# Voices Should FPA's local chapters just secede?

**By Bob Veres**
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By now, most of you know that the Financial Planning Association has launched an ambitious initiative which aims to dissolve 88 chapter affiliation agreements and turn those local chapters/state organizations into branches of the Denver home office. And if you've been reading my *Inside Information* blog or Michael Kitces's *Nerd's Eye View* posts, you know we think this has the potential to do great harm to the FPA.

In short, we believe that the chapters have historically provided just about all of the benefits of FPA membership. In contrast, the staff leadership at the FPA home office in Denver has led the organization to an unfortunate membership decline over the organization's 20-year existence.

In light of this, does it make sense for the staff leadership to suddenly take over supervision of the local chapters?

Currently, FPA board members are engaged in a listening tour at local chapters around the country, hoping to quell the rising controversy around a proposal that many chapter officers regard with intense suspicion. If I were a betting man, I would bet that the listening tour is not actually about gathering information, but instead showing that the FPA cares, after which FPA national will unilaterally dissolve all the affiliation agreements and consolidate all the various chapter reserves into a single FPA-controlled bank account. What can the chapters do but go along with this?

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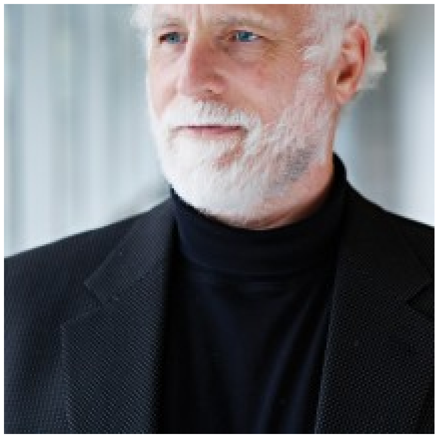
After speaking with one very concerned FPA member, I now realize that there may actually be some potential recourse if chapter members decide that this move is not in their best interests.

### Bob Veres



Michael Ross, a planner and the founder of Financial Connection in Boca Raton, Florida, suggests that the FPA may actually have become an outmoded vehicle for the profession, and also happens to have the wrong business model.

“What the profession needs is a true professional organization,” says Ross. “The FPA tries to be both a professional and a trade organization, but the big tent approach doesn’t work for those of us who aspire to create a real profession.”

Currently, the FPA collects annual dues of $375 a year, all of which go to headquarters. Each chapter is permitted to add $50 or $100 to that in order to pay for its local programs. Ross thinks this is backwards.

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**Kitces: A national FPA is the wrong way forward right now**

“For $375, we are given a magazine, some product discounts, a few conferences we can attend at a discount, some webinars which cost little to produce but we have to pay for, and a CFP registry which generates little consumer traffic — especially compared to groups like NAPFA,” he says.

The package does not, he says, include a comprehensive chapter management technology package, which would make it easier for local volunteer leaders to manage those 89 legal entities.

Meanwhile, after collecting either less than a third or a sixth of the national dues, the local chapters provide a value package that includes local meetings, programs, speakers, and in many cases an annual symposium as well. Ask FPA members where they get the most benefit from their organization and inevitably they'll talk about getting together at the local level and the CE credits and education they earn without having to travel to a remote location.

So the revenue model question comes down to this: is there an alternative to sending all the chapter dues to the organization's home office?

Ross proposes that chapter leaders consider creating a true professional organization founded exclusively for CFP practitioners.

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Wouldn't that be really hard? Not really. As Ross envisions it, entire chapters would preemptively secede from the FPA and collect membership dues directly from their members. If just four or five chapters were to do this, they'd have the economies of scale to negotiate group insurance coverage for their members.

The local organizations could pool their resources and fund a national support staff whose role would actually be quite limited — and, therefore, cost-effective. The centralized office (in Washington, D.C.?) would build a consolidated membership database, provide a single robust website that each local chapter could build its own pages on, and negotiate group health and disability coverage.

The new organization (The CFP Society?) would function much like the existing Estate Planning Council, where the financial center of gravity is local – as close to the actual members as possible — rather than national. Ross believes that a national convention could be created somewhere down the road but not at the expense of local education.

How would it work financially? "My current FPA chapter has 225 members," Ross says. "Local dues are $75. If we could recruit 85 members in the new local organization paying $200 each, our local budget would be equal to the local FPA chapter. Even with $50 additional being charged to pay for a national staff, the [total membership] cost would drop from $450 to $250. That," he says, "is a big savings for giving up a magazine."

Beyond that, a new professionally focused entity would allow the planning community to move on from the big tent approach. It would recruit only advisors with the CFP designation — no sales agents or wholesalers. The new organization would focus its education and advocacy on issues that address professionalism. Ross believes that this approach might attract the "other 75%" of CFP professionals who are turned off by the big tent approach and have therefore chosen not to belong to the FPA. Before long, the new local entities might attract a greater membership than the original FPA chapters.

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In Ross's mind, the new entity would be not unlike what the founders envisioned for the FPA back in 2000: A true professional organization with robust member benefits that is the hub of the CFP universe. And as the OneFPA Network initiative rolls towards its inevitable conclusion, he believes that the possibility of secession is already in the back of the minds of many chapter leaders and FPA members around the country. They're hesitating because secession may look more complicated than Ross believes it actually is.

"The question, locally is: Could we get 85 members?" he says. The lower dues would be a positive for many younger CFP professionals, and eliminating the big tent product bazaar would be seen as a positive for the majority of the CFP community that has chosen not to join the FPA. I could easily see 50 current FPA members coming over and an additional 50 non-FPA CFP members joining — which would get us started locally," Ross continues. "Could we get a few more cities to do the same thing? I hope so."

The alternative, which may be what the FPA board's listening tour will discover, is for the current FPA to require the Denver staff to operate leaner, share more of the revenues with the chapters and return to the original vision of the organization. If not, there is the danger that many FPA members will lose interest when the local chapter's independence is compromised.

"A lot of CFP advisors have already voted with their feet," says Ross. "I think it's time that we look for an alternative. I don't intend to take my ball and go home," he adds. "I intend to cross the street and work to create something better. I don't think I will be alone."