

## GENERAL PRINCIPLES OF FINANCIAL PLANNING

A total of 72 Principal Knowledge Topics (PKTs) were derived from the 2015 Job Task Analysis. These topics serve as a blueprint for the CFP® Certification Examination and form the curriculum framework for CFP Board’s education requirement. Only content that can be tied directly to one of these topics is accepted for continuing education.

**How to Use this Document:** CE Sponsors are encouraged to use this series of documents as a resource and guide when offering programs or creating self-study courses on any PKT. The stated learning objectives (LOs), along with their level of complexity, when used singularly or in combination, are specific and measurable. They set the learning expectation for the participant and when used as the basis for an assessment will accurately measure learning outcomes.

CFP Board encourages CE Sponsors to periodically review the breakdown of courses by PKT category and consider establishing programs and courses to fill content gaps. That breakdown, which is updated each month, can be found [here](#).

B. General Principles of Financial Planning	Overview	Intermediate	Advanced
<b>B.8. Financial planning process</b>			
a. Describe the personal financial planning process as defined by the Financial Planning Practice Standards.		Code of Ethics	
b. Recognize unethical practices in the financial planning profession based on the CFP Board Standards of Professional Conduct.		Code of Ethics	
<b>B.9. Financial statements</b>			
a. Construct statements of financial positions and cash-flow statements as applied to clients consistent with sound personal accounting standards.	✓		
b. Evaluate client financial statements using ratios and growth rates and by comparing them to relevant norms.	✓		
<b>B.10. Cash flow management</b>			
a. Identify opportunities and challenges related to a client’s cash inflows and outflows and make recommendations to assist the client in meeting their current needs and long-term financial goals.		✓	
b. Communicate the need for liquid assets and emergency funds and recommend strategies for accumulating the appropriate levels of funds.	✓		
c. Calculate savings required to meet financial goals and recommend how to incorporate planned savings into the cash flow plan.	✓		

	Overview	Intermediate	Advanced
<b>B.11. Financing strategies</b>			
a. Analyze the various sources of borrowing available to a client and communicate the advantages and disadvantages of each for meeting a client's financial goal.		✓	
b. Create a debt management plan for a client that minimizes cost and maximizes the potential to reach financial goals.	✓		
c. Explain appropriate housing financing strategies.		✓	
<b>B.12. Economic concepts</b>			
a. Apply the following economic concepts and measures in making financial planning recommendations:	✓		
i. Supply and demand	✓		
ii. National Income Accounts (including GDP)	✓		
iii. Business cycles (unemployment, recession, fiscal and monetary policy)	✓		
iv. Interest rates (including its term structure and the yield curve) and inflation	✓		
v. Exchange rates	✓		
<b>B.13. Time value of money concepts and calculations</b>			
a. Calculate present value and future value of single amounts, annuities, annuities due, uneven, and serial payments.	✓		
b. Calculate NPV and IRR and be able to apply the techniques to financial planning problems.	✓		
<b>B.14. Client and planner attitudes, values, biases and behavioral finance</b>			
a. Analyze a client's degree of risk and loss aversion and insure recommendations are consistent with a client's risk propensity, attitudes, capacity, knowledge, and needs.		✓	
b. Explain how a client's psychological profile, such as a Meyers-Briggs assessment, and learning style, and values impact the format of the plan produced and presented.		✓	
c. Evaluate how a client's values, including cultural and religious values and attitudes will affect his/her goals and a planner's recommendations.	✓		
d. Describe how behavioral psychology, such as a client's comfort zone, impacts a client's objectives, goals, understanding, decision making, and actions.	✓		

	Overview	Intermediate	Advanced
<b>B.15. Principles of communication and counseling</b>			
a. Explain the applications of counseling theory to financial planning practice.	✓		
b. Demonstrate how a planner can develop a relationship of honesty and trust in client interaction.	✓		
c. Assess the components of communications including linguistic signs and non-verbal communications.	✓		
d. Apply active listening skills when communicating with clients.	✓		
e. Select appropriate counseling and communication techniques for use with individual clients.	✓		
<b>B.16. Debt management</b>			
a. Review all types of client debt and provide recommendations on optimal management of debt within the context of the client's overall financial plan.	✓		
b. Calculate required payment, interest owed or saved, and the new payment term in developing the debt prioritization plan for the client.		✓	
c. Evaluate the financial effects of reducing or increasing debt on the client's probability of success in meeting short-term and long-term goals.		✓	
d. Illustrate the effect of debt management decisions on long-term goals.	✓		
e. Review client's credit report and identify how different debt management approaches will impact the client's credit score and develop a plan to maximize the client's credit score over the short and long run.	✓		

This is a product of the Council on Education as part of CFP Board's CE Quality Initiative.

We encourage you to review *Guidelines for Developing a Quality Live Program or Online Course* and other helpful documents found under [Resources for CE Sponsor](#).

For more information or questions email [CESponsor@cfpboard.org](mailto:CESponsor@cfpboard.org) or call **(202) 379-2258**.