

## *Appendix 1B*

# *The Financial Planning Process as Viewed by the Certified Financial Planner Board of Standards, Inc.\**

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The financial planning process consists of the following six steps:

**(1) Establishing and Defining the Relationship with the Client**

This includes explaining the issues and concepts related to the personal financial planning process. You must specify the services you or your firm will provide and clarify the client's and your responsibilities.

**(2) Gathering Client Data Including Goals**

Data gathering includes interviewing or questioning the client about various aspects of his or her financial resources, obligations and expectations. During this process, you will need to determine your client's goals, needs, and priorities; assess your client's values and attitudes; and determine the client's time horizons and risk tolerance. In addition, you will collect applicable client records and documents.

**(3) Analyzing and Evaluating the Client's Financial Status**

This process involves analyzing and evaluating client data such as current cash flow needs, risk management, investments, taxes, retirement, employee benefits, estate planning and/or special needs.

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**(4) Developing and Presenting Financial Planning Recommendations and/or Alternatives**

Financial planning recommendations should meet the goals and objectives of the client, and reflect his or her values, situation and risk tolerance. This process includes presenting and reviewing the recommendations with the client, working with the client to ensure that the plan meets his or her goals and expectations, and revising the recommendations as necessary.

**(5) Implementing the Financial Planning Recommendations**

This is the process of helping the client put the financial planning recommendations into action. This could include coordinating with other professionals, such as accountants, attorneys, real estate agents, investment advisers, stock brokers and insurance agents.

**(6) Monitoring the Financial Planning Recommendations**

Areas to be monitored or reviewed include the soundness of the recommendations and the client's progress. This process also involves discussing with the client any changes in his or her personal circumstances, evaluating changing tax laws, and making recommendations based on new or changing conditions.