

ALIGNING CFA[®] SOCIETY AND CFA INSTITUTE PLANNING AND BUSINESS CYCLES



WHAT'S CHANGING?



AN INCREASE IN OPERATIONAL FUNDING

\$5.7M

Additional investment up from \$7.7M to \$13.4M for FY19 to help societies hire appropriate operational, executive, or specialist staff.



PLANNING CYCLE ALIGNMENT

New!

A revised planning process that allows CFA Institute and CFA Societies to better align their planning and budgeting.

AN INCREASE IN OPERATIONAL FUNDING

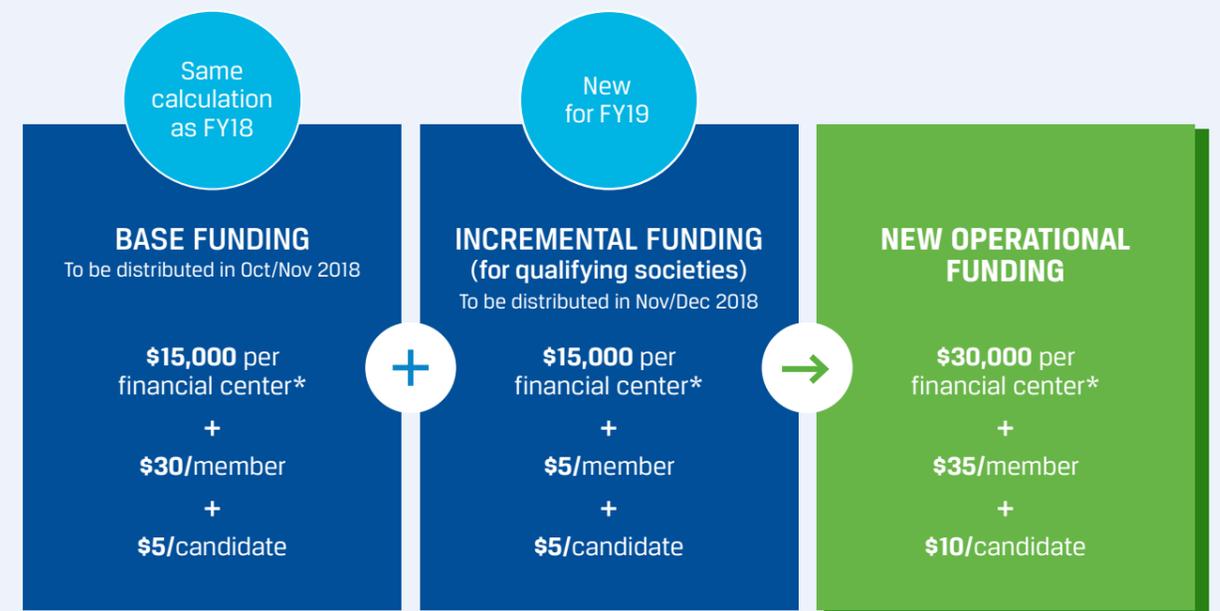
You shared that building your society's capacity, namely through professional staff, was important. We heard your feedback and increased operational funding to \$13.4M in FY19.

FY19 Operational Funding will be distributed to societies in two parts: base (FY18 level) funding in October/November 2018 and incremental (marginal increase) funding separately in November/December for societies that have:

- Signed the Societies 2.0 vision statement
- Signed the bi-annual member society licensing agreement
- Submitted their end-of-year 2018 reports

Deadline: 30 October 2018

NEW OPERATIONAL FUNDING FORMULA FOR FY19



*City where there are >50 members, 50 miles (80km) from any other financial center and member services are being provided.

WHY CHANGE?

Funding aligned to Societies 2.0

This new alignment supports greater operational funding for societies and is a tangible commitment to the Societies 2.0 vision.

Better matched planning and budgeting cycles

This new pace of business planning promotes an enhanced culture of governance over finances by societies. The process encourages strategic planning and budgeting to be done prior to the end of the member year (the fiscal year end for approximately two-thirds of societies).

Empowered incoming boards to execute on plans

New boards beginning their terms in July 2019 will have their business plans for the year in place, having been developed and approved by their previous administrations. The new board's role is to execute on that plan and to prepare their successors' budgets and business plans.

Better intelligence gathering

This new process allows better intelligence gathering regarding society resourcing, which is needed to inform CFA Institute budgeting.

In addition, CFA Institute has plans to retire the current SMSS business planning tool, to be replaced with a more flexible reporting and planning tool. More to come!

FUNDING FROM FY20 ONWARDS

To continue to benefit from funding at the higher level in FY20, we look forward to hearing from you about how the funding is being invested, the positive impact it is having on your society and how we can work together to plan and budget for the future.

The following will be requirements for ongoing incremental operational funding:

- Strategic plan is in place (less than three years old) and shared with CFA Institute
- Beginning and end-of-year business plans are submitted on time
- Society Member Service Standards are met
- The bi-annual Member Society licensing agreement is signed
- 80% of board members and 100% of staff have completed the online orientation training and the online governance training
- Conflict of Interest and Code of Conduct Policies are in place
- Board manual is in place and updated
- If applicable, a plausible plan is in place to reach a minimum of 100 members within three years

For more information contact your Society Relations Manager.



The decision to hire an Executive Director has had a significant positive impact for the daily operations of CFA Society Doha and freed up Board of Directors' time to focus on strategic planning and increasing members value and less on performing administrative work."

Adam Komorowski, CFA
Board Member –CFA Society Doha

NEW PLANNING CYCLE ALIGNMENT

- CFA Institute will forego the usual requirement that societies submit a beginning of the year FY19 business plan and will only require end-of-year FY18 reporting (currently underway in the SMSS business planning tool).
- FY19 Operational Funding will be distributed in two parts: base (FY18 level) funding in October/November 2018 and incremental (marginal increase) funding separately in November/December for those meeting specific criteria.
- Over the course of FY19, relationship managers will work with societies to begin planning for the following year's resource requirements. Together, they will identify skills gaps, infrastructure, or other business needs expected in FY20. That information will be grounded in society strategic plans, supported by workplans and pro forma budgeting (or at minimum, estimated costing of new resource requirements) and will inform CFA Institute planning and budgeting beginning in April 2019.
- Beginning-of-year FY20 business plans will be submitted by societies beginning in May 2019.

FY19 will serve as a transition year so that we are effectively aligned in FY20.

Interim State FY19

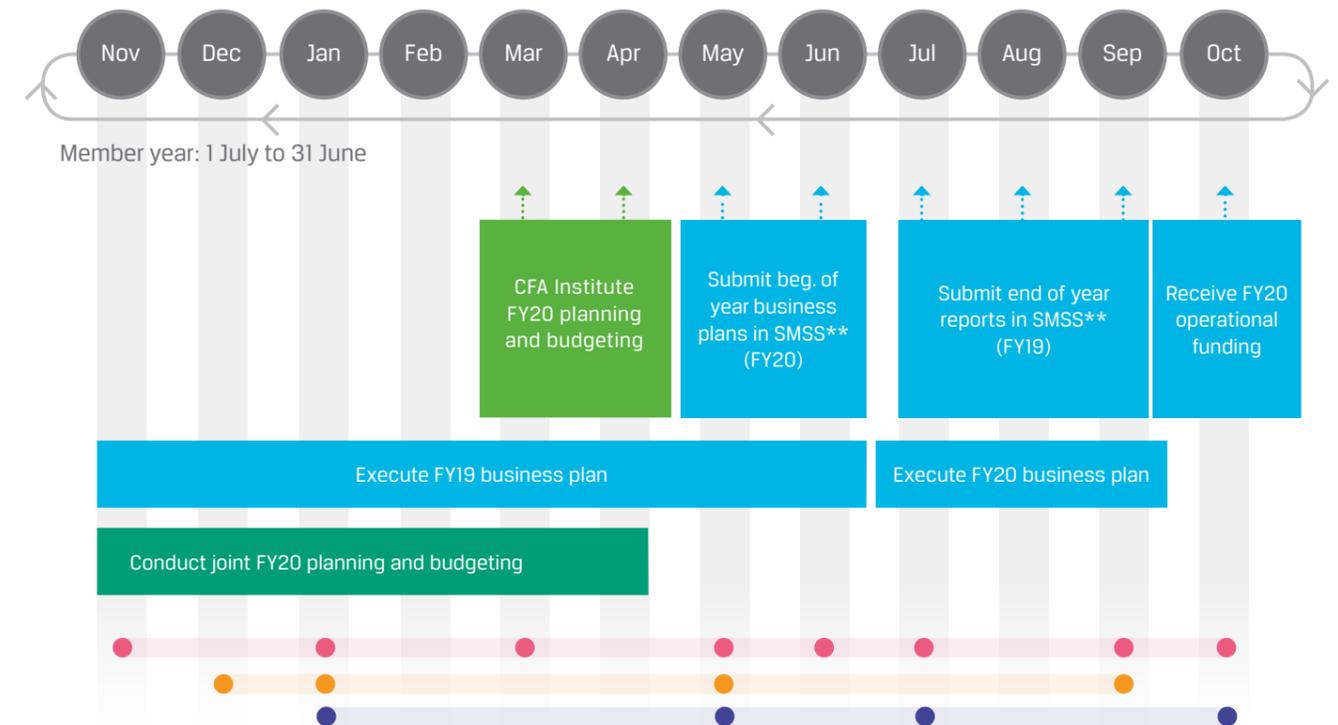
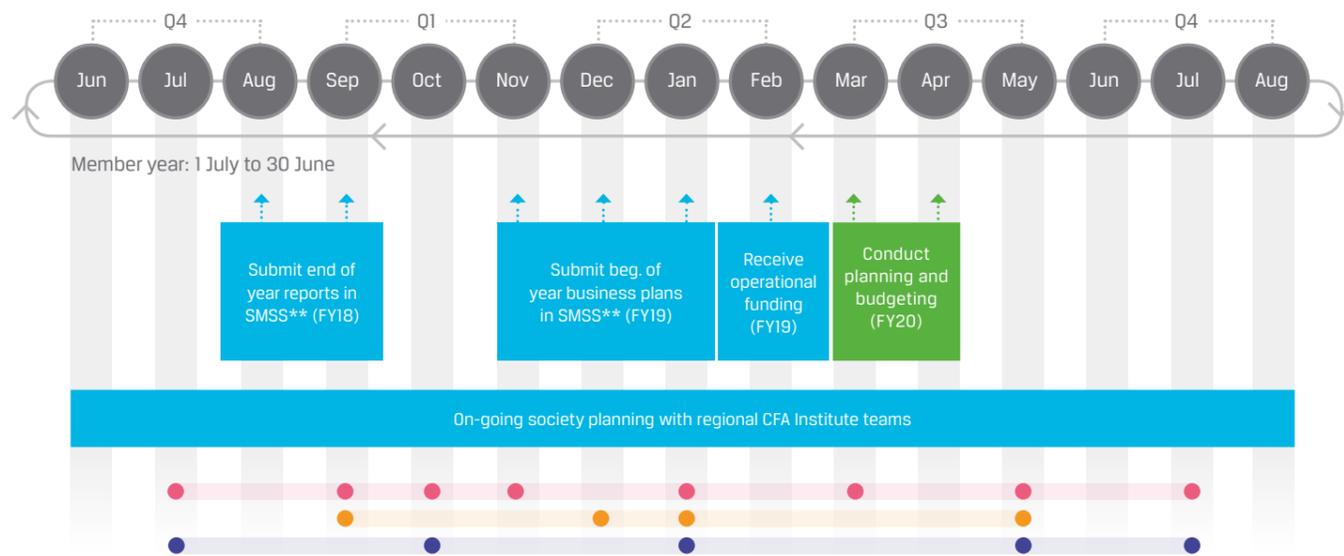
Conduct Planning and Budgeting	CFA Institute	Mar – Apr 2018
Submit End of Year Reports	Societies	Jul – Sep 2018
Approve CFA Institute Annual Budget	BOG	Jul 2018
Receive Base Operational Funding	Societies	Oct – Nov 2018
Receive Incremental Operational Funding	Societies	Nov – Dec 2018
Conduct Joint Planning and Budgeting	Societies / CFA Institute	Nov 2018 – Apr 2019

Current State Planning Cycle

Future State Planning Cycle: FY20+

● XL Meeting ● SPAC Meeting ● Board of Governors ● CFA Institute ● CFA® Societies

● XL Meeting ● SPAC Meeting ● Board of Governors ● CFA Institute ● CFA® Societies ● CFA Institute + CFA® Societies



**Submitted in SMSS



The operational funding provided by CFA Institute has proved key to CFA Society Malaysia's success. The society now has three full time employees focused solely on its operations; organising communications to members and arranging educational and social events. This has allowed the Board to concentrate on strategic matters, such as advocacy and society governance."

Jason Lee, CFA

President of the board of directors
CFA Society Malaysia

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915 East High Street
Charlottesville, VA 22902
USA



CFA Institute