

It's All about the Grassroots

BY GREG POLLOCK

In the past year, Advocis has been involved in a number of advocacy initiatives across the country. I would like to touch on two success stories in particular.

The first campaign, “Financial Advice for All,” was in response to the potential ban on embedded commissions and the introduction of a statutory best-interest duty by the Canadian Securities Administrators (CSA). The second took place in Saskatchewan, after a newly implemented PST on insurance premiums threatened people’s ability to invest in coverage.

The potential ban on embedded commissions came with the *Consultation on the Option of Discontinuing Embedded Commissions* report released by the CSA in early 2017. The banning of embedded commissions had the potential to drastically change how advisors do business across Canada, and how clients pay for professional financial advice. The premise of the CSA was that advisors were conflicted when dispensing advice through an embedded fee structure. Our message was simple: a large number of Canadian families would be disenfranchised from receiving financial advice if this option was banned.

More than half of all mutual fund investors start with less than \$25,000 when they first consult a financial advisor. With a one per cent trailer fee, this means newer investors pay \$250 annually for advice, split between the dealer and the advisor. It was clear to us that if these same investors were asked to pay \$100 to \$300 an hour for advice, many of these clients would walk away. And this would lead to poorer savings and debt management habits, and eventually less affluent Canadians. In our minds, the CSA had it wrong.

So, in the winter of 2017 Advocis launched our cross-country Financial Advice for All advocacy initiative. Our key message was that all Canadians — regardless of their income or where they live — should have access to quality, affordable financial advice. The campaign involved the development of a microsite with client interviews, our very first consumer-oriented commercial, a national speaking tour by Advocis leadership, and a very successful letter writing campaign to members of the legislative assemblies across the country.

On June 21, 2018, the CSA released two significant notices on investor protection initiatives, and it was clear they had heard our message. The notices state that embedded fees will be maintained and that a statutory best-interest duty will not be introduced for advisors or dealers. In lieu of a statutory best-



interest duty, both know your client (KYC) and suitability requirements will be beefed up. Thanks to many of you, the Financial Advice for All campaign was a success, and was a clear barometer of the importance of grassroots involvement by both advisors and their clients in pushing back on poor regulatory pathways.

Our second advocacy success story took place in Saskatchewan, beginning in March of 2017 when then-premier Brad Wall announced a new six per cent PST on individual insurance premiums. The tax was estimated to provide an

additional \$86 million for Saskatchewan thus removing these dollars from the pockets of everyday folks who were investing in critical products to protect both their lives and livelihoods.

In response to the new measures, Advocis developed a 12-month, multi-pronged political advocacy campaign, which ultimately led to the repeal of the tax in February of this year. The campaign included public service radio announcements, a website, social media ad campaigns, print materials for advisors to distribute, and telephone polling. In addition, during the campaign Premier Wall announced his intention to retire from politics, which gave us the opportunity to bring the tax issue before the new leadership candidates.

Finally, it was the face-to-face meetings with numerous members of the legislative assembly by our Advocis Saskatchewan members, coinciding with a successful letter writing campaign, which solidified a major win for financial advisors and their clients, as well as all consumers in Saskatchewan.

Almost immediately after he was elected on January 27, 2018, Saskatchewan premier Scott Moe’s first action was to retroactively repeal the PST on insurance premiums. The results of this campaign show how effectively Advocis can influence public policy by embracing and incorporating all the modern digital tools of a political campaign while effectively using traditional face-to-face grassroots advocacy.

Big changes are still on the horizon for Canadian financial advisors. Our advocacy efforts work to ensure that the regulatory environment is efficient and fair to all stakeholders. However, our success is the result of feet-on-the-ground support from our members. If you know other advisors who are not working with us to advocate for the profession, reach out to them and get them involved. As we have seen this past year, there is power in numbers. 🗳️

GREG POLLOCK, CFP, is the president and CEO of Advocis.