

## Personal Financial Planning

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### Planners Want a Voice in Social Security Debate; Professional Associations' Responses to Their Public Role are Mixed

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**By:** Charles Paikert

NEW YORK—As public debate over the future of Social Security escalates, financial planners don't want to be relegated to the sidelines. The organizations that represent them are listening but responding differently when it comes to taking a stance on the issue.

"If there ever was an issue that should be ours, this is the one," said Alan Ungar, a certified financial planner who is president of Calabasas, Calif.-based Critical Capital Management Inc.

He has criticized the Denver-based Financial Planning Association for doing "nothing" to generate involvement by planners in the debate over the future of Social Security.

Mr. Ungar said he is disappointed with what he views as the FPA's passive stance, which he addressed in a letter to the editor (*InvestmentNews*, March 14). While he does not advocate that the association take a position to either support or oppose President Bush's proposal to restructure the current system and introduce private accounts, Mr. Ungar does envision the group working to "create enough consciousness among the American public so that Congress will make the hard choices."

In light of that goal, he is helping the Ventura County chapter of the FPA organize a local debate on Social Security reform on April 22 in Thousand Oaks, Calif.

#### More active role

Social Security reform is clearly a top issue for other financial planners. An e-mail survey of 2,807 FPA members last month showed that planners viewed it as the second-most-pressing issue, trailing only their opposition to the Securities and Exchange Commission rule exempting broker-dealers from investment adviser registration.

And planners from around the country express a desire to see their profession take a more active role in the Social Security debate.

"We should definitely enter the discussion," said Linda Lubitz, an FPA member and owner of the Miami-based Lubitz Financial Group. "We have insight and the ability to educate. It's like a client coming to us for retirement planning. The earlier they begin, the more choices they have. It's the same with Social Security reform."

Steve Levey, a personal financial specialist who is chief executive and managing director of Denver-based GHP Horwath PC, believes planners and the organizations that represent them should get involved in the public discussion about Social Security.

"Everyone is going to face the issue one way or another," said Mr. Levey, who is a member of the New York-based American Institute of Certified Public Accountants, "as an adviser or as a recipient" of Social Security benefits.

#### Association involvement

Professional associations representing advisers are taking different approaches to the issue.

Taking note of members' widespread interest in Social Security reform as reflected in its recent survey, FPA's president, Jim Barnash, said the association's next step is to "coordinate with local chapters to get feedback as to how to proceed and what in particular we should be advocating for."

Asked if the FPA should have a public role in the debate, even if it doesn't take a position for or against a particular proposal, he said the association should "be at the table to provide

feedback."

Mr. Barnash, who is also managing director in Chicago for Fort Wayne, Ind.-based Lincoln Financial Advisers, said he encourages local chapters to become involved in public forums on the issue.

By contrast, Jamie Milne, chairman of the Arlington Heights, Ill.-based National Association of Personal Financial Advisers, said his organization has decided not to take a public stand on Social Security reform.

The association didn't feel comfortable with the "political implications" surrounding the issue, explained Mr. Milne, who is also a CFP and owner of Milne Financial Planning in Barre, Vt.

In addition, he said, NAPFA was unsure it could reach an agreement among its members on such a divisive topic. He added that the association was also uncomfortable with the fact that proposals for Social Security reform have been vague and "not fleshed out."

However, he added, NAPFA is considering sending out educational material to members on the Social Security debate with an "agnostic" frame of reference.

As for the AICPA, its personal financial planning executive committee has completed a Social Security project with its tax division, said **Joel Framson**, chairman of the committee.

Among the cautionary findings, he reported, was the fact that "the average investor does worse than the market [and is] more prone to making emotional, knee-jerk decisions that are not commensurate with long-term financial goals."

The committee had not discussed its Social Security project publicly, he said, but in light of concerns voiced by planners, he thought "it's probably a good idea" to do so.

"I think it would be beneficial," Mr. Framson said.

### **Clients are mum**

Ironically, many financial planners and advisers said their own clients were not particularly concerned about potential changes to the Social Security system.

"I have not heard a word from clients," said Mr. Framson.

"Most of the clientele is fairly wealthy and Social Security doesn't matter to them anyway," said Steve Henningsen, a financial adviser for The Wealth Conservancy in Boulder, Colo.

"My clients are in an age bracket where they're pretty much unaffected," added Mr. Milne.

Mr. Ungar agreed that wealthy and older clients weren't speaking up about the issue. But, he said, "I have grandkids and so do [my clients], and I think that's why we need to educate folks."

Photo Caption: Alan Ungar; Jamie Milne: Says NAPFA has chosen not to take a stand on Social Security reform.; Linda Lubitz: Planners "should definitely enter the discussion," she says. Photo Credit: Arnoldadler.com (2nd caption)

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