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**March 21, 2011**

## **Guidelines for Supervised Work Experience in Financial Planning**

The relevant work experience is one of the criteria for certifying individuals who have completed education under CFP<sup>CM</sup> Certification Program and passed all exams including the Advanced Financial Planning exam (Exam 5) conducted by Financial Planning Standards Board India (FPSB India), the "Board". The relevant work experience according to FPSB India's Financial Planner Work Experience Standard is engaging in the practice of Financial Planning by applying the abilities, skills and knowledge as described in FPSB India's Financial Planner Competency Profile and adhering to ethical principles described in FPSB India's Financial Planner Code of Ethics and Professional Responsibility.

It has been observed that many candidates have cleared Exam 5 but they are not eligible to opt for CFP<sup>CM</sup> Certification as they lack the requisite work experience of 3 years or 5 years, as the case may be. Financial Planning Standards Board India introduces a supervision model that would help candidates develop the professional skills and knowledge required to practice Financial Planning. The supervision model mandates a candidate, "the Supervisee", to undergo training and guidance under a Financial Planning practitioner, "the Supervisor", for a period of one year. The exercise shall be monitored and evaluated at specified intervals. Pursuant to the completion of the supervision term, the Supervisor authenticates the Supervisee's acquired competency and skills required to practice Financial Planning along with the Supervisee's declaration of his/her adherence to FPSB India's Code of Ethics and Professional Responsibility during the period of supervision. On being satisfied after examining the submitted Portfolio of Supervised Work Experience and after adopting a process as the Board may decide from time to time, the Board may consider the Supervisee as having acquired the required experience for his eligibility to be conferred the CFP<sup>CM</sup> Certification.

This document provides guidelines for the Supervision Process to be adopted by the prospective Supervisors and Supervisees, their respective roles and responsibilities, guidance for building a Portfolio for Supervised Work Experience and various other monitoring and assessment processes.

### **I. Procedure for empanelling Supervisors under One-Year Supervised Work Experience Program:**

A prospective Supervisor, being a CFP<sup>CM</sup> certificant in good standing with FPSB India for previous three consecutive years has to meet the following additional criteria for his eligibility for empanelment with FPSB India for the Program of 1-year Supervised Work Experience.

#### **I-A. Criteria for Supervisors:**

##### **1. Experience**

- 1.1 The Supervisor should have at least 5 years of industry experience in financial services out of which at least the previous 2 years should be exclusively in the area of Financial Planning.

- 1.2 The Supervisor should have prepared and successfully implemented at least 10 Financial Plans in the immediate prior 2 years in his/her capacity either as an independent practitioner of Financial Planning or as employed as Financial Planner with a firm which has Financial Planning amongst its stand alone ventures.

## 2. Infrastructure

- 2.1 A Supervisor in his/her capacity as an independent practitioner should have suitable infrastructure, e.g. office space, office equipments, etc. to enable a Supervisee learn skills and execute work. If the Supervisor is employed as a Financial Planner in a firm which is in the business of Financial Planning either exclusively or stand alone venture, he/she should have sought a written permission in this regard from his/her employer for facilitating the same in the employer's premises.
- 2.2 The Supervisor should have a common location for work as that of the Supervisee in order to exercise supervision.

## 3. Competency

- 3.1 The Supervisor should be competent to advise on all six components of Financial Planning, i.e. Financial Management, Asset Management, Risk Management, Retirement Planning, Tax Planning and Estate Planning.
- 3.2 The Supervisor should have mastered the functions required for Financial Planning practice, e.g. Collection and gathering of client information, Analysis of client data, and Synthesis of information to evaluate strategies for creating a Financial Plan.
- 3.3 In essence, the Supervisor should be a financial Planning practitioner who has created and delivered financial plans in either individual capacity or in institutional capacity.
- 3.4 The final assessment of a Supervisor's mastery of the abilities, skills and knowledge described in FPSB India's Financial Planner Competency Profile shall be vested with a Panel of Experts empowered by the Board in this regard.

On being satisfied of a Supervisor having met the laid down criteria and after due assessment by the Panel of Experts, the Board shall include the Supervisor in the approved list of Supervisors. The following are the roles and responsibilities of a Supervisor, the guidelines on evaluation methodology and salient points of the supervision process:

### **I-B Roles & Responsibilities of a Supervisor:**

#### 1. Professionalism

- 1.1 The Supervisor shall help the Supervisee to develop knowledge and understanding of the Financial Planning profession and required standards of conduct.
- 1.2 The Supervisor shall provide necessary and appropriate support to the Supervisee in learning practice of Financial Planning and shall observe and review the exercise of such acquired professional skills.
- 1.3 The Supervisor shall enter into an Agreement for Work Experience Supervision with the Supervisee and shall provide the Board a copy of such agreement for the Board's permission to initiate the Supervised Work Experience program with effect from an agreed upon date.
- 1.4 The Supervisor shall be able to claim 5 Continuous Education (CE) points for each completed Supervised Work Experience Program for a Supervisee. A Supervisor at any given time shall not have under supervision more than three Supervisees.

## 2. Monitoring

- 2.1 The Supervisor shall monitor the quality of Financial Planning services offered by the Supervisee and shall provide feedback and guidance after monitoring.
- 2.2 The Supervisor shall monitor the Supervisee's contact with clients in meetings scheduled by the Supervisee from time to time and shall provide feedback and guidance after monitoring.
- 2.3 The Supervisor shall provide the Supervisee enough opportunities to discuss problems and shall schedule Supervisor-Supervisee interactions on regular intervals.
- 2.4 The Supervisor shall monitor the Supervisee's ability to adapt and follow routines and procedures identifiable with Financial Planning profession and shall help identify possible practice improvements.
- 2.5 The Supervisor shall monitor and ensure that the supervisee obtains experience in all of the financial planning components (as described in FPSB India's Financial Planner Competency Profile).

## 3. Evaluation

- 3.1 The Supervisor shall evaluate the Supervisee's abilities, skills and knowledge in all six Financial Planning components (i.e. Financial Management, Asset Management, Risk Management or Insurance Planning, Tax Planning, Retirement Planning and Estate Planning).
- 3.2 The Supervisor shall evaluate that the Supervisee meets the Supervised Work Experience requirement described in FPSB India's Financial Planner Work Experience Standard.
- 3.3 The Supervisor shall evaluate the Supervisee's interaction with clients and responsibility towards clients.
- 3.4 The Supervisor shall evaluate the Supervisee's strengths and weaknesses in delivering the Financial Plan in terms of quality and completeness.
- 3.5 The Supervisor shall evaluate the Supervisee's ability to complete more difficult tasks.

## 4. Remuneration

A Supervisor shall agree to pay to the Supervisee a minimum monthly stipend of Rs. 5,000 per month for a 12-month period.

### **I-C Steps for Empanelment of Supervisors**

- Step 1: A prospective Supervisor who wants empanelment with FPSB India for One-Year Supervised Experience applies in the prescribed format along with relevant evidential and credential documents to FPSB India.
- Step 2: FPSB India scrutinizes and verifies the documents submitted and on being satisfied of the criteria met, schedules meeting of the prospective Supervisor with a Panel of Experts appointed by FPSB India for the purpose.
- Step 3: On being cleared by the Panel of Experts, the Supervisor is registered with FPSB India for One-Year Supervised Experience and his name and other details are appended in the list of approved Supervisors and uploaded on FPSB India website.

## **II. Procedure for Inducting Supervisees under One-Year Supervised Work Experience Program:**

A prospective Supervisee, being a candidate who has cleared all exams of CFP<sup>CM</sup> Certification Program including Advanced Financial Planning exam (Exam 5) under the Regular Pathway with either Education Provider mode or Self Study mode, shall be eligible to be inducted into the One-Year Supervised Work Experience program. The candidate shall be a Graduate and shall have attained 18 years of age. The candidate shall approach a Supervisor who shall be empanelled and their name and particulars displayed by FPSB India on its website. On the Supervisor agreeing to induct the candidate under the mandate of One-Year Supervised Work Experience program, the candidate shall enter into a Supervision Agreement in the prescribed format with the Supervisor. A copy of the signed and executed agreement with a proposed future date of commencement shall be provided to the Board for the latter's scrutiny of relevant details and registration for initiating the Program. The One-Year Supervised Work Experience program is entirely voluntary in nature. A candidate may complete the experience criterion by 3-year unsupervised experience as well.

The following are the roles and responsibilities of a Supervisee, the guidelines on evaluation methodology and salient points of the supervision process:

### **II-A Roles & Responsibilities of a Supervisee:**

#### 1. Professionalism

- 1.1 The Supervisee shall be proactive in selecting, scheduling and planning program objectives and priorities.
- 1.2 The Supervisee shall maintain the terms of the Supervision Agreement.
- 1.3 The Supervisee shall accept feedback of the Supervisor positively.
- 1.4 The Supervisee shall update the Supervisor regularly on his/her activities and bring issues, concerns and problems to the Supervisor's attention.
- 1.5 The Supervisee shall conduct regular self-assessment to identify development and training needs and shall engage in agreed upon activities for self-improvement.
- 1.6 The Supervisee shall allow proactive monitoring by the Supervisor of his/her activities under the Program including interaction with clients.
- 1.7 The Supervisee shall keep a copy of his/her Supervised Work Experience Portfolio and applicable evidence of attained supervised experience.
- 1.8 The supervisee shall be required to undergo a full time regimen under One-Year Supervised Experience, hence no parallel employment shall be entertained.
- 1.9 The Supervisee shall be regular as far as possible and shall ensure that if the total interruption period during the term of 1 year exceeds 15 working days, the equivalent number of days are covered in the extended period.

#### 2. Evaluation

- 2.1 The supervisee shall monitor and self-evaluate his/her performance on all components of Financial Planner Competency Profile and improvise based on feedback from the Supervisor.
- 2.2 The supervisee shall schedule regular meetings with the Supervisor to allow the Supervisor evaluate activities and provide guidance, support and feedback.
- 2.3 The supervisee shall use the Supervised Work Experience Portfolio Form as guidance for evaluation purposes.

## **II-B Steps for registering Supervisees**

- Step 1: A prospective Supervisee who meets the criteria as specified approaches an approved Supervisor empanelled with FPSB India for One-Year Supervised Work Experience.
- Step 2: The Supervisor on being satisfied of the credentials of the prospective Supervisee, if agrees to induct the candidate as the Supervisee under his/her supervision for the purpose of One-Year Supervised Experience enters into a prescribed Agreement of Supervision.
- Step 3: A copy of the signed Agreement of Supervision along with "Supervised Work Experience Portfolio Personal Information Form" is provided by the Supervisee to the Board along with a prospective date from which the One-Year Supervised Experience Program is proposed to commence.
- Step 4: The Board on being satisfied of the details of the Agreement and other credentials of the entities involved advises the Supervisor and the Supervisor the date from which to commence the Supervision Program.

## **III. Guidelines for the Supervision Process and Completing Supervised Work Experience Portfolio Form:**

Following are the broad guidelines and essential elements of completing the One-Year Supervised Work Experience:

### **III-A Guidelines for Supervision Process**

1. The Supervisor shall work with the Supervisee in selecting, scheduling and planning program objectives and priorities along with reasonable timelines for completing activities.
2. The Supervisor shall introduce the Supervisee to the routine operations of Financial Planning practice, its nuances and dynamics with issues of personal finance and life goals of a client.
3. The Supervisor shall help the Supervisee in scheduling meeting with clients and learn the art of client interaction and the virtue of client responsibility.
4. The Supervisor shall monitor the Supervisee on all six components of Financial Planning (i.e. Financial Management, Asset Management, Risk Management, Tax Planning, Retirement Planning and Estate Planning).
5. The Supervisor shall help the Supervisee in developing a range of different skills and assess his/her proposed solutions and discuss merits of the solutions offered.
6. The Supervisor shall suggest to the Supervisee work and tasks that are well defined and give clearly understandable instructions.
7. The Supervisor shall assign to the Supervisee Financial Planning tasks with an increasing degree of difficulty while setting realistic framework for completion of tasks assigned.
8. The Supervisor shall suggest to the Supervisee reference material to acquire relevant information, knowledge and skills appropriate to the tasks assigned and encourage self-development by the Supervisee.
9. The Supervisor shall provide to the Supervisee a balance of work across substantive and procedural areas and create conducive environment for work by the Supervisee.

10. The Supervisor shall provide to the Supervisee sufficient factual background on appropriate ethics, standards and practices relevant to the Financial Planning profession.

### **III-B Guidelines for Completing Supervised Experience Portfolio**

The evaluation of a Supervisee's work experience by the Supervisor is mainly divided in to the following areas:

#### **1. Financial Planner Abilities**

This covers the six major Components of Financial Planning, viz.

- 1.1 Financial Management
- 1.2 Asset Management
- 1.3 Risk Management
- 1.4 Retirement Planning
- 1.5 Tax Planning, and
- 1.6 Estate Planning

The Supervisor indicates next to each of the above abilities (Financial Planning Component) whether the Supervisee applied the ability during the supervision period. The Supervisor also indicates the frequency of the Supervisee's involvement with each Financial Planning Component. The frequency assesses how often, on average, the Financial Planning Components were applied by the Supervisee during the supervision period. The frequency would be rated on a four-point scale as follows:

- Never : Never used in practice during the supervision period
- Some of the time : Occasionally used in practice during supervision period
- Most of the time : Often used in practice during the supervision period
- All of the time : Always used in practice during the supervision period

To qualify as sufficient experience, a candidate must have applied at least four Financial Planning Components 'Most of the time' and at the most two Financial Planning Components 'Some of the time' during the supervision period. If the Supervisee did not cover at least four Financial Planning Components 'Most of the time', the Supervisor must attest to the reasons why not. The Supervisee cannot offset "over performance" in one Financial Planning Component with "under performance" in another since every component is assessed individually.

Within ten days of the expiry of the first six months of the supervision period, a progress report may be forwarded to the Board covering details of the Supervisee applying at least two of the Financial Planning Components 'Most of the time' and at least one of the Financial Planning Components 'Some of the Time'. For the Components applied 'Most of the time' the relevant ability formats may also be completed and preferably a copy of the same handed over to the Supervisee for him/her to suitably attach evidence sheets and preserve the same in his/her Supervised Work Experience Portfolio.

In the similar fashion, the latter six months should involve focused activities related to at least two of the remaining Financial Planning Components applied 'Most of the time' and any remaining Financial Planning Components applied 'Some of the Time'. Thus, in the entire supervision period a Supervisee's evaluation shall be on at least four Financial Planning Components 'Most of the time' and at the most two Financial Planning Components 'Some of

the time'. The "Evidence" of having completed all the six Components of Financial Planning in the above manner can be the following indicative list:

- Sufficient number of real Financial Plans made for clients which cover four or more Financial Planning Components. *(Considered as 'Strong' evidence)*
- References from Managers, Colleagues, Clients, etc. that clearly indicate that the Supervisee applied all six Financial Planning Components during the supervision period. *(Considered as 'Not-so-Strong' evidence)*
- Attestation by the Supervisor that he/she is satisfied that the Supervisee covered all six Financial Planning Components and that at least four of them were applied 'Most of the time' during the supervision period. *(Considered as 'Not-so-Strong' evidence)*
- Statements of customized Retirement solution; financial projection to fund retirement expenses and strategies to meet shortfall; Net Worth – current as well as at different points such as retirement and bequeathing; Cash flow management; Risk covers – life and assets, optimum risk covers and gap analysis; Risk profiling of client; Ascertaining client's risk appetite and risk tolerance; Exposure to financial risk; Optimum asset allocation and investment strategies planned for various goals; Analysis of investment portfolio and rebalancing strategies; determination of return band-width, required rate of return to meet a certain goal and choice of appropriate investment instruments; Determining Client's current, deferred and future tax liabilities; taxability of assets and liabilities at different strategic points; evaluation of existing tax strategies and their financial impact; various cost-benefit analyses of a client's tax management options in overall tax planning strategy; assessment of liquidity of estate at death; relative advantages and disadvantages of each estate planning strategy for a client; detailed implementable estate planning strategies with analysis of specific needs of beneficiaries, etc. *(Considered as 'Strong' evidence when they collectively cover all six Financial Planning Components of at least three clients in the supervision period)*

Apart from the ability formats duly completed and signed by the Supervisor, the following shall also be completed by the Supervisor and authenticated under his/her declaration:

## **2. Financial Planner Professional Skills**

The Supervisor shall indicate whether the Supervisee applied the professional skills during the supervision period broadly described as Professional Responsibility, Practice, Communication and Cognitive.

## **3. Engagement in Financial Planning Practices**

The Supervisor shall indicate which Financial Planning processes the Supervisee applied during the supervision period and whether the Supervisee's conduct of operations and standards was under broad parameters laid down in FPSB India's Financial Planning Practice Standards.

## **4. Authentication of the Supervisee's declaration of adherence to FPSB India's Code of Ethics and Professional Responsibility**

The Supervisor shall confirm and authenticate the declaration by the Supervisee of his/her adherence to the principles of 'Client's Interests First', 'Integrity', 'Objectivity', 'Fairness', 'Professionalism', 'Competency', 'Confidentiality' and 'Diligence' as stated in

FPSB India's Code of Ethics and Professional Responsibility during the supervision period.

The Portfolio of Supervised Work Experience shall be scrutinized by the Assessor from the Board and on his/her being satisfied of the details as evidenced by the documents attached, the candidate shall be placed before a Panel of Experts for clearance of candidature for award of CFP<sup>CM</sup> Certification with respect to the fulfillment of candidate's experience criterion.

If a candidate pursuant to his/her evaluation post One-Year Supervised Experience Program does not qualify for the certified work experience of an appropriate level of skill sets required to independently practice Financial Planning profession, he/she shall have to switch to the unsupervised work experience of three years. One year completed under the One-Year Supervised Experience Program shall however count in the unsupervised work experience. There will, therefore, be no provision of a second term under the same or another Supervisor.

#### **IV. Stipulation of Supervision Agreement**

The Program shall be delivered by way of a standard Supervision Agreement, the 'Agreement', between a prospective Supervisor and a prospective Supervisee. The terms and conditions and the covenants as laid down in the Agreement shall be binding on both the entities besides the employer of the Supervisor, as the case may be.

The One-Year Supervised Experience Program shall be a monitored Program under the aegis of Financial Planning Standards Board India, the 'Board', which is the certifying body for administering the CFP<sup>CM</sup> Certification Program in India and is authorized to confer CFP<sup>CM</sup> Certification on individuals who complete the criteria of Education, Examination, Experience and Ethics. The Board would be the governing body for One-Year Supervised Work Experience model. The main role of the Board would be to assess the Portfolio of Supervised Work Experience at the end of the supervision period for the sole purpose of adjudging the suitability of candidature for conferring CFP<sup>CM</sup> Certification. Besides, the Board shall monitor the progress of its registered initiated Programs and facilitate the same in exceptional circumstances as given below. The decision of the Board in all matters pertaining to this Program shall be final and binding.

In exceptional circumstances a Supervisor during the supervision period may cease to practice as a CFP<sup>CM</sup> Certificant, or in any way become incapable of continuing the intended supervision of the Supervisee. He shall ensure that the Supervisee receives an up-to-date Portfolio of Supervised Work Experience Form for the assessment of relevant Components of Financial Planning by the Board. However, the period elapsed in such circumstances shall be minimum six months within which at least two components should have been applied by the Supervisee 'Most of the time'. Along with the formats for the completed Components, the Supervisor shall also provide the completed part of Financial Planner Professional Skills, Engagement in Financial Planning Practices in the laid down format, as also the authenticated copy of the Supervisee's declaration, if chosen to make, of adherence to FPSB India's Code of Ethics and Professional Responsibility during the supervision period. The Supervision Agreement under such circumstances ceases to exist with due written information to the Board. The Supervisor and the Supervisee shall indemnify each other before formally terminating the Supervision Agreement as to the consequences of such termination with due regard to the confidentiality agreement between them. In the above



case, the Supervisee can approach another Supervisor for completion of the balance tenure of supervised experience and accordingly notify the Board which shall facilitate the same.

With the exception of the above, the Supervision Agreement can be terminated only with the mutual consent of the Supervisor and the Supervisee, with both parties indemnifying each other before formally terminating the Supervision Agreement as to the consequences of such termination with due regard to the confidentiality agreement between them. The Board shall be the governing body for supervised work experience model and shall in no way be liable to the consequences of acts, omissions or commissions of all parties concerned, viz. the Supervisee, the Supervisor or his/her partner or Employer, and which shall in no way devolve on the Board, who shall remain indemnified against all financial and business consequences pertaining to all parties concerned which may arise due to this Supervision Agreement.

#### **V. Supervision Period**

The period of supervision starts on a Date, the "Start Date", stipulated in the signed Supervision Agreement and should be duly communicated by the Board, having agreed upon the same pursuant to necessary scrutiny and verification. A standard supervision period ends after one year from the Start Date, and is referred to as the 'Term'. The Term can be extended by a suitable period equal to the 'interruption', which is defined as the period exceeding 15 working days cumulatively of absenteeism, including sanctioned leave during the Term. Even with such extension the total period of supervision shall not exceed 18 months. The extension, if any, will be only with due approval in writing by the Board at the end of the initially agreed upon Term of one year. Any absenteeism, including leave, during the extended Term has to be compensated by equal number of working days of such absenteeism.

If the 'interruption' exceeds a total of 50 working days in the first six months of the initially agreed upon Term of one year, or a total of 100 working days in the whole Term as duly extended, the Supervision Agreement shall be deemed to have lapsed, the details whereof shall be provided by the Supervisor to the Board within 10 working days of such happening. The Supervision Agreement will automatically lapse once the Term, or the extended Term as defined above, completes along with submission of the duly completed and signed form of Portfolio of Supervised Work Experience to the Board.

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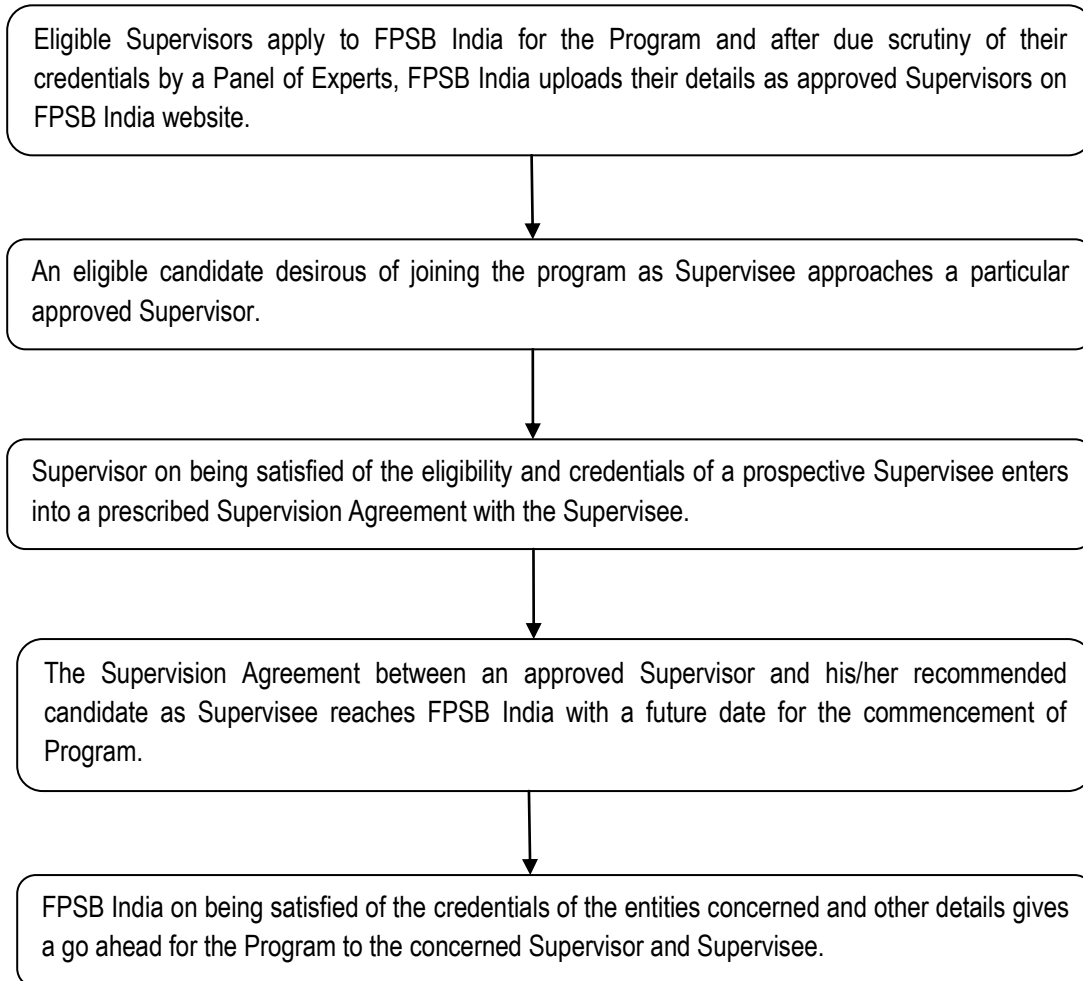
#### **Knowledge Management & Membership Development Financial Planning Standards Board India**

Encl.:

Annexure 1: Process Chart for Enrollment to One-Year Supervised Work Experience Program

Annexure 2: Assessment Process for the Supervision Period

**Process Chart for Enrollment to One-Year Supervised Work Experience Program**



### Assessment Process for the Supervision Period

Supervisor on getting a go ahead from FPSB India inducts a Supervisee for the One-Year Supervised Work Experience Program through an agreement.

Supervisor introduces the Supervisee to their mutual roles and responsibilities more on the lines as per guidelines provided by FPSB India and chalks out the schedule of activities to be undertaken.

During the first six months of supervision the Supervisor and the Supervisee should ensure that they apply at least two components 'Most of the time' and at least one component 'Some of the time' from the six components of Financial Planning, viz. Financial Management, Asset Management, Risk Management, Retirement Planning, Tax Planning and Estate Planning.

The same needs to be recorded and authenticated in the Supervised Work Experience Portfolio Form. A progress report may be sent by the Supervisor to FPSB India within ten days of completion of the first six months.

During the next six months, the Supervisor and the Supervisee should ensure to apply from the remaining components at least any other two 'Most of the time' and at least one other component 'Some of the time'. However, it must be ensured that all components are covered in the entire period put together.

After the expiry of the 12-month period, if the same needs no extension to cover for the interruption period as defined, the Supervisor would submit the entire Supervised Work Experience Portfolio along with authentication of the Supervisee's declaration of adherence to 'FPSB India's Code of Ethics and Professional Responsibility'. The Portfolio Form should reach FPSB India as an evidence of the Supervisee having completed One-Year Supervised Work Experience Program.

FPSB India scrutinizes the submitted Portfolio of One-Year Supervised Work Experience Program and on being satisfied of its completion, schedules the assessment of the Supervisee by a Panel of Experts as appointed by FPSB India. After due clearance from such appointed Panel, FPSB India shall consider the Supervisee as having met with the experience criterion as per FPSB India's Financial Planner Work Experience Standard and thus being eligible to be conferred CFP<sup>CM</sup> certification.