



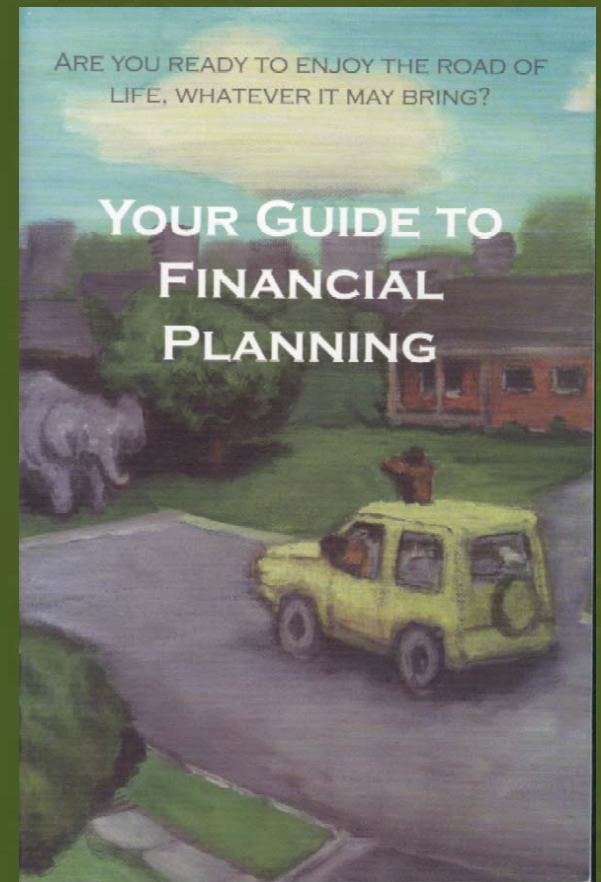
# Taking the Next Step



Financial Planners Standards Council is the licensor of the CFP certification marks in Canada.

# What is financial planning?

Financial planning is a process that provides a client with impartial assistance in analyzing and organizing personal financial affairs in order to achieve financial and lifestyle goals.



# What is Financial Planners Standards Council?

- Financial Planners Standards Council (FPSC) was incorporated on November 10, 1995, as a not-for-profit organization.
- It is here to benefit the public and the financial planning profession by establishing and enforcing standards for financial planners who choose to earn the internationally recognized CFP™ designation.



# CFP Certification Process

## The 4E's of Professionalism

- Education - Candidates must complete an approved education program.
- Examination - Tests the candidate's ability to apply planning knowledge to practical financial planning situations.
- Experience - Two years working for compensation in a financial planning related position.
- Ethics - Agree to abide by FPSC's Code of Ethics.

# Post- Certification Requirements

- CFP licensees must attest annually as to their compliance with the Code of Ethics.
- FPSC requires 30 hours of continuing education (CE) a year to ensure that CFP licensees are staying up-to-date on areas in their field.



# The Financial Planning Process

Financial planning consists of six distinct steps. Understanding what they entail and finding out if your planner understands how to use them to develop the best plan for you will help you determine if you are receiving the guidance you should expect.

## -Six Distinct Steps-



# The Financial Planning Process

## **Establish the client/planner engagement.**

### *Your planner should:*

- Explain issues and concepts related to the overall financial planning process that is appropriate to you.
- Explain the services he or she will provide, the process of planning and documentation.
- Clarify your responsibilities as a client.
- Clarify his or her responsibilities as your planner. This should include a discussion about how and by whom he or she will be compensated.

### *You and your planner should:*

- Discuss the scope of the client/planner engagement.
- Agree on how decisions will be made.



# The Financial Planning Process

## Gather client data and determine your goals and expectations.

### *Your planner should:*

- Obtain information about your financial resources and obligations through interviews or questionnaires.
- Gather all the necessary documents before giving you the advice you need.

### *You and your planner should:*

- Mutually define your personal and financial goals, needs and priorities.
- Mutually define your values, attitude and expectations, and if relevant, how you feel about risk.





# The Financial Planning Process

**Clarify your present financial status and identify any problem areas and opportunities.**

*Your planner should:*

- Analyze your information to assess your current situation (cash flow, net worth, tax projections, etc.) Identify any problem areas or opportunities with respect to your:
  - Capital needs
  - Risk management needs and coverage
  - Investments
  - Taxation
  - Retirement planning
  - Employee benefits
  - Estate planning
  - Special needs: (i.e. adult dependant needs, education needs)



# The Financial 4 Planning Process

## **Develop and present the financial plan.**

### *Your planner should:*

- Develop and prepare a financial plan tailored to meet your goals and objectives, values, temperament and risk tolerance, while at the same time provide you with projections and recommendations.
- Present the plan to you and establish an appropriate review cycle.

### *You and your planner should:*

- Work together to ensure that the plan meets your goals and objectives.



# The Financial 5 Planning Process

## **Implement your financial plan.**

*Your planner should:*

- Assist you in implementing the recommendations discussed if you want. This may involve coordinating contacts with other professionals such as:
  - Accountants
  - Lawyers
  - Investment fund sales representatives
  - Insurance agents



# The Financial Planning 6 Process

## Monitor the Financial Plan.

*This review should include:*

- A discussion about changes in your personal circumstances and how they might affect your goals.
- A review and evaluation of the impact of changing tax laws and economic circumstances.
- A review of your life circumstances and an adjustment of the recommendations if needed as those circumstances change through life events such as birth, illness, marriage and retirement.

# Why do I need a financial planner?

People seek help from financial planners for a number of reasons, including but not limited to:

- planning for retirement
- finding the best way to finance a new home
- saving for children's education
- to get help putting finances in order

Whatever your needs, working with a financial planner can be a helpful step in securing your financial future.

Why do I  
need a  
financial  
planner?

Even if you think you  
have a good plan, it is  
always a good idea to  
have a professional  
financial planner  
review it.

A good rule of thumb -  
“When in doubt - ask.”

# Questions to ask when choosing a financial planner

- What are your qualifications?
- What experience do you have?
- What services do you offer?
- What is your approach to financial planning?
- Will you be the only person working with me?
- How are you compensated?
- How much do you typically charge?
- Are you regulated by an organization?
- Could anyone besides me benefit from your recommendations?
- Can I have it in writing?



# Common mistakes consumers make when seeking financial planning advice

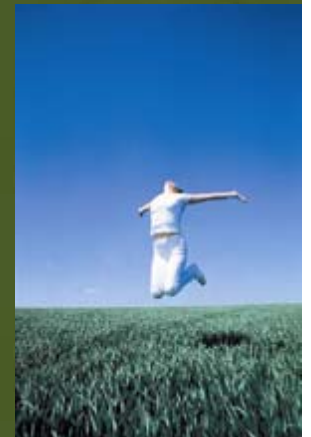
- Confuse financial planning with investing.
- Neglect to evaluate their financial plan periodically.
- Neglect to set measurable financial goals.
- Think financial planning is the same as retirement planning.
- Expect unrealistic returns on investments.
- Don't understand how advisors are compensated.
- Are looking for a quick financial fix instead of a long term strategy.
- Don't understand that good professional planning advice is largely dependent on good information from clients.
- Believe financial planning is primarily tax planning.
- Think they'll lose control over their decisions if they use a planner.



# Why put your faith in a CFP licensee

CFP standards are built on the basis of  
Ethics, Education, Examination and  
Experience to:

- 1 - Produce duly educated, experienced,  
examined and ethical individuals  
qualified to hold themselves out as  
financial planners.



# Why put your faith in a CFP licensee

CFP standards are built on the basis of Ethics, Education, Examination and Experience to:

- 2 - Ensure that the growing body of professionals it is identifying through the CFP certification process can be found in all the traditional industry sectors Canadians expect to find them.



# Why put your faith in a CFP licensee

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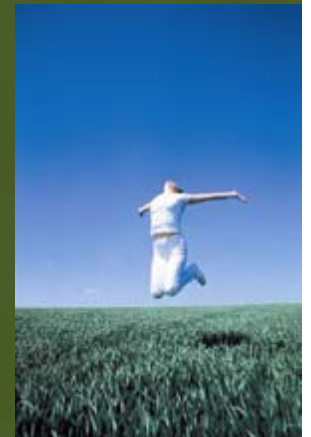
- 3 - Keep regulators abreast of the important work it is doing to protect the public and to develop financial planning as a profession in Canada and world-wide.



# Why put your faith in a CFP licensee

CFP standards are built on the basis of  
Ethics, Education, Examination and  
Experience to:

- 4 - Ensure the Canadian public has  
access to professional financial  
planners in all sectors of the industry  
in whom they can safely put their  
trust.



Where is the  
CFP  
designation  
recognized?

