

NOW I KNOW MY ABCs

THE CFP DESIGNATION TOOK OFF, AND THEN THE ACRONYM FLOODGATES OPENED.

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These days Donald Johnston spends much of his time on his farm in Teasewater, Ont., taking care of 45,000 trees he planted and living the life of a recent retiree. His 160 acres of land give him a lot of room to stretch out and relax, something he couldn't do years ago when he was borrowing a small office from the Canadian Institute of Chartered Accountants.

Back then, Johnston was president and founder of the newly formed Financial Planners Standards Council—an organization set up to streamline standards in the financial advisory profession. He worked tirelessly to try to convince other groups like the Canadian Association of Financial Planners and the Canadian Association of Insurance and Financial Advisors—which gave out the Registered Financial Planner and Chartered Financial Consultant designations respectively—that

the CFP should be the de facto designation for the industry. His office was small, but his pay was even more modest. “When I started I made \$30,000,” he says, but asserts, “It wasn't for the money.”

His reasons for forming the FPSC were more practical: There were a bunch of undistinguishable designations floating around; “there was no generally agreed-upon standard,” he explains.

That was nearly 10 years ago. Today, there are more than 17,000 CFPs across the country, and besides the Quebec Institute of Financial Planning, which only has jurisdiction over that province, the FPSC is the place to go for financial advisory accreditation. “It's naturally evolved,” says Cary List, the FPSC's current president and CEO, adding the association's initial years weren't as smooth as they are now. The late 1990s saw some resistance to letting the FPSC get on with its work, List re-

veals. “Some sectors weren't quite prepared; they weren't entirely convinced the program would do what it needed to do.”

But in April 2001, after regulators set aside efforts to create their own standards, the CFP became the go-to designation. “The letting go of that was a huge turning point,” notes List. Another milestone occurred in 2002 when the Institute of Canadian Bankers applied to have its financial planning courses recognized by FPSC. And slowly but surely, the community itself has embraced the designation. Awareness of the CFP is growing, and more advisors understand they need to step it up in order to win over today's more knowledgeable clients.

Specialized Letters

Yet the world of designations is still evolving. Like medicine or law, the increasingly complex financial industry has **continued on page 13**

continued from page 11 forced many advisors to specialize, say, in eldercare or divorce planning and the like. Ten years ago, CFP Linda Cartier, now president of the Academy of Financial Divorce Specialists, went to the States to become a Financial Divorce Specialist. She felt she could better serve her clients, many of whom were divorced, by understanding things such as divorce-specific tax rules, estate planning for separated couples and other related topics. But the class only pertained to American law.

Cartier felt so strongly about the designation that in 2003 she created the Canadian version of the AFDS. “There was a void,” she says on the phone from her Sudbury, Ont. office. But it’s been slow going for the organization. Despite 40% of Canadian marriages ending in divorce, only about 200 people have taken the FDS course since its inception. That could change, as more people become aware of the AFDS. Cartier says its courses cover every element of financial planning from insurance to managing new cash flows and restructuring positions.

Besides divorce, planning for seniors is one of the biggest areas of growth. With more boomers reaching retirement, there’s a huge market for advisors, so it’s no surprise that a number of senior-related certifications have popped up. In addition to financial matters, the elder planning counsellor designation, offered by the Canadian Initiative for Elder Planning, trains people in healthcare, housing and other issues pertaining to people over 55. The Canadian Association of Pre-retirement Planners teaches its students about finance, health and other retirement issues, eventually awarding some of them the PFP (Professional Retirement Planner) designation.

And anyone can take the Canadian Academy of Senior Advisors general courses devoted to financial, healthcare and social issues, upon which passing an exam may deem them a Certified Senior Advisor. About 75% of the 3,000 people who’ve passed the course since 2003 are financial advisors. With CASA, advisors aren’t getting any product information; instead the organization helps planners understand the needs of seniors, says Dr. John Crawford, CASA’s vice-president, education. “Seniors want to be recognized by the professionals they work with. They want to know that you have their best interests at heart.” Crawford adds a big part of the course’s financial discussions are around lifestyle planning. “For a long time the focus was always on how much money do I need to retire?” he notes. “That’s not where the question starts. The question is what kind of lifestyle can I expect to lead when I retire?”

In With the Old

Old acronyms are still looming light. In pre-CFP days, the registered financial planner certification used to be the designation of

choice for many advisors. Now, there are only 418 R.F.P.s around, with just five applicants awarded the letters every year. Larry Colero, executive director of the Institute of Advanced Financial Planners, says this standard, which teaches more comprehensive wealth planning, can complement the FPSC offering. In fact, 94% of R.F.P.s have their CFP. As for its small size, Colero explains he doesn’t want the organization to get much bigger as he doesn’t believe there are enough people in Canada who would be eligible to qualify. And that’s fine with him; his organization doesn’t “want to make it easier to get this.”

Though the IAFP, CASA, AFDS and similar organizations aren’t competing with the FPSC, List worries the proliferation of designations might confuse clients. Standards aren’t the same across the board, he explains, so it’s hard to know which certifications are legit. “Someone doesn’t know if [a person] with a few letters next to a name has met any appropriately rigorous standards,” he says. Crawford notes this is a legitimate concern but that in any professional field you can have a bad apple. “There are standards of responsibility that we expect CSA professionals to have,” he says.

While List isn’t advocating advisors avoid taking extra courses in specialized areas, he’d rather see these associations work with the FPSC. “We’re taking a more serious look at this and how we might be able to utilize our expertise as standard setters to ensure that we don’t end up in a very murky place,” he says. “We are still trying to sort this out for ourselves—which of these designations are real and which are not.”

Both Crawford and Cartier would welcome the FPSC’s assistance. They recognize that streamlining standards would help clients and advisors, but so far no one from either side has broached the subject. List and Johnston would like to see regulators mandate that all advisors get a CFP, but they realize it’s unlikely to happen anytime soon, although Johnston believes, “eventually I think they will move towards recognition.”

What *is* likely within the next few years, is that CFPs worldwide will be able to practise wherever they want. List is working with his international counterparts to create a single standard for the more than 100,000 financial planners practising around the world.

But, perhaps most importantly, the next 10 years will see more advisors obtain a professional planning designation, giving clients more knowledgeable service in whatever area of planning they need. Says Johnston: “My guess is that we’ll have about 40,000 CFPs in Canada and it will be the designation people look for—and it will get there regardless of regulatory endorsement.” ^{AE}

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