

Financial Planners Standards Council



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“What assurance do I have that financial planning is working for me?”

Understanding CFP™ Code of Ethics, and Standards of Practice and Competency.



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Your first assurance is that all CFP professionals adhere to the CFP™ Code of Ethics.

The CFP™ Code of Ethics requires each CFP professional to adhere to ethical and behavioural principles that ensure your best interests are always placed first.

Principle 1: Integrity

A CFP professional shall always act with integrity.

CFP professionals may be placed in positions of trust and confidence by clients. The ultimate source of such public trust is the CFP professional's personal integrity. In deciding what is right and just, a CFP professional should rely on his or her integrity as the appropriate touchstone. Integrity demands honesty and candor that must not be subordinated to personal gain and advantage. Within the characteristic of integrity, allowance can be made for legitimate difference of opinion; but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires the CFP professional to observe not only the letter but also the spirit of this Code.

Principle 2: Objectivity

A CFP professional shall be objective in providing financial planning to clients.

Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional. Regardless of the particular service rendered or the capacity in which a CFP professional functions, a CFP professional should protect the integrity of his or her work, maintain objectivity, and avoid the subordination of his or her judgment, which would be in violation of this Code.

Principle 3: Competence

A CFP professional shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the CFP professional is engaged.



One is competent only when one has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate.

A CFP professional, by virtue of having earned the CFP credential, is deemed to be qualified to practice financial planning. However, in addition to acquiring the core competencies, knowledge and experience, a CFP professional shall make a commitment to continuous learning and professional development.

Principle 4: Fairness

A CFP professional shall perform financial planning in a manner that is fair and reasonable to clients, principals, partners and employers, and shall disclose conflicts of interest in providing such services.

Fairness requires impartiality, intellectual honesty and disclosure of conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that one would want to be treated and is an essential trait of any professional.

Principle 5: Confidentiality

A CFP professional shall maintain confidentiality of all client information.

A client, by seeking the services of a CFP professional, expects to develop a relationship of personal trust and confidence. This type of relationship must be built upon the understanding that information supplied to the CFP professional will be confidential. To provide financial planning effectively and to protect the client's privacy, the CFP professional shall safeguard the confidentiality of such information.

Principle 6: Professionalism

A CFP professional's conduct in all matters shall reflect credit upon the profession.

A CFP professional shall behave in a manner that maintains the good reputation of the profession and its ability to serve the public interest. A CFP professional shall avoid activities that adversely affect the quality of his or her financial planning advice.

Principle 7: Diligence

A CFP professional shall act diligently in providing financial planning.

Diligence is the provision of services in a prompt and thorough manner. Diligence also includes proper planning for and supervision of the rendering of professional services.



Your second assurance is that all CFP professionals are guided by the CFP™ Financial Planning Practice Standards.

Once you have “engaged” or hired a CFP professional, the CFP™ Financial Planning Practice Standards guide the process of the engagement, ensuring all requirements of the CFP™ Code of Ethics are met. Here's what you should expect to happen.

Establish the Engagement

Define the terms of your engagement

Before any work starts, you and your CFP professional should define and agree on the scope of the financial planning “engagement”. Details about each party's responsibilities, time frames, compensation and potential “Conflicts of Interest” should be set out in writing in a formal “Engagement Letter” or in a “Letter of Understanding”, signed by you and your CFP professional. Your planner should prepare the letter and explain what it represents.

Gather Data

Identify your goals, needs and priorities

This is a critical next step. Well before making or implementing any recommendations, the CFP professional should discuss your financial goals, needs and priorities. Naturally, no two people are exactly the same. Recognizing individual circumstances sets a solid foundation for the financial plan.

Obtain relevant personal information

Before making and/or implementing any recommendations, it is vital that such things as your sources of income, and your current and future lifestyle requirements are made known to the CFP professional. Getting all the information relevant to the engagement should also be considered part of the engagement.

Analyze Your Financial Information

With respect to your goals, needs and priorities

To determine your financial situation and evaluate to what extent your goals, needs and priorities can be met under the current circumstances, a CFP professional should analyze all relevant financial information.

Develop and Present the Financial Plan

Identify & evaluate the financial planning strategies

The CFP professional may identify more than one strategy to achieve your stated goals, needs and priorities.

Develop and present the financial planning recommendations

The CFP professional should develop written recommendations as to how you can achieve your stated goals, needs and priorities and should communicate these recommendations so that you understand them in terms of underlying key assumptions, costs and the risks of both action and inaction.

Implementation of the Financial Plan

Agree on implementation action, responsibilities and time frames

You and your CFP professional should agree on the actions to be taken, who is going to take them and when completion can be expected. (At this point, you may need to reconsider the initial terms of your engagement.)

Implement the financial plan

To implement certain recommendations, you and your CFP professional may need to determine which products and services are suitable and from whom they can be purchased. Then, with the assistance of your CFP professional, you can put your plan into action.

Review the Financial Plan

Agree on responsibilities and time frames for the review and re-evaluation of the financial plan

Set dates when you and your CFP professional can monitor and evaluate the financial plan.

Monitor and evaluate the financial plan

Life changes on an ongoing basis. You and your CFP professional should review the financial plan periodically to determine if it is still appropriate and to confirm any revisions mutually considered necessary.

Competency is your assurance.

Key to effective financial planning is the ability to take into account all relevant aspects of your financial situation and to identify and analyze the interrelationships among sometimes conflicting objectives. It is this unique integration of knowledge and skills across a broad range of topics that distinguishes professional financial planning from other related financial advice.

CFP certification is your assurance that your planner has completed a rigorous course of study approved by FPSC, passed the only independently developed national comprehensive examination for financial planning (the CFP™ Examination), and is committed to ongoing professional development.

FPSC's Partner Organizations

FPSC is supported by the following organizations whose members deal with the financial affairs of individuals.



This brochure has been prepared by Financial Planners Standards Council (FPSC), the not-for-profit organization committed to benefiting the consumer of financial planning advice and the financial planning profession in Canada.

Ask your CFP professional for information on how financial planning can help you or visit: www.cfp-ca.org