

## The CSA Board of Standards

# CSA Code of Professional Responsibility

### Introduction

Today, the emphasis is on market conduct and compliance in most areas of accounting and legal services, health and social services, life and health insurance sales, and the investment arena. The concern, for those involved in such endeavors, centers on establishing trust, servicing client needs and creating appropriate recommendations, as well as building long-term client relationships. When trust, needs-based selling, and long-standing relationships exist, there are few, if any, complaints regarding ethical misconduct. A professional's success is greatly enhanced by high ethical standards.

Many approaches are available for developing high ethical standards; for example, Rotary International, the world's oldest and largest service club, encourages its members to apply *The Four-Way Test* to everything they think, say or do. Rotary claims that *The Four-Way Test* can be applied profitably in relations with others in the home, the community, and business, as well as national and international life. It is particularly helpful in its application to proposed plans, policies, statements, and advertising in business and the professions. *The Four-Way Test* is simple yet effective. It asks:

**Is it the TRUTH?**

**Is it FAIR to all concerned?**

**Will it build GOODWILL and BETTER FRIENDSHIPS?**

**Will it be BENEFICIAL to all concerned?**

If you were to apply that uncomplicated test to everything you think, say or do, an intimate knowledge of a code of ethics would be unnecessary, because you would, implicitly, be in conformance with it. Anyone may put the test into practice.

All of the approaches to high ethical standards have honesty as their cornerstone. Many consider the old expression "Honesty is the best policy" as trite and out of date. The general public and the writers of the several codes of professional responsibility do not think so.

Earl Nightingale once considered the issue of honesty, and then he said:

*Every time you do something less than honest, you're throwing a boomerang. How far it will travel no one knows. How great or*

*small a circle it will travel only time will tell. But it will eventually, it must finally, it will inevitably, come around behind you and deliver a blow to you.*

A recent research project conducted by the Indiana University Graduate School of Business and the General Agents and Managers Association (GAMA) found that successful life insurance field officers believe that the most important traits in new recruits are ethical conduct and honesty. Notwithstanding that finding, the number of people who think that financial services companies possess high ethical standards has fallen from 50% to 24% over the past 28 years. We have a duty to do what we can to improve that image; we owe it to the communities we serve, and we owe it to ourselves.

You are the representative of your company in dealing with seniors. Your high ethical standards are the key to establishing trust and building long-term relationships with your senior clients. As a Certified Senior Advisor (CSA) ®, you are called on to ask prospects and clients several very personal questions and to make some confidential financial inquiries. Your senior prospects and clients will only answer those questions completely and honestly if they believe that you are ethical (which includes keeping the answers in confidence), forthright and well-intentioned.

The best way to establish, maintain or enhance your ethical standards is to live by a code of ethics. Practicing high ethics, or responsibility, is the task of everyone in our business — from the home offices to the independent producer, from the nursing-home owner to the health-care provider, and from the manager of a brokerage firm to the salesman.

The CSA Board of Standards has established CSA Code of Professional Responsibility (Code) for you to live by. The Code embodies six fundamental principles of ethical conduct. They are:

1. To conduct your business according to high standards of honesty and fairness and to render that service to your clients that, in the same circumstances, you would apply or demand for yourself.
2. To provide competent and consumer-focused sales and service.
3. To engage in active and fair competition.
4. To provide fair and expeditious handling of client business, complaints and disputes.

5. To provide your clients with advertising and sales materials that have a clear purpose and an honest and fair content.
6. To maintain your competency through continuing education. Being competent means having the skills, knowledge, commitment and attitude to do a professional job as a senior advisor.

Although you have been provided with the CSA Code of Professional Responsibility that you are required to practice, if you want to remain a Certified Senior Advisor (CSA) ®, you need to do more. Public demand, marketplace complexities, and a firm regulatory environment require strict adherence to market conduct and compliance regulations. You must combine high ethical conduct with diligent compliance. Just as ethical conduct alone is not enough, compliance alone is not enough either; compliance regulations present only a bare minimum. A particular act or deed may be legal but not necessarily ethical. You can make compliance a competitive advantage by serving prospects and clients in a highly ethical fashion, with full compliance.

## **Code of Professional Responsibility**

### **Preamble**

The *CSA Code of Professional Responsibility* (Code) has been adopted by the CSA Board of Standards and ratified by the Society of Certified Senior Advisors (the Society) with the purpose of providing ethical principles and rules for all persons who have been recognized and certified by the Society to use the Certified Senior Advisor (CSA) designation. The Society determines who is recognized and certified to use the designation. Implicit in a designee's acceptance of the authorization is an obligation not only to comply with the mandates and requirements of all applicable laws and regulations, but also to take the responsibility to perform all professional services and activities in an ethical and professionally responsible manner.

For the purposes of this Code, a person who has been recognized and certified by the Society to use the designation is known as CSA designee or Certified Senior Advisor designee. This Code applies to all CSA designees.

The Code consists of three parts: The Canons, The Rules, and The Disciplinary Procedures. The Canons express in general terms the ethical and professional ideals expected of CSA designees who should strive to adhere to them in their business and professional activities. The Canons are standards of exemplary professional conduct worth aspiring to; they are goals and are intended to be sources of guidance for each CSA designee. The Rules set forth practical guidelines that are drawn from the tenets

embodied in The Canons. As such, The Rules detail the standards of ethical and professionally responsible conduct that is expected in particular situations. It should be noted that The Code does not, in any way, attempt to define the behavior of a CSA designee for the purposes of civil liability.

Because there are varied fields of endeavor enjoyed by the many members of the Society, certain Rules may not be applicable to a particular CSA designee. Each designee is obligated to determine what responsibilities he or she has in each of the designee's fields of endeavor, including what duties he or she has in each of his/her professional relationships, including duties that arise in particular circumstances from a position of trust or confidence that they may possess.

### **The Canons**

The canons are:

**Canon 1. Competence:** A CSA designee shall competently provide services to clients, and each designee shall maintain and further the necessary knowledge and skills to continue to do so.

**Canon 2. Confidentiality:** A CSA designee shall protect the privacy of clients, and others with whom he or she has a professional relationship or on whose behalf he or she has reason to possess confidential information — unless the client has specifically released the CSA from such duty or such information is required to be divulged in response to proper legal process.

**Canon 3. Professionalism:** A CSA designee shall serve the public, clients and employers with the highest professionalism, integrity, impartiality, objectivity and ethical behavior, work to enhance the reputation of the Society of Certified Senior Advisors and its members, and endeavor to extend public knowledge of the work of the Society of Certified Senior Advisors and its members as relates to the public good.

**Canon 4. Fairness:** A CSA designee shall perform professional services in a manner that is fair and reasonable to clients, prospective clients, colleagues, and employers, and the designee shall disclose any conflicts of interest associated with providing such services.

**Canon 5. Integrity:** A CSA designee shall provide services with honesty and trust and place the interests of the client above his/her own interests.

**Canon 6. Diligence:** A CSA designee shall act with timeliness and consistency in the

fulfillment of all professional duties.

## **The Rules**

### **Introduction**

As previously stated, The Canons apply to all CSA designees. However, due to the nature of a particular designee's field of activity, certain of The Rules may not be applicable to that designee. The universe of endeavors by Certified Senior Advisors is, indeed, diverse; a particular CSA designee may be performing all, some or none of the typical services provided by professionals. As a result, in considering The Rules, a CSA must first recognize what specific services he/she is rendering and then determine whether or not a specific Rule is applicable to those services.

### **Rules that Relate to the Canon of Competence**

**Rule 101:** A CSA designee shall keep informed of developments in his/her area of activity and participate in continuing education throughout his/her professional career in order to improve professional competence in all fields in which the designee is involved. As a distinct part of this requirement, the CSA designee shall satisfy all minimum continuing education requirements established by his/her licensing authority and the Society of Certified Senior Advisors.

**Rule 102:** A CSA designee shall offer advice only in those areas that the CSA has competence. In those areas that the CSA is not professionally competent, he/she shall seek the counsel of qualified individuals and/or refer clients to such persons.

### **Rules that Relate to Confidentiality**

**Rule 201:** A CSA designee shall not reveal or use for his/her benefit, without the client's consent, any personally identifiable information relating to the client relationship or the affairs of the client, except and to the extent that disclosure or use is reasonably necessary:

- (a) To establish an advisory or brokerage account, to effect a transaction for the client, or as otherwise authorized in order to carry out the client engagement; or
- (b) To comply with legal requirements or legal process; or
- (c) To defend the CSA designee against charges of wrongdoing; or

(d) To defend the CSA designee in connection with a civil dispute between the CSA designee and the client.

For the purposes of this rule, the proscribed use of client information is improper, regardless of whether it actually causes harm to the client.

**Rule 202:** A CSA designee shall maintain the same standards of confidentiality to employers as to clients.

**Rule 203:** A CSA designee doing business as a partner or principal of a firm owes to his/her partners or co-owners a responsibility to act in good faith. Good faith includes, but is not limited to, adherence to reasonable expectations of confidentiality both while in business together and thereafter.

### **Rules that Relate to the Principle of Professionalism**

**Rule 301:** A CSA designee shall use the designation in compliance with the rules and regulations of the Society of Certified Senior Advisors, as established and amended from time to time.

**Rule 302:** A CSA designee shall show respect for other professionals and related occupational groups by engaging in fair and honorable competitive practices.

**Rule 303:** A CSA designee who has knowledge that is not required to be kept confidential under this Code that another CSA designee has committed a violation of this Code, which raises substantial questions as to that designee's honesty, trustworthiness or fitness as a CSA designee, shall promptly notify the CSA Board of Standards. For purposes of this Rule, knowledge means no substantial doubt.

**Rule 304:** A CSA designee who has knowledge that is not required to be kept confidential under this Code — which raises a substantial question of unprofessional, fraudulent or illegal conduct by a CSA designee or other person — shall promptly inform the appropriate regulatory and/or professional disciplinary body, as well as the CSA Board of Standards. For purposes of this Rule, knowledge means no substantial doubt.

**Rule 305:** A CSA designee who has reason to suspect illegal conduct within the designee's organization shall make timely disclosure of the available evidence to the designee's immediate supervisor and/or partners or co-owners. If the CSA designee is convinced that illegal conduct exists within the designee's organization, and that appropriate measures are not being taken to remedy the problem, the CSA designee shall, where appropriate, alert the proper regulatory authorities, including the CSA

Board of Standards.

**Rule 306:** In all professional activities, a CSA designee shall perform services in accordance with:

(a) Applicable laws, rules and regulations of governmental agencies and other applicable authorities; and

(b) Applicable rules, regulations and other established policies of the Board of Standards of the Society.

**Rule 307:** A CSA designee shall not engage in any conduct that reflects adversely on his/her integrity or fitness as a CSA designee or the Society.

**Rule 308:** A CSA designee shall return a client's original records in a timely manner when the client requests them.

**Rule 309:** A CSA designee shall exercise reasonable and prudent professional judgment in providing professional services.

**Rule 310:** A CSA designee shall always act in the best interest of the client.

### **Rules that Relate to Fairness**

**Rule 401:** A CSA designee shall, in rendering services to a client, disclose:

(a) All material information relevant to the professional relationship, including but not limited to conflict(s) of interest(s), changes in the CSA designee's business affiliation, address, telephone number, credentials, qualifications, licenses, and agency relationships, as well as the designee's scope of authority within the agency.

(b) The information required by all laws applicable to the relationship in a manner that complies with such laws.

**Rule 402:** A CSA designee who practices financial planning shall make timely written disclosure of all material information relative to the professional relationship, including conflict(s) of interest(s) and sources and amount of compensation, as well as the following:

(a) A statement setting forth the philosophy of the CSA designee (or his/her firm) in working with clients, and

- (b) Resumes of principals and employees of the firm who are expected to provide services to the client, as well as a description of those services.

**Rule 403:** A CSA designee's compensation shall be fair, reasonable, and clearly disclosed.

**Rule 404:** A CSA designee who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this Code.

**Rule 405:** Prior to establishing a professional relationship, a CSA designee may provide the prospective client references and recommendations from present or former clients, provided that such references and recommendations do not violate the confidentiality provisions of the Code.

### **Rules that Relate to Integrity**

**Rule 501:** A CSA designee shall not solicit clients through false or misleading communications or advertisements, either written or oral.

**Rule 502:** A CSA designee shall not, during the course of rendering professional services, engage in conduct that involves dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.

**Rule 503:** A CSA designee shall not give the impression to a client or prospective client that the designee is representing the views of the Society of Certified Senior Advisors or any other group, unless the designee has been expressly authorized to do so. The designee's personal opinions shall be clearly identified as such.

**Rule 504:** A CSA designee is prohibited from the unauthorized or misleading use of Society-approved credentials.

**Rule 505:** A CSA designee shall conduct him/herself with honor and dignity.

### **Rules that Relate to Diligence**

**Rule 601:** A CSA designee shall act promptly in serving clients, employers, principals, and other users of the designee's services.

**Rule 602:** A CSA designee shall carefully evaluate a client's circumstances prior to

making a recommendation, and the designee shall make and/or implement only those recommendations that are appropriate for the client.

**Rule 603:** A CSA designee shall properly supervise subordinates with regard to their delivery of services to the client, and the designee shall not accept or otherwise condone any subordinate's conduct that is in violation of this Code.

**Rule 604:** A CSA designee shall use the CSA designation only if the CSA is in good standing with the CSA Board of Standards and the Society of Certified Senior Advisors and is current with the annual license fee.

### **The Disciplinary Procedures**

#### **Introduction:**

The **Society of Certified Senior Advisors** has ratified *The CSA Code of Professional Responsibility* which establishes minimum standards of acceptable professional behavior for individuals who are members of the Society and who are entitled to use the designation *Certified Senior Advisor (CSA)* ®. A CSA designee's use of the designation is a proclamation to the public that the CSA designee is: a person to whom members of the public can entrust their affairs with confidence, and who will be true to that trust; that the designee will hold inviolate the confidences of the client; and that the designee will competently and promptly fulfill the responsibilities owed to the client. In order to maintain high standards of professional conduct, those designees who have demonstrated that they are unable, or are likely to be unable, to discharge their professional responsibilities shall be subject to appropriate disciplinary procedures. Adherence to the Code is mandatory for all CSA designees, and its provisions will be strictly enforced.

#### **The Board of Standards:**

The **CSA Board of Standards, Inc.** (the Board), a non-profit corporation, is charged with the duty of investigating, reviewing, and taking appropriate action with respect to a designee's alleged violations of the Code, and it shall have original jurisdiction over all such disciplinary matters and procedures.

The Board is authorized to:

1. Enlist the aid or assistance of one or more CSA designees in good standing to assist with investigations or to serve temporarily as a Hearing

Officer;

2. Appoint staff members, which may include persons who will investigate and prosecute alleged violations of the Code;
3. Periodically report to the Society on the operation of the Board;
4. Adopt amendments to The Disciplinary Procedures; and
5. Adopt such other rules or procedures as may be necessary or appropriate to govern the internal operations of the Board.

### **Initiation of a Disciplinary Procedure:**

The disciplinary process is initiated by the filing of a complaint; anyone may file a complaint against a designee, including another designee, an allied professional, a client, a prospective client or the Society.

The complaint is filed with the Board, either directly at its offices or through the Society. Upon filing, the charged designee will be promptly notified and requested to respond to the complaint within fifteen (15) days.

At the next meeting of the Board after the fifteen days have elapsed, the Board will determine, in view of the filings, whether the allegations are sufficient to support a probable finding of ethical misconduct. If so, a hearing should be held for the taking of evidence. If the Board finds that the evidence is insufficient, the complaint will be dismissed.

### **The Ethics Fact-Finding Hearing:**

The ethics hearing will be conducted before a Hearing Officer who will be appointed by the Board. The Hearing Officer must be a CSA designee in good standing, and he/she will serve as such without pay.

The Hearing Officer's function is to determine whether there has been a violation of The Code of Professional Responsibility.

Both parties, the complainant and the charged designee, may participate in the hearing, either in person or by additional filings. If the parties participate in person,

they may call witnesses on their behalf and present their own testimony.

At such an evidentiary hearing, there are no rules of evidence.

If the charged designee wishes to have the testimony taken by a Court Reporter, it will be done so at his/her expense.

At the conclusion of the hearing, the Hearing Officer shall submit to the Board, within twenty (20) days, his/her written findings of fact and conclusions as to whether there was a violation of the Code. If the Hearing Officer concludes that there was a violation of the Code, the Hearing Officer should recommend a penalty.

The Board, after receiving the Hearing Officer's findings and conclusions, will make the final determination as to whether there was a violation and the penalty that is to be assessed.

If the Hearing Officer finds and concludes that there was no violation of the Code, the complaint shall be dismissed.

### **Penalties:**

The Board is empowered to impose any of the following forms of discipline:

1. **Private Censure:** The Board may order private censure of a CSA designee; that form of censure shall be an unpublished written reproach sent by the Board to a censured designee. The Board may publish the case without naming parties involved.
2. **Public Censure:** The Board may order that a public letter of censure be issued against a designee, which letter shall be a publishable written reproach of the designee's behavior. In some cases, if the Board finds that there are mitigating circumstances, it may decide to withhold public disclosure.
3. **Suspension:** The Board may order suspension of the right of the designee to use the designations for a specified period of time, not to exceed five (5) years, for those individuals it deems can be rehabilitated. In the event of suspension, it shall be standard procedure to publish the fact of suspension together with identification of the CSA designee in a press release or in such other form of publicity as is selected by the Board. In some cases, when the Board determines that there are extreme mitigating circumstances, it may decide to withhold public notification. A CSA

designee who receives a suspension for a fixed period may apply for reinstatement immediately on the termination of the suspension.

4. **Revocation:** The Board may order permanent revocation of a CSA designee's right to use the designation. In the event of a permanent revocation, it shall be standard procedure to publish the fact of the revocation together with identification of the CSA designee in a press release, or in such other form of publicity as is selected by the Board. In some cases, when the Board determines that there are extreme mitigating circumstances, it may decide to withhold public notification. Revocation shall be permanent.

*This above all — to thine own self  
be true. And it must follow, as the night  
the day, thou canst not then be  
false to any man.*

Polonius, in *Hamlet*, by William Shakespeare