




FINANCIAL PLANNING STANDARDS BOARD



## Financial Plan Framework

## MISSION STATEMENT

Financial Planning Standards Board Ltd. (FPSB) benefits the clients and potential clients of financial planners 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 .

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## INTRODUCTION

For consumers to be motivated to actively engage in the financial planning process, and follow the recommendations of a financial planner, they need to be provided with written financial plans that are understandable, relevant and that appropriately address their goals, needs and objectives.

FPSB's Financial Plan Framework provides a format for entrants to the financial planning profession to integrate among fundamental financial planning practices, Financial Planning Components<sup>1</sup>, Financial Planner Abilities and Financial Planner Practice Standards when creating written financial plans for clients.

FPSB's Financial Plan Framework is aligned to FPSB's Financial Planner Competency Profile, which describes the abilities, skills, attitudes, judgments and knowledge that a financial planning professional draws on when working with clients in financial planning engagements. By independently developing a financial plan based on FPSB's Financial Plan Framework, entrants to the profession can demonstrate their mastery of the abilities, skills, knowledge and conduct necessary for the competent practice of financial planning.

[Note: FPSB's Financial Plan Framework covers all of FPSB's Financial Planning Practice Standards, with the exception of Standards 1.1, 1.2, 1.3 (client engagement) and 6.2 (review).]

The elements described in FPSB's Financial Plan Framework are not meant to represent all of the items, topics or situations that could arise during specific financial planning engagements. Similarly, since recommendations in a specific client's financial plan are determined by the strategic priorities and objectives established during the financial planning engagement, it is unlikely that the sequence of elements presented in a specific client's financial plan will match the ordering of elements in FPSB's Financial Plan Framework.

Entrants to the financial planning profession should be able to demonstrate appropriate skills, knowledge and abilities covering the professional skills, competencies and practice standards described in this Framework when developing written financial plans for clients.

<sup>1</sup> Financial Management, Asset Management, Risk Management, Tax Planning, Retirement Planning and Estate Planning.

## FINANCIAL PLAN FRAMEWORK

### Professional Skills

<b>Professional Responsibility</b>	PS.101 Establishes trust in all professional relationships	PS.102 Acts in the best interest of the client in providing professional services	PS.103 Demonstrates ethical judgment	PS.104 Demonstrates intellectual honesty and impartiality	PS.105 Recognizes limits of competence and voluntarily seeks the counsel of and/or defers to other professionals when appropriate	PS.106 Recognizes the public interest role of the profession and acts accordingly		
<b>Practice</b>	PS.201*** Complies with relevant financial services laws and regulations	PS.202*** Adheres to professional code of ethics and standards of practice	PS.203 Makes appropriate judgments in areas not addressed by existing practice standards	PS.204 Maintains awareness of changes in the economic, political and regulatory environments	PS.205 Engages in continuous learning to ensure currency of knowledge and skills	PS.206 Conducts appropriate research when performing analysis and developing strategies	PS.207 Exercises autonomy and initiative in the performance of professional activities	PS.208 Exercises responsibility for own and/or firm's ability to deliver services to the client for the duration of the engagement
<b>Communication</b>	PS.301 Gives attention to what the client and others are saying and takes time to understand the points being made	PS.302 Establishes good rapport with the client and others	PS.303 Communicates information and ideas orally in a manner understandable to the client and others	PS.304 Communicates information and ideas in writing in a manner understandable to the client and others	PS.305 Presents logical and persuasive rationales	PS.306 Deals effectively with objections and complaints	PS.307 Gains agreement with the client and others	
<b>Cognitive</b>	PS.401 Applies mathematical methods or formulas as appropriate	PS.402 Analyzes and integrates information from a variety of sources to arrive at solutions	PS.403 Uses logic and reasoning to consider the strengths and weaknesses of potential courses of action	PS.404 Arrives at informed decisions when faced with incomplete or inconsistent information	PS.405 Demonstrates capacity to adapt thinking and behaviors			

Professional skills are demonstrated throughout the financial plan and are not broken down by Financial Planning Component.

## Financial Plan Elements

FINANCIAL PLAN ELEMENTS	FUNDAMENTAL FINANCIAL PLANNING PRACTICES	FINANCIAL PLANNING COMPONENTS						PRACTICE STANDARDS
		Financial Management	Asset Management	Risk Management	Tax Planning	Retirement Planning	Estate Planning	
<b>Data</b>	1.002 Identifies the information required for the financial plan	1.101 Collects information regarding the client's assets and liabilities	1.105 Collects information necessary to prepare detailed statement of investment holdings	1.108 Collects details of the client's existing insurance coverage	1.11 Collects the information necessary to establish the client's tax position	1.114 Collects the details of potential sources of retirement income	1.116 Collects legal agreements and documents that impact estate planning strategies	2.1 Identify the client's personal and financial objectives, needs and priorities
	1.005 Identifies material changes in the client's personal and financial situation	1.102 Collects information regarding the client's cash flow, income and/or obligations	1.106 Determines the client's current asset allocation		1.111 Identifies taxable nature of assets and liabilities	1.115 Collects the details of estimated retirement expenses		2.2 Collect quantitative information and documents
	1.006 Prepares information to enable analysis	1.103 Collects information necessary to prepare a budget	1.107 Identifies cash flows available for investment		1.112 Identifies current, deferred and future tax liabilities			
		1.104 Prepares statements of the client's net worth, cash flow and budget			1.113 Identifies parties relevant to the client's tax situation			
<b>Attitudes, Goals and Objectives</b>	1.001 Identifies the client's objectives, needs and values that have financial implications	1.201 Determines the client's propensity to save	1.205 Determines the client's investment objectives	1.209 Determines the client's risk management objectives		1.215 Determines the client's retirement objectives	1.218 Identifies the client's estate planning objectives	2.3 Collect qualitative information
		1.202 Determines how the client makes spending decisions		1.213* Determines the client's willingness to take active steps to manage financial risk			2.217 Assesses the specific needs of beneficiaries	3.2* Assess the client's objectives, needs and priorities
	1.004 Determines the client's attitudes and level of financial sophistication	1.203 Determines the client's attitudes toward debt	1.204 Determines the client's experience with and attitudes and biases toward investments		1.214* Determines the client's attitudes toward taxation	1.216* Determines the client's attitudes toward retirement		
			1.206* Determines the client's tolerance for investment risk	2.210 Prioritizes the client's risk management needs				
			1.208 Identifies the client's time horizon					

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<b>Issues and Problems</b>	1.003 Identifies the client's legal issues that affect the financial plan	2.102 Determines the issues relevant to the client's assets and liabilities	1.206* Determines the client's tolerance for investment risk	1.109 Identifies potential financial risks	1.214* Determines the client's attitudes toward taxation	1.216* Determines the client's attitudes toward retirement	1.219 Identifies family dynamics and business relationships that could impact estate planning strategies	
	2.004 Considers the impact of economic, political and regulatory environments	2.103 Determines the client's emergency fund	1.207 Identifies the client's assumptions and return expectations	1.21 Determines the client's tolerance for risk exposure	2.211* Evaluates existing tax strategies and structures for suitability	1.217 Determines the client's comfort with retirement planning assumptions		
			2.205* Assesses whether investment return expectations are consistent with risk tolerance	1.211 Determines relevant lifestyle issues		2.114* Determines if the client's retirement objectives are realistic		
				1.212 Determines health issues				
				1.213* Determines the client's willingness to take active steps to manage financial risk				
<b>Analysis</b>	2.001 Analyzes the client's objectives, needs, values and information to prioritize the Financial Planning Components	2.101 Determines whether the client is living within financial means	2.105 Calculates the required rate of return to reach the client's objectives	2.109 Determines characteristics of existing insurance coverage	2.111 Reviews relevant tax documents	2.113 Develops financial projections based on current position	2.116 Projects net worth at death	3.1 Analyze the client's information
	2.002 Considers inter-relationships among Financial Planning Components	2.201 Assesses whether the emergency fund is adequate	2.106 Determines the characteristics of investment holdings	2.207 Assesses exposure to financial risk	2.211* Evaluates existing tax strategies and structures for suitability	2.114* Determines if the client's retirement objectives are realistic	2.117 Considers constraints to meeting the client's estate planning objectives	
	2.003 Considers opportunities and constraints and assesses collected information across Financial Planning Components	2.202 Assesses the impact of potential changes in income and expenses	2.107 Determines the implications of acquiring/disposing of assets	2.208 Assesses the client's risk exposure against current insurance coverage and risk management strategies	2.212 Assesses financial impact of tax planning alternatives	2.213 Assesses financial requirements at retirement date	2.216 Calculates potential expenses and taxes owed at death	
	2.005 Measures the progress toward achievement of objectives of the financial plan	2.203 Identifies conflicting demands on cash flow	2.205* Assesses whether investment return expectations are consistent with risk tolerance	2.209 Assesses the implications of changes to insurance coverage		2.214 Assesses the impact of changes in assumptions on financial projections	2.218 Assesses the liquidity of the estate at death	
		2.204 Assesses financing alternatives	2.206 Assesses whether asset holdings are consistent with risk tolerance and required rate of return			2.215 Assesses trade-offs necessary to meet retirement objectives		

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<b>Strategies</b>	2.1 Considers potential opportunities and constraints to develop strategies	2.104 Considers potential cash management strategies	2.108 Considers potential investment strategies	2.11 Considers current and potential risk management strategies	2.112 Considers potential tax strategies and structures	2.115 Considers potential retirement planning strategies	2.118 Considers potential estate planning strategies	4.1 Identify and evaluate financial planning strategies
	2.2 Assesses information to develop strategies	3.101 Develops financial management strategies	3.105 Develops asset management strategies	3.109 Develops risk management strategies	3.113 Develops tax planning strategies	3.117 Develops retirement planning strategies	3.121 Develops estate planning strategies	
	3.1 Develops and evaluates strategies to create a financial plan	3.102 Evaluates advantages and disadvantages of each financial management strategy	3.106 Evaluates advantages and disadvantages of each asset management strategy	3.11 Evaluates advantages and disadvantages of each risk management strategy	3.114 Evaluates advantages and disadvantages of each tax planning strategy	3.118 Evaluates advantages and disadvantages of each retirement planning strategy	3.122 Evaluates advantages and disadvantages of each estate planning strategy	
<b>Synthesis and Recommendations</b>	3.001 Prioritizes recommendations from the Financial Planning Components to optimize the client's situation	3.103 Optimizes strategies to make financial management recommendations	3.107 Optimizes strategies to make asset management recommendations	3.111 Optimizes strategies to make risk management recommendations	3.115 Optimizes strategies to make tax planning recommendations	3.119 Optimizes strategies to make retirement planning recommendations	3.123 Optimizes strategies to make estate planning recommendations	4.2 Develop the financial planning recommendations 4.3 Present the financial planning recommendations to the client
<b>Implementation</b>	3.002 Consolidates the recommendations and action steps into a financial plan	3.104 Prioritizes action steps to assist the client in implementing financial management recommendations	3.108 Prioritizes action steps to assist the client in implementing asset management recommendations	3.112 Prioritizes action steps to assist the client in implementing risk management recommendations	3.116 Prioritizes action steps to assist the client in implementing tax planning recommendations	3.12 Prioritizes action steps to assist the client in implementing retirement planning recommendations	3.124 Prioritizes action steps to assist the client in implementing estate planning recommendations	5.1 Agree on implementation responsibilities 5.2 Identify and present product(s) and service(s) for implementation
<b>Periodic Review</b>	3.003 Determines the appropriate cycle of review for the financial plan	** Determines the appropriate cycle of review for financial management strategies	** Determines the appropriate cycle of review for asset management strategies	** Determines the appropriate cycle of review for risk management strategies	** Determines the appropriate cycle of review for tax planning strategies	** Determines the appropriate cycle of review for retirement planning strategies	** Determines the appropriate cycle of review for estate planning strategies	6.1 Agree on responsibilities and terms for review of the client's situation
<b>Legal and Professional Compliance</b>	***	***	***	***	***	***	***	



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