

Factions emerge in OneFPA overhaul

Critics fear the FPA is trying to take money and power from local chapters, which officials and proponents call overblown

By **Greg Iacurci** | *January 14, 2019 - 5:03 pm EST*

Factions have emerged in the fight over the future of the Financial Planning Association, following a proposed overhaul of the group's structure and operations. Skeptics claim the FPA will wrest control and money away from local chapters, while proponents say chapters will retain control over their financial reserves.

The FPA, in a bid to counter what officials call an unsustainable and ineffective way of operating, [proposed its OneFPA Network initiative in November](#). The proposal would alter the relationship between the national headquarters in Denver and its dozens of local chapters around the country by centralizing functions like finance, accounting and technology. Some view that as a power grab.

"I think for most of us, what we need to see is more productivity, competence and member benefits flowing out of national before we start making national more powerful," said Bob Veres, publisher of the Inside Information newsletter for financial planners.

The big sticking point in the endeavor, slated to go into effect for all chapters in 2020, seems to be money-related. There are 86 FPA chapters nationwide, each structured

as [its own separate legal, nonprofit entity](#) that has its own cash reserves and does its own accounting and budget-setting.

The OneFPA proposal would dissolve those entities, and the local chapters would be incorporated into the national entity. That's led some FPA members to fear an infringement on chapters' autonomy to raise and spend money as they see fit.

Michael Kitces, partner and director of research at Pinnacle Advisory Group, is concerned the OneFPA Network is primarily "about the raw money itself," including what he estimates to be chapters' current \$4 million in reserves, as well as future surpluses, chapter dues assessments and sponsorship arrangements. That would help make up for a 35% dip in FPA national's revenue over the past decade, Mr. Kitces said in a recent blog [post](#).

But Evelyn Zohlen, president of the FPA, said concerns around money are overblown. She said chapters will be responsible for their existing and future reserves, and have autonomy from a budgeting perspective. Centralizing finances, while keeping reserves earmarked for each chapter, will help make local-chapter finances more efficient because they won't have to do their own accounting and submit annual tax forms, for example.

But Mr. Kitces wondered whether some chapters might "try to preemptively leave the FPA with any excess operating reserves" and affiliate with another organization like the National Association of Personal Financial Advisors or the Investments & Wealth Institute.

Not all FPA members are concerned about the proposal. Scott Kahan, chair of the FPA of Metro New York, said he thinks members will benefit from some of the operational efficiencies that will be put in place.

"I'm not sure what the problem with this is," he said. "I think there's a lot being made of national taking over. I don't see that at all."

The FPA of Metro New York could be a barometer of sorts for the future success of the OneFPA initiative. The chapter's predecessor, the FPA of New York, was dissolved and brought under the national umbrella following an [allegation of unethical behavior](#)

leveled at members of the board. FPA assumed control of the chapter's assets as well.

Mr. Kahan took over as head of the chapter, and said FPA hasn't impeded the chapter's autonomy or control over its finances and programming.

Other observers point to the FPA's democratic olive branch. Chapter leaders haven't previously had input into the FPA's strategic direction or leadership, but the new initiative would create a council – the OneFPA Council – allowing a greater level of participatory governance. It would have a representative from each chapter as well as internal groups like NexGen.

However, some FPA members say the structure doesn't provide any governance authority to the council, since the board of directors still retains ultimate decision-making authority.

"Why are they afraid of democracy?" asked Michael Ross, former president of the FPA of South Florida. "They believe they have a superior vision and we are a bunch of idiots."

Ms. Zohlen said the national board of directors serves as the fiduciary for the organization, while the OneFPA Council does not, which is why it must retain final decision-making authority.

"The buck must stop with the FPA's board," she said. "But the board is listening intently and wants input from the council."

FPA officials are about halfway through a nationwide listening tour, which runs through February, to get feedback about the proposal. The FPA has publicly acknowledged the criticisms it's heard from stakeholders to date, and says the OneFPA initiative is merely a proposal that is subject to change based on feedback.

"The question is can they pull this off," Mr. Kahan said of officials overseeing the OneFPA initiative. "This is a major, major endeavor. Time will tell."