

3. ANALYZE AND ASSESS THE CLIENT'S FINANCIAL STATUS

3.1: Analyze the Client's Information

The financial planning professional analyzes the client's information, subject to the scope of the engagement, to gain an understanding of the client's financial situation.

Explanation

The financial planning professional analyzes the client's current situation and information, and works with the client to resolve obvious omissions and/or inconsistencies in the information collected. As part of this analysis, the financial planning professional uses client-specified, mutually agreed upon objectives and other reasonable assumptions, which may include the client's retirement age, life expectancy, income needs, risk factors, time horizon and special needs, as well as economic assumptions such as inflation rates, tax rates and investment returns.

3.2: Assess the Client's Objectives, Needs and Priorities

The financial planning professional assesses the strengths and weaknesses of the client's current financial situation and compares them to the client's objectives, needs and priorities.

Explanation

The financial planning professional considers the opportunities and constraints presented by the client's financial situation and current course(s) of action, and determines the likelihood of the client reaching his or her objectives by continuing present activities or making anticipated changes. The financial planning professional may identify other issues that may impact the client's ability to achieve objectives, which he or she discusses with the client. It may be appropriate for the financial planning professional to amend the scope of the engagement and/or to obtain additional information.

4. DEVELOP THE FINANCIAL PLANNING RECOMMENDATIONS AND PRESENT THEM TO THE CLIENT

4.1: Identify and Evaluate Financial Planning Strategies

The financial planning professional considers one or more strategies relevant to the client's current situation that could reasonably meet the client's objectives, needs and priorities.

Explanation

The financial planning professional identifies alternative strategies for achieving the client's confirmed objectives. The financial planning professional evaluates the ability of each strategy to reasonably address the client's objectives, needs and priorities. This evaluation may involve discussing with the client the importance, priority and timing of the client's objectives and needs; considering multiple assumptions; and/or conducting research or consulting with other professionals. This process may result in a single strategy, multiple strategies or no change to the client's current course(s) of action. In considering alternative strategies, the financial planning professional takes into account his or her legal and/or regulatory limitations or requirements and his or her competence to address each of the client's objectives, needs and priorities. More than