



November 29, 2023

Mr. Leo Rydzewski
General Counsel
Certified Financial Planner Board
1425 K St NW #800
Washington, D.C. 20005

Re: CFP Board Request for Comments on Proposed Changes to the Board's Sanction Guidelines and Fitness Standards

Dear Mr. Rydzewski:

AARP, which advocates for the more than 100 million Americans age 50 and older, appreciates the opportunity to submit comments in response to the Certified Financial Planner Board's (CFP Board) request for public comment on proposed revisions to its Sanction Guidelines (Guidelines) and Fitness Standards (Standards). AARP has long fought for enhanced protections for older Americans and other investors, including those that work with CFP professionals.

AARP appreciates the important role that the CFP Board plays as a primary standard-setting organization for the delivery of financial advice and financial planning. Many older investors and other consumers view professional designations, such as the CFP designation, as indicating care and expertise in the provision of investment and financial advice. We appreciate the CFP Board's initiative and commitment to the protection of investors through its efforts to update and revise its Guidelines and Standards.

Consumers Should be Able to Rely on Professional Certifications to Ensure Quality

Financial services sales professionals use certifications or designations to differentiate themselves. In fact, there are well over 100 financial designations.¹ Some require training, experience, rigorous testing and background checks, while others can be purchased while putting in little or no time.² Evidence suggests that investors will rely on a designation when choosing a financial services provider or salesperson.³ Certificates and designations that lack substance have the potential to confuse and mislead the investing public. AARP believes it is therefore important that the issuers of certifications and designations ensure they reflect genuine expertise and training that stands to convey real benefits to consumers.

¹ The Financial Industry Regulatory Authority (FINRA), Wall Street's self-regulatory organization, lists 212 different credentials or designations, ranging from AAI (accredited adviser in insurance) to WMS (wealth management specialist).

² See: <https://www.aarp.org/money/investing/info-2021/beware-of-financial-advisers-with-deceiving-credentials.html>

³ "Preventing the Misleading Use of Senior Designations—What States Should Do." AARP Public Policy Institute. <https://assets.aarp.org/rgcenter/ppi/cons-prot/i40-senior.pdf>

By expanding and modernizing its Sanctions Guidelines and Fitness Standards, CFP Board helps make certain that its rules and requirements support rigorous investor protection and that its professionals can be relied upon by investors seeking advice. AARP has a long history of working with organizations and regulatory partners to support policies that protect older Americans and other investors and promote policies to require that financial professionals providing financial advice to individuals act ethically and provide recommendations that are in the best interests of individual consumers, rather than their own interest or compensation, using a fiduciary standard.

Clarity in Sanctions Guidelines is Important in Setting Expectations and Enabling the CFP Board to Hold Planners Accountable when Necessary

The Board's Sanction Guidelines are intended to provide transparency and promote consistent imposition of sanctions for similar offenses, considering the unique facts of each case. The establishment of the 52 conduct categories that align with the Code and Standards and a new list of 25 general aggravating and mitigating factors should help to better align and clarify the sanctions. Ensuring that there are clear policies and processes set forth and that CFP professionals understand the standards they are held to, as well as the potential sanctions they will face for violating these standards, is important in protecting investors.

The proposed revisions should give the CFP Board better tools and more latitude to ensure that CFP professionals adhere to their obligations as holders of the designation. For instance, considering whether a CFP professional attempted to conceal misconduct, expanding the consideration of harm, and including both financial and non-financial harm, allowing for the establishment of a pattern of misbehavior, and other important steps are all important enhancements to the procedures. Guaranteeing that the holders of the CFP certificate are subject to meaningful standards of conduct and training, and that such standards can be enforced in practice through the CFP Board's enhanced sanctions requirements, can achieve better protections for investors and help secure Americans' long-term financial security.

It is Important to Hold Financial Professionals Accountable for Illegal or Dishonest Actions

One of AARP's top priorities is preventing fraud and financial abuse of older Americans. Fraud is a growing problem: reported crime rates targeting older Americans were up 84% in 2022 over 2021.⁴ This number is likely lower than real figures, as fraud is frequently underreported because of the associated stigma and shame that victims feel. According to the Federal Trade Commission, losses to investment scams represent the greatest amount of losses to fraud among older Americans, based on aggregate reported losses.⁵ These losses can have significant impacts on the financial security of older Americans, as they have often retired and are no longer earning income and can scarce afford to lose funds to criminals. The human toll is billions of dollars lost with little chance of restitution and serious health and emotional impacts.

⁴ <https://www.cbsnews.com/news/fbi-warns-elder-fraud-crime-rates-rising-scammers-steal-billions-each-year/>

⁵ https://www.ftc.gov/system/files/ftc_gov/pdf/p144400olderadultsreportoct2023.pdf

This underscores the importance of having accountability for those CFP Board certified professionals who commit fraud, theft, and other dishonest conduct involving their clients' funds. Having clear Fitness Standards that provide a framework for evaluating fitness that identifies when an applicant a) is permanently barred, b) currently is ineligible or c) is required to file a Petition for Fitness provides clarity in this area, as do the expansive descriptions of the conduct that will result in a) a permanent bar, b) a determination that the applicant currently is ineligible for CFP certification and c) a required Petition for Fitness. We applaud the CFP Board for holding its planners to a high standard and committing to standards that will better protect investors who entrust their retirement savings with these professionals.

Conclusion

AARP appreciates the opportunity to share its views on the CFP Board's proposed revisions and applauds the work you are doing to hold CFP professionals to a high standard. Americans rely on these financial professionals to help achieve their long-term savings and retirement goals so they can lead financially strong and independent lives. Ensuring the professionals entrusted with older Americans' life savings are held to the highest standards is paramount. We welcome the opportunity to discuss these issues further. If you have any questions, please feel free to contact Clark Flynt-Barr of our Government Affairs office at 202-434-3756.

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner", with a long horizontal flourish extending to the right.

David Certner
Legislative Counsel and Legislative Policy Director
Government Affairs