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NAPFA Statement on Discontinuance of 2% Exception for Members

By Geoffrey Brown, CEO, National Association of Personal Financial Advisors

The National Association of Personal Financial Advisors (NAPFA) today notified its membership that it will discontinue its policy of allowing members to have up to a 2% ownership interest in a financial services firm that receives transaction-based compensation. The decision was approved by NAPFA's National Board of Directors per the recommendation of an internal Compensation Working Group and will affect less than 5% of NAPFA members.

"After careful consideration of the discrepancy between our membership standards and the CFP Board's Rules of Conduct, we felt strongly that eliminating the exception was necessary to address confusion within the profession and on the part of the consuming public.

This change is in alignment with our members' commitment to providing financial planning services in a manner that is open, clear and easily understandable for consumers. NAPFA members will continue to provide transparent, comprehensive and conflict-free financial advice to help consumers achieve their financial goals."

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The National Association of Personal Financial Advisors (NAPFA) is the country's leading professional association of Fee-Only financial advisors—highly trained professionals who are committed to working in the best interests of those they serve. Founded in 1983, NAPFA has developed high standards in the field. Each advisor must sign and renew a Fiduciary Oath yearly and subscribe to the NAPFA Code of Ethics.