Psychology of Financial Planning Specialist

Program Description & Learning Objectives

***Location of CFP Board learning objectives within program can be found on final page**

Module 1: Intro to the Psychology of Financial Planning

In this module, we introduce a model of financial psychology that can be used to help understand and predict a client's financial beliefs and behaviors. We present the key components of psychology of financial planning and explain how it can be integrated into practice.

Upon completion of this module, the Financial Planner will be able to:

1. Reflect upon their motivation for learning more about the psychology of financial planning;

2. Explain how the psychology of financial planning can be integrated into their practice; and

3. Explain the key components of financial psychology.

Module 2: Client Values & Goals: The Planner's Role in Facilitating Financial Success

In this module, we identify the key factors that motivate a client's financial decision-making. We introduce the concept of innate human needs and how a client's needs and values impact their financial behaviors and goals. We present strategies a financial planner can use to help build a client's financial self-efficacy and identify and achieve their financial goals.

Upon completion of this module, the Financial Planner will be able to:

1. Identify the factors that motivate client decision-making;

2. Explain how innate human needs and values impact client behaviors;

3. Integrate strategies to build client confidence in achieving their financial goals; and

4. Integrate 9 strategies to help clients identify and achieve their financial goals.

Module 3: Understanding Your Client's Background

Module 3 focuses on how a client's past experiences around money can impact their financial beliefs and behaviors, including the impact of financial trauma on a client's relationship with money. This module also focuses on how to help clients and planners discover how their past experiences impact their financial beliefs and behaviors.

Upon completion of this module, the Financial Planner will be able to:

1. Describe how a client's past experiences impact their money beliefs and behaviors;

2. Articulate the impact of financial trauma on a client's relationship with money; and

3. Apply methods for helping clients discover how their past experiences impact their ability to achieve their financial goals.

Module 4: Understanding Your Client's Money Beliefs

Module 4 outlines the main categories of money beliefs and how they impact financial behaviors and outcomes. It outlines ways that advisors help clients identify the sources of their money beliefs as well as ways they can challenge and change their beliefs to help them meet their short and long-term financial goals.

Upon completion of this module, the Financial Planner will be able to:

1. Identify the main categories of money beliefs and how they impact financial behaviors and outcomes;

2. Integrate methods for helping clients identify their money beliefs; and

3. Apply methods for helping clients identify, challenge, and change their money beliefs.

Module 5: Understanding your Client's Financial Behaviors

This module focuses on the application of financial psychology to help explain, interpret, and evaluate financial behaviors. It outlines methods that can help clients address problematic money disorders so they can make progress towards their financial health. It also highlights ethical considerations in financial planning as they relate to a client's financial behaviors.

Upon completion of this module, the Financial Planner will be able to:

1. Apply financial psychology tools to help explain, interpret, and evaluate financial behaviors;

2. Identify and describe common problematic financial behaviors and their associated symptoms; and

3. Apply methods for helping clients overcome problematic financial behaviors to make progress towards financial health.

Module 6: Multicultural Competence in Financial Planning

Module 6 outlines the impact of race, culture, gender, and sexual orientation on client and planner financial experiences, money beliefs, and financial behaviors. It also examines ways that the client is influenced by their cultural identity as well as their minority and majority status. Finally, module 6 focuses on the ten areas of majority/minority status and how they impact the client-planner relationship.

Upon completion of this module, the Financial Planner will be able to:

1. Analyze the influence of race, culture, gender, and sexual orientation on client and planner financial experiences and behaviors;

2. Examine the ways clients and planners are influenced by their own cultural identity and minority and majority status and how that applies to the financial planning process;

3. Articulate the five components of cultural humility and how they apply to the client-planner relationship; and

4. Identify the 10 areas of majority/minority status that impact the client-planner relationship.

Module 7: Dealing with Client Money Conflicts

Module 7 focuses on the four common sources of money conflict in clients' lives and strategies the advisor can use to address money conflicts in couples and families. This module also identifies situations in which money may be used as a means of undue influence, control, or abuse in relationships. Finally, module 7 outlines the financial planner's roles, responsibilities, and professional boundaries in dealing with client money conflicts.

Upon completion of this module, the Financial Planner will be able to:

1. Identify 4 common sources of money conflicts;

2. Integrate strategies to address money conflicts in couples and families;

3. Identify situations in which money may be used as a means of undue influence, control, or abuse in relationships; and

4. Articulate the financial planner's roles, responsibilities, and professional boundaries in dealing with client money conflicts.

Module 8: Six Steps to Help a Client Navigate a Crisis Event

This module identifies the types and characteristics of client crisis events that are frequently seen in financial planning. It introduces a six-step model a financial planner can use to help a client navigate a crisis event.

Upon completion of this module, the Financial Planner will be able to:

1. Identify the types and characteristics of client crisis events;

2. Implement the six steps a financial planner can take in helping a client navigate a crisis event; and

3. Articulate the financial planner's roles, responsibilities, and professional boundaries in dealing with client crisis events.

Module 9: Behavioral Finance for Financial Planners

Module 9 identifies common heuristics and biases and how they can impact client financial decision-making and well-being. It also provides strategies for the financial planner to manage client biases throughout the client-planner relationship.

Upon completion of this module, the Financial Planner will be able to:

1. Define heuristics and biases and why they are important in financial planning practice;

2. Identify common biases and how they impact client financial well-being; and

3. Implement various strategies for managing client biases throughout the client-planner relationship.

Module 10: Client Learning Styles and Risk Tolerance

This module provides a comprehensive overview of various client learning styles and how a financial planner can incorporate them into their practice. Module 10 also identifies strategies to manage client and planner attention and limit distractions in their work environment. The second half of this module outlines the components of risk tolerance and specifically, how to incorporate them into the client's financial plan.

Upon completion of this module, the Financial Planner will be able to:

1. Identify the various client learning styles and how to incorporate them into practice;

2. Implement strategies to manage client and planner attention and limit distractions in the work environment;

3. Describe the components of risk tolerance and incorporate them into the client's financial plan; and

4. Identify strategies to optimize the financial planning setting to facilitate client learning and engagement.

Module 11: Principles of Effective Communication

Module 11 focuses on key verbal and non-verbal communication strategies that can be effective in building a relationship of trust and credibility with clients. This module also focuses on how a financial planner can integrate strategic listening techniques into client-planner interactions. Finally, this segment focuses on conversational methods for facilitating lasting change in financial beliefs and behaviors.

Upon completion of this module, the Financial Planner will be able to:

1. Describe key verbal and non-verbal communication strategies to build a relationship of trust and credibility with clients;

2. Integrate strategic listening techniques into client-planner interactions; and

3. Identify conversational methods for facilitating lasting change in money beliefs and financial behaviors.

Module 12: Counseling in Financial Planning Practice

This module provides the planner with counseling techniques that can be used with financial planning clients. Module 12 also provides specific techniques that can help clients change financial beliefs and behaviors. The final portion of this module focuses on areas of potential ethical concerns in financial planning, financial psychology and behavioral finance and strategies to ensure ethical practice.

Upon completion of this module, the Financial Planner will be able to:

1. Identify counseling techniques that can be used in financial planning practice;

2. Select and apply appropriate counseling techniques to help clients address problematic financial behaviors; and

3. Identify potential ethical concerns and the financial planner's role in the application of counseling techniques in practice.

Module 13: Getting the Client to Take Action

This module focuses on the 6 stages of the change process and how an advisor can identify each stage in a client, and most importantly, how to react and respond to help the client take action. This module also outlines the conversational pitfalls that planners should avoid with a client when they are not ready to make a change. Finally, this segment provides 9 techniques that can help a financial planner overcome client resistance to change.

Upon completion of this module, the Financial Planner will be able to:

1. Identify the 6 stages of the change process;

2. Articulate the conversational pitfalls to avoid with a client when they are not ready to make a change; and

3. Identify nine techniques that can help a client overcome their resistance to change.

Module 14: Implementing Financial Psychology into Practice

The final module focuses on the value that the psychology of financial planning brings to clients and planners and asks the financial planner to identify elements of their own financial psychology and how their background, beliefs, and cultural identity impact the client-planner relationship. The end of the program asks the financial planner to develop a plan for implementing the Psychology of Financial Planning into their practice, including goals, time horizon for implementation, and key contributors within the firm.

Upon completion of this module, the Financial Planner will be able to:

1. Articulate the value that the psychology of financial planning brings to clients and planners;

2. Identify elements of their own financial psychology and how their background, beliefs, and cultural identity impact the client-planner relationship; and

3. Develop a plan for implementing the psychology of financial planning into practice, including goals, time horizon for implementation, and key contributors within the firm.

***All CFP Board Learning Objectives related to the Psychology of Financial Planning are embedded within the Psychology of Financial Planning Specialist Program**

H.65. Client and planner attitudes, values, biases **(Module 6, 10)**

. Analyze a client's degree of risk tolerance and loss aversion and ensure recommendations are consistent with a client's risk propensity, attitudes, composure (e.g. past behaviors during market corrections), capacity, knowledge and needs.
a. Explain how a client's psychology, background, preferred learning style and values (socially conscious investor, etc.) impact the financial planning process.
b. Explain how a client's values, including cultural and religious values and attitudes may impact their goals and the financial planning process.

H.66. Behavioral finance **(Modules 2, 3, 4, 5, 9)**

. Identify how cognitive biases and heuristics can impact financial decision-making.
a. Describe how a client's psychology, such as their financial comfort zone, socialization, money beliefs, and past financial experiences and behaviors impact their objectives, goals, understanding, decision making and actions.

H.67. Sources of money conflict **(module 7)**

. Identify a client's motivation for achieving their financial goals.
a. Explain to the client the consequences of a lack of transparency with spouse or family when making financial decisions.
b. Identify areas of potential financial conflict between spouse and/or family.
c. Communicate the importance of agreeing on financial goals and objectives with spouse and/or family.
d. Identify situations in which money may be used as a means of undue influence, control or abuse in relationships (e.g. power imbalances, financial abuse and financial enabling).

H.68. Principles of counseling **(module 12, 13)**

a. Explain the applications of counseling theory to financial planning practice.
b. Demonstrate how a planner can develop a relationship of honesty and trust in client interaction.
c. Select appropriate counseling and communication techniques for use with individual clients.

H.69. General principles of effective communication **(module 11, 13)**

a. Assess the components of communications, including verbal and non-verbal communications.
b. Apply active listening skills when communicating with clients.
c. Select appropriate counseling and communication techniques for use with individual clients.

H.70. Crisis events with severe consequences **(module 8)**

. Plan/prepare/categorize and label funds to help clients navigate an unanticipated financial emergency.
a. Analyze how different types of financial or economic crises impact clients (e.g. market correction or economic decline).
b. Evaluate the potential impacts on short-term and long-term goals, including unexpected job and/or income loss and adverse health events.
c. Identify solutions to unanticipated asset allocation changes, adjustment for changes in risk tolerance and adapting to new norms.
d. Communicate potential solutions, including government-offered solutions.
e. Describe the advisor's role in monitoring cognitive biases.