



# **Academy of Financial Divorce Specialists**

## **Professional Best Practice Standards**

The CFDS (Chartered Financial Divorce Specialist) is the professional designation granted by the Academy of Financial Divorce Specialists (Academy) to individuals who have completed specific training in the financial aspects of divorce.

As professionals governed by the Academy of Financial Divorce Specialists, the CFDS adheres to a Code of Professional Ethics and Professional Best Practice Standards that ensure quality and integrity.

All Members of the Academy 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 Member and employees 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 in no case engage in product related business (with the possible exception of necessary protection (insurance needs) with either party. The FDS will only conduct such business once the financial divorce 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 circumstance. Note: This “rule” is under review at all times with the 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 divorce by completing a minimum of 15 hours of related continuing education every year, 5 of which are specifically related to the field of divorce. 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 requirement, all CFDS practitioners 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.



# Academy of Financial Divorce Specialists

## Code of Professional Ethics

This Code of Professional Ethics serves as the guiding document for Members of the Academy of Financial Divorce Specialists (Academy). The Code applies to every Chartered Financial Divorce Specialist (CFDS) designee in conducting divorce 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 Academy recognizes that CFDS professionals work in many different environments. Regardless of the industry in which they work, their employment relationships or their compensation arrangements elsewhere, all CFDS professionals subscribe to the same Code of Ethics when acting as a Chartered Financial Divorce Specialist.

### *Responsibilities to the Client*

#### **1. Members shall act in the best interests of their client**

- a. Members shall act with integrity, competency and with due diligence.
- b. Members will not disclose any confidential information without expressed consent.
- c. Members will always keep the client's concerns as being paramount.
- d. Members 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 member's 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.
  - iii. Joint client relationships. Being in possession of private information on a case. An affiliation connected to particular parties.

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

- i. Pre-existing financial relationship or interest requires the member to either refer one or both clients to other Financial Divorce Specialists, **or if the clients prefer, to have both consent in writing to waive this particular conflict. However, this is not possible when dealing with collaborative divorce 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 member to refer such client to another Financial Divorce Specialist (See Example #1).
- 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 member 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 proceeding 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 member does have such private information (see Example #2).
- v. Affiliation connected to other parties requires disclosure in writing of such affiliation and if the client wishes to work with the member they are required to sign a consent document waiving such affiliation as a conflict.

**2. Members shall disclose to clients all sources of compensation related to services provided for that client.**

**3. Members will disclose accurately all work undertaken**

- a. Members 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 1 (d).
- b. Members will keep accurate records of hours of work undertaken on a client file and will provide accurate, itemized accounting for each client.
- c. Members charging retainer fees will ensure those fees are accounted for in an identical manner and return any unused monies.

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

- a. Members accept responsibility to work with other professionals in completing their divorce related financial work.
- b. Members will provide information to clients only on matters within their competence and training.
- c. Members will ensure clients know the limitations and scope of services they can provide for the client and when the assistance of another or other professional(s) will be required.
- d. Members 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 so qualified.
- e. Members will **give information**, not advice.

**5. Members 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. Members will not choose to work with one party over the other, if the divorcing clients are currently clients of the CFDS.
- b. Members will not invest their client's money during the divorce 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. Members will not consider potential future product sale commissions in showing modeling scenarios of division of assets.
- d. Members 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 as a neutral during the divorce proceedings.

Example #1

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

Example #2

You are aware of financial data, accounts or material facts that are not disclosed or known by one of the parties.

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

- 1. Members shall continually seek to maintain and improve their knowledge, skills and competence in divorce related financial planning**
  - a. Members will maintain educational and ethical requirements for the CFDS as well as any other credentials they currently hold.
  - b. Members will, upon request, provide full information about any credentials or affiliations with other organizations or academic qualifications or any other requested information to the Academy.
  - c. Members will not misrepresent any such credentials, affiliations or qualifications.
  
- 2. Members will provide professional services with integrity**
  - a. Members will avoid impugning the reputation of colleagues for personal motives.
  - b. Members will report to the appropriate authority (SRO or professional association) any unprofessional conduct by colleagues and those professional bodies will regulate within their power as necessary.
  - c. Members will act in a professional manner that reflects positively upon all other CFDS members.
  - d. Members will immediately report to the Academy any credentials or licenses that has been revoked.
  - e. Members will act in a professional manner with respect to colleagues in all business matters.
  
- 3. Members shall at all times comply with this Code of Ethics and with all relevant laws, regulations and standards of any governmental or other professional bodies with jurisdiction and advise the Academy of any transgressions**
  - a. Members have a duty to be aware of, to understand, and abide by this Code of Ethics and the Practice Standards as adopted by the Academy from time to time.
  - b. Members are subject to disciplinary action by the appropriate regulatory body for a violation of any law or regulation, to the extent that such violation constitutes professional misconduct.
  - c. Members have a legal duty to meet the standard of care exercised by a competent CFDS.
  - d. Members will act in accordance with the spirit and the letter of the law.
  - e. Members will recognize that self-regulation of this profession is a privilege and that each CFDS 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 Academy.

If the appropriate regulatory body finds a member or former Member to be in violation of any of our Code of Ethics, Practice Standards, industry laws, regulations or standards, whether or not the act or omission occurred in the course of a client relationship, the member may be subject to one of the following, in addition to action taken by the appropriate regulatory body enforcement:

- Permanent exclusion from the Academy of Financial Divorce Specialists
- Permanent loss of the right to use the CFDS designation and mark
- Temporary expulsion from the Academy of Financial Divorce Specialists, with re-application and re-qualification being required
- Temporary loss of the right to use the CFDS designation
- Entering such violation on the Member's personal records

## **Investigation**

Proceedings involving potential violations shall be commenced upon written request directed to the Academy by any person. Upon notification of a potential violation, the Academy will provide all pertinent information we are aware of to the appropriate regulatory body for them to investigate and take action against the member in question.