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FP CANADA STANDARDS COUNCIL COMPETENCY PROFILE

For CFP® Certification

V5 - 2023

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FP Canada Standards Council Competency Profile for CFP® Certification Version 4.0

FP Canada
902-375 University Avenue Toronto, Ontario M5G 2J5 fpcanada.ca

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Standards Council™

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Introduction

About Financial Planning

FP Canada defines financial planning as a disciplined, multi-step process of assessing a person's current financial and personal circumstances against their future goals, and developing strategies that help meet those goals by optimizing the allocation of financial resources. Financial planning is an ongoing process that involves regularly monitoring a client's progress toward meeting goals, needs, and priorities, a re-evaluation of financial strategies in place and recommended revisions, where and when necessary.

Financial planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning and law for financial planning. Financial planning is an ongoing process that involves regularly monitoring a client's progress toward meeting goals, needs, and priorities, a re-evaluation of financial strategies in place and recommended revisions, where and when necessary. Understanding the interrelationships among these areas is also an important aspect of financial planning.

FP Canada and the FP Canada Standards Council

Established in 1995, FP Canada is a national not for profit education, certification and professional oversight organization working in the public interest. FP Canada is dedicated to championing better financial wellness for all Canadians by leading the advancement of professional financial planning in Canada.

A division of FP Canada, the FP Canada Standards Council establishes and enforces financial planning standards, sets the certification requirements for professional financial planners and develops and delivers certification exams. The FP Canada Standards Council ensures FP Canada certificants—CERTIFIED FINANCIAL PLANNER® professionals and QUALIFIED ASSOCIATE FINANCIAL PLANNER® professionals—meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics.

CFP® Certification

The most widely recognized financial planning designation in Canada and worldwide, the CERTIFIED FINANCIAL PLANNER® designation provides assurance to Canadians that the design of their financial future rests with a professional who will put their clients' interests ahead of their own.

There are approximately 17,000 CFP professionals across Canada, part of an international network of more than 192,000 CFP professionals in 26 territories around the world.

CFP certification is considered the standard for the financial planning profession worldwide. CFP professionals have demonstrated the knowledge, skills, experience and ethics to examine their clients' entire financial picture, at the highest level of complexity required of the profession, and work with their clients to build a financial plan so that they can *Live Life Confidently*™.

To obtain the CFP designation, candidates must complete a rigorous education program, pass a national exam, have a post-secondary degree and demonstrate three years of qualifying work experience. To maintain certification, CFP professionals must keep their knowledge and skills current by completing 25 hours of continuing education each year, including at least two hours of professional responsibility focused continuing education. They must also adhere to the FP Canada Standards Council™ *Standards of Professional Responsibility*, including a Code of Ethics which requires that CFP professionals place their clients' interests first. The Standards Council vigilantly enforces these standards.

QAFP® Certification

QUALIFIED ASSOCIATE FINANCIAL PLANNER® certification is designed for a new era of financial planning, helping professionals acquire the knowledge and skills they need, all informed by high ethical standards. QAFP® professionals have demonstrated the competency to guide the financial well-being of a new generation of wealth builders.

The path to QAFP certification is structured to create proficiency sooner with new learning options and improved alignment between technical education and professional relationship development. Upon certification, QAFP professionals will have confidence in their capacity to provide holistic financial **advice for today's speed of life.**

To obtain QAFP certification, candidates must complete a comprehensive education program, pass a national exam, have a post-secondary diploma and demonstrate one year of qualifying work experience. To maintain certification, QAFP professionals must keep their knowledge and skills current by completing 12 hours of continuing education each year, including at least one hour of professional responsibility focused continuing education. They must also adhere to FP Canada Standards Council™ **Standards of Professional Responsibility**, including a Code of Ethics which requires that QAFP professionals place their clients' interests first. The Standards Council vigilantly enforces these standards.

A Commitment to the Highest Standards of Excellence

A client's financial planning needs may encompass multiple goals and considerations, requiring proficiency in many areas. Both CFP professionals and QAFP professionals are skilled in providing financial planning in the context of the client's entire personal and financial picture— addressing both current and future needs—while adhering to the principles and standards set out by the FP Canada Standards Council. These abilities and obligations distinguish FP Canada certificants from other providers of financial advice.

The most fundamental of these obligations is adherence to the *FP Canada Standards Council Standards of Professional Responsibility*.

Because their work with clients can vary in terms of level of complexity, and involve the integration of many financial planning elements, FP Canada certificants are expected to follow logical, defined processes to perform their duties effectively. The *FP Canada Standards Council Practice Standards* delineates these processes.

All FP Canada certificants need to adapt their practices to the needs of their clients and employers. Therefore, it is essential that they have a set of skills and abilities that allows them to perform effectively in any situation. These fundamental, common functions of the profession help FP Canada certificants (and other stakeholders) establish expectations and measure success. These functions form the basis for the *FP Canada Standards Council Competency Profile for CFP Certification.*

This is the *FP Canada Standards Council Competency Profile for CFP Certification*. The *FP Canada Standards Council Competency Profile for QAFP Certification* is published as a separate document.

Development and Application of the Competency Profile

The *FP Canada Standards Council Competency Profile for CFP Certification* is based on FP Canada's comprehensive analysis of the financial planning profession. The foundations for this Competency Profile are the *FP Canada Standards Council Competency Profile* released by FP Canada in 2017, the global Financial Planner Competency Profile released by Financial Planning Standards Board Ltd. in 2015 and its review and update in 2022, and considerable input from industry.

Every five years, the FP Canada Standards Council revalidates its competency profiles to ensure they continue to be relevant to the financial planning profession, representative of the competencies and skills that Canadians require, and an accurate reflection of the demands related to the practice of financial planning. To complete the *FP Canada Standards Council Competency Profile for CFP Certification* and the *FP Canada Standards Council Competency Profile for QAFP Certification*, a national task force of CFP professionals, QAFP professionals and industry representatives was formed to refine and update language, identify new or evolving competencies, address unnecessary competencies and update the definitions and statements specific to the professional skills required for the practice of financial planning. The task force also identified the need for separate competency profiles for CFP certification and for QAFP certification. The work of this task force was validated through a survey of FP Canada certificants, educators and industry representatives to confirm its relevance, currency and accuracy.

The *FP Canada Standards Council Competency Profile for CFP Certification* reflects what CFP professionals do today and the expectations for the profession over the next several years. It sets the bar for those aspiring to become CFP professionals in the future; as such, it is intended to lead the profession, not follow it.

The *FP Canada Standards Council Competency Profile for CFP Certification* identifies the core knowledge, skills and abilities required for competent financial practice, and thus sets out the value proposition of financial planning with a CFP professional. The Competency Profile is not an exhaustive list of every element possible in every variation of practice, but rather, outlines what CFP professionals actually do.

The *Competency Profile* has four direct applications for FP Canada: examination blueprints, technical education, work experience evaluation and Continuing Education requirements.

CFP professionals can use the *FP Canada Standards Council Competency Profile for CFP Certification* to validate their skills and abilities and articulate their value to clients, employers and other stakeholders. It also serves as the source document to help them determine their continuous professional development.

Candidates for CFP certification can use the *FP Canada Standards Council Competency Profile for CFP Certification* to understand the scope of competence required for the examination components of CFP certification. The *FP Canada Standards Council Competency Profile for CFP Certification* is the foundation for the examination blueprint for the CFP exam. The *FP Canada Standards Council Competency Profile for CFP Certification* also serves as the primary measure of what will qualify as acceptable under the work experience requirement for CFP certification.

Education providers can use the *FP Canada Standards Council Competency Profile for CFP Certification* to guide the development of financial planning curricula to ensure their students acquire the knowledge, skills and abilities they will need to be effective, competent and prepared for employment and the practice of financial planning. The FP Canada Institute™ uses both the *FP Canada Standards Council Competency Profile for CFP Certification* and *FP Canada Standards Council Competency Profile for QAFP Certification* to determine which education programs meet FP Canada's Technical Curriculum requirements.

Employers can use the *FP Canada Standards Council Competency Profile for CFP Certification* to better understand the value and importance of hiring CFP professionals and to appreciate the knowledge, skills and abilities that CFP professionals bring to their work.

Canadian consumers can use the *FP Canada Standards Council Competency Profile for CFP Certification* to better understand the value proposition of financial planning and the role that a CFP professional can play in helping them meet their life goals. The Competency Profile also provides the public with a summary of the areas of planning that a CFP professional can address.

Structure of the Competency Profile

What is a “Competency”?

The ability to perform a particular job function is called a “competency”. A competency, however, is not simply a job-related task. It also includes the integrated application of knowledge, skills, attitudes and judgments required to perform key functions of the job at an expected level.

The *Competency Profile* describes competencies that define expectations for CFP professionals. Competencies are the focal point of CFP professionals’ underlying skills and knowledge. In addition to adhering to standards of professional responsibility, CFP professionals’ fulfillment of these competencies directly influences clients’ experience with financial planning.

Competencies are a combination of:

- Activities – the “functional” elements of a competency, or the drivers of actual tasks performed, as CFP professionals move through the financial planning process
- Skills and technical knowledge – the “foundational” elements of a competency that include the behaviours and required knowledge that support achievement of the financial planning tasks

Defining competencies in this way recognizes the importance of the underlying elements, while acknowledging that CFP professionals must combine these elements effectively to apply a particular competency in practice.

Functional Drivers of Competencies

The functional drivers of the competencies consist of two major elements:

1. Financial Planning Areas: Outlines the areas of focus in which CFP professionals will address different client goals and financial issues.
2. Financial Planning Functions: Outlines the more broadly defined, general activities common to all financial planning areas.

Financial Planning Areas

Six areas, together with Fundamental Financial Planning Practices, comprise the whole of financial planning competencies:

1. financial management
2. investment planning
3. insurance and risk management
4. tax planning
5. retirement planning
6. estate planning and law for financial planning

In reviewing the *FP Canada Standards Council Competency Profile for CFP Certification*, it is important to recognize that although many competencies could appear under multiple areas, each statement of competency is assigned to the most representative area within a particular function and appears only once. For example, a competency that appears as an element within Collection in Estate Planning may also be relevant to Collection for Insurance and Risk Management.

The practice of financial planning is integrative in nature—one area cannot be considered in isolation. Within any single financial planning area, CFP professionals will assess overlapping statements of competency from other areas. The diligence they must meet is to address all relevant statements of competency in any financial planning engagement.

Fundamental Financial Planning Practices represent general competencies across all financial planning areas. These competencies relate to the integration and interrelationships among the financial planning areas. With every client engagement, the Fundamental Financial Planning Practices are essential "building blocks" to which the CFP professional adds from other relevant areas.

Financial Planning Functions

At the most general level, financial planning consists of three basic functions:

1. Collection

Gathers and prepares the client's information:

- Collects both quantitative and qualitative information
- Identifies relevant facts and documentation
- Prepares and organizes information in a way that allows for appropriate analysis

2. Analysis

Assesses the client's situation and identifies and evaluates appropriate strategies:

- Identifies issues and opportunities
- Performs required calculations
- Develops projections
- Prepares and assesses the resulting information to identify and evaluate appropriate strategies

3. Recommendation

Develops recommendations to help optimize the client's situation:

- Develops recommendations, in order of priority, that help meet the client's goals, needs and priorities

Professional Skills

Professional skills describe the ability to act in a constructive, collaborative and responsive manner to the needs of clients and colleagues. Professional skills are a foundational element of applying financial planning competencies. They refer to the non-technical competencies expected of members of a profession. They describe how CFP professionals are expected to behave and interact with clients and others, and are inherent to being a competent financial planning professional.

Professional skills are categorized as follows:

- professional conduct
- critical thinking
- interpersonal
- communication
- collaboration

These professional skills separate qualified financial planners from others in the financial services industry and form the foundation for financial planning as a profession.

Technical Knowledge: Financial Planning Body of Knowledge (FP-BoK)

The Financial Planning Body of Knowledge (FP-BoK) describes the knowledge expected of CFP professionals in 12 technical topic areas:

1. financial planning profession and financial services industry regulation
2. financial analysis
3. credit and debt
4. registered retirement plans
5. government benefit plans
6. registered education and disability savings plans
7. economics
8. investments
9. taxation
10. law
11. insurance
12. human behaviour

As a foundational support to the demonstration of financial planning competence, the Financial Planning Body of Knowledge provides the underpinning for the *Competency Profile* and defines the expectations of CFP professionals at the point of certification. It is essential for demonstrating competence in the fundamental financial planning practices and financial planning areas of financial management, investment planning, retirement planning, tax planning, insurance and risk management, estate planning and law for financial planning. Knowledge about human behaviour, decision-making, and relationships is important for the demonstration of professional skills. Without appropriate levels of knowledge, the competencies cannot be demonstrated.

By cataloguing the knowledge expected of FP Canada certificants, the FP-BoK builds on the *Canadian Financial Planning Definitions, Standards and Competencies* to further define the holistic nature and scope of financial planning for the benefit of the Canadian public, educators, students, industry firms and financial planning professionals. Access the FP-BoK at fpcanada.ca/bok.

Elements of Competency

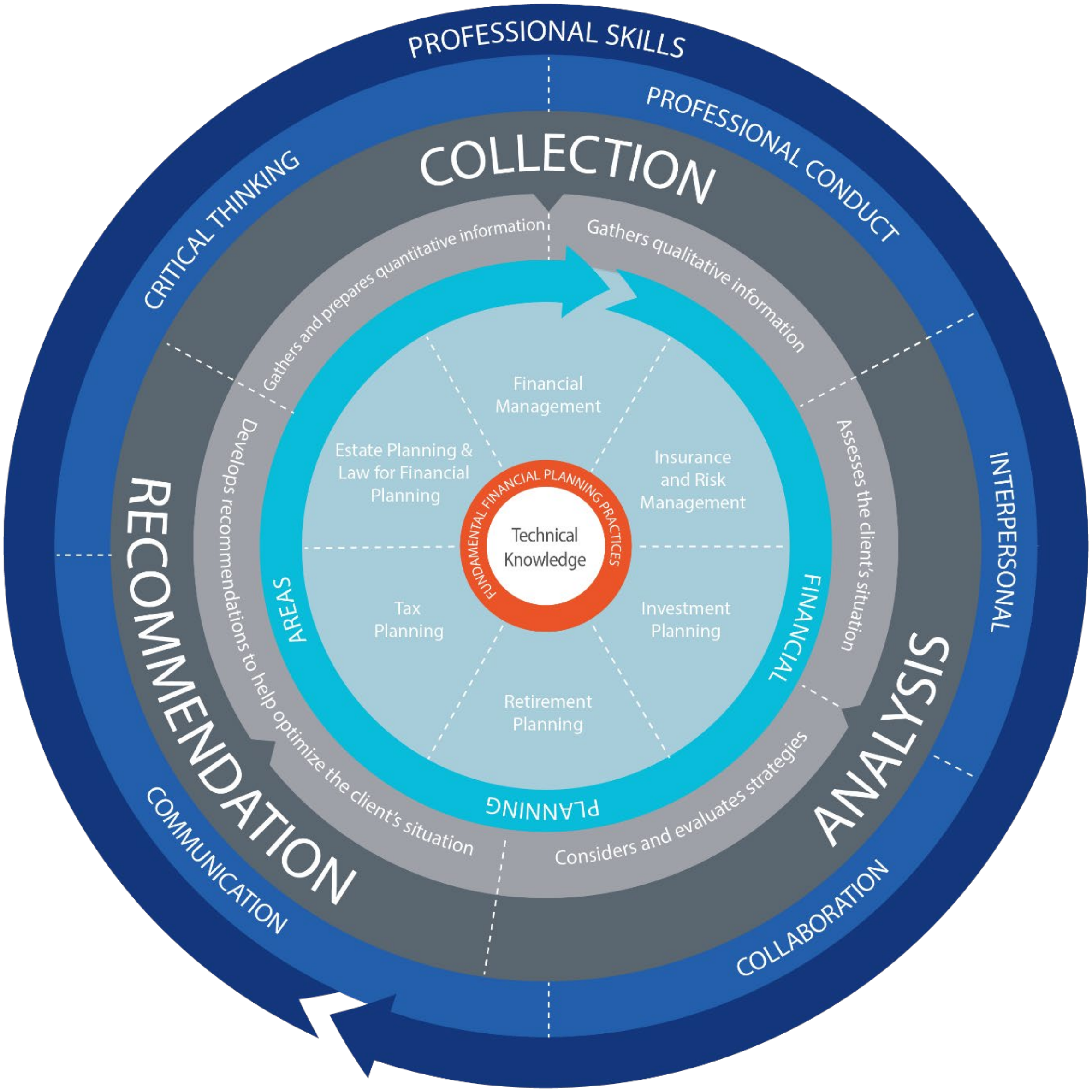
A competency is the integration and application of knowledge, skills, attitudes and judgments that allow CFP professionals and QAFP professionals to perform specific job functions. At the basis of competencies are the processes and methods that CFP professionals and QAFP professionals use to complete the day-to-day requirements of financial planning.

The tables on pages 13-51 list the elements of competency associated with each financial planning area and the fundamental financial planning practices. Each table also provides a brief description of the elements of competency and examples of how a CFP professional may apply them.-The descriptions and examples are not intended to provide full details on the elements of competency. They are meant to provide guidance and clarity on the intent of each competency statement.

In keeping with the *FP Canada Standards Council Rules of Conduct*, all FP Canada certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FP Canada.

The diagram below illustrates the concept that in all financial planning areas, elements of competency are the focal point, the aggregated result of CFP professionals' performance of financial planning functions, professional skills and demonstration of their technical knowledge.

Elements of Competency Graphic



Fundamental Financial Planning Practices

Application of the fundamental financial planning practices in the development of a client's financial plan requires the integration of the six financial planning areas. These practices are key to providing a thorough plan that details the impact that recommendations will have on each planning area. Applying the practices allows CFP professionals to assess the client's entire position and develop a comprehensive financial plan, providing recommendations that take all of the financial planning areas into account. In order to provide meaningful advice and planning, CFP professionals must be aware of all of the client's goals and objectives, understand the overlap and interdependency of the planning areas, recognize the gaps, constraints and opportunities present in the client's situation, recommend appropriate financial strategies, and establish planning priorities that meet the client's needs and optimize the client's overall financial situation.

1	Collection: Gathers and prepares the client's information
1.001 **Identifies client's objectives, needs, values, priorities, expectations and circumstances that have financial planning implications**	By collecting qualitative and quantitative information to identify client objectives, priorities, expectations, circumstances, and values that have financial planning implications, the CFP professional can help the client identify their objectives in complex situations. For example, if a client has business and retirement goals that are interrelated, the CFP professional may have to ask questions to identify additional priorities, such as selling to a key person or family member. If the client has this objective, the CFP professional would need to determine if there were estate or tax objectives not previously identified.
1.002 **Determines client's understanding of financial planning assumptions**	CFP professionals ask questions to help determine how well the client understands the financial planning assumptions within their plan. A CFP professional assesses the client's understanding of expected rate of return on assets, interest rates, life expectancy, income tax rates and expected rate of inflation. A CFP professional can discuss all the financial assumptions they use, their relevance and implications to ensure the client understands and agrees to their use in the preparation of their financial plan.
1.003 **Identifies information and documentation required for financial planning**	CFP professionals determine the specific client material necessary to prepare a financial plan. For example, the required information and documentation could include information about, and corresponding statements for a client-owned business, and relevant documents like corporate statements, a current valuation of the client's business and a shareholders' agreement. In addition, the CFP professional would need to collect details about personal assets and liabilities and any personal guarantees in place. CFP professionals may request other supporting documentation that has not already been provided, such as copies of the client's will, powers of attorney, and income tax filings, and may

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	provide guidance to the client about how to obtain documents that are not immediately available.
1.004 **Identifies client's legal considerations that affect the financial planning process**	CFP professionals recognize a client's personal and professional circumstances or relationships that could have legal implications and should also be able to anticipate future legal considerations that may evolve from a client's goals or relationships. CFP professionals need to identify complex legal considerations such as the potential need for a trust, an immigration or residency issue, a need for shareholder's agreements, or the use of a cohabitation agreement, marital contract, or separation agreement in addition to basic legal needs such as updating wills or power of attorney.
1.005 **Determines client's level of financial knowledge and experience**	CFP professionals collect qualitative information to identify a client's level of experience and knowledge about financial planning and its components. A CFP professional would ask questions related to a client's financial behaviour and past experiences to determine their level of financial literacy. For example, a client with less financial knowledge may have deferred financial decisions to a spouse, family member or advisor. A client with a higher level of knowledge and experience may have a diversified portfolio with appropriate plan types and asset allocations.
1.006 **Identifies material changes in client's health, personal and financial situation**	CFP professionals recognize changes in a client's life that can impact their financial situation directly or indirectly. Material changes can include bankruptcy, change in marital status, starting a family, losing or changing employment, receiving a 'windfall', and experiencing a disability or critical illness which could reduce their life expectancy.
1.007 **Determines completeness of information to enable analysis**	CFP professionals review the information they have collected and assess if it is current, accurate and thorough enough to complete an accurate analysis of a client's financial situation. A CFP professional could be working with clients dealing with complex circumstances that could require further analysis of corporate accounts, taxation history, trust documents or corporate-held life insurance policies. For example, in determining income distribution to a CCPC shareholder, a CFP professional would want to obtain the value of the CDA account. Alternatively, a CFP professional might discover that a client is collecting long-term disability for a serious medical condition and ask if the client is eligible for the disability tax credit.

2	**Analysis:** Assesses the client's situation and identifies and evaluates appropriate strategies
2.001 **Analyzes collected information to prioritize the financial planning areas based on the client's objectives**	CFP professionals holistically analyze the information they have collected across all the financial planning areas to determine which aspects are most important to the client's overall plan. CFP professionals will typically work with clients with more complex situations. For example, a client might have both business succession goals and estate objectives. The CFP professional might identify life insurance as a priority, to address a funding gap to address the other objectives.
2.002 **Considers interrelationships among financial planning areas**	CFP professionals recognize the integrative nature of financial planning and how recommendations in one financial planning area will have an impact on others. For example, when a CFP professional works with a client who recently has lost their job and received a severance package with a lump-sum payment, the CFP professional would recognize the impact this change will have on many areas of the client's financial plan. With receipt of a lump-sum payment, there could be a loss of group insurance benefits which might need to be replaced through conversion of the group coverage or purchase of new coverage (insurance and risk management). In addition, a portion of the lump sum could be eligible for rollover or transfer to the client's RRSP. The CFP professional can assess the impact of these options (tax planning). There could also be a decision concerning a pension plan, and if it is beneficial for the client to commute their pension plan (retirement planning). If the pension entitlement is commuted, the CFP professional can develop an investment strategy for these proceeds in line with the client's investor profile (investment planning). Given the client's change in income, the CFP professional would work with the client on cash-flow planning, which would include potential increased insurance costs, the tax impact of the lump-sum payment and possible registered contributions, and how to best fund on-going expenses (financial management).
2.003 **Assesses opportunities and constraints across financial planning areas**	In their evaluation of their client's circumstances across financial planning areas, CFP professionals recognize the impact of opportunities and their limitations. A limitation may be a consequence that one decision has on another financial planning area, a constraint on meeting two or more objectives simultaneously, or solutions that may have prohibitive costs to the client. For example, a client might be holding substantial passive investments in their operating company. The client could be anticipating a sale of their corporation soon. A CFP professional would identify the benefits of holding investment assets within an active operating company but flag that the client's corporation's QSBC status could be in jeopardy.

2.004 **Considers impact of economic, political and regulatory environments**	CFP professionals understand outside factors that could impact a client's financial plan, such as the economy, the political environment and regulators. A CFP professional keeps informed on updates and changes in these areas and addresses their potential impacts on clients' financial plans. A CFP professional considers both the Canadian and international environments that could be relevant. For example, a client could be sensitive to significant taxation changes triggered by a change of political power, or a monetary policy could increase returns in a client's conservative portfolio.
2.005 **Considers benefits and limitations of financial technology and its impact on a client's projected planning outcomes**	CFP professionals often use computer software in the preparation and presentation of financial plans. It is important that CFP professionals understand the assumptions embedded in the software and how they are applied. For example, if a CFP professional is presenting an income-splitting strategy for a couple who pay income tax at two different tax rates, they need to know which tax rate will be used as the first default by the software and if it can be altered. This may result in the CFP professional changing the default tax rate, or running an alternative scenario using the same software, or perhaps selecting a different tool for analysis and presentation.
2.006 **Assesses costs and benefits of competing alternatives, integrating them across financial planning areas**	CFP professionals evaluate the advantages and disadvantages of variable scenarios and their application across all financial planning areas. In assessing financial options or strategies, CFP professionals can recognize and measure the consequences a financial planning strategy could have on another component of a client's financial plan. A CFP professional would generally be assessing the integration of complex scenarios. For example, a client with several children who wants them to benefit equally from their estate, while leaving specific assets to the children and remainder amounts to their spouse to maintain their current lifestyle, may discover that there is a shortfall in existing asset values and insurance to meet objectives. A CFP professional would provide potential solutions and explain the impact of each on other financial planning areas.
2.007 **Measures progress toward achievement of objectives of the financial plan**	CFP professionals evaluate the progress made in advancing toward planning objectives. Progress is measured by comparing the client's financial position at the time the goal was established, or last reviewed, against a current financial position, as well as assessing whether the steps that would lead to accomplishing financial goals have been taken. CFP professionals would be expected to include details that impact a client's overall financial position, such as updated values of return-of-premium options on living benefits policies, net CSV of life insurance policies, shareholder values, private loans or taxes payable.

3	**Recommendation:** Develops recommendations to help optimize the client's situation
3.001 **Prioritizes recommendations from the financial planning areas to optimize the client's outcomes**	CFP professionals select from recommendations across all the financial planning areas to prioritize actions that will elevate the client's financial situation. For example, a corporate client might be looking to fund buy/sell insurance for shareholders, but the corporation might not have a suitable shareholder's agreement to address "first right of refusal". A CFP professional would be able to recognize the importance of having a proper agreement drafted in tandem with, or prior to, a purchase of insurance.
3.002 **Recommends steps to implement a financial plan**	CFP professionals break down the steps to achieve financial objectives once a client's overall financial objectives are assessed and recommendations are prioritized. Summaries of tasks should be provided as well as an action plan for the client and their trusted professionals. A CFP professional can provide recommendations in complex client scenarios, such as for clients with complicated family dynamics, corporate holdings, trusts, or various income sources.
3.003 **Determines other professionals required to assist in implementation of a financial plan**	CFP professionals understand that other professionals may be required to assist in the implementation of a financial plan. They recognize their own limitations and will seek advice, expertise or counsel from other professionals whenever deemed necessary by licensing or regulatory bodies, as well as according to their own competencies. For example, CFP professionals would refer an insurance purchase to a licensed insurance professional and might also seek assistance from other professionals, such as, lawyers, accountants, business valuators, general insurance brokers or investment advisors to help clients implement their financial plans.
3.004 **Determines the necessity to revise the financial plan**	CFP professionals review a client's financial plan, their personal and professional lives as well as family or business dynamics to determine the necessity for a scheduled review of their financial plan. CFP professionals also must recognize material changes in a client's life that would prompt an adjustment and affect original plans, including impacts that personal and business issues could have. For example, a CFP professional originally might have determined that a business-owner client should review their personal financial plan after a two-year business cycle when loans reach maturity and cash flow is set to improve but has found out that the client has since developed a serious health condition. A CFP professional would recognize that this change could have an impact on the financial plan and the original timeline for review might need to be reconsidered.

Financial Management

Financial management focuses on clients' current and future financial positions, including the use of cash flow and the development of cash flow statements; the establishment and use of savings; and the use of credit and repayment of debt. A client's financial position is characterized by current and projected cash flow and net worth, and reflects the client's inclination to spend, save and borrow.

It is important for CFP professionals to consider the integration of financial management with other financial planning areas, since decisions made in this area will impact, and be impacted by, other key financial planning goals and strategies. For example, cash management will need to take various competing goals into account, such as providing for children's education, retiring, or leaving a sizeable estate.

1	Collection: Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.101 **Collects information regarding client's assets and liabilities**	CFP professionals discuss details about their clients' assets and liabilities with them. A CFP professional might observe that clients are often not fully aware of all the details of each of their assets and liabilities. Given the importance of details in providing holistic advice, CFP professionals encourage and assist clients to provide supporting documentation, which can include bank and investment statements, notice of assessments, corporate financial statements, property tax assessments, and mortgage, loan, line of credit and credit card statements. Key information about assets includes type of asset, market value, ownership, adjusted cost base, historical rates of return and beneficiary designations. Key information about liabilities includes the type of liability, balance owing, ownership, term, interest rate, amount and frequency of payments and purpose of the liability.
1.102 **Collects information regarding client's current and projected cash flow**	CFP professionals discuss details about their clients' income and expenses with them. For example, a CFP professional working with a client who is a sole proprietor would collect information about both personal and business expenses, and also recognize the potential for variable income amounts at irregular intervals throughout the year. The CFP professional would recognize the client's requirement to collect and submit GST/HST tax from their business activities and pay quarterly income tax instalments based on their income. Key information about income and expense amounts includes their source, amount, timing, frequency, and tax treatment. The client provides supporting documentation for this information to the CFP professional.

1.103 **Prepares statements of client’s net worth and cash flow**	CFP professionals use the collected information on their clients’ assets and liabilities to prepare a statement of net worth and use the collected information on their income and expenses to prepare a cash flow statement. For example, a CFP professional might observe that a client with a charitable remainder trust is concerned about recent market volatility and its impact on the trust balance. The CFP professional could prepare a net worth statement, as well as a cash flow summary of the trust to ensure it remains on track to achieve the client’s desired goals.
1.2 Gathers qualitative information	
1.201 **Determines client’s experience, attitudes, biases and objectives regarding saving and spending**	CFP professionals discuss any experiences that would impact their clients’ attitudes, biases and objectives about saving and spending with them. For example, if a CFP professional identifies a significant annual cash flow change that could impact a client’s intergenerational wealth transfer goals, they would discuss this with the client to determine needs and spending habits. In helping the client identify their spending habit changes, the CFP professional can recognize why the change occurred, and any behaviours, or goals that might need to be altered to maintain a positive cash flow and meet other goals.
1.202 **Determines client’s experience, attitudes, biases and objectives regarding credit and debt**	CFP professionals discuss any experiences that would impact their clients’ attitudes, biases and objectives about credit and debt with them. For example, a CFP professional might observe that a client has a large limit on a personal line of credit, and regularly uses this credit line for personal advances and for the purposes of earning income. In discussing this with the client, the CFP professional might learn that the client is comfortable using credit and carrying this level of debt and can afford the required minimum payment amount each month in addition to principal repayments as cash flow permits. The CFP professional would need to discuss the opportunities and concerns about using debt, its cost and impact on achieving the client’s objectives with them.
1.203 **Determines client’s desired lifestyle**	The implications of funding a client’s desired lifestyle are important for financial management decisions and strategies, and CFP professionals discuss how the client wants to live. For example, when CFP professionals have a client who owns multiple properties in different regions or countries, they ask questions to determine the amount of time the client plans to spend abroad each year.

2	**Analysis:** Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.101 **Determines characteristics of client's assets and liabilities**	CFP professionals conduct a thorough review of the client's assets and liabilities to learn about and assess their features. For example, in reviewing a cross purchase buy-sell agreement for a primary shareholder of a corporation, a CFP professional would review the agreement for the triggering event, such as the death of a shareholder, the agreed upon valuation method, and the funding strategy, including possible extended term of payment.
2.102 **Determines whether a client is living within financial means**	CFP professionals assess if their client can fund lifestyle costs without negatively impacting their net worth or acquiring debt. When making this assessment for a business owner, the CFP professional's determination of whether the client is living within their financial means would include a review of drawing accounting adjustments at year end. For example, a business owner who is regularly paying for business expenses on their personal credit card may have a positive drawing account balance at corporate year end, while simultaneously, and possibly incorrectly, feeling that their personal lifestyle expenses are not within their financial means.
2.103 **Determines client's capacity to withstand unexpected situations**	CFP professionals assess to what extent a client can continue to fund cash flow needs in the event the client's income is reduced, or expenses are increased for a period of time. For example, a client with several children from a previous relationship may have significant income payments in the form of both spousal and child support. Given the nature of this type of income, determining the availability and cost of credit, liquidity of assets, as well as tax consequences is prudent should a dispute arise, or a significant change occur in the ex-partners financial situation.
2.104 **Calculates the amount required to meet financial management goals and objectives**	CFP professionals determine what amount of savings or payment is needed to achieve their clients' financial management objectives. For example, a CFP professional calculates the additional payment amount required each month to overfund a permanent insurance policy, so the client has the option to use the future cash value as part of their retirement income.

2.105 **Identifies conflicting demands on current and projected cash flow**	CFP professionals recognize the various financial planning objectives that require funding from a client's cash flow. Complex business or family relationships can lead to conflicting demands on current and projected cash flow and prompt a trade-off analysis and discussion to help the client make appropriate choices. For example, a CFP professional might identify possibly significant conflicting demands to fund a client' separation agreement as well as retirement savings.

2.2 Considers and evaluates strategies

2.201 **Considers potential cash flow strategies**	CFP professionals evaluate available budgeting income and expenses options to meet their clients' needs and objectives. For example, a CFP professional assisting a client with their budget would consider the impact of the client paying themself a salary, or dividends from their corporation. If the client is paying themselves primarily dividends, budgeting considerations would need to be given for additional tax payments since no tax is withdrawn at source for the dividend payments.
2.202 **Considers potential credit and debt management strategies**	CFP professionals evaluate available options for managing the use of credit and debt payment to meet their clients' needs and objectives. For example, a CFP professional might advise a client with multiple rental properties to refinance their mortgage and extend the amortization to fund a necessary renovation to maintain their monthly mortgage payments at a level that is appropriate for the level of rent the properties will produce.
2.203 **Considers potential savings strategies**	In assessing possible savings strategies to meet a client's goals, a CFP professional might observe that a client owns a business with excess income above the small business deduction limit of $500,000. While assisting the client with retirement savings strategies, the CFP professional might recommend the excess business income be transferred to an RCA to immediately defer tax, and contribute towards the owner's retirement savings goals.
2.204 **Assesses the impact of potential changes in income and expenses**	CFP professionals determine how a change in their clients' income or expenses will affect their cash flow position. The impact on a client's cash flow will vary, depending on the nature of the change. For example, a client who has recently moved out of their family home due to an impending separation, could have an increase in housing costs. The CFP professional might observe that this client does not have the ability or desire to reduce other expenses, but they have retained earnings within their businesses. The CFP professional would assess the impact of supplementing their current income with dividends.

2.205 **Evaluates advantages and disadvantages of each financial management strategy**	CFP professionals assess the benefits and concerns of each available financial management strategy to address their clients' planning needs and objectives. A CFP professional might observe that a client who owns a successful and rapidly growing incorporated family business, would like to do an estate freeze. The CFP professional would evaluate the possible benefits, including the client knowing their potential future tax liability, as well as any potential disadvantages, including possibly significant time required and set-up costs.
2.206 **Prioritizes client's financial management goals, objectives and needs**	CFP professionals determine the importance of, and rank in priority, their clients' net worth and cash flow needs and objectives. CFP professionals can detail which strategies should be addressed first. For example, when working with a client who has a goal to provide significant family wealth to their heirs, a CFP professional might observe that the client wants to ensure their children are responsible with the money, and therefore require that they have no consumer debt to be able to access their trust income. The CFP professional might prioritize meeting with the heirs to discuss their own financial management goals, needs and objectives.

3	**Recommendation:** Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.101 **Formulates financial management strategies**	CFP professionals develop and present appropriate recommendations to address their clients' objectives regarding net worth and cash flow and to address their concerns. A CFP professional might observe that a client who is preparing to sell their qualified small business corporation to a family member needs to hire a certified business valuator to ensure they meet current CRA guidelines and qualify for the LCGE. Since this cost was not initially included in the client's plans, the CFP professional formulates strategies to fund this additional cost.
3.102 **Recommends optimal financial management strategies**	CFP professionals present the most appropriate recommendations to best address their clients' net worth and cash flow needs and objectives. Optimal financial management strategies may include multiple considerations with higher complexity. For example, to meet the objective of maximizing tax efficient savings strategies for a client's children, a CFP professional might recommend directing surplus cash flow toward permanent insurance once the client has fully maximized the child's RESP.

3.103 **Prioritizes the steps, sequencing, and timing for a client to implement the recommended financial management strategies**	CFP professionals outline the steps that need to be taken to turn their financial management recommendations into action. For example, when commuting a pension, a CFP professional may recommend investigating a client's eligible RRSP contribution room, and help the client navigate the decision, paperwork, and employer deadlines. CFP professionals might work in tandem with other professionals on complex strategies requiring very specific timelines

Investment Planning

Investment planning focuses on clients' assets and how to best manage them according to clients' investment risk tolerance and objectives. Planning involves all a client's investment holdings, which can include cash, fixed income, equity, real estate and commodity-based assets. Investment planning decisions will impact a client's ability to meet financial goals related to major purchases, as well as education funding, retirement, tax and estate planning.

Please note that in keeping with the *FP Canada Standards Council Rules of Conduct*, CFP professionals shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FP Canada Standards Council. The rules and regulations about providing investment planning advice will vary across different jurisdictions.

1	**Collection:** Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.104 **Collects information regarding client's assets and investment holdings**	CFP professionals gather details about their clients' assets and investment holdings. In providing the required information, clients may give copies of bank and investment account statements, property appraisals and deeds or details on any stock option awards. For example, the CFP professional needs to know whether the client holds the assets individually, or jointly with a business partner, or in a trust, to prepare the client's net worth statement.
1.105 **Prepares a summary of assets and investment holdings**	CFP professionals use the information they have collected to develop a complete listing of their clients' assets. A summary of investment holdings includes information about the fair market value and adjusted cost base of investments, date of purchase, accrued gains or losses, dividend or interest payment amounts, and maturity dates if applicable. The summary may also include details about where the assets are held. In addition to cash, fixed-income and equity assets,

	investment holdings can also include whole or universal life insurance policies, rental properties or business interests.
1.106 **Determines client's current asset allocation**	CFP professionals collect information about their clients' assets and investment holdings to identify the value held in each asset class. A client's current asset allocation details the proportion of assets that are held in cash, fixed-income and equities, and sometimes in other asset groups such as real estate or commodities. The CFP professional collects information on the client's total asset holdings including investments in both registered and non-registered plans.
1.107 **Identifies current and projected asset and investment cash flows**	CFP professionals collect information about their clients' holdings to determine asset and investment cash flows. This information can include interest payments on fixed-income assets and confirmation about whether interest is paid and received at a set interval or continues to accrue until maturity. CFP professionals would identify dividend payments from equity holdings, and whether these payments remain in cash or are reinvested to purchase additional shares or units. They would also identify projected cash flows from inter-spousal loans or from an interest in a trust or business.
1.108 **Identifies available contribution room**	CFP professionals gather details about available contribution room for registered plans such as TFSAs, RRSPs, RESPs and RDSPs. A client might have an IPP where contribution amounts and funding options can require more complex planning. Identifying available contribution room can provide planning opportunities for the client, and help them avoid making excess contributions to registered plans and the resulting penalties.
1.2 Gathers qualitative information	
1.204 **Determines client's investment experience, attitudes, values, biases, and objectives**	By discussing how a client feels about investing, the CFP professional learns about their investment experience, whether they have invested only in term deposits or in a variety of investment vehicles, and if their past experience has been positive or negative. If a client has realized loss on the sale of shares, the result could be a bias to avoid equity investments. CFP professionals also discuss the purpose of a client's investments, and if the client is looking for safety of capital, income, or growth. A client might hold investments in a personal account and in a business account, and the objectives for these two accounts could be different.
1.205 **Determines client's return expectations**	CFP professionals discuss their clients' return expectations for investments and the basis for those expectations. CFP professionals review how realistic a client's return expectations are when compared to the client's investor profile. The CFP professional can assess a client's return expectations by comparing them to research and

	statistics on the historical and expected performance of various asset classes. For example, if a client is considering a leveraged investment strategy, determining expected returns is relevant to help evaluate the merits of borrowing to invest.
1.206 **Determines client's investment constraints**	CFP professionals discuss and identify various constraints that would impact the investment and management of clients' assets. For example, a client might hold stock options and shares in their employer's company and could have specific time frames to buy or sell these investments due to insider trading regulations.
1.207 **Determines client's capacity, tolerance, and composure related to investment risk**	CFP professionals discuss their clients' thoughts about investment risk and the potential loss of asset value with them. They determine clients' attitudes and concerns about incurring a financial loss, ability to handle a financial loss, and the impact it would have on cash flow, savings, lifestyle and their financial plan. In determining a client's risk profile, a CFP professional discusses the client's attitudes to market volatility, and their past and potential reaction and behaviour to market swings. For example, a CFP professional would assess how a client might react and respond to a drop in value in their registered plans within a year of their planned retirement date.
1.208 **Determines client's desired degree of involvement in investment planning**	CFP professionals explore with their clients the level of responsibility the client wants to take in managing their investments. CFP professionals discuss with their clients how comfortable they are to implement investment decisions. CFP professionals may also assess clients' investment knowledge and interest, level of involvement in previous investment decisions and if investments are managed on a discretionary or non-discretionary basis. For example, this information can be a contributing factor to a client's decision about whether to take a commuted pension value or stay with a defined benefit pension plan.

2	**Analysis:** Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.106 **Determines characteristics of assets and investment holdings**	CFP professionals conduct a thorough review of their clients' assets and investment holdings to learn about and assess their features. For example, if the client is holding rental properties, a CFP professional identifies the ownership of the properties – whether they are held individually, jointly with a spouse or partner, or in a corporation/trust owned by the client. The CFP professional also would gather information about the rate of return earned on the rental properties,

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	their cost base, fair market value and the amount and terms of any underlying debt on the rental properties.
2.107 **Determines the implications of acquiring or disposing of assets**	Determining the implications of acquiring or disposing of assets can include the CFP professional doing an assessment of fees and costs, the income tax impact, diversification of holdings, the resulting asset mix, and if the changes are in line with a client's stated asset allocation. For example, the use of a maturing GIC to pay down a line of credit balance would alter the client's asset allocation and could result in a rebalancing of investments.
2.108 **Calculates the required rate of return to reach client's objectives**	CFP professionals calculate the required rate of return to achieve their clients' objectives. Factors in the required rate of return calculation include a client's time frame to reach the objective, whether returns are taxable and if additional contributions are being made towards the goal.ir
2.109 **Assesses whether investment return expectations are consistent with client's values, constraints, risk capacity, needs, and tolerance**	CFP professionals determine if the clients' return expectations are suitable for the client's investor profile. This assessment can include a comparison of a suitable rate of return based on a client's risk tolerance, investment objectives and constraints against the rate of return the client expects to earn. In some cases, a client's expected return may not be realistic based on the current market environment, or it may be assuming more risk than what is needed to earn the client's required rate of return, or it may require an asset mix that is too aggressive when compared to the client's composure and capacity to handle investment risk. When appropriate, CFP professionals discuss more realistic return expectations that are better suited to a client's risk tolerance profile.
2.110 **Assesses whether asset allocation is consistent with client's values, constraints, risk capacity, needs, and tolerance**	CFP professionals determine if their clients' asset group weightings are suitable for their investor profiles. This assessment can include a comparison of which asset weightings are suitable based on a client's risk tolerance, investment objectives and constraints against the client's current asset weightings. When the client's asset allocation is not suitable, CFP professionals identify the concern, revisit and discuss the investor profile details with the client, and recommend an adjustment to the asset allocation. CFP professionals monitor investment values and the asset allocation on a regular basis, since changing values will impact asset class weightings and in some cases, rebalancing may be needed.

2.2 Considers and evaluates strategies	
2.207 **Considers potential investment planning strategies**	CFP professionals assess and evaluate different investment planning options to meet their clients' needs and objectives. For example, a CFP professional might consider adjustments to a client's investments held in an IPP as their planned retirement date approaches, such as altering the asset allocation to reflect different investment objectives as the client nears retirement. CFP professionals might also consider the use of different investment vehicles, such as annuities or laddered bonds, to meet a client's retirement needs.
2.208 **Evaluates advantages and disadvantages of each investment planning strategy**	CFP professionals assess the advantages and disadvantages of each available investment planning strategy to address their clients' planning needs and objectives. For example, CFP professionals might evaluate investing in segregated funds compared to investing in mutual funds. Comparisons could include advantages and disadvantages with regard to fees and annual costs, expected returns and income distributions. As well, the specific features of segregated funds could be evaluated, such as guarantee provisions and being able to designate a beneficiary.
2.209 **Prioritizes client's investment planning objectives and needs**	CFP professionals determine the importance of their clients' investment planning needs and objectives and rank them in priority. By identifying specific investment planning issues as priorities, CFP professionals can detail which strategies should be addressed first. For example, if a client has a significant percentage of assets invested in their employer's shares through participation in company stock purchase plans and stock options awards, a CFP professional might recognize a level of investment risk due to a lack of diversification. In that situation, an investment planning priority might be to sell a portion of those shares and use the proceeds to diversify the client's investment holdings. Planning would include integrating income tax and cash flow impacts.

3	Recommendation: Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.104 **Formulates investment planning strategies**	CFP professionals develop and present appropriate recommendations to address their clients' concerns and objectives about investment planning. For example, a CFP professional might identify the need to alter investment holdings to align with the client's risk tolerance, capacity, time horizon and objectives. Solutions could involve assessing

	the use of assets within a corporation, assessing for income splitting and asset location opportunities, or appropriate management of trust assets.
3.105 **Recommends optimal investment planning strategies**	CFP professionals present the most appropriate recommendations to address their clients' investment planning needs and objectives. For example, an optimal investment planning strategy might include a recommendation for the purchase of mutual funds rather than the purchase of individual securities to help achieve the desired level of diversification and experienced management for a client's investment holdings.
3.106 **Prioritizes the steps, sequencing, and timing for a client to implement investment planning strategies**	CFP professionals outline the steps that need to be taken to turn to their investment planning recommendations into action. For example, if a CFP professional identifies that a client's current asset allocation is not appropriate for their investment risk profile and investment objectives, a first step would be to determine a suitable asset allocation before investment holdings are changed. This could involve meeting with a licensed investment professional to get a better understanding of available investment options and market conditions. Steps could also include a review of whether there would be any income tax consequences of selling current holdings to realign the asset mix.

Insurance and Risk Management

Insurance and risk management focus on strategies designed to manage clients' exposure to an unexpected financial loss due to death, disability, health issues, property damage and other risks. CFP professionals compare a client's risk exposure to their current insurance coverage and other available assets to help determine and prioritize their risk management needs. An unmanaged risk can impact a client's ability to achieve overall goals, so proper planning in this area has an impact on the other financial planning areas.

As a reminder, CFP professionals have a professional obligation to perform financial planning in accordance with all applicable laws, regulations and rules, including those set by the FP Canada Standards Council.

1	Collection: Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.109 **Collects information regarding client's existing insurance coverage**	CFP professionals determine their clients' current insurance coverage, including group and personal life insurance, disability insurance, health and dental insurance, critical illness insurance, homeowner and automobile insurance, and they review insurance eligibility under government plans such as Workers' Compensation, Employment Insurance, and the Canada Pension Plan. CFP professionals collect this information through discussions with their clients, and from copies of insurance policies or group benefit documents. For clients who are business owners, CFP professionals also collect information about corporate owned life insurance, buy-sell insurance, and key-man insurance.
1.110 **Prepares a summary of existing insurance coverage**	CFP professionals use the information they have collected to develop a complete listing of their clients' insurance policies and coverage. Key information would include the type of policy, ownership, amount of coverage, period of coverage, renewal date, premiums, cash values, beneficiary designations and other features.
1.111 **Determines resources available to manage risk**	CFP professionals identify resources available to their clients to help reduce financial risk, including their savings and net worth, access to credit, income benefits or payments under personal or group insurance policies, and benefits payable under government plans.

1.112 **Identifies current and potential future financial obligations**	CFP professionals determine their clients' financial obligations that would need to be covered in the event of an accident or injury, illness or death. For example, a CFP professional would estimate the cost of covering cash flow needs when a client's salary might cease because they are unable to work due to a disability. Examples of current and potential financial obligations include debt, ongoing family support, legal judgments, medical and health care costs, funeral costs, income tax due upon death, estate equalization requirements and funding for buy-sell agreements, charitable donations or other bequests.
1.2 Gathers qualitative information	
1.209 **Determines client's risk management experience, attitudes, values, biases, and objectives**	CFP professionals explore their clients' personal and professional experiences, attitudes, values and biases toward insurance and risk management to determine if these influence their decisions. Clients may be resistant or overenthusiastic to implement certain risk management strategies and CFP professionals must be able to identify and understand a client's reasoning. For example, a client might resist funding a buy-sell agreement through insurance because they have been rated a substandard risk in the past and worry about being uninsurable. Through a thorough discovery process, a CFP professional would be able to identify this as the cause of resistance and inquire further to determine the validity of the hesitation and provide alternatives.
1.210 **Determines relevant lifestyle factors**	CFP professionals identify relevant lifestyle factors that may influence their clients' exposure to risk, such as substance abuse, smoking, gambling, criminal activity, physical fitness, travel, and activities such as extreme sports like mountain climbing or skydiving. CFP professionals consider these factors when assessing a client's risk management needs.
1.211 **Determines client's personal and family health history that impacts financial planning needs of the client**	CFP professionals recognize personal and family health history that impacts their clients' needs for risk management or insurance solutions. For example, a client might have a family health history of dementia that would prompt a CFP professional to identify the need for long term care protection. A client might also have family health history that limits options for risk management solutions and the CFP professional would be able to identify the obstacle along with possible solutions. For example, a client with a non-fatal heart condition could find a permanent life insurance policy cost-prohibitive and might need to opt for term protection to make the amount required feasible.

2	Analysis: Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.111 **Determines characteristics of existing insurance coverage**	CFP professionals can identify and determine characteristics of existing insurance coverage that are relevant to their clients' current situation as well as impacts of potential changes in more complex client scenarios. Insurance characteristics can be benefit amounts, length of coverage, future increases, exclusions, accidental death benefits, or income integration of a disability policy. For example, a business owner who currently has employment income, which is protected by a disability insurance policy, is considering changing his compensation to dividends. A CFP professional would be able to identify the features that could have a future impact on a claim.
2.112 **Calculates financial impact of exposure to risk**	CFP professionals apply appropriate assumptions and formulas to quantify the financial impact of significant life events, including death, illness, or serious injury of a client, their business partner, spouse, dependent, or other key person. For example, a CFP professional could calculate the financial impact to a business following the sudden death of a key employee.
2.113 **Assesses risk exposure against existing risk management strategies**	CFP professionals analyze their clients' existing risk management strategies and their adequacy to mitigate financial losses. For example, a client may have life insurance to fund a buy-sell agreement based on an out-of-date business valuation. A CFP professional would be able to identify the issue and potential funding gap.
2.2 Considers and evaluates strategies	
2.210 **Considers potential risk management strategies**	CFP professionals evaluate available options to address their clients' insurance and risk management needs and objectives. Potential risk management strategies include buying life insurance to address needs such as tax minimization, and assessing the suitability of different ownership structures and various insurance policy types and features.
2.211 **Assesses the impact of changes to insurance coverage**	CFP professionals recognize changes to insurance coverage and their impact on existing risk management plans, including death benefit changes, policy loans, collateral assignments, and more complex ownership structures. For example, how would a collateral assignment of a life insurance policy impact a client's risk management strategy? Would the client's dependents experience a shortfall in funding their needs?

2.212 **Evaluates advantages and disadvantages of each risk management strategy**	CFP professionals identify the benefits and drawbacks of risk management strategies to meet their clients' current and long-term needs and objectives. For example, a CFP professional could differentiate temporary from permanent needs to assess the overall long-term costs and tax implications of various ownership structures
2.213 **Prioritizes client's risk management objectives and needs**	CFP professionals can discern needs and objectives that rank as priority issues versus secondary goals or concerns, and measure how a strategy will best fit a client's current and long-term interests. For example, a CFP professional might determine that a client has corporate insurance needs. The type of policy choice and ownership structure could impact the corporation's QSBC status. The CFP professional would recognize the insurance need as a priority, but provide advice that would support the secondary goal of obtaining the Lifetime Capital Gains Exemption upon sale of the corporation.

3	Recommendation: Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.107 **Formulates risk management strategies**	CFP professionals formulate recommendations that meet the client's risk management objectives. CFP professionals can provide a written strategy to the client along with reasons why the strategy would best address their needs and concerns. CFP professionals would typically be working with strategies that would have tax implications, complicated family dynamics or trust needs, or corporate needs.
3.108 **Recommends optimal risk management strategies**	CFP professionals present the most appropriate recommendations to best address the client's insurance and risk management needs and objectives. For example, an optimal risk management strategy could be to purchase life insurance to fund a buy/sell agreement between the client and a business partner. Recommendations could include the appropriate amount of coverage, the type of policy and whether the life insurance should be individually- or corporate-owned.
3.109 **Prioritizes the steps, sequencing and timing for a client to implement risk management strategies**	CFP professionals can determine the order and timeframes for implementing risk management recommendations within an overall risk management plan. For example, a CFP professional might outline a plan to provide immediate term life insurance protection for a client with future conversions to permanent insurance as the client's cash flow improves.

Tax Planning

Tax planning focuses on clients' current and future income tax obligations, and the use of available strategies to minimize or defer taxation. Tax planning strategies are designed to help strengthen a client's financial position, giving them a better opportunity to meet their financial goals.

Tax planning is highly integrated with the other financial planning areas. For example, when calculating portfolio returns, investment income that is earned from interest, dividend, or realized capital gains is each taxed in a different manner. In the area of estate planning, a number of tax elections are available to defer or minimize the payment of income tax due to death.

As a reminder, CFP professionals have a professional obligation to perform financial planning in accordance with all applicable laws, regulations and rules, including those set by the FP Canada Standards Council.

1	Collection: Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.113 **Collects information to establish client's current and projected tax position**	CFP professionals collect details about their clients' tax position by asking them to provide information such as copies of previous tax returns (including personal, trust or corporate returns where applicable), Notices of Assessment, registered and non-registered investment transaction records and statements, pension income statements, employment status and pay stubs. A CFP professional establishes a client's eligibility for tax credits and deductions, and that of their spouse and family dependents by collecting information about their ages, incomes, and eligible expenses.
1.114 **Determines client's existing tax strategies**	CFP professionals determine whether their clients have any existing tax strategies in place, such as contributing to registered plans, including personal and spousal RRSPs, TFSAs, RESPs or RDSPs. A CFP professional determines whether a client is making use of income splitting strategies such as splitting pension income, using spousal loans, prescribed rate loan planning, or spousal RRSPs, or gifting to children for investment purposes. If the client is self-employed or a business owner, the CFP professional can determine whether the client is making use of eligible tax deductions and credits, splitting income with family members, or corporate tax planning.

1.115 **Identifies tax implications of assets and liabilities**	CFP professionals determine the impact that their clients' assets and liabilities will have on their tax position. This can include identifying the costs to acquire and dispose of an asset, the type of income earned from the asset, and the deductibility of loan interest expense. CFP professionals distinguish the different implications of holding assets and liabilities personally, via a trust, or via a corporation. For example, a CFP professional might identify that the disposition of a client's equity holdings would result in a capital gain or capital loss, depending on the difference between the proceeds of disposition and the adjusted cost base.
1.116 **Identifies parties and entities relevant to client's tax situation**	CFP professionals identify other individuals, including children or dependent family members that can have an impact on the client's tax position, and determines how to best divide various tax deductions and credits to minimize taxes for the household. CFP professionals also identify entities that could impact their clients' tax situation. For example, a client may be an income beneficiary of a trust or a shareholder of a qualified small business corporation. Income payments from these entities can impact the client's tax position.
1.2 Gathers qualitative information	
1.212 **Determines client's taxation experience, attitudes, values, biases, and objectives**	CFP professionals discuss with their clients' experiences that would impact their feelings about tax compliance and tax planning. For example, a CFP professional would discuss the extent to which tax planning and tax minimization are a priority for a client. CFP professionals also discuss if a client is up to date with tax return filings, and if all earned income is reported on the tax return.

2	Analysis: Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.114 **Determines tax impact of relevant transactions, events, and planning strategies**	CFP professionals identify how various transactions or events, like the sale of both a home and a cottage property, will affect a client's tax position. For instance, determining the tax impact of these sale transactions can include calculating the taxable capital gain on the sale of each of these properties, assessing the use of the principal residence exemption and advising on the potential use of a capital gains reserve if the client is holding a mortgage on one of the properties and not receiving all of the proceeds when the property is sold.

2.115 **Calculates current and projected tax liabilities**	CFP professionals determine the amount of income tax due based on current year transactions, as well as income tax that has been deferred and will be owing at a future date. For example, in calculating current tax liabilities, a CFP professional recognizes that if their client is self-employed, there is no tax withholding at source, and based on the annual taxable income, the client will be required to make quarterly income tax instalment payments. In calculating projected tax liabilities, CFP professionals may project the future value of an asset and calculate a projected tax amount based on estimated annual income and marginal income tax rates.
2.116 **Assesses existing tax strategies**	CFP professionals evaluate the current tax planning options that their clients have implemented. In assessing existing tax strategies, CFP professionals evaluate if a strategy still presents a tax-efficient option for their clients. For example, in some cases, the incomes and marginal tax rates for a client and spouse may have changed since the tax strategy was first put in place, such that a spousal loan strategy that was put into place for income splitting purposes, is no longer tax-effective for the couple.
2.2 Considers and evaluates strategies	
2.214 **Considers potential tax planning strategies**	CFP professionals consider potential strategies to address their clients' tax planning needs and objectives. For example, in the case of a client who is the sole shareholder of his business corporation and needs to decide about the type of income he will receive as compensation for the year, a CFP professional might discuss the impact of receiving differing amounts of salary and dividend income and how each type of income would be taxed, the impact on the client's cumulative net investment losses (CNIL amount), RRSP contribution room, CPP contributions and future CPP pension entitlement.
2.215 **Assesses the impact of relationships between relevant parties and entities on the client's tax situation**	CFP professionals assess the impact of a client's relationships with other parties on their tax situation. For example, they need to understand the overall tax situation of both spouses to determine how to optimize credits and deductions. For business owners, CFP professionals would discuss the impact of owning assets personally or in the corporation, or using an estate freeze to transfer future growth to their children, including the application of the Tax on Split Income rules. Where the client is the settlor and/or beneficiary of a trust, CFP professionals would ascertain which income is taxable to the beneficiary and which income is taxable to the trust.

2.216 **Assesses the impact of tax planning alternatives**	CFP professionals assess how a tax planning option will affect their clients' tax position. For example, a CFP professional might assess whether a client who is incorporated should be drawing a salary or dividends. CFP professionals evaluate the need to accumulate RRSP contribution room and generate income that is eligible for contributions to CPP.
2.217 **Evaluates advantages and disadvantages of each tax planning strategy**	CFP professionals evaluate the benefits and concerns of tax planning strategies to address their clients' planning needs and objectives. For example, a CFP professional might evaluate the advantages of a client maintaining a company as a qualified small business corporation against the disadvantages of potential costs and limitations involved in meeting the requirements for qualified small business corporation status. CFP professionals also evaluate the tax opportunities and concerns associated with various investment plans and asset types to help meet clients' goals in the most tax-effective way.
2.218 **Prioritizes client's tax planning objectives and needs**	CFP professionals rank the clients' tax planning needs in order of importance and priority. By identifying specific tax planning issues as priorities, CFP professionals can detail which strategies should be addressed first. For example, a CFP professional might determine that based on a client's income level and marginal tax rate, contributions should be made first to the RRSP by the deadline date, then once the RRSP limit is funded for the year, contributions can be directed to the client's TFSA. For a small business owner, a CFP professional might determine that it is more important for the company to set up an individual pension plan for the client, than to increase their salary so they have more funds to contribute to a TFSA.

3	Recommendation: Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.110 **Formulates tax planning strategies**	CFP professionals develop and present appropriate recommendations to address their clients' tax planning needs and objectives. For example, if a client is the sole shareholder of a qualified small business corporation, a CFP professional might recommend consulting with specialized professionals to explore the suitability of an estate freeze and family trust, allowing the client to benefit from income splitting opportunities with family members and their future use of the capital gains exemption.

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3.111 **Recommends optimal tax planning strategies**	CFP professionals review all previously assessed tax planning strategies while also considering their clients' other objectives, such as estate planning, retirement planning and financial management. For example, if a client has assets that are expected to appreciate greatly in value prior to death, the best strategy for minimizing tax upon death, strictly from a tax perspective might be gifting that asset now so that future growth accrues in the hands of the recipient, or purchasing life insurance to fund the liability at death. However, the CFP professional will also consider the client's other needs and objectives, such as their need to continue receiving income from a property or desire to keep control out of the hands of the recipient for the time being.
3.112 **Prioritizes the steps, sequencing and timing for a client to implement tax planning strategies**	CFP professionals outline the steps that need to be taken to turn their tax planning recommendations into action. For example, a CFP professional might recommend their client meet with a doctor to complete the disability form required for approval by the Canada Revenue Agency before opening a registered disability savings plan or establishing a qualified disability trust. In some cases, CFP professionals might create a table with the steps required to implement a recommendation in order of importance, including time frames to complete the tasks and key persons to support the implementation. CFP professionals also refer clients to other specialists as necessary, including tax accountants, actuaries, corporate lawyers or cross-border tax specialists.

Retirement Planning

Retirement planning focuses on clients' financial well-being after their regular employment has stopped. It involves a comparison of a client's expected lifestyle in retirement to their projected retirement income stream and assets. CFP professionals should monitor their clients' retirement savings regularly, as circumstances change over time.

Retirement planning is highly integrated with financial management and investment planning. Retirement planning is often dependent on the availability of adequate cash flow to fund the clients' retirement savings plans and the suitable investment growth of retirement assets to help meet their retirement goals.

As a reminder, CFP professionals have a professional obligation to perform financial planning in accordance with all applicable laws, regulations and rules, including those set by the FP Canada Standards Council.

1	Collection: Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.117 **Collects information regarding client's potential sources of retirement income**	CFP professionals identify and gather details of their clients' retirement income sources as well as any assets that will provide income at retirement. Information comes from the client and supportive documents, such as financial statements, and estimates and valuations from other professionals. For example, a CFP professional gathers information about their client's pension plans, government plans and investments from Canadian and foreign sources and might identify other relevant income from business interests, such as dividend income, corporate buyouts, vendor take-backs, equity compensation plans and IPPs.
1.118 **Prepares a summary of potential sources of retirement income**	CFP professionals use the information they collect about clients' pension plans, government plans, investments and other relevant income from business interests to develop a summary of a client's income and assets that are projected to fund retirement. The summary should include the type of income, its source and projected duration.
1.119 **Collects details of projected retirement expenses**	CFP professionals discuss details about their clients' planned spending in retirement with them in depth. For example, a CFP professional might discuss family dynamics and the client's intention to provide for minor or adult children. A CFP professional may also identify objectives that would have an impact on future expenses, such as, travel plans, recreational property ownership, residency implications or fulfilling philanthropic goals.

1.2 Gathers qualitative information	
1.213 **Determines client's attitudes, priorities, and biases toward retirement**	CFP professionals discuss the feelings clients have about retirement with hem. For example, a CFP professional might ask questions to identify any concerns or challenges of a client's business succession objectives that could make retirement discussions more challenging.
1.214 **Determines client's retirement objectives**	A CFP professional discusses their clients' retirement objectives with them. If the client owns a business, their retirement objectives could be more complicated. For example, a client's retirement may depend upon selling the business and the timing of that sale and the proceeds from that it might not be straightforward to estimate. Or the client still enjoys working and has not fully decided on whether part-time work will continue.
1.215 **Determines client's comfort with retirement planning assumptions**	CFP professionals discuss assumptions to be used for retirement planning with their clients and whether they feel these assumptions are valid and realistic for planning purposes. For example, a CFP professional might discuss a client's anticipated life expectancy to help plan for a lifetime of income. CFP professionals also discuss assumptions about rates of return and their suitability to the client's investor profile. They follow guidelines on using reasonable assumptions for retirement projections and share this information with their clients.

2	Analysis: Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.117 Calculates financial projections based on current position	CFP professionals use the information they collect about their clients' current assets, liabilities, income and expenses to prepare retirement planning projections. CFP professionals use clients' current retirement assets, asset allocation, contributions and a reasonable rate of return to project the future value of retirement assets that will be available at a specific date. CFP professionals integrate this information with more complex planning scenarios such as corporate investments, sale of assets or business succession.

2.118 **Determines if client's retirement objectives are attainable**	CFP professionals assess whether their clients' retirement planning objectives can be achieved. For example, a CFP professional might calculate whether a client's desired retirement lifestyle can be funded based on continuing the planned contributions to their retirement savings plans in the years remaining before retirement. CFP professionals can also assess the impact on a client's retirement objectives of changes to assumption variables or pensions and government benefit plans.
2.2 Considers and evaluates strategies	
2.219 **Assesses financial requirements in retirement**	CFP professionals determine the level of funding their clients need in complex retirement scenarios. To assess financial requirements in retirement, a CFP professional may need to review pension plans and supplemental pension plans to meet the higher retirement income needs of clients. CFP professionals often assess the impact of an OAS claw back within a retirement plan or residency changes and their implications. CFP professionals identify and project shortfalls that require additional income and the capital required to offset the shortfall.
2.220 **Considers potential retirement saving strategies**	CFP professionals evaluate available options to address their clients' retirement planning needs and objectives. For example, for a client who is a senior executive earning a high income, potential retirement planning strategies could include using an individual pension plan (IPP), or a retirement compensation agreement (RCA), or the exercise of vested stock options as the planned retirement date approaches.
2.221 **Considers potential retirement income strategies**	CFP professionals consider assets and income sources to evaluate their impact on their clients' retirement income. For example, if a client holds nonregistered assets with tax treatment that would impact retirement income, a CFP professional must consider income strategies available to the client's personal and corporate situation.
2.222 **Assesses impact of retirement planning alternatives**	CFP professionals evaluate and present retirement planning alternatives that provide clients with strategic outcomes to their overall financial plan. For example, a CFP professional might assess the impact of RRIF income deferral against an accelerated drawdown strategy and its impact on their client's estate goals.
2.223 **Assesses trade-offs necessary to meet retirement objectives**	CFP professionals assess strategies necessary to meet retirement objectives within the client's financial plan. For example, a CFP professional might evaluate the sale of a client's various assets that could bridge a retirement income gap.

2.224 **Evaluates advantages and disadvantages of each retirement planning strategy**	CFP professionals assess the benefits and repercussions of each available retirement planning strategy to address their clients' planning needs and objectives. For example, a CFP professional might assess the implications of an accelerated RRSP drawdown strategy, and its impact on their client's overall tax costs versus the minimum withdrawal overtime and its eventual estate implications.
2.225 **Prioritizes client's retirement planning objectives and needs**	CFP professionals rank their clients' retirement planning needs and objectives in priority to determine their importance. For example, a CFP professional might identify their client's objectives for retirement income being sourced primarily by investment income without encroaching on capital, however, the client's assets are insufficient to meet the required capital needs. In this case, the priority would be to increase the income or the investment assets to fund retirement needs.

3	Recommendation: Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.113 **Formulates retirement planning strategies**	CFP professionals develop and present retirement planning recommendations to address their clients' retirement needs and objectives. For example, a CFP professional can present retirement funding strategies from various sources, such as a holding company, RRSP's and nonregistered investments to provide income that will meet their client's retirement goals in the most efficient way.
3.114 **Recommends optimal retirement planning strategies**	CFP professionals identify the most appropriate recommendation to address their clients' complex retirement planning needs and objectives. For example, a CFP professional can identify short-term income gaps while a client awaits proceeds from a business sale and may deem a policy loan from a personal life insurance policy as the most efficient funding strategy to support cash flow.
3.115 **Prioritizes the steps, sequencing, and timing for a client to implement retirement planning strategies**	CFP professionals outline the steps that need to be taken to carry out complex retirement planning strategies. For example, a CFP professional may recommend that a client meet with a business valuator to obtain an estimate for retirement assets. The CFP professional may recommend action be taken right away within the corporation to ensure the corporation's shares are QSBC shares at time of sale. Then, funds could be moved to a holding company to be invested in tax efficient investments.

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Estate Planning and Law for Financial Planning

Estate planning focuses on the distribution of assets on death. Administering an estate involves the payment of funeral expenses, debts, taxes and other financial obligations of the deceased, and the distribution of assets to beneficiaries. CFP professionals discuss estate planning objectives with their clients, project their net worth at death, determine any constraints or opportunities to achieve clients' objectives, and develop strategies and recommendations to help meet them. Estate planning is integrated with the other financial planning areas. Financial decisions over a client's lifetime have a direct impact on the value of the estate, insurance products can help build the estate and tax considerations will affect the net values available for distribution.

The legal aspects that impact clients' financial planning include the obligations or entitlements detailed in domestic, separation or divorce agreements; trust deeds; shareholder or partnership agreements; and the provisions outlined in powers of attorney or mandates and health care directives. CFP professionals must be aware of their clients' legal situation to help determine their level of exposure and evaluate protective measures. CFP professionals must recognize when to refer to other qualified professionals, such as lawyers or accountants, when dealing with their clients' legal circumstances and their ramifications.

As a reminder, CFP professionals have a professional obligation to perform financial planning in accordance with all applicable laws, regulations and rules, including those set by the FP Canada Standards Council.

1	Collection: Gathers and prepares the client's information
1.1 Gathers and prepares quantitative information	
1.120 **Collects information and documents that impact estate planning strategies**	CFP professionals discuss details about their clients' net worth, life insurance policies, cash flow needs and other details that would impact estate distribution with them. Typically, CFP professionals get information from their clients who provide supporting documentation, such as copies of their will, inventory of property, liabilities, investment statements, life insurance policies, details on group benefit plans and other relevant documents. The CFP professional should confirm beneficiary designations on life insurance products and registered accounts. If the client is a business owner, the CFP professional would also collect details about shareholder agreements, buy-sell agreements, and corporate-owned insurance.

1.121 **Identifies parties and entities relevant to client's estate planning**	CFP professionals discuss with their clients any individuals or entities who would be included in, or impacted by, the estate planning. For example, a CFP professional would discuss any planning needed for family members who might be financially dependent on the client, such as a former spouse who continues to receive support payments or a child with on-going special needs. If the client owns a business, business partners, other business shareholders, or the business itself, could all be parties involved in the client's estate planning.
1.122 **Collects legal documents and relevant information**	CFP professionals gather copies of legal documents that would impact their clients' financial planning. Legal documents and relevant information can include domestic agreements, separation or divorce agreements, trust deeds, powers of attorney, mandates and health directives, or an employment contract which contains a non-compete clause. If a client is a business owner, other relevant legal documents would include shareholder or partnership agreements and buy-sell agreements.
1.123 **Identifies parties and entities relevant to client's legal agreements**	CFP professionals discuss with the client any parties who would be included in or impacted by the client's legal matters. Parties relevant to the client's legal agreements include individuals or other legal entities. Individuals relevant to a client's legal agreements could be a spouse who could be a joint owner on title for property, or a sibling who is named as attorney in the client's power of attorney for property, or an adult child who is appointed in the client's health care directive, or the client's lawyer who drafts and reviews their legal documents. Other relevant legal entities could include an inter-vivos trust where the client is a settlor, trustee, or beneficiary, or a private corporation of which the client is a shareholder.
1.2 Gathers qualitative information	
1.216 **Determines client's estate planning experience, attitudes, values, biases, and objectives**	CFP professionals and their clients discuss experiences, attitudes, values or biases that would impact clients' feelings and objectives about estate planning. For example, a client might have remarried and is now doing estate planning for a blended family with on-going financial obligations to the former spouse. Estate planning objectives might include whether the client wants an outright distribution to beneficiaries, or if there is a need for a testamentary trust. CFP professionals explore their clients' comfort about discussing death and estate planning issues.

1.217 **Identifies family dynamics and business relationships that could impact estate planning strategies and objectives**	CFP professionals discuss the personal and business relationships that could impact clients' estate planning with them. For example, a CFP professional might discuss family dynamics with the client, which could be complicated due to remarriage and a resulting blended family. Business relationships can also impact estate planning, particularly when dealing with legal contracts such as shareholder agreements, which may have a binding effect on the estate.
1.218 **Determines client's circumstances and objectives that may require legal measures**	CFP professionals discuss their clients' the wishes and intent concerning legal matters. For example, a CFP professional might discuss any planning options to consider in advance of a pending second marriage with their client. This could include the preparation of a domestic contract, and the review of a will and beneficiary designations.

2	**Analysis:** Assesses the client's situation and identifies and evaluates appropriate strategies
2.1 Assesses the client's situation	
2.119 **Calculates financial projections in the event of death**	CFP professionals project the financial impact of their clients' deaths. These projections can detail a client's net worth at death, identify the tax treatment of assets owned at death and determine amounts required for on-going dependents' support. The calculation of net worth at death includes the estimated value of assets, life insurance proceeds and liabilities, including funeral expenses and potential income tax consequences. The liquidity of an estate can be assessed, which is relevant if asset holdings are in private business interests or real estate holdings. Any provisions made by the client through their will may impact the residual value available to beneficiaries.
2.120 **Determines constraints to meeting client's estate planning objectives**	CFP professionals assess if there are any constraints or obstacles to achieving their clients' estate planning objectives. For example, a CFP professional may determine a shortfall in an estate's after-tax value to meet all distribution objectives.
2.121 **Considers the financial planning implications of client's potential incapacity**	CFP professionals consider the financial implications of their clients' potential incapacity. For example, a CFP professional would look at the consequences if their client was no longer able to manage financial affairs and if there were powers of attorney in place or accounts in a joint name. Financial implications could also include the cost of additional care in the event of incapacity and the funding of those costs.

2.122 **Assesses the financial planning implications of the legal measures the client has in place**	CFP professionals assess the financial planning implications of the legal measures their clients have in place. For example, a CFP professional would assess the details of a shareholder buy/sell agreement in place for a client who holds an interest in a private corporation. Details could include the funding of the agreement, the adequacy of life insurance that is in place for this purpose, and the current value of the corporation. In some cases, the involvement of other qualified professionals may be necessary, provided informed client consent is given.
2.2 Considers and evaluates strategies	
2.226 **Considers potential estate planning strategies**	CFP professionals consider available strategies to address their clients' estate planning needs and objectives. For example, a CFP professional might discuss the use of a testamentary trust with their client to provide for the client's spouse and family and/or beneficiaries. This strategy could also include the possible purchase of life insurance to help fund the trust upon death.
2.227 **Assesses impact of estate planning alternatives**	CFP professionals assess the impact of estate planning alternatives. For example, a CFP professional might discuss with their client the impact of holding assets in their name only or in joint name with an adult child. How the assets are held will impact their distribution, and whether or not the asset will fall into the estate and be subject to the instructions in the client's will.
2.228 **Evaluates advantages and disadvantages of each estate planning strategy**	CFP professionals evaluate the advantages and disadvantages of each estate planning strategy to address their clients' planning needs and objectives. For example, a CFP professional might discuss the possible use of an executor with professional experience, such as a lawyer, accountant or trust company, to administer the client's significant and complex estate. This option can provide expertise and continuity in handling the estate. However, there is a cost associated with using a professional executor.
2.229 **Prioritizes client's estate planning objectives and needs**	CFP professionals rank their clients' estate planning needs and objectives in priority to determine their importance and determine which strategies should be addressed first. For example, a CFP professional might learn that their client has a spouse and young children, with insufficient assets to provide on-going support for the surviving family in the event of premature death. Planning priorities could therefore suggest that the client purchase adequate life insurance to meet dependants' needs.

2.230 **Considers financial planning implications of potential legal measures**	CFP professionals consider the financial planning implications of potential legal measures for their clients. For example, if a CFP professional knows the client wants to maintain privacy about financial matters, using an inter-vivos trust to hold assets could help achieve this objective. In this situation, assets in the trust would not form part of the client's estate and the trust holdings would not be disclosed in public documents.
2.231 **Evaluates advantages and disadvantages of alternative legal measures**	CFP professionals evaluate the advantages and disadvantages of alternative legal measures to address their client's planning needs and objectives. For example, if a CFP professional learns that their client requires help to manage assets, alternative legal measures could include executing a power of attorney or transferring assets to an inter-vivos trust. The costs to implement these alternative measures, the protection and exposure to the client that is inherent with each of these legal measures and the potential tax impact vary. Depending on the nature and impact of the legal measures, it could be appropriate to involve other qualified professionals.
2.232 **Prioritizes client's objectives and needs that may require legal measures**	CFP professionals rank in priority their clients' needs and objectives that may require the implementation of legal measures to determine which strategies should be addressed first. For example, a client has remarried, has a blended family and wants to provide for the new spouse but also ensure a certain value of assets pass to the client's own children. A CFP professional would recognize these circumstances could require the execution of a new will and powers of attorney and possible changes to beneficiary designations, as well as discussions about the potential use of a trust.

3	Recommendation: Develops recommendations to help optimize the client's situation
3.1 Develops recommendations to help optimize the client's situation	
3.116 **Formulates estate planning strategies**	CFP professionals formulate appropriate strategies to address their clients' estate planning needs and objectives. For example, a CFP professional could formulate a strategy of joint ownership arrangements and beneficiary designations for a prompt distribution of client-held assets upon their death. The CFP professional could also work with other qualified professionals to provide a shareholder agreement to ensure the client's business shares pass on to the desired beneficiary.

3.117 **Recommends optimal estate planning strategies**	CFP professionals recommend the optimal estate planning recommendations to address their clients' estate planning needs and objectives. For example, to respond to a client's stated concern about children inheriting a large one-time payment, a CFP professional might recommend the client provide in the will that assets be held in trust, and a staggered distribution of assets and income be made to the children. With this option, inherited funds can be distributed to the children over a number of payments at specific ages, rather than them distributing one lump-sum payment to them.
3.118 **Prioritizes the steps, sequencing, and timing for a client to implement estate planning strategies**	CFP professionals outline the steps that need to be taken to turn estate planning recommendations into action. For example, a CFP professional might recommend their client consider the estimated value of their estate, understand and confirm their estate planning objectives, and meet with a lawyer to draft and execute a will to meet their distribution wishes and ensure beneficiary designations are appropriate for their planning needs.
3.119 **Recommends optimal legal measures**	CFP professionals recommend optimal legal measures to best address their clients' financial planning needs and objectives. For example, a CFP professional may recommend to a self-employed client that the client incorporate their business to benefit from limited liability and tax planning opportunities. This recommendation could be developed by working with other qualified professionals, such as an accountant and lawyer.
3.120 **Prioritizes the steps, sequencing, and timing for a client to implementing the recommended legal measures**	CFP professionals outline the order of steps and the timing for their clients to implement recommendations related to legal measures. For example, a CFP professional might recommend the client implement a funded shareholder agreement with the other owners of the company. The next step could require the valuation of the company by a qualified appraiser, then a meeting with a qualified insurance professional to ensure adequate funding could be put in place using appropriate risk management vehicles. A meeting with a lawyer to discuss the terms of the shareholder agreement and draft the legal document could then be arranged.

Professional skills

Professional skills refer to the non-technical competencies members of a profession are expected to have. They describe how CFP professionals are expected to behave and interact with clients and others and are inherent to being a competent financial planning professional.

CFP professionals are expected to demonstrate professional skills in every client interaction.

They are expected to be sincere and show interest in their clients. They should make reasoned decisions supported by evidence after critically evaluating all relevant information. They should actively listen, provide assurance and support, and communicate in a clear, logical and personal manner. They are expected to be self-aware, and to recognize their level of competence, and to seek the input, support and help of other professionals when appropriate.

For the purpose of this document, professional skills have been categorized as follows:

- Professional conduct
- Critical thinking
- Interpersonal
- Communication
- Collaboration

Supporting statements have been developed for each category of professional skills to describe behaviours that demonstrate the skills.

Professional Conduct

CFP professionals are expected to conduct themselves in an ethical and professional manner at all times and in all dealings – with clients, colleagues, other professionals, and members of the public. CFP professionals must abide by the *FP Canada Standards Council™ Standards of Professional Responsibility*. The Standards of Professional Responsibility represents the compilation of four sets of standards (Code of Ethics, Rules of Conduct, Fitness Standards and Financial Planning Practice Standards) to which FP Canada certificants must adhere. Each set of standards serves its own distinct purpose and can be read and interpreted independently; however, these standards collectively represent the totality of professional responsibilities for financial planners and collectively capture the expected behaviours of CFP professionals in their professional practice and interactions. Professional conduct skills include the ability to apply the Standards of Professional Responsibility in the practice of financial planning, and beyond.

1	Professional Conduct
PS 101 **Complies with applicable laws, regulations and professional rules and requirements**	CFP professionals may hold other designations or licenses. In addition, CFP professionals are subject to reporting obligations to FINTRAC, for example, and to the rules and regulations with respect to insider trading implemented by the SEC, among others. CFP professionals must adhere to all laws, regulations, and rules of applicable professional and regulatory bodies, in addition to the federal, or provincial laws by which they are governed.
PS 102 **Acts in the client's best interest**	CFP professionals have a professional obligation to act in their clients' best interest by placing clients' interests first, and ahead of their own or other interests. This obligation includes an obligation to disclose conflicts of interest and mitigate conflicts in a client's favour. When a situation arises in which a CFP professional believes there are competing interests, the CFP professional must make decisions based on the client's best interest above all else.
PS 103 **Values diversity and demonstrates an inclusive approach with others**	CFP professionals deliver financial planning services to all clients, irrespective of a client's race, culture, gender, religion and abilities.

PS 104 **Displays integrity and transparency in all professional matters**	CFP professionals deliver financial planning services in keeping with the professional skills and Code of Conduct for the profession as set out by FP Canada™. Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Integrity requires the CFP professional to observe both the letter and the spirit of the Code of Ethics. Transparency and full disclosure are provided by the CFP professional concerning the terms of the engagement, details of the financial plan, the assumptions used for projections, as well as the presentation of products and advice offered to a client.
PS 105 **Exercises due diligence when using technology**	CFP professionals often rely on technology to deliver financial planning services. Technology includes any digital tool used or relied on when providing financial planning services to clients including, without limitation, online discovery tools, financial projection and planning software/tools, portfolio management software/tools, other digital software/tools and digital advice platforms. CFP professionals must be competent in using technology for client planning. This includes an understanding of the financial assumptions underlying the technology that have a direct impact on financial planning projections and recommendations; and validating that the inputs and outputs used and generated are reasonable and appropriate for the client before relying on them.
PS 106 **Discloses and manages actual and potential conflicts of interest**	CFP professionals disclose current and potential conflicts of interest to their clients in writing. A "conflict of interest" means an interest that may adversely affect a CFP professional's judgment and/or obligations to a client. If a conflict of interest arises during an on-going financial planning engagement, the CFP professional shall, immediately advise the client in writing of the conflict of interest. In such circumstances, the CFP professional shall cease providing services until the client makes the informed decision to continue with the engagement.
PS 107 **Acts only within the scope of own competence and capabilities**	CFP professionals develop and maintain the abilities, skills, and knowledge necessary to competently provide financial planning advice and services to clients. CFP professionals may encounter client situations or client needs that require the input and expertise of other qualified professionals or are beyond the scope of the CFP professional's own knowledge or competency. CFP professionals must be aware of their own competence and capabilities and know when to actively seek out and involve other qualified professionals. For example, a CFP professional could recommend their client consult with an estate lawyer to best deal with the client's extensive asset holdings and complicated estate distribution wishes.

PS 108 **Protects the confidentiality of client information**	CFP professionals have access to personal, confidential and sensitive, client information. The CFP professional must ensure that the client's personal and confidential information is collected, used, and disclosed only as authorized. For example, CFP professionals can use password-protected emails or electronic drop-box services for their clients to ensure only clients have access to the personal and confidential information they are sending.
PS 109 **Accurately describes the known costs of services, products, and fees**	CFP professionals must disclose, in writing, and ensure their clients understand current and potential costs of services, products and fees, including any referral or contingency fees. This information is relevant to the client's decision about the financial planning engagement, as well as the implementation of recommended actions, which may include the purchase of products, or the involvement of other qualified professionals.
PS 110 **Takes responsibility for own work and the work delegated to support staff**	CFP professionals are responsible and accountable for the financial planning work they do for clients. In addition, CFP professionals are responsible for the financial planning work delegated to other team members or support staff. CFP professionals provide oversight, supervision and careful review of all work delegated to others including other team members or support staff.
PS 111 **Maintains professional competence**	CFP professionals work in an ever-changing environment and need to continue to learn and update their technical knowledge and refine their professional skills to ensure the on-going delivery of competent financial planning services. Competence requires attaining and maintaining a high level of knowledge and skill, and applying that knowledge effectively in providing advice and/or services to clients. For example, changing rules and legislation relating to taxation, pension and registered plans and government benefits, require CFP professionals to stay current in all areas of financial planning.

Critical Thinking Skills

CFP professionals must analyze and evaluate information to formulate judgments about the best course of action for their clients. Critical thinking skills include being able to analyze, interpret, evaluate, explain, solve problems and make decisions. CFP professionals demonstrate critical thinking in discerning what information is relevant to a client's planning, identifying issues and opportunities, and comparing financial planning strategies to determine the most suitable option for the client.

CFP professionals must understand and apply evidence-based mathematical methods to financial data, accurately interpret the results to help determine a course of action and support the recommended strategy. As the client experiences life events that change circumstances, goals, objectives, priorities and needs, CFP professionals identify and explain the significance and impact of the changes on their financial plan to the client, incorporating these changes into planning. CFP professionals understand the interrelationships and interdependencies between and within financial planning areas and know that a single recommendation may impact many aspects of the client's planning. CFP professionals integrate the relevant factors and considerations across all aspects of the client's financial planning to present a cohesive and complementary financial plan.

2	Critical Thinking
PS 201 **Identifies and assesses financial concerns and/or issues**	Because clients may not be aware of specific financial planning issues, CFP professionals must be able not only to assess, but also to identify, financial concerns and/or issues. For example, a client may want to use a leverage investment strategy after speaking with a colleague who used one with success. CFP professionals may identify that the client has a low capacity for investment risk and low tolerance for volatility, signaling the leverage strategy may not be appropriate.
PS 202 **Determines relevant information**	Clients may not always understand what specific information is relevant to their financial planning. CFP professionals make determinations about both quantitative and qualitative information and its impact. For example, if a client is experiencing a breakdown of their marriage, and the partners also own a business together, this could have significant financial impact for the client and an impact on the financial planning strategies and recommendations.

PS 203 **Makes reasonable assumptions and undertakes research as appropriate**	When CFP professionals are faced with incomplete or inconsistent information, their ability to make reasonable assumptions is even more important. CFP professionals should begin by asking questions to discover the missing information. For example, when preparing retirement projections, CFP professionals should make reasonable and realistic assumptions as the basis for analyses done and strategies developed. CFP professionals must be able to support and defend their assumptions, basing them on available research and their professional judgment, when reviewing them with the client. Research references may include professional publications, reliable online sources, government and regulatory resources, and others.
PS 204 **Pays attention to the client's capacity to make decisions**	CFP professionals cannot take instructions from an incapable client. At times, clients may suffer from a temporary or permanent reduction in capacity. Reduced capacity could be due to a degenerative illness which sparks a permanent change, or an emotional state which causes a temporary change. CFP professionals must remain vigilant about the client's current capacity when they are in communication. The CFP professional can reach out to a client's trusted contact person if they are concerned that a client is being financially exploited or is making poor decisions because of diminished mental capacity. For example, a CFP professional might notice transactions or financial decisions that are unusual based on the client's past behaviour, suggesting an incapacity issue.
PS 205 **Uses applicable methods or tools to analyze data and uses judgment to evaluate results and develop strategies**	Mathematical calculations are often required when analyzing financial planning data, and they form the basis for the recommendations and decisions made. CFP professionals need to understand, apply and accurately interpret mathematical calculations relevant to financial planning data, including financial planning software. For example, when evaluating a savings strategy for a client, and its impact on their future retirement goals, CFP professionals use multi-step mathematical calculations and incorporate the outcomes into their planning software when appropriate to arrive at conclusions.
PS 206 **Assesses and compares options to arrive at a recommendation**	CFP professionals analyze and compare a variety of options against client needs and objectives before proposing a recommendation. For example, in a situation where a client has numerous choices that have differing advantages and disadvantages, a CFP professional will assess the options and present the client with the most relevant or advantageous choices for the client. CFP professionals understand that providing too many options can cause clients to become overwhelmed, and therefore use their professional judgement to arrive at a recommendation.

PS 207 **Integrates information into a comprehensible response or recommendation**	CFP professionals consider all factors and integrate analysis to ensure any response or recommendation is relayed to their client in a comprehensible way. Because a single recommendation can create a multi-faceted response, even seemingly simple recommendations require attention to ensure that the client understands not only the recommendation, but also the steps required to implement it, and the impact on their current or future financial plans. For example, recommending the use of a testamentary trust to achieve the client's estate planning objectives may require changing existing beneficiary designations or purchasing additional life insurance, which should be assessed against the client's cash flow position for affordability.
PS 208 **Demonstrates the capacity to adapt thinking**	CFP professionals understand that because change is a constant part of their clients' lives and the world, they need to have flexible thinking skills. A change in a client's financial or personal situation can be the result of a life event, government legislative change, or macro-economic event. For example, if a client loses their job, CFP professionals might need to adjust short-term planning around the client's cash flow, use of savings and types of investments.

Interpersonal Skills

CFP professionals need to develop strong interpersonal skills to establish and maintain strong positive connections with clients, colleagues and others. CFP professionals build relationships by demonstrating interest in clients' personal details, such as their dreams and goals, their priorities and their concerns and fears. In this way, CFP professionals create a trusting relationship where clients are at ease in an open, honest and engaged exchange with the planner.

CFP professionals recognize each client's unique traits and preferences, and understand how these will impact financial planning decisions to meet individual needs. In providing objective advice, CFP professionals are aware of their own biases and ensure these biases do not influence their recommendations.

CFP professionals understand that clients will not always agree with the recommendations they present. If this occurs, the CFP professional will defer to the client's decisions while continuing to provide them with financial planning advice and to act in their best interest. If the CFP professional is unable to uphold the client's best interest, they could be required to withdraw from the client relationship. CFP professionals should use such opportunities to explain their recommendations to ensure the client understands them, and to discover the basis for the client's lack of agreement. CFP professionals are expected to handle any disagreements, emotional discussions or complaints in a calm and rational manner, with a view to maintaining a positive and productive working relationship with clients and others.

3	Interpersonal Skills
PS 301 **Demonstrates genuine interest in clients and others**	CFP professionals know that clients have many priorities in their lives, and that although financial security is one of them, others such as family, health and important personal interests are as, or more important, to a client. When CFP professionals show interest in the personal aspects of a client's life on a regular basis, the client will be more likely to discuss important changes to their personal circumstances with their CFP professional, who can then deliver more personalized, holistic and tailored financial advice. For example, if the CFP professional asks about a client's family on a regular basis, the client may be more likely to contact the CFP professional to let them know of changes in personal circumstances that are important to delivering professional holistic planning advice.

PS 302 **Creates a comfortable environment for clients and others**	A successful planning relationship is built on a foundation free from judgment, prejudice or bias. CFP professionals strive for a comfortable and inclusive environment that is accessible to clients of many different lifestyles and financial situations. Allowing clients the time in meetings to have a thorough discussion about their goals and needs also gives way to honest dialogue where the client does not feel rushed or that the CFP professional is distracted by other matters.
PS 303 **Adapts methods and manner to the unique needs and preferences of clients and others**	CFP professionals develop relationships with clients who all have different preferences and needs. CFP professionals first identify the unique aspects of every client relationship, and then implement strategies that best suit that client. For example, in working with a client who lives on a family farm, the CFP professional would find out the desires and goals surrounding keeping the farm in the family, now and in the future. This preference would make for important determinations on many financial planning aspects such as the need for potential insurance for equalization payments or to pay capital gains.
PS 304 **Respects differences of opinion and the decisions of others**	Because CFP professionals work with the public, they may encounter others with whom they have differences of opinion. In making recommendations that they believe are in the best interest of their client, CFP professionals might find that the client, or a client's other chosen professionals, such as an accountant, disagree with the recommendation. For example, a CFP professional might recommend a specific saving strategy to meet the client's short-term goal of going on a family vacation, however; the client might choose to direct their surplus income elsewhere. After having a thorough discussion to ensure understanding and discover why the difference of opinion occurred, the CFP professional respects the client's decision and continues to provide financial planning in their best interest.
PS 305 **Recognizes when the values, biases or perspectives of clients impact their actions**	Each person's unique life experiences shape their values, biases and perspectives. Cognitive biases create mental "shortcuts" in our brains, and can impact the decisions we make, often without our knowing that is happening. CFP professionals are aware of and understand that these biases and perspectives can impact a client's desire to implement certain strategies. For example, a CFP professional whose client previously sold investments to cash during a market correction might be hesitant to get back into investing because of their loss aversion bias. CFP professionals recognize when clients have concerns or preferences and ensure they properly articulate the benefits of their recommendations in context of the clients' concerns or values.

PS 306 **Recognizes when personal values, biases or perspectives may impact recommendations to clients and others and demonstrates the ability to set them aside**	CFP professionals recognize that their own personal experiences, have created preferences and potential biases in themselves. Knowing these can exist allows CFP professionals to focus on acting in a neutral and objective way. For example, a CFP professional who grew up in a blended family household may have certain preferences when it comes to intergenerational wealth transfer strategies for blended families, but the CFP professional still explores the client's wishes and desires fully to ensure their personal experiences do not impact their judgement or recommendation.
PS 307 **Deals empathetically with concerns, objections and complaints**	When CFP professionals are in conversation, they are actively listening to understand, rather than waiting for their turn to speak. This allows them to better understand their client's perspective. CFP professionals know that there are often numerous factors that may contribute to a concern, objective or complaint, and address the factors in a courteous and professional way. CFP professionals act as necessary to address or elevate complaints.
PS 308 **Manages conflicting views and emotionally charged conversations to build consensus and find resolution**	Money, and the many emotions that it elicits can create discord. CFP professionals are privy to very personal information. Factors such as family dynamic or market conditions can weigh heavily on some clients and can lead to very challenging, emotionally charged conversations. For example, during a market correction, a client who is visibly upset discussing the change in value of their investments might benefit from reviewing their risk tolerance and timeframe objectives with their CFP professional, as well as any life changes since they last discussed it. Some clients may want simply to vent, whereas others are using their frustrations as a way to ask for clarification. Often clients may not know the right questions to ask, and it is up to CFP professionals to lead the way to find resolution.
PS 309 **Demonstrates emotional self-regulation**	Dealing with difficult clients or situations can be emotionally difficult for a CFP professional. Perhaps a family breakdown reminds the CFP professional of their own difficult childhood, or perhaps a client who is unhappy is raising their voice in a heated conversation. These challenging emotional situations can be difficult, but CFP professionals manage emotional reactions effectively to control behaviours that can sometimes accompany such reactions. That action helps CFP professionals focus on bringing their calm to the situation and know that potential outcomes of the situation are directly related to how they respond.

PS 310 **Provides coaching to clients to support them to take appropriate actions**	Clients can often feel overwhelmed by the thought of financial planning, and the numerous steps that could be required of them to build and implement a plan. CFP professionals know that clients often procrastinate, and that they benefit from encouragement and assistance to achieve the planned recommendations. For example, when assisting a client who needs to get input or feedback from their accountant prior to implementing a complex leverage investing strategy, CFP professionals may observe that the client has not spoken with their accountant. CFP professionals can assist by identifying the obstacle to the client and help move the plan along. In this example, understanding whether the client would like the CFP professional to talk directly with the accountant, or be involved in the discussion could alleviate some of the pressure the client feels when considering next steps.

Communication Skills

Throughout any financial planning engagement, CFP professionals must gain a full and complete understanding of quantitative and qualitative information related to client goals, needs and priorities, including values, circumstances, attitudes and biases. They can get this information through discovery methods or techniques that encourage client engagement, discussion and comfort, and that demonstrate the CFP professionals' interest and attention. Communication requires CFP professionals to use active listening skills to build a trusting relationship with clients and to ensure that all relevant information is shared. Responsibility for effective communication rests primarily with CFP professionals, who must ensure their clients receive and understand content relevant to their financial plans.

The CFP's must present analysis of information they get from client, and the resulting recommendations and strategies in a clear and logical manner, with any objections and concerns managed in a positive and productive way. CFP professionals must be respectful of clients' thinking, behaviours and any differences of opinion.

4	Communication
PS 401 **Actively listens**	The collection of client information, discussion of analyses and recommendations are key to financial planning. For example, CFP professionals practice active listening by fully concentrating, understanding, responding, and then considering what was and what was not said by their clients. When listening to clients, CFP professionals are neutral and non-judgmental, allowing clients to talk without interruption. Interest and understanding can be conveyed by using both verbal and non-verbal communication, such as maintaining eye contact, nodding one's head, facial expressions, posture or gestures to confirm understanding and demonstrate interest.
PS 402 **Probes and confirms shared understanding of issues and recommendations**	A shared understanding of issues and recommendations ensures both the CFP professional and their client are aligned. By probing and confirming understanding, CFP professionals assess if both they and the client fully understand the issues, their impact and the advantages and disadvantages of the proposed strategies. For example, a CFP professional might need to ask several questions about a planning point to confirm that the client has a good understanding of the issues and concerns. Clients' responses to the questions and their ability to repeat back the information provide this feedback and demonstrate understanding. CFP professionals may document the discussions using meeting minutes and correspondence.

PS 403 **Demonstrates awareness of non-verbal communications**	Understanding non-verbal forms of communication provides CFP professionals with another way to better understand clients. This form of communication can cue CFP professionals to ask different questions about the client's situation, resulting in a better understanding of the client's feelings and ideas. Gaining this additional information can help to foster a closer working relationship. For example, when discussing estate planning, CFP professionals may notice the client's facial expression changes, the client avoids eye contact and the client's body position shifts. These forms of non-verbal communication may signal concerns and sensitivities around this topic or a lack of understanding, which CFP professionals will need to carefully investigate. CFP professionals also need to be aware of their own non-verbal communication and the messages that they are sending to clients and others.
PS 404 **Effectively distills complex information and strategies and communicates in a simple, understandable manner**	Helping clients create and implement financial planning strategies involves a complex web of financial concepts and ideas. CFP professionals are able to distill the complexities and communicate them in a way that the client can understand. Since all clients are different, and have varying degrees of understanding of financial concepts, the way in which CFP professionals break down complicated ideas and thoughts for clients will vary. The goal is to ensure clients can make an informed decision about the options available to them. For example, if a client asks if a corporately held life insurance policy would be a suitable strategy, CFP professionals describe the features of this strategy and its impact on the client's planning in relation to their financial plan as a whole.
PS 405 **Effectively adapts communication methods, format, style, and tone to suit the client**	Knowing a client's communication preference is a powerful way for a CFP professional to build trust and enhance the planner/client relationship. For example, an elderly client requests that all communication be emailed to them, as well as to their two adult children. By always including the children on the communication, CFP professionals retain trust with the client, and build a relationship with their heirs.

PS 406 **Presents recommendations and strategies in a clear, concise, complete, correct and concrete manner**	Presenting recommendations in a way that a client understands lays the foundation for the client to make an informed decision. Using visual aids, such as graphs or charts, can lead to a deeper understanding. CFP professionals must present their analysis and recommendations in a confident, and complete way because the client needs to have the full picture of a recommendation, which includes advantages, disadvantages, as well as consequences of taking no action, or a different course of action. For example, for a client looking to move their TFSA from one institution to another, a CFP professional might present their analysis of the client's goals, contribution room, fees and other variables before making the most appropriate recommendation.
PS 407 **Continually evaluates the effectiveness of communications and adapts as necessary**	A client's communication preferences may evolve. For example, a client who previously preferred email communication, but was recently the victim of an online scam, might prefer in person and telephone communication going forward. CFP professionals are aware of their client's preferences and check in with them as necessary to adapt to their preferences.
PS 409 **Demonstrates diplomacy and professionalism in all communications**	Deeper understanding is the result of diplomacy and professionalism when communicating with clients. For example, a CFP professional may observe a client who recently shuttered a business that was challenged due to the expansion of a rival business nearby. Being conscious of both the financial, and emotional impact of this change in the client's life, CFP professionals approach the conversation with tact and respect.

Collaboration Skills

Collaboration is an important aspect of financial planning. At the beginning of the engagement, CFP professionals work with clients to establish the role of each party. Clients provide thorough, accurate and timely information, and CFP professionals collect and analyze this information to provide client-specific recommendations.

CFP professionals and their clients determine who is responsible for implementing recommendations. In some cases, family members or business partners may need to be involved in the client's planning. CFP professionals recognize when to include others in the planning process, discuss the need with the client and obtain the client's informed, written consent.

CFP professionals recognize when consultation with other professionals is necessary. At all times, CFP professionals must meet their confidentiality obligations. CFP professionals can share relevant client information and confer with other qualified professionals to best serve the needs and interests of their clients only with their informed and written consent.

5	Collaboration
PS 501 **Establishes clear planner-client roles and responsibilities and empowers a client to manage their finances**	In a successful client/CFP professional relationship, each party has roles and responsibilities. A clear engagement letter can outline some initial expectations for both parties, with the knowledge that things will shift and change over time. Establishing these clear roles and responsibilities is essential because clients need to be willing to manage certain aspects of their own finances for them to be successful. Disclosing relevant information and advising of pertinent changes is a common responsibility for clients as part of their relationship with a CFP professional.
PS 502 **Recognizes when to involve a client's Trusted Contact Person**	Adding a Trusted Contact Person (TCP) to a client's profile with their written consent gives CFP professionals the ability to reach out if they are concerned that their client is being exploited financially, are unable to reach the client, or have concerns related to their physical or mental health. The responsibility of a TCP is very different than that of a power of attorney, and CFP professionals understand the role of each. CFP professionals use sound judgement when deciding whether to reach out to a TCP and take great care not to intervene in personal or family matters outside of their written engagement.

PS 503 **Recognizes when to refer to qualified professionals to provide the necessary expertise**	CFP professionals know that there are times when referring a client to another professional is in the client's best interest. Attempting to assist with matters in which a CFP professional is not qualified is a significant risk, and is detrimental to both the client and CFP professional. CFP professionals work with other professionals who they trust. Attempting to assist with matters in which a CFP professional is not qualified opens the doors to significant risk and is detrimental to the client and CFP professional alike. For example, when discussing the plan for proceeds from an upcoming rental property sale, the client advises they are overwhelmed with listing and managing the process. CFP professionals could provide a referral to one or more real estate agents who could be of assistance and a good fit for the client. CFP professionals know that the referred professional may be thought of as an extension of themself and their relationship with the client, and therefore are discerning about to whom they refer. CFP professionals must obtain informed consent prior to sharing the client’s name with another individual.
PS 504 **Collaborates with other professionals, as appropriate, to help develop and implement a financial plan**	Working cooperatively with a client’s other chosen professionals can have a positive impact on the planner/client relationship, as well as increase the likelihood of success for a client's financial plan. This type of collaboration benefits CFP professionals since it is often a more effective use of time to deal directly with other professionals rather than using the client as an intermediary and can also save the client money by effectively using the time of fee-for-service professionals such as accountants. For example, if a CFP professional is working with a client on implementing an estate strategy using a testamentary trust, after obtaining written informed consent, the CFP professional may reach out to the client's accountant, lawyer, and life insurance advisor to coordinate the implementation of the plan.
PS 505 **Coordinates and manages client interactions with other qualified professionals, as needed**	When there are multiple professionals involved in a client engagement, it indicates that there is complexity to the client's situation. CFP professionals take a proactive approach to coordinate and manage client interactions as needed. For example, after obtaining written informed consent to do so, a CFP professional might set up a meeting with their client, themselves, and a life insurance advisor to facilitate introductions as well as ensure everyone agrees on the timing of planning items, roles and responsibilities. This type of meeting helps to ensure the client has the best possible outcome from their interaction with other professionals and keeps the CFP professional in contact with those professionals in case there are additional important matters for their client that need to be resolved.

GLOSSARY

ANALYSIS

The identification of issues and/or opportunities, development of projections and calculations, and assessment of resulting information to enable the formulation and evaluation of appropriate strategies.

ASSET ALLOCATION

An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets between assets classes, including equities, fixed income and cash, according to the client's goals, investment objectives, time horizon and risk tolerance.

BUDGET

A statement of the expected or desired future inflows and outflows of cash for a given period in the future.

CASH FLOW STATEMENT

A statement that summarizes the client's cash inflows and cash outflows for a given period.

CLIENT

The individual with whom the FP Canada CFP professional or QAFP professional has the formal planner-client relationship. "Client" can also refer to the spouse, children, family, and other parties or entities related to the individual client, where appropriate and explicitly stated.

COLLECTION

The gathering of quantitative and qualitative client information and supporting documentation and preparation of the information to enable analysis.

ESTATE PLANNING

The assessment of a client's estate wishes, and development of strategies and techniques

to help ensure the payment of expenses and obligations at death; also includes the efficient transfer of assets to beneficiaries based on the client's goals.

FINANCIAL MANAGEMENT

The assessment of a client's cash flow, budget and net worth and the development of strategies and techniques to optimize short- and mid-term saving, spending and borrowing decisions to meet the client's goals.

FINANCIAL PLANNING AREAS

These include Financial Management, Investment Planning, Insurance and Risk Management, Tax Planning, Retirement Planning and Estate Planning and Law for Financial Planning.

FINANCIAL PLANNING FUNCTIONS

In the context of the *FP Canada Standards Council Competency Profiles*, this refers to the high-level financial planning activities of Collection, Analysis and Recommendation.

FINANCIAL PLANNING PROCESS

The process by which CFP professionals and QAFP professionals develop strategies to assist clients in managing their financial affairs to meet life goals. This process is defined by the *FP Canada Standards Council Practice Standards*.

FUNDAMENTAL FINANCIAL PLANNING PRACTICES

The elements of competency that are pervasive across all financial planning areas. These elements of competency relate to the integration and interrelationships among the financial planning areas.

INSURANCE AND RISK MANAGEMENT

Strategies and techniques to manage exposure to potential financial loss due to personal circumstances. In this financial planning area, the terms “risk”, “risk exposure” and “risk tolerance” refer to the risk of financial loss due to personal circumstances, as opposed to investment risk.

INTEGRATION

The collection, analysis and recommendation of client information across the various financial planning areas, considering all interrelationships and interdependencies, and the requirement to prioritize recommendations to optimize the client’s financial situation.

INVESTMENT PLANNING

The assessment of a client’s asset mix and holdings, based on investment knowledge, objectives, risk tolerance and time horizon, and the development of strategies and techniques to optimize the client’s portfolio and resulting returns to meet the client’s financial goals.

NEED

A necessary item or condition.

NET WORTH STATEMENT

A statement of assets minus liabilities.

OBJECTIVES

An outcome that is sought after or aimed for. For the purposes of the *FP Canada Standards Council Competency Profiles*, objectives are synonymous with goals.

PERSONAL FINANCIAL STATEMENTS

Net worth statement, cash flow statement and budget, in aggregate.

QUALITATIVE INFORMATION

Information that pertains to the qualities, values, attitudes, biases and preferences of the client.

QUANTITATIVE INFORMATION

Information about the client that is objective and directly measurable or observable.

RECOMMENDATION

The development and evaluation of strategies based on an assessment of information.

RETIREMENT PLANNING

The assessment of a client's expected lifestyle in retirement, comparison of estimated needs to current retirement assets, planned savings and expected return on investment, and the development of strategies and techniques to bridge any gaps. It also involves the assessment of retirement income options, and the development of strategies and techniques to meet the client's income needs.

STRATEGY

A proposed method used to achieve one or more specific objectives.

For the purposes of the *FP Canada Standards Council Competency Profiles*, strategy may also refer to multiple strategies.

TAX PLANNING

The assessment of a client's current tax position, and the development of strategies and techniques to minimize or defer taxes and maximize the client's after-tax income.

Competency Profile Graphic Overview

FINANCIAL PLANNING FUNCTIONS	1 Collection *Gathers and prepares the client's information*	2 Analysis *Assesses the client's situation and identifies and evaluates appropriate strategies*	3 Recommendation *Develops recommendations to help optimize the client's situation*
FUNDAMENTAL FINANCIAL PLANNING PRACTICES	1.001 Identifies client's objectives, needs, values, priorities, expectations and circumstances that have financial planning implications 1.002 Determines client's understanding of financial planning assumptions 1.003 Identifies information and documentation required for financial planning 1.004 Identifies client's legal considerations that affect the financial planning process 1.005 Determines client's level of financial knowledge and experience 1.006 Identifies material changes in client's health, personal and financial situation 1.007 Determines completeness of information to enable analysis	2.001 Analyzes collected information to prioritize the financial planning areas based on the client's objectives 2.002 Considers interrelationships among financial planning areas 2.003 Assesses opportunities and constraints across financial planning areas 2.004 Considers impact of economic, political, and regulatory environments 2.005 Considers benefits and limitations of financial technology and its impact on a client's projected planning outcomes 2.005 Assesses costs and benefits of competing alternatives, integrating them across financial planning areas 2.006 Measures progress toward achievement of objectives of the financial plan	3.001 Prioritizes recommendations from the financial planning areas to optimize the client's outcomes 3.002 Recommends steps to implement a financial plan 3.003 Determines other professionals required to assist in implementation of a financial plan 3.004 Determines the necessity to revise the financial plan

ELEMENTS OF COMPETENCY

FINANCIAL PLANNING AREAS	1.1 Gathers and prepares quantitative information	1.2 Gathers qualitative information	2.1 Assesses the client situation	2.2 Considers and evaluates strategies	3.1 Develops recommendations to help optimize the client's situation
FINANCIAL MANAGEMENT	1.101 Collects information regarding client's assets and liabilities 1.102 Collects information regarding client's current and projected cash flow 1.103 Prepares statements of client's net worth and cash flow	1.201 Determines client's experience, attitudes, biases, and objectives regarding saving and spending 1.202 Determines client's experience, attitudes, biases, and objectives regarding credit and debt 1.203 Determines client's desired lifestyle	2.101 Determines characteristics of client's assets and liabilities 2.102 Determines whether a client is living within financial means 2.103 Determines client's capacity to withstand unexpected situations 2.104 Calculates the amount required to meet financial management goals and objectives 2.105 Identifies conflicting demands on current and projected cash flow	2.201 Considers potential cash flow strategies 2.202 Considers potential credit and debt management strategies 2.203 Considers potential savings strategies 2.204 Assesses the impact of potential changes in income and expenses 2.205 Evaluates advantages and disadvantages of each financial management strategy 2.206 Prioritizes client's financial management goals, objectives and needs	3.101 Formulates financial management strategies 3.102 Recommends optimal financial management strategies 3.103 Prioritizes the steps, sequencing, and timing for a client to implement the recommended financial management strategies
INVESTMENT PLANNING	1.104 Collects information regarding client's assets and investment holdings 1.105 Prepares a summary of assets and investment holdings 1.106 Determines client's current asset allocation 1.107 Identifies current and projected asset and investment cash flows 1.108 Identifies available contribution rooms	1.204 Determines client's investment experience, attitudes, values, biases, and objectives 1.205 Determines client's return expectations 1.206 Determines client's investment constraints 1.207 Determines client's capacity, tolerance, and composure related to investment risk 1.208 Determines client's desired degree of involvement in investment planning client	2.106 Determines characteristics of asset and investment holdings 2.107 Determines the implications of acquiring or disposing of assets 2.108 Calculates the required rate of return to reach client's objectives 2.109 Assesses whether investment return expectations are consistent with client's values, constraints, risk capacity, needs, and tolerance 2.110 Assesses whether asset allocation is consistent with client's values, constraints, risk capacity, needs, and tolerance	2.207 Considers potential investment planning strategies 2.208 Evaluates advantages and disadvantages of each investment planning strategy 2.209 Prioritizes client's investment planning objectives and needs	3.104 Formulates investment planning strategies 3.105 Recommends optimal investment planning strategies 3.106 Prioritizes the steps, sequencing, and timing for a client to implement the recommended investment planning strategies
INSURANCE AND RISK MANAGEMENT	1.109 Collects information regarding client's existing insurance coverage 1.110 Prepares a summary of existing insurance coverage 1.111 Determines resources available to manage risk 1.112 Identifies current and potential future financial obligations	1.209 Determines client's risk management experience, attitudes, values, biases, and objectives 1.210 Determines relevant lifestyle factors 1.211 Determines client's personal and family health history that impacts financial planning needs of the client	2.111 Determines characteristics of existing insurance coverage 2.112 Calculates financial impact of exposure to risk 2.113 Assesses risk exposure against existing risk management strategies	2.210 Considers potential risk management strategies 2.211 Assesses the impact of changes to insurance coverage 2.212 Evaluates advantages and disadvantages of each risk management strategy 2.213 Prioritizes client's risk management objectives and needs	3.107 Formulates risk management strategies 3.108 Recommends optimal risk management strategies 3.109 Prioritizes the steps, sequencing and timing for a client to implement the recommended risk management strategies
TAX PLANNING	1.113 Collects information to establish client's current and projected tax position 1.114 Determines client's existing tax strategies 1.115 Identifies tax implications of assets and liabilities 1.116 Identifies parties and entities relevant to client's tax situation	1.212 Determines client's taxation experience, attitudes, values, biases, and objectives	2.114 Determines tax impact of relevant transactions, events, and planning strategies 2.115 Calculates current and projected tax liabilities 2.116 Assesses existing tax strategies	2.214 Considers potential tax planning strategies 2.215 Assesses the impact of relationships between relevant parties and entities on the client's tax situation 2.216 Assesses the impact of tax planning alternatives 2.217 Evaluates advantages and disadvantages of each tax planning strategy 2.218 Prioritizes client's tax planning objectives and needs	3.110 Formulates tax planning strategies 3.111 Recommends optimal tax planning strategies 3.112 Prioritizes the steps, sequencing and timing for a client to implement recommended tax planning strategies

RETIREMENT PLANNING	1.117 Collects information regarding client's potential sources of retirement income 1.118 Prepares a summary of potential sources of retirement income 1.119 Collects details of projected retirement expenses	1.213 Determines client's attitudes, priorities and biases toward retirement 1.214 Determines client's retirement objectives 1.215 Determines client's comfort with retirement planning assumptions	2.117 Calculates financial projections based on current position 2.118 Determines if client's retirement objectives are attainable	2.219 Assesses financial requirements in retirement 2.220 Considers potential retirement saving strategies 2.221 Considers potential retirement income strategies 2.222 Assesses impact of retirement planning alternatives 2.223 Assesses trade-offs necessary to meet retirement objectives 2.224 Evaluates advantages and disadvantages of each retirement planning strategy 2.225 Prioritizes client's retirement planning objectives and needs	3.113 Formulates retirement planning strategies 3.114 Recommends optimal retirement planning strategies 3.115 Prioritizes the steps, sequencing, and timing for a client to implement recommended retirement planning strategies
ESTATE PLANNING AND LEGAL ASPECTS	1.120 Collects information and documents that impact estate planning strategies 1.121 Identifies parties and entities relevant to client's estate planning 1.122 Collects legal documents and relevant information 1.123 Identifies parties and entities relevant to client's legal agreements	1.216 Determines client's estate planning experience, attitudes, values, biases, and objectives 1.217 Identifies family dynamics and business relationships that could impact estate planning strategies and objectives 1.218 Determines client's circumstances and objectives that may require legal measures	2.119 Calculates financial projections in the event of death 2.120 Determines constraints to meeting client's estate planning objectives 2.121 Considers the financial planning implications of client's potential incapacity 2.122 Assesses the financial planning implications of the legal measures the client has in place	2.226 Considers potential estate planning strategies 2.227 Assesses impact of estate planning alternatives 2.228 Evaluates advantages and disadvantages of each estate planning strategy 2.229 Prioritizes client's estate planning objectives and needs 2.230 Considers financial planning implications of potential legal measures 2.231 Evaluates advantages and disadvantages of alternative legal measures 2.232 Prioritizes client's objectives and needs that may require legal measures	3.116 Formulates estate planning strategies 3.117 Recommends optimal estate planning strategies 3.118 Prioritizes the steps, sequencing, and timing for a client to implement the recommended estate planning strategies 3.119 Recommends optimal legal measures 3.120 Prioritizes the steps, sequencing, and timing for a client to implement the recommended legal measures

PROFESSIONAL SKILLS

Professional Conduct	Critical Thinking	Interpersonal	Communication	Collaboration
PS 101 Complies with applicable laws, regulations and professional rules and requirements PS 102 Acts in the client's best interest PS 103 Values diversity and demonstrates an inclusive approach with others PS 104 Displays integrity and transparency in all professional matters PS 105 Exercises due diligence when using technology PS 106 Discloses and manages actual and potential conflicts of interest PS 107 Acts only within the scope of own competence and capabilities PS 108 Protects the confidentiality of client information PS 109 Accurately describes the known costs of services, products, and fees PS 110 Takes responsibility for own work and the work delegated to support staff PS 111 Maintains professional competence	PS 201 Identifies and assesses financial concerns and/or issues PS 202 Determines relevant information PS 203 Makes reasonable assumptions and undertakes research as appropriate PS 204 Pays attention to the client's capacity to make decisions PS 205 Uses applicable methods or tools to analyze data and uses judgment to evaluate results and develop strategies PS 206 Assesses and compares options to arrive at a recommendation PS 207 Integrates information into a comprehensible response or recommendation PS 208 Demonstrates the capacity to adapt thinking	PS 301 Demonstrates genuine interest in clients and others PS 302 Creates a comfortable environment for clients and others PS 303 Adapts methods and manner to the unique needs and preferences of clients and others PS 304 Respects differences of opinion and the decisions of others PS 305 Recognizes when the values, biases or perspectives of clients impact their actions PS 306 Recognizes when personal values, biases or perspectives may impact recommendations to clients and others and demonstrates the ability to set them aside PS 307 Deals empathetically with concerns, objections, and complaints PS 308 Manages conflicting views and emotionally charged conversations to build consensus and find resolution PS 309 Demonstrates emotional self-regulation PS 310 Provides coaching to clients to support them to take appropriate actions	PS 401 Actively listens PS 402 Probes and confirms shared understanding of issues and recommendations PS 403 Demonstrates awareness of non-verbal communication PS 404 Effectively distills complex information and strategies and communicates in a simple, understandable manner. PS 405 Effectively adapts communication methods, format, style, and tone to suit the client PS 406 Presents recommendations and strategies in a clear, concise, complete, correct, and concrete manner PS 407 Continually evaluates the effectiveness of communications and adapts as necessary PS 408 Demonstrates diplomacy and professionalism in all communications	PS 501 Establishes clear planner-client roles and responsibilities and empowers a client to manage their finances PS 502 Recognizes when to involve a client's Trusted Contact Person PS 503 Recognizes when to refer to qualified professionals to provide the necessary expertise PS 504 Collaborates with other professionals, as appropriate, to help develop and implement a financial plan PS 505 Coordinates and manages client interactions with other qualified professionals as needed

Contact Details

FP CANADA™

902-375 University Avenue, Toronto, Ontario M5G 2J5

416.593.8587 | 1.800.305.9886 | fpcanada.ca

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