via e-mail at mmohrman-gillis@cfpboard.org.

Sincerely,

Kevin R. Keller	Marvin W. Tuttle, Jr.	Ellen Turf
Chief Executive Officer	Executive Director/CEO	Chief Executive Officer
CFP Board	FPA	NAFPA

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

FPA FINANCIAL PLANNING ASSOCIATION The Heart of Financial Planning™

NAPFA The National Association of Personal Financial Advisors

CC: Members of the Senate Banking, Housing and Urban Affairs Committee

This is a summary report of survey results for a representative online survey of 404 Washington, D.C. area attentive voters (defined by propensity to pay attention to news and politics and engage politically, as well as by income and education) conducted between January 20-24, 2010. The margin of error on the overall sample is +/-4.9%.

Voters believe that regulations and standards for financial planners are necessary to prevent abuse and to better serve consumers.

Support for arguments that financial planners need more regulation and oversight is strong, and voters coalesce around an argument that explains how the current lack of regulation is bad for consumers and are also persuaded by a statement that describes what the regulatory structure would deliver.

- The top argument {Because there are currently no standards or regulations on who can identify themselves as a financial planner, incompetent and unethical people calling themselves financial planners have given bad advice costing consumers huge financial losses, have engaged in unethical behavior, such as one so-called financial planner who sold a 90 year old man a fixed annuity that couldn't be cancelled for 13 years, and some have even engaged in outright fraud. New standards with increased requirements for becoming a licensed financial planner will help reduce these practices.} is found to be convincing (very or somewhat) by 85% of voters.
- Another statement that described the regulations, {The proposed regulations and oversight will include provisions to ensure that financial planners pass tests measuring competency, will certify only qualified financial planners, will establish ethical guidelines and will have the ability to discipline financial planners who fail to follow the guidelines. The regulatory authority will make all of this information available to consumers so they can better evaluate financial planners before they hire one.}, is convincing to 91% of voters.

Financial planners are well regarded, but are in an industry for which more regulation is supported.

Over half D.C. area attentive voters (54%) give financial planners a positive rating, while only 18% rate them negatively.

- While this isn't as high as accountants (65% positive, 3% negative), it is higher than all of the other financial services related and other professions tested (investment advisers were in the middle at 39% positive, 25% negative, while stock brokers were at the bottom (22% positive, 37% negative).

In spite of the positive feelings toward financial planners, though, D.C. area attentive voters are more likely to say that more regulation is needed for all professions/industries tested rather than less.

- Banks received the highest "more regulation" score, at 78%, followed by stock brokers (66%) and investment advisers (61%).
- Financial planners are at 50% more regulation, 1% less and 42% keep at the current level, behind insurance agents (40% more, 1% less, 54% same) and accountants (25%/4%/64%).

Support is very high for more regulation for financial planners.

When presented with the Financial Planning Coalition's proposed plan for increased regulation and oversight, 83% of D.C. area attentive voters say they support it and only 7% oppose it.

- These are some of the highest support numbers for any proposed legislation for which we have seen polling numbers, suggesting that from a public opinion perspective, this is a winner.
- While our sample is not a random sampling of Americans, when we look at demographic groups, including by gender, age, income and variables such as party and political ideology, we see that support is high across all groups (over 65% of self-described Republicans and 60% of self-described conservatives support these proposed regulations). This suggests that the opinions of this particular audience are not anomalous and that a larger national audience would also be quite supportive.
- Interestingly, support is highest among those who have used a financial planner, even though these people have a higher opinion of financial planners than all respondents.
- ***These findings suggest that the proposed legislation "just makes sense" to voters.***

Opposing arguments gain little traction, and voters respond well to messages that talk about consumer protection, accountability and having standards.

After hearing brief paragraphs of information for and against increased regulation and oversight, support remains extremely high at 78%, while opposition remains low (10%).

The survey shows that respondents appreciated that new regulations would bring accountability to the profession and that standards, including strict qualification and competency requirements, would be a big part of the new regulations. Most important, however, is that consumers would be protected from abuses.

- ***It is apparent that the same attitudes driving public support for new standards on Wall Street generally and banks and credit card companies specifically are also at play here, as commonsense reforms like those proposed have a lot of support.***

Conclusions

D.C. area attentive voters are overwhelmingly supportive of increased regulations and standards for the financial planning industry, and examples of abuse, such as the story of the 90 year old man being sold an annuity, help voters humanize the issue and increase support further.

In the current environment in which many areas of the financial services sector are viewed unfavorably, the financial planning community is well regarded.

However, in spite of being well regarded, it – along with many other professions, is seen as needing more regulation, not less.

The FPC is in the unique position of having the public overwhelmingly on its side as it pushes for more regulation and oversight.

To the extent that there is opposition, it comes from those who don't favor regulation under any circumstances – but this is a very small portion of the electorate.

The FPC has a solid case to make – that standardization, qualifications, including competency requirements, and an ability to exercise authority over members in these areas is a benefit to consumers and will help prevent abuses – as voters find it very compelling.

About Global Strategy Group

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