

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:

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

- Analyzed the qualitative and quantitative information
- Addressed incomplete information

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