



# DFSA™ Competency Profile

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**Canadian Securities Institute**

A Moody's Analytics Company

# DFSA™ Professional Competency Profile

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## INTRODUCTION: AN OVERVIEW

The DFSA™ Professional Competency Profile is the foundational document for the Designated Financial Services Advisor (DFSA™) designation. It describes the required competencies (the knowledge, skills and abilities) of professionals awarded the designation. The profile guides the course development to meet the education requirements as well as examination coverage and weightings.

Candidates for the DFSA™ designation should use the Competency Profile to understand the scope of competence, knowledge and skills necessary to earn the designation and assess it for interest and applicability to their work and career.

Designation holders should use the Competency Profile to assess their ongoing continuing education needs; however, perhaps most importantly, it provides a resource for designation holders to demonstrate their value, competence, knowledge and skills to employers and consumers.

Financial advisors work collaboratively with clients to help them identify ways to meet specific financial goals. They establish trusted relationships with individuals; help them clarify financial goals and recommend appropriate products and strategies.

As the defining resource for what a financial advisor can and does do in practice, CSI uses the Competency Profile to meet the educational prerequisite for the DFSA™ designation, and to set the specifications to earn and maintain the designation.

## UNDERSTANDING THE COMPETENCY STATEMENTS

The development of the Competency Profile resulted in eight broad competency themes: six technical and two enabling competency groupings.

The two areas that comprise the enabling competency groupings drive performance across all areas of financial advice, and inform performance in the accompanying technical competency groupings:

### Enabling Competency Areas



Professional Conduct and  
Regulatory Compliance



Client Relationship and  
Practice Management

The six competency areas that comprise the technical competency groupings drive performance in specific functions within financial planning:

### Technical Competency Areas



Asset and Liability  
Management



Investment Planning



Retirement Planning



Risk Management  
and Insurance



Tax Planning



Estate Planning

Each competency area represents behaviours of financial advisors required for competent performance. In addition, each of the eight competency areas include the knowledge that drives the performance of competencies. The inclusion of both behaviours and knowledge in the Competency Profile speaks to the importance of having both a strong knowledge of financial advice and the ability to apply it in practice with clients. While the competency and knowledge lists are not exhaustive, they do represent what is most important for competent performance of the Designated Financial Services Advisor (DFSA™).

Users of the Competency Profile should understand that the assigned lists of knowledge drive behaviour expressed in the financial advice competencies. To demonstrate competencies in a specific area of financial advice, a financial advisor is expected minimally to draw on knowledge in that area and other areas as well.

# DFSA™ COMPETENCY PROFILE

## 1 Professional Conduct and Regulatory Compliance

### COMPETENCY STATEMENTS

- |      |  |
|------|--|
| 1.1  | Adhere to the CSFA Code of Ethics  |
| 1.2  | Comply with federal and provincial laws and regulations relevant to the profession of a financial advisor              |
| 1.3  | Maintain knowledge of changes in the political, economic, and regulatory environments                                  |
| 1.4  | Explain the role of a financial advisor and the meaning of the CSFA credential   |
| 1.5  | Act in the best interest of the client in providing suitable financial products and services                           |
| 1.6  | Follow through on one's commitments  |
| 1.7  | Demonstrate ethical judgment and behaviour in all situations   |
| 1.8  | Treat all individuals in a non-discriminatory manner   |
| 1.9  | Identify, manage and address potential conflict of interest to maintain the integrity of the professional relationship |
| 1.10 | Protect the confidentiality of the client's information  |
| 1.11 | Explain how the client's information will be used  |
| 1.12 | Deal effectively with the client's concerns, objections, and complaints  |
| 1.13 | Identify the need for referral to prevent practising outside of the limits of one's competence                         |
| 1.14 | Pursue professional development activities to update one's knowledge and skills  |

### KNOWLEDGE STATEMENTS

- |   |   |
|---|---|
| • | The DFSA™ Code of Ethics  |
| • | Guiding values of the financial services industry                       |
| • | Role and obligations of a financial advisor                             |
| • | Professional liabilities  |
| • | Know Your Client (KYC) Rule   |
| • | Know Your Product (KYP) Rule  |
| • | Use and protection of client's personal and financial information       |
| • | Methods to deal with ethical dilemmas, suspicious activities, and fraud |
| • | Consumer protection   |
| • | Principles of financial services regulation                             |
| • | Regulatory bodies in the financial services industry                    |
| • | Compliance requirements   |
| • | Conflict of interest  |
| • | Suitability   |

## 2 Client Relationship and Practice Management

### COMPETENCY STATEMENTS

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|------|--|
| 2.1  | Build rapport and maintain a relationship with a diverse group of clients  |
| 2.2  | Treat the client with utmost care, empathy, and respect  |
| 2.3  | Manage the client's expectations regarding financial advice while respecting life situation and financial cycle needs. |
| 2.4  | Communicate a value proposition for financial advice services  |
| 2.5  | Provide full disclosure of compensation structure and fees associated with financial planning services                 |
| 2.6  | Converse with the client to discover the client's goals and objectives   |
| 2.7  | Use active listening to fully understand the client's needs and to confirm understanding                               |
| 2.8  | Communicate quantitative and qualitative information logically, clearly, and concisely                                 |
| 2.9  | Adapt communication (in-person and virtual) based on the client's age, needs, and life circumstances                   |
| 2.10 | Assess the client's non-verbal behaviour   |
| 2.11 | Prepare a letter of engagement   |
| 2.12 | Maintain the accuracy, relevance, and currency of the client's documentation for compliance and follow-up purposes     |
| 2.13 | Seek feedback on the financial advice experience to implement improvements   |

### KNOWLEDGE STATEMENTS

- |                                  |
|----------------------------------|
| • Client Relationship Model      |
| • Life-cycle hypothesis          |
| • Letter of engagement           |
| • Value proposition              |
| • Communication styles           |
| • Forms of communication         |
| • Interpersonal perception       |
| • Values                         |
| • Personality traits             |
| • Interview structure            |
| • Interviewing techniques        |
| • Behavioural finance            |
| • Conflict management techniques |
| • Time management techniques     |
| • Effective note-taking          |
| • Effective use of technology    |

### 3 Asset and Liability Management

#### COMPETENCY STATEMENTS

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|-----|--|
| 3.1 | Identify the client's asset and liability management goals and objectives  |
| 3.2 | Assess the client's financial knowledge and experience   |
| 3.3 | Identify the client's attitudes toward debt and spending and saving habits   |
| 3.4 | Identify the client's sources of income and expenses   |
| 3.5 | Obtain relevant and accurate information on the client's personal and business assets, debt, and other liabilities |
| 3.6 | Create financial projections for future cash flow, net worth, and budget   |
| 3.7 | Advise on the features and benefits of credit products and borrowing options                                       |
| 3.8 | Explain the impact of credit standing on the ability to borrow   |

#### KNOWLEDGE STATEMENTS

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|---------------------------------|
| • Interest calculations         |
| • Time value of money           |
| • Cash flow statement           |
| • Cash flow analysis            |
| • Emergency fund analysis       |
| • Debt management               |
| • Account ownership types       |
| • Business ownership structures |
| • Net worth statement           |
| • Net worth analysis            |
| • Budgeting                     |
| • Asset and liability ratios    |
| • Compounding frequencies       |
| • Credit                        |
| • Mortgages                     |
| • Home Buyer's Plan             |

## 4 Risk Management and Insurance

### COMPETENCY STATEMENTS

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|-----|---|
| 4.1 | Evaluate unexpected changes to circumstances and their implications for the client's financial plan |
| 4.2 | Assess the client's financial ability to deal with changes to circumstances                         |
| 4.3 | Identify reasons why the client may need insurance  |
| 4.4 | Conduct an insurance needs analysis   |
| 4.5 | Explain the features and benefits of insurance products   |

### KNOWLEDGE STATEMENTS

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|---------------------------------|
| • The concept of risk           |
| • Types of risk                 |
| • Approaches to risk management |
| • Insurance needs analysis      |
| • Life insurance                |
| • Long-term care insurance      |
| • Disability insurance          |
| • Critical illness insurance    |
| • Group insurance               |
| • Creditor insurance            |

## 5 Investment Planning

### COMPETENCY STATEMENTS

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|------|---|
| 5.1  | Assess the client's investment knowledge and experience   |
| 5.2  | Examine the client's return expectations and time horizon   |
| 5.3  | Assess the client's investment risk tolerance   |
| 5.4  | Discuss investment goals and objectives based on the client's needs and priorities                              |
| 5.5  | Determine an appropriate asset allocation based on the client's investment profile                              |
| 5.6  | Advise on the features and benefits of investment products  |
| 5.7  | Analyze statements of investment holdings   |
| 5.8  | Calculate risk-adjusted ratios for investments and portfolios   |
| 5.9  | Calculate the required rates of return for investments and portfolios to meet the client's goals and objectives |
| 5.10 | Determine appropriate investment strategies   |
| 5.11 | Analyze advantages and disadvantages of investment strategies in relation to the client's goals and objectives  |
| 5.12 | Periodically review the investment portfolio to determine the need for updates                                  |
| 5.13 | Update the investment portfolio to ensure its relevance to the client's goals.                                  |

### KNOWLEDGE STATEMENTS

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| • Overview of the Canadian securities industry   |
| • Regulators in the Canadian securities industry |
| • Insider Trading                                |
| • Investment theories                            |
| • Portfolio management                           |
| • Economic theories                              |
| • Return calculations                            |
| • Types of investment risk                       |
| • Relationship between risk and return           |
| • Investment risk profile                        |
| • Diversification                                |
| • Asset allocation                               |
| • Fixed income investments                       |
| • Equity investments                             |
| • Stocks   |
| • Hedge funds                                    |
| • Segregated funds                               |
| • Mutual funds                                   |
| • Exchange-traded funds (ETF)                    |
| • Transactional and fee-based accounts           |
| • Buying and selling methods                     |
| • Leveraging                                     |



## 6 Tax Planning

### COMPETENCY STATEMENTS

- 6.1 Identify parties relevant to the client's tax situation

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- 6.2 Identify the taxable nature of assets and liabilities

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- 6.3 Identify current, deferred, and future tax obligations

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- 6.4 Analyze implications of different taxation structures

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- 6.5 Identify deductions, credits, and taxes payable

### KNOWLEDGE STATEMENTS

- Overview of the Canadian income tax system

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- Earned income

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- Other income

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- Investment income

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- Deductions from income

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- Tax credits

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- Tax shelters

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- Income splitting

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- Taxation of registered and non-registered accounts

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- Registered Education Savings Plan (RESP)

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- Taxation of foreign income and property

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- Personal income tax returns

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- Principal residence

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- Tax consequences arising at death

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- Employee stock options

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- Residency and non-residency implications

## 7 Retirement Planning

### COMPETENCY STATEMENTS

- 2.1 Determine the client's retirement goals and objectives

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- 2.2 Assess the implications of the client's longevity and healthcare costs for the retirement plan

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- 2.3 Create financial projections based on the client's current position

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- 2.4 Conduct a retirement income needs analysis

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- 2.5 Identify compromises (if any) required to meet the client's retirement goals and objectives

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- 2.6 Advise on the features and benefits of retirement accounts

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- 2.7 Advise on the features and benefits of government benefit plans

### KNOWLEDGE STATEMENTS

- Retirement income needs analysis

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- Calculation of retirement income and expenses

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- Registered Pension Plan (RPP)

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- Registered Retirement Savings Plan (RRSP)

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- Tax-free Savings Plan (TFSA)

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- Registered Retirement Income Fund (RRIF)

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- Registered Disability Savings Plan (RDSP)

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- Locked-in Retirement Savings Plan (LRSP)

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- Locked-in Retirement Account (LIRA)

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- Life Income Fund (LIF)

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- Deferred Profit Sharing Plan (DPSP)

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- Defined Contribution Pension Plan

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- Defined Benefit Pension Plan

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- Pension Adjustment Calculations (PA)

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- Pension Adjustment Reversals (PAR)

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- Vesting and locking-in provisions

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- Canada/Quebec Pension Plan (CPP, QPP)

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- Old Age Security (OAS) and Guaranteed Income Supplement (GIS)

## 8 Estate Planning

### COMPETENCY STATEMENTS

- 2.1 Discuss the client's estate planning goals and objectives

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- 2.2 Review the client's family dynamics and business relationships that may influence estate planning

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- 2.3 Identify legal documents that have implications for estate planning

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- 2.4 Advise on the features and benefits of estate planning

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- 2.5 Explain different types of the Power of Attorney

### KNOWLEDGE STATEMENTS

- Wills

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- Executor, guardian, and trustee appointments

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- Intestacy

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- Probate

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- Powers of Attorney

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- Personal property ownership

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- Common law

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- Civil law

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- Marriage

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- Separation/ divorce