



# FP CANADA STANDARDS COUNCIL COMPETENCY PROFILE

**For QAFP® Certification**

**V2 - 2023**

Published by FP Canada™

Disclaimer:

FP Canada does not provide professional financial planning services, legal services, or other expert advisory services. If such services are required, a professional who is competent in the required field should be engaged. This publication is distributed with the understanding that the creators and developers of the work are not responsible for any actions taken based on the information contained in the work. The publisher, the creators, and the developers of the work expressly disclaim all and any liability to any person in respect to the whole or any part of the publication.

© 2023 FP Canada™

All rights reserved. No part of this work may be reproduced or copied in any form or by any means—graphic, electronic or mechanical, including photocopying, recording, taping, scanning, or other information and retrieval systems—without the written permission of the publisher.

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

FP Canada  
902-375 University Avenue Toronto, Ontario M5G 2J5 [fpcanada.ca](http://fpcanada.ca)

# TABLE OF CONTENTS

Introduction.....	4
About Financial Planning.....	4
FP Canada and the FP Canada Standards Council.....	4
CFP® Certification.....	4
QAFP® Certification.....	5
What Is a “Competency”?.....	8
Functional Drivers of Competencies.....	8
Financial Planning Areas.....	8
Financial Planning Functions.....	9
1.    Collection.....	9
2.    Analysis.....	9
3.    Recommendation.....	9
Professional Skills.....	10
Technical Knowledge: Financial Planning Body of Knowledge (FP-BoK).....	10
Elements of Competency Graphic.....	13
Fundamental Financial Planning Practices.....	14
Financial Management.....	19
Investment Planning.....	25
Insurance and Risk Management.....	31
Tax Planning.....	35
Retirement Planning.....	40
Estate Planning and Law for Financial Planning.....	44
Professional Conduct.....	50
Critical Thinking Skills.....	53
Interpersonal Skills.....	56
Communication Skills.....	59
Collaboration Skills.....	62
Glossary.....	64
Competency Profile Graphic Overview.....	67



# 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. Understanding the interrelationships among these areas is also an important aspect of formulating appropriate strategies for a client.

## 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 QAFP Certification*. The *FP Canada Standards Council Competency Profile for CFP Certification* is published as a separate document. You can [find it here](#).

## Development and Application of the Competency Profiles

The *FP Canada Standards Council Competency Profile for QAFP Certification* is based on FP Canada's comprehensive analysis of the financial planning profession. The foundation for this Competency Profile is the *FP Canada Standards Council Competency Profile* version of the 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, 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 *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 and QAFP professionals and industry representatives was formed to refine and update language, identify new or evolving competencies, address no longer necessary competencies and update the definition 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 QAFP Certification* reflects what QAFP professionals do today and the expectations for the profession over the next several years. It sets the bar for those aspiring to become QAFP professionals in the future; as such, it is intended to lead the profession, not follow it.

The *FP Canada Standards Council Competency Profile for QAFP 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 QAFP professional. The Profile is not an exhaustive list of every element possible in every variation of practice, but rather, outlines what QAFP professionals actually do.

The *FP Canada Standards Council Competency Profile for QAFP Certification* has four direct applications for FP Canada: examination blueprints, Technical education, work experience evaluation and Continuing Education requirements. Although other possible applications of the

Competency Profile may be significant, these four applications are most relevant to ongoing FP Canada activities.

**QAFP professionals** can use the *FP Canada Standards Council Competency Profile for QAFP 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 determine their appropriate continuous professional development.

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

**Education providers** can use the *FP Canada Standards Council Competency Profile for QAFP 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. 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 Education requirements.

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

**Canadian consumers** can use the *FP Canada Standards Council Competency Profile for QAFP Certification* to better understand the value proposition of financial planning and the role that a QAFP 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 QAFP professional can address.



# Structure of the Competency Profiles

## 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 has been created to describes competencies that define expectations QAFP professionals. Competencies are the focal point of QAFP professionals’ underlying skills and knowledge. In addition to adhering to standards of professional responsibility, QAFP 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 QAFP 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 QAFP 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: Outline the areas of focus in which CFP professionals and QAFP professionals will address different client goals and financial issues
2. Financial Planning Functions: Outline 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 QAFP 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, QAFP 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 that are pervasive 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 QAFP professional adds from the 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:

- Gathering both quantitative and qualitative information
- Identifying relevant facts and documentation
- Preparing and organizing information in a way that allows for appropriate analysis

### 2. Analysis

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

- Identifying issues and opportunities
- Performing required calculations
- Developing projections
- Preparing and assessing the resulting information to identify and evaluate appropriate strategies

### 3. Recommendation

Develops recommendations to help optimize the client's situation:

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

## Professional Skills

Professional skills describe the ability to act in a manner that is constructive, collaborative and responsive to the needs of clients and colleagues. They are a key foundational element to the application of financial planning competencies. Professional skills refer to the non-technical competencies expected of members of a profession. They describe how CFP professionals and QAFP 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

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 QAFP 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 plans
7. economics
8. investments
9. taxation
10. law
11. insurance
12. human behaviour

As a key foundational support to the demonstration of financial planning competence, the Financial Planning Body of Knowledge provides the underpinning for the *FP Canada Standards Council Competency Profile for QAFP Certification* and provides a distinction for the expectations of QAFP professionals. 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 legal aspects. Knowledge about human behaviour, decision making, and relationships is important for the demonstration of professional skills.

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](http://fpcanada.ca/bok).

## Elements of Competency

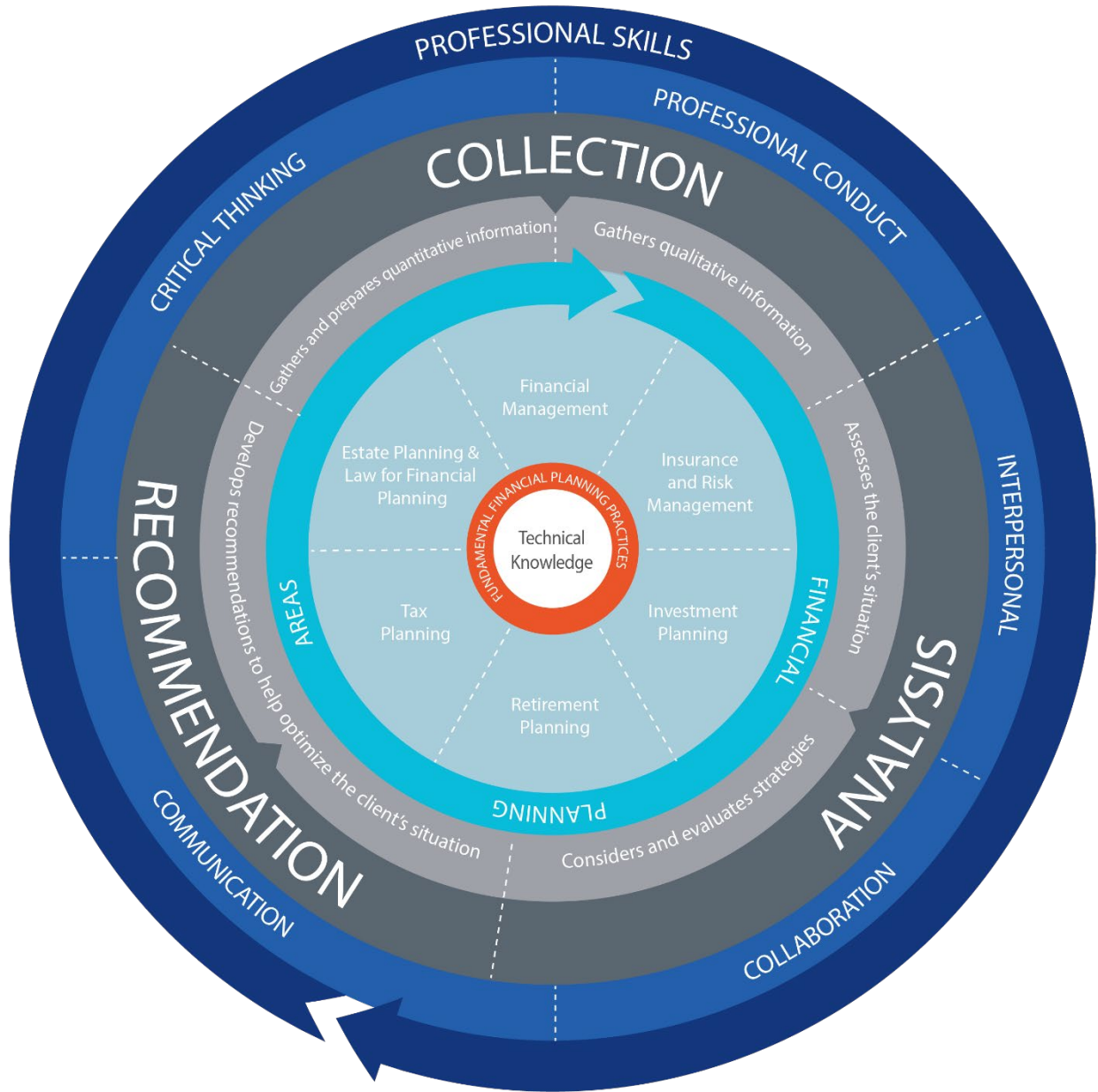
A competency is the application and integration of knowledge, skills, attitudes and judgments that allow CFP professionals and QAFP professionals to perform specific job functions. At the basis of competencies are the processes and methods that CFP professionals and QAFP professionals use to complete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

The tables on pages 14 - 46 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; in the *FP Canada Standards Council Competency Profile for QAFP Certification* these descriptions reflect the differing application of the same competency for QAFP professionals. The descriptions and examples are not intended to provide full details on the elements of competency. They are not taken to be exhaustive or prescriptive, but rather serve as guidance for those seeking greater clarity on the intent of each competency statement.

Please note that in keeping with the *FP Canada Standards Council Rules of Conduct*, 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 accompanying diagram is a graphic representation. It illustrates the concept that in all financial planning areas, elements of competency are the focal point, the summative result of CFP professionals' and QAFP 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 QAFP 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, QAFP 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.

<b>1</b>	<b>Collection:</b> Gathers and prepares the client's information
<b>1.001</b> <b>Identifies client's objectives, needs, values, priorities, expectations and circumstances that have financial planning implications</b>	QAFP professionals gather qualitative and quantitative information to identify client objectives, priorities, expectations, circumstances, and values that have an impact on financial planning and use the data to learn, for example, about the reasons behind a client's tendency to be cautious when making decisions, concerns about their financial management needs or the importance of providing for children or other dependents.
<b>1.002</b> <b>Determines client's understanding of financial planning assumptions</b>	QAFP professionals discuss their clients' understanding and comfort with the financial planning assumptions used within their plan with them. From that discussion, a QAFP professional would assess a client's understanding of financial planning assumptions such as expected rate-of-return on assets, interest rate assumptions, life expectancy, income tax rates and expected rate of inflation, and their relevance and implications to ensure the client understands and agrees to their use in the preparation of their financial plan.
<b>1.003</b> <b>Identifies information and documentation required for financial planning</b>	QAFP professionals identify the specific client material necessary to prepare a holistic financial plan for clients with less complex needs. The required information and documentation can include information and corresponding statements for assets and liabilities and for current and projected income and expense amounts, copies of the client's will, powers of attorney, and income tax filings. QAFP professionals can also request other supporting documentation that has not already been provided, for example, an accurate valuation of the client's home, and they can help their client obtain documents that are not immediately available.

<p><b>1.004</b></p> <p><b>Identifies client’s legal considerations that affect the financial planning process</b></p>	<p>QAFP professionals recognize a client’s personal and professional circumstances or relationships that could have legal implications currently or in the future. They would identify legal needs such as updating or establishing wills or power of attorney documents, or the use of a cohabitation agreement, marital contract, shareholder’s agreement, or separation agreement.</p>
<p><b>1.005</b></p> <p><b>Determines client’s level of financial knowledge and experience</b></p>	<p>QAFP professionals collect qualitative information to identify a client’s level of experience and knowledge about financial planning and its components. QAFP professionals 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.</p>
<p><b>1.006</b></p> <p><b>Identifies material changes in client’s health, personal and financial situation</b></p>	<p>QAFP professionals recognize changes in a client’s life that can impact directly or indirectly their financial situation. 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.</p>
<p><b>1.007</b></p> <p><b>Determines completeness of information to enable analysis</b></p>	<p>QAFP professionals review information that has been collected and determine if it is current, accurate and thorough enough to complete an accurate analysis of a client’s financial situation. A QAFP professional could be working with clients on a situation that requires recent investment statements that include all necessary information for review such as the type of plan (registered, non-registered), adjusted cost base, market value, rates of return, beneficiaries, successor holder or any other detail relevant to the analysis.</p>

## 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**

QAFP professionals analyze the information they have collected across a client’s financial planning areas and discern the importance of each item to establish a priority sequence in the development of a plan. For example, a client might be retiring and have their only life insurance policy held in their employer’s group benefits plan, yet still have protection needs into retirement. The QAFP professional might determine that risk management is a priority for this client considering the pending loss of coverage.



---

**2.002**

**Considers interrelationships among financial planning areas**

QAFP professionals recognize the integrative nature of financial planning and, while they may typically support clients with planning impact in three or fewer financial planning areas, they recognize where recommendations in one financial planning area could impact other financial planning areas. For example, when QAFP professionals work with a client who wants to make retirement planning a priority, they can determine the amount of available surplus cash flow (financial management) to fund savings plans, in particular the client's and spouse's respective RRSPs and TFSAs (retirement planning). With contributions to the client's and/or spouse's RRSP, QAFP professionals can determine the resulting tax savings and their best use (tax planning). QAFP professionals then ensure that savings are invested in line with the client's and spouse's respective investment objectives and risk tolerance (investment planning).

---

**2.003**

**Assesses opportunities and constraints across financial planning areas**

QAFP professionals analyze information collected across their clients' financial planning areas and identify opportunities as well as potential limitations or constraints. For example, a young family might want to start funding an education plan but have low income and negative cash flow during a parental leave. In assessing the best outcome for these clients, the QAFP professional would identify and consider the cash flow issue as a constraint, and the low income as an opportunity to attract higher grants.

---

**2.004**

**Considers impact of economic, political and regulatory environments**

QAFP professionals understand external factors that could impact a client's financial plan, such as the economy, the political environment and regulators. A QAFP professional keeps informed on updates and changes in these areas and addresses their potential impacts on clients' financial plans. For example, a client may make a choice to keep a defined benefit pension that is indexed to inflation or take the commuted value. A QAFP professional would consider historical data and anticipated inflation levels in assessing the client's options.

---

**2.005**

**Considers benefits and limitations of financial technology and its impact on a client's projected planning outcomes**

QAFP professionals are familiar with the use of financial planning software for the analysis and preparation of a financial plan. It is important that QAFP professionals understand the assumptions embedded in the software and how they are applied. QAFP professionals also need to assess their clients' comfort and understanding of the analysis and reporting provided by the financial planning software to ensure a mutual and shared comprehension by all parties involved. For example, financial planning software may show an extensive list of numbers to arrive at a detailed cash flow summary. The QAFP professional might determine that presenting the information in chart form would work best for one client, while another might prefer to go through the detailed summary to evaluate and implement strategies.

---

<p><b>2.006</b></p> <p><b>Assesses costs and benefits of competing alternatives, integrating them across financial planning areas</b></p>	<p>QAFP professionals analyze advantages and disadvantages of competing choices within the financial planning process. QAFP professionals can integrate the impact of each choice across the financial planning areas. A QAFP professional would generally be assessing competing alternatives with clients requiring less complex analysis. For example, a client choosing between funding an RRSP or a TFSA and how this may impact their retirement plan, taxable income and cash management needs.</p>
<p><b>2.007</b></p> <p><b>Measures progress toward achievement of objectives of the financial plan</b></p>	<p>QAFP professionals measure progress made towards accomplishing financial objectives. QAFP professionals are expected to include details related to the objectives of the financial plan as well as the client's overall financial position. QAFP professionals typically work with clients who hold personally and jointly owned assets, real estate assets and investment assets that can be assessed using information on statements.</p>
<p><b>3</b></p>	<p><b>Recommendation:</b> Develops recommendations to help optimize the client's situation</p>
<p><b>3.001</b></p> <p><b>Prioritizes recommendations from the financial planning areas to optimize the client's outcomes</b></p>	<p>QAFP professionals select from financial planning recommendations, across all the financial planning areas and prioritize them in a way to best strengthen a client's financial situation overall. For example, a QAFP professional may recommend that a client consolidate debt prior to funding additional retirement savings.</p>
<p><b>3.002</b></p> <p><b>Recommends steps to implement a financial plan</b></p>	<p>QAFP professionals determine the steps required to achieve financial planning recommendations. QAFP professionals create an action plan and convey to their clients the order that tasks should be completed.</p>
<p><b>3.003</b></p> <p><b>Determines other professionals required to assist in implementation of a financial plan</b></p>	<p>QAFP professionals understand that other professionals may be required to assist in 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, QAFP professionals would refer an insurance purchase to a licensed insurance professional and might also seek assistance from other professionals, such as, lawyers, accountants, business valuers, general insurance brokers or investment advisors to help clients implement their financial plans.</p>

---

**3.004****Determines the necessity to revise the financial plan**

QAFP professionals are aware of a client's planned life events and can determine when a review of their financial plan is necessary. They are also able to recognize the need to adjust the plan when they become aware of significant events or life changes. For example, a QAFP professional might learn that a client has received a severance package and is now looking to retire. This circumstance would require a review of the client's original financial plan to adjust it to an accelerated timeline, a change in cash flow, potential pension amounts and group insurance coverage.

---

## Financial Management

Financial management focuses on the client's current and future financial position, including the use of cash flow and the development of a cash flow statement, the establishment and use of savings, as well as the use of credit and repayment of debt. The 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 QAFP 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 account for various competing goals into account, such as providing for the client's children's education or retiring.

# 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**

QAFP professionals discuss details about their clients' assets and liabilities with them. For a client wanting to review their budget, a QAFP professional may collect information about the client's bank and investment accounts, as well as their notice of assessments, mortgage, loan, and line of credit balances. Given the numerous relevant details of each asset and liability, QAFP professionals may request supporting documentation to confirm key information such as ownership of accounts, fees, type of assets or liabilities, balance owing, term, amount and frequency of payments.

#### 1.102

#### **Collects information regarding client's current and projected cash flow**

QAFP professionals discuss details about their clients' income and expenses with them. They also collect information from supporting documentation provided by the client, which can include bank statements, payroll confirmations for employment income, income tax slips for investment income, income tax assessments, loan and mortgage statements, credit card statements detailing charges and payment amounts. Key information about income and expense amounts includes their source, amount, timing, frequency, and tax treatment.

---

**1.103****Prepares****statements of client's net worth and cash flow**

QAFP professionals use the collected information on their clients' assets and liabilities to prepare a statement of net worth and use the collected information on clients' income and expenses to prepare a cash flow statement. For example, when helping a client review progress towards their goal of purchasing a vehicle, a QAFP professional could prepare updated net worth and cashflow statements to decide current affordability as well as availability of a down payment compared to the last review.

---

**1.2 Gathers qualitative information****1.201****Determines client's experience, attitudes, biases and objectives regarding saving and spending.**

QAFP professionals discuss any experiences that would impact their clients' attitudes, biases and objectives about saving and spending with them. For example, if a QAFP professional identifies that a client has a monthly cash flow shortfall, they should discuss this with the client to determine their needs and spending habits. In helping the client recognize why the monthly shortfalls occur, QAFP professionals might discuss changes to spending behaviours and other steps to create a positive cash flow.

**1.202****Determines client's experience, attitudes, biases and objectives regarding credit and debt.**

QAFP professionals discuss any experiences that would impact the client's attitudes, biases and objectives about credit and debt with them. For example, a QAFP professional may observe that their client uses a credit card for monthly purchases and carries a credit card balance each month. In discussing this with the client, QAFP professionals may learn that the client is comfortable using credit and carrying this debt because they can afford the minimum required payment amount each month. QAFP professionals need to discuss the implications of managing credit in this way and the obligation to pay the full debt amount, as well as its cost and impact on achieving the client's objectives.

**1.203****Determines client's desired lifestyle**

The implications of funding the client's desired lifestyle are important for financial management decisions and strategies, and QAFP professionals discuss how their client wants to live. For example, in learning about the client's desired lifestyle, QAFP professionals may ask the client's preferences regarding new or used vehicle ownership, or travel goals.

---

# 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**

QAFP professionals conduct a thorough review of the client's assets and liabilities to learn about and assess their features. For example, a QAFP professional might identify whether the client's line of credit is secured or unsecured, the term of the required payments, the portion of the payment that is going to both principal and interest, the reason for the liability, as well as any unused features that could potentially benefit the client.

#### 2.102

**Determines whether a client is living within financial means**

QAFP professionals assess if their clients can fund lifestyle costs using their resources without assuming debt. This assessment includes calculating a client's monthly cash flow position to determine either a surplus or deficit. In some cases, it may be appropriate for the client to rely on savings to help fund cash needs, like a retired client drawing down on the RRIF balance. However, if a QAFP professional noticed that a client was consistently paying credit card interest payments, this could indicate the client was not living within their means. QAFP professionals can evaluate debt service ratio as a determination of a client's current financial situation.

#### 2.103

**Determines client's capacity to withstand unexpected situations**

QAFP professionals assess to what extent their clients can continue to fund cash flow needs if their income ceases or is reduced for a period of time. Assessing a client's capacity to sustain an emergency situation includes determining the liquidity of the client's assets, availability of an emergency fund, tax consequences, the availability and cost of credit if needed, and any entitlements to additional income such as insurance or government benefits. For example, a QAFP professional would calculate the client's required monthly expenses, then assess if savings and possible insurance benefits would be adequate to cover costs in the event the client is disabled and cannot work for a period of time.

#### 2.104

**Calculates the amount required to meet financial management goals and objectives**

QAFP professionals determine the amount of savings or payment needed to achieve their clients' financial management objectives. For example, a QAFP professional might calculate the amount the client would need to save by a specific time, to fund a family vacation, taking into account possible inflationary pressures during the saving period.

**2.105**

**Identifies conflicting demands on current and projected cash flow**

QAFP professionals recognize that conflicting demands on current and projected cash flow can lead to a trade-off analysis and discussions to help the client make appropriate choices. For example, a QAFP professional might identify that an increase in rent payments could impact a client's ability to save for their children's education.

## 2.2 Considers and evaluates strategies

**2.201**

**Considers potential cash flow strategies**

QAFP professionals evaluate budgeting income and expenses options to meet the clients' needs and objectives. For example, a QAFP professional can help a client plan their monthly spending and develop a budget to ensure projected basic expenses are covered each month by the client's net take-home pay without using a credit card to meet these costs. The QAFP professional can also lead a review with the client to reduce spending on discretionary items.

**2.202**

**Considers potential credit and debt management strategies**

QAFP professionals evaluate options for managing the use of credit and payment of debt to meet their clients' needs and objectives. This evaluation could include the assessment of a debt consolidation plan where several higher interest loans could be combined into one loan that would give the client a lower payment and lower overall cost of borrowing. In considering this strategy, QAFP professionals review the affordability of the payment, as well as additional potential options should the client not qualify for the ideal solution.

**2.203**

**Considers potential savings strategies**

QAFP professionals assess possible savings options to meet their clients' goals. Potential savings strategies may include using a TFSA to help save for a future home renovation. QAFP professionals identify current and past TFSA contributions and limits and advise clients where they can locate their specific TFSA contribution room if they are unsure.

**2.204**

**Assesses the impact of potential changes in income and expenses**

QAFP professionals determine how a change in their clients' income or expenses will affect their cash flow position. A potential cashflow deficit or surplus are both opportunities for QAFP professionals to assess impact for a client. For example, a QAFP professional might discuss with a client the impact that their upcoming maternity leave will have on their income and expenses, including the potential reduction in the client's family income, any employer income top-ups the client or their partner might receive, as well as government assistance for which they would be eligible.



**2.205**

**Evaluates advantages and disadvantages of each financial management strategy**

QAFP professionals assess the benefits and concerns of each available financial management strategy to address their clients' planning needs and objectives. For example, a QAFP professional might evaluate the financing alternatives for a client's mortgage. When determining the advantages and disadvantages of each mortgage option, considerations can include whether it is open or closed, the term, the interest rate, the amortization period, the monthly payment amount, the prepayment penalties, and other features.

**2.206**

**Prioritizes client's financial management goals, objectives and needs**

QAFP professionals determine the importance of, and rank in priority, their clients' net worth and cash flow needs and objectives. QAFP professionals can detail which strategies should be addressed first. For example, a QAFP professional may meet with a client, who wants to maximize contributions to their newborn child's RESP but has a maxed-out credit card. The QAFP professional might determine that paying off the credit card, or establishing a term of repayment is a more significant priority than maximizing the RESP contributions, given that the child is young, and the credit card debt is at a high interest rate.

**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**

QAFP professionals develop and present appropriate recommendations to address their clients' objectives regarding their net worth and cash flow and to address their concerns. For example, to meet a client's objective to use a bonus they will receive in 30 days to fund the purchase of a new couch that they need immediately, while paying as little interest as possible, a QAFP professional might determine that the client could purchase the couch on their credit card, ensuring they pay off the balance in full by the due date using their unsecured line of credit. When the client receives the bonus, they pay off the line of credit in full. This strategy means the client pays no interest on the credit card, interest at a lower rate on the line of credit for only a few days and is able to purchase the couch right away.

**3.102**

**Recommends optimal financial management strategies**

QAFP professionals present the most appropriate recommendations to best address their clients' net worth, cash flow needs and objectives. For a client who has had trouble saving in the past, a QAFP professional might recommend setting up pre-authorized bank account withdrawals to fund their TFSA and emergency fund contributions.



---

**3.103**

**Prioritizes the steps, sequencing, and timing for a client to implement the recommended financial management strategies**

QAFP professionals outline the steps that need to be taken to turn their financial management recommendations in action. For example, to meet a client’s objective to reduce their mortgage, a QAFP professional might advise switching from monthly to biweekly payments as the first step, and help the client understand how to make the change.

---

## 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*, QAFP 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**

QAFP professionals gather details about their client's assets and investment holdings. In providing the required information, clients may give copies of bank and investment account statements. Information necessary for a financial plan includes whether the investment amounts are held in non-registered or registered accounts, and whether the investments are held at a bank, credit union, insurance company or other financial institution.

#### 1.105

##### **Prepares a summary of assets and investment holdings**

QAFP 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. Details about where the assets are held can also be included in the summary

#### 1.106

##### **Determines client's current asset allocation**

QAFP Canada professionals collect information about the clients' assets and investment holdings to identify the value held in each asset class. A client's current asset allocation details the proportion of the client's assets that are held in cash, fixed income and equities, and sometimes in other asset groups such as real estate or commodities. The QAFP professional collect 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**

QAFP professionals collect information about the client's 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. QAFP 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 the amount of government grants to be received from RESP or RDSP contributions and paid to the client's accounts.

**1.108**

**Identifies available contribution room**

QAFP professionals gather details about available contribution room for registered plans such as TFSAs, RRSPs, RESPs and RDSPs. Identifying available contribution room can provide planning opportunities for the client, as well as avoid 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 QAFP 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. QAFP professionals also discuss the purpose of the client's investments, and if the client is looking for safety of capital, income or growth.

**1.205**

**Determines client's return expectations**

QAFP professionals discuss the clients' return expectations for investments and the basis for those expectations. QAFP professionals review how realistic the client's return expectations are when compared to the client's investor profile. In some cases, the client may be a new investor who is unaware of the risk and return relationship that exists with investment vehicles.

**1.206**

**Determines client's investment constraints**

QAFP professionals discuss and identify various constraints that would impact the investment of clients' assets. For example, an investment constraint might be the client's investment time horizon for their savings to grow to a specific amount of money, or when investments would need to be liquidated to fund certain expenses. The client's investment time horizon is often tied to other financial goals, such as a planned retirement date, or funding education costs.

<p><b>1.207</b></p> <p><b>Determines client's capacity, tolerance, and composure related to investment risk</b></p>	<p>QAFP professionals discuss their clients' thoughts about investment risk and the potential loss of asset value. 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 QAFP professional discusses the client's attitudes about market volatility, and their past and potential reaction and behaviour to market swings. For example, how would a client react and respond to a drop in value of their RESP assets within a year of the planned funding of university costs.</p>
<p><b>1.208</b></p> <p><b>Determines client's desired degree of involvement in investment planning</b></p>	<p>QAFP professionals explore with their clients the level of responsibility the client wants to take in managing their investments. They discuss with clients how comfortable they are to implement investment decisions. QAFP professionals may also assess clients' investment knowledge and interest, level of involvement in previous investment decisions, and whether the client wants to actively manage the buy and sell of investments or take a more passive approach with the purchase of index funds.</p>

## 2

### Analysis:

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

### 2.1 Assesses the client's situation

<p><b>2.106</b></p> <p><b>Determines characteristics of assets and investment holdings</b></p>	<p>QAFP professionals conduct a thorough review of their clients' assets and investment holdings to learn about and assess their features. For example, if a client is holding mutual fund units, a QAFP professional would identify the fund units' adjusted cost base, fair market value, whether they are held in a registered account, ownership, estimated income, accrued gain or loss, volatility, annual fees, redemption fees and tax treatment.</p>
<p><b>2.107</b></p> <p><b>Determines the implications of acquiring or disposing of assets</b></p>	<p>Determining the implications of acquiring or disposing of assets can include the QAFP 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 purchase of index funds could result in overall lower fees and costs when compared to other investment options.</p>

---

**2.108**

**Calculates the required rate of return to reach client's objectives**

QAFP 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.

---

**2.109**

**Assesses whether investment return expectations are consistent with client's values, constraints, risk capacity, needs, and tolerance**

QAFP professionals determine if the clients' return expectations are suitable for their investor profile. This assessment can include a comparison of a suitable rate of return based on the 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, QAFP 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**

QAFP 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 the client's risk tolerance, investment objectives and constraints against the client's current asset weightings. When the client's asset allocation is not suitable, QAFP professionals identify the concern, revisit and discuss the investor profile details with the client, and recommend an adjustment to the asset allocation. QAFP 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**

QAFP professionals assess and evaluate different investment planning options to meet their clients' needs and objectives. For example, a QAFP professional might consider adjustments to the client's overall asset mix or the use of different investment vehicles, such as mutual funds, index funds and individual securities. QAFP professionals might also consider the consolidation of investment accounts.

---

<p><b>2.208</b></p> <p><b>Evaluates advantages and disadvantages of each investment planning strategy</b></p>	<p>QAFP professionals assess the advantages and disadvantages of each investment planning strategy available to address their clients' planning needs and objectives. For example, a QAFP professional might evaluate investing in individual securities compared to investing in a mutual fund or an index fund. The comparisons would include the advantages and disadvantages with regards to fees and annual costs, diversification, level of management, expected returns and income distributions.</p>
<p><b>2.209</b></p> <p><b>Prioritizes client's investment planning objectives and needs</b></p>	<p>QAFP 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, QAFP professionals can detail which strategies should be addressed first. For example, if a client has funded an RESP over the years, and her son will be attending college within a year, the priority might be to plan for liquidity and a withdrawal schedule to help cover pending education costs. The investment objective for the RESP would change from growth to safety of capital which would likely impact the asset allocation of the RESP.</p>

# 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

QAFP professionals develop and present appropriate recommendations to address their clients' concerns and objectives about investment planning. For example, a QAFP professional might identify the need for investments in a client's RESP to be suitable and ensure adequate funding of education costs within the specified time horizon. The QAFP professional might recommend that investments in the RESP be in cash or fixed income to meet the investment objective.

#### 3.105

#### Recommends optimal investment planning strategies

QAFP 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 to purchase fixed-income products with staggered maturities to help meet anticipated drawdown needs and provide flexibility for reinvestment options.

---

**3.106****Prioritizes the steps, sequencing, and timing for a client to implement investment planning strategies**

QAFP professionals outline the steps that need to be taken to turn their investment planning recommendations into action. For example, if a QAFP 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 investments 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 some of the 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. QAFP 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, QAFP 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**

QAFP 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 Canada Pension Plan. QAFP professionals collect this information through discussions with their clients, and through copies of insurance policies or group benefit documents.

### 1.110

**Prepares a summary of existing insurance coverage**

QAFP 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**

QAFP 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**

QAFP 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 QAFP 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 future financial obligations include debt, ongoing family support, legal judgments, medical and health care costs, funeral costs, income tax due upon death and special bequests.

## 1.2 Gathers qualitative information

**1.209****Determines client's risk management experience, attitudes, values, biases, and objectives**

QAFP professionals discuss their clients' experiences, attitudes, values, and biases toward risk management and insurance to determine if there could be bias or subjectivity influencing their decisions in risk management strategies. QAFP professionals would discuss with clients their ability to cope with financial loss following life events such as death, illness, disability, or property damage. For example, a client may have experienced the loss of a parent at a young age and wants to purchase a life insurance policy significantly higher than what a needs analysis determines is required; a QAFP professional could identify how the client's personal experience might be influencing their objectivity.

**1.210****Determines relevant lifestyle factors**

QAFP professionals identify relevant lifestyle details 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. QAFP 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**

QAFP professionals identify personal and family health history that impacts their clients' needs for risk management or insurance solutions. For example, a client may have family history of life-threatening cancer. A QAFP professional would need to be able to recognize that the client might have risk or insurance needs due to the condition, but that conventional solutions may be cost prohibitive or have restrictive eligibility.

# 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**

QAFP professionals can identify and determine characteristics of existing insurance coverage relevant to a client's current situation as well as impacts of future changes for the average client. Insurance characteristics can be benefit amounts, length of coverage, future increases, exclusions, accidental death benefits, income integration of a disability policy. For example, a client has mortgage protection on his 20-year mortgage and holds a 10-year term insurance policy. The QAFP professional would be able to identify the future price increase of insurance coverage as a relevant characteristic to this client.

#### 2.112

**Calculates financial impact of exposure to risk**

QAFP professionals calculate their clients' financial risk in the case of a significant life event such as death, illness or injury of the client, their dependents or partner.- For example, a QAFP professional would calculate the required capital to cover a cash flow deficit following the loss of a loved one.

#### 2.113

**Assesses risk exposure against existing risk management strategies**

QAFP professionals assess their clients' financial risk against existing insurance products and risk management strategies. For example, a QAFP professional could identify a client's existing life insurance coverage and continuing cash flow against the funds required to look after their family's ongoing needs.

### 2.2 Considers and evaluates strategies

#### 2.210

**Considers potential risk management strategies**

QAFP professionals evaluate available options to address their clients' insurance and risk management needs and objectives. Potential risk management strategies can include the consideration to purchase additional life insurance when a client's debt level increases with the assumption of a mortgage or because of life events such as getting married and having children.

#### 2.211

**Assesses the impact of changes to insurance coverage**

QAFP professionals identify changes in insurance coverage that have a direct impact on their level of protection. For example, QAFP professionals assess the impact of additional insurance policies, increases or reductions of a death benefit, surrenders and term renewals.

**2.212****Evaluates advantages and disadvantages of each risk management strategy**

QAFP professionals identify the advantages and disadvantages for their clients of various types of insurance policies, coverage types and death benefit amounts. For example, a QAFP professional would be able to identify that group life insurance and long-term disability are advantageous avenues for providing insurance and at minimal cost but would also identify the risk that eligibility is dependent on their continued employment.

**2.213****Prioritizes client’s risk management objectives and needs**

QAFP professionals can draw from a variety of needs and objectives to determine which of their clients’ risk management issues should be addressed first. For example, a QAFP professional might determine that a client would need additional life insurance to support his young family, and also have a cash flow deficit during the first three months of a disability during a long-term disability policy’s waiting period. The QAFP professional would recognize the impact of a death being greater than a three-month cash flow deficit and prioritize life insurance to mitigate the client’s greatest risk.

**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**

QAFP professionals can present appropriate recommendations that address their clients’ risk management objectives. QAFP professionals would typically be providing recommendations for clients with family protection needs and relatively uncomplicated estate objectives.

**3.108****Recommends optimal risk management strategies**

QAFP professionals present the most appropriate recommendations to address their clients’ insurance and risk management needs and objectives. For example, an optimal risk management strategy could be the purchase of a personal disability policy to meet the client’s income needs, with an elimination period chosen to coordinate with the receipt of other disability income benefit payments.

**3.109****Prioritizes the steps, sequencing and timing for a client to implement risk management strategies**

QAFP professionals can establish steps to take in priority sequence to best implement risk management strategies. For example, a QAFP professional might recommend that a client replace a policy but would recommend that the new policy be approved prior to cancelling the previous policy.

## 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, QAFP 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**

QAFP professionals collect details about their clients' tax position by asking them to provide information such as copies of previous personal tax returns, Notices of Assessment, registered and non-registered investment transaction records and statements, pension income statements, employment status and pay stubs. A QAFP 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.

A QAFP 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**

QAFP professionals determine whether the client has any existing tax strategies in place, such as additional tax withholding at source or contributing to an RRSP, RDSP, RESP or TFSA. The QAFP professional can determine whether their client is making use of income splitting strategies such as splitting pension income, using spousal loans or spousal RRSPs.

**1.115**

**Identifies tax implications of assets and liabilities**

QAFP 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. For example, a QAFP professional might identify that the disposition of their 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**

QAFP professionals determine other individuals, including children and dependent family members, or entities that could have an impact of the client's tax position. For example, QAFP professionals identify how to best divide various tax deductions and credits to minimize taxes for the household.

**1.2 Gathers qualitative information**

**1.212**

**Determines client's taxation experience, attitudes, values, biases, and objectives**

QAFP professionals discuss with their clients whether they are up to date with tax return filings, and if they have reported all earned income on their tax returns.

**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**

QAFP professionals identify how various transactions or events, like the sale of shares from a non-registered account, will affect the client's tax position. For example, a QAFP professional would determine the shares' adjusted cost base, disposition costs such as commission, the proceeds from disposition and the resulting taxable capital gain. The QAFP professional would also determine the income tax due from this disposition and how to fund any resulting tax liabilities.

**2.115****Calculates current and projected tax liabilities**

QAFP 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 QAFP professional would recognize that if their client has more than one employer, they may have inadequate tax withholding from source as a result and may need to make tax installment payments. In calculating projected tax liabilities, QAFP 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**

QAFP professionals evaluate the current tax planning options that their clients have implemented. In assessing existing tax strategies, QAFP professionals evaluate if a strategy still presents a tax-efficient option for their client. For example, a client's current and projected marginal tax rates might have changed since the tax strategy was first put in place, so that it could now be more tax effective over the long-term for the client to contribute to a TFSA instead of an RRSP, or to defer deducting the RRSP contribution to a future year.

**2.2 Considers and evaluates strategies****2.214****Considers potential tax planning strategies**

QAFP professionals consider potential strategies to address their clients' tax planning needs and objectives. For example, if a client receives a bonus payment and has available RRSP contribution room, a QAFP professional would discuss RRSP contribution amounts, the resulting tax savings and whether the contributions should go to the client's RRSP or a spousal RRSP. The QAFP professional could also discuss the RRSP deduction amount to be claimed and whether it might be prudent to have an unused RRSP deduction amount for future use.

**2.215****Assesses the impact of relationships between relevant parties and entities on the client's tax situation**

QAFP professionals assess the impact of a client's relationships with other parties on their tax situation. For example, when a client is considering registering property with another party, the QAFP professional would explain to the client the different tax implications of registering assets in various ownership structures including joint tenancy and tenants in common.

---

**2.216****Assesses the impact of tax planning alternatives**

QAFP professionals assess how a tax planning option will affect their clients' tax position. For example, if a client expects to have a lower marginal tax rate in retirement, a QAFP professional would estimate the tax savings of making an RRSP contribution in the present and the tax owing upon withdrawal in retirement and compare this to the client's tax position if the contribution was to a TFSA instead. In another example, a QAFP professional might assess the tax effectiveness of paying down debt with after-tax dollars versus investing and earning taxable investment income.

---

**2.217****Evaluates advantages and disadvantages of each tax planning strategy**

QAFP professionals assess the benefits and concerns of each available tax planning strategy to address their clients' planning needs and objectives. For example, a QAFP professional might evaluate the trade-off of being able to deduct an RRSP contribution today, with the need to include RRSP withdrawals as taxable income in retirement.

---

**2.218****Prioritizes client's tax planning objectives and needs**

QAFP professionals rank the client's tax planning needs in order of importance and priority. By identifying specific tax planning issues as priorities, QAFP professionals can detail which strategies should be addressed first. For example, a QAFP 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 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**

QAFP professionals develop and present appropriate recommendations to address their clients tax planning needs and objectives. For example, if a retired client has sufficient income, a QAFP professional might recommend delaying the conversion of his RRSP to a RRIF as long as possible, as well as basing that RRIF on the younger spouse's age. For a client with an RESP, a QAFP professional might recommend designating certain withdrawals as a non-taxable post-secondary education payment in years when the student has higher taxable income, and designating other withdrawals as taxable educational assistance payments in years when the student has lower taxable income.

---

---

**3.111****Recommends optimal tax planning strategies**

QAFP professionals present the most appropriate recommendations to address their clients' tax planning needs and objectives. For example, a QAFP professional might project their client's marginal income tax rate in retirement to assess if directing funds to a TFSA would be more advantageous than continued contributions to an RRSP and recommend the best option.

---

**3.112****Prioritizes the steps, sequencing and timing for a client to implement tax planning strategies**

QAFP professionals outline the steps that need to be taken to turn their tax planning recommendations into action. For example, a QAFP professional might refer a client to a qualified, licensed IA to open and fund the recommended product, and provide a schedule of dates or deadlines when contributions should be made.

---



## Retirement Planning

Retirement planning focuses on the client's financial well-being after their regular income has stopped. It involves a comparison of the client's expected lifestyle in retirement to projected retirement income stream and assets. QAFP 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 clients' retirement savings plans and the suitable investment growth of retirement assets to help meet their retirement goals.

As a reminder, QAFP 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**

QAFP professionals discuss with details about their clients' retirement income with them. They also get information from supporting documentation provided by their clients, which may include copies of RRSP and TFSA statements, pension statements, details about entitlements under CPP/QPP and OAS, and information about other sources of retirement income.

#### 1.118

**Prepares a summary of potential sources of retirement income**

QAFP professionals use the information they collect to develop a complete listing of a client's income and assets that are projected to fund retirement. QAFP professionals collect information such as a client's pension plan features, including the type of plan, the projected income, the normal retirement age, bridge details and indexation.

#### 1.119

**Collects details of projected retirement expenses**

QAFP professionals discuss details about their clients' spending in retirement with them. For example, a QAFP professional might discuss a client's current living expenses with them, as well as what changes in spending they anticipate once they retire. A QAFP professional might identify travel plans or downsizing a home as factors that would have an impact on retirement income and expenses.

## 1.2 Gathers qualitative information

**1.213**

**Determines client's attitudes, priorities, and biases toward retirement**

QAFP professionals discuss the feelings their clients have about retirement and help them establish their objectives. For example, a QAFP professional might be working with younger clients who may not consider retirement a current objective for them. For example, the QAFP professional might discuss with a younger client the financial benefits of starting retirement planning early.

**1.214**

**Determines client's retirement objectives**

QAFP professionals discuss their clients' objectives for retirement with them. Retirement objectives can include the timing of retirement, what a client plans to do in retirement, and any anticipated lifestyle changes. In some cases, clients may have limited pension income and resources to be able to achieve all of their retirement objectives.

**1.215**

**Determines client's comfort with retirement planning assumptions**

QAFP professionals discuss the assumptions to be used for retirement planning with their clients and whether or not they feel these assumptions are valid and realistic for planning purposes. For example, a QAFP professional might discuss a client's anticipated life expectancy to help plan for a lifetime of income. QAFP 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**

QAFP professionals use the information they collect about their clients' current assets, liabilities, income and expenses to prepare retirement planning projections. For example, QAFP professionals use their clients' balances in their RRSP, DC pension plan or TFSAs along with their asset allocation, contribution amounts and frequency, and a reasonable rate of return to project the future value of RRSP assets that will be available at a specific date to help fund retirement.

**2.118****Determines if client's retirement objectives are attainable**

QAFP professionals assess whether their clients' retirement planning objectives can be achieved. For example, a QAFP 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. QAFP professionals 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**

QAFP professionals determine the level of funding required by their clients in retirement. For example, in assessing financial requirements in retirement, a QAFP professional might need to review a client's current debt balances to determine if they will be paid off by retirement or if continued debt payments will be required in the retirement years. Where cash flow deficits are estimated, the QAFP professional could project the amount of additional income and capital required to offset the shortfall.

**2.220****Considers potential retirement saving strategies**

QAFP professionals evaluate available options to address their clients' retirement planning needs and objectives. For example, potential retirement planning strategies could include using a TFSA in addition to their RRSP to help fund a client's retirement.

**2.221****Considers potential retirement income strategies**

QAFP professionals compare and evaluate funding sources to provide retirement income throughout retirement. For example, a QAFP professional might consider combining TFSA withdrawals with RRSP income to ensure that a client receives OAS.

**2.222****Assesses impact of retirement planning alternatives**

QAFP professionals evaluate the available retirement planning strategies against the client's financial planning goals. For example, a QAFP professional might assess the impact of contributing to a client's RRSP at the beginning of the year, rather than the end of the year.

**2.223****Assesses trade-offs necessary to meet retirement objectives**

QAFP professionals evaluate other options to achieve the clients' retirement objectives. For example, if a QAFP professional determines that retirement income will be inadequate to fund a client's desired early retirement, then the QAFP professional might assess trade-offs such as saving more in the short term, working part-time during the first few years of retirement, or adjusting projected retirement expenses.

**2.224**

**Evaluates advantages and disadvantages of each retirement planning strategy**

QAFP professionals assess the benefits and drawbacks of retirement planning strategies. For example, a QAFP professional might assess the impact of a client receiving CPP/QPP at the age of 60 versus 65 on their cash flow, its sustainability and the implications for the client's overall objectives.

**2.225**

**Prioritizes client's retirement planning objectives and needs**

QAFP professionals rank their clients' retirement planning needs and objectives in priority to determine their importance. For example, a QAFP professional might determine that a client's projected income in retirement will not meet their desired retirement lifestyle. In this case, the priority would be to increase savings in the years before retirement to have resources available to fund projected retirement expenses.

**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**

QAFP professionals develop and present appropriate recommendations to address their client's retirement planning needs and objectives. For example, a QAFP professional might recommend RRSP withdrawals from the plan before the client turns age 72 to benefit from the client's lower marginal tax rate and available tax credits. RRSP income not used to support cash flow needs could be contributed to a TFSA.

**3.114**

**Recommends optimal retirement planning strategies**

QAFP professionals present the most appropriate recommendations to address their clients' retirement planning needs and objectives. For example, a QAFP professional might recommend their client's RRIF payment be based on the younger spouse's age. With this option, the client has a lower required annual minimum payment amount, but still has the flexibility to withdraw more than the minimum amount if needed.

**3.115**

**Prioritizes the steps, sequencing, and timing for a client to implement retirement planning strategies**

QAFP professionals outline the steps that need to be taken first to turn retirement planning recommendations into action. For example, a QAFP professional might recommend the client transfer a maturing RRSP into a RRIF. The client would need to open a RRIF account first and designate a beneficiary for that account. Then, once investments were transferred into the RRIF, the QAFP professional might recommend an appropriate investment strategy to ensure the required liquidity for the RRIF income withdrawals each year.

## 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. QAFP 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. QAFP professionals must be aware of their clients' legal situation to help determine their level of exposure and evaluate protective measures. QAFP 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, QAFP 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**

QAFP 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, QAFP 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. They also confirm beneficiary designations on life insurance products and registered accounts.

#### 1.121

#### **Identifies parties and entities relevant to client's estate planning**

QAFP professionals discuss with their clients any individuals who would be included in, or impacted by, their estate planning. For example, a QAFP professional would discuss any planning needed for family members who might be financially dependent on the client, such as a spouse, partner, child(ren) or parent(s).

**1.122**

**Collects legal documents and relevant information**

QAFP 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, property deeds, powers of attorney, mandates and health directives.

**1.123**

**Identifies parties and entities relevant to client's legal agreements**

QAFP professionals discuss with the client any parties who would be included or impacted by the client's legal matters. Parties relevant to the client's legal agreements include individuals such as 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.

## 1.2 Gathers qualitative information

**1.216**

**Determines client's estate planning experience, attitudes, values, biases, and objectives**

QAFP professionals and their clients discuss experiences, attitudes, values or biases that would impact the clients' feelings and objectives about estate planning. For example, a client might have lost a parent at a young age and grown up in a low-income household. This experience could result in the client having the objective to provide and fund a large estate for his surviving family. QAFP professionals explore their clients' comfort in discussing death and estate planning issues.

**1.218**

**Determines client's circumstances and objectives that may require legal measures**

QAFP professionals discuss their clients' wishes and intents concerning legal matters. For example, a QAFP professional discuss might discuss a client's family health history and their concerns about possible future medical care. The QAFP professional could review the purpose, features and suitability of a health care directive with the client.

# 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**

QAFP professionals project the financial impact of death for their clients with less complex holdings. These projections detail the value of the client's assets and liabilities at death, payments to named beneficiaries of life insurance policies, segregated funds and registered plans. Funeral expenses and survivor benefits from government plans can also be factored into the calculation.

**2.120**

**Determines constraints to meeting client's estate planning objectives**

QAFP professionals assess if there are any constraints or obstacles to achieving their clients' estate planning objectives. For example, a QAFP professional might determine that a client's estate proceeds would be inadequate to provide on-going support to the client's family, while providing for family is one of the client's estate planning objectives.

**2.121**

**Considers the financial planning implications of client's potential incapacity**

QAFP professionals consider the financial implications of their clients' potential incapacity. For example, a QAFP 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 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**

QAFP professionals assess the financial planning implications of the legal measures their clients have in place. For example, a QAFP professional would discuss the benefits and risks for the client if the client has bank accounts in joint name with an adult child.

## 2.2 Considers and evaluates strategies

**2.226**

**Considers potential estate planning strategies**

QAFP professionals consider available strategies to address the client's estate planning needs and objectives. For example, a QAFP professional might discuss the use of additional life insurance to eliminate debt and provide an income for a surviving spouse and family and/ or beneficiaries.

**2.227**

**Assesses impact of estate planning alternatives**

QAFP professionals assess the impact of estate planning alternatives. For example, a QAFP professional might discuss with their client the impact of beneficiary designations on insurance products and registered plans. The naming of the beneficiary will determine how the asset is distributed, specifically if it will fall into the estate and be subject to instructions in the will and probate fees.

**2.228**

**Evaluates advantages and disadvantages of each estate planning strategy**

QAFP professionals evaluate the advantages and disadvantages of each estate planning strategy to address their client's planning needs and objectives. For example, a QAFP professional might discuss the payment of life insurance proceeds with the client to determine if they should be paid to the estate and subject to the distribution instructions of the will or paid directly to an individual as the named beneficiary.



<p><b>2.229</b></p> <p><b>Prioritizes client’s estate planning objectives and needs</b></p>	<p>QAFP 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, if a QAFP professional learns that their client has a spouse and young children but does not have a will, they would identify the importance of a properly drafted will. Because the client might not have sufficient assets to support the family in the event of a premature death, the QAFP professional would suggest that the client prepare a will and consider insurance for the on-going support of the spouse and child as a planning priority.</p>
<p><b>2.230</b></p> <p><b>Considers financial planning implications of potential legal measures</b></p>	<p>QAFP professionals consider the financial planning implications of potential legal measures for their clients. For example, if a QAFP professional knows that their client is purchasing a property with their sibling, the registration of the property title will impact its distribution on the first death of one of the owners. The property interest could pass directly to the surviving owner, or it could be part of the deceased owner’s estate and subject to the provisions of the will.</p>
<p><b>2.231</b></p> <p><b>Evaluates advantages and disadvantages of alternative legal measures</b></p>	<p>QAFP professionals evaluate the advantages and disadvantages of alternative legal measures to address their clients’ planning needs and objectives. For example, if a QAFP professional learns that their client requires help to manage assets, alternative legal measures could include executing a power of attorney. 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.</p>
<p><b>2.232</b></p> <p><b>Prioritizes client’s objectives and needs that may require legal measures</b></p>	<p>QAFP 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, if a QAFP professional became aware of a client’s recent health problems, they might consider it would be prudent to prioritize the drafting of a power of attorney and health directive.</p>



# 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

QAFP professionals formulate appropriate strategies to address their clients' estate planning needs and objectives. For example, a QAFP professional could formulate a strategy for their client to purchase life insurance to provide support for a disabled child in addition to recommending an RDSP funding strategy.

#### 3.117

##### Recommends optimal estate planning strategies

QAFP professionals recommend the optimal estate planning recommendations to address their clients' estate planning needs and objectives. For example, if a QAFP professional was aware of a client's terminal disease and shortened life expectancy, they might plan for adequate estate liquidity to cover final expenses and immediate dependant needs. This could involve keeping a maturing GIC as a cash asset rather than renewing it for a specific term.

#### 3.118

##### Prioritizes the steps, sequencing, and timing for a client to implement estate planning strategies

QAFP professionals outline the steps that need to be taken to turn estate planning recommendations into action. For example, a QAFP 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 the client's planning needs.

#### 3.119

##### Recommends optimal legal measures

QAFP professionals recommend optimal legal measures to address their clients' financial planning needs and objectives. For example, a QAFP professional might recommend that a client with specific bequests replace their holographic wills with one drafted by a lawyer.

#### 3.120

##### Prioritizes the steps, sequencing, and timing for a client to implementing the recommended legal measures

QAFP professionals outline the order of steps and the timing for their clients to implement recommendations related to legal measures. For example, a QAFP professional might recommend their client arrange for a line of credit secured by the equity in their home. Steps would involve a cash flow review to ensure affordability of the debt and that required debt service ratios would be met, then the client's financial information would be provided to the lender. An appraisal of the home by a qualified expert would be done before the credit line could be approved and its limit confirmed.

## Professional skills

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

QAFP 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

## Professional Conduct

QAFP 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. QAFP 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 QAFP 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
<b>PS 101</b> <b>Complies with applicable laws, regulations and professional rules and requirements</b>	QAFP professionals may hold other designations or licenses. In addition, QAFP 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, as examples. QAFP 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.
<b>PS 102</b> <b>Acts in the client’s best interest</b>	QAFP 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. For example, if a QAFP professional is asked by their employer to focus on the promotion and sale of a particular product, the QAFP professional would only present and discuss this product with clients when it is in the client’s best interest.
<b>PS 103</b> <b>Values diversity and demonstrates an inclusive approach with others</b>	QAFP 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**

QAFP 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 QAFP professional to observe both the letter and the spirit of the Code of Ethics. Transparency and full disclosure are provided by the QAFP 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**

QAFP professionals often rely on technology to deliver of 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. QAFP professionals must be competent in using technology for client planning. This would include a thorough understanding of the accurate and correct input of data, as well as full knowledge about the analysis and interpretation of the results provided by technology tools. Due diligence by QAFP professionals in using technology will help provide quality analysis and appropriate advice for the client and mitigate faulty projections and unsuitable recommendations.

---

**PS 106****Discloses and manages actual and potential conflicts of interest**

QAFP professionals disclose current and potential conflicts of interest to the client in writing. A “conflict of interest” means an interest that may adversely affect a QAFP professionals judgment and/or obligations to a client. If a conflict of interest arises during an on-going financial planning engagement, the QAFP professional shall, immediately advise the client in writing of the conflict of interest. In such circumstances, the QAFP 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**

QAFP professionals develop and maintain the abilities, skills and knowledge necessary to competently provide financial planning advice and services to clients. QAFP 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 QAFP professional’s own knowledge or competency. QAFP professionals must be aware of their own competence and capabilities and know when to actively seek out and involve other qualified professionals, which could include CFP professionals. For example, a QAFP professional could recommend their client consult with a lawyer to best deal with the client’s estate distribution wishes.

<p><b>PS 108</b></p> <p><b>Protects the confidentiality of client information</b></p>	<p>QAFP professionals have access to personal, confidential and sensitive, client information. The QAFP professional must ensure that the client's personal and confidential information is collected, used, and disclosed only as authorized. For example, QAFP 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.</p>
<p><b>PS 109</b></p> <p><b>Accurately describes the known costs of services, products, and fees</b></p>	<p>QAFP professionals must disclose, in writing, and actively ensure the client's understanding of 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.</p>
<p><b>PS 110</b></p> <p><b>Takes responsibility for own work and the work delegated to support staff</b></p>	<p>QAFP professionals are responsible and accountable for the financial planning work they do for a client. In addition, QAFP professionals are responsible for the financial planning work delegated to other team members or support staff. QAFP professionals provide oversight, supervision and careful review of all work delegated to others including other team members or support staff.</p>
<p><b>PS 111</b></p> <p><b>Maintains professional competence</b></p>	<p>QAFP 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 QAFP professionals to stay current in all areas of personal financial planning.</p>

## Critical Thinking Skills

QAFP 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. QAFP 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.

QAFP 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, QAFP professionals identify and explain the significance and impact of the changes on their financial plan to the client, incorporating these changes into planning. QAFP 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. QAFP 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
<b>PS 201</b> <b>Identifies and assesses financial concerns and/or issues</b>	Because clients may not be aware of specific financial planning issues, QAFP professionals must be able not only to assess, but also to identify, financial concerns and/or issues. For example, a QAFP professional might determine that their client is drawing on a line of credit to fund monthly cash flow expenses, signaling a possible cash flow concern that should be raised and discussed with the client.
<b>PS 202</b> <b>Determines relevant information</b>	Clients may not always understand what specific information is relevant to their financial health. QAFP professionals make determinations about both quantitative and qualitative information and its impact. For example, if a client is driving an older vehicle which is becoming unreliable, they might need to buy or lease a new vehicle, which could have a significant financial impact on the client and their financial planning strategies.

<p><b>PS 203</b></p> <p><b>Makes reasonable assumptions and undertakes research as appropriate</b></p>	<p>When QAFP professionals are faced with incomplete or inconsistent information, their ability to make reasonable assumptions is even more important. QAFP professionals should begin by asking questions to discover the missing information. For example, when preparing retirement projections, QAFP professionals should make reasonable and realistic assumptions as the basis for analyses done and strategies developed. QAFP 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.</p>
<p><b>PS 204</b></p> <p><b>Pays attention to the client's capacity to make decisions</b></p>	<p>QAFP 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. QAFP professionals must remain vigilant about the client's current capacity when they are in communication. The QAFP 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 QAFP professional might notice transactions or financial decisions that are unusual based on the client's past behaviour, suggesting an incapacity issue.</p>
<p><b>PS 205</b></p> <p><b>Uses applicable methods or tools to analyze data and uses judgment to evaluate results and develop strategies</b></p>	<p>QAFP professionals need to understand a wide range of mathematical calculations that are relevant to financial planning data. For example, when discussing mortgage affordability, QAFP professionals would need to calculate the client's Gross Debt and Total Debt Service ratios and might provide additional calculations to support a recommendation. In this situation the data could be used to discuss appropriate payments, amortization, as well as impacts to a client's net worth as they proceed towards home ownership.</p>
<p><b>PS 206</b></p> <p><b>Assesses and compares options to arrive at a recommendation</b></p>	<p>QAFP professionals analyze and compare a variety of options against client needs and objectives before proposing a recommendation. For example, a QAFP professional might observe that a client has a positive monthly cashflow. When asked for advice on how to best use this surplus, a QAFP professional might know numerous options which the client could benefit from, but would provide only a few recommendations, specific to the client's needs, goals and objectives so the client could make an informed decision.</p>

---

**PS 207****Integrates information into a comprehensible response or recommendation**

QAFP 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, a QAFP professional would consider a client's current cash flow when making a recommendation for a savings plan to ensure the recommendation is affordable.

---

**PS 208****Demonstrates the capacity to adapt thinking**

QAFP 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, a QAFP professional might observe that a client who recently had a baby could need to adjust their financial planning over the next year while they are on maternity leave.

---



## Interpersonal Skills

QAFP professionals need to develop strong interpersonal skills to establish and maintain strong positive connections with clients, colleagues, and others. QAFP 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, QAFP professionals create a trusting relationship where clients are at ease in an open, honest and engaged exchange with the planner.

QAFP 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, QAFP professionals are aware of their own biases and ensure these biases do not influence their recommendations.

QAFP professionals understand that clients will not always agree with the recommendations they present. If this occurs, the QAFP 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 QAFP professional is unable to uphold the client's best interest, they could be required to withdraw from the client relationship. QAFP 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. QAFP 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**

QAFP 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 QAFP 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 QAFP professional, who can then deliver more personalized, holistic and tailored financial advice. For example, if the QAFP professional asks about a client's family on a regular basis, the client may be more likely to contact the QAFP 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. QAFP 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 QAFP professional is distracted by other matters.

<p><b>PS 303</b></p> <p><b>Adapts methods and manner to the unique needs and preferences of clients and others</b></p>	<p>QAFP professionals develop relationships with clients who all have different preferences and needs. QAFP professionals first identify the unique aspects of every client relationship, and then implement strategies that best suit that client. For example, if a QAFP professional has a client who does not use a computer and distrusts the internet, they would not recommend the client use online banking and would find alternative solutions for them to receive important information.</p>
<p><b>PS 304</b></p> <p><b>Respects differences of opinion and the decisions of others</b></p>	<p>Because QAFP 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, QAFP professionals might find that the client, or a client’s other chosen professionals, such as an accountant, disagree with the recommendation. For example, a QAFP 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 QAFP professional respects the client’s decision and continues to provide financial planning in their best interest.</p>
<p><b>PS 305</b></p> <p><b>Recognizes when the values, biases or perspectives of clients impact their actions</b></p>	<p>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. QAFP professionals are aware of and understand that these biases and perspectives can impact a client’s desire to implement certain strategies. For example, a QAFP 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. QAFP 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.</p>
<p><b>PS 306</b></p> <p><b>Recognizes when personal values, biases or perspectives may impact recommendations to clients and others and demonstrates the ability to set them aside</b></p>	<p>QAFP professionals recognize that their own personal experiences, have created preferences and potential biases in themselves. Knowing these can exist allows QAFP professionals to focus on acting in a neutral and objective way. For example, a QAFP professional who has had a negative experience with financing a car through a dealership, would set that personal experience aside if it is not relevant to helping a client who plans to purchase and finance a car that way.</p>

<p><b>PS 307</b></p> <p><b>Deals empathetically with concerns, objections and complaints</b></p>	<p>When QAFP 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. QAFP 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. QAFP professionals act as necessary to address or elevate complaints.</p>
<p><b>PS 308</b></p> <p><b>Manages conflicting views and emotionally charged conversations to build consensus and find resolution</b></p>	<p>Money, and the many emotions that it elicits, can create discord. QAFP professionals are privy to very personal information. Factors such as family dynamics 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 QAFP 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 QAFP professionals to lead the way to find resolution.</p>
<p><b>PS 309</b></p> <p><b>Demonstrates emotional self-regulation</b></p>	<p>Dealing with difficult clients or situations can be triggering to a QAFP professional. Perhaps a client who is unhappy is raising their voice in a heated conversation. This challenging emotional situation can be difficult, but QAFP professionals manage emotional reactions effectively to control behaviours and focus on bringing calm to the situation, knowing that the outcomes are directly related to how they respond.</p>
<p><b>PS 310</b></p> <p><b>Provides coaching to clients to support them to take appropriate actions</b></p>	<p>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. QAFP professionals know that clients often procrastinate, and that they benefit from encouragement and assistance to achieve the planned recommendations. For example, if a client who has previously forgotten specific tasks, needs to find their TFSA contribution room prior to a meeting, a QAFP professional could send them a reminder with the link to access this information. QAFP professionals know which clients may need additional support to achieve their goals, and tailor their feedback, coaching and support.</p>

## Communication Skills

Throughout any financial planning engagement, QAFP 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 QAFP professionals' interest and attention. Communication requires QAFP 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 QAFP professionals, who must ensure their clients receive and understand content relevant to their financial plans.

The QAFP'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. QAFP professionals must be respectful of clients' thinking, behaviours and any differences of opinion.

	Communication Skills
<b>PS 401</b> <b>Actively listens</b>	The collection of client information, discussion of analyses and recommendations are key to financial planning. For example, QAFP 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, QAFP 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.
<b>PS 402</b> <b>Probes and confirms shared understanding of issues and recommendations</b>	A shared understanding of issues and recommendations ensures both the QAFP professional, and their client are aligned. By probing and confirming understanding, QAFP 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 QAFP 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. QAFP 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 QAFP professionals with another way to better understand clients. This form of communication can cue QAFP 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, QAFP 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 QAFP professionals will need to carefully investigate. QAFP 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. QAFP 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 QAFP 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, a QAFP professional might have a client who is struggling to understand the difference between term and permanent insurance in relation to their need. The QAFP professional would discuss the client's goals and objectives and outline the most relevant points about the similarities, differences, and advantages/disadvantages of both options to help the client understand so they can make an informed decision.

---

**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 QAFP 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, QAFP 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. QAFP 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 QAFP 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. QAFP professionals are aware of their client's preferences and check in with them as necessary to adapt to their preferences.

---

**PS 408**

**Demonstrates diplomacy and professionalism in all communications**

Deeper understanding is the result of diplomacy and professionalism when communicating with clients. For example, a QAFP professional who is meeting with a client who recently suffered loss of a family member, is mindful of the emotional impact that this could have on the client and displays tact when their meeting involves discussions about the client's own estate planning.

---

## Collaboration Skills

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

QAFP 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. QAFP professionals recognize when to include others in the planning process, discuss the need with the client and obtain the client's informed, written consent.

QAFP professionals recognize when consultation with other professionals is necessary. At all times, QAFP professionals must meet their confidentiality obligations. QAFP 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 Skills

##### PS 501

**Establishes clear planner-client roles and responsibilities and empowers a client to manage their finances**

In a successful client/QAFP 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 QAFP 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 QAFP 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. For example, a QAFP professional might attempt to contact their client via phone, email, and mail, but not get any response. When the QAFP contacts the client's TCP, they learn that their client has been in the hospital for several months.



---

**PS 503**

**Recognizes when to refer to qualified professionals to provide the necessary expertise**

QAFP 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 QAFP professional is not qualified is a significant risk and is detrimental to both the client and QAFP professional. QAFP professionals work with other professionals who they trust. For example, when discussing the plan for proceeds from the upcoming sale of their primary residence, the client reports that they are feeling overwhelmed with listing and managing the process. A QAFP professional could provide a referral to one or more real estate agents whom they believe would be of assistance and a good fit for the client. The QAFP professionals know that the referred professional might be thought of as an extension of themselves and their relationship with the client, and therefore are discerning about who they refer to. QAFP professionals must obtain informed written consent before 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 QAFP 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 client intends to purchase a home and wants to fund it by liquidating some investments and arranging a mortgage, a QAFP professional might need to contact and work with the client's investment advisor, tax advisor, banker, mortgage broker and real estate agent.

---

**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. QAFP professionals take a proactive approach to coordinate and manage client interactions as needed. For example, after obtaining written informed consent to do so, a QAFP professional might set up a meeting with their client, themselves, and a life insurance advisor to facilitate introductions as well as ensure everyone is in agreement 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 QAFP 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 asset 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 <i>Gathers and prepares the client's information</i>		2 Analysis <i>Assesses the client's situation and identifies and evaluates appropriate strategies</i>		3 Recommendation <i>Develops recommendations to help optimize the client's situation</i>		
FUNDAMENTAL FINANCIAL PLANNING PRACTICES	1.001 Identifies client's objectives, needs, values, priorities, expectations and circumstances that have financial planning implications	2.001 Analyzes collected information to prioritize the financial planning areas based on the client's objectives	3.001 Prioritizes recommendations from the financial planning areas to optimize the client's outcomes			
	1.002 Determines client's understanding of financial planning assumptions	2.002 Considers interrelationships among financial planning areas	3.002 Recommends steps to implement a financial plan			
	1.003 Identifies information and documentation required for financial planning	2.003 Assesses opportunities and constraints across financial planning areas	3.003 Determines other professionals required to assist in implementation of a financial plan			
	1.004 Identifies client's legal considerations that affect the financial planning process	2.004 Considers impact of economic, political, and regulatory environments	3.004 Determines the necessity to revise the financial plan			
	1.005 Determines client's level of financial knowledge and experience	2.005 Considers benefits and limitations of financial technology and its impact on a client's projected planning outcomes				
	1.006 Identifies material changes in client's health, personal and financial situation	2.006 Measures progress toward achievement of objectives of the financial plan				
	1.007 Determines completeness of information to enable analysis					
ELEMENTS OF COMPETENCY						
1.1 Gathers and prepares quantitative information		1.2 Gathers qualitative information		2.1 Assesses the client situation		
1.2 Gathers qualitative information		2.2 Considers and evaluates strategies		3.1 Develops recommendations to help optimize the client's situation		
FINANCIAL PLANNING AREAS	FINANCIAL MANAGEMENT	1.101 Collects information regarding client's assets and liabilities	1.201 Determines client's experience, attitudes, biases, and objectives regarding saving and spending	2.101 Determines characteristics of client's assets and liabilities	2.201 Considers potential cash flow strategies	3.101 Formulates financial management strategies
		1.102 Collects information regarding client's current and projected cash flow	1.202 Determines client's experience, attitudes, biases, and objectives regarding credit and debt	2.102 Determines whether a client is living within financial means	2.202 Considers potential credit and debt management strategies	3.102 Recommends optimal financial management strategies
		1.103 Prepares statements of client's net worth and cash flow	1.203 Determines client's desired lifestyle	2.103 Determines client's capacity to withstand unexpected situations	2.203 Considers potential savings strategies	3.103 Prioritizes the steps, sequencing, and timing for a client to implement the recommended financial management strategies
				2.104 Calculates the amount required to meet financial management goals and objectives	2.204 Assesses the impact of potential changes in income and expenses	
	INVESTMENT PLANNING	1.104 Collects information regarding client's assets and investment holdings	1.204 Determines client's investment experience, attitudes, values, biases, and objectives	2.106 Determines characteristics of asset and investment holdings	2.207 Considers potential investment planning strategies	3.104 Formulates investment planning strategies
		1.105 Prepares a summary of assets and investment holdings	1.205 Determines client's return expectations	2.107 Determines the implications of acquiring or disposing of assets	2.208 Evaluates advantages and disadvantages of each investment planning strategy	3.105 Recommends optimal investment planning strategies
		1.106 Determines client's current asset allocation	1.206 Determines client's investment constraints	2.108 Calculates the required rate of return to reach client's objectives	2.209 Prioritizes client's investment planning objectives and needs	3.106 Prioritizes the steps, sequencing, and timing for a client to implement the recommended investment planning strategies
		1.107 Identifies current and projected asset and investment cash flows	1.207 Determines client's capacity, tolerance, and composure related to investment risk	2.109 Assesses whether investment return expectations are consistent with client's values, constraints, risk capacity, needs, and tolerance		
		1.108 Identifies available contribution rooms	1.208 Determines client's desired degree of involvement in investment planning client	2.110 Assesses whether asset allocation is consistent with client's values, constraints, risk capacity, needs, and tolerance		
	INSURANCE AND RISK MANAGEMENT	1.109 Collects information regarding client's existing insurance coverage	1.209 Determines client's risk management experience, attitudes, values, biases, and objectives	2.111 Determines characteristics of existing insurance coverage	2.210 Considers potential risk management strategies	3.107 Formulates risk management strategies
		1.110 Prepares a summary of existing insurance coverage	1.210 Determines relevant lifestyle factors	2.112 Calculates financial impact of exposure to risk	2.211 Assesses the impact of changes to insurance coverage	3.108 Recommends optimal risk management strategies
		1.111 Determines resources available to manage risk	1.211 Determines client's personal and family health history that impacts financial planning needs of the client	2.113 Assesses risk exposure against existing risk management strategies	2.212 Evaluates advantages and disadvantages of each risk management strategy	3.109 Prioritizes the steps, sequencing and timing for a client to implement the recommended risk management strategies
		1.112 Identifies current and potential future financial obligations			2.213 Prioritizes client's risk management objectives and needs	
	TAX PLANNING	1.113 Collects information to establish client's current and projected tax position	1.212 Determines client's taxation experience, attitudes, values, biases, and objectives	2.114 Determines tax impact of relevant transactions, events, and planning strategies	2.214 Considers potential tax planning strategies	3.110 Formulates tax planning strategies
		1.114 Determines client's existing tax strategies		2.115 Calculates current and projected tax liabilities	2.215 Assesses the impact of relationships between relevant parties and entities on the client's tax situation	3.111 Recommends optimal tax planning strategies
		1.115 Identifies tax implications of assets and liabilities		2.116 Assesses existing tax strategies	2.216 Assesses the impact of tax planning alternatives	3.112 Prioritizes the steps, sequencing and timing for a client to implement recommended tax planning strategies
		1.116 Identifies parties and entities relevant to client's tax situation			2.217 Evaluates advantages and disadvantages of each tax planning strategy	
					2.218 Prioritizes client's tax planning objectives and needs	



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

PROFESSIONAL SKILLS					
Professional Conduct		Critical Thinking		Interpersonal	
				Communication	
				Collaboration	
PS 101	Complies with applicable laws, regulations and professional rules and requirements	PS 201	Identifies and assesses financial concerns and/or issues	PS 301	Demonstrates genuine interest in clients and others
PS 102	Acts in the client's best interest	PS 202	Determines relevant information	PS 302	Creates a comfortable environment for clients and others
PS 103	Values diversity and demonstrates an inclusive approach with others	PS 203	Makes reasonable assumptions and undertakes research as appropriate	PS 303	Adapts methods and manner to the unique needs and preferences of clients and others
PS 104	Displays integrity and transparency in all professional matters	PS 204	Pays attention to the client's capacity to make decisions	PS 304	Respects differences of opinion and the decisions of others
PS 105	Exercises due diligence when using technology	PS 205	Uses applicable methods or tools to analyze data and uses judgment to evaluate results and develop strategies	PS 305	Recognizes when the values, biases or perspectives of clients impact their actions
PS 106	Discloses and manages actual and potential conflicts of interest	PS 206	Assesses and compares options to arrive at a recommendation	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 107	Acts only within the scope of own competence and capabilities	PS 207	Integrates information into a comprehensible response or recommendation	PS 307	Deals empathetically with concerns, objections, and complaints
PS 108	Protects the confidentiality of client information	PS 208	Demonstrates the capacity to adapt thinking	PS 308	Manages conflicting views and emotionally charged conversations to build consensus and find resolution
PS 109	Accurately describes the known costs of services, products, and fees			PS 309	Demonstrates emotional self-regulation
PS 110	Takes responsibility for own work and the work delegated to support staff			PS 310	Provides coaching to clients to support them to take appropriate actions
PS 111	Maintains professional competence				
				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](http://fpcanada.ca)

CFP®, CERTIFIED FINANCIAL PLANNER® and  are trademarks owned by Financial Planning Standards Board Ltd. (FPSB) and used under license. QAFP®, QUALIFIED ASSOCIATE FINANCIAL PLANNER®,  and all other trademarks are those of FP Canada™.

© 2022 FP Canada™. All rights reserved.

QAFP™

