

The Honorable Herbert H. Kohl
United States Senate
Hart Senate Office Building, Room 330
Washington, D.C. 20510

January 21, 2010

Dear Senator Kohl:

The Financial Planning Coalition (Certified Financial Planner Board of Standards, the Financial Planning Association (FPA), and the National Association of Personal Financial Advisors (NAPFA)) has developed a proposal to fill a significant gap in the regulation of financial planners. I write to endorse the Financial Planning Coalition's proposal to establish a professional oversight board that would establish competency, practice, and ethics standards—at the fiduciary standard of care—for those who hold themselves out as financial planners. I am hopeful you will support the inclusion of financial planning regulation in the Senate financial reform package.

Currently, financial planners are unregulated as a profession. Instead, many financial planners maintain multiple licenses (brokerage, investment advisory, and insurance) to provide comprehensive financial planning advice and services to the public. The patchwork of regulation covering financial planners has left gaps that allow hundreds of thousands of financial agents to hold themselves out as “financial planners” without meeting baseline competency, practice, or ethics requirements. The absence of regulation of financial planning has resulted in consumer confusion, misrepresentation, and fraud, which the Obama Administration and Congress seek to address in the current financial reform package.

I work as an independent, fee-only financial consultant and I work in the best interest of my clients. I have worked with many clients who come to me because they were sold a product that was not in their best interest. There is too much incentive in place among larger institutions for advisors to sell a product in order to make a commission. As a fee-only planner, the only compensation I receive is by way of fees paid by the client for services provided. I do not accept any fees from mutual fund companies or life and annuity companies for selling one of their products. I also work with retirement plans that are administered by Company XYZ that in turn provides investment options only from Company XYZ rather than providing the best funds available. Finally, clients coming to me from previous advisors/brokers/planners say they did not receive regular advice and monitoring, they were never called by their advisor in times of need. There must be standards and processes in place like those set forth by the Certified Financial Planner Board of Standards.

The Financial Planning Coalition's reform proposal would enable consumers to easily identify and choose a qualified and ethical financial planning professional. Under the Coalition's proposal, all those who hold themselves out to consumers as financial planners would be required to meet baseline competency, practice, and ethics standards, set and enforced by a financial planner oversight board subject to SEC jurisdiction. Today, consumers can select doctors, lawyers, and accountants with confidence that they have achieved a baseline

competency in their profession and are subject to a code of professional conduct. The ability of consumers to choose financial planners who have met established competency standards and are required to put their clients' interests first and foremost is a key component to restoring consumer confidence and financial health.

I strongly urge you to support the Coalition's effort to close this regulatory gap and protect consumers from untrained and unethical "financial planners."

Respectfully,

Neil R. Dinndorf, CFP®
Certified Financial Planner Board of Standards Member
Financial Planning Association Member

cc: Hilary Swab