



## **In Defense of “Faux Planners”**

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The registered investment adviser (RIA) community should take notice of recent commentary from former Financial Planning Association (FPA) president, Dan Moisand. In two recent Journal of Financial Planning pieces (“*Collective Wisdom*”, JFP, September 2008 and “*The Financial Planning Act of 2008*”, JFP, October 2008), Mr. Moisand expressed his opinion that RIA representatives who practice financial planning but do not hold the CFP designation are “faux planners,” and stated his desire to push for legislation that would make the use of the term “financial planner” the exclusive domain of CFP certificants.

In staking this claim, Mr. Moisand makes two presumptions that should not go unchallenged. First, he presumes that only CFP certificants have the academic qualifications to give financial planning advice. Although I have tremendous respect for the College for Financial Planning and do not dispute that the CFP program provides a valuable practical education for people who wish to enter the planning field, it is not the only legitimate path to planning expertise. This should be obvious considering that, prior to 2007, one did not need a college degree to become a CFP candidate, and that, unlike most university level finance and economics programs, the CFP program has no academic screening or admissions standards (other than a minor industry service requirement).

Does Mr. Moisand really believe that an RIA who holds, for example, a PhD. in Finance, an MBA, or the CFA designation is less academically qualified than a high school graduate who managed to successfully complete the College’s correspondence coursework and pass the exam?

As an adviser who has taken a few CFP courses as a matter of intellectual curiosity, I found the curriculum to be informative and well-suited as a broad-based introduction to financial planning. However, it was largely 101-level material, and it was far less technical and sophisticated than the coursework for my Economics degree at Williams College. Mr. Moisand may have a point in his October article in noting that non-CFP RIAs may have less training in the non-investment related aspects of financial planning. But topics such as estate planning, long term care planning, insurance planning, asset protection, disaster preparedness, and identity theft protection are qualitative in nature., It is far more important to have technical sophistication with respect to investment planning.



Mr. Moisand's recommendations, if followed, lead to the unreasonable conclusion that someone who has made the academic and financial commitment to attain an advanced degree or even a four-year undergraduate degree in finance or economics would be forced to repeat much of their elementary studies and/or take course work that may have no relevancy to their individual businesses by enrolling in the CFP candidacy program.

Mr. Moisand's second presumption is that the CFP Board's Code of Ethics leads to a higher standard of ethical conduct. While it would be nice if this were true, Mr. Moisand's view that the presence of a moral standard correlates positively with superior ethical behavior is naïve and unsupported. In fact, the fiduciary standards to which RIAs are held today may hold advisors personally liable (and subject to civil and criminal penalties) for failing to act in the best interests of their clients.

Even with such high legal standards in place, there will always be some number of advisors who behave unethically. As notorious high profile examples such as the Bradford Bleidt case clearly illustrate (Bleidt was both an RIA and a CFP), if the threat of being held personally liable or going to jail for misconduct does not deter unethical behavior among registered investment advisers, the threat of being stripped of the CFP designation is not likely to scare the "bad apples" away either. In his "*Collective Wisdom*" commentary, Mr. Moisand states, "Almost every planner I know can recite a number of cases in which another advisor put a client into something in a way that complied with regulations, but, when viewed from a financial planning perspective, was simply wrong." He goes on to intimate that "faux-planners...blithely ignore the critical initial steps of the planning process that lead to the implementation and the importance of monitoring and adjusting." To the contrary, over the past 20 years, I have met more than one glorified insurance salesman along the way who, armed with his CFP designation, pawned himself off as a "fee-only planner" while receiving commissions from index annuity sales and the like on the side.

In his "*Collective Wisdom*" piece, Mr. Moisand also claims that many planners are drawn to the CFP program by "a higher calling." My more cynical inclination tells me that a fair number of candidates are drawn to the program in a quest for the "three little letters" and the aura of credibility they create, with ethical standards being a secondary consideration at best.

As someone who has written and published numerous professional papers on a wide range of planning topics (including the CFP Board of Standard's 2008 Outstanding Financial Paper Award winner), I take umbrage at Mr. Moisand's suggestion that advisers like me are not qualified to provide financial planning guidance, and I do not appreciate the effort to eliminate his competitors through legislation. In his commentary, Mr. Moisand stated that he hoped his proposal



would stimulate debate. The RIA community would do well to take him up on this.

Yours truly,  
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*Note: Mr. Robinson is an independent, dual-registered financial advisor. The opinions expressed in this letter are his own and do not necessarily reflect those of his firm or the RIA/broker-dealer with which he is affiliated.*

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