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Financial Planning Coalition Applauds Senate Banking Committee for Taking Key First Step Toward Common Sense Regulation of Financial Planners

Legislation Enables GAO to Study Best Approach to Financial Planner Regulation

Washington, D.C. – March 24, 2010 – The Financial Planning Coalition today applauded the Senate Banking Committee under the leadership of Chairman Christopher Dodd (D-CT) for including in its financial reform legislation a provision that takes a critical first step toward protecting consumers by establishing basic competency and ethical standards for financial planners. The Coalition also recognized Senator Herb Kohl (D-WI) for his role in championing this key pro-consumer provision in the legislation. The bill passed late Monday by the Senate Banking Committee mandates a study of financial planners to be conducted by the Government Accountability Office (GAO). The GAO will make policy recommendations to the Senate and the House on the appropriate structure and scope for regulation of financial planners including the need to establish and enforce competency and ethical standards for all industry practitioners that market themselves as financial planners.

Financial planning is the process of advising individuals across a range of personal finance topics in addition to investment advice. The Coalition is comprised of the Certified Financial Planner Board of Standards, Financial Planning Association[®], and the National Association of Personal Financial Advisors and collectively represents 75,000 financial planning professionals.

“The Committee’s inclusion of a financial planner study in the financial reform bill represents the first step toward filling a regulatory gap and strengthening consumer financial protections,” said Coalition spokesperson Robert Glovsky, CFP[®], JD, LLM. “We are optimistic that soon, profession-wide competency and ethical standards will ensure that Americans can place their trust in anyone who markets themselves as a financial planner. We applaud the Senate Banking Committee for recognizing the need for regulation of the financial planning profession.”

The measures call for the GAO to make policy recommendations to Congress based on a 180-day study which would, among other things:

- Evaluate the effectiveness of current state and federal regulations to protect consumers from individuals who hold themselves out as financial planners without proper oversight;
- Identify legal or regulatory gaps in the regulation of financial planners; and

- Explore the possible risks posed to consumers by those who hold themselves out as financial planners, and the possible benefits to consumers of financial planner regulation.

The full Senate is expected to take up the financial reform bill after its two-week recess, which begins Friday.

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.

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