

Financial Planning Association of Canada

CHARTER

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1. The Current State of the Canadian Financial Planning Industry

Imagine there was a service one could provide that, at its best, provided those receiving it with a sense of security, welfare, freedom, and calm — and enabled them to achieve their goals and dreams in life.

Now envision that the majority of people employed to provide this service were subject to deficient proficiency requirements, could give themselves whatever title they wanted, had no legal requirement to act in the best interests of their clients, were incentivized primarily on the sale of products that may or may not be needed or beneficial to a client, had no incentive beyond their own conscience and sense of benevolence to actually do what was best for the client, were faced with requirements to meet weekly or monthly targets by their employer, and only had to provide cursory and often incomplete disclosures regarding their compensation for acting on behalf of the client.

Would it surprise anyone if an industry with the potential for so much good, but with these levels of deficiency in standards, regulations, and incentives, results in survey scores showing that only one in five Canadians would rate the practitioners of this industry as trustworthy? Or that, for the most part, clients remain skeptical of, if not ignorant of the value that can be provided by practitioners of this profession, let alone what they are actually paying for said service?

Given the lack of incentive to take a non-product-first approach to the profession, is it any wonder that compared to planners in other countries, financial planners in Canada suffer from fewer options for employers, service providers, software solutions, and educational and networking opportunities?

While planning may have been born in the world of product sales, the time has come to move beyond the profession's early origins and to work to evolve financial planning into a true profession. The time has come for an association of planners with a shared vision of how the industry can move forward to define the future, working together to elevate the profession and the lives of all Canadians.

2. Mission Statement

The mission of the Financial Planning Association of Canada is to evolve the financial planning industry into a profession of highly qualified professionals, with the highest ethical and fiduciary standards, who are focused on bettering the lives of their clients.

3. Vision

The profession of financial planning in Canada is young, growing out of the process of selling financial products in the mid-20th century. In contrast to the medical, legal, and accounting professions which have had hundreds—if not thousands—of years to evolve into their current, well-developed systems, financial planning has yet to develop an equivalent ecosystem.

Our goal, as an association, is to build a principled, knowledge-based Canadian financial planning profession that ultimately commands the credibility, public awareness, and respect that professions such as doctors, lawyers, and accountants in Canada have earned. In order to fulfill this promise, we must move beyond and ultimately discard many of the structures and concepts that support the current ecosystem, and replace them with new systems, standards, principles, and structures.

The vision of this association is thus:

- First, to define a desired structure and ecosystem for the financial planning profession in Canada, including standards for the practice of financial planning by financial planning professionals, and
- Secondly, to work with governments, regulators, planners, academia, vendors, and the general public to enshrine the desired structure and ecosystem in reality, and
- Finally, to build a robust and vibrant association of financial planners who abide by the standards set out in this Charter, thus elevating the practice of financial planning for planners and the Canadian public alike.

4. Acknowledgements

The financial planning profession in Canada is a product of the combined efforts of countless intelligent, committed, and principled individuals.

In outlining and committing to a new set of standards for the profession, we recognize that not all those who have contributed to the evolution of the profession over time, as well as those practicing as financial planners today, will meet these standards.

Our objective in developing a new set of standards is not to diminish the contributions of those who have built the industry over time—but to build a stronger, better profession on the foundation they have laid.

It is our hope that these by adopting these standards, Canadian financial planners will be better equipped to help further develop the industry into a profession to meet the changing needs of Canadians now and in the future.

5. Establishing New Standards for the Financial Planning Profession

Over time, many professions in Canada have evolved structures and principles to set minimum practice standards. These structures and principles, in turn, have helped bolster public confidence in these professions, and attract qualified new entrants.

We believe the profession of financial planning should likewise establish foundational structures and principles in hopes of providing similar outcomes.

in our view, the profession will be based on three foundational principles: the attainment of educational *Competence*, adherence to an appropriate *Career Path*, and an ongoing commitment to and practice of *Transparency* in all dealings with clients.

- **Future Competency requirements**
 - a. Completion of a relevant undergraduate degree
 - b. Apprenticeship period
 - c. Certification Exam
 - d. Continuing Education
 - e. Annual ethics attestation
- **Future Career path requirements**
 - a. Apprentice Planner
 - b. Financial Planner
 - c. Senior Financial Planner
- **Future Transparency requirements**
 - a. Compensation
 - b. Conduct standards which address conflicts of interest

6. Establishing a Principled Foundation for Financial Planning

Our association believes that professional financial planners are distinguished by the duties they owe to the *profession*, to *clients*, and to the *financial services ecosystem*. The following principles set out the duty of loyalty owed by professional financial planners in these three areas.

1. Duty to the Profession

- a. Professionalism:
 - i. Members are to operate, at all times, in a manner that reflects positively on themselves and on the profession as a whole, and they shall encourage others to do so as well.
- b. Competence:
 - i. Members are to seek to improve upon their level of knowledge and competence on an ongoing basis.
- c. Integrity:
 - i. Members shall, at all times, act within the letter and spirit of the codes, laws, principles and regulations of the Association, the industry, their provinces and territories of operation, and the country.
 - ii. Members are to conduct themselves honestly in all matters and not seek to mislead through statements or a failure to provide full information.
- d. Conflicts of Interest:
 - i. Members are to actively work to eliminate any relationship or obligation that could put their interests in conflict with the interests of their clients.
 - ii. Any conflict, whether actual or perceived, is to be disclosed in writing at the time of engagement.
 - iii. Clients are to receive notice of any new conflicts in a timely manner as determined by the available methods of communication with the client.
 - iv. Advisors should avoid the use of internal products unless it can be demonstrated that the internal product is superior in every aspect and that no third-party product compares

2. Duty of Care to Clients

- a. Fiduciary Standard
 - i. Members of the association are to hold themselves out as fiduciaries.
 - ii. In all dealings with clients, the member is to put the best interests of the client above their own, following a duty of loyalty to the client, and practicing prudence in all of their actions with clients. In cases where a

member is prohibited from claiming or holding themselves out as a fiduciary by their employer, dealership, or other parties, they are to conduct themselves as fiduciaries regardless of said limitations, in accordance with the standards set out in this Charter.

- b. Respect
 - i. Members are to treat all clients and prospective clients with respect. At no point are they to be pressured, ridiculed, or disregarded.
- c. Objectivity
 - i. Members must provide clients and prospective clients with independent, conflict-free professional advice that is free of bias. In their dealings with clients, they must expressly distinguish fact from opinion.
- d. Disclosure
 - i. Members are to disclose all forms of compensation directly to clients and prospective clients, in clear, plain language.
 - ii. Members are to disclose, in writing, at the time of engagement or at the time of the related transaction, their compensation in all forms, both direct (salary, commission, fees) and indirect (subsidized or free conferences, incentives, bonuses).
 - iii. Members are prohibited from accepting gratuities and gifts that could be seen to compromise their objectivity.
- e. Comprehensiveness
 - i. Members must ensure that their clients' financial matters are handled as fully as possible. If there are areas where the member does not have expertise, they are to seek out and collaborate with other professionals who can provide service in these areas.
- f. Definition of Scope
 - i. Members are to limit their service offerings, and the scope of their client relationships, to only the areas in which they have sufficient competence and appropriate licensing to operate.
- g. Consideration of client values and beliefs
 - i. Members are to accommodate client values and preferences in financial plans prepared for clients. Examples of areas which require exploration and may require accommodations include, but are not limited to:
 - Investing: ESG, social impact, fossil-fuel-free, women in management, and religious restrictions such as halal investing.
 - Tax: Charitable giving
 - Estate: Burial rites
- h. Confidentiality
 - i. Members are to clearly communicate to clients that no legal professional privilege exists between clients and planners.
 - ii. Members are to hold all materials provided by the client in the strictest of confidence within the member's firm, and access to those materials is to

- be limited to only the representatives of the firm required to service the client.
- iii. Members are not to share client information with any third parties unless express written consent is received from the client, or as required by law.
- iv. Members are to use best practices to protect, secure and keep confidential all physical and electronic client data.
- i. Education
 - i. Members are to take an educational approach with their clients, to aid clients in developing the financial literacy required to make sound financial decisions.

3. Duty to the Community

- a. Lead by Example
 - i. In their dealings with clients, the public, and their peers, members are to exemplify, through their conduct and communications, the standards, principles, and competencies required of a professional financial planner, as defined by the principles and objectives of this association.
- b. Peer Development
 - i. Members are to work to develop the industry through the development of career paths within their organization, collaboration with other professionals, and mentorship of newer entrants to the field of financial planning.
- c. Furthering the Science of Financial Planning
 - i. Members are to support research, within industry and academia, into the development of a body of fact-based research to be used in advising clients.
- d. Public Awareness
 - i. Members are to work to build public awareness of the benefits of financial planning, of working with financial planners, and of careers in financial planning.

7. Policy Objectives

The following objectives represent the long-term policy and structural goals of the Association. While we recognize that these objectives are not fully achievable at this time—due to limitations in the industry ecosystem, regulation, law, lagging public awareness, and more—the Association will work to achieve the full implementation of these objectives over time.

1. Principal Goal

To raise the financial planning industry to the level of a respected profession.

2. Key Objective

To make client-centered financial planning, and not product sales, the core and focus of the financial planning industry.

3. Exclusivity Objective

To limit the provision of financial planning services and personal financial advice to those who meet financial planning qualifications.

4. Disclosure Objective

a. Title standardization

i. The title of “financial planner” should be limited to those who:

1. Hold an undergraduate degree in financial planning.
2. Have worked a minimum of 24 months in a role assisting financial planners.
3. Have obtained, and currently maintain, at least one of the CFP (Certified Financial Planner), R.F.P. (Registered Financial Planner) or PI. Fin. (Financial Planner in Quebec) designations.
4. Meet the continuing education requirements, and be in good standing with the issuing body or bodies that represents their designation(s) of the CFP, R.F.P. or PI. Fin.
5. Are governed by and attest to the standards of the regulatory body, if any, under which their services are provided.
6. All provinces and territories should adopt regulatory and legal financial planning standards which treat the Association’s objectives as minimum standards.

ii. Titles for all client-facing non-planner roles should clearly indicate the principal job function, such as “investment advisor/salesperson” or “insurance advisor/salesperson.” Per the above limitation on the use of the title “financial planner,” over time, the only remaining “advisors” in the business will be product salespeople. In order to create transparency with respect to their role, the titles held by product salespeople should reflect their principal job function.

- b. A national registry of planners, their credentials, and compliance history should be put into place and be made publicly available.
- c. Full disclosure of all compensation

- i. Compensation disclosure must include full details of all associated costs in simple, plain, and easy-to-understand language and format. These costs include but are not limited to:
 - 1. Account fees
 - 2. Trading costs
 - 3. Management expense ratios on funds, ETFs, or any product that carries a charge, whether the charge is embedded or transparent
 - 4. Performance fees
 - 5. Financial planning fees
 - 6. Taxes
 - 7. Any and all other costs paid directly or indirectly by the client
 - ii. Compensation disclosure is to be provided in aggregate and by component part, and expressed both as a percentage of client assets and in actual dollar terms.
- d. Referral fees paid to the planner are permissible solely only in cases where:
- i. The planner is licensed to directly conduct said line of business (i.e., investment, insurance, banking, mortgages. Note see: regulatory development).
 - ii. The fee received by the planner is earned through the delivery of planning services.
 - iii. The planner has an ongoing professional relationship and engagement with the client.
 - iv. The referral arrangement is formal, standardized, and disclosed to the client in advance.
 - v. In all other instances, members are prohibited from accepting referral fees.

5. Compensation Reform

- a. Investment Compensation:
- i. Regulators in Canada should act to prohibit all forms of embedded compensation.
 - ii. Those working in the financial planning industry should fully disclose all forms and amounts of compensation, collected by a product manufacturer on behalf of the planner and paid to the planner, as a separate line item in any and all client reporting.
 - iii. Client statements should reflect all fees, both embedded and non-embedded in both percentages and dollars.
 - iv. All forms of “soft-dollar” compensation (wherein payments are made by product manufacturers and money managers to their service providers) should be prohibited.

- v. Incentives to clients (trustee fee and transaction waivers) for use of proprietary products and programs should be banned unless said benefits are offered to all clients, regardless of product or program selected.
- vi. No explicit or implied incentives should be payable to planners in order to sell proprietary products. This includes higher grid payout and bonuses
- vii. All bonuses and payments issued in relation to the placement of new issues or production should be banned.
- viii. Indirect compensation:
 1. Suppliers of financial products should be prohibited from paying any expenses, providing gifts, trips or any other form of “perk” to advisors.
 2. Planners should not be permitted to accept the above under any circumstances.
 3. Negligible incentives, such as lunch served at educational sessions, and educational sessions themselves, are permissible
- b. Acceptable/endorsed types of compensation:
 - i. AUM/Fee-Based: Percentage of assets under management.
 1. We recognize that many clients find this method of compensation most convenient for paying fees, however:
 - a. AUM fees should maintain a sliding scale with minimum fee levels and fee caps that should be relative to services rendered.
 - b. Although they may be charged as a single amount, fees charged for financial planning and fees charged for investment management should be clearly distinguished and fully disclosed to the client.
 - ii. Flat Fee: A disclosed set amount.
 - iii. Hourly fee: Billings based on an hourly rate.
 - iv. Periodic Retainer: Charging clients a set regularly monthly/quarterly/annual fee depending on service level.
 - v. Minimum fee: A combination of AUM and flat fee, or periodic retainer in order to ensure a minimum fee level is met.
 - vi. Combinations of all formats are permitted.
 - vii. Mandatory standardized fee schedules
 1. Fees within a practice should be standardized so that clients receiving the same service offering pay the same amount. If multiple schedules are to be maintained they are to be disclosed to the client and must be service-level-dependent.
 2. For cases outside the predefined standardized schedules, custom quoting is permitted that should reflect the scope of work.
 3. Any form of multi-level marketing in financial services should be prohibited. Planners and advisors should not be entitled to a

percentage of another advisor's production indefinitely and be rewarded by their dealerships to act as "recruiters."

- c. Standardization of Compensation Structure and Service Offering Terminology
 - i. FPAC will work with parties in the industry to standardize the terminology surrounding the various forms of compensation and service offerings in order to create greater clarity for consumers.
- d. Separation of Planning Fees from other services
 - i. Fees attributable to planning services should be charged separately from other services provided. Ex: Planning, investment, insurance, etc. should all carry their own fee schedules.
 - ii. All fees can be charged the same way (flat-fee, AUM, etc.) but costs should be itemized.
- e. Insurance compensation reform:
 - i. Flexible compensation insurance
 - 1. Industry-wide policies should be created that permit advisors to set their own custom commission schedules including both no-compensation and level-compensation policies.
 - 2. Schedules should permit for adjustment after the sale of the policy with the written consent of the client.
 - ii. The end of lifetime vesting:
 - 1. Lifetime vesting should be eliminated and any ongoing compensation should be paid to the servicing advisor.
 - 2. Continued compensation to the servicing advisor/planner should require annual written consent by the client.
 - iii. Full disclosure:
 - 1. All expected compensation to be earned over the life of the policy should be disclosed at the time of application and acknowledged in writing by the client.
 - 2. Statements should include all compensation paid to the advisor/planner over the reporting period.
 - 3. Disclosure objectives should be mandated.
- f. Indirect compensation:
 - i. Suppliers of financial products should be prohibited from paying any expenses, providing gifts, trips or any other form of "perk" to advisors.
 - ii. Planners should not be permitted to accept the above under any circumstances
- g. Production based compensation:
 - i. Bonuses based on volume sales of financial products should be banned.
- h. If an advisor changes dealers and receives any compensation from the receiving dealership, this compensation should be fully disclosed.

6. Adoption of a Fiduciary Standard

- a. A fiduciary standard should be implemented and enforced, either through self-regulation or by law.

7. Empirical Evidence Requirement

- a. Planners should ensure that all recommendations made to clients are supported by empirical evidence that is specific to the client's situation, including:
 - i. Financial recommendations based on planning work completed for the client and not just provided ad hoc.
 - ii. Prior to any investment recommendations, planners are required to utilize a risk profiling questionnaire that is built on academically verified approaches, combined with additional information provided by the client and used to provide clients with investment policy statements prior to any investments being made.
 - iii. Insurance applications must be accompanied by needs analysis with quantitatively justified, recognized methodologies.

8. Career Track Development

- a. Dedicated Undergraduate/Graduate programs and streams in financial planning should be developed.
- b. Work experience prior to challenging certification examinations should be required.
- c. Continued development and awareness of certification exams should be promoted: CFP, R.F.P., PI. Fin.
- d. Increased standards for continuing education that focus credit efforts on expansion of education, and not just product-based seminars, should be developed.

9. Body of Knowledge Development

- a. All industry associations should support and undertake objective academic research to create data-driven, scientifically tested support for planning tactics.
- b. Particular focus should be paid to bridge behavioural finance with classical finance, and the study of the practical implementation of said learnings.
- c. Curated web resources should be developed around the subjects of practice management, education, and planning theory and research.

10. Finance Industry Ecosystem Development

- a. Ongoing engagement with governments, regulators, service providers, tech startups and academia should take place in order to build the support structures required in order to implement current and future policy objectives.

11. Regulatory Development

- a. A national self-regulating organization that has jurisdiction over all financial planners should be developed.
- b. A model that would permit planners to manage their clients' comprehensive needs, and take in revenue from all lines of business, in one business entity (ex: planning, investment, insurance fees all payable to one entity) should be developed.

12. Errors & Omissions

- a. All planners should be required to maintain adequate levels of errors and omissions insurance covering their financial planning, and not just product-based work

8. Current Standards

The following section provides the current minimum standards for member conduct in relation to policy objectives. All members are required to comply with these standards within 24 months from the date of their joining the Association.

These standards will be reviewed and may be updated every 24 months, and new standards will be established from time to time.

Over time, the Association has a goal to require that new members meet the standards at the time of their membership application, with no 24-month “grace period.” When this goal is met, a new membership category for prospective members will be created.

1. Adoption of a fiduciary standard effective immediately.
 - a. Pledging to abide by the Association’s Fiduciary Pledge.
2. Disclosure Objective:
 - a. All members who hold a CFP, R.F.P., or Pl. Fin. designation, and are retail-client-facing, are to use the title “Financial Planner.” Where required to use other titles, “Financial Planner” should be listed as an additional title where possible.
 - b. Annual attestation to the principles and current standards.
 - c. As current systems do not enable full disclosure, members are to ensure that clients obtain written acknowledgement of all fees, costs and taxes charged to them no less frequently than annually, and expressed in both percentage and dollar terms.
 - d. Endorsement of petitions to be passed along to governments, regulators, manufacturers, dealers, and all relevant parties:
 - i. A call for the end of embedded compensation on investment products
 - ii. A call for full and complete disclosure of fees and costs on client investment and insurance statements
 - iii. A call for the banning of all “soft-dollar” and perk compensation
 - iv. A call for the creation of custom commission schedule insurance policies
 - v. A call for the end of lifetime vesting of insurance policies
 - vi. A call for mandatory disclosure of insurance compensation
 - vii. A call for the end of production based bonuses
 - viii. A call for an end to product sales quotas
4. Career track development: Engage in mentorship
5. 10 Hours of industry development

- a. Body of knowledge development
- b. Lend time to review and provide feedback on any articles submitted for consideration
- a. Industry structure development
 - i. Advocate for development as per the policy objectives of this association.
 - b. Association Contribution
- 6. Be in good standing with FP Canada (for the CFP designation), the IAFFP (for the R.F.P. designation) or the IQPF (for the F.PI. designation).
- 7. Adopt an evidence-based approach to recommendations. Specifically:
 - a. Financial recommendations must be based on planning work completed for the client and not just provided ad hoc.
 - b. Prior to any investment recommendations being made, members are required to utilize a risk profiling questionnaire that is based on academically verified approaches, combined with additional information provided by the client and used to provide clients with investment policy statements prior to any investments being made.
 - c. Insurance applications must be accompanied by needs analysis using quantitatively justified recognized methodologies.

9. The Fiduciary Pledge

The following pledge seeks to embody the spirit of the association's purpose and is to be sworn to annually.

"I pledge to act as a fiduciary in all my dealings with my clients.

By making this pledge, I am promising:

- 1. To put the needs of clients first, ahead of my needs or the needs of any other party.*
- 2. To work to help my clients achieve their goals and dreams by acting with the skill, care, prudence, diligence, loyalty and good judgement of a fiduciary, rooting my professional practice in evidence-based advice.*
- 3. To avoid and minimize conflicts of interest, and to manage and disclose those conflicts which cannot be avoided.*
- 4. To fully and transparently disclose all sources of my compensation in all of my dealings with clients.*
- 5. To uphold the code(s) of conduct of the issuing body of my financial planning designation, and to continuously work to improve my skills and practice, and the financial planning industry as a whole.*
- 6. To encourage other financial planners to uphold the standards and values embodied by this Association, and to aid this and subsequent generations of financial planners to fulfill on the Association's vision for the financial planning industry.*
- 7. And to help to build awareness of the good that financial planners can do for their clients."*

10. Membership

1. Membership Categories

The following is a breakdown of the various membership levels, their requirements, benefits, and obligations.

	Full Member	Associate Member	Emeritus Member	Affiliate Member
Description	Active CFP, R.F.P. of Pl. Fin.	Enrolled in QAFP, CFP, R.F.P. of Pl. Fin. Program or holding the QAFP	Retired CFP, R.F.P. of Pl. Fin.	Members of supporting industries (see list)
CFP, R.F.P. of Pl. Fin. Required	Yes	Enrolled in CFP/R.F.P./QAFP or holding QAFP	Retired CFP, R.F.P. or Pl. Fin.	No
Voting Rights	Yes	No	Yes	No
Eligible For Board	Yes	No	Yes	Yes
Eligible for Executive	Yes	No	Yes	No
Volunteer Hours/year	10	10	0	0
Held to Current Standard	Yes	Yes	No	No
Public Profile	Yes	No	No	No
Media Referrals	Yes	No	No	No
Access to Forums, Wikis & Resources	Yes	Yes	Yes	Yes

Annual Fee	\$500	\$400	\$300	\$250
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All membership fees will be due annually on the member's anniversary date.

2. Affiliate Member Categories

To qualify as an affiliate member, one must be employed in one of the following fields, and not be in the business of providing financial advice or financial product manufacturing.

- a. Academic
- b. Media
- c. Legal
- d. Accounting
- e. Actuarial
- f. Service Provider (software, services, custodians, etc)
- g. Related Associations
- h. Public Policy

Other fields will be considered for addition to this list as they arise.

11. Corporate Sponsors

1. Purpose

We welcome sponsorship from businesses whose products, services, and business model align with our mission to evolve the Financial Planning Industry into a profession of highly qualified professionals, with the highest ethical and fiduciary standards, focused on bettering the lives of their clients.

Sponsorship is an opportunity to build friends and supporters for a true profession that enhances the lives and financial well-being of Canadians. Sponsorships from the manufacturers of financial products that compensate the advisor in any way for sales will not be accepted, nor will sponsorships that give the appearance of a product endorsement. Acknowledgements for sponsorship will be limited to company name, logos, established slogans, trade names, addresses, website, social media profiles, telephone numbers and extent of contribution.

Corporate Sponsors are granted access to our member forums and wikis, with the expectation that representatives are available to answer questions about the product or service in order to enhance the technical competence of members.

In order to ensure that the association does not become financially dependent on corporate sponsors, a situation that would give sponsors undue leverage over the running of the association, all operational expenses must be funded solely by annual membership dues. Corporate sponsor proceeds can be used solely for one-off expenses, events, promotion, and to create a strategic reserve.

2. Sponsorship Levels

Various levels of sponsorship are to be developed and made public.

3. Sponsorship Review Criteria

We recognize that our review criteria should be reasonable and realistic, and the process itself should not be overly cumbersome. Over time, the review process will build a body of knowledge for accepting and soliciting sponsorships, and this policy will be reassessed after one year and thereafter as necessary.

All sponsorships will be reviewed by the board to determine the balance of the benefit to the mission of the association and the public in relation to the risks and costs of collaborating with the sponsor, and the following conditions will be considered and documented:

- a. Are the specified proposed uses of the sponsorship congruent with the mission and priorities of the association?
 - i. How do the uses relate to the mission and priorities?
 - ii. Why does the organization want to sponsor the association?
 - iii. Do the practices of the corporation fit with the public policies of the association?
- b. Are the sponsor's expectations pertaining to control, oversight, and outcomes of the sponsorship to which the funds are applied acceptable to the association?
 - i. Does the association have editorial control over the contents of education materials and publications and input into their dissemination?
 - ii. Will the association be able to review and approve public statements about the sponsorship, its findings and/or implications?
 - iii. Are the expectations of the sponsor explicit and documented? Are they feasible and agreeable?
- c. Are the sponsor's expectations regarding documentation or acknowledgement of their support acceptable to the association?
 - i. What public recognition is expected by the sponsor?
 - ii. Is the recognition appropriate for the amount of the sponsorship?
 - iii. Is there an appearance of product endorsement?
- d. Would acceptance of the sponsorship create any real or apparent conflicts of interest, and would the impact and/or benefits of accepting the sponsorship outweigh the risks of partnering with the sponsor?
 - i. Are there any personal, financial, or professional gains for association staff, members, or other volunteers which create a conflict of interest?
 - ii. What is the impact of the sponsorship and benefits to the public?
 - iii. Does the sponsor's image support or detract from the association?
- e. All sponsors will be reviewed annually to assess ongoing alignment.

12. Initiatives

The following is a list of the initiatives and programs that the association is committed to putting in place as time and resources permit:

1. Regulatory Advocacy

The association will put in place a regulatory affairs committee that will engage regulators in order to effect change within the industry.

2. Startup Ecosystem Engagement

The association recognizes that many fintech startups seek to provide tools to advisors to better serve their clients. The association will engage with them on a regular basis in order to help guide the development of tools to support the industry.

3. Mentorship Programs

The association will look to pair up young advisors in seek of guidance with more experienced advisors.

4. Peer Study Groups

The association will encourage and support the development of regional peer study groups and financial planning meetups amongst its members.

Niche subgroups will be encouraged and supported such as:

- a. Young advisors (such as the US FPA Nexgen)
- b. Exam Study Groups for different designations and courses (CFP, CFA, TEP, etc)

Monthly resources, topics, and challenges will be provided to all groups. This will include a monthly financial planning case study that will be sent to all groups. Results will be shared with all members.

5. Chapter Groups

The development of regional chapter groups is encouraged. Any group of 5 or more can request to form a local chapter for their region. Approval from the Association is required. Chapter groups are free to arrange their own events and

meetups so long as they are in keeping with the principles and objectives of the association. Chapters are also encouraged/permissible on college and university campuses. Chapters are not stand-alone entities but rather groups under the authority of the national association with all finances handled centrally by the national association. All initiatives and expenses require national board approval. Chapters whose executives fail to meet the standards, practices, and regulations of the association will have their executive members removed from their positions, and could have their charters revoked.

6. Public Awareness Initiatives

The association will work to raise the profile and understanding of the benefits of financial planning with the general public.

7. Pro Bono Planning Initiatives

The association will organize educational materials to train advisors on low income and disability planning and organize volunteers to provide free service to community groups and people in need.

8. Online Resources

The association will look to provide several online resources to its members and the public.

a. Available to Members:

- i. **The Practice Management Portal.** Curated online resources with practice management guidance, templates, videos, and other resources that will be updated on an ongoing basis.
- ii. **The Planning Portal.** A curated online resource that provides best practices guidance for financial planning issues and concepts, supported by peer-reviewed empirical evidence and academic research.
- iii. **The Member Forum.** An online forum where members can ask each other questions, seek advice, discuss topics of the day, and simply foster the planning community.
- iv. **Continuing Education Programming.** The association will look to provide members with access to continuing education resources in combination with the Practice Management Portal and Planning Portal or on a stand-alone basis.

b. Available to the Public:

- i. **The Financial Literacy Curriculum.** A fully developed curriculum, available to teachers and professors, that provides curriculum

- resources (presentations, handouts, assignments, literature, videos, exercises, etc) from kindergarten to grad school.
- ii. **The Financial Planner Directory.** A free online public-facing directory of member planners.
 - iii. **Media Request Form.** Members of the media will be able to request commentary from the association's membership. Requests will be routed to qualified members.

9. Events & Conferences

- a. The association will look to support our own member conferences to provide a venue for education, networking, and feedback.
- b. Both National and regional conferences will be considered as they become economically feasible.
- c. The association will also encourage both domestic and international "field trips" to other conferences that support the field. Such as IAFFP, STEP, CTF, FPA, FPA Australia, NAPFA, XYPN, etc.

13. Restricted Activities

The association is prohibited from the following activities:

1. Endorsing any political candidate or party. Regulatory and political engagement activities are solely for the betterment of the industry and are to be non-partisan in their efforts. Individual members are free to undertake whatever political actions they see fit, but they shall not hold themselves out as doing so on behalf of the association.
2. The association is forbidden from entering into the business of developing and/or offering its own designations or accreditations. Individual members are permitted to volunteer in the development of and maintenance of designations and accreditations, but they will not be acting as representatives of the association. The educational initiatives of the association will be limited to the scope of those identified in the initiatives section.

14. Initiatives at time of launch

The prior list of initiatives represents long term goals of the association. Given that this is a new association with limited resources, we have selected a handful of the above initiatives that will be provided at the time of launch. The remaining will be added as time and resources allow. The initial initiatives include:

1. Public Awareness
2. Regulatory Advocacy
3. The Advisor Directory
4. The Member Forum
5. The Media Request Form
6. The Practice Management Portal
7. The Planning Portal

15. Preliminary Budget

Expenses	First Year	Projected Ongoing
Legal Expense	5,650.00	339.00
Productivity suite	0.00	0.000
Brand Development	5,650.00	0.00
Accounting	5,424.00	4,800.00
AMS Setup	8,475.00	0.00
AMS ongoing	8,814.00	8,814.00
Stationary	1,130.00	500.00
Banking	406.80	360.00
Outsource Compliance	0.00	0.00
D&O Insurance	2,825.00	2,825.00
Marketing & Advertising	0.00	0.00
Total	38,374.800	17,638.00
Breakeven number of members at \$500+ HST	68	31

Note: At this time the board has yet to determine when or if compliance requirements will be outsourced. In addition, marketing and advertising budgets will be determined once the association has more than met its startup costs and ongoing maintenance needs.

16. Governance

The association's governance structure will be made up of four bodies: the board of directors, the executive (a standing subcommittee of the board of directors comprised of the executive), committees, and the President's Counsel.

The Board of Directors

The board of directors is charged with ensuring the executive upholds the principles and objectives of the association.

Composition

The board of directors will be made of eight directors: four members of the executive committee (President, Vice President, Treasurer, and Secretary) and six non-executive directors. A chairperson will be selected by the board for each meeting from one of the four non-executive directors.

Election

Board members at the time of launch will be appointed by the founding directors. At the end of each term, the board will be comprised of volunteer directors elected by Association members.

Term Limits

Terms for directors will be two years. Directors may serve a maximum of four terms.

Given that the initial terms for board directors will start at a mid-year point, the first series of terms will be longer than two years. Director elections will be staggered as follows:

- Term starting Jan 1, 2021: five directors
- Term starting Jan 1, 2022: five directors

Responsibilities

The board will have jurisdiction over the following areas.

- Ensuring that appropriate organizational policies & structures are in place
- Maintaining effective partnership & communication with the community, the organization's members, and its stakeholders
- Ensuring transparency in all communication to members, stakeholders and the public
- Approval of the associations annual business plan
- Maintaining fiscal responsibility, including raising income, managing income, and approving and monitoring annual budgets

- Evaluating the organization's work in relation to a strategic plan
- Evaluating the work of the board of directors, ensuring continuous renewal of the board, and plan for the succession and diversity of the board
- Appointing the members of the executive
- Any such actions are required to ensure adherence to the objectives and principles

Standing Yearly Board Work Plan

Meeting Date	Agenda Items
January	<p data-bbox="574 615 899 646"><u>New Director Orientation:</u></p> <ul data-bbox="623 688 1393 1073" style="list-style-type: none"> ● Overview of Board Manual, organizational chart, vision, mission, and values; ● Review Board policies; ● Review conflict of interest and sign Board Director Code of Conduct; ● Review Board committees and workgroups; ● Introduction to financial reports; ● Discuss board director contact information and provide contact details; ● Review confidentiality policy and sign Confidentiality Agreement <p data-bbox="574 1115 748 1146"><u>First meeting:</u></p> <ul data-bbox="623 1188 1214 1434" style="list-style-type: none"> ● Review/confirm Executive ● Set meeting schedule and board workplan ● Review meeting ground rules ● Establish committees and workgroups ● Sign annual Confidentiality Agreement ● Confirm cheque-signing authorities ● Review director's liability insurance
February	<ul data-bbox="623 1503 1393 1602" style="list-style-type: none"> ● Audit committee: Audit preparation ● Treasurer: Review fourth-quarter financial report for Board approval
March	
April	<ul data-bbox="623 1707 1393 1839" style="list-style-type: none"> ● Treasurer: Review first-quarter financial statements for Board approval ● Audit committee: Present annual audit for Board review and approval

May	<ul style="list-style-type: none"> Executive: Begin AGM preparations
June	<ul style="list-style-type: none"> Nominations committee: Confirm/review number of directors to be replaced; establish nominations process
July	<ul style="list-style-type: none"> No scheduled meeting
August	<ul style="list-style-type: none"> No scheduled meeting
September	<ul style="list-style-type: none"> Treasurer: Review second-quarter financial statements for Board approval Nominations committee presents proposed slate of candidates to full Board for review and approval
October	<ul style="list-style-type: none"> AGM Board elections Treasurer: Review third-quarter financial statements for Board approval
November	<ul style="list-style-type: none"> Executive: Prepare and present following year's workplan for Board review and approval
December	<ul style="list-style-type: none"> No scheduled meeting

The Executive

The executive is charged with ensuring the strategic plan of the association is executed

Composition

The executive includes the President, Vice-President, Secretary, and Treasurer.

Appointment

Executive positions will be renewed each year. Board members will appoint members of the executive each year, according to the schedule set out in the board workplan.

Term Limits

All executive members are subject to a term limit of two, two-year terms for each position and an eight-year maximum term limit on the executive committee.

The one exception to the term limit is the President. Once someone has served as president for a total of two terms, they cannot hold any executive positions for the remainder of their tenure on the board.

Given that the initial board will be starting at a point mid-year, term limits will only be measured from January 1, 2020.

Positions & Responsibilities

At launch, the Executive will be composed of the following positions.

- President
 - The spokesperson for the organization to the public, signing authority on legal and financial documents, directs strategic initiatives and manages the deployment of the association business plan.
- Vice President
 - Works with the president, and acts in the president's absence.
 - The vice president at the beginning of the president's second term is understood to be the president-in-waiting. At the end of the current president's second term, the vice president should be put forth as the new president.
- Treasurer
 - Accounts for and reports on the funds, budget and expenditures of the organization, often a signing authority on financial documents. Has signing authority for financial instruments.
- Secretary
 - Takes accurate minutes, or reviews minutes of board meetings; keeper of board bylaws, policy statements, and board correspondence; maintains a database and accurate contact information of current board of directors.

Operational Responsibilities

Current projects:

- Standards & Development
- Website & Directory
- Administration & Records
- Financials
- Media Inquiries

Future projects:

- Audit & Enforcement
- Sponsorships
- Nominations & Voting

The President's Counsel

This body provides guidance to the current president and is charged with protecting the Charter.

Composition

Any and all current and former presidents.

Appointment

All current and former presidents are de facto members of the Counsel starting the date of their term as president.

Term Limits

All current and former presidents shall remain part of this Counsel for life as long as they remain members of the Association and maintain mental capacity. Members of the President's Counsel can only be removed in one of the following ways:

- An 80% vote in favour of their removal by the President's Counsel members
- The member no longer holds any level of membership
- The member is no longer medically able to serve on the Counsel

Responsibilities

The President's Counsel is tasked with the protection of the spirit of the charter and the mission to evolve financial planning into a profession of the highest standard. As such the Counsel is granted veto power over any changes to the Charter itself. The exercise of this veto power requires a two-thirds majority of the Counsel in favour of exercising the veto.

Standing Committees

All endeavours of the Financial Planning Association are organized under four standing committees: Member Development, Profession Building, Public Advocacy & Awareness, and Operations. The chairs of each committee will submit a work plan each year and may constitute standing or working subcommittees to fulfill their mandate.

Member Development

Mandate: To communicate association news to members, to fully equip members with best practices for planning and practice management, to facilitate networking and membership opportunities, and to attract and retain new members

Current projects:

- **Member Communications** - ensure members know what the association is doing and how they can get involved
- **Member Growth** - recruitment
- **Planning Portal** - case studies and best practices for financial planning

- **Practice Management & Career Portal** - best practices for delivering financial planning services

Future projects:

- **Member Forum** - moderated internal communications
- **Member Benefits** - negotiated discounts for products & services (eg E&O Insurance)
- **Conferences & Events** - co-ordinating representation at events with like-minded organizations (IAFP Symposium, IFID), eventually organizing a standalone conference
- **Formal Mentorship Program** - matching mentors and mentees

Profession Building

Mandate: To raise the standards of financial planning as a profession by working with governments, industry participants, and academia

Future projects:

- **Regulatory Engagement**
- **Dealer Engagement**
- **Academic Engagement**

Public Advocacy & Awareness

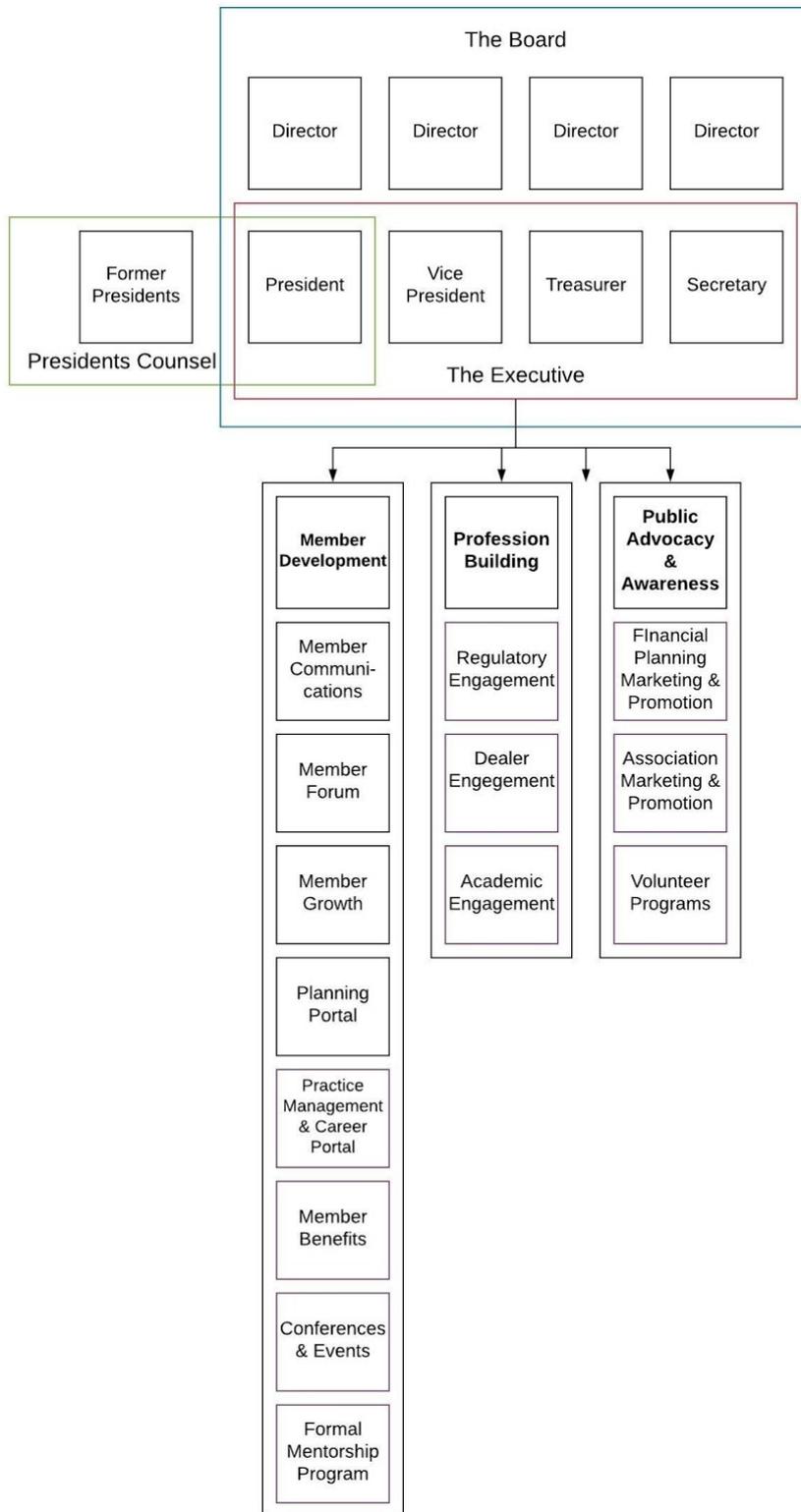
Mandate: To lift the standard of care that the public and media expect from financial planning professionals, to promote the members of the association, and to organize volunteer community outreach programs (like low-income retirement planning)

Future projects:

- **Financial Planning Marketing & Promotion** - promoting financial planning as a valued profession
- **Association Marketing & Promotion** - promoting the association as the organizational home for professional financial planners
- **Volunteer Programs** - providing the tools and training needed for members to serve traditionally under-served markets with low or no ability to pay for full-service financial planning

All other initiatives that do not fall under the scope of the job of the executive team will have chairs appointed to them as each initiative is implemented. These include other initiatives listed in this charters such as mentorship, Fintech Engagement, etc.

Governance Diagram



Diversity Mandate

The association's board is mandated to work to ensure that when appointing people to the board, executive, chairs, and all positions of authority, that those appointed to said positions represent and reflect diverse backgrounds of its members, the industry, and the Canadian public. The goal is to create a gender-balanced group that understands, respects, and takes into consideration the diverse backgrounds, needs and idiosyncrasies of all stakeholders.

17. Launch Timeline

The following outlines the targeted timeline for the effective launch of the association.

- Pre-April 2019:
 - Groundwork completed
- April/May 2019: Soft Launch:
 - Secure the support of >100 people to make up the association's founding members and raise startup capital.
- August/September 2019:
 - Collect applications for the open board, executive, chair, and volunteer positions.
- September 2019:
 - Implement all initiatives for launch
- October/November 2019:
 - Public Launch