

**FPI**

Financial Planning  
Institute of Southern Africa

**THE PROFESSIONAL STANDARD**

**2014 / 2015**  
**Integrated Report**  
*Raising the Bar*



# CONTENTS

About this report	4
FPI at a glance	5
A word from our Chairperson	6
A word from our Chief Executive Officer	8
To our Stakeholders	
Our Developments and 2014 Accomplishments	11
Growth Despite Challenges	14
How we Build a Professional Framework	15
Building our Capacity	17
Looking into 2015	24
Our Financial Position	
A Word from our Audit Committee Chairperson	27
Auditor's Report	28
Directors' Report	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Comprehensive Income	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	32
Contributors	33

## ABOUT THIS REPORT

THE REPORT IS USED TO EXPLAIN AND UPDATE OUR TARGET AUDIENCE AND TO CREATE VALUE FOR OUR STAKEHOLDERS. WE AIM TO TELL A STORY ABOUT FPI'S STRATEGIC DEVELOPMENTS AND FUTURE PLANS.

### What is Integrated Reporting?

Integrated reporting is designed to provide insight about the resources and relationships used by an organisation.

The International Integrated Reporting Council (IIRC) in its International Integrated Reporting Framework defines the integrated report as *"a concise communication about how an organisation's strategy governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term"*.



## FPI AT A GLANCE

The Financial Planning Institute of Southern Africa (FPI), a South African Qualifications Authority (SAQA) recognised professional body for financial planners, serves the public by ensuring that people who carry the CFP® designation are qualified, experienced and professional.

We are recognised internationally and are a founding and a current affiliate member of the international Financial Planning Standards Board Ltd (FPSB) based in the United States. Along with 25 other affiliate member countries we offer CFP® certification, the highest recognised professional designation worldwide for a financial planning professional.

In 2012, we were highly commended by FPSB and awarded Tier 1 Affiliate Status for receiving 96% in the global assessment. This is the highest achievement any affiliate has ever received.

### Our Vision

Professional financial planning for all

### Our mission

Is to advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society whom the profession serves by:

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

### Our values

- Clients first
- Competence
- Confidentiality
- Diligence
- Fairness
- Integrity
- Objectivity
- Professionalism



## A word from our Chairperson



*As the chairperson I'm pleased to present our second Integrated Report (2014/2015 report) which highlights our 2014 key achievements.*

”

### Composition of the board

Our board comprises of individuals with the highest calibre and diverse skills. We have a team of very effective and alert directors who are able to engage in healthy conversations as well as tough decision making.

In 2014 we bid farewell to our outgoing chairperson, Prem Govender, CFP®, who dedicated her time and provided valuable guidance to ensure that we continue to grow as an Institute. In the same year Adv. Ntai Phoofolo, CFP®, was appointed as Chairperson- Elect, we welcomed two new board members, Adv. Gerhardt Meyer, CFP® and Navin Ramparsad, CFP® as well re-elected Logie Govender, CFP®, David Thomson, CFP® and Adv. Ronald King, CFP®, to the Board.

Our board members are influential stakeholders as they have built a clear balance of stakeholder relation with our members, consumers and the regulators. We believe that the technical aspects of the board are important in defining the future of professional financial planning for all and great Principles of Board Governance

A handwritten signature in black ink, appearing to read 'Sankie Morata', written over a horizontal line.

Adv. Sankie Morata, CFP®

# 2014 HAS SEEN THE INSTITUTE, AND THE INDUSTRY, WELCOME AND EMBRACE THE MANY POSITIVE CHANGES BROUGHT INTO PLAY BY THE REGULATOR INCLUDING THE LONG AWAITED RETAIL DISTRIBUTION REVIEW (RDR) DISCUSSION PAPER.

## Our voice in the industry

Our Advocacy Committee, chaired by Adv. Gerhardt Meyer, CFP®, is made up of experts within the financial planning industry with their sole focus on regulation; this includes the Retail Distribution Review (RDR), Treating Customers Fairly (TCF), and any other legislative matters and as a Board, we look at our input as an enormous achievement.

We believe our members are proud of the effective and meaningful initiatives the Institute has been involved in, as our participation has helped define and shape the future landscape of financial planning in South Africa. We as board members are equally excited about becoming the architects of reviewing financial planning industry going forward.

We have attended meetings and engaged with many industry regulators. The depth of our engagement with the Financial Services Board (FSB), the South African Reserve Bank (SARB), the Pension Funds Adjudicator (PFA), The Insurance Sector Education and Training Authority (INSETA) and the National Treasury (NT) is second to none.

## Disciplinary matters

At FPI we consider disciplinary action against members who have been found guilty of misconduct to be extremely important. It highlights our zero tolerance for bad practices within the industry.

The Coetzee case was just one of the big successes for FPI as it allowed members, the industry and consumers alike to witness that as a professional body we stand by our stringent rules. What stood out for me is that one cannot enjoy the benefits of being associated with a professional body and refuse to comply with the requirements and standards set by that particular body.

We pride ourselves in the high standards we have set and having the highest court in the country recognise these standards was a major accolade for FPI.

In their 2013/2014 report the FAIS Ombud, the adjudicator who makes rulings against financial planners who are guilty of misconduct and bad practices within the

financial services industry, announced that they received 9439, in total, the number complaints from consumers of which three were CERTIFIED FINANCIAL PLANNER® professionals. We are proud of our members who conduct themselves in a professional manner by adhering to the FPI Code of Ethics and Professional Responsibility. This gives us the assurance that the interests of consumers are taken to heart and that their needs are fully supported and not abused.

We continuously remind our members to act professionally and that we expect them to abide by the FPI Code of Ethics and Professional Responsibility if they want to remain a member of the Institute.

## Our international affiliation

Our international affiliations, with more than 25 Financial Planning Standards Board (FPSB) member organisations, is crucial. We have learnt from our international counterparts in the United Kingdom where TCF and RDR were first established. They taught us how to handle these regulations and what the impact of intended and unintended consequences would be.

The relationship between FPSB, *the international standards-setting body for the financial planning profession and owner of the CFP® Marks outside the United States*, and FPI is of the utmost importance as we don't have to reinvent the wheel; we can learn from all our affiliate bodies.

## FPSB's Developing Markets Forum

I've been in the very fortunate position to be the chairperson of FPSB's Developing Markets Forum for three years and am now entering my fourth year. It's been a huge success chairing the meetings with committees from countries like Malaysia, Indonesia and other developing countries. We have had the privilege of bringing Turkey on board

The objective of the Forum is to bring together developing countries allowing them to share their territorial difficulties and challenges as well as the successes, allowing us to learn from each other, in line with the following key

strategic areas:

1. Host a global CFP® professionals' conference to provide access to world class financial planning practices.
2. Engaging consumers on financial planning related matters
3. Growth of the financial planning profession
4. Regulator relations to position the CFP® mark as the global symbol of excellence.

## Moving forward what we can do?

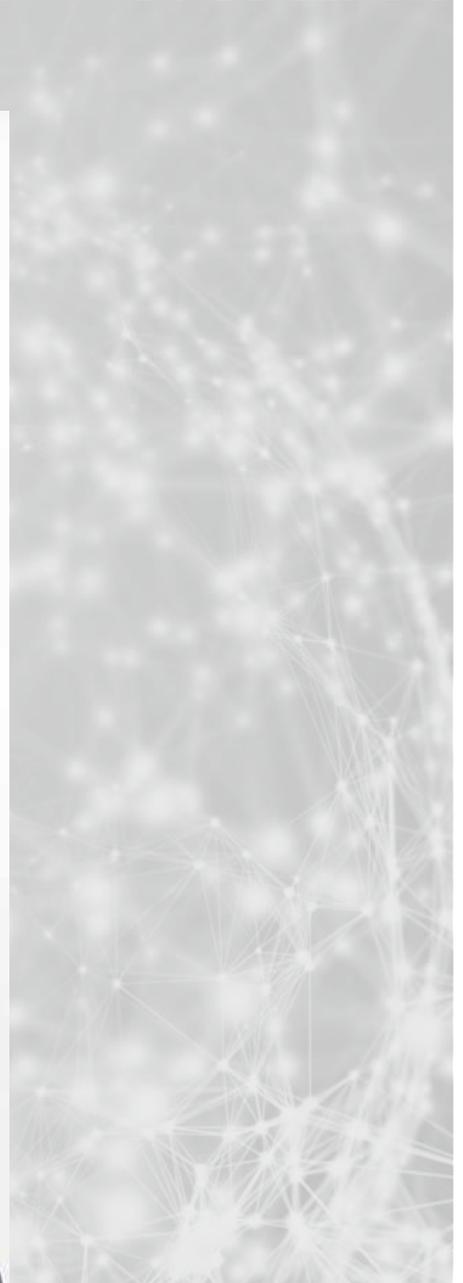
As a recognised professional body we need to grow membership for the development and benefit of the financial planning industry and South Africa. We need to create a broader economy, and the more people are educated about their finances, the more responsible they will become. We need to coach them about the benefits of saving and the importance of developing a culture of saving.

Financial planning should be taught from an early age; as early as primary school and should continue through to high school and tertiary education. Awareness of financial planning is imperative for the financially sound society and we need to create more exposure around FPI pro bono initiatives like FPI MYMONEY123™ financial literacy programme. It's also beneficial to use media alliances to get the message of financial planning across to consumers, ensuring they become more financially savvy.

We need to remove the perception that CFP® professionals are only for the elite and start making them accessible to all. Financial planning is a life cycle, a step by step process that everyone goes through, and we need to guide people in this process as well as assist potential professional financial planners in achieving the CFP® designation.

Lastly and most importantly, I would like to thank the CEO, Godfrey Nti and his dedicated and hardworking team who take on any task to ensure FPI's success. A thank you as well to all the non-executive directors for giving up their valuable time, guiding the executive team to implement the strategic objectives of the Institute. Thank you to all our members that ensure the daily delivery of professional financial planning in our country.

## A word from our Chief Executive Officer



**Godfrey Nti**

*I am pleased with the direction in which FPI is headed, and with the progress we have made together with our growing professional community.*



## THE RECOGNITION OF THE CFP® DESIGNATION IS GROWING WITH THE PUBLIC AND THE FINANCIAL SERVICE INDUSTRY IDENTIFYING IT AS THE STANDARD OF EXCELLENCE FOR PERSONAL FINANCIAL PLANNING.

CFP® certification is sought after and valued by financial planning professionals, and FPI has become a valued resource for policymakers and regulators. These developments have helped contribute to the standing of the financial planning profession and the movement toward it being recognised as a legitimate profession.

As you read through the sections of this report, you will find many significant accomplishments beyond what FPI has achieved in past years — and even beyond what many expect from an organisation like FPI. We have maintained appropriate and meaningful standards for CFP® certification. We have made significant progress towards increased recognition of the CFP® mark and we have made great strides in becoming an organisation with real relevance and influence within the financial planning profession, the broader financial services industry, in public policy and in consumer advocacy.

### Building the financial planning profession

It's been said before that if you build it, they will come. At FPI our long belief is that if we can build a strong and respected financial planning profession, in time, all South Africans will come to benefit tremendously from what the profession has to offer – financial well-being and happiness. This is the creed at the core of everything that FPI does.

We need four major stakeholder communities in order to build our profession – professional community, professional body, consumers or public and government or regulators.

### Professional community

I am reminded that sometimes we can be so focused on what's ahead that we lose sight of how far we have come as a professional community. Stop and pause for one moment - reflect on how far we have come - we can be proud.

We can be proud to be a part of a professional community that:

- has a world leading code of professional practice;

- has the highest standards of competence;
- has a world class CFP® certification standard; and
- is a profession that embraces all that is right about financial planning and can hold its own to account when needed.

We can be proud to be a community that shares best practice ideas, acts as a support network, has a growing pro-bono and community focus and has an implied trust in colleagues, mentors new entrants and is starting to be seen by South Africans as a respected profession.

We can be proud of the way we are embracing change thrust upon us by external events.

Even more importantly, we can be very proud of how we are making significant changes as a result of our own learning.

Most importantly in my mind, should be the pride you feel in being a part of a professional community that is committed to making a lifelong positive difference in the life of another.

We should stand proud with each other and celebrate the best of this movement we now know as the financial planning profession.

I would like to challenge our profession to be relevant to the broader South Africa, to embrace a strong focus on pro-bono in your firms and businesses – FPI has the means to assist you in this regard. This is an important frontier that the financial planning profession must still conquer.

FPI work during the past year would not have been possible without the assistance of many CFP® professionals who shared their much valued time and expertise to further our shared goals. FPI is truly built on the discretionary effort of volunteers, our members and supporters who take time away from their professional efforts and families to make their own contribution to our professional community. Whether they are board members, committee members or volunteers for projects such as the FPI

MYMONEY123™ financial literacy programme, or offering pro bono services in their individual capacity, they serve to form part of our professional community, contributing to something bigger than themselves. On behalf of all at FPI, I thank the CFP® professional community and everyone who supports the CFP® certification.

### FPI as the setter of professional standards

Our ongoing work to maintain rigorous and relevant standards for the financial planning profession continued in 2014.

FPI faced a real character test and won – a test that played out throughout last year at the Supreme Court of Appeal of South Africa. This test came in the form of a lawsuit brought against FPI by one of our members challenging a previous guilty verdict meted against her by the Institute. The highest court of the land, in a precedent setting verdict, found in favour of FPI, and affirmed the right and responsibility FPI has to uphold. Similar to any other genuine professional body, we set high standards of conduct for the financial planning profession in the interest of the public and that of the thousands of good financial planning professionals across South Africa.

We are pleased with just how well the high standards of conduct set by FPI's Code of Ethics and Professional Responsibility, as well as our disciplinary processes, endured having been scrutinised throughout the entire length and breadth of the South African court system. We believe that our determination in how we prosecuted this matter, demonstrated FPI's instinctive willingness and capacity to safeguard the integrity of the financial planning profession and that of its professionals.

We also launched the FPI Next Generation of Certification Standards, covering a set of policy positions and directives designed to significantly refine FPI's certification standards over the next three to four years to that comparable with some of the most renowned professional bodies around the world.

## A word from our Chief Executive Officer continued...

We also continued to be actively involved in setting standards internationally through our affiliation and support of Financial Planning Standards Board (FPSB), International Centre for Academic Integrity (ICAI) and United Nations Global Compact. During the year, FPI's board chairperson, Adv Sankie Morata, CFP® and FPI director, Adv Gerhard Meyer, CFP® were appointed to chairpersons of FPSB's Developing Markets Forum and Regulatory Advisory Panel respectively. I was also privileged to be appointed to represent Africa and the Middle East in a special task team set up by FPSB to review and make recommendations on changes to FPSB's governance model for the next decade.

### Consumer awareness

From the inception of the current FPI strategy, we always knew that creating consumer awareness of the CFP® brand and all that FPI stands for will take time to develop and expand. After all and without having the millions of rand over a multiyear period typically required for such an endeavour, our consumer awareness strategy was decidedly premised on below-the-line marketing which is very low on financial injection and high on in-person contact with consumers and word of mouth.

Nevertheless, as we review progress made in this endeavour we are proud to now see that our efforts are starting to have a measurable impact. More and more of you, our members, are starting to report to us that a few clients are starting to ask you if you are a CFP® professional. While this is not yet happening in droves, our 'It starts with me' and consumer education programmes are also being effective in helping consumers to be more aware of CFP® professionals and what they can offer. In 2015, we plan on conducting a major consumer research project to sample their views with respect to financial planning and CFP® certification.

We have an ever expanding network of consumer awareness and education partners that now includes the Organisation for Economic Co-operation and Development (OECD), National Treasury (NT), Financial

Services Board (FSB), Road Accident Fund (RAF), South African Defence Force and Gauteng Department for Economic Development to name only a few. We truly value these strategic relationships and look forward to cultivating even stronger relations with them while at the same time engaging new partners.

### Government and regulators

We have seen tremendous changes within and outside of FPI during the five years I have been heading this organisation — positive changes that have positioned FPI as an organisation with real relevance and influence within the financial planning profession, the broader financial services industry, in public policy, and in consumer advocacy.

As we dedicated increased resources to reaching South African consumers directly, we have continued our engagement with legislators, regulators and other policymakers in our efforts to benefit the public and increase access to competent and ethical financial planning.

As National Treasury and other regulatory agencies went about reforming the financial services sector, we implemented carefully developed strategies and communication efforts to advance our desired policy outcomes. Most notably, we made significant contributions to Treating Customer Fairly (TCF) and Retail Distribution Review (RDR) proposals put forth by the FSB.

We specifically welcomed the language in the RDR paper that sought to set out financial planning as something distinct, by ring-fencing of the title 'financial planner' and membership of a professional body as a means to achieving this endeavour. We look forward to continuing to advocate for these views and more, together with our members, FSB, NT, industry bodies and employers.

### Conclusion

FPI's achievements and initiatives in recent years reflect the thoughtful and strategic focus that our Board of Directors has made a priority at each of their meetings. I am thankful for the leadership the Board of Directors has provided the Institute with, and I believe the events of 2014 and the years before will rank among the most pivotal for our work to benefit the public by establishing FPI as a relevant organisation and our work to uphold the CFP® certification as the recognised standard of excellence for competent and ethical financial planning.

I appreciate the confidence in FPI's staff and the CFP® professional community that the Board regularly demonstrates through its challenge to think big. I know from my experience at FPI never to underestimate the insights, talents and energy of those in the financial planning profession. I believe the shared strategic focus we have established will allow us to make the most of the opportunities before us, and I appreciate the generous contributions that so many of you, our members, have made and will continue making toward FPI's important work.

While we celebrate our achievements, they also highlight the need for FPI's leadership to not relent, to continually challenge our own assumptions about the impact the organisation and professional community can make on issues of importance to the public and the financial planning profession.

# TO OUR STAKEHOLDERS

## Our Developments and 2014 Accomplishments

WE CONTINUE PROMOTING AND REINFORCING THE IMPORTANCE OF THE CFP® MARK AS THE SYMBOL OF EXCELLENCE IN FINANCIAL PLANNING. OUR STRATEGIC PLAN STILL FOCUSED ON THREE MAIN AREAS; LEADERSHIP, STANDARDS UPLIFTMENT AS WELL AS RECOGNITION AND AWARENESS.

### Leadership

In this section we report on all activities that supports the pre-eminent financial planning standards authority for competent and ethical financial planners. As well as ensure that the CFP® certification remains the standard of excellence for financial planning professionalism in South Africa.

### International representation

Two of our board members were re- or elected to represent the institute on two Financial Planning Standards Board's (FPSB) advisory panel and forum. Sankie Morata, CFP®, FPI Board Chairperson was re-elected as chairperson of FPSB's Developing Markets Forum. The Forum facilitates and advises FPSB on the implications of set policies and programmes related to CFP® certification in the developing markets. Gerhardt Meyer, CFP® was elected as chairperson of FPSB's Regulations Advisory Panel. The Panel is responsible for recommending strategic direction to FPSB's Board of Directors and FPSB's Council on regulatory and legislative matters relating to the financial planning profession globally.

The appointments are important for the Institute as they enable us to further continue our mission of ensuring that our CFP® professionals have access to world class practices for the benefit the South African consumers.

### Employer engagement

To widen the financial planning net in South Africa and to increase accredited financial planners and advisors, we signed two FPI Corporate Partner™ agreements with Old Mutual Corporate and Sanlam. The agreement is to invest in the training and development of the organisations' financial planning professionals. The FPI Corporate Partner™ agreement has been established to raise

the competency levels of financial planners and advisors through various up-skilling initiatives. The up-skilling process provides financial planners with pathways towards the CERTIFIED FINANCIAL PLANNER® certification, a designation awarded to financial planners who have met the rigorous certification standards of education, examination, experience and ethics requirements.

### Standards upliftment

In 2014, we continuously established the highest standards of practice for financial planning and that members and stakeholders are in full compliance with CFP® certification programme standards.

### Ethics and professionalism

On Friday, 28 November 2014, the Supreme Court of Appeal, the highest court in South Africa for non-constitutional matters, confirmed the judgment handed down by the Western Cape High Court in September 2013 in our favour against Elizabeth Coetzee, a former CFP® professional member of FPI. The Supreme Court dismissed Coetzee's appeal with costs. This matter addressed the right and responsibility of professional bodies to uphold the high standards that they set for the profession in the interest of the public and that of their professionals. The decision handed down also affirms our right, as a South African Qualifications Authority (SAQA) recognised professional body, to act in the interest of the public and that of CFP® professionals, who are widely regarded to be the most competent, ethical and professional financial planners and advisors in South Africa.

### Next Generation Certificate Standards

After eight months of consultations and discussions with our members, education partners, students, Financial Planning Standards Board (FPSB) and various other

role players in the financial services industry, our Board of Directors on 28 November 2014 approved the Next Generation Certification Standard. The Next Generation Certification Standard looks at the following areas:

- Education - expanding the learning outcomes into a set of specific and detailed outcomes per financial planning component.
- Examination structure – Introducing a multi-tier approach to the CFP® Professional Competency Examination (PCE) and incorporating a CFP® Professional Challenge Status Examination for specific designated professional or applicants with relevant qualification and senior experience in financial planning.
- Experience evaluation – Some criteria created to ensure fairer, with more defensible experience evaluation. Introducing the compulsory Mentorship Programme for all new entrants to the financial planning industry, and in support of this, award Mentorship Centre status to recognised financial planning employers.
- Ethics – Upon application for membership on any level, candidates will be required to attest their commitment to abiding to the FPI Code of Ethics and Professional Responsibility.

### Protection and promotion of trademarks

We continue to protect and promote the correct and authorised use of the CFP® mark, in line with our strategic objective. In 2014, we have successfully resolved **78%** of cases relating to the incorrect use, misuse and unauthorised use of the mark. The **22%** of the remaining cases are being administered in accordance with our trademark infringement process.

# Our Developments and 2014 Accomplishments continued...

## Research

### **The Global Comparator Research: *The value of CFP® certification***

We participated in the Comparator Research which is a global survey, led by Financial Planning standards Board (FPSB). As the Institute, we were ultimately seeking to understand the influence CFP® professionals have on the firm's productivity, profitability, corporate risk, client relationships and other critical factors.

The key findings from the South Africa survey include:

#### **CFP® professionals equal productivity**

- 80% of firms said that CFP® professionals see a higher rate of growth in assets under management compared to those who do not hold the designation.
- 80% of firms believe that CFP® professionals generate higher revenue, with 60% reporting that their business revenue actually increased as a result of employing CFP® professionals.

#### **CFP® professionals make great employees**

- 80% of firms reported that employing CFP® professionals average longer terms of employment.
- 75% of firms expect to increase the number of CFP® professionals in their employ over the next 12 months using a combination of hiring and actively supporting their existing financial planners/advisors.

#### **CFP® professionals lower compliance risks and complaints**

- 80% of firms reported that employing CFP® professionals lowers compliance and legal risks compared to financial planners/advisors without this credential.
- 60% of firms said that CFP® professionals have fewer complaints laid against them compared to those who are not certified.

#### **CFP® professionals means satisfied clients**

- 80% of firms mentioned that employing CFP® professionals has a positive impact on their clients' satisfaction and retention.

- 80% of firms said employing CFP® professionals help differentiate their business from competition.

## FPI member survey

The aim of this member survey was to investigate the key drivers of loyalty among members and to give an opportunity for members to voice their opinions on their membership experience and member benefits. From this exercise we were able to gain a better understanding of who we serve and address the various growth challenges faced as a professional body.

#### **The top 10 expectation areas from the survey results are:**

1. Educate or make consumers more aware of what the CFP® designation represents.
2. FPI Continuous Professional Development (CPD) events must be made more affordable;
3. Remain committed to maintaining professional standards.
4. Communicate legislative issues in real time.
5. Make regulatory compliance convenient by enabling all necessary templates, guidelines and toolkits available on the FPI websites.
6. Offer free FPI CPD events occasionally (quarterly basis).
7. Elevate the value of a CFP® designation.
8. Arrange discounts on industry textbooks, practice manuals and publications.
9. Provide guidance on compliance and practice management.
10. Have greater media presence.

## Recognition and awareness

In 2014, we engaged number of activities to promote awareness of the value of the CFP® mark and financial planning as a profession, to position CFP® professionals as the financial planners of choice and to promote career pathways in financial planning.

#### **Promoting the CFP® mark**

##### **Consumer initiatives: Professional financial planning for all**

To continue providing consumers with access to professional financial planning and to create awareness around the benefits of using a CFP® professional, we signed two Memorandum

of Understandings (MoUs). First MoU signed was with the Financial Services Board (FSB) to ensure that all our citizens are equipped with the specific financial knowledge, understanding and tools. The second MoU signed was with the Road Accident Fund (RAF) aimed at making sure that claimants are educated about how to handle money and that they do not misspend their pay out.

We also held the following financial planning literacy programmes and initiatives throughout South Africa:

- FPI MYMONEY123™ sessions were presented to over 2000 consumers. The sessions provided consumers with budgeting, debt management as well as savings and investments tips.
- Presented to 1500 RAF claimants at the RAF road shows.
- Participated in various consumer life stage expos namely; Wedding Expo (attracted 12 500 visitors), Baby Indaba Cape town and Johannesburg (attracted 13 000 visitors) as well as Investment and Retirement Expo (which attracted 12 000 visitors).
- The Financial Planning Week, which took place from 25 – 29 August nationally, reached over 2200 consumers. We along with the broader financial services industry successfully ran this initiative to introduce financial planning to consumers as a way of improving and managing their finances. The campaign also received over 9500 visitors across our online platforms, including the Financial Planning Week website.
- In October we launched the FPI MYMONEY123™ e-newsletter, a quarterly e-newsletter that provides consumers with financial planning tips and resources.

#### **It starts with me programme**

The programme was launched in June to grow brand ambassadors and create awareness of the CFP® mark among consumers by (to name a few):

- **Letting others know** - introduce yourself as a CFP® professional.
- **Volunteering** – mentor a CFP® certification student.
- **Publicising the CFP® mark** – mention the mark with your name in print, radio, yellow pages etc.

# Our Developments and 2014 Accomplishments continued...

- **Knowing your professional body** – keep yourself updated with FPI news.
- **Entrenching the CFP® mark into your work life** – include the CFP® mark next to your name in your email signature.
- **Investing in your personal brand** – attend CPD events and keep abreast of industry changes.

## Volunteer activities

As an institute, we would not be in position to undertake the important work we do without the generosity of CFP® professionals and other FPI stakeholders who willingly share their time and expertise. For all of the activities in 2014, we would like to thank our Board of Directors, who set policies and gave direction for FPI's activities, all our Board Sub-Committees who assisted the Board in implementing its duties and exercising its powers.

We would also like to thank the CFP® mark brand ambassadors who are representing and promoting FPI on national and local media platforms as well as all CFP® professionals who volunteered their time and provided consumers with free financial planning consultations during Financial Planning Week and free consumer literacy workshops around the country.

## Recognising excellence in financial planning

On the 24 and 25 June 2014, we awarded FPI awards to deserving individuals. The awards included the much coveted Financial Planner of the Year, the Harry Brews' Award, Media Award and the Top Student Awards.

- Peter Hewett, CFP®, was awarded the 2014 FPI Financial Planner of the Year title, and was joined in the awards ceremony by finalists Donovan Adams, CFP® and Bruce Fleming, CFP®. The Financial Planner of the Year becomes our CFP® mark brand ambassador and awarded the highest accolade in the financial planning space in South Africa.
- The award formerly known as the Chairman's Award, now known as the Harry Brews' Award was awarded to Alan McCulloch, CFP®. The award was given to an individual who had made significant contributions to FPI and the financial planning industry as a whole.

- The Media Award recognised an FPI member who had made substantial contributions in the media by promoting the CFP® mark and financial planning among consumers. The award introduced in 2010, was awarded to Gerald Mwandambira, CFP®.
- We also recognised Jacques Hodsdon in the FPI CFP® Professional Competency Examinations Top Student category.

## Creating brand awareness

### Annual Budget Breakfast

Together with the South African Institute of Tax Professionals (SAIT), we co-hosted what is regarded as the country's largest independent, post budget speech breakfast. The 2014 event, held on 27 February, attracted over 800 delegates who engaged in a lively discussion about the National Budget and how it impacts South Africa with regards to taxation, the economy, socio-economic and political environments.

This breakfast event assembled an expert panel comprising of leading financial commentators and thought leaders who shared their personal analysis of the Budget Speech. The event was held in Johannesburg and broadcasted live to additional venues across the country; Pretoria, Bloemfontein, Cape Town, Durban and Port Elizabeth.

### FPI Professionals Convention

More than 1000 delegates and exhibitors from the financial services industry gathered at the 2014 FPI Professionals Convention, sponsored by Discovery, to discuss ways to advance the profession. The convention, themed 'Growth through Innovation' and held at the Sandton Convention Centre in Johannesburg, explored the role of technology in the financial planning sector.

The convention allowed our professionals to put themselves ahead of the financial services industry pack. The workshops and panel discussions sessions were on a variety of topics, including how to succeed in an ever changing business world – with special focus on ways in which professionals can use technology to achieve specific business outcomes, tips and strategies on networking,

as well as reaching new markets. The event created an excellent platform for vibrant industry debates to encourage the progression of our profession.

### KwaZulu-Natal Grade 11 Speech Contest on Finance

The event was held on 17 October 2014 at the Coastal FET College, Kwamathutha, with finalists from various districts of KZN competing for the overall award. As part of our transformation strategy and drive to create awareness and recognition of the CFP® designation, we sponsored the 2014 KwaZulu-Natal Grade 11 Speech Contest on Finance overall winner, Amanda Malinga from Dundee High School, with a bursary. The bursary covers studies for an undergraduate and postgraduate qualification in financial planning, at one of our recognised education providers.

The objectives of the competition are to promote financial literacy among youth, attract learners to join the financial service industry and to assist unemployed youth in securing training careers in the financial services industry.

### Public relations

Together with our appointed PR agency, we continue to strengthen both the CFP® mark's brand as well as FPI's brand with our stakeholders. The efforts resulted in free publicity, **373** pieces of coverage, across trade; consumer and business focused print, online and broadcast media, that amounted to **R 19 416 993.49**. 86% more than 2013's publicity. Our online community via our social media platforms; Facebook, Twitter, LinkedIn and YouTube; reached and engaged over **6400** followers, fans, connection and views.

## Growth Despite Challenges

### Membership breakdown

As at the end of 2014, the number of CFP® professionals in South Africa reached

# 4530



Globally the number of CFP® professionals reached

# 157,586

...by year end 2014

The figures below show the full membership breakdown, at each level, by quarter. The figures also include the two new membership categories, *Affiliate: Candidates and Representative Advisors*, launched in 2014.

### Breakdown per Quarter

Designations	Q1	Q2	Q3	Q4
CFP® professionals (including 26 life members)	4 585	4 268	4 481	4 530
FSA™ professionals	83	103	122	131
AFP™ professionals	582	562	481	480
RFP™ professionals	677	668	562	569
Affiliate: Paraprofessionals	120	117	54	52
Affiliate: Candidates	146	122	263	385
Affiliate: Representative Advisors	-	-	2	2
Affiliate: Students	261	500	675	678
<b>Total number of professionals (excluding Affiliate: Students)</b>	<b>6 193</b>	<b>6 200</b>	<b>5 965</b>	<b>6 149</b>

## The FETI-HETI articulation project

We have been instrumental in creating an articulation programme which was the result of an initiative between FPI, the Further Education and Training Institute (FETI), the Insurance Sector Education and Training Authority (INSETA) and the University of the Western Cape (UWC).

The partnership, called the FETI-HETI project, as a result of its seamless integration between further and higher education and training institutes, was formalised at the end of 2010 and implemented in 2011. This project articulated an NQF Level 5 programme, offered at a Technical and Vocational Education and Training (TVET) college, into the UWC Advanced Diploma in Management.

In 2013 a second rollout of the programme was implemented with 105 learners participating. The rollout of this programme, hosted by five TVET colleges, culminated in a prestigious graduation ceremony held in Cape Town on Wednesday, 15 October 2014, with 67 learners successfully completing the assessments and qualified to graduate.

The FETI-HETI project has offered learners with this great opportunity to obtain an NQF Level 5 qualification with the understanding that, if they've obtained the qualification and passed the FPI Quality Assured assessments, they will be allowed to register for the Advanced Diploma in Management at UWC. This in turn will give them access to the Postgraduate Diploma in Financial Planning that UWC has developed.

## Continuous Professional Development (CPD) Accreditation

In 2014, we accredited 28 training providers as FPI Recognised CPD Providers and 528 programmes, as FPI Recognised CPD Programmes. The FPI Recognised CPD Programmes are events offered by industry training and product providers. In the same year we approved 14 industry publications, including newsletters, as FPI CPD Approved Publications, bringing it to a total of 18 approved publications as of 2014, 250% higher than 2013.

### Professional Competency Examinations (PCE)

The 2014 Professional Competency Examinations (PCE) took place in February, May, August and October. Out of 285 candidates who sat the exams, 154 were successful. From the 154 successful candidates, 127 applied for membership and were granted the designations according to the experience certification standards.

## How we Build a Professional Framework

### Advocacy: Mouthpiece of the industry

In 2014 we established an Advocacy Board Committee which has actively been engaging with the Financial Services Board (FSB) tackling issues very central to the financial planning profession such as Treating Customers Fairly (TCF) and the recently released FSB Retail Distribution Review (RDR) paper. The RDR paper proposes a number of significant changes to how financial products are distributed to consumers in South Africa. The paper contains a total of 55 proposals grouped around:

- Types of services offered by intermediaries to customers and product suppliers.
- Rationalisation of the range of relationships between product suppliers and intermediaries.
- The types of intermediary remuneration models.

A larger emphasis will be placed on this area and in 2015, we will be putting together a RDR response paper, taking into consideration all comments received from our members.

### Member benefits

#### Member discount programme

We continue to engage with service providers to negotiate savings on value adding products and services for our members. FPI membership entitles our members exclusive discounts for products and services than can help them build a successful brand. The exclusive discounts include:

- LexisNexis Online Financial and Legislation News
- Professional Indemnity Insurance
- Rubberstamp
- Discount subscription on industry publications.

#### Tools and resources for our members

In October, we launched a Practice Management section consisting of a guide to starting a financial planning practice. The guide includes the below templates and guidelines that assists financial planners who are venturing in this space.

- Business bank account;
- Business insurance and professional indemnity insurance;
- Contract of engagement template;

- Elements to consider when starting a financial planning practice;
- FAIS Compliance and Risk Management;
- Financial planning practice business structure and tax implications.
- In the same year, we also developed a few templates which assists financial planners in adhering to good practice:
- Investment Policy Statement guideline;
- Due diligence framework: a guide on selecting a service provider.

### Member discipline

As a South African Qualifications Authority (SAQA) recognised professional body we need to comply with the Policy and Criteria for Recognising a Professional Body and Registering a Professional Designation for the Purposes of the National Qualifications Framework Act, Act 67 of 2008, in that we must publish a code of conduct and operate a mechanism for reporting and investigating of members who are alleged to have contravened the code.

In complying with the mentioned provision in the said policy, we have administered 14 complaints for the year of 2014. Four of the complaints were finalised, eight matters were scheduled for hearing and two matters as at December 2014, were still under investigation. 11 of the complaints were against CFP® professionals and two against AFP™ professionals.

The complaint investigated relate mainly to the following:

1. Failure to disclose fees/commissions accurately or in terms that is clear and understandable
2. Quality or appropriateness of advice and/or recommendations made
3. Misleading statements as to the characteristics and/or performance of products
4. Failure to adhere to regulatory or professional body requirements such as licensing or certification
5. Integrity-related complaints such as civil judgments for money owing, misappropriation of client funds, fraudulent use of client signatures, FAIS Ombud determinations

## How we Build a Professional Framework, continued...



6. Failure to disclose and/or manage Conflict of Interest particularly those relating to business interests.

By enforcing our standards we help build the public trust in the financial planning community, this also helps increase the pride our members feel in being a part of the profession. We also demonstrate to regulators and policymakers that we have the willingness and capacity to self-regulate the profession in a similar way that other professions such as doctors, lawyers and accountants do.

### Member engagement events

We hosted six regional member engagement events in 2014. The events covered a range of topics and networking evening session such as:

- Pretoria: How to prepare for an FSB Audit and Retail Distribution Review (RDR) commentary;
- KwaZulu-Natal: SAB miller beer tour;
- Western Cape: Practically how is your business dealing with regulatory changes;
- Eastern Cape: Changing Landscapes: Economic Overview;
- Gauteng: Women's Day Breakfast;
- Polokwane: FPI update and information seminar followed by an ethics presentation.

## Professional development

Our Centre for Professional Development (the Centre) continues to deliver quality Continuous Professional Development (CPD) events that add value and enhance the skills and knowledge of the participants. This is achieved through providing CPD events that are focused on offering a unique FPI experience, improving the current offering by including a variety of CPD events. We also aim to improve the perception other financial planning professionals have that "engaging in CPD is only a means to gain points", to one where individuals and organisations identify the need to engage in ongoing self-development and personal growth.

In 2014 the Centre delivered the below face-to-face events which attracted over **4266** delegates across the country and sold over **1650** DVDs. The full day and half day face-to-face workshops held were:

- Annual Refresher Workshop for CFP® professionals
- Business Risk and Business Assurance
- Estate Planning
- Financial Planning and Trusts
- Practice standards and practice management
- Retirement Planning
- Tax.

## Review of the FPI Code of Ethics and Professional Responsibility

The FPI Practice Standards Working Group has spent most of 2014 conducting major review of FPI's Code of Ethics and Professional Responsibility with a view to ensuring that it not only serves the members better but also that it is benchmarked against some of the best in the world.

The FPI's Code of Ethics and Professional Responsibility (the code) refers to how the conduct of all FPI members will be measured against. The Code sets the benchmark for the values, principles and standards that an FPI member must obey when dealing with the public. It is meant to set the standards for business practice and individual business conduct in professional financial planning, it also aims to assist, guide and direct all stakeholders with ethics thoughts, choices, decisions and conduct.

The draft code will be submitted to our Board of Directors for approval and only then can it be open for member commentary in early 2015.

## Regulatory Examinations

**11820** Regulatory Examinations were written through us and was a result of the following:

- Improved streamlining of operational and logistics functions.
- The efficiencies that have resulted from a combination of increased skill and experience among staff.
- Using a new system, implemented in July 2013, has enabled us to deliver exams with smoothly and with minimal issues taking place.
- The steady improvement in service, efficiency and customer care which led to many financial institutions and individual candidates using our services.
- Fully committed to providing to the Regulatory Examinations as an important means of ensuring the ongoing improvement in the quality of advice given to consumers.
- Securing large corporate accounts that have added much value to our operation. Our focus in 2014 was to ensure a value added model for all corporate clients.

# Building Capacity



## Our people

The process of identifying talent within the company continues and new appointments and promotions were made namely; Business Development Manager, Examination Body Administration Officer; Examination Body Administration Logistics Clerk; Customer Experience Officer, Marketing Manager, Information Technology Business Analyst and Certifications Manager.

In the later part of the year, further appointments were made to enhance FPI's ability to deliver added value to the financial planning profession. David Kop, CFP®, previously Head: Membership and Corporate Relations was appointed as Head: Advocacy and Consumer Affairs, Sherma Malan, CFP®, previously Senior Certification Manager was promoted to Head: Membership and Corporate Relations as well as Lelane Bezuidenhout, CFP®, previously Certification Manager was also promoted to the position of Senior Certification Manager.

Towards the end of 2014, we were sad to say goodbye to Chris Busschau, CFP®, who retired in the same year. Chris played an integral role over the last few years, in helping to grow the FPI Examination Body Department, in both stature and importance in the industry.

### Salary survey

In 2014 we participated in a Non-Profit Organisation (NPO) Salary Survey, which involved submitting varying information relating to salaries earned by staff, job levels and leave entitlements, amongst others. We look forward to the release of the survey

results and recommendations, which will be implemented in 2015.

### Internal policies and training

Compliance with applicable internal policies continues to be a strategic focus at FPI. In line with our strategy, all internal policies are reviewed regularly and staff are trained on these new or revised policies.

The following policies were reviewed in 2014:

- Grievance Policy;
- Information Technology and Communication Policy;
- Recruitment Policy;
- Disciplinary Code and Procedure;
- Salary Sacrifice Policy;
- Dress Code;
- Open Plan Office Guidelines; and
- Performance Management Policy.

### Staff training and development

All employee are given the opportunity to further their studies, where possible, with the assistance of INSETA, who regularly provide bursaries to staff members who wish study further. In 2014, bursaries were applied for on behalf of three staff members, and all were approved.

In addition, our internal performance management system is linked to staff development, and individual training plans are built and budgeted for all staff, to provide the opportunity to study further, attend conferences or events and to gain new skills.

### Supporting the overall strategy

Towards the end of 2014, and in line with the impending company staff reallocation to support the key strategic objectives, the human resources department began focussing on realigning company resources, whilst adapting to support the overall company strategy. The human resource (HR) department supported the company's staff re-allocation through staff consultations, new appointments and updating employment contracts, amongst others.

### Review of service providers (provident fund and medical aid)

In 2014 a decision was made to review the

providers of medical and provident services to FPI. This review was conducted throughout the second half of 2014, by inviting prospective providers to submit tenders. The tender process is currently being overseen by our Tender Committee.

### Staff wellness

To encourage good relations between staff, we regularly partake in staff team building. In 2014, we held two staff wellness events including the staff year-end which was held in December.

### Company values and culture

The staff wellness committee held a number of sessions in 2014, with a view to updating the company values and culture. This resulted in us holding a staff values and FPI culture day, which incorporated these values into the day's activities.

## Systems to empower our people

The information technology (IT) departments set out their main focus to empowering people and offering world class service. The department's 2014-2015 projects focussed on:

- The business mapping system.
- The new website project.
- The core systems refresh project.
- The updated solution matrix system.

The business process mapping exercise was completed and handed over to the core system refresh project team, a project kick off in 2015. Furthermore, the IT department has improved end user service and back office service that includes emails, server availability, network management, anti-virus and operations of all electronic devices. The systems improvement also enabled us to manage member data, online communities, e-commerce, event management as well as e-learning platforms.

The IT department's projects were implemented to create innovative and vibrant member communities to allow the Institute to continue engaging with members. As well as to improve online visibility and encourage members to share our campaigns and content, with ease, on their social media platforms.

## CEO's office

**Godfrey Nti**  
Chief Executive Officer

**Sandra Taylor**  
PA to Chief Executive Officer

## Membership and Corporate Relations

**Sherma Malan, CFP®**  
HOD: Membership Services and Corporate Relations

**Lucille Wessels**  
PA to HOD: Membership Services and Corporate Relations

**Justin Lippiatt**  
Business Development Manager

**Patrick De Nation**  
Business Development Officer

**Riana Badenhorst**  
Member Services Consultant  
(New Business)

**Mandisa Magwaza**  
Team Leader (Member Retention)

**Loraine De Waal**  
Member Services Consultant  
(Member Retention)

**Mpho Nkuna**  
Member Services Consultant  
(Member Retention)

**Carla Wingrave**  
Team Leader (Member Support)

**Marinda Joubert**  
Member Services Consultant  
(Member Support)

**Carol Hardie**  
Member Services Consultant  
(Member Support)

## Advocacy and Consumer Affairs

**David Kop, CFP®**  
HOD: Advocacy and Consumer Affairs

**Carla Letchman**  
Technical Specialist

**Tertia Ndlovu**  
Consumer Affairs Co-ordinator

## Certification

**Lelane Bezuidenhout, CFP®**  
Senior Certification Manager

**Hannah Brill**  
Certification Manager

**Joan Sallie**  
Certification Administrator

**Frances Creighton**  
Certification Administrator

## Shared Services

**Dennis Swanepoel**  
Manager: IT and Facilities

**Nomaxabiso Tyhutyhani**  
Manager: Finance and HR Services

**Kobus Oosthuizen, CFP®**  
Legal and Compliance Manager

**Jevin Tod**  
Marketing and Communications Manager

**Tsholofelo Dihutso, CPRP**  
Communications Specialist

**Wende Davids**  
Customer Experience Officer

**Clayton Lautenberg**  
HR Officer and Technical Advisor

**Desmond Matsane**  
Management Accountant

**Sibongile Mdluli**  
Business Analyst

**Chrisjan Pieterse**  
IT Systems Engineer

**Vacant**  
Bookkeeper

**Nicky Wessels**  
Legal and Compliance Services

**Yolanda Koen**  
Office Administrator

**Ohna Norval**  
Receptionist

**Rosina Lekhelebane**  
Office Assistant

**Evodia Rasiile**  
Facilities Assistant

## FPI Centre for Professional Development

**Wessel Oosthuizen, CFP®**  
General Manager

**Adele Whyte**  
Project Manager

**Adele Victor**  
Events Co-ordinator

**Toni Santana**  
Events Co-ordinator

**Kirsten Stevens**  
Events Assistant

## Examination Body

**Johan Aucamp, CFP®**  
Senior Manager: Examination Body

**Penny Willemse**  
Examination Supervisor

**Renny Mmusi**  
Examination Consultant

**Anna Fick**  
Examination Consultant

**Lesedi Mahupela**  
Administration Officer

**Lania Wheeler**  
Logistics Administrator

**Angeline Mveng**  
Logistics Administrator

# How we are Governed

## Our Board of Directors

Our Board of Directors take full responsibility for the management, direction and performance of the company by making independent decision on all issues reserved for its review and approval while taking cognisance of the needs of all of the company's stakeholders. The Board adopted the Board Charter, in line with the King III recommendations. The Charter serves as a reference to new and existing board members, in performing their duties. It was implemented to identify, define and record the roles, rights, responsibilities, functions and composition of the Board.

The Board consists of 11 non-executive directors and 1 executive director (chief executive officer), with the roles of the chairperson and chief executive officer clearly defined.

## Board Sub - Committees

Our Board Sub-Committees assist the Board in implementing its duties and exercising its powers. The Board delegates to each sub-committee the authority required to enable it to fulfil its functions through formal Board-Approved Committee Regulations.

### Audit Committee

The purpose of the Audit Committee is to assist the Board in implementing its duties such as; safeguarding of assets, accounting systems and practices, the integrity of internal financial control processes as well as the preparation of accurate financial reporting and statements, in compliance with all legislative requirements, governance principles and recognised accounting practice standards. The committee's tasks is to also implement and review an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives and disclose and manage risk in a complete, timely and relevant manner.

### Advocacy Committee

The Advocacy Committee is established to assist the Board in developing and implementing a strategic approach to

identifying and responding to advocacy, policy and regulatory related issues that are important to our stakeholder and the broader financial services industry.

### Disciplinary Committee

The Disciplinary Committee's purpose is to protect the public, maintain public confidence in the financial planning profession and upholding the highest standards of conduct among FPI professional members. The committee oversees the start and administration of disciplinary proceedings against FPI professional members, in terms of the Disciplinary Regulations.

### Nominations and Compliance Review Committee

The Nomination and Compliance Review Committee assists the Board, on an advisory capacity, with recruitment, selection and appointment of appointed directors and sub committees in a formal transparent manner, making sure that sufficient consideration is given to board succession planning. The committee is also given the responsibility to review compliance with relevant legislation, the principles of good corporate governance and best practice codes.

### Regional Co-ordinating Committee

The Regional Co-ordinating Committee is made up of elected chairpersons from each Regional

Committee: Western Cape, Eastern Cape, KwaZulu-Natal, Gauteng, Central and Northern Regions as well as the Regional Director, who is the chairperson for this committee. The committee assists the Board in supervising the company's Regional Committees mandate by taking all reasonable steps to promote the mission of the company and the financial planning profession in the six identified regions

### Remuneration Committee

The Remuneration Committee is tasked to review current industry practice on remuneration and to make recommendations to the Board on remuneration packages and policies applicable to the FPI executive and staff as a whole. Mainly the committee serve as a medium to monitor and strengthen the objectivity and credibility of the remuneration as well as the bonus system for the FPI executive and staff.

### Strategy Committee

The role of the Strategy Committee is to assist the Board in fulfilling its primary supervision responsibilities, this is with respect to matters relating to or affecting the company's strategic direction and socio-ethical responsibilities. The committee provides oversight and advice to the executive in the development and implementation of all strategic initiatives; and makes recommendations to the Board on such matters.



# How we are Governed continued...



## Board and Board - Sub Committees' attendance reports

### Board of Directors

During the reporting period, the Board met six times. Four formal face-to-face meetings and two special teleconference meetings.

Board meeting dates		21/02/2014	17/04/2014	24/06/2014	01/07/2014	29/08/2014	27/11/2014
Board member							
David Thomson, CFP®	Non-executive Director	■	■	■	■	■	■
Denver Fortuin, CFP®	Non-executive Director	■	■	■	■	a	■
Gerhardt Meyer, CFP®	Non-executive Director	•	•	•	a	■	■
Godfrey Nti	Executive Director	■	■	■	■	■	■
Johan Erwee, CFP®	Non-executive Director	■	■	■	■	■	■
Kim Potgieter, CFP®	Non-executive Director	■	■	■	■	■	■
Logie Govender, CFP®	Non-executive Director	■	■	■	a	■	■
Natasja Norval-Hart, CFP®	Non-executive Director	■	a	■	•	•	•
Navin Ramparsad, CFP®	Non-executive Director	•	•	•	■	■	a
Ntai Phoofole, CFP®	Non-executive Director	■	a	■	■	■	a
Prem Govender, CFP®	Chairperson	■	■	■	•	•	•
Ronald King, CFP®	Non-executive Director	■	■	■	a	■	■
Sankie Morata, CFP®	Chairperson-Elect	a	■	■	■	■	■
Warren Wheatley, CFP®	Non-executive Director	■	■	■	a	a	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

## Board Sub - Committees

During the reporting period, all Board-Sub Committees met four times except for the Disciplinary, Regional Co-ordinating and Strategic Committees who met three times, as well as the Advocacy Committee who only met twice in the year.

### Advocacy Committee

Meeting dates		25/08/2014	05/11/2014
Committee member			
David Kop, CFP®	Head: Advocacy and Consumer Affairs	■	■
David Thomson, CFP®	Committee Member	■	■
Gerhardt Meyer, CFP®	Committee Chairperson	■	■
Godfrey Nti	Chief Executive Officer	■	■
Navin Ramparsad, CFP®	Committee Member	■	■
Ronald King, CFP®	Committee Member	■	•
Sankie Morata, CFP®	Committee Member	■	•

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

# How we are Governed continued...



## Audit Committee

Meeting dates		06/02/2014	10/04/2014	12/06/2014	18/08/2014	26/11/2014
Committee member						
Denver Fortuin, CFP®	Committee Member (post June)	•	•	•	■	■
Godfrey Nti	Chief Executive Officer	■	■	■	■	■
Logie Govender, CFP®	Committee Member	■	■	■	a	■
Natasja Norval-Hart, CFP®	Committee Chairperson (pre June)	■	■	■	•	•
Prem Govender, CFP®	Committee Member	■	■	■	■	■
Warren Wheatley, CFP®	Committee Chairperson (post June)	•	•	•	■	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

## Disciplinary Committee

Meeting dates		20/02/2014	26/08/2014	24/11/2014
Committee member				
David Thomson, CFP®	Committee Chairperson (post June)	•	■	■
Johan Erwee, CFP®	Committee Member	•	■	■
Louis Van Vuren, CFP®	Committee Member	■	■	■
Michael Jackson, CFP®	Committee Member	■	■	■
Sankie Morata, CFP®	Committee Chairperson (pre June)	■	•	•
Warren Wheatley, CFP®	Committee Member	•	■	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

## Nomination and Compliance Review Committee

Meeting dates		18/02/2014	12/06/2014	15/08/2014	20/11/2014
Committee member					
Denver Fortuin, CFP®	Committee Member	•	•	■	■
Godfrey Nti	Chief Executive Officer	■	■	■	■
Ntai Phoofole, CFP®	Committee Chairperson (post June)	•	•	■	■
Prem Govender, CFP®	Committee Member	■	■	•	•
Ronald King, CFP®	Committee Member	■	a	•	•
Sankie Morata, CFP®	Committee Chairperson (pre June)	■	■	■	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

# How we are Governed continued...



## Regional Co-ordinating Committee

Meeting date		10/01/2014	09/06/2014	11/11/2014
Committee member				
Christo Saayman, CFP®	Regional Committee Chairperson (Central Region)	■	■	a
Colin Long, CFP®	Regional Committee Chairperson (KwaZulu-Natal Region)	■	■	■
Jackie Palframan, CFP®	Regional Committee Chairperson (Eastern Cape Region)	x	a	a
Johan Erwee, CFP®	Regional Committee Chairperson (Northern Region)	■	■	■
Lizl Budhram, CFP®	Regional Committee Chairperson (Western Cape Region)	x	■	■
Yzelle McKane, CFP®	Regional Committee Chairperson (Gauteng Region)	■	■	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation
- x Regional Vice-Chairperson representation

## Remuneration Committee

Meeting date		13/02/2014	12/06/2014	13/08/2014	17/11/2014
Committee member					
Johan Erwee, CFP®	Committee Member	■	■	•	•
Godfrey Nti	Chief Executive Officer	■	■	■	■
Logie Govender, CFP®	Committee Chairperson	■	■	■	■
Natasja Norval-Hart, CFP®	Committee Member	■	■	•	•
Navin Ramparsad, CFP®	Committee Member	•	•	■	a
Sankie Morata, CFP®	Committee Member	■	■	■	■

- In attendance
- a Absent with apology
- Pre-appointment/post resignation

# How we are Governed continued...

## Strategy Committee

Meeting date		29/05/2014	12/08/2014	26/11/2014
Committee member				
Godfrey Nti	Chief Executive Officer	■	■	■
Kim Potgieter, CFP®	Committee Member	a	a	■
Natasja Norval-Hart, CFP®	Committee Member	■	■	■
Navin Ramparsad, CFP®	Committee Member	•	■	■
Ntai Phoofolo, CFP®	Committee Chairperson (pre June)	■	■	■
Prem Govender, CFP®	Committee Member	■	•	•
Ronald King, CFP®	Committee Member (post June)	•	■	■
Sankie Morata, CFP®	Committee Chairperson	a	■	■
Warren Wheatley, CFP®	Committee Member	•	■	a

- In attendance
- a Absent with apology
- Pre-appointment/post resignation



# Looking into 2015

## THE YEAR 2015 WILL SEE A CONTINUATION OF 2014 ACTIVITIES AND INITIATIVES WITH A FOCUS ON THE FOLLOWING AREAS:

### Brand awareness

We anticipate an exciting, yet interesting year ahead of us as we work towards raising our public profile and maintaining our position as the only professional body in the financial planning industry that offers the CFP® designation.

We will once again host our biggest event, also considered as the largest annual event on the South African financial planning calendar, the FPI Professionals Convention (the convention), which we will host again in 2015.

The convention serves as an excellent platform for delegates and exhibitors to network and build relations with other like-minded individuals therefore we decided to include the Gala Dinner where we will recognise all our award winners.

We look forward to co-hosting the 2015 Annual Budget Breakfast together with the South Africa Institute of Tax Professionals (SAIT). The annual event is the country's largest independent post budget speech breakfast. The event will look at how the National Budget impacts South Africa with regards to taxation, the economy, socio-economic and political environments.

### Certification and professional body standards

We will continue focusing our efforts in 2015 to developing and strengthening all relationships with stakeholders.

2015 will have us launching and implementing the Next Generation Certification Standards. As part of the implementation phase, we will launch the CFP® Professional Challenge Status Examination. The exam will be offered to individuals who hold certain advanced degrees or professional credentials, but have not completed one of the FPI approved qualifications.

### Consumer advocacy and initiatives

In line with our vision to provide professional financial planning to all South Africans, our aim for 2015 is to continuously make our CFP® professional accessible to all citizens through our Financial Planning Week initiative which will be held on 7-11 September. The FPI MYMONEY123™ programmes will also continue as we work towards reaching all South Africans with the objective of educating them more about the benefits of financial planning and emphasising on its importance.

As a professional body, we are committed to benefiting the public. In the year ahead our joint activities, with the likes of the Road Accident Fund (RAF), the South African Savings Institute (SASI) and the Financial Services Board (FSB), are aimed to empower South Africans with financial literacy. We look forward to signing up more partners to take this initiative even further.

### Member growth strategy

#### Member retention programme

Member retention and growth is the key focus of 2015. Our theme for 2015, "we want to be your favourite hello and your hardest goodbye", will speak directly to our efforts in keeping our members engaged.

We will continue the promotion and implementation of the "It starts with me" programme. We will conduct surveys that will assist us knowing the level of understanding our members have of the programme. We will also look at expanding our member engagement events to five events per quarter where we will provide members with feedback on the Institute and our activities.

Other platforms such as The Financial Planner magazine, FPI *NewsBrief* (e-newsletter), social media and our website will also be used as a method to effectively communicate with our members on an ongoing basis.

The Financial Planner of the Year (FPOTY) Award also attracts some of the best CFP® professionals in the industry and creates a spirit of camaraderie among the contestants allowing a different angle of engagement.

2015 will see the launch of the "It starts with me" Award, where we will acknowledge the individual who actively contributes, supports and promotes the CFP® mark.

With great membership benefits, tools, resources and opportunities that they gain by being a member we intend to create a strengthened community of professionals. This requires a fundamental mind shift from traditional membership growth and retention strategies, to building a community and considering FPI as an Institute with open professional communities rather than a closed membership organisation. Every member has a role to play and the value they add are the pillars to our success.

#### Member growth

A strategy to recruit African members through a bursary scheme will be developed and looked at, where we hope to source, manage and distribute funding. During 2015 we will continue to engage with the Insurance Sector Education and Training Authority (INSETA) and the University of the Western Cape (UWC) to once again implement the FETI/HETI articulation programme to create pathways to obtaining entry or access to university qualification.

#### Continuous Professional Development

We will introduce free webinars for our members. A service offering that will earn them Continuous Professional Development (CPD) points and most save them time lost while travelling to and from events, travel and accommodation costs. Although we know that the need for face to face events will always be there, we always strive to provide members with the best innovative ways for them to continue keeping abreast with changes in the industry.

# Looking into 2015, continued...

## Profiling our CFP® professionals

Our aim to promote the CFP® designation will continue in 2015 as we profile CFP® professionals in our quarterly publication - The Financial Planner. We will profile members who show pride in the CFP® designation and whose level of success could inspire fellow members to do the same.

## Employer outreach programme

In line with our employer engagement strategy we will continue looking at engaging more corporates in the financial services sector to promote the value of employing CFP® professionals.

We will also roll out the revised FPI Corporate Partner™ value proposition with the existing partners which is in line with the key findings from the released Comparator Research: The value of CFP® certification.

## People, systems and process

### Human capital

To help us reach our strategic transformation targets, we look forward to a number of activities to improve staff productivity and also to fill all vacant positions. Over and above this, we will look at implementing a staff wellness and retention programme. Our revised internal department processes will also be implemented to identify internal gaps as well as implement the recommendations from the Non-Profit Organisation (NPO) Salary Survey.

### Systems and processes

As we continue with the new website project, we aim to address the needs of all stakeholders in order to make navigating our website more efficient and user friendly.

Increasing the efficiency of our communications and improving our client engagement is a priority for 2015. The system will allow for professional email communication with a simple, easy-to-use interface bridging the communication gaps identified.

## Research initiatives

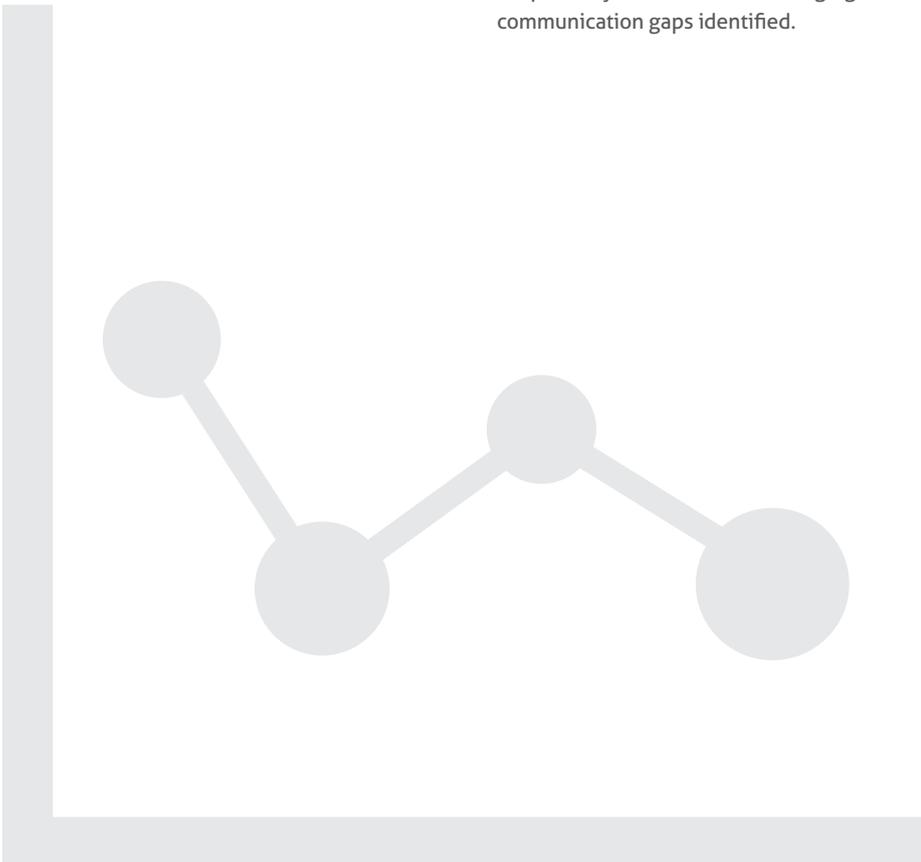
To understand the behaviours that motivate or prevent consumers from seeking the advice of a professional financial planner, we will participate in the Global Consumer Financial Planning Research to look into these behaviours. The research led by Financial Planning Standards Board (FPSB) will be conducted in 19 countries, all who are FPSB member organisations offering the CFP® certification, and over 19 000 people will be surveyed.

## Thought leadership

Since the release of the Financial Services Board (FSB) Retail Distribution Review (RDR) paper, our Advocacy Committee has been analysing the paper and preparing the response which is due on 5 March 2015.

To ensure that we submit a comprehensive response paper to FSB, we will call for member commentary and setting up sessions around the country to get member feedback and enter into discussions.

With the collective voices of our members we will be able to ensure that RDR is implemented for the benefit of the profession and the consumer that we serve.



# OUR FINANCIAL POSITION

## A Word from our Audit Committee Chairperson



A handwritten signature in black ink, appearing to read 'W. Wheatley', written over a thin horizontal line.

**Warren Wheatley, CFP®**

We are pleased to present our report for the financial year ended 31 December 2014.

### Audit and Risk Committee members

The Audit and Risk Committee consists of the members listed below, during 2014 four meetings were held (refer to page 21 for the attendance report).

- Warren Wheatley, CFP® (Chairperson)
- Logie Govender, CFP®
- Denver Fortuin, CFP®
- Ron Dicks, CFP®

### Audit and Risk Committee responsibility

We have complied with the responsibilities as set out in the Audit Committee Regulations and complied with the requirements of the Companies Act.

### Internal controls and risk management

The system of internal control for the period under review was efficient and effective. The committee considered both the reports presented by internal auditors and external auditors and it was noted that no significant or material non-compliance with policies or procedures have been reported.

The committee also recommended additions, amendments and updates to the consolidated risk register for board approval.

### Investment strategy

The committee assisted management with the entity investment strategy by:

- Providing oversight and assurance of FPI's and its subsidiary strategic investments.
- Reviewing the investment strategy.

### External audit

In the conduct of its duties, the committee performed the following statutory duties:

- Considered the independence of Zeelie De Kock Registered Auditor and therefore nominated for re-appointment them as the external auditor.
- Approved in consultation with management, the audit fee and engagement terms for the external auditors for the 2014 financial year.
- Reviewed the annual financial statements prior to their approval by the board.
- Considered the appropriateness of accounting policies and any changes made.
- Reviewed the external auditor's reports and management response and considered the effect on the financial statements.

### Consolidated annual financial statements

The committee had recommended the approval of the annual financial statements as set out on page 27 by the Board and the Board had subsequently approved the audited financials.

# Auditor's Report

Presented is the abridged version of the Audited Annual Financial Statements

## Report on the financial statements

We have audited the annual consolidated financial statements of Financial Planning Institute of Southern Africa NPC, which comprise the statement of financial position and consolidated statement of financial position as at 31 December 2014, the statement of comprehensive income and consolidated statement of comprehensive income, the statement of changes in equity and consolidated statement of changes in equity, statement of cash flows and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 23.

## Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

## Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary schedules set out on pages 0 - 0 do not form part of the annual consolidated financial statements and are presented as additional information. We have not audited these schedules and accordingly do not express an opinion thereon.

## Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion in this report.

# Directors' Report

## GENERAL REVIEW

Financial Planning Institute of Southern Africa NPC is a company incorporated in the Republic of South Africa. The principal activities of the company are to operate as professional body for the financial planning industry.

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
--	--------------------	--------------------	----------------------	----------------------

## FINANCIAL RESULTS

The group / company accumulated a (deficit) / surplus of: (4 825 612) 5 809 086 (4 472 645) 4 743 965

*No income statement is provided as the company did not commence with trading during the period under review.*

## PROPERTY, PLANT AND EQUIPMENT

The group / company acquired assets to the value of: 2 495 869 16 311 173 2 099 496 799 039

The group / company disposed of assets to the value of: - - - 4 833

Revaluation of land and buildings to the value of: 500 000 - - -

*The company did not acquire or dispose of any assets during the current year of review.*

The directors of the company during the accounting period and up to the date of this report were as follows:

Name	Nationality	Date appointed	Date resigned
GN Nti	Cameroonian	2009/05/01	-
RG Govender	South Africa	2009/06/02	2014/06/24
SS Morata	South Africa	2009/12/02	-
L Govender	South Africa	2012/06/19	-
R King	South Africa	2009/06/02	-
DJ Thomson	South Africa	2012/06/19	-
N Norval-Hart	South Africa	2012/07/18	2014/06/24
NPO Phoofolo	South Africa	2012/12/05	-
JA Erwee	South Africa	2013/06/10	-
K Potgieter	South Africa	2013/06/10	-
DC Fortuin	South Africa	2013/08/22	-
WG Wheatley	South Africa	2013/08/22	-
GE Meyer	South Africa	2014/06/24	-
N Ramparsad	South Africa	2014/06/24	-

## AUDITORS

Zeelie De Kock will continue as auditors of the company.



# Statement of Financial Position and Consolidated Statement of Financial Position



as at 31 December 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
<b>ASSETS</b>				
<b>Non-current assets</b>	18 663 791	17 022 270	12 673 242	10 620 597
Property, plant and equipment	18 663 791	17 022 270	3 294 611	1 704 038
Investment in subsidiary	-	-	300	300
Group loan receivable	-	-	9 378 331	8 916 259
<b>Current assets</b>	9 675 766	14 042 561	9 351 557	13 751 746
Trade and other receivables	1 384 555	1 382 369	1 123 465	1 300 211
Bank and cash balances	8 291 211	12 660 192	8 228 092	12 451 535
<b>TOTAL ASSETS</b>	<b>28 399 557</b>	<b>31 064 831</b>	<b>22 024 799</b>	<b>24 372 343</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	11 289 715	16 115 327	12 75 491	17 198 136
Share Capital	-	-	-	-
General reserve	5 000 000	5 000 000	5 000 000	5 000 000
Revaluation surplus	475 000	-	-	-
Accumulated surplus	5 814 715	11 115 327	7 725 491	12 198 136
<b>Non-current liabilities</b>	6 535 213	7 022 231	-	-
Interest bearing borrowing	6 535 213	7 022 231	-	-
<b>Current liabilities</b>	10 514 629	7 927 273	9 299 308	7 174 207
Deferred income	183 294	-	-	-
Trade and other payables	7 831 832	6 766 462	7 308 590	6 517 047
Current portion of interest bearing borrowing	508 785	503 651	-	-
Short-term provisions	1 990 718	657 160	1 990 718	657 160
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28 339 557</b>	<b>31 064 831</b>	<b>22 024 799</b>	<b>24 372 343</b>

# Statement of Comprehensive Income and Consolidated Statement of Comprehensive Income



as at 31 December 2014

	Group 2014 R	Group 2013 R	Group 2014 R	Company 2013 R
<b>Revenue</b>	31 073 118	30 906 068	27 295 920	27 060 278
<b>Other income</b>	1 665 675	1 520 084	1 126 215	1 451 564
Change in accounting estimate	575 358	328 005	575 358	328 005
Interest received	550 857	1 123 559	550 857	1 123 559
Rental Income	539 460	68 520	-	-
<b>Expenses</b>	12 509 398	12 779 497	11 699 283	10 441 675
Auditors' remuneration	269 960	135 748	156 480	105 748
Depreciation	1 929 706	1 206 785	1 084 281	1 012 883
Direct costs	8 799 571	8 384 462	6 837 145	5 935 050
Director's remuneration	1 510 161	1 439 168	1 510 161	1 439 168
Operating lease- premises	-	1 613 334	2 111 216	1 948 826
Other income (not included above)	1 843 820	1 486 148	3 400 519	1 203 417
Other administrative expenses	26 670 453	26 653 522	24 596 016	2 4017 549
<b>(Deficit) / surplus before finance charges</b>	(4 597 238)	(5 589 239)	(4 472 645)	(4 743 965)
Finance charges	728 473	219 847	-	-
<b>(Deficit) / surplus before taxation</b>	(5 325 612)	(5 809 086)	(4 472 645)	(4 743 965)
Taxation	-	-	-	-
<b>Net deficit after Taxation</b>	(5 325 612)	(5 809 086)	(4 472 645)	(4 743 965)
<b>Other comprehensive income</b>				
Gain on revaluation properties	500 000	-	-	-
<b>Total (deficit) / surplus for the year</b>	(4 825 612)	(5 809 086)	(4 472 645)	(4 743 965)

# Statements of Changes In Equity and Consolidated Statement of Changes in Equity

as at 31 December 2014

	General Reserve R	Revaluation Surplus R	Accumulated Surplus R	Total R
<b>GROUP</b>				
<b>Balance at 31 December 2012</b>	5 000 000	-	16 924 413	2 1924 413
Total comprehensive deficit for the year	-	-	(5 809 086)	(5 809 086)
<b>Balance at 31 December 2013</b>	5 000 000	-	11 115 327	16 115 327
Gain on revaluation of properties	-	500 000	-	500 000
Transfer of depreciation on revaluation surplus portion	-	(25 000)	25 000	-
Total comprehensive deficit for the year	-	-	(5 325 612)	(5 325 612)
	5 000 000	475 000	5 814 715	11 289 715

	General Reserve R	Accumulated Surplus R	Total R
<b>COMPANY</b>			
<b>Balance at 31 December 2012</b>	5 000 000	16 942 101	21 942 101
Total surplus for the year	-	(4 743 965)	(4 743 965)
<b>Balance at 31 December 2013</b>	5 000 000	12 198 136	17 198 136
Total deficit for the year	-	(4 472 645)	(4 472 645)
<b>Balance at 31 December 2014</b>	5 000 000	7 725 491	12 725 491

# Consolidated Statement of Cash Flows

as at 31 December 2014

	Group 2014 R	Group 2013 R	Group 2014 R	Company 2013 R
<b>Net cash retained in operating activities</b>	(1 391 288)	152 964	(1 661 875)	873 902
Cash receipts from members and other customers	31 070 932	32 981 698	27 472 666	29 212 954
Cash paid to suppliers and employees	(32 284 643)	(33 732 446)	(29 685 398)	(29 462 611)
Cash (utilised by) generated from operating	(1 213 711)	(750 748)	(2 212 732)	(249 657)
Interest received	550 857	1 123 559	550 857	1 123 559
Finance charges	(728 374)	(219 847)	-	-
<b>Cash flows from investing activities</b>	(2 495 869)	(16 306 340)	(2 561 568)	(9 645 928)
Purchase of property, plant and equipment	(2 495 869)	(16 311 173)	(2 099 469)	(799 039)
To increase operating capacity	(2 495 869)	(16 311 173)	(2 099 469)	(799 039)
Disposal of property, plant and equipment	-	4 833	-	4 833
Advances of group loans receivable	-	-	(462 072)	(8 851 722)
<b>Cash flows from financing activities</b>	(481 884)	7 525 882	-	-
Proceeds from interest bearing borrowing	(481 884)	7 525 882	-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	(4 368 981)	(8 627 494)	(4 223 443)	(8 772 026)
Cash and cash equivalents at beginning of year	12 660 192	21 287 686	12 451 535	21 223 561
<b>Cash and cash equivalents at end of year</b>	<b>8 291 211</b>	<b>12 660 192</b>	<b>8 228 092</b>	<b>12 451 535</b>

# Contributors

**Adele Whyte**

Project Manager: Centre for Professional Development

**David Kop, CFP®**

Head: Advocacy and Consumer Affairs

**Clayton Lautenberg**

Human Resources Officer and Technical Advisor

**Godfrey Nti**

Chief Executive Officer

**Jevin Tod**

Marketing and Communications Manager

**Lelane Bezuidenhout, CFP®**

Senior Certification Manager

**Nomaxabiso Tyhutyhani**

Financial Manager and Human Resources

**Sankie Morata, CFP®**

FPI Board Chairperson

**Sherma Malan, CFP®**

Head: Membership and Corporate Relations

**Teresa McNeil and Penelope Willemse**

Examination Body (Regulatory Examinations)

**Tsholofelo Dihutso, CPRP**

Communications Specialist

**Wessel Oosthuizen, CFP®**

General Manager: Centre for Professional Development

**Wende Davids**

Customer Experience Officer



Financial Planning  
Institute of Southern Africa

**THE PROFESSIONAL STANDARD**



## Financial Planning Institute of Southern Africa NPC

84 Sophia Street (Cnr 11<sup>th</sup> Avenue), Fairland, Johannesburg, 2170

PO Box 6493, Weltevredenpark, 1715

Tel: 086 1000 FPI (374)

E-mail: [fpi@fpi.co.za](mailto:fpi@fpi.co.za)

[www.fpi.co.za](http://www.fpi.co.za)