



Financial Planning
Institute of Southern Africa

THE PROFESSIONAL STANDARD



Financial Planner Competency Profile

Vision

Professional financial planning for all.

Our Mission

The FPI's mission is to advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society (community, constituency) whom the profession serves, by:

1. Improving the quality and accessibility of professional financial planning for all in Southern Africa.
2. Acting as advocate for professional financial planning, building a recognition of the importance and need for such planning by the general public.
3. Providing a framework within which members can achieve qualifications and maintain competence to create greater value for their clients, practices and employers.
4. Ensuring that members maintain the highest ethical standards in the pursuance of their profession.
5. Providing a leadership role within financial services by providing balanced, credible input and commentary to government and the public.
6. Facilitating transformation within the profession.

Table of Contents

FPI's Financial Planner Competency Profile	4
Financial Planning Abilities	4
Financial Planning Components	5-8
Financial Planner Abilities	6
Financial Planning Knowledge	9
Financial Planner Professional Skills	10

Introduction

1. A FINANCIAL PLANNER MUST SHOW COMPETENCE IN THE FOLLOWING AREAS:

A. Knowledge

B. Ability

C. Skill

The cornerstone of the FPI's certification program is the comprehensive analysis of the certificant's knowledge, abilities and skills required to completely perform the tasks of the profession.

To deliver financial planning to a client, the financial planner needs to combine the ability to carry out the tasks of a financial planner, defined in the Financial Planner Abilities, using appropriate professional skills, defined in the Financial Planner Professional Skills and draw on his or her knowledge of financial planning matters as 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.

2. FINANCIAL PLANNING ABILITIES FRAMEWORK

Financial planning is a process of developing strategies to assist clients in managing their financial affairs to meet their financial goals. The process of financial planning involves reviewing all the relevant aspects of the client's current situation and comparing them with the client's desired situation and designing a plan to assist the client on this journey of financial independency.

This document 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 engagements with clients.

Regardless of whether the financial planning professional offers financial planning in one or all the financial planning components, he or she needs to be able to master the complete set of abilities required to competently deliver a financial plan to a client.

Each financial planning ability describes the task that a financial planning professional performs when providing financial planning to a client.

a. Financial Planning Functions

i. Collection

The financial planning professional collects information required to develop a financial plan. Collection goes beyond the gathering of information; it includes identifying related facts to be able to do a proper needs analysis.

ii. Analysis

The financial planning professional identifies and considers issues that are client specific, performs a financial needs analysis and assesses the resulting information.

iii. Synthesis

The financial planning professional synthesises the information, evaluate strategies and develop a financial plan to meet the client's financial needs.

b. Core Financial Planning Competencies

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

i. Collection

1. Collect quantitative information
2. Collect qualitative information

ii. Analysis

1. Assess information to develop strategies
2. Consider opportunities and constraints to develop strategies

iii. Synthesis

1. Develop and evaluate strategies and create a financial plan

3. FINANCIAL PLANNING COMPONENTS

FPI has categorised the Financial Planner Abilities into six Financial Planning Components:

- a. Financial Management
- b. Asset Management
- c. Risk Management
- d. Tax Planning
- e. Retirement Planning
- f. Estate Planning

The Core Financial Planning Competencies must always be applied irrespective of whether the financial planner reviews all the Financial Planning Components or a single component.

Financial Planner Abilities Matrix

Financial Planning Function	Collection Gather information required to develop a financial plan		
Fundamental Financial Planning Practices	1. Identify the client's objectives, needs and values that have financial implications 2. Identify the information required for the financial plan 3. Identify the client's legal issues that affect the financial plan 4. Determine the client's attitudes and level of financial sophistication 5. Identify material changes in the client's personal and financial situation 6. Prepare information to enable analysis		
Core Financial Planning Competencies	1.1 Collect the quantitative information required to develop a financial plan	1.2 Collect the qualitative information required to develop a financial plan	
Financial Planning Components	Financial Management	1.1.1 Collect information regarding the client's assets and liabilities 1.1.2 Collect information regarding the client's cash flow, income and/or obligations 1.1.3 Collect information necessary to prepare a budget 1.1.4 Prepare statements of the client's net worth, cash flow and budget	1.2.1 Determine the client's propensity to save 1.2.2 Determine how the client makes spending decisions 1.2.3 Determine the client's attitudes towards debt
	Asset Management	1.1.5 Collect information necessary to prepare detailed statement of investment holdings 1.1.6 Determine the client's current asset allocation 1.1.7 Identify cash	1.2.4 Determine the client's experience with and attitudes and biases towards investments 1.2.5 Determine the client's investment objectives 1.2.6 Determine the client's tolerance for investment risk 1.2.7 Identify the client's assumptions and return expectations 1.2.8 Identify the client's time horizon
	Risk Management	1.1.8 Collect details of the client's existing insurance coverage 1.1.9 Identify potential financial obligations	1.2.9 Determine the client's risk management objectives 1.2.10 Determine the client's tolerance for risk exposure 1.2.11 Determine relevant lifestyle issues 1.2.12 Determine health issues 1.2.13 Determine the client's willingness to take active steps to manage financial risk
	Tax Planning	1.1.10 Collect the information necessary to establish the client's tax position 1.1.11 Identify taxable nature of assets and liabilities 1.1.12 Identify current, deferred and future tax liabilities 1.1.13 Identify parties relevant to the client's tax situation	1.2.14 Determine the client's attitudes towards taxation
	Retirement Planning	1.1.14 Collect the details of potential sources of retirement income 1.1.15 Collect the details of estimated retirement expenses	1.2.15 Determine the client's retirement objectives 1.2.16 Determine the client's attitudes towards retirement 1.2.17 Determine the client's comfort with retirement planning assumptions
	Estate Planning	1.1.16 Collect legal agreements and documents that impact estate planning strategies	1.2.18 Identify the client's estate planning objectives 1.2.19 Identify family dynamics and business relationships that could impact estate planning strategies

Financial Planner Abilities Matrix

Financial Planning Function	Analysis Consider potential opportunities and constraints and assess information to develop strategies	
Fundamental Financial Planning Practices	1 Analyse the client's objectives, needs, values and information to prioritise the financial planning components 2 Consider inter-relationships among financial planning components 3 Consider opportunities and constraints and assess collected information across financial planning components 4 Consider the impact of economic, political and regulatory environments 5 Measure the progress towards achievement of objectives of the financial plan	
Core Financial Planning Competencies	2.1 Consider potential opportunities and constraints to develop strategies	2.2 Assess information to develop strategies
Financial Planning Components	Financial Management	2.1.1 Determine whether the client is living within financial means 2.1.2 Determine the issues relevant to the client's assets and liabilities 2.1.3 Determine the client's emergency fund provision 2.1.4 Consider potential cash management strategies
	Asset Management	2.2.1 Assess whether the emergency fund is adequate 2.2.2 Assess the impact of potential changes in income and expenses 2.2.3 Identify conflicting demands on cash flow 2.2.4 Assess financing alternatives
	Risk Management	2.1.5 Calculate required rate of return to reach the client's objectives 2.1.6 Determine the characteristics of investment holdings 2.1.7 Determine the implications of acquiring/disposing of assets 2.1.8 Consider potential investment strategies 2.2.5 Assess whether investment return expectations are consistent with risk tolerance 2.2.6 Assess whether asset holdings are consistent with risk tolerance and required rate of return
	Tax Planning	2.1.9 Determine characteristics of existing insurance coverage 2.1.10 Consider current and potential risk management strategies 2.2.7 Assess exposure to financial risk 2.2.8 Assess the client's risk exposure against current insurance coverage and risk management strategies 2.2.9 Assess the implications of changes to insurance coverage 2.2.10 Prioritise the client's risk management needs
	Retirement Planning	2.1.11 Review relevant tax documents 2.1.12 Consider potential tax strategies and structures 2.2.11 Evaluate existing tax strategies and structures for suitability 2.2.12 Assess financial impact of tax planning alternatives
	Estate Planning	2.1.13 Develop financial projections based on current position 2.1.14 Determine if the client's retirement objectives are realistic 2.1.15 Consider potential retirement planning strategies 2.2.13 Assess financial requirements at retirement date 2.2.14 Assess the impact of changes in assumptions on financial projections 2.2.15 Assess trade-offs necessary to meet retirement objectives
		2.1.16 Project net worth at death 2.1.17 Consider constraints to meeting the client's estate planning objectives 2.1.18 Consider potential estate planning strategies 2.2.16 Calculate potential expenses and taxes owing at death 2.2.17 Assess the specific needs of beneficiaries 2.2.18 Assess the liquidity of the estate at death

Financial Planner Abilities Matrix

Financial Planning Function	Synthesis Synthesise information to develop and evaluate strategies to create a financial plan	
Fundamental Financial Planning Practices	1 Prioritise recommendations from the financial planning components to optimise the client's situation	
Core Financial Planning Competencies	3.1 Develop and evaluate strategies to create a financial plan	
Financial Planning Components	Financial Management	3.1.1 Develop financial management strategies 3.1.2 Evaluate advantages and disadvantages of each financial management strategy 3.1.3 Optimise strategies to make financial management recommendations 3.1.4 Prioritise action steps to assist the client in implementing financial management recommendations
	Asset Management	3.1.5 Develop asset management strategies 3.1.6 Evaluate advantages and disadvantages of each asset management strategy 3.1.7 Optimise strategies to make asset management recommendations 3.1.8 Prioritise action steps to assist the client in implementing asset management recommendations
	Risk Management	3.1.9 Develop risk management strategies 3.1.10 Evaluate advantages and disadvantages of each risk management strategy 3.1.11 Optimise strategies to make risk management recommendations 3.1.12 Prioritise action steps to assist the client in implementing risk management recommendations
	Tax Planning	3.1.13 Develop tax planning strategies 3.1.14 Evaluate advantages and disadvantages of each tax planning strategy 3.1.15 Optimise strategies to make tax planning recommendations 3.1.16 Prioritise action steps to assist the client in implementing tax planning recommendations
	Retirement Planning	3.1.17 Develop retirement planning strategies 3.1.18 Evaluate advantages and disadvantages of each retirement planning strategy 3.1.19 Optimise strategies to make retirement planning recommendations 3.1.20 Prioritise action steps to assist the client in implementing retirement planning recommendations
	Estate Planning	3.1.21 Develop estate planning strategies 3.1.22 Evaluate the advantages and disadvantages of each estate planning strategy 3.1.23 Optimise strategies to make estate planning recommendations 3.1.24 Prioritise action steps to assist the client in implementing estate planning recommendations

4. FINANCIAL PLANNING 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 related topics. Once a person has mastered the knowledge, he or she can combine that knowledge with professional skills and abilities to competently deliver financial planning.

With mastered financial planning knowledge a financial planning professional will gain the respect and trust of clients. The financial planning professional will also gain confidence in his or her ability to practice competently.

Financial Planning Body of Knowledge

FPI's Financial Planning Knowledge identifies the knowledge a financial planning professional must be able to draw on to deliver financial planning to clients or when interacting with other in a professional capacity.

FPI categorised the Financial Planning Knowledge into these areas:

Financial Management	<ul style="list-style-type: none"> • Analysis of Financial Information • Personal Financial Ratios • Cash Management and Budgeting • Personal Financial Statements Cash 	<ul style="list-style-type: none"> • Consumer Credit and Credit Management • Mortgages • Leases • Insolvency and Bankruptcy
Asset Management	<ul style="list-style-type: none"> • Investment Types • Investment Structures • Types of Investment Risk • Measurement of Investment Risk • Portfolio Management Techniques • Selling and Buying Techniques • Performance Measurement 	<ul style="list-style-type: none"> • Modern Portfolio Savings • Employer / Employee Programs • Personal Retirement • Personal Savings Theory • Behavioral Finance • Economic Environment
Risk Management	<ul style="list-style-type: none"> • Business Insurance • Life Insurance • Disability Insurance/Income Replacement • Health Insurance • Critical Illness Insurance (includes Dread Disease and Trauma) • Property Insurance • Liability Insurance 	
Tax Planning	<ul style="list-style-type: none"> • Assessment Rules • Personal Taxation • Corporate Taxation • International Tax Issues 	
Retirement Planning	<ul style="list-style-type: none"> • Government Pension • Government Savings • Employer / Employee Programs • Personal Retirement • Personal Savings 	
Estate Planning	<ul style="list-style-type: none"> • Wealth Transfer • Personal Taxation 	
Ethics and Standards and law	<ul style="list-style-type: none"> • Code of Ethics • Financial Planning Practice Standards • Regulatory Environment 	

5. FINANCIAL PLANNER PROFESSIONAL SKILLS

The professional skills described in the FPI'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 the FPI'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 the client and to uphold and promote the interests of the financial planning profession for the benefit of society.

The professional skills required are divided into four areas:

- a. Professional Responsibility**
- b. Practice**
- c. Communication**
- d. Cognitive ability**

Within each category there are various components that indicate the professional has delivered financial planning at an appropriate level of competence and professionalism.

The financial planning professional needs to be able to integrate at least two or more professional skills with appropriate knowledge and abilities into each of his or her professional actions or interactions and commit to improve continuously on the professional skills to maintain competent in the field of financial planning.

Financial Planner Professional Skills Matrix

Professional Responsibility	Practice	Communication	Cognitive
<ul style="list-style-type: none"> Establish trust in all professional relationships Act in the best interest of the client Demonstrate ethical judgment Demonstrate honesty and integrity Recognise personal limits and voluntarily refer clients to other professionals Recognise the role of the professional to the general public and act accordingly 	<ul style="list-style-type: none"> Comply with FAIS legislation and other related regulations Adhere to FPI Code of Ethics and Professional Responsibility and Financial Planning Practice Standards Keep up to date with economic, political and regulatory changes Engage in continuous professional development to ensure currency of knowledge and skills Exercise autonomy and initiative in the performance of professional activities 	<ul style="list-style-type: none"> Establish good rapport with the client and others Listen to what clients and others are saying and take time to make sure you understand the points being made Communicate information and solutions in a manner that the client can understand Present logical and persuasive rationales Deal effectively with objections and complaints Reach agreement with clients and others 	<ul style="list-style-type: none"> Apply mathematical methods and formulae appropriately Analyse and integrate information from various sources to arrive at appropriate solutions Use logic and reasoning when considering solutions for the client's needs Make informed decisions when faced with incomplete or inconsistent information Demonstrate capacity to adapt thinking and behaviours

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