2012 Stakeholders Report
The leading independent professional body for financial planners
**Vision**
Professional financial planning for all.

**Mission**
To advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society (community, constituency) which the profession serves, by:

- Improving the quality and accessibility of professional financial planning for all in Southern Africa.
- Acting as an advocate for professional financial planning, thereby building recognition on the part of the general public of the importance of, and need for, such planning.
- Providing a framework within which members can achieve qualifications and maintain competence so as to create greater value for their clients, practices and employers.
- Ensuring that members maintain the highest ethical standards in pursuance of their profession.
- Fulfilling a leadership role within the financial services sector by providing government and the public with balanced, credible input and commentary.
- Facilitating transformation within the profession.

**About the FPI**
As a founding member and affiliate of Financial Planning Standards Board (FPSB), the Financial Planning Institute of Southern Africa (FPI) plays a pivotal role in the affairs of its affiliate body. The FPI is a standards-setting body tasked with upholding the professionalism of the CFP® designation and other FPI designations.

The FPI is a non-profit, SAQA recognised professional body for financial planners, formed in 1981 as the Institute of Life and Pension Advisors (ILPA) to improve levels of professionalism in the financial planning industry. Through our global partnership with FPSB, FPI is the only institution in Southern Africa able to offer the CERTIFIED FINANCIAL PLANNER® certification programme.

The institute is uncompromising in establishing and maintaining professional financial planning standards in Southern Africa, and we play a major role in ensuring that the public has access to competent financial planners who are professionally qualified and experienced and who have agreed to abide by our Code of Ethics and Professional Responsibility. As such, FPI’s strategy going forward is premised very much on two key tenets: upholding the pre-eminence of the CFP® designation, and expanding access to the pathways through which people can gain access to the CFP® certification.

The competency levels and professionalism of the CFP® professionals, as well as the evolution of the financial services industry, is a notion that we can all be proud of.
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The leading independent professional body for financial planners.
The year under review certainly came with more challenges than we had anticipated. On the back of lingering global financial crises, we had to deal with issues of a falling currency, lower than expected growth combined with higher than expected inflation, horrendous fuel price increases and a continued climb in the unemployment rate.

With this as the background, it was with some trepidation that the leadership of the Financial Planning Institute of Southern Africa (FPI) rolled out an ambitious, but well-thought-through, strategy in a bid to assist our members to cope with these uncertain times.

We are therefore pleased to share with you some of the fruits of this new strategic direction that we have taken. Notably, we have achieved a significant 9% growth in our professional membership, which now brings the total number of CFP® certificants to 4,472. So, not surprisingly, our total number of certificants actually equals the combined total for all seven European affiliates.

Whilst you may wonder what is significant about single-digit growth, it should be borne in mind that the current global average is under 6%.

The Minister of Finance, in his budget speech and other communications, has been elaborating on:

- Retirement reform
- Tax issues
- Savings
- Education
- Trustee
- Conduct

There are clear steps in the pipeline to rectify this. The debate and concerns regarding commissions and upfront commissions on savings products still continue to grow. This may portend a total revamp of the commission structure in respect of risk and savings products in the near future.
My view is that, since financial planners are putting into practice principles and ethics that place clients first, there should be little or no negative impact on them when treating clients well. The contemporary client is far more aware and knowledgeable, since ‘information’ is available in the international press and popular financial magazines. A financial planner has a duty to practise with the highest integrity. The expectation is that advisors and planners should become ‘financial coaches’, especially in these harsh and uncertain economic times. This strong expectation is an opportunity to build a high level of trust between planner and client.

I have always maintained that one needs to have good physical and financial health. Without physical health, you will not live so long, and, if you do live long, you will need money to live comfortably. The FPI is here to promote the best interests of our clients in terms of financial health.

The leadership of the Financial Planning Institute of Southern Africa (FPI) rolled out an ambitious, but well-thought-through, strategy in a bid to assist our members to cope with these uncertain times.

We were more than thrilled to receive a 96% audit rating from the Financial Planning Standards Board (FPSB). What this means is that we received a Tier One assessment, the highest tier, which ensures that we will not be subject to an audit for the next five years. We are very proud of this!

We are a full member of Business Unity South Africa (BUSA) and there were several developments in this regard in 2012 which we were closely involved in. On the technical side, we are part of the National Health Insurance (NHI) Working Group and Steering Committee, on which we are ably represented by Andre Jacobs, CFP®.

We are pleased with the work being done on the Transformation Policy Committee and on the Woman Empowerment and Gender Equality Bill, for these are close to our heart. We also see ourselves contributing to the Enterprise and Career Bill in order to play a meaningful role in promoting financial planning.

The aim of every professional financial planner is to be the best they possibly can be and to always put the client first! In terms of marketing activities in promoting the CFP® mark and planners, we have continually created an increased awareness of the valuable role the FPI plays in society.

Thank you to my fellow directors, without whom my role would be increasingly difficult – your support means a great deal to me. Godfrey Nti and his team also deserve much praise, for they are amazing and I am sometimes at a loss for words when I witness the commitment and drive they have.

In sharing the contents of this report with you, our stakeholders, it is our hope that you will remain reassured that the FPI, as the professional body, will continue to add value to its members’ quest to be the best in their noble profession.

Prem Govender, CFP®
Chairperson
Development within the FPI

In the last quarter of 2010 the Board of Directors of FPI unanimously agreed to carry out a major strategy review of the institution against a backdrop of 30 year legacy of excellence in financial planning, declining membership, emergence of serious competition from other industry players to standard-setting positioning and financial planning being increasingly being erroneously seen as a niche profession that serves only the wealthy in our society.

Strategy Review Process
The Board retained the services of Perry & Associates Strategy Consultants and other consultants to assist in this endeavour. Since then, the strategy review process has entailed an environmental scan to measure the value of financial planning to the financial services industry, awareness of the FPI and its professional designations in the marketplace and the needs, perceptions and preferences of FPI members and other stakeholders.

Strategic research was conducted via three main avenues:

1. Focus Groups: Strategy review working group made of directors and staff.
2. A number of our corporate partners responded to an electronic survey in 2010. Similar survey was conducted among consumers.
3. Face-to-face interviews with members (selected from all membership levels), corporate partners, regulators and other important industry players.

The research revealed four major themes:

1. General Lack of understanding of FPI’s mission and value proposition, with some seeing FPI as a trade association whilst others seeing FPI as a professional body. The former was strongest among the RFP™ and AFP™ certificants whilst the latter was strongest among CFP® professionals.
2. The quality of the CFP® mark is easily recognised and respected by industry insiders. There was however general lack of awareness among consumers of FPI and its associated professional designations.
3. Confusion in the marketplace due to difficulties in the industry of being able to differentiate between the many designations awarded by FPI (RFP™, AFP™, and CFP® mark).
4. FPI is perceived primarily as a self-centred and elitist association for well-educated white individuals. With the assistance of Perry & Associates Strategy Consultants, the Board proceeded to map out a long-term strategic plan with clear and concise goals to address these themes.
The process included authoring a vision statement and writing a new mission statement in support of that vision. It also included authoring of a new tagline – The Professional Standard. In addition, the board identified three main objectives to help shape the strategies and tactics of the overall plan – Leadership, Standards Upliftment, Recognition and Awareness. The Board approved the “FPI Strategic Plan 2015” in December 2011 and tasked the executive to develop a detailed implementation plan.

The past two years has set about the formulation of the strategy. Moving forward FPI will execute the FPI Strategic Plan 2015 with clear purpose and resolve. The 2012 Board of Directors and those that follow will adopt systems to manage initiatives and maintain dynamic communications with all stakeholders. Simultaneously, FPI will implement devices for strategy learning, including benchmarking, best practise sharing and change management.

UN Global Compact
The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the United Nations (UN) to engage effectively with enlightened global business. The FPI has been added as a participant of the UN Global Compact.

FPI Strategic Plan: A Path to 2015
Strategy Implementation Focus Areas

To achieve the strategic objectives outlined above, the FPI has developed four primary strategic thrusts as follows:

- Marketing and Communications Strategy
- Consumer Awareness – pre-eminence of the CFP® mark
- Brand positioning Strategy
- Website Strategy.

Membership Growth Strategy
- Re-organisation to categories of membership
- Introduction of new “products”
- Consumer awareness and advocacy
- Student outreach programme
- Employer outreach programme
- Membership retention programme.

Advocacy and Thought Leadership Strategy
- Advocacy strategy
- Research Initiative
- Thought leadership initiative.

Pre-eminence on Certification and Professional Body Standards
- Local benchmarking
- International benchmarking.
As a participant, the FPI has committed to:

- Supporting the Ten Principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption;
- Advance these principles within their sphere of influence, and make a clear statement of this commitment to your stakeholders and the general public;
- Take part in the activities of the UN Global Compact, for example: participate in Local Networks; join specialised initiatives and work streams; engage in partnership projects; and review Communications on Progress posted by participating companies.

The FPI is a thought leader and a pioneer. Through difficult negotiations and high-level debates with the National Treasury and Financial Planning Standards Board (FPSB), the FPI has contributed to the creation of positive new initiatives that, if pursued, will introduce radical changes in the system.

The FPI is able to present authoritative papers, based on solid research that can make positive contributions to transformation. In fact, in 2012, the Technical and Advocacy Committee produced six position papers, a milestone achievement for the FPI. The institute is in the process of launching consumer-education road shows and programmes and is already seeing encouraging results. The pro bono programmes have received an overwhelming response from FPI volunteers, which demonstrates the passion these professionals have to make a difference.

To this end, the FPI’s work groups are examining different options and are cooperating with the National Treasury and the Financial Services Board (FSB) to find solutions.
Consumer awareness has become an FPI objective. In terms of this objective, the consumer is encouraged to ask the following questions: What is financial planning, what is it about and why does one as a consumer need a financial planner? How does financial planning differ from financial advice? What questions should one ask one’s financial planner? And then the final question: Where does one find a financial planner?

With the new strategic thrust regarding professionalism that the institute is spearheading, it was decided to establish the certification and standards body as an autonomous body independent from the membership section so that it could concentrate more effectively on this new focus. The move has enabled the body to align all activities to the institute’s strategic objectives, thereby keeping the institute’s vision and mission alive in all activities that are undertaken.

The implementation of the FPI’s new strategy incorporates a concentrated focus on consumer protection, including education and information programmes. This strategy will also result in the phasing out of two membership designations over the next six years, namely those of REGISTERED FINANCIAL PLANNER™/RFP™ and ASSOCIATE FINANCIAL PLANNER™/AFP™.

Initially, RFP™ professionals were better qualified than those in the rest of the industry, but as compliance with the FAIS Act gained momentum, this was no longer the case. When FPSB announced the introduction of CPD for the whole industry, the RFP™ designation lost its differentiation, an indication that the industry is raising the bar.

A similar process affected AFP™ certificants who had obtained the designation either by achieving an NQF Level 6 qualification and/or undergoing a Recognition of Prior Learning (RPL) evaluation that placed them on the AFP™ professional membership level. Following extensive research by the FPI, it was decided that, over the next six years, these
With the introduction of the FAIS Act and its implementation over the last eight years, the gap between financial planning and financial advice has closed. What is required of a financial advisor by the FAIS Act is now considerably close to that which is expected of a financial planner, with the former focusing on a product and the latter on a plan. The FPI has realised that there are very good advisors in the industry who are highly qualified; hence the reason for the introduction of the FSA™ certification in 2012.

In conjunction with a number of providers, the FPI will assist with preparation for the Professional Competency Examination (PCE), which is part of the certification process. One of the main aims of the whole process is to enhance the professionalism of CFP® practitioners so that they are seen as consumer-centric above all, as ethical and highly competent, as focusing on the consumer’s interests over and above all financial considerations, and as remaining ‘head and shoulders’ above those in the wider industry. This is one of the reasons why the focus on CPD is intensifying.

A learning pathway has been created to assist any member to become a CFP® professional. In addition, recognising that finance could pose problems with regard to further studies, the FPI has negotiated special discounts with some service providers so as to make studying for a higher qualification more affordable. Together with the Insurance Sector Education and Training Authority (INSETA) broker network, a proposed voucher system has been introduced which makes a significant contribution to paying the fees for higher qualifications. This proposal will enable 150 learners to benefit from funding in 2013. A further initiative designed to provide financial support that has proved successful is that whereby INSETA makes bursaries available to students at the FPI’s recognised public, tertiary education providers to enable them to study a financial planning qualification.

Designations would be phased out and that members on these levels would be encouraged to become CERTIFIED FINANCIAL PLANNER®/CFP® professionals in order to improve their qualifications and to qualify for a higher-level designation.

Consequently, the FPI has introduced the FINANCIAL SERVICES ADVISOR™/FSA™ designation, which requires an NQF Level 7 bachelor’s degree and two years’ experience in the industry. CFP® certification can be obtained through a postgraduate qualification at the NQF Level 8.

As part of the concerted drive to raise standards in the industry and to provide consumers with quality and value, the FPI is encouraging all members to become CERTIFIED FINANCIAL PLANNER® professionals.

There are presently 40 000 advisors in the industry.
Figure 1 indicates the learning pathway to CFP® certification:

**Learning Pathway to CFP® Certification**

<table>
<thead>
<tr>
<th>CURRENT QUALIFICATION</th>
<th>REQUIRED QUALIFICATION FOR FPI MEMBERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NQF Level 5 Old (Partial)</td>
<td>NQF Level 5 Wealth Management</td>
</tr>
<tr>
<td>NQF Level 5 Old (Full)</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 5 New (Partial)</td>
<td>Complete outstanding modules</td>
</tr>
<tr>
<td>NQF Level 5 New (Full)</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 6</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 7 (Other)</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 7 (Approved Provider/Qualification)</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 8 (Other)</td>
<td>☑</td>
</tr>
<tr>
<td>NQF Level 8 (Approved Qualification)</td>
<td>☑</td>
</tr>
</tbody>
</table>

- Complete outstanding modules
- FPI Board Exam
- RFP™ Designation
- 1 year experience
- FPI Board Exam
- AFP™ Designation
- 2 years experience or 1 year SuS
- FPI Board Exam
- FSA™ Designation
- 2 years experience or 1 year SuS
- FPI Board Exam
- CFP® Designation
- 3 years experience or 1 year SuS
The timeline in figure 2 indicates how the industry is continually raising the bar, and it also indicates how quickly the gap between the rest of the advisors in the industry and the RFP™ professionals has shrunk.

1. The majority of advisors in the industry did not have a qualification specific to the industry and had until the end of 2009 to achieve one.

2. RFP™ professionals were distinguished on the basis of a qualification, the PCE examination, one year’s experience, CPD, and ethics.

3. The entire industry was required to meet the qualification requirement by December 2009.

4. The industry started to present skills programmes and many RFP1, RFP2 and RFP 3 courses.

5. Everybody in the industry had to meet the qualification requirement, as a result of which the gap between RFP™ professionals and the rest decreased (some only needed 60 credits = partial qualification).

6. The FSB started with the regulatory examination, and the gap decreased further.

7. The FSB introduced CPD for the whole industry, and the gap disappeared.

Figure 2: Continual raising of the bar and shrinking gap between RFP™ professionals and the rest of advisors in the industry.
Membership Figures 2006-2011

During countrywide road shows, visits to large corporates and independent practices, and comprehensive briefs for members, the FPI obtained significant support and buy-in, with a high percentage of members taking up the challenge.

Figure 3: Membership statistics for the period 2006 to 2011

A number of initiatives were launched in support of this. A mentorship programme intended to assist new entrants to the industry who had the qualifications but not the required expertise, was introduced. In terms of this programme, such entrants are matched with a CFP® professional and are guided through a structured process for a minimum of 12 months of focused work. Initial results are very encouraging, with positive feedback from participants.

The institute has also engaged with recognised universities and with students at school level to promote financial planning as a career. Currently, the FPI has over 500 candidate members who are studying at postgraduate level. There are a number of recruitment programmes for students, such as the annual KwaZulu-Natal Grade 11 Finance Speech Contest, with the first prize in the contest being a bursary sponsored by the FPI to study financial planning qualification through one of the approved education providers.

The Examinations Department Competency exam results are shown below:

<table>
<thead>
<tr>
<th>Professional competency examinations</th>
<th>% Pass rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional competency examinations</td>
<td>33.33%</td>
</tr>
<tr>
<td>RFP™ professional</td>
<td>100.00%</td>
</tr>
<tr>
<td>RFP1-3</td>
<td>43.75%</td>
</tr>
<tr>
<td>FSA™ professional</td>
<td>63.01%</td>
</tr>
<tr>
<td>CFP® professional November 2012</td>
<td>57.32%</td>
</tr>
<tr>
<td>CFP® professional September 2012</td>
<td>62.50%</td>
</tr>
<tr>
<td>CFP® professional February 2013</td>
<td>9.35%</td>
</tr>
</tbody>
</table>

The average growth worldwide.
Figure 4: Graphic representation of results obtained in Quarter 4 in the final Professional Competency Examination

Figure 5: Graphic representation of ethnicity breakdown in respect of FPI members

Quarter 4, 2012 CFP® Professional Competency Examination

<table>
<thead>
<tr>
<th>University</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>UJ</td>
<td>69.77%</td>
<td>44.44%</td>
</tr>
<tr>
<td>US</td>
<td>88.24%</td>
<td>67.92%</td>
</tr>
<tr>
<td>NMMU</td>
<td>31.58%</td>
<td>44.44%</td>
</tr>
<tr>
<td>MBS</td>
<td>83.33%</td>
<td>80.00%</td>
</tr>
<tr>
<td>UFS</td>
<td>57.32%</td>
<td>35.07%</td>
</tr>
<tr>
<td>OTHER</td>
<td>20.00%</td>
<td>33.33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICAN</td>
<td>261</td>
</tr>
<tr>
<td>ASIAN</td>
<td>541</td>
</tr>
<tr>
<td>COLOURED</td>
<td>178</td>
</tr>
<tr>
<td>WHITE</td>
<td>5129</td>
</tr>
<tr>
<td>UNKNOWN</td>
<td>105</td>
</tr>
</tbody>
</table>

TOTAL 6241
Quarterly Membership

Figure 5: Graphic representation of quarterly membership designation spread in 2012

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FSA™</th>
<th>RFP™</th>
<th>TFP</th>
<th>AFP™</th>
<th>CFP®</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>0</td>
<td>84</td>
<td>915</td>
<td>971</td>
<td>4225</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>2</td>
<td>78</td>
<td>815</td>
<td>820</td>
<td>4088</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>5</td>
<td>74</td>
<td>812</td>
<td>833</td>
<td>4149</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>9</td>
<td>67</td>
<td>774</td>
<td>866</td>
<td>4335</td>
</tr>
</tbody>
</table>
Quarterly Membership

The enforcement of the CPD requirement from early on in the reporting cycle assists financial planners to ensure that they always meet certification standards, but, more importantly, that they are always up to date as regards the demands of the industry. The FPI formalised the approval of CPD programmes and this has subsequently supported the strong focus on remaining knowledgeable and competent.

By the end of 2012, there had been a definite decrease in the number of members using the trademark incorrectly.

For the Compliance and Legal Department, the main focus area is the maintenance of standards and discipline among member through the Code of Ethics and regulations, and through the constitution of disciplinary panels consisting of experienced CFP® professionals. The FPI adopted the new Memorandum of Incorporation, which places the FPI in full compliance with King III and the new Companies Act. The structure and composition of the Memorandum are geared and designed to ensure the FPI’s continued existence as a professional body.

The new set of membership regulations was approved by the Board of Directors and sets the framework regarding member practices and ethics. It also brings about a significant number of changes for the membership body. It is important to point out that both documents were presented to members for comment, and valuable contributions were received. It is furthermore evident that members support the FPI in making these changes.
Building a Professional Framework for 
Financial Planning

The financial planning profession has developed so as to include a more holistic view of financial advice, which now incorporates a range of specialisations from law to tax and employee benefits. The value for the FPI in changing perceptions is the realisation of standards and continuous professional development. Members have to meet certain ethical standards and have to comply with high professional standards.

The motivation for legislation has come from global pressure such as the economic crisis, during which people in South Africa and the rest of the world gave – and are still giving – financial advice without sufficient knowledge and with the main aim of merely securing their own interests.

The FPI’s Financial Planner Competency Profile reflects what a financial planning professional does. The profile describes the full range of abilities, skills and knowledge needed to deliver financial planning to clients

“The FPI has a reputation for maintaining high standards superior to those required by FPSB. One of the elements that the FPI employs to ensure the maintenance of these standards is the Continuous Professional Development (CPD) of its members.”
The FPI’s Financial Planner Competency Profile consists of three categories:

- Financial Planning Abilities.
- Financial Planner Knowledge.

The FPI has a reputation for maintaining high standards superior to those required by FPSB. One of the elements that the FPI employs to ensure the maintenance of these standards is the Continuous Professional Development (CPD) of its members, which ensures that they are always a few steps ahead of the pack. The FPI offers its own CPD courses, but also approves those prepared by external providers in different formats. These formats range from online courses or DVDs, to in-house training offered by corporate training departments, to financial and business magazines, to training done by private training providers, etcetera. This ensures that there is ample opportunity for our members to have access to a wide range of CPD activities and events.

The Examinations Body held 25 000 regulatory examinations, with which employers and their candidates were generally satisfied. This included the recapture of the candidate flow from a number of the corporates. The stabilising of the staff of the FPI Examination Body through enhancing their skills ensured that the Department became a client-centric operation.

As a result, 2012 saw the FPI continuing with its efforts to investigate the incorrect or unauthorised use of the CFP® mark.

“As a result, 2012 saw the FPI continuing with its efforts to investigate the incorrect or unauthorised use of the CFP® mark.”
As a result, 2012 saw the FPI continuing with its efforts to investigate the incorrect or unauthorised use of the CFP® mark. Many cases of incorrect trademark use were brought to the FPI’s attention. These were mainly related to the fact that the designation was being confused with the qualification. In such cases, the FPI engaged with the members concerned so as to clarify the use of the trademark.

The institute also continued to work on the unauthorised use of the CFP® designation, which is an on-going process. One is not a CFP® professional simply because one has completed the approved qualifications; one can only become a CFP® professional if one has been certified as a professional member of the FPI.

The CFP® designation should be held dear by all, since it is what distinguishes a CFP® professional from financial advisors and representatives in the industry. The FPI needs the public to recognise the designation and to understand that the difference in service, expertise and experience is a result of this internationally respected mark.

These regulations will be implemented in order to further regulate the activities of financial service providers and licensed product providers.

With the introduction of Treating Customers Fairly (TCF) regulations by the FSB, over the course of 2011/2012, was aimed at further enhancing the standard of conduct of practitioners and of the service offered by them to clients within the financial services industry. These regulations will be implemented in order to further regulate the activities of financial service providers and licensed product providers.

The FSB set up a set of working groups comprised of FPI staff members as well as industry volunteers, these working groups are still continuing with their activities. The process followed so far can be summarised thus: industry experts or volunteers, together with FPI staff, are endeavouring to survey the existing landscape to determine if there are gaps that the relevant regulations will need to fill. Whilst this work is still on-going, it has for the most part now been completed. The FPI is thus confident that the draft regulations in this regard will be published in 2013.
On 11 November 2011, the FSB, in an industry-wide proposal letter, called for contributions regarding the matters of intermediary services and related remuneration in the insurance sector. The purpose was to invite and obtain opinions and contributions from industry associations on possible refinements to the definition of ‘intermediary services’ in existing insurance laws and, importantly, to gather opinions on the possibility of reforms to the related remuneration structures that exist within the financial services industry, with a focus on commissions earned by financial service providers on product sales. The FPI submitted lengthy commentaries and contributions on these topics, all of which were forwarded to the FSB during the month of March 2012.

The FPI believes it will be important to ensure that conflicts of interest are avoided when dealing with clients and that adequate disclosure that is understood by clients is achieved. This does not mean that commissions per se should be banned, but certainly that a different type of model of advisor charges may be necessary in order to achieve the aforementioned objectives and, ultimately, the fair treatment of clients. The FPI is furthermore in the process of surveying members who have alternative methods of charging with the aim of creating some best practice guides for members.

The technical and advocacy area contributed to the most significant strides being made in the industry. The FPI has become a role-player acknowledged by the regulator and policy makers and will continue to ensure that commentary is provided by it on various issues. Contributions were made in the following areas, among others: remuneration in the financial services industry, social security and retirement reform, changes to the Pension Fund Act, and the National Health Insurance (NHI) Fund.

The FPI intends producing a discussion paper on the professional financial planner that will shift the concept from that of commission-based earnings to fee-based earnings. The FPI commented on four papers, namely ‘Enabling a Better Income in Retirement’, ‘Preservation and Portability and Governance for Retirement Funds’, ‘Improving Tax Incentives for Retirement Savings’, and ‘Incentivising Non-retirement Savings Extensively’, which were released by the National Treasury during September and October 2012.
Building Capacity in 2012

The newly launched strategy ensured that the new organisational structure would implement the focus and vision for the FPI. This, in turn, meant that key positions needed to be filled. The human interest compensation of the FPI includes, staff, volunteers and the Board.

Volunteers are representatives from the member community and other stakeholders who freely choose to give their time and skills to support the FPI mission for no payment other than reimbursement for out of pocket expenses. The institute benefits enormously from the contributions of these volunteers and there are many opportunities for members and others to volunteer for FPI in meaningful and rewarding ways.

The Board Directors, as members of the strategic governing body of the FPI, have a significant opportunity to help lead the institute to effectively meet the needs of the stakeholders and further the benefits to the public by ensuring FPI’s certification marks are upheld as the recognised standards of excellence for financial planning.

The Board of Directors, as the strategic governing body of the institute, is responsible for furthering FPI’s mission and acts on behalf of the public, members and other stakeholders. It is the policy-making and oversight body of the FPI, the independent certifying, standards setting, marks issuing and disciplinary body which owns and regulates the use of all certification marks owned and licensed to FPI.

Board Directors are assigned to at least one Board Sub-committee which meet quarterly. The FPI’s Board Sub-committees include:
- Disciplinary Committee
- Nominations and Compliance Review Committee
- Regional Co-ordinating Committee
- Remunerations Committee
- Technical Committee
- Statutory Audit Committee
- Strategy Committee

Performance Management System

- Reward Staff
- Further Development
- Review 3 months
- Set BEE Targets
FPI Financial Position

The focus for 2012 as regards finance was growing cash reserves and growing funds. The financial stability of the FPI would, it was decided, be determined by controlling costs and investing for long-term benefits, whilst focusing on fixed assets such as office buildings.

The FPI’s commitment to enforcing standards has resulted in a 204% increase in funds spent on legal and compliance in 2012 as indicated. In order to protect the consumer and members by upholding the integrity of the profession, all professional members are required to demonstrate the highest of ethical standards and conduct themselves in accordance with the principles set out in the institute’s Code of Ethics and Professional Responsibility.

<table>
<thead>
<tr>
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<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<td>Membership fees</td>
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<td>Examination body</td>
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<td>Approved Professional Practice™</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>137 124</td>
</tr>
<tr>
<td>Attendance income: regional and other events</td>
<td>1 228 329</td>
<td>2 002 293</td>
<td>834 728</td>
<td>1 124 281</td>
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<td>Board examinations</td>
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<td>1 736 206</td>
<td>1 667 619</td>
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<td><strong>Total</strong></td>
<td>12 310 815</td>
<td>13 675 828</td>
<td>35 403 351</td>
<td>35 770 923</td>
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Expenditure towards marketing related expenses increased by 251%
FPI’s 2012 Accomplishments

The FPI 2015 strategic plan guides the institute’s programmes and activities. And a strong FPI and the successful positioning of the CFP® mark as the pre-eminent symbol of excellence in financial planning will support the public’s understanding of the value of financial planning from a CFP® professional. The FPI’s Board of Directors will annually review and updates the plan to ensure the activities are aligned. The 2015 strategic plan includes three major areas, namely; leadership, standards upliftment as well as recognition and awareness.

Leadership
FPI is the pre-eminent financial planning standards setting body for competent, ethical and professional financial planners. CFP® certification is the standard of excellence for professionalism in financial planning in South Africa and the world over.

The 2015 strategic plan includes three major areas, namely; leadership, standards upliftment as well as recognition and awareness.

In the area of leadership, FPI works to achieved the above outcomes.
FPI’s 2012 accomplishments in the area of leadership included:

- Increase in the South African CFP® professionals by 346 new members in 2012. With its 24 member organisations around the world, FPSB reported that the total number of CFP® professionals increased from 139,818 at year-end 2011 to 147,822 as of 31 December 2012. The FPI has contributed to an overall growth rate of 5.7% in the number of CFP® professionals globally ensuring that more South Africans are guaranteed a chance to consult with the CFP® professionals through various corporates or independent practices.

- FPSB, to which the FPI is affiliated, has been approved as an affiliate member International Organization of Securities Commissions (IOSCO). IOSCO is an international standard setter for securities markets. Its membership, consisting mainly of statutory regulatory bodies from over 100 jurisdictions around the world, regulates more than 95% of the world’s securities markets.

- The Board of Directors of SAQA at its recent meeting approved FPI’s application for official recognition as an independent voluntary professional body in accordance with the NQF Act 67 of 2008. The SAQA Board of Directors further approved registration of FPI’s designations on the National Qualifications Framework. It was the FPI’s first attempt at the application and also part of the first set of professional bodies to be officially recognised.

- The launch of the FINANCIAL SERVICES ADVISOR™/FSA™ designation, to effectively enable individual financial advisors to once again differentiate themselves as well as provide trusted expert advice to consumers.

- Compliance and Legal have worked extensively in protecting the use of mark. Of the 457 cases which were received, 83% incorrect use of mark cases were resolved.

- The launch of the FINANCIAL SERVICES ADVISOR™/FSA™ designation, to effectively enable individual financial advisors to once again differentiate themselves as well as provide trusted expert advice to consumers.

- The release of FPI’s Pro Bono paper: Skills-based Volunteering: The mark of true professionalism, the FPI is set to embark on a journey of community service – or pro bono work - which it considers an important component of true professionalism.
The acceptance of the FPI as a participant of the UN Global Compact who as a participant has committed to supporting the Ten Principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption.

**Standards Upliftment**
Ensure that FPI has established the highest standards of practise for the practise of financial planning and ensure that members and stakeholders are in full compliance with CFP® certification standards.

**In the area of standards upliftment, FPI works to achieve the following outcomes:**

- Ensure strict adherence to FPI’s Code of Ethics and Professional Responsibility.
- Establish pre-eminent standards of practise for professional financial planners and advisors.
- Uphold world class certification standards.

**Accomplishments in the area of standards upliftment included:**
- The adoption of the new Memorandum of Incorporation, which places the FPI in full compliance with King III and the new Companies Act. The structure and composition of the Memorandum are geared and designed to ensure FPI’s continued existence as a professional body.
- The new set of membership regulations was approved by the Board of Directors and sets the framework regarding member practices and ethics.
- The FPI was highly commended by Financial Planning Standards Board (FPSB) towards the award on Tier 1 Affiliate Status which was achieved. At 96%, this is the highest score ever achieved by an FPSB affiliate. Three years ago in 2009, FPI was awarded Tier 3 status after it had only scored 79% overall in FPSB assessment.
Recognition and awareness
Implement a consumer and employer advocacy campaign on the value of the financial planning process and of CFP® certification.

In the area of recognition and awareness, FPI works to achieve the following outcomes:

- Promote awareness of the benefit of financial planning profession and the CFP® mark.
- Position CFP® professionals as the financial planners of choice.
- Promote career pathways in financial planning.
- Develop a solid value proposition for employers.

Accomplishments in the area of recognition and awareness outcomes:

- The launch of the consumer advocacy programme. The role of a Consumer Advocate is to continue to work with the FPI in driving consumer education about their real financial needs and the right to professional financial planning.
- In September, the launch of the MYMONEY123 financial educational programme, a community outreach programme designed to provide financial education. The MYMONEY123 programme focuses on the basics of personal financial planning, emphasising three areas, namely personal financial management and budgeting, dealing with debt, and understanding savings and investments.
- The evolution of the new FPI brand and positioning which included the launch of the social media strategy; namely Facebook and Twitter for consumers and LinkedIn for professionals.
- The launch of the Approved Professional Practice™ brand, which as a FPI Approved Professional Practice™, your business would be distinguished as a professional financial planning practice offering financial services of the highest standard.
- The consult with a professional financial planner-for free campaign, which was held during the Financial Planning Week in November along with other pro bono initiatives.

“Marketing and communication initiatives in 2012 further included the annual Retirement Expo, which is not only for retirees or those nearing retirement, but also for all who ultimately plan to reward their decades of hard work with a well-planned and inspired retirement lifestyle.”
The FPI also manages consumer clinics, which introduce financial planning to the consumer, whilst providing an opportunity for the consumer to consult with a CFP® professional. The Financial Planning Week was also very successful and is a combination of MYMONEY123 and the consumer clinics. It provides an opportunity for financial planners to present topics which they are most passionate about.

Awards and recognition
The FPI recognises the efforts of members, students and practitioners in annual awards such as the Financial Planner of the Year, the Harry Brews’ Award, Media Award and Top Students Awards.

- The winner of the Financial Planner of the Year Award, becomes a FPI brand ambassador and the award is the highest accolade a professional financial planner can receive.
- The Harry Brews’ Award previously known as the Chairman’s Award recognises an individual who has made extensive and significant contributions to the FPI, or to the financial planning profession in the areas of service to society, academia, training, government, media or any other professional activities.
- The Media Award introduced in 2011, recognises an FPI member who is actively involved with and has made a significant contribution in the media to promote financial planning amongst consumers.
- Students from various institutions are also recognised in the Top Students Awards annually for their emerging efforts into the industry.

"In September, the launch of the MYMONEY123 financial educational programme, a community outreach programme designed to provide financial education. The MYMONEY123 programme focuses on the basics of personal financial planning, emphasising three areas, namely personal financial management and budgeting, dealing with debt, and understanding savings and investments."

Marketing and communication initiatives in 2012 further included the annual Retirement Expo, which is not only for retirees or those nearing retirement, but also for all who ultimately plan to reward their decades of hard work with a well-planned and inspired retirement lifestyle."
Looking Ahead into 2013

The FPI prides itself on being a professional body, which requires that the core of what the organisation does will be to the benefit of members and the consumer by ensuring that the people who have the right to use the CFP® designation are competent, ethical, diligent and capable of acting as a professional from the very first day they have the right to use that mark. The year 2013 will therefore see a continuation of the developments of 2012, but with renewed vigour.

2013 Focus Areas
- Improvement of systems
- The retention and recruitment of new members.
- Communications tools and member feedback
- Dynamic disciplinary processes

Thought Leadership and Advocacy
The FPI will be conducting a Financial Planning Practice Standards Review in order to provide guidelines on the use of its Financial Planning Practices and with the aim of incorporating all relevant legislation as well as the TCF proposals. The second Job Analysis Survey will inform stakeholders about priorities concerning financial planning practices. This will influence the FPI’s strategy, as well as the design of the future curriculum and the PCE. As this was previously conducted in conjunction with other associations worldwide, this will be the first survey that the FPI will undertake independently. The FPI has now taken full ownership and administration of the PCE, in the process restructuring it and introducing global best practices.

Another focus area is making the disciplinary processes more dynamic. This will be done by bringing in a new set of regulations and considering the composition of the disciplinary panels through the sourcing of appropriate members.
The financial goals for the FPI are to invest in fixed assets, to continue with the performance management programme, and to monitor and implement risk management systems. The hope is to continue making a profit, as well as to focus efforts on clean audits.

Certification and Professional Body Standards

The annual re-certification process is under review for 2013, as is CPD policy, with the current two-year reporting cycle coming to an end in 2013. The FPI’s plan for an Educators’ Forum is eliciting considerable interest from the industry. A first-ever Educators’ Conference which is envisaged will see academics, service providers, SAQA, the Quality Council for Trades and Occupations, various departments and higher-education bodies, and other role-players participating, bringing diversity to the forum in its efforts to determine what can be done to promote financial planning education.

The role of CPD is to deliver quality CPD events of value that will cut across the various media. Projects and plans for 2013 include placing additional emphasis on other media for the benefit of our delegates. Another focus is the changes delegates’ mind-set as to these events. They should come to realise that they are not only attending to obtain CPD points but also to gain knowledge and skills regarding important topics. A complete event on ethics is planned for 2013 owing to the need to focus solely on ethics. Certain speakers and topics attract delegates to FPI events, and this therefore provides significant focus and direction for the Department. The CPD Department, together with the Technical Services Department, are also working on various areas of collaboration and on memoranda of understanding (MoUs) on technical matters. Developing and linking systems so as to accommodate FPI collaborators and their CPD requirements will not only streamline the process, but will also assist members greatly.

Consumer awareness will be a significant focus in the area of marketing and communications in 2013. The main focus will be face-to-face interaction through workshops and road shows, shopping mall promotions, as well as focus group interaction. The development and upgrading of the website and making it more consumer and member friendly all form part of the consumer awareness programmes. The Financial Planning Week and MYMONEY123 will also be a showcasing event in 2013.
Other programmes to look forward to are National Youth Literacy Day together with the Johannesburg Securities Exchange (JSE) and the South African Saving Institute’s (SASI) July Savings Month. There will be many student outreach programmes during which career and open days will be used to promote financial planning as a career among learners. Initiatives such as the GIBS Career Expo and the Grade 11 2013 KZN Finance Speech Contest will form part of the communications and marketing objectives.

To continue recognising excellence in financial planning, FPI will launch two awards in 2013, namely; Practice of the Year and the Pro Bono Awards.

The FPI will be conducting research on the value of advice and is undertaking a synthesis type dissertation to investigate what other types of research need to be conducted. The hope is that it will be mostly consumer-type advice that is needed. The FPI wishes to focus on a better research capability, especially in the health space, since this is a topic that the member loyalty survey indicated was of importance in the industry, especially with the impending NHI. Also, the accessibility of financial planning will be a specific project for 2013 which will be linked to consumer awareness.

FPI members are seeing the impact and the value of the work being done in the policy and advocacy sphere, and regulators are expecting the FPI to be involved – which sets the pace for 2013.

With committed staff and dedication to the focus on activities that are integrally linked to the FPI’s strategic objectives, the FPI is confident in achieving the challenging goals set for the year ahead.

“To continue recognising excellence in financial planning, FPI will launch two awards in 2013, namely; Practice of the Year and the Pro Bono Awards.”
Office of the CEO

Godfrey Nti (Chief Executive Officer) and Sandra Taylor (Personal Assistant to CEO)

Certification Department

Standing: Joan Sallie and Sherma Molan.
Sitting: Frances Creighton

Centre of Professional Development

Back: Kirsten Stevens and Adele Whyte
Front: Toni Santana and Charmaine Leppan
FPI Teams

Examination Body

Business Development and Membership Services

Operations

Technical Services and Advocacy Department

From left to right – Back: Jacqui Grové, Ohna Norval, Nomaxabiso Tyhutyhani, Nicky Wessels, Cathryn Stevens, Desmond Matsane, Martin Pheiffer and Thando Mzamane. Front: Evodia Rasiile, Yolanda Koen, Rosina Lekhelebane, Mpho Mkuna and Carol Hardie

From left to right: Sharon Bezuidenhout, Mittah Radebe, Chris Busschau, Lesedi Mahupela and Renny Mmusi. Back row, left to right: Celeste Bonini, Penny Willems, Adele Harmse, Sarah Busschau and Lania Wheeler
Board Sub-committees:

FPI wishes to show appreciation to the following individuals who contribute to the below sub-committees in support of the financial planning profession.

**Disciplinary Committee**
- Louis van Vuren, CFP®
- Michael Jackson, CFP®
- Paul Rabenowitz, CFP®
- Sankie Morata, CFP®

**Regional Co-ordinating Committee**
- Christo Saayman, CFP®
- Esther Venter, CFP®
- Jackie Palframan, CFP®
- Logie Govender, CFP®
- Willie Snyman, CFP®
- Yzelle McKane, CFP®

**Nominations and Compliance Review Committee**
- Godfrey Nti
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- Ronald King, CFP®
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**Statutory Audit Committee**
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- Esther Venter, CFP®
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**Remunerations Committee**
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- Sankie Morata, CFP®

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- Logie Govender, CFP®
- Willie Snyman, CFP®
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**Technical Committee**
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- David Thomson, CFP®
- Hesta van der Westhuizen, CFP®
- Janet Hugo, CFP®
- Jerry Botha, CFP®
- Mark Cronje, CFP®
- Pieter Cronje, CFP®

**Regional Co-ordinating Committee**
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- Esther Venter, CFP®
- Jackie Palframan, CFP®
- Logie Govender, CFP®
- Willie Snyman, CFP®
- Yzelle McKane, CFP®
Glossary

BUSA  Business Unity South Africa
CPD   Continuous Professional Development
FAIS Act  Financial Advisory and Intermediary Services Act
FPI   Financial Planning Institute of Southern Africa
FPSB  Financial Planning Standards Board
FSP   Financial Service Providers
IOSCO International Organization of Securities Commissions
INSETA Insurance Sector Education and Training Authority
JSE   Johannesburg Securities Exchange
MoU   Memorandum of Understanding
NHI   National Health Insurance
NMMU  Nelson Mandela Metropolitan University
NQF   National Qualifications Authority
PCE   Professional Competency Examination
RPL   Recognition of Prior Learning
SASI  South African Savings Institute
SAQA  South African Qualifications Authority
TCF   Treating Customers Fairly
UFS   University of the Free State
UJ    University of Johannesburg
US    University of Stellenbosch

Contributors

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Hannah Brill - Membership Services Manager
Jacqui Grové - Compliance and Legal Manager
Nomaxabiso Tyhutyhani - Financial Manager and Human Resources
Prem Govender, CFP® - Chairperson
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