



USING THE LETTER OF ENGAGEMENT IN PRO BONO FINANCIAL PLANNING

A letter of engagement, or client agreement, is a standard part of any financial planner's practice. A letter of engagement is no less of an important tool in a *pro bono* relationship.

The *Pro Bono* Letter of Engagement has three major purposes:

- 1) It establishes the scope of the *pro bono* engagement;
- 2) It documents the client's agreement to release the planner, the chapter and FPA from liability;
- 3) It helps planners and chapters track the number of *pro bono* clients served and hours spent.

The letter of engagement must be signed by a CFP® certificant and the client. The CFP certificant may delegate underlying tasks involved to others, including allied professionals, candidates for CFP certification and paraplanners, but retains ultimate responsibility for the engagement.

SCOPE

The letter outlines a "mini plan" process for use when working with *pro bono* clients. The mini plan consists of three basic steps: 1) gathering data and setting goals, 2) data review and clarification, 3) plan presentation and discussion. It is in fact the basic financial planning process with the important exception of implementation and monitoring. The mini-plan is meant to help *pro bono* clients and partner organizations understand what is involved in a client-centered financial planning engagement, and to help set an end-point to the engagement. The amount of work required will depend on the case – the three steps might require three meetings or just one – and it is up to the planner and client to determine what services are to be provided.

The meetings may be conducted in person or electronically, although most will likely be conducted in person.

LIABILITY

The letter requests the client to agree to hold FPA, the chapter and the planner harmless from any loss, damage, cost or liability arising from the engagement. The planner may wish to supplement the FPA *pro bono* engagement letter with his or her own firm's letter (with the fee set at zero, of course) if that letter is preferable to the planner, the planner's firm and/or the planner's liability insurance coverage.

TRACKING

In addition to furnishing the client with a signed copy of this Letter of Engagement, copies should be forwarded to the appropriate FPA chapter contact, often the *pro bono* director or chapter executive, and to the sponsoring non-profit organization. Upon completion of the engagement, Appendix A should be filled out and copies provided to the client, FPA chapter and the partner organization. The chapter and partner organization can then keep a record of engagements and track the number of clients served and hours provided by *pro bono* planners.

Questions regarding the letter of engagement should be sent to the chapter's *pro bono* director, or to the FPA *Pro Bono* Services Department at fpaprobono@fpanet.org, or 800-282-7526.



**LETTER OF ENGAGEMENT
FOR PRO BONO FINANCIAL PLANNING SERVICES**

- 1) We, the undersigned CERTIFIED FINANCIAL PLANNER™ certificant (hereafter CFP® certificant or “planner”) and *pro bono* recipient (herein referred to as “you” or “client”), acknowledge that we are entering into a limited *pro bono* financial planning engagement for which the planner will receive no compensation, directly or indirectly, for services provided.
- 2) The scope of this engagement is to provide to you general financial planning advice and consultation. A basic *pro bono* engagement generally consists of three steps: 1) gathering data and setting goals, 2) data review and clarification, 3) plan presentation and discussion, including a financial statement, assessment of risk, and any tax implications. These steps may be covered in one meeting or multiple meetings. They may be conducted in-person, over the telephone, or via electronic communications.
- 3) The planner may delegate the services provided within in this engagement to another qualified professional. If so, the undersigned planner remains responsible for all work.
- 4) The scope of this *pro bono* engagement is not intended to be a long-term or ongoing relationship. This engagement does not provide for implementation of the advice by the planner or monitoring any action taken by you. You are responsible for making all decisions and may pursue other options to implement your financial plan. The engagement will terminate upon the completion of the *pro bono* financial planning process described above, or by written notice of either the planner or you.
- 5) The planner will receive no compensation for this engagement. Further, the planner is prohibited from charging for additional services not anticipated but provided during the period of engagement.
- 6) The planner will not pursue an ongoing financial planning business relationship unless initiated solely by you. If you request such a relationship, and the planner agrees to provide services for compensation, you and the planner shall check and sign the release contained in Appendix A and enter into a new and separate agreement for financial planning services, with the *pro bono* engagement terminated prior to execution of the business agreement.
- 7) The planner is a member of the Financial Planning Association® and will abide by FPA’s Code of Ethics and *Pro Bono* Guidelines, as well as the Certified Financial Planner Board of Standards’ *Code of Ethics and Professional Responsibility* and *Financial Planning Practice Standards*.
- 8) The planner will comply with all regulatory, professional and ethical obligations, including but not limited to any imposed by the Securities and Exchange Commission (SEC) and banking, state securities and insurance authorities. The planner affirms that all professional licenses and certifications held by the planner are in good standing, and that the planner has not at any time been censured, convicted or otherwise found by competent authority to be guilty of any fraudulent activity or professional misconduct.
- 9) Neither FPA, its affiliated chapters, nor its officers, members or staff assume responsibility or liability for the accuracy or appropriateness of the advice given by the planner. By accepting assistance, you acknowledge and agree that FPA and affiliated chapter do not



purport to provide or hold out as providing any financial advice to the participant and that FPA, nor any of its directors, officers, employees, agents or members, has any professional or business relationship with, or has or assumes any responsibility or liability for the accuracy or appropriateness of any advice or assistance provided by the planner. You acknowledge that you must make an independent judgment regarding a particular planner's qualifications and suitability for your particular needs and circumstances.

- 10) All personal financial advice and assistance provided by the planner is provided solely by the individual financial planner. The planner is solely responsible for his or her professional advice and services. Both the planner and you agree to hold FPA as well as its directors, officers, employees, agents or members, and affiliated chapter harmless from any loss, damage, cost or liability in any way arising from such advice, acts or omissions.
11) You understand that the responsibility for financial planning decisions are your own and that you are under no obligation to follow, either wholly or in part, any recommendation or suggestion provided by the planner. By accepting assistance, you agree to hold the planner and the planner's firm harmless from any loss, damage, cost or liability in any way arising from such advice, acts or omissions.
12) Should any concern arise regarding this advisory relationship, it is agreed that the parties will consult with each other to resolve such issues. Any unresolved issue shall then be submitted to non-binding mediation under the Commercial Mediation Rules of the American Arbitration Association. Any dispute still unresolved may then be submitted to binding arbitration under the Securities Industry Arbitration Rules of the American Arbitration Association.

_____, CFP® / _____
(Pro Bono Planner signature) (Date)

_____/_____
(Pro Bono Client signature) (Date)

(Print name, address and telephone number)

(Print name, address and telephone number)

Copies of this engagement letter are to be provided to: 1) the pro bono client; 2) the pro bono planner; 3) the sponsoring organization; and 4) the FPA chapter.

The Financial Planning Association® (FPA®) is the membership organization for the financial planning community. Its members are dedicated to supporting the financial planning process in order to help people achieve their goals and dreams. FPA believes that everyone needs objective advice to make smart financial decisions and that when seeking the advice of a financial planner, the planner should be a CFP® professional. FPA is the owner of trademark, service mark and collective membership mark rights in: FPA, FPA/Logo and FINANCIAL PLANNING ASSOCIATION. The marks may not be used without written permission from FPA.

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LETTER OF ENGAGEMENT FOR
PRO BONO FINANCIAL PLANNING SERVICES
Appendix A

Pro Bono Advisory Services Provided (check all that apply):

- Review of client's goals and objectives
Review of spending patterns and bill payments and/or creation of a spending plan
Review of debts and/or creation of a debt management plan
Review of medical, disability, life, property, casualty or other insurance, including information about benefits, settlements and claims administration
Review of savings and investment goals and plans
Review of tax issues
Review of estate issues
Review of financial benefits for which the client and his or her family may be eligible
Consulting with other allied professionals such as accountants, attorneys and insurance professionals
Other (specify)

Time Allocated to Pro Bono Engagement: _____ hours.

Next Step (check all that apply):

- Client has elected to implement some or all of the recommendations on his/her own.
Client has been referred to PlannerSearch on the Financial Planning Association's website at www.fpanet.org.
Client has received referrals to allied professionals (accountants, attorneys, insurance professionals) or agencies (credit counseling, housing counseling).
Client has inquired about a business relationship with the pro bono planner on a compensation basis and under a separate agreement. Client has received the brochure How a Financial Planner Can Help You...and How to Choose the Right One available from FPA and been referred to PlannerSearch. The pro bono engagement will terminate prior to execution of any other agreement with the planner.
Other

Notes:

Three horizontal lines for notes.

Signed: _____, CFP® Date: _____
(Pro Bono financial planner)

Signed: _____ Date: _____
(Pro Bono client)

At the conclusion of the pro bono engagement, copies of this appendix are to be provided to: 1) the pro bono client; 2) the planner; 3) the sponsoring organization; and 4) the FPA chapter.