

FPSC Competency Profile



FPSC FINANCIAL
PLANNING
STANDARDS
COUNCIL®

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FPSC Competency Profile Version 3.0

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Introduction

About Financial Planning

Financial Planning Standards Council (FPSC) defines financial planning as a disciplined, multi-step process of assessing an individual's current financial and personal circumstances against an individual's future desired state, and developing strategies that help meet personal goals, needs, and priorities by optimizing the allocation of financial resources. Financial planning takes into account the interrelationships among relevant financial planning areas in formulating appropriate strategies.

Financial planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning, and legal aspects. Financial planning is an ongoing process involving regular monitoring of an individual's progress toward meeting personal goals, needs, and priorities, a re-evaluation of financial strategies in place and recommended revisions, where and when necessary.

Financial Planning Standards Council (FPSC)

As a standards-setting and certification body working in the public interest, FPSC's purpose is to drive value and instill confidence in financial planning. FPSC ensures those it certifies (CERTIFIED FINANCIAL PLANNER® professionals and FPSC Level 1® Certificants in Financial Planning) meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics.

CFP® Certification

CFP certification is the most widely recognized financial planning designation in Canada, and the only globally recognized mark of professionalism for financial planning. There are 17,000 CERTIFIED FINANCIAL PLANNER professionals across Canada, part of an international network of more than 170,000 CFP professionals in 26 territories around the world.

To qualify for CFP certification, candidates must have successfully completed an FPSC-Approved Core Curriculum education program, the FPSC Level 1 Examination in Financial Planning, an FPSC-Approved Capstone Course, and the CFP examination, as well as having completed three years of relevant work experience.

FPSC Level 1 Certification in Financial Planning

While CFP professionals have demonstrated the knowledge, skills and abilities to provide financial planning solutions at all levels of complexity, FPSC Level 1 certificants are equipped to provide financial planning strategies and solutions for clients who have

less complex financial planning needs. FPSC Level 1 certificants are required to attest to the same standard of care, ethics and loyalty as CFP professionals, and have a continuing education requirement to ensure that competence is maintained and continues to grow.

To qualify for FPSC Level 1 certification, candidates must have successfully completed an FPSC-Approved Core Curriculum education program, followed by the FPSC Level 1 Examination in Financial Planning.

Note that throughout the FPSC Competency Profile, “CFP professionals and FPSC Level 1 certificants” are referred to as “FPSC certificants”. Information in this document applies to both certifications.

A Commitment to the Highest Standards of Excellence

A client’s financial planning needs may encompass multiple goals and considerations, requiring proficiency in many areas. FPSC certificants are skilled in providing financial planning in the context of the client’s entire personal and financial picture—addressing both today’s and future needs—while adhering to the principles and standards set out by FPSC. These abilities and obligations distinguish FPSC certificants from other providers of financial advice.

The most fundamental of these obligations is adherence to the FPSC® Code of Ethics and FPSC® Rules of Conduct included in the *Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning*, which provide an ethical standard to be expected by clients and specific guidance to the FPSC certificants. The FPSC® Fitness Standards lay out FPSC’s character expectations for FPSC certificants, to protect the integrity of the profession and clients alike. Furthermore, because their work with clients can vary in terms of level of complexity and involve the integration of many financial planning elements, FPSC certificants are expected to follow logical, defined processes in order to perform their duties effectively. The FPSC® Financial Planning Practice Standards delineate these processes.

FPSC certificants may need to adapt their practices to the needs of their clients and employers. Therefore, it is essential that they have a set of skills and abilities that allows them to perform effectively in any situation. These fundamental, common functions of the profession help FPSC certificants (and other stakeholders) establish expectations and measure success. These functions also form the basis of the *FPSC Competency Profile* (hereinafter referred to as the *Competency Profile*).

Development and Application of the *Competency Profile*

The *Competency Profile* is based on FPSC's comprehensive analysis of the financial planning profession. Version 3.0 is founded on the previous version of the *Competency Profile* released by FPSC in 2011, the global *Financial Planner Competency Profile* released by Financial Planning Standards Board Ltd. in 2015, and considerable input from industry.

Every five years, FPSC revalidates the *Competency Profile* to ensure it continues to be relevant to the financial planning profession, representative of the competencies and skills that Canadians require and an accurate reflection of the demands related to the practice of financial planning. To complete Version 3.0, FPSC struck a national task force of CFP professionals and industry representatives to refine and update language, identify new or evolving competencies, address unnecessary competencies and update the definition and statements specific to the professional skills required for the practice of financial planning. The work of this task force was validated through a survey of FPSC certificants, educators and industry representatives to confirm its relevance, currency and accuracy.

The *Competency Profile* reflects what FPSC certificants do today and the expectations for the profession over the next several years. It sets the bar for those aspiring to become FPSC certificants in the future; as such, it is intended to lead the profession, not follow it.

The *Competency Profile* identifies the core knowledge, skills and abilities required for competent financial practice, and thus sets out the value proposition of financial planning. It is not an exhaustive list of every element possible in every variation of practice, but rather it outlines what FPSC certificants actually do.

The *Competency Profile* has four direct applications for FPSC: examination blueprints, Core Curriculum education and Capstone Course approval, work experience evaluation and Continuing Education requirements. Although other possible applications of the *Competency Profile* may be significant, these four applications are most relevant to ongoing FPSC activities.

FPSC certificants can use the *Competency Profile* to validate their skills and abilities and articulate their value to clients, employers and other stakeholders. It also serves as the source document to help determine their appropriate continuous professional development.

Candidates for certification can use the *Competency Profile* to understand the scope of competence required for the examination components of CFP certification and FPSC Level 1 certification. Specifically, the *Competency Profile* is the foundation for the blueprints of each of FPSC's certification examinations. The *Competency Profile* serves as the primary measure of what will qualify as acceptable under the work experience requirement for CFP certification and FPSC Level 1 certification.

Education providers can use the *Competency Profile* to guide the development of financial planning curricula to ensure their students acquire the knowledge, skills and abilities they will need to be effective, competent and prepared for employment and the practice of financial planning. FPSC uses the *Competency Profile* to determine which education programs meet FPSC’s Core Curriculum and Capstone Course requirements.

Employers can use the *Competency Profile* to better understand the value and importance of hiring FPSC certificants and to appreciate the knowledge, skills and abilities that FPSC certificants bring.

Canadian consumers can use the *Competency Profile* to better understand the value proposition of financial planning and the role that FPSC certificants can play in helping them meet their life goals. The *Competency Profile* also provides the public with a summary of the areas of planning that FPSC certificants can address.

Structure of the *Competency Profile*

What Is a “Competency”?

The ability to perform a particular job function is called a “competency”. However, a competency is not simply a job-related task. It also includes the integrated application of knowledge, skills, attitudes and judgments required to perform key functions of the job at an expected level.

The *Competency Profile* has been created to help describe competencies that define expectations for FPSC certificants. Competencies are the focal point of FPSC certificants’ underlying skills and knowledge. In addition to adhering to standards of professional responsibility, FPSC certificants’ fulfillment of these competencies will be one of the most important determinants of their clients’ financial planning experiences.

Competencies are a combination of:

- Activities – the “functional” elements of a competency or the drivers of actual tasks performed as FPSC certificants move through the financial planning process; and
- Skills and technical knowledge – the “foundational” elements of a competency that include the behaviours and required knowledge that support achievement of the financial planning tasks.

By defining competencies in this way, we recognize the importance of the underlying elements, while acknowledging that FPSC certificants must combine these elements effectively in order to apply a particular competency in practice.

Functional Drivers of Competencies

The functional drivers of the competencies consist of two major elements:

- Financial Planning Areas: Outline the areas of focus in which FPSC certificants will address different client goals and financial issues
- Financial Planning Functions: Outline the more broadly defined, general activities common to all financial planning areas

Financial Planning Areas

The following six areas, together with Fundamental Financial Planning Practices, comprise the whole of financial planning competencies:

- financial management
- investment planning
- insurance and risk management
- tax planning
- retirement planning
- estate planning and legal aspects

In reviewing the *Competency Profile*, it is important to recognize that although many competencies could appear under multiple areas, each statement of competency is assigned to the most representative area within a particular function and appears only once. For example, a competency that appears as an element within Collection in Estate Planning may also be relevant to Collection for Insurance and Risk Management.

The practice of financial planning is integrative in nature—one area cannot be considered in isolation. Within any single Financial Planning Area, FPSC certificants will assess overlapping statements of competency from other areas. It is the diligence expected of them to address all relevant statements of competency, as appropriate, in working with any financial planning engagement.

Fundamental Financial Planning Practices represent general competencies that are pervasive across all financial planning areas. These competencies relate to the integration and interrelationships among the financial planning areas. With every client engagement, the Fundamental Financial Planning Practices are essential building blocks to which FPSC certificants will add from the other areas depending on the details of the engagement.

Financial Planning Functions

At the most general level, financial planning consists of three basic functions:

1. Collection

Gathers the client's information:

- Gathering both quantitative and qualitative information
- Identifying relevant facts and documentation
- Preparing and organizing information in a way that allows for appropriate analysis

2. Analysis

Assesses the client's situation and identifies and evaluates appropriate strategies:

- Identifying issues and opportunities
- Performing required calculations
- Developing projections
- Preparing and assessing the resulting information to identify and evaluate appropriate strategies

3. Recommendation

Develops recommendations to help optimize the client's situation:

- Developing recommendations, in order of priority, that help meet the client's personal goals, needs and priorities

Professional Skills

Professional skills describe the ability to act in a manner that is constructive, collaborative and responsive to the needs of clients and colleagues. They are a key foundational element to the application of financial planning competencies. Professional skills refer to the non-technical competencies expected of members of a profession. They describe how FPSC certificants are expected to behave and interact with clients and others, and are inherent to being a competent financial planning professional. They are transferable competencies that apply to most situations and, in fact, most professions. Professional skills are categorized as follows:

- critical thinking skills
- interpersonal and relationship skills
- communication skills
- teamwork and collaboration skills

Professional skills separate qualified financial planners from others in the financial services industry and form the foundation for financial planning as a profession.

Technical Knowledge: Financial Planning Body of Knowledge (FP-BoK)

The Financial Planning Body of Knowledge (FP-BoK) describes the knowledge expected of FPSC certificants in 12 technical topic areas:

- | | |
|--|--------------------|
| 1 financial planning profession and financial services industry regulation | 7 economics |
| 2 financial analysis | 8 investments |
| 3 credit and debt | 9 taxation |
| 4 registered retirement plans | 10 law |
| 5 government benefit plans | 11 insurance |
| 6 registered education and disability plans | 12 human behaviour |

As a key foundational support to the demonstration of financial planning competence, the FP-BoK provides the underpinning for the *Competency Profile*. It is essential for demonstrating competence in the fundamental financial planning practices and financial planning areas of financial management, investment planning, retirement planning, tax planning, insurance and risk management, estate planning and legal aspects. Knowledge around human behaviour, decision making and relationships is important for the demonstration of professional skills. Without appropriate levels of knowledge, the competencies cannot be demonstrated.

By cataloguing the knowledge expected of FPSC certificants, the FP-BoK builds on the *Canadian Financial Planning Definitions, Standards and Competencies* to further define the holistic nature and scope of financial planning for the benefit of the Canadian public, educators, students, industry firms and financial planning professionals.

Access the FP-BoK at fpsc.ca/bok

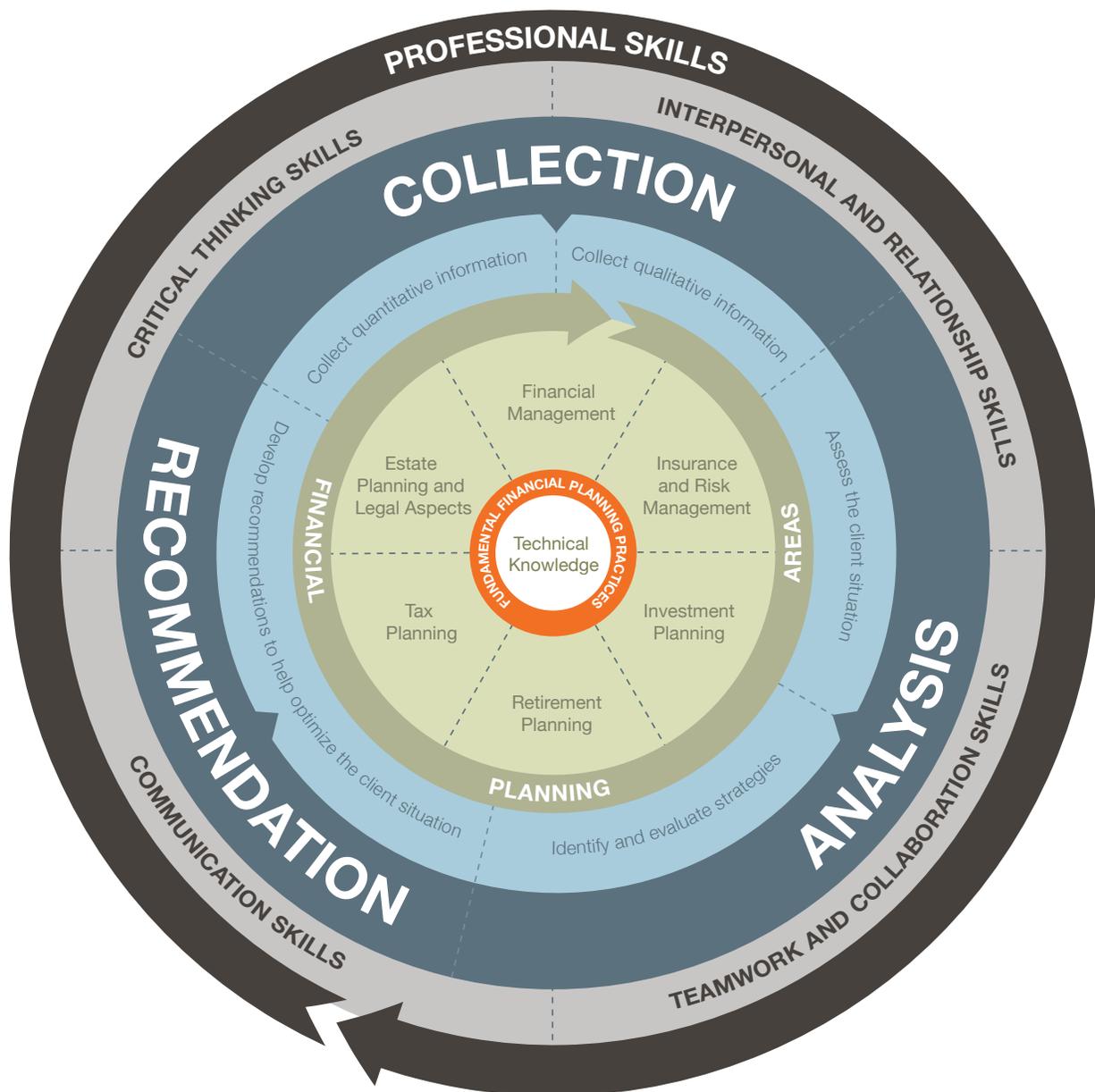
Elements of Competency

A competency is the application and integration of knowledge, skills, attitudes and judgments that allow FPSC certificants to perform specific job functions. At the basis of competencies are the processes and methods that FPSC certificants use to complete the day-to-day requirements of financial planning.

The tables on pages 10–36 list the elements of competency associated with each financial planning area and the fundamental financial planning practices. Each table also provides a brief description of the elements of competency and examples of how FPSC certificants may apply them. The descriptions and examples are not intended to provide full details on the elements of competency. They are not taken to be exhaustive or prescriptive, but rather serve as guidance for those seeking greater clarity on the intent of each competency statement.

Please note that in keeping with the FPSC® Rules of Conduct, FPSC certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FPSC.

The accompanying diagram is a graphic representation. It illustrates the concept that in all financial planning areas, elements of competency are the focal point, the summative result of FPSC certificants' performance of financial planning functions, professional skills and demonstration of their technical knowledge.



Fundamental Financial Planning Practices

Applying the fundamental financial planning practices in preparing a financial plan for a client relates to the integration and interrelationships among the six financial planning areas. These practices are key to providing a thorough plan that details the impact that recommendations will have on each planning area. Using the practices enables FPSC certificants to assess the client's entire position and develop a comprehensive financial plan, providing recommendations that work in concert with all of the financial planning areas. In order to provide meaningful advice and planning, FPSC certificants must be aware of all of the client's goals and objectives, understand the overlap and interdependency of the planning areas, recognize the gaps, constraints and opportunities present in the client's situation, recommend appropriate financial strategies, and establish planning priorities that meet the client's needs and optimize the client's overall financial situation.

1

Collection: Gathers and prepares the client's information

1.001 Identifies client's objectives, needs, values, and expectations that have financial implications

FPSC certificants gather information about the client's quantitative financial goals, as well as other relevant qualitative considerations, such as the client's attitudes about financial planning. Issues regarding family, business or other matters can have financial implications. For example, FPSC certificants may learn about the client's general tendency to be cautious when making decisions, the importance of providing for a child with special needs or concerns about the protection of business interests. The client's behaviours, objectives and concerns will have an impact on the financial planning to be done.

1.002 Determines client's comfort with financial planning assumptions

FPSC certificants discuss with the client the understanding and comfort with the financial planning assumptions used in the plan. In preparing retirement projections for the client, financial planning assumptions can include a review of the rate of return to be earned on assets, the rate of interest to be charged on debt or the client's anticipated life expectancy. FPSC certificants discuss all of the assumptions used, their relevance and implications to ensure the client understands and agrees to their use in the preparation of the financial plan.

1.003 Identifies information and documentation required to prepare the financial plan

FPSC certificants know what information is needed, and are able to identify the specific client material necessary to prepare the financial plan. The required information and documentation can include information and corresponding statements for assets and liabilities and for current and projected income and expense amounts, copies of the client's will, power of attorney, income tax filings and business and other agreements. FPSC certificants may request other supporting documentation that has not already been provided, and may provide guidance to the client about obtaining documents that may not be immediately available.

1.004 Identifies client's legal issues that affect the financial plan

FPSC certificants recognize legal situations that will have a financial impact on the client. Current and potential legal issues, such as the client's citizenship and family status (whether single, married, common-law, separated or divorced) may affect the client's financial position. Other legal issues may relate to spousal and child support obligations or entitlements, outdated or invalid wills, an ongoing income tax audit or any other legal proceedings that impact the client's achievement of the financial goals.

1.005 Determines client's level of financial sophistication

FPSC certificants discern the client's level of knowledge regarding financial matters. If the client has had a financial plan developed previously, FPSC certificants will understand the client's familiarity with and expectations of financial planning. FPSC certificants may also review current plans in place to achieve the client's goals. A client who has a well structured investment and retirement plan and a family trust set up to benefit children may be considered to have some experience and understanding in financial matters, and a higher level of financial sophistication.

1.006 Identifies material changes in client's personal and financial situation

FPSC certificants recognize the changes in the client's life that will impact the financial planning. Material changes in the client's personal and financial situation can include changes in marital status, starting a family, losing one's employment, venturing into a new business, receiving an inheritance or experiencing health issues. These examples of changes will all have an impact on the client's financial situation and can affect the achievement of the financial goals.

1.007 Determines completeness of information to enable analysis

FPSC certificants establish if all of the required information has been provided before analysis begins. Organizing and reviewing the collected information ensures all details are known and complete in order to prepare an accurate and relevant analysis. For instance, in preparing a statement of investment holdings, FPSC certificants will need to know whether the investments are held in a non-registered or registered account, their adjusted cost base, fair market value, interest or dividend payments, accrued gain or loss position and any other relevant details.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.001 Analyzes collected information to prioritize the financial planning areas

FPSC certificants determine the financial planning areas that are a priority and should be addressed first by the client. A detailed analysis of the information collected helps establish the priority of each financial area relative to the overall plan. For example, FPSC certificants may prioritize risk management and estate planning for a client who has a young family with significant protection needs, but has no insurance or a valid will in place.

2.002 Considers interrelationships among financial planning areas

FPSC certificants recognize the integrative nature of financial planning and how recommendations in one financial planning area will have an impact in other financial planning areas. For instance, when FPSC certificants work with a high-income client who wants to make retirement planning a priority, they can determine the efficient allocation of the client's surplus cash flow to registered plans, including the client's and spouse's respective RRSPs and TFSAs (retirement planning). In terms of contributions to the client's lower income spouse's RRSP and TFSA, FPSC certificants consider income splitting and tax saving opportunities (tax planning). FPSC certificants then ensure that registered contributions are invested in line with the client's and spouse's respective investment objectives and risk tolerance (investment planning).

2.003 Assesses opportunities and constraints across financial planning areas

FPSC certificants review and evaluate the client's financial position across all of the financial planning areas. Assessing areas of opportunity and constraint helps determine where the client's current resources and plans may help or hinder the achievement of financial goals. For example, a client's family circumstances may have changed due to divorce or remarriage. In reviewing the client's estate planning objectives, a new will may need to be drafted (estate planning) to provide for dependants and family members, life insurance may be required to fund any required support obligations (risk management) and cash flow requirements may need to be adjusted to fund the cost of additional life insurance premiums (financial management).

2.004 Considers impact of economic, political and regulatory environments

FPSC certificants recognize and consider how the economy, the political landscape and regulatory requirements will impact the client's financial plan. These environments can include matters relevant to Canada, as well as international issues and situations. Economic, political and regulatory factors may guide or limit the client's financial planning options. When preparing retirement projections for a client, the impact of inflation on the client's anticipated retirement living costs, as well as investment returns, needs to be calculated in order to assess the client's ability to fund retirement and meet objectives.

2.005 Assesses costs and benefits of competing alternatives across financial planning areas

FPSC certificants evaluate the advantages and disadvantages of competing planning options available to the client from all planning areas. FPSC certificants may need to advise the client who wants to pay down a mortgage or fund an RRSP for retirement on the best use of surplus cash flow. As part of this assessment, FPSC certificants would include the costs or penalties associated with making additional mortgage principal payments, the ongoing mortgage interest expense, as well as the tax savings from the RRSP deduction and the growth of assets within the RRSP.

2.006 Measures progress toward achievement of objectives of the financial plan

FPSC certificants determine what progress has been made in achieving the steps required to meet the client's financial planning objectives. If the client wants to be debt-free in five years, FPSC certificants may assess the impact of cash flow directed to debt reduction by comparing previous debt balances to current debt balances to confirm the client is on track to meeting the goal.

3

Recommendation:

Develops recommendations to help optimize the client's situation

3.001 Prioritizes recommendations from the financial planning areas to optimize the client's situation

FPSC certificants specify what financial planning recommendations should be implemented first by the client. The relative priority of each financial planning recommendation is used to best address the client's needs, goals, attitudes and values. For instance, FPSC certificants may prioritize the purchase of life and disability insurance (risk management) and drafting of a will (estate planning) for a client who is married with a young family, before looking at ways to fund an education savings plan (financial management).

3.002 Recommends steps to implement the financial plan

FPSC certificants outline the steps required to achieve the financial planning recommendations presented in the plan. The implementation of the financial plan may include creating an action plan listing the tasks to be completed, with the names of those responsible for completing the tasks and expected timelines for completion.

3.003 Determines other professionals required to assist in implementation of the financial plan

FPSC certificants recognize when other qualified professionals and their expertise are required to help the client achieve the financial planning recommendations. Other professionals may be required to assist in the implementation of the financial plan. For example, if the client requires additional life insurance to meet risk management needs, the FPSC certificant may recommend a meeting with a licensed insurance professional. FPSC certificants may advise the client to seek further advice, clarification and expertise from a range of professionals such as lawyers, accountants, licensed investment advisors and business valuers.

3.004 Determines necessity to revise the financial plan

FPSC certificants are aware when adjustments to the financial plan and its recommendations need to be made. FPSC certificants may become aware of changes to the client's situation through the regular review process, or from recent client communication. These changes may require revisions to the financial plan and its recommendations. For example, FPSC certificants may be advised that the client has received a severance package and is now unemployed. This would require a review and revision to the original financial plan to manage changes to cash flow, the potential use of savings and perhaps the replacement of lost group insurance coverage.

Financial Management

Financial management focuses on the client's current and future financial position, including the use of cash flow and the development of a cash flow statement, the establishment and use of savings, as well as the use of credit and repayment of debt. The client's financial position is characterized by current and projected cash flow and net worth, and will reflect the client's inclination to spend, save and borrow.

It is important for FPSC certificants to consider the integration of financial management with other financial planning areas, since decisions made in this area will impact, and be impacted by, other key financial planning goals and strategies. For example, cash management will need to account for various goals, such as providing for the client's children's education over the next four years, retiring in 10 years, or leaving a sizeable estate.

1

Collection: Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.101 Collects information regarding client's assets and liabilities

FPSC certificants discuss with the client details about the client's assets and liabilities. Information can also be obtained by the client providing supporting documentation, which may include bank and investment statements, property tax assessments, and mortgage, loan, line of credit and credit card statements. Key information about assets includes type of asset, market value, ownership, adjusted cost base, historical rates of return and beneficiary designations. Key information about liabilities includes the type of liability, balance owing, ownership, term, interest rate, amount and frequency of payments and purpose of the liability.

1.102 Collects information regarding client's current and projected cash flow

FPSC certificants discuss with the client details about the client's income and expenses. Information can also be obtained by the client providing supporting documentation, which may include bank statements, payroll confirmations for employment income, income tax slips, income tax assessments, separation agreements, and mortgage, loan and credit card statements detailing payment amounts. Key information about income and expense amounts includes the source, amount, timing, frequency and tax treatment of items.

1.103 Prepares statements of client's net worth and cash flow

FPSC certificants use the collected information on the client's assets and liabilities to prepare a statement of net worth and use the collected information on the client's income and expenses to prepare a cash flow statement. These statements form the basis for analysis and proposed strategies and recommendations to help the client meet financial planning goals. They can also be used to help monitor the plan's progress. FPSC certificants can prepare a summary of assets and liabilities to arrive at a net worth position for the client. Details of income and expenses are summarized to show whether the client has a surplus or deficit cash flow.

1.2 Gathers qualitative information

1.201 Determines client's experience, attitudes, biases and objectives regarding saving and spending

FPSC certificants discuss with the client any experiences that would impact the client's attitudes, biases and objectives around saving and spending. For example, if FPSC certificants identify a monthly cash flow shortfall, they should discuss this with the client to determine needs and spending habits. In helping the client recognize why the monthly shortfalls occur, FPSC certificants can discuss spending behaviours that may require change and other steps that can be taken to create a positive cash flow.

1.202 Determines client's experience, attitudes, biases and objectives regarding credit and debt

FPSC certificants discuss with the client any experiences that would impact the client's attitudes, biases and objectives around credit and debt. For example, FPSC certificants may observe that the client uses a credit card for monthly purchases and carries a credit card balance each month. In discussing this with the client, FPSC certificants may learn that the client is comfortable using credit and carrying this debt because the client can afford the minimum required payment amount each month. FPSC certificants will need to discuss the implications of managing credit in this way, and its cost and impact on achieving the client's objectives.

1.203 Determines client's desired lifestyle

FPSC certificants discuss with the client how the client wants to live. The implications of funding the client's desired lifestyle are important for financial management decisions and strategies. For instance, in learning about the client's desired lifestyle, FPSC certificants may ask the client's preferences regarding type of home and living arrangements, activities, vacations and travel.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.101 Determines characteristics of client's assets and liabilities

FPSC certificants conduct a thorough review of the client's assets and liabilities to learn about and assess their features. For instance, FPSC certificants may identify if the client's RESP is a family or individual plan, the capital contributions made to it, the plan beneficiaries and any available carry forward grant room.

2.102 Determines whether client is living within financial means

FPSC certificants assess if the client is able to fund lifestyle costs using the client's resources without assuming debt. This includes calculating the client's monthly cash flow position to determine either a surplus or deficit. If the client regularly needs to use a line of credit to cover monthly expenses, then the client is not living within their financial means. In some cases, it may be appropriate for the client to rely on savings to help fund cash needs, like a retired client drawing down on the RRIF balance. However, in other situations, the need to access savings may indicate the client is spending more than the client earns. For example, if a client who earns a salary needs to make a TFSA withdrawal to meet the rent payment, the client is not living within their financial means and is spending beyond the client's net earned income amount.

2.103 Determines client's capacity to sustain an emergency situation

FPSC certificants assess to what extent the client can continue to fund cash flow needs in the event the client's income ceases or is reduced for a period of time. The client's capacity to sustain an emergency situation includes determining the liquidity of the client's assets, tax consequences, the availability and cost of credit if needed, and any entitlements to additional income such as insurance or government benefits. For example, FPSC certificants calculate the client's required monthly expenses, then assess if savings and possible insurance benefits would be adequate to cover costs in the event the client is disabled and cannot work for a period of time.

2.104 Calculates amount required to meet financial management objectives

FPSC certificants determine what amount of savings or payment is needed to achieve the client's financial management objectives. For example, FPSC certificants calculate the additional payment amount required each month to eliminate the client's mortgage balance by a set date. FPSC certificants consider any penalties or costs of excess annual principal payments in arriving at the recommended amount.

2.105 Identifies conflicting demands on current and projected cash flow

FPSC certificants recognize the various financial planning objectives that require funding from the client's cash flow. Conflicting demands on current and projected cash flow lead to a trade-off analysis and discussions to help the client make appropriate choices. For example, FPSC certificants identify competing objectives to fund education savings for the client's children and retirement savings for the client.

2.2 Considers and evaluates strategies

2.201 Considers potential cash flow strategies

FPSC certificants evaluate available options around budgeting income and expenses to meet the client's needs and objectives. For example, FPSC certificants help the client plan monthly spending. FPSC certificants develop a budget to ensure projected basic expenses are covered each month by the client's net take-home pay without using a credit card to meet these costs. This may also require a review and reduction of spending on discretionary items.

2.202 Considers potential credit and debt management strategies

FPSC certificants evaluate available options around managing the use of credit and payment of debt to meet the client's needs and objectives. This may include the assessment of a debt consolidation plan where several higher interest loans can be combined into one loan that carries a lower interest rate, allowing for more cash flow available that can be directed to the payment of the debt balance.

2.203 Considers potential savings strategies

FPSC certificants assess possible savings options to meet the client's goals. Potential savings strategies may include using a RESP to help save for the client's children's education, along with identifying available government grant room and the amount of contribution required to maximize the annual grant payment each year.

2.204 Assesses impact of potential changes in income and expenses

FPSC certificants determine how a change in the client's income or expenses will affect the cash flow position. The impact on the client's cash flow will vary, depending on the nature of the change. A cash flow shortfall can result if the client's income drops, or a cash flow surplus can result if the client's expenses are reduced. For example, FPSC certificants may revise the client's cash flow statement with the news of a job loss. A reduced income amount can result in changes to spending or the use of savings to meet required cash flow needs.

2.205 Evaluates advantages and disadvantages of each financial management strategy

FPSC certificants assess the benefits and concerns of each available financial management strategy in addressing the client's planning needs and objectives. For instance, FPSC certificants may evaluate the financing alternatives for the client's mortgage. When determining the advantages and disadvantages of each mortgage option, considerations can include whether it is open or closed, the term, the interest rate, the amortization period, the monthly payment amount, the prepayment penalties and other features.

2.206 Prioritizes client's financial management objectives and needs

FPSC certificants determine the importance of and rank in priority the client's net worth and cash flow needs and objectives. By identifying specific financial management issues as priorities, FPSC certificants can detail what strategies should be addressed first. For example, FPSC certificants may determine that establishing an emergency fund for the client is currently a more significant need than reducing the mortgage balance.

3

Recommendation:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.101 Formulates financial management strategies

FPSC certificants develop and present appropriate recommendations to address the concerns and objectives around the client's net worth and cash flow. For example, to meet the client's objectives of funding retirement plans and reducing debt, FPSC certificants may determine surplus cash flow can be contributed to an RRSP and the resulting tax savings from the RRSP deduction used to reduce the mortgage balance.

3.102 Recommends optimal financial management strategies

FPSC certificants present the most appropriate recommendations to best address the client's net worth and cash flow needs and objectives. Optimal financial management strategies may include meeting the objective of starting education savings for the client's children. In this situation, FPSC certificants recommend using surplus cash flow to start monthly pre-authorized bank account withdrawals for deposit into a family RESP.

3.103 Prioritizes steps to assist client in implementing financial management recommendations

FPSC certificants outline to the client what steps need to be done first in order to action the financial management recommendations. For example, to meet the client's objective of mortgage reduction, FPSC certificants may advise that switching payments from monthly to biweekly is the first step, and help the client understand how to make the change.

Investment Planning

Investment planning focuses on the client's assets and how to best manage them according to the client's investment risk tolerance and objectives. This planning involves all of the client's investment holdings, which can include cash, fixed income, equity, real estate and commodity-based assets. Investment planning decisions will impact the client's ability to meet financial goals related to major purchases, as well as education funding, retirement, tax and estate planning.

Please note that in keeping with the FPSC® Rules of Conduct, FPSC certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FPSC. The rules and regulations about providing investment planning advice will vary across different jurisdictions.

1

Collection:

Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.104 Collects information regarding client's assets and investment holdings

FPSC certificants discuss with the client details about the client's assets and investment holdings. In providing the required information, the client may give copies of bank and investment account statements. Information necessary for the financial plan includes the investment amounts held in non-registered and registered accounts, and if the investments are held at a bank, credit union, insurance company or other financial institution.

1.105 Prepares a detailed summary of assets and investment holdings

FPSC certificants use the collected information to develop a complete listing of the client's assets. A detailed summary of investment holdings includes information about the fair market value and adjusted cost base of investments, date of purchase, accrued gains or losses, historical rates of return, and maturity dates. For some assets, information about ownership and title, beneficiary designations, and location may be provided. Supporting documentation can include investment statements, purchase confirmations or property deeds.

1.106 Determines client's current asset allocation

FPSC certificants collect information about the client's assets and investment holdings to identify the value held in each asset class. The client's current asset allocation details the proportion of the client's assets that are held in cash, fixed income and equities, and sometimes in other asset groups such as real estate or commodities. This is done for total asset holdings, which would include investments in both registered and non-registered plans.

1.107 Identifies current and projected asset and investment cash flows

FPSC certificants collect information about the client's holdings to determine asset and investment cash flows. This can include interest payments on fixed income assets, and confirming if the interest is received or continues to accrue until maturity. FPSC certificants would identify dividend payments from equity holdings and whether these payments remain in cash or are reinvested to purchase additional shares. The amount of government grants to be received from RESP or RDSP contributions and paid to the accounts would also be determined.

1.108 Identifies available contribution room

FPSC certificants gather details about available contribution room for registered plans such as TFSAs, RRSPs, RESPs and RDSPs. Identifying available contribution room can provide planning opportunities for the client, as well as avoid excess contributions to registered plans and the resulting penalties.

1.2 Gathers qualitative information

1.204 Determines client's investment experience, attitudes, biases, and objectives

FPSC certificants discuss how the client feels about investing. For example, FPSC certificants learn about the client's investment experience, whether the client has invested only in term deposits or in a variety of investment vehicles, and if past experience has been positive or negative. A realized loss on the sale of shares may result in a client bias to avoid equity investments. FPSC certificants also discuss the purpose of the client's investment, and if the client is looking for safety of capital, income or growth.

1.205 Determines client's return expectations

FPSC certificants discuss the client's return expectations for investments and the basis for those expectations. FPSC certificants review how realistic the client's return expectations are by comparing them to research and statistics around the historical and expected performance of various asset classes.

1.206 Determines client's investment constraints

FPSC certificants discuss and identify various constraints that would impact the investment of the client's assets. For example, investment constraints can include the client's investment time frames, such as how long it will take to save a specific amount of money, or when investments will need to be liquidated to fund certain expenses. The client's investment time horizon is often evaluated in the context of other financial goals, such as a planned retirement date, or funding education costs.

1.207 Determines client's capacity, tolerance, and composure related to investment risk

FPSC certificants discuss the client's feelings relative to investment risk and the potential loss of asset value. For example, FPSC certificants determine the client's attitudes and concerns about incurring a financial loss, ability to handle a financial loss, and the impact it would have on cash flow, savings, lifestyle and the financial plan. In determining the client's risk profile, FPSC certificants discuss the client's attitudes about market volatility, and past and potential reaction and behaviour to market swings.

1.208 Determines client's desired degree of involvement in investment planning

FPSC certificants explore with the client what level of responsibility the client wants to take in managing investments. They discuss with the client how comfortable the client is in implementing investment decisions. FPSC certificants may also assess the client's investment knowledge and interest, level of involvement in previous investment decisions and if investments are managed on a discretionary or non-discretionary basis.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.106 Determines characteristics of assets and investment holdings

FPSC certificants conduct a thorough review of the client's assets and investment holdings to learn about and assess their features. For example, if the client is holding mutual fund units, FPSC certificants identify the fund units' adjusted cost base, fair market value, whether they are held in a registered account, ownership, estimated income, accrued gain or loss, marketability, volatility, annual fees, redemption fees and tax treatment.

2.107 Determines the implications of acquiring or disposing of assets

FPSC certificants identify the resulting consequences from the purchase or sale of assets. Determining the implications of acquiring or disposing of assets can include an assessment of fees and costs, the income tax impact, the resulting asset mix and diversification of holdings.

2.108 Calculates required rate of return to reach client's objectives

FPSC certificants calculate the return that needs to be earned for investments to grow from their current value to a projected value to meet the client's objective. The required rate of return calculation may factor in the amount and frequency of investment contributions and withdrawals, the client's income needs and investment time horizon, as well as inflation and income tax considerations.

2.109 Assesses whether investment return expectations are consistent with client's constraints, required rate of return, investment risk capacity, need, tolerance, and composure

FPSC certificants determine if the client's return expectations are suitable for the client's investor profile. This assessment can include a comparison of what rate of return is suitable based on the client's risk tolerance, investment objectives and constraints against the rate of return the client expects to earn. In some cases, the client's expected return may not be realistic based on the current market environment, it may be assuming more risk than what is needed to earn the client's required rate of return, or it may require an asset mix that is too aggressive when compared to the client's composure and capacity to handle investment risk. When appropriate, FPSC certificants discuss more realistic return expectations that are better suited to the client's risk tolerance profile.

2.110 Assesses whether asset allocation is consistent with client's constraints, required rate of return, investment risk capacity, need, tolerance, and composure

FPSC certificants determine if the client's asset groups weightings are suitable for the client's investor profile. This assessment can include a comparison of what asset weightings are suitable based on the client's risk tolerance, investment objectives and constraints against the client's current asset weightings. When the client's asset allocation is not suitable, FPSC certificants identify the concern, revisit and discuss the investor profile details with the client, and recommend an adjustment to the asset allocation. FPSC certificants monitor the asset allocation on a regular basis, since changing asset values will alter asset class weightings.

2.2 Considers and evaluates strategies

2.207 Considers potential investment planning strategies

FPSC certificants assess and evaluate different investment planning options to meet the client's needs and objectives. For example, FPSC certificants may consider adjustments to the client's overall asset mix or the use of different investment vehicles, such as mutual funds, pooled funds and individual securities. FPSC certificants may also consider the consolidation of investment accounts.

2.208 Evaluates advantages and disadvantages of each investment planning strategy

FPSC certificants assess the benefits and concerns of each available investment planning strategy in addressing the client's planning needs and objectives. For example, FPSC certificants evaluate investing in individual securities compared to investing in a mutual fund. The comparison can include the advantages and disadvantages with regards to fees and annual costs, diversification, level of management, expected returns and income distributions.

2.209 Prioritizes client's investment planning objectives and needs

FPSC certificants determine the importance of and rank in priority the client's investment planning needs and objectives. By identifying specific investment planning issues as priorities, FPSC certificants can detail what strategies should be addressed first. For example, if the client has a large percentage of assets invested in the employer's shares through participation in company stock purchase plans and stock options awards, FPSC certificants identify an increased level of investment risk due to this lack of diversification. In this situation, an investment planning priority might be to sell a portion of these shares and use the proceeds to diversify the client's investment holdings.

3

Recommendation:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.104 Formulates investment planning strategies

FPSC certificants develop and present appropriate recommendations to address the concerns and objectives around the client's investment planning. For example, FPSC certificants identify the need for investments in the client's RESP to provide safety of capital to ensure adequate funding of education costs within the next year. FPSC certificants may recommend that investments in the RESP be in cash or fixed income to meet the investment objective.

3.105 Recommends optimal investment planning strategies

FPSC certificants present the most appropriate recommendations to best address the client's investment planning needs and objectives. For instance, optimal investment planning strategies may include a recommendation for mutual funds to help achieve the desired level of diversification in the client's investment holdings.

3.106 Prioritizes steps to assist client in implementing investment planning recommendations

FPSC certificants outline to the client what steps need to be done first in order to action the investment planning recommendations. For example, if FPSC certificants identify that the current asset allocation is not appropriate for the client's investment risk profile and investment objectives, the next step may be to meet with an investment specialist to get an understanding of current market conditions and possible income tax implications before selling any of the investments to realign the asset allocation.

Insurance and Risk Management

Insurance and risk management focus on strategies designed to manage the client's exposure to an unexpected financial loss due to death, disability, health issues, property damage and other risks. FPSC certificants compare the client's risk exposure to current insurance coverage and other available assets to help determine and prioritize risk management needs. An unmanaged risk can impact the ability to achieve the client's overall goals, so proper planning in this area will have an impact on the other financial planning areas.

Please note that in keeping with the FPSC® Rules of Conduct, FPSC certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FPSC. The rules and regulations about providing insurance planning advice will vary across different jurisdictions.

1

Collection: Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.109 Collects information regarding client's existing insurance coverage

FPSC certificants discuss with the client details about the client's insurance policies and current coverage. Information can also be obtained by the client providing supporting documentation, which may include copies of insurance policies or group benefit statements. The client's existing insurance coverage can include individual and group insurance plans. Insurance coverage would include life insurance policies, disability insurance policies, health and dental insurance policies, critical illness insurance policies, long-term care insurance policies, homeowner and auto insurance policies, as well as any insurance benefits from government plans.

1.110 Prepares a detailed summary of existing insurance coverage

FPSC certificants use the collected information to develop a complete listing of the client's insurance policies and coverage. Key information would include the type of policy, ownership, amount of coverage, period of coverage, renewal date, premiums, cash values, beneficiary designations and other features.

1.111 Determines resources available to manage risk

FPSC certificants identify resources available to the client to help reduce financial risk. Resources to help manage risk can include the client's savings, access to credit, income benefits or payments under insurance policies, and eligibility for benefits under employer and government plans.

1.112 Identifies current and potential future financial obligations

FPSC certificants determine the client's financial responsibilities that will need to be covered in the event of an accident or injury, illness or death. Current and potential future financial obligations can include debt, support payments, living expenses, income tax, legal judgments, medical and health care costs, and funeral costs. For example, FPSC certificants estimate the cost of covering cash flow needs in the event of a disability, when salary may cease because the client is unable to work. Another example is when FPSC certificants project the client's potential financial obligations upon death, such as funeral expenses, debt repayment, income tax owing and ongoing support for dependants.

1.2 Gathers qualitative information

1.209 Determines client's risk management experience, attitudes, biases, and objectives

FPSC certificants discuss with the client any experiences that would impact the client's feelings about insurance and risk management. For example, FPSC certificants discuss how the client wishes to manage risk of financial loss resulting from significant events such as death, disability, illness or property damage. FPSC certificants determine the client's approach to risk management, understanding of the adequacy of current coverage, and willingness to assume risk or take steps to manage risk. In assessing biases, FPSC certificants determine if the client may be influenced by personal experience, such as the premature death of a parent and the resulting financial hardship on the family.

1.210 Determines relevant lifestyle factors

FPSC certificants identify relevant lifestyle choices that may impact the client's exposure to risk. Relevant lifestyle choices that impact risk can include smoking, gambling, physical fitness, travel, and activities such as mountain climbing or skydiving. FPSC certificants consider these factors when assessing the client's risk management needs. Lifestyle factors can also refer to determining if the client wants to maintain the current standard of living for dependants in the event of disability or death.

1.211 Determines client's personal and family health history

FPSC certificants are aware of health issues that will have an impact on the client's risk management planning. Personal and family health history would include information about illnesses and diseases that may impact the pricing and eligibility of insurance coverage. For example, a client diagnosed with a degenerative nerve disease may not be eligible to purchase critical illness insurance.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.111 Determines characteristics of existing insurance coverage

FPSC certificants conduct a thorough review of the features and terms provided under the client's insurance coverage. The characteristics of existing insurance coverage can include benefit amounts, exclusions of coverage, integration with other benefits, when benefits cease, indexation of benefits and other features. For example, FPSC certificants confirm to the client details of the client's group disability insurance coverage, such as whether or not the benefits received would be taxable, the benefit amount and if there is a maximum limit, when benefits would commence and when they would cease, the definition of disability and any other features of the plan.

2.112 Calculates financial impact of exposure to risk

FPSC certificants determine the client's financial risk should a significant event occur such as a physical injury or death. For example, FPSC certificants develop a cash flow projection showing the loss of salary income due to time off work because of an illness or injury and the impact it would have on funding current living expenses. This calculation would include the receipt of available insurance benefits, as well as the amount and timing of these benefits.

2.113 Assesses risk exposure against existing risk management strategies

FPSC certificants evaluate the client's financial risk using the client's insurance products and risk management planning currently in place. For example, FPSC certificants compare the amount of existing life insurance coverage against the calculated amount required to provide ongoing support for the client's family in the event of premature death. The adequacy of current coverage is assessed to determine whether or not the client's objectives for continued dependant support can be met.

2.2 Considers and evaluates strategies

2.210 Considers potential risk management strategies | FPSC certificants evaluate available options to address the client's insurance and risk management needs and objectives. Potential risk management strategies can include the consideration to purchase individual health insurance for the client when employer group benefit coverage ceases in retirement.

2.211 Assesses the impact of changes to insurance coverage | FPSC certificants determine how a change in the client's insurance coverage will affect exposure to risk and achievement of the client's risk management needs and objectives. For example, FPSC certificants determine the potential tax impact of replacing a whole life policy with a term life policy, as well as differences in premium costs, future benefits and coverage period. FPSC certificants also evaluate whether a change in insurance coverage would result in an over-insured or under-insured position for the client.

2.212 Evaluates advantages and disadvantages of each risk management strategy | FPSC certificants assess the benefits and concerns of each available risk management strategy in addressing the client's planning needs and objectives. For example, FPSC certificants weigh the advantages and disadvantages with the purchase of either a term life insurance policy or a whole life insurance policy. They assess the benefits and costs of each strategy to determine the most suitable one for the client.

2.213 Prioritizes client's risk management objectives and needs | FPSC certificants determine the importance of and rank in priority the client's risk management needs and objectives. By identifying specific risk management issues as priorities, FPSC certificants can detail what strategies should be addressed first. For instance, FPSC certificants may determine that a client has group life insurance coverage but no disability insurance coverage, and the client is the sole income earner for the family. The purchase of disability insurance could be the priority here to provide a level of current income protection for the family.

3

Recommendation:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.107 Formulates risk management strategies | FPSC certificants develop and present appropriate recommendations to address the concerns and objectives around the client's insurance and risk management planning. For example, FPSC certificants may recommend replacing an existing term life insurance policy with a whole life insurance policy for a client who wants to fund a trust for a disabled child.

3.108 Recommends optimal risk management strategies | FPSC certificants present the most appropriate recommendations to best address the client's insurance and risk management needs and objectives. For example, an optimal risk management strategy could be the purchase of a personal disability policy to meet the client's needs, with an elimination period chosen to coordinate with the receipt of other disability income benefit payments.

3.109 Prioritizes steps to assist client in implementing risk management recommendations | FPSC certificants outline to the client what steps need to be done first in order to action the insurance and risk management recommendations. For example, FPSC certificants recommend the client replace an existing life insurance policy with a new life insurance policy, offering the additional coverage needed. FPSC certificants advise that the client should first apply for the new policy and then, only after the new policy is approved and put in force, cancel the existing policy.

Tax Planning

Tax planning focuses on the client's current and future income tax obligations and the use of available strategies to minimize or defer taxation. Tax planning strategies are designed to help strengthen the client's financial position, allowing the client a better opportunity to meet financial goals.

Tax planning is highly integrated with the other financial planning areas. For example, when calculating portfolio returns, investment income earned from interest, dividend, or realized capital gains is each taxed in a different manner. In the area of estate planning, a number of tax elections are available to defer or minimize the payment of income tax due to death.

Please note that in keeping with the FPSC® Rules of Conduct, FPSC certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FPSC.

1

Collection:

Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.113 Collects information to establish client's current and projected tax position

FPSC certificants discuss with the client details about the client's tax position. Information can also be obtained by the client providing supporting documentation, which may include copies of previous tax returns. Information to establish the client's current and projected income tax position can include amounts and sources of income, available tax deductions and credits, and income tax paid. This information can be obtained from reviewing the client's pay stub, the previous year's tax return, Notices of Assessment, investment transaction records and statements, medical and dental invoices, and a summary of charitable donations. Details concerning the client's spouse's income, family dependants and other relevant information are also useful in preparing the client's projected tax position.

1.114 Identifies tax implications of assets and liabilities

FPSC certificants determine the impact that the client's assets and liabilities will have on the client's tax position. This can include identifying the costs of an asset's purchase and sale, the type of income earned from the asset, and the deductibility of loan interest expense. For example, FPSC certificants identify that the client's equity holdings have an accrued gain that would result in additional taxable income if the equities were sold now at their current market value. FPSC certificants also identify if the interest paid by the client on an investment loan is a tax-deductible item.

1.115 Identifies parties relevant to client's tax situation

FPSC certificants determine what other individuals or entities have an impact of the client's tax position. For example, FPSC certificants identify that the client can claim a spouse or common-law partner tax credit because the common-law partner has no taxable income. Other individuals that can impact the client's tax situation include children or dependant family members. The client may also be an income beneficiary of a trust or a shareholder of a qualified small business. Income payments from these entities can impact the client's tax position.

1.2 Gathers qualitative information

1.212 Determines client's taxation experience, attitudes, biases, and objectives

FPSC certificants discuss with the client any experiences that would impact the client's feelings about tax compliance and tax planning. For example, FPSC certificants discuss the extent to which tax planning and tax minimization are a priority for the client. FPSC certificants also discuss if the client is up-to-date with tax return filings, and if all earned income is reported on the tax return.

1.213 Determines client's tax knowledge

FPSC certificants discuss income tax with the client to identify what the client knows about taxation. The conversation can include topics such as the requirements to file a tax return, tax filing deadlines, income tax brackets and marginal rates, and the client's involvement in completing the tax return. In addition, FPSC certificants gain an understanding of the client's tax knowledge by reviewing previous tax returns to assess if the client has optimized all available tax deductions and tax credit claims. As well, FPSC certificants can assess if the client takes advantage of any income splitting opportunities and understands the taxation of various forms of investment income.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.114 Determines tax impact of relevant transactions and events

FPSC certificants identify how various transactions or events, like the death of a spouse, will affect the client's tax position. For instance, determining the tax impact of relevant transactions can include calculating the taxable capital gain on the sale of the client's shares in a qualified small business corporation, as well as the claim for the available capital gains exemption. FPSC certificants estimate the income tax due from this sale and what amount of the sale proceeds should be saved to cover this future income tax liability.

2.115 Calculates current and projected tax liabilities

FPSC certificants determine the amount of income tax due based on current year transactions, as well as income tax that has been deferred and will be owing at a future date. For example, in calculating current tax liabilities, FPSC certificants recognize that the client is self-employed, and based on the annual taxable income, the client will be required to make quarterly income tax instalment payments. They are able to calculate the required instalment payment amount. In calculating projected tax liabilities, FPSC certificants identify that the RRSP balance will be taxable in the future when the client withdraws amounts from this plan, and calculate a projected tax amount based on estimated annual income and marginal income tax rates.

2.116 Assesses existing tax strategies

FPSC certificants evaluate the current tax planning options that the client has implemented. In assessing existing tax strategies, FPSC certificants evaluate if the strategy still presents a tax-efficient option for the client. In some cases, the client's income amount and marginal tax rate has changed since the tax strategy was first put in place. For example, FPSC certificants evaluate if inter-spousal loans, which were put in place for income splitting purposes, are still tax-effective for the client and spouse.

2.2 Considers and evaluates strategies

2.214 Considers potential tax planning strategies

FPSC certificants evaluate available options to address the client's tax planning needs and objectives. For example, the client will receive a bonus payment this year, which will result in a portion of the income being taxed at the top marginal tax rate. FPSC certificants consider what amount of the client's available RRSP deduction limit should be contributed to the RRSP this year to maximize tax savings.

2.215 Assesses impact of tax planning alternatives

FPSC certificants determine how a tax planning option will affect the client's tax position. For example, FPSC certificants evaluate deferring the exercise of stock options and the resulting increase to taxable income to next year, when the client will be retired and in a lower marginal income tax bracket. FPSC certificants calculate the tax savings from this deferral by comparing the projected tax due on the stock option income, using next year's lower marginal income tax rate against the current year's higher marginal income tax rate.

2.216 Evaluates advantages and disadvantages of each tax planning strategy

FPSC certificants assess the benefits and concerns of each available tax planning strategy in addressing the client's planning needs and objectives. For example, FPSC certificants evaluate the advantages of the client maintaining a company as a qualified small business corporation against the disadvantages of potential costs and limitations involved in meeting the requirements for qualified small business corporation status. FPSC certificants may also evaluate the tax opportunities and concerns associated with various business structures, investment plans and asset types to help meet the client's goals in the most tax-effective way.

2.217 Prioritizes client's tax planning objectives and needs

FPSC certificants determine the importance of and rank in priority the client's tax planning needs and objectives. By identifying specific tax planning issues as priorities, FPSC certificants can detail what strategies should be addressed first. For example, FPSC certificants determine that based on the client's income level and marginal tax rate, contributions should be made first to the RRSP by the deadline date, then once the RRSP limit is funded for the year, contributions can be directed to the TFSA.

3

Recommendation:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.110 Formulates tax planning strategies

FPSC certificants develop and present appropriate recommendations to address the client's tax planning needs and objectives. For example, the client is the sole shareholder of a qualified small business corporation. FPSC certificants recommend the use of an estate freeze and family trust, allowing the client to benefit from income splitting opportunities with family members and the future use of the capital gains exemption by family members.

3.111 Recommends optimal tax planning strategies

FPSC certificants present the most appropriate recommendations to best address the client's tax planning needs and objectives. For example, FPSC certificants project the client's marginal income tax rate in retirement to assess if directing funds to a TFSA would be more advantageous than the continued contributions to an RRSP.

3.112 Prioritizes steps to assist client in implementing tax planning recommendations

FPSC certificants outline to the client what steps need to be done first in order to action the tax planning recommendations. For example, FPSC certificants recommend the client meet with a qualified doctor to complete the disability form required for approval by the tax authorities before claiming the disability tax credit and enhanced medical tax credits for a disabled spouse. In some cases, FPSC certificants may create a table with recommendations listed in order of importance, including time frames to complete the tasks, the suggested action steps and key persons to support the implementation.

Retirement Planning

Retirement planning focuses on the client's financial well-being after regular employment has stopped. It involves a comparison of the client's expected lifestyle in retirement to projected retirement income stream and assets. Retirement savings must be regularly monitored, as circumstances change over time.

Retirement planning is highly integrated with financial management and investment planning. Retirement planning is often dependent on the availability of adequate cash flow to fund the client's retirement savings plans and the suitable investment growth of retirement assets to help meet the client's retirement goals.

1

Collection:

Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.116 Collects information regarding client's potential sources of retirement income

FPSC certificants discuss with the client details about the client's retirement income. Information can also be obtained by the client providing supporting documentation, which may include copies of RRSP and TFSA statements, pension statements, details about entitlements under CPP/QPP and OAS, and information about other sources of retirement income.

1.117 Prepares a detailed summary of potential sources of retirement income

FPSC certificants use the collected information to develop a complete listing of the client's income and assets that are projected to fund retirement. For example, FPSC certificants gather information about the client's pension plan, including details about the type of plan, if the client is a vested member, annual contributions to the plan, the normal retirement age, projected benefit amount, reduction factor for early receipt of pension benefits, indexation of pension benefits and other pension plan features. The client's CPP/QPP statement can provide details on the entitlement under this government plan.

1.118 Collects details of projected retirement expenses

FPSC certificants discuss with the client details about the client's planned spending in retirement. For example, FPSC certificants can discuss current living expenses with the client and what changes in spending are anticipated once retired. FPSC certificants can ask the client about any plans to downsize the current home, purchase another property or travel extensively.

1.2 Gathers qualitative information

1.214 Determines client's attitudes and biases toward retirement

FPSC certificants discuss with the client the feelings the client has about retirement. For instance, FPSC certificants can ask if the client is looking forward to retirement or is concerned about it, and how the client plans to spend the time once retired. The client may view retirement as an opportunity to keep busy doing volunteer work, or take on a part-time job in a new field.

1.215 Determines client's retirement objectives

FPSC certificants discuss with the client what the client's objectives are for retirement. Retirement objectives can include the timing of retirement, what the client plans to do in retirement and any anticipated lifestyle changes.

1.216 Determines client's comfort with retirement planning assumptions

FPSC certificants discuss with the client the assumptions to be used for retirement planning and whether or not the client feels they are valid and realistic for planning purposes. For example, FPSC certificants discuss with the client anticipated life expectancy to help plan for a lifetime of income. FPSC certificants also discuss assumptions around rates of return and their suitability to the client's investor profile. FPSC certificants follow guidelines in using reasonable assumptions for retirement projections and share this information with the client.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.117 Calculates financial projections based on current position

FPSC certificants use the collected information about the client's current assets, liabilities, income and expenses to prepare retirement planning projections. For example, FPSC certificants use the client's current RRSP balance and asset allocation, contribution amounts and frequency, and a reasonable rate of return to project the future value of RRSP assets that will be available at a specific date to help fund retirement.

2.118 Determines if client's retirement objectives are attainable

FPSC certificants assess whether or not the client's retirement planning objectives can be achieved. For example, FPSC certificants calculate if the client's desired retirement lifestyle can be funded based on continuing the planned contributions to the retirement savings plans in the years remaining before retirement. FPSC certificants can also assess the impact of changes to pensions and government benefit plans on the client's retirement objectives.

2.2 Considers and evaluates strategies

2.218 Assesses financial requirements in retirement

FPSC certificants determine the level of funding required by the client in retirement. For example, in assessing financial requirements in retirement, the FPSC certificants may need to review the client's current debt balances to determine if they will be paid off by retirement or if continued debt payments will be required in the retirement years. Where cash flow deficits are estimated, FPSC certificants can project the amount of additional income and capital required to offset the shortfall.

2.219 Considers potential retirement planning strategies

FPSC certificants evaluate available options to address the client's retirement planning needs and objectives. For instance, potential retirement planning strategies may include using a TFSA to help fund the client's retirement in addition to RRSP accounts.

2.220 Assesses impact of retirement planning alternatives

FPSC certificants determine how a retirement planning option will affect the client's financial position. For example, FPSC certificants assess the impact of contributing a lump sum to the client's RRSP at the beginning of the year, rather than making this contribution at the end of the year. The early contribution has an extra year of growth, providing an increased value that will compound over the life of the RRSP.

2.221 Assesses trade-offs necessary to meet retirement objectives

FPSC certificants evaluate other options that can be done in order to achieve the client's retirement objectives. For example, if FPSC certificants determine that retirement income will be inadequate to fund the client's desired early retirement, then trade-offs can be assessed, such as saving more now, working part-time during the first few years of retirement or adjusting projected retirement expenses.

2.222 Evaluates advantages and disadvantages of each retirement planning strategy

FPSC certificants assess the benefits and concerns of each available retirement planning strategy in addressing the client's planning needs and objectives. For example, FPSC certificants assess the commencement date of the client's CPP/QPP pension. A receipt at age 60 would result in a reduced benefit payment and a resulting reduced survivor benefit if the client predeceases the spouse; however, the client would gain five years' worth of pension benefits. A receipt at age 65 would provide an increased benefit payment for the client and the surviving spouse, should the client predecease the spouse. The decision around this strategy is also impacted by the client's cash flow needs and projected life expectancy.

2.223 Prioritizes client's retirement planning objectives and needs

FPSC certificants determine the importance of and rank in priority the client's retirement planning needs and objectives. By identifying specific retirement planning issues as priorities, FPSC certificants can detail what strategies should be addressed first. For example, FPSC certificants confirm with the client that the projected income in retirement will not meet the desired retirement lifestyle. In this case, the priority is increased savings in the years before retirement to have available resources later to fund projected retirement expenses.

3

Recommendations:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.113 Formulates retirement planning strategies

FPSC certificants develop and present appropriate recommendations to address the client's retirement planning needs and objectives. For example, FPSC certificants may recommend RRSP withdrawals from the plan before the client turns age 72 to benefit from the client's lower marginal tax rate and available tax credits. RRSP income not used to support cash flow needs can be contributed to a TFSA.

3.114 Recommends optimal retirement planning strategies

FPSC certificants present the most appropriate recommendations to best address the client's retirement planning needs and objectives. For example, FPSC certificants may recommend the client's RRIF payment be based on the younger spouse's age. With this option, the client has a lower required annual minimum payment amount, but still has the flexibility to withdraw more than the minimum amount if needed.

3.115 Prioritizes steps to assist client in implementing retirement planning recommendations

FPSC certificants outline to the client what steps need to be done first in order to action the retirement planning recommendations. For example, FPSC certificants may recommend the client transfer a maturing RRSP into a RRIF. The client will need to open a RRIF account first and designate a beneficiary for this account. Then, once investments are transferred into the RRIF, FPSC certificants may recommend an appropriate investment strategy to ensure the required liquidity for the RRIF income withdrawals each year.

Estate Planning and Legal Aspects

Estate planning focuses on the distribution of assets on death. Administering an estate involves the payment of funeral expenses, debts, taxes and other financial obligations of the deceased, and the distribution of assets to beneficiaries. FPSC certificants discuss estate planning objectives with the client, project the client's net worth at death, determine any constraints or opportunities to achieve the client's objectives and develop strategies and recommendations to help meet them. Estate planning is integrated with the other financial planning areas. Financial decisions over a client's lifetime will have a direct impact on the value of the estate, insurance products can help build the estate and tax considerations will affect the net values available for distribution.

Legal aspects impact the client's financial planning. Legal aspects can relate to the obligations or entitlements detailed in domestic, separation or divorce agreements; trust deeds; shareholder or partnership agreements; as well as the provisions outlined in powers of attorney or mandates and health care directives. FPSC certificants must be aware of the client's legal situation to help determine the level of exposure and evaluate protective measures. It is important to note that FPSC certificants must recognize when to refer to other qualified professionals, such as a lawyer or an accountant, when dealing with the client's legal circumstances and its ramifications.

Please note that in keeping with the FPSC® Rules of Conduct, FPSC certificants shall perform financial planning in accordance with applicable laws, regulations, rules or established policies of government agencies and other applicable authorities, including FPSC.

1

Collection: Gathers and prepares the client's information

1.1 Gathers and prepares quantitative information

1.119 Collects information and documents that impact estate planning strategies

FPSC certificants discuss with the client details about the client's net worth, life insurance policies, cash flow needs and other details that would impact estate distribution. Information can also be obtained by the client providing supporting documentation, such as copies of the client's will, property deeds, investment statements, life insurance policies and other relevant documents. Beneficiary designations on life insurance products and registered accounts should be confirmed.

1.120 Identifies parties relevant to client's estate planning

FPSC certificants discuss with the client any individuals who would be included or impacted by the client's estate planning. For example, FPSC certificants discuss any planning needed for family members who may be financially dependent on the client, such as a former spouse who continues to receive support payments or a child with special needs.

1.121 Collects legal documents and relevant information

FPSC certificants gather copies of legal documents that would impact the client's financial planning. Legal documents and relevant information may include domestic agreements, separation or divorce agreements, trust deeds, shareholder or partnership agreements, powers of attorney, mandates and health directives. FPSC certificants review the legal documents and return the original documents to the client.

1.122 Identifies parties relevant to client's legal agreements

FPSC certificants discuss with the client any parties who would be included or impacted by the client's legal matters. Parties relevant to the client's legal agreements may include individuals or other legal entities. For example, FPSC certificants identify the shareholders named in the shareholder agreement in reviewing the terms of this agreement, or FPSC certificants identify a noncompete clause specified by the client's employer in the employment contract.

1.2 Gathers quantitative information

1.217 Determines client's estate planning experience, attitudes, biases, and objectives

FPSC certificants discuss with the client any experiences that would impact the client's feelings and objectives about estate planning. Estate planning objectives may include whether the client wants an outright distribution to beneficiaries, or if there is a need for a trust. FPSC certificants ask whether or not the client has any concerns about the estate objectives being achieved.

1.218 Identifies family dynamics and business relationships that could impact estate planning strategies and objectives

FPSC certificants discuss with the client the personal and business relationships that would be affected by the client's estate planning. For example, FPSC certificants discuss family dynamics with the client, which may be complicated due to changes in marital status and a resulting blended family. Business relationships can also impact estate planning, particularly when dealing with legal contracts such as shareholder agreements, which may have a binding effect on the estate.

1.219 Determines client's circumstances and objectives that may require legal measures

FPSC certificants discuss with the client the wishes and intent the client has concerning legal matters. For example, FPSC certificants discuss the client's objectives concerning a health care directive and instructions concerning medical treatment, as well as the individual(s) the client wants to name to help facilitate the health care wishes.

2

Analysis:

Assesses the client's situation and identifies and evaluates appropriate strategies

2.1 Assesses the client's situation

2.119 Calculates financial projections in the event of death

FPSC certificants project the financial impact of the client's death. These projections can detail the client's net worth at death, income tax owing and amounts required for ongoing dependant support. The calculation of net worth at death includes the estimated value of assets, life insurance proceeds and liabilities. Funeral expenses and potential income tax consequences would also be factored into the calculation. The liquidity of the estate can be assessed, as well as the estate's ability to fund dependants' needs and desired bequests.

2.120 Determines constraints to meeting client's estate planning objectives

FPSC certificants assess if there are any concerns or obstacles in achieving the client's estate planning objectives. For example, FPSC certificants may determine that the estate proceeds will be inadequate to provide ongoing support to the client's family, while providing for family is one of the client's estate planning objectives.

2.121 Assesses the financial planning implications of the legal measures the client has in place

FPSC certificants evaluate how the client's legal matters will affect the financial planning for the client. For example, FPSC certificants review the client's shareholder agreement and the funding in place to purchase shares of the business in the event of a shareholder's death. If life insurance is in place to fund the shareholder agreement, details on the life insurance policies, in particular the death benefit amount and the named beneficiary, are assessed. As part of this assessment, a current valuation of the business may also be required. In some cases, the involvement of other qualified professionals may be necessary, provided informed client consent is given.

2.2 Considers and evaluates strategies

2.224 Considers potential estate planning strategies

FPSC certificants evaluate available options to address the client's estate planning needs and objectives. For instance, potential estate planning strategies may include considering the use of testamentary trusts to provide for the client's spouse and family, and the purchase of life insurance to help fund the trust upon death.

2.225 Assesses impact of estate planning alternatives

FPSC certificants determine how an estate planning option will affect the client's financial position. Assessing the impact of estate planning alternatives may include determining the amount of probate fees if all of the client's assets flow through the estate, then calculating the probate fees if beneficiary designations are made.

2.226 Evaluates advantages and disadvantages of each estate planning strategy

FPSC certificants assess the benefits and concerns of each available estate planning strategy in addressing the client's planning needs and objectives. For example, FPSC certificants discuss the possible use of an executor with professional experience, such as a lawyer, accountant or trust company, to administer the client's large and complex estate. This option can provide expertise and continuity in handling the estate. Naming a family member who does not have the time or expertise as executor can be a disservice to beneficiaries. However, there is a cost associated with using a professional executor, and a potential lack of understanding of the client's intentions and lack of sensitivity to family dynamics.

2.227 Prioritizes client's estate planning objectives and needs

FPSC certificants determine the importance of and rank in priority the client's estate planning needs and objectives. By identifying specific estate planning issues as priorities, FPSC certificants can detail what strategies should be addressed first. For example, if FPSC certificants learn that the client does not have a will but has a disabled spouse and a minor child, the importance of a properly drafted will should be identified. The client may not have sufficient assets to support the family in the event of a premature death. Planning priorities would therefore suggest that the client prepare a will and consider protection coverage for the care of the spouse and child.

2.228 Considers financial planning implications of potential legal measures

FPSC certificants evaluate the impact that available legal options will have on the financial planning for the client. For example, if FPSC certificants know the client wants to maintain privacy about financial matters, using an inter-vivos trust to hold assets could help achieve this objective. In this situation, assets in the trust would not form part of the client's estate and the trust holdings would not be disclosed in public documents.

2.229 Evaluates advantages and disadvantages of alternative legal measures

FPSC certificants assess the benefits and concerns of each available legal measure in addressing the client's planning needs and objectives. For example, if FPSC certificants learn the client requires help in managing assets, alternative legal measures could include putting assets in joint name, executing a power of attorney or transferring assets to an inter-vivos trust. The costs to implement these alternative measures and the protection and exposure to the client that is inherent with each of these legal measures will vary. Depending on the nature and impact of the legal measures, it may be appropriate to involve other qualified professionals.

2.230 Prioritizes client's objectives and needs that may require legal measures

FPSC certificants determine the importance of and rank in priority the client's needs and objectives that require the implementation of legal measures. By identifying specific issues requiring legal attention as priorities, FPSC certificants can detail what strategies should be addressed first. For example, a client has remarried, has a blended family and wants to provide for the new spouse but also ensure a certain value of assets pass to the client's own children. FPSC certificants recognize this may require the execution of a new will and powers of attorney and possible changes to beneficiary designations, as well as discussions around the use of a trust.

3

Recommendations:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.116 Formulates estate planning strategies

FPSC certificants develop and present appropriate recommendations to address the client's estate planning needs and objectives. For example, FPSC certificants recommend that the client set up a testamentary trust to provide for a disabled child and fund the trust with the purchase of life insurance.

3.117 Recommends optimal estate planning strategies

FPSC certificants present the most appropriate recommendations to best address the client's estate planning needs and objectives. For example, in dealing with the client's stated concern about children inheriting a large one-time payment, FPSC certificants recommend the client provide for a staggered distribution of assets to the children in the will. With this option, inherited funds can be distributed to the children in a number of payments at specific ages, rather than them receiving one lump-sum payment.

3.118 Prioritizes steps to assist client in implementing estate planning recommendations

FPSC certificants outline to the client what steps need to be done first in order to action the estate planning recommendations. For example, FPSC certificants recommend the client consider the estimated value of the estate, understand the estate planning objectives, and meet with a lawyer to draft and execute a will to meet the distribution intentions and ensure beneficiary designations are appropriate for the client's planning needs.

3.119 Recommends optimal legal measures

FPSC certificants present the most appropriate recommendations relevant to legal measures to best address the client's financial planning needs and objectives. For example, FPSC certificants recommend to a self-employed client that the client incorporate the business to benefit from asset protection strategies and tax planning opportunities. This recommendation could be developed by working with other qualified professionals, such as an accountant and lawyer.

3.120 Prioritizes steps to assist client in implementing legal measures

FPSC certificants outline to the client what steps need to be done first in order to action the recommendations related to legal measures. For example, FPSC certificants may recommend the client implement a funded shareholder agreement with the other owners of the company. The next step could require the valuation of the company by a qualified appraiser, then a meeting with a qualified insurance professional to ensure adequate funding can be put in place using appropriate risk management vehicles. A meeting with a lawyer to discuss the terms of the agreement and to draft the legal document can be arranged.

Professional Skills

Professional skills refer to the non-technical competencies expected of members of a profession. They describe how FPSC certificants are expected to behave and interact with clients and others, and are inherent to being a competent financial planning professional. These transferable competencies apply to most situations, and in fact most professions.

FPSC certificants are expected to use professional skills in every client interaction. They are expected to be sincere and demonstrate genuine interest in their clients. They should make reasoned decisions supported by evidence after critically evaluating all identified valuable and relevant information. They should actively listen, provide assurance and support, and communicate in a clear, logical and personal manner. They are expected to possess self-awareness and recognize their level of competence, and seek the input, support and help of other professionals when appropriate.

For the purpose of this document, professional skills have been categorized as follows:

- Critical thinking skills
- Interpersonal and relationship skills
- Communication skills
- Teamwork and collaboration skills

Descriptions:

Supporting statements have been developed for each category of professional skills to describe behaviours that demonstrate the skills.

Critical Thinking

In the practice of financial planning, FPSC certificants must analyze and evaluate information to formulate a judgment concerning the best course of action for the client. Critical thinking skills include the ability to analyze, interpret, evaluate, explain, solve problems and make decisions. FPSC certificants demonstrate critical thinking in discerning what information is relevant to the client’s planning, identifying issues and opportunities, and comparing financial planning strategies to determine the most suitable option for the client.

FPSC certificants must understand and apply evidence-based mathematical methods to financial data, accurately interpret the results to help determine a course of action and support the recommended strategy. As the client experiences life events that change circumstances, goals, objectives, priorities and needs, FPSC certificants identify and explain the significance and impact of the changes to the client, incorporating these changes into planning. FPSC certificants understand the interrelationships and interdependencies between and within financial planning areas and know that a single recommendation may impact many aspects of the client’s planning. FPSC certificants integrate the relevant factors and considerations across all aspects of the client’s financial planning to present a cohesive and complementary financial plan.

1 Critical Thinking Skills	
Professional Skills Statement	Description and Example
PS 101 Identifies and diagnoses concerns and/or issues	FPSC certificants assess and interpret client information to determine the existence and magnitude of concerns. Clients may or may not be aware of financial planning issues, or of their impact and significance. For example, although a client may be meeting monthly expenses, FPSC certificants may determine that the client is drawing on a line of credit to fund monthly cash flow expenses, signalling a possible cash flow problem.
PS 102 Determines relevant information	Quantitative and qualitative information about clients will have an impact on their financial planning. For example, if a client’s parents are experiencing serious health problems requiring the client to provide financial support or take a leave of absence from work, this will have a financial impact on the client.

PS 103 Makes reasonable assumptions and undertakes research as appropriate

The ability to make reasonable assumptions is even more important when FPSC certificants are faced with incomplete or inconsistent information. FPSC certificants should begin by asking questions to discover the missing information where appropriate, and use sound judgment when making assumptions. For example, when preparing retirement projections, FPSC certificants should make reasonable and realistic assumptions as the basis for analyses done and strategies developed. FPSC certificants must be able to support and defend the assumptions used based on available research and professional judgment, when reviewing them with the client. Research references may include educational texts, professional publications, reliable online sources, government and regulatory resources, and other sources.

PS 104 Uses applicable methods or tools to analyze data and uses judgment to evaluate results and develop strategies

Mathematical calculations are often required when analyzing financial planning issues, and they form the basis for the recommendations and decisions made. FPSC certificants need to understand, apply and accurately interpret mathematical calculations relevant to financial planning data, including financial planning software. For example, in preparing a life insurance needs analysis, FPSC certificants would need to calculate amounts to be covered by insurance, such as projected tax liabilities, debt balances and income for ongoing dependant support.

PS 105 Assesses and compares options to arrive at a recommendation

FPSC certificants analyze and compare a variety of options against client needs and objectives before proposing a recommendation. For example, FPSC certificants may need to consider several options, each with their own merits and detractors, and discuss the choices with clients to help them make an informed decision.

PS 106 Integrates information and/or analyses into a coherent response or recommendation

Recognizing and understanding the implications that a recommendation may have on the different areas of financial planning for clients is an important skill. For example, recommending the use of a testamentary trust to achieve the client's estate planning objectives may require changing existing beneficiary designations or purchasing additional life insurance, which should be assessed against the client's cash flow position for affordability. FPSC certificants consider all factors and integrate analysis to ensure the recommendation is working across and in concert with all existing strategies and aspects of the planning.

PS 107 Demonstrates the capacity to adapt thinking

The ability to adapt thinking is especially important when new information is introduced. Clients' personal and financial situations change over time as a result of life events such as marriage, starting a family, job loss, divorce, receiving an inheritance and other events. Flexible thinking ensures that FPSC certificants recognize when planning needs to be revised to suit the changing circumstances, priorities and goals. For example, if a client loses their job, FPSC certificants may need to adjust short-term planning around the client's cash flow, use of savings and types of investments.

Interpersonal and Relationship Skills

The development of strong interpersonal relationship skills is required to establish and maintain strong positive connections with clients, colleagues and others. FPSC certificants build relationships by demonstrating interest in clients' personal details, such as their dreams and goals, their priorities and their concerns and fears. By doing so, FPSC certificants create a trusting relationship where clients are at ease in an open, honest and engaged exchange with the planner.

FPSC certificants recognize the unique traits and preferences of each client and understand how these will impact financial planning decisions in order to meet the individual needs of each client. In providing objective advice, FPSC certificants are aware of any personal biases and ensure these biases do not influence recommendations.

FPSC certificants understand that clients will not always agree with the recommendations presented. If this occurs, FPSC certificants will, when appropriate and when able to continue to act in the client's best interests, defer to the client's decisions while continuing to provide them with financial planning advice. If FPSC certificants are not able to meet the client's best interest, they may be required to withdraw from the client relationship. FPSC certificants will use such opportunities to explain their recommendations to ensure understanding and to discover the client's basis for any lack of agreement. In the event of any disagreements, emotional discussions or complaints, FPSC certificants will handle them in a calm and rational manner with a view to maintaining a positive and productive working relationship with clients and others.

FPSC certificants motivate clients and others, providing support and encouragement for their success. By following good practices, FPSC certificants are able to provide client-focused financial planning in an efficient and effective manner.

2

Interpersonal and Relationship Skills

Professional Skills Statement	Description and Example
PS 201 Demonstrates genuine interest in clients and others	Showing an interest in the personal aspects of the client's life will help promote more open communications between FPSC certificants and clients. For example, if FPSC certificants ask about a client's family on a regular basis, the client may be more likely to contact FPSC certificants to let them know of changes to personal circumstances that are important to delivering professional planning advice.
PS 202 Creates a comfortable environment for clients and others	It is important that clients are at ease when meeting with FPSC certificants. A comfortable environment can be achieved by scheduling appointments to allow adequate time to meet in an unrushed manner and avoid disruptions. A comfortable environment can also be created with trust, so clients are confident that they can be open and honest without worrying about judgment, prejudice or bias. A relationship where the FPSC certificant and clients willingly share all information results in a more open, focused and thorough discussion about concerns and issues around their financial planning.
PS 203 Adapts methods and manner to the unique needs and preferences of clients and others	In establishing a relationship with a client, FPSC certificants recognize the traits that are particular to that client. This will enable FPSC certificants to tailor the approach and planning in a more specific way to meet the client's individual needs and preferences. For example, when meeting with a new client who has limited knowledge about financial planning, FPSC certificants may start with an introductory presentation to first educate the client about the financial planning process and concepts, before addressing the client's personal financial situation.
PS 204 Respects differences of opinion and the decisions of others	Although FPSC certificants present recommendations that in their professional judgment will best help meet the client's financial goals, in some cases the client may disagree with the recommendations and take a different course of action. For example, FPSC certificants may recommend a planned savings program to meet the client's retirement objectives, however the client chooses to direct their income to different uses. FPSC certificants acknowledge the client's point of view and engage in a thoughtful discussion to discover why the client has chosen a different course of action. If the alternate course of action does not materially and negatively impact the client's best interests, FPSC certificants continue to provide financial planning to serve the best interests of the client.
PS 205 Recognizes when the values, biases or perspectives of clients may impact their actions	Clients' values, biases or perspectives can reflect their own personality or may have been shaped by their previous experiences. FPSC certificants recognize these individual client traits and understand the impact they will have on financial planning, and the client's willingness to implement certain recommendations. For example, although FPSC certificants may recommend a balanced investment approach for a particular client, they are aware of the client's preference for holding large cash balances and know this will impact the client's investment decision. FPSC certificants discuss the client's concerns and preferences and explain the rationale for the recommendations made.
PS 206 Recognizes when personal values, biases or perspectives may impact recommendations to clients and others and demonstrates the ability to set them aside	It is important to remain objective when determining the recommendations for clients. Gender, personal experience, ethnicity, culture, age and product preference are all sources of potential bias. FPSC certificants acknowledge where a personal bias may exist and act in a neutral and objective manner to ensure it has no impact when dealing with clients.

Professional Skills Statement	Description and Example
<p>PS 207 Deals empathetically with concerns, objections and complaints</p>	<p>By acknowledging and understanding the client's perspective, FPSC certificants can deal effectively with the issues raised and respond to the situation in a positive and productive manner. For example, FPSC certificants can determine the contributing factors that have caused the issue in a prompt and professional manner. Where appropriate, they address these factors to ensure a mutual understanding and acknowledgement of the client's concerns. In some cases, appropriate action may require that the client complaint be referred to another individual or department for resolution.</p>
<p>PS 208 Manages disagreements and emotionally charged conversations</p>	<p>Financial planning deals with many personal aspects of the client's life that can involve emotional responses and strong feelings. FPSC certificants strive to maintain a positive and productive working relationship with clients. When discussions become emotionally charged or heated, it is important to listen, bring clarity and calmness to the situation, and create an environment that allows for a composed and thoughtful conversation. For example, if a client becomes visibly upset when discussing estate planning strategies due to strained family relationships, FPSC certificants can refer back to the client's objectives to help them understand the reasoning behind the recommended strategies. In some cases, it may be beneficial to wait and give the client time to process their thoughts and feelings, suggesting the discussion be brought forward for the next meeting.</p>
<p>PS 209 Motivates appropriate actions by clients and others</p>	<p>Throughout the financial planning engagement, and once the financial planning recommendations are presented to the client and agreed upon by all parties, action is required to implement the recommendations. Depending on the terms of the engagement, it might be the client's responsibility to be actively involved in all steps of the financial planning process, including the implementation of the plan or components of the plan. FPSC certificants may need to encourage the client to follow through with the collection of additional documents, or conversations with family members, or meetings with other qualified professionals before they can complete the actions needed to achieve the planned recommendations. For example, if a client delays meeting with an agent to purchase additional insurance, FPSC certificants can motivate the client by reviewing the need for this additional coverage and the consequences if it is not purchased. FPSC certificants can also identify the obstacle to attaining the goal and work with the client to overcome it, perhaps by providing a timetable and deadline for actions outlined in the financial plan, along with regular follow-up.</p>
<p>PS 210 Facilitates own and others' success with support, coaching, education and encouragement</p>	<p>By working with other colleagues to improve professional skills, competencies and knowledge, FPSC certificants can help advance the level of financial planning service and advice being offered to clients. For example, FPSC certificants can help a colleague prepare for a client meeting by sharing interview techniques or participating in a practice interview. This can also lead to good exchange between professionals, enhancing learning and sharing of information.</p>
<p>PS 211 Manages a professional practice to meet commitments to clients and others in an efficient and effective manner</p>	<p>Appropriate policies and processes are in place to ensure the best client service experience. For example, FPSC certificants may schedule regular reviews with clients at appropriate intervals to monitor the progress of the plan and assess where any changes may be required. FPSC certificants are prompt for client meetings and prepared with the most recent information to ensure meeting discussions are relevant to the client's current situation.</p>

Communication

Throughout any financial planning engagement, FPSC certificants must gain a full and complete understanding of quantitative and qualitative information related to client goals, needs and priorities, including values, circumstances, attitudes and biases. This information can best be obtained through various discovery methods or techniques that encourage client engagement, discussion and client comfort, and that demonstrate the FPSC certificants' interest and attention. This requires using active listening skills to build a trusting relationship with clients and to ensure that all relevant information is shared. Responsibility for effective communication rests primarily with the FPSC certificants to ensure the intended content is received and understood by clients.

Discussions around the analysis of information and the resulting recommendations and strategies must be presented in a clear and logical manner, with any objections and concerns managed in a positive and productive way. FPSC certificants must be respectful of clients' thinking, behaviours and any differences of opinion.

3	Communication Skills	
Professional Skills Statement	Description and Example	
PS 301 Actively listens	The collection of client information and discussion of analyses and recommendations are key to financial planning. For example, FPSC certificants practise active listening by fully concentrating, understanding, responding and then considering what was and what was not said. When listening to clients, they are neutral and non-judgmental, allowing clients to talk without interruption. Interest and understanding can be conveyed by using both verbal and non-verbal communication, such as maintaining eye contact, nodding one's head, facial expressions, posture or gestures to confirm understanding and demonstrate interest.	
PS 302 Probes and confirms understanding of issues and recommendations	By probing and confirming understanding, FPSC certificants assess if both they and the client fully understand the issues, their impact and the advantages and disadvantages of the proposed strategies. For example, FPSC certificants may need to ask several questions around a planning point to confirm that the client has a good understanding of the issues and concerns. Clients' responses to the questions and their ability to repeat back the information provide this feedback and demonstrate understanding. FPSC certificants may document the discussions using meeting minutes and correspondence.	

Professional Skills Statement	Description and Example
<p>PS 303 Demonstrates awareness of non-verbal communications to develop rapport and personal connections</p>	<p>Understanding non-verbal forms of communication provides FPSC certificants with another way to better understand clients. This form of communication can cue FPSC certificants to ask different questions about the client's situation, resulting in a better understanding of the client's feelings and ideas. Gaining this additional information can help to foster a closer working relationship. For example, when discussing estate planning, FPSC certificants may notice the client's facial expression changes, the client avoids eye contact and the client's body position shifts. These forms of non-verbal communication may signal concerns and sensitivities around this topic or a lack of understanding, which FPSC certificants will need to carefully investigate. FPSC certificants also need to be aware of their own non-verbal communication and the messages that they are sending to clients and others.</p>
<p>PS 304 Effectively distills complex information and strategies and communicates in a simple, understandable manner</p>	<p>The ability to extract important aspects and relevant features of a financial planning strategy and relay them to clients in a clear and straightforward way helps to reduce confusion and ensure better understanding. Translating technical industry wording into plain language allows clients to better understand financial planning options and their impact. For example, if a client asks if an estate freeze would be a suitable strategy, FPSC certificants describe the features of this strategy and its impact on the client's planning. As a result, the client can arrive at a thoughtful decision about this option. In addition, FPSC certificants outline and clarify the interdependencies between the various components of financial planning and their relationship with the client's financial picture as a whole.</p>
<p>PS 305 Determines the preferred communication styles of clients and others and effectively adapts communication methods, format, style and tone to suit them</p>	<p>Confirming how clients prefer to receive communications, whether over the telephone, electronically or in-person, enhances and ensures client understanding. FPSC certificants communicate clearly, concisely and accurately, both orally and in written form, in a way that is understood by clients and others. For example, if a client requests that research information be emailed to a business address, FPSC certificants email the analyst's most recent economic overview, including a clear and concise summary of the information.</p>
<p>PS 306 Presents recommendations and strategies in a clear, concise, complete, correct and concrete manner</p>	<p>FPSC certificants can present recommendations and strategies to clients using narrative descriptions, charts, diagrams, graphs or other tools. A complete review of recommendations and strategies includes an analysis of the advantages and disadvantages of each strategy, and an analysis of which one best meets client needs, as well as the consequences of taking alternative or no action. For example, if a client wants a recommendation about the use of a loan to contribute all available RRSP deduction room, FPSC certificants present an analysis and comparison of all the variables to be assessed, using the client's correct marginal tax rate and cash flow, before making the most appropriate recommendation.</p>
<p>PS 307 Continually evaluates the effectiveness of communications and adapts as necessary</p>	<p>Being aware of the message, how it is conveyed and the client's understanding of it ensures that communication is always accessible and effective. For example, if a client develops a visual impairment, FPSC certificants adapt by using a larger font in their written material or using other available options.</p>

Professional Skills Statement	Description and Example
<p>PS 308 Responds respectfully in all situations</p>	<p>Managing situations and concerns in a way that maintains positive, productive relationships involves discussing any issues in a prompt and courteous manner with clients. FPSC certificants must always act in a way that reflects professionalism and integrity, and must be able to bring calm to a stressful or contentious situation. For example, FPSC certificants may respond to an angry call from a client about the under-performance of an investment by calmly discussing the matter to arrive at a suitable resolution. FPSC certificants avoid personalizing a situation and listen objectively to client concerns to fully understand them and respond in a productive and thoughtful manner.</p>
<p>PS 309 Demonstrates diplomacy and professionalism in all communications</p>	<p>Written, verbal and all other forms of communication with clients need to be sensitive and effective. For example, when meeting with a client who is a recent widower, FPSC certificants are mindful of the client's loss, communicating in a careful and thoughtful manner while assessing changes in the client's financial plan.</p>

Teamwork and Collaboration

Teamwork and collaboration are important aspects of financial planning. At the beginning of the engagement, FPSC certificants work with clients to establish and help them understand the role of each party. Clients provide thorough, accurate and timely information, while FPSC certificants collect and analyze this information to provide client-specific recommendations.

FPSC certificants and the client determine who is responsible for implementation of the recommendations. In some cases, family members or business partners may need to be involved in the client's planning. FPSC certificants recognize when to include others in the planning process, discuss the need with the client and obtain the client's written and informed consent.

FPSC certificants recognize when consultation with other qualified professionals is necessary due to limitations in ability, authority, competence or the terms of engagement. At all times, FPSC certificants must meet their confidentiality obligations. Only with the informed and written consent from clients can FPSC certificants share relevant client information and confer with other qualified professionals to best serve the needs and interests of clients.

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Teamwork and Collaboration Skills

Professional Skills Statement	Description and Example
<p>PS 401 Works with clients to establish clear planner-client roles and responsibilities and empowers clients to manage their finances</p>	<p>Details of the planner-client relationship are often outlined in the engagement letter, but they can evolve as the engagement continues. It is important that clients know what to expect of FPSC certificants and what FPSC certificants expect from clients. For example, FPSC certificants require complete and accurate disclosure of relevant client information when providing financial planning advice. Clients are expected to provide this information and advise FPSC certificants of any changes in a timely manner. Responsibilities around the implementation of the financial plan's recommendations need to be established. In some cases, clients may want FPSC certificants to help implement the recommended strategies.</p>
<p>PS 402 Recognizes when to involve clients' family and/or business partners</p>	<p>Depending upon the client's planning objectives and personal circumstances, other family members or business partners may need to be involved in the financial planning process. This involvement requires the client's written and informed consent. For example, if a client is discussing estate planning issues related to a blended family, it may be prudent to include other family members in discussions before formulating recommendations for the client. FPSC certificants also need to be aware that they are not to intervene in family matters outside the scope of the written engagement.</p>
<p>PS 403 Recognizes when to refer to qualified professionals to provide the necessary expertise</p>	<p>FPSC certificants need to be aware of their own level of knowledge and competence, as well as when the planning required for the client will be out of scope for them. FPSC certificants who lack a specialized knowledge and competence shall seek the counsel of other qualified individuals and refer clients to them for the necessary expertise. In this way, FPSC certificants will not provide a disservice to the client and will ensure that another qualified professional can provide the expertise to meet the client's needs. For example, if a client does not have a valid will, FPSC certificants should discuss estate planning objectives with the client and possible provisions that would be included in a new will, and also provide a referral to an estate lawyer to draft a new will. FPSC certificants must obtain informed consent from the client before sharing the client's name with another individual.</p>
<p>PS 404 Works with other professionals, as appropriate, to help implement the financial plan</p>	<p>Once clients have given written and informed consent, FPSC certificants share relevant client information with other qualified professionals. FPSC certificants recognize what details need to be disclosed to allow the other qualified professional to analyze the client's particular situation and provide a suitable recommendation. In some cases, FPSC certificants may need to work with a number of other qualified professionals to provide financial planning recommendations, meet the client's objectives and implement the plan. For example, if a client intends to purchase a home and wants to fund it by liquidating some investments and arranging a mortgage, FPSC certificants may need to contact and work with the client's investment advisor, tax advisor, banker, mortgage broker and real estate agent.</p>
<p>PS 405 Coordinates and manages client interactions with other qualified professionals, as needed</p>	<p>In some financial planning engagements, clients may require assistance from other qualified professionals to confirm and implement the financial planning recommendations. Other qualified professionals can include individuals with expertise or experience in banking, insurance, investment, tax, estate and law. By overseeing the co-ordination and management of the client's involvement with other professionals, FPSC certificants can help ensure the proper and timely implementation of the financial planning recommendations. For example, FPSC certificants can facilitate introductions and help schedule meetings with other qualified professionals and the client. FPSC certificants must obtain informed and written consent from the client before sharing the client's name or other confidential information with another individual.</p>

Glossary

ANALYSIS The identification of issues and/or opportunities, development of projections and calculations, and assessment of resulting information to enable the formulation and evaluation of appropriate strategies.

ASSET ALLOCATION An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets between assets classes, including equities, fixed income and cash, according to the client's goals, investment objectives, time horizon and risk tolerance.

BUDGET A statement of the expected or desired future inflows and outflows of cash for a given period in the future.

CASH FLOW STATEMENT A statement that summarizes the client's cash inflows and cash outflows for a given period.

CLIENT The individual with whom the FPSC certificant has the formal planner-client relationship. "Client" can also refer to the spouse, children, family, and other parties or entities related to the individual client, where appropriate and explicitly stated.

COLLECTION The gathering of quantitative and qualitative client information and supporting documentation and preparation of the information to enable analysis.

ESTATE PLANNING The assessment of a client's estate wishes, and development of strategies and techniques to help ensure the payment of expenses and obligations at death; also includes the efficient transfer of assets to beneficiaries based on the client's goals.

FINANCIAL MANAGEMENT

The assessment of a client's cash flow, budget and net worth and the development of strategies and techniques to optimize short- and mid-term saving, spending and borrowing decisions to meet the client's goals.

FINANCIAL PLANNING AREAS

These include Financial Management, Investment Planning, Insurance and Risk Management, Tax Planning, Retirement Planning and Estate Planning and Legal Aspects.

FINANCIAL PLANNING FUNCTIONS

In the context of the *FPSC Competency Profile*, this refers to the high-level financial planning activities of Collection, Analysis and Recommendation.

FINANCIAL PLANNING PROCESS

The process by which FPSC certificants develop strategies to assist clients in managing their financial affairs to meet life goals. This process is defined by the FPSC® Financial Planning Practice Standards.

FUNDAMENTAL FINANCIAL PLANNING PRACTICES

The elements of competency that are pervasive across all financial planning areas. These elements of competency relate to the integration and interrelationships among the financial planning areas.

INSURANCE AND RISK MANAGEMENT

Strategies and techniques to manage exposure to potential financial loss due to personal circumstances. In this financial planning area, the terms "risk", "risk

exposure” and “risk tolerance” refer to the risk of financial loss due to personal circumstances, as opposed to investment risk.

INTEGRATION The collection, analysis and recommendation of client information across the various financial planning areas, considering all interrelationships and interdependencies, and the requirement to prioritize recommendations to optimize the client’s financial situation.

INVESTMENT PLANNING The assessment of a client’s asset mix and holdings, based on investment knowledge, objectives, risk tolerance and time horizon, and the development of strategies and techniques to optimize the client’s portfolio and resulting returns to meet the client’s financial goals.

NEED A necessary item or condition.

NET WORTH STATEMENT A statement of assets minus liabilities.

OBJECTIVES An outcome that is sought after or aimed for. For the purposes of the *FPSC Competency Profile*, objectives are synonymous with goals.

PERSONAL FINANCIAL STATEMENTS
Net worth statement, cash flow statement and budget, in aggregate.

QUALITATIVE INFORMATION
Information that pertains to the qualities, values, attitudes, biases and preferences of the client.

QUANTITATIVE INFORMATION

Information about the client that is objective and directly measurable or observable.

RECOMMENDATION The development and evaluation of strategies based on an assessment of information.

RETIREMENT PLANNING The assessment of a client’s expected lifestyle in retirement, comparison of estimated needs to current retirement assets, planned savings and expected return on investment, and the development of strategies and techniques to bridge any gaps. It also involves the assessment of retirement income options, and the development of strategies and techniques to meet the client’s income needs.

STRATEGY A proposed method used to achieve one or more specific objectives. (For the purposes of the *FPSC Competency Profile*, strategy may also refer to multiple strategies.)

TAX PLANNING The assessment of a client’s current tax position, and the development of strategies and techniques to minimize or defer taxes and maximize the client’s after-tax income.

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