

**SIDE-BY-SIDE COMPARISON OF PREVIOUS AND CURRENT
STANDARDS OF PROFESSIONAL CONDUCT**

TERMINOLOGY

**TERMINOLOGY IN PREVIOUS
STANDARDS OF PROFESSIONAL CONDUCT**

No equivalent

“Client” denotes a person, persons, or entity who engages a practitioner and for whom professional services are rendered. For purposes of this definition, a practitioner is engaged when an individual, based upon the relevant facts and circumstances, reasonably relies upon information or service provided by that practitioner. Where the services of the practitioner are provided to an entity (corporation, trust, partnership, estate, etc.), the client is the entity acting through its legally authorized representative.

“CFP Board designee” denotes current certificants, candidates for certification, and individuals that have any entitlement, direct or indirect, to the CFP® certification marks.

No equivalent

“Commission” denotes the compensation received by an agent or broker when the same is calculated as a percentage on the amount of his or her sales or purchase transactions.

“Compensation” is any economic benefit a CFP Board designee or related party receives from performing his or her professional activities.

**TERMINOLOGY IN CURRENT
STANDARDS OF PROFESSIONAL CONDUCT**

“CFP Board” denotes Certified Financial Planner Board of Standards, Inc.

“Client” denotes a person, persons, or entity who engages a certificant and for whom professional services are rendered. Where the services of the certificant are provided to an entity (corporation, trust, partnership, estate, etc.), the client is the entity acting through its legally authorized representative.

“Certificant” denotes individuals who are currently certified by CFP Board.

“Registrant” denotes individuals who are not currently certified but have been certified by CFP Board in the past and have an entitlement, direct or indirect, to potentially use the CFP® marks. This includes individuals who have relinquished their certification and who are eligible for reinstatement without being required to pass the current CFP® Certification Examination. The Rules of Conduct apply to registrants when the conduct at issue occurred at a time when the registrant was certified; CFP Board has jurisdiction to investigate such conduct.

“Certificant’s Employer” denotes any person or entity that employs a certificant or registrant to provide services to a third party on behalf of the employer, including certificants and registrants who are retained as independent contractors or agents.

“Commission” denotes the compensation generated from a transaction involving a product or service and received by an agent or broker, usually calculated as a percentage on the amount of his or her sales or purchase transactions. This includes 12(b)1 fees, trailing commissions, surrender charges and contingent deferred sales charges.

“Compensation” is any non-trivial economic benefit, whether monetary or non-monetary, that a certificant or related party receives or is entitled to receive for providing professional activities.



CERTIFIED FINANCIAL PLANNER™



Side-by-Side Comparison of Previous and Current Terminology

“**Conflict(s) of interest**” exists when a CFP Board designee’s financial, business, property and/or personal interests, relationships or circumstances reasonably may impair his/her ability to offer objective advice, recommendations or services.

A “**conflict of interest**” exists when a certificant’s financial, business, property and/or personal interests, relationships or circumstances reasonably may impair his/her ability to offer objective advice, recommendations or services.

“**Fee-only**” denotes a method of compensation in which compensation is received solely from a client with neither the personal financial planning practitioner nor any related party receiving compensation which is contingent upon the purchase or sale of any financial product. A “related party” for this purpose shall mean an individual or entity from whom any direct or indirect economic benefit is derived by the personal financial planning practitioner as a result of implementing a recommendation made by the personal financial planning practitioner.

“**Fee-only.**” A certificant may describe his or her practice as “fee-only” if, and only if, all of the certificant’s compensation from all of his or her client work comes exclusively from the clients in the form of fixed, flat, hourly, percentage or performance-based fees.

No equivalent

“**Fiduciary.**” One who acts in utmost good faith, in a manner he or she reasonably believes to be in the best interest of the client.

A “**financial planning engagement**” exists when a client, based on the relevant facts and circumstances, reasonably relies upon information or services provided by a CFP Board designee using the financial planning process.

A “**financial planning engagement**” exists when a certificant performs any type of mutually agreed upon financial planning service for a client.

See definition below for “**Personal financial planning practitioner**” or “**financial planning practitioner**”

A “**financial planning practitioner**” is a person who engages in financial planning using the financial planning process in working with clients.

“**Personal financial planning**” or “**financial planning**” denotes the process of determining whether and how an individual can meet life goals through the proper management of financial resources.

“**Personal financial planning**” or “**financial planning**” denotes the process of determining whether and how an individual can meet life goals through the proper management of financial resources. Financial planning integrates the financial planning process with the financial planning subject areas. In determining whether the certificant is providing financial planning or material elements of the financial planning process, issues that may be considered include but are not limited to:

- The client’s understanding and intent in engaging the certificant.
- The degree to which multiple financial planning subject areas are involved.
- The comprehensiveness of the data gathering.
- The breadth and depth of the recommendations.

Financial planning may occur even if the elements are not provided to a client simultaneously, are delivered over a period of time, or are delivered as distinct subject areas. It is not necessary to provide a written financial plan to engage in financial planning.

“**Personal financial planning process**” or “**financial planning process**” denotes the process which typically includes, but is not limited to, these six elements: establishing and defining the client-planner relationship, gathering client data including goals, analyzing and evaluating the client’s financial status, developing and presenting financial planning recommendations and/or alternatives, implementing the financial planning recommendations and monitoring the financial planning recommendations.

“**Personal financial planning process**” or “**financial planning process**” denotes the process which typically includes, but is not limited to, some or all of these six elements:

- Establishing and defining the client-planner relationship,
- Gathering client data including goals,
- Analyzing and evaluating the client’s current financial status,
- Developing and presenting recommendations and/or alternatives,
- Implementing the recommendations, and
- Monitoring the recommendations.

Side-by-Side Comparison of Previous and Current Terminology

“Personal financial planning subject area(s)” or “financial planning subject area(s)” denotes the basic subject fields covered in the financial planning process which typically include, but are not limited to, financial statement preparation and analysis (including cash flow analysis/planning and budgeting), investment planning (including portfolio design, i.e., asset allocation and portfolio management), income tax planning, education planning, risk management, retirement planning and estate planning.

“Personal financial planning subject areas” or “financial planning subject areas” denotes the basic subject fields covered in the financial planning process which typically include, but are not limited to:

- Financial statement preparation and analysis (including cash flow analysis/planning and budgeting),
- Investment planning (including portfolio design, i.e., asset allocation and portfolio management),
- Income tax planning,
- Education planning,
- Risk management,
- Retirement planning, and
- Estate planning.

“Personal financial planning professional” or “financial planning professional” denotes a person who is capable and qualified to offer objective, integrated and comprehensive financial advice to or for the benefit of individuals to help them achieve their financial objectives. A financial planning professional must have the ability to provide financial planning services to clients, using the financial planning process covering the basic financial planning subjects.

No equivalent

“Personal financial planning practitioner” or “financial planning practitioner” denotes a person who is capable and qualified to offer objective, integrated and comprehensive financial advice to or for the benefit of clients to help them achieve their financial objectives and who engages in financial planning using the financial planning process in working with clients.

See definition for **“Financial Planning Practitioner”**