Certified Financial Planner Board Proposes Fiduciary Obligations for All CFP Financial Advice

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In June, the Certified Financial Planner (CFP) Board released proposed revisions to its standards of professional conduct that would require CFPs to adhere to a fiduciary standard at all times when providing any "financial advice ″to a client. This expands the current standards, which hold CFPs to a fiduciary standard only when providing "financial planning ″services, or at least material elements of such services. Generally, this change will most heavily impact CFPs that are not already subject to fiduciary standards applicable to registered investment advisers. Therefore, many insurance companies will be particularly interested in the implications of this proposal for CFPs, including broker-dealer registered representatives, that:

- give financial advice to clients under circumstances where the CFP is not functioning in a registered investment advisory capacity; and
- such advice is in connection with the CFP's offer or sale of (a) the company's insurance products or (b) other financial products or services offered through a company affiliate with which the CFP is associated.

Not only do the proposed revisions affect when a CFP must act in a client's best interest, but they also require all CFPs to provide clients with written "introductory information" amounting to a "plain English summary" of material information about the CFP and his or her firm. Accordingly, as to financial advice rendered in the retirement plan context, the CFP board's proposal parallels in some respects the U.S. Department of Labor's (DOL's) recently-adopted expanded definition of "fiduciary" and related "best interest" standard and disclosure requirements for investment advice rendered in that context. However, compliance with the revised CFP board standards would by no means satisfy all of the DOL requirements, which would still have to be separately considered.

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