



Statement on Standards in Personal Financial Planning

In July 2014, new standards for AICPA members offering personal financial planning (PFP) services became effective. The Statement on Standards in Personal Financial Planning Services provides authoritative guidance and is designed to protect the public by helping to ensure consistency in the delivery of financial planning services. Encompassing the principles of integrity, professionalism, objectivity, and competence, the standards align with the AICPA Code of Professional Conduct in the delivery of PFP services to the public.

The new standards cover all aspects of the planning process – from obtaining information to communicating and implementing recommendations – and they require complete transparency on factors such as compensation and potential conflicts that could influence client decision-making.

CPAs who provide one or more of the below PFP services, and either represent to the public or clients that they provide PFP services, engage in activities that would require investment adviser registration, or sell a product as a result of a PFP engagement, are required to comply with the new standards.

- Cash flow planning
- Risk management/insurance planning
- Retirement planning
- Investment planning
- Estate/gift/wealth transfer planning
- Elder planning
- Charitable planning
- Education planning
- Tax planning

The new standards are based upon and supersede the previous Statement on Responsibilities in Personal Financial Planning Practice that was first adopted in 1992.

The need for additional authoritative standards related to PFP was driven by the growing number of CPAs over the past three decades providing estate, retirement, and investment planning services to individuals and families. The Bureau of Labor Statistics projects that this area will continue to grow – increasing the number of personal financial advisers nationwide by 27 percent between 2012 and 2022.

CPAs who are not AICPA members but who provide personal financial planning services also need to be aware of the new standards, as many state boards of accountancy require compliance with applicable professional standards.