
**Personal financial planning —
Requirements for personal financial
planners**

*Conseil en gestion de patrimoine — Exigences pour les conseillers en
gestion de patrimoine*

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

The main task of technical committees is to prepare International Standards. Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights.

ISO 22222 was prepared by Technical Committee ISO/TC 222, *Personal financial planning*.

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Introduction

This International Standard has been drawn up with the objective of achieving and promoting a globally accepted benchmark for individuals who provide the professional service of personal financial planning. Personal financial planning is a process designed to enable consumers to achieve their personal financial goals. The service of personal financial planning is provided by a personal financial planner to assist clients with their personal financial planning.

Consumers need to have confidence in their personal financial planner. This International Standard specifies the ethical behaviour, competences and experience required of a professional personal financial planner.

This International Standard describes and addresses the various methods of conformity assessment and specifies requirements applying to each of them. Conformity assessment of personal financial planners is a complex task requiring access to specialized knowledge, skills and experience. The technical committee (comprising practitioners, industry and consumer representatives) for this International Standard strongly believes that accredited independent third-party certification provides the most reliable method of conformity assessment and thus protection for consumers.

Therefore, the technical committee recommends that consumers seek the services of personal financial planners who can demonstrate that they have undergone conformity assessment by independent third-party certification bodies which have been accredited as complying with the requirements set out in ISO/IEC 17024.

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Personal financial planning — Requirements for personal financial planners

1 Scope

This International Standard defines the personal financial planning process and specifies ethical behaviour, competences and experience requirements for personal financial planners.

This International Standard is applicable to all personal financial planners regardless of their employment status.

This International Standard describes and addresses the various methods of conformity assessment and specifies requirements applying to each of them.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO/IEC 17000, *Conformity assessment — Vocabulary and general principles*

ISO/IEC 17024, *Conformity assessment — General requirements for bodies operating certification of persons*

ISO/IEC 17050 (all parts), *Conformity assessment — Supplier's declaration of conformity*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO/IEC 17000, ISO/IEC 17024 and the following apply.

3.1

broad general knowledge

awareness and basic understanding over the breadth of the subject, but not to the depth that would be expected of a specialist in the specific subject area

3.2

certificate

attestation document issued by an independent third-party certification body

3.3

client

consumer who has accepted the terms of engagement as described in 4.2.3

3.4

cognitive level

hierarchy of thinking

NOTE The hierarchy of thinking is listed in 6.2.

**3.5
conformity assessment**

demonstration that specified requirements relating to a product, process, system, person or body are fulfilled

[ISO/IEC 17000]

NOTE Conformity assessment covers such activities as testing, inspection and certification, as well as the accreditation of conformity assessment bodies.

**3.6
consumer**

individual or group of individuals who share financial interests

NOTE A family would be considered a group of individuals.

**3.7
continuing education**

education, training and development undertaken by personal financial planners to maintain ongoing professional competence

**3.8
declaration**

attestation document issued by any body other than an independent third-party certification body

NOTE 1 This definition differs from the definition of declaration in ISO/IEC 17000.

NOTE 2 "Body" includes any individual.

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**3.9
employment status**

present state of a consumer's income-earning capabilities

EXAMPLES Employee, self-employed, independent contractor, freelancer, business owner, not employed, retiree, or student.

**3.10
experience**

knowledge and skills acquired while participating in the application of the personal financial planning process and related activities

**3.11
financial goal**

quantifiable financial outcome or target which is intended to be met at some future point in time or over a period of time

**3.12
financial risk tolerance**

extent to which a consumer is willing to risk experiencing a less favourable financial outcome in the pursuit of a more favourable financial outcome

**3.13
individual performance measurements**

methods and indicators used to evaluate the performance of a personal financial planner

**3.14
personal financial plan**

document that specifies how a consumer should organize and manage his/her/their personal financial affairs, in whole or in part, so as to satisfy present and future personal goals, needs and priorities

3.15**personal financial planner**

individual who provides a service of personal financial planning to clients and who meets all of the ethics, competence and experience requirements contained in this International Standard

NOTE A personal financial planner is also commonly referred to as a “financial planner” or “financial planning practitioner.”

3.16**personal financial planning**

process designed to enable a consumer to achieve his/her/their personal financial goals

3.17**personal financial planning relationship**

relationship between a client and his/her/their personal financial planner

3.18**personal goal**

outcome which a consumer wishes to achieve that may be quantitative or qualitative in nature

3.19**remuneration**

direct and indirect financial benefits received by a personal financial planner in exchange for providing the service of personal financial planning to a client

3.20**service of personal financial planning**

service performed interactively by a personal financial planner to assist a client with his/her/their personal financial planning

3.21**year**

(of experience) twelve months of full-time activity or the part-time equivalent

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4 Process**4.1 Personal financial planning process**

As provided by a personal financial planner, the personal financial planning process shall include, but is not limited to, six steps that can be repeated throughout the client and personal financial planner relationship. The client can decide to end the process before having completed all of the steps.

In providing clients with the service of personal financial planning, the personal financial planner shall use documented procedures to respond to and resolve all client complaints and claims, and be supported by financial, security, operational, risk management and business continuation plans.

4.2 Establishing and defining the client and personal financial planner relationship

4.2.1 The personal financial planner shall, at the beginning of each engagement, provide, in writing, to the consumer:

- a) the scope of the financial planning service being offered,
- b) their qualifications and experience, and
- c) the full disclosure as to which method they have used or are using to demonstrate their conformity with this International Standard (independent third-party certification, other-party assessment, or self-assessment); against which country-specific knowledge they have been tested; when conformity was established; and by which body.

4.2.2 The personal financial planner shall request and should gather the following information:

- a) consumer profile, including composition of household,
- b) age, health and factors affecting life expectancy,
- c) employment status,
- d) relationships,
- e) financial position,
- f) public and private benefits, insurances and entitlements,
- g) immediate needs, and
- h) short-term and long-term goals,

NOTE Methods for gathering information can include:

- interviews,
- questionnaires,
- face-to-face meetings,
- telephone conversations, and
- correspondence.

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4.2.3 The personal financial planner shall provide ^{Written terms} of engagement for services that disclose:

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- a) the basis of remuneration,
- b) any known conflicts of interest,
- c) service deliverables and timeframes,
- d) duration of the agreement,
- e) frequency of contact, and
- f) confidentiality provisions.

4.3 Gathering client data and determining goals and expectations

4.3.1 The personal financial planner shall use the outputs from 4.2.

4.3.2 The personal financial planner shall request appropriate additional data that should normally include, but is not limited to:

- a) individual and household asset, liability and cash flow details,
- b) relevant risk management arrangements,
- c) contracts,
- d) statements,
- e) forms,

- f) legal documents,
- g) details of needs, goals and objectives, including timeframes,
- h) economic assumptions,
- i) information relating to their financial risk tolerance, and
- j) attitude to social, ethical, environmental and religious considerations.

4.3.3 The personal financial planner shall protect the confidentiality of client information.

4.3.4 The personal financial planner shall maintain an electronic or hard copy database of files and/or records for the client with relevant values and dates for the timeframe mandated by local law, or in the absence of local law, five years from the date of the terms of engagement or termination of the engagement, whichever is later.

4.4 Analysing and evaluating the client's financial status

4.4.1 The personal financial planner shall use the outputs from 4.2 and 4.3.

4.4.2 The personal financial planner shall take into account the client's current situation and circumstances, and should reflect anticipated future changes.

4.4.3 The personal financial planner shall include the client's goals and preferences.

4.4.4 The personal financial planner shall produce and provide to the client, in a clear and reasonable manner, an evaluation of the client's status that identifies areas of strengths and vulnerability, comparing them against the client's goals, plans, restrictions and assessment of financial risk tolerance.

4.5 Developing and presenting the financial plan

4.5.1 The personal financial planner shall use the outputs from 4.2, 4.3 and 4.4.

4.5.2 The personal financial planner shall review, discuss and resolve with the client issues pertaining to understanding:

- a) the client's information and circumstances,
- b) the client's goals and interpretation of the goals,
- c) the client's tolerance for financial risk, and
- d) the methods used to assist in achieving the client's goals.

4.5.3 The personal financial planner shall produce and provide to the client a financial plan that includes a list of suitable and usable recommendations.

4.6 Implementing the financial planning recommendations

4.6.1 The personal financial planner shall use the output from 4.5.

4.6.2 The personal financial planner shall assist the client directly or indirectly with implementation of the recommendations in accordance with the terms of engagement.

4.6.3 The personal financial planner should produce appropriate documentation wherein each recommendation has evidence of acceptance, modification, completion, deferral or rejection, pursuant to local and national requirements.

4.7 Monitoring the financial plan and the financial planning relationship

4.7.1 The personal financial planner shall use the input from 4.2, outputs from 4.5 and actions from 4.6 as updated over time, and as defined and outlined in the terms of engagement.

4.7.2 The personal financial planner should use a method that repeats, as necessary, all or part of the previous steps identified as 4.2 through 4.6 of the financial planning process.

4.7.3 The personal financial planner shall produce an updated list of recommendations in accordance with the terms of engagement wherein each recommendation has evidence of acceptance, modification, completion, deferral or rejection.

5 Ethics

5.1 Professional behaviour

A personal financial planner shall strive for conduct that reflects honourably upon the profession of personal financial planning.

NOTE Ethical behaviour is at the core of the personal financial planner's practice. Recognizing, valuing and applying ethical principles day-to-day is fundamental to professional life. This clause sets out a limited number of key ethical principles that apply broadly to all aspects of a personal financial planning service. Ethical behaviour presumes and goes beyond compliance with applicable rules and regulations.

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5.2 Ethical principles

5.2.1 Integrity

Personal financial planners shall be open, honest, responsive, accountable and committed to acting competently, responsibly, reliably, fairly and with respect in all professional relationships.

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5.2.2 Priority of client's interests

Personal financial planners shall make the legitimate interests of the client paramount.

5.2.3 Due care and diligence

Personal financial planners shall conduct their professional activities with due skill, care, diligence and competence.

5.2.4 Compliance and professionalism

Personal financial planners shall comply with relevant rules and regulations and observe standards of professional good practice.

5.2.5 Conflicts of interests

Personal financial planners shall disclose and fairly manage all conflicts of interest.

5.2.6 Communication

Personal financial planners shall convey information and recommendations in an understandable, effective and constructive manner.