

*Via Electronic Mail*

October 2, 2009

Michelle Wetherald  
Managing Director, Education  
CFP Board of Standards, Inc.  
1425 K Street, N.W., Suite 500  
Washington, D.C. 20005

Dear Ms. Wetherald:

The Financial Planning Association® (“FPA”)<sup>1</sup> is pleased to submit its comments in connection with the CFP Board’s proposed Financial Plan Development Course requirement (the “Proposal”). We fully support the basic premise of the Proposal, which is that Candidates should be tested not only on their core knowledge of financial planning topics, but also on their ability to integrate these topics into a comprehensive financial plan.

The Proposal anticipates a new course to be offered by CFP Board-registered academic and professional education programs that would require the student to write and orally present a comprehensive financial plan consistent with the CFP Board’s *Financial Planning Practice Standards*. Moreover, the work should require a minimum of 45 hours or the equivalent of three semester credit hours. The CFP Board requested comments focused on implementation, assessment and/or course outcomes related to the Proposal.

In accordance with your request, we provide the following feedback regarding the Proposal as currently written.

### **Implementation**

We note that the Financial Planning Standards Board, Ltd (“FPSB”) has recently implemented practice standards which CFP Board highlighted in its Proposal. However, unlike

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<sup>1</sup> The Financial Planning Association is the largest organization in the United States representing financial planners and affiliated firms, with approximately 25,000 individual members. FPA members directly manage more than \$1.75 trillion in assets with a combined client base of 3 million. Approximately 19,000 of FPA members are CFP® certificants. FPA is incorporated in Washington, D.C., where it maintains an advocacy office, with headquarters in Denver, Colo.

the FPSB, the CFP Board has given detailed directives as to the mechanics of the course. The FPSB's requirement simply lists the desired outcomes of the course.

CFP Board has previously allowed its registered programs for other courses to select the methods that work best for that particular program. We see no reason, and there is no explanation given by the CFP Board, for treating this course differently from other courses. In addition, assuming the reason the CFP Board mentions the FPSB's new course is to strive for uniformity with the FPSB, we urge it to follow the FPSB's lead and focus on the outcome, not the process.

The Proposal as written could pose a hardship to both program administrators and students alike, particularly in college academic programs. For example, some undergraduate requirements for business majors include a minor in financial planning; however, the coursework is already condensed into five not the standard six classes. Adding a sixth course may cause the less robust programs to de-register from the CFP Board's list of approved programs due to their inability to simply absorb a new course for students who minor in financial planning but may one day sit for the exam.

For many instructors, imposing the new requirement, and in particular one for oral presentations will add a significant workload. Some programs may be required to hire additional instructors, resulting in greater costs to the program and students. As an example, we are aware that Texas Tech, one of the leading registered programs, typically limits oral presentations to 20 minutes each in its Capstone course. Although the entire plan is not covered in the oral presentation, the student is not aware until the last minute which segment of the plan will be covered, thereby requiring them to prepare for a comprehensive presentation. If, as proposed, a student were required to cover all subject areas in the presentation, the time required for each student may extend to an hour or more, and double or triple the workload in the capstone courses.

Further, many students take the CFP courses online. It is unclear how oral presentations would be conducted and graded in an electronic environment. Unless such presentations were done via webcams or other electronic media, which we do not think are as effective as an in-person presentation, we do not know how this requirement could be implemented for online programs.

### **Course Outcomes**

As stated before, we believe the Proposal is too particular on the mechanics in its creation of the financial planning development course. We believe the Proposal should focus on course outcomes. Registered programs should be allowed the flexibility to adapt written and oral presentations in a way that allows program directors to assess the effectiveness of the requirement without arbitrarily imposing a 45-hour or three semester hour course requirement.

Finally, we wonder about the emphasis on the development and presentation of comprehensive plans, and less on the financial planning process itself. In a way, this seems to be a throwback to the earliest days of financial planning when professionals typically developed substantive plans that were later deemed to be impractical by overwhelming and discouraging clients from implementation. It is considered a more common practice today to apply financial planning concepts to a specific client situation, but not require a financial plan prior to providing any related services to the client. For example, many practitioners will not prepare a comprehensive plan, but will take a holistic approach to the development of the plan with the

clients in order to focus on one aspect, like retirement planning. Advisors will look at all aspects of the client's financial life, determine any glaring issues, and make observations about these issues. However, the focus will be on the retirement or investment issue, or whatever issues the client has indicated the need for advice.

**Conclusion**

In summary, FPA strongly commends CFP Board for looking at an issue that was once considered simply a 'best practice' of many registered programs and for developing a proposal to create a required capstone program. We agree that this best practice should be an important component of the certification process. However, we remained concerned with some of the particulars of the proposal.

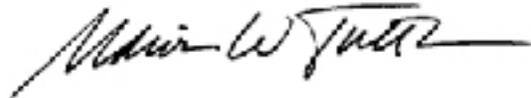
On behalf of FPA, we would be pleased to respond to any questions or comments that you may have.

Thank you very much for considering our comments.

Sincerely,



Richard C. Salmen, CFP®, CFA, CTFA, EA  
President



Marvin W. Tuttle, Jr., CAE  
Executive Director/CEO

cc: FPA Board of Directorros