



**FPSC** FINANCIAL  
PLANNING  
STANDARDS  
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## **Financial Planning Standards Council**

### **Remarks to Ontario Ministry of Finance** *Presentation to the Standing Committee on Finance and Economic Affairs on Bill 91, Building Ontario Up Act, 2015*

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Check against delivery



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Good morning everyone. I am Cary List, President & CEO of Financial Planning Standards Council and I would like to thank the members of the Committee for inviting me to present on Bill 91 –the “Building Ontario Up Act”. I also serve on behalf of FPSC on the Federal National Steering Committee on Financial Literacy and as Chair of the Financial Planning Coalition, a group of four organizations dedicated to professionalising financial planning.

I would like to limit my remarks today to speak directly about strengthening Ontarians’ retirement security and specifically, the government’s announcement in the 2015 Budget of the appointment of an expert committee to thoroughly consider more tailored regulation of financial advisors, including financial planners.

FPSC was formed in 1995, as its name implies, to establish standards for financial planning in Canada. Over the past 20 years, the Financial Planning Standards Council (FPSC) has been developing, refining and enforcing standards for the financial planning profession. As a non-profit organization whose “moral” owner and primary stakeholder is the Canadian public, we do not directly represent the interests of those we certify, rather we determine the appropriate knowledge, skills, abilities, ethics and judgments required of financial planners, and we hold those whom we certify accountable to rigorous professional oversight. We approve educational curriculum, we hold two national examinations, for over 1,000 FPSC Level 1™ or CFP/CERTIFIED FINANCIAL PLANNER® professional candidates, twice yearly, and we assess candidates against competencies expected and determine who meets the requisite standards. Our pass/fail rates reflect the fact that it is not easy to meet the standard we have set – nor should it be. Canadians deserve a high standard when dealing with financial matters.

Once certified as an FPSC Level 1 or CERTIFIED FINANCIAL PLANNER certification holder by FPSC, you must attest annually to meeting standards of professional responsibility and a code of conduct which includes the critical component of any recognized profession – your clients’ interests must come before all others. We also vigorously enforce this code on behalf of Canadians.

FPSC’s purpose is to instill confidence in the financial planning profession, because Canadians must be able to trust financial planners to help them achieve their financial wellbeing.

I’m afraid that we have been climbing a steep hill toward the fulfillment of this purpose, given the lack of recognition of the societal importance of financial planning in Canada. While there are approximately 22,000 individuals in Canada who currently meet professional standards for financial planners – over 9,000 in Ontario – there are thousands more in Ontario, and tens of thousands across the country, who imply through title or advertising that they too are financial planners, yet who have not met any financial planning qualifications. Unfortunately, anyone outside of Quebec can still call themselves a financial planner, regardless of qualifications, knowledge, skills or abilities, or ethics.

In fact, the majority of the 80,000 “financial advisors” in Canada are individuals whose qualifications relate specifically to the products they are licensed to sell and the advice they may provide related only to their license. Such individuals however, have no requisite training or qualifications for broader, more holistic financial planning advice. Expertise gained through

securities, mutual funds or insurance licensure does not equate to competence in financial planning. Unfortunately however, most consumers don't know the difference. Most believe that a mutual funds license for example, equates to financial planning expertise, and that financial planning is regulated. Not surprisingly, they also believe that those holding themselves out as financial planners must be qualified for the financial planning advice they give.

Consumers don't know how to identify a qualified professional and also have a lack of understanding as to what they should expect of a financial planner. Canadians use the terms investment advisor, insurance advisor and financial planner interchangeably, yet the qualifications for each are wildly different; in fact, the term "financial advisor" can mean any of the above.

As a result of this confusion, today's environment leaves consumers vulnerable and at risk of receiving advice from individuals who have not had to meet any qualifications based on accepted, common standards of competence, ethics or practice. Consumers need help wading through a myriad of complex financial issues to achieve their life needs and goals. Specifically, they deserve to know whom they can trust to get the help they need, and they need help from financial planners who are qualified to see the big picture.

To address these issues, FPSC has partnered with the Institute québécois de planification financière, our sister organization in Quebec, to create the first ever unified definitions, standards and competencies for financial planners across Canada. This joint publication performs an important role, as it provides consistency of expectations across the financial planning profession, regardless of sector.

To further address these issues, FPSC and our partners in the Financial Planning Coalition offer a solution which is simple in nature but profound in impact, and we look forward to working with the expert committee to discuss the issue and proposed solutions.

Specifically we suggest that:

1. The adoption of a single, unified set of standards for financial planners;
2. The recognition and adoption of the *Canadian Financial Planning Definitions, Standards & Competencies* – a joint publication of Financial Planning Standards Council and Institute québécois de planification financière;
3. The creation of title and holding out restrictions that reserve the use of the title "financial planner" for only those who have demonstrated their competence by meeting a single set of unified qualification standards, ongoing professional ethics and continuous professional development requirements; and
4. The establishment of legal financial planner accountabilities to a professional oversight body that understands financial planning...

Will go a long way to solving the consumer confusion and protection issues that exist today.

Such a model will ensure that consumers are working with an individual who has met strict standards of care, competence, practice and ethics to help guide them to greater financial well-being.

I thank you for your time and look forward to working with the expert committee that has been established to tackle this long-standing problem, and in the meantime I welcome your questions.

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