

## Financial Planning Coalition Commends Conference Committee for Laying the Foundation for Important Consumer Protections

*Coalition Expresses Disappointment  
Over Stripping of SEC Authority to Regulate Equity Indexed Annuities*

**Washington, D.C. – June 25, 2010** – The Financial Planning Coalition commends the House and Senate conference committee for laying the foundation for an important consumer protection that provides the average American investor the knowledge that his financial adviser is acting in his best interest.

“We are pleased that Congress has laid the foundation for true reform by authorizing the Securities and Exchange Commission to impose the highest standard of care on the delivery of investment advice by brokers,” said Bob Glovsky, 2010 Chair of the Board of Directors for the Certified Financial Planner Board of Standards, Inc. “We are hopeful that the SEC will use this authority to insure that all investment advice delivered to consumers – regardless of the source – will be in the clients’ best interests.”

In the final version of the finance reform legislation passed by the conference committee this morning, the bill includes a provision that will give the Securities and Exchange Commission rulemaking authority, following a study, to extend the fiduciary standard of care to brokers who give investment advice to individuals. The fiduciary standard of care would require brokers to act in the best interest of their clients, which is a higher standard than the suitability standard to which they are currently held.

This action by the conference committee comes on the heels of the Coalition joining with the Consumer Federation of America, North American Securities Administrators Association and Investment Advisers Association in calling for the conference committee to adopt the House language on the fiduciary standard of care.

In a previous letter sent to the conferees, the group noted that “requiring all financial professionals to act in the best interests of their customers when they provide investment advice is the single most important protection needed by the average Main Street investors.”

The average investor often times assumes that the financial adviser he is meeting with has a “fiduciary obligation” to him, meaning that the adviser must make recommendations in his clients’ best interests. However, that is not the case prior to this legislation becoming law.

“Giving the SEC rulemaking authority on fiduciary demonstrates Congress’s good faith efforts to provide the strongest possible consumer protection for all American investors. Once the SEC acts, we are hopeful that Main Street investors will be able to place renewed faith in their financial professionals,” said William Baldwin, 2009/2010 Chair of the National Association of Personal Financial Advisors.

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While the Coalition appreciates the work done on the fiduciary standard, it was disappointed that the conferees undermined some important consumer protections by stripping the SEC of its authority to regulate equity indexed annuities-EIAs. This provision reduces investor protection by preventing the SEC from preventing abusive sales practices associated with this commonly-used financial product.

“Although it is a great day for consumer protection with the fiduciary language in the final bill, it is unfortunate that Congress is taking away an important protection for the average consumer by stripping the SEC of its authority to regulate indexed annuities,” said Tom L. Potts, Ph.D., CFP® – 2010 Financial Planning Association® President. “Now there will be a high burden on the elderly and their children to use the utmost diligence when seeking advice about this type of financial product.”

In a poll released earlier this year by the Financial Planning Coalition, financial planners reported abundant examples across the country of consumers – particularly elderly clients – receiving dishonest or uninformed advice about indexed annuities and, as a result, losing access to their money during their retirement years.

**About the Financial Planning Coalition:** 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 Advisers (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](http://www.financialplanningcoalition.com).

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