



FINANCIAL PLANNING STANDARDS BOARD

Financial Plan Assessment

Noel Maye, FPSB CEO

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CFP Certification *Global excellence in financial planning*

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Outline


- FPSB overview
- 4Es → competency model
- Financial Planner Competency Profile
- Financial Planner Assessment Framework
- Financial plan
 - Framework
 - Case study
 - Candidate guidance
 - Assessor guidance

Who is FPSB?

- 501(c)(6) Delaware-incorporated trade association
- Incorporated in 2003
- Launched October 2004
- Legally established 1 December 2004
- CFP Board joined in 2007



FPSB mission

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

FPSB strategic plan

- **Leadership**
 - FPSB is the **preeminent international financial planning standards authority** for competent and ethical financial planners.
 - **CFP certification is the standard of excellence** for financial planning professionalism worldwide.

FPSB strategic plan

- **Standards**

- FPSB has **established standards** of excellence for financial planning and members and stakeholders are in **full compliance** with CFP certification program standards.

FPSB strategic plan

- **Recognition and awareness**
 - The global community is **aware of the value** of the financial planning process and of CFP certification.
 - Financial planning is recognized as a **distinct profession**.

FPSB strategic plan

- **Engagement**
 - Stakeholders are **engaged** in FPSB's mission and have **adequate resources** to succeed.

FPSB member locations

Asia-Pacific (12)

- Australia
- China
- Chinese Taipei
- Hong Kong
- India
- Indonesia
- Japan
- Malaysia
- New Zealand
- Republic of Korea
- Singapore
- Thailand

FPSB member locations

Europe (7)

- Austria
- France
- Germany
- Ireland
- The Netherlands
- Switzerland
- U.K.

FPSB member locations

The Americas (3)

- Brazil
- Canada
- U.S.

Africa (1)

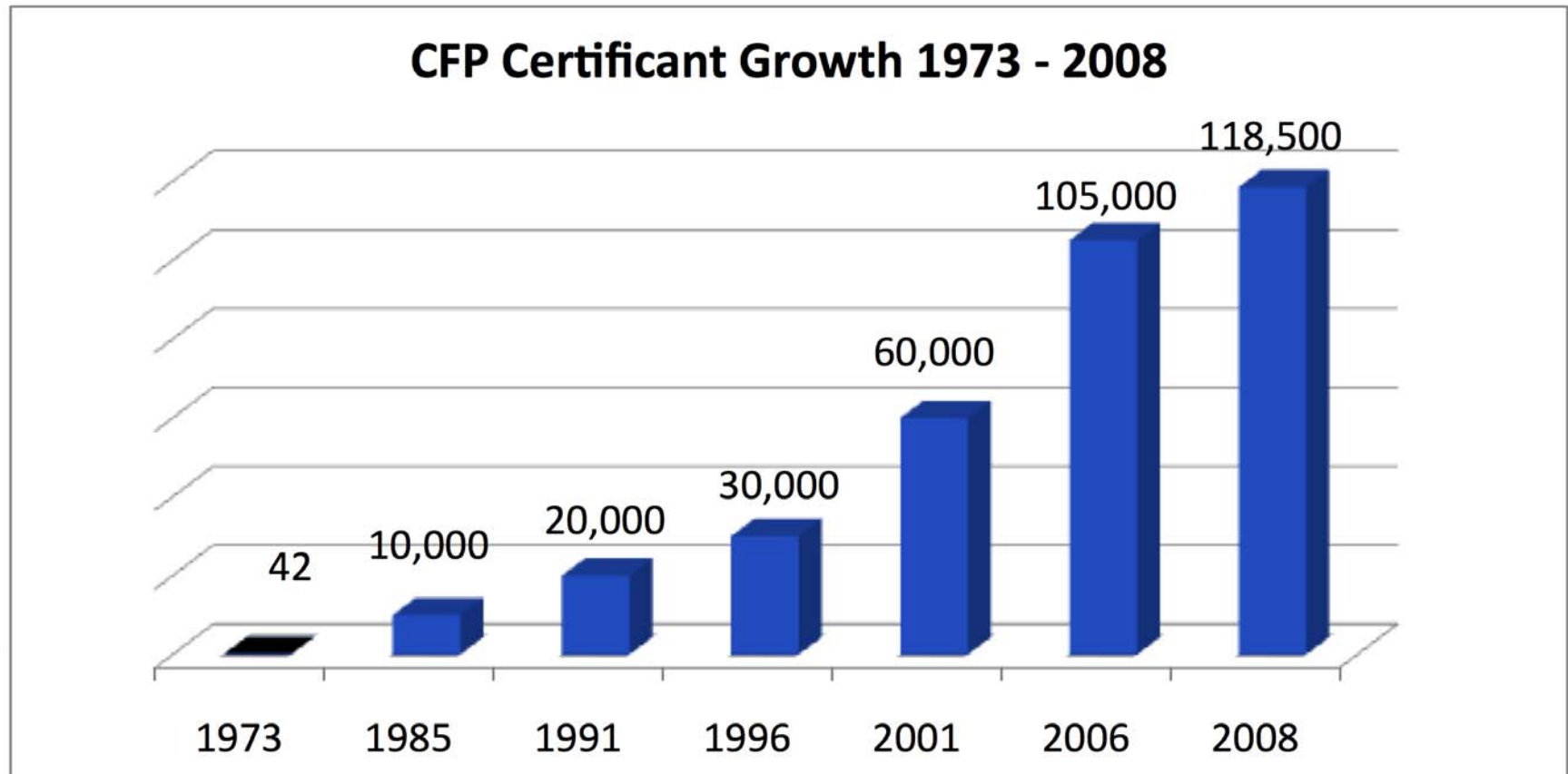
- South Africa

In discussions

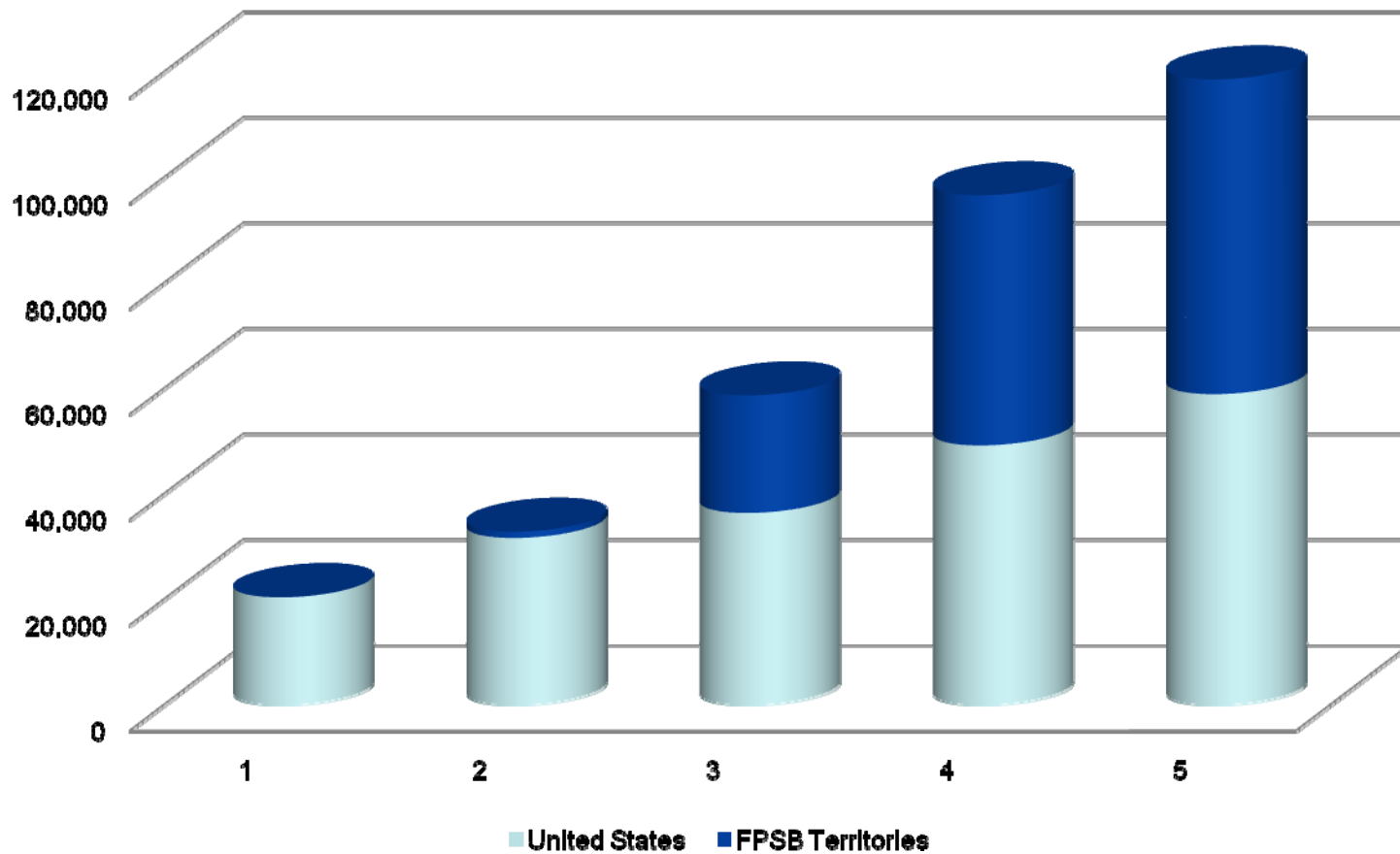
- Chile
- Colombia
- European Financial Planning Association
- Hungary
- Israel
- Jordan
- Nigeria
- Philippines



CFP professional profile



U.S. vs. non-U.S. growth



4Es → Competency model

■ 4Es

- Education
- Examination
- Experience
- Ethics

■ Competency model

- Knowledge, skills and abilities
- Financial plan assessment
- Supervised experience
- CE → CPD



Financial Planner Competency Profile



Financial Planner Competency Profile



Financial Planner Competency Profile

| FINANCIAL PLANNER PROFESSIONAL SKILLS MATRIX | | | |
|---|--|--|--|
| PS.1 Professional Responsibility | PS.2 Practice | PS.3 Communication | PS.4 Cognitive |
| <p>PS.101 Establishes trust in all professional relationships</p> <p>PS.102 Acts in the best interest of the client in providing professional services</p> <p>PS.103 Demonstrates ethical judgment</p> <p>PS.104 Demonstrates intellectual honesty and impartiality</p> <p>PS.105 Recognizes limits of competence and voluntarily seeks the counsel of and / or defers to other professionals when appropriate</p> <p>PS.106 Recognizes the public interest role of the profession and acts accordingly</p> | <p>PS.201 Complies with relevant financial services laws and regulations</p> <p>PS.202 Adheres to professional code of ethics and standards of practice</p> <p>PS.203 Makes appropriate judgments in areas not addressed by existing practice standards</p> <p>PS.204 Maintains awareness of changes in the economic, political and regulatory environments</p> <p>PS.205 Engages in continuous learning to ensure currency of knowledge and skills</p> <p>PS.206 Conducts appropriate research when performing analysis and developing strategies</p> <p>PS.207 Exercises autonomy and initiative in the performance of professional activities</p> <p>PS.208 Exercises responsibility for own and / or firm's ability to deliver services to the client for the duration of engagement</p> | <p>PS.301 Gives attention to what the client and others are saying and takes time to understand the points being made</p> <p>PS.302 Establishes good rapport with the client and others</p> <p>PS.303 Communicates information and ideas orally in a manner understandable to the client and others</p> <p>PS.304 Communicates information and ideas in writing in a manner understandable to the client and others</p> <p>PS.305 Presents logical and persuasive rationales</p> <p>PS.306 Deals effectively with objections and complaints</p> <p>PS.307 Gains agreement with the client and others</p> | <p>PS.401 Applies mathematical methods or formulas as appropriate</p> <p>PS.402 Analyzes and integrates information from a variety of sources to arrive at solutions</p> <p>PS.403 Uses logic and reasoning to consider the strengths and weaknesses of potential courses of action</p> <p>PS.404 Arrives at informed decisions when faced with incomplete or inconsistent information</p> <p>PS.405 Demonstrates capacity to adapt thinking and behaviors</p> |

- Professional Responsibility
- Practice
- Communication
- Cognitive

Curriculum components

1. **Principles and practices of financial planning**
2. Financial management
3. Asset management
4. Risk management
5. Tax planning
6. Retirement planning
7. Estate planning
8. **Integrated Financial Planning**



Financial planner assessment standard

1. Portfolio of relevant work experience
2. **Financial plan**
3. First-party attestation
4. Verification by certification body
5. Examination



Financial plan

- Candidate independently **develops a financial plan**, demonstrating mastery of:
 - **Fundamental Financial Planning Practices**
(Collection may be assessed elsewhere)
 - Minimum of **4 of 6 Financial Planning Components**
 - Appropriate Financial Planner **Professional Skills**
- Defensible written protocols for evaluating candidate's financial plan
- Demonstrates reliability in assessing financial plan

Financial plan framework

1. Data collection
2. Goals and objectives
3. Issues and problems
4. Assumptions (financial and technical)
5. Analysis
6. Strategies
7. Synthesis and recommendations
8. Implementation
9. Periodic review
10. Compliance and legal requirements
11. Professional skills

- 
- Financial Management
 - Asset Management
 - Risk Planning
 - Tax Planning
 - Retirement Planning
 - Estate Planning

1. Data collection

- Material information required to structure the financial plan
- Material changes in the client's personal and financial situation



2. Goals and objectives

- Objectives, needs and values that have financial implications
 - Are goals realistic and achievable?
 - Real factors motivating the client?
 - How much capital to meet retirement goals?
 - Anticipated life expectancy?
 - Capacity to save, can savings rate be increased?

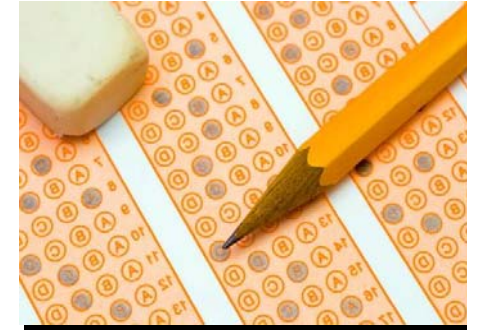


3. Issues and problems

- Legal issues
- Client's attitudes towards risk
- Client's level of financial sophistication
- Impact of economic, political and regulatory issues
- What are the existing concerns?
- What are the potential and future problems?
- Does the client have a manageable debt level?
- Is the risk profile consistent with expressed concerns?



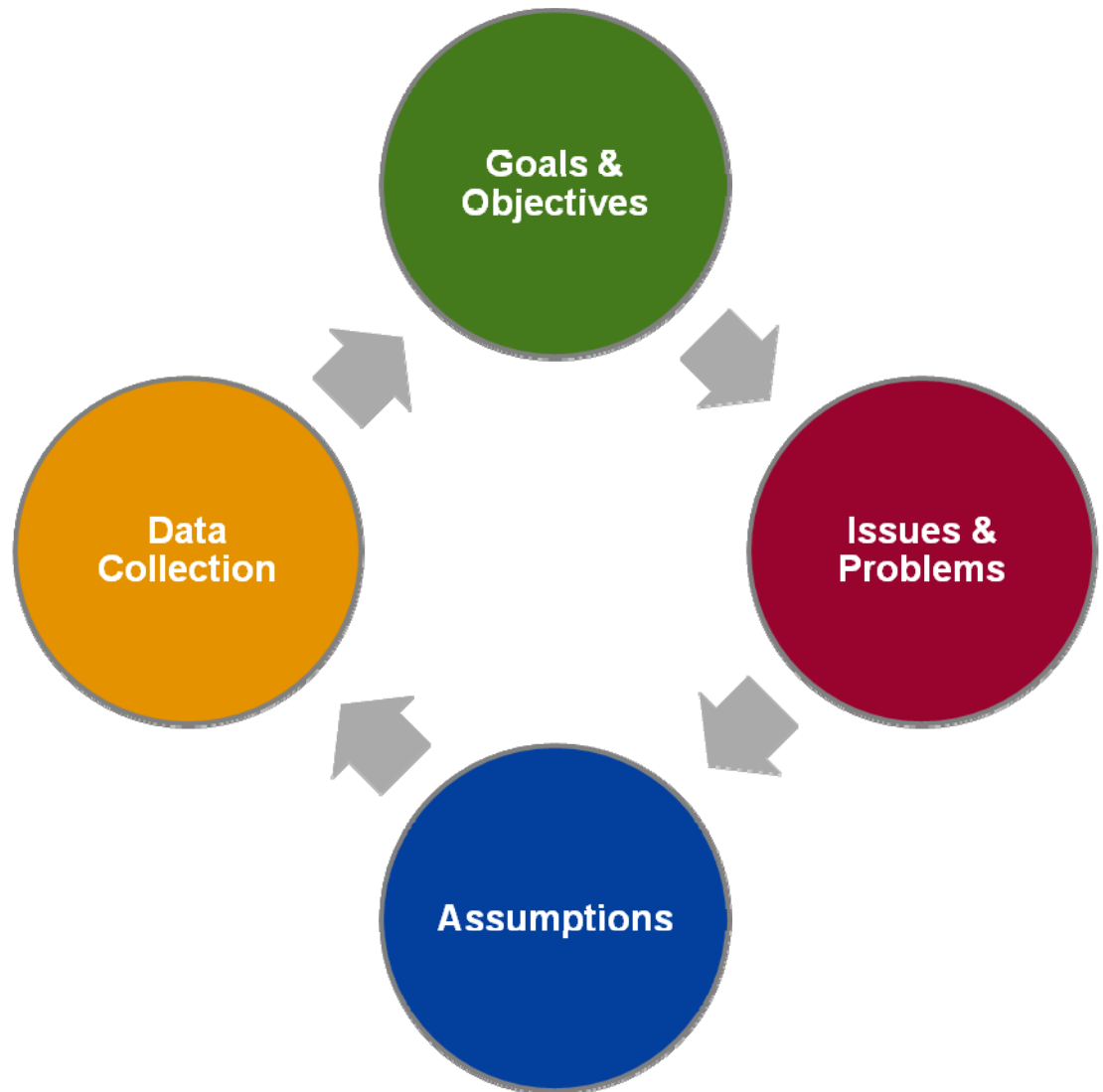
4. Assumptions



- Clearly identify assumptions and understand their impact
- Wrong or inaccurate assumptions lead to suboptimal or incorrect recommendations
- Based on estimates from reputable research bodies or other recognized sources

5. Analysis

- Opportunities
- Constraints
- Interrelationships among Financial Planning Components



6. Strategies

- Consider and develop strategies for the financial plan
- Evaluate advantages and disadvantages of each strategy



7. Synthesis and recommendations

- Prioritize
- Optimize
- Across the Financial Planning Components
- Connect risk profile to strategies and recommendations

8. Implementation

- Prioritized action list
- What needs to be done, by whom, and by what date
- Statement of authority from the client to proceed



9. Periodic review

- Review cycle for the financial plan
- Benchmarks for current financial position and expected financial position at the time of review
- Review responsibilities
- Level of review service to be provided
- The frequency of reviews
- Other features and benefits associated with the review process
- Costs

10. Compliance and legal

- Plan complies with legislation or compliance requirements.
 - No errors
 - Negative marking



11. Professional skills

| Professional Skills | Observation | Portfolio | CPD / Compliance | Can't Assess |
|---------------------|-------------|-----------|------------------|--------------|
| PS.101 | X | X | | |
| PS.102 | | X | X | |
| PS.106 | | | | X |
| PS.205 | | | X | |
| PS.207 | X | X | | |
| PS.208 | X | | X | |
| PS.302 | X | | | |
| PS.303 | X | | | |
| PS.306 | X | X | | |
| PS.307 | X | X | | |
| PS.405 | X | | | |

Case study

- Progressive life stage case studies for learning purposes
 - 20-30 - Building the foundation
 - 30-40 - Early accumulation
 - 40-55 - Rapid accumulation
 - 55-70 - Financial independence
 - 70+ - Conservation

Candidate guidance

- Demonstrate competency
- Focused on client issues
- Language for the client
- Assumptions drive recommendations
- Inter-relationships among Financial Planning Components
- Optimal plan based on client objectives, constraints, opportunities and environment

Assessor guidance

- FPSB Financial Plan Framework
- Attention to specific client situation
- Depth of analysis
- Appropriateness of strategies, recommendations
- Understanding financial planning principles
- Quality of presentation of the financial plan
- Accuracy (terminology, calculations)
- Compliance and legal requirements

Issues

- Assessor qualifications/training
- Buddy system (for first-time assessors)
- Conflicts of interest
- Two assessors, with moderator
- Consistency – mandatory standards for marking
- Professional panel to establish cut score
- Post-assessment analysis
- Candidate feedback
- Appeals
- System to engage candidate on plan (capacity)

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Q & A

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