



**6) TAXATION OF INVESTMENT PRODUCTS**

- a) Taxes & Investments
  - Basic Tax Formula
  - Alternative Minimum Tax
  - The Kiddie Tax
  - General Tax Strategies in Investing
- b) General Income Tax Principles
  - Progressive Federal Tax System
  - Marginal Tax Rate
  - Income Recognition for Tax Purposes
  - Capital Gains and Losses
- c) Taxation of Investment Products
  - Stocks
  - Tax-Motivated Strategies for Stocks
  - Fixed-Income Securities
  - Tax-Exempt Securities
  - Tax Motivated Strategies for Fixed-Income Securities
  - Mutual Funds
  - Life Insurance and Annuities
  - Real Estate Limited Partnerships
  - Real Estate Investment Trusts
  - Tax-Motivated Strategy for Real Estate

**7) INVESTMENT OPPORTUNITIES FOR AN INDIVIDUAL'S RETIREMENT**

- a) Assessing Retirement Needs
  - Uses of money – Pre- and During Retirement
  - Inflation and Erosion of Purchasing Power
- b) Sources of Retirement Income
  - Social Security Benefits
  - Pension and Profit Sharing Income
  - Retirement Savings and Investment Income
- c) Accumulating Capital for Retirement
  - General Strategies to Accumulate Retirement Income Sources
- d) Accumulating Retirement Funds in Tax-Deferred Arrangements
  - Pros and Cons of Tax-Deferred Arrangements
  - Types of Tax-Deferred Plans
- e) Retirement Distributions
  - Timing Periodic Retirement Distributions
  - Minimum Distribution Requirements
  - Common Distribution Options of Employer-Provided Qualified Retirement Plans
  - Terminating Employees and the Distribution Process
  - Investment Considerations
- f) Investment Planning During Retirement
  - Asset Allocation and Investment Selection Considerations
  - Withdrawal Considerations
- g) Other Sources of Retirement Income
  - Charitable Remainder Trusts
  - Annuities
  - Life Insurance Cash Values
- h) Investment & Money Management Strategies for the Frail Elderly
- i) Inherited Wealth

**8) INVESTMENT CONSIDERATIONS FOR SMALL BUSINESS OWNERS**

- a) Small Business Life Cycles
- b) Implications for the Investment Professional
- c) Financing Stages of a Growing Business
- d) Forms of Business Entities
  - Types of Businesses
  - Characteristics
  - Consequences
- e) Small Business Client
  - Accumulation of Wealth in Business Assets
  - Cash Management
  - Capital for the Business: Use of a Margin Account
- f) Retirement Plans
  - Types of Plans
- g) Risk Management: Insurance & Diversification
  - Uses of Life Insurance
  - Diversification of Personal Wealth
- h) Valuation & Disposition of the Small Business
  - Valuing an Unlisted Business
  - Buy-Sell Agreements Between Existing Shareholders
  - Transferring Ownership with ESOPs
- i) Lifetime Cash Flow Planning for the Small Business Owner
  - Identifying Cash Flows
  - Future Cash Flows

**9) DEFERRED COMPENSATION & OTHER BENEFIT PLANS FOR KEY EXECUTIVES**

- a) Qualified and Nonqualified Plans
- b) Methods of Funding
  - The American Jobs Creation Act of 2004 Nonqualified Deferred Compensation
  - Funded Plans
  - Unfunded Plans
- c) Types of Nonqualified Plans Used for Retirement Funding
  - Excess Benefit Plans
  - Supplemental Executive Retirement Plans
  - Death-Benefit-Only Plans
  - Section 457 Plans
- d) Life Insurance Plans
  - Split Dollar Plans
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  - Executive Bonus Plans
  - Informal Funding With Life Insurance
- e) Equity-Based Compensation Plans
  - Restricted Stock Plans
  - Incentive Stock Options
  - Nonqualified Stock Option Plans
  - Phantom Stock Plans
  - Stock Appreciation Rights
  - Performance Unit or Share Plans
  - Rule 144—Short Swing Profit Rules
- f) Severance Payments
  - Types of Severance Plans
- g) Publicly Held Corporation's Compensation Deduction Limitation



**10) INSURANCE PRODUCTS FOR INVESTMENT CLIENTS**

- a) The Purposes of Life Insurance
  - Income Replacement
  - Retirement Funding
  - Insurance for Estate Planning
  - Business Needs
- b) Measuring the Need for Life Insurance
  - Needs Analysis
  - Risks
- c) Types of Life Insurance
  - Term Life Insurance
  - Term Insurance and the Brokerage Client
  - Permanent Cash Value Life Insurance
  - Cash Value Life Insurance and the Brokerage Client
  - Taxes and the Cash Value Policy
  - Borrowing Against Cash Value Policies
  - Withdrawal from Cash Value Policies
  - Dividend Options for Policyowners
- d) Settlement Options
  - Installment Payment Options
  - Income for Life
  - Estate Planning Arrangements
- e) Annuities
  - Immediate Annuities
  - Deferred Annuities
  - Costs
- f) Life Insurance Decision Making
  - Separating the Risks
  - Insurance Versus Investment
  - Policy Comparisons
  - Insurance Company Comparisons

**11) ESTATE PLANNING FOR INVESTMENT CLIENTS**

- a) Objectives of Estate Planning
- b) The Estate Planning Team & Unauthorized Practice of Law
  - Estate Planning Transactions & Investment Vehicles
  - The Estate Planning Team
  - Unauthorized Practice of Law
- c) Estate Transfer Taxes
  - Evolution of the Federal Transfer Tax System
  - Valuation
  - Federal Unified Transfer Tax System
  - Federal Gift Tax
  - The Federal Estate Tax
  - Federal Generation-Skipping Transfer Tax (GSTT)
  - Marital Deduction and Bypass Planning
- d) Estate Transfer Techniques During Life (inter vivos)
  - Outright Gifts
  - Trusts
  - Trusts for Minors
- e) Estate Transfer Techniques at Death (Testamentary)
  - Probate Transfers
  - Will Substitutes
  - Ownership and Titling of Property
  - Contracts as a Transfer Technique
  - Intestate Succession Statutes
- f) Planning for Incapacity
  - Management of Property
  - Personal and Medical Care Decision Making

**12) REGULATORY & ETHICAL ISSUES FOR THE INVESTMENT PROFESSIONAL**

- a) Ethical Behavior & the Modern Securities Industry
  - The Regulated Environment of Investing
- b) Current Regulatory & Ethical Issues
  - Forces Changing the Securities Industry
  - Sources of Ethical Conflict
- c) Duties Owed to the Client
  - Fiduciary Duty
  - Duty To Disclose
  - Duty To Diagnose
  - Duty To Consult
  - Duty To Keep Current
  - Attempts to Nullify Duties Through Use of Written Statements



**1) WEALTH TRANSFERS FOR DOMESTIC PARTNERS**

- a) Basic Wealth Transfer Techniques
  - Overview of Wealth Transfer Techniques
  - A Closer Look at Selected Wealth Transfer Techniques
  - Interstate Situations
  - Will Substitutes
- b) Specific Wealth Transfer Differences Involving Domestic Partners
  - Application of Basic Wealth Transfer Techniques to Domestic Partners
  - Joint Ownership of Property by Domestic Partners
- c) Alternative Planning for Wealth Transfers by Domestic Partners
  - Federal Transfer Tax Exclusion and Exemption Amounts
  - Lifetime Transfer Techniques for Domestic Partners
  - Wealth Transfer Techniques for Domestic Partners at Death

**2) FEDERAL TAXATION ISSUES FOR DOMESTIC PARTNERS**

- a) Income Tax Issues
  - Overview of the Federal Income Tax
  - Filing Status
  - Individual Income Tax Rates
  - Total (or Gross) Income
  - Adjustments to Income
  - Reductions to AGI
  - Basis
  - Adjusted Basis
  - Capital Assets
  - Capital Gains and Losses
  - Capital Gain Rates
  - The Alternative Minimum Tax (AMT)
  - Miscellaneous Income Tax Issues
- b) Gift Tax Issues
  - Inter Vivos Versus Testamentary Transfers
  - Questions
  - An Overview of the Federal Gift Tax
  - Application of the Federal Gift Tax to Lifetime Transfers Made by Domestic Partners
- c) Estate Tax Issues
  - An Overview of the Federal Estate Tax
  - Application of the Federal Estate Tax to Domestic Partners
- d) Generation-Skipping Transfer Tax Issues
  - The Federal Generation-Skipping Transfer Tax (GSTT)
  - Alternative Federal Tax Planning for Domestic Partners
  - Alternative Income Tax Planning
  - Alternative Gift Tax Planning
  - Alternative Estate Tax Planning
  - Alternative Planning for the Generation-Skipping Transfer Tax

**3) RETIREMENT PLANNING & RELATIONSHIP ISSUES FOR DOMESTIC PARTNERS**

- a) Retirement Demographics and Trends
  - Retirement—A Time of Growing Significance
  - Changing Demographics
  - Lack of Retirement Planning
- b) Social Security and Medicare
  - Social Security Basics
  - The Family Benefit
  - Medicare
  - Medicare Coverage, Eligibility, and Benefits
- c) Employer-Sponsored Retirement Plans
  - Qualified Plans
- d) Individual Retirement Plans
  - Deductible IRAs
  - Roth IRAs
- e) Distributions from Retirement Plans and Regular IRAs
  - In-Service Distributions or Withdrawals
  - Postretirement Distributions
  - Post-Death Distributions
- f) Retirement Planning for Domestic Partners
  - The Differences in Planning for Domestic Partners
- g) Domestic Partnership Agreements
  - Personal Relationships
  - Domestic Partnership Agreements

**4) PLANNING FOR FINANCIAL, MEDICAL, & END-OF-LIFE NEEDS OF DOMESTIC PARTNERS**

- a) Definitions, Scope, and Goals
  - Definitions
  - Scope
  - Goals
- b) The Need to Plan for Disability
  - Disability
  - The Emergency Fund
  - Long-Term Care Insurance
  - Specific Applications to Domestic Partners
- c) Failing to Plan for Incompetence
  - Nature of Incompetence
  - Results of Not Preplanning for an Incompetent Person's Personal Care or Financial Affairs
  - Results of Not Preplanning an Incompetent Person's Medical Care
  - Specific Application to Domestic Partners
- d) Help with Financial Needs
  - Reasons for Preplanning for Management of Financial Affairs
  - Planning Techniques for a Non-minor's Financial Affairs
  - Application to Domestic Partners
- e) Help with Medical Needs
  - Preplanning for Medical Care Needs
  - Application to Domestic Partners
- f) Basic Wealth Transfer Techniques
- g) Help with End of Life Needs
  - Planning for End of Life Needs
  - Application to Domestic Partners



**1) INVESTMENT RISK & RETURN**

- a) Risk & Return Concepts
  - Definitions of Return Measures
  - Definitions of Risk Measures
  - Risk and Diversification
  - Types of Risk
- b) Risk & Return Analysis—Standard Deviation & Correlation
  - Weighted-Average Return
  - Investment Risk/Return Relationships
  - Standard Deviation of a Single Asset
  - Semi-Variance
  - Coefficient of Variation
  - Covariance Between Two Assets
  - Correlation Coefficient (R)
  - Changing Correlations
  - Coefficient of Determination (R-squared)
  - Portfolio Standard Deviation
- c) Risk & Return Analysis—Beta & CAPM
  - Beta Coefficient
  - Weighted-Average Beta
  - Required Return—CAPM
  - Quantitative Analysis
  - Selecting Individual Securities
  - Building a Portfolio

**2) MODERN PORTFOLIO THEORY & PERFORMANCE EVALUATION**

- a) Modern Portfolio Theory
  - Modern Portfolio Theory Terminology
  - Markowitz Portfolio Theory
  - Efficient Frontier
  - Optimal Portfolio
  - Capital Asset Pricing Model (CAPM)
  - Arbitrage Pricing Theory
  - Diversification
  - Correlation
  - Efficient Portfolios
  - Life Cycle Analysis
  - Risk Tolerance Measurement
  - Asset Allocation Strategies
- b) The Efficient Market Hypothesis
  - What Is an Efficient Market?
  - Alternative Forms of the Efficient Market Hypothesis
  - Validity of the EMH Forms
  - Stock Market Anomalies
  - Technical Analysis
  - Fundamental Analysis
  - Active Versus Passive Management
  - Arbitrage Pricing Theory
  - Foreign Investing
  - Behavioral Finance—A Challenge to the EMH
- c) Equity Valuation
  - Definitions
  - DDM Alternatives
  - The Zero Growth Model
  - Constant Growth DDM
  - The Non-Constant Growth Model
  - Valuation Exercise—Merck & Co
  - P/E Ratio
- d) Security Performance Evaluation
  - Jensen Index (alpha)
  - Sharpe Index
  - Treynor Index
  - Information Ratio (IR)

**3) FEATURES OF FIXED-INCOME SECURITIES**

- a) Features of Fixed-Income Securities
  - Overview of Bond Features
  - Risks Associated With Investing in Bonds
  - The Bond Market Structure
  - The United States Debt Market
  - Sources of Bond Information
- b) Features of Preferred Stock

- c) Yield Curves
  - What is a yield curve?
  - How to Construct a Yield Curve
  - Term Structure of Interest Rates
  - Using Yield Curves to Make Investment Decisions

**4) VALUATION & ANALYSIS OF FIXED-INCOME INVESTMENTS**

- a) Valuation of Bonds
  - Prices and Yields
  - Bond Calculations
- b) Duration
  - Duration Computations
  - Change in Bond Price Using Duration
  - Convexity
- c) Bond Volatility & Constructing Portfolios
  - Risk & Volatility
  - Immunization
  - Bond Swaps
- d) Convertible Bonds
  - Conversion Value
  - Bond Investment Value
  - Investment Premium and Conversion Premium
  - Convertible Sample Calculations
  - Convertible Preferred Stock
  - Summary of Convertible Bond Relationships

**5) DERIVATIVES**

- a) Options
  - Derivatives
  - Options Basics
  - Option Strategies
  - Black-Scholes Option Pricing Model
  - Low-basis Concentrated Securities
  - Warrants
- b) Futures Contracts
  - Futures Concepts
  - Futures Terminology
  - Hedging
  - Taxation of Options and Futures

**6) REAL ASSETS & FOREIGN INVESTMENTS**

- a) Tangible Assets
  - Pros and Cons of Tangible Assets
  - Gold
- b) Real Estate
  - Real Estate as an Investment
  - Types of Real Estate
  - Advantages and Disadvantages of Real Estate Investing
  - Forms of Real Estate Ownership
  - Types of Publicly Traded REITs
  - Factors to Consider in Selecting REITs
  - Income Property Valuation
- c) Foreign Investments
  - American Depository Receipts (ADRs)
  - International Mutual Funds
  - Weak U.S. Currency Boosts Returns of Foreign Securities

**7) MUTUAL FUNDS & OTHER INVESTMENTS**

- a) Mutual Funds
  - Mutual Funds: Types and Characteristics
  - Mutual Fund Pricing
  - Mutual Fund Taxation
  - Types of Mutual Funds
  - Income Mutual Funds
  - Growth and Value Mutual Funds
  - Closed-End Funds
  - Money Market Mutual Funds
- b) Unit Investment Trusts
  - Characteristics
  - Organization
  - Types of Unit Investment Trusts



- c) Other Investments
    - Exchange-Traded Funds (ETFs)
    - Hedge Funds
    - Fund of Hedge Funds
    - Managed Accounts
    - Guaranteed Investment Contracts (GICs)
  - d) Averaging
    - Dollar Cost Averaging
    - Share Averaging
  - e) Selecting a Mutual Fund
    - Investment Objective
    - Investment Policies and Holdings
    - Mutual Fund Investing: Potential Pitfalls
- 8) TAXATION OF INVESTMENT PRODUCTS**
- a) Taxes & Investments
    - Basic Tax Formula
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    - General Tax Strategies in Investing
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    - The Duty to Consult
    - The Duty to Keep Current
    - Attempting to Nullify Duties by Use of Written Statements
  - d) Formal Ethical Codes & the Investment Professional
    - The CFP Board Code of Ethics and Professional Responsibility
  - e) Closing the Circle: Ethical Behavior & the Asset Management Process
    - The Asset Management Process
- 10) RETIREMENT CASH FLOW CONSIDERATIONS & INVESTMENT STRATEGIES**
- a) The Importance of Strategy
    - The Requirements of Strategy
    - Investment Strategy and Investment Policy
  - b) Buy-and-Hold: The Benchmark Strategy
    - Evidence and Explanation
  - c) Timing Strategies
    - Dollar Cost Averaging (DCA)
    - Implementing the Dollar Cost and Value Averaging Strategies
    - Investing With Economic Cycles
  - d) The Contrarian Strategy
    - Psychology and Markets
  - e) Small Stock Investing
    - The Small Firm Effect
    - Investing in Small Firms
    - Client Suitability
  - f) Active versus Passive Management
  - g) The Enemies of Effective Strategy
    - Unrealistic Expectations
    - The Emotional, Undisciplined Client
    - Inadequate Time Horizons
  - h) The Time Value of Money
    - The Future Value of \$1
    - The Present Value of \$1
    - The Future Value of an Annuity Due (FVAD)
    - The Future Value of an Ordinary Annuity (FVOA)
    - The Present Value of an Ordinary Annuity (PVOA)
    - The Present Value of an Annuity Due (PVAD)
    - Interest Rate per Compounding Period
    - Number of Compounding Periods
    - Some Time Value Rules of Thumb
  - i) Retirement Needs Analysis
    - Normal Expenses and Potential Increases
  - j) How Much Money Will Be Needed for Retirement?
    - Funding Retirement
    - Variability in Retirement Planning Assumptions
    - Monte Carlo and Beyond
    - Leaving a Bequest
  - k) "Safe" Withdrawal Rates
    - William Bengen
    - Jonathan Guyton
    - Income Versus Cash Flow
- 11) CLIENT SUITABILITY & CONSTRUCTING AN INVESTMENT POLICY STATEMENT**
- a) Client Suitability
    - Data Gathering
    - Analyzing the Financial Statements
    - Clients' Needs, Constraints, and Unique Circumstances
  - b) Establishing Financial Goals
  - c) Meeting Clients' Needs
    - Establishing Trust
    - Identifying the "Needs Gap"
    - Analyzing Information
    - Managing Client Expectations
    - Making and Implementing Recommendations
    - Monitoring Performance
  - d) The Client's Attitudes Toward Money & Investing
    - Investor Types
    - Investor Personalities
    - Doing Business With Different Personality Types
  - e) Establishing an Investment Policy Statement (IPS)
    - The Purpose and Importance of an Investment Policy Statement
    - Attributes of a Sound Investment Policy Statement
    - Creating the Investment Policy Statement
    - The Role of the Client
  - f) Dealing With Change
    - Market Change and the Inner Investor
    - When Change Is Prudent and Necessary
    - The Changing Client



**1) THE ASSET MANAGEMENT PROCESS**

- a) Building Relationships
  - The Cycle of Financial Life
  - Defining the Client's Investment Personality
  - Establishing Trust
- b) Gathering Data
  - Assets, Liabilities, and Net Worth: The Statement of Financial Position
  - Income Statement (Cash Flow Statement)
  - Other Types of Data
- c) Establishing Financial Goals
  - Making Goals Specific
  - Prioritizing Goals
- d) Analyzing Information
- e) Recommendations & Implementation
  - Clarifications and Agreements
  - Investment Policy
  - Presentation of Recommendations
  - The Investment Professional Proposes; the Client Disposes
  - Implementation
- f) Monitoring Performance
  - Measuring Progress against Client Expectations

**2) INVESTORS, POLICY & CHANGE**

- a) The Client's Attitudes Toward Money & Investing
  - Investor Types
  - Investor Personalities
  - Doing Business with Different Personality Types
- b) Investment Policy
  - Attributes of an Investment Policy
  - Creating an Investment Policy
  - The Role of the Client
  - Purpose of an Investment Policy
- c) Change
  - Market Change
  - The Changing Client

**3) RISK, RETURN & INVESTMENT PERFORMANCE**

- a) Risk
  - Systematic Risk (Nondiversifiable Risk)
  - Unsystematic Risk (Diversifiable Risk)
  - Client Attitudes Toward Risk
- b) The Risk/Return Relationship
  - Measuring Risk
  - Risk-Adjusted Returns
- c) Managing Risk in Portfolios
  - Risk Reduction Through Diversification
  - Efficient Portfolios
  - Practical Approaches to Creating Efficient Client Portfolios
  - Client Time Horizons and Portfolio Risk
- d) The Time Value of Money
  - The Future Value of a Single Sum
  - The Present Value of a Single Sum
  - The Future Value of an Annuity Due (or Payment)
  - The Future Value of an Ordinary Annuity
  - The Present Value of an Ordinary Annuity
  - The Present Value of an Annuity Due
  - Interest Rate per Compounding Period
  - Number of Compounding Periods
- e) Measuring Investment Performance
  - Excess Return
  - Risk-Adjusted Measures of Return
  - Performance Benchmarks
  - Time Periods

**4) ASSET ALLOCATION & SELECTION**

- a) Asset Allocation
  - The Brinson Study
  - Implications for Investment Professionals and Their Clients
  - Returns of Major Asset Classes Over Time
  - Variability of Returns
  - Time Horizons in Asset Allocation
  - Related Theory
  - Implementing Asset Allocation
- b) Asset Classes, Characteristics & Performance
  - Common Stocks
  - Preferred Stock
  - Bonds and Other Debt Instruments
  - Cash Equivalents
  - Real Estate
  - Exchange-Traded Funds (ETFs)
  - Exchange-Traded Notes (ETNs)
- c) Stock Valuation Methods
  - The Sources of Corporate Stock Value
- d) Bond Valuation Methods
  - Factors Determining the Value of a Bond
- e) Fundamental Analysis
  - The Method of Fundamental Analysis
  - Economic Analysis
  - Industry Analysis
  - Company Analysis
- f) Technical Analysis & Market Timing

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- a) The Importance of Strategy
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  - Benjamin Graham's Legacy
  - The Graham Value Formula
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  - Barbell Strategy
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  - Federal Unified Transfer Tax System
  - Federal Gift Tax
  - The Federal Estate Tax
  - Federal Generation-Skipping Transfer Tax (GSTT)
  - Marital Deduction and Bypass Planning
- d) Estate Transfer Techniques During Life (inter vivos)
  - Outright Gifts
  - Trusts
  - Trusts for Minors
- e) Estate Transfer Techniques at Death (Testamentary)
  - Probate Transfers
  - Will Substitutes
  - Ownership and Titling of Property
  - Contracts as a Transfer Technique
  - Intestate Succession Statutes
- f) Planning for Incapacity
  - Management of Property
  - Personal and Medical Care Decision Making

**12) REGULATORY & ETHICAL ISSUES FOR THE INVESTMENT PROFESSIONAL**

- a) Ethical Behavior & the Modern Securities Industry
  - The Regulated Environment of Investing
- b) Current Regulatory & Ethical Issues
  - Forces Changing the Securities Industry
  - Sources of Ethical Conflict
- c) Duties Owed to the Client
  - Fiduciary Duty
  - Duty To Disclose
  - Duty To Diagnose
  - Duty To Consult
  - Duty To Keep Current
  - Attempts to Nullify Duties Through Use of Written Statements

**13) RISK MANAGEMENT & INVESTMENT ISSUES FOR HIGH NET WORTH CLIENTS**

- a) Risk Management
  - Risk Management Issues
  - Risk Management Process
  - Targeted Insurance Products
  - High-Value Property
  - Liability Exposures
  - Life Insurance
  - Annuities
  - Risk Management Techniques
- b) Mutual Fund Analysis & Selection
  - Investment Objective
  - Investment Policies and Risks
  - Investment Holdings
  - Fund Performance
  - Management Continuity
  - Fees and Expenses
  - Fund Services and Plans
  - Fund Age
  - Fund Size
  - Portfolio Turnover
  - Tax Efficiency
  - Fund Company Evaluation
- c) Hedge Funds
  - Hedge Fund Characteristics
  - Fund of Hedge Funds (FOHF)
  - Due Diligence
- d) Commodity Futures
  - Physical Assets vs. Financial Assets
  - Sources of Risk
  - Portfolio Construction Benefits of Commodities
  - Sources of Total Return
  - Long, Nonleveraged, Fully Diversified Positions Only
  - Benchmarks
  - Reasons for Investing in Commodity Futures
- e) Covered Call Options
  - Covered Call Writing
  - Managing Client Expectations
  - Repair Strategies
  - Taxation Issues
  - Buy-Writes



**14) INCOME TAX & EXECUTIVE BENEFITS PLANNING FOR HIGH NET WORTH CLIENTS**

- a) Estimated Taxes
  - Safe Harbor
  - Underpayment Penalty
- b) Investment Interest Expense
  - Calculating Investment Interest Expense
- c) Self-employment Tax
- d) Alternative Minimum Tax
  - Corporate AMT
- e) Executive Compensation Plans
  - Qualified and Nonqualified Plans
  - Section 409A Plans
  - Types of Nonqualified Plans
- f) Income Tax Rules for Nonqualified Deferred Compensation Plans
  - Constructive Receipt Doctrine
  - Economic Benefit Doctrine
  - Other Income Tax Rules
- g) Tax Implications of Nonqualified Deferred Compensation Plans
  - Tax Considerations
  - Problem Areas
- h) Informally Funding a Nonqualified Deferred Compensation Arrangement
  - Corporate-Owned Life Insurance and Annuities
- i) Equity Plans & Other Executive Incentive Plans
  - Compensation Plans for Top Executives
- j) Stock Options & the High Net Worth Individual
- k) ESOPs & High Net Worth Individuals
  - Stock Bonus Plans
  - ESOPs and LESOPs

**15) ESTATE PLANNING FOR HIGH NET WORTH CLIENTS**

- a) Tax Reduction Techniques
  - Transfer Taxes
  - Specific Techniques Used by the Wealthy
- b) Asset Protection Strategies
  - Insurance
  - Split Asset Ownership
  - Business Entities
  - Exempt Assets
  - Gifting
  - Domestic Asset Protection Trusts
  - Foreign Situs Trusts
  - Expatriation
- c) Business Succession Techniques
  - A Closely Held Business With Multiple Owners
  - Buy-Sell Agreements
  - The Solely Owned Business



### 1) INTRODUCTION TO MUTUAL FUNDS

- a) History and Growth of the Mutual Fund Industry
  - Stock Market Crash of 1929
  - Money Market Mutual Funds
  - Mutual Fund Growth
- b) Mutual Fund Characteristics
  - Pooling Resources
  - Professional Management
  - Diversification
  - Services and Conveniences
- c) Mutual Fund Regulation
  - The Investment Company Act of 1940
  - The Securities Act of 1933
  - The Securities Exchange Act of 1934
  - The Investment Advisers Act of 1940
  - The Securities Investor Protection Act
  - USA Patriot Act
  - The Sarbanes-Oxley Act of 2002
  - The Internal Revenue Code
  - Blue Sky Laws
  - Interagency Statement on Retail Sales of Nondeposit Investment Products
  - Advertising Rules
  - FINRA Arbitration
- d) Mutual Fund Organization
  - Directors/Trustees
  - Shareholders
  - Management Company/Investment Adviser/Administrator
  - Principal Underwriter
  - Custodian
  - Transfer Agent
- e) Mutual Fund Distribution
  - Sales Force
  - Direct Marketing
- f) Mutual Fund Taxation
  - Taxation of the Investment Company
  - Taxation of the Shareholders
  - Calculating a Mutual Fund Shareholder's Tax Basis
  - Miscellaneous Mutual Fund Taxation Issues
- g) Mutual Fund Pricing
  - Shareholder Transaction Expenses
- h) Mutual Fund Expenses
  - Operating Expenses
  - Transaction Costs
  - Hidden Costs
  - Expense Ratio
- i) Mutual Fund Services
- j) Reading a Mutual Fund Statement

### 2) OPEN- & CLOSED-END FUNDS: TYPES & CHARACTERISTICS

- a) Types of Open-End Funds & Their Securities
  - Bonds
  - Bond Classifications
  - Bond Funds
  - Stocks
  - Stock Funds
  - Asset Combination Funds
  - Money Market Instruments
  - Money Market Funds
  - Specialty Funds
  - Exchange-Traded Funds (ETFs)
  - Hedge Funds
- b) Closed-End Funds
  - Characteristics
  - Types of Closed-End Funds
- c) Sources of Fund Information
  - Prospectus
  - Profiles
  - Statement of Additional Information
  - Annual Report
  - Semiannual Report

### 3) OTHER PACKAGED INVESTMENT PRODUCTS

- a) Unit Investment Trusts
  - Characteristics
  - Types of Unit Investment Trusts
- b) Variable Annuities
  - Types of Annuities
  - Variable Annuity Characteristics
  - Costs
  - Payout Options
  - Taxation of Variable Annuities
  - Advantages and Disadvantages
  - Comparison With Mutual Funds
- c) Mutual Fund Wrap Fee Program
  - The Mutual Fund Wrap Process
  - Asset Allocation
  - Types of Funds Offered
  - Fees
  - Advantages and Disadvantages
- d) Fund-of-Funds
  - Classifications
  - General Types
  - Limitations and Exemptions
  - Fees
  - Minimum Investment
  - Advantages and Disadvantages
- e) Offshore Funds
  - Reasons to Consider Offshore Funds
  - Management of Offshore Funds

### 4) RISK/RETURN

- a) Definitions & Types of Risk
  - Types of Risk
- b) Quantitative Measures of Risk
  - Range
  - Arithmetic Mean
  - Standard Deviation
  - Coefficient of Variation
  - Risk and Fixed-Income Investments
  - Duration
  - Correlation
  - Diversification and Unsystematic Risk
  - Coefficient of Determination
  - Beta
- c) Risk Reduction Methods & Strategies
  - Standard Deviation
  - Duration
  - Beta
  - Correlation Coefficient
  - Portfolio Specific Risk Analysis
  - Strategies for Managing Risk
  - Risk and Time Horizons
- d) Types of Returns
  - Timing of Returns
  - Tax Effects on Returns
  - Attributes of Returns
  - Components of Returns
- e) Computing Rates of Return
  - Single-Period Rate of Return
  - Adjusted Rates of Return
- f) Historic & Expected Returns
  - Historic Asset Class Returns
  - Expected Returns
  - Return Databases
  - Portfolio Required Rate of Return
  - Multiperiod Rate of Return
  - Arithmetic Average Rate of Return
  - Time-Weighted Rate of Return
  - Geometric Rate of Return
  - Dollar-Weighted Rate of Return
  - Other Rates of Return

**5) ASSET ALLOCATION**

- a) Asset Allocation
  - Understanding the Client
  - The Importance of Time Horizons
  - The Role of an Investment Policy
- b) Implementing an Asset Allocation Plan
  - Consideration of Asset Classes
  - Number and Proportions of Asset Classes
  - Allocation Formulas
  - Investment Screening and Evaluation
- c) Portfolio Optimization
  - Input Data
  - The Efficient Frontier and Efficient Portfolios
  - Projections, Recommendations, and Sensitivity Analysis
  - Optimization Program Caveats
- d) Portfolio Rebalancing
- e) Portfolio Reallocation

**6) SELECTING A MUTUAL FUND FOR A CLIENT**

- a) Client Suitability
  - Data Gathering
  - Analyzing the Financial Statements
  - Clients' Needs, Constraints, and Unique Circumstances
- b) Establishing Financial Goals
- c) Meeting Clients' Needs
  - Establishing Trust
  - Identifying the "Needs Gap"
  - Analyzing Information
  - Managing Client Expectations
  - Presenting and Implementing Recommendations
  - Monitoring Performance
- d) Selecting a Mutual Fund
  - Investment Objective
  - Investment Policies and Risks
  - Investment Holdings
  - Fund Performance
  - Management Continuity
  - Fees and Expenses
  - Fund Services and Plans
  - Fund Age
  - Fund Size
  - Portfolio Turnover
  - Tax Efficiency
  - Fund Company Evaluation

**7) RETIREMENT PLANNING**

- a) Assessing Retirement Needs
  - Allocation Now and During Retirement
- b) Sources of Retirement Income
  - Social Security Benefits
  - Pension and Profit Sharing Income
  - Retirement Savings and Investment Income
- c) Inflation & Erosion of Purchasing Power
- d) Accumulating Capital for Retirement
  - Time and Money
  - Begin Investing Early
  - Invest Regularly
  - Accumulation Strategies
- e) Personal Tax-Deferred Retirement Plans
  - Individual Retirement Accounts (IRAs)
  - Tax-Sheltered Annuities (TSAs or 403(b) Plans)
  - Simplified Employee Pensions (SEPs)
  - Salary Reduction SEPs (SARSEPs)
  - SIMPLE Retirement Plans
- f) Qualified Retirement Plans
  - Common Types of Qualified Plans
  - Receiving Distributions
  - Withdrawal Considerations
  - Investment Strategies During Retirement

**8) ETHICS, INTEGRITY & PROFESSIONAL CONDUCT**

- a) Ethical Behavior & the Modern Securities Industry
  - The Regulated Environment of Modern Investing
- b) Current Regulatory & Ethical Issues
  - Influences Causing Change in the Securities Industry
  - Common Sources of Ethical Conflict
  - Regulatory Issues
- c) Duties Owed to the Client
  - Fiduciary Duty
  - Duty To Disclose
  - Duty To Diagnose
  - Duty To Consult
  - Duty To Keep Current
  - Use of Written Statements
- d) Ethical Behavior & the Asset Management Process
  - The Asset Management Process
- e) Client Communications, Advertising, Sales & Business Practices
  - Advertising
  - Client Communications
  - Sales and Business Practices
- f) FINRA Conduct Rules



**1) THE RETIREMENT PLANNING PROCESS & MEETING MULTIPLE FINANCIAL OBJECTIVES**

- a) The Retirement Planning Process
  - A Six-Step Process
- b) Step 1: Establish & Define the Client-Counselor Relationship
  - The Role of the Retirement Counselor
  - A Relationship Based on Trust
  - Mutually Defined Understanding of the Scope of Services
- c) Step 2: Gather Client Data, Including Goals & Expectations
  - Gathering Data
  - Assets, Liabilities, and Net Worth
  - Cash Flow Statement
  - Employee Financial Benefits
  - Tax Situation
  - Time Horizons
  - Determining Goals and Expectations
- d) Step 3: Processing & Analyzing Information to Determine Retirement Savings Need
  - Income Needs
  - Income Replacement Percentages
  - Real Expenses, Now and Then
  - Available Income
  - Available Resources
  - Income from Assets
  - Retirement Period and Life Expectancy
  - Employer-Sponsored Pensions
  - Social Security
  - Older Workforce
  - The Retirement Fund
- e) Step 4: Developing and Presenting Financial Planning Recommendations
- f) Step 5 & 6: Implement and Monitor Financial Plan Recommendations

**2) SOURCES OF RETIREMENT INCOME**

- a) Personal Savings & Home Equity
  - Personal Savings
  - Tax-Deferred Vehicles
  - Taxable Personal Investments: Using Mutual Funds
  - Using Equity in Your Home
- b) Social Security
  - Coverage, Eligibility, and Types of Benefits
  - Estimating Future Benefits
  - Taxation of Benefits
  - Inflation Indexing
  - The Future of Social Security
- c) Employer-Sponsored Plans
  - Qualified Plans
  - Nonqualified Plans
- d) Post-Retirement Employment
  - Working Beyond Full Retirement Age
  - The Present Value of Work in Retirement
- e) Inherited Wealth

**3) PERSONAL SAVINGS: INVESTING FOR RETIREMENT**

- a) Individual Retirement Accounts (IRAs)
  - Deductible IRAs
  - Additional Contributions by Participants in Certain 401(k) Plans Sponsored by Bankrupt Companies
  - Nondeductible IRAs
  - Rollovers
  - Distributions
- b) Asset Allocation Principles in Saving for Retirement
  - Returns of Major Asset Classes Over Time
  - Time Horizons
  - Asset Allocation and Portfolio Management
  - The Brinson Study

- c) Asset Classes, Characteristics & Performance
  - Common Stocks
  - Fixed-Income Securities
  - Cash Equivalents
  - Real Estate

**4) EMPLOYER-SPONSORED PLANS**

- a) Legal Entities (Incorporated & Unincorporated)
  - The Corporation
  - The Closely Held Corporation
  - The S Corporation
  - The Professional Corporation (PC)
  - The Limited Liability Company (LLC)
  - The Sole Proprietorship
  - The General Partnership
  - The Limited Partnership
- b) Qualified Retirement Plans
  - Characteristics of a Qualified Plan
  - Types of Qualified Plans
- c) Defined Contribution Plans
  - Pension Protection Act of 2006
  - Types of Defined Contribution Plans
  - 401(k) Plans
  - Keoghs
- d) Defined Benefit Plans
  - Defined Benefit Plans vs. Defined Contribution Plans
  - Types of Defined Benefit Plans
  - Cash Balance Pension Plans
- e) Small-Employer Plans
  - Simplified Employee Pensions (SEPs)
  - SIMPLE Plans
  - SARSEPs
- f) Nonprofit Organization Plans
  - Section 403(b) Plans
  - Section 457 Plans

**5) INDIVIDUAL DEFERRED COMPENSATION**

- a) Qualified Versus Nonqualified Plans
  - Characteristics of the Plans
- b) Nonqualified Plans Used in Retirement Planning
  - Excess Benefit Plans
  - Supplemental Executive Retirement Plans (SERPs)
    - Top Hat Plans
    - Requirements for Unfunded Nonqualified Deferred Compensation Plans
  - Death Benefit Only Plans
  - Funded Nonqualified Deferred Compensation Plans
    - Tax Implications
    - Income Tax Rules for Unfunded Nonqualified Plans
- c) When to Use Nonqualified Plans
  - Recognizing Situations
- d) Funding
  - Unfunded Plans
  - Informally Funded Plans
  - Insurance for Informal Funding
  - Annuities
- e) Securing the Employer's Promise to Pay
  - The Rabbi Trust
  - The Secular Trust
  - Third-Party Guarantees



**6) PLANNING FOR INCAPACITY, DISABILITY & LONG-TERM CARE**

- a) Planning for Incapacity
  - Management of Property
  - Personal and Medical Care Decision Making
- b) Medicare
  - Medicare Part A
  - Medicare Part B
  - Medicare Eligibility and Coverage
  - Hospital Insurance (Part A)
  - Supplemental Medical Insurance (Part B)
  - Medicare Part D
- c) Medigap
  - Gaps in Health Care Coverage
  - Medigaps
  - Medigap Insurance Plans
  - Employer-Provided Health Insurance
  - Retiree Group Medical Benefits
  - Health Reimbursement Arrangements (HRAs)
  - Retiree Medical Accounts (RMAs)
  - Voluntary Employee Benefit Association (VEBA)
  - Medicaid
  - Programs of All-inclusive Care for the Elderly (PACE)
- d) Medicare Advantage Plans
  - The Balanced Budget Act of 1997 (BBA)
  - Medicare Part C
- e) Disability Income Insurance
  - The Need for Disability Insurance
  - Short-Term vs. Long-Term Policies
  - Underwriting Considerations
  - Needs Analysis
  - Policy Features
  - Rating the Insurer
- f) Long-Term Care Insurance
  - Coverage
  - Life Insurance
  - Cost/Benefit Analysis
  - Medicaid Long-Term Care
  - Planning Decisions and Alternative Funding for Long-Term Care
  - Self-Funding
  - Annuities
- g) Health Savings Accounts (HSAs)

**7) TRENDS IN RETIREMENT**

- a) Trends in Retirement
  - The Trend Among Men
  - The Trend Among Women
  - Retirement as a Process
  - Future Trends in Retirement
- b) The Retirement Decision
  - Affording Retirement
  - Timing Retirement
  - Effects of Retirement on Spouse/Family
  - Assessing the Desire to Retire
- c) Early Retirement
  - Timing Considerations for Early Retirement
  - Reduced Benefits
  - Distributions and the Early Retiree
- d) Late Retirement
  - Considerations for Late Retirement
  - Social Security
  - Employer-Sponsored Plans
  - Savings and Distributions
- e) The Middle Zone: Working During Retirement
  - Trends
  - The Work Penalty
- f) Retirement and the Small Business Owner
  - The Sole Proprietor
  - The Partnership
  - The Closely Held Corporation
  - Valuing a Closely Held Business

- g) Corporate Early Retirement Programs
  - Voluntary or Involuntary
  - Typical Window Plans
  - Cost/Benefit Analysis
  - Rules and Limits

**8) RETIREMENT PLAN DISTRIBUTIONS**

- a) Distribution Options
  - Pre-Retirement Distributions
  - Periodic Payments
  - Lump-Sum Distributions
  - Employer Stock Distributions
  - Distributions From 401(k) and 403(b) Designated Roth Accounts
- b) Lump-Sum Options
  - Tax Considerations
  - Defer Receipt Through a Rollover
- c) Distribution Tax Issues
  - Forward Averaging
  - Recovering Basis
- d) Penalties for ill-timed Retirement Distributions
  - Penalties for Early Distributions
  - Penalties for Late Distributions
  - Penalties for Insufficient Distributions
- e) Distribution Considerations
  - Step 1: Review the Distribution Options
  - Step 2: Project Cash Needs and Sources of Income
  - Step 3: Calculate Plan Payments and Tax Implications for Each Option
  - Step 4: Select Suitable Distribution Option
- f) Survivors & Beneficiaries
  - Participant Dies Before Retirement (QPSA)
  - Participant Dies After Retiring (QJSA)
  - Required Minimum Distributions
  - Participant Dies Before the Required Beginning Date
  - Participant Dies After the Required Beginning Date
  - Tax Considerations
  - QDROs
  - Beneficiaries
- g) Investment Alternatives for Lump-Sum Distributions

**9) ASSET MANAGEMENT & INVESTMENT STRATEGY DURING RETIREMENT**

- a) Investment Policy
  - Attributes of Sound Investment Policy
- b) Asset Allocation During Retirement
  - The Four Steps of Asset Allocation
  - Securities Selection and Market Timing
  - Changing Allocations Over Time
  - Withdrawal Considerations
- c) Principles of Portfolio Management
  - Measuring Risk
  - Managing Risk Through Diversification
- d) Stock Investment Strategies
  - Strategy and Investment Policy
  - Buy-and-Hold: The Benchmark Strategy
  - Timing Strategies
  - Contrarian Strategy
  - Value Investing
  - Determining the Intrinsic Value of a Stock
  - Growth-Stock Investing
  - Valuing Growth Stocks
  - Small-Stock Investing
- e) Bond Investment Strategies
  - Bond Valuation
  - Bond Price Volatility
  - Ladder Strategy
  - Barbell Strategy



10) INCOME TAXES & THE RETIREE

- a) Essential Tax Concepts
  - Determination of Income
  - Income Received for Tax Purposes
  - The Progressive Federal Tax System
  - Marginal Tax Rates
  - Capital Gains and Losses
  - Alternative Minimum Tax
  - The Basic Tax Formula
- b) Basic Tax Strategies
  - Tax Avoidance
  - Tax Reduction
  - Tax Deferral
  - Income Conversion
- c) Special Tax Issues for the Retiree
  - Managing Tax-Deferred and Taxable Accounts
  - Life Insurance Proceeds
- d) Taxation of Mutual Fund Distributions & Sales
- e) Taxation of Stock Returns
  - Dividends
  - Taxation of Fixed-Income Securities
- f) Gains or Losses on the Sale of a Personal Residence
- g) Taxation of Social Security Old-Age Benefits

11) ESTATE PLANNING

- a) Estate Planning & Its Objectives
  - Characteristics of an Estate
- b) Fundamentals of Estate Transfer
  - Wills
  - Will Substitutes
  - Necessity of Will Substitutes
- c) Estate Transfer Taxes
  - Evolution of the Federal Transfer Tax System
  - Valuation
  - The Federal Unified Transfer Tax System
  - Basis in Property
- d) Federal Gift Tax
- e) Federal Estate Tax
  - Property Subject to the Federal Estate Tax
- f) Estate Planning Strategies for the Retiree
  - Marital Deduction and Bypass Planning
  - Trusts
  - Custodianship Arrangement
  - Qualified Tuition Plans
  - Coverdell Education Savings Account (IRC Section 530)
- g) Succession Issues for the Small-Business Owner
  - Outright Gifts
  - Installment Sales
  - Private Annuity Transactions
  - The Marital Deduction
  - Qualified Terminable Interest Property (QTIP) Trusts
  - Buy-Sell Agreements
  - Family Limited Partnerships
  - Limited Liability Company (LLC)

12) RETIREMENT CASH FLOW CONSIDERATIONS

- a) The Decision to Retire
  - Factors Impacting the Decision to Retire
  - Employment-Related Retirement Plans
  - Personal Savings
  - Forced Retirement
- b) Retirement Needs Analysis
  - Current and Future Expenses
- c) Retirement Funding Analysis
  - Funding Retirement
  - Variability in Retirement Planning Assumptions
  - Monte Carlo Analysis
  - Leaving a Bequest
- d) "Safe" Withdrawal Rates
  - William Bengen Study
  - Jonathan Guyton Studies
  - Income Versus Cash Flow



**1) TYPES & CHARACTERISTICS OF RETIREMENT PLANS**

- a) Retirement Plans: Overview
  - Tax-Deferred Individual Plans
  - Qualified Plans
- b) Qualified Plans
  - Characteristics
  - Types of Qualified Plans
- c) Rules & Provisions of Qualified Plans
  - Eligibility
  - Coverage and Nondiscrimination
  - Compliance Testing
  - Integration with Social Security
- d) Nonqualified Plans
  - Tax Features
  - Types of Nonqualified Plans
- e) Small-Employer Plans
  - Simplified Employee Pensions
  - SIMPLE Plans
  - SARSEPs
  - Keogh Plans
- f) Plans for Nonprofit Organizations
  - Section 403(b) Plans
  - Section 457 Plans

**2) INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)**

- a) Basic Features & Benefits
  - Characteristics
  - Taxes
  - Penalties
  - Statutory Requirements
- b) Types of IRAs
  - Deductible IRAs
  - Nondeductible IRAs
- c) Rollovers
  - Advantages and Disadvantages of Rolling Qualified Plan Assets into an IRA
  - Types of IRA Rollovers
  - Qualifications
  - Rolling Over a Regular IRA to a Roth IRA
  - The 12-Month Rule
- d) Distributions
  - Taxation of Distributions to the Owner
  - Minimum Distributions
  - In Cases of Divorce
  - Death of the IRA Owner
  - Death Before RBD
  - Death After RBD
  - Substantially Equal Periodic Payments
  - Miscellaneous Distribution Rules

**3) SEP, SIMPLE & SARSEP PLANS**

- a) The Simplified Employee Pension (SEP)
  - Advantages
  - Disadvantages
  - Eligibility
  - Contributions
  - Tax Consequences
  - Integration with Social Security
  - Deadlines
  - Vesting
  - SEP Trustees and Custodians
  - Distributions
  - Managing and Moving Assets
  - Comparison of SEPs, IRAs and Defined Contribution Plans

- b) SIMPLE Plans
  - Simple IRA
  - Advantages
  - Disadvantages
  - Employer Eligibility
  - Employee Eligibility
  - Reporting
  - Contributions
  - Tax Consequences
  - Deadlines
  - Distributions
  - Establishing a SIMPLE Plan
  - The SIMPLE 401(k)
- c) SEP Versus SIMPLE
  - Maximizing Contributions
  - The Burden of Funding
  - Employer Flexibility
  - Covered Employees
- d) SARSEPs
  - Eligibility

**4) DEFINED CONTRIBUTION PLANS**

- a) An Overview of Defined Contribution Plans
- b) Profit Sharing Plans
  - Advantages
  - Disadvantages
  - Contributions
  - Vesting
  - In-Service Distributions
  - Loans
- c) Stock Bonus Plans
  - Advantages
  - Disadvantages
  - Contributions
  - Distribution Features
- d) Employee Stock Ownership Plans
  - Advantages
  - Disadvantages
  - Contributions
- e) Money Purchase Plans
  - Advantages
  - Disadvantages
  - Contributions
  - Distributions
- f) Target Benefit Plans
  - Advantages
  - Disadvantages
  - Contributions
  - Distributions
- g) Age-Weighted Profit Sharing Plans
  - Advantages
  - Disadvantages
  - Contributions
- h) Cross-Tested Profit Sharing Plans
  - Advantages and Disadvantages
- i) Defined Contribution Plans Compared
  - Similarities
  - Differences



5) 401(K) PLANS

- a) Basic Characteristics
  - Eligibility
  - Contributions
  - Advantages
  - Disadvantages
  - Nondiscrimination
  - Distributions
  - Permitted Disparity Not Applicable to 401(k) Elective or Matching Contributions
  - Investment Control and Choice
  - Section 404(c) Requirements for Participant-Directed Investments
  - Repeal of the Multiple Use Test
- b) Types of Plans
  - Profit Sharing Plans
  - 401(k) Keogh Profit Sharing Plans
  - 401(k) Stock Ownership Plans
  - Contributions
  - Roth 401(k) Plans
- c) SIMPLE 401(k) Plans
  - Deductibility of Contributions
  - SIMPLE 401(k) and Regular 401(k) Compared
- d) Plan Decision Factors
  - Labor Market Factors
  - Age of the Employee Population
  - Willingness to Make Investment Choices and Assume Risk
  - Business Variability
- e) Safe Harbor 401(k) Plans
  - Eligibility
  - ADP Safe Harbor Contributions
  - ACP Safe Harbor Requirements
  - Additional Discretionary Profit Sharing Plan Contributions
  - Annual Notice Requirement
  - Safe Harbor Nondiscrimination Rules for Section 401(k) Automatic Enrollment Arrangements

6) DEFINED BENEFIT PLANS

- a) Basic Characteristics
  - Employer Eligibility
  - Employee Eligibility
  - IRC Section 415(b) Limitations
  - Advantages
  - Disadvantages
  - Types of Plans
  - Contributions
  - Integration with Social Security (Permitted Disparity)
  - Cost of Living Adjustments
  - Accrual of Benefits
  - Vesting in Benefits
  - Discrimination
  - Distributions
  - Plan Permanency and Termination
- b) Cash Balance Pension Plans
  - Cash Balance and Pension Equity Defined Benefit Plans
  - Advantages
  - Disadvantages
  - The Pension Protection Act and Cash Balance Plans
  - Comparing Defined Benefit Pension Plans and Cash Balance Plans
- c) Defined Benefit Versus Defined Contribution
  - Funding
  - Deductibility
- d) Determining Retirement Benefits
  - Flat Benefit Plans
  - Unit Benefit Formula
  - Floor-Offset Plans
- e) Funding Defined Benefit Plans
  - Assumptions
  - Funding Methods
  - Single Employer Defined Benefit Plans

7) NONPROFIT ORGANIZATION & GOVERNMENT PLANS

- a) Section 403(b) Plans
  - Characteristics of Section 403(b) Plans
  - How 403(b) Plan Assets are Invested
  - Advantages
  - Disadvantages
  - Plan Document Requirements
  - Qualified Employers
  - Eligible Employees
  - Contributions
  - Limitations on Deferrals and Contributions
  - Vesting
  - Distributions
  - Discrimination
  - Plan Termination
  - Proposed Regulations for 403(b) Plans
- b) 403(b) & 401(k) Plans Compared
  - Comparison of Plans
  - Characteristics of 401(k) Plans
  - ERISA Requirements
  - Contribution Limits
  - Discrimination Testing
  - Investment Options
  - Distributions
  - Choosing Between 403(b) and 401(k) Plans
- c) Section 457 Plans
  - How Section 457 Plan Assets are Invested
  - Eligible Employers
  - Eligible Employees
  - Eligible Plan
  - Contributions
  - Distributions
  - In-Service Distributions
  - Loans
  - Rollover Rules
  - Early Distribution Penalty Under Section 72(t)
  - Transfers
  - Age 70½ Required Distribution Rules
  - Trust Requirements Under Section 457 Governmental Plans
  - Constructive Receipt Requirements for Section 457 Nongovernmental Plans

8) QUALIFIED PLAN & IRA DISTRIBUTIONS

- a) Distributions From Qualified Plans
  - Pension Plans
  - Profit Sharing Plans
- b) Pre-Retirement Distributions
  - Early Distributions, Penalties, and Exemptions
  - In-Service Distributions
- c) Distributions During Retirement
  - Periodic Payments – Annuities and Pensions
  - Lump-Sum Distributions
  - Employer Stock Distributions
  - Distributions From 401(k) and 403(b) Designated Roth Accounts
- d) Rollovers
  - The Advantages and Disadvantages of Rollovers
  - The Advantages and Disadvantages of Rolling Qualified Plan Assets Over Into an IRA
  - Six Types of Rollovers or Transfers
  - What Can and Cannot Be Rolled Over
- e) Penalties
  - Penalties for Late Distributions
  - Penalties for Insufficient Minimum Distributions



- f) Distribution at Death
    - Participant Dies Before Retiring—QPSA
    - Participant Dies After Retiring—QJSA
    - Participant Dies Before the Required Beginning Date
      - The Spousal Rollover
      - The Nonspousal Rollover
      - The Nonspousal IRA Beneficiary
    - Participant Dies After the Required Beginning Date
      - QDROs
      - Beneficiaries
  - g) IRA Distributions
    - General Rules
    - Nondeductible IRAs
    - Choosing an IRA Beneficiary
  - h) Compliance Issues
    - Lump-Sum Distributions
    - Non-Lump-Sum Distributions
    - In-Service Distributions
    - Rollovers
    - Other Withholding
    - Distributions From IRAs
    - Reporting of Distributions
    - Reporting of Minimum Required Distributions
- 9) PLAN DESIGN, INSTALLATION, ADMINISTRATION & AMENDMENTS**
- a) Qualified Plan Appropriateness, Design & Installation
    - Design Issues
    - Step 1: Gather Data About the Employer
    - Step 2: Identify the Objectives of the Employer
    - Step 3: Identify the Type of Plan and Plan Features that Meet the Employer's Objectives
    - Retirement Plan Appropriateness & Design
    - Types of Plans
    - Plan Features
    - Plan Documents
    - The IRS Determination Letter
    - Legally Adopting the Plan
    - Giving Notice
  - b) Plan Administration
    - The Plan Administrator
    - Reporting and Disclosure Responsibilities
    - Plan Record Keeping and the Statute of Limitations
    - Plan Testing
    - Plan Expenses
    - Participant-Directed Investments and Fees
    - Plan Operations
    - Selecting a Plan Administration Firm
  - c) Plan Amendments
    - The Anticutback Rule
    - ERISA Section 204(h) – Notice of Significant Reduction in Plan Benefit Accruals
    - Proposal to Eliminate Optional Payment Forms from Defined Benefit Plans
- 10) PLAN ESTABLISHMENT, OPERATION, INVESTMENT OBJECTIVES, PENALTIES & TERMINATION**
- a) Qualified Plan Establishment & Operation
    - Employers Eligible to Establish a Plan
    - Adopting the Plan
    - The Determination Letter
    - The Adoption Agreement
    - Funding Instruments
    - Overview of Plan Funding
    - Plan Operational Requirements
  - b) Investment Objectives, Investment Policy & the Role of Trustees
    - Trustees
    - Participant-Directed Plans
    - Role of Trustees
    - Investment Policy
    - The Investment Policy Statement
    - Investment Objectives
    - Investment Constraints
- c) The Asset Allocation Decision
    - The Four Steps of Asset Allocation
    - Asset Allocation Strategies
    - Investment Performance Measures
    - Bond Performance Measures
    - Benchmark Characteristics
  - d) Plan Termination
    - How Plans Are Terminated
    - The PBGC and Benefit Guarantees for Certain Defined Benefit Plan Participants
    - Permanency Requirement
    - Complete Termination
    - Partial Termination
    - Complete Discontinuance of Contributions
    - Frozen Plans
    - Early Termination Restrictions
    - Allocation of Defined Contribution Plan Assets Following Plan Termination
    - Allocation of Defined Benefit Pension Plan Assets Following Plan Termination
    - Merger, Consolidation, Spin-off, or Transfer of Plan Assets or Liabilities
  - e) Penalty Taxes
    - Excess Nondeductible Contributions
    - Employer Reversions
    - Reporting, Notice, and Disclosure Failures
    - Delinquent Filer Voluntary Compliance Program (DFVCP)
    - PBGC Requirements
    - Distribution Reporting
    - Funding Deficiencies
    - Reporting and Paying of Withholding Taxes
    - Reporting of Penalties
- 11) FIDUCIARY ISSUES, PROHIBITED TRANSACTIONS, CLAIMS & EXAMINATIONS**
- a) The Fiduciary
    - Identification of Fiduciaries
    - Duties of a Fiduciary
    - Fiduciary Liability
    - Investment Requirements
    - Fiduciary Indemnification
    - ERISA Bonding Requirements
  - b) Prohibited Transactions
    - Definition of Plan Assets
    - Enforcement
    - Statutory Exceptions
    - Statutory Exceptions Enacted by the Pension Protection Act of 2006
    - Exchanges-Transfers of Real or Personal Property to a Qualified Plan
    - Individual and Class Exemptions
    - Advisory Opinions
    - Penalties
  - c) Claims of Plan Participants & Nonparticipants
    - Creditors' Claims
    - Claims in Bankruptcy
    - Claims by Nonbankruptcy Creditors
    - Tax Considerations
    - QDROs
    - Unlocatable Participants
    - Guidelines for Plans Not Being Terminated
    - Guidelines for Plans in the Process of Terminating
  - d) IRS and DOL Programs for Resolving Plan Defects
    - Employee Plans Compliance Resolution System (EPCRS)
    - Self-Correction Program (SCP)
    - Voluntary Correction Program (VCP)
    - Audit Closing Agreement Program (Audit CAP)
    - Discrepancy Adjustment Program (DAP)
    - DOL Programs for Resolving Plan Errors
    - Voluntary Fiduciary Correction Program (VFCP)



### 1) THE FINANCIAL PLANNING PROCESS

- a) Personal Financial Planning Defined
- b) The Role of Financial Planning in Individuals Achieving Their Personal & Financial Goals
  - Identifying Potential Clients
  - The Scope of Financial Planning
- c) Steps in the Personal Financial Planning Process
  - Establishing and Defining the Client-Planner Relationship
  - Gathering Client Data, including Goals
  - Analyzing and Evaluating the Client's Financial Status
  - Developing and Presenting Financial Planning Recommendations and/or Alternatives
  - Implementing the Financial Planning Recommendations
  - Monitoring the Financial Planning Recommendations
  - Practice Standards
- d) Analysis & Plan Creation
  - Cash Management and Use of Debt
  - Investment Strategies and Products
  - Tax Implications of Financial Decisions
  - Retirement Planning Issues
  - Management of Personal Risks and Insurance
  - Estate Planning Issues
- e) Ethical & Regulatory Issues & the Financial Planning Professional
  - Ethical Issues
  - CFP Board Code of Ethics and Professional Responsibility

### 2) FINANCIAL STATEMENTS & CASH FLOW MANAGEMENT

- a) Financial Statements
  - Statement of Financial Position (Balance Sheet)
  - Cash Flow Statement
- b) Financial Situation Analysis
  - Analyzing a Financial Situation
- c) Credit & Debt
  - Credit and Debt
  - Types of Credit
  - Buying Versus Leasing
  - Protecting the Credit User
  - Acceptable Levels of Debt
- d) Budgeting

### 3) THE TIME VALUE OF MONEY

- a) Rate Assumptions
- b) Theory Relating to Time Value of Money
  - Future Value of a Single Sum
  - Present Value of a Single Sum
  - Number of Compounding Periods and Interest Rate Per Compounding Period
  - Present Value of an Annuity
  - Future Value of an Annuity
  - Periodic Payment or Receipt

### 4) INVESTMENT PRINCIPLES & MUTUAL FUNDS

- a) Investment Principles
  - Basic Investment Concepts
  - Risk in Investing
  - Types of Investment Risk
  - Risk Tolerance
  - Measure of Risk
  - Return on Investments
  - Asset Allocation
- b) Investment Analysis & Approaches
  - Analysis of Investments
  - Investment Approaches

- c) General Features of Mutual Funds
  - Advantages
  - Costs
  - Taxes
  - The Prospectus
  - Fund Reporting
- d) Types of Mutual Funds
  - Interpretation of Mutual Fund Names
  - Stock Funds
  - Bond Funds
  - Money Market Funds
  - Index Funds
  - International Stock Funds
  - Global Equity Funds
  - Asset Combination Funds
  - Closed-End Funds
  - Exchange-Traded Funds (ETFs)
  - Exchange-Traded Notes (ETNs)
  - Hedge Funds

### 5) EQUITIES & DEBT INSTRUMENTS

- a) Equities
  - Definition of Equity
  - Common Stock
  - Preferred Stock
- b) Other Investments
  - Real Estate
  - Collectibles
  - Options
- c) Debt Instruments
  - Terminology
  - Bond Ratings
  - Call Provision
  - Sinking Fund
  - Debt Instrument Risks
  - Types and Characteristics of Debt Instruments
  - "Return" on Debt for the Investor
  - Liquidity/Marketability & Risks of Debt Instruments

### 6) TAX PLANNING

- a) The Variety of Taxes Payable by an Individual
  - Types of Taxes to Which Individuals are Subject
- b) The Federal Tax Calculation on Form 1040
  - Federal Forms
  - Identifying Individuals Required to File
  - Filing Status
  - Exemptions
  - Determining Taxable Income
  - Income
  - Tax Computation
  - Credits
- c) Tax Consequences of Selling Property
  - Basis
  - Holding Period
  - Class of Property
  - Calculating Capital Gain or Loss
  - Nonrecognition Provisions
- d) Taxation of Employee Benefits and Compensation
  - Cafeteria Plans
  - Flexible Spending Accounts
  - Noncash Fringe Benefits
  - Retirement Plans
- e) Maintaining Records
  - Property Owned for Investment Purposes, Personal Use, or Business Use
- f) Tax Planning Strategies
  - Eliminating or Reducing Tax
  - Shifting Tax to Others
  - Deferring Receipt of Taxable Income

**7) RETIREMENT PLANNING**

- a) Individual Plans
  - Individual Retirement Accounts (IRAs)
  - Annuities
- b) Qualified Retirement Plans
  - Employer-Sponsored Retirement Plans
  - Defined Benefit Plans
  - Defined Contribution Plans
  - Comparing Plans
- c) Problems Associated With Retirement Planning
  - Economic Problems Associated With Retirement
  - Determining Retirement Needs and Goals
  - Potential Changes in Retirement Planning
  - Reasons People Delay Saving for Retirement
  - Asset Allocation During the Working Years
  - Pitfalls to Retirement Saving and Retirement Funds
- d) Financial Planning for Retirees
  - Sources of Income Among Retirees
  - Retirement Plan Distribution Rules
  - Withdrawal Rates During Retirement

**8) INTRODUCTION TO INSURANCE**

- a) Principles of Risk Management
  - The Basic Need for Financial Security
  - Types of Personal Risk
  - Risk Management
  - Principles of Insurance
  - Insurance Distribution
  - Types of Insurance
- b) Homeowners Insurance
  - Section I
  - Section II
  - Specific Types of Policies
  - C.L.U.E. Personal Property Reports
  - Quantifying Homeowners Insurance Needs
- c) Automobile and Umbrella Liability Insurance
  - Automobile Insurance
  - Umbrella Liability Coverage

**9) LIFE & HEALTH INSURANCE**

- a) Life Insurance
  - Sources of Coverage Against Death
  - Types of Life Insurance and Pertinent Features
  - Common Features and Provisions of Individually Owned Life Insurance
  - Quantifying Life Insurance Needs
- b) Health Care Plans
  - Sources of Coverage
- c) Disability Income Insurance
  - Sources of Coverage
- d) Long-Term Care Insurance
  - Sources of Coverage
- e) Annuities
  - Terminology
  - Deferred Annuities
  - Selection of an Annuity (and a Company)

**10) ESTATE PLANNING**

- a) Estate Planning Terminology
- b) Estate Transfer Tools
  - Wills
  - Intestate Succession Statutes
  - Will Substitutes
  - Gifts
- c) Estate Transfer Expenses
  - Estate Taxes
- d) Incapacity Planning
  - Management of Property
  - Personal and Medical Care Decision Making