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FPA Applauds Action to Eliminate Tax Strategy Patents

Washington, D.C. – The Financial Planning Association® (FPA) commended the work of the U.S. Senate Committee on the Judiciary, which voted unanimously on Thursday to send the Patent Reform Act of 2011 to the full Senate for approval. The bipartisan bill includes a provision that would end the practice of patenting tax strategies, which has hindered the financial planning process for both practitioners and consumers.

Patenting tax strategies and corresponding “advice” has been an increasing problem because it limits the ability of taxpayers to fully utilize interpretations of tax law intended by Congress. Many feel that it has created a monopoly for the patent holders to determine who can and cannot utilize parts of the tax code. FPA’s believes it has also affected the creation of financial plans because it requires the planner to be aware of ever-increasing strategy patents, in addition to ever-changing tax laws. Advisors must seek permission from the patent holder to provide the most advantageous advice to clients, or risk a lawsuit for themselves and their clients.

"The Committee’s action on this bill is a tremendous step on behalf of taxpayers and their financial planners," said FPA executive director and CEO Marvin W. Tuttle, CAE. "The practice of patenting a specific strategy is like a football team laying claim to the Hail Mary and forbidding other teams to use it in their playbook. FPA encourages the Senate to put American taxpayers first and pass the bill, which will lift the burden that has been unnecessarily inflicted on the tax and planning process."

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About the Financial Planning Association

The Financial Planning Association® (FPA®) is the largest membership organization for personal financial planning experts in the U.S. and includes professionals from all backgrounds and business models. FPA members adhere to the highest standards of professional competence, ethical conduct and clear, complete disclosure to those they serve. Based in Denver, Colo., FPA works in alliance with academic leaders, legislative and regulatory bodies, financial services firms and consumer interest organizations. For more information about FPA, visit www.FPAnet.org or call 800.322.4237.

