

Practice Standard series	What is a CFP® professional required to do?	How should a CFP® professional do it?	Related rules, resources and tips
<p>100: Establish and Define the Relationship with the Client</p>	<ul style="list-style-type: none"> Mutually define the scope of the engagement before any financial planning service is provided. 	<ul style="list-style-type: none"> Identify the services you will provide. Identify what will be your responsibility and what will be the client's responsibility. Disclose your material conflict(s) of interest. Disclose your compensation arrangement(s). State how long the engagement will last. Disclose any other important information. 	<p>Rules: Rules 1.1, 1.2, 1.3 and Rule 2.2 of the <i>Rules of Conduct</i></p> <p>Webinars: Defining the Scope of Engagement How to Identify, Avoid and Manage Conflicts of Interest How to Avoid Misleading Compensation Disclosures</p> <p>Sample Documents: Form FPDA</p> <p>Tips:</p> <ul style="list-style-type: none"> Put it in Writing! Do you have multiple clients?
<p>200: Determine a Client's Personal and Financial Goals, Needs and Priorities</p>	<ul style="list-style-type: none"> Mutually define the client's personal and financial goals, needs and priorities that are relevant to the scope of the engagement before any recommendation is made and/or implemented. Obtain sufficient quantitative information and documents about a client relevant to the scope of the engagement before any recommendation is made and/or implemented. 	<ul style="list-style-type: none"> Learn the client's goals, needs and priorities. Explore the client's personal and financial values and attitudes to better develop and prioritize the client's goals and objectives. Discuss with the client any unrealistic goals and objectives. Develop clear and measurable objectives. Understand the client's time horizon for achieving goals and objectives. 	<p>Rules: Rule 3.3 and Rules 4.4 and 4.5 of the <i>Rules of Conduct</i></p> <p>Webinar: Compliance Checklist for Documenting Client Interactions</p> <p>Tips:</p> <ul style="list-style-type: none"> Take reasonable steps to obtain necessary information or restrict the scope. Trust but verify information from your client.
<p>300: Analyze and Evaluate the Client's Financial Situation</p>	<ul style="list-style-type: none"> Analyze the information to gain an understanding of the client's financial situation and evaluate to what extent the client's goals, needs and priorities can be met by the client's resources and current course of action. 	<ul style="list-style-type: none"> Assess the client's financial situation and determine whether the client is able to reach the stated objectives by continuing present activities. Consider both personal and economic assumptions. Determine the strengths and weaknesses of the client's financial situation and current course of action. Amend the scope of engagement, if necessary. 	<p>Rules: Rule 1.4 and Rules 4.1, 4.4 and 4.5 of the <i>Rules of Conduct</i></p> <p>Webinar: Compliance Checklist for Documenting Client Interactions</p> <p>Tips:</p> <ul style="list-style-type: none"> Always ask: Is the client's current course of action achieving the client's objectives? Change your analysis as the client's situation changes.

Reference Guide to CFP Board's *Financial Planning Practice Standards*



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<p>400: Develop and Present the Financial Planning Recommendation</p>	<ul style="list-style-type: none"> Consider "sufficient and relevant" alternatives to the client's current course of action to reasonably meet client's goals, needs and priorities. Develop recommendations in an effort to reasonably meet the client's goals, needs and priorities. Communicate the recommendations to the client to assist in making an informed decision. 	<ul style="list-style-type: none"> Take into account your personal, legal and regulatory limitations and level of competency. Check to see if there is more than one path to success, including continuing the current course of action. Determine what will help the client best understand the recommendation and its impact on the client's goals, needs and priorities. Communicate to the client the personal and economic assumptions, interdependence of recommendations, advantages and disadvantages, risks and/or time sensitivity that factor into the recommendations. 	<p>Rules: Rule 1.4, Rule 2.1 and Rules 4.1, 4.4 and 4.5 of the <i>Rules of Conduct</i></p> <p>Webinar: Compliance Checklist for Documenting Client Interactions</p> <p>Tips:</p> <ul style="list-style-type: none"> Retain documents that support your recommendations. Update your disclosures.
<p>500: Implement the Financial Planning Recommendations</p>	<ul style="list-style-type: none"> Mutually agree on the implementation responsibilities consistent with the scope of engagement. Select appropriate products and services that are consistent with the client's goals, needs and priorities. 	<ul style="list-style-type: none"> Consult with the client to determine if the client agrees with your recommendations. Modify the scope of the engagement, if necessary. Update disclosures of conflicts of interest, sources of compensation, and material relationships. When recommending other professionals, explain why you believe the person you recommend may be qualified. Select products that are suitable for the client's financial situation and that are consistent with the client's goals, needs and priorities. 	<p>Rules: Rule 1.2, Rule 2.2 and Rules 4.1 and 4.5 of the <i>Rules of Conduct</i></p> <p>Webinar: Compliance Checklist for Documenting Client Interactions</p> <p>Tips:</p> <ul style="list-style-type: none"> Consider preparing a written implementation plan. Under CFP Board's rules, you may be a fiduciary when implementing a plan.
<p>600: Monitor the Recommendations</p>	<ul style="list-style-type: none"> Mutually define monitoring responsibilities. 	<ul style="list-style-type: none"> Agree on your role in the monitoring process. Explain what, when and how you will monitor. Evaluate whether you should reinitiate the steps of the financial planning process. 	<p>Rules: Rule 1.2, Rules 3.3 and 3.4 and Rule 4.1 of the <i>Rules of Conduct</i></p> <p>Webinars: Compliance Checklist for Documenting Client Interactions</p> <p>Tips:</p> <ul style="list-style-type: none"> Document your monitoring efforts. Be realistic and clear in setting monitoring expectations.