

## 'Pro Bono Financial Planning' Definition and FAQ

The term "pro bono" comes from the Latin *pro bono publico*, which means "for the public good." But, with so many financial planners doing work that betters their communities every day, pro bono in the context of the financial planning profession needs to be defined more clearly.

The Foundation for Financial Planning (FFP) believes that pro bono financial planning goes beyond financial literacy by offering guidance that is: *Confidential. Interactive. Personalized. Actionable.*

To set a standard to help the profession *track and measure* pro bono activity, FFP worked with the Financial Planning Association, the CFP Board, and the National Association of Personal Financial Advisors to develop a shared definition of 'pro bono financial planning.' We believe the following is a good definition of pro bono financial planning that serves to differentiate it from broader financial literacy efforts:

***Free, no-strings-attached financial advice and planning for underserved people\* provided by or in conjunction with a CFP® professional volunteer. These services will be delivered through one-on-one engagements or through interactive group sessions on topics specific to an at-risk audience, with the option for personalized engagement to follow.***

***(\* e.g., low-income individuals and families, military personnel/veterans, domestic violence survivors; people affected by natural disasters, serious medical crises, bankruptcy, etc.)***

This type of guidance is more than just financial education. It emphasizes the importance of one-on-one interaction, and supports deeper, personalized, and more meaningful interventions between volunteers and the individuals and families they serve. It emphasizes the ability of the pro bono client to meet one-on-one with a CFP® professional to obtain a framework for financial success, and at a minimum the ability for the client to ask questions about their confidential personal finances and receive accurate, objective answers to inform their choices.

Importantly, it also emphasizes that the recipient of services must be unable to easily afford or access financial planning on their own. Thus 'pro bono' is truly a donation of services to those in need – never done for the purposes of lead generation or paid client cultivation.

### Frequently Asked Questions about the definition:

***What do you mean by "interactive group sessions on topics specific to an at-risk audience, with the option of personalized engagement to follow"?***

FFP believes that pro bono financial planning should provide clients with more customized guidance than the education available in large financial literacy classes, especially because people may have trouble applying new financial concepts to their own circumstances. One-on-one consultations between planner and client are optimal. But we also recognize that smaller, interactive workshops (about ten or fewer attendees) can allow for a measure of personalized guidance and action plan development, while allowing better scale than one-on-one engagements, especially if the planner is willing to provide individual counsel to an attendee after the group session. Attendees must be able to interact with the presenter and ask questions that apply to their own specific needs. FFP believes that the option of a personalized session to follow, either immediately or later – whether a brief discussion of a particular

question, or a one-on-one consultation – is an important aspect of offering personalized pro bono guidance. We recognize that not all participants may choose to take advantage of this, and also that sessions may be limited in scope by the planner to ensure numerous people can be assisted.

Topics covered in interactive group sessions must be directly relevant to an underserved audience, covering such issues as credit/debt, budgeting and cashflow, and not geared to affluent audiences. For example, a workshop for struggling single parents on how to develop and stick to a budget would qualify, but an investment seminar for affluent seniors would not.

***How are you defining the terms “underserved” and “at-risk”?***

In the context of pro bono financial planning, we define “underserved” or “at-risk” as those who would otherwise lack access to objective, quality planning and advice but who need an expert’s guidance and support to address financial challenges. These groups might include:

- Wounded veterans & active military
- People affected by serious illness
- Domestic violence survivors
- Victims of natural disaster
- Older adults and their caregivers, or
- Low-income individuals and families

Many nonprofit partners screen those they serve, but as a rough guideline, people making less than 80% of their local median income as defined by the U.S. Department of Housing and Urban Development can generally be considered underserved.

***What does “in conjunction with a CFP® professional volunteer” mean?***

FFP awards grants to nonprofit organizations that engage CFP® professional as volunteers. Many of these organizations allow other financial professionals – such as paraplanners, and those with other relevant designations -- to volunteer as long as there are also CFP® professionals at the event or activity. In cases where nonprofit organizations require that volunteers be CFP® professionals (as in the case of the Financial Planning for Cancer Program), the nonprofit organization might encourage those without the CFP® designation to work together with a CFP® professional at their firm. In this case, the CFP® professional would be the planner of record who signs the Letter of Engagement with the client.

***What is the difference between pro bono financial planning and financial literacy?***

Pro bono financial planning goes beyond financial literacy by offering guidance that is: *Confidential Interactive. Personalized. Actionable.* It emphasizes the importance of one-on-one interaction, and supports deeper, personalized, and more meaningful interventions between volunteers and the individuals and families they serve. It emphasizes the ability of the pro bono client to meet one-on-one with a CFP® professional to obtain a framework for financial success, and at a minimum the ability for the client to ask questions about their confidential personal finances and receive accurate, objective answers to inform their choices.

***What is the difference between pro bono and public awareness?***

Pro bono involves providing free financial advice with no expectation of return to targeted underserved populations who otherwise could not afford the services of a financial planner. Public awareness involves improving the general public's knowledge of financial issues and the planning process and may have a marketing or business relationship aspect. Public awareness efforts may be provided to targeted populations who may be able to afford the services of a financial planner.

***Does this definition apply to volunteer work that serves young people (such as Junior Achievement)?***

Yes, while FFP focuses our grantmaking on programs that serve adults, we do believe that providing financial guidance to young people fits into the definition of pro bono financial planning, as long as those efforts allow for confidential, interactive, personalized, and actionable guidance.