

**2010**

**REPORT**

**TO**

**MEMBERS**

## Letter from FPA's 2010 President



As a member supporting the Financial Planning Association and the financial planning profession, your continued success is our top priority.

During my term as FPA's 2010 president, I watched staff hard at work developing and evaluating its member programs and services—conferences, online education, publications, research, technology infrastructure, website features, chapter relations, and practice management tools—the wealth of resources available to members is astounding. You'll see noteworthy highlights, referencing these and other FPA activities and initiatives, when you read the "2010 in Review" section of this report.

Our work in the legislative and regulatory arena is never-ending. FPA's staff in Washington, DC, constantly monitors activity on Capitol Hill, and keeps you apprised through its *Capitol Update* newsletter. They provide concise legislative summaries of recently passed bills affecting financial planners. Their grassroots efforts give FPA members an opportunity to get involved and be heard by leveraging their voices as members of the largest professional association in financial planning, and through FPA's involvement in the Financial Planning Coalition.

FPA remains an active participant in the Financial Planning Coalition, now in its second year of operation. We continue to meet frequently with representatives of the Certified Financial Planner Board of Standards and the National Association of Personal Financial Advisors to discuss the best ways for us, as a team, to influence the legislative and regulatory process in Washington on behalf of the financial planning profession. On July 21, 2010, key financial regulatory reform legislation called the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was signed into law. The Dodd-Frank Act mandated a Government Accountability Office (GAO) study on financial planning regulation, a study by the Securities and Exchange Commission (SEC) on investment adviser oversight, and an SEC study on applying a universal fiduciary standard to all who provide retail investment advice. The Financial Planning Coalition had a strong voice in the development of these studies and other provisions of the act. While we did not achieve everything we set out to accomplish, we were pleased to see our communications with lawmakers pay off with an overall positive outcome and a much stronger understanding of the financial planning profession.

FPA is focused on how relationships can advance financial planning and contribute to the well-being of our members and the public. The Financial Planning Coalition is one such example. A priority for me during my presidency was forming and strengthening alliances with our colleagues in the financial services industry, and with any organizations that could benefit from a relationship with FPA. Executive Director/CEO Marv Tuttle and I had countless meetings throughout the year with financial services firms, consumer and professional organizations, universities, and trade media around the country. A tangible example of the reward of alliances: the first-ever Financial Planning Days, conducted in over 20 cities last fall, was a result of FPA's collaboration with CFP Board, the Foundation for Financial Planning, and the United States Conference of Mayors.

With the Chapter Listening Tour a popular program in 2009, we continued our listening sessions with FPA chapters. We also met individually with chapter leaders and members. From these visits we received valuable feedback with regard to FPA's strategic and financial priorities for the coming year.

FPA's vision requires that we keep a strong foothold in the present that we may remain viable, and advance the practice and profession of financial planning *now*. We must, of course, respond to current events and current needs. All the while, we are aware that our thoughts and actions are steps to the future, as we consciously shape the legacy we shall leave, and the world we will help create.

A handwritten signature in black ink, reading "Tom L. Potts". The signature is written in a cursive, flowing style.

Tom L. Potts, Ph.D., CFP®  
2010 President  
Financial Planning Association

## Letter from FPA's Executive Director/CEO



According to the National Bureau of Economic Research, what's been called the Great Recession—which began in December 2007—officially ended in June 2009. Recovery certainly is not instant. Many of us still are feeling the effects of the recent economic catastrophe (high unemployment and a lukewarm housing market), but there have been encouraging signs of a positive shift: manufacturing is up, consumer spending is up (thankfully, so is saving), and the outlook on Wall Street and in investors' portfolios is more optimistic.

The Financial Planning Association is seeing its own signs of a stabilized economic climate. While we experienced a nearly 15 percent drop in our membership base from late 2008 to mid-2010, FPA is now holding its own in membership numbers with an eye toward steady growth, with a significant number who temporarily stepped aside now returning. Other FPA dependent revenue streams in non-dues areas of the organization, such as conferences and publications, showed improvement. Largely due to an early 2009 budget and staff restructuring, we have continued to prudently manage our operating budget without having a significant impact on core member benefits and services. In retrospect, our austere strategies for weathering the tough times were conducive to getting us through an unprecedented storm.

During the last two years, our board of directors and staff put a lot of energy and thought into the best ways to proceed and protect the association, and serve its membership to the fullest. It took strong leadership to get through a tough time. I am proud of my staff and board colleagues. For them, when faced with challenges, it's never a matter of *if* an objective can be accomplished; it's a matter of *how*.

Moving on, we remain undaunted in our desire to expand the FPA community in growth and quality of new members. In 2010 we launched our first-ever external branding campaign to reach out to others in financial services who share FPA's values and Standard of Care to re-grow our membership and to strengthen our contacts with consumers of financial planning services.

When I visit FPA chapters throughout the country and listen to members at our special knowledge cafés designed to gain a better understanding of the key issues affecting them, I see the passion, dedication, conscientiousness, and innovation that remain prevalent throughout the FPA community. If I could spend a day, a week, with them—with any of you, for that matter—I bet I would see those qualities at work continuously. I believe these are defining marks of leadership. Just like fiscal responsibility, leadership is a way of being—not a reaction.

That's why, in March 2011, we started a program called Leadership in Action. Each month, FPA will recognize a member who is making a difference every day with their clients, staff, family, or in their chapter or personal community. You'll see these leaders recognized on FPA's website, in our *Journal of Financial Planning* and online *FPA SmartBrief*, at our conferences, and through our social networking sites. If you know someone who would be a good Leadership in Action candidate, you can [nominate them](#) by visiting FPA's Leadership in Action webpage. I hope you enjoy these stories of every-day leaders. These people inspire me, for they aren't out for glory; they simply want to make a difference.

FPA's Destiny Statement is "Helping create a world where everyone thrives and prospers." From its staff, to its board, to its members, this statement is lived out in the FPA community. We are all leaders in making a difference.

A handwritten signature in black ink that reads "Marvin W. Tuttle, Jr." The signature is fluid and cursive, with a long horizontal line extending from the end.

Marvin W. Tuttle, Jr., CAE  
Executive Director/CEO  
Financial Planning Association

## FPA: 2010 in Review

Taking time to reflect and review calendar-year 2010, we present on the following pages some highlights—accomplishments, new initiatives and programs, and changes to existing ones.

At the end of December 2010, FPA had 23,593 members. From a membership perspective, the 2010–2011 fiscal year can be characterized as a year of stabilization, especially relative to the downturns FPA and other associations experienced in the prior two years. In fact, membership retention realized a 4.7 percent year-over-year gain in FY 2010/2011, compared with FY 2009/2010. In the first three quarters of this fiscal year, membership continued to decline. In the fourth quarter, however, member counts for each month began to show year-over-year increases. Better said, even though year-end total member counts were below those of FY 2009/2010, FPA saw a crossover beginning in the fourth quarter of the current fiscal year.

Looking forward, FPA is encouraged by this most recent improvement in both retention and member counts. We believe three factors contributed to membership stabilization. First, retention probably has reached its lowest point with respect to the loss of our most “vulnerable” members over the past two years, and no further significant drops are expected. The U.S. economy also appears to have stabilized, resulting in cautious optimism for the financial community and for its clients. And FPA continues to fine-tune its recruitment and retention marketing campaigns with improved messaging and targeting.

### 2010 in Review: Advocacy and Legislation

#### **Financial Planning Coalition**

FPA continued to participate in the Financial Planning Coalition, formed in January 2009, focusing with partners Certified Financial Planner Board of Standards (CFP Board) and the National Association of Personal Financial Advisors (NAPFA) on the recognition of financial planning as a profession through statutory regulation at the federal level.

#### **Financial Planning Regulation**

FPA successfully worked with its partners in the Financial Planning Coalition to lobby for a provision to be included in the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted in July, requiring the Government Accountability Office to conduct a study of financial planning and how it is regulated. The study would lay an important foundation for discussion with policymakers on the appropriate regulation of financial planners.

#### **Consumer Protection**

In 2010, FPA members responded strongly to multiple grassroots calls to action to help secure a key consumer protection provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act. With its passage, the Securities and Exchange Commission was granted authority to make rules that would hold broker-dealers to the same standards as investment advisers when providing personalized investment advice. A study by the SEC staff recommended that the SEC promulgate the fiduciary regulations.

#### **Adviser Fee Opposition**

The Financial Planning Coalition’s efforts helped defeat a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act that would have required SEC-registered advisers to pay a special fee to the SEC to fund its oversight of investment advisers. The provision was removed during the final negotiations over the bill, following a grassroots push by FPA members. The cost to advisers was unknown, but would likely have been considerable.

### **Tax-Cut Extension**

Throughout 2010, investors faced the prospect of significant tax increases in 2011. Late in 2010, Congress reached a deal to extend expiring tax cuts—including those on capital gains and dividends—for two years.

### **Independent Contractor Impact**

FPA worked with bill sponsors Senator John Kerry (D-MA) and Representative Jim McDermott (D-WA) to address concerns about the unintended impact on legitimate independent contractors, especially as it might affect independent broker-dealers. The lobbying effort resulted in changes to the legislation intended to lessen its potential impact; however, the bill failed to advance before the end of the legislative session.

### **Legislative Summaries for Members**

FPA provided members with summaries of bills passed by Congress that that would affect financial planners.

The Patient Protection and Affordable Care Act was signed into law on March 23, 2010. A second, smaller measure, making changes to the original law, was passed by Congress on March 25. FPA provided members with a summary of the benefits and tax implications of those bills.

FPA summarized the Dodd-Frank Financial Reform and Consumer Protection Act, passed in July 2010, which addressed issues of the fiduciary standard and the regulation of financial planners. The act also moved oversight of mid-sized investment advisers from the federal government to state regulators and required the SEC to study whether an investment adviser self-regulatory organization would increase the number of adviser exams. (See additional descriptions earlier in this section.)

FPA also supplied summaries of two critical tax bills passed in 2010. The Small Business Jobs Act was signed into law on September 27, 2010, and provided tax and healthcare benefits to small businesses and self-employed individuals. The Tax Relief Act of 2010 became law on December 17, 2010. The legislation provided a short-term extension of tax cuts made in 2001, addressed the alternative minimum tax, and made changes to estate, gift and generation-skipping transfer taxes.

## **2010 in Review: Public Relations**

### **Branding Initiative**

FPA launched a multifaceted branding initiative that included a trade and consumer advertising campaign to promote membership and consumer services provided by FPA; consumer and professional website consolidation and design update; and launch of *FPA SmartBrief*.

### **Media Impressions**

In 2010, FPA's media relations efforts resulted in FPA inclusion in more than 2,300 media articles, generating tens of millions of impressions.

### **Social Networking and Media**

Due to proactive management by FPA staff, participation more than doubled on FPA's Twitter, Facebook and LinkedIn social networking sites in the 2010 calendar year.

One of the sessions offered at FPA Denver 2010, FPA's annual educational conference, was the Social Media Boot Camp. Attendees received guidance on building their own online presences through blog and Twitter pages, podcasts, videos and text comments. At FPA's annual conference, FPA staff and conference attendees reported on events via Twitter. Readers were able to browse real-time session summaries, commentary, observations, news, updates, and photos.

### **Pro Bono Boot Camp**

In 2010, FPA trained nearly 600 planners to work with the underserved via its Pro Bono Boot Camp and the Financial Planning Days Boot Camp programs.

### **Pro Bono Guidance for Chapters**

FPA Pro Bono staff assisted numerous chapters by providing guidance on developing, maintaining and expanding their pro bono programs; facilitating peer-to-peer support for chapter pro bono directors; and offering training and support to them around the Financial Assessment System/Money 101 tool.

### **Consumer Website**

FPA educated the public on the value of financial planning by offering new resources and tools on its consumer website, including how-to personal finance videos, a financial planning Starter Roadmap, and a Social Security Predictor.

### **Financial Planning Week**

FPA celebrated its ninth annual Financial Planning Week in October 2010. During this special week, FPA and its nationwide network of chapters hosted more than 70 financial planning education activities including seminars, workshops, hotlines and pro bono counseling to help thousands of Americans discover the value of financial planning and make smart financial decisions. Financial Planning Week was also recognized on ASAE & The Center for Association Leadership's 2010 Associations Advance America Honor Roll, which acknowledges associations that propel America forward.

### **Financial Planning Days**

FPA collaborated with Certified Financial Planner Board of Standards, the Foundation for Financial Planning, and the U.S. Conference of Mayors to provide free financial education to thousands of Americans via a series of daylong workshops and one-on-one pro bono financial planning counseling in communities nationwide each year. In more than 20 cities across the country, financial planners met with attendees to answer questions on budgeting, getting out of debt, income taxes, dealing with mortgage foreclosures, paying for college, estate planning and insurance, among other topics.

### **Wall Street Journal Supplement**

FPA and *The Wall Street Journal* teamed up for the sixth time to offer a special online advertising section titled "Advanced Strategies in Financial Planning."

## **2010 in Review: Research**

### **Academic Projects**

The FPA Research Center supported academic research by partnering with dissertation students and professors on projects and papers. Last year's academic projects included dissertation research on annuity use by financial planners with a Texas Tech Ph.D. student and a study of how CFP certificants perceive personal trust as an investment-risk attribute with Dr. Robert A. Olsen, Professor Emeritus, California State University.

### **Compensation Study**

FPA's compensation study launched in 2009 and was enhanced in 2010. Over 1,000 FPA members participated in the 2010 survey and received a free copy of the *2010–2011 Financial Planning Salary Survey*.

### **Technology Series**

The FPA-ActiFi Technology Series launched in February 2010 with the comprehensive “Customer Relationship Management” report, which included adviser research and detailed functionality scores for 16 solutions. The report, “Financial Planning Software,” was released in June, and the “Compliance Software” report was released in September.

### **White Papers**

The FPA Research Center also released two new white papers. “A Year After the Market Crash” addressed how planning has changed as a result of the October 2008 market crash. Unique research was done for FPA members to learn how they compare with the average planner in terms of client interactions, investment recommendations, changes in investment philosophy, client investment actions, and general planner and practice effects. “Marketing Methods: Planner Best Practices” identified both common and uncommon marketing strategies and highlighted the most successful methods.

## **2010 in Review: Programs and Products**

### **Weekly Online Newsletter**

*FPA SmartBrief*, a free, weekly online newsletter providing quick reads for subscribers on current events, practice management, legislative activities and FPA happenings, launched in early March of 2010.

### **FPA Fiduciary Education Initiative**

The fiduciary education initiative was developed, focusing on key principles of cultivating the body of knowledge and advancing the profession; establishing a pattern of responsibilities for products and services; promoting consistent behaviors of professional conduct; and outlining a decision-making process and corresponding leadership behaviors that can be applied throughout the financial planning process.

Addressing the need for fiduciary education for financial planning professionals, FPA worked with fiduciary expert Don Trone and training firm Greene Consulting to develop the first in a series of fiduciary books and training programs for financial planners. *Fiduciary Ethos—FPA Edition* was released as a book, in digital format, and as a corresponding training program.

FPA featured fiduciary education in 2010 at FPA Retreat in April; through press releases, FPA’s website, and e-mail communications; at the Major Firms Symposium and FPA’s annual conference in October; at the Chapter Leaders Conference in November; through the Virtual Learning Center; and in several chapter presentations.

### **Financial Planning Challenge**

In a first-time endeavor, FPA worked with the Academy of Financial Services, Ameriprise Financial, and CFP Board to host the Financial Planning Challenge, a three-part student competition that featured 19 teams from 13 U.S. colleges and universities. The winners were announced on October 11 at FPA Denver 2010, FPA’s annual conference in Denver, Colorado. A team from William Paterson University took home the first-place prize of \$10,000 and the Career Coach Award. The second-place team, Fort Hays State University, received \$5,000, and a Colorado State University team received \$1,000.

### **Life-Cycle Investing Program**

FPA and Boston University offered the Life-Cycle Investing for Financial Planners program at Boston University in July 2010. The program was geared toward professionals interested in advising clients on life-cycle investment and risk management approaches.

### **Discounted Retirement Planning Resources**

FPA members were able to receive a discount on some of InFRE's (the International Foundation for Retirement Education) educational packages, offered through the InFRE Retirement Resource Center. In addition, CRC (Certified Retirement Counselor) certificants were given discounted access to FPA's Virtual Learning Center archives and became eligible for a group membership program discount.

### **Practice Transitions Online Forum**

Using a popular online networking tool, LinkedIn, FPA created a subgroup called Practice Transitions, where members could post practices for sale, interest in partnering with other planners, discussions about succession planning, and links to transition resources and tools.

### **Member Advantage Program**

Since its launch in 2009, the FPA Member Advantage Program continued to be an active service used by members and chapters. In 2010, FPA added several participants to this member discount program, including the International Foundation for Retirement Education (InFRE) and SmartXpress office products.

### **Membership Category Consolidation**

In an effort to provide an optimum membership experience, FPA consolidated its 11 membership categories down to 7 to better meet the needs of its growing community. FPA created a New to the Profession category, allowing individuals who have been practicing in the financial planning industry five years or less to join at a reduced rate and remain in this category for up to five years as they focus on growing their business.

### **FPA Annual Conference and Exposition**

In October 2010, FPA announced the re-branding of its annual conference: [FPA Experience](#). The new name was chosen to encompass the overall experience at the annual conference of the financial planning community: top-notch education, an exhibit hall filled with product and service providers, and organized and informal networking opportunities.

## **2010 in Review: FPA Communities**

### **Student Chapters**

The result of work begun in late 2009, FPA announced its first six official student chapters: William Paterson University, Virginia Commonwealth University, Utah State University, San Diego State University, the University of Georgia, and Kansas State University. The aim of student chapters is to provide opportunities for students to learn about financial planning, connect with financial planning professionals, develop leadership skills, and learn about possible internships and employment.

### **International Community**

FPA members representing 13 countries gathered in Budapest, Hungary, for the first face-to-face meeting of FPA's International Community. Holding quarterly conference calls, occasional in-person meetings, and hosting an online Google group, this community was formed as a way for FPA members anywhere in the world to share ideas and resources.

### **New International Membership Structure**

With the creation of a new membership structure, FPA's international representation doubled to more than 500 members from nearly 50 countries. The countries with the largest representations within FPA's international membership are Brazil, Canada, and Ireland.

### **Women and Finance Community**

In August 2010, FPA sent an invitation to all female members to take part in a new community called Women and Finance. It was left to the group to decide whether the focus would be on issues female planners face or how best to provide planning to clients who are women. Within a short period of time, over 400 people had signed up, making this FPA's largest community to date.

## **2010 in Review: Publications**

### **Social Media**

FPA's Practice Management Center Blog became the most active FPA blog with new postings two to three times a week. Monthly blog views steadily increased from a few hundred a month at inception (September 14, 2009) to an average of more than 2,000 near the end of 2010.

### ***Journal of Financial Planning***

In addition to its technical contributions and columns, the *Journal of Financial Planning* published interviews with author/professor Zvi Bodie, *New York Times* personal finance writer Ron Lieber, former U.S. comptroller general David Walker, and modern portfolio theory pioneer Harry Markowitz.

### **FPA Press**

FPA Press published *Financial Intelligence*, a book by popular and innovative business consultant Doug Lennick.

### ***Practice Management Solutions***

An electronic version of *Practice Management Solutions* was launched in 2010.

## **2010 in Review: Technology**

### **Behind the Scenes**

Some of FPA's technology successes happened behind the scenes to improve the member experience, developing more user-friendly applications and upgrading the membership database. FPA also consolidated its URLs (website addresses), reducing the number of URLs from 76 to 4, in order to clarify FPA's online identity to members and the public.

### **Website Consolidation**

In mid-September, FPA consolidated its three websites—consumer, *Journal of Financial Planning*, and the member/professional site—into a single website: [www.FPAnet.org](http://www.FPAnet.org). The new design included gearing the home page toward consumers, with clear links to the member/professional and *Journal* areas of the website.

## **2010 in Review: Board Activities**

### **Strategic Discussions**

The Financial Planning Association Board of Directors considered and addressed issues in shaping the association's and profession's future: FPA's role in serving consumers; FPA membership growth; FPA governance; competency models for financial planning; and regulation of financial planning.

### **Strategic Priorities**

The FPA Board approved key strategic priorities for 2010–2011, authorizing FPA staff to move forward with their execution:

1. Branding
2. Regulation of financial planning through an appropriate baseline standard
3. Organizational/governance review
4. Fiduciary education
5. Assessment of referral service model
6. Financial responsibility and accountability

### **FY 2011 Budget**

At the May board meeting, following a report from the Finance Committee that FPA would end fiscal year 2009/2010 ahead of its projected budget, and a review of the proposed 2010/2011 budget by FPA's associate executive director/CFO, the 2010/2011 budget was approved.

### **Chapter Listening Tour**

In 2009, FPA launched a series of listening sessions with FPA chapters to foster dialogue on issues facing members, the profession, and the association. The Chapter Listening Tour continued in 2010, with board leaders and FPA staff having visited these chapters as of November 2010: Greater St. Louis, New Jersey, Philadelphia Tri-State, Greater Kansas City, Oregon and Southwest Washington, Orange County, Charlotte, and Southern Wisconsin.

### **Revised National Media Policy Motion**

In reviewing several key FPA policies, the 2010 Governance Committee proposed revising the National Media Policy to be simpler and more clear. At its July meeting, the board approved the proposed changes to the media policy.

### **National Pro Bono Participation Policy**

In September, the board approved a proposed Pro Bono Participation Policy that would ensure consistency of representation, information and procedures for any of FPA's pro bono financial planning efforts.

### **Financial Philosophy Revision**

At its November meeting, the FPA Board approved proposed revisions to FPA's Financial Philosophy, including amendments to its visioning statements and seven primary strategies that support those statements.

### **Board Elections**

Also at its November meeting, the board held its annual elections, naming Paul Auslander 2012 president. Elected to the board for terms starting January 1, 2011, were Samuel J. Gallucci, Rob Hoxton, Julie Littlechild, Keith Loveland, Mark L. Prendergast, and James Tissot.

## Financial Results and Current-Year Forecast

### Analysis from FPA's Associate Executive Director/Chief Financial Officer



At the outset of 2010, FPA members, corporate partners and the association itself were still reeling from difficult economic times. U.S. forecasts projected slow growth and recovery for 2010—FPA did as well.

On the finance front, FPA benefitted from the proactive steps it took in early 2009. Anticipating that revenues would decline \$2.7 million, we reorganized our spending plans in an effort to maintain financial stability for the foreseeable future. Those plans have remained in effect throughout 2010 and into the current fiscal year, which ends May 31, 2011. As you can see from the table below, the last few years have been challenging; however, we reacted quickly in an effort to keep our operating budget under control.

The following table summarizes FPA's financial results for the years ending May 31, 2009 and 2010, and projected results for the 12-month period ending May 31, 2011:

Summary Financial Results	Year Ending May 31, 2009 Actual	Year Ending May 31, 2010 Actual	Year Ending May 31, 2011 Forecast
Operating Revenues	\$16,408,658	\$13,846,848	\$13,455,811
Operating Expenses	<u>16,408,276</u>	<u>13,745,404</u>	<u>13,024,902</u>
Operating Income	382	101,444	430,909
Investment Gains (loss)	(1,017,927)	458,780	360,000
Branding Initiative Costs	—	—	(530,878)
Other extraordinary items	<u>33,410</u>	<u>—</u>	<u>(40,000)</u>
<b>Net Income (Loss)</b>	<b>(\$984,135)</b>	<b>\$560,224</b>	<b>\$220,031</b>
<p><i>Note: Financial results in this discussion exclude those related to the National Financial Planning Support Center, FPA's wholly owned charitable organization supporting pro bono efforts. Audited financial statements can be found on FPA's website.</i></p>			

The forecasts FPA developed in early 2009 and 2010 were essentially on target. There's no question we navigated uncharted waters with our finances the past few years; but the bigger question now is when our revenues will begin to turn—particularly as we develop future budgets and business plans.

Throughout 2010 we kept a close eye on various trends affecting FPA's finances. I'm encouraged to see that membership numbers have stabilized—in fact, membership retention has increased 4.5 percent this past year to a projected level of 80 percent for the fiscal year ending May 31, 2011—despite continuing challenges we experience in recruiting new members. In addition to an improving economy, I am optimistic that the branding initiative launched on October 1, 2010, will stimulate acquisition growth and further stabilize membership for FPA. While it's too early to predict the full impact of this initiative, I anticipate a 3–4 percent membership growth rate next fiscal year, which begins June 1, 2011. This, too, should have a trickle-down effect throughout other revenue streams of the organization.

For 2010, I’m pleased to report that meeting registration revenues rose nearly 16 percent—an additional sign FPA’s economy is improving, our members businesses are rebounding, and FPA’s finances are stabilizing. That being said, meeting registrations remain 35 percent short of levels we experienced prior to the financial crisis—we have some work ahead of us, but trends look favorable.

Our corporate community also was not insulated from the effects of the past economic crisis. The biggest question is if and when these dollars will return to previous levels. Our forecast for the period ending May 31, 2011, marks the second consecutive year we’ve experienced declines—totaling \$2.0 million since 2009 (unlike the dot-com bust/recovery in the early 2000s where corporate dollars returned at a much quicker pace). Efforts are under way to restructure FPA’s approach and offerings to stimulate interest and engagement within the corporate financial services community.

Following are highlights of FPA’s financial results for the past year as well as the current year, which began June 1, 2010:

Operating Results	Year Ending May 31, 2010 Actual	Year Ending May 31, 2011 Forecast	% Change
<b>Operating Revenues</b>			
Individual Member Dues	7,721,392	7,529,106	(2%)
Meeting Attendee Registrations	1,191,731	1,384,956	16%
Corporate Member Dues	561,240	491,797	(12%)
Corporate Advertising	843,515	795,794	(6%)
Corporate Sponsor and Exhibits	2,805,695	2,503,466	(11%)
Other Revenues	<u>723,275</u>	<u>750,692</u>	<u>4%</u>
<b>Total Revenues</b>	<b>\$13,846,848</b>	<b>\$13,455,811</b>	<b>(3%)</b>
<b>Operating Expenses</b>			
Direct Program Expenses	4,408,723	4,461,099	1%
Overhead Expenses			
• Compensation Costs	5,732,864	5,209,507	(9%)
• Chapter Dues Sharing	1,371,994	1,341,878	(2%)
• Administrative and Fixed	<u>2,231,823</u>	<u>2,012,418</u>	<u>(10%)</u>
<b>Total Expenses</b>	<b>\$13,745,404</b>	<b>\$13,024,902</b>	<b>(5%)</b>
<b>Operating Profit/Loss</b>	<b>\$101,444</b>	<b>\$430,909</b>	

Note: Audited financial statements for the period ending May 31, 2010, can be found on FPA’s [website](#).

Financial Position	Year Ending May 31, 2010 Actual	Year Ending May 31, 2011 Forecast
Cash	\$1,814,255	\$1,856,122
Short-Term Investments	2,485,007	2,495,007
Other Current Assets	<u>714,985</u>	<u>774,407</u>
<b>Total Current Assets</b>	5,014,247	5,125,536
Long-Term Investments	2,521,823	2,871,823
Property & Equipment (Net)	<u>815,620</u>	<u>338,878</u>
<b>Total Assets</b>	<b>\$8,351,690</b>	<b>\$8,336,237</b>
Accounts Payable & Accrued Expenses	\$887,200	569,515
Unearned Dues and Income	5,544,333	5,706,942
Other Liabilities	<u>112,801</u>	<u>31,051</u>
<b>Total Liabilities</b>	<b>6,544,334</b>	<b>6,307,508</b>
Net Assets	<u>1,807,356</u>	<u>2,028,729</u>
<b>Total Liabilities and Net Assets</b>	<b>\$8,351,690</b>	<b>\$8,336,237</b>

Investments	Year Ending May 31, 2010 Actual	Year Ending May 31, 2011 Forecast
Short-Term Money Market	\$2,485,007	\$2,495,007
Fixed Income Mutual Funds	1,024,817	924,817
Equity Mutual Funds	<u>1,497,006</u>	<u>1,947,006</u>
<b>Total Investments</b>	<b>\$5,006,830</b>	<b>\$5,366,830</b>

Investment gains for the year ended May 31, 2010, were \$458,780, while gains projected for May 31, 2011, are \$360,000 (representing 75 percent of unrealized gains that existed as of March 31, 2011). FPA's finances are guided by policies outlined in its Financial Philosophy. A key statistic used by FPA and other membership organizations to measure financial strength is based on the level of net assets—specifically, net assets as a percentage of total assets. For the year ending May 31, 2010, and projected at May 31, 2011, FPA's net asset percentage was 21.8 percent and 24.3 percent, respectively. FPA's goal over the next 6 to 10 years is to achieve and maintain a net asset percentage of 50 percent—a norm for associations of our size.

While the past few years have challenged our finances, we remain committed to increasing our fiscal viability to provide benefits to you, our members, for years to come.



Curtis W. Niepoth, CPA  
Associate Executive Director/CFO  
Financial Planning Association

## FPA Core Beliefs

### Primary Aim

FPA is the community that fosters the value of financial planning and advances the practice and profession of financial planning.

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### Core Values

At FPA, our Core Values represent who we are. They describe our intended state of being. They are so integral to our being that we would not abandon them even if we were penalized for holding them. We want to attract as members those who share our values:

#### Competence

Our dedication to competence requires not only lifelong learning, but also that we continually assess our ability to appropriately and effectively address the needs of those we serve.

#### Integrity

We strive to have ever more congruence between our words and deeds, and to deliver genuine value to those whom we serve.

#### Relationships

We are committed to open, inclusive and respectful relationships, including collaboration among diverse parties on common interests.

#### Stewardship

We recognize our responsibility to act with vision, ever mindful of the effects of our actions today and tomorrow on the future.

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### Code of Ethics

From its earliest designs, the Financial Planning Association (FPA) included a mandate that members adhere to a Code of Ethics that reflects their commitment to help clients achieve their life goals. All FPA members are asked to commit to this Code, CFP® certificants and non-CFP® certificants alike.

FPA's Ethics Committee is charged by the Board of Directors with reviewing alleged violations to the Code of Ethics and advising staff on ways to enhance awareness by FPA members of their obligations under the Code.

- Integrity
- Objectivity
- Competence
- Fairness
- Confidentiality
- Professionalism
- Diligence

### **Standard of Care**

Whereas the public expects to experience a high level of confidence, trust and clarity in relationships with professionals trained in the distinct process and discipline of financial planning, it is essential that they obtain a commitment of professional care, quality and excellence in the services they receive.

All financial planning services will be delivered in accordance with the following standard of care:

- Put the client's best interests first.
  - Act with due care and in utmost good faith.
  - Do not mislead clients.
  - Provide full and fair disclosure of all material facts.
  - Disclose and fairly manage all material conflicts of interest.
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### **Business Objectives**

Our Business Objectives describe actions we will take to achieve our Primary Aim. We seek to accomplish this through strong and active leadership in partnership with FPA's community of chapters.

- Unify the voice, focus and resources of the financial planning community, bringing together those who champion the financial planning process.
  - Facilitate the success of our members and grow the organization.
  - Cultivate the body of knowledge of personal financial planning.
  - Advance awareness of the characteristics of professional financial planners and support the standards of the CFP® certification in order to serve the public.
  - Define and effectively communicate a common understanding of the discipline of personal financial planning and the benefits of its use.
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### **Destiny, Cause and Calling**

#### **Destiny**

Helping create a world where everyone thrives and prospers.

#### **Cause**

An inspired community transforming lives through inclusivity, innovation and collaboration.

#### **Calling**

Champion the heart of financial planning by leading people to grow, to act and to live their dreams.

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