



**CFP BOARD**

# ROADMAP

**TO THE CODE OF ETHICS &  
STANDARDS OF CONDUCT**

EFFECTIVE DATE: OCTOBER 1, 2019

# PURPOSE AND TABLE OF CONTENTS

This *Roadmap to the Code of Ethics and Standards of Conduct (Roadmap)* is a tool that CFP® professionals and their firms may use to develop a practical understanding of the revised *Code and Standards*. The *Roadmap* provides an overview of the structure and content of the *Code and Standards* and contains five guidance resources that CFP Board developed to assist CFP® professionals and their firms with implementing the *Code and Standards*: the (1) Financial Advice Engagements Disclosure Guide; (2) Financial Planning Engagements Disclosure Guide; (3) Practice Standards Reference Guide; (4) Financial Advice Engagements Compliance Guide; and (5) Financial Planning Engagements Compliance Guide.

THE *ROADMAP* IS ORGANIZED AS FOLLOWS:

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# INTRODUCTION TO THE *CODE AND STANDARDS*

CFP Board's *Code of Ethics and Standards of Conduct* reflects the commitment that all CFP® professionals make to high standards of competency and ethics. The *Code of Ethics* applies at all times, and sets forth principles that guide the behavior of CFP® professionals, with elaboration provided in the *Standards* that follow. The cornerstone of the *Code and Standards* is a CFP® professional's duty to act as a fiduciary and, therefore, act in the best interests of the Client at all times when providing Financial Advice.

## **CODE OF ETHICS**

A CFP® professional must:

Act with honesty, integrity, competence, and diligence.

Act in the client's best interests.

Exercise due care.

Avoid or disclose and manage conflicts of interest.

Maintain the confidentiality and protect the privacy of client information.

Act in a manner that reflects positively on the financial planning profession and CFP® certification.

# DUTIES OF A CFP® PROFESSIONAL

The *Code and Standards* sets forth the duties that a CFP® professional owes to Clients, firms and subordinates, and CFP Board. Most duties apply at all times. Additional duties apply when a CFP® professional is providing Financial Advice and when a CFP® professional is providing Financial Advice that requires Financial Planning. The duties that apply at all times also apply when providing Financial Advice and when providing Financial Advice that requires Financial Planning. The duties that apply when providing Financial Advice also apply when providing Financial Advice that requires Financial Planning.

	To Clients	To Firms and Subordinates	To CFP Board
<b>At All Times</b>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Competence</li> <li>• Diligence</li> <li>• Sound and Objective Professional Judgment</li> <li>• Professionalism</li> <li>• Comply with the Law</li> <li>• Confidentiality and Privacy</li> <li>• Duties When Communicating with a Client</li> <li>• Duties When Representing Compensation Method</li> <li>• Duties When Selecting, Using, and Recommending Technology</li> <li>• Refrain from Borrowing or Lending Money and Commingling Financial Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Use Reasonable Care When Supervising</li> <li>• Comply with Lawful Objectives of CFP® Professional's Firm</li> <li>• Provide Notice of Public Discipline</li> </ul>	<ul style="list-style-type: none"> <li>• Refrain from Adverse Conduct</li> <li>• Reporting</li> <li>• Provide Narrative Statement</li> <li>• Cooperation</li> <li>• Compliance with <i>Terms and Conditions of Certification and Trademark License</i></li> </ul>
<b>Financial Advice</b>	<ul style="list-style-type: none"> <li>• The Duties That Apply At All Times (see above)</li> <li>• Fiduciary Duty</li> <li>• Disclose and Manage Conflicts of Interest</li> <li>• Provide Information to a Client</li> <li>• Duties When Recommending, Engaging, and Working with Additional Persons</li> </ul>		
<b>Financial Planning</b>	<ul style="list-style-type: none"> <li>• The Duties That Apply When Providing Financial Advice (see above)</li> <li>• The Practice Standards for the Financial Planning Process</li> <li>• Information to a Client in Writing</li> </ul>		

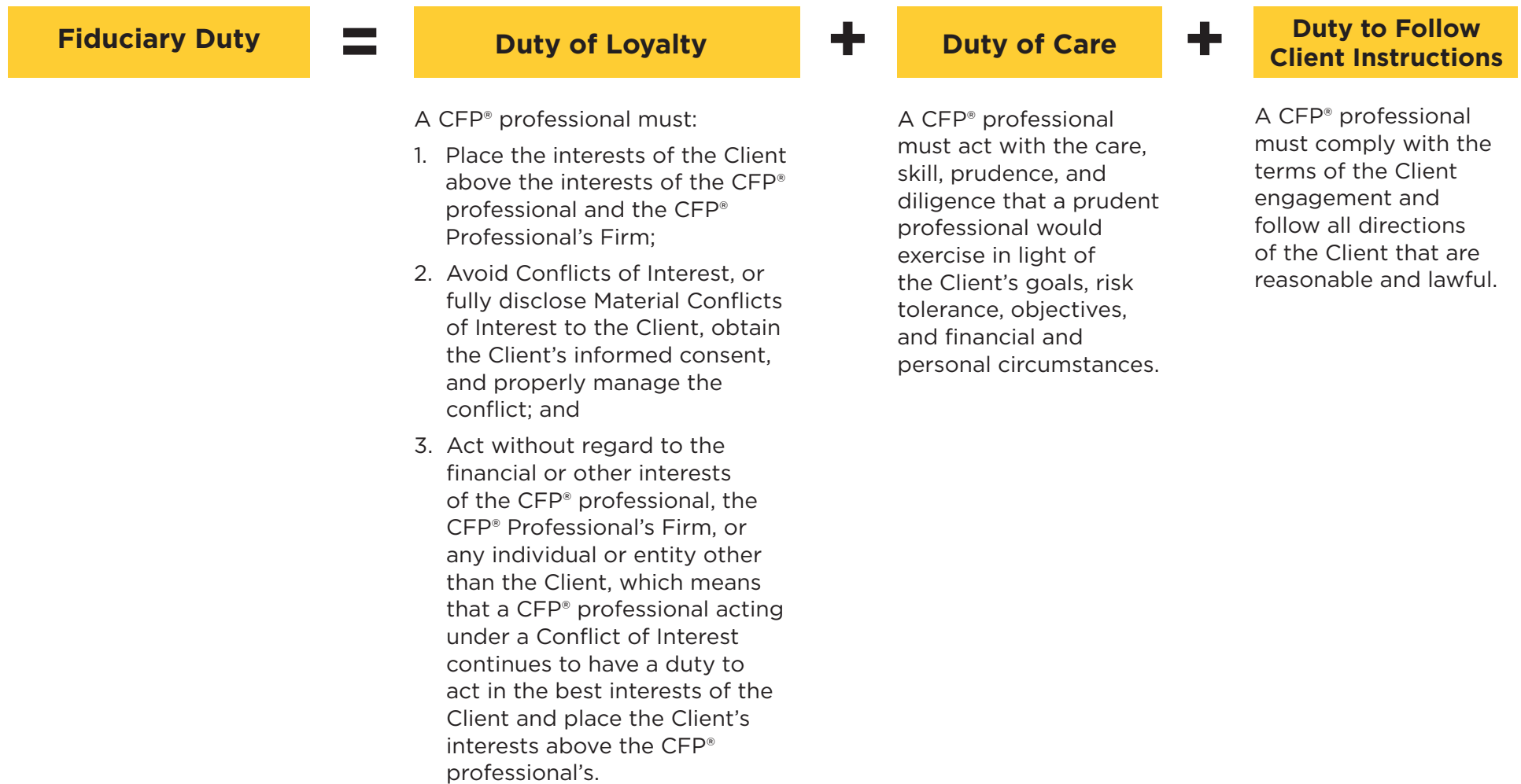
**A CFP® Professional Has Duties That Apply:**



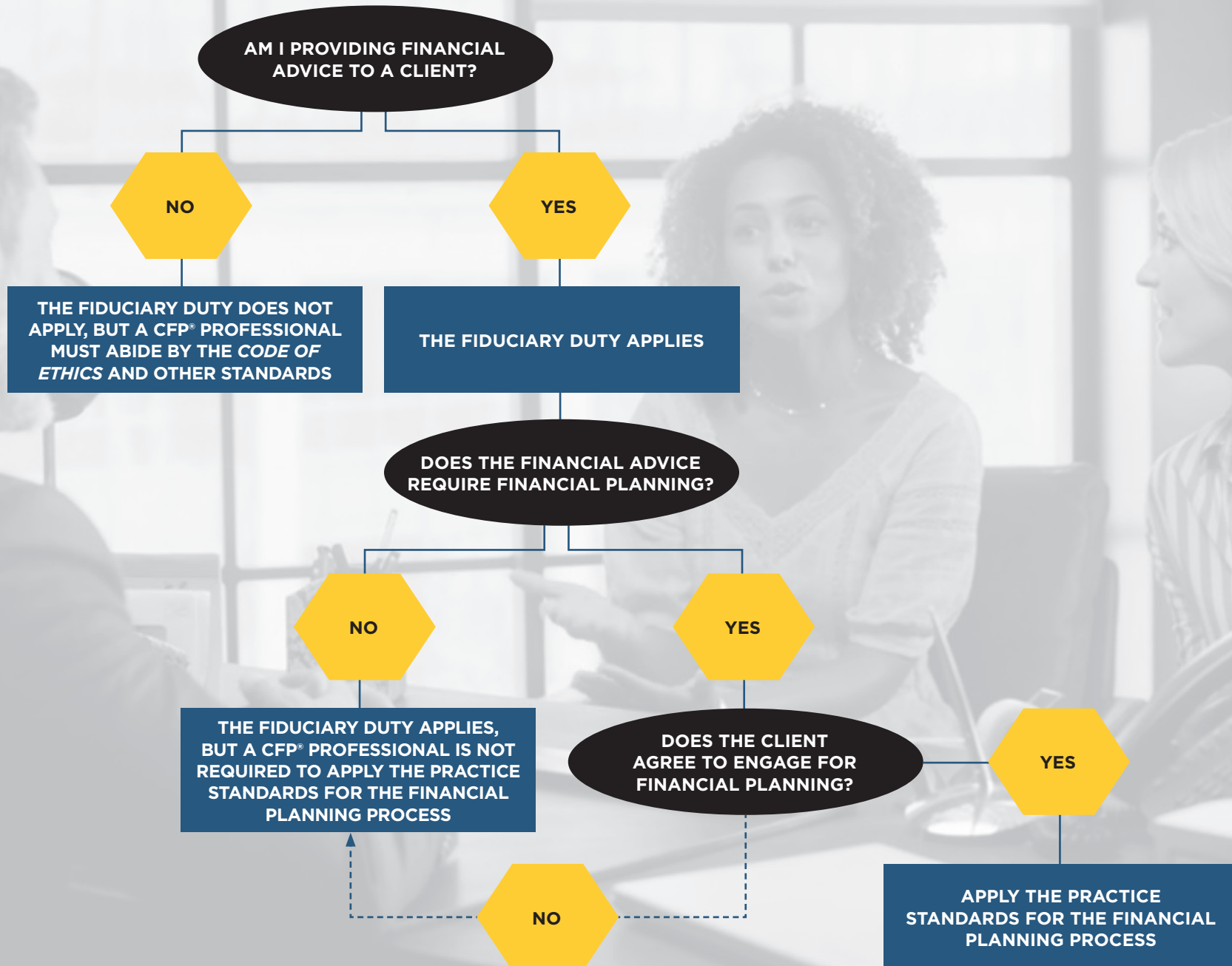
# THE FIDUCIARY DUTY

The cornerstone of the *Code and Standards* is the Fiduciary Duty. At all times when providing Financial Advice to a Client, a CFP® professional must act as a fiduciary and, therefore, act in the best interests of the Client.

What does it mean to act as a fiduciary and, therefore, act in the best interests of the Client? A CFP® professional must fulfill the following duties:



# THE FINANCIAL ADVICE FRAMEWORK



# AM I PROVIDING FINANCIAL ADVICE?

## WHAT IS FINANCIAL ADVICE?

- A communication that, based on its content, context, and presentation, would reasonably be viewed as a recommendation that the Client take or refrain from taking a particular course of action with respect to:
  - The development or implementation of a Financial Plan;
  - The value of or the advisability of investing in, purchasing, holding, gifting, or selling Financial Assets;
  - Investment policies or strategies, portfolio composition, the management of Financial Assets, or other financial matters; or
  - The selection and retention of other persons to provide financial or Professional Services to the Client; or
- The exercise of discretionary authority over the Financial Assets of a Client.

## WHAT IS NOT FINANCIAL ADVICE?

- A communication that, based on its content, context, and presentation, would not reasonably be viewed as a recommendation;
- Responses to directed orders; and
- The following, if a reasonable CFP® professional would not view it as Financial Advice:
  - Marketing Materials;
  - General Financial Education; and
  - General Financial Communications.



The determination of whether Financial Advice has been provided is an objective rather than subjective inquiry.



The more individually tailored the communication is to the Client, the more likely the communication will be viewed as Financial Advice.



# AM I PROVIDING FINANCIAL PLANNING?

If the answer to any of the following is **YES**, then this is a Financial Planning Engagement, and you must comply with the Practice Standards for the Financial Planning Process. If **NO**, then the engagement for Financial Advice does not require Financial Planning, and you are not required to comply with the Practice Standards for the Financial Planning Process.

Have I agreed to provide or have I provided Financial Planning?

**YES**  **NO**

Does the Financial Advice I agreed to provide require integration of relevant elements of the Client's personal and/or financial circumstances in order to act in the Client's best interests, taking into account the Integration Factors set forth to the right?

**YES**  **NO**

Does the Client have a reasonable basis to believe that I will provide or have provided Financial Planning?

**YES**  **NO**

## Integration Factors:

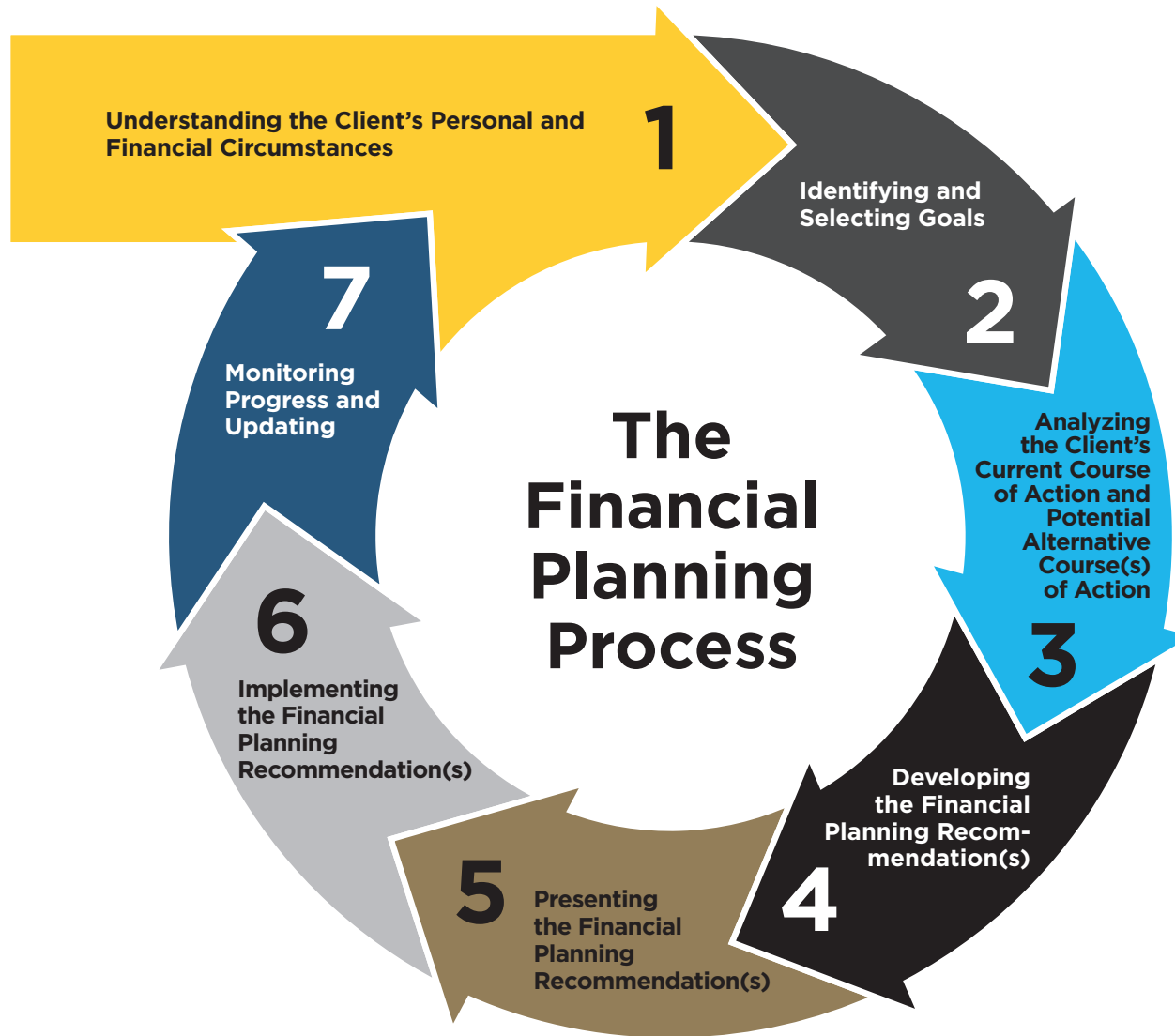
- The number of relevant elements of the Client's personal and financial circumstances that the Financial Advice may affect;
- The portion and amount of the Client's Financial Assets that the Financial Advice may affect;
- The length of time the Client's personal and financial circumstances may be affected by the Financial Advice;
- The effect on the Client's overall exposure to risk if the Client implements the Financial Advice; and
- The barriers to modifying the actions taken to implement the Financial Advice.

## What do you do if the Client doesn't agree to engage you for Financial Planning? Pick One.

- Not enter into the Engagement; or
- Limit the Scope of Engagement to services that do not require application of the Practice Standards for the Financial Planning Process, and describe to the Client the services the Client requests that the CFP® professional will not be performing; or
- Provide the requested services after informing the Client how Financial Planning will benefit the Client and how the decision not to enter into a Financial Planning engagement may limit the Financial Advice; or
- Terminate the Engagement.



# THE PRACTICE STANDARDS FOR THE FINANCIAL PLANNING PROCESS



## When to Document:

A CFP® professional must act prudently in documenting information, as the facts and circumstances require, taking into account:

- The significance of the information;
- The need to preserve the information in writing;
- The obligation to act in the Client's best interest; and
- The Firm's policies and procedures.

## Acceptable Documentation:

Options include using:

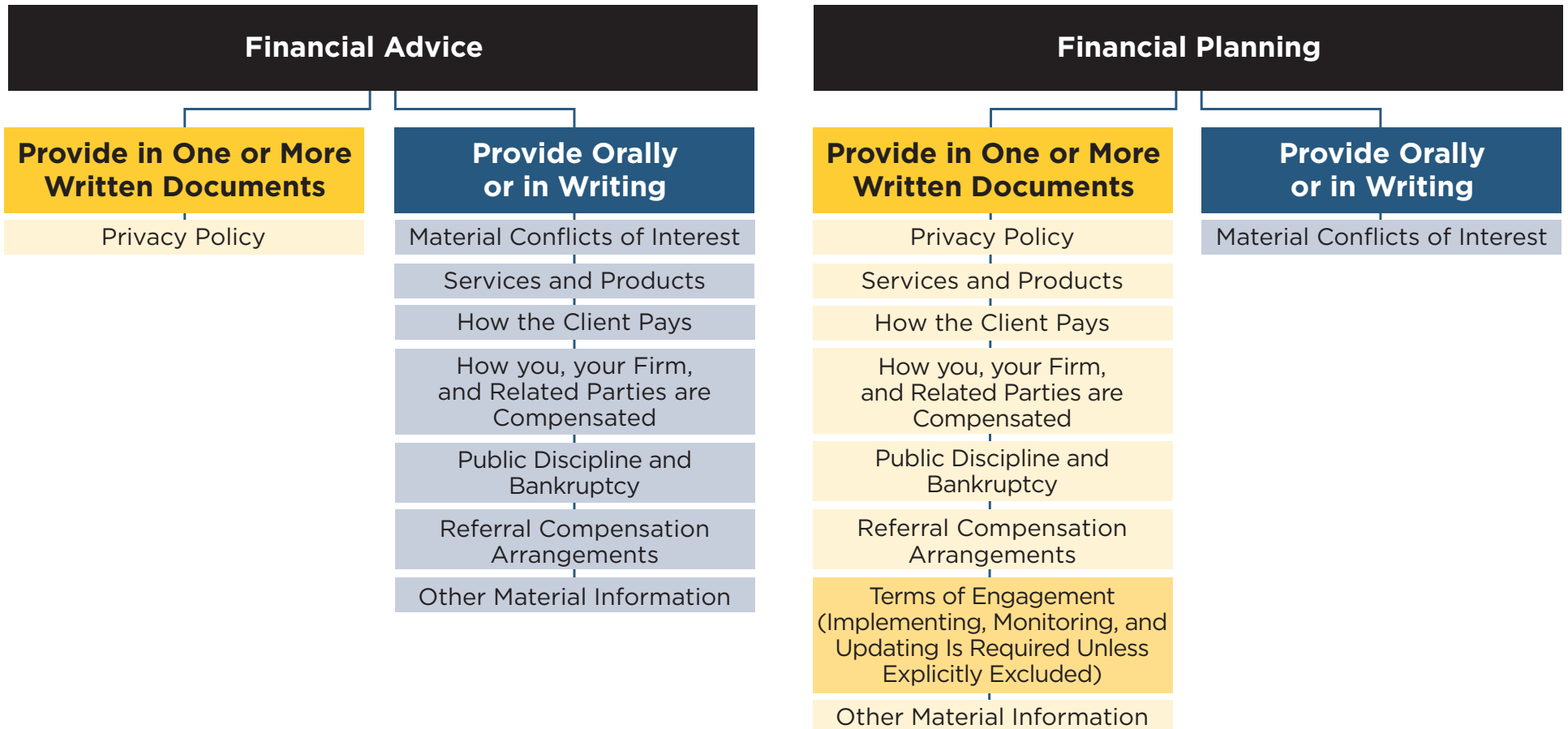
- CRM software;
- Handwritten notes; or
- Emails.

**WHEN IN DOUBT, DOCUMENT**

# DUTY TO PROVIDE INFORMATION TO A CLIENT

A CFP® professional has a duty to provide information to a Client. Whether information may be provided orally or must be provided in writing depends upon whether the Financial Advice that is being provided requires Financial Planning.

CFP Board has prepared a **Financial Advice Engagements Disclosure Guide** and a **Financial Planning Engagements Disclosure Guide**. The Disclosure Guides describe in detail the Duty to Provide Information to a Client. Set forth below is a brief summary of the categories of information that must be shared with the Client, and whether the information must be provided orally or in writing. The requirement to provide information to a Client set forth in CFP Board's *Code and Standards* is in addition to any requirements that apply under applicable law.



APPENDIX (1)

# FINANCIAL ADVICE ENGAGEMENTS DISCLOSURE GUIDE

**REFERENCE GUIDE TO PROVIDING INFORMATION  
TO A CLIENT IN FINANCIAL ADVICE ENGAGEMENTS**

# INFORMATION FOR ALL FINANCIAL ADVICE ENGAGEMENTS (1 OF 3)

Information that must be provided to Clients in all Financial Advice Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)
<p><b>Services and Products:</b> A description of the services and products to be provided. <i>Code and Standards</i> Section A.10.a.i.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Item 4;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Disclosure documents required by federal banking regulators;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Prior to or at the time of the Engagement. This information is typically provided at the first or second meeting with the Client.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	<p><b>Orally or in Writing</b> (in one or more documents).</p> <p>If the information is provided orally, the CFP® professional must document the fact that the information was provided.</p> <p>As a best practice, CFP Board recommends that CFP® professionals provide this information in writing.</p>
<p><b>How the Client Pays:</b> How the Client pays for the products and services, and a description of the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads. <i>Code and Standards</i> Section A.10.a.ii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 5, 6, 10, 12, and 14;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 5 and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank Trust Instrument and related documents required under state trust law; and</li> <li>• Disclosure documents required by federal banking regulators;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>		
<p><b>How You and Others Are Compensated:</b> How the CFP® professional, the CFP® Professional's Firm, and any Related Party are compensated for providing the products and services. <i>Code and Standards</i> Section A.10.a.iii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 5, 6, 10, 12, and 14;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 5 and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures;</li> <li>• Bank Trust Instrument and related documents required under state trust law; and</li> <li>• Disclosure documents required by federal and state banking regulators;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>		

# INFORMATION FOR ALL FINANCIAL ADVICE ENGAGEMENTS (2 OF 3)

Information that must be provided to Clients in all Financial Advice Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)
<p><b>Public Discipline and Bankruptcy:</b> The existence of any public discipline or bankruptcy, and the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person. <i>Code and Standards</i> Section A.10.a.iv.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 9, 18.C, and 19.D;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 3 and 7;</li> <li>• BrokerCheck Report - <a href="http://www.BrokerCheck.FINRA.org">www.BrokerCheck.FINRA.org</a>;</li> <li>• IAPD Report - <a href="http://www.AdviserInfor.SEC.gov/IAPD/default.aspx">www.AdviserInfor.SEC.gov/IAPD/default.aspx</a>;</li> <li>• CFP Board's Verify-A-CFP® Professional Search Tool - <a href="http://www.letsmakeaplan.org/choose-a-cfp-professional/verify-a-cfp-professional">http://www.letsmakeaplan.org/choose-a-cfp-professional/verify-a-cfp-professional</a>;</li> <li>• Public Access to Court Electronic Records (PACER) / Electronic Case Filing (ECF) Database - <a href="http://www.pacer.gov">www.pacer.gov</a>; and</li> <li>• Any other federal court website that contains the bankruptcy information.</li> </ul>	<p><b>Disciplinary and Bankruptcy Updates:</b> Within 90 days of any Material changes and updates to public disciplinary history or bankruptcy information.</p>	<p><b>Orally or in Writing</b> (in one or more documents).</p> <p>If the information is provided orally, the CFP® professional must document the fact that the information was provided.</p> <p>As a best practice, CFP Board recommends that CFP® professionals provide this information in writing.</p>
<p><b>Material Conflicts of Interest:</b> Full disclosure of all Material Conflicts of Interest with the CFP® professional's Client that could affect the professional relationship. This obligation requires the CFP® professional to provide the Client with sufficiently specific facts so that a reasonable Client would be able to understand the CFP® professional's Material Conflicts of Interest and the business practices that give rise to the conflicts, and give informed consent to such conflicts or reject them. <i>Code and Standards</i> Section A.5.a. and A.10.a.v.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 10, 12, and 14;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Bank disclosures pursuant to federal banking regulations;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Before or when providing any Financial Advice regarding which the CFP® professional has a Material Conflict of Interest.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	
<p><b>Written Privacy Policies:</b> Written notice of policies regarding the protection, handling, and sharing of a Client's non-public personal information. <i>Code and Standards</i> Section A.9.d. and A.10.a.vi.</p>	<ul style="list-style-type: none"> <li>• Privacy Notice required under SEC's Regulation S-P;</li> <li>• Privacy Notice required under Consumer Financial Protection Bureau regulations; and</li> <li>• State-specific Privacy Notice(s).</li> </ul>	<p><b>Initially:</b> At the time of the Engagement.</p> <p><b>Required Updates:</b> Not less than annually (at least once in any 12-month period) unless:</p> <ol style="list-style-type: none"> <li>Your policies have not changed since the last notice sent to the Client; and</li> <li>You do not disclose non-public personal information other than as permitted without a Client's consent.</li> </ol>	<p><b>In Writing</b> (in one or more documents).</p>

# INFORMATION FOR ALL FINANCIAL ADVICE ENGAGEMENTS (3 OF 3)

Information that must be provided to Clients in all Financial Advice Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)
<p><b>Referral Compensation Arrangement:</b> Any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to you, your firm, or a Related Party for engaging or recommending the selection or retention of additional persons to provide financial or Professional Services for a Client. <i>Code and Standards</i> Section A.13.a.ii. and A.10.a.vii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 10, 11, 12, 14, and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement; and</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures.</li> </ul>	<p><b>Initially:</b> Prior to the Engagement or at the time of the recommendation.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	<p><b>Orally or in Writing</b> (in one or more documents).</p> <p>If the information is provided orally, the CFP® professional must document the fact that the information was provided.</p> <p>As a best practice, CFP Board recommends that CFP® professionals provide this information in writing.</p>
<p><b>Other Material Information:</b> Any other information about the CFP® professional or the CFP® Professional's Firm that is Material to a Client's decision to engage or continue to engage the CFP® professional or the CFP® Professional's Firm. <i>Code and Standards</i> Section A.10.a.viii.</p>	<ul style="list-style-type: none"> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank Trust Agreement and related documents;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Prior to or at the time of the Engagement. This information is typically provided at the first or second meeting with the Client.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p> <p><b>Disciplinary and Bankruptcy Updates:</b> Within 90 days of any Material changes and updates to public disciplinary history or bankruptcy information.</p>	

APPENDIX (2)

# FINANCIAL PLANNING ENGAGEMENTS DISCLOSURE GUIDE

**REFERENCE GUIDE TO PROVIDING INFORMATION  
TO A CLIENT IN FINANCIAL PLANNING ENGAGEMENTS**

# INFORMATION FOR FINANCIAL PLANNING ENGAGEMENTS (1 OF 4)

Information that must be provided to Clients in all Financial Planning Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)
<p><b>Services and Products:</b> A description of the services and products to be provided. <i>Code and Standards</i> Section A.10.a.i.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Item 4;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Disclosure documents required by federal banking regulators as set forth in Comptroller's Handbook: Safety and Soundness, Retail Nondeposit Investment Products, FDIC regulations;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Prior to or at the time of the Engagement. This information is typically provided at the first or second meeting with the Client.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	<p><b>In Writing</b> (in one or more documents).</p>
<p><b>How the Client Pays:</b> How the Client pays for the products and services, and a description of the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads. <i>Code and Standards</i> Section A.10.a.ii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 5, 6, 10, 12, and 14;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 5 and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Disclosure documents required by federal banking regulators;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>		
<p><b>How You and Others are Compensated:</b> How the CFP® professional, the CFP® Professional's Firm, and any Related Party are compensated for providing the products and services. <i>Code and Standards</i> Section A.10.a.iii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 5, 6, 10, 12, and 14;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 5 and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement; and</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Disclosure documents required by federal and state banking regulators;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>		



# INFORMATION FOR FINANCIAL PLANNING ENGAGEMENTS (2 OF 4)

Information that must be provided to Clients in all Financial Planning Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)
<p><b>Public Discipline and Bankruptcy:</b> The existence of any public discipline or bankruptcy, and the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person. <i>Code and Standards</i> Section A.10.a.iv.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 9, 18.C, and 19.D;</li> <li>• Form ADV Part 2(B) Brochure Supplement: Items 3 and 7;</li> <li>• BrokerCheck Report - <a href="http://www.BrokerCheck.FINRA.org">www.BrokerCheck.FINRA.org</a>;</li> <li>• IAPD Report - <a href="http://www.AdviserInfor.SEC.gov/IAPD/default.aspx">www.AdviserInfor.SEC.gov/IAPD/default.aspx</a>;</li> <li>• CFP Board's Verify-A-CFP® Professional Search Tool - <a href="http://www.letsmakeaplan.org/choose-a-cfp-professional/verify-a-cfp-professional">http://www.letsmakeaplan.org/choose-a-cfp-professional/verify-a-cfp-professional</a>;</li> <li>• Public Access to Court Electronic Records (PACER) / Electronic Case Filing (ECF) Database - <a href="http://www.pacer.gov">www.pacer.gov</a>; and</li> <li>• Any other federal court website that contains the bankruptcy information.</li> </ul>	<p><b>Disciplinary and Bankruptcy Updates:</b> Within 90 days of any Material changes and updates to public disciplinary history or bankruptcy information.</p>	<p><b>In Writing</b> (in one or more documents).</p>
<p><b>Material Conflicts of Interest:</b> Full disclosure of all Material Conflicts of Interest the CFP® professional's Client that could affect the professional relationship. This obligation requires the CFP® professional to provide the Client with sufficiently specific facts so that a reasonable Client would be able to understand the CFP® professional's Material Conflicts of Interest and the business practices that give rise to the conflicts, and give informed consent to such conflicts or reject them. <i>Code and Standards</i> Section A.5.a. and A.10.a.v.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 10, 12, and 14;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures;</li> <li>• Bank Trust Instrument and related documents required under state trust law;</li> <li>• Bank disclosures pursuant to federal banking regulations (e.g., 12 CFR 343 re: sales of insurance);</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Before or when providing any Financial Advice regarding which the CFP® professional has a Material Conflict of Interest.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	<p><b>Orally or In Writing</b> (in one or more documents).</p> <p>If the information is provided orally, the CFP® professional must document the fact that the information was provided.</p> <p>As a best practice, CFP Board recommends that CFP® professionals provide this information in writing.</p>

# INFORMATION FOR FINANCIAL PLANNING ENGAGEMENTS (3 OF 4)

Information that must be provided to Clients in all Financial Planning Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the <i>Code and Standards</i> ? (Applicable Law May Have Additional Requirements)
<p><b>Written Privacy Policies:</b> Written notice of policies regarding the protection, handling, and sharing of a Client's non-public personal information. <i>Code and Standards</i> Section A.9.d. and A.10.a.vi.</p>	<ul style="list-style-type: none"> <li>• Privacy Notice required under SEC's Regulation S-P;</li> <li>• Privacy Notice required under Consumer Financial Protection Bureau regulations; and</li> <li>• State-specific Privacy Notice(s).</li> </ul>	<p><b>Initially:</b> At the time of the Engagement.</p> <p><b>Required Updates:</b> Not less than annually (at least once in any 12-month period) unless:</p> <ol style="list-style-type: none"> <li>Your policies have not changed since the last notice sent to the Client; and</li> <li>You do not disclose non-public personal information other than as permitted without a Client's consent.</li> </ol>	<p><b>In Writing</b> (in one or more documents).</p>
<p><b>Referral Compensation Arrangement:</b> Any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to you, your firm, or a Related Party for engaging or recommending the selection or retention of additional persons to provide financial or Professional Services for a Client. <i>Code and Standards</i> Section A.13.a.ii. and A.10.a.vii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 10, 11, 12, 14 and 19.C;</li> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement; and</li> <li>• ERISA Section 408(b)(2) Sponsor disclosures.</li> </ul>	<p><b>Initially:</b> Prior to the Engagement or at the time of the recommendation.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	
<p><b>Other Material Information:</b> Any other information about the CFP® professional or the CFP® Professional's Firm that is Material to a Client's decision to engage or continue to engage the CFP® professional or the CFP® Professional's Firm. <i>Code and Standards</i> Section A.10.a.viii.</p>	<ul style="list-style-type: none"> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement;</li> <li>• Bank trust agreement and related documents;</li> <li>• Brokerage Agreement;</li> <li>• Offering Documents;</li> <li>• Prospectus; and</li> <li>• Insurance Illustration(s).</li> </ul>	<p><b>Initially:</b> Prior to or at the time of the Engagement. This information is typically provided at the first or second meeting with the Client.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p> <p><b>Disciplinary and Bankruptcy Updates:</b> Within 90 days of any Material changes and updates to public disciplinary history or bankruptcy information.</p>	

# INFORMATION FOR FINANCIAL PLANNING ENGAGEMENTS (4 OF 4)

Information that must be provided to Clients in all Financial Planning Engagements			
What Information Must I Share?	Which Documents May Contain This Information?	When Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)	How Must I Provide the Information Under the Code and Standards? (Applicable Law May Have Additional Requirements)
<p><b>Terms of Engagement:</b> The terms of the Financial Planning Engagement between the Client and the CFP® professional or the CFP® Professional's Firm, including:</p> <ul style="list-style-type: none"> <li>• The Scope of Engagement and any limitations;</li> <li>• The period(s) during which the services will be provided; and</li> <li>• The Client's responsibilities.</li> </ul> <p>A CFP® professional is responsible for implementing, monitoring, and updating the Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement. <i>Code and Standards</i> Section A.10.b.ii.</p>	<ul style="list-style-type: none"> <li>• Form ADV Part 2(A): Items 10, 12, and 14;</li> <li>• Bank Trust Agreement and related documents; and</li> <li>• Brokerage Agreement</li> </ul>	<p><b>Initially:</b> Prior to or at the time of the Engagement. This information is typically provided at the first or second meeting with the Client.</p> <p><b>Required Updates:</b> Whenever there is a Material change or update to the information.</p>	<p><b>In Writing</b> (in one or more documents).</p>
<p><b>Financial Planning Implementation Responsibilities (Unless Specifically Excluded from Scope of Engagement):</b></p> <ul style="list-style-type: none"> <li>• The recommendations being implemented; and</li> <li>• The responsibilities of the CFP® professional, the Client, and any third party with respect to implementation.</li> </ul> <p><i>Code and Standards</i> Section C.6.a.</p>	<ul style="list-style-type: none"> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement; and</li> <li>• Bank Trust Agreement and related documents.</li> </ul>	<p>Prior to or at the time of the Engagement, whenever the CFP® professional has implementation responsibilities (which are assumed unless they have been specifically excluded from the Scope of Engagement).</p>	
<p><b>Financial Planning Monitoring and Updating Responsibilities (Unless Specifically Excluded from Scope of Engagement):</b></p> <ul style="list-style-type: none"> <li>• Which actions, products, and services are and are not subject to the CFP® professional's monitoring responsibility;</li> <li>• How and when the CFP® professional will monitor the actions, products, and services;</li> <li>• The Client's responsibility to inform the CFP® professional of any Material changes to the Client's qualitative and quantitative information;</li> <li>• The CFP® professional's responsibility to update the Financial Planning recommendations; and</li> <li>• How and when the CFP® professional will update the Financial Planning recommendations.</li> </ul> <p><i>Code and Standards</i> Section C.7.a.</p>	<ul style="list-style-type: none"> <li>• Engagement Letter or Agreement;</li> <li>• Investment Advisory Agreement; and</li> <li>• Bank Trust Agreement and related documents.</li> </ul>	<p>Prior to or at the time of the Engagement, whenever the CFP® professional has monitoring and updating responsibilities (which are assumed unless they have been specifically excluded from the Scope of Engagement).</p>	

APPENDIX (3)

# PRACTICE STANDARDS REFERENCE GUIDE

**REFERENCE GUIDE TO THE PRACTICE STANDARDS  
FOR THE FINANCIAL PLANNING PROCESS**

# STEP 1 - UNDERSTANDING THE CLIENT'S PERSONAL AND FINANCIAL CIRCUMSTANCES

Standards		Tips
<ul style="list-style-type: none"> <li>Obtain qualitative and quantitative information.</li> </ul>	<ul style="list-style-type: none"> <li>Describe to the Client the qualitative and quantitative information concerning the Client's personal and financial circumstances needed to fulfill the Scope of Engagement and collaborate with the Client to obtain the information.</li> </ul>	<ul style="list-style-type: none"> <li>CFP Board's Practice Standards for the Financial Planning Process provide examples of qualitative and quantitative information that may be needed.</li> <li>Make sure to have necessary information and documents.</li> <li>Confirm with the Client that the information is accurate.</li> <li>Address with the Client any inconsistencies in the information provided.</li> </ul>
<ul style="list-style-type: none"> <li>Analyze information.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze the information to assess the Client's personal and financial circumstances.</li> </ul>	
<ul style="list-style-type: none"> <li>Address incomplete information.</li> </ul>	<ul style="list-style-type: none"> <li>If unable to obtain information necessary to fulfill the Scope of Engagement, limit it to those services you are able to provide or terminate the Engagement.</li> </ul>	

## Examples of qualitative or subjective information:

- Health
- Life expectancy
- Family circumstances
- Values
- Attitudes
- Expectations
- Earnings potential
- Risk tolerance
- Goals, needs, and priorities
- Current course of action

## Examples of quantitative or objective information:

- Age
- Dependents
- Other professional advisors
- Income
- Expenses
- Cash flow
- Savings
- Assets
- Liabilities
- Available resources
- Liquidity
- Taxes
- Employee benefits
- Government benefits
- Insurance coverage
- Estate plans
- Capacity for risk
- Education and retirement accounts and benefits

# STEP 2 - IDENTIFYING AND SELECTING GOALS

Standards		Tips
<ul style="list-style-type: none"> <li>Identify potential goals.</li> </ul>	<ul style="list-style-type: none"> <li>Discuss with the Client your assessment of the Client's financial and personal circumstances.</li> <li>Develop reasonable assumptions and estimates.</li> <li>Discuss with the Client and apply reasonable assumptions and estimates.</li> </ul>	<ul style="list-style-type: none"> <li>Consider discussing with the Client how changes to assumptions and estimates may affect the Client's goals.</li> <li>Consider providing to the Client in writing the reasonable assumptions and estimates you have used, such as life expectancy, inflation rates, tax rates, investment returns, and other Material assumptions or estimates.</li> </ul>
<ul style="list-style-type: none"> <li>Select and prioritize goals.</li> </ul>	<ul style="list-style-type: none"> <li>Note the impact that selecting a particular goal may have on other goals.</li> <li>Discuss with the Client any goals the Client has selected that you think are unrealistic.</li> </ul>	

## Examples of assumptions and estimates:

- Life expectancy
- Inflation rates
- Other material assumptions and estimates
- Tax rates
- Investment returns



# STEP 3 - ANALYZING THE CLIENT'S CURRENT COURSE OF ACTION AND POTENTIAL ALTERNATIVE COURSE(S) OF ACTION

Standards		Tips
<ul style="list-style-type: none"><li>Analyze the current course of action.</li></ul>	<ul style="list-style-type: none"><li>Analyze material advantages and disadvantages of the current course of action.</li><li>Analyze whether the current course maximizes the potential for meeting the Client's goals.</li></ul>	<ul style="list-style-type: none"><li>Always determine whether the Client's current course of action maximizes the potential for meeting the Client's goals.</li><li>Note that a potential alternative course of action does not become a recommendation until the CFP® professional selects it as a recommendation in Step 4 of the process.</li></ul>
<ul style="list-style-type: none"><li>Analyze potential alternative courses of action.</li></ul>	<ul style="list-style-type: none"><li>When appropriate, consider and analyze one or more potential alternative courses of action, including their material advantages and disadvantages, whether they help maximize the potential for meeting the Client's goals, and how they integrate the relevant elements of the Client's personal and financial circumstances.</li></ul>	



# STEP 4 - DEVELOPING THE FINANCIAL PLANNING RECOMMENDATION(S)

Standards		Tips
<ul style="list-style-type: none"> <li>• From the current and potential alternative courses of action, select one or more recommendations designed to maximize the potential for meeting the Client's goals.</li> </ul>	<ul style="list-style-type: none"> <li>• For each recommendation selected, you must consider the following:               <ul style="list-style-type: none"> <li>○ The assumptions and estimates used to develop the recommendation;</li> <li>○ The basis for making the recommendation, including:                   <ul style="list-style-type: none"> <li>- How the recommendation is designed to maximize the potential to meet the Client's goals,</li> <li>- The anticipated material effects of the recommendation on the Client's financial and personal circumstances, and</li> <li>- How the recommendation integrates relevant elements of the Client's personal and financial circumstances;</li> </ul> </li> <li>○ The timing and priority of the recommendation; and</li> <li>○ Whether the recommendation is independent or must be implemented with another recommendation.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Sometimes no change is necessary; the recommendation may be to continue the Client's current course of action.</li> <li>• Document the basis for your recommendations.</li> <li>• Consider whether to modify previously selected goals.</li> </ul>



# STEP 5 - PRESENTING THE FINANCIAL PLANNING RECOMMENDATION(S)

Standards		Tips
<ul style="list-style-type: none"> <li>• Present to the Client the selected recommendation(s) and the information that was required to be considered in developing the recommendation(s).</li> </ul>	<ul style="list-style-type: none"> <li>• Present to the Client:               <ul style="list-style-type: none"> <li>○ The recommendation(s);</li> <li>○ The assumptions and estimates used to develop the recommendation;</li> <li>○ The basis for making the recommendation, including:                   <ul style="list-style-type: none"> <li>- How the recommendation is designed to maximize the potential to meet the Client's goals,</li> <li>- The anticipated material effects of the recommendation on the Client's financial and personal circumstances, and</li> <li>- How the recommendation integrates relevant elements of the Client's personal and financial circumstances;</li> </ul> </li> <li>○ The timing and priority of the recommendation; and</li> <li>○ Whether the recommendation is independent or must be implemented with another recommendation.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• This is an opportunity to engage the Client in a conversation about your recommendations.</li> <li>• Consider whether to modify previously selected goal.</li> <li>• Recommendations may be presented orally, in writing, in person, over the phone, or in another format that enables the Client to understand the recommendations.</li> <li>• Consider the complexity of your recommendations when determining the format in which to present your recommendations.</li> <li>• Document the recommendations. If you present the recommendations in writing, then retain a copy of the presentation.</li> <li>• Tailor the presentation to the Client's level of sophistication.</li> </ul>

# STEP 6 – IMPLEMENTING THE FINANCIAL PLANNING RECOMMENDATION(S) (UNLESS SPECIFICALLY EXCLUDED FROM SCOPE OF ENGAGEMENT)

Standards		Tips
<ul style="list-style-type: none"> <li>Address implementation responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Establish with the Client whether you have responsibilities for implementing the Financial Planning recommendation(s).</li> <li>If you have implementation responsibilities, communicate to the Client the recommendations being implemented and the responsibilities of the CFP® professional, the Client, and any third party with respect to implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Remember: <i>Code and Standards</i> Section A.10.b.ii states that you are responsible for implementing the Client’s Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement.</li> <li>Ensure that the delineation of implementation responsibilities is clear. Third parties involved in implementation could include attorneys or accountants, among others.</li> <li>Consider preparing and providing to the Client a written implementation plan.</li> <li>Consider documenting the selection of actions, products, or services that deviate from your recommendation.</li> </ul>
<ul style="list-style-type: none"> <li>If you have implementation responsibilities, identify, analyze, and select actions, products, and services designed to implement the recommendation(s).</li> </ul>	<ul style="list-style-type: none"> <li>Consider the basis for each selection, which must include:               <ul style="list-style-type: none"> <li>How the action, product, or service is designed to implement the recommendation; and</li> <li>The advantages and disadvantages relative to reasonably available alternatives.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>If you have implementation responsibilities, recommend one or more actions, products and services for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Discuss with the Client:               <ul style="list-style-type: none"> <li>The basis for selecting the action, product, or service,</li> <li>The timing and priority of implementing the action, product, or service, and</li> <li>Describe any Conflicts of Interest.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>If you have implementation responsibilities, select and implement actions, products, or services.</li> </ul>	<ul style="list-style-type: none"> <li>Discuss with the Client any selection that deviates from your recommendation.</li> </ul>	

# STEP 7 - MONITORING PROGRESS AND UPDATING (UNLESS SPECIFICALLY EXCLUDED FROM SCOPE OF ENGAGEMENT)

Standards		Tips
<ul style="list-style-type: none"> <li>Establish monitoring and updating responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>When you have responsibilities for monitoring and updating, you must communicate to the Client:               <ul style="list-style-type: none"> <li>Which actions, products, and services are/are not subject to your monitoring responsibility;</li> <li>How and when you will monitor actions, products, or services;</li> <li>The Client's responsibility to inform you of any Material changes to the Client's qualitative and quantitative information;</li> <li>Your responsibility to update the Financial Planning recommendations; and</li> <li>How and when you will update the Financial Planning recommendations.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Remember: <i>Code and Standards</i> Section A.10.b.ii states that you are responsible for monitoring and updating the Client's Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement.</li> <li>Consider documenting your implementation, monitoring, and updating efforts.</li> <li>Be realistic and clear in setting monitoring expectations.</li> <li>Monitoring is an ongoing obligation unless the Engagement is terminated.</li> <li>You should document when the Engagement is not ongoing.</li> <li>Ensure that you have appropriate access to or authority to communicate with third parties to gather information to fulfill your monitoring responsibilities.</li> </ul>
<ul style="list-style-type: none"> <li>Monitor the Client's progress.</li> </ul>	<ul style="list-style-type: none"> <li>If you have monitoring responsibility, analyze at appropriate intervals the progress toward reaching Client goals and review with the Client the results of your analysis.</li> </ul>	
<ul style="list-style-type: none"> <li>Obtain current qualitative and quantitative information.</li> </ul>	<ul style="list-style-type: none"> <li>If you have monitoring responsibility, collaborate with the Client in an attempt to obtain current qualitative and quantitative information concerning the Client's personal and financial circumstances.</li> </ul>	
<ul style="list-style-type: none"> <li>Update goals, recommendations, or implementation decisions.</li> </ul>	<ul style="list-style-type: none"> <li>If you have updating responsibility, and circumstances warrant changes, update as appropriate in accordance with the Practice Standards for the Financial Planning Process.</li> </ul>	

APPENDIX (4)

# FINANCIAL ADVICE ENGAGEMENTS COMPLIANCE GUIDE

# FINANCIAL ADVICE ENGAGEMENTS COMPLIANCE GUIDE

CFP Board designed this guide to help CFP® professionals evaluate whether they are providing information and services in accordance with CFP Board's *Code of Ethics and Standards of Conduct* ("Code and Standards") when they are providing Financial Advice. Under certain circumstances, a CFP® professional is required to update the information provided to a Client.

## SECTION A: THE FIDUCIARY DUTY

At all times when providing Financial Advice to a Client, a CFP® professional must act as a fiduciary and, therefore, act in the best interests of the Client. (Standard A.1.)

Duty of Loyalty:

- Have I placed the interests of the Client above the interests of me and my firm?
- Have I avoided Conflicts of Interest, or fully disclosed Material Conflicts of Interest to the Client, obtained the Client's informed consent, and properly managed the conflict?
- Have I acted without regard to the interests of me and my firm, and any individual or entity other than the Client?

Duty of Care:

- Have I acted with the care, skill, prudence, and diligence that a prudent professional would exercise in light of the Client's goals, risk tolerance, objectives, and financial and personal circumstances?

- Have I complied with all objectives, policies, restrictions, and other terms of the Engagement, and all reasonable and lawful directions of the Client?

## SECTION B: IS THIS A FINANCIAL PLANNING ENGAGEMENT?

If the answer to any of the following is yes, then this is a Financial Planning Engagement and you must comply with the Practice Standards for the Financial Planning Process. If no, then the engagement for Financial Advice does not require Financial Planning, and you are not required to comply with the Practice Standards for the Financial Planning Process. (Standards B.3. and B.4.)

- Have I agreed to provide or provided Financial Planning?
- Does the client have a reasonable basis to believe that I will provide or have provided Financial Planning?
- Does the Financial Advice I agreed to provide require integration of relevant elements of the Client's personal and/or financial circumstances in order to act in the Client's best interests, taking into account the following Integration Factors?
  - The number of relevant elements of the client's personal and financial circumstances that the Financial Advice may affect;

- The portion and amount of the Client's financial assets that the Financial Advice may affect;
- The length of time the Client's personal and financial circumstances may be affected by the Financial Advice;
- The effect on the Client's overall exposure to risk if the Client implements the Financial Advice; and
- The barriers to modifying the actions taken to implement the Financial Advice.

If I otherwise must comply with the Practice Standards for the Financial Planning Process, but the Client does not agree to enter into a Financial Planning engagement, have I done one of the following:

- Not enter into the Engagement;
- Limited the Scope of Engagement to services that do not require application of the Practice Standards for the Financial Planning Process and described to the Client the services the Client requests that the CFP® professional will not be performing;
- Provided the requested services after informing the Client how Financial Planning would benefit the Client and how the decision not to enter into a Financial Planning engagement may limit the Financial Advice; or
- Terminated the Engagement.

# FINANCIAL ADVICE ENGAGEMENTS COMPLIANCE GUIDE

## SECTION C: PROVIDING INFORMATION TO A CLIENT

Have I provided the following information orally or in writing, in one or more written documents:

### Services, Products, Compensation, Disciplinary History, Bankruptcy, and Other Material Information

(Standard A.10.a.i. – v.)

- Have I provided the Client a description of the services and products to be provided?
- Have I explained how the Client pays for the products and services and described the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads?
- Have I informed the Client how I, my firm, and any Related Party are compensated for providing the products and services?
- Do I have any public disciplinary history or personal bankruptcy or business bankruptcy where I was a Control Person? If so, have I notified the Client of the existence of the public discipline or bankruptcy and provided the Client with the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional

organization that sets forth my public disciplinary history or personal or business bankruptcy?

### Conflicts of Interest

(Standards A.5.a., A.10.a.v., and A.13.a.)

- Have I provided full disclosure of all Material Conflicts of Interest with the Client that could affect the professional relationship? Have I provided sufficiently specific facts so that the Client is able to understand the Material Conflicts of Interest and the business practices that give rise to the conflicts?
- Have I obtained the Client's informed consent, either express or implied, to such Conflicts of Interest?
- Have I properly managed any Conflict of Interest by providing Financial Advice that is in the best interests of the Client and places the Client's interests above my own, notwithstanding the conflict, by adopting and following business practices reasonably designed to prevent Material Conflicts of Interest from compromising my ability to act in my Client's best interests?
- Have I disclosed any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to me, my firm, or a Related Party for engaging or recommending the selection or retention of additional persons to

provide financial or Professional Services to the Client?

### Confidentiality and Privacy

(Standard A.9.d.)

- Have I or has my firm adopted and implemented policies regarding the protection, handling, and sharing of the Client's non-public personal information?
- Have I or has my firm provided the Client with written notice of the policies regarding the protection, handling, and sharing of the Client's non-public personal information? (This must be provided in writing.)

### Other Requirements

(Standards A.10.a. and A.10.a.viii.)

- Have I provided the Client all other information Material to the decision to engage or continue to engage me or my firm?
- Have I documented that I have provided the Client with all of the information set forth above?

APPENDIX (5)

**FINANCIAL PLANNING  
ENGAGEMENTS  
COMPLIANCE GUIDE**

# FINANCIAL PLANNING ENGAGEMENTS COMPLIANCE GUIDE

CFP Board designed this guide to help CFP® professionals evaluate whether they are providing information and services in accordance with CFP Board's *Code of Ethics and Standards of Conduct* ("Code and Standards") when they are providing Financial Planning. Under certain circumstances, a CFP® professional is required to update the information provided to a Client.

## SECTION A: THE FIDUCIARY DUTY

At all times when providing Financial Planning to a Client, a CFP® professional must act as a fiduciary and, therefore, act in the best interests of the Client. (Standard A.1.)

### Duty of Loyalty:

- Have I placed the interests of the Client above the interests of me and my firm?
- Have I avoided Conflicts of Interest, or fully disclosed Material Conflicts of Interest to the Client, obtained the Client's informed consent, and properly managed the conflict?
- Have I acted without regard to the interests of me and my firm, and any individual or entity other than the Client?

### Duty of Care:

- Have I acted with the care, skill, prudence, and diligence that a prudent professional would exercise

in light of the Client's goals, risk tolerance, objectives, and financial and personal circumstances?

- Have I complied with all objectives, policies, restrictions, and other terms of the Engagement, and all reasonable and lawful directions of the Client?

## SECTION B: PROVIDING INFORMATION TO A CLIENT

Have I provided the following information in one or more written documents:

### Services, Products, Compensation, Disciplinary History, Bankruptcy, and Other Material Information (Standard A.10.a.i. – v.)

- Have I provided the Client a description of the services and products to be provided?
- Have I explained how the Client pays for the products and services and described the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads?
- Have I informed the Client how I, my firm, and any Related Party are compensated for providing the products and services?
- Do I have any public disciplinary history or personal bankruptcy or business bankruptcy where I was a Control Person? If so, have I notified the Client of the existence of the

public discipline or bankruptcy and provided the Client with the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth my public disciplinary history or personal or business bankruptcy?

### Conflicts of Interest

(Standards A.5.a., A.10.a.v., and A.13.a.)

- Have I provided full disclosure of all Material Conflicts of Interest with the Client that could affect the professional relationship? Have I provided sufficiently specific facts so that the Client is able to understand the Material Conflicts of Interest and the business practices that give rise to the conflicts? (Please note that information about Material Conflicts of Interest is not required to be provided in writing.)
- Have I obtained the Client's informed consent, either express or implied, to such Conflicts of Interest?
- Have I properly managed any Conflict of Interest by providing Financial Advice that is in the best interests of the Client and places the Client's interests above my own, notwithstanding the conflict, by adopting and following business practices reasonably designed to prevent Material Conflicts of Interest



# FINANCIAL PLANNING ENGAGEMENTS COMPLIANCE GUIDE

from compromising my ability to act in my Client's best interests?

- Have I disclosed any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to me, my firm, or a Related Party for engaging or recommending the selection or retention of additional persons to provide financial or Professional Services to the Client?

## **Confidentiality and Privacy** (Standard A.9.d.)

- Have I or has my firm adopted and implemented policies regarding the protection, handling, and sharing of the client's non-public personal information?
- Have I or has my firm provided the Client with written notice of the policies regarding the protection, handling, and sharing of the client's non-public personal information?

## **Terms of the Engagement** (Standard A.10.b.ii.)

- Have I provided to the Client, in writing, the terms of the Engagement between me or my Firm and the Client, including the Scope of Engagement and any limitations, the period(s) during which the services will be provided, and the Client's responsibilities?

- Have I determined with the Client whether I will be responsible for implementing, monitoring, and updating the Financial Planning recommendation(s)? (Note that a CFP® professional is responsible for implementing, monitoring, and updating the Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement.)

## **Other Requirements**

(Standards A.10.a. and A.10.a.viii., and C.)

- Have I provided the Client all other information Material to the decision to engage or continue to engage me or my firm?
- Have I acted prudently in documenting information, as the facts and circumstances require, taking into account the significance of the information, the need to preserve the information in writing, the obligation to act in the Client's best interests, and my firm's policies and procedures?
- Have I documented that I have provided the Client with all of the information set forth above?

## **SECTION C: THE FINANCIAL PLANNING PROCESS**

### **Step 1: Understanding the Client's Personal and Financial Circumstances**

- Have I described to the Client the qualitative and quantitative

information concerning the Client's personal and financial circumstances needed to fulfill the Scope of Engagement and collaborated with the Client to obtain the information?

Examples of qualitative or subjective information include the Client's:

- Health
- Life expectancy
- Family circumstances
- Values
- Attitudes
- Expectations
- Earnings potential
- Risk tolerance
- Goals, needs, and priorities
- Current course of action

Examples of quantitative or objective information include the Client's:

- Age
- Dependents
- Other professional advisors
- Income
- Expenses
- Cash flow
- Savings

# FINANCIAL PLANNING ENGAGEMENTS COMPLIANCE GUIDE

- Assets
  - Liabilities
  - Available resources
  - Liquidity
  - Taxes
  - Employee benefits
  - Government benefits
  - Insurance coverage
  - Estate plans
  - Education and retirement accounts and benefits
  - Capacity for risk
- Have I analyzed the qualitative and quantitative information to assess the Client's personal circumstances?
  - Have I addressed incomplete information, if any?

## Step 2: Identifying and Selecting Goals

- Have I discussed with the Client my assessment of the Client's financial and personal circumstances?
- Have I helped the Client to identify goals and noted the effect that selecting a particular goal may have on other goals?

- Have I discussed with the Client, and applied, reasonable assumptions and estimates?

Examples include:

- Life expectancy
  - Inflation rates
  - Tax rates
  - Investment returns
- Have I helped the Client to select and prioritize goals?
  - Have I discussed with the Client any goals that may not be realistic?

## Step 3: Analyzing the Client's Current Course of Action and Potential Alternative Course(s) of Action

- Have I analyzed the Client's current course of action, including the Material advantages and disadvantages of the current course and whether the current course maximizes the potential for meeting goals?
- Have I analyzed potential alternative courses of action, including the material advantages and disadvantages of each alternative, whether each alternative helps maximize the potential for meeting the Client's goals, and how each alternative integrates the relevant elements of the Client's personal and financial circumstances?

## Step 4: Developing the Financial Planning Recommendation(s)

- Have I selected recommendations designed to maximize the potential for meeting the Client's goals?
- Have I considered whether to recommend that the Client continue the current course of action?
- For each recommendation, have I considered:
  - The assumptions and estimates used to develop the recommendation(s);
  - The basis for making the recommendation(s), including:
    - How the recommendation is designed to maximize the potential to meet the Client's goals;
    - The anticipated material effects of the recommendation on the Client's financial and personal circumstances; and
    - How the recommendation integrates relevant elements of the Client's personal and financial circumstances;
  - The timing and priority of the recommendation(s); and
- Whether the recommendation is independent or must be implemented with another recommendation?

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## Step 5: Presenting the Financial Planning Recommendation(s)

- Have I presented to the Client the selected recommendation(s) and the information I considered when developing the recommendation(s)?

## Step 6: Implementing the Financial Planning Recommendation(s) (Unless Specifically Excluded from Scope of Engagement)

- Have I established with the Client whether I have implementation responsibilities and, if required, communicated to the Client the recommendation(s) being implemented and my responsibilities, the Client's responsibilities, and the responsibilities of any third party with respect to implementation?
- Have I determined whether I need to amend the terms of the Engagement with the Client to reflect accurately the implementation responsibilities?
- If I do not have implementation responsibilities, proceed to Step 7.
- If I have implementation responsibilities, have I:
  - Identified and analyzed actions, products, and services designed to implement the recommendations?
  - Considered the basis for each selection, including:
    - How the action, product, or service is designed to implement the recommendation; and

- The advantages and disadvantages of the action, product, or service relative to reasonably available alternatives?
- Recommended one or more actions, products, and services for implementation and discussed with the Client the basis for selection, the timing and priority of implementation, and disclosed and managed any Conflicts of Interest concerning the action, product, or service?
- Helped the Client to select and implement actions, products, or services and discussed with the Client any selection that deviates from my recommendations?

## Step 7: Monitoring Progress and Updating (Unless Specifically Excluded from Scope of Engagement)

- Have I established with the client who has monitoring and updating responsibilities?
- Have I determined whether I need to amend the terms of the Engagement with the Client to reflect accurately the monitoring and updating responsibilities?
- When I have responsibilities for monitoring and updating, have I communicated to the Client:
  - Which actions, products, and services are and are not subject to my monitoring responsibility;

- How and when I will monitor the actions, products, and services;
- That it is the Client's responsibility to inform me of any Material changes to the Client's qualitative and quantitative information;
- My responsibility to update the Financial Planning recommendations; and
- How and when I will update the Financial Planning recommendations?
- If I have monitoring responsibilities, have I monitored the Client's progress toward achieving the Client's goals and reviewed my analysis with the Client?
- If I have monitoring responsibilities, have I collaborated with the Client to obtain current qualitative and quantitative information concerning the Client's personal and financial circumstances?
- If I have updating responsibilities, have I determined whether the circumstances warrant changes to the Client's goals, recommendations, or selections of actions, products, and services, and updated those in accordance with the *Code and Standards*?

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