



## Letter from Whitefriars

**Nick Cann**  
Chief Executive,  
Institute of Financial Planning

I was delighted to see so many members at our fantastic sell-out conference earlier this month, helping us celebrate 25 years of Financial Planning. The event fulfilled all our expectations and we're already working on next year's event - it will certainly be a challenge to improve on this year's! My thanks go to everyone involved with making it such a success. It was particularly great to recognise the first Accredited Financial Planning firms™ at Celtic Manor. As expected, a number of debates have arisen as a result of this new initiative which are worth fleshing out here.

A key issue is the essential nature of cashflow modelling to the Financial Planning process. To date, the IFP has taken a neutral stance on this. However, with the launch of the register, cashflow modelling is seen as an essential requirement to carry out comprehensive Financial Planning. This doesn't mean however that every client must receive cashflow modelling or that advisers must sign up for a proprietary system. While CFP™ certification doesn't test cash flow modelling, it does test the ability to work out projections and align assumptions over a variety of different scenarios. Whitefriars can help if there is any doubt.

We also need to clarify how the register sits alongside individual CFP™ professionals who we actively promote to the consumer as the professional of choice. The CFP™ professional remains the standard of excellence in Financial Planning and we will actively continue to promote this fact to consumers. The reality is that consumers will initially tend to search for a firm to consult and therefore access to a firm that delivers Financial Planning is an essential adjunct to individual planning.

The registry has allowed the IFP to differentiate businesses that deliver Financial Planning within specific areas, notably around the nature of the service that the client is likely to receive. There

will be no ambiguity surrounding the service the client receives from an Accredited Financial Planning firm. The community that is created as a result of this initiative will set the standards for future firms and define best practice for the rest of the sector which, in itself, is an exciting outcome.

**"The Accredited Firms' community will set the standard for the sector."**

## ✉ Letters

Financial Planner's Letters to the Editor section is the place to have your say. Keep your letter to a maximum of 300 words. Include your full name, company name, IFP designation if appropriate, daytime telephone number and email address. You can email your letters to: [FPMLetters@portfoliopublishing.co.uk](mailto:FPMLetters@portfoliopublishing.co.uk). Names may be withheld from publication on request.

### Letter Of The Month

#### RDR is creating opportunities but are we missing them?

Sir, Like everyone else, I have watched the RDR debate unfold over the last few years. As it stands today, I can't help but feel that a huge opportunity is being missed by some advisers. Let me explain.

Much of the RDR debate has revolved around fees and adviser charging. Many commentators have stated that there will be no need for the client to get their cheque book out as the cost of the service(s) provided can be taken from the product(s) being recommended. Adviser charging at work.

Many readers will be able to spot the flaw in this straight away. That is, what if there is no product being recommended? To me, this sounds like the 'traditional' advice model that operates today with a few minor tweaks. As I see it, the danger is that some advisers will still do work for free in the hope that they get the sale. It's up to them how they run their businesses, however I do wonder whether they are actually aware that there is an alternative way to operate (one that, in my opinion, will provide a more profitable and enjoyable experience for the client and the adviser).

One alternative is to offer a compelling client proposition (which may include the six step Financial Planning process) upfront, clearly documenting what the client will receive in an engagement letter and fee agreement. The client agrees to the fee right at the start of the process and the adviser guarantees that they will be paid regardless of the outcome of their advice (although it's worth pointing

out that this comprehensive service will not be right for all clients).

For me, this is the only way an adviser can offer a truly impartial service (which is very different from being independent/whole of market as these are related to products), with the big benefit that products are removed from the equation.

In my experience, clients are willing to pay for someone to help them create their financial roadmap and strategy (and discover if what they most want to achieve is realistic) and also pay an ongoing fee for this strategy to be updated and reviewed in light of their circumstances and external factors that may affect it.

I'm sure most people don't want to be sold to; they just want someone to help them sort out and plan their financial futures, become better organised and have peace of mind.

This is why I feel it's time for the debate to focus on the proposition advisers are offering their clients (just think about how much we can learn from each other).

No doubt like some readers have experienced, it does take commitment and effort to change your service proposition (and how you charge), but the results are definitely worth it.

My message to all advisers who are still offering a product retail service as their main proposition is to ask how they can improve what they do for clients, not just what products can be sold. The opportunity for you and your clients is huge, so take action and make it happen.

**Ray Prince CFP™**  
*Seaton Burn  
Newcastle upon Tyne*

#### It's an honour to win the David Norton Award for 2011

Sir, I wish to express my thanks to the team involved in organising the David Norton Business Excellence Award which our company received this year at the IFP Annual Conference. I had the privilege of meeting the late David Norton personally and caught something of his enthusiasm and passion for the Institute and the profession.

I firmly believe that David would be very proud of what this award represents

and the depth and rigour of the process involved in selecting the winning firm.

At Fiscal Engineers we have learned so much about our business during the award submission process and are proud to be part of a community who make a real difference to the lives of so many through our work.

We are really chuffed and privileged to win this award. I had huge respect for David and it really does mean a great deal to our team. Like David, we are passionate about the profession and what it delivers.