

CFP Board 2011 Registered Program Conference, August 11-12, 2011

# The Process of Financial Planning: Developing a Financial Plan

*and*

# The Case Approach to Financial Planning: Writing a Financial Plan

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by John E. Grable, Derek D. Klock, and Ruth H. Lytton

***The Process of Financial Planning: Developing a Financial Plan*** and ***The Case Approach to Financial Planning: Writing a Financial Plan*** by Ruth H. Lytton, Derek D. Klock, and John E. Grable, are the first books designed and dedicated to introducing students to the complicated, integrated, and “real world” side of financial planning, specific to designing a financial plan for a client.

The books bridge academic coursework and actual practice and introduce students to skills and tools they will need as they move into or continue their professional careers. Together the books cover the development of key professional skills, such as communication with clients, client management, and research and analysis for developing a financial plan. ***The Process of Financial Planning: Developing a Financial Plan*** covers the practice side of financial planning, beginning with an overview of the industry, ethics, regulatory spheres, and practice standards, introduces client communications, and then moves into the financial planning process and developing a financial plan.

***The Case Approach to Financial Planning: Writing a Financial Plan*** reviews the planning process, personal finance calculations, and the fundamental steps in the analysis of a client’s financial situation. The research, development, and evaluation of and impact of decision making and recommendations are presented to clients in a cohesive, synthesized plan. The key element is the adaptation and integration of each of the major subjects learned in previous courses, with the added elements of decision making and recommendations.

The many unique features of these titles are highlighted in the following table:

Challenge	Solution	Specific Features
<p><b>Meeting the mandate</b> of the CFP Board for a Financial Plan Development course.</p>	<ul style="list-style-type: none"> <li>• <b>Process</b> and <b>Case</b> were developed to introduce students for the “real world” of the financial planning profession</li> <li>• Authorship: respected professors actively teaching now and who have taught a plan development course for many years</li> <li>• Classroom-tested titles</li> </ul>	<p>Experienced, well-known authors:</p> <p>Dr. John E. Grable, Kansas State University</p> <p>Derek D. Klock, Virginia Tech</p> <p>Dr. Ruth H. Lytton, Virginia Tech</p>
<p><b>Managing faculty time</b> necessary for the preparation, developing, and teaching of a new course with large and dynamic concepts. Amount of time and effort for research, design, and structure of all aspects of the course, material acquisition, introduction of new concepts, coverage of full range of subjects (if needed in review), and communication, feedback, and grading of student work.</p>	<p>Faculty can use content and resources based on individual course design.</p> <ul style="list-style-type: none"> <li>• Introduction of key topics such as ethics and professional responsibility</li> <li>• Content reviews for all major subject areas</li> <li>• Wide variety of cases</li> </ul>	<ul style="list-style-type: none"> <li>• Unique tools, such as the comprehensive Bedo family case</li> <li>• Content units include key resources such as graphs, charts, and documents to aid in coursework</li> <li>• Instructor support: Instructors’ Manual, PowerPoints, and other materials provide additional information and suggestions on how, when, and why to use content and features</li> <li>• Client Vignettes and boxed “tips” illustrate examples that are characteristic of steps in the process</li> </ul>
<p><b>Transitioning students</b> from “academic” learning (individual course experience) to “real world” analysis, critical thinking, and integrated performance.</p>	<ul style="list-style-type: none"> <li>• The Tyler and Mia Bedo comprehensive case is unique.</li> <li>• The case is designed to introduce evaluation of a client’s current financial situation, review strategies, develop recommendations, and integrate the recommendations into a comprehensive financial plan.</li> </ul>	<p>The <b>Process</b> book includes chapters that are devoted to specific skill sets needed, such as decision making and analysis.</p> <p><b>Case</b> includes Chapter-Based Case Studies to bridge the gap between theory and practice by providing subject-specific case studies.</p>
<p><b>Engaging students with different skill sets</b> or levels of subject understanding, experience, and/or recall.</p>	<ul style="list-style-type: none"> <li>• Content Review can be assigned by faculty as needed or used in general discussions</li> <li>• Provides student-friendly aids to help all levels of student understanding</li> <li>• Cases</li> <li>• Questions and discussion</li> <li>• Additional resources</li> </ul>	<p>Four levels of cases:</p> <ul style="list-style-type: none"> <li>• The “Chapter-Based Case,” which highlights a particular element of, for example, a “Client-Based Retirement Recommendation,” followed by a “Sample Recommendation”: “Increase contribution to 401(k) plan”</li> <li>• Quantitative/Analytical Mini-Case Problems: help students develop the ability to evaluate a client’s current financial situation, assess and then choose between possible appropriate strategies</li> <li>• The ongoing Bedo family case</li> <li>• Ten expanded cases for review in Chapter 15</li> </ul>

Challenge	Solution	Specific Features
<p><b>Meeting Course Learning Objectives:</b></p> <ul style="list-style-type: none"> <li>• Demonstrate a comprehensive understanding of the content found within the financial planning curriculum and effectively apply and integrate this information into the formulation of a financial plan</li> <li>• Effectively communicate the financial plan, both orally and in writing, including information based on research and/or client interaction</li> <li>• Collect all necessary and relevant qualitative and quantitative information required to develop a financial plan</li> <li>• Analyze personal financial situations, evaluating clients' objectives, needs, and values to develop an appropriate strategy within the financial plan</li> <li>• Demonstrate logic and reasoning to identify the strengths and weaknesses of various approaches to a specific problem</li> <li>• Evaluate the impact of economic, political, and regulatory issues with regard to the financial plan</li> </ul>	<p><b>Process, Case</b></p> <p><b>Process</b></p> <p><b>Process, Case</b></p> <p><b>Process, Case</b></p> <p><b>Case</b></p> <p><b>Process</b></p>	<p><b>Process</b> is divided into three sections: the profession of, the process of, and the product of financial planning.</p> <p><b>Case</b> was designed to meet the need for a comprehensive case study book.</p>
<p><b>Enabling students to develop</b> a comprehensive financial plan integrating previous coursework and utilizing concepts presented and acquired during the course.</p>	<ul style="list-style-type: none"> <li>• <b>Process</b> provides the background and framework for creating and presenting the plan</li> <li>• <b>Case</b> focuses on building each individual area of the plan with guidance on implementing and monitoring</li> </ul>	<p>Questions tied to the Bedo case appear at chapter end throughout the <b>Case</b> book, and with the Financial Facilitator spreadsheet, give students the background and tools to create a comprehensive financial plan.</p>
<p><b>Introducing students to client relationship skills</b> for communicating the interpersonal side of financial planning: information gathering and sharing; relationship building; collaborative planning; managing change; written and verbal communication skills; plan presentation skills.</p>	<ul style="list-style-type: none"> <li>• Both the <b>Process</b> and the <b>Case</b> highlight the importance of building client relationships through ongoing communication.</li> </ul>	<p>Chapter 3 in the <b>Process</b> book is devoted to the critical topic of communication with clients. This involves both soliciting information for use in the developing and monitoring of the financial plan, as well as ongoing client communications.</p> <p>Chapter 6 in the <b>Process</b> book covers the "planning relationship", focusing on understanding and managing the unique characteristics of clients—and planner—temperament, attitudes, belief and experience.</p>
<p><b>Equipping students to integrate</b> the data acquired and to understand the impact of decision paths, the interrelationship of elements of a client's life and financial situation, and of recommendations and/or changes on the ongoing development and monitoring of the plan.</p>	<ul style="list-style-type: none"> <li>• Financial Facilitator, an integrated financial planning spreadsheet, is a tool for use in analyzing a client's financial situation.</li> <li>• Chapters 3 through 13 in the <b>Case</b> book include steps important in analysis through key areas, such as insurance planning.</li> </ul>	<p><b>Case</b> includes highlighted spreadsheet pages with call-outs from Financial Facilitator, showing impact of data additions and changes on individual and related spreadsheets.</p>

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