

8 Major Domains

1. Establishing and Defining the Client-Planner Relationship (8%)
2. Gathering Information Necessary to Fulfill the Engagement (9%)
3. Analyzing and Evaluating the Client's Current Financial Status (25%)
4. Developing the Recommendation(s) (25%)
5. Communicating the Recommendation(s) (9%)
6. Implementing the Recommendation(s) (9%)
7. Monitoring the Recommendation(s) (5%)
8. Practicing within Professional and Regulatory Standards (10%)

Domain 1

Establishing and Defining the Client-Planner Relationship (8%)

- A. Identify the client (e.g., individual, family, business, organization)
- B. Discuss financial planning needs and expectations of the client
- C. Discuss the financial planning process with the client
- D. Explain scope of services offered by the CFP® professional and his/her firm
- E. Assess and communicate the CFP® professional's ability to meet the client's needs and expectations
- F. Identify and resolve apparent and potential conflicts of interest in client relationships
- G. Discuss the client's responsibilities and those of the CFP® professional
- H. Define and document the scope of the engagement with the client
- I. Provide client disclosures
 - 1. Regulatory disclosure
 - 2. Compensation arrangements and associated potential conflicts of interest

Domain 2

Gathering Information Necessary to Fulfill the Engagement (9%)

- A. Identify the client's values and attitudes
 1. Explore with the client their personal and financial needs, priorities and goals
 2. Explore the client's time horizon for each goal
 3. Assess the client's level of knowledge and experience with financial matters
 4. Assess the client's risk exposures (e.g., longevity, economic, liability, healthcare)
 5. Assess the client's risk tolerances (e.g., investment, economic, liability, healthcare)

Domain 2 (*Continued*)

B. Gather Data

1. Summary of assets (e.g., cost basis information, beneficiary designations and titling)
2. Summary of liabilities (e.g., balances, terms, interest rates). Summary of abilities (e.g., balances, terms, interest rates)
3. Summary of income and expenses
4. Estate planning documents
5. Education plan and resources
6. Retirement plan information
7. Employee benefits
8. Government benefits (e.g., Social Security, Medicare)
9. Special circumstances (e.g., legal documents and agreements, family situations)
10. Tax documents
11. Investment statements
12. Insurance policies and documents (e.g., life, health, disability, liability)
13. Closely held business documents (e.g., shareholder agreements)
14. Inheritances, windfalls, and other large lump sums

C. Recognize need for additional information

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Domain 3

Analyzing and Evaluating the Client's Current Financial Status (25%)

- A. Evaluate and document the strengths and vulnerabilities of the client's current financial situation
 - 1. Financial status
 - a. Statement of financial position/balance sheet
 - b. Cash flow statement
 - c. Budget
 - d. Capital needs analysis (e.g., insurance, retirement, major purchases)
 - 2. Risk management and insurance evaluation
 - a. Insurance coverage
 - b. Retained risks
 - c. Asset protection (e.g., titling, trusts, business form)
 - d. Client liquidity (e.g., emergency fund)
 - 3. Benefits evaluation
 - a. Government benefits (e.g., Social Security, Medicare)
 - b. Employee benefits
 - 4. Investment evaluation
 - a. Asset allocation
 - b. Investment strategies
 - c. Investment types
 - 5. Tax evaluation
 - a. Current, deferred and future tax liabilities
 - b. Income types
 - c. Special situations (e.g., stock options, international tax issues)

Domain 3 (Continued)

6. Retirement evaluation
 - a. Retirement plans and strategies (e.g., pension options, annuitization)
 - b. Accumulation planning
 - c. Distribution planning
 7. Estate planning evaluation
 - a. Estate documents
 - b. Estate tax liabilities
 - c. Ownership of assets
 - d. Beneficiary designations
 - e. Gifting strategies
 8. Business ownership
 - a. Business form
 - b. Employer benefits
 - c. Succession planning and exit strategy
 - d. Risk management
 9. Education planning evaluation
 - a. Sources of financing
 - b. Tax considerations
 10. Other considerations
 - a. Special circumstances (e.g., divorce, disabilities, family dynamics)
 - b. Inheritances, windfalls, and other large lump sums
 - c. Charitable planning
 - d. Eldercare (e.g., CCRCs, LTC, Nursing Home)
- B. Identify and use appropriate tools and techniques to conduct analyses (e.g., financial calculators, financial planning software, simulators, research services)

Domain 4

Developing the Recommendation(s) (25%)

- A. Synthesize findings from analysis of client's financial status
- B. Consider alternatives to meet the client's goals and objectives
 - 1. Conduct scenario analysis (e.g., changing lifestyle variables)
 - 2. Conduct sensitivity analysis (e.g., changing assumptions such as inflation rate, rates of return, time horizon)
- C. Consult with other professionals on technical issues outside of planner's expertise
- D. Develop recommendations
 - 1. Considering client attitudes, values and beliefs
 - 2. Considering behavioral finance issues (e.g., anchoring, overconfidence, recency)
 - 3. Consider interrelationships among financial planning recommendations
- E. Document recommendations

Domain 5

Communicating the Recommendation(s) (9%)

- A. Present financial plan to the client and provide education
 - 1. Client goals review
 - 2. Assumptions
 - 3. Observations and findings
 - 4. Alternatives
 - 5. Recommendations
- B. Obtain feedback from the client and revise the recommendations as appropriate
- C. Provide documentation of plan recommendations and any applicable product disclosures to client
- D. Verify client acceptance of recommendations

Domain 6

Implementing the Recommendation(s) (9%)

- A. Create a prioritized implementation plan with timeline
- B. Assign responsibilities (e.g., CFP® professional, client, other professional(s))
- C. Support the client directly or indirectly with implementation of the recommendation(s)
- D. Coordinate and share information, as authorized, with others
- E. Define monitoring responsibilities with the client (e.g., explain what will be monitored, frequency of monitoring, communication method(s))

Domain 7

Monitoring the Recommendation(s) (5%)

- A. Discuss and evaluate changes in the client's personal circumstances (e.g., aging issues, change in employment)
- B. Review the performance and progress of the plan with the client
- C. Review and evaluate changes in the legal, tax and economic environments
- D. Make recommendations to accommodate changed circumstances
- E. Review scope of work and redefine engagement as appropriate
- F. Provide client ongoing support (e.g., counseling, education)

Domain 8

Practicing within Professional and Regulatory Standards (10%)

- A. Adhere to CFP Board's *Code of Ethics and Professional Responsibility and Rules of Conduct*
- B. Understand CFP Board's *Disciplinary Rules and Procedures*
- C. Work within CFP Board's *Financial Planning Practice Standards*
- D. Manage practice risk (e.g., documentation, monitor client noncompliance with recommendation(s))
- E. Maintain awareness of and comply with regulatory and legal guidelines