THE GLOBE AND MAIL

QUALIFICATIONS

Adviser, advisor or financial planner? Does the name matter?

CARP, the association for retired persons, has been vocal in calling for regulators to enforce more uniformity in qualifications and titles of financial planners.

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Is it *financial adviser* or *advisor*?

Ask a regulator. They've heard the question and the controversy. It erupts from time to time, the argument being that spelling it one way may allow some financial planners to flout the rules.

If, for instance, the Ontario Securities Commission spells it *adviser*, then people calling themselves *advisors*, with an *-or*, could conceivably skirt regulations. Charlatans manipulating spell check, or so the argument goes.

But the industry says this is beside the point. The serious issue is the confusion surrounding professional qualifications, in the form of the acronyms that planners and advisers/advisors list after their name to designate their qualifications – certified financial planner (CFP), registered financial planner (R.F.P.) and the like – and the fact that some lack those acronyms and may just be salespeople who may not act in the best interest of investors.

There isn't one professional credential or one certification governing the industry of financial planners, and this is where the confusion lies for investors hoping to find someone to trust.

In fact, there are so many professional designations that the Investment Industry Regulatory Organization of Canada, the self-regulatory agency overseeing investment dealers and trading activity (and which, by the way, spells it *advisors*, *-or*) has a large online glossary of the many designations recognized in Canada.

These designations – there are 67 listed – run the gamut from common ones such as chartered professional accountant (CPA) to the less common such as elder planning counselor (EPC).

"There is no regulation with respect to the titles. That is something that a lot of the industry is pushing for," said Margot Pomerleau, a lawyer at the firm MBC Law, which focuses on financial loss recovery.

The industry realizes this is a problem, yet there are so many specialties that creating one uniform designation is difficult to impossible. Different financial specializations require different training, obviously. There's a big difference between insurance and stock trading. And there are different licences needed for selling different kinds of investments.

The Mutual Fund Dealers Association of Canada is trying to address this. It has a rule against misleading business titles. The organization requires that no one using the term *financial planner* will use "any business name or designation of qualifications or professional experience that deceives or misleads, or could reasonably be expected to deceive or mislead a client or any other person …"

It's not exactly the most dire warning.

So, the association has an amendment to that rule in the works. In order to be considered a financial planner in the association's eyes, that person needs to have at least one of the following designations: certified financial planner (CFP), certified international wealth manager (CIWM), chartered life underwriter (CLU), financial planner (F.Pl.), personal financial planner (PFP) and registered financial planner (R.F.P.).

Investors need to realize, though, that these aren't different labels for the same qualifications, but somewhat separate skill sets issued by different agencies.

"Financial planning spans various fields of financial expertise including taxation, law, insurance and securities, etc. As a result, there have been various designations that have developed over the years from educational providers within different sectors relating to financial planning," said MFDA spokesman Ken Woodard.

The key problem is when investors think they are talking to someone with advising qualifications, but aren't. "People aren't aware that they are dealing with a salesperson," argued Wanda Morris, vice-president of advocacy and chief operating officer at CARP. The association for the aged has been vocal in calling for regulators to enforce more uniformity in qualifications and titles.

"If you know you are dealing with a salesperson, I believe your inner radar goes up: This is a problem. I need to be skeptical. They're trying to sell me something," Ms. Morris said.

But here again, regulators talk about change in the works. The Canadian Securities Administrators, representing securities commissions across the country, is reforming rules for the adviser-client relationship. (The CSA spells it *-er*.)

Yet, a recent status report on the consultation process notes that some in the industry feel that reforms to avoid conflicts of interest, know the client, etc., are "too prescriptive in nature" and that "the proposed targeted reforms are over-broad in their approach and application, with many commenters describing them as taking a one-size-fits-all approach that does not reflect the differences in registration categories, business models or range in the the needs of clients for financial advice."

"So where does that leave us? It leaves regulators urging investors to get self-educated. The Ontario Securities Commission has a helpful site with tips on what to check before investing, and a Canadian Securities Administrators website has tips on what the different distinctions are for dealers and managers selling different kinds of investments.

It puts the onus on investors, even if some investors might rather the onus be put on regulators.