



CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

Backgrounder

Mission

The mission of Certified Financial Planner Board of Standards, Inc. (CFP Board) is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning.

Core Objectives

CFP Board sets and enforces the requirements for CFP® certification, including: **Education, Examination, Experience** and **Ethics**. Individuals who successfully complete CFP Board's initial and ongoing certification requirements are authorized to use the CFP® certification marks in the United States.

CFP Board has established five core objectives that support CFP Board's mission.

- **Competency:** Establish and uphold rigorous competency standards for CFP® certification.
- **Professional Standards & Enforcement:** Protect the public's interest through the establishment and enforcement of rigorous financial planning ethical and practice standards.
- **Public Advocacy:** Influence policy to benefit the public and increase access for all to competent and ethical financial planning.
- **Communications & Outreach:** Increase public and stakeholder awareness of and preference for CFP® certification as the standard for financial planning.
- **Sustainability:** Strengthen CFP Board's capacity to achieve its mission.

History

Certified Financial Planner Board of Standards, Inc. (CFP Board) was founded in 1985 as a 501(c)(3) non-profit.

Financial planning developed as a profession after World War II to help meet the financial needs of Americans.

The creation of CFP Board took place relatively early in the development of the movement that became known as the financial planning profession. On December 12, 1969, the movement experienced a watershed moment when 13 men gathered in Chicago and outlined the first steps to further the idea that people could benefit from professional assistance from a profession that integrated knowledge and practices from the many often-fragmented areas of the financial services industry. Resolutions were made to create the International Association for Financial Planners (IAFP) and the College for Financial Planning.

In 1972, IAFP enrolled its very first group of students for the Certified Financial Planners (CFP) course at the College for Financial Planning. The 35 members of the first graduating class then formed a new membership organization called the Institute of Certified Financial Planners (ICFP) in 1973.

More than a decade after the introduction of the educational program that led to the creation of the CFP® certification, it became clear that while the College had made great strides in developing the body of knowledge that was a vital component of developing financial planning professionals, an educational institution was not the proper entity to enforce the ethical standards, an integral part of the growing profession.

In 1985, The College entered an agreement to establish an independent, non-profit certifying and standards-setting organization, and transferred ownership of the CFP® marks and responsibility for continuing the CFP® certification program to the new organization, International Board of Standards and Practices for Certified Financial Planners, Inc. (IBCFP), now known as CFP Board.

Governance

CFP Board's Board of Directors (Board) is accountable for CFP Board's success and responsible for its governance. The Board is composed of individuals with varied backgrounds relevant to CFP Board's mission and diverse stakeholder interests, with a majority of Board members required to hold CFP® certification. As with many certification bodies, election to the Board is decided by an annual vote of the Board, with candidates selected by the Board's Nominating Committee from applicants who indicate interest in serving. Board members are volunteers who serve four-year terms, and each year the Board assigns leadership to an individual who is appointed Chair.

The Board establishes policies through CFP Board's Bylaws, Mission and Objectives, and it charges CFP Board's staff to conduct activities within the parameters set by those policies. The Board has responsibility for ongoing monitoring and evaluation of the organization's activities and the performance of the Chief Executive Officer, who is accountable for ensuring the business plan is implemented within prudent and ethical limitations set by the Board.

CFP Board governance policies outline the dynamics of the Board's relationship to staff and the Board's delegation and monitoring responsibilities. The Board determines what authority it will hold and what authority it will delegate. The method of delegation is a formal, circular process that includes clear roles and accountabilities. First, the Board defines outcomes to be achieved. Next, the Board defines the boundaries of ethical and prudent operational behaviors and conditions in policy, which serve as the Executive Limitations. Then the Board assigns these expectations (outcomes and boundaries as defined in policy) to the CEO and formally and rigorously monitors the CEO's performance against those expectations.

CFP® Certification: The Standard of Excellence

Today more than ever, CERTIFIED FINANCIAL PLANNER™ professionals are an essential resource. From budgeting, to planning for retirement, to saving for education, to managing taxes and insurance coverage, “finances” doesn't mean just one thing for most Americans — and “financial planning” means much more than just investing. Bringing all the pieces of a person's financial life together is a challenging task.

Although many professionals may call themselves “financial planners,” CFP® professionals have completed extensive training and experience requirements and have committed to high ethical standards.

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