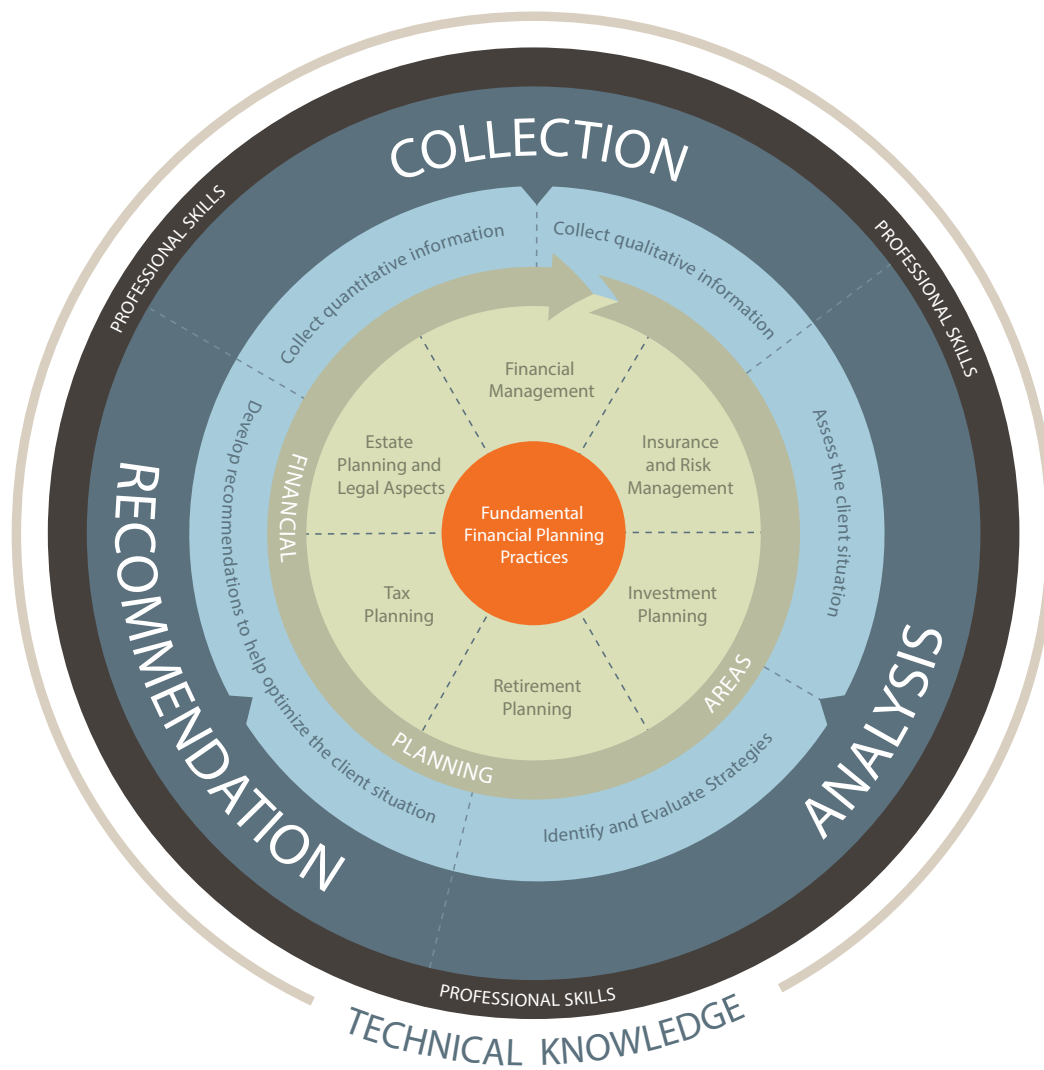


# CFP® Professional Competency Profile

## A Graphic Overview



		FINANCIAL PLANNING FUNCTIONS				
		1 Collection <i>Gathers the client's information</i>	2 Analysis <i>Identifies and evaluates strategies</i>	3 Recommendation <i>Develops recommendations to help optimize the client's situation</i>		
FUNDAMENTAL FINANCIAL PLANNING PRACTICES		1.001 Identifies the client's objectives, needs and values that have financial implications 1.002 Identifies the documentation required for the financial plan 1.003 Identifies the client's legal issues that affect the financial plan 1.004 Determines the client's level of financial sophistication 1.005 Identifies material changes in the client's personal and financial situation 1.006 Prepares information to enable analysis		2.001 Analyzes the collected information to prioritize the financial planning components 2.002 Considers interrelationships among financial planning components 2.003 Assesses opportunities and constraints across financial planning components 2.004 Considers the impact of economic, political and regulatory environments 2.005 Measures the progress toward achievement of objectives of the financial plan		3.001 Prioritizes recommendations from the financial planning components to optimize the client's situation 3.002 Incorporates recommendations and action steps into a financial plan 3.003 Determines the appropriate cycle of review for the financial plan 3.004 Determines the necessity to revise the financial plan
	ELEMENTS OF COMPETENCY					
		1.1 Gathers quantitative information	1.2 Gathers qualitative information	2.1 Assesses the client situation	2.2 Identifies and evaluates strategies	3.1 Develops recommendations to help optimize the client's situation
FINANCIAL PLANNING AREAS	FINANCIAL MANAGEMENT	1.101 Collects information regarding the client's assets and liabilities 1.102 Collects information regarding the client's cash flow 1.103 Collects information necessary to prepare a budget 1.104 Prepares statements of the client's net worth, cash flow and budget	1.201 Determines the client's inclination to save 1.202 Determines how the client makes spending decisions 1.203 Determines the client's attitudes towards debt 1.204 Determines the client's desired standard of living	2.101 Determines whether the client is living within financial means 2.102 Determines the issues relevant to the client's assets and liabilities 2.103 Determines the client's capacity to sustain an emergency situation 2.104 Considers potential cash management strategies	2.201 Assesses the impact of potential changes in income and expenses 2.202 Identifies conflicting demands on cash flow 2.203 Assesses financial alternatives	3.101 Formulates financial management strategies 3.102 Evaluates advantages and disadvantages of each financial management strategy 3.103 Utilizes the optimal strategies to make financial management recommendations 3.104 Prioritizes action steps to assist the client in implementing financial management recommendations
	INVESTMENT PLANNING	1.105 Collects information to prepare a detailed statement of investment holdings 1.106 Determines the client's current asset allocation 1.107 Identifies cash flows available for investment	1.205 Determines the client's investment experience, attitudes and biases 1.206 Determines the client's return expectations 1.207 Determines the client's tolerance for investment risk 1.208 Determines the client's desired degree of involvement in investment planning 1.209 Identifies the client's time horizon	2.105 Calculates required rate of return to reach client's objectives 2.106 Determines the characteristics, including related expenses, of investment holdings 2.107 Determines the implications of acquiring/disposing of assets 2.108 Considers potential investment planning strategies	2.204 Assesses whether investment return expectations are consistent with risk tolerance 2.205 Assesses whether asset holdings are consistent with risk tolerance and required rate of return	3.105 Formulates investment planning strategies 3.106 Evaluates advantages and disadvantages of each investment planning strategy 3.107 Utilizes the optimal strategies to make investment planning recommendations 3.108 Prioritizes action steps to assist the client in implementing investment planning recommendations
	INSURANCE AND RISK MANAGEMENT	1.108 Collects details of the client's existing insurance coverage 1.109 Identifies potential financial obligations	1.210 Determines the client's risk management objectives 1.211 Determines the client's tolerance for risk exposure 1.212 Determines relevant lifestyle issues 1.213 Determines the client's personal and family health history 1.214 Determines the client's willingness to take steps to manage financial risk	2.109 Determines the characteristics of existing insurance coverage 2.110 Considers potential risk management strategies	2.206 Assesses financial impact of exposure to risk 2.207 Assesses the client's risk exposure against current insurance coverage and risk management strategies 2.208 Assesses the implications of changes to insurance coverage 2.209 Prioritizes the client's risk management needs	3.109 Formulates risk management strategies 3.110 Evaluates advantages and disadvantages of each risk management strategy 3.111 Utilizes the optimal strategies to make risk management recommendations 3.112 Prioritizes action steps to assist the client in implementing risk management recommendations
	TAX PLANNING	1.110 Collects the information necessary to establish the client's taxable income, deductions and credits 1.111 Identifies tax implications of assets and liabilities 1.112 Identifies current, deferred and future tax liabilities 1.113 Identifies parties relevant to the client's tax situation	1.215 Determines the client's attitudes toward taxation 1.216 Determines the client's tax knowledge	2.111 Determines the implications of relevant tax information 2.112 Considers potential tax strategies and structures	2.210 Evaluates appropriateness of existing tax strategies and structures 2.211 Assesses impact of tax planning alternatives	3.113 Formulates tax planning strategies 3.114 Evaluates advantages and disadvantages of each tax planning strategy 3.115 Utilizes the optimal strategies to make tax planning recommendations 3.116 Prioritizes action steps to assist the client in implementing tax planning recommendations
	RETIREMENT PLANNING	1.114 Collects the details of potential sources of retirement income 1.115 Collects the details of estimated retirement expenses	1.217 Determines the client's retirement objectives 1.218 Determines the client's attitudes toward retirement 1.219 Determines the client's comfort with retirement planning assumptions	2.113 Develops financial projections based on current position 2.114 Determines if the client's retirement objectives are attainable 2.115 Considers potential retirement planning strategies	2.212 Assesses financial requirements in retirement 2.213 Assesses trade-offs necessary to meet retirement objectives	3.117 Formulates retirement planning strategies 3.118 Evaluates advantages and disadvantages of each retirement planning strategy 3.119 Utilizes the optimal strategies to make retirement planning recommendations 3.120 Prioritizes action steps to assist the client in implementing retirement planning recommendations
	ESTATE PLANNING (INCLUDING LEGAL ASPECTS)	1.116 Collects legal documents that impact estate planning strategies	1.220 Identifies the client's estate planning objectives 1.221 Identifies family dynamics and business relationships that could impact estate planning strategies 1.222 Assesses the client's attitudes and biases toward estate planning	2.116 Projects net worth at death 2.117 Considers constraints to meeting the client's estate planning objectives 2.118 Considers potential estate planning strategies	2.214 Calculates potential expenses and taxes owing at death 2.215 Assesses the specific needs of beneficiaries 2.216 Assesses the liquidity of the estate at death	3.121 Formulates estate planning strategies 3.122 Evaluates advantages and disadvantages of each estate planning strategy 3.123 Utilizes the optimal strategies to make estate planning recommendations 3.124 Prioritizes action steps to assist the client in implementing estate planning recommendations

**Financial Planning Standards Council**

902-375 University Avenue, Toronto, ON M5G 2J5

phone 416 593 8587 | toll free 1 800 305 9886 | [www.fpsc.ca](http://www.fpsc.ca)