FPSB INDIA
FINANCIAL PLANNING STANDARDS BOARD INDIA

FINANCIAL PLANNER COMPETENCY PROFILE

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FPSB INDIA'S FINANCIAL PLANNER COMPETENCY PROFILE

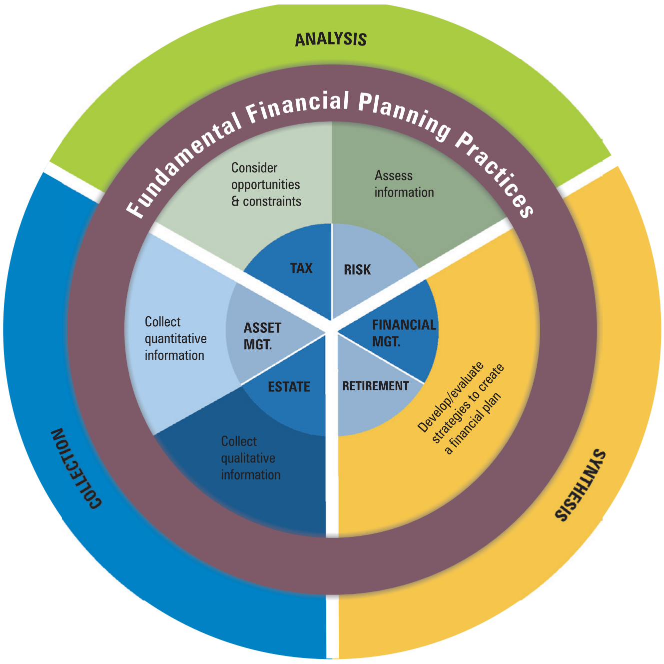
A comprehensive analysis that identifies the abilities, skills and knowledge required to competently perform the tasks of a profession is the cornerstone of a quality professional credentialing program.

FPSB India's Financial Planner Competency Profile – comprised of Financial Planner Abilities, Financial Planner Professional Skills and Financial Planning Body of Knowledge – describes the abilities, skills, attitudes, judgments and knowledge that a financial planning professional draws on when working with clients in financial planning engagements. To competently deliver financial planning to a client, a financial planning professional needs to combine the ability to carry out the tasks of financial planning (defined in the Financial Planner Abilities) using appropriate professional skills (defined in the Financial Planner Professional Skills) drawing on his or her knowledge of financial planning matters (defined in the Financial Planning Body of Knowledge). The effective combination of abilities, skills and knowledge is what defines the financial planning professional's performance as competent.

FPSB India Financial Planner Competency Profile reflects what a financial planning professional does today as well as expectations for the financial planning profession over the next five years. The Competency Profile describes the full range of abilities, skills and knowledge needed to competently deliver financial planning to clients. Financial planning professionals who have chosen to specialize or limit the scope of their practice (e.g., in one or two Financial Planning Components such as Estate Planning or Tax Planning) consider the entire set of financial planner abilities to identify which Financial Planner Ability to employ during a client engagement.

In creating its Financial Planner Competency Profile, FPSB India described the abilities, skills and knowledge expected of anyone practicing financial planning. FPSB India expects that clients of financial planning professionals will benefit from a globally accepted set of competency standards for financial planning professionals.

FINANCIAL PLANNER ABILITIES



Sample Financial Planner Ability

Collection (Asset Management): Collects information necessary to prepare a detailed statement of investment holdings.

Financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet life goals. The process of financial planning involves reviewing all relevant aspects of a client's situation across a large breadth of financial planning activities, including inter-relationships among often conflicting objectives.

FPSB India Financial Planner Abilities defines the complete set of competencies required of a financial planning professional. The Financial Planner Abilities describes the various tasks that financial planning professionals should be able to carry out during financial planning engagements with clients, regardless of practice type, setting or location. The financial planning professional draws on one or more of the Financial Planner Abilities, in addition to job-related skills, attitudes, judgments and knowledge, to competently deliver financial planning to clients.

Regardless of whether the financial planning professional offers comprehensive financial planning or has chosen to limit the scope or level of services (e.g., in one or two components such as Estate Planning or Tax Planning), the financial planning professional needs to be able to master the complete set of abilities required to competently deliver a comprehensive financial plan to a client.

Financial planning professionals should master each of the Financial Planner Abilities at an appropriate level, and will likely work with other professionals in evaluating and assessing various aspects of a client's financial situation (e.g., working with lawyers on estate planning matters, working with accountants on tax planning matters, etc).

FINANCIAL PLANNER ABILITIES FRAMEWORK

Each Financial Planner Ability describes a task that a financial planning professional performs when providing financial planning to a client. While recognizing the integrated nature of the Financial Planner Abilities and that each Ability could appear under multiple categories, for presentation purposes, FPSB India has allocated each Financial Planner Ability vertically to one of three Financial Planning Functions (Collection, Analysis and Synthesis) and horizontally to one of six Financial Planning Components (Financial Management, Asset Management, Risk Management, Tax Planning, Retirement Planning and Estate Planning).

FINANCIAL PLANNING FUNCTIONS

FPSB has categorized the Financial Planner Abilities into three Financial Planning Functions:

Collection

During Collection, the financial planning professional collects the information required to develop a financial plan. Collection goes beyond simply gathering information to also include identifying related facts by making required calculations and arranging client information for analysis.

Analysis

During Analysis, the financial planning professional identifies and considers issues, performs financial analysis and assesses the resulting information to be able to develop strategies for the client.

Synthesis

During Synthesis, the financial planning professional synthesizes the information to develop and evaluate strategies to create a financial plan.

CORE FINANCIAL PLANNING COMPETENCIES

Collection, Analysis and Synthesis can be further defined by Core Financial Planning Competencies.
During Collection, the two Core Financial Planning Competencies are:

1. Collects the quantitative information required to develop a financial plan.
2. Collects the qualitative information required to develop a financial plan.

While each of these Core Financial Planning Competencies has distinct and possibly related Financial Planning Abilities associated with it, both draw on the same Fundamental Financial Planning Practices for the Collection function.

During Analysis, the two Core Financial Planning Competencies are:

1. Considers potential opportunities and constraints to develop strategies.
2. Assesses information to develop strategies.

While each of these Core Financial Planning Competencies also has distinct and possibly related Financial Planner Abilities associated with it, both draw on the same Fundamental Financial Planning Practices for the Analysis function.

During Synthesis, the Core Financial Planning Competency, which draws on the Fundamental Financial Planning Practices for the Synthesis function, is:

1. Develops and evaluates strategies to create a financial plan.

FUNDAMENTAL FINANCIAL PLANNING PRACTICES

The Fundamental Financial Planning Practices represent the competencies that relate to the financial planning professional's ability to:

1. Integrate among the various Core Financial Planning Competencies and Financial Planning Components; and
2. Understand and master the interrelationships among the various Financial Planner Abilities required to carry out a Financial Planning Function.

The financial planning professional will use one or more of the Fundamental Financial Planning Practices when providing financial planning to a client.

FINANCIAL PLANNING COMPONENTS

FPSB India has categorized the Financial Planner Abilities into six Financial Planning Components:
1. Financial Management
2. Asset Management
3. Risk Management
4. Tax Planning
5. Retirement Planning
6. Estate Planning

A financial planning professional does not review tax, asset management or retirement needs in isolation when providing financial planning to a client. Similarly, a financial planning professional will incorporate at least one of the Financial Planner Abilities from a particular Financial Planning Function (e.g. Collection) or Component (e.g. Risk Planning) while working on a related, but separate, Function or area of a client's financial situation.

FINANCIAL PLANNER ABILITIES MATRIX

Financial Planning Function		Collection Collects the information required to develop a financial plan	
Fundamental Financial Planning Practices		1.01 Identifies the client's objectives, needs and values that have financial implications 1.02 Identifies the information required for the financial plan 1.03 Identifies the client's legal issues that affect the financial plan 1.04 Determines the client's attitudes and level of financial sophistication 1.05 Identifies material changes in the client's personal and financial situation 1.06 Prepares information to enable analysis	
Core Financial Planning Competencies		**1.1 Collects the quantitative information required to develop a financial plan**	**1.2 Collects the qualitative information required to develop a financial plan**
Financial Planning Components	Financial Management	1.01 Collects information regarding the client's assets and liabilities 1.02 Collects information regarding the client's cash flow, income and/or obligations 1.03 Collects information necessary to prepare a budget 1.04 Prepares statements of the client's net worth, cash flow and budget.	1.21 Determines the client's propensity to save 1.22 Determines how the client makes spending decisions 1.23 Determines the client's attitudes toward debt
	Asset Management	1.05 Collects information necessary to prepare detailed statement of investment holdings 1.06 Determines the client's current asset allocation 1.07 Identifies cash flows available for investment	1.24 Determines the client's experience with and attitudes and biases toward investments 1.25 Determines the client's investment objectives 1.26 Determines the client's tolerance for investment risk 1.27 Identifies the client's assumptions and return expectations 1.28 Identifies the client's time horizon
	Risk management	1.08 Collects details of the client's existing insurance coverage 1.09 Identifies potential financial obligations	1.29 Determines the client's risk management objectives 1.30 Determines the client's tolerance for risk exposure 1.31 Determines relevant lifestyle issues 1.32 Determines health issues 1.33 Determines the client's willingness to take active steps to manage financial risk
	Tax Management	1.10 Collects the information necessary to establish the client's tax position 1.11 Identifies taxable nature of assets and liabilities 1.12 Identifies current deferred and future tax liabilities 1.13 Identifies parties relevant to the client's tax situations	1.34 Determines the client's attitudes toward taxation
	Retirement Management	1.14 Collects the details of potential sources of retirement income 1.15 Collects the details of estimated retirement expenses	1.35 Determines the client's retirement objectives 1.36 Determines the client's attitudes toward retirement 1.37 Determines the client's comfort with retirement planning assumptions
	Estate Management	1.16 Collects legal agreements and documents that impact estate planning strategies	1.38 Identifies the client's estate planning 1.39 Identifies family dynamics and business relationship that could impact estate planning strategies

FINANCIAL PLANNER ABILITIES MATRIX

Financial Planning Function		ANALYSIS Considers potential opportunities and constraints and assesses information to develop strategies	
Fundamental Financial Planning Practices		2.001 Analyzes the client's objectives, needs, values and information to prioritize the Financial Planning Components 2.002 Considers inter-relationship among Financial Planning components 2.003 Considers opportunities and constraints and assesses collected information across Financial Planning Components 2.004 Considers the impact of economic, political and regulatory environments 2.005 measures the progress toward achievement of objectives of the financial plan	
Core Financial Planning Competencies		2.1 Considers potential opportunities and constraints to develop strategies	2.2 Assesses information to develop strategies
Financial Planning Components	Financial Management	2.101 Determines whether the client is living within financial means 2.102 Determines the Issues relevant to the client's assets and liabilities 2.103 Determines the client's emergency fund provision 2.104 Considers potential cash management strategies	2.201 Assesses whether the emergency fund is adequate 2.202 Assesses the impact of potential changes in income and expenses 2.203 Identifies conflicting demands on cash flow 2.204 Assesses financing alternatives
	Asset Management	2.105 Calculates required rate of return to reach the client's objectives 2.106 Determines the characteristics of investment holdings 2.107 Determines the implications of acquiring/ disposing of assets 2.108 Considers potential investment strategies	2.205 Assesses whether investment return expectations are consistent with risk tolerance 2.206 Assesses whether asset holdings are consistent with risk tolerance and required rate of return
	Risk Management	2.109 Determines characteristics of existing insurance coverage 2.110 Considers current and potential risk management strategies	2.207 Assesses exposure to financial risk 2.208 Assesses the client's risk exposure against current insurance coverage and risk management strategies
	Tax Planning	2.111 Reviews relevant tax documents 2.112 Considers potential tax strategies and structures	2.211 Evaluates existing tax strategies and structures for suitability 2.212 Assesses financial impact of tax planning alternatives
	Retirement Planning	2.113 Develops financial projections based on current position 2.114 Determines if the client's retirement objectives are realistic 2.115 Considers potential retirement planning strategies	2.213 Assesses financial requirements at retirement date 2.214 Assesses the impact of changes in assumptions on financial projections 2.215 Assesses trade-offs necessary to meet retirement objectives
	Estate Planning	2.116 Projects net worth at death 2.117 Considers constraints to meeting the client's estate planning objectives 2.118 Considers potential estate planning strategies	2.216 Calculates potential expenses and taxes owing at death 2.217 Assesses the specific needs of beneficiaries 2.218 Assesses the liquidity of the estate at death

FINANCIAL PLANNER ABILITIES MATRIX

Financial Planning Function		SYNTHESIS Synthesizes information to develop and evaluate strategies to create a financial plan
Fundamental Financial Planning Practices		3.001 Prioritizes recommendations from the Financial Planning Components to optimize the client's situation 3.002 Consolidates the recommendations and action steps into a financial plan 3.003 Determines the appropriate cycle of review for the financial plan
Core Financial Planning Competencies		3.1 Develops and evaluates strategies to create a financial plan
Financial Planning Components	Financial Management	3.101 Develops financial management strategies 3.102 Evaluates advantages and disadvantages of each financial management strategy 3.103 Optimizes strategies to make financial management recommendations 3.104 Prioritizes action steps to assist the client in implementing financial management recommendations
	Asset Management	3.105 Develops asset management strategies 3.106 Evaluates advantages and disadvantages of each asset management strategy 3.107 Optimizes strategies to make asset management recommendations 3.108 Prioritizes action steps to assist the client in implementing asset management recommendations
	Risk Management	3.109 Develops risk management strategies 3.110 Evaluates advantages and disadvantages of each risk management strategy 3.111 Optimizes strategies to make risk management recommendations 3.112 Prioritizes action steps to assist the client in implementing risk management recommendations
	Tax Planning	3.113 Develops tax planning strategies 3.114 Evaluates advantages and disadvantages of each tax planning strategy 3.115 Optimizes strategies to make tax planning recommendations 3.116 Prioritizes action steps to assist the client in implementing tax planning recommendations
	Retirement Planning	3.117 Develops retirement planning strategies 3.118 Evaluates advantages and disadvantages of each retirement planning strategy 3.119 Optimizes strategies to make retirement planning recommendations 3.120 Priorities action steps to assist the client in implementing retirement planning recommendations
	Estate Planning	3.121 Develops estate planning strategies 3.122 Evaluates the advantages and disadvantages of each estate planning strategy 3.123 Optimizes strategies to make estate planning recommendations 3.124 Priorities action steps to assist the client in implementing estate planning recommendations

TERMS USED IN THE FINANCIAL PLANNER ABILITIES MATRIX

Asset Management Strategies and techniques to optimize returns on assets in consideration of the client's requirements and constraints.

Asset Allocation An approach to decide how to invest a pool of resources in a broad array of asset classes to determine an asset mix that will best meet a client's return objectives with acceptable and appropriate risk levels.

Budget A statement that estimates the financial resources and expenditures for a given period.

Cash Flow Statement A statement that summarizes the cash inflows and cash outflows for a given period.

Client A person, persons or related entities with whom the financial planning professional has a formal planner-client relationship.

Estate Planning Strategies and techniques for preservation and distribution of accumulated assets.

Financial Management Strategies and techniques to optimize short- and mid-term cash flow, assets and liabilities.

Financial Plan A methodically formulated and detailed strategy or group of strategies used to manage one's financial affairs to meet life goals.

Financial Planning The process of developing strategies to assist clients in managing their financial affairs to meet life goals.

Fundamental Financial Planning Practices The competencies that are pervasive across all Financial Planning Components that relate to the integration and inter-relationships among the Financial Planner Abilities.

Needs An item or condition that is necessary.

Net Worth Statement A statement of assets and liabilities.

Objectives An outcome that is sought after or aimed for.

Personal Financial Statements Net Worth Statement, Cash Flow Statement and Budget, in aggregate.

Qualitative Information Information about client qualities, attitudes and preferences.

Quantitative Information Information about the client that is objective and measurable.

Retirement Planning Strategies and techniques for wealth accumulation and withdrawal during retirement years.

Risk Management Strategies and techniques to manage financial exposure due to personal risk. The terms risk, risk exposure and risk tolerance refer to the risk of financial loss due to personal circumstances.

Strategy (Strategies) A plan designed to achieve one or more specific objectives.

Tax Planning Strategies and techniques to maximize present value of after-tax family net worth.

FINANCIAL PLANNER PROFESSIONAL SKILLS

The Professional Skills described in FPSB India's Financial Planner Competency Profile identify the skills that a financial planning professional must be able to draw on to deliver advice to clients in financial planning engagements that involve a high degree of trust, uncertainty, complexity and mutual agreement with clients of varying circumstances, or when interacting with colleagues or others in a professional capacity.

Central to FPSB India's concept of professionalism is the need for a financial planning professional to use his or her Professional Skills to work in the interest of clients and to uphold and promote the interests of the financial planning profession for the benefit of society.

FPSB India categorized the Professional Skills required of a financial planning professional into four areas:

1. Professional Responsibility
2. Practice
3. Communication
4. Cognitive

Within each Skill category, FPSB India identified various components that indicate the practitioner has delivered financial planning at an appropriate level of competence and professionalism.

A financial planning professional needs to be able to seamlessly integrate one or more of the Professional Skills with appropriate knowledge and abilities into each of his or her professional actions and interactions, and commit to continually updating his Professional Skills to maintain competency in the field of financial planning.

A financial planning professional can use one or more of the Professional Skills to competently perform any Financial Planner Ability.

While some of the Professional Skills are specific to financial planning, many are common to all professions.

FINANCIAL PLANNER PROFESSIONAL SKILLS MATRIX			
PS.1 Professional Responsibility	**PS. 2 Practice**	**PS. 3 Communication**	**PS. 4 Cognitive**
PS. 101 Establishes trust in all Professional relationships **PS. 102** Acts in the best interest of the client in providing professional services **PS. 103** Demonstrates ethical judgment **PS. 104** Demonstrates intellectual honesty and impartiality **PS. 105** Recognizes limits of competence and voluntarily seeks the counsel of and/or defers to other professionals when appropriate **PS. 106** Recognizes the public interest role of the profession and acts accordingly	**PS. 201** Complies with elevant Financial services laws and regulations **PS. 202** Adheres to professional code of ethics and standards of practice **PS. 203** Makes appropriate judgments in areas not addressed by existing practice standards **PS. 204** Maintains awareness of changes in the economic, political and regulatory environments **PS. 205** Engages in continuous learning to ensure currency of knowledge and skills **PS. 206** Conducts appropriate research when performing analysis and developing strategies **PS. 207** Exercises autonomy and initiative in the performance of professional activities **PS. 208** Exercises responsibility for own and/or firm's ability to deliver services to the client for the duration of engagement	**PS. 301** Gives attention to what the client and others are saying and takes time to understand the points being made **PS. 302** Establishes good rapport with the client and others **PS. 203** Communicates information and ideas orally in a manner understandable to the client and others **PS. 304** Communicates information and ideas in writing in a manner understandable to the client and others **PS. 305** Presents logical and persuasive rationales **PS. 306** Deals effectively with objections and complaints **PS. 307** Gains agreement with the client the others	**PS. 401** Applies mathematical methods or formulas as appropriate **PS. 402** Analyzes and integrates information from a variety of sources to arrive at solutions **PS. 403** Uses logic and reasoning to consider the strengths and weaknesses of potential courses of action **PS. 404** Arrives at informed decisions when faced with incomplete or inconsistent information **PS. 405** Demonstrates capacity to adapt thinking and behaviors

FINANCIAL PLANNING BODY OF KNOWLEDGE

The ability to effectively practice as a financial planning professional requires a person to master theoretical and practical knowledge in a broad range of financial planning and related topics. Once a person has mastered the Financial Planning Body of Knowledge, he or she can combine that knowledge with professional skills and abilities to competently deliver financial planning.

Mastery of the financial planning profession's body of knowledge allows the financial planning professional to gain the respect and trust of clients, and builds the financial planning professional's confidence in his or her ability to competently practice.

FINANCIAL PLANNING BODY OF KNOWLEDGE FRAMEWORK

FPSB India's Financial Planning Body of Knowledge identifies the knowledge a financial planning professional must be able to draw on to deliver financial planning to clients, or when interacting with colleagues or others in a professional capacity.

FPSB India categorized the Financial Planning Body of Knowledge into 11 areas:

I. Taxation
II. Insurance
III. Investment
IV. Retirement, Savings and Income Programs
V. Law
VI. Financial Analysis
VII. Debt
VIII. Economic and Regulatory Environment
IX. Government Benefits Plans
X. Behavioral Finance
XI. Ethics and Standards

FINANCIAL PLANNING BODY OF KNOWLEDGE TOPIC CATEGORIES

I. TAXATION
1. Assessment Rules
2. Personal Taxation
3. Corporate Taxation
4. Wealth Transfer
5. International Tax Issues

II. INSURANCE
6. Business Insurance
7. Life Insurance
8. Disability Insurance/Income Replacement
9. Health Insurance
10. Critical Illness Insurance (includes Dread Disease and Trauma)
11. Property Insurance
12. Casualty Insurance

III. INVESTMENT
13. Investment Types
14. Investment Structures
15. Types of Investment Risk
16. Measurement of Investment Risk
17. Portfolio Management Techniques
18. Selling and Buying Techniques
19. Performance Measurement
20. Modern Portfolio Theory

IV. RETIREMENT, SAVINGS AND INCOME PROGRAMS
21. Government Pension
22. Government Savings
23. Employer/Employee Programs
24. Personal Retirement
25. Personal Savings

V. LAW
26. Private Law
27. Corporate Law

VI. FINANCIAL ANALYSIS
28. Analysis of Financial Information
29. Personal Financial Ratios
30. Cash Management and Budgeting
31. Personal Financial Statements

VII. DEBT
32. Consumer Credit and Credit Management
33. Mortgages
34. Leases
35. Insolvency and Bankruptcy

VIII. ECONOMIC AND REGULATORY ENVIRONMENT
36. Economic Environment
37. Regulatory Environment

IX. GOVERNMENT BENEFITS PLANS

X. BEHAVIORAL FINANCE

XI. ETHICS AND STANDARDS
38. Code of Ethics
39. Financial Planning Practice Standards

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FINANCIAL PLANNING STANDARDS BOARD INDIA

Achieve Success!

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of achievement

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Benefits of becoming a CERTIFIED FINANCIAL PLANNER^{CM} Professional

- Your credentials demonstrate trust amongst the financial consumers worldwide.
- You become a coach and problem solver.
- Your services are sought by banks, insurance, mutual fund and other companies belonging to the financial industry from India and abroad.
- Your career and professional development opportunities are enhanced through Cross Border opportunities in twenty three countries such as USA, Canada, Singapore, Australia, China, France, Germany, Japan, UK etc.
- You join the league of the best Financial Planning professionals worldwide and become a part of a professional community which has high potential for growth.
- Your professional standards reflect your enhanced social status.
- Your Financial Planning knowledge is recognized by media and you get opportunities to be quoted, offer advice through various Media Vehicles.

CFP^{CM} Certification Global excellence in Financial Planning

Head Office: Financial Planning Standards Board India
702, 7th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East),
Mumbai - 400059 Phone : +91 22 6171 2424 Fax : +91 22 6171 2444
Email : info@fpsbindia.org www.fpsbindia.org

Regional Office:
916, Indra Prakash Building, 21, Barakhamba Road, Connaught Place,
New Delhi 110 001.Tel.: +91 11 6546 7168, +91 11 2375 3689.
Email : info@fpsbindia.org www.fpsbindia.org