FINANCIAL PLANNING ENGAGEMENTS COMPLIANCE CHECKLIST

This is a checklist version of CFP Board’s Financial Planning Engagements Compliance Guide. CFP Board designed this checklist to help CFP® professionals who are providing Financial Planning evaluate whether they are providing information and services to Clients in accordance with CFP Board’s Code of Ethics and Standards of Conduct. Under certain circumstances, a CFP® professional is required to update the information provided to a Client.

Section A: Duties to Clients

- Fiduciary Duty
- Integrity
- Competence
- Diligence
- Disclose and Manage Conflicts of Interest
- Sound and Professional Objective Judgment
- Professionalism
- Comply with the Law
- Confidentiality and Privacy
- Provide Information to a Client
- Duties When Communicating with a Client
- Duties When Representing Compensation Method
- Duties When Recommending, Engaging, and Working With Additional Persons
- Duties When Selecting, Using and Recommending Technology
- Refrain from Borrowing or Lending Money and Commingling Financial Assets

Section B: Fiduciary Duty

Have I acted as a fiduciary and fulfilled the following duties (Standard A.1.):

Duty of Loyalty:
- Placed the interests of the Client above mine and my firm’s
- Avoided or fully disclosed; obtained the Client’s informed consent, and properly managed Conflicts of Interest
- Acted without regard to the interests of anyone other than the Client

Duty of Care:
- Acted with care, skill, prudence, and diligence

Duty to Follow Client Instructions:
- Complied with the Engagement and reasonable and lawful directions of the Client

Section C: Providing Information

Have I provided the following information in writing (Standard A.10):
- A description of the services and products
- How my firm and I are compensated
- How the Client pays and the types of costs the Client may incur
- Public discipline and bankruptcy
- All Material Conflicts of Interest
- Obtained the Client’s informed consent
- Properly managed any Conflicts of Interest
- All compensation for engaging or recommending others
- Provided written notice of my firm’s privacy policies
- Provided to the Client the Terms of the Engagement
- Determined who is responsible for Financial Planning Implementing, Monitoring, and Updating
- Provided other information material to the decision to engage
- Documented that I provided all this information

Section D: Practice Standards

Step 1: Understanding the Client’s personal and financial circumstances
- Described to the Client the qualitative and quantitative information that is needed, analyzed the qualitative and quantitative information, and addressed incomplete information needed

Examples:
- Health
- Life expectancy
- Family circumstances
- Values
- Attitudes
- Expectations
- Earnings potential
- Risk tolerance
- Goals
- Needs
- Priorities
- Current course of action
- Age
- Dependents
- Other professional advisors
- Income
- Expenses
- Cash flow
- Savings
- Assets
- Liabilities
- Available Resources
- Liquidity
- Taxes
- Employee benefits
- Government benefits
- Insurance coverage
- Estate plans
- Education and retirement accounts and benefits
- Capacity for risk

Step 2: Identifying and Selecting Goals
- Discussed my assessment, helped identify goals, and discussed and applied reasonable assumptions and estimates
- Helped select and prioritize goals and discussed goals that are not realistic

Step 3: Analyzing the Client’s Current and Potential Alternative Course(s) of Action
- Analyzed advantages and disadvantages of current course and whether it maximizes potential
- Analyzed advantages and disadvantages of potential alternatives, whether they maximize potential, and how they integrate

Step 4: Developing the Recommendation(s)
- Selected recommendations
- For each recommendation, considered the assumptions and estimates, the basis, the timing and priority, and whether it is independent

Step 5: Presenting the Recommendation(s)
- Presented the recommendation to the Client and the information considered

Step 6: Implementing the Recommendation(s) (Unless Excluded From Scope of Engagement)
- Established implementation responsibilities
- Communicate recommendations being implemented and the responsibilities of the professional, Client, and third parties

If I have implementation responsibilities, have I:
- Identified and analyzed actions, products, and services
- Considered the basis for each selection (how it is designed to implement and the advantages/disadvantages)
- Made recommendations, discussed their basis, and disclosed and managed conflicts
- Helped the Client select and implement

Step 7: Monitoring Progress and Updating (Unless Excluded from Scope of Engagement)
- Communicated monitoring and updating responsibilities, how and when monitoring will occur, the Client’s responsibility to inform, and how and when the recommendations will be updated
- Monitored, analyzed, and reviewed progress with the Client
- Collaborated with the Client to obtain current information
- Updated goals, recommendations, or implementation decisions

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