FP Canada
Standards Council™

CFP® Professional Competency Profile

Published by FP Canada™

Disclaimer:
FP Canada does not provide professional financial planning services, legal services, or other expert advisory services. If such services are required, a professional who is competent in the required field should be engaged. This publication is sold and distributed with the understanding that the creators and developers of the work are not responsible for any actions taken based on the information contained in the work. The publisher, the creators and the developers of the work expressly disclaim all and any liability to any person in respect to the whole or any part of the publication.

CFP® Professional Competency Profile Version 2.1

FP Canada
902-375 University Avenue Toronto, Ontario M5G 2J5

www.fpcanada.ca

Table of Contents

Introduction

FP Canada defines financial planning as a disciplined, multi-step process of assessing an individual's current financial and personal circumstances against his future desired state and developing strategies that help meet his personal goals, needs and priorities in a way that aims to optimize the allocation of his financial resources. Financial planning takes into account the interrelationships among relevant financial planning areas in formulating appropriate strategies. Financial planning areas include financial management, insurance and risk management, investment planning, 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 his personal goals, needs and priorities, a re-evaluation of financial strategies in place and recommended revisions, where necessary.

The Certified Financial Planner® credential is the most widely recognized financial planning designation in Canada and in more than 20 countries worldwide. The CFP® marks indicate practitioners who adhere to the highest standards of competence, ethical behaviour and professionalism.

FP Canada requires that CFP professionals meet standards in financial planning:

- complete rigorous, relevant education;
- pass two national certification examinations;
- meet specific work experience requirements; and
- agree to adhere to the *FP Canada Standards Council Standards of Professional Responsibility* (which includes the FP Canada Standards Council Code of Ethics, FP Canada Standards Council Rules of Conduct, FP Canada Standards Council Fitness Standards and FP Canada Standards Council Practice Standards).

To retain certification, CFP professionals must annually maintain their competence through an ongoing commitment to continuous learning.

A client's financial planning needs may encompass multiple goals and considerations, requiring proficiency in many areas. CFP professionals are skilled in approaching financial planning in the context of the client's entire financial picture—addressing today's needs and future needs—while being obliged to adhere to the principles and standards set out by FP Canada Standards Council. These abilities and obligations distinguish CFP professionals from other providers of financial advice.

The most fundamental of these obligations is adherence to the FP Canada Standards Council Code of Ethics and FP Canada Standards Council Rules of Conduct, which provide an ethical standard to be expected by clients and guidance to the CFP professional. The FP Canada Standards Council Fitness Standards lays out the character expectations FP Canada has of CFP professionals, to protect the integrity of the profession and clients alike. Furthermore, because their work with clients can be complex and involve the integration of many financial planning elements, CFP professionals are expected to follow logical, defined processes in order to perform their duties effectively. These processes are delineated in the FP Canada Standards Council Practice Standards.

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

Development of the *Competency Profile*

The *Competency Profile* is based on FP Canada's comprehensive analysis of the financial planning profession. This current version is founded on the previous version of the *Competency Profile* released in 2006, the global Financial Planner *Competency Profile* released by Financial Planning Standards Board Ltd. in 2007, and considerable input from industry.

Every five years, FP Canada Standards Council revalidates the *Competency Profile* to ensure it is relevant and reflective of the demands placed upon financial planners working in the industry. To complete this recent revision, a national task force of CFP professionals was struck to refine and update wording, identify missing competencies, address unnecessary competencies, and revise the listing of underlying technical knowledge. In addition to the work of this task force, the CFP professional community was surveyed to help identify which competency statements and knowledge items should be retained in this revision.

Rather than focusing exclusively on historical practice and the status quo, the *Competency Profile* reflects what a CFP professional does today and the expectations for the profession over the next several years. It sets the bar for those aspiring to become CFP professionals 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. It is not an exhaustive list of every element possible in every variation of practice, but rather of those that are expected of every CFP professional.

Application of the *Competency Profile*

The *Competency Profile* describes, on a practical level, what CFP professionals actually do. It can be a valuable resource to help define the profession and the expectations of its members.

The *Competency Profile* has four specific direct applications for FP Canada: examination blueprints, Core Curriculum 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 FP Canada activities.

For all stakeholders, the *Competency Profile* establishes the distinct set of knowledge, skills and abilities of CFP professionals and thus sets out the value proposition of financial planning. Specifically, the *Competency Profile* serves several distinct audiences:

i. CFP professionals can use the *Competency Profile* to validate their skills and abilities and articulate their value as a CFP professional to their clients and other stakeholders. It also serves as the source document for professionals to determine what is appropriate continuous professional development.

ii. Candidates for certification can use the *Competency Profile* to understand the scope of competence required for the examination components of CFP certification. Specifically, the *Competency Profile* is the foundation for the blueprints of each of FP Canada'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.

iii. 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 real-world experience. The *Competency Profile* is used by FP Canada Institute in determining which education programs meet FP Canada's Core Curriculum and Capstone Course requirements.

iv. Employers can use the *Competency Profile* to better understand the value of hiring a CFP professional and to appreciate the knowledge, skills and abilities that CFP professionals bring.

v. Canadians can use the *Competency Profile* to better understand the value proposition of financial planning and the role a CFP professional 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 CFP professionals are well versed in addressing.

The competency statements as well as the Professional Skills listed within this Profile are expected to remain static for the next five years. The Technical Knowledge list is expected to be updated more frequently; stakeholders should go to www.fpcanada.ca to download the most current version of this document.

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 is 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 which define expectations for CFP professionals. Competencies are the focal point of CFP professionals' underlying skills and knowledge. In additional to adhering to an ethical code in practice, CFP professionals' fulfillment of these competencies will be the most important determinant of their clients' financial planning experiences.

CFP professional competencies are combinations of activities, skills and technical knowledge. Activities can be collectively described as the "functional" elements of a competency. These elements are the drivers of actual tasks performed by CFP professionals as they move through the financial planning process.Skills and technical knowledge can be collectively described as the "foundational" elements of a competency. By defining competencies in this way, we recognize the importance of the underlying elements while acknowledging that a CFP professional must combine these elements effectively in order to apply a particular competency in practice.

Functional drivers of competencies

The functional drivers of the competencies in this *Competency Profile* consist of two major elements. Financial Planning Areas define the areas of focus in which the CFP professional will address different client goals and financial issues. Financial Planning Functions are 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:

- 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 a given element of competency will appear only once, and that it will be assigned to a particular area within a particular function. Many competencies could appear under multiple areas but are assigned to the one that is most representative. For example, a competency that appears as an element within Collection in Estate Planning may also be relevant to Collection for Investment Planning.

Financial planning is integrative in nature. One component cannot be considered in isolation within the practice of financial planning. With any single Financial Planning Component, the CFP professional will likely draw on elements of competency from other areas. It is the CFP professional's responsibility to draw on all elements of competency, as appropriate, in conducting 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 assumed to be essential building blocks to which the CFP professional will add from the other areas depending on the precise nature 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.

Collection refers to the gathering of both quantitative and qualitative information, the identification of relevant facts and documentation, and the preparation and organization of information in a way that allows for appropriate analysis.

2. Analysis

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

Analysis competencies encompass identifying issues and opportunities, performing required calculations, developing projections, and preparing and assessing the resulting information in order to identify and evaluate appropriate strategies.

3. Recommendation

Develops recommendations to help optimize the client's situation.

Recommendation competencies focus on the development of recommendations, in order of priority, that help meet the client's personal goals, needs and priorities and strive to optimize the client's situation.

Professional Skills

One key foundational support to the competencies is professional skills. These skills describe CFP professionals' ability to act in a manner that is constructive, collaborative and responsive to the needs of clients and co-workers. The *Competency Profile* identifies the following sets of skills:

- Cognitive Abilities and Judgement (including Professional Responsibility, Practice and Cognitive Skills)
- Communication

The Professional Skills defined in the *Competency Profile* refer to CFP professionals' ability and commitment to act professionally with clients and colleagues and to their responsibility to the profession of financial planning.

Professional skills are inherent in the fulfillment of each and every competency with each and every client; these professional skills represent fundamental abilities that define the true professional and form the foundation for financial planning as a profession. In demonstrating each element of competency, the CFP professional could be applying any one or multiple professional skills.
The complete list of Professional Skills is included in Appendix A.

Technical Knowledge

Technical Knowledge is another key foundational support to the competencies and is essential to the demonstration of competence. Without appropriate levels of technical knowledge, the competencies cannot be demonstrated.

Technical Knowledge describes CFP professionals' level of understanding of specific financial planning topics and the interrelationships among those topics as they apply to client engagements. Knowledge comes from a variety of sources including formal education, continuing education, interaction with colleagues, working with clients, professional journals, and the daily business press. To be effective, CFP professionals must maintain (and continue to build) their knowledge.

The Technical Knowledge in this document is generally exhaustive at a broad level today, but not static. The list will be updated periodically as appropriate.

Check www.fpcanada.ca for updates to the Technical Knowledge list as they are released.

Although the knowledge that is necessary to execute the competencies may change throughout the life of the *Competency Profile*, Appendix B provides a guideline to the knowledge that CFP professionals must possess to perform competently.

The main categories (or domains) of Technical Knowledge are as follows:

100.	Taxation
200.	Insurance
300.	Investments
400.	Retirement, Savings and Income Programs
500.	Law
600.	Financial Analysis
700.	Economic and Regulatory Environment
800.	Ethics and Standards
900.	Debt
1000.	Government Benefit Plans
1100.	Behavioural Finance

CFP professionals are expected to be knowledgeable on financial matters to serve their clients effectively. The six Financial Planning Areas define a broad range of topics and issues that CFP professionals must be able to address, but they are not expected to possess the highest levels of knowledge on all subjects. It is important, therefore, to define the levels of technical knowledge required as foundational elements of competency for CFP professionals. The levels are defined as follows:

Awareness A CFP professional must be cognizant that the topic exists and aware that it could have impact on the client and should not be ignored in client decision making, but he will not necessarily be capable of a thorough description of the topic area or any analysis. The CFP professional will be aware of the limitations of his knowledge and when he needs to consult another professional.

Understanding A CFP professional must have a basic knowledge of the topic, its general ramifications and basic impact on other areas of financial planning, but will not necessarily be able to make specific client recommendations. She will be aware of the limitations of her knowledge and when she needs to consult another professional.

Detailed A CFP professional must have a strong working knowledge of the topic and most of its ramifications in order to effectively analyze all relevant client information, weigh various options and synthesize information to make specific client recommendations. He will be able to draw inferences and explain the key impacts of strategies and recommendations on other client goals. He will be aware of the limitations of his knowledge and when he needs to consult another professional.

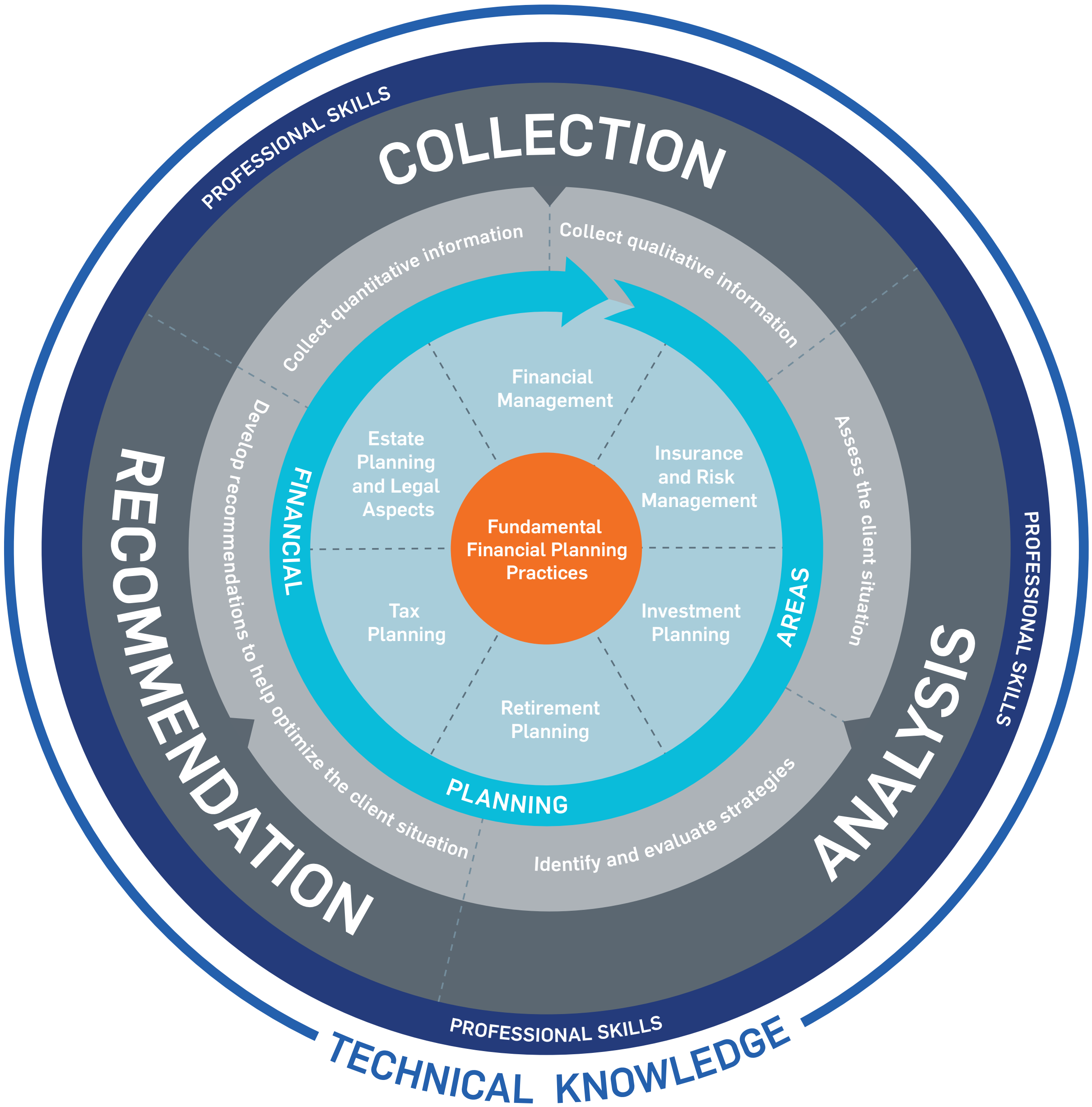
Expert A CFP professional must have in-depth knowledge of the topic and all the ramifications in order to fully analyze the client's particular situation, weigh all relevant options, including the most sophisticated strategies and obscure details, and synthesize all information to make specific client recommendations. She will be able to draw inferences and explain all of the impacts of the strategies and recommendations on other client goals.

Elements of Competency

The ability to integrate all functional drivers and foundational supports of competency allows CFP professionals to perform the specific job functions expected of them.
These functions rely on processes and methods that CFP professionals use to complete the day-to-day requirements of financial planning.

The tables on pages 10–32 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 CFP professionals may apply them. The descriptions are not intended to provide full details on the elements of competency. They are not taken to be exhaustive or prescriptive, but rather as guidance only for those seeking greater clarity on the intent of each competency statement.

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 CFP professionals' performance of Financial Planning Functions, Professional Skills and demonstration of their Technical Knowledge.


PROFESSIONAL SKILLS
COLLECTION
Collect quantitative information
Collect qualitative information
Assess the client situation
ANALYSIS
Identify and evaluate strategies
RECOMMENDATION
Develop recommendations to help optimize the client situation
FINANCIAL PLANNING AREAS
Financial Management
Insurance and Risk Management
Investment Planning
Retirement Planning
Tax Planning
Estate Planning and Legal Aspects
Fundamental Financial Planning Practices
PROFESSIONAL SKILLS
PROFESSIONAL SKILLS
TECHNICAL KNOWLEDGE

Fundamental Financial Planning Practices

CFP professionals must apply fundamental financial planning practices to all six Financial Planning Areas. These elements relate to the integration and interrelationships among all the areas and are key to any and all financial planning engagements. For example, for a CFP professional to provide meaningful advice and planning, she must understand all of the client's goals, interdependencies, overall constraints and/or opportunities in order to develop appropriate financial strategies and prioritize recommendations to optimize the client's overall situation.

1 Collection:
Gathers the client's information

1.001 Identifies the client's objectives, needs and values that have financial implications	The CFP professional identifies the client's overall financial goals, in terms that are specific and measurable, as well as other relevant qualitative considerations regarding family, business or other matters, and the client's attitudes toward financial planning. For example, the CFP professional may learn about the client's general tendencies to be cautious when making decisions, or the importance of providing for a child with special needs, or concerns about the protection of business interests.
1.002 Identifies the documentation required	The CFP professional determines the documentation required, including information around assets and liabilities and current and projected income and expenses, the existence of wills, powers of attorney and other legal agreements. The CFP professional may request any supporting documentation not already provided, and may provide guidance to the client on obtaining documents that may not be immediately available.
1.003 Identifies the client's legal issues	Based on information previously collected, the CFP professional identifies current and potential legal issues that may affect the client's financial position and ability to achieve her financial goals. Legal issues may relate to spousal and child support obligations or entitlements, outdated or invalid wills, a prior Canada Revenue Agency tax audit and any other legal proceeding in which the client may be involved.
1.004 Determines the client's level of financial sophistication	The CFP professional assesses the client's level of knowledge regarding financial matters. The CFP professional seeks to understand the client's familiarity with and expectations of financial planning. For example, the CFP professional may consider whether the client has had a financial plan developed previously; the CFP professional may also assess current plans in place to achieve the client's goals. A client who has a well-structured retirement and investment plan and a family trust set up to benefit the children may be considered to have at least a reasonable level of financial sophistication.
1.005 Identifies material changes in the client's personal and financial situation	Using information previously collected, the CFP professional identifies any significant changes in the client's personal and financial situation that may impact the achievement of financial goals. Examples include changes in employment, marital status or children; new business interests or obligations; sale of assets; inheritances or health issues.
1.006 Prepares information to enable analysis	The CFP professional organizes all information collected to allow for analysis. For example, he may prepare net worth, cash flow and budget statements, a statement of the market value and adjusted cost base of investment holdings, a breakdown of rental income and expenses and a summary of insurance coverage.

2 Analysis:

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

2.001 Analyzes the collected information to prioritize the financial planning areas	Based on a detailed assessment of the information collected, the CFP professional establishes the relative priority of each financial area relative to the overall plan. For example, the CFP professional may prioritize risk management and estate planning for a client with no insurance or estate plan in place and significant protection needs for a young family.
2.002 Considers interrelationships among financial planning areas	The CFP professional identifies and assesses the inter-connections between each of the financial planning areas. She may consider competing demands on cash flows as well as opportunities to better utilize cash flows to meet multiple financial goals. For example, a high income client who wants to make retirement planning a priority can maximize RRSP and TFSA contributions (retirement planning) as well as take advantage of the opportunity to split retirement income with his lower income spouse by opening a spousal RRSP, making contributions to the spouse's TFSA and taking advantage of pension income splitting and CPP splitting (tax planning).
2.003 Assesses opportunities and constraints across financial planning areas	The CFP professional notes areas of challenge or opportunity where the client's current resources and plans may help or hinder the achievement of his financial goals. For example, a client with limited resources may not be able to commit sufficient savings to retirement and education plans to meet both financial goals. Therefore, the CFP professional may discuss the issue with the client and help set some priorities.
2.004 Considers the impact of economic, political and regulatory environments	The CFP professional assesses the extent to which the client's financial position and possible financial strategies may be affected by economic, political and regulatory factors. Examples include inflation, interest rates, the relative strength of the Canadian dollar, changes in tax legislation and regulatory issues regarding investment, pensions, insurance or other areas related to financial planning. The CFP professional considers how these factors may guide or limit the client's financial planning options.
2.005 Measures the progress toward achievement of objectives	The CFP professional assesses the current level of progress towards the client's financial goals by comparing her projected net worth to current net worth and considering current savings plans and strategies in place to bridge the gap. For example, the CFP professional may consider the value of the client's current retirement assets to the value required at retirement and plans in place to grow and protect retirement savings over the client's working years.

3 Recommendation:
Develops recommendations to help optimize the client's situation

3.001 Prioritizes recommendations to optimize the client's situation	The CFP professional establishes the relative priority of each financial planning recommendation to best address the client's needs, goals, attitudes and values. For example, the CFP professional may prioritize the purchase of life and disability insurance and drafting of a will for a client who is recently married with a child on the way. Alternatively, the CFP professional may prioritize a review of planned expenses and consolidation of debt for a client who is jeopardizing her financial future by virtue of excess spending.
3.002 Incorporates recommendations into action steps	The CFP professional includes all financial recommendations alongside specific action steps. Action steps may include a timetable for getting started, account references, persons and/or documentation required to assist and dates for completion.
3.003 Determines the appropriate cycle of review for the recommendations	The CFP professional establishes a schedule for review of financial planning recommendations considering normal business practices, client preferences and any unexpected changes in client or external circumstances that may impact projections developed and recommendations made.
3.004 Determines the necessity to revise the recommendations	As part of the review process, the CFP professional evaluates the need to make adjustments to the recommendations. Triggers for possible adjustments include changes in the client's situation such as marriage, job change, shifting priorities or attitudes, and changes in external factors including economic conditions or tax legislation. Examples of areas that may require adjustment include assumptions for inflation, interest rates and investment growth, asset allocation based on a changing risk tolerance, life expectancy, estate plans, and the amount and type of insurance coverage. Material changes will generally necessitate a revision to either a portion of the recommendations or the recommendations overall.

Financial Management

Financial management focuses on the client's current and future financial position. The client's financial position is characterized by his cash flow, budget and net worth, and will include his inclination to save, spend and borrow. It is important for the CFP professional 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, to the extent that the client wishes to provide for his children's education over the next four years, retire in 10 years and leave a sizeable estate, the budget will need to account for these various goals.

1 Collection:
Gathers the client's information

1.1 Gathers quantitative information

1.101 Collects information regarding the client's assets and liabilities	The CFP professional identifies what the client owns and what he owes. Key information about assets owned includes type and balance of assets, market value, ownership, cost basis, historical rates of return and beneficiary designations. Key information about liabilities owed includes the type of liability, balance owing, ownership, terms, interest rates, amount, frequency of payments and purpose of the liability. Supporting documentation may include investment statements, property tax assessments, and mortgage, loan, line of credit and credit card statements.
1.102 Collects information regarding the client's cash flow	The CFP professional identifies information about the client's current cash inflows and outflows. Key information includes the source, amount, timing, frequency, regularity and tax treatment of items. Supporting documentation may include bank statements, pay statements, tax slips, income tax assessments, individual and government pension statements, mortgage, loan and credit card statements, and insurance statements.
1.103 Collects information necessary to prepare a budget	The CFP professional determines estimated cash inflows and outflows on expected income and expenditures over the planning period, which typically extends into the future. In addition to regular income and expense amounts, lump sum income and expense amounts will be considered, including any planned purchases and potential inheritances.
1.104 Prepares statements of the client's net worth, cash flow and budget	Based on information about the client's assets and liabilities and cash flows, the CFP professional develops statements of net worth, cash flow and budget, including all relevant data collected. These statements will form the basis for the CFP professional's analyses, proposed strategies and recommendations to help the client meet her financial management goals and all other key financial goals.

1.2 Gathers qualitative information

1.201 Determines the client's inclination to save	The CFP professional determines the client's attitudes toward saving by considering his pattern of saving, including the consistency, frequency and level of saving. The CFP professional may also consider the client's annual savings relative to income and total accumulated savings relative to the client's goals.
1.202 Determines how the client makes spending decisions	The CFP professional determines how the client makes spending decisions by considering her pattern of spending, including the purpose of spending and level of discretionary and non-discretionary spending. The CFP professional may also consider the extent to which the client makes impulse purchases or budgets for discretionary purchases and how often credit is relied upon.
1.203 Determines the client's attitudes toward debt	The CFP professional determines the client's attitudes toward borrowing by considering his pattern of borrowing, including the purpose and type of borrowing. The CFP professional may also consider the ratio of debt balances to credit limits, whether payments are made on time and the extent to which debt is used to fund purchases.
1.204 Determines the client's desired standard of living	The CFP professional determines the client's desired standard of living by assessing the client's priorities regarding lifestyle, including living arrangements, preferred activities, type of travel done and planned for the future, and the type and level of any planned purchases and expenses.

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

2.1 Assesses the client situation

2.101 Determines whether the client is living within financial means	The CFP professional identifies the strengths and/or gaps in the client's position by calculating the level of cash flow surpluses and/or deficits and the client's debt service ratios. By preparing statements of cash flow and budget, the CFP professional can project the client's ability to sustain her current spending and savings plans and meet her financial goals.
2.102 Determines the issues relevant to the client's assets and liabilities	The CFP professional identifies the strengths and/or challenges related to the client's net worth by considering the level of net worth, the extent to which it is positive or negative, the client's debt-to-equity and debt-to-total assets ratios, the source and liquidity of assets, and the cost- and tax-efficiency of liabilities.
2.103 Determines the client's capacity to sustain an emergency situation	The CFP professional assesses the client's financial position in the event of a significant, unexpected expense or loss of income. The CFP professional determines the amount and liquidity of the client's assets, the availability and cost of credit, and any entitlements to supplementary income such as insurance and/or government benefits. Cash flow and net worth projections may be used to illustrate the impact of a financial emergency on the client's financial position.
2.104 Considers potential cash management strategies	Based on the client's financial position and goals, the CFP professional determines possible cash management strategies to address gaps and goals identified. Examples of alternate strategies include financing a new property by way of a mortgage or financing the property using a line of credit; another example is setting up TFSA savings to fund emergencies or setting up a line of credit for that purpose, or doing both.

2.2 Identifies and evaluates strategies

2.201 Assesses the impact of potential changes in income and expenses	The CFP professional identifies surpluses and/or deficits arising from expected or possible changes in the client's income and expenses. These changes may be a function of a change in job, a new child, a move to a bigger home, more travel or other activities; the vesting and exercise of stock options; expansion of a business or other circumstances.
2.202 Identifies conflicting demands on cash flow	The CFP professional identifies potential challenges associated with multiple demands on the client's cash flows, which may lead to a trade-off analysis and client discussions to help prioritize goals and make appropriate choices. Cash flow constraints become apparent when budgets reveal cash flow shortages.
2.203 Assesses financial alternatives	The CFP professional assesses the pros and cons of financial management alternatives to help meet the client's goals. Savings alternatives for the children's education may include an in-trust account and formal trust; these options can be assessed based on their tax implications and the client's desire for control over the funds, among other considerations; financing alternatives may include a mortgage, line of credit or fixed-term loan. These can be assessed based on their terms, interest costs and predictability of interest costs, required payments and potential tax implications.

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	The CFP professional develops financial management strategies based on his assessments of each financial management alternative. For example, the CFP professional may determine that the client should consider a traditional mortgage or line of credit to finance her new home. Pro-forma cash flow statements can be used to illustrate the financial impact of strategies developed.
3.102 Evaluates advantages and disadvantages of each financial management strategy	The CFP professional assesses the advantages and disadvantages of the strategies developed. For example, for the client who has substantial non-registered investments, the CFP professional may suggest redeeming a portion to fund his new home and setting up a line of credit to replace the investments. This strategy may provide the opportunity to deduct the interest costs associated with the line of credit. The disadvantages include a possible increase in interest costs and the temptation to draw on the line of credit after it is paid down.
3.103 Utilizes the optimal strategies to make financial management recommendations	Based on an assessment of the pros and cons of each strategy and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. For example, based on the availability of liquid assets and the client's high tax rate, the CFP professional may recommend using a portion of investment assets to fund a new home and borrowing to replace the investments.
3.104 Prioritizes action steps to assist the client in implementing financial management recommendations	The CFP professional prioritizes recommendations according to the client's financial needs and goals. A table may be created with recommendations listed in order of importance, timeframes to complete, suggested action steps, and key persons to support the implementation. Where the recommended strategy is to borrow to invest, the CFP professional may recommend first consulting with a tax professional to confirm the strategy's suitability and then, with the client's investment advisor, discuss what assets to sell and when; the CFP professional may then suggest a meeting with a personal banker to set up a line of credit.

Investment Planning

Investment planning focuses on how to best manage the client's assets based on investment experience, attitudes, objectives, time horizon and risk tolerance. It also involves consideration of the client's current investment holdings, including not only stocks, bonds and the like, but also real estate and other holdings. Investment planning decisions will impact the client's ability to meet financial goals related to major purchases, as well as retirement and estate planning goals. There is also a significant relationship between investment planning and tax planning, since different asset classes and investment vehicles have different levels of tax efficiency.

1 Collection:
Gathers the client's information

1.1 Gathers quantitative information

1.105 Collects information to prepare a detailed statement of investment holdings	The CFP professional gathers information on the client's investment holdings. Key information includes the client's mix of assets, their market values and cost bases, their ownership, historical rates of return, maturity dates and beneficiary designations. Supporting documentation may include investment statements, transaction confirmations, income tax returns and assessments.
1.106 Determines the client's current asset allocation	The CFP professional determines the client's asset allocation for both registered and non-registered plans and the portfolio overall by determining the breakdown of cash, fixed income and equity investments, real estate and other specialized investments. The CFP professional also determines the currency of assets and in which accounts different asset types are held since each may have different tax treatments.
1.107 Identifies cash flows available for investment	The CFP professional determines the amount of cash that the client can commit to ongoing investment contributions. This will facilitate recommendations around future investment to meet education, retirement, estate planning and other financial goals.

1.2 Gathers qualitative information	
1.205 Determines the client's investment experience, attitudes and biases	The CFP professional determines the client's attitudes toward investing by understanding her level of knowledge, investment experience, whether past experience has been positive or negative, expectations for investment returns, persons relied upon to help with investment decisions, and current investment plans in place. The CFP professional can get a sense for the client's attitudes and biases toward investment by considering her current asset mix, the level of investment activity in her investment accounts, and her past behaviour in volatile markets.
1.206 Determines the client's return expectations	The CFP professional determines the client's expectations for investment growth and the basis for those expectations, which may include his own knowledge and experience with investments, the input of financial advisors, and his understanding of economic and market conditions. The CFP professional may assess the client's return expectations by comparing them to research around historical performance of various asset classes.
1.207 Determines the client's tolerance for investment risk	The CFP professional determines the client's attitudes regarding investment volatility and risk of investment loss. The CFP professional may present the client with various possible market scenarios impacting the value of investments to assess the client's reaction. The CFP professional may also consider the client's past behaviour in the face of volatility and the nature of other decisions the client has made. These may be decisions around the purchase of insurance or even the type of work or leisure activities the client engages in.
1.208 Determines the client's desired degree of involvement in investment planning	The CFP professional determines the client's desired level of involvement in investment management by assessing the degree of previous involvement in investment decisions, whether the client's investments are managed on a discretionary or non-discretionary basis, the client's level of investment knowledge and interest and even his lifestyle. For example, a client who spends a good deal of time away from home or who has little knowledge or interest in investments may not wish to be highly involved in making investment decisions.
1.209 Identifies the client's time horizon	The CFP professional determines timeframes to accumulate investment assets. Time horizon is evaluated in the content of other financial goals by determining when the client will need additional income, or when he wishes to purchase a new home or business, fund a family wedding, retire or pay off his mortgage, for example.

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

2.1 Assesses the client situation

2.105 Calculates required rate of return to reach client's objectives	The CFP professional calculates the rate of return required to meet the client's goals by considering the value of assets required compared to the current value of assets. The rate of return calculation will consider the level and frequency of investment savings, the client's regular income needs, planned withdrawals and time horizon.
2.106 Determines the characteristics, including related expenses, of investment holdings	The CFP professional determines the key features of the client's investment holdings, including their marketability, volatility, expected growth, fees and tax treatment, and how they complement other investment holdings to achieve a well-diversified portfolio.
2.107 Determines the implications of acquiring/ disposing of assets	The CFP professional assesses the consequences of acquiring or disposing of investment assets, including potential tax implications, costs, the resulting asset mix and diversification of the portfolio relative to the client's risk tolerance and investment objectives, and the impact on the achievement of the client's financial goals.
2.108 Considers potential investment planning strategies	Based on the client's goals, investment knowledge, objectives and time frame, the CFP professional identifies possible investment planning strategies, which may include adjustments to the client's asset mix and type of investments held. The CFP professional may consider alternate types of investments, including mutual funds, pooled funds and individual securities. The CFP professional may also consider the consolidation of investment accounts versus the alternative of owning multiple non-registered investment accounts.

2.2 Identifies and evaluates strategies

2.204 Assesses whether investment return expectations are consistent with risk tolerance	The CFP professional compares the client's expectations for investment return with her risk tolerance. When return expectations differ from what the client can tolerate, the CFP professional may educate the client about expectations that may be more fitting. The CFP professional may highlight the risks associated with an asset mix more in line with the client's return expectations, in particular the potential to put her financial goals in jeopardy.
2.205 Assesses whether asset holdings are consistent with risk tolerance and required rate of return	The CFP professional compares the client's current asset holdings with her risk tolerance. Where there is inconsistency, the CFP professional may identify the gap, revisit the 'Know Your Client' form, and suggest an adjustment to the asset mix and/or diversification. Based on the rate of return associated with the client's risk tolerance, the CFP professional may also discuss additional savings needed to reach the client's goals; alternatively, if the rate of return associated with the client's risk tolerance is higher than expected, there may be opportunity to divert cash flows to other priorities.

3 Recommendation:
Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.105 Formulates investment planning strategies	The CFP professional creates investment planning strategies based on an assessment of the client's current investment plan. For example, the CFP professional may consider that holding investment securities may make more sense for the client than holding mutual funds. Another strategy may involve consolidating all RRSP plans versus holding three separate RRSP plans.
3.106 Evaluates advantages and disadvantages of each investment planning strategy	The CFP professional weighs the advantages and disadvantages of the strategies he has formulated. For example, a strategy to hold individual securities may offer higher tax and cost advantages than mutual funds and adequate diversification for a client with significant assets. The disadvantages may include a lack of sufficient knowledge of individual securities within foreign markets and a potential lack of diversification if only Canadian securities are held.
3.107 Utilizes the optimal strategies to make investment planning recommendations	Based on an assessment of the pros and cons of each strategy and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. The CFP professional may recommend individual securities for the Canadian component of the client's portfolio and mutual funds for the foreign component.
3.108 Prioritizes action steps to assist the client in implementing investment planning recommendations	The CFP professional prioritizes her recommendations according to the client's investment planning goals. A table may be created with recommendations listed in order of importance, timeframes to complete, suggested action steps, and key persons to support the implementation. Although the recommendation may be to sell some of the client's mutual funds in favour of individual securities, the suggestion may be to first meet with the client's investment advisor so that any portfolio changes are made with full consideration of current market conditions and possible tax implications.

Insurance and Risk Management

Insurance and Risk management focuses on strategies designed to manage the client's exposure to an unexpected financial loss due to death, health issues, property damage and other risks. Because these situations may affect the client's ability to achieve his overall goals, a high degree of integration exists with other key financial planning areas. The CFP professional compares the client's risk exposure to the client's current insurance coverage and other available assets to help determine and prioritize the client's risk management needs.

1 Collection:

Gathers the client's information

1.1 Gathers quantitative information

1.108 Collects details of the client's existing insurance coverage	The CFP professional gathers information on the client's insurance coverage. Key information includes the type of policy, ownership, amount of coverage, renewal date, premiums, cash values, tax status, beneficiary designations and integration of benefits with group and/or government insurance benefits. Supporting documentation may include contracts and statements for life, disability, health and property insurance policies.
1.109 Identifies potential financial obligations	The CFP professional estimates the client's potential financial obligations at death. Examples may include funeral expenses, taxes and probate fees, debts, expected costs associated with the children's educations, replacing assets and maintaining the family's standard of living. The amount and timing of these obligations can be determined by referring to the client's budget, which may be used as a basis for estimating the present value of cash outflows in the event of death.

1

Collection:
Gathers the client's information

1.2 Collects qualitative information

1.210 Determines the client's risk management objectives	The CFP professional assesses the extent to which the client wishes to manage his risk as a result of significant events such as death, disability, illness or property loss. The CFP professional determines the amount and type of insurance currently in place, how well it is understood and the client's sense of its adequacy. The CFP professional may also determine the expected length of the insurance need, the opportunity to replace lost income, any special needs of beneficiaries, possible family health issues, and the importance of estate planning.
1.211 Determines the client's tolerance for risk exposure	The CFP professional determines the client's attitudes toward risk management. The client's tolerance for risk may be influenced by her family history regarding unexpected loss, disability and/or death, level of obligations or opportunities to replace lost income. The CFP professional may also consider the client's risk tolerance in other areas by considering the nature of planned expenditures, the client's asset mix, the existence of a will or power of attorney, and the client's overall receptiveness to discuss insurance.
1.212 Determines relevant lifestyle issues	The CFP professional considers how the client's lifestyle may affect his exposure to risk of premature death, disability, critical illness, or other financial loss. Lifestyle issues may include smoking, gambling, physical fitness, certain kinds of travel, occupation and "extreme" activities such as mountain climbing or sky diving. The CFP professional will consider these issues when assessing the level and priority of risk management needs.
1.213 Determines the client's personal and family health history	The CFP professional considers how the client's personal health and family history may affect her exposure to risk of premature death, disability or illness. A family history of illness or premature death might elevate the importance of risk management advice and planning for the client.
1.214 Determines the client's willingness to take steps to manage financial risk	The CFP professional determines the client's priorities and level of commitment regarding risk management. This may involve discussing and illustrating the potential impact of financial loss on the client's family, business and other financial goals. The CFP professional also gathers information about existing insurance policies, when they were purchased, significant life events since that time and when they were last reviewed.

2 Analysis:

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

2.1 Assesses the client situation

2.109 Determines the characteristics of existing insurance coverage	The CFP professional determines the level of the client's individual and/or group insurance coverage. Key factors to consider will be the type and level of coverage, ownership of policies, renewal periods and options, and current and expected future premiums, all of which may indicate current or potential future gaps in coverage. The CFP professional will also consider the possibility of over-insurance.
2.110 Considers potential risk management strategies	Based on the client's risk management needs, the CFP professional identifies possible risk management strategies. Examples include maintaining a term policy or converting term to permanent insurance and considering the purchase of health insurance to fund costs when employer benefits cease in retirement. Permanent insurance may also be considered as a tax-preferred investment option for clients who also have risk management and/or estate planning needs.

2.1 Identifies and evaluates strategies

2.206 Assesses financial impact of exposure to risk	The CFP professional assesses the impact of death, disability, critical illness or property loss on the client's financial position and ability to achieve overall financial goals. For example, the CFP professional may develop cash flow and net worth projections considering a loss of income and potential increase in expenses due to disability, illness or long-term care.
2.207 Assesses the client's risk exposure against current insurance coverage and risk management strategies	The CFP professional compares the client's existing insurance coverage and risk management strategies to expected income needs in the event of financial loss. This will help to assess the strategies developed. For example, if the client's expected income needs extend well in the future, the strategy of converting term to permanent insurance may be one worth considering.
2.208 Assesses the implications of changes to insurance coverage	Based on the specific characteristics of each insurance policy, the CFP professional assesses the consequences of making changes to existing coverage and/or replacing policies altogether. Specific implications may include penalties, tax costs, changes in insurance premiums and the potential to be over-insured/under-insured.
2.209 Prioritizes the client's risk management needs	Based on the client's risk management objectives, attitudes, lifestyle, family history and other financial goals, the CFP professional helps to prioritize the client's risk management needs. For example, disability insurance may be the largest priority given the client's occupation and lifestyle; life insurance may be a lower priority based on the availability of other income and the fact that the children are making plans to leave home.

3 Recommendation:

Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.109 Formulates risk management strategies	The CFP professional develops risk management strategies based on an assessment of alternatives. For example, for a client who has long-term income replacement needs and specific estate planning goals, converting term to permanent insurance may be a good option. A client in a high marginal tax bracket with no specific income needs and plans to leave a large estate may wish to consider permanent insurance as a tax-preferred investment option.
3.110 Evaluates advantages and disadvantages of each risk management strategy	The CFP professional weighs the advantages and disadvantages of strategies developed. For example, a key benefit of term insurance is its relatively low cost and the opportunity for protection where the risk of loss diminishes over time or ceases to exist. Permanent insurance tends to be more costly but is preferred where the risk of loss extends well into the future or where there may be a desire to leave an estate. The CFP professional evaluates the options with consideration to the client's attitudes toward risk management, health, life expectancy, and the availability of replacement income and/or capital to fund expenses.
3.111 Utilizes the optimal strategies to make risk management recommendations	Based on an assessment of the pros and cons of each strategy and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. The CFP professional may recommend that the client consider converting existing term to permanent insurance and purchasing additional permanent insurance.
3.112 Prioritizes action steps to assist the client in implementing risk management recommendations	The CFP professional prioritizes his recommendations according to the client's financial needs and goals. A table may be created with recommendations listed in order of importance, with timeframes to complete, suggested action steps and key persons to support the implementation. The CFP professional may recommend that the client meet immediately with an insurance specialist to discuss the purchase of disability insurance based on a lack of coverage, and secondly, to consider converting term to permanent insurance.

Tax Planning

Tax planning focuses on the client's current and future tax obligations and strategies employed to minimize or defer taxation. Tax planning strategies are designed to help strengthen the client's financial position and better enable him to meet financial goals. Tax planning is important since most financial decisions will generally have tax implications. Therefore, tax planning is highly integrated with other financial planning areas. For example, different classes and types of investment and insurance products will have different tax implications; depending on the purpose of financing, interest costs will either be considered tax deductible or non-tax deductible. A key estate planning objective for some clients is to minimize taxes at death so as to maximize the estate value available for beneficiaries.

1 Collection:
Gathers the client's information

1.1 Gathers quantitative information

1.110 Collects the information necessary to establish the client's taxable income, deductions and credits	The CFP professional gathers information on the client's taxable income, deductions and credits. Supporting documentation includes prior year income tax returns and notices of assessment, tax slips, employment contracts, pay statements, investment transaction records and statements.
1.111 Identifies tax implications of assets and liabilities	For each asset and liability, the CFP professional identifies current and future tax considerations. Key information includes the market value and adjusted cost base of assets and the tax effect if sold, the tax deductibility of interest payments on any mortgages or loans, the tax deductibility of investment contributions and fees, and any tax credits or other tax-related benefits to which the client may be entitled based on her assets and liabilities.
1.112 Identifies current, deferred and future tax liabilities	The CFP professional identifies the client's current, deferred and future tax liabilities. Key information includes current taxes owing, tax arrears, interest and penalties, repayment obligations under tax-preferred programs such as the Home Buyer's Plan or Lifelong Learning Plan, future obligations related to RRIFs and/or LIFs, and current and expected capital gains on investments.
1.113 Identifies parties relevant to the client's tax situation	The CFP professional identifies parties relevant to the client's tax situation. This may include the client's spouse or common-law partner, dependants, employer, business associates, caregivers and trustees.

1.2 Gathers qualitative information

1.215 Determines the client's attitudes toward taxation	The CFP professional determines the client's attitudes regarding tax, including the extent to which tax-reduction and deferral strategies are a priority. For example, the CFP professional may consider the split of the client's investment assets between tax-deferred and taxable accounts and the focus on tax-efficient investing and borrowing.
1.216 Determines the client's tax knowledge	The CFP professional determines the client's level of knowledge regarding taxation. This may be evident in the client's current and previous tax information, and her use of tax credits, deductions and deferral strategies. The CFP professional may also get a sense of tax knowledge by determining the extent to which the client takes advantage of any income splitting opportunities or understands the tax effect of financial decisions.

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

2.1 Assesses the client situation

2.111 Determines the implications of relevant tax information	The CFP professional assesses the implications of tax information, including reported gains or losses on asset sales, the sale of a principal residence or cottage, and interest and dividend income reported on tax slips. The CFP professional will also consider the tax implications of reported employment, business, pension, rental and other income and expenses reported.
2.112 Considers potential tax strategies and structures	Based on the client's tax situation, the CFP professional identifies possible tax strategies to help strengthen the client's financial position. For example, the CFP professional may consider opportunities for greater tax-deferred savings, income splitting and tax elections and opportunities to draw on assets to fund retirement or transfer assets from one generation to the next, in a tax-efficient manner.

2.2 Identifies and evaluates strategies

2.210 Evaluates appropriateness of existing tax strategies and structures	The CFP professional assesses the suitability and effectiveness of current tax arrangements and strategies. For example, the CFP professional may consider if all available tax deductions and credits are being taken advantage of in the correct manner and by the spouse who will benefit most. The CFP professional may also consider the tax implications of various business ownership structures, investment plans and asset types to help the client meet his goals in the most tax-effective way.
2.211 Assesses impact of tax planning alternatives	The CFP professional assesses the impact of tax planning alternatives being considered. For example, the CFP professional may consider the opportunities for income splitting with family members and their effectiveness in reducing the family's tax bill. The CFP professional can also assess the tax benefits of different financing or savings options available to defer tax into the future. Cash flow and net worth projections may be used to illustrate the impact of each alternative.

3 Recommendation:
Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.113 Formulates tax planning strategies	The CFP professional creates tax planning strategies based on an assessment of alternatives. For example, for a client planning to sell shares of a small business corporation within five years, the CFP professional may help to ensure that the business will meet the criteria associated with a qualified small business corporation in order to take advantage of related tax benefits. Cash flow and net worth projections can be used to illustrate the client's current and future financial position based on each strategy.
3.114 Evaluates advantages and disadvantages of each tax planning strategy	The CFP professional weighs the advantages and disadvantages of the strategies under consideration. For example, the main advantage of having the client's small business shares regarded as qualified small business corporation shares' is related to the potential future tax benefits. However, there may be costs and limitations involved in meeting the criteria for qualified small business corporation shares.
3.115 Utilizes the optimal strategies to make tax planning recommendations	Based on a comparison of tax planning strategies and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. The CFP professional may recommend a possible re-structure of the client's business for the opportunity to gain high expected tax savings upon the sale of her shares at retirement.
3.116 Prioritizes action steps to assist the client in implementing tax planning recommendations	The CFP professional prioritizes her recommendations according to the client's financial needs and goals. A table may be created with recommendations listed in order of importance, with timeframes to complete, suggested action steps, and key persons to support the implementation. The CFP professional may recommend that the client meet with a tax professional to discuss the opportunity to re-structure the client's business as a qualified small business corporation and help implement the re-structure well ahead of any share sale at retirement.

Retirement Planning

Retirement planning focuses on the client's financial well-being after employment has stopped. It involves a comparison of the client's expected lifestyle in retirement to his current retirement assets, planned savings and expected rates of return on investment. Retirement savings must be carefully monitored as circumstances change over time. Retirement planning is highly integrated with financial management and investment planning since it is highly dependent on the availability of cash to the client's retirement goal and on the growth of retirement savings. It is also highly integrated with tax planning given the different tax treatment of various registered plans.

1 Collection:
Gathers the client's information

1.1 Gathers quantitative information

1.114 Collects the details of potential sources of retirement income	The CFP professional gathers information on the client's expected sources of retirement income. Key information includes the amount, timing, predictability, and tax treatment of income, expected indexation of income amounts, and potential inheritances. Supporting documentation may include pension statements, government retirement benefits and investment statements.
1.115 Collects the details of estimated retirement expenses	The CFP professional gathers information on the client's estimated retirement expenses. Key information includes the purpose, amount, timing, predictability and the tax deductibility of expenses. Supporting documentation may include mortgage or loan statements and lease agreements. The CFP professional will also need to understand whether there are any plans to purchase a retirement property or get involved in clubs or activities that may have significant one-time or recurring expenses associated with them.

1.2 Gathers qualitative information

1.217 Determines the client's retirement objectives	The CFP professional determines the client's retirement goals. Specific areas to discuss may include where the client wants to live, her desired lifestyle, level of travel and leisure activities, and desires for care in retirement years.
1.218 Determines the client's attitudes toward retirement	The CFP professional determines the client's attitudes toward retirement by considering the client's openness to discuss it and his level of enthusiasm or trepidation around it. The CFP professional may also get a sense of attitude by determining when the client plans to retire. Some may look forward to an early retirement to embark on other adventures; others may not think in terms of a retirement date.
1.219 Determines the client's comfort with retirement planning assumptions	The CFP professional considers the client's expectations and attitudes regarding assumptions that may affect her retirement plan. These include assumptions about health, timing of pension and government retirement benefits; inflation levels impacting assets, income and expenses; rates of return on retirement investments; and life expectancy.

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

2.1 Assesses the client situation

2.113 Develops financial projections based on current position	Using the information collected about assets, liabilities, retirement income and expenses, the CFP professional creates cash flow and net worth projections covering the planned retirement period, using the client's current cash flow and net worth statements as a baseline. The CFP professional will factor in planned savings and expenses over the working years and any expected changes in asset and liability values.
2.114 Determines if the client's retirement objectives are attainable	The CFP professional identifies the strengths and/or gaps in the client's current financial position and plans relative to his retirement goals. The CFP professional will need to assess whether lifestyle and other retirement expenses can be funded based on planned savings and expenses over the client's working years and his other financial goals.
2.115 Considers potential retirement planning strategies	Based on the client's current financial position and retirement goals, the CFP professional identifies possible retirement planning strategies to address gaps and/or opportunities identified. Examples include opening a TFSA account and maximizing contributions, maximizing RRSP contributions, setting up an individual pension plan, converting the client's RRSP to a RRIF or annuity, and planning to receive government pension benefits at age 60 or age 65.

2.2 Identifies and evaluates strategies

2.212 Assesses financial requirements in retirement	The CFP professional evaluates the client's financial needs in retirement. Where cash flow deficits are estimated, the CFP professional may project the amount of additional income and capital required. Where cash flow surpluses are estimated, the CFP professional may review the planned expenses, including unforeseen expenses to ensure their adequacy, and possibly discuss opportunities to redirect cash flows to other financial goals.
2.213 Assesses trade-offs necessary to meet retirement objectives	The CFP professional assesses the extent to which the client's retirement objectives may compete with other financial goals. Where there are competing demands on cash flows, the CFP professional considers a number of factors, including the client's priorities, attitudes, risk tolerance and rates of return around competing opportunities to help the client make a decision to manage the trade-off. For example, if expected cash flows do not allow the client to both retire and pay off her mortgage by age 55, she will need to prioritize the goals and may decide to extend her mortgage by five years, based on its lower cost versus the rate of return on retirement assets and other considerations.

3 Recommendation:
Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.117 Formulates retirement planning strategies	The CFP professional develops retirement planning strategies to help the client achieve his retirement goals. For example, the CFP professional may develop a strategy to reduce the client's RRSP contributions in favour of TFSA contributions. Another strategy may be to apply to receive CPP benefits at age 60 instead of waiting until age 65.
3.118 Evaluates advantages and disadvantages of each retirement planning strategy	The CFP professional weighs the advantages and disadvantages of the strategies she has created. For example, she may compare and contrast the benefits of both the RRSP and TFSA based on the client's tax position, required retirement savings, available cash and financial goals.
3.119 Utilizes the optimal strategies to make retirement planning recommendations	Based on an assessment of the pros and cons of each strategy and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. The CFP professional may recommend setting up a TFSA account and maximizing contributions and using the client's remaining cash available to make RRSP contributions. The CFP professional may recommend setting up a regular investment plan to fund the two accounts for greater peace of mind and to take advantage of dollar cost averaging when purchasing investments.
3.120 Prioritizes action steps to assist the client in implementing retirement planning recommendations	The CFP professional prioritizes his recommendations according to the client's financial needs and goals. A table may be created with recommendations listed in order of importance, with timeframes to complete, suggested action steps, and key persons to support the implementation. The CFP professional may recommend a meeting with the client's investment advisor within three months to discuss opening a TFSA account and then setting up a regular investment plan for TFSA and RRSP contributions.

Estate Planning and Legal Aspects

Estate planning focuses on the payment of expenses and obligations at death and transfer of assets to successors under the Will and outside the Will. The CFP professional assesses the client's estate wishes, projects the client's net worth at death, determines any constraints or opportunities to achieve the client's goals, and develops strategies and recommendations to help meet them.

Clients may not be aware of how decisions over their lifetime will affect the value of their estate and its distribution. The CFP professional can educate clients about the impact of retirement planning and risk management on their estate plan and recommend strategies, including maximizing RRSP savings, setting up an individual pension plan or purchasing additional insurance to help create the level of estate the client wishes. Estate planning is also highly integrated with tax planning since, under Canadian tax law, all capital property is deemed to be disposed of immediately prior to death.

1 Collection:

Gathers the client's information

1.1 Gathers quantitative information

1.116 Collects legal documents that impact estate planning strategies	The CFP professional collects legal documents relevant to the client's estate planning strategies. Examples of such documents include wills, powers of attorney, trust deeds, divorce agreements, and buy-sell agreements.

1.2 Gathers qualitative information

1.220 Identifies the client's estate planning objectives	The CFP professional determines the client's objectives, which will include the desired level of estate, division of the estate and the makeup of the estate. The CFP professional will identify planned or desired bequests or legacies that the client may wish to leave and understand the client's beneficiaries, her tax position and any specific needs she may have. The CFP professional should identify the tax efficiency of the client's current financial affairs to meet her estate planning objectives. The CFP professional should also inquire about the client's choice of executor and about powers of attorney in the event of incapacitation.
1.221 Identifies family dynamics and business relationships that could impact estate planning strategies	The CFP professional identifies the client's family and business relationships that may affect his estate planning needs. Examples of family or business dynamics that may have significant impact include divorce, second marriages, children or other dependents with special needs, spendthrift dependents, and business partner disputes.
1.222 Assesses the client's attitudes and biases toward estate planning	The CFP professional determines the client's expectations and attitudes regarding estate planning by assessing whether key documents, including wills and powers of attorney, have been drafted and the frequency of review. The CFP professional can determine whether any plans are currently in place to secure an estate, including savings or insurance. The CFP professional can also assess the client's attitudes and biases by her inclination to discuss the topic and by asking about any family discussions that have taken place and the nature of those discussions.

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

2.1 Assesses the client situation

2.116 Projects net worth at death	The CFP professional projects the client's net worth at death by determining expected asset values based on projected savings, growth rates, any insurance proceeds or planned inheritances and any expected obligations, including loans, taxes and final expenses.
2.117 Considers constraints to meeting the client's estate planning objectives	The CFP professional identifies gaps in the client's estate plan, which may be a function of limited savings or insurance; a lack of wills, powers of attorney or business agreements; expected inequities in the division of the estate or an estate that lacks liquidity or that is not currently structured tax or cost efficiently to maximize transfers to beneficiaries.
2.118 Considers potential estate planning strategies	The CFP professional identifies possible alternative estate planning strategies to address gaps identified. Examples include joint ownership of assets, setting up beneficiary designations on registered accounts and insurance policies, putting testamentary trusts in place to protect beneficiaries, choosing an unbiased professional corporate executor to settle the estate and purchasing adequate insurance.

2.2 Identifies and evaluates strategies

2.214 Calculates potential expenses and taxes owing at death	The CFP professional estimates taxes owing at death by projecting the net worth at death and determining the tax implications of deemed asset dispositions. The CFP professional also estimates final expenses. These may include funeral expenses; probate fees; executor, trust and legal fees; fees to prepare final tax returns; and costs associated with paying out loans, leases or other obligations.
2.215 Assesses the specific needs of beneficiaries	The CFP professional evaluates the particular needs of beneficiaries. This evaluation will include consideration of their financial position, tax position, mental capacity, health issues, knowledge, experience with and relationship to money, and any creditor or marital issues.
2.216 Assesses the liquidity of the estate at death	The CFP professional estimates the estate value after tax and final expenses available to fund the client's debts, income taxes, probate fees and disbursements to beneficiaries. For example, to the extent the client wishes to maintain rental properties or the cottage in the family, the estate may lack the liquidity to fund obligations and cash transfers to beneficiaries.

3 Recommendation:
Develops recommendations to help optimize the client's situation

3.1 Develops recommendations to help optimize the client's situation

3.121 Formulates estate planning strategies	The CFP professional develops estate planning strategies to help meet the client's estate goals, such as purchasing additional life insurance, setting up a testamentary trust or structuring an estate freeze to ensure the most tax-efficient transfer of assets to beneficiaries; the CFP professional may also consider the opportunity for a corporate executor to ensure that the estate is settled by an objective third party with the necessary knowledge, skills, experience and time to manage complex affairs.
3.122 Evaluates advantages and disadvantages of each estate planning strategy	The CFP professional assesses the advantages and disadvantages of the strategies developed. Each strategy can be assessed in terms of its fit with the client's attitudes, family/business dynamics, priorities, cost to implement, the needs of beneficiaries, and the extent to which it complements other financial planning goals. For example, the main advantage of a corporate executor is the opportunity to have a person of trust administering the estate with the necessary time, knowledge and desire to carry out the required work. Naming someone as executor who does not have the time or expertise can be a disservice to beneficiaries. However, the main disadvantage of a corporate executor is the cost for the service and a potential lack of sensitivity or appreciation for the deceased's intentions and family dynamics.
3.123 Utilizes the optimal strategies to make estate planning recommendations	Based on a comparison of estate planning strategies and understanding of the client, the CFP professional uses judgment to recommend the most appropriate strategies to achieve the client's goals. The CFP professional may recommend a corporate executor based on the size and complexity of the estate in order to best ensure the tax-efficient and timely transfer of assets to beneficiaries.
3.124 Prioritizes action steps to assist the client in implementing estate planning recommendations	The CFP professional prioritizes recommendations according to the client's financial needs and goals. A table may be created with recommendations listed in order of importance, with timeframes to complete, suggested action steps, and key persons to support the implementation. The CFP professional may recommend that the client immediately meet with an estate planning professional to review and revise the will, including the selection of executor.

Appendix A - Professional Skills

Cognitive Abilities and Judgement

1. Professional Responsibility

PS. 101 Conducts oneself in a trustworthy manner	Clients place CFP professionals in a position of trust. A CFP professional has a professional obligation to maintain that trust in all of his dealings with clients, colleagues and others. An important skill of all professionals is to conduct oneself in a manner that will at no time compromise that position of trust.
PS. 102 Puts the client's interests first	A CFP professional must respond to a number of competing demands, including the expectations of her clients, her employer, and her own expectations to grow her business. Having the skill to know what it means to act primarily for the client, and following through with that obligation means placing the client's interests first and setting competing demands aside. A CFP professional's advice will not be swayed by compensation, employer pressures to sell certain products, opportunities to attract new clients or sources of referral, or any other external influences.
PS. 103 Demonstrates ethical judgment	A CFP professional uses sound professional reasoning to decide not only the technically best solution to a problem, but also the one that is ethically or morally right. In many client dealings, a CFP professional will be confronted with challenging situations and must contemplate the best course of action where there may be no clear objectively right path. Ethical judgment requires weighing alternatives and considering the best course of action in the face of ambiguity. Sometimes the challenge is to identify the "least bad" among a set of options. Generally speaking, a CFP professional demonstrates ethical judgment by providing advice that is fair, reasonable and objective—and in only the areas where he is competent. He may also appeal to precedent or consult with others. In addition to demonstrating ethical judgment with clients, a CFP professional must demonstrate ethical judgment with colleagues and members of the public to protect his reputation and the reputation of the profession overall.
PS. 104 Demonstrates honesty and impartiality	A CFP professional is honest and objective when providing advice and planning services. She reviews financial planning strategies and makes recommendations based on sound analyses and a sound knowledge of the client without regard to compensation, bias, the interests of the client's family, other client advisors, the CFP professional's employer or any other interested parties. As an example, a CFP professional may have opportunity to recommend one solution over another for higher commissions; however, the need for honesty and impartiality requires that she recommend the solution that is most fitting based on a full understanding of the client's financial goals, values, attitudes, risk tolerance, income sources, and cash flows, among other factors.
PS. 105 Recognizes limits of competence and voluntarily seeks the counsel of and/ or defers to other professionals when appropriate	A CFP professional offers advice and planning services in those areas where he has the requisite knowledge, skills and abilities. A CFP professional knows the limits of his knowledge, and seeks the counsel of qualified professionals in areas where he does not have the necessary expertise.
PS. 106 Recognizes the public interest role of the profession and acts accordingly	A CFP professional acts in a manner that reflects positively on the profession and that embodies both the letter and spirit of the *FP Canada Standards Council Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning*. This includes acting with the highest degree of professionalism and in a way that inspires respect from clients, colleagues, industry and the public. A CFP professional must recognize that she is part of a profession, which by definition means she is committed to benefiting the lives of Canadians, and that this brings with it a responsibility to always consider the greater good.

2. Practice	
PS. 201 Complies with all applicable laws and regulations	A CFP professional must know and understand all applicable laws related to his work, and undertake such work in accordance with applicable laws, policies and regulations, including tax, securities, insurance, pension, trust, estate and other regulations. Depending on the nature and scope of the client engagement, a CFP professional must ensure that any advice provided complies with the rules set out in relevant federal or provincial legislation to help meet client goals and avoid any fees, taxes or penalties associated with non-compliance.
PS. 202 Follows professional standards	A CFP professional practises in accordance with the *FP Canada Standards Council Standards of Professional Responsibility*, which includes the FP Canada Standards Council Code of Ethics, FP Canada Standards Council Rules of Conduct, FP Canada Standards Council Fitness Standards and FP Canada Standards Council Financial Planning Practice Standards. This document provides the expected behaviours and conduct of all CFP professionals.
PS. 203 Uses reasonable judgment in areas not addressed by existing practice standards	Where existing practice standards do not provide guidance, a CFP professional makes decisions based on a reasonable assessment of the circumstances and parties involved. Sound judgment helps ensure the client is fairly treated, even in the absence of clear guidance or where the CFP professional is subject to competing demands.
PS. 204 Maintains awareness of changes in the economic, political and regulatory environments	A CFP professional keeps abreast of political developments in Canada and around the globe as well as changes in regulations affecting the financial services industry, including pension, tax, securities and insurance regulations; a CFP professional is also current on changes in inflation, interest, and exchange rates and other economic indicators that may impact the fortunes and attitudes of clients and recommended strategies.
PS. 205 Engages in continuous professional development to ensure knowledge and skills remain current	A CFP professional is required to stay current in her field so that she can continue to appropriately serve her clients. Certification as a CFP professional does not end with the final examination. Maintaining certification as a CFP professional tells Canadians that the CFP professional is doing her part to remain skilled and knowledgeable in serving her clients. Continuous professional development may take the form of conferences, seminars, self-study or in-class courses; writing or teaching; or other appropriate educational activities. Most importantly, professional development is about engaging in those activities that help a CFP professional maintain or grow her competence to the betterment of her clients.
PS. 206 Conducts appropriate research when performing analyses and developing strategies	When needed, a CFP professional must be comfortable making use of relevant references in carrying out financial planning analyses or evaluating different strategies. References may include educational texts, professional publications, websites, government and regulatory resources, and others.

PS. 207 Demonstrates the ability to act independently in the performance of professional activities	A CFP professional shows an ability to act alone in performing his professional job functions, depending on the requirements of his job and the nature and scope of the client engagement. A CFP professional who is highly experienced and in a role that requires comprehensive financial planning will be capable of carrying out all necessary collection, analysis and recommendations functions across Financial Planning Areas to meet clients' needs. This skill should not be taken to imply that consultation should not occur; rather, the CFP professional should be self-directed and able to determine independently how to best serve a client including when to involve others.
PS. 208 Exercises responsibility for own and subordinates' ability to deliver professional services	A CFP professional is accountable to clients, her employer, regulators and other authorities, including FP Canada, for the quality of her work and that of subordinates. Where a CFP professional learns of a false or misleading statement, analysis, strategy or suggestion made within a plan or otherwise, she acts promptly to remedy the situation in the client's best interest. As supervisor, a CFP professional provides guidance and direction to subordinates and provides appropriate reviews, feedback and approvals to help ensure that the terms of client engagements are upheld as set out in the Code. The risks of inadequate guidance include errors, omissions, losses, missed opportunities, compromised client information and other challenges creating the potential to materially impact clients' financial well-being.

3. Cognitive Skills	
PS. 301 Applies mathematical methods or formulas as appropriate	A CFP professional must be comfortable using applicable mathematical formulas to support strategies developed and recommendations made. As such, a CFP professional must be capable of undertaking time value of money calculations, and calculate required returns in investment, net interest costs associated with borrowing options, the taxation of different ownership structures or transactions, and a client's insurance needs, among many others. While a CFP professional may use computing tools to facilitate computations, he must understand the fundamentals of the formulas and the implications of different results.
PS. 302 Analyzes and integrates information from a variety of sources to arrive at solutions	In performing her duties, a CFP professional is often required to collect information from multiple sources, including clients themselves, statements of accounts, employee and government benefit statements and others, and combine them to provide a full picture of the client for purposes of analysis and to develop solutions. The client's family situation and his goals and needs are also to be considered. A CFP professional must know where to look for such information and be able to pull it all together to arrive at appropriate recommendations.
PS. 303 Uses critical thinking to identify and assess the strengths and weaknesses of potential courses of action	A CFP professional will be able to apply logic and reasoning to all analyses to accurately and fully weigh the pros and cons of strategies and options considered. The strengths and weaknesses of potential courses of action are assessed within the context of the client's goals, needs, priorities, values and attitudes.
PS. 304 Makes reasonable decisions when faced with incomplete or inconsistent information	A CFP professional is able to apply sound judgment when information is missing, lacking or conflicting. In these cases, reasonable assumptions must be made as the basis for analyses done and strategies developed. Assumptions may also be necessary when information is not readily available for future assumptions such as the growth rate of real estate; in such cases the CFP professional must be able to make supportable assumptions based on available research and good professional judgment.
PS. 305 Demonstrates the capacity to adapt thinking and behaviours	A CFP professional demonstrates flexibility to change course in light of new information. The financial and personal circumstances of clients often change over time due to changes in job, windfalls, marriage, divorce, illness or other significant life changes that require the CFP professional to adapt. Changes in the economic, political or regulatory environment may also require the CFP professional to adjust his thinking. As an example, changes in tax or other legislation may lead a CFP professional to consider different financial planning strategies. Changes in the economy and the potential for a client to lose a long-time job or suffer other financial loss may require a CFP professional to be more sensitive to the client's attitudes and biases when making recommendations.
PS. 306 Demonstrates capacity to understand the thinking and behaviour of the client	A CFP professional must be capable of empathy to identify and respond to the client's behaviours, attitudes, biases and decision-making style when discussing options and making recommendations. In addition to considering quantitative information about the client, a CFP professional must assess the qualitative information for greater assurance that recommendations made will be fitting for the client and adopted.

Communication

PS.401 Practises active listening with clients and others	A CFP professional is able to solicit information from clients to gather quantitative information and very important qualitative information related to their goals, values, needs, circumstances, attitudes and biases. This kind of information is often gained in an interview process using open-ended questions to encourage discussion and demonstrate interest and attention. Other active listening practices include making eye contact, avoiding distractions, showing appreciation for information shared, and setting aside opinions and the inclination to agree or disagree with what the client is saying.
PS. 402 In communications from clients and others, ensures proper understanding of all points being made	A CFP professional ensures a full understanding of client communications over the phone, in person, electronically or otherwise as the basis for any advice or planning services provided. To affirm understanding, a CFP professional may restate and summarize key points, ask clarifying questions, and provide feedback and interpretation of messages communicated.
PS. 403 Establishes good rapport with clients and others	The CFP professional builds and maintains positive, productive working relationships. The CFP professional is able to demonstrate empathy, treats others with courtesy and respect, and responds positively to input and feedback. A CFP professional establishes positive relationships with clients, colleagues, centres of influence and others in a way that inspires confidence and respect, and reflects well on the financial planning profession.
PS. 404 Communicates in a manner understandable to clients and others	Responsibility for effective communication rests primarily with the CFP professional. A CFP professional is able to communicate clearly, concisely and accurately, both orally and in written or electronic forms. As well, the level of sophistication and detail of communications will be appropriate based on the knowledge, backgrounds, experiences and expectations of those who receive them.
PS. 405 Presents recommendations and strategies in a logical and persuasive manner	A CFP professional is able to present options and recommendations in a manner that resonates with clients by providing relevant details. The CFP professional does not assume that it is solely the client's responsibility to digest the information presented, but instead takes steps to ensure that the client understands what has been presented and that the client understands why following the recommendations will be of benefit.
PS. 406 Deals effectively with concerns, objections and complaints	A CFP professional manages objections, complaints and concerns in a way that maintains positive, productive relationships. This involves determining the cause of the issue, which may be a lack of understanding, a lack of perceived need for what the CFP professional is suggesting, a lack of trust, a lack of decision-making authority, or others; it may also be a function of one or more errors having been made or generally not meeting the client's expectations. A CFP professional must be able to set aside his own ego and practise empathy to deal effectively with issues raised by a client and rectify the situation in a positive manner.
PS. 407 Respects differences of opinion and the decisions of the client	While a CFP professional presents financial planning recommendations that in her professional judgment will best help clients meet their financial goals, she must be able to appreciate that clients may not always see things her way. A CFP professional has a responsibility to demonstrate empathy and respect the opinions of the client, and appropriately manage differing opinions to set a course of action that is not only in the client's interest, but also that the client can live with.

Appendix B - Technical Knowledge

See page 7 for a full description of the role of the Technical Knowledge list and a description of the levels of knowledge.

A = Awareness U = Understanding D = Detailed E = Expert

100.	**Taxation Level**	
101.	Assessment Rules	
101.01	Residency	D
101.02	Requirement to Self-Assess	D
101.03	Reassessment	U
101.04	Administration and Enforcement	U
101.05	Fiscal Year	D
102.	Employment Income	
102.01	Definitions	D
102.02	Remuneration	U
102.03	Benefits	U
102.04	Deductions	D
103.	Business Income	
103.01	Definitions	D
103.02	Accounting Methods	D
103.03	Deductions	D
104.	Property Income	
104.01	Interest	D
104.02	Dividends	D
104.03	Rental Income and Deductions	U
104.04	Deductibility of Interest Expense	D
105.	Other Income	
105.01	Taxable	U
105.02	Non-Taxable	U
106.	Capital Gains and Losses	
106.01	Definition	D
106.02	Calculation of Taxable Capital Gains and Allowable Capital Losses	D
106.03	Calculation of Net Capital Losses	D
106.04	Allowable Business Investment Losses	A
106.05	Use of Capital Losses	D
106.06	Capital Gains Deduction	D
106.07	Depreciable Assets (Capital Cost Allowance, Recapture, Terminal Loss)	U
106.08	Principal Residence	D
106.09	Personal Use Property	U
106.10	Listed Personal Property	A
106.11	Eligible Capital Property	A
106.12	Change of Use Rules	U
106.13	Reserves	U
107.	Deductions from Income	
107.01	Registered Plans	E
107.02	Child Care Expenses	D
107.03	Moving Expenses	D
107.04	Interest and Carrying Charges	D
107.05	Employment Expenses	D
107.06	Other Deductions	D
108.	Tax Credits	
108.01	Non-Refundable Tax Credits	U
108.02	Refundable Tax Credits	U
109.	Tax Shelters	
109.01	Structure of Tax Shelters	A
109.02	At-Risk Rules	A
110.	Taxes Payable	
110.01	Tax Rates	D
110.02	Federal/Provincial Taxes	D
110.03	Federal/Provincial Surtaxes	U
110.04	Rules regarding Alternative Minimum Tax (AMT)	U
111.	Income Splitting	
111.01	Attribution Rules	D
111.02	Methods	D
112.	Inter Vivos Transfers	
112.01	Transfer to Spouse/Partner	D
112.02	Transfer to Someone Other Than Spouse/Partner	D
112.03	Transfer of Qualified Properties	U
112.04	Transfer of Qualified Small Business Corporation Shares	U
113.	Transfer of Company Shares	
113.01	Beneficiaries of the Transfer	U
113.02	Estate Freeze	U
113.03	Post-Mortem Planning	U
114.	Tax Consequences of Death	
114.01	Taxation Year	U
114.02	Types of Incomes	U
114.03	Types of Tax Returns	U
114.04	Deemed Disposition of Property	D
114.05	Tax Credits	U
114.06	Post-Mortem Planning	U
114.07	Transfer of Company Shares Upon Owner's Death	U
115.	Taxation of Other Legal Entities	
115.01	Sole Proprietorship	D
115.02	Partnership	D

115.03	Corporation	U
115.04	Trust	U
116.	**Particulars of Tax Planning for Owner Managers**	
116.01	Transfer of Property to a Corporation	U
116.02	Salary-Dividend Mix	U
116.03	Shareholder Benefits	U
116.04	Purchase and Redemption of Shares	U
117.	**Employee Stock Options**	
117.01	General Rules	U
117.02	Canadian-Controlled Private Corporations	A
117.03	Public Corporations	A
118.	**International Tax Issues**	
118.01	U.S. Estate Tax	U
118.02	Foreign Income and Property Reporting	A
118.03	Entering Canada	U
118.04	Leaving Canada	U

200. Insurance

201.	Life Insurance	
201.01	Types of Policies	D
201.02	Features of Policies	D
201.03	Taxation of Life Policies	D
202.	**Disability Insurance**	
202.01	Types of Policies	D
202.02	Features of Policies	D
202.03	Taxation of Disability Policies	D
203.	**Health Insurance**	
203.01	Types of Policies	U
203.02	Features of Policies	U
203.03	Taxation of Policies	U
204.	**Critical Illness Insurance**	
204.01	Features of Policies	U
204.02	Taxation of Policies	U
205.	**Long-Term Care Insurance**	
205.01	Features of Policies	U
205.02	Taxation of Policies	U
206.	**Property, Casualty and Liability Insurance**	
206.01	Types of Policies	A
206.02	Features of Policies	A

300. Investments

301.	Investment Vehicles	
301.01	Cash	D
301.02	Fixed-Income	D
301.03	Equities	D
301.04	Real Estate	U
301.05	Derivatives	U
301.06	Commodities	
302.	**Investment Structures**	
302.01	Mutual Funds	D
302.02	Segregated Funds	D
302.03	Hedge Funds	A
302.04	Exchange-Traded Funds	D
302.05	Pooled Funds	D
302.06	Partnerships	A
302.07	Investment Trusts	U
303.	**Types of Investment Risk**	
303.01	Business	U
303.02	Market	D
303.03	Reinvestment	D
303.04	Interest Rate	D
303.05	Inflation Rate	D
303.06	Marketability	D
303.07	Liquidity	D
303.08	Exchange Rate	D
303.09	Political	U
303.10	Default	U
304.	**Measurement and Management of Investment Risk**	
304.01	Standard Deviation	U
304.02	Beta	U
304.03	Correlation	U
305.	**Portfolio Management**	
305.01	Diversification	D
305.02	Active Asset Allocation	D
305.03	Passive Asset Allocation	D
305.04	Investment Product Analysis	U
306.	**Buying and Selling Methods**	
306.01	Buy/Hold	D
306.02	Leverage	D
306.03	Dollar Cost Averaging	D
306.04	Dividend Re-investment	D
306.05	Systematic Withdrawal Plans	D
306.06	Short Selling	U

400. Retirement, Savings and Income Programs

401.	**Registered Pension Plans**	
401.01	Pension Benefits Standards Act	U
401.02	Attributes	D
401.03	Pension Adjustment (PA) and Pension Adjustment Reversal (PAR)	D
402.	**Defined Benefit Pension Plans**	
402.01	Attributes	D
402.02	Payment Options	D
402.03	Death of a Member	U
402.04	Individual Pension Plan (IPP)	U
403.	**Defined Contribution Pension Plans**	
403.01	Attributes	D
403.02	Payment Options	D
403.03	Death of a Member	U

404.	**Deferred Profit Sharing Plans (DPSP)**	
404.01	Attributes	D
404.02	Payment Options	D
404.03	Death of a Member	U
405.	**Supplementary Pension Arrangement**	
405.01	Supplemental Retirement Plans	U
405.02	Retirement Compensation Arrangement (RCA)	U
406.	**Registered Retirement Savings Plans (RRSP)**	
406.01	Attributes	E
406.02	Types of Plans	E
406.03	Beneficiary Designation	E
406.04	Contribution Limits	E
406.05	Deductibility of Contributions	E
406.06	Qualified Investments	D
406.07	Home Buyers' Plan (HBP)	D
406.08	Lifelong Learning Plan (LLP)	D
406.09	Retiring Allowance Rollover	E
406.10	Maturity of an RRSP	E
406.11	Death of an Annuitant	E
407.	**Registered Education Savings Plans (RESP)**	
407.01	Attributes	E
407.02	Contribution Limits	E
407.03	Canada Education Saving Grant (CESG)	E
407.04	Canada Learning Bond (CLB)	D
407.05	Withdrawals	E
408.	**Registered Disability Saving Plans (RDSP)**	
408.01	Attributes	D
408.02	Contribution Limits	D
408.03	Canada Disability Saving Grant (CDSG)	D
408.04	Canada Disability Saving Bond (CDSB)	D
408.05	Withdrawals	D
409.	**Tax-Free Saving Accounts (TFSA)**	
409.01	Attributes	E
409.02	Contribution Limits	E
409.03	Withdrawals	E
410.	**Life Income Funds (LIF)**	
410.01	Attributes	D
410.02	Taxation	D
411.	**Locked-In Retirement Income Funds (LRIF)**	
411.01	Attributes	D
411.02	Taxation	D
412.	**Registered Retirement Income Funds (RRIF)**	
412.01	Attributes	E
412.02	Taxation	E
413.	**Annuities**	
413.01	Attributes	D
413.02	Taxation	D

500.	**Law**	
501.	**Family Law**	
501.01	Marriage	D
501.02	Common-Law Relationships	D
501.03	Separation and Divorce	D
501.04	Domestic Contracts	A
501.05	Child Support	U
501.06	Spousal/Common-Law/Partner Support	U
501.07	Other Dependant Support	A
502.	**Wills**	
502.01	Purpose of a Will	D
502.02	Types of Wills	U
502.03	Clauses of a Will	A
502.04	Duties of Executor	D
502.05	Multiple Jurisdictions	A
502.06	Probate	D
502.07	Intestacy	D
503.	**Power of Attorney for Property**	
503.01	Purpose of a POA	D
503.02	Obligations of the Attorney	D
503.03	Attributes	D
503.04	Risks Associated with POAs	D
503.05	Alternatives to POAs	D
504.	**Power of Attorney for Personal Care**	
504.01	Purpose of a POA	D
504.02	Obligations of the Attorney	D
504.03	Attributes	D
504.04	Living Wills	D
505.	**Personal Property Ownership and Transfer Rules**	
505.01	Sole Ownership	D
505.02	Joint Ownership with Right of Survivorship	D
505.03	Tenants-in-Common	D
505.04	Beneficial Ownership	U
506.	**Business Ownership Structures**	
506.01	Sole Proprietorship	U
506.02	Partnership	U
506.03	Corporations	U
506.04	Trust	U
507.	**Contract Law**	
507.01	Principles of Contract Law	A
508.	**Trust**	
508.01	Parties to a Trust	D
508.02	Attributes of a Trust	D
508.03	Inter Vivos Trusts	D
508.04	Testamentary Trusts	D
600.	**Financial Analysis**	
601.	Analysis of Financial Information	
601.01	Interest Calculations	D
601.02	Time Value of Money	D
601.03	Return Calculations	D

602.	Personal Financial Ratios	
602.01	Debt-to-Equity	D
602.02	Total Debt Service (TDS)	D
602.03	Gross Debt Service (GDS)	D
603.	Budgeting	
603.01	Cash Flow Analysis	E
603.02	Emergency Fund Analysis	E
604.	Personal Financial Statement	
604.01	Net Worth Statement	E
604.02	Cash Flow Statement	E
604.03	Budget	E
700.	**Economic and Regulatory Environment**	
701.	Economic Environment	
701.01	Economic Indicators	U
701.02	Inflation and Deflation	U
701.03	Monetary Policy	U
701.04	Fiscal Policy	U
701.05	Economic Cycles	U
701.06	Foreign Exchange Rates	U
701.07	Gross Domestic Product (GDP)	U
701.08	Financial Markets	U
701.09	Term Structure of Interest Rates and Yield Curves	U
701.10	Global Economic Environment	U
701.11	Market Theories	U
702.	Regulatory Environment	
702.01	Regulatory Agencies for Financial Institutes	U
702.02	Consumer Protection	U
702.03	Stock Exchanges	U
702.04	Self-Regulatory Organizations	U
702.05	Securities Regulation	U
702.06	Public Company Disclosure and Investor Rights	U
702.07	Insurance Regulation	U
800.	**Ethics and Standards**	
801.	FP Standards Council Standards of Professional Responsibility	
801.01	FP Canada Standards Council Code of Ethics	E
801.02	FP Canada Standards Council Rules of Conduct	E
801.03	FP Canada Standards Council Fitness Standards	E
801.04	FP Canada Standards Council Practice Standards	E
900.	**Debt**	
901.	Credit	
901.01	Line of Credit	D
901.02	Credit Card	D
901.03	Single Purpose Loan	D
901.04	Investment Loan	D
901.05	Insurance Policy Loan	U
901.06	Loan from Employer	U
902.	Mortgages	
902.01	Regular Mortgage	D
902.02	Reverse Mortgage	U
902.03	Home Equity Line of Credit	D
903.	Refinancing and Debt Consolidation	D
904.	Leasing	U
905.	Insolvency and Bankruptcy	
905.01	Consumer Proposal	U
905.02	Bankruptcy	U
1000.	**Government Benefit Plans**	
1001.	Canada Pension Plan/Quebec Pension Plan	
1001.01	Eligibility for Benefits	D
1001.02	Amount of Benefits	U
1001.03	Contribution Levels	D
1001.04	Tax Treatment of Contributions and Benefits	D
1001.05	Application Requirements and Deadlines	U
1001.06	Types of Benefits	D
1002.	Old Age Security	
1002.01	Eligibility for Benefits	D
1002.02	Amount of Benefits	D
1002.03	Clawback of Benefits	D
1002.04	Taxation of Benefits	D
1002.05	Guaranteed Income Supplement (GIS)	D
1002.06	Application Requirements and Deadlines	U
1003.	Child Tax Benefit	
1003.01	Eligibility for Benefits	D
1003.02	Amount of Benefits	D
1003.03	Income Qualification	D
1003.04	Child Disability Benefit	U
1003.05	Taxation of Benefits	D
1004.	Employment Insurance	
1004.01	Eligibility for Benefits	U
1004.02	Amount of Benefits	U
1004.03	Premiums	U
1004.04	Tax Treatment of Premiums and Benefits	U
1004.05	Types of Benefits	U
1005.	Workers' Compensation Programs	A
1006.	Income Assistance Programs	A
1100.	**Behavioural Finance**	
1101.	Concept of Behavioural Finance	
1101.01	Definition	U
1101.02	Relevance to Financial Planning	U
1102.	Human Behaviour	
1102.01	Biases	U
1102.02	Decision-making Process	U
1102.03	Heuristics	U

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 CFP professional 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 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 *CFP Professional Competency Profile*, this refers to the high-level financial planning activities of Collection, Analysis and Recommendation.

FINANCIAL PLANNING PROCESS
The process by which CFP professionals develop strategies to assist clients in managing their financial affairs to meet life goals. This process is defined by the 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 An item or condition that is necessary.

NET WORTH STATEMENT A statement of assets minus liabilities.

OBJECTIVES An outcome that is sought after or aimed for. For the purposes of this document, 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.

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 this document, "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.

FP Canada™
902-375 University Avenue
Toronto, ON M5G 2J5
Tel: 416.593.8587
Toll Free: 1.800.305.9886
info@fpcanada.ca
fpcanada.ca