Statement on Standards in Personal Financial Planning Services

Sample Letter for Implementation Engagements

*This sample engagement letter 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). This engagement letter is intended to be customized to meet the needs of the member’s practice and individual engagements (see “Notice to Readers” at the end of the letter). The member should review language used in the engagement letter in conjunction with reviewing requirements of the statement. This sample engagement letter should not be used for investment advisory relationships due to the legal and regulatory requirements of engagements involving investment advice.*

[*Date*]

[*Name and Address of Client*]

Dear [*Name of client*]:

Introduction

Option #1

This letter is to confirm our mutual understanding of the terms and objectives of our engagement to address the implementation of your personal financial plan, and the nature and limitations of the services we will provide. We addressed your personal financial plan in the course of our separate personal financial planning engagement. This implementation engagement involves assisting you in taking action on decisions and recommendations developed during the personal financial planning engagement, and includes the following activities [*select appropriate options*]:

* Cash flow planning
* Risk management and insurance planning
* Retirement planning
* Investment planning
* Estate, gift, and wealth transfer planning
* Elder planning
* Charitable planning
* Education planning
* Tax planning
* Other (specify)

We will keep your personal, non-public information strictly confidential. If your personal information needs to be disclosed when working with your other advisors or with other qualified professionals, we will ask your permission to do so. However, we may be required by legal or regulatory authorities to disclose confidential information without your permission.

Option #2

This letter is to confirm our mutual understanding of the terms and objectives of our engagement to address the implementation of your personal financial plan, and the nature and limitations of the services we will provide. Because we did not participate in the personal financial planning engagement with you in which you made various planning decisions, we will need to obtain an understanding of the planning decisions made. Please provide us with any written plans, analyses, assumptions or summaries that you obtained. We will need to spend some time with you discussing the planning decisions made so that we have a full understanding of them in order to proceed with this implementation engagement, and includes the following activities [*select appropriate options*]:

* Cash flow planning
* Risk management and insurance planning
* Retirement planning
* Investment planning
* Estate, gift, and wealth transfer planning
* Elder planning
* Charitable planning
* Education planning
* Tax planning
* Other (specify)

We will keep your personal, non-public information strictly confidential. If your personal information needs to be disclosed when working with your other advisors or with other qualified professionals, we will ask your permission to do so. However, we may be required by legal or regulatory authorities to disclose confidential information without your permission.

Description of the Engagement

This implementation engagement involves the cooperative efforts of you, our firm, and other service providers that may be called upon to assist in the implementation process. In that regard, the following summaries of roles and responsibilities should be noted:

1. The planning decisions being implemented
   1. [*In a list, summarize the planning decisions being implemented and the parties responsible for implementing them.*]
2. The recommended actions to be taken
   1. [*In a list, summarize the recommended actions.*]
3. A summary of limitations of the work to be performed in the implementation engagement
   1. [*In a list, indicate the limitations, if any, that are applicable.*]

In the course of implementing your plan, a number of important decisions will be required. It is important to indicate the parties responsible for making these decisions. The decisions include:

1. The selection and acquisition of products [*Indicate responsible parties.*]
2. The selection of service providers [*Indicate responsible parties.*]
3. The establishment of selection criteria [*Indicate responsible parties.*]
4. Coordinating or reviewing the delivery of services or products by other service providers [*Indicate responsible parties.*]

We have identified the following criteria that we believe are required to accomplish your objectives:

[*List any relevant criteria.*]

Please be aware that if you identify any constraints that suggest these criteria should be limited or modified, or if your circumstances suggest constraints on these criteria, we will modify them accordingly. We urge you to communicate with us should you have any concerns about the criteria we have identified.

To the extent that there are multiple criteria involved in the implementation of your plan, we will assist you in evaluating the relative importance of the various criteria addressed so that you can compare the available alternatives.

This implementation engagement includes our participation in the selection of products for you, we will gather information to provide a reasonable basis for determining whether a product meets the appropriate selection criteria, and we will communicate our evaluation to you, in writing, along with any product recommendations we deem to be appropriate to address your situation. If any of the product recommendations could result in our receiving compensation, we will fully disclose all such potential compensation to you in writing at the time recommendations are made.

This implementation engagement will be concluded when appropriate products are acquired or appropriate services rendered based on the recommendations developed during the personal financial planning services engagement (as may be modified by considerations arising during the course of this implementation engagement).

Description of Fees

Option #1

Our estimated fee for the services previously described will be $[*insert amount*] plus out-of-pocked expenses. We will submit our bill monthly, as services are performed, and it will be due and payable upon receipt. If an extension of our services is requested, we will discuss our fee arrangements at that time. Plan monitoring and updating, if needed, are treated as separate engagements. If you choose one of these additional services, a separate engagement letter will be provided. These services will be billed separately.

Option #2

The fee for this planning service will be based on our regular hourly rates of $[*insert amount*] per hour plus out-of-pocket expenses. We project our fee will range between $[*insert amount*] and $[*insert amount*], plus direct out-of-pocket expenses for the initial plan development. As work progresses, we will make progress billings that are due and payable upon receipt. If an extension of our services is requested, we will discuss our fee arrangements at that time. Plan monitoring and updating, if needed, are treated as separate engagements. If you choose one of these additional services, a separate engagement letter will be provided. These services will be billed separately.

Option #3

Our estimated fee for the service previously described will be based on our standard hourly rates of $[*insert amount*] per hour and should range from $[*insert amount*] to $[*insert amount*]. We will submit our bill monthly as services are performed, and it will be due and payable upon receipt. If an extension of our services is requested, we will discuss our fee arrangements at that time. Plan monitoring and updating, if needed, are treated as separate engagements. If you choose one of these additional services, a separate engagement letter will be provided. These services will be billed separately.

Option #4

The professional relationship described in this letter will be for 12 months, commencing on the date of this letter, and ending 12 months thereafter. Our compensation is based on a flat fee of [*insert amount*]. Payment is due in three installments: [*insert amount*] due with the acceptance of these terms, [*insert amount*] due on [*insert date*], and [*insert amount*] due on [*insert date*]. If an extension of our services is requested, we will discuss our fee arrangements at that time. Plan monitoring and updating, if needed, will be treated as separate engagements. If you choose one of these additional services, a separate engagement letter will be provided. These services will be billed separately.

Option #5

Our compensation for implementation of this plan will come from third parties who will pay us for recommending their products, or will come out of amounts contributed by you for acquiring products. Depending on choices you will make, our remuneration can vary greatly. We will inform you of the amounts of compensation we receive for each recommendation we make, in writing, prior to your decision.

Conflicts of Interest

Option #1

We have no conflicts of interest in the acceptance of this engagement. We do not receive referral fees from other professionals to whom you may be referred. We will advise you of any conflicts of interest, should they arise. In the event we are offered or receive a referral fee or any other form of compensation from another professional to whom you may be referred, such arrangement will be disclosed to you, in writing.

Option #2

We have a conflict of interest. [*Insert description of conflict*.]We will advise you of any other conflicts of interest, should they arise. In the event we are offered or receive a referral fee or any other form of compensation from another professional to whom you may be referred, such arrangement will be disclosed to you, in writing.

Concluding Remarks

You will, of course, be free to follow or disregard, in whole or in part, any recommendations we make with respect to the implementation of your plan. You are under no obligation to act on any recommendation.

We will be pleased to discuss this letter with you at any time. If the foregoing is in accordance with your understanding, please sign one copy of this letter in the space provided and return it to us. The additional copy is for your files.

This engagement may be terminated without penalty or further obligation except for the payment of fees for services performed and expenses incurred prior to termination.

We agree that we will not assign this engagement without your prior written approval.

If we can be of assistance to you in any other way, please do not hesitate to contact us. We look forward to helping you develop and maintain a sound, businesslike approach to your personal financial affairs.

We thank you for the opportunity to be of service. We anticipate beginning the engagement sometime after [*insert date*]. If you have any questions, please call us at [*insert phone number*].

Very truly yours,

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[*Firm Name*]

*We agree to the terms of the engagement described in this letter.*

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[*Client Name*]

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[*Signature*]

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[*Date*]

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