

Guidance

for Choosing Financial Education Vendors

Why the need for this guidance?

Your agency may hire outside vendors to conduct financial planning seminars. Many of these vendors are ethical and highly qualified, but some use these seminars as an opportunity to recruit clients for paid financial planning engagements or to make a veiled sales pitch for their own financial products.

Some opportunistic vendors can offer educational services at seductively low costs. This is particularly true if they expect to receive compensation in the form of fees or commissions later on. Such activities may not be in the best interest of your employees. **By inviting a speaker into your workplace, you are implicitly telling your employees that the individual is trustworthy and competent.** During the



seminar, a speaker can further establish credibility at the same time your employees are getting increasingly anxious about their retirement readiness. This creates an opportunity for the speaker to

become a “fox in the henhouse” by leveraging your implied endorsement, along with your employees’ heightened anxiety over their retirement planning, to harvest sales.

What are some things I should look for in a good education provider?



- **Be wary of titles or designations that imply an official or vetted status.** If your provider claims to be a “licensed federal benefits coach,” “certified thrift savings plan counselor,” or something similar, be prepared to investigate. Designations such as these are generally not vetted by any Federal entity and may simply be made-up titles. Meaningful professional designations require meeting rigorous education requirements, documented professional experience, and a commitment to specific ethical standards. Legitimate professional designations include CFP® (Certified Financial Planner), ChFC (Chartered Financial Consultant), AFC® (Accredited Financial Counselor), and Certified Employee Benefit Specialist (CEBS).
- **Require vendors to disclose conflicts of interest.** Your vendor might be a firm that specializes in benefits education, a financial planner, or a financial services firm that provides education as one of several lines of business. Although any one of these sources can potentially provide competent financial education, agencies should be aware that vendors who also accept financial planning clients or sell financial products may have conflicts of interest. At the very least, you should require that vendors disclose any and all potential conflicts of interest, including affiliations with financial services firms or agreements to provide referrals to financial services firms.
- **Do some research.** Because different players in the financial services industry are held to different regulatory standards, it may be very difficult for you or your employees to differentiate between the applicable standards of care. If your vendor is registered with the Securities and Exchange Commission (SEC), your state securities regulator, or your state insurance commission, they are required to disclose any disciplinary actions that have been taken against them. You can visit adviserinfo.sec.gov or use the BrokerCheck® tool at finra.org to check out individuals and firms that operate financial services lines of business.

Be wary of titles or designations that imply an official or vetted status.

How can I prevent vendors from using my education event as a marketing opportunity?

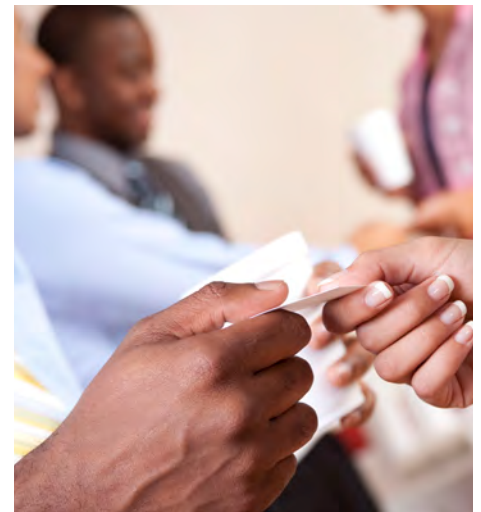
The best way to ensure that your workplace seminars aren't being used as marketing opportunities is to put your expectations in writing. Your agency's solicitations, contracts, and agreements for financial education services can potentially be improved by including the following specifications:

Offerors/Vendors should:

- Provide proof of professional certification(s) if required in the solicitation or contract.

Offerors/Vendors should not:

- Make financial recommendations that are specific to an individual employee;
- Make recommendations related to a specific financial product;
- Request or solicit employee contact information;
- Use presentation slides or handouts branded with the name or contact information for a financial services firm;
- Distribute business cards, flyers, or any other marketing materials;
- Distribute and retrieve surveys or questionnaires directly from attendees. If the firm wants post-event feedback, you can have surveys returned to you and provide aggregated responses to the presenter.



It's not necessary for you to try to prevent your employees from making post-event contact with your vendors. Indeed, some of your employees may choose to seek out the presenter's firm to obtain services, and they have every right to do so. The purpose of these recommendations is simply to ensure that any follow-up contact is initiated by informed employees acting on their own volition, not by financial salespeople using your agency events to generate sales leads.