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Financial Planning Coalition Supports Recognition of Consumer Confusion Identified by GAO Study Related to Financial Planners

Study Findings Are Important First Step in Increased Consumer Financial Protection; Coalition Urges Legislation to Regulate the Profession

WASHINGTON D.C. – January 18, 2011 – The Financial Planning Coalition today responded to the findings of a [Government Accountability Office \(GAO\) study](#) on the regulation of financial planners. In its study, which was called for as part of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the GAO found significant evidence of consumer confusion surrounding the regulation and legal obligations of financial planners. The GAO also found that the full extent of the risk to consumers is murky because regulators do not currently track complaints and disciplinary actions specific to financial planners. While the GAO study identified numerous consumer protection and data collection issues associated with lack of specific, direct regulation of financial planners *per se*, it concluded that, given available information, an additional layer of regulation for financial planners does not appear to be warranted at this time.

“The Financial Planning Coalition – and the more than 75,000 stakeholders it represents – has championed the need for greatly increased consumer financial protection and the recognition and regulation of financial planning as a distinct profession,” said Charles A. Moran, CFP®, 2011 Chair of the Board of Directors of the Certified Financial Planner Board of Standards, Inc. “While the GAO study did not reach the conclusion we advocated, it recognized significant consumer protection issues and outlined steps to address them. The study will help inform our ongoing discussions with policymakers and will provide an important building block in our efforts to achieve recognition of the rapidly growing financial planning profession.”

“The GAO study on financial planning found that consumer confusion exists at many levels and also recommended that, since it is a growing profession, increased discussions, data gathering and information sharing is essential to Congress and regulators as they consider legislation and regulation to effectively oversee financial planners,” said Susan John CFP® AIFA®, 2010-11 Chair of the National Association of Personal Financial Advisors. “The GAO confirmed what we have known for years: there is great confusion among the public about the profession of financial planning.”

In relation to consumer protection and data collection issues, the GAO found that:

- Consumers may be unclear about when a financial planner is required to serve the client's best interests.
- Consumers may not understand or be able to distinguish among the numerous titles and designations used by financial planners.
- The extent of problems relating to financial planners is not fully known because the SEC does not track data on complaints, examination results and enforcement activities associated with financial planners.
- The SEC does not track data on financial planners because there are no laws that directly require registration and recordkeeping of financial planners *per se*.

The Coalition looks forward to participating in the upcoming discussion about how best to address these findings.

“The Coalition hopes that Congress and the various regulators who oversee the activities of financial planners heed the GAO recommendation to continue to study this issue and consider recommending an effective regulatory structure in the future,” said Marty Kurtz, CFP®, AIFA® and 2011 Financial Planning Association President. “We believe the study highlights the need for taking important steps to better protect consumers.”

The GAO study noted that many organizations they spoke with did not favor a structural change in the regulation of financial planners. It is not surprising that those who are taking advantage of regulatory gaps oppose additional regulation. However, consumers favor more regulatory protections. A survey commissioned by the Financial Planning Coalition found that 83% of voters surveyed supported increased regulation of those who identify themselves as financial planners.^[1]

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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^[1] http://www.financialplanningcoalition.com/docs/assets/F6650BE4-1D09-67A1-7A7D2368B7170602/FPC_survey_press_rls_2-16-10_FINAL_2_.pdf