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CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

CFP Board Report

November 1, 2006

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⊙ CHAIR-ELECT'S MESSAGE

I know many of you, the individuals who make up the large group we call CFP Board stakeholders. Let me introduce myself to those I don't know. My name is Karen Schaeffer, CFP®, and I will become Chair of CFP Board's governing board in January 2007. I'm from Maryland and have a financial planning practice with my husband Rick, who is also a CERTIFIED FINANCIAL PLANNER™ professional. I've held CFP® certification since 1981, and it has been a pleasure to see the many positive changes that have taken place in the financial planning community over the years.

When I made the decision to enter what we now call the financial planning profession, one of the enticing aspects of that move was the opportunity to meet and learn from so many very passionate people. I'm happy to report that aspect of our community hasn't changed. My time at the FPA Nashville

Read

Comments from
CFP Board Stakeholders
on Proposed Changes
to CFP Board's
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meeting last week provided me opportunities to attend many interesting presentations and, more importantly, gave me the chance to hear from and talk with many of you about your concerns regarding CFP Board.

First, let me assure you that we haven't let elephants out of our tents. CFP Board's *Code of Ethics* and *Practice Standards* remain as they have been for the past few years. Last July's release of an Exposure Draft for comment wasn't an underhanded move to drastically alter CFP Board's ethical standards or destroy the work that many dedicated financial planners put into developing those standards. The Exposure Draft was developed in good faith with several goals, including clearing up repetitive and sometimes conflicting language and addressing challenges the Board of Professional Review has experienced in applying the *Practice Standards* to specific cases.

We released the proposed revisions for comment because we value your input. With more than 53,000 CFP® certificants in the United States, and hundreds of thousands of consumers seeking their advice, we knew there would be differing viewpoints and valid perspectives that may not have been addressed by the many committees that worked on the Exposure Draft. We received substantial and valuable input that the Board wishes to consider with the attention it deserves. Our goal is to maintain high ethical standards for CFP® certificants, and CFP Board is taking a measured and reasonable approach to revising its ethical standards. More details about that process are outlined later in this newsletter.

We're also taking a measured approach to hiring CFP Board's next CEO. A CEO plays an important role in any business operation, and CFP Board's governing body is actively working to assemble criteria for hiring its next CEO. When that criteria is available, we will let CFP Board stakeholders know about the CEO hiring process. We are grateful for Sarah Teslik's energy and hard work over the past two years, which leave CFP Board financially stronger and with wider visibility. The Board is happy with the direction CFP Board is moving, and CFP Board's staff has already assembled business plans for 2007 that will maintain that momentum.

With Sarah leaving CFP Board to take on new challenges, however, we felt it prudent to hire an interim CEO to oversee the day-to-day operations of CFP Board. An interim CEO will keep the organization's operations moving forward, with CFP Board's governing body continuing to set policy for the organization. Last week we announced the interim CEO position will be filled by Don I. Tharpe. As a professional with a wealth of experience managing associations and leading organizations in transition, Don has a skill set well-matched to CFP Board's current needs, and I am happy to welcome him to CFP Board.

I also welcome the new CFP® certificants who completed the certification process during 2006. One of the highlights of last week's FPA gathering was the opportunity to celebrate their achievement and meet many of them one-on-one. Seeing their enthusiasm and energy was invigorating, especially as that energy is matched with the efforts of FPA's NexGen project. Entering the financial planning profession has always been a challenge, but I'm very pleased with the passion and energy being put into efforts to make that entry more fulfilling.

The many who recently joined the ranks of CFP® certificants in the United States join more than 100,000 individuals worldwide who have attained CFP certification through CFP Board or through affiliates of the Financial Planning Standards Board, Ltd. (FPSB). FPSB anticipates that the number of international CFP certificants will surpass that of the U.S. in 2007. Later this month, I have the honor of representing CFP Board at the FPSB meeting in

Hong Kong. I look forward to sharing with you more about FPSB's work toward creating global competency standards for financial planning.

Karen P. Schaeffer, CFP®
2006 Chair-Elect, Board of Governors
CFP Board

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◉ WHERE FINANCIAL PLANNING MEETS PSYCHOTHERAPY

Not long ago Rick Kahler, a CERTIFIED FINANCIAL PLANNER™ professional based in Rapid City, South Dakota, had a client whom we'll call Brenda. Brenda had an excellent job, making a couple hundred thousand dollars a year. She wanted to start saving money but consistently spent every penny she earned, so by the end of the month she was always broke. After working with Brenda for a while, Kahler realized that no chart or graph he could produce was going to help her save. There was something else going on. So he suggested Brenda have a talk with his colleague, Ted Klontz, a psychotherapist.

Klontz led Brenda through an exploration of some of her beliefs about and past experiences with money. Gradually, Brenda came to realize that her inability to save was driven by an unconscious fear that her money would be taken away. As a child, she scrupulously stashed cash in her piggy bank. But when her perpetually penniless family members needed funds, they raided it. When she was in her twenties, Brenda put away about \$10,000 but had to blow it all to bail her brother out of jail. Her past had taught her that if she managed to save any money, someone would come along and take it. So as an adult, when her family called looking for cash, she wanted to be able to honestly say, 'I don't have any.' Since her sessions with Kahler and Klontz about a year ago, Brenda has cut her family off, saved \$100,000, and is starting her own business. Kahler is convinced that Brenda's story is evidence of how what he calls "integrated financial planning" — planners collaborating with therapists for the benefit of clients — can deliver results that neither discipline can deliver alone.

Kahler is one of a small group of financial planners actively seeking partnerships with therapists in order to address clients' psychological as well as financial needs. "Dysfunctional behavior around money comes from the same place as any other dysfunctional behavior," Kahler says: "a deep wound from the past that you're running from or trying to medicate. Financial planning goes to the heart of what we think and feel and believe about money. But I don't have the skills to go there with my clients. That's when working with a counselor can be exceptionally powerful."

In April of last year, a team of Canadian psychologists wrote an article for the *Journal of Financial Planning's* Web site called "[How Financial Planners Can Collaborate with Professional Counselors.](#)" The group interviewed some 30 Canadian financial planners about the intersection between their profession and that of psychotherapy. Everyone agreed there was a close connection between financial and psychological health. Clients seeking financial advice are also frequently in the midst of stressful emotional situations, such as addiction, divorce, job loss or health crises. Planners rarely have the training or the time to adequately deal with these issues. But the Canadians found that few financial planners referred clients to therapists. Why? Because they didn't know any psychologists in their immediate areas, had a limited awareness of what psychologists could offer, and were put off by the stigma clients might attach to such a referral.

The team concluded that it was high time financial planners and therapists got to know one another better. "If psychological barriers exist," the authors wrote, "all of the financial tools in the world will not benefit the client. In that case, the planner must consider the psychologist as an alternate tool." They suggested that planners and therapists educate each other about what they do and explore how "holistic financial planning" could benefit clients.

Cicity Maton, a CFP® professional and founding partner of Aequus Wealth Management Resources in Chicago, has been taking the holistic approach for the past 20 years. Back in the late 1980s, just after she started her practice, Maton had a female client who was in the middle of a divorce. Having gone through a similar experience herself a few years before, Maton could relate to the trauma her client was experiencing. So she recommended she see a therapist—and she did. "Money is attached to a lot of emotional stuff," Maton says. "With professional help, you can detach all that emotional stuff and help clients make decisions that will enhance their financial welfare."

After that first referral, something strange began happen — Maton started getting referrals from therapists, too. Dr. Louis Weiss, a Chicago psychotherapist, has been referring clients to Aequus for years. "Often people are afraid of money or feel helpless when it comes to managing it," Weiss says. "For some, this sense of helplessness and confusion pervades other important parts of their lives, such as relationships, employment and lifestyle." Weiss describes one client, a recently divorced woman in her mid-fifties, who was faced with managing her own money for the first time. He referred her to Michelle Maton, a CFP® professional and Aequus partner (and Cicity's daughter!), who put a plan in place that helped the client feel clear about her financial situation. The financial plan "offered her a sense of security and also stimulated her to take more control of other aspects of her life," Weiss explains.

Kahler takes the planner-therapist collaboration one step further: He actually has a certified therapist on staff to provide counseling and coaching services to clients. Together with Klontz and Klontz's son Brad, a clinical psychologist, he's also written a book — *The Financial Wisdom of Ebenezer Scrooge: 5 Principles to Transform Your Relationship with Money* — that takes Charles Dickens' classic tale *A Christmas Carol* as a model for how to uncover and overcome problematic beliefs about money. The [Klontz-Kahler](#) approach mixes financial planning basics with insights from psychology to change what Kahler calls "money scripts, internalized messages about money often formed by some financial trauma in the past."

"Clients need a better understanding of themselves in order to identify and meet their financial goals," Kahler says. "So successful financial planning means working with financial tools as well as clients' emotions and beliefs about money. Blending these 'exterior' and 'interior' aspects is what integrated financial planning is all about."

Kahler provides a list of therapists and financial planners who work according to these principles on the website dedicated to his book, [Conscious Finance](#). The authors of the Canadian report recommend consulting the [American Board of Professional Psychology](#) if you're interested in working with a certified therapist. Planners know a client's cash box and brain box must be aligned if they are to achieve their financial goals. Therapists could provide welcome reinforcement in the effort to unite heart and mind.

— [James Geary](#)

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● PROFILE: SAGE FINANCIAL SOLUTIONS

Saundra Davis comes to financial planning via a somewhat unusual route: social work. She spent 20 years in the non-profit sector, writing grants and advising community-based organizations and local government agencies. It was an inspiring, and exhausting, career. "Working for a non-profit is very stressful," she says. "The job is tugging at your heartstrings day after day after day. I met lots of excellent, hard-working people who were just burning out because they were tired, broke and not able to sustain their own quality of life. They couldn't afford to do the work they loved to do." Through her firm, [Sage Financial Solutions](#), Davis decided to do something to change that—by helping the people who are trying to help others.

With a grant from CFP Board, Davis will launch a series of one-on-one financial planning sessions for the employees of community-based organizations in the San Francisco Bay Area. The goal: to educate non-profit workers about the benefits of financial planning, and to enable them to identify when financial planning services might benefit their clients as well. "People need to know how to gather their resources so they have better financial options," Davis says. "Non-profit staff need support in achieving economic well-being. The work they do is important. But what young person is going to do it if they see the people currently in the profession getting old, raggedy and broke?"

The San Francisco Bay Area is home to scores of community-based organizations that provide a diverse range of social and human services. But knowledge of financial planning is scarce, partly because many regard it as a service only the wealthy need and can afford and partly because of suspicion about the financial services sector itself. Davis tells the story a homeless woman with three children who was sold a \$10,000 life insurance policy for her two-year-old, at a cost of \$80 a month; hardly the best use of the woman's meager funds. Many non-profit staff hear stories like that and wonder what they have to learn from an industry that seems to work against the very people they're trying to help.

Given her own experience with non-profits, Davis can help allay those fears. She works with employees to identify the most common financial issues facing low-income families and to develop a portfolio of services to support them at various stages in their financial growth. Davis also "trains the trainers" so that at least one member of staff at each organization knows enough about financial planning to serve as a resource for others. "Once they know what financial planning is and what it can do for them," Davis says, "non-profit staff can not only help themselves but they will be better able to assess when financial planning could help their clients, too."

It's a win-win proposition: community-based workers gain essential financial planning knowledge while also putting financial planners in touch with underserved, hard-to-reach low- and middle-income populations. "We will know we've been successful," Davis says, "when social workers can quickly identify their client's needs for financial planning and then link that client with a local planner who can meet those needs."

For Davis, this initiative is about a lot more than just advising clients on cash flow and insurance. It's about helping the helpers "make their net worth more congruent with their life worth," as she puts it. "Financial literacy doesn't stop at knowing how to draw up a budget. People in the non-profit sector need to learn to take care of themselves, since that's the only way to ensure that they will be around to do the work they want to do. A drowning person can't save anybody." Davis' financial training sessions are sure to

keep a lot of dedicated non-profit workers afloat.

[Read more](#) about projects receiving funding through CFP Board's 2006 Financial Planning Grants program.

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☉ CFP BOARD NEWS

CFP Board Welcomes Don I. Tharpe as Interim CEO

On October 30, 2006, CFP Board welcomed Don I. Tharpe as interim chief executive officer. Tharpe will manage CFP Board's operations while the Board of Governors completes a search for a new CEO.

Tharpe comes to CFP Board after serving as president and CEO of the Congressional Black Caucus Foundation. He holds a Doctorate of Education from Virginia Polytechnic & State University, and his prior experience includes more than twenty-five years of experience managing non-profit businesses, including twelve years as executive director of the Association of School Business Officials International. He is a member of the American Society of Association Executives and currently serves on the Diversity Committee of its Board.

"We are thankful to have someone of Don's caliber and experience in this interim position," said Barton C. Francis, Chair of the Board of Governors. "Don has guided other organizations through transition periods, and we expect he will provide strong support and direction to CFP Board staff as they pursue CFP Board's current activities."

"I look forward to working with CFP Board to maintain a high level of service during this transition period," said Tharpe. "I understand that CFP Board has several important projects underway, and I want to assure CFP Board's stakeholders that we will continue working to further CFP Board's mission."

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Task Force to Review Responses to Proposed Revisions to Ethical Standards

At its October 24, 2006, meeting in Nashville, Tenn., the Board of Governors reviewed comments received on an Exposure Draft of proposed revisions to CFP Board's ethical standards. The Exposure Draft was recently released for public comment and generated 336 comments, including comments from CFP® certificants, organizations in the financial planning community and representatives of the public. The Board considered the comments and suggestions, including input from CFP Board staff, and determined to take the following steps:

- 1) A task force of Board members who have been most involved with CFP Board's ethical standards has been appointed to consider the input provided

by those commenting on the original Exposure Draft. The Board will take up this issue again in January 2007.

2) The comments received on the original Exposure Draft will be posted on CFP Board's Web site by November 3, 2006. Comments will be posted with the commenters' names, but no contact information, and commenters may contact CFP Board with a request to remain confidential.

3) CFP Board's upcoming publications will include articles summarizing major issues related to the Exposure Draft and providing additional information about those issues.

Barton C. Francis, Chair of the Board of Governors commented: "While we expected the treatment of fiduciary duty to be the focus of attention, that focus was overwhelming, and some proposed changes drew very few comments. The Board plans to address key themes and other clarifications in line with its important public purpose."

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Governance Policy Changes

CFP Board's Board of Governors routinely reviews its governance policies and updates them as necessary. At its meeting on October 24, 2006, the Board voted to approve changes to its governance policy designed to clarify the roles and relationships between the Board, the sub-boards and CFP Board's staff.

The changes assign new titles to CFP Board's governing body, to the body involved in developing CFP Board's examination and to the body that participates in enforcing CFP Board's ethical standards. Specifically, the Board of Governors will become the Board of Directors, the Board of Examiners will become the Council on Examinations and the Board of Professional Review will become the Disciplinary and Ethics Commission. These changes become effective January 1, 2007.

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Chair-Elect, New Members Named to CFP Board's Governing Board

The Board of Governors recently elected David Strege, CFA®, CFP® as 2007 chair-elect. Strege will begin his new duties in January 2007, when current chair-elect, Karen P. Schaeffer, CFP®, becomes chair. A financial advisor at Syverson Strege and Company in West Des Moines, Iowa, Strege has 20 years experience as a CFP® practitioner and has served on CFP Board's Board of Governors since 2004.

The Board also recently appointed the following individuals to four-year terms on the Board beginning in January: Theodore R. Daniels, Alan Goldfarb, CFP® and Nancy Johnson Jones, CFP®.

Theodore R. Daniels is founder, President and CEO of the Society for Financial Education and Professional Development, a non-profit founded in 1998 to enhance the level of financial and economic literacy in the U.S. and to promote professional development at the early stages of career development through mid-level management. He previously served as a member of CFP Board's Consumer Advisory Council.

Alan Goldfarb, CFP®, AIF® is Director of Financial Strategies at Weaver and Tidwell Financial Advisors, Ltd. in Dallas, Texas. With more than 30 years of experience in financial counseling, he also serves as Director of the Financial Services MBA Program at the University of Dallas Graduate School of Management and served as chair of CFP Board's Board of Professional Review in 2006.

Nancy Johnson Jones, CFP® is Chief Compliance Officer and Senior Managing Advisor with BKD, LLP in Springfield, Missouri. She has broad experience with compliance issues and, before joining BKD, LLP, ran an independent compliance and coaching and consulting that specialized in working with professionals new to the financial services and investment advisory fields.

The new appointments to the Board replace positions held by retiring members Winston J. "Win" Churchill, J. Nicholas "Nick" Georgis, Denise Murray and outgoing Chair Barton C. Francis, CFP®. CFP Board thanks these individuals for their dedication and service to the financial planning profession.

The Board also approved the appointment of I. Richard Ploss, JD, CPA, CFP® and Richard J. Potter, CFP®, ChFC, CLU to CFP Board's 2007 Council on Examinations and approved the appointment of Patricia Russell Coriden, CFP®, CEBS and James F. Williams, CFP®, CPA to CFP Board's 2007 Disciplinary and Ethics Commission.

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CFP Board Sponsors Outstanding Financial Planning Paper Award at AFS Meeting

John J. Spitzer, Ph.D., Professor of Economics at SUNY College at Brockport, received the outstanding financial planning paper award at the recent meeting of the Academy of Financial Services (AFS) on October 12 and 13, 2006 in Salt Lake City. Dr. Spitzer received the \$1,000 award, sponsored by CFP Board, for his paper titled "Delaying Social Security Payments: A Bootstrap."

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Trademark Tip

Rules 1.7 and 2.8 of the *Guide to Use of the CFP® Certification Marks* prohibit CFP® certificants from owning or using an e-mail address or internet domain name that includes the CFP® or CERTIFIED FINANCIAL PLANNER™ mark.

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