Financial Coaching Standards & **Code of Conduct**

National Financial Educators Council

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Statement of Purpose

The objective of the Financial Coaching Standards & Code of Conduct is to share benchmarks with the financial coaching industry that will assist financial coaches, counselors, and consultants to become more effective and serve their clients' best interests. The release of these guidelines aims to address the gap in published standards specific to financial coaches

The NFEC's financial coaching standards offer the following benefits:

- Framework to improve the quality and impact of financial coaching
- Resource for hiring and recruiting financial coaches
- Clear performance evaluation criteria for financial coaches
- Framework and credentials for financial consultants seeking professional development
- Common language as a resource to improve communication, education, and professional standards
- Tools for coaches' preparation, performance measures, and self-assessment
- Awareness tool to highlight the importance of highly-skilled financial counselors
- Public assurance that financial coaches are held to the highest standards of practice

State of the Financial Coaching Industry

Giving instructors a framework to guide professional practice is common in many fields – education, financial services, accounting, law, and medicine, for example. Yet until now the financial coaching industry has lacked guidelines for financial coaches. It is our mission to bring the Financial Coaching profession up to the standards of the component occupations of which the profession is comprised.

Currently, the Financial Coaching industry is not formally regulated. Two to three decades ago, the Financial Planning and Financial Advising professions were in a similar situation. This lack of standards lies in stark contrast to the Financial Advising and Financial Planning industries, which are tightly bound by agencies such as the Financial Industry Regulatory Authority (FINRA), the Federal Trade Commission (FTC), and the Securities and Exchange Commission (SEC), in addition to state-level regulation and licensing of the insurance components of those professions.

The Risks Unqualified Financial Coaches

Anyone can call oneself a "financial coach," "financial counselor," or "financial consultant." There is no government regulation of the industry. As a result, many individuals currently serving in the field lack training and knowledge about coaching best practices. This lack puts clients at risk of working with coaches who may not possess the competencies to serve their interests.

Under-qualified or poorly-performing financial coaches may put their clients at risk for future economic disaster. In matters of personal finance, a single error can cost people significant time, money, and emotional stress. A money mistake can have impact on all areas of life, with consequences that can be severe. The effects of poor coaching can continue to affect clients' lives for many years after their participation in the coaching program ends.

Our hope is to present standards that will protect coaching clients and provide financial coaches with the necessary framework to work toward becoming distinguished providers of financial coaching services. Coaches who follow the NFEC Guidelines will help ensure that clients' needs and best interests lie at the foundation of the coaching-client relationship. Clients will gain an additional level of trust and confidence in their coaches if they can be assured that the coach always has the client's best interests at heart.

Financial Coaching Requires Unique Skill Sets

Financial coaching is a unique field that requires specialized expertise. The quality of a financial coach directly influences clients' finances, both short- and long-term. It is the financial coach's responsibility to act in the client's best interests; to do so, they must follow industry guidelines and possess the skill sets and knowledge to coach effectively.

Unlike other areas of one's life, the topic of money elicits emotional reactions in people – emotions which may range from excitement to anxiety to shame. Each participant in a financial coaching program brings his or her own experience, emotions, and relationship with money into the coaching relationship. Coaches must understand and respect these emotional reactions to succeed in helping participants choose the best path to work toward financial wellness.

To serve clients best, coaches must possess cross-disciplinary skills from several areas and draw upon the standards which have been set for various industries. Therefore, to inform these coaching standards we reviewed guidelines from the following industries: financial/consumer protection, education, psychology/counseling, financial education, and consulting/coaching.

Being a qualified and distinguished financial coach requires more than just gaining knowledge about personal finances and sharing that information with clients. Coaches also must become well-versed in behavioral psychology, research-based education methodologies, counseling strategies, industry regulations, and clear systems and processes for serving clients.

Financial Coaching Standards & Code of Conduct Overview

This document will cover common standards for the coaching-client relationship as it relates to personal finance, as well as more general issues outside of the financial realm. The guidelines include both ethical and practical standards, and additional topics pertaining to professional development in the coaching industry.

The NFEC Coaching Guidelines are divided into three main sections, each of which plays a separate but pivotal role in ensuring that coaches provide the best possible guidance and service to their clients. These three sections outline ethical standards, practice standards, and professional standards.

The first section focuses on Ethical Standards. Ethics form the bedrock of many professions, from business and finance experts to doctors, counselors, psychologists, and teachers. We want to ensure that all financial coaches understand the ethical standards that should guide them in their coaching decision-making and actions.

The Ethical Standards section presents guidelines in each of the following areas: Fiduciary Rule Standards, Confidentiality and Security, Professionalism, Record-keeping, and Handling Ethical Issues. References drawn from various professional associations are provided for each topic.

The next section represents Practice Standards for financial coaches. These guidelines are more specific to the financial coaching profession, and should help coaches distinguish the role(s) they should serve for their clients. These standards do not identify specific courses of action, but rather provide a framework that can be applied to all clients served, independent of their unique financial situations.

The Practice Standards section covers six areas: Defining the Client Relationship, Disclosure of Information, Understanding Clients, Establishing Benchmarks, Client Education, and Making Modifications. Each of these areas should be addressed with all clients, regardless of their circumstances.

The final section covers Professional Standards. As in any profession, financial coaches should always seek to enhance their practical knowledge base over time through a variety of means. This ongoing professional development should include: Professionalism, Continuing Education, Monitoring Program Effectiveness, Researching New Developments, and Seeking Feedback. Each area will help ensure that clients receive the best possible coaching service and guidance, both currently and as their future circumstances and developments unfold. This section also covers financial coach Representation and Marketing practices.

Ethical Standards

Introduction

The ethical standards section provides assurance to financial coaching clients and sets expectations for the financial coach to practice responsibly. These standards offer guidelines that should guide coaches in their decision-making and actions, and help clients better understand the financial coach's responsibilities.

The cornerstone of the ethical standards is the stipulation that financial coaches have fiduciary responsibility to their clients and act in each client's best interests. This responsibility underpins the other standards outlined in this section; every financial coaching decision should be made with fiduciary responsibility to the client in mind.

Within the Ethical Standards section we present guidelines for each of the following areas: Fiduciary Rule Standards, Confidentiality and Security, The Coaching Role, Record-keeping, and Handling Ethical Issues. Each area includes references to various professional associations and the NFEC's guidelines by which Certified Personal Finance Wellness Consultants must abide.

Fiduciary Standards

Introduction

As a guiding principle, financial coaches should always act exclusively in their clients' best interests. This notion is known as the fiduciary standard, and applies throughout the financial industry.

Adhering to the fiduciary standard may seem like common sense practice. However, a significant amount of recent debate has deliberated exactly which individuals are covered by this rule.

Previously, only financial or investment advisers who charged fees for advice (as opposed to commissions) were considered fiduciaries. There are regularly pending regulations across many different departments and agencies – at both the state and federal levels – that would significantly expand the scope of the Fiduciary Rule to include all investment and financial advisers, brokers, and planners.

In summary, the Fiduciary Rule shouldn't place significant restrictions on the way financial coaches conduct business with their clients – providing that they are already adhering to the proper guidelines within their professions. Top-performing coaches already act in their clients' best interests when providing education and guidance to help them make the proper decisions to achieve their financial goals.

NFEC Standards

Financial Coaches should accept fiduciary responsibility

a. Coaches act in the best interests of their clients.

b. Coaches proactively identify and avoid any conflicts of fiduciary duties.

Coaches must separate other outside business activities.

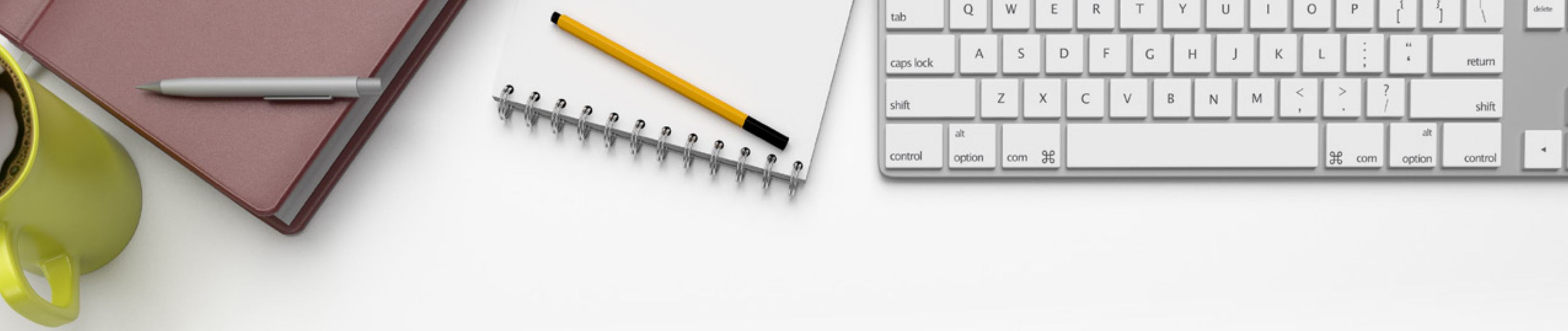
a. If a coach offers different services to their clients, separation of services must be clearly distinguished, and those services should be disclosed.

b. Financial service or product providers cannot receive double compensation. Coaching time and other compensation must not overlap.

Do not make referrals for compensation. Coaches can educate, share options, point clients in the right direction for research, or conduct research on their clients' behalf and provide them with the research reports.

a. Coaches cannot receive compensation or economic benefit from any person or organization to which they refer their clients.

b. The client's best interest is the sole reason for a referral to another professional or organization.



Scenarios

1. A client states that her goal is to eliminate credit card debt. The coach provides her with education on various approaches and explains the benefits and issues of each.

This scenario meets the fiduciary standard.

2. A client states that his goal is to save for a new car. The coach refers him to a lender that compensates the coach for referrals, and suggests that the client contact that lender for a car loan.

This scenario does not meet the fiduciary standard.

3. A client states a wish to set aside money to invest in long-term goals. The coach provides the client with detailed information regarding various savings options including the tax benefits and restrictions of each, historical asset class performance, and risks to accompany a general risk tolerance assessment tool.

This scenario meets the fiduciary standard.

4. A financial coach who also is a licensed realtor is hired for a coaching relationship. The client shares that she wants to purchase a home. The coach immediately discloses his role as a realtor in writing, explains how the roles differ and the different compensation structure. The coach does not bill for coaching services at any time he discusses real estate or services related to his role as a realtor.

This scenario meets the fiduciary standard.

5. Using the same scenario above, the coach refers the client to a mortgage broker who pays him a commission for the referral.

This scenario does not meet the fiduciary standard.

Influencing Standards

CFP – Rules of Conduct

1.4 A Certificant shall at all times place the interest of the client ahead of his or her own. When the Certificant provides financial planning or material elements of financial planning, the Certificant owes to the client the duty of care of a fiduciary as defined by CFP Board.

DOL – Fiduciary Section

Paragraph (a)(2) establishes the types of relationships that must exist for such recommendations to give rise to fiduciary investment advice responsibilities. The rule covers: Recommendations by person(s) who represent or acknowledge that they are acting as a fiduciary within the meaning of the Act or the Code; advice rendered pursuant to a written or verbal agreement, arrangement, or understanding that the advice is based on the particular investment needs of the advice recipient; and recommendations directed to a specific advice recipient or recipients regarding the advisability of a particular investment or management decision with respect to securities or other investment property of the plan or IRA.

Paragraph (b)(1) provides that "recommendation" means a communication that, based on its content, context, and presentation, would reasonably be viewed as a suggestion that the advice recipient engage in or refrain from taking a particular course of action. The determination of whether a "recommendation" has been made is an objective rather than subjective inquiry. In addition, the more individually tailored the communication is to a specific advice recipient or recipients about, for example, a security, investment property, or investment strategy, the more likely the communication will be viewed as a recommendation.

Under the regulation, for advice to constitute "investment advice," an adviser who is not a fiduciary under another provision of the statute must:

1. Render advice as to the value of securities or other property, or make recommendations as to the advisability of investing in, purchasing, or selling securities or other property on a regular basis
2. Pursuant to a mutual agreement, arrangement, or understanding with the plan or a plan fiduciary that the advice will serve as a primary basis for investment decisions with respect to plan assets, and that
3. The advice will be individualized based on the particular needs of the plan or IRA. The regulation provides that an adviser is a fiduciary with respect to any particular instance of advice only if he or she meets each and every element of the five-part test with respect to the particular advice recipient or plan at issue.

NAPFA – Fiduciary Oath

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor. The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business

Following the NAPFA Fiduciary Oath means I shall:

- Always act in good faith and with candor.
- Be proactive in disclosing any conflicts of interest that may impact a client.
- Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product

Confidentiality and Security

Introduction

Financial advisers, planners, and other industry professionals – financial and otherwise – are bound by very strict guidelines pertaining to securing clients' personal information and confidentiality. Financial coaches are no exception, and coaches must make every effort to protect client information.

The CFP Board sums up the security principle well for its financial planners, stating that "information is accessible only to those authorized to have access." That statement may sound obvious, but this point helps reaffirm the importance of protecting and valuing clients' information at all times.

The FTC imposes a broad-based Safeguards Rule which applies to nearly all financial services professionals. Although financial coaches are not specifically mentioned in the rule, it remains important that coaches follow the Safeguard Rule.

The Safeguard Rule takes the confidentiality principle a step farther. The Rule, as the FTC indicates, "requires companies to develop a written information security plan that describes their program to protect customer information. The plan must be appropriate to the company's size and complexity, the nature and scope of its activities, and the sensitivity of the customer information it handles." While most financial coaches are likely to be in business for themselves as individuals as opposed to being a company, the Rule still should apply to all coaches.

NFEC Standards

Secure clients' information and properly handle sensitive information.

a. Protect and dispose of information in accordance with the Federal Trade Commission's Safeguard Rule.

Coaches must screen all employees, contractors, and others who handle client information.

a. Conduct a multi-jurisdictional background check on any individuals in your organization who have access to sensitive client information.

Coaches hold client information in confidence.

a. A coach never shares information about a client with others outside the company (coaching service).
b. Information is only shared about clients with other employees, contractors, or others in your organization on a need-to-know basis.
c. Client case studies must protect clients' identities. Testimonials can only identify clients with written permission and full disclosure of how the information will be used.

Scenarios

1. Jean is a financial coach and bills many of her clients monthly using credit card information which clients provide up-front. This information is kept on a personal computer in her office, used strictly for business. The computer and office are locked at all times when she is not present. She maintains password protection to login to the device and has antivirus software.

This scenario adheres to the Confidentiality standard. The card information is on a secure computer and access is limited to Jean, with reasonable internet security protections.

2. Jean agrees to meet a client at a coffee shop close to her client's workplace. Once they arrive, the client begins to talk about some of his accounts, including a savings account and an investment account at a bank. Jean informs her client to take special care because they are meeting in public; she maintains a vigilant watch on her surroundings. She takes notes on what the client is saying, but does not write down specific account information.

This scenario adheres to the Confidentiality standard. Jean is taking proactive measures to protect her client's information.

Influencing Standards

FTC – Safeguards Rule

Under the Safeguards Rule, financial institutions must protect the consumer information they collect. Learn whether your business is a "financial institution" under the Rule.

As part of its implementation of the Graham-Leach-Bliley GLB Act, the Federal Trade Commission (FTC) issued the Safeguards Rule, which requires financial institutions under FTC jurisdiction to have measures in place to keep customer information secure.

In fact, the Rule applies to all businesses, regardless of size, that are "significantly engaged" in providing financial products or services.

The Safeguards Rule requires companies to develop a written information security plan that describes their program to protect customer information. The plan must be appropriate to the company's size and complexity, the nature and scope of its activities, and the sensitivity of the customer information it handles.

In addition, companies must consider and address any unique risks raised by their business operations – such as the risks raised when employees access customer data from their homes or other off-site locations, or when customer data is transmitted electronically outside the company network.

- Know where sensitive customer information is stored and store it securely. Make sure only authorized employees have access. For example:
  - Ensure that storage areas are protected against destruction or damage from physical hazards, like fire or floods.
  - Store records in a room or cabinet that is locked when unattended.
  - When customer information is stored on a server or other computer, ensure that the computer is accessible only with a "strong" password and is kept in a physically-secure area.
  - Where possible, avoid storing sensitive customer data on a computer with an Internet connection.
  - Maintain secure backup records and keep archived data secure by storing it off-line and in a physically-secure area.
- Taking steps to preserve the security, confidentiality, and integrity of customer information in the event of a breach. If a breach occurs:
  - Take immediate action to secure any information that has or may have been compromised. For example, if a computer connected to the Internet is compromised, disconnect the computer from the Internet;
  - Preserve and review files or programs that may reveal how the breach occurred; and
  - If feasible and appropriate, bring in security professionals to help assess the breach as soon as possible.

- Considering notifying consumers, law enforcement, and/or businesses in the event of a security breach. For example:
  - Notify consumers if their personal information is subject to a breach that poses a significant risk of identity theft or related harm;
  - Notify law enforcement if the breach may involve criminal activity or there is evidence that the breach has resulted in identity theft or related harm;
  - Notify the credit bureaus and other businesses that may be affected by the breach. See Information Compromise and the Risk of Identity Theft: Guidance for Your Business; and
  - Check to see if breach notification is required under applicable state law.

Information Compromise and the Risk of Identity Theft: Guidance for Your Business

ACA – Code of Ethics

B.1.c. Respect for Confidentiality

Counselors protect the confidential information of prospective and current clients. Counselors disclose information only with appropriate consent or with sound legal or ethical justification.

B.1.d. Explanation of Limitations

At initiation and throughout the counseling process, counselors inform clients of the limitations of confidentiality and seek to identify situations in which confidentiality must be breached.

B.3.c. Confidential Settings

Counselors discuss confidential information only in settings in which they can reasonably ensure client privacy.

B.3.e. Transmitting Confidential Information

Counselors take precautions to ensure the confidentiality of all information transmitted through the use of any medium.

B.5.c. Release of Confidential Information

When counseling minor clients or adult clients who lack the capacity to give voluntary consent to release confidential information, counselors seek permission from an appropriate third party to disclose information. In such instances, counselors inform clients consistent with their level of understanding and take appropriate measures to safeguard client confidentiality.

AFCPE – Section B: Confidentiality

Standard of Practice Nine (SP-9):

Confidentiality Requirement: Counselors must keep information related to counseling services confidential unless disclosure is in the best interest of clients, is required for the welfare of others, or is required by law. When disclosure is required, only information that is essential is revealed, and the client is informed of such disclosure.

Standard of Practice Thirteen (SP-13):

Confidentiality of Records: Counselors must maintain appropriate confidentiality in creating, storing, accessing, transferring, and disposing of counseling records.

APA – Code of Ethics

4.01 *Maintaining Confidentiality*

Psychologists have a primary obligation and take reasonable precautions to protect confidential information obtained through or stored in any medium, recognizing that the extent and limits of confidentiality may be regulated by law or established by institutional rules or professional or scientific relationship.

HIPAA – *Health Insurance Portability and Accountability Act of 1996*

"The HIPAA Privacy Rule requires appropriate safeguards to protect the privacy of personal health information, and sets limits and conditions on the uses and disclosures that may be made of such information without patient authorization. The Rule also gives patients rights over their health information, including rights to examine and obtain a copy of their health records, and to request corrections."
HIPAA Privacy Rule 45 CFR Part 160 and Subparts A and E of Part 164

CFP Board – *Rules of Conduct*

3. Prospective Client and Client Information and Property

3.1 A Certificant shall treat information as confidential except as required in response to proper legal process; as necessitated by obligations to a Certificant's employer or partners; as required to defend against charges of wrongdoing; in connection with a civil dispute; or as needed to perform the services.

3.2 A Certificant shall take prudent steps to protect the security of information and property, including the security of stored information, whether physically or electronically, that is within the Certificant's control.

FTC – Gramm-Leach-Bliley Act

The Privacy Rule protects a consumer's "nonpublic personal information" (NPI). NPI is any "personally identifiable financial information" that a financial institution collects about an individual in connection with providing a financial product or service, unless that information is otherwise "publicly available."

NPI is:

- Any information an individual gives you to get a financial product or service (for example, name, address, income, Social Security number, or other information on an application);
- Any information you get about an individual from a transaction involving your financial product(s) or service(s) (for example, the fact that an individual is your consumer or customer, account numbers, payment history, loan or deposit balances, and credit or debit card purchases); or
- Any information you get about an individual in connection with providing a financial product or service (for example, information from court records or from a consumer report).

ICF – Code of Ethics

Section 4: *Confidentiality/Privacy*

As a coach, I:

24) Maintain the strictest levels of confidentiality with all client and sponsor information unless release is required by law.

25) Have a clear agreement about how coaching information will be exchanged among coach, client and sponsor.

27) Require all those who work with me in support of my clients to adhere to the ICF Code of Ethics, Number 26, Section 4, Confidentiality and Privacy Standards, and any other sections of the Code of Ethics that might be applicable.

IMC – Code of Ethics

5.0 I will treat appropriately all confidential client information that is not public knowledge, take reasonable steps to prevent it from access by unauthorized people, and will not take advantage of proprietary or privileged information, either for use by myself, the client's firm, or another client, without the client's permission.

The Coaching Role

Introduction

There is a fine line between giving guidance to a client and providing advice. The distinction between these two words – guidance and advice – is vitally important. It is imperative that financial coaches understand the full scope of this distinction when working with clients.

Guidance is the foundation of what financial coaches do. Guidance represents the process of assisting clients in need of financial direction through various means. This process may include understanding their needs, directing them to educational material, helping them with activities, assisting them to prioritize objectives, offering options, or providing education and direction to help them with their stated goals. Guidance can also include building a roadmap for a client, to help him or her down the path toward financial wellness. It can even include listening to clients and offering affirmations to confirm that they are doing the right (or wrong) thing.

Advice, in contrast, goes well beyond guidance in that the financial professional (not coach) provides actual recommendations upon which the client should act. The adviser does not implement the actions, but do the legwork to process the client's information and come to a suitable recommendation. The right to give financial advice requires extensive experience and accreditation, experience upon which the advisor draws to give proper recommendations.

The process of giving financial advice typically does include some level of guidance. However, guidance should never include advice. The essential definition of guidance is that the decision is left up to the client, given the information you make available to them.
A clear line is drawn on advice that concerns investments, legal, tax, financial products, and other situations where other jurisdiction is responsible for oversight. No advice can be given in any of these instances. Legal and ethical responsibilities in these cases are governed by other industries and your actions may be in violation of their rules. The consequences of giving advice in such instances can range from fines and public exposure to jail time.

NFEC Standards

A financial coach does not provide advice concerning investments or financial products.

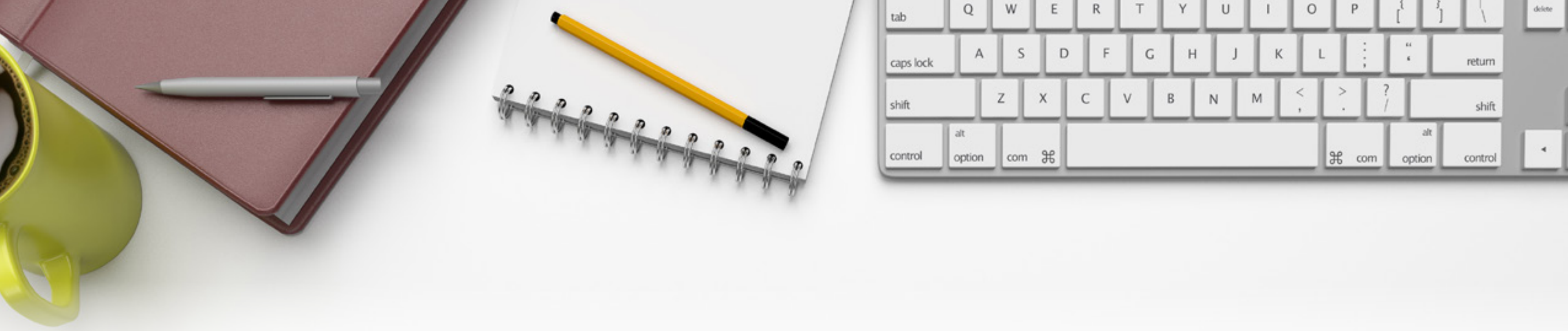
a. Coaching professionals must never give advice on investments, financial products, legal questions, taxes, or any other advice that directs participants toward a particular product, vehicle, investment, legal or tax decision. When clients have such needs, coaches can direct them to education and where to locate licensed professionals in the relevant industry.

A financial coach provides guidance on personal financial matters, not advice.

a. Both advice and guidance are given by someone regarded as knowledgeable or authoritative. Following are the differences between the terms:
   - Advice. Providing specific recommendations for specific action to be taken. Advice is an opinion or recommendation offered to direct action or conduct.
   - Guidance. Sharing expertise and directing clients toward resources and education that can help them make decisions based on their personal goals. Guidance is the act or process of pointing clients through education, research, reflection, and other ways to help them make their own decisions.

In the role of a financial coach, a licensed financial service professional may never provide any investment advice.

a. Licensed financial service professionals can work as financial coaches and provide clients both coaching and investment services. This relationship must be disclosed and follow the Fiduciary Standards.
b. If a financial coach is also a licensed financial services professional in another area, he or she can give advice if the industry that governs those financial services allows advice; but not when acting in the financial coach role.
c. With financial service professionals, the standards of their financial services industry supersedes the coaching standards



Scenarios

1. In her first meeting with a client, a financial coach provides her with a budgeting template to track her monthly expenses software.

Guidance – This information is used to assist the client to reach her goals, but does not provide her with a specific recommendation.

2. After several financial planning sessions, a client is provided with two investment options that meet his goals. The planner states that either option is perfectly suitable given his wealth and time horizon.

Advice – The client is given specific recommendations reached by the professional (planner). The fact that the client decides the ultimate outcome is not the determining factor.

3. In a meeting with a client, Jeff listens to his client's concerns about being able to save for her children's college in 10 years. Jeff provides the client with a list of colleges in different price ranges.

Guidance – The information provided is available to anyone and not specific to the client's situation. It also does not limit the plan choices in any way.

4. In a subsequent meeting with same client above, Jeff, at the request of his client, provides a detailed recommendation of the best three college savings plans given the client's financial situation and savings goals.

Advice – Specific recommendations are given based on client information.

Influencing Standards

SEC

A. Definition of Investment Adviser

Section 202(a)(11) of the Act defines an investment adviser as any person or firm that:

- for compensation;
- is engaged in the business of;
- providing advice to others or issuing reports or analyses regarding securities.

A person must satisfy all three elements to fall within the definition of "investment adviser," which the SEC staff has addressed in an extensive interpretive release explaining how the Act applies to financial planners, pension consultants and other persons who, as a part of some other financially related services, provide investment advice.

Advising Others about Securities

a. Advice about Securities. A person clearly meets the third element of the statutory test if he provides advice to others about specific securities, such as stocks, bonds, mutual funds, limited partnerships, and commodity pools. The SEC staff has stated that advice about real estate, coins, precious metals, or commodities is not advice about securities. The more difficult questions arise with less specific advice, or advice that is only indirectly about securities. The SEC staff has stated in this regard:

   i. advice about market trends is advice about securities;

   ii. advice about the selection and retention of other advisers is advice about securities;

   iii. dvice about the advantages of investing in securities versus other types of investments (e.g., coins or real estate) is advice about securities;

   iv. providing a selective list of securities is advice about securities even if no advice is provided as to any one security; and

   v. asset allocation advice is advice about securities.

DOL

Specifically, paragraph (a)(1) of the final rule provides that person(s) render investment advice if they provide for a fee or other compensation, direct or indirect, certain categories or types of advice. The listed types of advice are

- A recommendation as to the advisability of acquiring, holding, disposing of, or exchanging, securities or other investment property, or a recommendation as to how securities or other investment property should be invested after the securities or other investment property are rolled over, transferred, or distributed from the plan or IRA.
- A recommendation as to the management of securities or other investment property, including, among other things, recommendations on investment policies or strategies, portfolio composition, selection of other persons to provide investment advice or investment management services, selection of investment account arrangements (e.g., brokerage versus advisory); or recommendations with respect to rollovers, distributions, or transfers from a plan or IRA, including whether, in what amount, in what form, and to what destination such a rollover, transfer or distribution should be made.

Paragraph (b)(2) sets forth non-exhaustive examples of certain types of communications which generally are not "recommendations" under that definition and, therefore, are not fiduciary communications. With respect to investment education in particular, the final rule expressly describes in detail four broad categories of non-fiduciary educational information and materials, including (A) plan information, (B) general financial, investment, and retirement information, (C) asset allocation models, and (D) interactive investment materials

Financial Conduct Authority (FCA – UK)

Advice will recommend a specific product or course of action for you to take given your circumstances and financial goals. This will be personal to you, based on information you provide.

- Advice will be provided by a qualified and regulated individual or online by a regulated organization.
- Providers of advice are responsible and liable for the accuracy, quality and suitability of the recommendation that they make and you are protected by law.
- You will usually pay a fee for advice. Fees will be disclosed before you are asked to commit yourself.
- It will recommend what you should do.

Record-keeping

Introduction

Documenting and maintaining all client encounters – both financial and informational – are essential to ensuring compliance with the standards for a financial coach. In the event of a formal client complaint, it is vital that coaches have all relevant documentation from that particular client relationship. Keeping accurate records also helps ensure transparency and integrity for the coaching-client relationship.

The financial industry poses some existing requirements regarding proper protocol for keeping and maintaining records. The SEC provides a strict set of requirements for financial advisers and brokers to maintain records for six years. The IRS and various state laws governing insurance products suggest maintaining records for up to 10 years.

NFEC Standards

Maintain complete and organized records.

a. Records to be maintained by coaching principle for six years.

b. Records to be maintained include, but are not limited to: personal financial plans, progress reports, client communication, coaching meeting logs, notes and reports on client situation.

Records listed in the FTC Safeguard Rules are not to be maintained and will be disposed of in accordance with those guidelines.

a. Records not to be maintained include, but are not limited to: any items that pose a security risk to clients, account numbers, personal account information, and other items covered in the Safeguard Rule. These items are to be disposed of according to the guidelines in the Confidentiality section.

Scenarios

1. Sean is just starting out as a financial coach. He wants to help young people handle their finances and manage debt. He does not yet have his own office, so he conducts many of his meetings home by phone. He attempts to take down all relevant information discussed with his clients, but his notes are not always complete.

This scenario does not adhere to the record-keeping guidelines for the financial industry. A financial coach should always keep complete records of all client interactions, regardless of the medium by which the interaction was conducted.

2. After each meeting, Sarah follows a consistent, systematic approach to documenting the information discussed and organizing client information. She knows where all the information is stored and can access it readily.

This scenario adheres to proper record-keeping guidelines.

Influencing Standards

FINRA

4511. General Requirements

a. Members shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.

b. Members shall preserve for a period of at least six years those FINRA books and records for which there is no specified period under the FINRA rules or applicable Exchange Act rules.

c. All books and records required to be made pursuant to the FINRA rules shall be preserved in a format and media that complies with SEA Rule 17a-4.SEC – Books and Records Requirements under Securities Exchange Act.

    › Customer Account Record

- Account Record Information
- Rule 17a-4
    - › A. General Record Retention Requirements

SEC - Books and Records Requirements for Brokers and Dealers Under the Securities Exchange Act of 1934

C. Customer Account Record

The Commission is adopting new Rule 17a-3(a)(17)19 under the Exchange Act, which requires broker-dealers to create a record containing certain minimum information as to each customer. The primary purpose of Rule 17a-3(a)(17) is to provide regulators, particularly State Securities Regulators, with access to books and records which enable them to review for compliance with suitability rules.20 Rule 17a-3(a)(17) also requires broker-dealers to furnish that information to each customer on a periodic basis. The rule should not be construed to affect or supersede any federal, State, or SRO requirement, including those relating to "know your customer," suitability, or supervisory obligations.

1. Account Record Information

The information required under new Rule 17a-3(a)(17)(i)(A) for each account with a natural person as a customer includes the customer's name, tax identification number, address, telephone number, date of birth, employment status (including occupation and whether the customer is an associated person of a member, broker or dealer), annual income, net worth (excluding value of primary residence), and investment objectives.

V. Rule 17a-4

A. General Record Retention Requirements

Paragraphs (a) and (b)(1) of Rule 17a-4 list certain records required under Rule 17a-3 that must be kept for six and three years, respectively. The amendments to these two paragraphs have been modified from the reproposal to remain consistent with the modifications to Rule 17a-3.

Addressing Issues

Introduction

Reporting and complying with standards for handling any ethical wrongdoing is essential to upholding the integrity of the financial coaching profession. Proactively dealing with any issues that arise represents best practice for coaches to maintain a positive reputation among clients and the public at large.

When problems arise, maintaining communication and reporting the issues are a financial coach's primary responsibilities. All issues raised and ethical violations should be addressed in a timely manner with the National Financial Educators Council and with the client.

NFEC Standards

Report any ethical violations or illegal activities committed by other financial professionals to your clients.

a. Report to the financial professionals' governing body and appropriate enforcement officials.

Report all client complaints to the coaching certifying entity.

a. Report in a timely manner in writing to the certifying body. If the NFEC is the certifying body, conflicts must be reported to the NFEC within five business days.

Financial coach should terminate any client relationship if illegal activities have been involved.

a. Comply with authorities when legal notice is given

Scenarios

1. Jackie is a financial coach who was reported for a potential violation of security and record-keeping standards. Her certifying agency contacts Jackie about the reported violation and requests all information relevant to the violation. Jackie gathers and turns over all relevant information the next day and works with the agency to help clarify the situation.

Jackie's handling of the issue is in compliance with standards. She still may be in potential violation of security and record-keeping standards; but her method of addressing the issue aligns with the standard.

2. Lisa is a financial coach whose client made an investment, but the company will not return the client's calls, provide statements or updates. Her client is worried and asks Lisa for guidance. Lisa gathers the information from the client that she feels will help her understand the situation. She contacts the authorities the same day.

Lisa's handling of the issues is in compliance with standards.

Influencing Standards

ACA – Code of Ethics

I.2.b. Reporting Ethical Violations

If an apparent violation has substantially harmed or is likely to substantially harm a person or organization and is not appropriate for informal resolution or is not resolved properly, counselors take further action depending on the situation. Such action may include referral to state or national committees on professional ethics, voluntary national certification bodies, state licensing boards, or appropriate institutional authorities. The confidentiality rights of clients should be considered in all actions. This standard does not apply when counselors have been retained to review the work of another counselor whose professional conduct is in question (e.g., consultation, expert testimony).

I.2.c. Consultation

When uncertain about whether a particular situation or course of action may be in violation of the ACA Code of Ethics, counselors consult with other counselors who are knowledgeable about ethics and the ACA Code of Ethics, with colleagues, or with appropriate authorities, such as the ACA Ethics and Professional Standards Department.

I.3. Cooperation With Ethics Committees

Counselors assist in the process of enforcing the ACA Code of Ethics. Counselors cooperate with investigations, proceedings, and requirements of the ACA Ethics Committee or ethics committees of other duly constituted associations or boards having jurisdiction over those charged with a violation.

APA – Code of Ethics

1.02 Conflicts Between Ethics and Law, Regulations, or Other Governing Legal Authority

If psychologists' ethical responsibilities conflict with law, regulations, or other governing legal authority, psychologists clarify the nature of the conflict, make known their commitment to the Ethics Code, and take reasonable steps to resolve the conflict consistent with the General Principles and Ethical Standards of the Ethics Code. Under no circumstances may this standard be used to justify or defend violating human rights.

1.03 Conflicts Between Ethics and Organizational Demands

If the demands of an organization with which psychologists are affiliated or for whom they are working are in conflict with this Ethics Code, psychologists clarify the nature of the conflict, make known their commitment to the Ethics Code, and take reasonable steps to resolve the conflict consistent with the General Principles and Ethical Standards of the Ethics Code. Under no circumstances may this standard be used to justify or defend violating human rights.

1.05 Reporting Ethical Violations

If an apparent ethical violation has substantially harmed or is likely to substantially harm a person or organization and is not appropriate for informal resolution under Standard 1.04, Informal Resolution of Ethical Violations, or is not resolved properly in that fashion, psychologists take further action appropriate to the situation. Such action might include referral to state or national committees on professional ethics, to state licensing boards, or to the appropriate institutional authorities. This standard does not apply when an intervention would violate confidentiality rights or when psychologists have been retained to review the work of another psychologist whose professional conduct is in question. (See also Standard 1.02, Conflicts Between Ethics and Law, Regulations, or Other Governing Legal Authority.)

Informal Resolutions of Ethical Violations

Conflicts Between Ethics and Law, Regulations, or Other Governing Legal Authority

AFCPE – Practice Standards

Section H: Resolving Ethical Issues

Standard of Practice Forty-Nine (SP-49):

Ethical Behavior Expected: Counselors must take appropriate action when they possess reasonable cause that raises doubts as to whether counselors or other financial professionals are acting in an unethical manner.

Standard of Practice Fifty (SP-50):

Unwarranted Complaints: Counselors must not initiate, participate in, or encourage the filing of ethics complaints that are unwarranted or intended to harm a financial professional rather than to protect clients or the public.

Standard of Practice Fifty-One (SP-51):

Cooperation with Ethics Committees: Counselors must cooperate with investigations, proceedings, and requirements of the AFCPE® Professional Review Board or Appeals Committee and of other duly constituted associations or boards having jurisdiction over those charged with a violation.

IMC – Code of Ethics

15.0 If I perceive a violation of the Code, I will report it to the Institute of Management Consultants USA and will promote adherence to the Code by other member consultants working on my behalf.

Practice Standards

Introduction

Practice standards provide a framework that can be applied to all clients served, independent of his/her financial situation. These standards are designed to guide financial coaches, to ensure that they fulfill their professional responsibilities, and to outline the duties a coach performs when serving clients.

The Practice Standards cover six areas: Defining the Client Relationship, Disclosure of Information, Understanding Clients, Establishing Benchmarks, Client Education, and Making Modifications. Each of these areas should be addressed with all clients, regardless of the circumstances.

Defining the Client Relationship

Introduction

Upon first meeting, most clients will not understand everything a financial coach does or which duties coaches do not perform. Therefore, it is up to the coach to clearly communicate with the client the specific services coaches are able to provide, and which services they are unable to offer. Many clients are unlikely to need or want all services a coach can provide. Some may only need assistance with budgeting or help to improve their credit scores. Therefore, it is up to the coach to clearly specify the scope of the relationship prior to providing any services.

However, it is important to note that the coach must take this process a step further than mere verbal disclosure. Discussing and clarifying services is the first step in defining the relationship; for the relationship to proceed, its parameters must be written and signed by both the coach and the client.

It is also acceptable for coaches to include what will not be provided, to increase transparency with the client.

A signed agreement must be entered into before coaching services begin or a fee is collected. Failure do so will result in negative action against the Coach.

NFEC Standards

Financial coaches must disclose in writing their role and responsibilities as coaches. A clearly-defined scope of services must be disclosed in writing prior to starting the coaching relationship. This defined agreement document will be drafted and mutually accepted by both coach and client. The document will outline the parameters of the coaching relationship and serve as a reference for all parties involved. Coach and client alike shall be legally and ethically bound by the agreement.

The agreement must contain:

a. The services a coach provides, clearly defined and outlined. Provide clear, honest descriptions of the services you provide in the coaching relationship.
b. A clear pricing structure for coaching services, including payment terms and conditions.
c. Potential conflicts of interest (disclosures).
d. Term of engagement, and whether termination of agreement will be triggered by time elapsed or goal achievement.
e. Reasons for termination of relationship other than completion of a goal or expiration of the term.

Scenarios

1. Bill spoke with a prospective client over the phone and discussed what he can offer as a financial coach. At the end of the call, Bill stated that he could meet with the prospective client next week for their first session. At the start of the first session, Bill collects payment and begins the coaching process. At the end of the session, Bill gives his client the agreement to sign and some exercises to complete before their next meeting time.

Bill was not in compliance with the standards. Bill should have disclosed the scope of services and defined the coaching relationship in writing in advance of collecting payment or beginning the coaching process.

2. Gloria reaches an agreement with a new client to provide budgeting and credit management assistance for a duration of three months. After two months, the client feels confident in her progress and in Gloria, and asks if Gloria can also provide assistance with retirement savings strategies.

While Gloria may be qualified to coach her client in this area, it is outside the scope of the original agreement. If Gloria wishes to provide this service, she must either amend the original agreement or enter into a new, separate agreement with the client specific to retirement savings guidance.

3. Rocío is asked to review a client's investment portfolio regarding the client's work retirement plan and contribution levels. The client does not wish to discuss any personal investments.

Rocío's agreement with the client must explicitly state the scope of work covered, and should also list the areas she will not cover, to make absolutely clear the limitations of her obligations based on the restrictions imposed by the client.

Influencing Standards

AFCPE – Standards of Practice, Section A

Standard of Practice Two (SP-2):

Disclosure to Clients: Counselors must adequately inform clients, preferably in writing, regarding the counseling process and counseling relationship at or before the first meeting begins and throughout the relationship.

CFP Board – Rules of Conduct

1. Defining the Relationship with the Prospective Client or Client

1.1 The Certificant and the prospective client or client shall mutually agree upon the services to be provided by the Certificant.

1.3 If the services include financial planning or material elements of financial planning, the Certificant or the Certificant's employer shall enter into a written agreement governing the financial planning services ("Agreement"). The Agreement shall specify:

a. The parties to the Agreement,
b. The date of the Agreement and its duration,
c. How and on what terms each party can terminate the Agreement, and
d. The services to be provided as part of the Agreement.

The Agreement may consist of multiple written documents. Written documentation that includes the items above and is used by a Certificant or Certificant's employer in compliance with state or federal law, or the rules or regulations of any applicable self-regulatory organization, such as the Securities and Exchange Commission's Form ADV or other disclosure documents, shall satisfy the requirements of this Rule.

CFP Board – Practice Standards

100-1: Defining the Scope of the Engagement

Prior to providing any financial planning service, the financial planning practitioner and the client shall mutually define the scope of the engagement. The process of "mutually-defining" is essential in determining what activities may be necessary to proceed with the engagement. The scope of the engagement may include one or more financial planning subject areas. It is acceptable to mutually define engagements in which the scope is limited to specific activities.

Mutually defining the scope of the engagement serves to establish realistic expectations for both the client and the practitioner.

A mutually defined scope of the engagement provides a framework for financial planning by focusing both the client and the practitioner on the agreed upon tasks. This enhances the potential for positive results.

ICF – Code of Ethics

Section 3: Professional Conduct with Clients

As a coach, I:

17) Ethically speak what I know to be true to clients, prospective clients or sponsors about the potential value of the coaching process or of me as a coach.

18) Carefully explain and strive to ensure that, prior to or at the initial meeting, my coaching client and sponsor(s) understand the nature of coaching, the nature and limits of confidentiality, financial arrangements, and any other terms of the coaching agreement.

19) Have a clear coaching service agreement with my clients and sponsor(s) before beginning the coaching relationship and honor this agreement. The agreement shall include the roles, responsibilities and rights of all parties involved.

IMC – Code of Ethics

My Commitment to my Clients:

4.0 Before accepting any engagement, I will ensure that I have worked with my clients to establish a mutual understanding of the objectives, scope, work plan, and fee arrangements.

Disclosure of Information

Introduction

A financial coach should not expect clients to ask all pertinent questions prior to entering the coaching relationship. On many matters, it will be up to coaches to properly disclose situations or conflicts which could present an issue down the road.

Disclosures should list any outside business activities related to financial services and any potential conflicts of interest. These disclosures should include any mutual relationships between the two parties, industry professionals with whom coaches have personal contacts, or personal holdings of relevance owned by coaches.

The coach should opt for transparency on all relevant situations. It is up to coaches to be aware of, and properly account for, any situation that has potential to present a conflict of interest with the client.

As client situations naturally evolve over the course of the coaching relationship, it may become necessary at times to file a new disclosure to reflect the current landscape. Therefore the Coach should provide written disclosures of changes in relationship, scope, service, etc. at pivotal points in the coaching relationship, whenever a relevant change of situation warrants such disclosure.

NFEC Standards

The coach must provide written disclosures of potential conflicts of interest related to the coaching practice in advance of payment from a client.

a. Verbal and written disclosures should be provided in advance of the client agreement.
b. Verbal and written disclosures should be made again immediately in the conversation if discussions turn to potential areas where conflict of interest may exist.

Outside business activities should be disclosed both verbally and in writing when they are relevant to the coaching relationship.

a. Verbal and written disclosures should be provided in the scope of services to apprise the client of any outside business activities in which the coach is involved.
b. Verbal and written disclosures should be made again immediately in the conversation when discussions turn to outside business activities in which the coach is involved.

Scenarios

1. Amir is meeting a potential coaching client, Claudia, and clearly defines his role as a coach verbally. Claudia feels Amir's assistance would be helpful and the services he describes match what she was seeking. Claudia wants to enlist his services immediately, and asks him to charge her account for the package she selected. Amir complies, accepts payment, and sends out the disclosures the same day.

Amir is NOT in compliance with disclosure standards. He should have provided written disclosures and a coaching agreement to Claudia in advance of taking payment.

2. Juan wishes to contract Adela as his coach after having an initial discussion with her. She provides him with her disclosure document, which fails to mention that she is a naturalized citizen but does mention a pending lawsuit against her family-owned farm.

Adela is in full compliance with disclosure standards. The lawsuit could be relevant to Juan, and her disclosure of that information leans towards transparency and openness with the client. The fact that Adela is a naturalized citizen is irrelevant to the client's situation, and therefore need not be disclosed.

3. Joe enters into a coaching relationship with Mathieu and works with him for two months to help him with debt reduction and budgeting. Joe is in the process of becoming licensed as an insurance agent and he discloses this information to Mathieu prior to them signing the coaching agreement. The day Joe becomes fully licensed and appointed with the insurance company, he emails Mathieu to inform him, attaching a new disclosure document that reflects his changing situation.

Joe is in full compliance with disclosure standards. Because he was unable to sell insurance products until he was licensed and appointed, his initial disclosure did not need to include this information. Sending the client the revised disclosure on the same day as his appointment is reasonable and appropriate.

4. Amber is a financial coach, and also volunteers for the Girl Scouts as a Troop Leader.

Amber's volunteer work for Girl Scouts does not need to be disclosed to her coaching clients.

5. Liam is a mortgage broker in addition to being a financial coach.

Liam's status as a mortgage broker must be disclosed immediately in the initial conversation with coaching clients when discussions turn to outside business activities.

6. Fergie is a financial coach and also a silent partner in a used car lot in town.

Fergie's partnership in the car lot should be disclosed in the initial agreement with coaching clients. If a client expresses interest in a vehicle purchase later in the relationship, Fergie must remind the client of her ownership; but as the disclosure already includes this information, no new paperwork is needed.

Influencing Standards

CFP Board – Rules of Conduct

2. Information Disclosed To Prospective Clients and Clients

2.2 A Certificant shall disclose to a prospective client or client the following information:

a. An accurate and understandable description of the compensation arrangements being offered. This description must include:
   i. Information related to costs and compensation to the Certificant and/or the Certificant's employer, and
   ii. Terms under which the Certificant and/or the Certificant's employer may receive any other sources of compensation, and if so, what the sources of these payments are and on what they are based.

b. A general summary of likely conflicts of interest between the client and the Certificant, the Certificant's employer or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the Certificant or the Certificant's employer that has a potential to materially affect the relationship.

FINRA – Disclosures

2267. Investor Education and Protection

a. Except as otherwise provided in this Rule, each member shall once every calendar year provide in writing (which may be electronic) to each customer the following items of information:

1. FINRA BrokerCheck Hotline Number;
2. FINRA Web site address; and
3. A statement as to the availability to the customer of an investor brochure that includes information describing FINRA BrokerCheck.

b. Notwithstanding the requirement in paragraph (a) of this Rule,

1. any member whose contact with customers is limited to introducing customer accounts to be held directly at an entity other than a FINRA member and thereafter does not carry customer accounts or hold customer funds and securities may furnish a customer with the information required by paragraph (a) of this Rule at or prior to the time of the customer's initial purchase, in lieu of once every calendar year; and
2. any member that does not have customers or is a party to a carrying agreement where the carrying firm member complies with paragraph (a) of this Rule is exempt from the requirements of this Rule.

2269. Disclosure of Participation or Interest in Primary or Secondary Distribution

A member who is acting as a broker for a customer or for both such customer and some other person, or a member who is acting as a dealer and who receives or has promise of receiving a fee from a customer for advising such customer with respect to securities, shall, at or before the completion of any transaction for or with such customer in any security in the primary or secondary distribution of which such member is participating or is otherwise financially interested, give such customer written notification of the existence of such participation or interest.

Understanding Clients

Introduction

In order to provide the best possible coaching services, it is essential for coaches to know their clients. Understanding clients requires obtaining both quantitative and qualitative information.

Quantitative information is essential for coaches to understand their clients' baseline situation, and for helping them to develop and ultimately meet their goals. Gathering quantitative data may require reviewing clients' income statements, tax returns, credit reports, and other information that can be verified without being subject to client bias. Qualitative information might include clients' feedback or assessment of their own finances, such as how they feel about their debt, their philosophies on funding their children's education, and the age at which they would like to retire.

This combination of "hard data" and "soft data" will help coaches form a complete picture of clients, their situations, and their goals. Achieving these goals is the desired outcome of coaching, and thus data-gathering is critical to coaching success.

Failure to make reasonable efforts to collect relevant information about each client will place the coach in violation of basic coaching precepts and subject to discipline.

NFEC Standards

Coaches must allocate time to understanding each client's goals.

a. Short-, mid-, and long-term goals should be explored early in the coaching relationship.

b. The coaching plan should be designed and customized to meet each individual client's goals.

Coaches will leverage quantitative and qualitative information to better understand each client's current financial situation.

a. Coaches should actively seek ways to support information provided by the client with evidence that can be measured.

Coaches must allocate time to understanding each client's financial behaviors, sentiment concerning finances, and interest in modifying his or her behaviors.

a. Surveys and interviews should be employed to gather relevant data, and each client's financial story should be reviewed and assessed by the coach.

Coaches will provide guidance only after they understand an individual's goals, financial situation, and psychological factors.

a. Personalized guidance should only be provided after the coach understands the client's unique needs and position.

Scenarios

1. Sven meets with his client, Hans, to discuss budgeting and debt reduction. Sven has Hans bring his past six months of credit card statements, bank statements, and his tax returns from the past few years to get a handle on Hans's spending. During the meeting, the following are several things Sven could do to understand Hans' situation better:

   a. Have Hans complete an impromptu budget to align what he believes he spends with his actual spending.
   b. After reviewing the documents, discuss with Hans the reasons behind some of his spending habits.
   c. Ask Hans to list ways he could reduce his spending without making much sacrifice.
   d. Have Hans calculate the interest he is paying on his credit card and determine ways to reduce both interest and card use.
   e. Review Hans's tax returns for refund and discuss how Hans spends the refund, and whether allocating tax refund to debt reduction is an option.

2. Ira asks Pavati to be his coach, specifically to review future college funding for his four-year old child. Pavati should:

   a. Collect any and all relevant financial statements (quantitative).
   b. Discuss with Ira his goals for his child's college funding and how he paid for his own education (qualitative).
   c. Have Ira complete a budget and budget review (both qualitative and quantitative).
   d. Have Ira fill out a risk tolerance questionnaire (quantitative).
   e. Discuss different college funding options, including the tax benefits and limitations of each option (potentially both quantitative and qualitative, depending on how the discussion goes).

3. Ashanti is reviewing Ng's life insurance program. Before doing a calculation, Ashanti should:

a. Collect information on all current policies. Recent in-force ledgers represent the best documentation (quantitative).
b. Collect Social Security survivor projections (quantitative).
c. Review Ng's budget and how it might change (quantitative and qualitative).
d. List all final expenses per Ng's desires (qualitative and quantitative).

4. Heather and Royal will be married soon. The couple engages Adelina to do some pre-marriage financial planning. The items Adelina should review include, but are not limited to:

a. Royal and Heather's combined budget (both quantitative and qualitative).
b. Debt statements and repayment plans (quantitative).
c. Work-related benefits and beneficiary documents (quantitative).
d. Discussion on Heather and Royal's spending versus savings habits (qualitative).
e. Discussion of will, health care proxy, and other legal documents (quantitative).

Influencing Standards

CFP Board – Practice Standards

200-2: Obtaining Quantitative Information and Documents

The financial planning practitioner shall obtain sufficient quantitative information and documents about a client relevant to the scope of the engagement before any recommendation is made and/or implemented.

Explanation of this *Practice Standard*

Prior to making recommendations to the client and depending on the scope of the engagement, the financial planning practitioner shall determine what quantitative information and documents are sufficient and relevant.

The practitioner shall obtain sufficient and relevant quantitative information and documents pertaining to the client's financial resources, obligations and personal situation. This information may be obtained directly from the client or other sources such as interview(s), questionnaire(s), client records and documents.

The practitioner shall communicate to the client a reliance on the completeness and accuracy of the information provided and that incomplete or inaccurate information will impact conclusions and recommendations.

If the practitioner is unable to obtain sufficient and relevant quantitative information and documents to form a basis for recommendations, the practitioner shall either:

A. Restrict the scope of the engagement to those matters for which sufficient and relevant information is available; or

B. Terminate the engagement.

The practitioner shall communicate to the client any limitations on the scope of the engagement, as well as the fact that this limitation could affect the conclusions and recommendations.

ICF – Core Competencies

C. Communicating Effectively

5. **Active Listening** – Ability to focus completely on what the client is saying and is not saying, to understand the meaning of what is said in the context of the client's desires, and to support client self-expression.

1. Attends to the client and the client's agenda and not to the coach's agenda for the client.
2. Hears the client's concerns, goals, values and beliefs about what is and is not possible.
3. Distinguishes between the words, the tone of voice, and the body language.
4. Summarizes, paraphrases, reiterates, and mirrors back what client has said to ensure clarity and understanding.
5. Encourages, accepts, explores and reinforces the client's expression of feelings, perceptions, concerns, beliefs, suggestions, etc.
6. Integrates and builds on client's ideas and suggestions.
7. "Bottom-lines" or understands the essence of the client's communication and helps the client get there rather than engaging in long, descriptive stories.
8. Allows the client to vent or "clear" the situation without judgment or attachment in order to move on to next steps.

6. **Powerful Questioning** – Ability to ask questions that reveal the information needed for maximum benefit to the coaching relationship and the client.

1. Asks questions that reflect active listening and an understanding of the client's perspective.
2. Asks questions that evoke discovery, insight, commitment or action (e.g., those that challenge the client's assumptions).
3. Asks open-ended questions that create greater clarity, possibility or new learning.
4. Asks questions that move the client toward what they desire, not questions that ask for the client to justify or look backward.

Establishing Benchmarks

Introduction

As discussed in the last section, coaches should elicit a variety of information from each client in order to develop a thorough understanding of the client's wants and needs. From that starting point, coaches can begin to help clients define their financial goals.

In order to maximize a client's likelihood of reaching his or her financial goals, it is imperative that coaches work with the client to specify goals as clearly as possible. This specification should include amounts or numbers wherever possible. Having a defined numerical target to reach will make the client's progress toward the ultimate goal more tangible.

Another important facet of well-defined goals is setting appropriate time frames. The time frame will vary depending on the particular objective, but defining a time horizon up front will guide development of an appropriate plan of action. In many cases, having incremental sub-goals may be of great value to the client. These small, achievable steps will hold clients accountable and give them positive reinforcement as they work toward their longer-term goals.

NFEC Standards

Set clear benchmarks with clients to clearly define the target and time frame.

a. Goals should be established based on the client's financial situation, capabilities, psychology, and goals.

b. A timeline of the benchmarks should be specified that reflects agreed-upon due dates for goal accomplishment.

Benchmarks should be measured and updated as needed.

a. Coaches should use both qualitative and quantitative measures to evaluate clients' progress toward established benchmarks.

b. If the coaching engagement lasts over a period of time, the coach should monitor progress towards benchmarks and make alterations as needed.

Scenarios

1. Michelle wishes to purchase a used car in one year. Her coach, Bonnie, helps Michelle determine that she needs $4,200 to purchase the car, and Michelle has $2,100 saved. Michelle is putting aside $50 per month toward this goal. Bonnie tells Michelle that she will be OK.

Bonnie's coaching does not meet practice standards. Bonnie should work with Michelle to calculate that she needs to save $175 per month in order to achieve her goal, and confirm at three-month intervals that she is doing so.

2. Logan is trying to pay down his debt. Part of his coaching strategy is to keep a spending log for the month between meetings with his coach, Angela. A month later they meet and Logan admits he has not kept up with his spending log. What are some things Angela might do to help Logan complete his tracking for the next month?

   a. **Angela should have Logan snap a picture of each receipt for everything he purchases in the next month.**
   b. **Angela should have Logan bring his credit/debit card statements to the next meeting.**
   c. **Angela should call or text Logan a few times a week to remind him to complete his homework.**
   d. **Angela should have Logan block off ten minutes a day in his calendar to do his tracking.**

3. Domingo is helping Martina plan for her child's college education. Together they calculate the projected total cost, and then discuss funding alternatives such as 529 plans, savings bonds, and student loans. They calculate that savings of $1,100 a month earning 6% net for the remaining seven years will cover the gap in Martina's current plan. Assuming that their coaching relationship calls for a meeting in six months to make sure Martina is on track, Domingo assists her to set up the monthly allocation. They schedule their next meeting. He texts Martina twice in the next six months to make sure she is still adhering to the plan and asks her to bring new statements to the next meeting so they can revise their calculations.

Domingo's coaching complies with practice standards. He and Martina looked at the current situation, calculated the shortfall, discussed alternative strategies for filling the gap, created a plan, implemented the plan, and will review the strategy with up-to-date numbers. Domingo also reinforced the savings discipline with his client and made sure that she was still on track with her monthly commitment to stay on target toward her long-range goal.

Influencing Standards

NFEC Teaching Framework

Phase I: Planning and Preparation

"Set clear goals when teaching financial literacy. Make them specific, achievable, and realistic. For example, you might say, 'My participants will improve their test scores by 25%, and graduate from the course wanting to learn more about personal finance.'"

Phase II: Listening and Rapport

"Your goal is to learn the audience (client) psychographics. Psychographics give us an understanding of attitudes, values, lifestyles and opinions."

"Listen to what your audience (client) tells you and follow up with probing questions – why, when, where, how? Each person is different, but the more you know about your participants the better."

CFP – Practice Standards

200-1: Determining a Client's Personal and Financial Goals, Needs and Priorities

Prior to making recommendations to the client, the financial planning practitioner and the client shall mutually define the client's personal and financial goals, needs and priorities. In order to arrive at such a definition, the practitioner will need to explore the client's values, attitudes, expectations, and time horizons as they affect the client's goals, needs and priorities. The process of "mutually-defining" is essential in determining what activities may be necessary to proceed with the client engagement. Personal values and attitudes shape the client's goals and objectives and the priority placed on them. Accordingly, these goals and objectives must be consistent with the client's values and attitudes in order for the client to make the commitment necessary to accomplish them.

Goals and objectives provide focus, purpose, vision and direction for the financial planning process. It is important to determine clear, measurable objectives that are relevant to the scope of the engagement. The role of the practitioner is to facilitate the goal-setting process in order to clarify, with the client, goals and objectives. When appropriate, the practitioner shall try to assist clients in recognizing the implications of unrealistic goals and objectives.

ICF – Core Competencies

10. Planning and Goal Setting – *Ability to develop and maintain an effective coaching plan with the client.*

1. Consolidates collected information and establishes a coaching plan and development goals with the client that address concerns and major areas for learning and development.
2. Creates a plan with results that are attainable, measurable, specific, and have target dates.
3. Makes plan adjustments as warranted by the coaching process and by changes in the situation.
4. Helps the client identify and access different resources for learning (e.g., books, other professionals).
5. Identifies and targets early successes that are important to the client.

Client Education

Introduction

The financial coach's primary role is that of educator. Coaches take time to understand each client's situation, diagnose any issues, and provide guidance on the educational path that will best help the client meet his or her goals.

Like any educational pursuit, the process of learning personal finance takes time. It is an ongoing endeavor, with many opportunities to learn and relearn positive financial behaviors. Keeping this perspective in mind, it is up to financial coaches to facilitate clients through the learning process. Coaches should recognize prime opportunities to educate (or re-educate) clients in areas where they may have trouble. Many of these opportunities could come long after the initial stages of the relationship, when the client may be overloaded with information.

NFEC Standards

Promote clients' financial education and work toward progressing them toward higher-level thinking on personal finance topics.

a. Meet standards set by the Framework for Teaching Personal Finance.

b. Offer training to improve clients' financial capabilities and facilitate positive behavior adoption.

c. Assign tailored education based on each client's unique needs.

Include financial education throughout the relationship to support clients' abilities to make qualified financial decisions.

a. A financial coach acts as a financial educator throughout the coaching process.

Use financial education materials that meet educational standards, do not promote any specific financial products or government agendas, and are ad-free.

a. The client education experience should be free of marketing or sales of any products or political agendas.

Scenarios

1. Your client is color-blind.

   Instead of using traditional colored graphs, you use greyscale patterns to illustrate ideas.

2. Your client is an engineer and they expressed they are analytical

   Use spreadsheets and display data in a way your client enjoys.

3. Your client is a mechanic.

   Analogies such as "money is the fuel, we need to make sure you don't run out of gas in retirement," and "3,000-mile oil changes and tune-ups make sure you don't break down on the side of the road," may be more relevant than traditional finance terms the client may not understand. Translate finance into the client's vernacular.

4. Your client is a voracious reader

   Give the client a list of short but appropriate books to help him learn the concepts you are discussing.

5. Your client prefers to watch/listen rather than read.

   Email the client links to YouTube videos and TV news stories that can help her understand your discussions better. A few months into your coaching relationship, ask your client to teach you about one of the concepts you've discussed, to make sure she has a strong grasp of the ideas.

Influencing Standards

ICF – Core Competencies

9. **Designing Actions** – *Ability to create with the client opportunities for ongoing learning, during coaching and in work/life situations, and for taking new actions that will most effectively lead to agreed-upon coaching results.*

1. Brainstorms and assists the client to define actions that will enable the client to demonstrate, practice, and deepen new learning.
2. Helps the client to focus on and systematically explore specific concerns and opportunities that are central to agreed-upon coaching goals.
3. Engages the client to explore alternative ideas and solutions, to evaluate options, and to make related decisions.
4. Promotes active experimentation and self-discovery, where the client applies what has been discussed and learned during sessions immediately afterward in his/her work or life setting.
5. Celebrates client successes and capabilities for future growth.
6. Challenges client's assumptions and perspectives to provoke new ideas and find new possibilities for action.
7. Advocates or brings forward points of view that are aligned with client goals and, without attachment, engages the client to consider them.
8. Helps the client "Do It Now" during the coaching session, providing immediate support.
9. Encourages stretches and challenges but also a comfortable pace of learning.

ISTE – Standards for Educators

1a. Set professional learning goals to explore and apply pedagogical approaches made possible by technology and reflect on their effectiveness.

Explore and apply: Learn about, test and add into regular practice a variety of proven, promising and emerging learning strategies with technology.

Pedagogical approaches made possible by technology: Shifts in teaching and learning afforded by digital tools and resources, for example, increased personalization and differentiation; virtual collaboration, either in real time or asynchronously; project-based learning; STEAM; authentic projects with experts or real-world data; providing immediate feedback using digital tools; competency-based assessments and new data analysis tools.

1c. Stay current with research that supports improved student learning outcomes, including findings from the learning sciences.

Making Modifications

Introduction

Many financial professionals – including advisers and planners – keep clients for very long periods of time, through the changes that accompany major life events and through multiple life stages. For financial coaches, the client relationship goes through a similar process, but across a greater number of variables for both client and coach.

Clients' situations will change over time. Clients may need to focus on different aspects of their finances to account for changing goals; they may no longer need to work with a financial coach; or they may experience a variety of other changes which will require a modification in the coaching relationship.

A good financial coach will work with clients until they have demonstrated the behaviors and skills they need to stay on track toward achieving financial well-being. In some cases this process may only take a few hours; in others a few years; while still others may prefer to have a life-long trusted financial partner. Whatever the situation, coaches should recognize when changes to the relationship are needed and make appropriate client modifications.

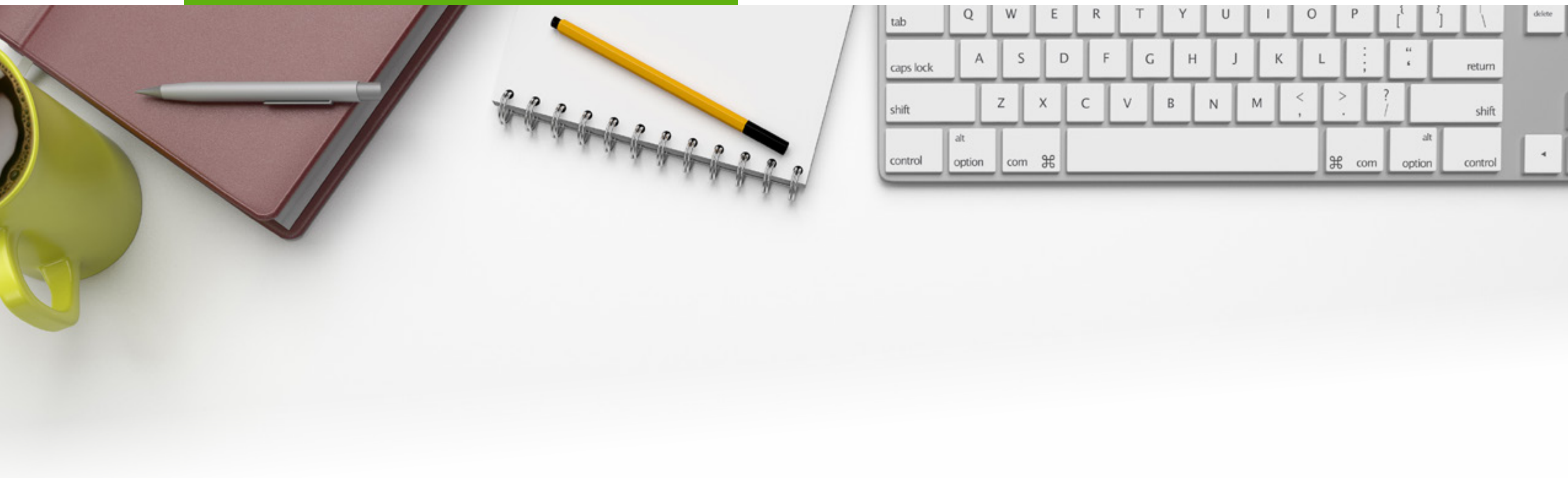
NFEC Standards

Coaches provide progress reports at set times to show clients' progression.

a. Timely reporting should be provided to clients and reviewed by the coach at set intervals.
b. Appropriate intervals are determined according to each client's individual situation.

Modifications to the client's plan or relationship should be considered as data are gathered.

a. A coach should evaluate data and make modifications with the client to account for any changes or new information.



Scenarios

1. Jerry has worked with her coach, Thad, for six months on debt reduction and budgeting and things are going well. Then Jerry wins the lottery and receives $10 million.

Depending upon Thad's knowledge and licensing, the relationship could either terminate, or continue on a significantly changed basis. If the relationship continues, a new agreement must be drawn up and signed to reflect the new situation.

2. Delilah is working with Milo to determine how to pay for her son's college education.

Once her son enters college, their professional relationship is terminated. Delilah and Milo remain friends, and he attends the graduation party four years later.

Influencing Standards

ACA – Code of Ethics

A.11. Termination and Referral

A.11.a. Competence Within Termination and Referral

If counselors lack the competence to be of professional assistance to clients, they avoid entering or continuing counseling relationships. Counselors are knowledgeable about culturally and clinically appropriate referral resources and suggest these alternatives. If clients decline the suggested referrals, counselors discontinue the relationship.

A.11.b. Values Within Termination and Referral

Counselors refrain from referring prospective and current clients based solely on the counselor's personally held values, attitudes, beliefs, and behaviors. Counselors respect the diversity of clients and seek training in areas in which they are at risk of imposing their values onto clients, especially when the counselor's values are inconsistent with the client's goals or are discriminatory in nature.

A.11.c. Appropriate Termination

Counselors terminate a counseling relationship when it becomes reasonably apparent that the client no longer needs assistance, is not likely to benefit, or is being harmed by continued counseling. Counselors may terminate counseling when in jeopardy of harm by the client or by another person with whom the client has a relationship, or when clients do not pay fees as agreed upon. Counselors provide pretermination counseling and recommend other service providers when necessary.

A.11.d. Appropriate Transfer of Services

When counselors transfer or refer clients to other practitioners, they ensure that appropriate clinical and administrative processes are completed and open communication is maintained with both clients and practitioners.

AFCPE – Practice Standards

Standard of Practice Eight (SP-8):

Inability to Assist Clients: Counselors must avoid entering or immediately terminate a counseling relationship if it is determined that they are unable to be of professional assistance to a client. The counselor may assist in making an appropriate referral for the client.

ICF – Code of Ethics

22) Respect the client's right to terminate the coaching relationship at any point during the process, subject to the provisions of the agreement. I shall remain alert to indications that there is a shift in the value received from the coaching relationship.

23) Encourage the client or sponsor to make a change if I believe the client or sponsor would be better served by another coach or by another resource and suggest my client seek the services of other professionals when deemed necessary or appropriate.

Professional Standards

Introduction

Maintaining high professional standards will help to ensure that clients receive the best possible service and guidance, currently and as future circumstances and developments unfold. Adhering to high standards also helps coaches become recognized as professional providers of financial coaching services.

Financial coaches should always seek to enhance their knowledge base and skill sets, and stay up-to-date with changes in the industry through a variety of means. Continuing education, monitoring program effectiveness, researching new developments, and seeking feedback from clients are just a few ways in which coaches can follow professional standard guidelines. Coaches should allow time for self-reflection, professional growth, and participation in professional communities; and continually strive to make contributions to the profession as a whole.

Professionalism

Introduction

Many financial professionals – including advisers and planners – keep clients for very As a financial coach, you should take no action – professionally or personally – that you would have to explain to clients and ask their forgiveness. Following this rule of thumb almost always suits you well and protects your reputation as a coach.

The CFP Board includes professionalism as one of the seven core principles in its *Code of Ethics & Professional Responsibility*. The Code states that “professionalism requires behaving with dignity and courtesy to clients, fellow professionals and others in business-related activities.” Essentially, this principle means it is a collective responsibility on the part of everyone associated with the financial coaching industry to uphold the profession’s public image. Any individual action taken out of self-interest or disregard does damage to the profession as a whole.

The ACA also includes an extensive section on Professional Responsibility in its *Code of Ethics*. This agency’s code touches on many important aspects, including – but not limited to – competence, advertising and soliciting clients, qualifications, nondiscrimination, and public responsibility.

Financial coaches should always act in a manner that exhibits the highest regard for both the client and the coaching industry. This standard refers to behavior as well as competence. Adhering to this principle will garner the highest levels of respect and esteem for the financial coaching profession, as well as for the individual coach.

NFEC Standards

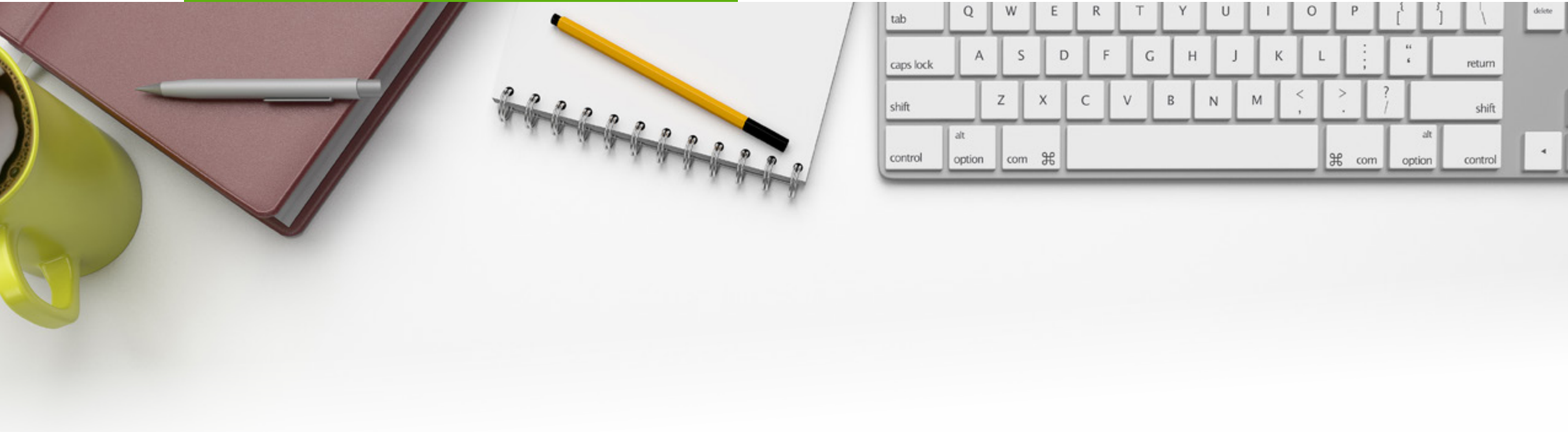
Demonstrate professionalism with clients.

a. Provide a top-quality customer experience by having systems and protocols in place to ensure that clients' coaching strategies are properly managed.

b. Treat clients respectfully and courteously.

Demonstrate a highly-professional public image.

a. Coaches should maintain a professional image that includes a positive online presence, high-quality materials, and ethical conduct.



Scenarios

1. Mark recently became certified as a financial coach. He has hired a service to set up his professional-looking website. Mark also developed a tracking system with reminders to monitor his clients' progress toward their goals and trigger key communications with them along the way. He organizes all his clients' information in electronic files that are stored on a secured, password-protected computer.

Mark's strong client management system complies well with the standards for professionalism.

2. Irene runs her coaching business from home. She often starts her day in her home office over a cup of coffee, in her pajamas. One day she gets an early call from a potential client who has been referred to her, asking if Irene can meet via Skype in 15 minutes. Irene accepts, and attends the meeting still in her pajamas, figuring the client will only be able to see her from the neck up.

Irene's behavior does not meet the standards for professionalism. She should have scheduled the meeting at a later time that would allow her to dress and present herself neatly, or started her day already dressed in business casual attire.

3. Alberto has been a financial coach for several months. He has a website set up and a Facebook page for his business. However, his business Facebook page is linked to his personal Facebook account. When Alberto attends a friend's bachelor party, some of the photos of him and his friends reveling show up on his business Facebook page.

Alberto's social media use is not consistent with professionalism standards. He should keep his business account completely separate from his personal account, and be careful not to post any photos on either account that might detract from his professional image.

Influencing Standards

ACA – Code of Ethics

A.11. Termination and Referral

C.2.a. Boundaries of Competence

Counselors practice only within the boundaries of their competence, based on their education, training, supervised experience, state and national professional credentials, and appropriate professional experience. Whereas multicultural counseling competency is required across all counseling specialties, counselors gain knowledge, personal awareness, sensitivity, dispositions, and skills pertinent to being a culturally competent counselor in working with a diverse client population.

C.5. Nondiscrimination

Counselors do not condone or engage in discrimination against prospective or current clients, students, employees, supervisees, or research participants based on age, culture, disability, ethnicity, race, religion/spirituality, gender, gender identity, sexual orientation, marital/partnership status, language preference, socioeconomic status, immigration status, or any basis proscribed by law.

AFCPE – Standards of Practice

Counselors terminate a counseling relationship when it becomes reasonably apparent that the client no longer needs assistance, is not likely to benefit, or is being harmed by continued counseling. Counselors may terminate counseling when in jeopardy of harm by the client or by another person with whom the client has a relationship, or when clients do not pay fees as agreed upon. Counselors provide pretermination counseling and recommend other service providers when necessary.

Section C: Professional Responsibility

Standard of Practice Seventeen (SP-17):

Boundaries of Competence: Counselors must practice only within the boundaries of their competence

Standard of Practice Nineteen (SP-19):

Impairment of Professionals: Counselors must refrain from offering professional services when their personal problems or conflicts may cause harm to a client or others.

Standard of Practice Twenty-Three (SP-23):

Sexual Harassment: Counselors must not engage in sexual harassment.

Standard of Practice Twenty-Four (SP-24):

Unjustified Gains: Counselors must not use their professional positions to seek or receive unjustified personal gains, sexual favors, unfair advantage, or unearned goods or services.

ICF – Code of Ethics

Section 1: Professional Conduct at Large

As a coach, I:

5. Make verbal and written statements that are true and accurate about what I offer as a coach, the coaching profession or ICF.
6. Recognize and honor the efforts and contributions of others and only claim ownership of my own material. I understand that violating this standard may leave me subject to legal remedy by a third party.
7. Strive at all times to recognize my personal issues that may impair, conflict with or interfere with my coaching performance or my professional coaching relationships. I will promptly seek the relevant professional assistance and determine the action to be taken, including whether it is appropriate to suspend or terminate my coaching relationship(s) whenever the facts and circumstances necessitate.
8. Recognize that the Code of Ethics applies to my relationship with coaching clients, coachees, students, mentees and supervisees.
9. Conduct and report research with competence, honesty and within recognized scientific standards and applicable subject guidelines. My research will be carried out with the necessary consent and approval of those involved, and with an approach that will protect participants from any potential harm. All research efforts will be performed in a manner that complies with all the applicable laws of the country in which the research is conducted.

Continuing Education

Introduction

Professionals across all fields are expected to consistently keep themselves informed regarding current knowledge in their field. This continued education includes staying up-to-date on recent developments that may have impact on their profession. Financial coaches are expected to adhere to this same professional standard.

Almost all the agencies cited here include sections on continuing education in their professional guidelines. While most professional standards do not lay out specific continuing education requirements, the fact that each refers to the need for ongoing learning stresses its importance in maintaining a top-quality professional reputation.

The CFP Board is one organization that does specify a continuing education requirement. CFP requires all its professional members to complete 30 hours of continuing education (CE) every two years. The courses that qualify for credit towards this requirement must be CFP Board-approved. Thus CFP represents an excellent example of an organization that takes the need for constant, ongoing education very seriously.

NFEC Standards

Coaches should pass coursework that demonstrates their coaching abilities.

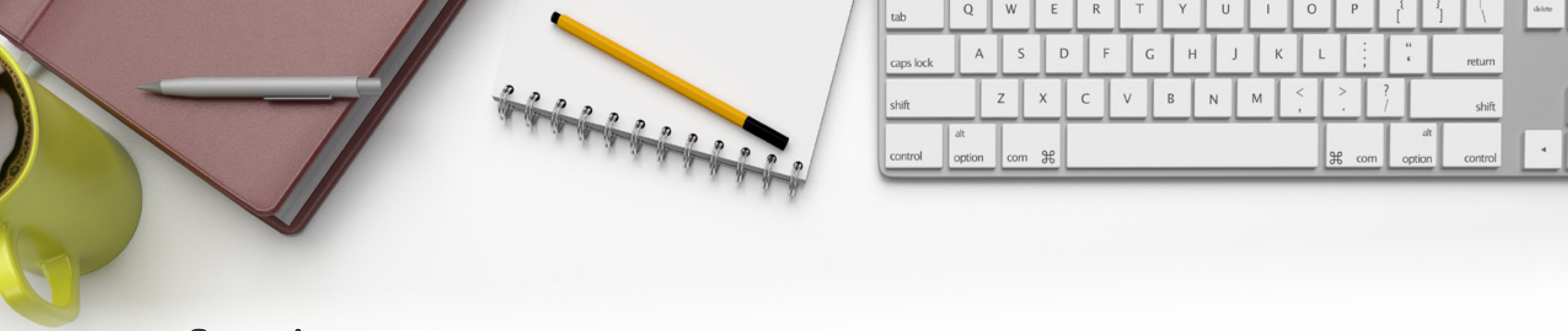
a. Testing to pass the coursework should cover the standards set forth in this document.
b. Recognized credentials should be earned to provide public assurance of the coach's competencies.

Coaches should participate in regular training on topics that can improve their coaching abilities.

a. Courses should be vetted and reputable sources of information selected.

Coaches should stay up-to-date on changes to the financial markets and policies that affect their clients.

a. Monitoring the financial news should be a regular part of a financial coach's schedule.



Scenarios

1. Erin's client, Laura, earns her primary income as a freelance graphic designer. The state where they live is debating legislation that would change the parameters defining freelance workers. Laura calls Erin and tells her she's concerned about how the legislation would affect her. Erin isn't familiar with the bill, but she tells Laura that it's no big deal; she doesn't have to worry about it.

Erin is not in compliance with the standards for continuing education. She should have been aware of the pending legislation and how it might affect Laura; or, upon hearing about it, she should have made herself knowledgeable about its potential effects. In either case, she should not be advising her client.

2. Howard passed his financial coach certification coursework with an overall score of 87%. In addition to the initial course, Howard belongs to a coaching network and participates in monthly group calls to check in with other coaches and keep up-to-date with trends in the field. He takes accredited continuing education courses in money management every six months. Howard also subscribes to the Wall Street Journal and listens to the financial news on the radio every morning.

Howard's efforts to keep up-to-date with financial information comply with the continuing education standards.

3. Jessica's coaching client, Rob, is working on sticking to his budget and savings plan. At their monthly meeting, Rob tells Jessica that he found an online tool that helps people organize their personal budgets. Jessica isn't familiar with the platform, so she tells Rob she will check it out and get back to him. Jessica spends a day researching the tool, determining its functions and capabilities, and vetting its source. She calls Rob and lets him know that she believes the platform is reputable and that it can help him with his budget organization.

Jessica acted consistently with the standards for continuing education. She conducted due diligence research to educate herself and help Rob determine the reputability and value of the online tool.

Influencing Standards

ACA – Code of Ethics

A.11. Termination and Referral

C.2.f. Continuing Education

Counselors recognize the need for continuing education to acquire and maintain a reasonable level of awareness of current scientific and professional information in their fields of activity. Counselors maintain their competence in the skills they use, are open to new procedures, and remain informed regarding best practices for working with diverse populations.

AFCPE – Practice Standards

Section C: Professional Responsibility

Standard of Practice Eighteen (SP-18):

Continuing Education: Counselors must engage in continuing education to maintain their professional competence.

APA – Code of Ethics

2.03 Maintaining Competence

Psychologists undertake ongoing efforts to develop and maintain their competence.

CFP – Continuing Education Policies

Section 1: CE Hour Requirements

Initial CE Reporting Period

The CE requirement is effective immediately upon initial certification, or after the 12th month following successful completion of the CFP® Exam, whichever comes first. The number of CE credit hours for newly-certified CFP® professionals is prorated from the date of the initial certification to the end date of the initial certification period. CFP® professionals are required to complete 30 CE credit hours each two-year reporting period:

3. 28 Credit hours of General CE
4. 2 credit hours of CFP Board-approved Ethics CE

General CE

General CE credit is granted for completion of programs that cover CFP Board's Principal Knowledge Topics and do not fall under a topic exclusion. CFP Board strongly recommends that CFP® professionals complete pre-accepted CE programs that are registered with CFP Board by CE sponsors. Pre-accepted CE programs can be found using the Find a CE Program search tool (www.CFP.net/FindCE). Non-sponsor CE programs that have not been registered with CFP Board can be submitted for consideration of General CE credit, but submissions must still meet CFP Board's CE program requirements in order to be eligible for CE credit.

Principal Knowledge Topics

Topic Exclusion

www.FP.net/FindCE

CFP Board-Approved Ethics CE

Every CE reporting period, CFP® professionals must complete a CFP Board-approved Ethics CE program. Exceptions are not made. A list of CFP Board-approved Ethics CE programs can be found using the Find a CE Program search tool, and selecting the option to limit the search to CFP Board-approved Ethics CE programs.

Find a CE Program

Earning CE Credit Hours

CE credit hours must be earned during the current reporting period, which ends on the last day of a CFP® professional's renewal month. Excess CE credit hours may not be applied to subsequent reporting periods. CE credit hours earned for any one program many not be split between two reporting periods. CFP® professionals can receive credit for completing any given CE program once within their two-year reporting period; credit will not be granted for duplicate completions.

ICF – Code of Ethics

Section 1: CE Hour Requirements

As a coach, I:

28. Commit to the need for continued and ongoing development of my professional skills.

ISTE – Standards for Coaches

Content Knowledge and Professional Growth

a. Engage in continual learning to deepen content and pedagogical knowledge in technology integration and current and emerging technologies necessary to effectively implement the Standards
b. Engage in continuous learning to deepen professional knowledge, skills, and dispositions in organizational change and leadership, project management, and adult learning to improve professional practice
c. Regularly evaluate and reflect on their professional practice and dispositions to improve and strengthen their ability to effectively model and facilitate technology enhanced learning experiences
d. Pursue professional interests by creating and actively participating in local and global learning networks.
e. Creating and actively participating in: For example, starting social media chats or groups; blogs that encourage discussion; virtual webinars, meet-ups, edcamps or unconferences; collaborative asynchronous writing or working teams.
f. Local and global networks: Virtual and blended learning communities such as social media groups or chats, virtual PLNs, conferences, meet-ups, edcamps and school-based professional learning communities.

NBPTS – Core Propositions

Proposition 4: Teachers think systematically about their practices and learn from experience
Teachers Use Feedback and Research to Improve Their Practice and Positively Impact Student Learning

Accomplished teachers also stay abreast of current research and, when appropriate, incorporate new findings into their practice. They take advantage of professional development opportunities such as conferences, workshops, and digital learning experiences. Because testing new approaches and hypotheses is a commonplace habit among such teachers, they might conduct, publish, and present their own research, if so inclined. Accomplished educators understand the legitimacy and the limitations of the diverse sources they employ to inform their teaching, and they use those sources judiciously to enrich their practice.

An enthusiasm for, and dedication to, continued professional development distinguishes accomplished teachers and exemplifies the critical disposition they nurture in their students. The thinking, reasoning, and learning that characterize first-rate teaching are thus valuable twice over: not only are thoughtful teachers able to instruct their students more efficiently and effectively, they also serve as powerful models for the analytical mindset they strive to develop in children and young adults. Teachers who are exemplars of careful, logical deliberation—considering purposes, marshaling evidence, and balancing outcomes—are more likely to communicate the importance of critical thinking to their students and demonstrate how it is accomplished. Those teachers model other crucial traits, as well, such as a commitment to creativity in their work or the willingness to take risks when exploring new intellectual, emotional, physical, and artistic realms.

Monitoring Program Effectiveness

Introduction

It is important for coaches to constantly seek ways to improve their practice. This commitment requires a willingness to take feedback from a variety of individuals, including clients and others in the financial coaching profession.

Feedback may come in the form of evaluations gathered from clients or other professionals. Coaches also may receive unsolicited feedback – another coach may provide input without being asked. In either case, coaches should view the information received as valuable and incorporate any feedback into their practice as appropriate.

The NBPTS emphasizes these points well in its *Core Propositions* guidelines. These guidelines discuss in-depth the importance not only of peer feedback, but also the need for self-awareness in the education process. This perspective certainly applies to financial coaching as well.

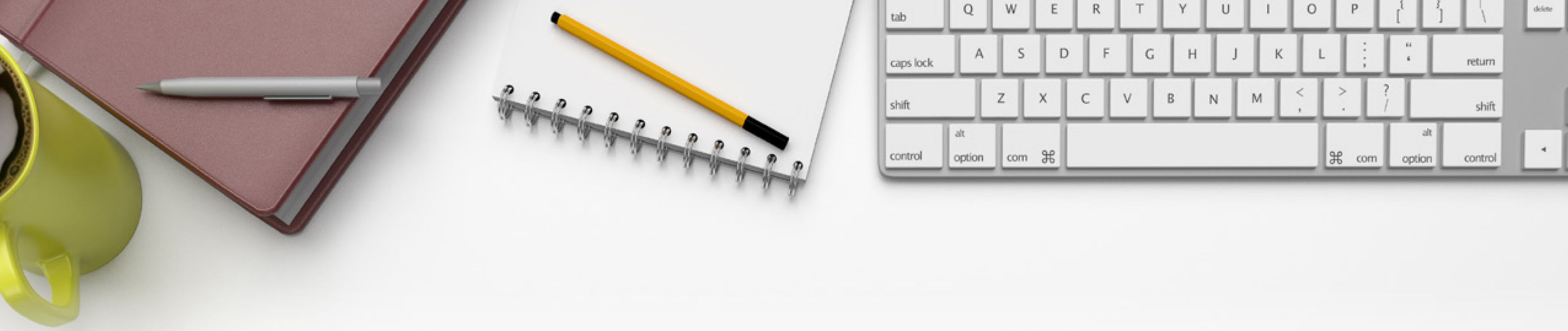
NFEC Standards

Coaches should evaluate their performance on an ongoing basis.

a. Their performance should be measured in terms of client feedback, clients' progress toward set milestones, and other areas related to clients' financial knowledge, behaviors, sentiment.
b. Both quantitative and qualitative analyses should be performed at regular times across all the coach's clients.

Coaches should use performance evaluations to make modifications that can improve their practice.

a. A consistent cycle of evaluation and modification is a trademark of qualified financial coaches.



Scenarios

1. Diane is in process of setting up systems for her financial coaching business. As part of her client tracking system, she includes a client evaluation form for clients to complete every three months to let her know how she's doing as a coach.

Diane has partly complied with the standards for monitoring effectiveness. However, she should take her system a step further by collecting quantitative data from clients at set intervals regarding their knowledge, behaviors, sentiments, and progress toward goals.

2. Eric has systems in place for collecting both quantitative and qualitative data from his clients both before and after the coaching, and every three weeks. Recently he joined an online financial coaching network. Eric makes it a regular practice to bring at least one coaching decision he's made to their monthly chat sessions, and ask other coaches in the network for their feedback.

Eric's systems meet the standards for monitoring program effectiveness very well.

3. Marco has a client who moves out of the region and starts working with another coach in the new location. One day Marco receives an email from the new coach, telling Marco that he doesn't agree with several of the suggestions Marco made to the client when they were working together. Marco responds to the email by telling the coach that he should mind his own business.

Marco did not handle the situation appropriately. He should have respectfully thanked the coach for his opinion and asked for feedback on how he thought Marco might have improved his coaching. Then Marco should have carefully considered the other coach's suggestions and decided whether any changes were merited.

Influencing Standards

ISTE – Standards for Coaches

Content Knowledge and Professional Growth

a. Regularly evaluate and reflect on their professional practice and dispositions to improve and strengthen their ability to effectively model and facilitate technology-enhanced learning experiences.

NBPTS – Core Propositions

Teachers Use Feedback and Research to Improve Their Practice and Positively Impact Student Learning

Accomplished teachers seek opportunities to cultivate their learning. As savvy students of their own teaching, they know the value of asking colleagues, administrators, and other educators to observe them and offer critiques of their instructional practices. They write about their work as well, and they solicit reactions to their teaching from students and families. Accomplished teachers develop strategies for gaining feedback and insights from a range of stakeholders so they can reflect meaningfully on their pedagogical choices and improve their practice.

NBPTS – Core Propositions

Proposition 3: Teachers are responsible for managing and monitoring student learning

Teachers Regularly Assess Student Progress.

Accomplished teachers monitor student performance as well as student engagement. Bearing considerable responsibility for the children and young adults they work with, educators examine the success of all activities they design. They assess learning experiences that they create or coordinate with the help of other educators, tracking what students do and do not learn while evaluating the effectiveness of their instructional strategies.

Importantly, accomplished teachers understand that the purpose of evaluation affects the form and structure of any assessment – the method of observation, the length of duration, and the type of information gathered. Those factors, along with student demeanor and motivation, all affect the conclusions that teachers may reach when using a specific assessment. Educators therefore monitor student progress using a variety of evaluation methods, each with its own set of strengths and weaknesses. Accomplished teachers analyze data from standardized examinations, and they design their own assessment tools. For instance, they define the content requirements for student portfolios, create the scoring rubrics for demonstrations, and establish protocols for anecdotal record keeping. Above all, accomplished teachers are astute observers of their students – watching their movements and gestures, studying their facial expressions, listening to their words – so teachers can discover what students are thinking and determine how best to advance their learning.

Representation

Introduction

Financial coaching is a rather recent and developing profession. Due to its relative newness, there may be some misunderstandings among the greater population about the services and role of a financial coach.

To properly inform the public, it is critical for financial coaches to accurately represent themselves. Proper representation brings integrity and respectability to the coaching profession. Accurate representation includes a necessary distinction between financial coaching and the numerous other financial services to which people may be accustomed.

The ACA describes various elements of representation in its Code of Ethics. These elements include properly stating accreditation, credentials, and professional membership(s). The ACA also points out the need for its members to identify and correct any misrepresentations that may exist across various media. All these factors play key roles in the overall accurate representation of the financial coach profession.

NFEC Standards

Coaches should represent the coaching industry accurately and be well-versed in describing the coaching role.

a. They should be able to clearly explain the difference between financial coaches and other common financial service designations.

Coaches should properly convey any coaching designations they have earned and standards they meet.

a. Coaches should provide accurate descriptions of their credentials, capabilities, and designations.
b. Coaches must take immediate action to correct any known misrepresentations of their qualifications by others.

Scenarios

1. At a Kiwanis Club luncheon, Jill introduces her financial coach, Marcia, to one of her business contacts, saying, "This is Marcia, my financial advisor."

Marcia should immediately and politely correct Jill by letting them both know that she is a coach, rather than an advisor, and clarifying the difference between the two designations.

2. Ben is working to develop his financial coaching website and marketing materials. He lists the services he offers as "helping clients understand their emotions toward money, create budgets and savings plans, reduce debt, and manage their investment portfolios."

Everything on Ben's service list accurately represents his financial coach status except "manage their investment portfolios." He should remove that service, which better represents the role of a financial advisor.

Influencing Standards

AFCPE – Standards of Practice

Standard of Practice Twenty-Two (SP-22):

Credentials Claimed: Counselors must claim or imply only professional credentials possessed and must correct any known misrepresentations of their credentials by others.

ACA – Code of Ethics

C.4.a. Accurate Representation

Counselors claim or imply only professional qualifications actually completed and correct any known misrepresentations of their qualifications by others. Counselors truthfully represent the qualifications of their professional colleagues. Counselors clearly distinguish between paid and volunteer work experience and accurately describe their continuing education and specialized training.

NBPTS – Core Propositions

C.4.b. Credentials

Counselors claim only licenses or certifications that are current and in good standing.

C.6.c. Media Presentations

When counselors provide advice or comment by means of public lectures, demonstrations, radio or television programs, recordings, technology-based applications, printed articles, mailed material, or other media, they take reasonable precautions to ensure that

1. The statements are based on appropriate professional counseling literature and practice,
2. The statements are otherwise consistent with the *ACA Code of Ethics*, and
3. The recipients of the information are not encouraged to infer that a professional counseling relationship has been established.

C.4.e. Accreditation Status

Counselors accurately represent the accreditation status of their degree program and college/ university.

C.4.f. Professional Membership

Counselors clearly differentiate between current, active memberships and former memberships in associations. Members of ACA must clearly differentiate between professional membership, which implies the possession of at least a master's degree in counseling, and regular membership, which is open to individuals whose interests and activities are consistent with those of ACA but are not qualified for professional membership.

CFP Board – Rules of Conduct

2. Information Disclosed To Prospective Clients and Clients

2.1 A Certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information directly or indirectly related to the Certificant's professional qualifications or services. A Certificant shall not mislead any parties about the potential benefits of the Certificant's service. A Certificant shall not fail to disclose or otherwise omit facts where that disclosure is necessary to avoid misleading clients.

ICF – Code of Ethics

6) Accurately identify my coaching qualifications, expertise, experience, training, certifications and ICF Credentials.

Marketing

Introduction

A key part of the success of any financial coach is spreading the message about the services they offer. There are many media platforms through which coaches may market their services. In all cases, they should convey consistent, accurate messages about what they offer and how they can best serve clients.

Accurate advertising is obviously critical to attracting prospective clients because it helps them gain a clear understanding of the services they will receive. Accuracy also helps coaches form positive relationships with clients, thus becoming more likely to receive new client referrals.

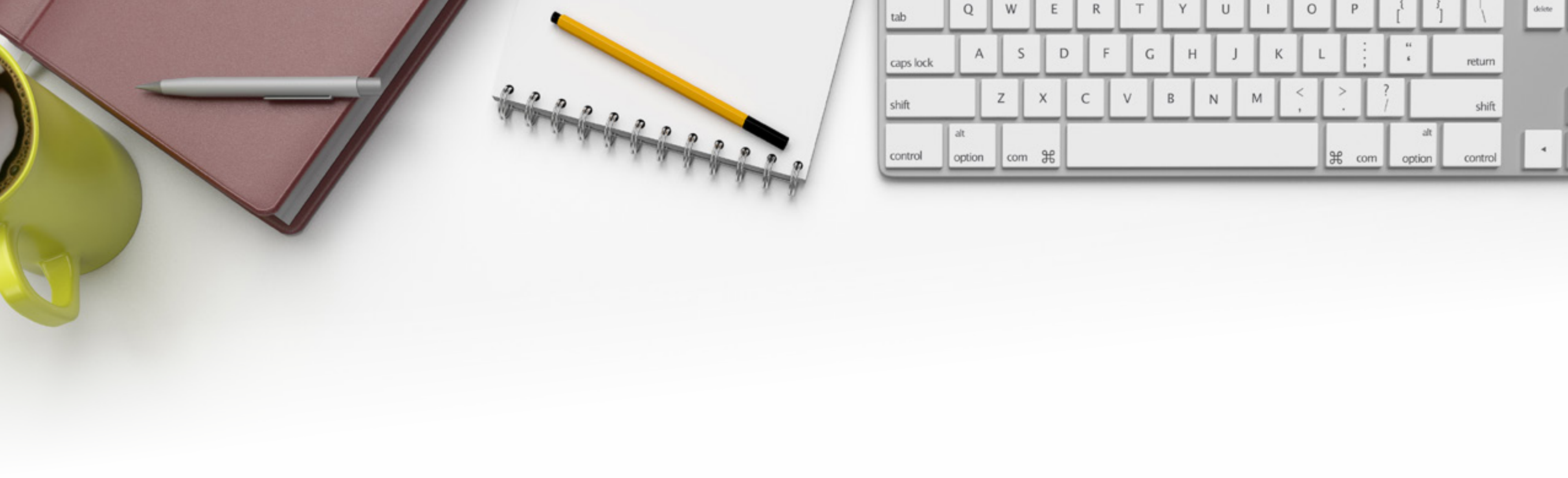
NFEC Standards

Coaches should accurately describe their services and credentials in all marketing messages.

a. Coaches should only market those services they are qualified and certified to offer.

b. No promises are made regarding specific client outcomes.

c. Any testimonials must include proper disclaimers.



Scenarios

1. Financial coach Anita is preparing a social media campaign to market her services. She is careful to designate her certification credentials accurately and limit the descriptions of what she offers to only those services a coach is qualified to give.

Anita is complying with the standards for financial coach marketing.

2. Tony likes to post testimonials from former clients on his financial coach website. At the end of the testimonial posts, he places a banner that reads, “You could be enjoying the same results!”

Tony should not promise prospective clients any specific results. He should follow the testimonials with a disclaimer that each client is different, and the results experienced by one client will not necessarily translate to another.

Influencing Standards

ACA – Code of Ethics

C.3.a. Accurate Advertising

When advertising or otherwise representing their services to the public, counselors identify their credentials in an accurate manner that is not false, misleading, deceptive, or fraudulent.

AFCPE – Practice Standards

Accurate Advertising: Counselors must accurately represent their credentials and services when advertising.

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