



## **Professional Best Practice Standards & Code of Professional Ethics**

The Chartered Financial Divorce Specialist (*hereafter known as CFDS*) is the professional designation granted by the Academy of Financial Divorce Specialists (*hereafter known as AFDS*) to individuals who have completed specific training in the financial aspects of collaborative cohabitation, marriage agreements, relationship or marital breakdown (separation or divorce) (*hereafter known as “life transitions”*).

As professionals governed by the AFDS, the CFDS adhere to a Code of Professional Ethics and Professional Best Practice Standards that ensure quality and integrity.

### **Professional Best Practice Standards:**

All Members of the AFDS who hold the designation of CFDS are subject to the Professional Best Practice Standards contained in this document. The compliance covers the actions of the CFDS professionals and employees and/or contractors under his or her direct supervision in working with clients.

#### ***Responsibilities to the Client***

1. The CFDS professional must ensure that he/she clearly understands the client’s financial goals, needs and priorities.
2. The CFDS will gather all data relevant to the client’s current financial situation. Sufficient, relevant information and documentation will be obtained from the client before any options are presented.
3. The CFDS will outline the scope of the work and relationship in writing with the use of an engagement letter. This engagement letter will clearly outline the fees to be charged and any conflicts of interest as seen in the Code of Ethics.
4. The CFDS will record in each client file the hours worked, the nature of the work completed and fees received to date on the file, as well as the amount of the retainer if received. This will be made available to the client on a regular basis and full details will be summarized and delivered to the client upon completion of the case. The CFDS will consult with and/or refer the client to other professionals when additional expertise is required.
5. While each situation is different, the CFDS will, under no circumstances, engage in product related business with the possible exception of necessary protection (insurance needs) with either party. The CFDS will only conduct such business once the financial, life transition, related work has been completed if the client specifically states in writing a desire to establish or reestablish this form of relationship. Solicitation of future product-related business is not permitted in any circumstances.

Note: This “rule” is under review at all times with legal and regulatory communities.

6. The CFDS will manage confidential client information in accordance with any privacy legislation that is in place and give their privacy disclosure documentation to the clients at the beginning of a relationship.

### ***Responsibilities to the Profession***

1. CFDS professionals must possess a recognized financial or accounting designation or accreditation. Others may take the course but not be awarded the designation until they obtain a recognized financial or accounting designation.
2. CFDS professionals must develop their theoretical and practical understanding and knowledge of the financial aspects of life transitions by completing a minimum of 20 hours of related continuing education every year, 5 of which are specifically related to the field of collaborative cohabitation, marriage agreements, relations or marital breakdown. Related continuing education is defined as any activity that maintains or enhances one's knowledge or capabilities either in the field of financial planning or in the profession as a CFDS.
3. In addition to the annual continuing education requirements, all CFDS professionals must voluntarily disclose any public, civil, criminal or disciplinary actions that may have been taken against them during the year as part of the renewal process.

### **Code of Professional Ethics:**

The Code of Professional Ethics serves as the guiding document for the CFDS professionals of the AFDS. The Code applies to every CFDS designee in conducting life transition related financial planning activities.

The Code is not, and cannot be, exhaustive. Its statements are general in nature, to be interpreted and applied in particular situations.

The Code deals with the ethics rather than the laws governing financial planning. Although laws and ethics of financial planning necessarily overlap, the two domains remain distinct. The Code, while prepared with the awareness of the law, is addressed to ethical obligations.

The AFDS recognizes that CFDS professionals work in many different environments. Regardless of the industry in which they work, their employment relationships or their compensations arrangements elsewhere, all CFDS professionals subscribe to the same Code of Ethics when acting as a CFDS.

### ***Responsibilities to the Client***

1. CFDS shall act in the best interest of their client
  - a. CFDS professionals shall act with integrity, competency and with due diligence
  - b. CFDS professionals will not disclose any confidential information without expressed consent
  - c. CFDS professionals will always keep the client's concerns as being paramount
  - d. CFDS professionals will disclose any conflict of interest to the client as noted below. Conflicts of interest arise when the situation may give probable reason to adversely affect the CFDS' objectivity or loyalty in dealing with a client or prospective future client
    - i. A pre-existing joint financial relationship or financial interest in a client

- ii. Loyalty, personal interest or a duty to any other client including communication of valid information (*See example #1 at end of this document*)
- iii. Joint client relationships (being in possession of private information on a case and/or an affiliation connected to particular parties)

1.1 Conflicts of interest will be resolved in each situation by the CFDS professionals taking proper actions to disclose and protect clients:

- i. Pre-existing financial relationship or interest requires the CFDS professionals to either refer one or both clients to another CFDS **or** both clients consent in writing to waive this particular conflict (Note: this is not possible when dealing with collaborative life transition cases where it is a specific requirement that an existing client must be referred to another financial planning professional). This aspect is subject to review by the collaborative associations
- ii. Loyalty, personal interest or duty to a particular client requires the CFDS professionals to refer such client to another CFDS (see iv. above)
- iii. Joint client relationship conflicts may be resolved by a written document that identifies that no information will be kept confidential from either party. Furthermore, if a breakdown of reasonable communication occurs during a joint relationship, the CFDS professionals will not continue to work for both parties and will likely need to withdraw completely
- iv. Possession of confidential information due to previous work on a client's behalf requires that this be disclosed in writing prior to engaging in any work or processing with an initial interview. If the client does wish to continue, it is necessary to have them sign a consent document waiving the fact the CFDS professionals does have such private information (*See example #2 at end of this document*)
- v. Affiliation connected to other parties requires disclosure in writing of such affiliation and if the client wishes to work with the CFDS professionals they are required to sign a consent document waiving such affiliation as a conflict

2. CFDS professionals' shall disclose to clients all sources of compensation related to services provided for that client

3. CFDS professionals will disclose accurately all work undertaken

- a. CFDS professionals will inform clients in writing when they have used outside experts to complete work on the client's behalf and detail any conflicts of interest as noted in Section 1 Subsection d)
- b. CFDS professionals will keep accurate records of hours of work undertaken on a client file and will provide accurate, itemized accounting for each client
- c. CFDS professionals charging retainer fees will ensure those fees are accounted for in an identical manner and return any unused monies

4. CFDS professionals will recognize their limitations and the competency of others and, when appropriate, will recommend that other and/or additional opinions and/or services are required

- a. CFDS professionals accept responsibility to work with other professionals in completing their life transition related financial work
- b. CFDS professionals will provide information to clients only on matters within their competence and training
- c. CFDS professionals will ensure clients know the limitations and scope of services they can provide for the client and when the assistance of another and/or other professional(s) will be required

- d. CFDS professionals will neither represent themselves as a lawyer, accountant or other professional, nor leave the impression that the Member is such a professional, unless the Member is qualified to do so
  - e. CFDS professionals will **give information**, not advice
5. CFDS professionals shall make every effort to provide objective and impartial information to clients about their financial circumstances and inform clients of their various options through the modeling scenarios, describing the positive and negative aspects of any options presented
- a. CFDS professionals will not choose to work with one party over the other, if the divorcing clients are currently clients of the CFDS
  - b. CFDS professionals will not invest their client's money during the life transition proceeding in which the CFDS is expecting or expected to testify in court. The only major exception would be to arrange for insurance coverage or an annuity when required to protect support payments
  - c. CFDS professionals will not consider potential future product sale commissions in showing modeling scenarios of division of assets
  - d. CFDS professionals may belong to other professional organizations, such as various Collaborative Practice groups, in which their future involvement with the clients may be curtailed if their position is neutral during the life transition proceedings

### ***Responsibilities to the Profession***

1. CFDS professionals shall continually seek to maintain and improve their knowledge, skills and competence in life transitions related financial planning
  - a. CFDS professionals will maintain educational and ethical requirements for the CFDS as well as any other credentials they currently hold
  - b. CFDS professionals will, upon request, provide full information about any credentials and/or affiliations with other organizations and/or academic qualifications and/or any other requested information to the AFDS
  - c. CFDS professionals will not misrepresent any such credentials, affiliations and/or qualifications
2. CFDS professionals will provide professional services with integrity
  - a. CFDS professionals will avoid impugning the reputation of colleagues for personal motives
  - b. CFDS professionals will report to the appropriate authorities (SRO or professional association) any unprofessional conduct by colleagues and those professional bodies will regulate with their power as necessary
  - c. CFDS professionals will act in a proficient manner that reflects positively upon all other CFDS professionals
  - d. CFDS professionals will immediately report to the AFDS any credentials and/or licenses that has been revoked
  - e. CFDS professionals will act in a proficient manner with respect to colleagues in all business matters
3. CFDS professionals shall at all times comply with this Code of Ethics and with all relevant laws, regulations and standards of any governmental and/or other professional bodies with jurisdiction and advise the AFDS of any transgressions
  - a. CFDS professionals have a duty to be aware of, to understand, and to abide by this Code of Ethics and Practice Standards as adopted by the AFDS

- b. CFDS professionals are subject to disciplinary action by the appropriate regulatory body for a violation of any law(s) or regulation(s), to the extent that such violation(s) constitutes professional misconduct
- c. CFDS professionals have a legal duty to meet the standard of care exercised by a competent CFDS
- d. CFDS professionals will act in accordance with the spirit and the letter of the law
- e. CFDS professionals will recognize that self-regulation of this profession is a privilege and that each CFDS professional has a continuing responsibility to merit this privilege

### ***Enforcement***

Enforcement and interpretation of the Code of Ethics will be governed by the Practice Standards and administered by the Board as established by the AFDS.

If the appropriate regulatory body finds a current or former CFDS professional to be in violation of any of the Code of Ethics (*set by AFDS*), Practice Standards (*set by AFDS*), industry laws, regulations and/or standards, whether or not the act or omission occurred in the course of a client relationship; the CFDS professional may be subject to one of the following, in addition to action taken by the appropriate regulatory body enforcement:

- Entering such violation on the CFDS professional's personal record
- Temporary loss of the right to use the CFDS designation, mark and proprietary software tools (with re-application and re-qualification being required to reinstate designation) or permanent loss of the right to use the CFDS designation, mark and proprietary software tools
- Temporary or permanent exclusion from the AFDS

### ***Investigation***

Proceedings involving potential violations shall be commenced upon written request directed to the AFDS in person. Upon notification of potential violation, the AFDS will provide all pertinent information (provided and acquired) to the appropriated regulatory body for investigation and to take action against the CFDS professional in question

*Example #1 for Responsibility to the client Section 1. Subsection d)ii.*

Relations and close friends who are clients, as well as their spouses. Possible solutions are to refer the spouse to another CFDS professional, or perhaps refer both to another CFDS professional

*Example #2 for Responsibility to the client Section 1.1. Subsection iv.*

The CFDS professional is aware of financial data, accounts and/or material facts that are not disclosed and/or known by one of the parties