



FINANCIAL PLANNING STANDARDS BOARD

CFP CERTIFICATION STANDARDS

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Portions of this document are based on, or derived from, the content of Certified Financial Planner Board of Standards Inc.'s *Guide to CFP Certification*; the National Organization for Competency Assurance's *Certification: A NOCA Handbook*, the *Scottish Credit and Qualifications Framework* and the Council on Licensure, Enforcement, and Regulation's and NOCA's *Principles of Fairness: An Examining Guide for Credentialing Boards, Second Edition*.

Mission Statement

The mission of Financial Planning Standards Board Ltd. (FPSB) is to manage, develop and operate certification, education and related programs for financial planning organizations so that they may benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning. Our commitment to excellence is represented by the marks of professional distinction – CFP, CERTIFIED FINANCIAL PLANNER and CFP (with flame logo).

FPSB Ends Statements

FPSB achieves its public-interest mission by focusing on the following goals:

- 1.01 FPSB is recognized as the pre-eminent international financial planning standards authority for competent and ethical financial planners.
- 1.02 Each FPSB Affiliate is the premier organization in its country or region administering a professional financial planning certification program to benefit and protect the public.
- 1.03 FPSB Affiliates increase awareness of the value of the financial planning process and of CFP certification.
- 1.04 Financial planning is recognized as a distinct profession in FPSB Affiliate countries or regions.
- 1.05 FPSB Affiliates have adequate resources to succeed.
 - a. common body of knowledge.
 - b. internationally consistent assessment framework.
 - c. client-centered ethical principles.
 - d. experience guidelines.
 - e. continuing competency requirements.
 - f. uniform six-step financial planning process.
 - g. certification program training.
 - h. affiliates share successful strategies/best practices.
- 1.06 FPSB Affiliates are in full compliance with CFP certification program standards.
 - a. affiliate staff are trained and able to meet obligations.
 - b. competency, ethics and practice standards are enforced.
- 1.07 Each FPSB Affiliate certificant count meets national/regional demand.

Table of Contents

Introduction	5
FPSB's Theory of Credentialing	6
Initial CFP Certification Requirements	7
The Four Es	7
Sequence of Initial CFP Certification Requirements	7
Restrictions Placed on a Candidate for CFP Certification	8
Uniform Enforcement	8
Appeals Process	8
Setting Initial Certification Fees.....	9
Communicating with Candidates for CFP Certification	9
Getting People Certified	9
CFP Certification Renewal Requirements	10
Ways to Earn Continuing Education.....	10
Certification Period.....	10
Renewal Fee.....	10
Declaration Form.....	10
I. CFP Certification Competency Standards	11
FPSB Personal Financial Planner Competency Profile	12
Characteristics of Financial Planner Competency	13
Education Requirement	15
Education Program Level.....	15
Education Program Duration	15
Separation of Education and Certification Functions	16
Education Pathways	16
Examination Requirement	18
Administration.....	18
Topic Areas	18
Cognitive Level.....	18
Examination Length.....	19
Examination Type.....	19
Examination Format.....	19
Question Type	20
Examination Fees	20
Examination Application Form.....	21
Examination Review Courses.....	21
Experience Requirement	22
Definition of Work Experience	22
Work Experience Requirements	23
II. CFP Certification Ethics Standards	26
Acknowledgement of FPSB Affiliate's Right to Enforce Code of Ethics	26
CFP Certification Ethical Principles	26

III. CFP Certification Professional Standards	28
FPSB's Professional Financial Planning Practice Standards	29
Appendix A: CFP Certification Examination Procedures	37
Before the Examination	37
During the Examination.....	39
After the Examination.....	40

Introduction

The intent of any professional certification program is to inform the public that an individual who has achieved certification has demonstrated a degree of knowledge and skill to practice a function or discipline. Financial Planning Standards Board's CFP certification program assures members of the public accessing the services of a CFP professional that the financial planning practitioner has met appropriate competency, ethics and professional practice standards to provide comprehensive personal financial planning services in an unsupervised capacity, and has agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.

To administer its international CFP certification program, FPSB forms affiliations with nonprofit organizations, or their equivalent, known as FPSB Affiliates. By meeting and maintaining FPSB's licensing and affiliation requirements and standards, FPSB Affiliates are authorized to administer the CFP certification program in a country, or geographical or economic region, on behalf of FPSB.

To initially obtain CFP certification, individuals must meet rigorous education, examination, experience and ethics requirements adapted to local marketplace needs by FPSB Affiliates. To maintain their right to use the CFP marks, CFP professionals must complete ongoing competency, ethics and professional practice requirements on a regular basis.

FPSB's rigorous enforcement of initial and ongoing certification standards, through its network of FPSB Affiliates, and adherence to a public-interest mission have established the CFP marks as the marks of excellence for professional financial planning worldwide.

FPSB's CFP Certification Standards provides guidance to FPSB Affiliates on the requirements and standards of the global CFP certification program. The education, examination, experience, ethics and professional practice requirements of FPSB's CFP certification program (referred to as the "4Es") are discussed in detail in this booklet.

FPSB's Theory of Credentialing

The empirical evidence gathered by FPSB, FPSB Affiliates and the US-based Certified Financial Planner Board of Standards, and the experience gained over 30 years' administering CFP certification globally, serve as the cornerstone for FPSB's theory of credentialing for CFP professionals. The competency, ethics and professional practice standards that FPSB has put in place for the international CFP certification program are based on systematic job, task and competency analyses (conducted by FPSB Affiliates and CFP Board) of what is required for the competent practice of personal financial planning globally.

FPSB's standards and requirements for CFP certification are based on decisions that FPSB and its members have made about the level and type of education, examination performance, experience, and practice competencies and characteristics that are needed by individuals seeking to deliver personal financial planning at the highest professional level.

FPSB's CFP certification standards require candidates to have met or possess:

- a certain level of education or training in the body of knowledge for personal financial planning;
- successful performance on examinations that test the candidate's ability to apply knowledge, skills and abilities to real world personal financial planning situations;
- relevant work experience;
- a commitment to a professional code of ethics, including the willingness to undergo background checks and supply character references prior to certification; and
- a commitment to rigorous certification renewal requirements.

FPSB and its Affiliates are committed to regularly reviewing credentialing decisions so that clients and potential clients can be assured that CFP professionals continue to meet standards and requirements appropriate for the current practice of personal financial planning.

Initial CFP Certification Requirements

The CFP certification process assures the public that those who have been authorized to use the CFP marks have:

- met rigorous professional standards;
- agreed to adhere to a Code of Ethics and Professional Standards when dealing with clients;
- are subject to disciplinary measures for non-adherence to FPSB's standards; and
- have taken the extra step to earn a voluntary certification that represents the international gold standard for personal financial planning.

The Four Es

The initial CFP certification process rests on the "Four Es" (education, examination, experience and ethics). While all Affiliates have a common set of initial certification processes, each will also need to account for country or region-specific issues and circumstances. To become certified to use the CFP marks, an individual must meet country or region-specific requirements in the following areas:

(1) Education: Complete appropriate academic coverage of the body of knowledge for personal financial planning in a country/region as defined by FPSB's Core Financial Planning Subjects (Appendix B) and the Affiliate's Financial Planning Topic List.

(2) Examination: Demonstrate mastery of the skills and knowledge needed to practice personal financial planning by passing a competency-based CFP Certification Examination established and assessed by the Affiliate or an agent of the Affiliate. See pages 18-21 for details.

(3) Experience: Have an appropriate amount of experience in the personal financial planning process to assure the public that the CFP professional understands the counseling nature of personal financial planning. See pages 22-25 for details.

(4) Ethics and Professional Standards: Pass an ethics review and agree to abide by, and accept the Affiliate's enforcement of, a rigorous Code of Ethics and Professional Responsibility and set of Professional Standards. See pages 26-27 and 28-30.

Sequence of Initial CFP Certification Requirements

The Affiliate cannot certify an individual to use the CFP marks until all certification requirements are met. The Affiliate should clearly define the sequence in which candidates can fulfil requirements to maintain the integrity of the certification process and to track the certification status of candidates. Typically, a candidate for CFP certification will meet the initial certification requirements in one of two ways:

1. Complete the education and experience requirements (or their equivalents) before sitting for the examination.
2. Complete the education requirement (or its equivalent) before sitting for the examination, complete the experience requirement afterwards. FPSB requires

candidates for CFP certification to complete their experience requirement within five years of passing the CFP Certification Examination to become certified. If the experience is not completed in that time frame, candidates must retake the CFP Certification Examination.

Note #1: The five-year timeframe connects the experience requirement for CFP certification directly to the frequency of the job, task or competency research conducted by the Affiliate; if the Affiliate conducts research more frequently, then the timeframe for a candidate to obtain the experience would be less.

Note #2: Since passing the CFP Certification Examination identifies that an individual has met appropriate competency requirements to practice personal financial planning at a point in time, a candidate for CFP certification who passes the examination before meeting the experience requirement must complete continuing education, pro-rated from the time he or she passed the CFP Certification Examination to eventual CFP certification.

Restrictions Placed on a Candidate for CFP Certification

The pool of candidates going through the Affiliate's initial certification program are at various stages in the process, ranging from students in a registered education program to professionals with adequate experience who are waiting to sit an upcoming CFP Certification Examination to those who have taken the exam and who have up to five years to become certified. Many candidates may wish to identify themselves as pursuing CFP certification by using the term "CFP candidate" or saying that they have "successfully completed a CFP certification educational program." Since there is no guarantee that an individual will move beyond the candidacy stage for certification, and since the public could be misled or confused about such an individual's qualifications or affiliation with the Affiliate, use of either of the terms above is prohibited by FPSB. The Affiliate must prohibit such use to maintain the integrity of the CFP certification program, and to assure the public that only those certified by, and in good standing with, the Affiliate may use the CFP marks in a country or region. If an individual is found using the CFP marks inappropriately during his or her candidacy for CFP certification, the Affiliate must ask him or her to stop and inform the candidate that such marks misuse could result in being permanently barred from receiving CFP certification.

Uniform Enforcement

The Affiliate must establish formal policies for handling all elements of initial certification, enforce them uniformly, and clearly communicate the standards and enforcement mechanisms to stakeholders. FPSB's requirement that standards and policies be uniformly enforced does not mean that the Affiliate must be inflexible during the initial certification process. There will be times when a candidate submits proof of education, experience or credentials that are outside of – but equal to – the Affiliate's specific requirements. The Affiliate must establish processes to determine in advance how to handle these cases.

Appeals Process

People seeking to be certified who do not meet the Affiliate's initial certification requirements may wish to appeal to a "higher power" than the staff or volunteer making the determinations. FPSB requires the Affiliate to establish appropriate appeals policies for such cases. Should FPSB receive complaints directly from candidates for CFP certification about the Affiliate's policies or the handling of a particular situation, FPSB will respond to the complainant that it has opened a file and request the Affiliate to keep FPSB informed about its handling of the case. FPSB's intent in these situations is to be responsive to the complainant and respectful of the appeals process and related procedures put in place by the Affiliate.

Setting Initial Certification Fees

The Affiliate establishes its own fees for initial certification, taking into account the cost of the program (including staff, processing and office expenses) and fees charged by similar organizations for certification or licensing. To encourage people to pursue CFP certification and to maintain a premium brand position for the CFP marks, FPSB requires the Affiliate to establish fees that are not unusually high or low for the marketplace.

Communicating with Candidates for CFP Certification

The Affiliate must clearly communicate the renewable nature of CFP certification to applicants from the outset. If the Affiliate makes changes to the initial certification process or to ongoing CFP certification requirements, these must be communicated to all affected parties and accommodations must be made for those “caught in the middle” of the changes. FPSB requires the Affiliate to conduct regular reviews of initial certification processes and procedures and to reduce the number of obstacles for people seeking CFP certification.

Getting People Certified

Once an individual has met all initial certification requirements, and signed an affidavit agreeing to be bound by FPSB’s and the Affiliate’s requirements for CFP certification, the individual can use the CFP marks after his or her name in the country or region of certification and publicize his or her achievement.

CFP Certification Renewal Requirements

What distinguishes CFP certification from other credentials is that, once earned, it must be maintained by meeting public-interest renewal requirements. The Affiliate must put in place a renewal process that: (1) tracks CFP professionals' fulfillment of renewal requirements; (2) promotes to stakeholders that, in addition to initial certification, CFP professionals meet ongoing competency, ethics and professional practice standards for the delivery of personal financial planning; and (3) allows the Affiliate to interact with CFP professionals throughout their careers, communicating the value of, and conditions for use of, the CFP marks.

Only individuals who meet the Affiliate's renewal requirements can continue to use the CFP marks in a country or region and call themselves CFP professionals. To renew CFP certification, a CFP professional must: complete an annual minimum of 15 hours of continuing education (or continuing professional development) in the Affiliate's Financial Planning Topic List, two hours of which must be in the Code of Ethics and/or Professional Standards; satisfy country or region-specific regulatory requirements and regulations; attest in writing in the Affiliate Declaration Form that he or she has not been subject to any civil, criminal or regulatory actions(s) during the most recent certification period; pay a renewal fee; and update his or her information on the Affiliate's CFP Certification Renewal Form.

Ways to Earn Continuing Education

A CFP professional can complete continuing education by: (i) attending live presentations delivered at professional gatherings/association meetings; (ii) completing self-study or sit-down courses provided by education providers, employers, associations and others; (iii) successfully completing training and/or assessment for a variety of professional designations, certifications and licenses; (iv) serving as an instructor, teacher or discussion leader on personal financial planning topics; (v) authoring published texts or books on personal financial planning topics; or (vi) attending continuing education programs and passing continuing education tests administered by the Affiliate, particularly in the Code of Ethics and Professional Standards.

Certification Period

The Affiliate's certification period should be no shorter than one year and no longer than three years. When determining the certification period, the Affiliate should consider time frames used by other credentialing or licensing bodies in the country or region and ensure that the renewal period for CFP certification is aligned with marketplace norms.

Renewal Fee

The Affiliate should develop a CFP certification renewal fee consistent with fees charged by other licensing bodies or professional credentialing organizations carrying out similar programs to ensure acceptance by the marketplace.

Declaration Form

Two critical components of a CFP professional's certification renewal are: (1) Disclosure of any legal or regulatory proceedings taken against him or her during the last renewal period (or since initial certification in the case of a new CFP professional); and (2) Re-affirmation of the Affiliate's right to enforce the Code of Ethics and Professional Responsibility and Professional Standards against the CFP professional, particularly with regard to use of the CFP marks. The Affiliate should include a Declaration Form requiring disclosure of the two items above as part of the regular CFP certification renewal process.

I. CFP Certification Competency Standards

Personal financial planning is a process in which a CFP professional applies knowledge, skills and abilities (cognitive and behavioural) in varying contexts to provide financial and related services to a client.

A CFP professional is required to:

- provide personal financial planning accurately and in the best interest of clients;
- advise clients and present recommendations across a broad range of financial disciplines;
- make sound judgements in ambiguous or complex situations; and
- function effectively as a professional with clients, potential clients, peers and others.

A CFP professional must demonstrate and maintain competency throughout his or her career as a personal financial planning practitioner to be able to use the CFP marks.

To demonstrate competency as a professional capable of using the six-step personal financial planning process when advising clients, a CFP professional must:

- (1) Meet FPSB requirements to competently provide a client with personal financial planning recommendations as a result of using the six-step personal financial planning process.
- (2) Possess general characteristics innate to all professionals practicing a particular discipline, along with specific characteristics required for the competent practice of financial planning.
- (3) Complete appropriate education in FPSB's body of knowledge for personal financial planning.
- (4) Complete appropriate assessments in FPSB's body of knowledge for personal financial planning.
- (5) Complete appropriate work experience in FPSB's body of knowledge for personal financial planning.

FPSB Personal Financial Planner Competency Profile

FPSB's Personal Financial Planner Competency Profile (see separate document) delineates the competencies that are critical to the delivery of personal financial planning by CFP professionals, and identifies the knowledge, skills and abilities that CFP professionals must possess to effectively perform the six-step personal financial planning process.

Characteristics of Personal Financial Planner Competency

According to the Scottish Credit and Qualifications Framework, general characteristics that define a professional's competency to deliver services and advice in a particular discipline can be categorized into the following broad areas:

- (A) Knowledge and Understanding
- (B) Practice
- (C) Cognitive and Numeracy Skills
- (D) Communication Skills
- (E) Work Skills

A. Knowledge and Understanding

A CFP professional must be able to demonstrate and/or work with:

- Knowledge that covers and integrates the main personal financial planning disciplines which include general principles/fundamentals of personal financial planning, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- A critical understanding of a broad range of personal financial planning theories, principles and concepts.
- An in-depth knowledge of areas where the CFP professional has chosen to specialize.
- Awareness of, and a commitment to pursue ongoing professional development in, emerging techniques and trends in personal financial planning.

B. Practice Skills

A CFP professional must be able to apply the knowledge and understanding he or she has gained in his or her practice when using the personal financial planning process when advising clients. This involves:

- Applying the general and specific skills and abilities defined by FPSB's personal financial planner competencies when working with a client in a personal financial planning engagement.
- Keeping current with general and specific personal financial planning software programs, techniques and practice aids to deliver solutions to clients.
- Conducting appropriate research and due diligence on products and services recommended to clients or used by the CFP professional's firm to formulate recommendations.
- Developing creative, practical solutions and strategies for clients that integrate a broad range of financial disciplines and client needs, often in complex or uncertain situations.

C. Cognitive and Numeracy Skills

A CFP professional must be able to apply cognitive and numeracy skills when using the personal financial planning process when advising clients. This involves:

- Applying analysis, evaluation and synthesis to issues relating to a client's needs and goals in the areas of general principles/fundamentals of personal financial planning, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- Being able to identify, conceptualise and define a client's personal financial planning needs, money-related behaviours and level of commitment to the personal financial planning process, and develop creative and original solutions or recommendations to meet the client's needs.

- Dealing with complex financial and related issues and making informed professional decisions in the absence of complete or consistent data or information.
- Critically reviewing, consolidating and extending the CFP professional's own level of knowledge, skills, practices and thinking in personal financial planning/related matters.
- Being familiar and comfortable with using various numerical/graphical financial software programs and creating a variety of financial reports, and having the ability to refine software or reports to improve client reporting and practice effectiveness.

D. Communication Skills

A CFP professional must be able to communicate, using appropriate methods, to:

- A range of personal financial planning clients who possess different levels of knowledge and expertise in financial planning and related matters.
- Other professionals working with a client (e.g., accountants, lawyers, doctors, etc.), many of whom are specialists in a given practice area who may have established professional relationships with the client.
- Junior and senior colleagues and peers within the personal financial planning and related professions.

E. Work Skills

When practicing as a personal financial planner, a CFP professional must:

- Exercise substantial autonomy and initiative when using the personal financial planning process when advising clients and in other professional activities.
- Take responsibility for his or her own work and for the work of others under the CFP professional's supervision or for people with whom the CFP professional has contracted for services.
- Take responsibility for his or her and/or the firm's ability to deliver personal financial planning and related advice and services to a client for the duration of a personal financial planning engagement, by ensuring that the practice has adequate resources, commits to professional development of employees, stays current with practice/software developments, and critically reviews areas where the firm can better meet clients' needs.
- Commit to adherence to a professional code of ethics and professional practice standards, and be willing to deal professionally with complex ethical and professional circumstances that could involve the CFP professional having to make judgements in area(s) not addressed by existing ethical or practice standards.

Education Requirement

FPSB's CFP certification education requirement ensures that CFP professionals are familiar with broad knowledge, principles and theories needed to prepare for the professional practice of personal financial planning. FPSB's education requirement encompasses both initial and continuing education. While continuing education helps CFP professionals remain current with the competent practice of personal financial planning, initial education provides candidates with sound academic grounding in the core subject areas that comprise the discipline of personal financial planning.

The Affiliate must create a Financial Planning Topic List for a country or region, based on FPSB's Core Financial Planning Subject Areas and the Affiliate's country or region-specific job, task or competency analysis that identifies knowledge, skills and abilities needed to competently practice personal financial planning. The Financial Planning Topic List, which can be categorized into seven broad areas that include General Principles of Financial Planning, Insurance Planning and Risk Management, Employee Benefits Planning, Investment Planning, Income Tax Planning, Retirement Planning and Estate Planning, guides educational institutions in developing courses to teach the skills and knowledge that are important to the tasks involved in delivering personal financial planning. The Financial Planning Topic List also defines acceptable continuing education topics for CFP professionals and guides the creation of content for the CFP Certification Examination.

While FPSB's education requirement for CFP certification relates only to the knowledge, skills and abilities to competently practice personal financial planning, the Affiliate may require or recommend that candidates for CFP certification complete additional general education courses (e.g., communication skills, mathematics, ethics, etc.) or courses on issues relevant to the competent practice of personal financial planning such as values clarification, goal-setting, financial behaviour, attitudes towards money, risk tolerance, consumer investment/savings decisions, and family and human relationships, and practice management issues.

To facilitate the development of country or region-specific courseware, the Affiliate may wish to refer to the Model Financial Planning Curriculum created jointly by the Academy of Financial Services and Certified Financial Planner Board of Standards for the U.S. personal financial planning marketplace (see www.cfp.net/teamup/model_curriculum.asp).

Education Program Level

FPSB requires candidates for CFP certification to complete education at the upper division undergraduate or master's degree level (or its equivalent in a country or region), in the body of knowledge for personal financial planning, as defined by the Affiliate's job/task or competency analysis for that country or region.

Education Program Duration

Regardless of program type, the course completion time (including in-class and independent study hours) should be sufficient to allow students to satisfactorily master the learning objectives of the personal financial planning education program.

Separation of Education and Certification Functions

FPSB prefers that the Affiliate register independent education providers in a country or region to offer the CFP certification education program. However, given the varying levels of preparedness of educational institutions in some countries or regions to offer high-level personal financial planning courses, FPSB does not require the Affiliate to outsource the delivery of education and training for candidates seeking CFP certification.

Whether the Affiliate or a third party delivers the education component, FPSB requires a clear separation of education and certification functions within each Affiliate. This includes ensuring that employees and volunteers responsible for establishing and delivering the CFP certification educational component are not involved in creating, scoring and maintaining content for the CFP Certification Examination. (Note: The CFP Certification Examination, delivered by Affiliates in each country or region to FPSB's specifications, is not designed to evaluate the outcomes of the educational requirement. Although education is a fundamental part of achieving CFP certification, fulfillment of the education requirement does not automatically equate to preparedness to sit for the CFP Certification Examination.)

Education Pathways

The three accepted pathways that candidates for CFP certification can take to meet FPSB's education requirement are:

1. Completing a CFP certification education program at an educational institution whose program has been registered by the Affiliate;
2. Submitting an academic transcript, or proof of academic achievement based on obtaining various credentials, to the Affiliate to have all or portions of the education requirement waived;
3. Applying for Challenge Status, offered by the Affiliate to individuals who hold certain advanced degrees or professional credentials.

(1) Registered Education Providers

Given the diversity of education schemes and delivery systems globally, FPSB does not endorse one form of educational delivery (e.g., distance learning, classroom, full or part-time, online, etc.) or one type of educational provider (e.g., accredited tertiary institution, professional training center, distance learning provider, in-house firm training, etc.) over another. Regardless of style, length or delivery method, all educational programs in a country or region must cover the Affiliate's required personal financial planning topics for that country or region. The Affiliate may set initial and renewal fees to register education providers that wish to offer the CFP certification education program. To establish appropriate fees, the Affiliate should review administrative and program costs to register programs, as well as similar fees charged by other professional organizations in the country or region for reviewing and approving academic programs.

(2) Transcript Review

FPSB recognizes that individuals seeking CFP certification may cover some components of the Affiliate's personal financial planning topics through previous coursework. The Affiliate may grant credit towards the educational requirement for CFP certification if:

- (1) the candidate for CFP certification can demonstrate that he or she has successfully completed equivalent upper-division level coursework (with titles such as Income Tax, Insurance, Investments, Estate Planning, Retirement Planning and Personal Financial Planning) at an appropriately-accredited educational institution); and/or

- (2) the candidate for CFP certification has one of the credentials that the Affiliate has pre-approved for credit towards the education requirement.

To satisfy the entire educational component via transcript review, a candidate for CFP certification must have taken upper-division level personal financial planning-related coursework at an appropriately accredited educational institution. The Affiliate may not accept a candidate's completion of continuing education courses, firm training programs that have not been registered by the Affiliate, and/or attainment of licenses to practice in the financial services industry as fulfilling any of FPSB's *initial* educational requirement.

To establish a Transcript Review process, the Affiliate must:

- Publish a list of financial credentials in the country or region that have educational requirements that correspond to some or all of the topics on the Affiliate's Financial Planning Topic List, which will be accepted by the Affiliate for credit toward meeting the CFP certification education requirement.
- Allow program directors at registered education providers to waive students out of courses in accordance with the Affiliate's Transcript Review Policies or the institution's own policies.
- Allow candidates for CFP certification to submit college/other transcript(s) or proof of credentials for review by the Affiliate, so that the Affiliate can determine which, if any, topics still need to be covered by the candidate to meet the education requirement.

(3) Challenge Status

With FPSB's approval, the Affiliate may accept specific academic degrees and professional credentials as fulfilling the education requirement for CFP certification in a country or region. Each FPSB Affiliate determines the types of qualifications it will accept for challenge status. Typically, Affiliates allow licensed estate or tax planning attorneys, certified accountants, holders of the Chartered Financial Analyst designation, and individuals who hold doctoral degrees in finance related areas to challenge to sit the CFP Certification Examination without having to complete the education requirement. The Affiliate must verify the qualifications of candidates for the challenge status with appropriate oversight bodies.

While individuals may be highly qualified in a specialized area of financial practice, it does not necessarily guarantee their success on the CFP Certification Examination. The Affiliate should encourage candidates seeking to sit for the CFP Certification Examination via challenge status to consider completing an examination review course or reviewing the currency and completeness of their education against the Affiliate's Financial Planning Topic List. Challenge status candidates may benefit from retaking courses or taking additional courses to improve currency and mastery of specific topic areas.

Examination Requirement

The CFP Certification Examination requirement protects the public by assessing the ability of a candidate for CFP certification to apply his or her knowledge, skills and abilities to real-life personal financial planning situations. A candidate for certification can only sit the CFP Certification Examination after having successfully fulfilled the Affiliate's education requirement. By passing the CFP Certification Examination, an individual demonstrates to the public that he or she has the ability to competently practice personal financial planning, without supervision.

All individuals who wish to use the CFP marks must pass the Affiliate's CFP Certification Examination, which must be:

- (1) Appropriate – it must relate to the competencies that are required to perform personal financial planning in the country or region;
- (2) Fair – all candidates for CFP certification should have equal opportunity to succeed and those who are not competent to practice should be identified; and
- (3) Accurate – stakeholders should be able to expect that the results of a given CFP Certification Examination could be reproduced by re-assessment.

Administration

FPSB requires the Affiliate to maintain control of the CFP Certification Examination content and administration at all times. The CFP Certification Examination in each country or region must be administered by the Affiliate under the strictest examination requirements, as defined by the country's or region's higher education and testing authorities.

Topic Areas

The Affiliate's CFP Certification Examination should test an individual's ability to apply personal financial planning knowledge and skills to subject areas described in the Affiliate's Financial Planning Topic List, which incorporates the topics described in FPSB's Core Personal Financial Planning Subject Areas and country or region-specific topics identified in the Affiliate's job, task or competency analysis. Each question on the CFP Certification Examination must relate to one or more of the topic areas identified in the Affiliate's Financial Planning Topic List. Each CFP Certification Examination must contain a distribution of questions consistent with the weighting allocations given by the Affiliate to subjects in the Financial Planning Topic List. By maintaining a correlation between the weightings of the Financial Planning Topic List and the distribution of questions in each CFP Certification Examination, the Affiliate ensures consistency of assessment across multiple examinations.

Cognitive Level

The CFP Certification Examination measures a candidate's critical thinking and problem-solving abilities for a variety of integrated personal financial planning topics/scenarios across the cognitive levels described below, with the least amount of emphasis on the first cognitive level.

- (1) **Knowledge** – remembering specifics and universals, methods and processes, patterns, structures and settings, etc.
- (2) **Comprehension** – this lowest level of understanding allows the candidate to know and make use of material or ideas, without necessarily relating it to other material or seeing its fullest implication.
- (3) **Application** – remembering and applying abstractions such as ideas, procedures, generalized methods, technical principles, ideas and theories.

- (4) **Analysis** – establishing and clarifying relative hierarchies of ideas and concepts and understanding the impact of the relationship among and organization of the concepts/ideas.
- (5) **Synthesis** – putting elements and pieces together to form a pattern or structure that was not clearly there before.
- (6) **Evaluation** – qualitative and quantitative judgements about whether material and methods satisfy certain criteria.

Examination Length

The length of the CFP Certification Examination should be sufficient to allow nearly all candidates to comfortably complete the examination. The length of the examination will depend on the number of examination questions, the item formats used – which dictate the amount of reading or calculations required to answer – and the cognitive level of the questions.

FPSB requires the Affiliate to develop a CFP Certification Examination that is delivered as a comprehensive examination or in series format. When establishing the appropriate length for the CFP Certification Examination, the Affiliate should consider: (1) exam reliability – the examination must be of a sufficient length to provide the Affiliate assurance at the 85 percent confidence level that candidates who pass are competent to practice personal financial planning; and (2) public perception – the length of the CFP Certification Examination should be comparable to equivalent professional credentialing exams in the country or region (this may mean that the Affiliate establishes an exam length greater than what is needed for reliability purposes). FPSB strongly recommends that the Affiliate work with a testing specialist or psychometrician in the country or region to establish the appropriate examination length.

Examination Type

The Affiliate may deliver the CFP Certification Examination as one comprehensive examination (typically given over one or two days), or as a series of examinations in distinct subject areas that culminate in an integrated or capstone examination, that tests the ability of a candidate to apply his or her knowledge, skills and abilities to real-life personal financial planning situations.

Examination Format

Formats for the CFP Certification Examination vary based on a country's or region's educational system and approaches to professional credentialing. The Affiliate determines the most suitable format for the marketplace, which may include:

- **Sit-Down "Paper and Pencil" Examination** – This method works for groups of any size, provides the greatest level of examination security, and minimizes subjective assessment of candidates.
- **Case/Thesis Presentation (With or Without Oral Defense)** – This method works well for small numbers of candidates for CFP certification. The candidate submits a comprehensive financial plan for review by the Affiliate (which may involve an oral defense) to indicate mastery of the knowledge, skills and abilities to deliver personal financial planning. The Affiliate should provide clear scoring guidelines to candidates and assessors for valid, reliable assessments, particularly for oral assessments.
- **Online Examination:** This format offers candidates the greatest flexibility, significantly reduces the workload associated with establishing examination sites, and is particularly

suited to large or geographically dispersed groups of examinees. This type of examination requires a large bank of exam questions to cater to frequent testing.

Question Type

The CFP Certification Examination is designed to test a candidate's ability to integrate knowledge and skills across the Affiliate's Financial Planning Topic List. Examination questions may focus on discrete topics or may require knowledge and integration of several topics. Each CFP Certification Examination should have a distribution of questions that reflects the topic area weightings outlined in the Affiliate's Financial Planning Topic List. Acceptable question types for the CFP Certification Examination can be categorized as: (1) objective item formats, whose answers have been defined prior to examination administration and which can be scored by machine; or (2) non-objective item formats, which tend to be multi-dimensional and have more than one correct answer, thereby requiring subjective scoring.

Objective Questions

- **Multiple-choice:** Stand-alone question or incomplete statement with four or five answer options; should have only one correct answer, as well as one or more "reasonable distractors" (i.e., answers that could appear right if the examinee applies faulty analysis to the problem).
- **Open-ended, machine-scorable:** Requires the examinee to produce the answer, which requires greater cognitive effort than selecting from among several options; works well for numerical answers (that can use a bubble response sheet) or open ended questions that require short answers for which scoring instructions can be programmed into a computer; can be used to confirm the results of multiple-choice examinations.
- **Case Study or Scenario with Multiple-choice:** Examinees are asked to respond to 10-20 multiple-choice questions based on short case study or scenario that describes a realistic client situation and personal financial planning needs; good for testing the integration of knowledge and higher level cognitive skills and abilities.

Non-Objective Questions

- **Essay:** Examinee constructs a written response to a personal financial planning question or scenario; can be a short or long answer; identifies ability to analyze and evaluate information, and develop solution; both examinee and assessor should have clear scoring guidelines for this question type.

Examination Fees

The Affiliate should set appropriate fees for applying, and sitting, for the CFP Certification Examination that cover examination-related costs such as: wages for the examination program staff; expenses related to question and case scenario development; services provided by third-party agents; rental costs for examination and field testing sites; expenditures for examination printing, supervision, security and scoring; and costs to send results to candidates. The Affiliate should establish fees that are neither significantly higher nor lower than what other financial credentialing or licensing organizations in the country or region charge for their examinations. The Affiliate should establish a cancellation/refund policy for candidates who are unable to take, or who need to postpone taking, the CFP Certification Examination.

Examination Application Form

The Affiliate should create a CFP Certification Examination Application Form to be completed by all candidates for the examination that indicates the candidate's completion of the education and/or experience requirements for CFP certification.

Examination Review Courses

The Affiliate should encourage examination preparatory organizations in the country or region to offer review courses for candidates for the CFP Certification Examination, and establish criteria to register these programs. Candidates for CFP certification typically find that previous experience and examination preparatory factors, such as taking a review course, improves ability to synthesize and evaluate complex concepts at an advanced cognitive level.

Experience Requirement

To benefit and protect members of the public who access the services of CFP professionals, and to promote professionalism among those seeking to use the CFP marks, FPSB requires candidates for CFP certification to have worked in a personal financial planning-related position for a length of time that varies depending upon the amount and type of formal education the candidate has completed.

FPSB's work experience requirement provides those interested in CFP certification with the opportunity to enhance:

- their existing knowledge, skills and abilities;
- improve the quality of their personal financial planning recommendations;
- develop a set of behaviors that will inform their professional practice of personal financial planning; and
- apply their personal financial planning knowledge in diverse and/or complex client situations.

Definition of Work Experience

FPSB's work experience requirement is defined as the supervision, direct support, teaching or personal delivery of all or part of the personal financial planning process to a client (i.e., someone who engages a CFP professional and for whom professional services are rendered).

A candidate for CFP certification should deliver all or part of the personal financial planning process in a manner that is ethical (as defined on page 26) and that relies on the professional competencies required to practice personal financial planning.

Pro-bono experience is accepted as long as (1) there is a client and (2) the practitioner is acting as a personal financial planning professional who is capable and qualified to offer objective, integrated, and comprehensive financial advice to, or for the benefit of, individuals to help them achieve their financial objectives using the personal financial planning process.

The Affiliate must categorize qualifying experience of candidates for CFP certification into the following six primary elements of the personal financial planning process:

- (1) Establishing the client-planner relationship including explaining issues and concepts related to the overall personal financial planning process; the services provided by the personal financial planner and his or her firm; and clarifying the client's and the personal financial planner's responsibilities.
- (2) Gathering client data, including obtaining information from the client through interviews/questionnaires about financial resources and obligations; determining the client's personal and financial goals, needs and priorities; assessing the client's values, attitude and expectations; determining the client's time horizons; determining the client's risk tolerance level; and collecting applicable client records and documents.
- (3) Determining the client's financial status by analyzing and evaluating the client's data, including current cash flow needs, risk management, investments, taxes, retirement, employee benefits, estate planning, and/or special needs.

- (4) Developing and presenting client-specific personal financial planning recommendations tailored to meet the goals and objectives of the client, commensurate with the client's values, temperament, and risk tolerance, including presenting and reviewing the plan with the client; collaborating with the client to ensure that the recommendations meet the goals and objectives of the client, and revising as appropriate.
- (5) Implementing the personal financial planning recommendations, including assisting the client in implementing the recommendations; coordinating as necessary with other professionals, such as accountants, attorneys, real estate agents, investment advisers, stock brokers, and insurance agents.
- (6) Monitoring the personal financial planning recommendations, including monitoring and evaluating the soundness of the recommendations; reviewing the progress of the plan with the client; discussing and evaluating changes in the client's personal circumstances; reviewing and evaluating changing tax laws and economic circumstances; and making recommendations to accommodate new or changing circumstances.

A candidate for CFP certification does not have to perform all the primary elements of the personal financial planning process to qualify as having met FPSB's experience requirement; performing one or more of the primary elements is sufficient.

Work Experience Requirements

Personal Delivery of the Financial Planning Process

<ul style="list-style-type: none"> ○ Three years full-time, or the equivalent part-time, experience delivering the personal financial planning process with a recognized college or university undergraduate degree in any discipline. <p><u>OR</u></p> <ul style="list-style-type: none"> ○ Five years full-time, or the equivalent part-time, experience in the personal financial planning process without a recognized college or university undergraduate degree.
<ul style="list-style-type: none"> ○ At least six months of a candidate for CFP certification's experience must be gained within 12 months of submitting an application for CFP certification.
<ul style="list-style-type: none"> ○ Experience should be gained no more than 10 years prior to the CFP Certification Examination date and no more than five years after the examination date.

Supervision of the Delivery of the Financial Planning Process

<ul style="list-style-type: none">○ Three years full-time, or the equivalent part-time, experience in supervising the delivery of the personal financial planning process with a recognized college or university undergraduate degree in any discipline. <p><u>OR</u></p> <ul style="list-style-type: none">○ Five years full-time, or the equivalent part-time, experience in supervising the delivery of the personal financial planning process without a recognized college or university undergraduate degree.
<ul style="list-style-type: none">○ At least six months of a candidate for CFP certification's experience must be gained within 12 months of submitting an application for CFP certification.
<ul style="list-style-type: none">○ Experience should be gained no more than 10 years prior to the CFP Certification Examination date and no more than five years after the examination date.
<ul style="list-style-type: none">○ All levels of supervision are acceptable if the chain of supervision eventually leads back to the CFP professional.

Direct Support of the Delivery of the Financial Planning Process

<ul style="list-style-type: none">○ Three years full-time, or the equivalent part-time, experience in supporting the delivery of the personal financial planning process with a recognized college or university undergraduate degree in any discipline. <p><u>OR</u></p> <ul style="list-style-type: none">○ Five years full-time, or the equivalent part-time, experience in supporting the delivery of the personal financial planning process without a recognized college or university undergraduate degree.
<ul style="list-style-type: none">○ At least six months of a candidate for CFP certification's experience must be gained within 12 months of submitting an application for CFP certification.
<ul style="list-style-type: none">○ Experience should be gained no more than 10 years prior to the CFP Certification Examination date and no more than five years after the examination date.
<ul style="list-style-type: none">○ Must be directly responsible for information that is provided to the CFP professional/client and have reasonable liability for the client.

Teaching or Training in the Financial Planning Process

- Three years full-time instruction of the CFP certification education program in a program registered by the Affiliate.

OR

- Two years full-time instruction in finance-related classes (for college credit) at any non-registered educational institution, with a third year of full-time, or the equivalent part-time, experience in the practice of personal financial planning.

OR

- Two years full-time instruction in finance-related classes (for college credit) at any non-registered educational institution, with a third year of full-time, or the equivalent part-time, experience in teaching the CFP certification education program in a registered program.

- At least six months of a candidate for CFP certification's experience must be gained within 12 months of submitting an application for CFP certification.

- Experience should be gained no more than 10 years prior to the CFP Certification Examination date and no more than five years after the examination date.

II. CFP Certification Ethics Standards

CFP professionals are motivated by an inner drive to improve the quality of life of the clients they serve, are committed to the enhancement of personal financial planning as a recognized profession; and recognize their ethical responsibility to employers, colleagues, peers, the public at large, and to the vision and goals of the international CFP certification program.

By adhering to FPSB's Code of Ethics and Professional Responsibility, localized by the Affiliate to comply with the practice requirements and regulations of the country or region, CFP professionals agree to provide personal financial planning in the best interests of clients and to act in accordance with the highest ethical and professional standards for the practice of personal financial planning.

Acknowledgement of FPSB Affiliate's Right to Enforce Code of Ethics

The Affiliate should treat the ethics requirement as the final component of the initial CFP certification process, requiring CFP professionals to adhere to a Code of Ethics and Professional Responsibility and acknowledge the Affiliate's right to enforce the Code through its Disciplinary Rules and Procedures. The Affiliate must require each candidate for CFP certification to sign a declaration within its CFP Certification Application, agreeing to be bound by the Affiliate's Code of Ethics and Marks Use Guidelines.

Before being authorized to use the CFP certification marks, and each time he or she renews his or her CFP certification, a CFP professional must disclose whether he or she has ever been involved in any criminal, civil, self-regulatory organization or governmental agency inquiry, investigation or proceeding. At each certification renewal, the CFP professional must again acknowledge the right of the Affiliate to enforce the Code of Ethics and Marks Use Guidelines.

CFP Certification Ethical Principles

The seven principles of FPSB's Code of Ethics are as follows:

Principle 1: Integrity

A CFP professional will always act with integrity.

CFP professionals may be placed by clients in positions of trust and confidence. The ultimate source of such public trust is the CFP professional's personal integrity. In deciding what is right and just, a CFP professional should rely on his or her integrity as the appropriate touchstone. Integrity demands honesty and candor that must not be subordinated to personal gain and advantage. Within the characteristic of integrity, allowance can be made for legitimate difference of opinion, but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires the CFP professional to observe not only the letter but also the spirit of FPSB's Code of Ethics and Professional Responsibility.

Principle 2: Objectivity

A CFP professional will be objective in providing personal financial planning to clients.

Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional. Regardless of the particular service rendered or the capacity in which a CFP professional functions, a CFP professional should protect the integrity of his or her work, maintain objectivity, and avoid the subordination of his or her judgment, which would be in violation of FPSB's Code of Ethics and Professional Responsibility.

Principle 3: Competence

A CFP professional will provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the CFP professional is engaged.

A person is competent only when he or she has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate. A CFP professional, by virtue of having earned the CFP certification, is deemed to be qualified to practice personal financial planning. However, in addition to assimilating the core competencies and knowledge required, and acquiring the necessary experience, a CFP professional is committed to continuous learning and professional development.

Principle 4: Fairness

A CFP professional will perform personal financial planning in a manner that is fair and reasonable to clients, principals, partners, and employers and shall disclose conflicts of interest in providing such services.

Fairness requires impartiality, intellectual honesty, and disclosure of conflicts of interest. It involves a person's subordination of his or her own feelings, prejudices, and desires to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that one would want to be treated and is an essential trait of any professional.

Principle 5: Confidentiality

A CFP professional shall maintain confidentiality of all client information.

A client, by seeking the services of a CFP professional, expects to develop a relationship of personal trust and confidence. This type of relationship must be built on the understanding that information supplied to the CFP professional will be confidential. To provide personal financial planning effectively and to protect the client's privacy, the CFP professional will safeguard the confidentiality of such information.

Principle 6: Professionalism

A CFP professional's conduct in all matters will reflect credit upon the profession.

A CFP professional will behave in a manner that maintains the good reputation of the personal financial planning profession and its ability to serve the public interest. A CFP professional will avoid activities that adversely affect the quality of his or her financial planning advice.

Principle 7: Diligence

Diligence is the provision of services in a prompt and thorough manner.

A CFP Professional who is diligent delivers services in a reasonably prompt and thorough manner. A diligent CFP Professional includes proper planning for, and supervision of, the provision of professional personal financial planning services to a client.

III. CFP Certification Professional Standards

As a complement to the Code of Ethics, which defines the ethical principals that CFP professionals are required to meet, FPSB has defined standards of performance required of a CFP professional when providing personal financial planning. FPSB's Professional Standards, which reflect personal financial planning activities identified in its Financial Planner Competency Profile, establish the level of practice expected of a CFP professional engaged in the delivery of the personal financial planning process to a client.

FPSB's Professional Practice Standards, which were created to benefit the consumers of personal financial planning services:

1. Establish the level of professional practice that the public can expect from a CFP practitioner engaged in providing personal financial planning;
2. Advance professionalism in the field of personal financial planning by establishing norms of professional practice and ensuring consistent delivery of financial planning services by CFP practitioners;
3. Clarify the respective roles and responsibilities of CFP practitioners and their clients in personal financial planning engagements;
4. Enhance the value of the personal financial planning process.

FPSB's Professional Standards apply to CFP professionals performing the tasks of personal financial planning regardless of title, job position, employment type or compensation method. CFP professionals must comply with the Professional Standards when performing personal financial planning tasks or activities.

The Professional Standards are designed to provide CFP professionals with a framework for the professional practice of personal financial planning. They are not designed to be a basis for legal liability, nor are they meant to prescribe the services to be provided or step-by-step procedures for providing any particular service. However, CFP professionals should establish clear policies and procedures for engaging and serving clients, provide written documentation of recommendations made and agreements reached with clients, inform clients of complaints procedures within and outside the personal financial planning practice, and exercise prudent business judgement in their professional practices.

In some countries or regions, FPSB's Professional Standards have been embedded within financial regulations. In these instances, CFP professionals must meet the regulatory obligations of the country or region in addition to FPSB's standards.

FPSB's Professional Financial Planning Standards

Each Professional Standard is a statement regarding an element of the six-step personal financial planning process. It is followed by an explanation of the Standard, and its relationship to the Code of Ethics, which illustrates the meaning and purpose of the Standard. The text of each Standard is authoritative and directive; the related explanation is a guide to FPSB's interpretation and application of the Professional Standard based, where indicated, on a standard of reasonableness. The explanation is not intended to establish a professional standard or duty beyond what is contained in the Standard itself.

STEP #1: ESTABLISH AND DEFINE THE RELATIONSHIP WITH THE CLIENT

100-1: Define the Scope of the Engagement

The CFP professional and the client should mutually define the scope of the engagement before any personal financial planning service is provided. Details about each party's responsibilities, the time frames of the engagement, compensation, and conflicts of interest should be set out in writing in a formal engagement letter or letter of understanding, signed by both parties.

STEP #2: GATHER CLIENT DATA

200-1: Determine a Client's Personal and Financial Goals, Needs and Priorities

The CFP professional should identify the client's personal and financial goals, needs and priorities that are relevant to the scope of the engagement with the client before making and/or implementing any recommendations.

200-2: Obtain Quantitative Information and Documents

The CFP professional should obtain sufficient quantitative information and documents about a client relevant to the scope of the engagement before making and/or implementing any recommendations.

STEP #3: ANALYSE AND EVALUATE THE CLIENT'S FINANCIAL STATUS

300-1: Analyse and Evaluate the Client's Information

The CFP professional should analyse the information to gain an understanding of the client's financial situation and then evaluate to what extent the client's goals, needs and priorities can be met by the client's resources and current course of action.

STEP #4: DEVELOP AND PRESENT FINANCIAL PLANNING RECOMMENDATIONS

400-1: Identify and Evaluate Financial Planning Alternative(s)

The CFP professional should consider sufficient and relevant alternatives to the client's current course of action in an effort to reasonably meet the client's goals, needs and priorities.

400-2: Develop the Financial Planning Recommendation(s)

The CFP professional should develop recommendation(s) based on the alternative(s) and the client's current course of action to reasonably meet the client's goals, needs and priorities.

400-3: Present the Financial Planning Recommendation(s)

The CFP professional should communicate the recommendation(s) in a way that allows the client to make an informed decision.

STEP #5: IMPLEMENT THE FINANCIAL PLANNING RECOMMENDATION(S)

500-1: Agree on Implementation Responsibilities

The CFP professional and the client should mutually agree on implementation responsibilities, consistent with the scope of the engagement.

500-2: Select Products and Services for Implementation

The CFP professional should select appropriate products and services that are consistent with the client's goals, needs and priorities.

STEP #6: MONITOR THE FINANCIAL PLANNING RECOMMENDATION(S)

600-1: Define Monitoring Responsibilities

The CFP professional and client shall mutually define monitoring responsibilities.

STEP #1: ESTABLISH AND DEFINE THE RELATIONSHIP WITH THE CLIENT

100-1: Define the Scope of the Engagement

The CFP professional and the client should mutually define in writing the scope of the engagement before any personal financial planning service is provided. Details about each party's responsibilities, the time frames of the engagement, compensation, and conflicts of interest should be set out in writing in a formal engagement letter or letter of understanding, signed by both parties.

Professional Practice Standard 100-1 Explained

Prior to providing any personal financial planning service, the CFP professional and the client will mutually define the scope of the engagement in writing. The scope of the engagement may include one or more personal financial planning subject areas. It is acceptable to mutually define engagements in which the scope is limited to specific activities. Mutually defining the scope of the engagement serves to establish realistic expectations for both the client and the CFP professional.

A written letter is essential to ensure mutual understanding and agreement between the CFP professional and the client regarding the terms of the personal financial planning services to be provided. In setting out the terms, the CFP professional should include the following:

- Specific parties to the engagement; including details of any legal and agency relationships which may exist;
- Assurance of protection of client confidentiality;
- Specific personal financial planning services to be provided;
- Attestation that any assumptions used in the engagement will be disclosed in writing;
- Duration of the engagement including frequency of contact, which may include subsequent reviews;
- The CFP professional's compensation arrangements with respect to the engagement;
- Existing conflicts of interest and agreement to disclose subsequent conflicts of interest if or when they occur;
- An explanation of qualifications, licenses and experience of individuals who will work with the client;
- Client's responsibilities, including the full and timely disclosure of information;
- The CFP professional's responsibilities; and
- Procedures for resolution of client claims and complaints with the firm.

Additional information that may form part of the engagement letter or letter of understanding includes:

- Potential need to use other professionals during the engagement;
- Provisions for termination of the engagement; and
- Specific limitations on the use of client information.

If requested by a client, or if the situation arises where it is appropriate, a CFP professional should disclose avenues available to the client for redress, including mechanisms for lodging complaints with the Affiliate or with FPSB.

Relationship of Professional Practice Standard 100-1 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 4 (Fairness) and Principle 7 (Diligence).

STEP #2: GATHER CLIENT DATA

200-1: Determine a Client's Personal and Financial Goals, Needs and Priorities

The CFP professional should identify the client's personal and financial goals, needs and priorities that are relevant to the scope of the engagement with the client before making and/or implementing any recommendations.

Professional Practice Standard 200-1 Explained

Through face-to-face meetings, interviews/questionnaires about financial resources and other means, the CFP professional should clearly understand the client's current situation and personal financial goals, needs and priorities. A client's financial goals state intent, provide guidance and bring structure to the personal financial planning engagement. Goals should be specific, measurable, attainable, realistic and time-bound. The CFP professional should assist the client in clarifying his/her short and long-term goals. The CFP professional should discuss with the client the merit and feasibility of any goals that appear to be unrealistic. Once clearly-defined goals have been established, it is important to determine the client's priorities with respect to these goals. This Practice Standard addresses the tasks of determining the client's personal and financial goals, needs and priorities; assessing the client's values, attitudes, expectations and risk tolerance; and determining the client's time horizons. These areas are subjective and the CFP professional's interpretation is limited by what the client reveals.

Relationship of Professional Practice Standard 200-1 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity) and Principle 7 (Diligence).

200-2: Obtain Quantitative Information and Documents

The CFP professional should obtain sufficient quantitative information and documents about a client relevant to the scope of the engagement before making and/or implementing any recommendations.

Professional Practice Standard 200-2 Explained

Since the CFP professional relies on information provided by the client and other sources to make appropriate recommendations, the CFP professional should clearly communicate to the client the importance of gathering complete, current and accurate information. In return, the CFP professional should respect the confidentiality of these client documents. The CFP professional will typically collect information on a client's assets, liabilities and cash flow; insurance policies; and estate planning documents, contracts and other legal documents. If the CFP professional is unable to obtain information necessary to develop and support recommendations, the CFP professional should discuss this with the client. The CFP professional should communicate how these limitations impact the engagement and recommendations. These limitations could result in a revised engagement letter or in termination of the engagement.

Relationship of Professional Practice Standard 200-2 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity), Principle 5 (Confidentiality) and Principle 7 (Diligence).

STEP #3: ANALYSE AND EVALUATE THE CLIENT'S FINANCIAL STATUS

300-1: Analyse and Evaluate the Client's Information

The CFP professional should analyse the information to gain an understanding of the client's financial situation and then evaluate to what extent the client's goals, needs and priorities can be met by the client's resources and current course of action.

Professional Practice Standard 300-1 Explained

Analysis and evaluation are critical to the personal financial planning process. These activities form the foundation for determining strengths and weaknesses of the client's financial situation and current course of action. Prior to making recommendations, the CFP professional should analyse and evaluate the client's current situation, and determine the likelihood of the client reaching his or her objectives by continuing present activities or making anticipated changes. To develop recommendations, the CFP professional should use client-specified, mutually agreed upon goals and other reasonable assumptions, including the client's retirement age(s), life expectancy(ies), income needs, risk factors, time horizon and special needs, as well as economic assumptions such as inflation rates, tax rates and investment returns. The analysis and evaluation phase may identify other issues that should be addressed with the client; it may be appropriate for the CFP professional to amend the scope of the engagement and/or to obtain additional information.

Relationship of Professional Practice Standard 300-1 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity), Principle 3 (Competence) and Principle 7 (Diligence).

STEP #4: DEVELOP AND PRESENT FINANCIAL PLANNING RECOMMENDATIONS

The 400 Series, "Develop and Present the Financial Planning Recommendation(s)," represents the heart of the personal financial planning process. It is at this point that the CFP professional, using both science and art, formulates the recommendations designed to achieve the client's goals, needs and priorities. Experienced CFP professionals may view this process as one action or task. However, in reality, it is a series of distinct but interrelated tasks.

The three Professional Practice Standards in this series emphasize the distinction among the several tasks which are part of this process. These Professional Practice Standards can be described as, "What is Possible?," "What is Recommended?" and "How is it Presented?"

The first two Professional Practice Standards involve the creative thought, the analysis, and the professional judgment of the CFP professional, which are often performed outside the presence of the client. First, the CFP professional identifies and considers the various alternatives, including continuing the present course of action (*Professional Practice Standard 400-1*). Second, the CFP professional develops the recommendation(s) from among the selected alternatives (*Professional Practice Standard 400-2*). Once the CFP professional has determined what to recommend, the final task is to communicate the recommendation(s) to the client (*Professional Practice Standard 400-3*).

400-1: Identify and Evaluate Financial Planning Alternative(s)

The CFP professional should consider sufficient and relevant alternatives to the client's current course of action in an effort to reasonably meet the client's goals, needs and priorities.

Professional Practice Standard 400-1 Explained

After analysing the client's current situation (*Professional Practice Standard 300-1*) and prior to developing and presenting recommendation(s) (*Professional Practice Standards 400-2 and 400-3*) the CFP professional should identify alternative actions. The practitioner should evaluate the effectiveness of such actions in reasonably meeting the client's goals, needs and priorities. This evaluation may involve discussing the importance, priority and timing of the client's goals and needs, and then considering multiple assumptions, conducting research or consulting with other professionals. This process may result in a single alternative, multiple alternatives or no alternative to the client's current course of action. In considering alternative actions, the CFP professional will take into account his or her legal and/or regulatory limitations and level of competency in properly addressing each of the client's personal financial planning issues.

More than one alternative may reasonably meet the client's goals, needs and priorities. Alternatives identified by the CFP professional may differ from those of other practitioners or advisers, illustrating the subjective nature of exercising professional judgment.

Relationship of Professional Practice Standard 400-1 to FPSB's Code of Ethics

This Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity), Principle 3 (Competence), Principle 6 (Professionalism) and Principle 7 (Diligence).

400-2: Develop the Financial Planning Recommendation(s)

The CFP professional should develop recommendation(s) based on the alternative(s) and the client's current course of action to reasonably meet the client's goals, needs and priorities.

Professional Practice Standard 400-2 Explained

After identifying and evaluating the alternative(s) and the client's current course of action, the CFP professional should develop recommendation(s) expected to reasonably meet the client's goals, needs and priorities. A recommendation may be an independent action or a combination of actions which may need to be implemented collectively. The recommendation(s) will be based on: the scope of the engagement; client goals, needs and priorities; data provided by the client; personal and economic assumptions; the CFP professional's analysis and evaluation of client's current situation; and alternative(s) selected by the CFP professional.

A recommendation may be to continue the current course of action. If a change is recommended, it may be specific and/or detailed or provide a general direction. In some instances, it may be necessary for the CFP professional to recommend that the client modify a goal. The recommendations developed by the CFP professional may differ from those of other practitioners or advisers, yet each may reasonably meet the client's goals, needs and priorities.

Relationship of Professional Practice Standard 400-2 to FPSB's Code of Ethics

This Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity), Principle 3 (Competence), Principle 6 (Professionalism) and Principle 7 (Diligence).

400-3: Present the Financial Planning Recommendation(s)

The CFP professional should communicate the recommendation(s) in a way that allows the client to make an informed decision.

Professional Practice Standard 400-3 Explained

When presenting a recommendation, the CFP professional should help the client to understand the client's current situation, the recommendation itself, factors that were critical to the recommendation(s), and the likely impact of the recommendation on the client's ability to meet goals. The CFP professional should avoid presenting his or her opinion as fact. The CFP professional should inform that client that the recommendations will likely need to be modified as the client's personal, economic and other conditions change. The CFP professional should disclose to the client any conflicts of interest not previously disclosed, and explain how such conflicts impact the recommendation. At this stage of the personal financial planning process, the CFP professional can further assess whether the recommendations meet the client's expectations, whether the client is willing to act on the recommendations, and whether modifications are necessary.

Relationship of Professional Practice Standard 400-3 to FPSB's Code of Ethics

This Practice Standard relates to FPSB's Code of Ethics through Principle 1 (Integrity), Principle 2 (Objectivity) and Principle 6 (Professionalism).

STEP #5: IMPLEMENT THE FINANCIAL PLANNING RECOMMENDATION(S)

500-1: Agree on Implementation Responsibilities

The CFP professional and the client should mutually agree on implementation responsibilities, consistent with the scope of the engagement.

Professional Practice Standard 500-1 Explained

The client is responsible for accepting or rejecting the CFP professional's recommendations and for retaining and/or delegating responsibility for implementing the recommendations. The CFP professional and the client should mutually agree on what services, if any, the CFP professional will provide. The CFP professional should capture these mutual decisions in writing, to share with the client and to maintain in the CFP professional's files. The scope of the engagement, as originally defined, may need to be modified. The CFP professional's responsibilities may include: identifying activities necessary for implementation; determining respective responsibilities of the CFP professional and the client; referring to, and coordinating with, other professionals; sharing client information as authorized; and selecting and securing products and/or services.

If there are conflicts of interest, sources of compensation or material relationships with other professionals that have not been previously disclosed, the CFP professional should disclose these to the client. The CFP professional should explain the rationale for referrals and the qualification of the referred professional.

If the CFP professional is engaged by the client to provide only implementation activities, the scope of the engagement should be mutually defined, as described in Professional Practice Standard 100-1. This scope may include such matters as the extent to which the CFP professional will rely on information, analysis or recommendations provided by others.

Relationship of Professional Practice Standard 500-1 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 3 (Competence), Principle 4 (Fairness), Principle 6 (Professionalism) and Principle 7 (Diligence).

500-2: Select Products and Services for Implementation

The CFP professional should select appropriate products and services that are consistent with the client's goals, needs and priorities.

Professional Practice Standard 500-2 Explained

The CFP professional shall investigate products or services that reasonably address the client's needs. The products or services selected to implement the recommendation(s) must be suitable to the client's financial situation and consistent with the client's goals, needs and priorities. The CFP professional uses professional judgment in selecting the products and services that are in the client's interest. Professional judgment incorporates both qualitative and quantitative information. Solutions selected by the CFP professional may differ from those of other professionals since more than one product or service may meet the client's needs. The CFP professional must make all disclosures required by applicable regulations.

Relationship of Professional Practice Standard 500-2 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 2 (Objectivity), Principle 4 (Fairness), Principle 6 (Professionalism) and Principle 7 (Diligence).

STEP #6: MONITOR THE FINANCIAL PLANNING RECOMMENDATION(S)

600-1: Define Monitoring Responsibilities

The CFP professional and client shall mutually define monitoring responsibilities.

Professional Practice Standard 600-1 Explained

It is critical that the CFP professional and the client mutually agree on, and both understand, their respective roles, if any, in ensuring that the client's situation is being monitored and kept on track. If the client engages the CFP professional for monitoring services, the CFP professional must define and communicate to the client the nature and scope of the monitoring activities the CFP professional will provide. If the monitoring process requires the CFP professional to re-initiate steps of the personal financial planning process with the client, the CFP professional will need to modify the current scope of the financial planning engagement and obtain the client's written acknowledgement of the modified scope.

Relationship of Professional Practice Standard 600-1 to FPSB's Code of Ethics

This Professional Practice Standard relates to FPSB's Code of Ethics through Principle 7 (Diligence).

Appendix A: CFP Certification Examination Procedures

FPSB requires the Affiliate to establish examination procedures and practices that ensure the validity, reliability, security and integrity of the CFP Certification Examination and that allow candidates for CFP certification to perform optimally on the CFP Certification Examination. To provide an optimum environment for candidates, who typically have invested significant time, money and effort into preparing for the examination, the Affiliate should provide: (1) appropriate information before the examination to prepare the candidate to sit for the CFP Certification Examination; (2) an examination administration environment and procedures conducive to good performance during the examination; and (3) timely and accurate scoring and reporting after the examination.

FPSB's CFP Certification Examination Procedures are modelled on the Council on Licensure, Enforcement, and Regulation's and National Organization of Competency Assurance's *Principles of Fairness: An Examining Guide for Credentialing Boards, Second Edition*.

Before the Examination

Job or Practice-Related Examination Content

The Affiliate should develop a content outline for the CFP Certification Examination describing the major content headings for the examination and the percentage of questions likely to appear in each area of the examination. This outline should be based on the Affiliate's Financial Planning Topic List, which is based on a job, task or competency analysis for personal financial planning in that country or region and FPSB's Core Financial Planning Subject Areas (see Appendix B).

Examination Characteristics

The Affiliate should clearly communicate the format of the CFP Certification Examination to candidates and, where possible, provide sample questions (with answers) representing each type of question format on the examination.

Preparation Strategies

The Affiliate should assist candidates in preparing adequately for the CFP Certification Examination by providing guidance on study references and test taking strategies.

Change of Examination Content

The Affiliate should inform candidates, in advance, about any changes made to the content, format, difficulty or length of the CFP Certification Examination. The Affiliate should make accommodations for candidates who are "in the pipeline" to sit for the CFP Certification Examination when changes are announced.

Question Evaluation

The Affiliate must communicate to stakeholders how items for the CFP Certification Examination are evaluated for effectiveness and how the Affiliate identifies and deals with defective items on the examination, particularly items being used for the first time.

Bias

The Affiliate should ensure that the CFP Certification Examination is fair to all population subgroups taking the examination.

Time Limits

The Affiliate should communicate to candidates how much time is needed to complete the CFP Certification Examination and the duration of each portion of the examination, when provided serially.

Scoring

The Affiliate should explain to candidates how it scores the CFP Certification Examination, including the weights assigned to different question types. Since the CFP Certification Examination is a pass-fail competency-based examination (i.e., the candidate is either competent or not), and because scores are equated and scaled across multiple examinations, the Affiliate should not provide test takers with an actual score. Rather, the Affiliate should indicate that the candidate has either obtained a “pass” or “fail” score based on the number of questions answered. For a “fail” score, the Affiliate should provide feedback on areas of candidate weakness by indicating the personal financial planning topics where the candidate performed poorly.

The Affiliate should use a Modified Angoff or equivalent method to establish the pass score for the CFP Certification Examination. This criterion-referenced approach to grading does not rank the performance of a candidate relative to other test takers, but rather scores his or her performance against the Affiliate’s established level of competency required for the practice of personal financial planning in that country or region.

Pass-Fail Standard

The Affiliate should communicate to candidates: (1) the pass-fail standard for the CFP Certification Examination in advance of the test; (2) the Board of Examiners’ procedures for determining the pass-fail standard; and (3) whether a candidate may retake failed portions of the CFP Certification Examination or must retake the entire examination in the event of failure.

Reporting Examination Results

The Affiliate should communicate to candidates how long the Affiliate takes to score the CFP Certification Examination and release results. The examination results should include information on the candidate’s pass-fail outcome and the Affiliate’s pass-fail standard.

Registration

The Affiliate should announce and disseminate information about registering for the CFP Certification Examination well before any deadline dates. In its candidate booklet or on its website, the Affiliate should provide information on the procedures for applying for the CFP Certification Examination, including deadlines, eligibility criteria, accommodations for persons with disabilities, fees, cancellation, refunds and examination site locations.

Examination Administration

The Affiliate should communicate to candidates the time to arrive at the examination site, the amount of time required for checking in, when the examination begins and ends, and policies for late admission. The Affiliate should avoid scheduling the CFP Certification Examination on major religious or national holidays, and should provide, within reason, alternate test dates for religious observers who may not be able to sit for the examination on scheduled dates.

Examination Site Services

The Affiliate should communicate to candidates in advance what services (e.g., parking, food, etc.) are available at the examination site.

Candidate Identification

The Affiliate should communicate to candidates in advance what photograph-bearing personal identification will be accepted at the examination site.

Security

The Affiliate should communicate to candidates the importance of maintaining the security, and thus integrity, of the CFP Certification Examination and candidates' obligations in this regard. The Affiliate should prohibit any collaborative or disruptive behaviour during the examination and any removal or reproduction of examination material by candidates. The Affiliate should remind candidates of their obligation to report a suspected violation of examination security, and inform candidates of the Affiliate's policies if a security breach is suspected or verified.

Supplies/Equipment Brought to the Examination

The Affiliate should inform candidates about what supplies or equipment are allowed into the examination site (e.g., writing tools, acceptable financial calculators, whether reference materials can be used, etc.) and the resources that are available and/or provided at the site. The Affiliate should indicate what items are not permitted and what activities are not allowed in the examination site, and inform candidates of the consequences for failure to bring needed supplies or equipment.

Candidate Challenges and Appeals

The Affiliate should inform candidates about the process for challenging an examination result (including the time frame within which an appeal must be filed), which typically includes a score verification by the Affiliate of the disputed examination result. The Affiliate may charge a modest fee for this service to cover administrative costs.

During the Examination

Physical Site

The Affiliate should ensure that CFP Certification Examination sites are well lit, ventilated, free of distracting noises, and have conveniently located restrooms. The examination sites should be accessible to candidates with disabilities; if not, the Affiliate should provide an alternative site(s) for the disabled candidates. Candidates should be provided with appropriate work areas with sufficient space between candidates to promote privacy and prevent collaboration.

Proctors

The Affiliate should train CFP Certification Examination proctors on the Affiliate's examination administration procedures and ensure that proctors treat all candidates alike. Proctors should provide uniform and clear instructions to candidates, and be trained to identify unacceptable issues at the examination site. The Affiliate should ensure that the ratio of proctors to candidates is sufficient in each site to effectively monitor the examination environment.

Security

The Affiliate should have written security policies and procedures for CFP Certification Examination administration to prevent premature access to examination questions, collaboration during the test, or unauthorized notes from being used or taken, all of which could jeopardize the integrity of the Affiliate's examination. The Affiliate's security procedures should include information on: (1) secure storage of examination documents, (2) secure packaging and shipping of materials, (3) careful and continuous proctor observation, (4) policies for

handling suspected cheating on site, and (5) procedures for distributing and collecting examination materials to minimize the potential opportunities for theft and loss.

Test Materials

The Affiliate should produce, in appropriate language(s) for the country or region, test booklets/answer sheets or online instructions for the CFP Certification Examination that are easy to read and understand. Proctors should instruct candidates at the beginning of each CFP Certification Examination to verify that all pages and expected materials are present.

Administration

The Affiliate should administer the CFP Certification Examination at the scheduled time with as few delays as possible. Proctors should: (1) rigorously adhere to the Affiliate's identification and late admission policies at the site; (2) inform the candidates about procedures for checking in and exiting the examination site, procedures during a possible emergency, and location and use of restrooms; (3) present examination instructions in a clear and straightforward manner, allowing candidates to ask questions for clarification (but not about test content); (4) explain procedures for challenging examination results; and (5) clearly identify and enforce examination start and end times; where possible, a clock should be displayed in the examination site and the proctor should periodically announce remaining time, particularly near the conclusion of the examination.

Computer-Based Testing

If the Affiliate offers all or a portion of the CFP Certification Examination using computer-based testing, the Affiliate should ensure that items are protected from overexposure, all test forms created are equivalent, security issues associated with computer-based testing are considered, and systems and procedures are in place to address technical or operational problems during the administration of the CFP Certification Examination.

The testing process for the CFP Certification Examination continues after the examination is administered. The Board of Examiners' scoring, standard setting, and reporting tasks should be handled in a timely manner, yet be subjected to thorough quality control. Failure by the Affiliate, the Board of Examiners or agents to handle these procedures appropriately can undo the Affiliate's effort to promote fairness in the CFP Certification Examination process.

After the Examination

Examination Results Reported

See "Reporting Examination Results" above.

Accuracy of Scoring

A candidate's score should accurately reflect the individual's performance on the CFP Certification Examination. Candidates should be able to request verification of their score (see "Candidate Challenges and Appeals"). When one candidate identifies an error on the CFP Certification Examination, the Affiliate should remedy scores for all test takers whose pass-fail status may be affected.

Timeliness of Reporting Examination Results

The Affiliate should report examination results as soon as possible after the administration of the CFP Certification Examination, as professional plans by test takers may be contingent on the results. The Affiliate should meet all published reporting deadlines.

Confidentiality of Examination Results

The Affiliate or its agents should release examination results only to the candidate who sat the CFP Certification Examination and only in writing. No other individual or institution (including the candidate's employer) should receive a candidate's score without the candidate's written permission.

Use/Misuse of Examination Results

In some instances, the Affiliate may share general test results with registered education providers so that they can monitor the performance of their students on the CFP Certification Examination. The Affiliate should ensure that the examination results shared with these institutions are used only for their intended purposes, and inform the education providers about their obligations and the purpose of sharing the examination results.

Record Retention

The Affiliate should establish and communicate to appropriate stakeholders its retention policies for CFP Certification Examination records. Candidates' written answer sheets or computer-based tests should be retained by the Affiliate for at least as long as the candidate has a legal right to challenge the examination results. Subsequently, the Affiliate may retain this information in an archival file.

Re-Examination

The Affiliate should allow candidates who have failed the CFP Certification Examination to retake the examination, and should inform the candidate of the procedures for doing so. The Affiliate should treat candidates repeating the CFP Certification Examination the same as first-time examinees; for performance-based examinations, the Affiliate should provide a different examiner(s) than those who evaluated the candidate's prior performance, where possible.

Candidate Challenges and Appeals

See "Candidate Challenges and Appeals" above.

Reporting Summary of Examination Results

The Affiliate should regularly publish current and cumulative pass-fail rates for the CFP Certification Examination for the benefit of candidates, the public and the profession.

Technical Reports

The Affiliate should generate statistical analyses of item performance, candidate results, examination cut scores, and equating and scaling scores to ensure consistent administration of the CFP Certification Examination. The Affiliate is required to share this reports with FPSB on a regular basis for monitoring purposes.