

Financial Planning Process¹

The Financial Planning Process consists of the following six steps:

1. Establishing and defining the client-planner relationship.

The financial planner should clearly explain or document the services to be provided to you and define both his and your responsibilities. The planner should explain fully how he will be paid and by whom. You and the planner should agree on how long the professional relationship should last and on how decisions will be made.

2. Gathering client data, including goals.

The financial planner should ask for information about your financial situation. You and the planner should mutually define your personal and financial goals, understand your time frame for results and discuss, if relevant, how you feel about risk. The financial planner should gather all the necessary documents before giving you the advice you need.

3. Analyzing and evaluating your financial status.

The financial planner should analyze your information to assess your current situation and determine what you must do to meet your goals. Depending on what services you have asked for, this could include analyzing your assets, liabilities and cash flow, current insurance coverage, investments or tax strategies.

4. Developing and presenting financial planning recommendations and/or alternatives.

The financial planner should offer financial planning recommendations that address your goals, based on the information you provide. The planner should go over the recommendations with you to help you understand them so that you can make informed decisions. The planner should also listen to your concerns and revise the recommendations as appropriate.

5. Implementing the financial planning recommendations.

You and the planner should agree on how the recommendations will be carried out. The planner may carry out the recommendations or serve as your "coach," coordinating the whole process with you and other professionals such as attorneys or stockbrokers.

6. Monitoring the financial planning recommendations.

You and the planner should agree on who will monitor your progress towards your goals. If the planner is in charge of the process, he or she should report to you periodically to review your situation and adjust the recommendations, if needed, as your life changes.

¹ Note: This description was copied verbatim from the Certified Financial Planner Board of Standards Website. It is the process used by Keffer Financial Planning.