



香港財務策劃師學會
INSTITUTE OF FINANCIAL PLANNERS OF HONG KONG

GLOBAL FINANCIAL PLANNING STANDARD

Foreword

The Global Standard, developed by the Financial Planning Standards Board Ltd. (the “FPSB”), is a universally recognized framework that establishes the highest standards of professionalism, ethics, and competency in financial planning. On, 3 April 2023, the FPSB has released updated global financial planning standards (the “Global Standard”). The revised standards follow a comprehensive review to ensure the standards remain relevant and reflect the changing needs and expectations of consumers, as well as the evolution in the practice of financial planning by professionals.

Adoption of the Global Standard by IFPHK

As an affiliate of FPSB, the Institute of Financial Planners of Hong Kong (“IFPHK”) decided to adopt the Global Standard with minor modifications to reflect local market terminologies. The adoption of the FPSB's Global Standard brings several key benefits to IFPHK:

- The Global Standard encompasses best practices worldwide, enhancing the quality and consistency of financial planning services. It aligns Hong Kong's financial planning practices with international benchmarks.
- The Global Standard reinforces IFPHK's commitment to maintaining the highest level of professionalism and ethics. Following the FPSB's guidelines demonstrates IFPHK's commitment to upholding the highest standards of integrity, educating themselves continuously, and acting in the best interests of their clients.
- The Global Standard elevates the profession by establishing a common framework that promotes consistency, transparency, and accountability. Individuals, families, and businesses seeking professional financial advice benefit from this not only because it benefits IFPHK members but also because it fosters public trust and confidence in financial planning services.

Implications of the Global Standard to different stakeholders

The adoption of the Global Standard by different stakeholders in the industry can have the following implications:

<i>Stakeholder Group</i>	<i>Implications</i>
<i>For financial Institutions and our corporate members</i>	By aligning their financial planning services with the FPSB global standards, companies can demonstrate their commitment to professionalism, client trust, and industry leadership. This can enhance their competitive positioning, improve client outcomes, and contribute to the overall development of the financial planning profession worldwide. The Global Standard shows that hiring and training CFP professionals can enhance the firms' credibility and competence overall.
<i>For practitioners</i>	<p>Financial service practitioners who align their practices with the Global Standards can demonstrate their dedication to professionalism, client-centricity, and the provision of comprehensive financial planning services.</p> <p>Obtaining CFP certification reflects a planner's commitment to professional excellence and ethics. The acquired skills and information from the certification can create a competitive advantage, allowing one to attract and keep clients. Ongoing adherence to the FPSB's continuing education and ethical criteria can help them preserve their knowledge and integrity. Practitioners may need to invest time and resources in fulfilling the certification and recertification requirements to ensure they are up to standard.</p>

<i>Stakeholder Group</i>	<i>Implications</i>
<i>For regulators</i>	<p>The FPSB has defined global certification and continuing education requirements for financial planners. The FPSB standards management of conflicts of interest to prioritize client interests.</p> <p>Referencing financial planning regulations to the Global Standards can help strengthen consumer protection and industry oversight. It can encourage the adoption of standard practices throughout the business, allowing for more effective control. FPSB and IFPHK hopes to collaborate with regulators to keep the standards relevant and flexible to changing market situations.</p>
<i>For Investors or consumers:</i>	<p>Engaging with CFP professionals and companies that adhere to the Global Standard can provide greater confidence in the quality and integrity of financial advice. Clients can benefit from the standardized financial planning processes, transparent disclosures, and ethical standards required by FPSB.</p>

In conclusion, the adoption of the FPSB's Global Standard by IFPHK represents a step forward for the financial planning profession in Hong Kong. It demonstrates IFPHK's commitment to excellence, professionalism, and client-centricity, while aligning Hong Kong's financial planning practices with global standards. By embracing the Global Standard, IFPHK members are poised to deliver exceptional financial planning services, empower their clients, and contribute to the overall growth and prosperity of Hong Kong's financial landscape.

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01

Introduction

About Financial Planning Standards Board

Leading the Global Financial Planning Profession

Financial Planning Standards Board Ltd. (FPSB) is the non-profit, international standards-setting body for the global financial planning profession and owner of the CERTIFIED FINANCIAL PLANNER certification program outside the United States.

FPSB envisions a future in which the public understands the importance and benefits of the financial planning process and how it can make their lives better; a future in which consumers can readily identify financial planners who are committed to providing competent and ethical advice which places the clients' interests first; a future in which practitioners aspire to the highest levels of professionalism; and a future in which regulators, governments and other FPSB stakeholders around the world recognize financial planning as a distinct, valued professional practice.

FPSB's Vision

To establish financial planning as a global profession and the CFP marks as the global symbol of excellence in financial planning.

FPSB's Mission

To benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning. FPSB's commitment to excellence is represented by the marks of professional distinction—CFP, CERTIFIED FINANCIAL PLANNER and .

The Financial Planning Profession

The financial planning profession started in the United States in the early 1970s with the introduction of the CERTIFIED FINANCIAL PLANNER certification program. Since then, the global financial planning community has grown to encompass practitioners around the world who work in many disciplines, including banking, independent advisory services, insurance, securities, accountancy, taxation and law. Within those sectors, financial planning professionals work in a variety of capacities and in organizations that range from boutique practices to multinational firms employing thousands.

Financial Planning Defined

Financial planning is the process of developing strategies to help people manage their financial affairs to meet personal goals.

In developing recommendations and creating financial plans, financial planning professionals review the relevant aspects of a client's situation across a breadth of financial planning activities, including interrelationships among often conflicting objectives.

Role of the Global Financial Planning Standards

FPSB's Global Financial Planning Standards form the foundation for the financial planning profession by setting standards for the competent practice of financial planning and the development of financial planning professionals.

The Global Financial Planning Standards establish the level of practice expected of financial planning professionals in working with clients; establish norms of professional practice and allow for more consistent practice by financial planning professionals; and clarify the respective roles and responsibilities of financial planning professionals and their clients in financial planning engagements.

As consumer demand for financial planning grows, consistently applied global standards improve the quality of financial planning, benefit consumers and financial planning professionals, and strengthen the financial planning profession.

Process for Setting the Global Financial Planning Standards

FPSB develops global financial planning standards through an extensive consultative process, capturing input from across the global financial planning ecosystem, including FPSB's Professional Standards Committee and its working groups, the organizations that administer CFP certification, academics, certification specialists and CERTIFIED FINANCIAL PLANNER professionals.

FPSB's process includes gathering input and feedback from stakeholders likely to be affected by the professional standards to ensure FPSB's global standards are rigorous, relevant, set at an appropriate level and can be adapted for use in multiple territories around the world.

FPSB's standards-setting process for the Global Financial Planning Standards is displayed in Figure 1 over the page.

PROCESS FOR SETTING THE GLOBAL FINANCIAL PLANNING STANDARDS

FPSB Global Financial Planning Standards-Setting Process

FIGURE 1



Using the Global Financial Planning Standards

FPSB's Global Financial Planning Standards are adopted and implemented in individual territories worldwide by locally administered professional financial planning bodies.

They can also be used by:

- Financial services regulators developing consumer protection regulations for the competent practice of financial planning
- Employers (including self-employed) creating processes and policies to ensure client-centric financial planning practices within their firms
- Financial planning professionals when delivering financial planning advice to clients
- Education providers developing and organizing territory-specific financial planning education content.
- Professional development providers building Continuing Professional Development (CPD) programs for financial planning professionals
- Managers responsible for recruiting and training new entrants to the financial planning profession
- Individuals studying to become financial planning professionals

The next section of this document contains FPSB's Global Financial Planning Standards. Also as an accompaniment to the Global Financial Planning Standards, FPSB has provided Practice Guidelines for financial planning professionals ([contained in the Appendix](#)) to further guide and illustrate how the global standards can be integrated when providing competent and ethical financial planning.

02

FPSB's Global Financial Planning Standards

Framework of the Global Financial Planning Standards

FPSB's Global Financial Planning Standards are organized within a framework designed to integrate knowledge, professional practice standards and ethics for financial planning. The framework is set out as follows:

KNOWING

Body of Knowledge

Incorporates the theories, methods and knowledge a financial planning professional should know and apply to competently practice financial planning.

DOING

Standards of Practice

Encompasses the processes, practices, abilities and skills a financial planning professional should apply to competently practice financial planning.

BEING

Standards of Ethical Conduct

Outlines the personal values and behaviors a financial planner should demonstrate to competently practice financial planning.

FRAMEWORK OF THE GLOBAL FINANCIAL PLANNING STANDARDS

FIGURE 2

FPSB's Global Financial Planning Standards Framework



KNOWING

What theories, methods and knowledge should a financial planning professional know and apply to competently practice financial planning?

Body of Knowledge

- Financial Planning Knowledge Domains
- Financial Planning Knowledge Topics
- Financial Planning Learning Outcomes

KNOWING

For a financial planner to practice competently, they should master theoretical and practical knowledge in a broad range of financial planning and related topics. The requisite knowledge resides in FPSB's **Financial Planning Body of Knowledge**.

Financial Planning Body of Knowledge

FPSB's Financial Planning Body of Knowledge identifies the theories, methods and knowledge financial planning professionals should draw upon to competently practice financial planning. The Financial Planning Body of Knowledge comprises:

- Financial Planning **Knowledge Domains**
- Financial Planning **Knowledge Topics**
- Financial Planning **Learning Outcomes**

Financial Planning Knowledge Domains

FPSB organizes the Financial Planning Body of Knowledge into nine Financial Planning Knowledge Domains. Each Knowledge Domain describes a specific, specialized discipline or field related to financial planning.

Financial Planning Knowledge Topics

FPSB's Financial Planning Knowledge Topics and related subtopics set out the knowledge that a financial planning professional should acquire to competently practice financial planning. The Knowledge Topics are arranged under the nine Knowledge Domains.

Financial Planning Learning Outcomes

Each Financial Planning Knowledge Topic contains associated Financial Planning Learning Outcomes describing the abilities, knowledge, professional skills and ethical conduct a financial planning professional needs to competently practice financial planning.

KNOWING / Financial Planning Body of Knowledge Domain 1: Financial Planning Principles, Process and Skills

The following pages set out FPSB's Financial Planning Body of Knowledge in full detail.

Financial Planning Knowledge Domain 1:**Financial Planning Principles, Process and Skills**

Introduces basic financial planning information and principles including the financial planning process; client interactions and behavior; ethical principles, rules of conduct and practice standards for financial planning; professional skills; the regulatory, economic and political environment of the applicable jurisdiction; and time value of money as it applies to financial planning.

Knowledge Topics	Subtopics	Learning Outcomes
1.1 Financial planning profession and financial planning process	1.1.1 Introduction to personal financial planning 1.1.2 Roles of the financial planner when doing integrated financial planning 1.1.3 Distinction between financial planners and financial product advisors 1.1.4 The Financial Planning Process	<ul style="list-style-type: none"> • Describe the background, process and practice of financial planning • Describe what a financial planner does, and the added value offered • Outline in which sectors and with what advisory functions a financial planner can be active • Explain the advisory functions of financial planners, including the holistic and relational role of the financial planner as distinct from a simple product advisory role • Demonstrate knowledge and understanding of the process of giving integrated and comprehensive financial advice • Demonstrate knowledge of the steps required to draft a financial plan

KNOWING / Financial Planning Body of Knowledge Domain 1: Financial Planning Principles, Process and Skills

Knowledge Topics	Subtopics	Learning Outcomes
1.2 Financial planning practice and ethics	1.2.1 Structure and function of the Financial Planning Practice Standards 1.2.2 The position of the Financial Planner Code of Ethics and Professional Responsibility in the professional practice of financial planners 1.2.3 Financial Planning Core Practices 1.2.4 Implementing the Financial Planning Practice Standards, Financial Planning Core Practices and the Financial Planner Code of Ethics in practice 1.2.5 Management of a financial planning practice: <ul style="list-style-type: none"> • Business plan • Marketing • Record Keeping • Safeguarding client information • Ethical and regulatory misconduct 	<ul style="list-style-type: none"> • Demonstrate insight into the Financial Planning Core Practices • Discuss, explain and apply standards of practice and rules of conduct for the practice of financial planning, relevant to the jurisdiction • Identify and understand ethical considerations and professional conduct requirements in the giving of financial planning advice • Discuss, explain and apply ethical principles for the practice of financial planning • Demonstrate knowledge of relevant practice management and other business aspects of financial planning • Understand the importance of keeping documents confidential and protecting client information
1.3 Financial Planner Professional Skills	1.3.1 The skills that are part of the Financial Planner Professional Skills matrix: <ul style="list-style-type: none"> • Building trust • Client engagement • Effective communication • Coaching • Client advocacy • Critical thinking • Problem solving • Decision-making • Tech savvy • Emotional intelligence 	<ul style="list-style-type: none"> • Show professional responsibility in the field of building trust, client advocacy, ethical reasoning and professionalism • Apply interpersonal skills in terms of client engagement and effective communication • Be technology savvy • Apply personal skills in terms of emotional intelligence, critical thinking, decision-making and problem solving

KNOWING / Financial Planning Body of Knowledge Domain 1: Financial Planning Principles, Process and Skills

Knowledge Topics	Subtopics	Learning Outcomes
1.4 Regulatory, economic and political environments that affect financial planning	1.4.1 Introduction to the regulatory environment: <ul style="list-style-type: none"> • Regulators • Legislation and regulation 1.4.2 Fiduciary duty: <ul style="list-style-type: none"> • Ethical and professional conduct 1.4.3 Legislated 'client best interests' requirement	<ul style="list-style-type: none"> • Explain knowledge of regulatory environment related to financial services • Describe the legal framework within which financial planners operate and their legal, social and ethical responsibilities • Demonstrate basic knowledge of micro- and macro-economic environment as it applies to financial planning • Explain the role of the financial system, its function, and the key participants • Describe the various regulatory bodies, their functions and responsibilities • Identify the various financial markets, their characteristics and the instruments traded on them • Assess the potential risks affecting the financial system and their impact on financial service products • Demonstrate knowledge of social and political environments relevant to financial planning and the economic environment
	1.4.4 Suitability	
	1.4.5 Introduction to the economic environment: <ul style="list-style-type: none"> • Micro-economics • Macro-economics 1.4.6 Economic environment & financial planning: <ul style="list-style-type: none"> • Monetary policy and fiscal policy • Business cycle • Economic indicators 1.4.7 Introduction to the social and political environments: <ul style="list-style-type: none"> • Local government sentiment • Social welfare policy • Taxation policy • Retirement policy 	
1.5 Law and compliance	1.5.1 Define compliance and its implications 1.5.2 Disclosure documents in line with the jurisdiction 1.5.3 Potential conflicts of interest 1.5.4 Applicable law in context of financial planning 1.5.5 Applicable business and contract law in context of financial planning	<ul style="list-style-type: none"> • Discuss the impact of legal, regulatory and ethical compliance issues on the practice of financial planning • Discuss relevant case histories involving financial planners

KNOWING / Financial Planning Body of Knowledge Domain 1: Financial Planning Principles, Process and Skills

Knowledge Topics	Subtopics	Learning Outcomes
1.6 Time value of money	1.6.1 Future value of a single sum 1.6.2 Present value of a single sum 1.6.3 Number of compounding periods and interest rate per compounding period 1.6.4 Present value of an annuity/annuity due 1.6.5 Future value of an annuity/annuity due 1.6.6 Periodic payment or receipt 1.6.7 Irregular cash flows 1.6.8 Internal rate of return 1.6.9 Net present value	<ul style="list-style-type: none"> • Describe how time value of money concepts are applied to financial planning • Apply time value of money calculations to a client financial planning scenario • Demonstrate the ability to solve time value of money problems, as well as explain how the variables in a time value of money problem interact
1.7 Client characteristics	1.7.1 Client goals 1.7.2 Family values & status <ul style="list-style-type: none"> • Spousal differences 1.7.3 Considerations for non-traditional families 1.7.4 Generational cohort 1.7.5 Communication <ul style="list-style-type: none"> • Methods • Preferences • Psychological responses and client action 	<ul style="list-style-type: none"> • Discuss behavioral aspects of financial planning applicable to the financial planning engagement • Demonstrate the ability to apply the knowledge and appropriate skills for asking the right questions to: <ul style="list-style-type: none"> - Identify the client's personal financial and lifestyle goals for the future - Identify the considerations to be taken into account in drawing up the client's financial plan - Identify the specific details about the client and/or family and/or enterprise essential to the financial planning process - Determine priorities regarding the personal, financial and other considerations that are of importance to the client's financial plan

KNOWING / Financial Planning Body of Knowledge Domain 1: Financial Planning Principles, Process and Skills

Knowledge Topics	Subtopics	Learning Outcomes
1.8 Client risk profile	1.8.1 Ability 1.8.2 Willingness and preferences 1.8.3 Tolerance 1.8.4 Need 1.8.5 Capacity 1.8.6 Experiences and personality traits impacting risk profile	<ul style="list-style-type: none"> • Demonstrate the ability to understand and address the client's attitudes toward financial and investment risk • Demonstrate the ability to understand whether the client has a reasonable comprehension of the types and number of risks that may be encountered during their life • Demonstrate the ability to understand how the client may feel regarding the specific risks that may be encountered, and be able to identify the client's reactions in certain situations
1.9 Client engagement and communication	1.9.1 Listening 1.9.2 Discovery process 1.9.3 Appreciative inquiry 1.9.4 Open-ended and closed questions	<ul style="list-style-type: none"> • Discuss client engagement and behavioral aspects of financial planning specific to the financial planning engagement • Apply client engagement principles and practices appropriately • Demonstrate the ability to appropriately apply questioning techniques
1.10 Due diligence process of selecting products and services and the companies that provide them	1.10.1 Due diligence process for assessing products and services 1.10.2 Choosing a product or service 1.10.3 Product or service provider selection 1.10.4 Company evaluation and selection 1.10.5 Integrating into a greater financial plan	<ul style="list-style-type: none"> • Design a due diligence process • Explain the important characteristics of financial product and services providers • Explain the important elements to consider when selecting a product and or provider of products and services • Discuss the standard of care an advisor should exercise to protect confidentiality for client records

KNOWING / Financial Planning Body of Knowledge Domain 2: Financial Management**Financial Planning Knowledge Domain 2:****Financial Management**

Introduces methods for the collection and analysis of information relating to personal financial statements using appropriate ratios; develops techniques to create and apply strategies to manage short, mid, and long-term cash flow; introduces financial planning methodologies for assessing significant financial commitments issues such as education planning and emergency fund provision.

Knowledge Topics	Subtopics	Learning Outcomes
2.1 Financial management principles	2.1.1 Application of financial calculations in the financial management process 2.1.2 The basic financial statements (Balance sheet [net worth statement], cash flow and budget) 2.1.3 Best interest of clients	<ul style="list-style-type: none"> • Use a financial calculator and/or any other calculation software or device to solve a variety of financial problems • Prepare and interpret the client's financial statement • Communicate qualitative and quantitative issues with clients
2.2 Financial management objectives	2.2.1 Cash flow and budgeting 2.2.2 Significant financial commitments	<ul style="list-style-type: none"> • Collect information to establish financial management objectives
2.3 Personal balance sheet	2.3.1 Assets, liabilities and net worth 2.3.2 Analysis	<ul style="list-style-type: none"> • Collect information regarding the client's assets and liabilities • Prepare statements of the client's net worth • Determine the issues relevant to the client's assets and liabilities • Assess the appropriateness of the client's assets and liabilities given the client's current and potential future financial situation

KNOWING / Financial Planning Body of Knowledge Domain 2: Financial Management

Knowledge Topics	Subtopics	Learning Outcomes
2.4 Cash flow strategies and planning	2.4.1 Income and expenses – current / future 2.4.2 Effects of inflation 2.4.3 Analysis	<ul style="list-style-type: none"> • Collect information regarding the client's cash flow, income and/or expenses (obligations) • Prepare statements of the client's cash flow • Demonstrate the effects of inflation on a proposed monetary goal • Determine whether the client is living within financial means • Compare potential cash management strategies and products for the client • Assess the impact of potential changes in income and expenses • Identify conflicting demands on cash flow • Assess cash solutions for suitability for the client's situation
2.5 Budget strategies and planning	2.5.1 Information required to develop a budget 2.5.2 Budget reconciliation; utility and use	<ul style="list-style-type: none"> • Collect information necessary to prepare a budget • Prepare statements of the client's budget • Assess the appropriateness of the client's budget given the client's current and potential future financial situation
2.6 Savings analysis, strategies and solutions	2.6.1 Saving to build a cash reserve 2.6.2 Saving as part of the budget 2.6.3 Saving and cash flow 2.6.4 Establishing savings strategies 2.6.5 Saving for special goals, such as education, buying a house, etc.	<ul style="list-style-type: none"> • Determine how the client makes savings decisions (propensity to save) • Determine the appropriate saving vehicles for a client • Determine the amount of saving needed for a client • Calculate the savings ratio • Differentiate savings from investing

KNOWING / Financial Planning Body of Knowledge Domain 2: Financial Management

Knowledge Topics	Subtopics	Learning Outcomes
2.7 Emergency fund	2.7.1 Importance of an emergency fund and how much is sufficient for an emergency fund 2.7.2 Appropriate emergency funding vehicles and strategies, in coordination with human capital characteristics and insurance waiting periods 2.7.3 Using credit cards/revolving credit for emergency funding 2.7.4 Importance of always having liquid assets	<ul style="list-style-type: none"> • Determine the client's emergency fund provision • Assess whether an emergency fund is adequate for the client • Assess the appropriateness of the client's emergency funding provision given the client's existing and potential future financial situation • Determine the size and stability of emergency funding needed by the client
2.8 Credit and debt management strategies	2.8.1 Types of credit 2.8.2 Factors lenders use to evaluate potential borrowers 2.8.3 Appropriate and inappropriate uses and levels of debt (i.e., credit and debt management) 2.8.4 Specific purpose cash management (e.g., education planning, home buying) 2.8.5 Approaches to debt management	<ul style="list-style-type: none"> • Determine how the client makes spending decisions • Determine the client's attitudes towards debt • Leverage effect of financing for the client • Assess financing alternatives for the client and whether they qualify • Assess debt management products for suitability to the client's situation • Determine when it is beneficial to pay off a mortgage or long-term debt
2.9 Financial ratio analysis	Ratio examples 2.9.1 Liquidity 2.9.2 Savings 2.9.3 Personal net worth 2.9.4 Debt to asset 2.9.5 Current 2.9.6 Investing 2.9.7 Investment assets to total assets 2.9.8 Passive income 2.9.9 Personal cost of debt 2.9.10 Personal debt service 2.9.11 Solvency	<ul style="list-style-type: none"> • Explain the key ratios and their application to analysis of personal finances • Apply financial ratios to personal finance statements • Understand the limitations of personal finance ratios • Identify a standard guideline related to a financial ratio

KNOWING / Financial Planning Body of Knowledge Domain 3: Tax Planning**Financial Planning Knowledge Domain 3:****Tax Planning**

Prepares the individual to understand and broadly evaluate tax planning strategies and techniques to maximize the present value of the client's after-tax net worth and includes the principles, current law and practice of taxation and wealth reporting, their impact on the client's financial situation, and financial planning for individuals, couples and families in their roles as individual investors, employees and business owners.

Knowledge Topics	Subtopics	Learning Outcomes
3.1 Taxation and reporting principles	3.1.1 Global tax: politics, norms and interrelationships 3.1.2 Tax system and framework 3.1.3 Reporting system and compliance 3.1.4 Tax avoidance vs tax evasion 3.1.5 Income tax and capital gains tax for individuals and their business 3.1.6 Assets and the tax nature of liabilities 3.1.7 Gifting (e.g., donations to family) 3.1.8 Estate taxes / wealth transfer taxes 3.1.9 Tax documents 3.1.10 Tax returns / reports 3.1.11 Asset location (e.g., taxable, sheltered, deferred, tax free)	<ul style="list-style-type: none"> • Understand the global tax system and the tax framework in your local territory • Explain income and wealth tax-related terms • Understand generally acceptable tax-related record keeping practices • Understand the global reporting and compliance system and the respective framework in your local territory

KNOWING / Financial Planning Body of Knowledge Domain 3: Tax Planning

Knowledge Topics	Subtopics	Learning Outcomes
3.2 Tax planning principles	3.2.1 Collection of tax documents 3.2.2 Tax and reporting compliance and penalties for non-compliance 3.2.3 Assessable income / Assessable assets 3.2.4 Current tax liabilities 3.2.5 Allowable deductions 3.2.6 Tax planning structures and methods 3.2.7 Investment structures with tax implications 3.2.8 Tax strategies in financial planning 3.2.9 Efficient use of sheltered accounts	<ul style="list-style-type: none"> • Determine the client's attitudes toward taxation • Identify information related to the client's income and wealth situation • Understand the types of tax documents used by individuals, households and small businesses • Understand relevant tax documents and reports • Evaluate the client's overall compliance with tax and reporting obligations and, depending on complexity, consult a tax specialist • Interpret the current tax liabilities applicable to the client's financial plan • Demonstrate a working knowledge of the legal concepts and principles and the underlying taxation system • Understand the taxation requirements relating to individuals, companies, partnerships and trusts • Assess the financial impact of tax planning alternatives
3.3 Tax planning objectives	3.3.1 Maximize after-tax return	<ul style="list-style-type: none"> • Collect information regarding the client's tax objectives • Identify strategies to maximize after-tax return

KNOWING / Financial Planning Body of Knowledge Domain 3: Tax Planning

Knowledge Topics	Subtopics	Learning Outcomes
3.4 Tax analysis and calculations	3.4.1 Assess client's tax and reporting complexity level 3.4.2 Determine need for tax specialist(s) involvement 3.4.3 Determine liability and responsibility issues	<ul style="list-style-type: none"> • Identify current, deferred and future tax liabilities • Identify current reporting status and compliance • Identify current and deferred retirement-related taxes • Identify taxable nature of investments • Identify taxable nature of assets and liabilities • Determine the tax implications, if any, of a gift (applicable in your territory) • Determine the tax implications, if any, of an estate (as applicable in your territory) • Analyze and explain the effects of ownership and beneficiary designations on estate taxes • Understand in general terms how different products are taxed and the effect this has on the client's overall financial position • Analyze the types of taxes that apply to products as part of the total estate • Analyze the tax exposure of the client's current retirement plan
3.5 Tax planning strategies	3.5.1 Available allowances and deductions 3.5.2 Deferral of income and expenses 3.5.3 Asset location	<ul style="list-style-type: none"> • Evaluate potential tax strategies and structures with regulatory reporting and compliance requirements in mind • Recognize when the current tax and reporting strategies and needs utilized by the client need to be referred to a specialist • Evaluate existing tax strategies and structures • Evaluate advantages and disadvantages of each tax planning strategy • Optimize strategies to make tax planning recommendations for the client • Compare, analyze and recommend taxation strategies to develop comprehensive client solutions • Prioritize action steps to assist the client in implementing tax planning recommendations

KNOWING / Financial Planning Body of Knowledge Domain 4: Investment Planning and Asset Management**Financial Planning Knowledge Domain 4:****Investment Planning and Asset Management**

Introduces various types of securities traded in financial markets, asset classes, their characteristics in various economic conditions and cycles, investment theory and practice, portfolio construction and management, and investment strategies and tactics; and prepares the individual to develop investment strategies and techniques to manage assets considering the client's personal requirements, constraints, life objectives and risk profile.

Knowledge Topics	Subtopics	Learning Outcomes
4.1 Investment planning principles	4.1.1 Principles of risk and return: <ul style="list-style-type: none"> • Diversification • Asset allocation 4.1.2 Funding (contribution) strategies 4.1.3 Investment time horizon <ul style="list-style-type: none"> • Short, mid and long term • Historic risk and return measurements for various asset classes as they relate to the client's investment period 	<ul style="list-style-type: none"> • Apply the overall set of principles or strategies that guide an investor • Explain why one investment principle is preferable to another in a given set of economic or financial circumstances for a specific client • Apply the principles of, and correlation between, risk and return • Explain the rationale for diversification of the client's portfolio • Identify the client's time horizon for investing • Explain implications of time horizons

KNOWING / Financial Planning Body of Knowledge Domain 4: Investment Planning and Asset Management

Knowledge Topics	Subtopics	Learning Outcomes
4.2 Investment planning objectives, constraints and suitability	<p>4.2.1 Objectives:</p> <ul style="list-style-type: none"> • Real income vs. capital growth • Capital preservation <p>4.2.2 Constraints:</p> <ul style="list-style-type: none"> • Managing constraints between investment objectives • Liquidity • Taxability of portfolio • Risk tolerance and capacity • Asset location • Restricted investment choices <p>4.2.3 Suitability</p> <p>4.2.4 Risk and return (growth compared with preservation)</p>	<ul style="list-style-type: none"> • Explain how the investment decision-making should be linked to client life cycle objectives • Explain the implication of various constraints on investment decision-making • Explain the implication of client risk tolerance on investment decision-making • Identify the client's assumptions and return expectations and, mutually, agree on aligned assumptions • Calculate required rate of return to reach the client's investment objectives
4.3 Asset classes	<p>4.3.1 Traditional:</p> <ul style="list-style-type: none"> • Cash • Stocks • Bonds • Real estate <p>4.3.2 Non-traditional/alternatives:</p> <ul style="list-style-type: none"> • Alternatives/hedge funds • Direct private investment • Insurance-based investments • Commodities • Derivatives • Collectibles • Crypto assets <p>4.3.3 Others</p>	<ul style="list-style-type: none"> • Describe the characteristics of each asset class • Explain liquidity in relation to each of the asset classes • Compare and contrast the risk and return of different asset classes

KNOWING / Financial Planning Body of Knowledge Domain 4: Investment Planning and Asset Management

Knowledge Topics	Subtopics	Learning Outcomes
4.4 Investment theory	4.4.1 Portfolio theory 4.4.2 Markowitz/Efficient frontiers (Modern Portfolio Theory) 4.4.3 Capital Asset Pricing Model • Portfolio management techniques	<ul style="list-style-type: none"> • Explain principles of investment theory • Discuss the implications for portfolio design • Explain Modern Portfolio Theory (i.e., risk reduction by combining “risky” assets)
4.5 Performance and risk measurement	4.5.1 Issues in measuring performance 4.5.2 Implications of fees/charges 4.5.3 Time and currency weighted return 4.5.4 Risk adjusted performance measurement 4.5.5 Capital markets expectations (forecasting for different asset classes, market premium, etc.)	<ul style="list-style-type: none"> • Explain and calculate the Sharpe ratio • Explain and apply the key principles of performance measurement • Explain the appropriate benchmarks when assessing performance
4.6 Asset allocation and investment types	4.6.1 Strategic asset allocation 4.6.2 Tactical asset allocation 4.6.3 Active investment 4.6.4 Passive investment 4.6.5 Investment Policy Statement 4.6.6 Rebalancing portfolio strategies	<ul style="list-style-type: none"> • Determine the client's current asset allocation
4.7 Investment strategies and solutions	4.7.1 Collective (e.g., mutual funds) and individual investments in the asset classes relevant to the jurisdiction 4.7.2 Financial markets – holistic view	<ul style="list-style-type: none"> • Explain features and benefits of investment products and suitability to the client's needs • Design a portfolio to meet the client's needs and constraints

KNOWING / Financial Planning Body of Knowledge Domain 5: Risk Management and Insurance Planning**Financial Planning Knowledge Domain 5:****Risk Management and Insurance Planning**

Develops practical knowledge of methodologies to evaluate risks to the client's personal financial wellbeing arising from adverse and unforeseen circumstances; provides analysis techniques to develop strategies and techniques to mitigate those risks; and develops understanding of insurance principles and law.

Knowledge Topics	Subtopics	Learning Outcomes
5.1 Risk management principles	5.1.1 Non-investment risk management 5.1.2 Fundamentals of risk management: <ul style="list-style-type: none"> • Treatment of risk • Risk management: assumptions and transfer • Client perceptions and biases • Basic risk management techniques • Application of risk management process • Personal risk tolerance and management 5.1.3 Principles of insurance: <ul style="list-style-type: none"> • The meaning of risk • Types of risk • Pure and speculative risk • Major types of pure risk • Characteristics of insurance • Types of insurance • Law of large numbers • Perils and hazards 	<ul style="list-style-type: none"> • Explain terminology relevant to risk management • Explain the meaning of risk and the role it plays in financial advice and planning • Identify the types of risk clients face • Explain the difference between pure risk and speculative risk • Define insurance and its characteristics • Compare and contrast life, health, property and liability insurance • Analyze the pure risk faced by the client and the most appropriate techniques for mitigating such risks • Explain insurable interest • Apply the principle of indemnity • Explain the subrogation principle and how this principle affects the client • Assess the suitability of insurance products, including the effects of taxation in a particular scenario • Calculate appropriate levels of insurance cover based on the client's needs analysis • Evaluate and differentiate between policies • Understand types of perils, hazards and risk treatments • Determine uninsurable risks

KNOWING / Financial Planning Body of Knowledge Domain 5: Risk Management and Insurance Planning

Knowledge Topics	Subtopics	Learning Outcomes
5.2 Risk and insurance planning objectives	5.2.1 Insurance and risk 5.2.2 Collection of client information	<ul style="list-style-type: none"> • Determine the client's risk management goals and objectives • Integrate and prioritize risk management objectives within the financial planning process • Collect details of the client's personal and financial information • Collect information about the client's current and past health issues • Collect details of the client's existing insurance coverage • Identify lifestyle issues relevant to the client • Identify the client's willingness to take active steps to manage financial risk
5.3 Analysis and evaluation of risk exposures	5.3.1 Introduction to general insurance 5.3.2 Introduction to life insurance 5.3.3 Risk exposures 5.3.4 Health insurance and mandated cover	<ul style="list-style-type: none"> • Evaluate the client's personal and general insurance exposures • Identify risks associated with existing and potential financial obligations • Identify the client's tolerance for handling risk exposure • Assess the client's relevant lifestyle issues • Assess the client's health issues • Examine the characteristics of existing insurance coverage and policy exclusions • Assess the client's risk exposure against current insurance coverage and risk management strategies • Assess the implications of changes to insurance coverage • Assess the financial, estate and tax implications of acquiring/disposing of insurance products • Assess the affordability of products in relation to the client's financial solution, advice, plan or resources

KNOWING / Financial Planning Body of Knowledge Domain 5: Risk Management and Insurance Planning

Knowledge Topics	Subtopics	Learning Outcomes
5.4 Risk management and insurance strategies	5.4.1 Introduction to risk management strategies 5.4.2 The application of risk management principles 5.4.3 Case studies in risk management and insurance planning	<ul style="list-style-type: none"> • Develop risk management strategies using risk management steps • Evaluate advantages and disadvantages of each risk management strategy • Optimize strategies to make risk management recommendations • Prioritize action steps to assist the client in implementing risk management recommendations
5.5 Risk management and insurance solutions	5.5.1 Life insurance products 5.5.2 General insurance products 5.5.3 Personal, for example: <ul style="list-style-type: none"> • Term Life • Total Disability • Trauma / Critical Illness • Income Protection • Accident insurance • Traditional – whole of life & endowment • Universal, variable life and non- traditional life insurance • Universal indexed life insurance • Life insurance with long term care riders • Insurance Bonds • Annuity contracts – deferred, immediate, fixed, variable and indexed • Health insurance • Long term care • Terms and conditions • Insurance exclusions (misstatement of age/ gender, fraud, suicide) 	<ul style="list-style-type: none"> • Identify and critically evaluate the cover provided, conditions and exclusions contained in these insurance products • Discuss the taxation of insurance products • Explain the taxes that can apply to insurance premiums • Explain the taxation of insurance claims proceeds • Explain deductibles and risk assumption
	CONTINUED ON NEXT PAGE	

KNOWING / Financial Planning Body of Knowledge Domain 5: Risk Management and Insurance Planning

Knowledge Topics	Subtopics	Learning Outcomes
<p>CONTINUED</p> <p>5.5 Risk management and insurance solutions</p>	<p>CONTINUED</p> <p>5.5.4 Property, for example:</p> <ul style="list-style-type: none"> • Real estate insurance • Vehicle insurance • Contents insurance • Terms and conditions <p>5.5.5 Liability, for example:</p> <ul style="list-style-type: none"> • Travel insurance • PI insurance • Public liability • Terms and conditions <p>5.5.6 Business related, for example:</p> <ul style="list-style-type: none"> • Business insurance • Key-man insurance and small business needs • Business overhead cover • Board member cover • Other private insurance 	

KNOWING / Financial Planning Body of Knowledge Domain 5: Risk Management and Insurance Planning

Knowledge Topics	Subtopics	Learning Outcomes
5.6 Insurance law principles and claims process	<p>5.6.1 Legal and financial characteristics of insurance parties involved in an insurance contract:</p> <ul style="list-style-type: none"> • The insurance company • The policy owner • The beneficiary • The insured • The annuitant <p>5.6.2 Concepts underlying insurance law:</p> <ul style="list-style-type: none"> • Insurable interest indemnity • Doctrine of utmost good faith • Duty of disclosure • Doctrine of subrogation • The 'subject to average' clause • The doctrine of contribution <p>5.6.3 Claims process:</p> <ul style="list-style-type: none"> • Claim notification • Proof of loss • Onus of proof • Proximate cause • Liability insurance • Exclusions • Fraudulent claims • Loss by own act • Quantifying the loss • Underinsurance • "Double" or "other" insurance <p>5.6.4 Regulation and compliance</p> <p>5.6.5 Taxation of insurance policies</p>	<ul style="list-style-type: none"> • Identify and explain the concepts that underlie insurance law • Discuss the steps in the construction of an insurance contract • Understand the actuarial basis of life insurance • Explain the purpose of policy exclusions, conditions and endorsements • Identify the circumstances under which a policy can be cancelled and renewed • Identify and discuss the role of regulators of the insurance industry • Explain the consumer protection that applies to insured parties to an insurance contract • Evaluate the roles and responsibilities of insurance intermediaries • Discuss the insurance policy claims process • Discuss the regulatory control of insurance companies and intermediaries

KNOWING / Financial Planning Body of Knowledge Domain 6: Retirement Planning**Financial Planning Knowledge Domain 6:****Retirement Planning**

Develops the abilities to create strategies and use techniques to manage wealth accumulation in the pre-retirement years; and use of wealth decumulation and withdrawal strategies during post-retirement years, taking into consideration the structure and impact of public and private pension plans and other assets on the client's retirement plans.

Knowledge Topics	Subtopics	Learning Outcomes
6.1 Retirement planning principles	6.1.1 The need for and value of early and consistent planning for retirement 6.1.2 The need for real cash flow in retirement 6.1.3 The importance of regular and consistent cash flow in retirement 6.1.4 The power of compound interest and its application to retirement income 6.1.5 Understanding the consequences of the change from distribution to contribution systems and the consequent transfer of responsibility to clients 6.1.6 Selecting and administering long-term investment portfolios 6.1.7 Risk-return, consumer attitudes, financial education and implications for retirement planning	<ul style="list-style-type: none"> • Demonstrate the power of compounding over time to motivate clients to begin their retirement plans as early as possible • Demonstrate the concept of “dollar (currency) cost averaging” • Evaluate the relevant distribution systems vs. the contribution systems

KNOWING / Financial Planning Body of Knowledge Domain 6: Retirement Planning

Knowledge Topics	Subtopics	Learning Outcomes
6.2 Retirement planning objectives	<p>6.2.1 Financial objectives based on real money/currency:</p> <ul style="list-style-type: none"> • Calculation of capital required for retirement • Establishment of accessible targets <p>6.2.2 Establish retirement income targets in a changing economic and political environment</p> <p>6.2.3 Lifestyle objectives:</p> <ul style="list-style-type: none"> • Activities for retirement • Health care plan for retirement 	<ul style="list-style-type: none"> • Discuss how to identify the client's retirement objectives • Discuss retirement planning assumptions used • Calculate capital available for the client's retirement • Calculate capital required for the client's retirement • Identify post-retirement lifestyle objectives • Discuss available health care plans available for retirees • Discuss the retirement lifestyle and how changes in spending distributions over the retirement lifecycle will impact it
6.3 Retirement needs analysis and projections	<p>6.3.1 Inflation and the impact on retirement income needs</p> <p>6.3.2 Longevity risk</p> <p>6.3.3 Goal classification</p> <ul style="list-style-type: none"> • Fixed and terminable (e.g., car loan) • Fixed and permanent (e.g., mortgage) • Variable and terminable (e.g., college funding, family support) • Variable and permanent (e.g., basic living expenses) <p>6.3.4 Goal priority</p> <p>6.3.5 Sequence of return risk</p>	<ul style="list-style-type: none"> • Collect details of the client's estimated retirement expenses • Solve for unique family inflation rates based on specific expense patterns • Assess financial requirements at retirement date for the client

KNOWING / Financial Planning Body of Knowledge Domain 6: Retirement Planning

Knowledge Topics	Subtopics	Learning Outcomes
6.4 Potential sources of retirement income	6.4.1 Types of employee benefits 6.4.2 Pension funds: <ul style="list-style-type: none"> • Employer sponsored <ul style="list-style-type: none"> - Defined contribution - Defined benefits - Funds 6.4.3 New forms of plans 6.4.4 Qualified plans 6.4.5 Annuities 6.4.6 Personal 6.4.7 Other sources of retirement income 6.4.8 Other investment accounts 6.4.9 Real estate	<ul style="list-style-type: none"> • Collect details of the client's potential sources of retirement income • Analyze the various pension and associated employment benefits that an employee earns based on years of service at a company
6.5 Retirement income and withdrawal projections and strategies	6.5.1 Pre-retirement planning 6.5.2 Portfolio construction and distribution strategies – converting capital growth to income generation 6.5.3 Sources of retirement cash flow: <ul style="list-style-type: none"> • Government pension programs • Employer provided retirement plans • Personal retirement savings • Personal other savings and assets (e.g., property) 6.5.4 Fixed and variable income instruments 6.5.5 Retirement distribution rates 6.5.6 Retirement transition strategies for business owners 6.5.7 Impact of taxes on retirement cash flow	<ul style="list-style-type: none"> • Develop financial projections based on current position and expected income and savings growth on the client's retirement plan • Assess if the client's retirement objectives are realistic • Assess the impact of changes in assumptions on financial projections for the client • Identify sources of income available for investing • Build a tax-diversified retirement portfolio • Integrate bequest motives and estate planning consequences of leaving various types of retirement accounts

KNOWING / Financial Planning Body of Knowledge Domain 6: Retirement Planning

Knowledge Topics	Subtopics	Learning Outcomes
6.6 Retirement planning solutions	<p>6.6.1 Retirement planning solutions including where available:</p> <ul style="list-style-type: none"> • Government pensions • Personal retirement products relevant to the jurisdiction including investment products, insurance products and annuities • Other assets such as property, share portfolios, etc. <p>6.6.2 Product risk and due diligence</p>	<ul style="list-style-type: none"> • Analyze and implement potential retirement planning strategies and products • Assess the suitability of retirement products given the client's situation • Assess the financial and tax implications of acquiring / disposing of retirement products and assets

KNOWING / Financial Planning Body of Knowledge Domain 7: Estate Planning and Wealth Transfer**Financial Planning Knowledge Domain 7:****Estate Planning and Wealth Transfer**

Develops understanding of goals and objectives specific to estate planning; provides processes and skills to evaluate the current estate position and identify potential issues relating to estate planning, and then to advise on strategies and techniques to handle the preservation and transfer of estates consistent with the client's goals and objectives. Relevant legal, tax, financial, and non-financial aspects are also considered.

Knowledge Topics	Subtopics	Learning Outcomes
7.1 Estate planning principles	<p>7.1.1 What constitutes the estate? (legal definition)</p> <ul style="list-style-type: none"> • Home jurisdiction / multi jurisdictions <p>7.1.2 The estate planning process and professional team</p> <p>7.1.3 Estate planning documents (for example):</p> <ul style="list-style-type: none"> • Wills • Trust deeds • Power of attorney • Beneficiary designation documents <p>7.1.4 Estate Planning:</p> <ul style="list-style-type: none"> • Wills • Intestacy • Choosing an executor • Administration of estate <p>7.1.5 Asset protection</p> <p>7.1.6 Methods of estate transfer and transferring assets</p>	<ul style="list-style-type: none"> • Explain what constitutes an estate • Explain estate planning and distribution terms • Explain the steps in the estate planning process and the implications of each step • Identify potential members of the estate planning team and explain the role and responsibilities of each • Describe the legal forms / documents of interest the client may possess • Explain the implications of Asset Protection and Privacy and identify methods/techniques to be considered • Explain estate transfer methods and tools

KNOWING / Financial Planning Body of Knowledge Domain 7: Estate Planning and Wealth Transfer

Knowledge Topics	Subtopics	Learning Outcomes
7.2 Estate planning objectives	<p>7.2.1 Aspects to consider when identifying objectives:</p> <ul style="list-style-type: none"> • Family / personal values • Capital needs / liquidity • Mixed marriages • Asset protection and privacy • Special needs • Guardianship <p>7.2.2 Beneficiary selection</p> <p>7.2.3 Charitable giving and philanthropy, including foundations and endowments</p> <p>7.2.4 Taxation (if any)</p> <p>7.2.5 Business succession</p> <ul style="list-style-type: none"> • Control / ownership • Ongoing management 	<ul style="list-style-type: none"> • Explain the basis for the client's estate planning objectives • Explain the family dynamics and business relationships that could impact estate planning strategies for the client • Discuss constraints to meeting the client's estate planning objectives • Appraise the specific needs of beneficiaries • Appraise special needs and guardianship of minors and elderly (if incompetent) • Discuss the types of taxes that impact estate planning objectives
7.3 Legal aspects	<p>7.3.1 Definition of an estate</p> <p>7.3.2 Jurisdictional issues</p> <p>7.3.3 Legal aspects, required administration and processes</p>	<ul style="list-style-type: none"> • Explain the legal definition of an estate • Identify and explain jurisdictional issues • Identify and explain legal framework of estates, required administration and processes

KNOWING / Financial Planning Body of Knowledge Domain 7: Estate Planning and Wealth Transfer

Knowledge Topics	Subtopics	Learning Outcomes
7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)	7.4.1 Ownership <ul style="list-style-type: none"> • Beneficiary designations 7.4.2 Valuation 7.4.3 Ownership changes 7.4.4 Special assets (copyrights, trademarks, royalties, etc.) 7.4.5 Digital assets 7.4.6 Asset protection 7.4.7 Privacy	<ul style="list-style-type: none"> • Discuss how beneficiary designations impact the transfer of assets and liabilities • Indicate how assets and liabilities are valued • Explain how ownership and certain characteristics (e.g., income tax) impact valuations • Evaluate ownership choices and when each is indicated (implications of asset transfer at death) • Identify common types of special assets and the issues and/or challenges of each within the context of estate planning • Identify common digital assets • Identify the challenges of owning digital assets within the context of estate planning and common methods/techniques for addressing each • List the primary reasons why asset protection is a concern • Explain the common methods and techniques for achieving protection and when each is indicated • List the primary reasons why privacy is a concern • Explain the common methods and techniques for achieving privacy and when each is indicated

KNOWING / Financial Planning Body of Knowledge Domain 7: Estate Planning and Wealth Transfer

Knowledge Topics	Subtopics	Learning Outcomes
7.5 Succession planning	7.5.1 Impact of death and divorce 7.5.2 Projected financial situation at death 7.5.3 Development of succession plan 7.5.4 Bequests / inheritance 7.5.5 Business succession <ul style="list-style-type: none"> • Valuation • Future ownership • Future management • Buy-sell arrangements 	<ul style="list-style-type: none"> • Evaluate family dynamics and business relationships that could impact succession planning and estate transfer • Analyze the liquidity of the estate at death • Project net worth at death • Calculate potential expenses and any tax liability at death • Discuss the implications of the common business 'structures' (e.g., sole proprietor, partnership, company) • Evaluate the dynamics of future ownership and management with respect to family members • Explain the issues related to key employees that are not family members • Explain the key aspects of buy-sell arrangements
7.6 Incapacity, guardianship, Power of Attorney and health care	7.6.1 Incapacity 7.6.2 Guardianship 7.6.3 Power of Attorney 7.6.4 Health care directives	<ul style="list-style-type: none"> • Analyze the specific needs of beneficiaries • Understand the implications of incapacity in estate planning • Explain use of Power of Attorney • Explain the use of health care directives and when they are indicated

KNOWING / Financial Planning Body of Knowledge Domain 7: Estate Planning and Wealth Transfer

Knowledge Topics	Subtopics	Learning Outcomes
7.7 Estate planning strategies	<p>7.7.1 Methods, structures and tools</p> <ul style="list-style-type: none"> • Minimizing tax • Uses of life insurance <ul style="list-style-type: none"> - Survivor capital needs - Offset liabilities - Liquidity - Equalization • Trusts (created under a Will and lifetime trusts not created under a Will) <p>7.7.2 Threats to estate planning strategies</p> <ul style="list-style-type: none"> • Lack of proper planning • Outdated documents • Divorce • Family disharmony • Legal and financial issues (e.g., bankruptcy) 	<ul style="list-style-type: none"> • Discuss legally minimizing tax as a strategy • Explain the primary uses of life insurance in the estate context • Explain the common methods and techniques used in conjunction with life insurance and when each is indicated • Explain the characteristics and features of trusts and their use as a strategy for estate planning purposes • Design estate planning strategies • Evaluate each estate planning strategy • Optimize strategies to make estate planning recommendations • Prioritize action steps to assist the client in implementing estate planning recommendations • Identify the common threats to an estate plan and the methods and techniques to mitigate each
7.8 Philanthropy	<p>7.8.1 Establishing a legacy</p> <p>7.8.2 Lifetime charitable gifting</p> <p>7.8.3 Charitable gifts upon death</p>	<ul style="list-style-type: none"> • Explain the concept of establishing a legacy • Explain lifetime charitable gifting methods and techniques and when each is indicated • Explain postmortem charitable gifting methods and techniques and when each is indicated
7.9 Estate planning solutions	<p>7.9.1 Use of companies</p> <p>7.9.2 Use of trusts</p> <p>7.9.3 Assurance planning</p>	<ul style="list-style-type: none"> • Explain the use of company and trust structures as part of estate planning solutions • Explain how assurance planning can be used as part of estate planning

KNOWING / Financial Planning Body of Knowledge Domain 8: Psychology of Financial Planning

Financial Planning Knowledge Domain 8: Psychology of Financial Planning

Provides an introduction to the common biases and heuristics seen in financial planning client behaviors, an understanding of client decision-making processes, and processes to enable financial planning professionals to successfully guide clients through the Financial Planning Process. It also provides an understanding of the financial planning professional's own biases and how they can impact the Financial Planning Process.

Knowledge Topics	Subtopics	Learning Outcomes
8.1 Behavioral finance and the psychology of financial planning	8.1.1 Introduction to behavioral finance 8.1.2 Traditional versus behavioral finance 8.1.3 Biases and heuristics 8.1.4 Choice architecture and financial decision-making <ul style="list-style-type: none"> • Traditional (rational) approach to decision-making • Sense-making • Bounded rationality • Neurofinance 8.1.5 Introduction to the psychology of financial planning	<ul style="list-style-type: none"> • Reflect on the key differences between traditional finance and behavioral finance • Identify how cognitive biases and heuristics can impact financial decision-making and well-being • Describe how a client's psychology, such as their financial comfort zone, socialization, money beliefs, and past financial experiences and behaviors impact their objectives, goals, understanding, decision-making and actions

KNOWING / Financial Planning Body of Knowledge Domain 8: Psychology of Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
8.2 Client and financial planner attitudes, values and biases	8.2.1 Traditional (rational) approach to decision-making 8.2.2 Sense-making 8.2.3 Bounded rationality 8.2.4 The psychological elements of financial planning 8.2.5 Risk perception and risk tolerance 8.2.6 The psychology of crowd behavior	<ul style="list-style-type: none"> • Explain the importance of the financial planner framing advice in a way that accounts for psychological characteristics of the client • Explain how a client's psychology, background, preferred learning style and values (socially conscious investor, etc.) impact the financial planning process • Analyze a client's degree of risk tolerance and loss aversion and ensure recommendations are consistent with a client's risk propensity, attitudes, composure (e.g., past behaviors during market corrections), capacity, knowledge and needs • Explain the difference between risk perception and risk tolerance • Discuss loss aversion and prospect theory • Describe the irrationality of crowds • Describe contagion, bubbles and busts • Describe the fear of missing out
8.3 Client cognitive abilities and financial literacy	8.3.1 Financial literacy and numeracy 8.3.2 Assessing client understanding of advice recommendations 8.3.3 Recognizing cognitive decline	<ul style="list-style-type: none"> • Describe how to improve financial literacy through client education • Explain how to assess the client's understanding of advice recommendations • Explain how to go about recognizing and managing cognitive decline
8.4 Client preferences and classification of client types	8.4.1 Behavioral investor types 8.4.2 Consumer advice preferences 8.4.3 Cognitive and emotional biases 8.4.4 Identifying and managing self-defeating behaviors	<ul style="list-style-type: none"> • List the behavioral investor types and understand the implications for clients • Discuss consumer advice preferences and how to deliver advice that meets different consumer needs • Identify and explain how to manage defeating behaviors

KNOWING / Financial Planning Body of Knowledge Domain 8: Psychology of Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
8.5 Client beliefs and their influence on financial decision-making	8.5.1 Overconfidence bias 8.5.2 Status quo bias 8.5.3 Demographic, socio-economic and religious aspects of decision-making 8.5.4 Perception versus reality	<ul style="list-style-type: none"> • Explain the overconfidence bias • Explain the status quo bias • Discuss how demographic group, socio-economic status and religion impact decision-making • Understand how personality traits reveal themselves in financial decision-making
8.6 Behavioral approaches for financial planners	8.6.1 Nudge 8.6.2 Policy-based financial planning 8.6.3 Principles of counseling and coaching 8.6.4 Communication techniques to reduce behavioral biases	<ul style="list-style-type: none"> • Describe the Nudge principle • List the principles of counseling and coaching • Explain the applications of counseling theory to financial planning practice • Demonstrate how a planner can develop a relationship of honesty and trust in client interaction • Select appropriate counseling and communication techniques for use with individual clients • Explain how coaching can add value to the financial planning process and the client planner relationship • Assess the components of communications, including verbal and non-verbal communications • Apply active listening skills when communicating with clients • Select appropriate counseling and communication techniques for use with individual clients
8.7 Crisis events with severe financial consequences	8.7.1 Potential impacts 8.7.2 Solutions 8.7.3 Monitoring cognitive biases 8.7.4 Navigating the implications of crises 8.7.5 Framing, anchoring and adjustment	<ul style="list-style-type: none"> • Evaluate the potential impacts on short-term and long-term goals, including unexpected job and /or income loss and adverse health events • Identify and communicate potential solutions to unanticipated asset allocation changes, adjustment for changes in risk tolerance and adapting to new norms • Describe the advisor's role in monitoring cognitive biases • Demonstrate empathy, reliability, and competence to help the client navigate the implications of a crisis

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning**Financial Planning Knowledge Domain 9:****Integrated Financial Planning**

Develops critical thinking and analytical skills necessary to integrate and apply knowledge from across the other Knowledge Domains to develop appropriate strategies, recommendations and financial plans for clients using real world situations and facts.

Knowledge Topics	Subtopics	Learning Outcomes
9.1 Client engagement, financial planning process and financial plan	9.1.1 Disclosure to the client of the financial planning professional's services, competencies and experience 9.1.2 Scope of engagement and communication approach 9.1.3 Professional skills as identified in the Financial Planner Professional Skills 9.1.4 Professional conduct 9.1.5 Safeguarding client information 9.1.6 Client attitudes and financial sophistication 9.1.7 Purpose, benefits and elements of a financial plan 9.1.8 Elements that make a compliant financial plan	<ul style="list-style-type: none"> • Apply the Financial Planning Process in accordance with practice standards and ethical principles • Apply the Financial Planning Process and the Financial Planning Core Practices to client scenarios • Demonstrate the ability to communicate with clients effectively and build rapport to obtain personal information in a data gathering role play • Demonstrate that the professional skills (Financial Planner Professional Skills) are mastered in the process of financial planning • Demonstrate professional conduct • Use sound judgment when engaging in ethical practice and display professional standards reflecting responsible and sustainable practices • Evaluate the legal and professional elements when compiling a financial plan for the client

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
9.2 Attitudes, personal goals and financial objectives	<p>9.2.1 Financial Management:</p> <ul style="list-style-type: none"> • Information on the client's propensity to save • Information on how the client makes spending decisions • Information on the client's attitude toward debt • Information on major purchases planned <p>9.2.2 Tax Planning:</p> <ul style="list-style-type: none"> • Information on possible current, deferred and future tax liabilities <p>9.2.3 Investment Planning and Asset Management:</p> <ul style="list-style-type: none"> • Details of the client's investment objectives • Information about the client's time horizon(s) • Information on the client's tolerance to investment risk • Information on the client's investment constraints <p>9.2.4 Risk Management and Insurance Planning:</p> <ul style="list-style-type: none"> • Information on the client's risk management preferences and objectives <p>9.2.5 Retirement Planning:</p> <ul style="list-style-type: none"> • Information on the client's planned transition to retirement • Information on the client's retirement plans and objectives • Information on the client's tolerance to risk in retirement <p>9.2.6 Estate Planning and Wealth Transfer:</p> <ul style="list-style-type: none"> • Information on the client's estate planning objectives including distribution of assets to heirs • Details on specific needs of beneficiaries • Details on guardianship of minor children 	<ul style="list-style-type: none"> • Identify the client's objectives, needs and values that have financial implications • Determine the client's attitudes and level of financial sophistication • Determine the client's propensity to save • Determine the client's attitudes toward debt • Determine the client's investment objectives • Determine the client's experience with and attitudes and biases toward investments • Determine the client's tolerance for investment risk • Identify the client's time horizon • Determine the client's risk management objectives • Determine the client's willingness to take active steps to manage financial risk • Prioritize the client's risk management needs • Determine the client's attitudes toward taxation • Determine the client's retirement objectives • Determine the client's attitudes toward retirement • Identify the client's estate planning objectives • Assess the specific needs of beneficiaries • Understand the client's personal goals and fundamental motivations and understand whether these are based on reasonable financial grounds, other beliefs and expectations, or on false reasoning and misunderstanding • Apply the knowledge and appropriate skills for recognizing the client's system of values • Understand the client's attitudes that generate personal, financial and professional motivations regarding present and future needs, expectations, and personal and financial wishes • Identify the client's biases

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
9.3 Collection and data preparation	<p>9.3.1 Gathering client data and determining needs and goals; record-keeping, security and confidentiality</p> <p>9.3.2 Collecting data in the financial planning areas:</p> <ul style="list-style-type: none"> • Financial Management • Tax Planning • Investment Planning and Asset Management • Risk Management and Insurance Planning • Retirement planning • Estate Planning and Wealth Transfer <p>9.3.3 Assumptions</p>	<ul style="list-style-type: none"> • Explain the purpose of data collection and its value in client relationship management • Identify the information required for the financial plan • Collect the information required to develop a suitable financial solution and/or a suitable financial plan • Apply the knowledge and skills necessary to explain how the information obtained is incorporated in the overall scheme of the client's financial solution • Identify the client's objectives, financial needs and values that have financial implications • Identify the financial and tax information required to develop a suitable financial solution and/or a suitable financial plan • Identify the client's risk management issues that may affect the financial solution and/or the financial plan • Identify the client's risk tolerance, capacity, needs and issues that may affect the financial solution and/or the financial plan • Determine any client investment constraints (e.g., no international investments or no commodities, etc.) • Identify the client's legal and estate issues that may affect the financial solution and/or the financial plan • Identify material changes in the client's personal and financial situation • Prepare information to enable analysis

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
9.4 Analysis	9.4.1 Cash flow and debt management 9.4.2 Tax 9.4.3 Investments and investment products 9.4.4 Life insurance and risk products 9.4.5 Retirement and retirement products 9.4.6 Social security and aged care 9.4.7 Estate assets and liabilities	<ul style="list-style-type: none"> • Create a balance sheet based on the information from the client • Create a cash flow statement based on the information from the client • Distinguish between profit and cash related items (profitability / liquidity) • Evaluate the investments (including diversification and asset allocation) • Calculate the return on the client's investments • Calculate cash flow in the case of personal incapacity • Analyze the risk and return of any investments and correlations with other portfolio positions • Examine potential opportunities and constraints and assess information to develop strategies • Analyze the client's objectives, financial needs, values and information to prioritize the financial objectives and needs and identify potential financial solutions • Analyze inter-relationships among financial planning components • Compare opportunities and constraints and assess collected information across financial objectives and needs • Evaluate information to assess the client's situation • Examine the impact of economic, political and regulatory environments / requirements related to the client and potential financial planning solutions • Measure the progress toward achievement of objectives of the financial plan

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
9.5 Issues and problems	<p>9.5.1 Financial Management:</p> <ul style="list-style-type: none"> • Issues relevant to the client's assets and liabilities, for example: <ul style="list-style-type: none"> - Budgetary issues - Use of bank accounts and credit / debit cards - Placement and use of debt and cash management - The client's emergency fund provision, if applicable - Education funding <p>9.5.2 Tax Planning:</p> <ul style="list-style-type: none"> • Maximize risk adjusted after tax return • The client's attitudes toward taxation • Appropriateness of current investment structures (if tax is applicable) • Future changes in taxation <p>9.5.3 Investment Planning and Asset Management:</p> <ul style="list-style-type: none"> • The client's experience with, and attitudes and biases toward, investing • The client's tolerance for investment risk (attitude and capacity) • The client's assumptions and return expectations and conflicts between these and those of the financial planner • Conflicts in risk tolerance between spouse / domestic partners • Time horizons • Manage investment expenses <p>CONTINUED ON NEXT PAGE</p>	<ul style="list-style-type: none"> • Identify and discuss the client's issues and problems in the applicable financial planning components, including difficult conversations, clients in crisis, third-party advice and client complaints

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
<p>CONTINUED</p> <p>9.5 Issues and problems</p>	<p>CONTINUED</p> <p>9.5.4 Risk Management and Insurance Planning:</p> <ul style="list-style-type: none"> • The client's tolerance for and attitudes toward: <ul style="list-style-type: none"> - Risk exposure - Relevant lifestyle issues - Relevant health issues • The client's willingness to take active steps to manage financial consequences <p>9.5.5 Retirement Planning:</p> <ul style="list-style-type: none"> • The client's attitudes toward retirement • The client's comfort with retirement planning assumptions • Alignment of the client's retirement provision and the reality of expectations, for example, need to work part-time or delay retirement to achieve goals <p>9.5.6 Estate Planning and Wealth Transfer:</p> <ul style="list-style-type: none"> • Family dynamics and business relationships that could impact estate planning strategies • Appropriateness of documents to meet estate planning objectives • Specific bequests and minimum size of estate • Specific needs of the client's beneficiaries 	

KNOWING / Financial Planning Body of Knowledge Domain 9: Integrated Financial Planning

Knowledge Topics	Subtopics	Learning Outcomes
9.6 Strategies	9.6.1 How to assess advantages and disadvantages of potential solutions 9.6.2 Description of strategies	<ul style="list-style-type: none"> • Create an asset allocation based on the client's needs, risk mentality, global economic situation and global economic outlook including the time frame of the client • Assess advantages and disadvantages of each potential financial solution • Describe each financial planning strategy
9.7 Synthesis and recommendations	9.7.1 Development of a financial plan 9.7.2 Presentation of a financial plan 9.7.3 Client engagement (including plan rationale and process education) and permission to proceed with plan implementation	<ul style="list-style-type: none"> • Synthesize information to develop and evaluate strategies to create a suitable financial plan • Prioritize recommendations from the analysis of the client's financial objectives and needs to satisfy the client's objectives and needs • Consolidate the recommendations and action steps into a compliant and suitable financial plan • Develop a prioritized implementation plan, including timeframes and responsibilities • Determine which financial solutions meet the client's need(s) • Demonstrate the ability to present the financial plan in a role play • Create a compliant financial plan that resolves the client's financial issues and meets their goals and objectives, or if unable to do so, clearly sets out the reasons why some goals and objectives cannot be met in full
9.8 Implementation	9.8.1 Implementing the financial plan	<ul style="list-style-type: none"> • Develop a prioritized implementation plan, including timeframes and responsibilities • Demonstrate the implementation of the agreed financial plan in a role play
9.9 Periodic review	9.9.1 Monitoring and reviewing the financial plan 9.9.2 Addressing changes in client circumstances and goals, or changes in the economic, political and regulatory environments 9.9.3 Holding review meetings	<ul style="list-style-type: none"> • Determine the appropriate process and cycle of review for the financial plan • Conduct periodic reviews of the financial plan

DOING

What processes, practices, abilities and skills should a financial planning professional apply to competently practice financial planning?

Standards of Practice

- Financial Planning Process
- Financial Planning Core Practices
- Financial Planning Practice Standards
- Financial Planner Abilities
- Financial Planner Professional Skills

DOING

The ability to competently practice as a financial planning professional in any client engagement requires an individual to apply appropriate Standards of Practice across the following:

- Financial Planning Process
- Financial Planning Core Practices
- Financial Planning Practice Standards
- Financial Planner Abilities
- Financial Planner Professional Skills

FPSB has developed standards across each of these areas to:

- Establish the level of practice expected of a financial planning professional engaged in the delivery of financial planning to a client
- Establish norms of professional practice and allow for the consistent delivery of financial planning by financial planning professionals
- Clarify the respective roles and responsibilities of financial planning professionals and their clients in financial planning engagements

FIGURE 3

DOING: Standards of Practice include the following:



DOING

Financial Planning Process

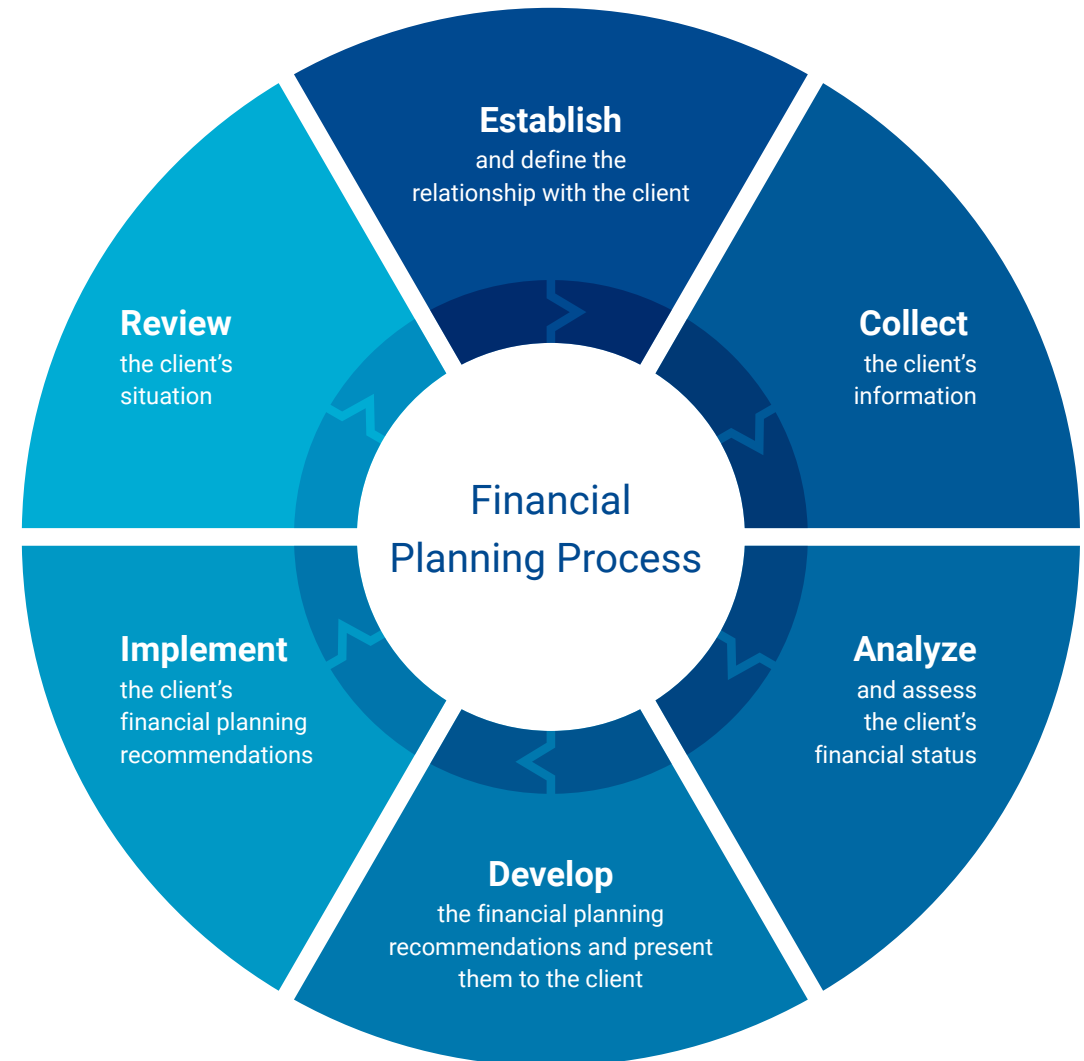
Financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet personal goals. The process of financial planning involves reviewing the relevant aspects of a client's situation across a breadth of financial planning activities, including interrelationships among often conflicting objectives.

FPSB's Financial Planning Process is arranged into six elements:

1. Establish and define the relationship with the client
2. Collect the client's information
3. Analyze and assess the client's financial status
4. Develop the financial planning recommendations and present them to the client
5. Implement the client's financial planning recommendations
6. Review the client's situation

While each of the six elements are distinct, the Financial Planning Process is an integrated process. This means that elements within the Financial Planning Process may be combined and/or revisited based on the ongoing relationship between the financial planning professional and the client.

FIGURE 4



DOING

Financial Planning Core Practices

The Financial Planning Core Practices inform the scope of practice between financial planning professionals and individual clients, taking into consideration the personal factors of each client that are captured in a client engagement document.

Each element of the Financial Planning Process requires the application of at least one of several related Financial Planning Core Practices to competently complete that element.

The first three Financial Planning Core Practices relate to establishing and defining the relationship with the client. These must apply every time a financial planning professional provides financial planning or components of financial planning to a client. These serve to establish clear and appropriate expectations for the client and the financial planning professional. The remaining Financial Planning Core Practices apply to the extent they are relevant to the financial planning engagement, as defined and agreed upon by the client and financial planning professional within the written scope of the engagement.

The following pages set out FPSB's Financial Planning Process and related Financial Planning Core Practices in detail.

Financial Planning Process and Financial Planning Core Practices

Financial Planning Process	Financial Planning Core Practices
1. Establish and define the relationship with the client	<ol style="list-style-type: none"> 1. Inform the client about financial planning and the financial planning professional's services, competencies and experience 2. Determine whether the financial planning professional's competencies, experience or conflicts allow the financial planning professional to work with the client 3. Define and reach agreement with the client about the scope of the financial planning engagement and communication approach
2. Collect the client's information	<ol style="list-style-type: none"> 4. Identify and confirm the client's stated personal goals 5. Collect quantitative information and documents relevant to the scope of the financial planning engagement 6. Collect and understand qualitative information relevant to the client's values, attitudes, expectations and financial experiences / literacy
3. Analyze and assess the client's financial status	<ol style="list-style-type: none"> 7. Analyze the client's information to assess the client's current financial situation and identify financial objectives that allow the client to meet stated personal goals 8. Determine the financial resources needed to meet the client's financial objectives and stated personal goals based on an analysis of the client's current financial situation 9. Assess the opportunities, constraints and risks presented by the client's financial situation and current course(s) of action 10. Identify and evaluate strategies to achieve the client's financial objectives and stated personal goals 11. Identify and discuss with the client the feasibility of any financial objective or stated personal goal that appears unrealistic

Financial Planning Process and Financial Planning Core Practices

Financial Planning Process	Financial Planning Core Practices
4. Develop the financial planning recommendations and present them to the client	<ol style="list-style-type: none"> 12. Develop financial planning recommendations to achieve the client's financial objectives and stated personal goals 13. Present financial planning recommendations so the client understands how each strategy addresses the client's financial objectives and stated personal goals 14. Engage the client in a discussion of factors that impact the client's ability to reach financial objectives and stated personal goals through recommended course(s) of action 15. Modify financial planning recommendations to incorporate feedback from the client 16. Inform the client that financial planning recommendations may need to be modified as personal conditions or economic, political or regulatory environments change
5. Implement the client's financial planning recommendations	<ol style="list-style-type: none"> 17. Reach agreement with the client on prioritization and responsibilities for implementing financial planning recommendations 18. Identify and present products or services for implementing the financial planning recommendations
6. Review the client's situation	<ol style="list-style-type: none"> 19. Reach agreement with the client on the approach and responsibilities for the future review of the client's situation and progress toward financial objectives and stated personal goals 20. Reach agreement with the client on updates to recommendations based on changes in the client's situation, financial objectives or stated personal goals, or changes in the economic, political or regulatory environment

DOING

Financial Planning Practice Standards

The Financial Planning Practice Standards establish the level of professional practice reasonably expected of financial planning professionals during financial planning engagements, regardless of practice type, setting, location or method of compensation.

Each Financial Planning Core Practice is a statement supported by a Financial Planning Practice Standard. An explanation is also provided to help guide interpretation and application based on a standard of reasonableness.

The explanation is not intended to establish a professional standard or obligation beyond what is contained in the Practice Standard itself. The Practice Standards are not intended to prescribe the services to be provided or step-by-step procedures for providing a service.

The Financial Planning Practice Standards may apply to the provision of comprehensive financial planning or limited financial planning services.

DOING / Financial Planning Practice Standard 1

The following pages set out the Financial Planning Practice Standards in relation to the appropriate element of the Financial Planning Process and the relevant Financial Planning Core Practice.

Financial Planning Process element:

1. Establish and define the relationship with the client

Financial Planning Core Practice 1

Inform the client about financial planning and the financial planning professional's services, competencies and experience.

Practice Standard 1	Practice Standard 1 Explanation
<p>The financial planning professional informs the client about the financial planning process, the services the financial planning professional offers, and the financial planning professional's competencies and experience.</p>	<p>The financial planning professional helps the client understand the financial planning process and the nature of financial planning engagements and provides information on the financial planning professional's qualifications. This information may include how financial planning can help the client meet stated personal goals; a description of the methodology the financial planning professional uses to provide financial planning services; and information about the financial planning professional's licenses, credentials and expertise.</p> <p>The financial planning professional makes all necessary disclosures to the client at the beginning of the client-planner relationship and throughout the financial planning process, as appropriate or required by rules, regulations or law.</p> <p>The financial planning professional provides preliminary information on services, competencies and experience. The professional may provide additional disclosures after learning more about the client's situation.</p> <p>When establishing the relationship with the client, the financial planning professional seeks to develop an understanding and trust with the client that supports two-way communication and information sharing between the two.</p>

DOING / Financial Planning Practice Standard 2**Financial Planning Process element:****1. Establish and define the relationship with the client****Financial Planning Core Practice 2**

Determine whether the financial planning professional's competencies, experience or conflicts allow the financial planning professional to work with the client.

Practice Standard 2	Practice Standard 2 Explanation
<p>The financial planning professional and the client mutually determine whether the services offered by the financial planning professional, together with the professional's competencies and experience, support the financial planning professional providing the services requested or likely to be required by the client. The financial planning professional determines if there are any conflict(s) of interest and discloses them to the client.</p>	<p>The financial planning professional engages with the client to identify the client's level of experience with financial planning.</p> <p>The financial planning professional provides information to the client to allow the client to determine if the professional can provide the services requested or likely to be required by the client. This includes information about technical competence, experience and client relationship style, and is an opportunity for both parties to consider whether to establish a professional relationship.</p> <p>The financial planning professional considers whether the financial planning professional's skills, knowledge, abilities and experience are sufficient based on the services requested or likely to be requested by the client.</p> <p>The client and financial planning professional mutually consider if the financial planning professional, and/or the professional's associates supporting the client relationship, have the appropriate skills, knowledge, abilities and experience to meet the client's expectations, based on the information communicated to the financial planning professional by the client.</p> <p>The financial planning professional considers if there is any conflict(s) of interest, such as any circumstance, relationship or fact that could place the interest(s) of the financial planning professional in conflict with the client's interest(s) or the interest(s) of the client in conflict with those of another client, and informs the client of any such conflict(s). Based on this disclosure, either the client or the financial planning professional may determine not to move forward with the engagement.</p>

DOING / Financial Planning Practice Standard 3**Financial Planning Process element:****1. Establish and define the relationship with the client****Financial Planning Core Practice 3**

Define and reach agreement with the client about the scope of the financial planning engagement and communication approach.

Practice Standard 3	Practice Standard 3 Explanation
<p>The financial planning professional and the client mutually agree on the services to be provided during the financial planning engagement. The financial planning professional sets out in writing the agreed scope of the financial planning engagement before providing any services to the client, including details about: the responsibilities of each party (including third parties); the terms of the financial planning engagement; and compensation and conflict(s) of interest of the financial planning professional. The written scope of the financial planning engagement is signed by both parties, or accepted in writing by the client, and includes a process for either party to terminate the financial planning engagement.</p>	<p>By mutually defining the scope of the financial planning engagement, the client and the financial planning professional have a clear understanding of the engagement and establish realistic expectations of each other during the professional relationship. In the written scope of engagement, the financial planning professional and the client agree on whether the financial planning engagement covers one or several areas relating to the services requested or likely to be required by the client.</p> <p>In the written scope of engagement, the financial planning professional and client agree on the frequency of contact, the client's communication preferences, coaching or other behavioral techniques the financial planning professional will use, and any other aspects of the scope of the financial planning engagement the client or financial planning professional identify as important.</p> <p>In setting out the terms in a written scope of engagement, the financial planning professional includes the following:</p> <ul style="list-style-type: none"> • Services to be included or excluded, such as implementation of financial planning recommendations and review of progress against stated personal goals • The financial planning professional's compensation during the engagement, including fees to be paid by the client • Existing or potential conflict(s) of interest, including those involving compensation arrangements with third parties, and agreement to disclose subsequent conflict(s) of interest if or when they occur, including an explanation of how the financial planning professional will manage the conflicts <p>CONTINUED ON NEXT PAGE</p>

DOING / Financial Planning Practice Standard 3

Practice Standard 3	Practice Standard 3 Explanation
	<p>CONTINUED</p> <ul style="list-style-type: none"> • Specific parties to the engagement, including details of any legal and agency relationships that exist • Duration of the engagement • The client's responsibilities, including the nature and timing of disclosures of information • The financial planning professional's responsibilities • Provisions for terminating the financial planning engagement • Process for the client to make a complaint and the procedure that will be followed for resolving the client's complaint • What client information will be collected, transmitted and stored, including any limitations on the use of the client's information • How client information will be protected and kept confidential <p>Additional information that may form part of the terms of the written scope of engagement includes:</p> <ul style="list-style-type: none"> • The potential use of other professionals during the financial planning engagement • An explanation of the qualifications, licenses and experience of individuals who will work with the client • The process to be followed should the professional relationship be terminated by (i) either party, (ii) mutual consent or (iii) in circumstances where the financial planning professional believes it is no longer possible to fulfil their professional responsibilities, together with the process to be followed to transfer the client to another financial planning professional, if appropriate • Any other information necessary to inform the client about the terms of the financial planning engagement

DOING / Financial Planning Practice Standard 4**Financial Planning Process element:****2. Collect the client's information****Financial Planning Core Practice 4**

Identify and confirm the client's stated personal goals.

Practice Standard 4

The financial planning professional and the client identify and confirm the client's stated personal goals. The financial planning professional confirms with the client that the likely effort needed to support the client in achieving those goals falls within the scope of the financial planning engagement.

Practice Standard 4 Explanation

The financial planning professional confirms understanding of the client's stated personal goals, and explains to the client the interrelationships and any potential conflict(s) among the stated personal goals.

The financial planning professional assists the client in prioritizing short, mid and long-term stated personal goals.

The financial planning professional confirms with the client that the financial planning effort necessary to provide guidance to the client on how best to achieve stated personal goals, or to identify that it is not possible to achieve some or all stated personal goals, is within the scope of the financial planning engagement.

DOING / Financial Planning Practice Standard 5**Financial Planning Process element:****2. Collect the client's information****Financial Planning Core Practice 5**

Collect quantitative information and documents relevant to the scope of the financial planning engagement.

Practice Standard 5	Practice Standard 5 Explanation
<p>The financial planning professional collects sufficient quantitative information about the client, and documents from the client relevant to the scope of the financial planning engagement, before making and/or implementing any financial planning recommendations.</p>	<p>The financial planning professional collects complete, current and accurate client information and documents relevant to the scope of the financial planning engagement. The financial planning professional may collect client information using technology, such as online questionnaires or online access to the client's financial records or bank accounts. The financial planning professional relies on information provided by the client and from other relevant sources as inputs for analysis.</p> <p>The financial planning professional confirms with the client the accuracy and completeness of the quantitative information and shares a preliminary understanding of the client's situation based on the information collected.</p> <p>The financial planning professional communicates to the client the importance of collecting complete, current and accurate information, the lack of which could impact the financial planning professional's ability to understand the client's financial situation or to develop appropriate financial planning recommendations. The financial planning professional communicates to the client how failure to provide appropriate information could result in the financial planning professional revising the scope of, or terminating, the engagement.</p>

DOING / Financial Planning Practice Standard 6**Financial Planning Process element:****2. Collect the client's information****Financial Planning Core Practice 6**

Collect and understand qualitative information relevant to the client's values, attitudes, expectations and financial experiences / literacy.

Practice Standard 6	Practice Standard 6 Explanation
<p>The financial planning professional collects sufficient qualitative information about the client relevant to the scope of the financial planning engagement to understand how the client's values, attitudes, expectations and financial experiences / literacy might impact financial planning recommendations or the client's financial decision-making.</p>	<p>The financial planning professional collects qualitative information about the client's values, attitudes, expectations and financial experiences / literacy to understand how these might affect the client's financial decision-making and outcomes. This requires the financial planning professional to use effective communication skills such as active listening, posing questions and displaying curiosity and a spirit of inquiry with the client throughout the financial planning engagement.</p> <p>The financial planning professional determines the client's level of experience and comfort with financial matters and overall financial literacy.</p> <p>The financial planning professional recognizes that the financial planning professional's understanding of aspects of the client that are abstract or not easy to quantify is subjective and interpreted according to the financial planning professional's personal biases. The financial planning professional also recognizes that the financial planning professional's understanding of the client is limited by what the client reveals.</p> <p>The financial planning professional confirms with the client the financial planning professional's assessment of the client's qualitative information and shares with the client the financial planning professional's preliminary understanding of the client's situation based on the quantitative and qualitative information collected.</p> <p>The financial planning professional communicates to the client the importance of having complete, current and accurate client information to support analysis and recommendations. The financial planning professional explains that if the financial planning professional is unable to collect the information necessary to understand the client's values, attitudes, expectations and financial experiences / literacy, then the financial planning professional may need to revise the scope of, or terminate, the engagement.</p>

DOING / Financial Planning Practice Standard 7

Financial Planning Process element:

3. Analyze and assess the client's financial status

Financial Planning Core Practice 7

Analyze the client's information to assess the client's current financial situation and identify financial objectives that allow the client to meet stated personal goals.

Practice Standard 7	Practice Standard 7 Explanation
<p>The financial planning professional analyzes the client's qualitative and quantitative information to gain an understanding of the client's current financial situation and identifies financial objectives that allow the client to meet stated personal goals.</p>	<p>The financial planning professional analyzes the client's qualitative and quantitative information and works with the client to resolve factual omissions and inconsistencies, ambiguities and discrepancies in the client's information or stated personal goals, to assess the client's current financial situation.</p> <p>The financial planning professional develops an informed opinion about the client's current financial situation, identifies the financial objectives that will allow the client to meet stated personal goals, and identifies any issues (e.g., cash flow problems, interest rate arbitrage, etc.) that could impact the client's achievement of stated personal goal(s).</p> <p>The financial planning professional typically uses calculations drawn from balance sheets, cash flow statements and personal risk profiles to understand the client's financial situation.</p>

DOING / Financial Planning Practice Standard 8**Financial Planning Process** element:**3. Analyze and assess the client's financial status****Financial Planning Core Practice 8**

Determine the financial resources needed to meet the client's financial objectives and stated personal goals based on an analysis of the client's current financial situation.

Practice Standard 8	Practice Standard 8 Explanation
<p>The financial planning professional assesses how the client's current financial situation supports the client's ability to achieve financial objectives and stated personal goals, and identifies additional financial resources needed by the client, if any.</p>	<p>The financial planning professional analyzes the client's information, current financial position and likely future financial resources to identify viable ways that the client can meet each financial objective and stated personal goal. As part of this analysis, the financial planning professional uses client-specified, mutually agreed upon variables and other reasonable assumptions, such as the client's anticipated retirement age, life expectancy, income needs, risk factors, time horizon and special needs, as well as economic assumptions, to establish likely inflation rates, tax rates and investment returns to support financial calculations.</p> <p>The financial planning professional determines the likelihood of the client reaching a financial objective or stated personal goal based on present behavior, and identifies behavior changes, if any, the client would need to make to achieve a financial objective or stated personal goal.</p> <p>The financial planning professional may undertake this part of the financial planning process iteratively throughout the client engagement, as the client's preferences, financial objectives or stated personal goals change.</p>

DOING / Financial Planning Practice Standard 9**Financial Planning Process element:****3. Analyze and assess the client's financial status****Financial Planning Core Practice 9**

Assess the opportunities, constraints and risks presented by the client's financial situation and current course(s) of action.

Practice Standard 9	Practice Standard 9 Explanation
<p>The financial planning professional assesses the opportunities, and identifies constraints and risks presented by the client's financial situation and current course(s) of action, that may impact the client's ability to achieve a financial objective and stated personal goal. This includes assessing the client's ability, willingness or likelihood to respond to unexpected personal and financial events.</p>	<p>The financial planning professional assesses the opportunities and identifies constraints and risks presented by the client's financial situation and current course(s) of action to assess whether and how the client will be able to achieve a financial objective or stated personal goal(s). This includes an assessment of economic and personal factors that could influence the client's behavior and the clients' likelihood of achieving a financial objective or stated personal goal in the event circumstances change.</p> <p>As part of the risk assessment, the financial planning professional may consider matters personal to the client or to the client's family or business / career, as well as economic factors such as inflation, monetary policy or fiscal policy.</p> <p>The financial planning professional provides the client with information on feasible trade-offs or acceptable alternative approaches to meet a financial objective or stated personal goal. In an ongoing financial planning engagement, the collaboration between the financial planning professional and the client happens iteratively throughout the engagement as the client's life situation, preferences, financial objectives or stated personal goals change.</p> <p>The financial planning professional may identify other issues that could impact the client's ability to achieve financial objectives or stated personal goals, which the financial planning professional discusses with the client. Depending on the nature of the issues identified, it may be appropriate for the financial planning professional to engage the client on whether the client's stated personal goals are achievable or should be amended, which may require the financial planning professional to amend the scope of the financial planning engagement or obtain additional information from the client.</p> <p>If the client chooses not to collaborate with the financial planning professional to evaluate trade-offs or alternatives, the financial planning professional should consider limiting the scope of, or terminating, the engagement.</p>

DOING / Financial Planning Practice Standard 10**Financial Planning Process element:****3. Analyze and assess the client's financial status****Financial Planning Core Practice 10**

Identify and evaluate strategies to achieve the client's financial objectives and stated personal goals.

Practice Standard 10	Practice Standard 10 Explanation
<p>The financial planning professional and client consider one or more strategies relevant to the client's current situation that could reasonably meet the client's financial objectives and stated personal goals.</p>	<p>The financial planning professional identifies possible strategies for achieving the client's financial objectives and stated personal goals. The financial planning professional provides appropriate information to the client that supports the financial planning professional's understanding of the possible strategies and how they reasonably address the client's financial objectives and stated personal goals.</p> <p>When evaluating strategies, the financial planning professional discusses with the client the importance, priority and timing of stated personal goals and financial objectives or courses of action, while considering multiple assumptions, conducting research or consulting with other professionals. This process may result in a single strategy, in multiple strategies or no change to the client's current course(s) of action.</p> <p>More than one strategy may achieve one or more of the client's financial objectives or stated personal goals. Strategies and consequences identified by the financial planning professional for the client may differ from those that could be provided by other financial advisors, illustrating the subjective nature of exercising professional judgment and delivering financial planning to clients.</p>

DOING / Financial Planning Practice Standard 11**Financial Planning Process** element:**3. Analyze and assess the client's financial status****Financial Planning Core Practice 11**

Identify and discuss with the client the feasibility of any financial objective or stated personal goal that appears unrealistic.

Practice Standard 11	Practice Standard 11 Explanation
<p>The financial planning professional identifies any financial objective that is not feasible or any short, mid or long-term stated personal goal(s) that does not appear to be realistic and discusses with the client how the stated personal goal(s) may need to be modified or abandoned.</p>	<p>The financial planning professional identifies for the client any financial objective or stated personal goal(s) that appears to be unrealistic or unachievable, based on the client's current financial situation or courses of action. The financial planning professional helps the client recognize why the financial objectives or stated personal goal(s) are either not feasible or not realistic, either individually or collectively, because the financial objectives or stated personal goals conflict with each other or not achievable based on the client's current situation and courses of action or likely future resources.</p> <p>The financial planning professional presents options to the client for dealing with financial objectives or stated personal goals that may not be feasible or may be unrealistic, including trade-off considerations.</p> <p>If the client chooses not to collaborate with the financial planning professional to evaluate trade-offs or alternatives, the financial planning professional should consider limiting the scope of, or terminating, the engagement.</p>

DOING / Financial Planning Practice Standard 12**Financial Planning Process element:****4. Develop the financial planning recommendations and present them to the client****Financial Planning Core Practice 12**

Develop financial planning recommendations to achieve the client's financial objectives and stated personal goals.

Practice Standard 12	Practice Standard 12 Explanation
<p>The financial planning professional develops financial planning recommendations to reasonably meet the client's financial objectives and stated personal goals, taking into account the client's current situation, course(s) of action and selected strategies.</p>	<p>After identifying and evaluating various strategies and the client's current situation and course(s) of action, the financial planning professional develops financial planning recommendations that can reasonably meet the client's financial objectives and stated personal goals. The financial planning recommendations may be a singular action or a combination of actions to be implemented collectively. The financial planning professional may need to modify one or more of the recommendations based on feedback from the client on what is reasonable or feasible given the client's situation or likely behavior. The financial planning professional's recommendation may be that the client continue with a current course(s) of action.</p> <p>The financial planning professional uses professional judgment to evaluate multiple strategies to develop financial planning recommendations. Given the nature of professional financial advice, the recommendations developed by the financial planning professional may differ from those of other financial advisors, yet still be appropriate to meet the financial objectives and stated personal goals.</p> <p>Whether the financial planning professional develops the financial planning recommendations iteratively through dialogue with the client, or the client defers to the financial planning professional's recommendation based on the financial planning professional's technical expertise, it is important that the financial planning professional properly documents this part of the financial planning process.</p>

DOING / Financial Planning Practice Standard 13**Financial Planning Process element:****4. Develop the financial planning recommendations and present them to the client****Financial Planning Core Practice 13**

Present financial planning recommendations so the client understands how each strategy addresses the client's financial objectives and stated personal goals.

Practice Standard 13	Practice Standard 13 Explanation
<p>The financial planning professional presents the financial planning recommendations, and supporting rationales, in a way that allows the client to make an informed decision on whether the strategies will support achieving the client's financial objectives and stated personal goals.</p>	<p>The financial planning professional assists the client in understanding how the financial recommendations appropriately address the client's financial objectives and stated personal goals.</p> <p>The financial planning professional avoids presenting opinion as fact. The financial planning professional informs the client that the recommendations may need to be modified as the client's personal conditions or economic, political or regulatory environments change.</p> <p>When the financial planning professional develops the financial planning recommendations iteratively through dialogue with the client, the financial planning professional ensures the client is engaged, and encourages the client to provide feedback and reactions to the preliminary and final financial planning recommendations.</p>

DOING / Financial Planning Practice Standard 14**Financial Planning Process** element:**4. Develop the financial planning recommendations and present them to the client****Financial Planning Core Practice 14**

Engage the client in a discussion of factors that impact the client's ability to reach financial objectives and stated personal goals through recommended course(s) of action.

Practice Standard 14

The financial planning professional discusses with the client the information, factors and assumptions that have been used to develop the financial planning recommendations and how the information, factors and assumptions could impact the client's ability to reach financial objectives and stated personal goals.

Practice Standard 14 Explanation

When presenting and sharing the financial planning recommendations with the client, the financial planning professional helps the client to understand the client's current situation, the factors and assumptions that were used to develop the recommended strategy(ies), the risks of pursuing (or not pursuing) a recommended strategy(ies), and how implementing (or not implementing) one or more of the recommended strategies could impact the client's ability to meet financial objectives and stated personal goals.

The financial planning professional assists the client in prioritizing or re-prioritizing financial objectives and stated personal goals, and assists the client in choosing among priorities while considering the different time horizons attached to one or more financial objectives and stated personal goals.

DOING / Financial Planning Practice Standard 15**Financial Planning Process** element:**4. Develop the financial planning recommendations and present them to the client****Financial Planning Core Practice 15**

Modify financial planning recommendations to incorporate feedback from the client.

Practice Standard 15

The financial planning professional incorporates feedback from the client by mutually agreeing with the client on the type and scale of modifications to the financial planning recommendations, which could include the financial planning professional revising or re-prioritizing the client's financial objectives or stated personal goals, or revising the scope of the financial planning engagement.

Practice Standard 15 Explanation

When presenting recommendations to the client, the financial planning professional assesses the client's willingness to act on the financial planning recommendations.

The financial planning professional may adjust the scope of the financial planning engagement, as originally drafted, based on an agreement reached with the client on how to address changes to the financial planning recommendations, course(s) of action or priorities. The financial planning professional assists the client in revising or re-prioritizing financial objectives or stated personal goals, and updates the financial planning recommendations accordingly. The financial planning professional may need to modify financial modelling and sensitivity analysis based on updates to the original financial planning recommendation(s).

Additionally, if the modified financial planning recommendations introduce a conflict of interest or potential conflict of interest for the financial planning professional, the financial planning professional informs the client of any such conflict(s). At this stage, either the client or the financial planning professional may determine not to move forward with the engagement.

DOING / Financial Planning Practice Standard 16**Financial Planning Process** element:**4. Develop the financial planning recommendations and present them to the client****Financial Planning Core Practice 16**

Inform the client that financial planning recommendations may need to be modified as personal conditions or economic, political or regulatory environments change.

Practice Standard 16

The financial planning professional informs the client that future changes in personal conditions or economic, political, or regulatory environments may affect financial planning recommendations, and gains the client's support to review the client's situation and financial planning recommendations on an ongoing basis, and to modify recommendations as required.

Practice Standard 16 Explanation

The financial planning professional informs the client that the financial planning recommendations are designed to support the client to achieve financial objectives and stated personal goals based on the client's current situation and anticipated future environment, but that changes in personal conditions or economic, political or regulatory environments (e.g., updated regulations or legislation, or changes in family status, career, health, etc.) could alter the client's ability to achieve one or more financial objectives or stated personal goals and require the financial planning professional to revise one or more of the financial planning recommendations.

DOING / Financial Planning Practice Standard 17**Financial Planning Process element:****5. Implement the client's financial planning recommendations****Financial Planning Core Practice 17**

Reach agreement with the client on prioritization and responsibilities for implementing financial planning recommendations.

Practice Standard 17	Practice Standard 17 Explanation
<p>The financial planning professional and the client mutually agree on the financial planning recommendations and their prioritization, and on implementation responsibilities that are consistent with the scope of the financial planning engagement, which includes the financial planning professional's ability to implement, or direct the implementation of, the financial planning recommendations.</p>	<p>The financial planning professional and the client reach agreement on the financial planning recommendations and the prioritization and respective responsibilities for implementation. The financial planning professional's responsibilities may include identifying activities necessary for implementation, clarifying the respective responsibilities of the financial planning professional and the client, referring the client to and coordinating with other professionals, and sharing client information as authorized.</p> <p>The financial planning professional confirms the client understands the financial planning recommendations and their implications and the client's responsibilities, if any, in implementing the financial planning recommendations.</p> <p>The financial planning professional explains to the client which, if any, implementation activities will be referred to one or more other professionals and the qualification(s) of those professional(s).</p> <p>If a financial planning professional is engaged by the client to provide only implementation services, the financial planning professional should define the limited scope of the financial planning engagement in writing and obtain the client's informed consent about the scope and implementation activities. In particular, the financial planning professional should include in the scope of the financial planning engagement the extent to which the financial planning professional relies on information, analysis or recommendations provided by others, if any.</p>

DOING / Financial Planning Practice Standard 18**Financial Planning Process** element:**5. Implement the client's financial planning recommendations****Financial Planning Core Practice 18**

Identify and present products or services for implementing the financial planning recommendations.

Practice Standard 18	Practice Standard 18 Explanation
<p>The financial planning professional identifies and presents appropriate products or services to implement the financial planning recommendations.</p>	<p>The financial planning professional recommends products or services that are suitable to the client's situation and reasonably address the client's financial objectives or stated personal goals.</p> <p>Drawing on the qualitative and quantitative information gathered from the client during the financial planning process, the financial planning professional uses professional judgment in identifying the products, services, or actions (including client behavior changes) that support implementation of the financial planning recommendations.</p> <p>The financial planning professional may present products or professional services at the same time as the financial planning professional presents the financial planning recommendations.</p> <p>Upon the client confirming understanding of, and agreement with, the recommended product(s), service(s), action(s) or strategy(ies), the financial planning professional obtains the client's commitment to support the implementation of the financial planning recommendations.</p> <p>The financial planning professional also discusses with the client any conflict(s) of interest that arise as a result of a recommended product or service and explains how the conflict(s) could impact the financial planning recommendations.</p>

DOING / Financial Planning Practice Standard 19**Financial Planning Process** element:**6. Review the client's situation****Financial Planning Core Practice 19**

Reach agreement with the client on the approach and responsibilities for the future review of the client's situation and progress toward financial objectives and stated personal goals.

Practice Standard 19

The financial planning professional and client mutually define and agree on terms for the future review and evaluation of the client's situation, including financial objectives and stated personal goals, personal risk profile, lifestyle and other relevant factors, and the client's progress toward achieving stated personal goals.

Practice Standard 19 Explanation

The financial planning professional periodically reviews the client's progress toward financial objectives and stated personal goals and adjusts the financial planning recommendations with the client as necessary.

The review process may be initiated by the client or by the financial planning professional for various reasons such as a change in the client's situation, financial objectives or stated personal goals; a client's wish to confirm the appropriateness or feasibility of the current financial planning recommendations; or changes in the economic, political or regulatory environment.

Where the client has real-time, ongoing access to the client's financial planning data, the review cycle may be more frequent, interactive, and continuous rather than structured to take place during periodic financial planning engagements. The financial planning professional and client mutually define the nature and scope of the activities to be conducted during a review, and the role and responsibilities of each party in the review process.

The review process may result in the financial planning professional making modifications to the original scope of the financial planning engagement or initiating a new financial planning engagement with the client.

DOING / Financial Planning Practice Standard 20**Financial Planning Process element:****6. Review the client's situation****Financial Planning Core Practice 20**

Reach agreement with the client on updates to recommendations based on changes in the client's situation, financial objectives or stated personal goals, or changes in the economic, political or regulatory environment.

Practice Standard 20

The financial planning professional and the client mutually agree on whether, when and how to update the financial planning recommendations, based on changes in the client's situation, financial objectives or stated personal goals, or in the economic, political or regulatory environment.

Practice Standard 20 Explanation

Since the financial planning process is a dynamic one that may require changes to the financial planning recommendations and supporting strategies due to changes in the client's personal conditions or in the economic, political or regulatory environment, the financial planning professional and the client agree on, and understand, their respective roles in reviewing the client's situation and progress toward achieving financial objectives or stated personal goals on an ongoing basis.

The financial planning professional may set the review on a calendar schedule or conduct reviews as part of ongoing interactions during the financial planning engagement. During the review process, the financial planning professional confirms the client's commitment to the existing financial planning recommendations or adjusts the financial planning recommendations as needed to address changes in the client's situation, financial objectives or stated personal goals, or the environment.

The review process includes the financial planning professional and the client:

- Confirming that the financial planning recommendations agreed to by the client have been implemented
- Assessing progress toward achievement of the client's financial objectives or stated personal goals
- Re-evaluating initial or subsequent assumptions made by the financial planning professional for continued reasonableness

CONTINUED ON NEXT PAGE

DOING / Financial Planning Practice Standard 20

Practice Standard 20	Practice Standard 20 Explanation
	<p>CONTINUED</p> <ul style="list-style-type: none">• Determining whether changes in the client's situation or financial objectives or stated personal goals or in the environment require adjustments to the financial planning recommendations• Mutually agreeing on any required changes to the financial planning recommendations <p>As the client's situation, financial objectives or stated personal goals change, the financial planning professional takes the client back through the financial planning process to re-confirm or update assumptions and financial planning recommendations.</p>

DOING

Financial Planner Abilities

FPSB's Financial Planner Abilities outline what a competent financial planning professional should be able to carry out during financial planning engagements with clients, regardless of practice type, setting, location or method of compensation.

A financial planning professional draws on one or more of the Financial Planner Abilities, in addition to job-related skills, attitudes, judgments and knowledge, to competently practice financial planning using the Financial Planning Process, Financial Planning Core Practices, Financial Planning Practice Standards and Financial Planner Professional Skills.

The following pages set out FPSB's Financial Planner Abilities, as organized within the Financial Planning Knowledge Domains.

DOING / Financial Planner Abilities

1. Financial Planning Principles, Process and Skills	2. Financial Management
<ul style="list-style-type: none"> 1.1 Apply the financial planning process 1.2 Demonstrate ethical behavior in dealings and relationships with clients and third parties 1.3 Apply ethical principles, standards of practice and rules of conduct for the practice of financial planning, compliant with jurisdiction laws, practices and requirements 1.4 Demonstrate relevant knowledge of applicable law and regulation as it applies to the practice of financial planning 1.5 Demonstrate communication skills 1.6 Demonstrate analytical skills 1.7 Demonstrate presentation skills 1.8 Demonstrate knowledge of relevant regulatory, economic and political environments 1.9 Apply time value of money principles 	<ul style="list-style-type: none"> 2.1 Collect information regarding the client's assets and liabilities 2.2 Collect information regarding the client's cash flow, income and/or obligations 2.3 Collect information necessary to prepare a budget 2.4 Determine the client's financial management objectives 2.5 Prepare statements of the client's net worth, cash flow and budget, and calculate and interpret applicable financial ratios 2.6 Determine the client's propensity to save and to spend 2.7 Determine how the client makes spending decisions 2.8 Determine whether the client is living within financial means 2.9 Determine the issues that impact the client's assets and liabilities 2.10 Determine the client's emergency fund provision and assess if it is adequate 2.11 Compare potential cash management strategies for the client 2.12 Assess the impact of potential changes in income and expenses 2.13 Identify conflicting demands on cash flow 2.14 Assess financing alternatives 2.15 Develop financial management strategies 2.16 Evaluate advantages and disadvantages of each financial management strategy 2.17 Make financial management recommendations 2.18 Prioritize action steps to assist the client in implementing financial management recommendations 2.19 Inform the client of non-retirement employee and government benefits

DOING / Financial Planner Abilities**3. Tax Planning**

- 3.1 Collect information necessary to establish the client's tax position
- 3.2 Identify the taxable nature of assets and liabilities
- 3.3 Identify the tax structure of the client's accounts
- 3.4 Identify current, deferred and future tax liabilities
- 3.5 Identify parties relevant to the client's tax situation
- 3.6 Review relevant tax documents
- 3.7 Analyze existing and potential tax strategies and structures for suitability
- 3.8 Assess financial impact of tax planning alternatives
- 3.9 Develop tax planning strategies
- 3.10 Evaluate advantages and disadvantages of each tax planning strategy
- 3.11 Make tax planning recommendations
- 3.12 Prioritize action steps to assist the client in implementing tax planning recommendations

4. Investment Planning and Asset Management

- 4.1 Collect information to prepare a detailed statement of investment holdings
- 4.2 Determine the client's current asset allocation
- 4.3 Identify cash flows available for investment and expected withdrawals from the investment portfolio
- 4.4 Determine the client's investment objectives
- 4.5 Identify the client's assumptions and return expectations and reach agreement with the client on planning assumptions
- 4.6 Identify the client's goal achievement time horizons
- 4.7 Calculate required real rate of return to reach the client's objectives
- 4.8 Analyze the client's current holdings
- 4.9 Determine the characteristics of investment holdings
- 4.10 Determine the implications of acquiring / disposing of assets
- 4.11 Analyze potential investment strategies
- 4.12 Assess whether investment return expectations are consistent with the client's risk capacity and tolerance
- 4.13 Assess whether asset holdings are consistent with risk capacity, tolerance and required rate of return
- 4.14 Assess potential investment vehicles for use in client portfolios
- 4.15 Develop investment strategies
- 4.16 Evaluate advantages and disadvantages of each investment strategy
- 4.17 Make investment recommendations
- 4.18 Select appropriate investment vehicles to implement recommended strategy(ies)
- 4.19 Prioritize action steps to assist the client in implementing investment recommendations
- 4.20 Prepare an Investment Policy Statement

DOING / Financial Planner Abilities**5. Risk Management and Insurance Planning**

- 5.1 Collect details of the client's existing insurance coverage and resources available to manage risk
- 5.2 Identify potential financial obligations of the client
- 5.3 Determine the client's risk management objectives and risk exposures
- 5.4 Determine relevant lifestyle factors impacting risk management and insurance planning
- 5.5 Determine characteristics of resources available to manage risk
- 5.6 Examine current and potential risk management strategies
- 5.7 Assess exposure to financial risk
- 5.8 Assess the client's risk exposure against current insurance coverage and risk management strategies
- 5.9 Assess the implications of changes to existing insurance coverage
- 5.10 Prioritize the client's risk management needs
- 5.11 Develop risk management strategies
- 5.12 Evaluate advantages and disadvantages of each risk management strategy
- 5.13 Make risk management recommendations
- 5.14 Prioritize action steps to assist the client in implementing risk management recommendations

6. Retirement Planning

- 6.1 Collect the details of potential sources of retirement income
- 6.2 Collect the details of estimated retirement expenses
- 6.3 Determine the client's retirement objectives
- 6.4 Determine the client's comfort with retirement planning assumptions
- 6.5 Develop financial projections based on current position, including any gaps between income needs and funding
- 6.6 Determine if the client's retirement objectives are realistic
- 6.7 Examine potential retirement planning strategies
- 6.8 Assess financial requirements at retirement to maintain desired lifestyle
- 6.9 Assess the impact of changes in assumptions on financial projections
- 6.10 Assess trade-offs needed to meet retirement objectives
- 6.11 Develop retirement planning strategies
- 6.12 Evaluate advantages and disadvantages of each retirement planning strategy
- 6.13 Make retirement planning recommendations
- 6.14 Prioritize action steps to assist the client in implementing retirement planning recommendations

DOING / Financial Planner Abilities**7. Estate Planning and Wealth Transfer**

- 7.1 Collect legal agreements and documents impacting estate planning strategies
- 7.2 Identify the client's estate planning objectives
- 7.3 Identify family dynamics and business relationships that could impact estate planning strategies
- 7.4 Project net worth at death
- 7.5 Analyze constraints to meeting the client's estate planning objectives
- 7.6 Examine potential estate planning strategies
- 7.7 Calculate potential expenses and taxes owed at death
- 7.8 Assess the specific needs of beneficiaries
- 7.9 Assess the liquidity of the estate at death
- 7.10 Develop estate planning strategies, including living estate planning
- 7.11 Evaluate the advantages and disadvantages of each estate planning strategy
- 7.12 Make estate planning recommendations
- 7.13 Prioritize action steps to assist the client in implementing estate planning recommendations

8. Psychology of Financial Planning

- 8.1 Discuss behavioral aspects of financial planning applicable to the financial planning engagement
- 8.2 Determine the client's attitudes toward savings and debt
- 8.3 Determine the client's attitudes toward taxation
- 8.4 Determine the client's attitudes / biases toward and experience with investments
- 8.5 Determine the client's tolerance for investment risk
- 8.6 Determine the client's tolerance for risk exposure
- 8.7 Determine relevant family and lifestyle issues and attitudes, as well as cultural perspectives on money
- 8.8 Determine the client's willingness to take active steps to manage financial risk, including lifestyle and health issues
- 8.9 Determine the client's attitudes toward retirement
- 8.10 Determine the client's beliefs and preferences
- 8.11 Determine how behavioral finance and the client's psychology impact the client's personal goals, financial objectives, understanding, decision-making and actions
- 8.12 Apply appropriate behavioral approaches (e.g., coaching, counseling, etc.)
- 8.13 Identify, evaluate and communicate potential solutions for significant events with severe financial consequences

DOING / Financial Planner Abilities

9. Integrated Financial Planning

- 9.1 Discuss with the client the financial planning process and the financial plan
- 9.2 Identify the client's stated personal goals and financial objectives and constraints that have financial implications, with time and funding (money) specificity and prioritization
- 9.3 Identify the information required to prepare a financial plan
- 9.4 Identify the client's legal issues that affect the financial plan
- 9.5 Determine the client's attitudes, biases, motivations and level of financial sophistication
- 9.6 Determine and reach agreement with the client on assumptions to be used in analysis
- 9.7 Prepare information to enable analysis
- 9.8 Analyze the client's stated personal goals, financial objectives and information to prioritize the stated personal goals on which to focus
- 9.9 Examine inter-relationships among financial planning components
- 9.10 Compare opportunities and constraints and assess collected information across financial planning components
- 9.11 Examine the impact of economic, political and regulatory environments
- 9.12 Prioritize recommendations
- 9.13 Consolidate the financial planning recommendations and action steps into a financial plan (written or developed iteratively in an interactive format)
- 9.14 Measure progress toward achievement of the client's financial objectives and stated personal goals
- 9.15 Determine the appropriate approach to review and update the financial planning recommendations

DOING

Financial Planner Professional Skills

FPSB's Financial Planner Professional Skills identify a range of skills that a financial planning professional should possess to competently advise clients and interact with colleagues or others in a professional capacity.

Central to FPSB's concept of professionalism is the need for a financial planning professional to use professional skills to deliver advice to clients in financial planning engagements. These professional skills are required as financial planning engagements involve a high degree of trust and mutual agreement between a financial planning professional and a client to manage the complexity and uncertainty that often surrounds a client's circumstances.

The following pages set out FPSB's Financial Planner Professional Skills.

DOING / Financial Planner Professional Skills

Skill 1 Building Trust

Establish trust in professional relationships

- Be honest, fair and act with professionalism when dealing with the client and others
- Be accountable to clients and others for your conduct

Skill 2 Client Engagement

Establish good rapport with the client and others

- Be supportive, empathetic and patient with the client
- Create an environment that supports collaboration and mutual agreement with the client and others
- Deal effectively with the client's objections and complaints
- Support the client to achieve a financial planning goal by providing guidance and motivation

Skill 3 Effective Communication

Exchange ideas, thoughts, opinions, knowledge and data so that the message is received and understood with clarity and purpose

- Use active and reflective listening and non-verbal skills when engaging the client and take time to understand the points being made by the client
- Communicate information and ideas verbally and in writing in a manner understandable and accurate to the client and others
- Support the client to achieve a financial planning goal by presenting logical and persuasive rationales to the client

Skill 4 Coaching

Provide guidance to the client on personal goals and help the client to make decisions and to act upon them

- Motivate the client to make and act upon decisions

DOING / Financial Planner Professional Skills

Skill 5 | Client Advocacy

Put client needs first and ensure needs are being met

- Understand the client's wants and needs, and deliver financial planning recommendations, services and products to support the client to meet them
- Exercise autonomy and initiative on behalf of the client in the performance of professional activities

Skill 6 | Critical Thinking

Actively and skillfully conceptualize, apply, analyze, synthesize and/or evaluate information gathered from the client

- Analyze facts to form a judgment
- Analyze and integrate information from a variety of sources to arrive at a financial planning recommendation
- Adapt thinking and behaviors as information or a situation changes

Skill 7 | Problem Solving

Identify and solve problems

- Use established processes or methods to find solutions to issues
- Apply mathematical methods or formulas to identify solutions
- Conduct appropriate research when performing analysis and developing financial planning recommendations

Skill 8 | Decision Making

Select between two or more alternatives to reach the best outcome

- Use professional judgment, logic or reasoning to compare the strengths and weaknesses of the client's potential course(s) of action
- Choose an appropriate course(s) of action among possible options for the client to pursue
- Arrive at informed decisions when working with incomplete or inconsistent information

DOING / Financial Planner Professional Skills

Skill 9 | Tech Savvy

Proficient in the use of modern technology, especially financial planning related software and tools

- Effectively select and use technology to engage the client and deliver financial planning services and products

Skill 10 | Emotional Intelligence

Understand and manage one's own emotions and those of others

- Understand and know yourself and manage personal biases
- Control impulses, which includes maintaining calm and not overreacting to positive or negative situations
- Be aware of, and consider, the feelings of the client and related or other parties

BEING

What personal values and behaviors should a financial planning professional demonstrate to competently practice financial planning?

Standards of Ethical Conduct

- Financial Planner Code of Ethics and Professional Responsibility

BEING

Financial Planner Code of Ethics and Professional Responsibility

By adhering to standards of ethical conduct, financial planning professionals agree to provide financial planning services putting best interests of clients, through the application of ethical and professional standards. They also agree to uphold and promote the interests of the financial planning profession for the benefit of society.

The standards that incorporate ethical behavior and judgment, and compliance with ethical standards, reside within FPSB's Financial Planner Code of Ethics and Professional Responsibility.

As part of their professional commitment, financial planning professionals should provide appropriate disclosures and agree to be bound by ethical standards when delivering financial planning to clients.

FPSB expects that clients of financial planning professionals will benefit from a globally accepted set of ethical standards for financial planning professionals.

Format of the Code of Ethics

The Code of Ethics expresses in general terms the ethical standards that financial planning professionals should adhere to in their professional activities; the comments following each of the eight principles further explain the intent of the principle. The principles are intended to provide guidance for financial planning professionals on appropriate professional behavior.

Applicability of the Code of Ethics

FPSB's Code of Ethics reflects a financial planning professional's recognition of their responsibilities to the public, clients, colleagues and employers, and guides the performance and activities of professionals involved in the practice of financial planning.

BEING / Financial Planner Code of Ethics and Professional Responsibility**1 Best Interest of clients**

Place the best interest of clients. Acting fairly, honestly and professionally in the best interest of the client is a hallmark of professionalism, requiring the financial planning professional to act honestly and not place personal gain or advantage before the client's best interests.

2 Integrity

Provide professional services with integrity. Integrity requires honesty and candor in all professional matters. Financial planning professionals are placed in positions of trust by clients, and the ultimate sources of that trust is the financial planning professional's personal integrity. Allowance can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires the financial planning professional to observe both the letter and the spirit of the Code of Ethics.

3 Objectivity

Provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a financial planning professional functions, objectivity requires financial planning professionals to ensure the integrity of their work, manage conflicts and exercise sound professional judgment.

4 Fairness

Be fair and reasonable in all professional relationships. Disclose and manage conflicts of interest. Fairness requires providing clients what they are due, owed or should expect from a professional relationship, and includes honesty and disclosure of material conflicts of interest. It involves managing one's own feelings, prejudices and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would want to be treated.

BEING / Financial Planner Code of Ethics and Professional Responsibility

5 Professionalism

Act in a manner that demonstrates exemplary professional conduct.

Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals, and others in business-related activities, and complying with appropriate rules, regulations and professional requirements. Professionalism requires the financial planning professional, individually and in cooperation with peers, to enhance and maintain the profession's public image and its ability to serve the public interest.

6 Competence

Maintain the abilities, skills and knowledge necessary to provide professional services competently.

Competence requires attaining and maintaining an adequate level of abilities, skills and knowledge in the provision of professional services. Competence also includes the wisdom to recognize one's own limitations, and when consultation with other professionals is appropriate, or referral to other professionals, necessary. Competence requires the financial planning professional to make a continuing commitment to learning and professional improvement.

7 Confidentiality

Protect the confidentiality of all client information. Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can only be built on the understanding that the client's information will not be disclosed inappropriately.

8 Diligence

Provide professional services diligently. Diligence requires fulfilling professional commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering professional services.

03

Glossary

FPSB defines these terms as follows:

Attitudes

The client or financial planner's feelings about something financial or otherwise that is relevant to the client achieving their stated Personal Goals.

Best Interest of Clients

Best interest of client's is a hallmark of professionalism, requiring the financial planning professional to act honestly and not place personal gain or advantage before the client's interests (refer to [FPSB's Financial Planner Code of Ethics and Professional Responsibility](#)).

Compensation

Any non-trivial economic benefit, whether monetary or non-monetary, that a financial planning professional or a party related to the financial planning professional receives or is entitled to receive in exchange for the professional's provision of services. This includes, but is not limited to, fees, commissions and inducements in the form of goods or services.

Continuing Professional Development (CPD)

The means by which financial planning professionals maintain and improve their knowledge, skills and abilities.

Financial Objectives

Outcomes of a collaborative approach between the financial planning professional and client to determine the specific financial targets required to deliver Personal Goals (refer to definition in Glossary). It requires analysis by the financial planning professional to convert each goal into quantifiable Financial Objectives.

Financial Plan

A methodically formulated and detailed strategy or group of strategies used to manage the client's financial affairs to meet Personal Goals.

Financial Planning Recommendations

A set of financial solutions to the client's stated Personal Goals that includes financial strategies and may also include relevant financial product recommendations.

Integrated Financial Planning

The process of developing recommendations that integrate knowledge, skills and abilities from across FPSB's Global Financial Planning Standards to assist clients in managing their financial affairs to meet Personal Goals.

Personal Goals

Personal, or stated Personal Goals, reflect the client's current and future ambitions for the use of financial assets, including future earnings. Goals may be categorized into short, mid or long-term goals. They are generally expressed in an abstract way, requiring specific analysis by the financial planning professional to convert them into Financial Objectives.

Professional Judgment

The ability to form an opinion or conclusion using specialized knowledge, skills, abilities and information about the circumstances presented to the financial planning professional.

Qualitative

Information about the client's qualities, attitudes and preferences.

Quantitative

Information about the client that is objective and measurable.

Strategy (Strategies)

A plan designed to achieve one or more specific objectives.

Sufficient Information

The relevant information necessary for the financial planning professional to conduct an analysis and make an informed recommendation.

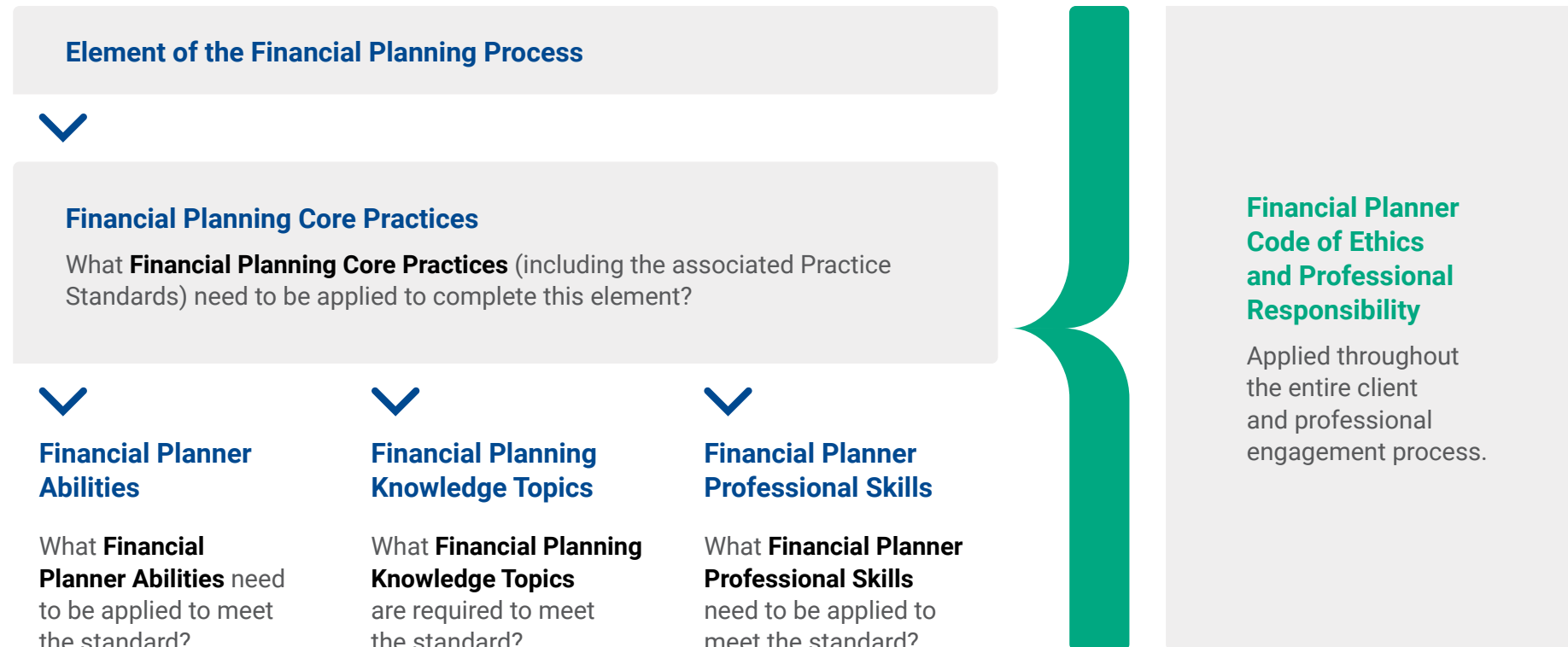
04

Appendix: Practice Guidelines

Purpose of the Practice Guidelines

These Practice Guidelines are designed to show how FPSB's Global Financial Planning Standards relate to each other and can be applied in a real-world client setting.

The Practice Guidelines represent the standards in the following way:



Example

The following example has been provided to illustrate how FPSB's Global Financial Planning Standards might be applied to a client engagement:



Lee, a newly qualified financial planning professional, is meeting a client for the first time. To prepare for the client meeting, Lee reviews FPSB's Global Financial Planning Standards to reflect on the knowledge, professional standards of practice and ethical principles needed for the financial planning client engagement. Lee identifies the following:

1

Drawing from the **Financial Planning Process**, the first element for Lee to consider is:

Financial Planning Process element:

1. Establish and define the relationship with the client

2

Lee identifies the following three **Financial Planning Core Practices** as applying to this particular element of the Financial Planning Process (establishing and defining the relationship with the client):

Financial Planning Core Practices

- i. Inform the client about financial planning and the financial planning professional's services, competencies and experience.
- ii. Determine whether the financial planning professional's competencies, experience or conflicts allow the financial planning professional to work with the client.
- iii. Define and reach agreement with the client about the scope of the financial planning engagement and communication approach.

EXAMPLE

3

Lee then identifies the following **Financial Planner Abilities** to competently complete the first identified Financial Planning Core Practice (i. Inform the client about financial planning and the financial planning professional's services, competencies and experience):

Financial Planner Abilities

- | | |
|-----|--------------------------------------|
| 1.1 | Apply the financial planning process |
| 1.5 | Demonstrate communication skills |

6

Lee understands that the principles of ethical conduct contained in the **Financial Planner Code of Ethics and Professional Responsibility** should be adhered to throughout his professional activities.

4

Lee then identifies the following **Financial Planning Knowledge Topics** from the Financial Planning Body of Knowledge to competently complete the first Financial Planning Core Practice (i. Inform the client about financial planning and the financial planning professional's services, competencies and experience):

Financial Planning Knowledge Topics

- | | |
|-----|--|
| 1.1 | Financial planning profession and financial planning process |
| 1.5 | Law and compliance |
| 1.7 | Client characteristics |
| 9.1 | Client engagement, financial planning process and financial plan |

Financial Planner Code of Ethics and Professional Responsibility:

Should be adhered to in the financial planning professional's professional activities.

5

Continuing with the same Financial Planning Core Practice (i. Inform the client about financial planning and the financial planning professional's services, competencies and experience), Lee then identifies the following **Financial Planner Professional Skills** to competently perform this Financial Planning Core Practice:

Financial Planner Professional Skills

- | | |
|---|-------------------------|
| 1 | Building Trust |
| 2 | Client Engagement |
| 3 | Effective Communication |
| 5 | Client Advocacy |

Practice Guidelines

The Practice Guidelines that follow are not intended to prescribe the services to be provided or step-by-step procedures for providing a service.

The following Practice Guidelines are organized within the elements of the Financial Planning Process and identify the Financial Planning Core Practices, Financial Planner Abilities, Financial Planning Knowledge Topics and Financial Planner Professional Skills that relate to each element.

The Financial Planner Code of Ethics and Professional Practice should be adhered to across the range of financial planning professional activities.

Establish and define the
relationship with the client

Financial Planning Core Practice 1

Inform the client about financial planning and the financial planning professional's services, competencies and experience.

Practice Standard

The financial planning professional informs the client about the financial planning process, the services the financial planning professional offers, and the financial planning professional's competencies and experience.

Explanation

The financial planning professional helps the client understand the financial planning process and the nature of financial planning engagements and provides information on the financial planning professional's qualifications. This information may include how financial planning can help the client meet stated personal goals; a description of the methodology the financial planning professional uses to provide financial planning services; and information about the financial planning professional's licenses, credentials and expertise.

The financial planning professional makes all necessary disclosures to the client at the beginning of the client-planner relationship and throughout the financial planning process, as appropriate or required by rules, regulations or law.

The financial planning professional provides preliminary information on services, competencies and experience. The professional may provide additional disclosures after learning more about the client's situation.

When establishing the relationship with the client, the financial planning professional seeks to develop an understanding and trust with the client that supports two-way communication and information sharing between the two.

Financial Planner Abilities

- 1.1 Apply the financial planning process
- 1.2 Demonstrate ethical behavior in dealings and relationships with the client and third parties
- 1.3 Apply ethical principles, standards of practice and rules of conduct for the practice of financial planning, compliant with jurisdiction laws, practices and requirements
- 1.4 Demonstrate relevant knowledge of applicable law and regulation as it applies to the practice of financial planning
- 1.5 Demonstrate communication skills

Financial Planning Knowledge Topics

- 1.1 Financial planning profession and financial planning process
- 1.2 Financial planning practice and ethics
- 1.3 Financial planner professional skills
- 1.5 Law and compliance
- 1.7 Client characteristics
- 9.1 Client engagement, financial planning process and financial plan

Financial Planner Professional Skills

1	Building Trust
2	Client Engagement
3	Effective Communication
5	Client Advocacy
10	Emotional Intelligence

Establish and define the
relationship with the client

Financial Planning

Core Practice 2

Determine whether the financial planning professional's competencies, experience or conflicts allow the financial planning professional to work with the client.

Practice Standard

The financial planning professional and the client mutually determine whether the services offered by the financial planning professional, together with the professional's competencies and experience, support the financial planning professional providing the services requested or likely to be required by the client. The financial planning professional determines if there are any conflict(s) of interest and discloses them to the client.

Explanation

The financial planning professional engages with the client to identify the client's level of experience with financial planning.

The financial planning professional provides information to the client to allow the client to determine if the professional can provide the services requested or likely to be required by the client. This includes information about technical competence, experience and client relationship style, and is an opportunity for both parties to consider whether to establish a professional relationship.

The financial planning professional considers whether the financial planning professional's skills, knowledge, abilities and experience are sufficient based on the services requested or likely to be requested by the client.

The client and financial planning professional mutually consider if the financial planning professional, and/or the professional's associates supporting the client relationship, have the appropriate skills, knowledge, abilities and experience to meet the client's expectations, based on the information communicated to the financial planning professional by the client.

The financial planning professional considers if there is any conflict(s) of interest, such as any circumstance, relationship or fact that could place the interest(s) of the financial planning professional in conflict with the client's interest(s) or the interest(s) of the client in conflict with those of another client, and informs the client of any such conflict(s). Based on this disclosure, either the client or the financial planning professional may determine not to move forward with the engagement.

Financial Planner Abilities

- 1.8 Demonstrate knowledge of relevant regulatory, economic and political environments
-

Financial Planning Knowledge Topics

- 1.1 Financial planning profession and financial planning process
- 1.2 Financial planning practice and ethics
- 1.3 Financial planner professional skills
- 1.5 Law and compliance
- 1.7 Client characteristics
- 9.1 Client engagement, financial planning process and financial plan

Financial Planner Professional Skills

1	Building Trust
2	Client Engagement
3	Effective Communication
5	Client Advocacy
10	Emotional Intelligence

Establish and define the
relationship with the client

Financial Planning Core Practice 3

Define and reach agreement with
the client about the scope of the
financial planning engagement and
communication approach.

Practice Standard

The financial planning professional and the client mutually agree on the services to be provided during the financial planning engagement. The financial planning professional sets out in writing the agreed scope of the financial planning engagement before providing any services to the client, including details about: the responsibilities of each party (including third parties); the terms of the financial planning engagement; and compensation and conflict(s) of interest of the financial planning professional. The written scope of the financial planning engagement is signed by both parties, or accepted in writing by the client, and includes a process for either party to terminate the financial planning engagement.

Explanation

By mutually defining the scope of the financial planning engagement, the client and the financial planning professional have a clear understanding of the engagement and establish realistic expectations of each other during the professional relationship. In the written scope of engagement, the financial planning professional and the client agree on whether the financial planning engagement covers one or several areas relating to the services requested or likely to be required by the client.

In the written scope of engagement, the financial planning professional and client agree on the frequency of contact, the client's communication preferences, coaching or other behavioral techniques the financial planning professional will use, and any other aspects of the scope of the financial planning engagement the client or financial planning professional identify as important.

In setting out the terms in a written scope of engagement, the financial planning professional includes the following:

- Services to be included or excluded, such as implementation of financial planning recommendations and review of progress against stated personal goals
- The financial planning professional's compensation during the engagement, including fees to be paid by the client
- Existing or potential conflict(s) of interest, including those involving compensation arrangements with third parties, and agreement to disclose subsequent conflict(s) of interest if or when they occur, including an explanation of how the financial planning professional will manage the conflicts
- Specific parties to the engagement, including details of any legal and agency relationships that exist
- Duration of the engagement
- The client's responsibilities, including the nature and timing of disclosures of information
- The financial planning professional's responsibilities
- Provisions for terminating the financial planning engagement
- Process for the client to make a complaint and the procedure that will be followed for resolving the client's complaint
- What client information will be collected, transmitted and stored, including any limitations on the use of the client's information
- How client information will be protected and kept confidential

Additional information that may form part of the terms of the written scope of engagement includes:

- The potential use of other professionals during the financial planning engagement
- An explanation of the qualifications, licenses and experience of individuals who will work with the client
- The process to be followed should the professional relationship be terminated by (i) either party, (ii) mutual consent or (iii) in circumstances where the financial planning professional believes it is no longer possible to fulfil their professional responsibilities, together with the process to be followed to transfer the client to another financial planning professional, if appropriate
- Any other information necessary to inform the client about the terms of the financial planning engagement

Financial Planner Abilities

- 1.2 Demonstrate ethical behavior in dealings and relationships with the client and third parties
- 1.3 Apply ethical principles, standards of practice and rules of conduct for the practice of financial planning, compliant with jurisdiction laws, practices and requirements
- 8.1 Discuss behavioral aspects of financial planning applicable to the financial planning engagement
- 9.1 Discuss with the client the financial planning process and the financial plan

Financial Planning Knowledge Topics

- 1.1 Financial planning profession and financial planning process
- 1.2 Financial planning practice and ethics
- 1.3 Financial planner professional skills
- 1.5 Law and compliance
- 1.7 Client characteristics
- 9.1 Client engagement, financial planning process and financial plan

Financial Planner Professional Skills

1	Building Trust
2	Client Engagement
3	Effective Communication
5	Client Advocacy
10	Emotional Intelligence

Collect the client's information

Financial Planning Core Practice 4

Identify and confirm the client's stated personal goals.

Practice Standard

The financial planning professional and the client identify and confirm the client's stated personal goals. The financial planning professional confirms with the client that the likely effort needed to support the client in achieving those goals falls within the scope of the financial planning engagement.

Explanation

The financial planning professional confirms understanding of the client's stated personal goals, and explains to the client the interrelationships and any potential conflict(s) among the stated personal goals.

The financial planning professional assists the client in prioritizing short, mid and long-term stated personal goals.

The financial planning professional confirms with the client that the financial planning effort necessary to provide guidance to the client on how best to achieve stated personal goals, or to identify that it is not possible to achieve some or all of stated personal goals, is within the scope of the financial planning engagement.

Financial Planner Abilities

- 2.5 Prepare statements of the client's net worth, cash flow and budget, and calculate and interpret applicable financial ratios
- 4.3 Identify cash flows available for investment and expected withdrawals from the investment portfolio
- 4.6 Identify the client's goal achievement time horizons
- 5.2 Identify potential financial obligations of the client
- 5.3 Determine the client's risk management objectives and risk exposures
- 5.4 Determine relevant lifestyle factors impacting risk management and insurance planning
- 6.3 Determine the client's retirement objectives
- 7.2 Identify the client's estate planning objectives
- 8.1 Discuss behavioral aspects of financial planning applicable to the financial planning engagement
- 9.2 Identify the client's stated personal goals and financial objectives and constraints that have financial implications, with time and funding (money) specificity and prioritization
- 9.3 Identify the information required to prepare a financial plan
- 9.4 Identify the client's legal issues that affect the financial plan
- 9.6 Determine and reach agreement with the client on assumptions to be used in analysis

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.7 Client characteristics
- 2.1 Financial management principles
- 2.2 Financial management objectives
- 2.3 Personal balance sheet
- 2.7 Emergency fund
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.3 Tax planning objectives
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 5.1 Risk management principles
- 5.2 Risk and insurance planning objectives
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections
- 7.1 Estate planning principles
- 7.2 Estate planning objectives

- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 8.1 Behavioral finance and the psychology of financial planning
- 8.2 Client and financial planner attitudes, values and biases
- 8.3 Client cognitive abilities and financial literacy
- 8.4 Client preferences and classification of client types
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.3 Collection and data preparation
- 9.5 Issues and problems

Financial Planner Professional Skills

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|---|-------------------------|
| 2 | Client Engagement |
| 3 | Effective Communication |
| 8 | Decision Making |

Collect the client's information

Financial Planning Core Practice 5

Collect quantitative information and documents relevant to the scope of the financial planning engagement.

Practice Standard

The financial planning professional collects sufficient quantitative information about the client, and documents from the client relevant to the scope of the financial planning engagement, before making and/or implementing any financial planning recommendations.

Explanation

The financial planning professional collects complete, current and accurate client information and documents relevant to the scope of the financial planning engagement. The financial planning professional may collect client information using technology, such as online questionnaires or online access to the client's financial records or bank accounts. The financial planning professional relies on information provided by the client and from other relevant sources as inputs for analysis.

The financial planning professional confirms with the client the accuracy and completeness of the quantitative information and shares a preliminary understanding of the client's situation based on the information collected.

The financial planning professional communicates to the client the importance of collecting complete, current and accurate information, the lack of which could impact the financial planning professional's ability to understand the client's financial situation or to develop appropriate financial planning recommendations. The financial planning professional communicates to the client how failure to provide appropriate information could result in the financial planning professional revising the scope of, or terminating, the engagement.

Financial Planner Abilities

- 2.1 Collect information regarding the client's assets and liabilities
- 2.2 Collect information regarding the client's cash flow, income and/or obligations
- 2.3 Collect information necessary to prepare a budget
- 2.4 Determine the client's financial management objectives
- 3.1 Collect information necessary to establish the client's tax position

Financial Planner Abilities (continued)

- 4.1 Collect information to prepare a detailed statement of investment holdings
- 4.2 Determine the client's current asset allocation
- 4.4 Determine the client's investment objectives
- 5.1 Collect details of the client's existing insurance coverage and resources available to manage risk
- 6.4 Determine the client's comfort with retirement planning assumptions
- 7.3 Identify family dynamics and business relationships that could impact estate planning strategies
- 8.8 Determine the client's willingness to take active steps to manage financial risk, including lifestyle and health issues
- 9.2 Identify the client's stated personal goals and financial objectives and constraints that have financial implications, with time and funding (money) specificity and prioritization
- 9.3 Identify the information required to prepare a financial plan
- 9.4 Identify the client's legal issues that affect the financial plan
- 9.5 Determine the client's attitudes, biases, motivations and level of financial sophistication

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.7 Client characteristics
- 2.1 Financial management principles
- 2.2 Financial management objectives
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning
- 2.7 Emergency fund
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.3 Tax planning objectives
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 5.1 Risk management principles
- 5.2 Risk and insurance planning objectives
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections

- 7.1 Estate planning principles
- 7.2 Estate planning objectives
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 8.4 Client preferences and classification of client types
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.3 Collection and data preparation
- 9.5 Issues and problems

Financial Planner Professional Skills

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|---|-------------------------|
| 2 | Client Engagement |
| 3 | Effective Communication |
| 8 | Decision Making |

Collect the client's information

Financial Planning Core Practice 6

Collect and understand qualitative information relevant to the client's values, attitudes, expectations and financial experiences / literacy.

Practice Standard

The financial planning professional collects sufficient qualitative information about the client relevant to the scope of the financial planning engagement to understand how the client's values, attitudes, expectations and financial experiences / literacy might impact financial planning recommendations or the client's financial decision-making.

Explanation

The financial planning professional collects qualitative information about the client's values, attitudes, expectations and financial experiences / literacy to understand how these might affect the client's financial decision-making and outcomes. This requires the financial planning professional to use effective communication skills such as active listening, posing questions and displaying curiosity and a spirit of inquiry with the client throughout the financial planning engagement.

The financial planning professional determines the client's level of experience and comfort with financial matters and overall financial literacy.

The financial planning professional recognizes that the financial planning professional's understanding of aspects of the client that are abstract or not easy to quantify is subjective and interpreted according to the financial planning professional's personal biases. The financial planning professional also recognizes that the financial planning professional's understanding of the client is limited by what the client reveals.

The financial planning professional confirms with the client the financial planning professional's assessment of the client's qualitative information and shares with the client the financial planning professional's preliminary understanding of the client's situation based on the quantitative and qualitative information collected.

The financial planning professional communicates to the client the importance of having complete, current and accurate client information to support analysis and recommendations. The financial planning professional explains that if the financial planning professional is unable to collect the information necessary to understand the client's values, attitudes, expectations and financial experiences / literacy, then the financial planning professional may need to revise the scope of, or terminate, the engagement.

Financial Planner Abilities

- 2.1 Collect information regarding the client's assets and liabilities
- 2.2 Collect information regarding the client's cash flow, income and/or obligations
- 2.3 Collect information necessary to prepare a budget
- 3.1 Collect information necessary to establish the client's tax position
- 3.3 Identify the tax structure of the client's accounts
- 3.4 Identify current, deferred and future tax liabilities
- 3.5 Identify parties relevant to the client's tax situation
- 4.1 Collect information to prepare a detailed statement of investment holdings
- 5.1 Collect details of the client's existing insurance coverage and resources available to manage risk
- 6.1 Collect the details of potential sources of retirement income
- 6.2 Collect the details of estimated retirement expenses
- 7.1 Collect legal agreements and documents impacting estate planning strategies
- 9.7 Prepare information to enable analysis

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.7 Client characteristics
- 2.1 Financial management principles
- 2.2 Financial management objectives
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning
- 2.7 Emergency fund
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.3 Tax planning objectives
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 5.1 Risk management principles
- 5.2 Risk and insurance planning objectives
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections

- 7.1 Estate planning principles
- 7.2 Estate planning objectives
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 8.4 Client preferences and classification of client types
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.3 Collection and data preparation
- 9.5 Issues and problems

Financial Planner Professional Skills

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|---|-------------------------|
| 2 | Client Engagement |
| 3 | Effective Communication |
| 8 | Decision Making |

Analyze and assess the
client's financial status

Financial Planning Core Practice 7

Analyze the client's information to assess the client's current financial situation and identify financial objectives that allow the client to meet stated personal goals.

Practice Standard

The financial planning professional analyzes the client's qualitative and quantitative information to gain an understanding of the client's current financial situation and identifies financial objectives that allow the client to meet stated personal goals.

Explanation

The financial planning professional analyzes the client's qualitative and quantitative information and works with the client to resolve factual omissions and inconsistencies, ambiguities and discrepancies in the client's information or stated personal goals, to assess the client's current financial situation.

The financial planning professional develops an informed opinion about the client's current financial situation, identifies the financial objectives that will allow the client to meet stated personal goals, and identifies any issues (e.g., cash flow problems, interest rate arbitrage, etc.) that could impact the client's achievement of stated personal goal(s).

The financial planning professional typically uses calculations drawn from balance sheets, cash flow statements and personal risk profiles to understand the client's financial situation.

Financial Planner Abilities

- 2.7 Determine how the client makes spending decisions
- 3.2 Identify the taxable nature of assets and liabilities
- 4.5 Identify the client's assumptions and return expectations and reach agreement with client on planning assumptions
- 8.2 Determine the client's attitudes toward savings and debt
- 8.3 Determine the client's attitudes toward taxation
- 8.4 Determine the client's attitudes / biases toward and experience with investments
- 8.5 Determine the client's tolerance for investment risk
- 8.6 Determine the client's tolerance for risk exposure
- 8.7 Determine relevant family and lifestyle issues and attitudes, as well as cultural perspectives on money
- 8.8 Determine the client's willingness to take active steps to manage financial risk, including lifestyle and health issues
- 8.9 Determine the client's attitudes toward retirement
- 8.10 Determine the client's beliefs and preferences
- 9.5 Determine the client's attitudes, biases, motivations and level of financial sophistication

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.7 Client characteristics
- 1.8 Client risk profile
- 2.1 Financial management principles
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning
- 2.7 Emergency fund
- 2.9 Financial Ratio Analysis
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 4.4 Investment theory
- 4.5 Performance and risk measurement
- 4.6 Asset allocation and investment types
- 5.1 Risk management principles
- 5.3 Analysis and evaluation of risk exposures

- 6.1 Retirement planning principles
- 6.3 Retirement needs analysis and projections
- 7.1 Estate planning principles
- 7.3 Legal aspects
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 8.4 Client preferences and classification of client types
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.3 Collection and data preparation
- 9.4 Analysis
- 9.5 Issues and problems

Financial Planner Professional Skills

- | | |
|---|-------------------------|
| 3 | Effective Communication |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Analyze and assess the
client's financial status

Financial Planning Core Practice 8

Determine the financial resources needed to meet the client's financial objectives and stated personal goals based on an analysis of the client's current financial situation.

Practice Standard

The financial planning professional assesses how the client's current financial situation supports the client's ability to achieve financial objectives and stated personal goals, and identifies additional financial resources needed by the client, if any.

Explanation

The financial planning professional analyzes the client's information, current financial position and likely future financial resources to identify viable ways that the client can meet each financial objective and stated personal goal. As part of this analysis, the financial planning professional uses client-specified, mutually agreed upon variables and other reasonable assumptions, such as the client's anticipated retirement age, life expectancy, income needs, risk factors, time horizon and special needs, as well as economic assumptions, to establish likely inflation rates, tax rates and investment returns to support financial calculations.

The financial planning professional determines the likelihood of the client reaching a financial objective or stated personal goal based on present behavior, and identifies behavior changes, if any, the client would need to make to achieve a financial objective or stated personal goal.

The financial planning professional may undertake this part of the financial planning process iteratively throughout the client engagement, as the client's preferences, financial objectives or stated personal goals change.

Financial Planner Abilities

1.6 Demonstrate analytical skills

1.9 Apply time value of money principles

2.6 Determine the client's propensity to save and to spend

2.7 Determine how the client makes spending decisions

2.8 Determine whether the client is living within financial means

2.9 Determine the issues that impact the client's assets and liabilities

2.10 Determine the client's emergency fund provision and assess if it is adequate

3.6 Review relevant tax documents

4.7 Calculate required real rate of return to reach the client's objectives

4.8 Analyze the client's current holdings

4.9 Determine the characteristics of investment holdings

4.10 Determine the implications of acquiring / disposing of assets

Financial Planner Abilities (continued)

- 5.5 Determine characteristics of resources available to manage risk
- 6.5 Develop financial projections based on current position, including any gaps between income needs and funding
- 6.6 Determine if the client's retirement objectives are realistic
- 7.4 Project net worth at death
- 7.9 Assess the liquidity of the estate at death
- 9.9 Examine inter-relationships among financial planning components

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.7 Client characteristics
- 1.8 Client risk profile
- 1.9 Client engagement and communication
- 2.1 Financial management principles
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning

- 2.6 Savings analysis, strategies and solutions
- 2.7 Emergency fund
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.4 Tax analysis and calculations
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 4.7 Investment strategies and solutions
- 5.1 Risk management principles
- 5.3 Analysis and evaluation of risk exposures
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections
- 6.4 Potential sources of retirement income
- 7.1 Estate planning principles
- 7.3 Legal aspects
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)

- 7.5 Succession planning
- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.4 Analysis
- 9.5 Issues and problems

Financial Planner Professional Skills

- | | |
|---|-------------------------|
| 3 | Effective Communication |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Analyze and assess the
client's financial status

Financial Planning Core Practice 9

Assess the opportunities, constraints and risks presented by the client's financial situation and current course(s) of action.

Practice Standard

The financial planning professional assesses the opportunities, and identifies constraints and risks presented by the client's financial situation and current course(s) of action, that may impact the client's ability to achieve a financial objective and stated personal goal. This includes assessing the client's ability, willingness or likelihood to respond to unexpected personal and financial events.

Explanation

The financial planning professional assesses the opportunities and identifies constraints and risks presented by the client's financial situation and current course(s) of action to assess whether and how the client will be able to achieve a financial objective or stated personal goal(s). This includes an assessment of economic and personal factors that could influence the client's behavior and the clients' likelihood of achieving a financial objective or stated personal goal in the event circumstances change.

As part of the risk assessment, the financial planning professional may consider matters personal to the client or to the client's family or business / career, as well as economic factors such as inflation, monetary policy or fiscal policy.

The financial planning professional provides the client with information on feasible trade-offs or acceptable alternative approaches to meet a financial objective or stated personal goal. In an ongoing financial planning engagement, the collaboration between the financial planning professional and the client happens iteratively throughout the engagement as the client's life situation, preferences, financial objectives or stated personal goals change.

The financial planning professional may identify other issues that could impact the client's ability to achieve financial objectives or stated personal goals, which the financial planning professional discusses with the client. Depending on the nature of the issues identified, it may be appropriate for the financial planning professional to engage the client on whether the client's stated personal goals are achievable or should be amended, which may require the financial planning professional to amend the scope of the financial planning engagement or obtain additional information from the client.

If the client chooses not to collaborate with the financial planning professional to evaluate trade-offs or alternatives, the financial planning professional should consider limiting the scope of, or terminating, the engagement.

Financial Planner Abilities

- 2.10 Determine the client's emergency fund provision and assess if it is adequate
- 4.7 Calculate required real rate of return to reach the client's objectives
- 4.13 Assess whether asset holdings are consistent with risk capacity, tolerance and required rate of return
- 5.8 Assess the client's risk exposure against current insurance coverage and risk management strategies
- 6.6 Determine if the client's retirement objectives are realistic
- 6.8 Assess financial requirements at retirement to maintain desired lifestyle
- 7.7 Calculate potential expenses and taxes owed at death
- 7.8 Assess the specific needs of beneficiaries
- 9.8 Analyze the client's stated personal goals, financial objectives and information to prioritize the stated personal goals on which to focus

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.7 Client characteristics
- 1.8 Client risk profile

- 1.9 Client engagement and communication
- 2.1 Financial management principles
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning
- 2.6 Savings analysis, strategies and solutions
- 2.7 Emergency fund
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.4 Tax analysis and calculations
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 4.7 Investment strategies and solutions
- 5.1 Risk management principles
- 5.3 Analysis and evaluation of risk exposures
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections

- 6.4 Potential sources of retirement income
- 7.1 Estate planning principles
- 7.3 Legal aspects
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 7.5 Succession planning
- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 8.5 Client beliefs and their influence on financial decision-making
- 9.2 Attitudes, personal goals and financial objectives
- 9.4 Analysis
- 9.5 Issues and problems

Financial Planner Professional Skills

- 3 Effective Communication
- 6 Critical Thinking
- 7 Problem Solving
- 8 Decision Making
- 9 Tech Savvy

Analyze and assess the
client's financial status

Financial Planning Core Practice 10

Identify and evaluate strategies to achieve the client's financial objectives and stated personal goals.

Practice Standard

The financial planning professional and client consider one or more strategies relevant to the client's current situation that could reasonably meet the client's financial objectives and stated personal goals.

Explanation

The financial planning professional identifies possible strategies for achieving the client's financial objectives and stated personal goals. The financial planning professional provides appropriate information to the client that supports the financial planning professional's understanding of the possible strategies and how they reasonably address the client's financial objectives and stated personal goals.

When evaluating strategies, the financial planning professional discusses with the client the importance, priority and timing of stated personal goals and financial objectives or courses of action, while considering multiple assumptions, conducting research or consulting with other professionals. This process may result in a single strategy, in multiple strategies or no change to the client's current course(s) of action.

More than one strategy may achieve one or more of the client's financial objectives or stated personal goals. Strategies and consequences identified by the financial planning professional for the client may differ from those that could be provided by other financial advisors, illustrating the subjective nature of exercising professional judgment and delivering financial planning to clients.

Financial Planner Abilities

2.9 Determine the issues that impact the client's assets and liabilities	4.10 Determine the implications of acquiring / disposing of assets
2.11 Compare potential cash management strategies for the client	4.11 Analyze potential investment strategies
2.12 Assess the impact of potential changes in income and expenses	5.6 Examine current and potential risk management strategies
2.13 Identify conflicting demands on cash flow	5.9 Assess the implications of changes to existing insurance coverage
3.8 Assess financial impact of tax planning alternatives	6.7 Examine potential retirement planning strategies

Financial Planner Abilities (Continued)

- 6.9 Assess the impact of changes in assumptions on financial projections
- 7.5 Analyze constraints to meeting the client's estate planning objectives
- 7.6 Examine potential estate planning strategies
- 9.10 Compare opportunities and constraints and assess collected information across financial planning components
- 9.11 Examine the impact of economic, political and regulatory environments

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.7 Client characteristics
- 1.8 Client risk profile
- 1.9 Client engagement and communication
- 2.1 Financial management principles
- 2.3 Personal balance sheet
- 2.4 Cash flow strategies and planning
- 2.5 Budget strategies and planning
- 2.6 Savings analysis, strategies and solutions

- 2.7 Emergency fund
- 2.8 Credit and debt management strategies
- 3.1 Taxation and reporting principles
- 3.2 Tax planning principles
- 3.4 Tax analysis and calculations
- 3.5 Tax planning strategies
- 4.1 Investment planning principles
- 4.2 Investment planning objectives, constraints and suitability
- 4.3 Asset classes
- 4.7 Investment strategies and solutions
- 5.1 Risk management principles
- 5.3 Analysis and evaluation of risk exposures
- 5.4 Risk management and insurance strategies
- 6.1 Retirement planning principles
- 6.2 Retirement planning objectives
- 6.3 Retirement needs analysis and projections
- 6.4 Potential sources of retirement income
- 6.5 Retirement income and withdrawal projections and strategies
- 7.1 Estate planning principles

- 7.3 Legal aspects
- 7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)
- 7.5 Succession planning
- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 7.7 Estate planning strategies
- 8.5 Client beliefs and their influence on financial decision-making
- 8.6 Behavioral approaches for financial planners
- 9.2 Attitudes, personal goals and financial objectives
- 9.4 Analysis
- 9.5 Issues and problems
- 9.6 Strategies

Financial Planner Professional Skills

- | | |
|---|-------------------------|
| 3 | Effective Communication |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Analyze and assess the
client's financial status

Financial Planning Core Practice 11

Identify and discuss with the client the feasibility of any financial objective or stated personal goal that appears unrealistic.

Practice Standard

The financial planning professional identifies any financial objective that is not feasible or any short, mid or long-term stated personal goal(s) that does not appear to be realistic and discusses with the client how the stated personal goal(s) may need to be modified or abandoned.

Explanation

The financial planning professional identifies for the client any financial objective or stated personal goal(s) that appears to be unrealistic or unachievable, based on the client's current financial situation or courses of action. The financial planning professional helps the client recognize why the financial objectives or stated personal goal(s) are either not feasible or not realistic, either individually or collectively, because the financial objectives or stated personal goals are in conflict with each other or not achievable based on the client's current situation and courses of action or likely future resources.

The financial planning professional presents options to the client for dealing with financial objectives or stated personal goals that may not be feasible or may be unrealistic, including trade-off considerations.

If the client chooses not to collaborate with the financial planning professional to evaluate trade-offs or alternatives, the financial planning professional should consider limiting the scope of, or terminating, the engagement.

Financial Planner Abilities

2.14 Assess financing alternatives

4.12 Assess whether investment return expectations are consistent with the client's risk capacity and tolerance

4.14 Assess potential investment vehicles for use in client portfolios

5.7 Assess exposure to financial risk

5.10 Prioritize the client's risk management needs

6.10 Assess trade-offs needed to meet retirement objectives

8.10 Determine the client's beliefs and preferences

Financial Planning Knowledge Topics

1.3 Financial planner professional skills

1.6 Time value of money

1.7 Client characteristics

1.8 Client risk profile

1.9 Client engagement and communication

2.1 Financial management principles

2.2 Financial management objectives

2.3 Personal balance sheet

2.4 Cash flow strategies and planning

2.5 Budget strategies and planning

2.6 Savings analysis, strategies and solutions

2.7 Emergency fund

2.8 Credit and debt management strategies

3.1 Taxation and reporting principles

3.2 Tax planning principles

3.3 Tax planning objectives

3.4 Tax analysis and calculations

3.5 Tax planning strategies

4.1 Investment planning principles

4.2 Investment planning objectives, constraints and suitability

4.3 Asset classes

4.7 Investment strategies and solutions

5.1 Risk management principles

5.2 Risk and insurance planning objectives

5.3 Analysis and evaluation of risk exposures

5.4 Risk management and insurance strategies

6.1 Retirement planning principles

6.2 Retirement planning objectives

6.3 Retirement needs analysis and projections

6.4 Potential sources of retirement income

6.5 Retirement income and withdrawal projections and strategies

7.1 Estate planning principles

7.2 Estate planning objectives

7.3 Legal aspects

7.4 Assets and liabilities (ownership, valuation, transfers, protection and privacy)

7.5 Succession planning

7.6 Incapacity, guardianship, Power of Attorney and health care

7.7 Estate planning strategies

8.4 Client preferences and classification of client types

8.5 Client beliefs and their influence on financial decision-making

8.6 Behavioral approaches for financial planners

9.2 Attitudes, personal goals and financial objectives

9.4 Analysis

9.5 Issues and problems

9.6 Strategies

Financial Planner Professional Skills

3 Effective Communication

6 Critical Thinking

7 Problem Solving

8 Decision Making

9 Tech Savvy

Develop the financial planning recommendations and present them to the client

Financial Planning Core Practice 12

Develop financial planning recommendations to achieve the client's financial objectives and stated personal goals.

Practice Standard

The financial planning professional develops financial planning recommendations to reasonably meet the client's financial objectives and stated personal goals, taking into account the client's current situation, course(s) of action and selected strategies.

Explanation

After identifying and evaluating various strategies and the client's current situation and course(s) of action, the financial planning professional develops financial planning recommendations that can reasonably meet the client's financial objectives and stated personal goals. The financial planning recommendations may be a singular action or a combination of actions to be implemented collectively. The financial planning professional may need to modify one or more of the recommendations based on feedback from the client on what is reasonable or feasible given the client's situation or likely behavior. The financial planning professional's recommendation may be that the client continue with a current course(s) of action.

The financial planning professional uses professional judgment to evaluate multiple strategies to develop financial planning recommendations. Given the nature of professional financial advice, the recommendations developed by the financial planning professional may differ from those of other financial advisors, yet still be appropriate to meet the financial objectives and stated personal goals.

Whether the financial planning professional develops the financial planning recommendations iteratively through dialogue with the client, or the client defers to the financial planning professional's recommendation based on the financial planning professional's technical expertise, it is important that the financial planning professional properly document this part of the financial planning process.

Financial Planner Abilities

2.15 Develop financial management strategies	3.8 Assess financial impact of tax planning alternatives
2.16 Evaluate advantages and disadvantages of each financial management strategy	3.9 Develop tax planning strategies
2.17 Make financial management recommendations	3.10 Evaluate advantages and disadvantages of each tax planning strategy
2.18 Prioritize action steps to assist the client in implementing financial management recommendations	3.11 Make tax planning recommendations
2.19 Inform the client of non-retirement employee and government benefits	4.15 Develop investment strategies
3.7 Analyze existing and potential tax strategies and structures for suitability	4.16 Evaluate advantages and disadvantages of each investment strategy
	4.17 Make investment recommendations

Financial Planner Abilities (Continued)

- 5.11 Develop risk management strategies
- 5.12 Evaluate advantages and disadvantages of each risk management strategy
- 5.13 Make risk management recommendations
- 6.11 Develop retirement planning strategies
- 6.12 Evaluate advantages and disadvantages of each retirement planning strategy
- 6.13 Make retirement planning recommendations
- 7.10 Develop estate planning strategies, including living estate planning
- 7.11 Evaluate the advantages and disadvantages of each estate planning strategy
- 7.12 Make estate planning recommendations
- 8.11 Determine how behavioral finance and the client's psychology impact the client's personal goals, financial objectives, understanding, decision-making and actions
- 8.12 Apply appropriate behavioral approaches (e.g., coaching, counseling, etc.)
- 8.13 Identify, evaluate and communicate potential solutions for significant events with severe financial consequences
- 9.9 Examine inter-relationships among financial planning components
- 9.10 Compare opportunities and constraints and assess collected information across financial planning components
- 9.11 Examine the impact of economic, political and regulatory environments

- 9.12 Prioritize recommendations
- 9.13 Consolidate the financial planning recommendations and action steps into a financial plan (written or developed iteratively in an interactive format)

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.8 Client risk profile
- 2.4 Cash flow strategies and planning
- 2.6 Savings analysis, strategies and solutions
- 2.7 Emergency fund
- 2.8 Credit and debt management strategies
- 3.2 Tax planning strategies
- 4.3 Asset classes
- 4.4 Investment theory
- 4.5 Performance and risk measurement
- 4.6 Asset allocation and investment types
- 4.7 Investment strategies and solutions
- 5.4 Risk management and insurance strategies
- 5.5 Risk management and insurance solutions
- 5.6 Insurance law principles and claims process

- 6.5 Retirement income and withdrawal projections and strategies
- 6.6 Retirement planning solutions
- 7.5 Succession planning
- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 7.7 Estate planning strategies
- 7.8 Philanthropy
- 7.9 Estate planning solutions
- 8.5 Client beliefs and their influence on financial decision-making
- 8.7 Crisis events with severe financial consequences
- 9.6 Strategies
- 9.7 Synthesis and recommendations

Financial Planner Professional Skills

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|---|-------------------|
| 4 | Coaching |
| 5 | Client Advocacy |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Develop the financial planning recommendations
and present them to the client

Financial Planning Core Practice 13

Present financial planning recommendations so the client understands how each strategy addresses the client's financial objectives and stated personal goals.

Practice Standard

The financial planning professional presents the financial planning recommendations, and supporting rationales, in a way that allows the client to make an informed decision on whether the strategies will support achieving the client's financial objectives and stated personal goals.

Explanation

The financial planning professional assists the client in understanding how the financial recommendations appropriately address the client's financial objectives and stated personal goals.

The financial planning professional avoids presenting opinion as fact. The financial planning professional informs the client that the recommendations may need to be modified as the client's personal conditions or economic, political or regulatory environments change.

When the financial planning professional develops the financial planning recommendations iteratively through dialogue with the client, the financial planning professional ensures the client is engaged, and encourages the client to provide feedback and reactions to the preliminary and final financial planning recommendations.

Financial Planner Abilities

- 1.5 Demonstrate communication skills
- 1.7 Demonstrate presentation skills
- 2.17 Make financial management recommendations
- 2.18 Prioritize action steps to assist the client in implementing financial management recommendations
- 2.19 Inform the client of non-retirement employee and government benefits
- 3.11 Make tax planning recommendations
- 4.17 Make investment recommendations
- 5.13 Make risk management recommendations
- 6.13 Make retirement planning recommendations
- 7.12 Make estate planning recommendations
- 8.11 Determine how behavioral finance and the client's psychology impact the client's personal goals, financial objectives, understanding, decision-making and actions
- 8.12 Apply appropriate behavioral approaches (e.g., coaching, counseling, etc.)
- 8.13 Identify, evaluate and communicate potential solutions for significant events with severe financial consequences
- 9.10 Compare opportunities and constraints and assess collected information across financial planning components
- 9.12 Prioritize recommendations

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.8 Client risk profile
- 2.4 Cash flow strategies and planning
- 2.6 Savings analysis, strategies and solutions
- 2.7 Emergency fund
- 2.8 Credit and debt management strategies
- 3.5 Tax planning strategies
- 4.3 Asset classes
- 4.4 Investment theory
- 4.5 Performance and risk measurement
- 4.6 Asset allocation and investment types
- 4.7 Investment strategies and solutions
- 5.4 Risk management and insurance strategies
- 5.5 Risk management and insurance solutions
- 5.6 Insurance law principles and claims process
- 6.5 Retirement income and withdrawal projections and strategies
- 6.6 Retirement planning solutions
- 7.5 Succession planning

- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 7.7 Estate planning strategies
- 7.8 Philanthropy
- 7.9 Estate planning solutions
- 8.5 Client beliefs and their influence on financial decision-making
- 8.7 Crisis events with severe financial consequences
- 9.6 Strategies
- 9.7 Synthesis and recommendations

Financial Planner Professional Skills

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|---|-------------------|
| 4 | Coaching |
| 5 | Client Advocacy |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Develop the financial planning recommendations
and present them to the client

Financial Planning Core Practice 14

Engage the client in a discussion of factors that impact the client's ability to reach financial objectives and stated personal goals through recommended course(s) of action.

Practice Standard

The financial planning professional discusses with the client the information, factors and assumptions that have been used to develop the financial planning recommendations and how the information, factors and assumptions could impact the client's ability to reach financial objectives and stated personal goals.

Explanation

When presenting and sharing the financial planning recommendations with the client, the financial planning professional helps the client to understand the client's current situation, the factors and assumptions that were used to develop the recommended strategy(ies), the risks of pursuing (or not pursuing) a recommended strategy(ies), and how implementing (or not implementing) one or more of the recommended strategies could impact the client's ability to meet financial objectives and stated personal goals.

The financial planning professional assists the client in prioritizing or re-prioritizing financial objectives and stated personal goals, and assists the client in choosing among priorities while considering the different time horizons attaching to one or more financial objectives and stated personal goals.

Financial Planner Abilities

- 1.5 Demonstrate communication skills
- 1.7 Demonstrate presentation skills
- 2.17 Make financial management recommendations
- 2.18 Prioritize action steps to assist the client in implementing financial management recommendations
- 2.19 Inform the client of non-retirement employee and government benefits
- 3.11 Make tax planning recommendations
- 4.17 Make investment recommendations
- 5.13 Make risk management recommendations
- 6.13 Make retirement planning recommendations
- 7.12 Make estate planning recommendations
- 8.11 Determine how behavioral finance and the client's psychology impact the client's personal goals, financial objectives, understanding, decision-making and actions
- 8.12 Apply appropriate behavioral approaches (e.g., coaching, counseling, etc.)
- 8.13 Identify, evaluate and communicate potential solutions for significant events with severe financial consequences
- 9.10 Compare opportunities and constraints and assess collected information across financial planning components
- 9.12 Prioritize recommendations

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.6 Time value of money
- 1.8 Client risk profile
- 2.4 Cash flow strategies and planning
- 2.6 Savings analysis, strategies and solutions
- 2.7 Emergency fund
- 2.8 Credit and debt management strategies
- 3.5 Tax planning strategies
- 4.3 Asset classes
- 4.4 Investment theory
- 4.5 Performance and risk measurement
- 4.6 Asset allocation and investment types
- 4.7 Investment strategies and solutions
- 5.4 Risk management and insurance strategies
- 5.5 Risk management and insurance solutions
- 5.6 Insurance law principles and claims process
- 6.5 Retirement income and withdrawal projections and strategies
- 6.6 Retirement planning solutions
- 7.5 Succession planning

- 7.6 Incapacity, guardianship, Power of Attorney and health care
- 7.7 Estate planning strategies
- 7.8 Philanthropy
- 7.9 Estate planning solutions
- 8.5 Client beliefs and their influence on financial decision-making
- 8.7 Crisis events with severe financial consequences
- 9.6 Strategies
- 9.7 Synthesis and recommendations

Financial Planner Professional Skills

- | | |
|---|-------------------|
| 4 | Coaching |
| 5 | Client Advocacy |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Develop the financial planning recommendations
and present them to the client

Financial Planning Core Practice 15

Modify financial planning
recommendations to incorporate
feedback from the client.

Practice Standard

The financial planning professional incorporates feedback from the client by mutually agreeing with the client on the type and scale of modifications to the financial planning recommendations, which could include the financial planning professional revising or re-prioritizing the client's financial objectives or stated personal goals, or revising the scope of the financial planning engagement.

Explanation

When presenting recommendations to the client, the financial planning professional assesses the client's willingness to act on the financial planning recommendations.

The financial planning professional may adjust the scope of the financial planning engagement, as originally drafted, based on an agreement reached with the client on how to address changes to the financial planning recommendations, course(s) of action or priorities. The financial planning professional assists the client in revising or re-prioritizing financial objectives or stated personal goals, and updates the financial planning recommendations accordingly. The financial planning professional may need to modify financial modelling and sensitivity analysis based on updates to the original financial planning recommendation(s).

Additionally, if the modified financial planning recommendations introduce a conflict of interest or potential conflict of interest for the financial planning professional, the financial planning professional informs the client of any such conflict(s). At this stage, either the client or the financial planning professional may determine not to move forward with the engagement.

Financial Planner Abilities

9.12 Prioritize recommendations

9.13 Consolidate the recommendations and action steps into a financial plan (written or developed iteratively in an interactive format)

Financial Planning Knowledge Topics

1.3 Financial planner professional skills

1.6 Time value of money

1.8 Client risk profile

2.4 Cash flow strategies and planning

2.6 Savings analysis, strategies and solutions

2.7 Emergency fund

2.8 Credit and debt management strategies

3.5 Tax planning strategies

4.3 Asset classes

4.4 Investment theory

4.5 Performance and risk measurement

4.6 Asset allocation and investment types

4.7 Investment strategies and solutions

5.4 Risk management and insurance strategies

5.5 Risk management and insurance solutions

5.6 Insurance law principles and claims process

6.5 Retirement income and withdrawal projections and strategies

6.6 Retirement planning solutions

7.5 Succession planning

7.6 Incapacity, guardianship, Power of Attorney and health care

7.7 Estate planning strategies

7.8 Philanthropy

7.9 Estate planning solutions

8.5 Client beliefs and their influence on financial decision-making

8.7 Crisis events with severe financial consequences

9.6 Strategies

9.7 Synthesis and recommendations

Financial Planner Professional Skills

4 Coaching

5 Client Advocacy

6 Critical Thinking

7 Problem Solving

8 Decision Making

9 Tech Savvy

Develop the financial planning recommendations
and present them to the client

Financial Planning Core Practice 16

Inform the client that financial planning recommendations may need to be modified as personal conditions or economic, political or regulatory environments change.

Practice Standard

The financial planning professional informs the client that future changes in personal conditions or economic, political, or regulatory environments may affect financial planning recommendations, and gains the client's support to review the client's situation and financial planning recommendations on an ongoing basis, and to modify recommendations as required.

Explanation

The financial planning professional informs the client that the financial planning recommendations are designed to support the client to achieve financial objectives and stated personal goals based on the client's current situation and anticipated future environment, but that changes in personal conditions or economic, political or regulatory environments (e.g., updated regulations or legislation, or changes in family status, career, health, etc.) could alter the client's ability to achieve one or more financial objectives or stated personal goals and require the financial planning professional to revise one or more of the financial planning recommendations.

Financial Planner Abilities

- 1.8 Demonstrate knowledge of relevant regulatory, economic and political environments
- 6.9 Assess the impact of changes in assumptions on financial projections
- 8.13 Identify, evaluate and communicate potential solutions for significant events with severe financial consequences

Financial Planning Knowledge Topics

1.3 Financial planner professional skills

1.4 Regulatory, economic and political environments that affect financial planning

1.6 Time value of money

1.8 Client risk profile

2.4 Cash flow strategies and planning

2.6 Savings analysis, strategies and solutions

2.7 Emergency fund

2.8 Credit and debt management strategies

3.5 Tax planning strategies

4.3 Asset classes

4.4 Investment theory

4.5 Performance and risk measurement

4.6 Asset allocation and investment types

4.7 Investment strategies and solutions

5.4 Risk management and insurance strategies

5.5 Risk management and insurance solutions

5.6 Insurance law principles and claims process

6.5 Retirement income and withdrawal projections and strategies

6.6 Retirement planning solutions

7.5 Succession planning

7.6 Incapacity, guardianship, Power of Attorney and health care

7.7 Estate planning strategies

7.8 Philanthropy

7.9 Estate planning solutions

8.5 Client beliefs and their influence on financial decision-making

8.7 Crisis events with severe financial consequences

9.6 Strategies

9.7 Synthesis and recommendations

Financial Planner Professional Skills

4 Coaching

5 Client Advocacy

6 Critical Thinking

7 Problem Solving

8 Decision Making

9 Tech Savvy

Implement the client's financial
planning recommendations

Financial Planning Core Practice 17

Reach agreement with the client on prioritization and responsibilities for implementing financial planning recommendations.

Practice Standard

The financial planning professional and the client mutually agree on the financial planning recommendations and their prioritization, and on implementation responsibilities that are consistent with the scope of the financial planning engagement, which includes the financial planning professional's ability to implement, or direct the implementation of, the financial planning recommendations.

Explanation

The financial planning professional and the client reach agreement on the financial planning recommendations and the prioritization and respective responsibilities for implementation. The financial planning professional's responsibilities may include identifying activities necessary for implementation, clarifying the respective responsibilities of the financial planning professional and the client, referring the client to and coordinating with other professionals, and sharing client information as authorized.

The financial planning professional confirms the client understands the financial planning recommendations and their implications and the client's responsibilities, if any, in implementing the financial planning recommendations.

The financial planning professional explains to the client which, if any, implementation activities will be referred to one or more other professionals and the qualification(s) of those professional(s).

If a financial planning professional is engaged by the client to provide only implementation services, the financial planning professional should define the limited scope of the financial planning engagement in writing and obtain the client's informed consent about the scope and implementation activities. In particular, the financial planning professional should include in the scope of the financial planning engagement the extent to which the financial planning professional relies on information, analysis or recommendations provided by others, if any.

Financial Planner Abilities

- 2.18 Prioritize action steps to assist the client in implementing financial management recommendations
- 3.12 Prioritize action steps to assist the client in implementing tax planning recommendations
- 4.19 Prioritize action steps to assist the client in implementing investment recommendations
- 5.14 Prioritize action steps to assist the client in implementing risk management recommendations
- 6.14 Prioritize action steps to assist the client in implementing retirement planning recommendations
- 7.13 Prioritize action steps to assist the client in implementing estate planning recommendations
- 9.12 Prioritize recommendations

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.10 Due diligence process of selecting products and services and the companies that provide them

- 2.6 Savings analysis, strategies and solutions
- 4.7 Investment strategies and solutions
- 5.5 Risk management and insurance solutions
- 5.6 Insurance law principles and claims process
- 6.6 Retirement planning solutions
- 7.9 Estate planning solutions
- 8.6 Behavioral approaches for financial planners
- 9.8 Implementation

Financial Planner Professional Skills

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|---|-------------------------|
| 3 | Effective Communication |
| 4 | Coaching |
| 5 | Client Advocacy |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Implement the client's financial
planning recommendations

Financial Planning

Core Practice 18

Identify and present products or services for implementing the financial planning recommendations.

Practice Standard

The financial planning professional identifies and presents appropriate products or services to implement the financial planning recommendations.

Explanation

The financial planning professional recommends products or services that are suitable to the client's situation and reasonably address the client's financial objectives or stated personal goals.

Drawing on the qualitative and quantitative information gathered from the client during the financial planning process, the financial planning professional uses professional judgment in identifying the products, services, or actions (including client behavior changes) that support implementation of the financial planning recommendations.

The financial planning professional may present products or professional services at the same time as the financial planning professional presents the financial planning recommendations.

Upon the client confirming understanding of, and agreement with, the recommended product(s), service(s), action(s) or strategy(ies), the financial planning professional obtains the client's commitment to support the implementation of the financial planning recommendations.

The financial planning professional also discusses with the client any conflict(s) of interest that arise as a result of a recommended product or service and explains how the conflict(s) could impact the financial planning recommendations.

Financial Planner Abilities

- 3.12 Prioritize action steps to assist the client in implementing tax planning recommendations

- 4.18 Select appropriate investment vehicles to implement recommended strategy(ies)

- 4.19 Prioritize action steps to assist the client in implementing investment recommendations

- 4.20 Prepare an Investment Policy Statement

- 5.14 Prioritize action steps to assist the client in implementing risk management recommendations

- 6.14 Prioritize action steps to assist the client in implementing retirement planning recommendations

- 7.13 Prioritize action steps to assist the client in implementing estate planning recommendations

- 9.13 Consolidate the financial planning recommendations and action steps into a financial plan (written or developed iteratively in an interactive format)

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.10 Due diligence process of selecting products and services and the companies that provide them
- 4.7 Investment strategies and solutions
- 5.5 Risk management and insurance solutions
- 6.6 Retirement planning solutions
- 7.9 Estate planning solutions
- 9.8 Implementation

Financial Planner Professional Skills

- | | |
|---|-------------------------|
| 3 | Effective Communication |
| 4 | Coaching |
| 5 | Client Advocacy |
| 6 | Critical Thinking |
| 7 | Problem Solving |
| 8 | Decision Making |
| 9 | Tech Savvy |

Review the client's situation

Financial Planning Core Practice 19

Reach agreement with the client on the approach and responsibilities for the future review of the client's situation and progress toward financial objectives and stated personal goals.

Practice Standard

The financial planning professional and client mutually define and agree on terms for the future review and evaluation of the client's situation, including financial objectives and stated personal goals, personal risk profile, lifestyle and other relevant factors, and the client's progress toward achieving stated personal goals.

Explanation

The financial planning professional periodically reviews the client's progress toward financial objectives and stated personal goals and adjusts the financial planning recommendations with the client as necessary.

The review process may be initiated by the client or by the financial planning professional for various reasons such as a change in the client's situation, financial objectives or stated personal goals; a client's wish to confirm the appropriateness or feasibility of the current financial planning recommendations; or changes in the economic, political or regulatory environment.

Where the client has real-time, ongoing access to the client's financial planning data, the review cycle may be more frequent, interactive, and continuous rather than structured to take place during periodic financial planning engagements. The financial planning professional and client mutually define the nature and scope of the activities to be conducted during a review, and the role and responsibilities of each party in the review process.

The review process may result in the financial planning professional making modifications to the original scope of the financial planning engagement or initiating a new financial planning engagement with the client.

Financial Planner Abilities

- 9.14 Measure progress toward achievement of the client’s financial objectives and stated personal goals
- 9.15 Determine the appropriate approach to review and update the financial planning recommendations

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.9 Client engagement and communication
- 9.9 Periodic review

Financial Planner Professional Skills

- 2 Client Engagement
- 3 Effective Communication
- 6 Critical Thinking
- 7 Problem Solving
- 8 Decision Making

Review the client's situation

Financial Planning Core Practice 20

Reach agreement with the client on updates to recommendations based on changes in the client's situation, financial objectives or stated personal goals, or changes in the economic, political or regulatory environment.

Practice Standard

The financial planning professional and the client mutually agree on whether, when and how to update the financial planning recommendations, based on changes in the client's situation, financial objectives or stated personal goals, or in the economic, political or regulatory environment.

Explanation

Since the financial planning process is a dynamic one that may require changes to the financial planning recommendations and supporting strategies due to changes in the client's personal conditions or in the economic, political or regulatory environment, the financial planning professional and the client agree on, and understand, their respective roles in reviewing the client's situation and progress toward achieving financial objectives or stated personal goals on an ongoing basis.

The financial planning professional may set the review on a calendar schedule or conduct reviews as part of ongoing interactions during the financial planning engagement. During the review process, the financial planning professional confirms the client's commitment to the existing financial planning recommendations or adjusts the financial planning recommendations as needed to address changes in the client's situation, financial objectives or stated personal goals, or the environment.

The review process includes the financial planning professional and the client:

- Confirming that the financial planning recommendations agreed to by the client have been implemented
- Assessing progress toward achievement of the client's financial objectives or stated personal goals
- Re-evaluating initial or subsequent assumptions made by the financial planning professional for continued reasonableness
- Determining whether changes in the client's situation or financial objectives or stated personal goals or in the environment require adjustments to the financial planning recommendations
- Mutually agreeing on any required changes to the financial planning recommendations

As the client's situation, financial objectives or stated personal goals change, the financial planning professional takes the client back through the financial planning process to re-confirm or update assumptions and financial planning recommendations.

Financial Planner Abilities

- 1.1 Apply the financial planning process
- 1.6 Demonstrate analytical skills
- 1.7 Demonstrate presentation skills
- 1.9 Apply time value of money principles
- 2.5 Prepare statements of the client’s net worth, cash flow and budget, and calculate and interpret applicable financial ratios
- 9.14 Measure progress toward achievement of the client’s financial objectives and stated personal goals
- 9.15 Determine the appropriate approach to review and update the financial planning recommendations

Financial Planning Knowledge Topics

- 1.3 Financial planner professional skills
- 1.9 Client engagement and communication
- 9.9 Periodic review

Financial Planner Professional Skills


2	Client Engagement
3	Effective Communication
6	Critical Thinking
7	Problem Solving
8	Decision Making



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