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Financial Planning Standards Council

Remarks to Ontario Ministry of Finance

*Roundtable 1: Investigating the Merits of More
Tailored Regulation of Financial Planning In Ontario*

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Financial Planning Standards Council
902-375 University Avenue, Toronto, ON M5G 2J5
1.800.205.9886 | www.fpsc.ca

Financial Planning Standards Council (FPSC®) is a not-for-profit organization that develops, promotes and enforces professional standards in financial planning through the granting and enforcement of the CERTIFIED FINANCIAL PLANNER® certification. Those who achieve this distinction are trained to provide financial planning at the highest level of competence expected of the profession. In Canada there are over 17,000 CERTIFIED FINANCIAL PLANNER professionals in good standing, over 9,000 of them in Ontario. Further, through our membership in the international Financial Planning Standards Board and corresponding network which spans 24 territories, there are over 150,000 CERTIFIED FINANCIAL PLANNER professionals worldwide.

Certification granted by FPSC provides assurance to Canadians that the design of their financial future rests with a competent and qualified professional who will put clients' interests ahead of their own. FPSC, together with our partners in Quebec, the Institut québécois de planification financière (IQPF), continually develop, promote and enforce the highest standards of competence, practice and ethics for the profession.

I also currently chair the Coalition for Professional Standards for Financial Planners, a group of four organizations who have developed and published a statement of principles by which we believe financial planners should be bound. In addition to FPSC, the Coalition members include the Canadian Institute of Financial Planners, the Institute of Advanced Financial Planners, and the Institut québécois de planification financière.

We are encouraged by the Ontario government's interest in this topic and are pleased to offer our expertise in the development of a solution for Ontario.

There has recently been much discussion on a number of regulatory matters regarding existing regulation related to product based advice and transactions. However, we are concerned that the continued focus related solely to product-based advice and transactions at the expense of discussion regarding requisite standards and oversight related to professional, non-product specific advice (that is, financial planning) is doing the public a disservice.

We have identified two fundamental problems:

- First, studies have clearly demonstrated that Canadians are not getting the financial planning help they need, from qualified, professional financial planners. This is partially the result of a lack of understanding of how to identify a qualified financial planner and of what they should expect of a financial planner and/or a financial plan.
- Second, today's unregulated financial planning environment leaves consumers vulnerable and at risk of receiving advice from individuals holding themselves out as planners but who have not had to meet any qualifications based on accepted, unified standards of ethics, competence or practice. The term "financial planning" is too often used as a sales pitch to sell product and the title "financial planner" is used haphazardly throughout the industry. The majority of those people in Canada who imply through title and/or advertising that they are financial planners are in fact licenced and qualified only to give advice relating to product recommendations or purchase. An expertise in product advice gained from licensure does not equate to competence in financial planning. Nevertheless, our studies have shown that consumers believe it does.

There is no doubt that Canadians need the guidance of competent, professional financial planners. Study after study reveals the current societal challenges we face. An aging population has put great strain on our social safety nets—in fact, Premier Wynne recently highlighted this issue as it relates to retirement security; consumer debt levels continue to escalate; and gaps in workplace wellness programs have left our population in the most financially vulnerable and precarious positions that we have experienced in decades.

The time is clearly ripe for financial planning. However, during these times of societal vulnerability it is important that consumers are appropriately served and protected by qualified and competent financial planners. Clear, singular standards of competence, ethics and practice must be accepted and permitted to be enforced.

We are pleased that the Ontario government has identified that further regulation regarding the purchase of investment or insurance products may not be the answer when it comes to consumer protection regarding financial planning.

It is our view that:

1. There must be a single, unified set of standards for financial planners and financial plans so that consumers will be protected by knowing their financial planner has the necessary professional competencies and will act ethically with due prudence and professionalism;
2. There must be a unified definition of what is a financial planner and financial planning and what constitutes a financial plan so that consumers understand their importance and know what to expect when seeking out a financial planner;
3. The government should create title and holding out restrictions. Only those who have demonstrated their competence by meeting a single, unified qualification standard and ongoing professional ethics and continuous professional development requirements should be permitted to call themselves financial planners. As a result, consumers will cease to be at risk of poor or inappropriate planning by those who have not met minimum competency standards; and
4. Financial planners' accountability should be to a professional oversight body that understands financial planning and professional obligations and that represents the public interest. Standards-setting for, and oversight of financial planners should not be placed, on a piece-meal basis, through product and product-advice-based regulation. A professional model for financial planners will provide confidence to consumers that their interests are represented and protected by a cross-sector body that is expert in financial planning, and expert in the establishment and enforcement of professional financial planning standards.

FPSC and its coalition partners have been working diligently to bring forward a single unified set of minimum standards required to hold out as a financial planner and unified definitions of what constitutes a financial planner, financial planning and financial plan. These standards and definitions are based on those already enforced and accepted by over 22,000 licensed or certified financial planners in Canada. These standards and principles that our Coalition is proposing form the basis of a professional model for financial planning, not only in Ontario, but for all of Canada.

The solution we propose is simple – codify in law the professional certification structure, governance and oversight mechanisms that already exist in practice, but that are currently voluntary, and make them a requirement for all who wish to claim financial planning as their own.

Such a model remains self-funded by professional financial planners and establishes no additional regulatory burden other than to require that all who claim to be professional financial planners meet and continue to meet the competency and ethical requirements expected of those who have stepped up to, and continue to adhere to, the unified standards already established by FPSC and the Institut québécois de planification financière (IQPF). The Coalition will elaborate on this framework in our written submission.


This model will benefit all stakeholders.

- First, the Ontario Government will benefit from the adoption of greater consumer protection through a simple, proven, “no added cost” model.
- Industry will benefit through reduced compliance risk, assurance of consistency of quality delivery of financial planning and clear and simple direction regarding qualification requirements.
- Existing regulators will benefit by having the consumer protection issues related to financial planning addressed through an appropriate professional self-regulatory approach.
- The financial planning profession will benefit from the increased confidence placed in financial planners, and added credibility and clarity of their role as critical players in helping guide Ontarians to a better financial future.
- Finally and most importantly, consumers will benefit as they will have greater protections and clarity around what they should expect from a financial planner. Further, through participation in the planning process only with a duly qualified individual, consumers will gain greater control of their financial futures and will be protected from the potentially devastating damage that can be done by the advice provided by individuals holding themselves out as financial planners who are neither certified nor competent to do so.

In conclusion, a professional self-regulatory model for financial planners, with a single unified set of standards of competence, practice and ethics regardless of what products the planner may or may not be licensed to sell, with standards established by experts who know and understand financial planning, administered through a governance structure that includes both practitioners and members of the public, will instill confidence in financial planning and financial planners.

If undertaken correctly, such a model will ensure that consumers working with a financial planner will be working with an individual who has not solely been licensed to sell or provide advice on specific insurance, mutual funds or securities, but with someone who has met strict standards of care, competence, practice and ethics to help guide them to greater financial well-being by sorting out the complexities of a multitude of often-competing financial needs and priorities.

FPSC appreciates the opportunity to provide our comments on this important topic. In partnership with the Coalition for Professional Standards for Financial Planners, we will be submitting a written document that will provide more detail regarding the problem and our proposed solution; in the meantime, I would be happy to address any specific questions at this time and look forward to the ensuing conversation.

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