



Letters to the Editor – In Defense of “Faux Planners”

December 23, 2008

The following letters were received in response to the article last week by John Robinson, [*In Defense of “Faux Planners”*](#):

Editor’s note: We spoke with Dan Moisand regarding this article. Mr. Moisand declined the opportunity to be interviewed or respond in writing, but he said that Mr. Robinson misrepresented his views in numerous instances. For example, one of Mr. Robinson’s central points is that the use of the term “financial planner” would be the “exclusive domain of CFP certificants.” In his article, The Financial Planning Act of 2008, Mr. Moisand extended this definition to include ChFC and PFS certificates, as well as to those who have “attained the necessary education requirements established by the Board.”

Dear Editor:

While Mr. Robinson makes many valid points, I am in total agreement with Dan Moisand's position on the CFP designation.

You need to start somewhere. Currently, anyone can call themselves a financial planner and the industry is full of non-qualified advisors. Requiring planners to earn the CFP mark will greatly add to the credibility of the profession.

If the CFP mark is that easy, then people like Mr. Robinson should have no trouble passing the exam and proving their qualifications. If they cannot pass, they only prove that Dan Moisand is right.

Thanks!!

Scot Hanson, CFP
Educator’s Financial Services, Inc.
Shoreview, MN



Dear Editor:

I am and have been a CFP off and on since 1985. Since that time, I have seen many market turfs carved out and later destroyed. Remember the “Merrill-Lynch Rule?” For that matter, do you remember Merrill-Lynch? With the kind of market consolidation (or is it “creative destruction”?) going on, to try and impose another turf grab on financial professionals seems out of place right now.

However, the largest single impediment to anointing the CFP as the only true financial planner is the poetical, but ill-defined and judicially unsound, fiduciary standard that encumbers the holders of the CFP mark. There are many financial services entities, educational institutions, law firms, accounting firms, divorce consultants, property-casualty companies, bank and bank-holding companies, life insurance and annuity companies and RIAs, just to name a few, that actually do (and know how to do) real financial planning through their agents and distribution organizations. They already have their own industry standards, regulatory organizations, associations and well-seasoned case law. Many of these entities have already concluded that the ambiguous legal liability imposed by CFP fiduciary standards adds nothing to the services they provide and is not worth the risk.

The FPA has seriously overplayed its hand and should be quiet for a while.

Kimble M. Johnson, CFP
LPL Financial
Louisville, KY

Dear Editor:

I am both a dual-registered Investment Advisory Representative and a Certified Financial Planner® Practitioner (and very proud of both). I work with some of the finest ethical and superbly-qualified people on both sides of this issue. I can agree with some of what both Mr. Moisand and Mr. Robinson say in their discussion of Financial Planner qualifications. I came up through the ranks of the brokerage and insurance industry and obtained my CFP® certification in 2005. I was extremely disappointed in the curriculum, as it does not test your real knowledge and what happens (or needs to happen) in the real world (e.g., only a cursory mention of Medical Savings Accounts but a litany of memorization of the types of Homeowners Policies). The curriculum is designed to enable one to “pass the test.” Many newly licensed CFP® certificants are still “wet-behind the ears” and are too busy espousing “Modern Portfolio Theory” that they “cannot



see the forest for the trees." Can any certification really replace 30 or 40 years of "real-world" experience? I think not!

Until the insurance and brokerage industries revise their fee structure and deemphasize bonuses and high upfront commissions (many up to 15% with no "trails" for ongoing compensation), this will always be a flawed form of compensation that needs improvement. I am currently working with a fee-only advisor who does not sell annuities and he asked me about some annuity provisions. He recently inherited a client who had been sold 13 different annuities with long surrender charges, and it was clearly not suitable for the client. This advisor's conduct borders on ethical (unsuitability) and legal (malpractice) issues, but the advisor who sold the annuities is still selling them to other unsuitable seniors.

But the "holier-than-thou" fee-only crowd needs to get off their "high-horse" too. Both forms of compensation have merit. There are ethical and unbiased advisers in both camps of Financial Planners. Let's quit criticizing each other and just help people accomplish their financial goals and objectives.

Lee Pence, CFP(R), AAMS
Pence Financial Advisors Inc./The Strategic Financial Alliance Inc.
Woodstock, GA

Dear Editor:

I agree completely with Mr. Robinson.

I started my financial planning practice in 1968 while earning a Master's Degree in Finance at the MIT Sloan School of Management. Subsequently I earned my CLU, ChFC, MSFS and AEP designations and have been an RIA since 1982. Most of this professional training occurred prior to the existence and/or credibility of the CFP designation.

Like Mr. Robinson, I believe I am more qualified and educated than most CFPs, yet I have never received a meaningful response to my request that long-term, qualified professional practitioners such as myself and Mr. Robinson simply be granted a CFP designation, perhaps as a singular event.

The CFP may generally be a valid designation, but it clearly is not the only pathway to professional financial planning.



I have been trying to contact the CFP Board and the FPA regarding the CFP designation for more than five years with no meaningful response. The FPA, of which I have been a member for twenty-five years, does not permit non-CFPs to participate in referrals or even pro-bono work, regardless of qualifications. Therefore, I will not be renewing my FPA membership this year.

Len Coris
President
Watermill Financial Group
Wakefield, MA

Dear Editor:

Great response - John hit the issue on the head. Why is Dan Moisand so afraid of those who don't have the CFP designation? You can't legislate intelligence and morality.

Based on his reasoning, I suppose all investment professionals who don't have the CFA designation are "faux investment advisor".

Being a CFA, I would not be so arrogant to think that is the truth. I hope Mr. Moisand reconsiders his position and overcomes his fear.

Thanks,

Rob Jung, CFA, CPA
Crew Capital Management Ltd.
Cincinnati, OH



Dear Editor:

I do not agree with Dan Moisand.

What does Moisand consider the tens of thousands of insurance agents who call themselves "Financial Planners" to be? They often have only a life insurance license that gives them the ability to sell indexed annuities with 20+ year surrender charges like hotcakes. They call themselves "Senior Specialists" and other certified names in addition to "Financial Planner."

We should concentrate on educating the public about the value of a CFP over a non-certified financial planner. CPA is a well known and well-respected designation. CFP should be as well. Let the public choose the CFP over the financial planner. Then the people who have other credentials (and therefore should easily pass the CFP exam) will want to become CFPs as well.

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