Statement on Standards in Personal Financial Planning Services

Pre-Engagement Letter Checklist

**Introduction**

This checklist provides nonauthoritative guidance to assist with compliance with Statement on Standards in Personal Financial Planning Services (SSPFPS) No. 1 (the statement), published by the American Institute of CPAs (AICPA).

If the practitioner elects to use this checklist, it should be used in conjunction with the statement, not as a substitute for it (see “Notice to Readers” below). Paragraph references refer to the numbered paragraphs in the statement.

**Client: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Prepared by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Reviewed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  | | | **Considerations** | | |
| --- | --- | --- | --- | --- | --- |
| **Yes (Documentation Reference)** | **No** | **N/A** |
| 1. Did you read the entire statement, including its application material and other explanatory material, to understand its objective and apply its requirements properly? **[SSPFPS par. 13]** | | |  |  |  |
| 1. Does the statement apply to this engagement? If no, explain. **[SSPFPS par. 4]** | | |  |  |  |
| 1. Which of the following PFP services are applicable to the engagement? **[SSPFPS par. 3]** | | |  |  |  |
|  | 1. Cash flow planning | |  |  |  |
|  | 1. Risk management and insurance planning | |  |  |  |
|  | 1. Retirement planning | |  |  |  |
|  | 1. Investment planning | |  |  |  |
|  | 1. Estate, gift, and wealth transfer planning | |  |  |  |
|  | 1. Elder planning | |  |  |  |
|  | 1. Education planning | |  |  |  |
|  | 1. Charitable planning | |  |  |  |
|  | 1. Other (specify) | |  |  |  |
| 1. Is an engagement letter required? If you are a member and you provide PFP services, an engagement letter may be required if you do any of the following. **[SSPFPS par. 3-4]** | | |  |  |  |
|  | 1. Do you represent to the public or clients that you provide personal financial planning advice or consultation or PFP-related services? | |  |  |  |
|  | 1. Do you engage in activities that would require registration as an investment adviser under federal or state law? | |  |  |  |
|  | 1. Is it possible you could sell a product as a result of the engagement? | |  |  |  |
| 1. Are other AICPA interpretive publications applicable? **[SSPFPS par. 16]** | | |  |  |  |
| 1. Does the firm or any of its affiliates perform an attestation engagement defined by ET section 92, *Definitions,* of the AICPA Code of Professional Conduct? **[SSPFPS par. 17]** | | |  |  |  |
|  | 1. If yes, do you meet the requirements of Interpretation 01-3, “Nonattest Services,” under Rule 101, *Independence* (AICPA, *Professional Standards*, ET sec. 101 par. .05), so as not to impair your independence with respect to the client? | |  |  |  |
| 1. Do you possess the level of knowledge of PFP principles and theory, and a level of skill in the application of such principles, that will enable you to complete this engagement with due care and professional expertise as you **[SSPFPS par. 19]** | | |  |  |  |
|  | 1. identify the client’s goals and objectives; | |  |  |  |
|  | 1. understand the client’s financial and nonfinancial situation; | |  |  |  |
|  | 1. gather and analyze relevant information; | |  |  |  |
|  | 1. consider and apply appropriate planning approaches and methods | |  |  |  |
| 1. Are there any conflicts of interest or potential conflicts of interest that exist in connection with the engagement? **[SSPFPS par. 20]** | | |  |  |  |
|  | 1. If yes, is it readily apparent that you can perform the engagement objectively? | |  |  |  |
|  | 1. If no to 8*a*, can you manage those conflicts in such a way as to ensure they do not impair your objectivity and are managed in the best interest of the client? | |  |  |  |
| 1. Have you provided clear and full disclosure of all known potential conflicts of interest that do not impair your objectivity, and obtained consent to proceed from all appropriate parties? **[SSPFPS par. 20]** | | |  |  |  |
| 1. Is this engagement in compliance with all federal, state, and other laws and regulations? **[SSPFPS par. 21]** | | |  |  |  |
| 1. If you determine there is a difference between the statement and laws and regulations, have you documented that the more stringent of applicable rules applies? **[SSPFPS par. 21]** | | |  |  |  |
| 1. Prior to beginning the engagement, have you disclosed in writing all compensation you and your firm or affiliates will receive or could receive for services rendered or products sold? **[SSPFPS par. 22]** | | |  |  |  |
| 1. Were compensation alternatives offered? **[SSPFPS par. 22-23]** | | |  |  |  |
|  | 1. If yes, did you disclose the differences in these alternatives in writing? | |  |  |  |
|  | 1. If you answered yes to 13*a*, did the disclosure include the following? | |  |  |  |
|  | | 1. Method of compensation, including the impact of indirect compensation |  |  |  |
|  | | 1. Amount of compensation |  |  |  |
|  | | 1. Time period over which compensation will be received |  |  |  |
|  | | 1. Compensation, including noncash benefits, received by you for referrals to other providers |  |  |  |
| 1. Is there a service needed to complete the engagement that you do not, or will not, provide? **[SSPFPS par. 26]** | | |  |  |  |
|  | 1. If yes, have you limited the scope of the engagement accordingly? | |  |  |  |
|  | 1. If yes to 14*a*, have you recommended that the client engage another service provider for that service in writing? | |  |  |  |
| 1. If the client declines to engage another service provider for such services, does this limitation impair your ability to provide PFP services that meet the statement’s requirements? **[SSPFPS par. 27]** | | |  |  |  |
| 1. If you determined that your ability to meet the requirements of the statement is impaired, did you inform the potential client that you cannot proceed? **[SSPFPS par. 27]** | | |  |  |  |
| 1. If you determined that your ability to meet the requirements of the statement is not impaired, will you communicate in the engagement letter that this limitation could affect the conclusions and recommendations developed in the engagement? If no, explain. **[SSPFPS par. 27]** | | |  |  |  |
| 1. Have you appropriately addressed investment adviser registration issues? **[SSPFPS par. 4]** | | |  |  |  |
| 1. Is the engagement an implementation engagement? **[SSPFPS par. 36-37]** | | |  |  |  |
|  | 1. If yes, will the engagement letter clearly document your understanding of the implementation engagement, including the roles and responsibilities of yourself, the client, and other service providers? | |  |  |  |
|  | 1. If yes to 19*a*, does this documentation include the following? | |  |  |  |
|  | | 1. A summary of the planning decisions being implemented |  |  |  |
|  | | 1. A summary of recommended actions to be taken |  |  |  |
|  | | 1. A description of limitations on the work performed in the implementation engagement |  |  |  |
|  | | 1. Your responsibility for the selection and acquisition of products |  |  |  |
|  | | 1. Your responsibility for the selection of service providers |  |  |  |
|  | | 1. Your responsibility for the establishment of selection criteria |  |  |  |
|  | | 1. Your responsibility for coordinating or reviewing the delivery of services or products by other service providers? |  |  |  |
| 1. Is this a monitoring engagement? | | |  |  |  |
|  | 1. If yes, will the engagement letter document the nature and extent of your services, such as **[SSPFPS par. 42]** | |  |  |  |
|  | | 1. the frequency and time period of measuring the client’s progress toward reaching the stated goals? |  |  |  |
|  | | 1. utilization of monitoring criteria that are appropriate to, and consistent with, the criteria used to establish the goals being monitored? |  |  |  |
|  | | 1. the criteria that are important to the achievement of the financial planning goals being monitored? |  |  |  |
|  | | 1. your evaluation of progress toward achieving your client’s financial planning goals, including whether the client’s existing financial plan and specific financial planning recommendations should be updated? |  |  |  |
| 1. Is this an updating engagement? | | |  |  |  |
|  | 1. If yes, have you documented the nature and extent of your services, including **[SSPFPS par. 43]** | |  |  |  |
|  | | 1. the determination of whether the goals, objectives, information, and assumptions used as a basis for existing planning recommendations are still valid? |  |  |  |
|  | | 1. the evaluation of the impact of revising recommendations on your client’s ability to achieve other financial planning goals? |  |  |  |

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| **Line No.** | **Explanation for “No” and “N/A” Responses** |
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