

## 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.