



**Shaping
the future
together**



Strengthening
TRUST
in our profession

Shaping the future together: **Consultation PFS supplement**

The Shaping the future together consultation considers a vision of a unified professional body whilst recognising and respecting the differences, nuances and needs of each segment of its membership.

We would nevertheless like to take this opportunity to address an issue which has been the subject of much discussion and speculation over the last few months – the relationship between PFS and CII.

The CII and PFS have achieved a great deal in concert with one another, and there is no doubt that there have been many positive aspects to the ways in which we have worked together. We know, however, that some of our members are unhappy with the relationship as it currently stands.

We believe that the organisations are best served by recognising the commonalities and interdependencies of the personal finance and insurance sectors - albeit without losing sight of either as discrete professions with their own needs and requirements – and therefore, that a future of ongoing positive collaboration, building on 16 years of strengthening our family of professions together, would be in the best interest of our members and our wider stakeholders, especially the public we serve.

However, it is very important that we understand exactly how you, our members, feel about this. We need to hear your views to inform our consideration of the options.

We would therefore like to invite you to respond to the following questions:

- 1. What do you think are the advantages and disadvantages in how PFS and the CII currently operate?**
- 2. How do you think PFS and the CII would best co-exist in the future?**
- 3. How can the personal finance and insurance professions best work together in order to raise standards and secure public trust?**

We have provided below some details to help explain how the two organisations are currently structured and work together to inform your responses.

We appreciate there are strongly held views about how things have operated in the past and about the possible future direction. We know that some members believe that full integration is the way forward, whilst others may prefer

complete independence. We want to assure members that all views are valid and welcome.

We hope that when considering your responses to these questions you will agree with us that whatever the future holds, our professions are best served by a professional body, or bodies, that reflect the high levels of mutual respect and regard that exist between the members in their professional interactions with one another.

We look forward to hearing your views on this important matter.

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PFS Structure

The Personal Finance Society is a private company limited by guarantee. It is a subsidiary company of the CII by virtue of the CII being a member of PFS and having a right to appoint a majority of its board of directors. This structure has existed since PFS was formed in 2005, when the Society of Financial Advisers (SOFA) (itself a subsidiary of the CII) and the Life Insurance Association (LIA) pooled resources with the CII to create a new combined professional body – PFS.

PFS' core purposes, expressed as objects in its constitution, are to promote and facilitate the provision of financial advice, including by way of the education of those persons giving such advice. All of its income must be applied to the pursuit of these objects.

PFS has its own Board of directors, which is made up of:

- “Member Directors” – directors who are full members of PFS and who have as a minimum attained Dip PFS or has equivalent qualifications
- “Lay Director” – a director who is not a member of either PFS or CII
- “Institute Directors” – directors who are employees of the CII, appointed to the Board by the CII

Under the constitution, the PFS Board's primary concern is the development and implementation of the society's strategy and annual business plan for achieving these objects. These, along with the plans for the CII's other societies and subsidiaries, feed into the CII Group business plan and budget, which is approved by the CII Board.

How we operate

PFS receives income in the form of membership fees and sponsorships for events. This income is used to pay for inter-group services provided by the CII under the Group's centralised services model; PFS has no business infrastructure of its own.

The intergroup services provided by the CII include:

- the provision of the CII's Communications and Policy and Public Affairs teams, who give PFS members a voice on key regulatory, market and social policy issues
- Financial management, which is undertaken as part of the CII Group treasury management
- The allocation of staff dedicated to delivering PFS activities, which up until recently included the provision of a CEO. The CII Group's intention is that in the future, PFS activities will be directed by the CII's Chief Membership Officer, acting alongside a more prominent role for the PFS President
- PFS events delivery.

PFS' membership fee income is also used to pay for the CII to provide PFS members with additional benefits. The CII is a Royal Charter organisation, a qualifications body, and an accredited body with the FCA for the purposes of issuing the regulatory licence required by financial advisers to practise. It is therefore able to provide PFS members with:

- Chartered status – Chartered Financial Planner for individuals and Corporate Chartered for firms
- Statements of Professional Standing provided by CII as an FCA appointed accredited body
- CPD accreditation of PFS events, and Knowledge Services.

These benefits are provided under the CII membership that PFS members automatically receive upon becoming a PFS member under the PFS and CII constitutions.

Also provided by the CII are qualifications regulated by OFQUAL. Note that 100% of exams revenue in respect of the CII's PFS-related qualifications is accounted for as CII revenue.

PFS also pays a separate fee to the CII for the use of the Personal Finance Society trade mark and brand, which are owned by the CII.

Summary

Just as important as understanding the way we operate is why we operate in this way.

The professions forming the CII and PFS memberships share the same objective – to raise standards and secure public trust. This is reflected in the objects of PFS and the overarching charter of the CII Group.

The intention of the structure and interactions described above is ultimately to maximise our collective ability to deliver against that objective, whilst respecting the unique nature of each profession existing within the overall membership.

Every member will have their own view on to what extent this has been achieved, but we hope you will agree with us that the fundamental intention remains as valid as it ever has been.

