CFP BOARD OF STANDARDS

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2024 CFP BOARD

ACCESS TO FINANCIAL ADVICE SURVEY

On November 3, 2023, the U.S. Department of Labor (DOL) issued for public comment the proposed "Retirement Security Rule: Definition of an Investment Advice Fiduciary." The proposal requires the fiduciary standard set under the Employee Retirement Income Security Act (ERISA) to uniformly apply to all advice that investors receive from financial professionals concerning the investment of their retirement assets. The DOL's proposed retirement security rule includes in its fiduciary definition that the financial advice must honor investors' reasonable expectations when provided by financial professionals holding themselves out as trusted advice providers.

How financial professionals reacted to prior changes in ethical standards informs the potential impact of the DOL's proposal on financial professionals' relationships with their clients. CFP Board's Research team surveyed CFP® professionals about the impact of two prior changes — the *U.S. Securities and Exchange Commission's (SEC's) adoption of Regulation Best Interest (Reg BI)* and the expansion of the scope of the *fiduciary duty in CFP Board's Code of Ethics and Standards of Conduct*. CFP Board sent a 14-question survey to randomly selected CFP® professionals who earned their certification on or before May 1, 2020. The survey generated 412 responses between February 20 and March 1, 2024. The data from that survey serves as the basis of this report.

2024 Access to Financial Advice Survey

The SEC's Regulation Best Interest (Reg BI) did not affect most CFP® professionals' ability and willingness to serve their clients

82%
of CFP® professionals
did not raise the required minimum investable assets
for clients

86%
of CFP® professionals
did not terminate
client services

Similarly, CFP® professionals continued serving their clients after CFP Board expanded the scope of the fiduciary duty in CFP Board's *Code and Standards to Code of Ethics and Standards of Conduct* to all financial advice (the duty previously applied only to financial planning):

90%
of CFP® professionals
did not raise the required minimum investable assets
for clients

94%
of CFP® professionals
did not terminate
client services

92%
of CFP® professionals agree that
a fiduciary standard is appropriate
for all financial services providers who deliver personalized investment advice to retail investors

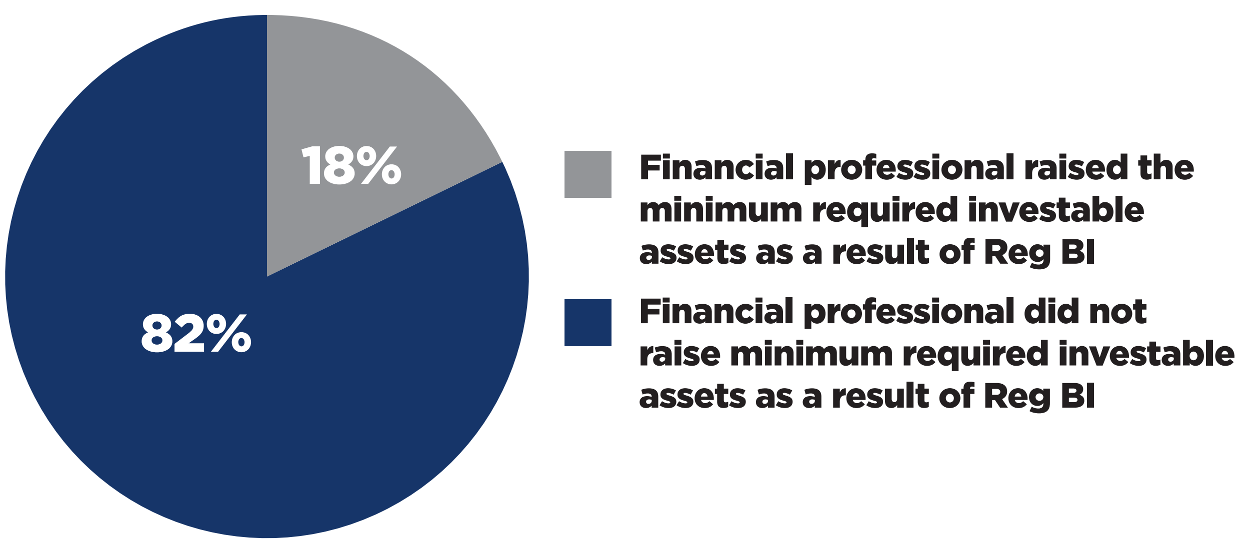
The US Securities and Exchange Commission's Regulation Best Interest

Made effective in 2020, the U.S. Securities and Exchange Commission (SEC) adopted Regulation Best Interest (Reg BI). Reg BI established a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts.

The vast majority of financial professionals who are personally subject to Reg BI (or whose firms are subject to Reg BI) indicate that they have not raised the minimum investable assets threshold of clients whom they are willing to serve. Four in five CFP® professionals indicate that the best interest standard of care in Reg BI did not lead them to increase the minimum amount of investable assets their clients must have for the CFP® professional to provide them with advice about those assets. This advice may concern any kind of financial product, service or account type.

Most CFP® Professionals Did Not Raise the Minimum Required Investable Assets Required for Their Clients as a Result of SEC's Regulation Best Interest (Reg BI)

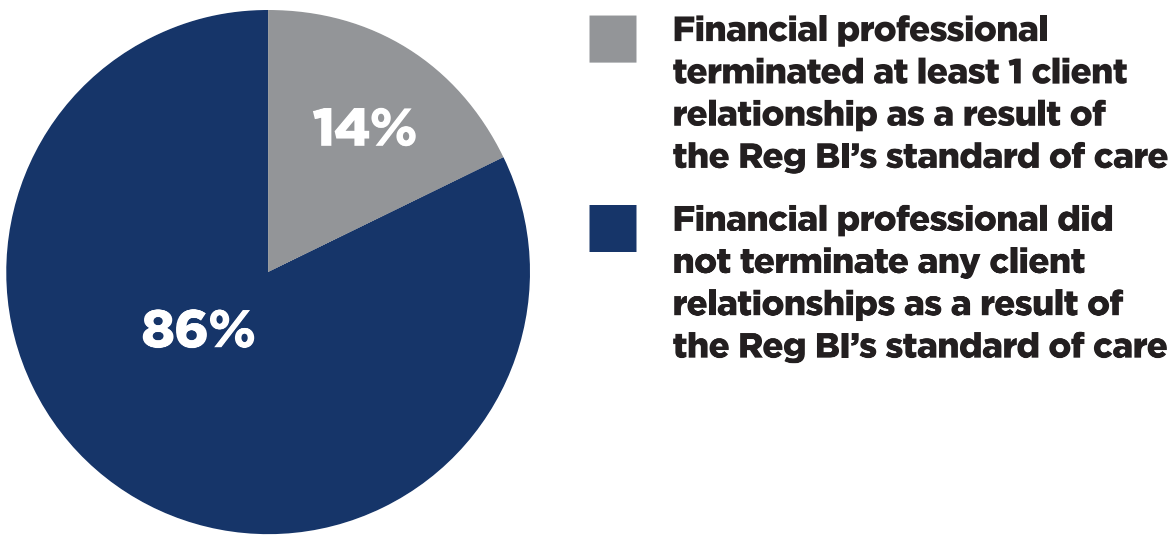
(Percentage Distribution of Financial Professionals Subject to Reg BI)



Reg BI also did not affect most CFP® professionals' client rosters. 86% of CFP® professionals report not terminating services to any of their clients as a result of Reg BI's best interest standard.

Most CFP® Professionals Did Not Terminate Serving Any Clients as a Result of the Best Interest Standard of Care in the SEC's Regulation Best Interest (Reg BI)

(Percentage Distribution of Financial Professionals Subject to Reg BI)



CFP Board's *Code of Ethics and Standards of Conduct*

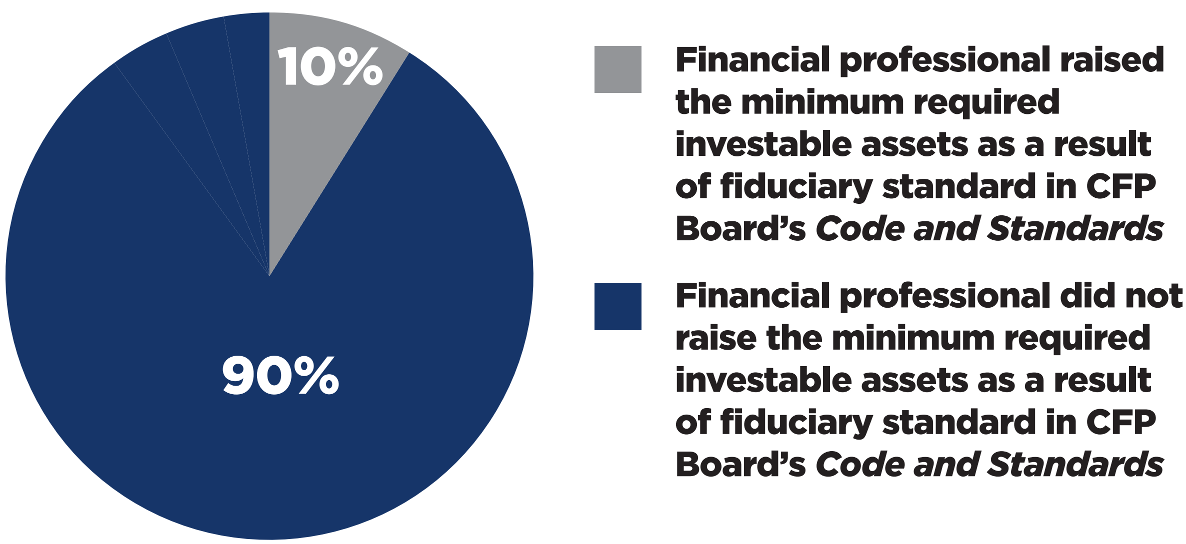
All CFP® professionals are subject to CFP Board's *Code of Ethics and Standards of Conduct (Code and Standards)*, which reflects the commitment that all CFP® professionals make to CFP Board to high standards of competency and ethics. This includes a Fiduciary Duty, which states the following:

"At all times when providing Financial Advice to a Client, a CFP® professional must act as a fiduciary, and therefore, act in the best interests of the Client."

Few CFP® professionals raised the minimum investable assets threshold for their clients as a result of the expansion of the scope of the fiduciary standard. Nine in 10 CFP® professionals report that the fiduciary requirement when added to CFP Board's *Code and Standards* and made effective in 2020 did not cause them to raise the minimum amount of assets their clients must have from them to provide advice. This advice could concern any financial product, service or account type.

9 in 10 CFP® Professionals Did Not Raise the Minimum Amount of Investable Assets Required for Their Clients Due to the Fiduciary Standard in CFP Board's *Code and Standards*

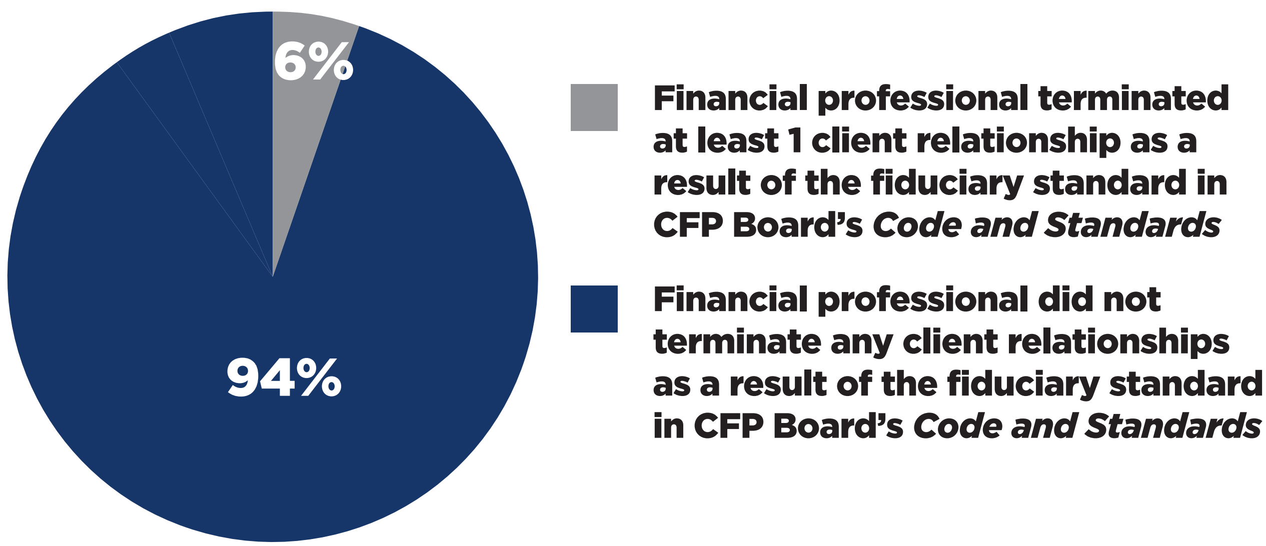
(Percentage Distribution)



Furthermore, a mere 6% of CFP® professionals ceased providing services to a client due to the expansion of the scope of the fiduciary standard in CFP Board's *Code and Standards*. Ninety-four percent of CFP® professionals indicated that they did not terminate services with a client as a result of that change.

Few CFP® Professionals Terminated Services With Clients as a Result of the Fiduciary Standard in CFP Board's *Code and Standards*

(Percentage Distribution)



Conclusions

The proposed Department of Labor retirement security rule expands the scope of the application of ERISA's fiduciary duty. Previously implemented rule changes involving "fiduciary" and "best interest" standards highlight that financial professionals remain able and willing to continue to serve their clients in the face of standards changes.

CFP® professionals broadly support fiduciary standards for all financial professionals and organizations providing advice and recommendations to retail investors. 92% of CFP® professionals responding to a prior CFP Board survey agree that a fiduciary standard is appropriate for all financial services providers who deliver personalized investment advice to retail investors.[1] Only 2% of respondents to that same survey disagree.

Methodology

On February 20, 2024, CFP Board's Research team sent a 14-question survey to randomly selected CFP® professionals certified on or before May 1, 2020, nationwide.

The survey contained 14 questions and generated 412 responses when it closed on March 1, 2024. The data collected from the survey, which serves as the basis of this report, is subject to a sampling error of +/- 4.8% at the 95% confidence interval.

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1. Tracking CFP® Professionals' Attitudes, Opinions, and NPS Scores | Heart+Mind Strategies, December 2023.

About CFP Board

CFP Board is the professional body for personal financial planners in the U.S. CFP Board consists of two affiliated organizations focused on advancing the financial planning profession for the public's benefit.

CFP Board of Standards sets and upholds standards for financial planning and administers the prestigious CERTIFIED FINANCIAL PLANNER™ certification — widely recognized by the public, advisors and firms as the standard for financial planners — so that the public has access to the benefits of competent and ethical financial planning. CFP® certification is held by nearly 100,000 people in the U.S. **CFP Board Center for Financial Planning** addresses diversity and workforce development challenges and conducts and publishes research that adds to the financial planning profession's body of knowledge.

CFP BOARD

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