

CFP FINANCIAL
PS PLANNING
STANDARDS
C COUNCIL®

annual
report
2011-12

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Vision Our vision is to see Canadians improve their lives by engaging in financial planning.

Mission We certify financial planners, develop and enforce professional standards, and raise awareness of the importance of financial planning.

Values FPSC® embraces professionalism, demonstrates leadership, and offers an unparalleled commitment to excellence, quality and continuous improvement in every task we undertake and each relationship we forge and preserve.

We believe diversity is a vital ingredient in any productive environment. Our dedication to an equitable workplace will always ensure that all are valued and all are treated with dignity.

We value our integrity and our passion; it is the basis for our reputation and our source of strength. We expect to be held accountable, always striving to be clear and open in all of our communications.

Above all, and in every transaction and engagement, we are ethical, respectful and fair.



President & CEO's Message

**We continue
to engage in
meaningful
dialogue with
government,
industry,
regulators
and other
stakeholders**

Our efforts over the past year have re-emphasized the unique role FPSC® plays in addressing the challenges of improving Canadians' financial well-being. Our role encourages actions that will improve Canadians' financial literacy, and that help ensure Canadians are appropriately served by financial planners, through the standards we set for financial planners who hold CFP® certification.

While we continue to engage in meaningful dialogue with government, industry, regulators and other stakeholders, we recognize that more can be achieved by working with other stakeholders on issues of common importance; therefore, we are pleased to be part of two new partnerships: The Coalition for Professional Standards for Financial Planners (The Coalition) and the Financial Literacy Action Group (FLAG).

The Coalition represents a group of stakeholders that aims to establish a universally accepted set of common national standards for financial planners in Canada. This year, The Coalition published its set of common principles that it believes all financial planners should be held accountable to. The Coalition will continue to move forward to ensure the public is protected against unqualified or unscrupulous financial planners.

As a member of the Financial Literacy Action Group (FLAG), we have continued to work toward improving Canadians' financial literacy. FLAG was instrumental in the success of the inaugural Financial Literacy Month (FLM) in November 2011, which was formally designated by Parliament, and the efforts of FLAG were also formally acknowledged in the House of Commons.

In 2011, our most successful Financial Planning Week yet set records for attendance at the Vision 2020 Symposium and for the number of community-based public events held by CFP professionals across Canada.

While we work on these important high-level issues, we remain committed to our core purpose: ensuring that CFP certification continues to be relevant, credible and appropriate to the needs of Canadians. In 2012, we renewed our accreditation to the ISO 17024 standard for certifying bodies, a testament to the rigour and credibility of the CFP certification process.

An important focus remains the new Path to CFP® Certification, which launched last year. This year marked the first administration of the Financial Planning Examination Level 2 (FPE2®), and the first CFP certificants conferred with the CFP designation under the new path. The CFP certification program now provides the opportunity for candidates to progressively build on their skills with each step along the path to certification. These steps include the addition of an FPSC-approved Capstone Course and the requirement of a written comprehensive plan, two examinations, and the increase from two to three years of qualified work experience. Communicating the value and benefits of the new path, as well as differentiating CFP designation, remains a high priority.

In 2012, we published the new *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates*, (which now includes a codified Client First principle). The Institut québécois de planification financière (IQPF)'s involvement was notable and I am proud to report that all Canadians can now expect planners with either the CFP or Pl. Fin. designations to be adhering to the same ethical principles. In 2011, we also completed the successful rollout of our tiered CFP certification pathway program.

It is important to note that a study we commissioned by The Strategic Counsel in April 2011 revealed that the CFP marks are the most-recognized financial planning designation in Canada. The study shows an almost 100% increase in unaided awareness of the CFP designation from 2006 to 2011. Further results show that since September 2005, the number of Canadians working with a financial advisor increased by 25% but those choosing to work with a CFP professional nearly doubled to 37%, far outpacing advisors without the CFP designation.

The work and dedication of the CFP professionals who volunteered over 6,000 hours echoes our staffs' efforts and our organization's reach. Together, we work to further our vision that Canadians improve their lives by engaging in financial planning and that CFP certification will lead the way to achieving this outcome.

Cary List, CA, CFP®
President & CEO, FPSC

Chair's Message

In June 2011, I assumed my seat as Chair of the Board of FPSC[®]. This was an exciting year for me to be at the helm of this organization as it delved deeper into policy work, tightened up its strategic direction, and introduced recognition programs for dedicated volunteers.

Public policy and financial literacy are growing increasingly important on a societal level. At FPSC, we anticipated this trend, and in 2011 we further developed our strategy to tackle these challenges. I had the opportunity to attend and participate in an FPSC-facilitated public policy focus group which was held in Toronto in October 2011.

At these sessions, I was interested to hear about the experiences of fellow financial planners. They shared their thoughts on everything from improving financial literacy levels in Canada, to encouraging government to provide incentives for undertaking financial planning, to securing Canadians' future financial successes through access to CFP[®] professionals. The feedback we received, which was used to identify current and emerging issues and provide guidance of how we will address them as an organization, is a further demonstration of the integrity of CFP professionals' work across Canada.

From a strategy perspective, we have tested our mission and vision against the current environment in order to best align our resources. In June, the Board spent a day and a half refining our strategic plan. This plan, which will see FPSC forge closer ties with industry, makes me excited about what is to come for FPSC and the financial planning profession through CFP certification.

One significant project that was launched this year particularly resonated with me. The FELLOW OF FPSC[™] distinction celebrates the passion and work of individuals who have helped advance FPSC's mission through volunteering. I had the opportunity to personally acknowledge the 33 first-ever recipients of the FELLOW OF FPSC distinction during FPSC's third annual Financial Planning Week.

As a long-time volunteer of FPSC, (I've been a board member since 2004), I can attest to the value and rewards of this work. I strongly encourage all CFP professionals to seek out ways to get involved with FPSC and continue to help us build this profession.

This year contained exciting changes that included collaborative work with stakeholders, forging of new goals, and celebrating the contributions of our volunteers. The Board and I look forward to the next year, and to sharing another fulfilling year of achievements and accomplishments with our certificants, candidates, educators, industry partners, and other stakeholders.



Jim Kraft, CFP[®], CA, MTax, TEP
Chair, FPSC Board of Directors

Enforcement

An improved economy resulted in fewer complaints to FPSC in 2012. The fiscal year started with eight cases under review compared to 17 in the previous year. Although the number of new files opened increased by 30% to 17 (up from 13), they resulted in fewer disciplinary actions than in the prior year. One case was escalated to a disciplinary hearing panel and resulted in a one year suspension of the individual's CFP certification.

Last year (2010 – 2011), Cautions were introduced into FPSC's enforcement process, allowing Standards Enforcement to provide private guidance to individual CFP professionals whose activities, while not a breach of the Code, warranted a warning as potentially violating the spirit and intent of the rules. In order to expand the guidance value provided by such Cautions, this year FPSC implemented the publication of Anonymous Case Histories. These histories are no-name summaries of the more common circumstances in which FPSC has issued a Caution. The intent of these Anonymous Case Histories is to make the guidance offered by a Caution available to the entire CFP professional community.

In concert with the Director of Industry Engagement, Standards Enforcement conducted a series of meetings over the course of 2011 – 2012 with several financial institutions who employ CFP professionals. The purpose of the meetings was to introduce the new *Standards of Professional Responsibility for CFP[®] Professionals and FPSC[®] Registered Candidates* and to open, what is intended to be, ongoing dialogue regarding the requirements of the new Standards and their practical application in the corporate financial environment. The discussions highlighted several areas where the requirements of the Standards were either misunderstood or may not fit smoothly within the day-to-day procedures of the institution. Undertakings were made to further consider these issues and to provide clarification in the Guidance being prepared to complement the Standards.

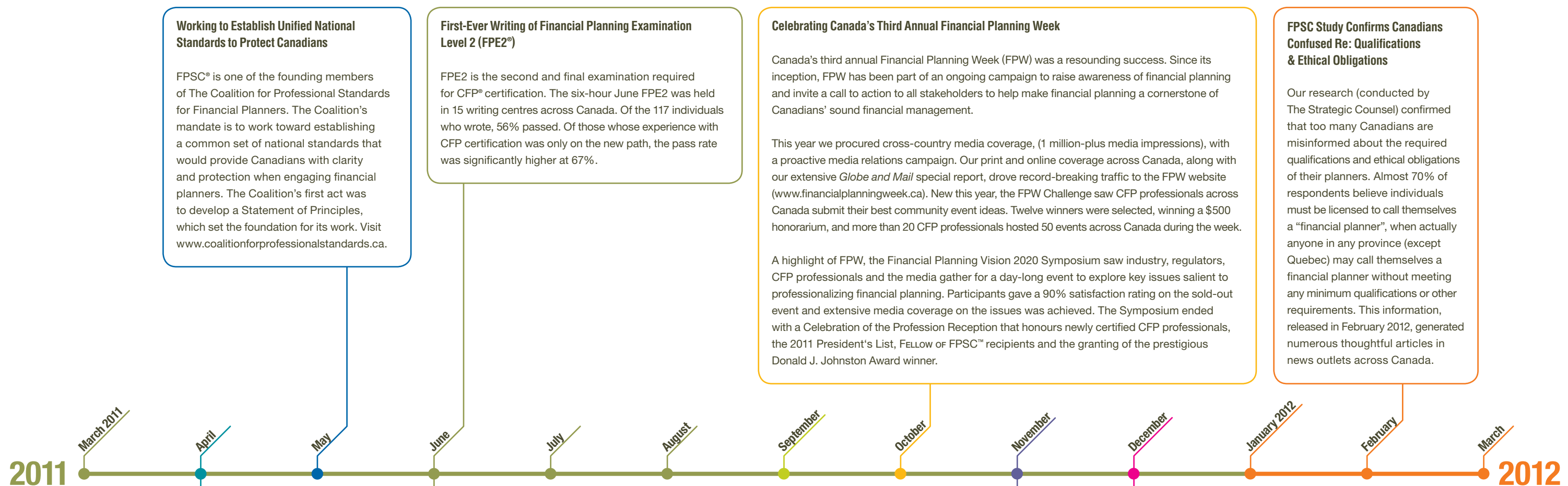
Trademarks

FPSC continues to monitor and enforce proper trademark use by both CFP professionals and those who do not hold the certification. Standards Enforcement conducted an annual review of all non-renewing CFP professionals, to ensure they have discontinued use of the marks in all communications. In addition, the websites of various regulators are routinely monitored to ensure any use of the marks by individuals appearing in disciplinary proceedings is authorized. To this end, FPSC is encouraged by the growing initiatives made by various regulators and security commissions to confirm CFP certification and advise us of CFP professionals who have been publicly sanctioned by their organizations.

Enforcement Statistics	
Fiscal Year 2011 – 2012	
Cases Under Investigation <i>As at April 1, 2011</i>	8
New Files Opened	17
Cases Closed	10
Cases Resulting in Disciplinary Action (Cautions and Hearing Panels)	4
Cases Still Under Review <i>As at March 31, 2012</i>	11

Trademark Enforcement	
Fiscal Year 2011 – 2012	
UNAUTHORIZED USE CASES*	
New Violations Opened	90
Violations Resolved	91
Cases Still Under Review <i>As at March 31, 2012</i>	37

*Unauthorized use cases involve instances in which individuals or entities use the CFP Marks without being licensed to do so.



Working to Establish Unified National Standards to Protect Canadians

FPSC® is one of the founding members of The Coalition for Professional Standards for Financial Planners. The Coalition's mandate is to work toward establishing a common set of national standards that would provide Canadians with clarity and protection when engaging financial planners. The Coalition's first act was to develop a Statement of Principles, which set the foundation for its work. Visit www.coalitionforprofessionalstandards.ca.

First-Ever Writing of Financial Planning Examination Level 2 (FPE2®)

FPE2 is the second and final examination required for CFP® certification. The six-hour June FPE2 was held in 15 writing centres across Canada. Of the 117 individuals who wrote, 56% passed. Of those whose experience with CFP certification was only on the new path, the pass rate was significantly higher at 67%.

Celebrating Canada's Third Annual Financial Planning Week

Canada's third annual Financial Planning Week (FPW) was a resounding success. Since its inception, FPW has been part of an ongoing campaign to raise awareness of financial planning and invite a call to action to all stakeholders to help make financial planning a cornerstone of Canadians' sound financial management.

This year we procured cross-country media coverage, (1 million-plus media impressions), with a proactive media relations campaign. Our print and online coverage across Canada, along with our extensive *Globe and Mail* special report, drove record-breaking traffic to the FPW website (www.financialplanningweek.ca). New this year, the FPW Challenge saw CFP professionals across Canada submit their best community event ideas. Twelve winners were selected, winning a \$500 honorarium, and more than 20 CFP professionals hosted 50 events across Canada during the week.

A highlight of FPW, the Financial Planning Vision 2020 Symposium saw industry, regulators, CFP professionals and the media gather for a day-long event to explore key issues salient to professionalizing financial planning. Participants gave a 90% satisfaction rating on the sold-out event and extensive media coverage on the issues was achieved. The Symposium ended with a Celebration of the Profession Reception that honours newly certified CFP professionals, the 2011 President's List, FELLOW of FPSC™ recipients and the granting of the prestigious Donald J. Johnston Award winner.

FPSC Study Confirms Canadians Confused Re: Qualifications & Ethical Obligations

Our research (conducted by The Strategic Counsel) confirmed that too many Canadians are misinformed about the required qualifications and ethical obligations of their planners. Almost 70% of respondents believe individuals must be licensed to call themselves a "financial planner", when actually anyone in any province (except Quebec) may call themselves a financial planner without meeting any minimum qualifications or other requirements. This information, released in February 2012, generated numerous thoughtful articles in news outlets across Canada.

Maintaining ISO 17024 Accreditation

FPSC is currently the only SCC accredited financial services certification body to earn ISO 17024 accreditation through the Standards Council of Canada (SCC), and we were audited in April by SCC to maintain this accreditation. The SCC conducted an on-site audit at FPSC, and one at an examination centre. Retaining ISO 17024 accreditation is a testament to the quality of the CFP certification program.

CFP Marks are Most-Recognized Financial Planning Designation

Our 2011 brand study shows an almost 100% increase in unaided awareness of the CFP designation from our first study in 2006. More Canadians are also seeking out financial advice. Since 2005, the number of Canadians working with a financial advisor has grown by almost 25%. Demand for CFP professionals specifically has outpaced this broader industry growth. The number of Canadians working with CFP professionals has nearly doubled to 37%, (a 94% increase from 2006).

Public Policy: A Continuing Priority

This was a landmark year for our public policy and government outreach work with time spent building relationships with government officials at both the provincial and federal levels. One of the highlights of our policy work was when we gathered CFP professionals, and other industry stakeholders, in Vancouver and Toronto to garner feedback regarding the current and future direction of our policy work. Using this knowledge, we solidified our strategy. One action resulting from this work included our February federal government submission regarding the Pooled Retirement Pension Plan (PRPP).

A Proud Member of the Financial Literacy Action Group

Our commitment to financial literacy initiatives was shown once again when we announced our involvement as a member of the Financial Literacy Action Group (FLAG), (a coalition of seven not-for-profit organizations working in collaboration with the Financial Consumer Agency of Canada). FLAG announced November 2011 as the first-ever Financial Literacy Month. FPSC supported this initiative with content and presentations by volunteering CFP professionals. Visit www.financialliteracymonth.ca.

New Standards of Professional Responsibility Officially Launched

Officially launched in December 2011, the *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates* describes the ethical and practice responsibilities of CFP professionals and FPSC Registered Candidates. The document encompasses FPSC's Code of Ethics, Rules of Conduct, Fitness Standards, and Practice Standards. Also in December, we launched the revalidated *CFP® Professional Competency Profile*, which details the abilities of a CFP professional and clearly outlines the skills, knowledge, attitudes and judgments required for competent performance. Institut québécois de planification financière (IQPF) and FPSC mutually adopted the same principles of the Code of Ethics.

FPSB Audit

FPSC was audited by our international membership body, and the owner of the CFP marks outside the United States, Financial Planning Standards Board (FPSB). This audit evaluated FPSC's processes against mutually agreed upon international standards for all FPSB affiliate members. FPSC achieved Tier One status.

2011 – 2012 Milestones

Profile of the Profession

Knowing about CFP® professionals ultimately helps us better understand their needs and helps them best serve the Canadian public.

Keeping in touch with, and knowing about, the community of CFP professionals is something that FPSC® takes seriously. With over 17,500 CFP professionals in Canada and nearly 140,000 in 24 countries around the world, CFP certification is one of the most prevalent and widely recognized financial planning designations.

The following information is culled from the license renewal forms that CFP professionals complete each year. By submitting information such as age, methods of compensation and demographics, FPSC gets a better idea of who these planners are, what they do and where they do it.

FPSC also uses these statistics to identify trends within the CFP professional population. For example, the increasing percentage of CFP professionals who are over the age of 50 is an issue that FPSC is preparing to address in the coming years.

Additionally, this information is of value to candidates interested in becoming CFP professionals and is useful for members of the media who call FPSC for credible, relevant information on Canada's largest body of professional financial planners.



Demographics	
GENDER	
Male	68%
Female	32%
AGE	
Under 25	< 1%
25-34	10%
35-49	44%
50-64	41%
64+	5%

Languages Spoken in Practice	
English	74%
French	4%
Cantonese	4%
Polish	3%
Mandarin	3%
Punjabi	1%
Italian	1%
Hindi	1%
Other	9%

Compensation Structure	
Commission	42%
Fee + Commission	16%
Fee Only	7%
Salary + Bonus and/or Commission	28%
Salary Only	6%

Gross Earnings (in \$)	
0-9999	5%
10-49999	8%
50-74999	17%
75-99999	16%
100-149999	21%
150+	33%

Years in Financial Planning	
0-5	9%
6-10	25%
11-15	26%
16-20	14%
20+	17%
N/A	9%

Other Financial Designations Held by CFP Professionals	
None	35%
CLU	12%
FMA	12%
R.F.P.	12%
CIM	10%
CA	7%
RHU	4%
TEP	3%
EPC	3%
CSA	3%
CGA	3%
CFA	3%
CMA	2%
CH.P.	1%
CERTIFIED FINANCIAL PLANNER® - FPSB Affiliate	1%

Location	
Ontario	52%
British Columbia	19%
Alberta	14%
Manitoba	5%
Saskatchewan	4%
Nova Scotia	3%
New Brunswick	1%
Newfoundland & Labrador	1%
Quebec	1%
NWT/Yukon/Nunavut	< 1%
International	< 1%

Business Sectors in Which CFP Professionals Work	
Financial Planning	42%
Insurance	11%
Mutual Funds	10%
Securities	10%
Banking/Trust	8%
Accounting	6%
Credit Union	4%
Other	4%
N/A	4%

Top 20 Employers Listed alphabetically	
Assante Capital Management	
BMO	
CIBC	
Credential Group	
Desjardin Financial	
Dundee Wealth Management	
Edward Jones	
Freedom 55 Financial/London Life	
FundEX Investments Inc.	
Great West Life	
Investors Group	
IPC Investment Corp	
Manulife Financial	
MD Physician Services	
National Bank	
Raymond James	
RBC	
Scotiabank	
Sun Life Financial	
TD Canada Trust	

All Data As At December 31, 2011

Auditor's Letter

Independent Auditor's Report

To the Members of Financial Planning Standards Council

The accompanying summary financial statements, which comprise the summary balance sheet as at March 31, 2012, the summary statements of operations, changes in unrestricted net assets and cash flows for the year then ended, are derived from the audited financial statements of Financial Planning Standards Council for the year ended March 31, 2012. We expressed an unmodified audit opinion on those financial statements in our report dated August 28, 2012. Those financial statements, and these summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles (GAAP). Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of Financial Planning Standards Council.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in the note to the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, these summary financial statements derived from the audited financial statements of Financial Planning Standards Council for the year ended March 31, 2012 are a fair summary of those financial statements, on the basis described in the note to the summary financial statements.

Other matter

The financial statements of Financial Planning Standards Council for the year ended March 31, 2011 were audited by another auditor who expressed an unmodified opinion on the financial statements dated June 23, 2011.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
September 6, 2012

Financial Statements

Incorporated under the laws of Canada as a corporation without share capital

SUMMARIZED BALANCE SHEET

As at March 31	2012 \$	2011 \$
Assets		
Current assets	7,153,503	7,527,360
Investments	2,145,828	2,216,737
Capital assets, net	579,942	632,776
Intangible assets, net	266,797	284,150
	10,146,070	10,661,023
Liabilities and net assets		
Current liabilities	6,133,236	6,338,618
Long-Term Liabilities	4,177	9,319
	6,137,413	6,347,937
Net assets		
Internally restricted invested in capital assets	579,942	632,776
Internally restricted contingency reserve	1,650,359	1,614,526
Unrestricted	1,778,356	2,065,784
Total net assets	4,008,657	4,313,086
	10,146,070	10,661,023

SUMMARIZED STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

Year ended March 31	2012 \$	2011 \$
Revenue		
Certification Fees	5,468,118	5,289,875
Examination Fees	625,829	1,586,875
Investment Income	158,728	175,026
Sponsorships	59,500	160,000
Other Revenue	16,473	70,473
Education Revenue	60,705	43,165
	6,389,353	7,325,414
Expenses		
Human Resources	3,360,984	3,191,953
Standards & Certification	1,106,999	1,001,472
Marketing & Consumer Affairs	621,063	990,283
Governance	565,836	619,968
Office overhead	701,849	602,228
Amortization	246,076	251,628
Policy & Enforcement	90,975	27,715
	6,693,782	6,685,247
Excess of revenue over expenses (expenses over revenue) for the year	(304,429)	640,167
Unrestricted net assets, beginning of year	2,065,784	1,759,203
Change in internally restricted invested in capital assets	52,834	225,643
Transfer to contingency reserve	(35,833)	(559,229)
Unrestricted net assets, end of year	1,778,356	2,065,784

SUMMARIZED STATEMENT OF CASH FLOWS

Year ended March 31	2012 \$	2011 \$
Cash provided by (used in) operating activities	(265,212)	1,323,541
Cash provided by (used in) investing activities	4,315	(850,254)
Cash used in financing activities	(4,696)	(4,290)
Net increase (decrease) in cash during the year	(265,593)	468,997
Cash, beginning of year	5,127,817	4,658,820
Cash, end of year	4,862,224	5,127,817

Applied criteria in the preparation of the summary financial statements are as follows:

- the information in the summary financial statements is in agreement with the related information in the complete financial statements; and
- the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto.



FPSC Board of Directors

(June 2011 – June 2012)

Chair

Jim Kraft, CFP®, CA, MTax, TEP
Vice President
BMO Life Assurance Company

Past Chair (*ex-officio, non-voting*)

Debbie Ammeter, LL.B., CFP®
Vice-President
Advanced Financial Planning Support
Investors Group Financial Services Inc.

Public Directors

Cheri Dawn Carey, LL.B.
Level 1 Grievance Adjudicator
(Senior Manager/Civilian Member)
RCMP

Teresa Black Hughes, R.F.P., CLU, FMA, CIM, CFP®
Financial Advisor
Rogers Group Financial

Dawn Hawley, R.F.P., TEP, CDFA, CFP®
Angus Watt Advisory Group
National Bank Financial

Gilles Sinclair, FICB, Pl. Fin.
Assistant Vice President
Distribution Alliances and Channels
B2b Trust

Senior Management Team

Cary List, CA, CFP®
President & CEO

Tamara Smith, MBA, ABC
Vice President
Marketing & Consumer Affairs

Heather Terrence, CAE
Vice President
Operations

Vice Chair

Lisa Pflieger, CFP®, CGA, TEP
Department Leader Financial Planning
Edward Jones

President (*ex-officio, non-voting*)

Cary List, CA, CFP®
President & CEO
Financial Planning Standards Council

Cheryl Bauer Hyde, CFP®
Bauer Hyde Financial Services

John Charrette, CFP®
Relationship Manager
Farm Credit Canada

Sally J. Rycroft, CGA, R.F.P., CFP®
President
Rycroft & Associates, Inc.

Catherine Wood, MBA, CLU, CFP®
Vice President
Wealth Management and Insurance
Qtrade Financial Group

John Wickett, PhD
Senior Vice President
Standards & Certification

Stephen Rotstein, LL.B.
Vice President
Policy & Enforcement & General Counsel



FPSC FINANCIAL
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