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September 1, 2009

The Honorable Jennifer M. Granholm
Office of the Governor
State of Michigan
P.O. Box 30013
Lansing, MI 48909

Dear Governor Granholm:

The Financial Planning Association of Michigan*, the largest organization in Michigan representing financial planners and affiliated firms, has strong concerns regarding discussions to broaden the state sales tax and vigorously oppose any tax on financial planning services. As financial planners, we uniquely appreciate the need for a balanced budget. While a service tax on financial planning may help achieve this end for the State, it would place a burden on Michigan's individuals and families seeking professional financial advice.

In addition to providing competent and objective investment advice to individuals and families, financial planners guide their clients through the maze of financial issues including goal setting, cash flow and spending issues, tax planning, education planning, estate planning, insurance planning and retirement planning. Public and private sector employees also rely on financial planners to guide them when structuring and rebalancing their retirement plan portfolios. This is not a service embraced only by our wealthier citizens. Planning clients include middle and low income individuals and families. An additional tax will especially discourage many of them from seeking the planning they seriously need.

A service tax would be detrimental to the Michigan's small business owners who consult with financial planners when implementing employee benefit plans and making other important business decisions.

Very important: A service tax puts Michigan-based financial planners at a competitive disadvantage nationally. Many financial planning firms are small businesses and the cost of administering a service tax would be an additional financial burden.

In 2007, the legislature passed a law that broadened the sales tax to a number of services including those offered by financial planners. The legislature wisely repealed the legislation before it went into effect after reassessing the negative consequences it would have on Michigan's economy. We strongly urge you to consider the ramifications of this tax on middle and lower-income individuals and small businesses.

Respectfully,

Evelyn N. MacIntyre, CFP®
Government Relations Director
Board of Directors
Financial Planning Association of Michigan

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*The financial Planning Association of Michigan® (FPA® MI) is the largest organization in Michigan representing financial planners and affiliated firms, with more than 675 individual members. FPA® MI members directly manage more than \$40 billion in assets with a combined client base of 95,000.