

My name is Dr. Jesse Arman, and I have been a financial planning educator and practitioner for over 25 years. I am also the Vice President of Academic Affairs for the College for Financial Planning, although I am providing this input as a private citizen only.

I generally support Massachusetts' proposed legislation (950 CMR 12.200) regarding oversight of broker dealers and their agents purporting to specialize in advising seniors. I believe that there are areas in which the legislation can be strengthened to better serve and protect Massachusetts' citizens.

To offer some contextual background, you may be aware that my employer, the College for Financial Planning, created the Certified Financial Planner (CFP®) designation in 1972. The CFP® designation is arguably the premier financial planning designation among nearly 100 such designations extant. The College also provides three accredited master's programs, as well as several other designations (described on www.cffp.edu). Over 100,000 individuals have earned our various degrees and certifications.

Through my affiliation with the College and through private practice, I have witnessed the proliferation of designations in the profession. Some are academically sound, product-neutral, and promote ethical standards, some are redundant and serve mostly to confuse consumers, and some are little more than facades to sell products or formulaic services. Accordingly, I believe that Massachusetts is well-served by seeking to clarify and categorize the designations for its citizens.

The proposed legislation isolates seniors who invest through broker dealers (or broker dealer agents) as being particularly susceptible to unethical practitioners, and this is quite accurate. However, by limiting the language of the proposal to seniors who invest through broker-dealers or broker-dealer agents, the legislation only partially fulfills its intent. There are numerous instances not involving investments or agents which still serve to act counter to seniors' best interests. For example, retirees may also be attracted to reverse mortgages which, though appropriate for some individuals, can also contain inordinate upfront fees, high interest rates, and may ultimately lead to seniors losing their homes (an outcome that most likely runs counter to those individuals' estate plans). Second, non-agents may entice seniors to partake in fraudulent usage of viatical arrangements. Third, in many states, attorneys have made a living convincing people that probate is to be avoided under any circumstances and at all costs. In these circumstances, seniors are urged to set up trusts that are profitable to attorneys, but which may ultimately be more expensive than the probate the trusts are designed to avoid.

For these reasons, I believe that Massachusetts should consider broadening the language of the proposal beyond seniors who invest through broker dealers or their agents. Instead, I suggest that it be re-written to include advisors acting in “any” financial capacity involving seniors.

A second limiting aspect of the proposal is the intent to focus on combinations such as “senior” and “retirement” as key words that trigger scrutiny. The College for Financial Planning teaches that retirement planning is a lifelong, evolving activity that begins when people are in their twenties. Accordingly, “retirement planning” is not an activity that applies only to people over 60. Indeed, the College’s extensive academic retirement materials (several thousand pages) contain planning processes, regulations, and strategies that apply to all ages. Such planning is agnostic regarding types and brands of products, except to identify where certain types may be inappropriate. By not limiting keyword scrutiny to “seniors”, the legislation will have a greater likelihood of unearthing unethical and inappropriate retirement advising and activities directed at individuals in any age group.

I suggest that at least as important as accreditation and national recognition, a driving factor for acceptance in Massachusetts should be whether or not the academic material places inordinate focus on sales of specific products or brands. Those certifications for which the related materials conclude that product (or brand) sales are the solution to all retirement needs should be given far greater scrutiny than certifications that are indifferent to products or brands, regardless of corporate structure or mission of the accreditor.

As the legislation is formulated and progresses, I would be happy to provide objective input to Massachusetts’ legislators in areas such as investments, academic content of retirement programs, and creating and maintaining designations.

Sincerely,

**Dr. Jesse B. Arman
6149 S. Monaco Way
Centennial, CO 80111
303-721-7818
jbarman@comcast.net**