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## TOPIC LIST FOR CFP® CERTIFICATION EXAMINATION

The following topics, based on the 1999 Job Analysis Study, are the basis for the CFP® Certification Examinations. Each exam question will be linked to one of the following topics, in the approximate percentages indicated following the general headings. Questions may be at the evaluation level, which is the highest cognitive level in Bloom's taxonomy, or at any lower level. Questions often will be asked in the context of the financial planning process.

In addition to being used for the CFP® Certification Examination, this list indicates topic coverage requirements to fulfill the pre-certification educational requirement, and the topics that will be granted continuing education credit by CFP Board.

(References to sections (§) in this list refer to sections of the Internal Revenue Code.)

### GENERAL PRINCIPLES OF FINANCIAL PLANNING (13%)

1. Financial planning process
  - A. Purpose, benefits and components
  - B. Steps
    - 1) Establishing client-planner relationships
    - 2) Gathering client data and determining goals and expectations
    - 3) Determining the client's financial status by analyzing and evaluating general financial status, special needs, insurance and risk management, investments, taxation, employee benefits, retirement, and/or estate planning
    - 4) Developing and presenting the financial plan
    - 5) Implementing the financial plan
    - 6) Monitoring the financial plan
  - C. Responsibilities
    - 1) Financial planner
    - 2) Client
    - 3) Other advisors
2. CFP Board's *Code of Ethics and Professional Responsibility* and *Disciplinary Rules and Procedures*
  - A. *Code of Ethics and Professional Responsibility*
    - 1) Preamble and applicability
    - 2) Composition and scope
    - 3) Compliance
    - 4) Terminology
    - 5) Principles
      - a) Principle 1 – Integrity
      - b) Principle 2 – Objectivity
      - c) Principle 3 – Competence
      - d) Principle 4 – Fairness
      - e) Principle 5 – Confidentiality
      - f) Principle 6 – Professionalism
      - g) Principle 7 – Diligence
    - 6) Rules
  - B. *Disciplinary Rules and Procedures*
3. CFP Board's *Financial Planning Practice Standards*
  - A. Purpose and applicability
  - B. Content of each series (use most current *Practice Standards*, as posted on CFP Board's Web site at [www.CFP.net](http://www.CFP.net))
  - C. Enforcing through *Disciplinary Rules and Procedures*
4. Personal financial statements
  - A. Balance sheet (statement of financial position)
  - B. Cash flow statement
  - C. Pro Forma statements
5. Budgeting
  - A. Discretionary vs. non-discretionary
  - B. Financing strategies
  - C. Saving strategies
6. Emergency fund planning
  - A. Adequacy of reserves
  - B. Liquidity vs. marketability
  - C. Liquidity substitutes
7. Credit and debt management
  - A. Ratios
  - B. Consumer debt
  - C. Home equity loan and home equity line of credit
  - D. Secured vs. unsecured debt
  - E. Bankruptcy
  - F. Consumer protection laws
8. Buying vs. leasing
  - A. Calculation
  - B. Adjustable and fixed-rate loans
  - C. Effect on financial statements
9. Function, purpose and regulation of financial institutions
  - A. Banks
  - B. Credit unions
  - C. Brokerage companies
  - D. Insurance companies
  - E. Mutual fund companies
  - F. Other
10. Client attitudes and behavioral characteristics
  - A. Cultural
  - B. Family
  - C. Emotional
  - D. Life cycle and age
  - E. Level of knowledge, experience and expertise
  - F. Risk tolerance
11. Educational funding
  - A. Needs analysis
  - B. Tax credits and deductions
  - C. Qualified state tuition plans (§529 plans)
  - D. Education IRAs
  - E. Savings bonds or CDs
  - F. Government grants and loans
  - G. Other sources
  - H. Ownership of assets
  - I. Tax ramifications
12. Financial planning for special circumstances
  - A. Divorce
  - B. Disabilities
  - C. Terminal illness
  - D. Non-traditional families
  - E. Job change and job loss, including severance packages
  - F. Dependents with special needs
13. Economic concepts
  - A. Supply and demand
  - B. Fiscal policy
  - C. Monetary policy
  - D. Economic indicators
  - E. Business cycles
  - F. Inflation, deflation and disinflation
  - G. Yield curve
14. Time value of money concepts and calculations
  - A. Present value
  - B. Future value
  - C. Ordinary annuity and annuity due

- D. Net Present Value (NPV)
  - E. Internal Rate of Return (IRR)
  - F. Irregular cash flows
  - G. Inflation adjusted earning rates
  - H. Serial payments
15. Characteristics and consequences of types of entities
- A. Sole proprietorship
  - B. Partnership
    - 1) General
    - 2) Limited
    - 3) Limited Liability Partnership (LLP)
    - 4) Family Limited Partnership (FLP)
  - C. Limited Liability Company (LLC)
  - D. Corporation
    - 1) S corporation
    - 2) C corporation
    - 3) Professional Corporation (PC)
  - E. Association
  - F. Trust
  - G. Selection of business form
  - H. Acquisition and disposition
16. Characteristics and consequences of property titling
- A. Common law vs. community property
  - B. Sole ownership
  - C. Joint tenancy with right of survivorship (JTWROS)
  - D. Tenancy by the entireties
  - E. Tenancy in common
  - F. Trust ownership
  - G. Uniform Transfers to Minors Act (UTMA) and Uniform Gifts to Minors Act (UGMA)
17. Financial services industry regulation requirements
- A. Registration and licensing
  - B. Reporting
  - C. Compliance
  - D. State securities and insurance laws
18. Business Law
- A. Contracts
  - B. Torts
  - C. Agency
  - D. Negotiable instruments
  - E. Professional liability
  - F. Fiduciary liability
  - G. Arbitration and mediation
19. Quantitative analysis
- A. Probability analysis
  - B. Modeling and simulation
  - C. Sensitivity analysis
20. Monetary settlement planning
- A. Structured settlements
  - B. Legal settlements
  - C. Lottery winnings and monetary windfalls
  - D. Lump sum retirement distributions
  - E. Insurance proceeds
  - F. Other

## INSURANCE PLANNING AND RISK MANAGEMENT (10%)

21. Principles of insurance
- A. Definitions and application
    - 1) Risk
    - 2) Peril
    - 3) Hazard
    - 4) Law of large numbers
    - 5) Adverse selection
  - B. Response to risk
    - 1) Retain
    - 2) Transfer
    - 3) Control
    - 4) Reduce
    - 5) Avoid
  - C. Mortality vs. morbidity
22. Analysis and evaluation of risk exposures
- A. Personal
    - 1) Death
    - 2) Disability
    - 3) Poor health
    - 4) Unemployment
    - 5) Outliving one's capital
  - B. Property
    - 1) Real
    - 2) Personal
    - 3) Auto
  - C. Liability
    - 1) Negligence
    - 2) Libel
    - 3) Slander
    - 4) Malpractice
  - D. Business-related risks
  - E. Calculation of benefits
23. Legal aspects of insurance
- A. Indemnity
  - B. Insurable interest
  - C. Contract requirements
  - D. Contract characteristics
24. Property and casualty insurance (individual and business)
- A. Real property
  - B. Automobile and recreational vehicles
  - C. Business
  - D. Business activity
  - E. Personal property
  - F. Umbrella liability
25. General business liability
- A. Professional liability
  - B. Errors and omissions
  - C. Directors and officers
  - D. Product liability
26. Health insurance (individual)
- A. Hospital-surgical
  - B. Major medical
  - C. Traditional indemnity
  - D. Preferred Provider Organization (PPO)
- E. Health Maintenance Organization (HMO)
  - F. Medicare supplemental insurance
  - G. Other
27. Disability income insurance (individual)
- A. Occupational definitions and application
    - 1) Total
    - 2) Partial
    - 3) Residual
  - B. Benefit period
  - C. Elimination period
  - D. Benefit amount
  - E. Riders
  - F. Taxation of benefits
28. Long-term care insurance (individual and joint)
- A. Basic provisions
  - B. Eligibility
  - C. Benefit amount and period
  - D. Elimination period
  - E. Inflation protection
  - F. Nursing home and in-home care
  - G. Comparing and selecting policies
  - H. Tax implications and qualification
  - I. Appropriateness of coverage
29. Life insurance
- A. Fundamentals
  - B. Types
  - C. Contractual provisions
  - D. Dividend options
  - E. Non-forfeiture and other options
  - F. Settlement options
  - G. Policy replacement
  - H. Tax issues and strategies
  - I. Policy ownership issues and strategies, including split-dollar
30. Viatical settlements
- A. Legal principles
  - B. Requirements
  - C. Tax implications
  - D. Planning
  - E. Ethical concepts and planning
31. Insurance needs analysis and rationale
- A. Life insurance amount required
    - 1) Liquidity and survivor income needs
    - 2) Human life value
    - 3) Capital retention
  - B. Disability insurance
  - C. Long-term care insurance
  - D. Health insurance
  - E. Property insurance
  - F. Liability insurance
32. Taxation of life, disability and long-term care insurance
- A. Income
  - B. Gift
  - C. Estate

- D. Generation-Skipping Transfer Tax (GSTT)
- E. Ownership issues
- F. Beneficiary issues
- G. Withdrawals

33. Insurance policy selection
- A. Purpose of coverage
  - B. Length of time required
  - C. Risk tolerance
  - D. Cash flow constraints

34. Insurance company selection and due diligence
- A. Financials
  - B. Ratios
  - C. Ratings
  - D. Mutual vs. stock
  - E. Reinsurance
  - F. Investments
  - G. Underwriting
  - H. Federal and state law

### EMPLOYEE BENEFITS PLANNING (8%)

35. Employee benefit plans
- A. Group life insurance
    - 1) Types and basic provisions
      - a) Group term
      - b) Group permanent
      - c) Dependent coverage
    - 2) Income tax implications
    - 3) Employee benefit analysis and application
  - B. Group disability insurance
    - 1) Basic provisions and limitations
      - a) Definitions of disability
      - b) Own occupation limits
      - c) Integration with Social Security, workers' compensation or other income
      - d) Income tax implications
    - 2) Employee benefit analysis and application
  - C. Group medical insurance
    - 1) Types and basic provisions
      - a) Indemnity
      - b) Preferred Provider Organization (PPO)
      - c) Health Maintenance Organization (HMO)
      - d) Dental and vision plans
    - 2) Income tax implications
    - 3) Employee benefit analysis and application
    - 4) COBRA provisions
  - D. Cafeteria plans and flexible spending accounts
    - 1) Basic provisions and eligible benefits
    - 2) Income tax implications
    - 3) Employee benefit analysis and application
  - E. Other employee benefits

- 1) Fringe benefits
- 2) Voluntary Employees Beneficiary Association (VEBA)
- 3) Salary continuation plans
- 4) Prepaid legal services
- 5) Group long-term care insurance
- 6) Other

36. Employee stock options
- A. Basic provisions
    - 1) Company restrictions
    - 2) Transferability
    - 3) Retirement
    - 4) Vesting schedule
    - 5) Expiration
    - 6) Availability to non-employees (directors, board members, etc.)
    - 7) Cashless exercise
  - B. Incentive Stock Options (ISOs)
    - 1) Income tax implications (regular, AMT, basis)
      - a) Upon grant
      - b) Upon exercise
      - c) Upon sale
    - 2) Holding period requirements
    - 3) Disqualifying dispositions
    - 4) Planning opportunities and strategies
  - C. Non-qualified stock options
    - 1) Income tax implications (regular, AMT, basis)
      - a) Upon grant
      - b) Upon exercise
      - c) Upon sale
    - 2) Gifting opportunities
      - a) Unvested/vested
      - b) Exercised/unexercised
      - c) Gift tax valuation
      - d) Payment of gift tax
    - 3) Planning opportunities and strategies
    - 4) Employee benefits analysis and application
  - D. Planning strategies for employees with both incentive stock options and non-qualified stock options
  - E. Election to include in gross income in the year of transfer (§83(b) election)

37. Stock plans
- A. Employee Stock Purchase Plans (ESPPs)
    - 1) Basic provisions
    - 2) Income tax implications
    - 3) Special tax benefits
    - 4) Employee benefit analysis and application
  - B. Phantom stock and other employee stock plans
    - 1) Basic provisions
    - 2) Income tax implications
    - 3) Special tax benefits
    - 4) Employee benefit analysis and application

38. Non-qualified deferred compensation
- A. Basic provisions and differences from qualified plans
  - B. Types of plans and applications
    - 1) Supplemental Executive Retirement Plans (SERPs)
    - 2) Rabbi trusts
    - 3) Secular trusts
    - 4) Hybrids
  - C. Tax implications
    - 1) Constructive receipt
    - 2) Substantial risk of forfeiture
  - D. Funding methods
  - E. Strategies
39. Employer/employee insurance arrangements
- A. Business continuation (buy/sell) plans
  - B. Business overhead disability plan
  - C. Executive/owner benefits (§162)
  - D. Split-dollar
  - E. Key employee insurance
  - F. Transfer of ownership and tax issues

### INVESTMENT PLANNING (19%)

40. Types and use of investment vehicles
- A. Certificates of deposit and cash equivalents
  - B. U.S. Government and agency securities
    - 1) Bills, notes and bonds
    - 2) Inflation-adjusted securities
    - 3) Treasury strips
  - C. Municipal bonds
    - 1) General obligation
    - 2) Revenue
  - D. Corporate bonds
    - 1) Investment grade
    - 2) High-yield
    - 3) Convertible
    - 4) Callable
  - E. Promissory notes
  - F. Insurance-based investments
    - 1) Guaranteed Investment Contracts (GICs)
    - 2) Annuities
      - a) Fixed
      - b) Variable
  - G. Stock
    - 1) Common
    - 2) Preferred
    - 3) Warrants and rights
  - H. Derivatives
    - 1) Options
    - 2) Futures
  - I. Exchange traded funds
  - J. Index securities
  - K. Investment companies
    - 1) Unit investment trusts
    - 2) Open-end mutual funds
    - 3) Closed-end investment companies
  - L. Real Estate Investment Trust (REIT)

- M. Real estate (investor-managed)
  - N. Private placements/venture capital
  - O. Limited partnerships
  - P. Asset-backed securities
  - Q. Natural resources
  - R. Tangible assets
  - S. American Depository Receipts (ADR)
41. Types of investment risk
- A. Inflation
  - B. Interest rate
  - C. Market
  - D. Business
  - E. Liquidity
  - F. Reinvestment
  - G. Political (sovereign)
  - H. Exchange rate
42. Measures of investment risk
- A. Coefficient of determination ( $R^2$ )
  - B. Variability of returns
  - C. Standard deviation
  - D. Beta
  - E. Covariance
  - F. Semi-variance
43. Measures of investment returns
- A. Annualized return
  - B. Real (inflation-adjusted) return
  - C. Total return
  - D. Risk-adjusted return
  - E. After-tax return
  - F. Holding period return
  - G. Internal Rate of Return (IRR)
  - H. Yield-to-maturity
  - I. Yield-to-call
  - J. After-tax yield
  - K. Realized compound yield
44. Time-influenced security valuation concepts
- A. Net present value
  - B. Future value
  - C. Bond duration and convexity
  - D. Internal Rate of Return (IRR)
45. Bond and stock valuation methods
- A. Capitalized earnings
  - B. Dividend growth models
  - C. Ratio analysis
    - 1) Price/earnings
    - 2) Price/free cash flow
    - 3) Price/sales
    - 4) Price/Earnings/Growth (PEG)
  - D. Intrinsic value
  - E. Book value
46. Portfolio management and measurement concepts
- A. Modern portfolio theory
  - B. Performance measures
    - 1) Sharpe ratio
    - 2) Treynor ratio
    - 3) Jensen ratio
  - C. Investment policy statements
- D. Appropriate benchmarks
  - E. Time- vs. dollar-weighted rate of return
  - F. Probability analysis, including Monte Carlo
47. Formula investing
- A. Dollar-cost averaging
  - B. Dividend reinvestment
  - C. Bond ladders and barbells
  - D. Other
48. Investment strategies
- A. Market timing
  - B. Passive investing (indexing)
  - C. Fundamental analysis
  - D. Buy and hold
  - E. Portfolio immunization
  - F. Swaps and collars
  - G. Technical analysis
  - H. Efficient market anomalies
  - I. Other
49. Asset allocation and portfolio diversification
- A. Strategic asset allocation
    - 1) Application of client lifecycle analysis
    - 2) Client risk tolerance measurement and application
    - 3) Asset class definition and correlation
  - B. Tactical asset allocation (re-balancing strategies)
  - C. Passive vs. active portfolio management
  - D. Individual stock selection
  - E. Strategies for dealing with concentrated portfolios
50. Efficient Market Theory (EMT)
- A. Strong form
  - B. Semi-strong form
  - C. Weak form
  - D. Anomalies
51. Asset pricing models
- A. Capital Asset Pricing Model (CAPM)
  - B. Multi-factor Asset Pricing Model (APM)
  - C. Option pricing model (Black-Scholes)
  - D. Binomial option pricing
  - E. Other
52. Leverage of investment assets
- A. Margin requirement
  - B. Margin calls
53. Hedging and option strategies
- A. Options
  - B. Puts and calls
  - C. Short sales
54. Tax efficient investing
- A. Mutual funds
    - 1) Turnover
- 2) Short-term/long-term/unrealized capital gains
- B. Stocks
- 1) Tax management
  - 2) Wash sale rule
- C. Bonds
- 1) Taxable Equivalent Yield (TEY)
  - 2) Premium/discount considerations
  - 3) SEC yield
55. Investment strategies in tax-advantaged accounts
- A. Capital gain vs. ordinary income
  - B. Tax advantages
  - C. Net Unrealized Appreciation (NUA)
  - D. Appropriate assets for tax-advantaged vs. taxable accounts
56. Taxation of investment vehicles
- A. Mutual funds
    - 1) Basis determination
    - 2) Taxation
  - B. Stocks
    - 1) Dividends
    - 2) Basis determination
    - 3) Capital gains/losses (long vs. short)
    - 4) Liquidations
    - 5) Stock splits/dividends
    - 6) Warrants and rights
    - 7) Other
  - C. Bonds
    - 1) U.S. Government
    - 2) Agency
    - 3) Municipal
    - 4) Zero-coupon
    - 5) Treasury Inflation-Protection Securities (TIPS)
  - D. U.S. savings bonds
  - E. Annuities
  - F. Limited partnership
  - G. Unit investment trust
  - H. Other
- INCOME TAX PLANNING (17%)**
57. Income tax law fundamentals
- A. Sources of authority
    - 1) Primary
    - 2) Secondary
  - B. Research sources
58. Tax compliance
- A. Filing requirements
  - B. Authority to represent clients before the IRS (Circular 230)
  - C. Audits
  - D. Penalties
59. Income tax fundamentals and calculations
- A. Filing status
  - B. Gross income
  - C. Adjusted gross income
  - D. Itemized deductions

- 1) Types
  - 2) Limitations
  - E. Personal and dependency exemptions
  - F. Taxable income
  - G. Tax liability
  - H. Tax credits
  - I. Payment of tax
  - J. Estimated payments and withholding requirements
  - K. Kiddie tax
  - L. Imputed income
60. Tax accounting methods
- A. Cash method
  - B. Accrual method
  - C. Hybrid method
  - D. Long-term contracts
  - E. Installment sales
  - F. Accounting periods
  - G. Method changes (entity)
61. Tax characteristics of entities
- A. Taxation at entity level
  - B. Flow-through of income and losses to shareholders
  - C. Special taxes at entity level for flow-through entities
    - 1) Built-in gains tax
    - 2) LIFO recapture
    - 3) Excess net passive income tax
    - 4) Personal holding company tax
    - 5) Other
  - D. Use of losses
  - E. Taxation at dissolution
62. Income taxation of trusts and estates
- A. General issues
    - 1) Filing requirements
    - 2) Deadlines
    - 3) Choice of taxable year
    - 4) Tax treatment of distributions to beneficiaries
    - 5) Rate structure
  - B. Grantor trusts
  - C. Simple trusts
  - D. Complex trusts
  - E. Trust income
    - 1) Trust accounting income
    - 2) Trust taxable income
    - 3) Distributable Net Income (DNI)
  - F. Estate income tax
63. Basis
- A. Original basis
  - B. Adjusted basis
  - C. Original issue discount
  - D. Carryover basis
  - E. Step-up in basis
  - F. Impact of community property and common law on basis
64. Cost-recovery concepts
- A. Modified Accelerated Cost Recovery System (MACRS)
    - 1) Types
    - 2) Limitations
65. Tax consequences of like-kind exchanges
- A. Reporting requirements
  - B. Qualifying transactions
  - C. Multiple properties
  - D. Liabilities
  - E. Boot
  - F. Related party transactions
66. Tax consequences of gain or loss on sale of assets
- A. Holding period
  - B. Sale of residence
    - 1) Reporting
    - 2) Exclusion
  - C. Capital assets (§1221)
  - D. Depreciation recapture
    - 1) Personal or real property used in trade or business (§1231)
    - 2) Rules for personal property (§1245)
    - 3) Rules for real property (§1250)
  - E. Related parties
  - F. Wash sales
  - G. Bargain sales
  - H. §1244 stock (small business stock election)
67. Alternative Minimum Tax (AMT)
- A. Individual and corporate AMT
    - 1) Mechanics
    - 2) Preferences and adjustments
    - 3) Exclusion items vs. deferral items
    - 4) Credit (creation, usage and limitations)
  - B. Small business exemption
68. Tax management techniques
- A. Tax credits
  - B. Alternative Minimum Tax (AMT) planning
    - 1) Incentive Stock Options (ISOs)
    - 2) Charitable gifts
    - 3) Stock redemption agreements
  - C. Accelerated deductions
  - D. Deferral of income
  - E. Estimated taxes and withholdings
  - F. Net operating losses
69. Passive activity and at-risk rules
- A. Definitions
  - B. Computations
  - C. Treatment of disallowed losses
  - D. Disposition of passive activities
  - E. Real estate exceptions
70. Tax implications of changing circumstances
- 1) Cost basis
  - 2) Half-year convention
  - 3) Mid-quarter convention
71. Charitable contributions and deductions
- A. Qualified entities
    - 1) Public charities
    - 2) Private charities
  - B. Deduction limitations
  - C. Carryover periods
  - D. Appreciated property and the AMT
  - E. Partial interest gifts to charity
  - F. Non-deductible contributions
  - G. Appraisals
  - H. Substantiation requirements
  - I. Charitable contributions by business entities
- RETIREMENT PLANNING (18%)**
72. Retirement needs analysis
- A. Assumptions for retirement planning
    - 1) Inflation
    - 2) Retirement period and life expectancy
    - 3) Lifestyle
    - 4) Total return
  - B. Financial needs
    - 1) Living costs
    - 2) Charitable and beneficiary gifting objectives
    - 3) Medical costs, including long-term care needs analysis
    - 4) Other (trust and foundation funding, education funding, etc.)
  - C. Income sources
    - 1) Total return assumptions
    - 2) Probabilistic analysis assumptions
  - D. Alternatives to compensate for projected cash-flow shortfalls
73. Social Security [Old Age, Survivor, and Disability Insurance (OASDI)]
- A. Eligibility and benefit
    - 1) Retirement
    - 2) Disability
    - 3) Survivor
    - 4) Family limitations
  - B. How benefits are calculated
  - C. Working after retirement
  - D. Taxation of Social Security
74. Medicare
- A. Eligibility
  - B. Coverage provided by Parts A and B
75. Marriage
- 1) Filing status
  - 2) Children
  - 3) Common law and community property
76. Divorce
- 1) Alimony
  - 2) Child support
  - 3) Qualified Domestic Relations Order (QDRO)
77. Death (final income tax return)

- 1) Benefits covered by Medicare
  - 2) Benefits not covered under Medicare
  - C. Cost of coverage
75. Types of retirement plans
- A. Characteristics
    - 1) Qualified plans
    - 2) Non-qualified plans
    - 3) Government plans (§457 plans)
  - B. Types of qualified plans
    - 1) Defined contribution
      - a) Money purchase
      - b) Profit-sharing (age-weighted, 401(k), ESOP, etc.)
      - c) Target benefit
    - 2) Defined benefit
      - a) Traditional
      - b) Cash balance
76. Qualified plan rules and options
- A. Feasibility of installation of a qualified plan
    - 1) Client objectives
    - 2) Constraints
  - B. Qualified plan coverage and eligibility requirements
    - 1) Age and service requirements
    - 2) Coverage requirements
    - 3) Minimum participation
    - 4) Highly compensated
    - 5) Controlled group
  - C. Qualified plan vesting schedule
    - 1) Types
    - 2) Top-heavy plans
  - D. Integration with Social Security/disparity limits
    - 1) Defined benefit plans
    - 2) Defined contribution plans
  - E. Factors affecting qualified plan contributions or benefits
    - 1) Tax considerations
    - 2) Nature of defined contribution
    - 3) Nature of defined benefit
    - 4) Comparison of defined contribution and defined benefit
    - 5) Definition of compensation
    - 6) Multiple plans
    - 7) Special rules for self-employed (non-corporations)
  - F. Top-heavy plans
    - 1) Definitions
    - 2) Vesting
    - 3) Effects on contributions or benefits
  - G. Loans from qualified plans
77. Other tax-advantaged retirement plans
- A. Types
    - 1) Traditional IRA
    - 2) Roth IRA, including conversion analysis
    - 3) SEP
    - 4) SIMPLE

- 5) §403(b) plans
  - 6) §457 plans
  - B. Basic provisions
    - 1) Eligibility
    - 2) Contribution limits
    - 3) Deductibility
    - 4) Distribution options
78. Regulatory considerations
- A. Employee Retirement Income Security Act (ERISA)
  - B. Department of Labor (DOL) regulations
  - C. Fiduciary obligations
  - D. Prohibited transactions
  - E. Reporting requirements
79. Plan selection for businesses (key factors affecting selection)
- A. Owner's personal objectives
    - 1) Tax considerations
    - 2) Capital needs at retirement
    - 3) Capital needs at death
  - B. Business' objectives
    - 1) Tax considerations
    - 2) Cash flow situation and outlook
    - 3) Employee demographics
    - 4) Comparison of defined contribution and defined benefit plan alternatives
80. Investment considerations for retirement plans
- A. Suitability
  - B. Time horizon
  - C. Fiduciary considerations
  - D. Prohibited transactions
  - E. Unrelated Business Taxable Income (UBTI)
  - F. Life insurance
81. Distribution rules, alternatives and taxation
- A. Premature distributions
    - 1) Penalties
    - 2) Substantially equal payments (§72(t))
  - B. Election of distribution options
    - 1) Lump sum distributions
    - 2) Annuity options
    - 3) Rollover
    - 4) Direct transfer
  - C. Required minimum distributions
    - 1) Rules
    - 2) Calculations
    - 3) Penalties
  - D. Beneficiary considerations
  - E. Qualified Domestic Relations Order (QDRO)
  - F. Taxation of distributions
    - 1) Waiver
    - 2) Cost basis recovery

## ESTATE PLANNING (15%)

82. Methods of property transfer at death
- A. The probate process
    - 1) Testate succession
    - 2) Intestate succession
    - 3) Advantages and disadvantages of probate
    - 4) Assets subject to probate
    - 5) Techniques of avoiding probate
    - 6) Ancillary probate
  - B. Operation of law (title)
  - C. Transfers through trusts
  - D. Transfers by contract
83. Estate planning documents
- A. Wills
    - 1) Legal requirements
    - 2) Types of wills
    - 3) Avoiding will contests
  - B. Powers of attorney
    - 1) For health care
    - 2) For property
    - 3) Durable feature
    - 4) Special or limited powers
    - 5) General powers
  - C. Advance medical directives (e.g., living wills)
  - D. Trusts
  - E. Marital agreements
  - F. Business agreements
  - G. Other
84. Gifting strategies
- A. Suitability of gifting as a planning strategy
  - B. Techniques for gift-giving
  - C. Appropriate gift property
  - D. Strategies for closely-held business owners
  - E. Gifts of present and future interests
  - F. Tax implications
    - 1) Income
    - 2) Gift
    - 3) Estate
    - 4) Generation-Skipping Transfer Tax (GSTT)
85. Gift taxation and compliance
- A. Filing requirements
  - B. Calculation
    - 1) Annual exclusion and applicable credit
    - 2) Split gifts
    - 3) Prior taxable gifts
    - 4) Education and medical exclusions
    - 5) Marital and charitable deductions
    - 6) Tax liability
86. Incapacity planning
- A. Definition of incapacity/disability

- B. Care of client's dependents
  - C. Care of person and property
  - D. Disability insurance
  - E. Long-term care insurance
  - F. Medicaid planning
  - G. Viatical settlements
  - H. Business disability coverage
  - I. Social Security disability benefits
87. Estate tax calculation and compliance
- A. The gross estate
    - 1) Inclusions
    - 2) Exclusions
  - B. Deductions
  - C. Adjusted Gross Estate (AGE)
  - D. Deductions from the adjusted gross estate
  - E. Taxable estate
  - F. Adjusted taxable gifts rule
  - G. Tentative tax base
  - H. Tentative tax calculation
  - I. Credits
    - 1) Gift tax payable
    - 2) Unified credit
    - 3) Prior transfer credit
    - 4) State death tax
88. Satisfying liquidity needs
- A. Sale of assets
  - B. Life insurance
  - C. Other
89. Powers of appointment
- A. Use and purpose
  - B. General and special (limited) powers
    - 1) 5+5 power
    - 2) Crummey provisions
    - 3) Distributions for health, education, maintenance and support
    - 4) Other
  - C. Tax implications
90. Types, features and taxation of trusts
- A. Classification
    - 1) Simple and complex
    - 2) Revocable and irrevocable
  - B. Rule against perpetuities
  - C. Selected provisions
    - 1) Spendthrift clauses
    - 2) Perpetuity clauses
    - 3) Other
  - D. Taxation of trusts and estates (income, gift and estate)
91. Qualified interest trusts
- A. Grantor Retained Annuity Trusts (GRATs)
  - B. Grantor Retained Unitrusts (GRUTs)
  - C. Qualified Personal Residence Trusts (QPRTs or House-GRITs)
  - D. Tangible personal property trusts
  - E. Limitations on the valuation of remainder interests of qualified interest trusts (§2702)
92. Charitable giving
- A. Considerations for contributions and transfers
  - B. Requirements for a gift to qualify for a charitable deduction
  - C. Charitable remainder trusts
    - 1) Unitrusts (CRUT)
    - 2) Annuity trusts (CRAT)
  - D. Charitable lead trusts
    - 1) Unitrusts (CLUT)
    - 2) Annuity trusts (CLAT)
  - E. Pooled income funds
  - F. Private foundations
  - G. Other types of charitable gifts
  - H. Income tax charitable deduction limitations
93. Use of life insurance in estate planning
- A. Advantages and disadvantages
  - B. Ownership, beneficiary designation and settlement options
  - C. Life insurance trusts
  - D. Gift and estate taxation
  - E. Income taxation
94. Valuation issues
- A. Estate freezes
    - 1) Corporate and partnership recapitalizations (§2701)
    - 2) Transfers in trust
  - B. Valuation issues with family partnerships and LLCs
    - 1) Minority discounts
    - 2) Marketability discounts
    - 3) Blockage discounts
    - 4) Key person discounts
  - C. Valuation techniques and the federal gross estate
95. Marital deduction
- A. Characteristics
  - B. Terminable interest rule and exceptions
  - C. QTIP planning and the prior transfer credit
  - D. Special planning for non-citizen spouses
  - E. Marital deduction and by-pass planning
96. Deferral and minimization of estate taxes
- A. Deductions and credits
  - B. Lifetime planning techniques
  - C. Postmortem planning techniques
    - 1) Qualified disclaimers
    - 2) Alternative valuation date
    - 3) Relief provisions for business owners' and farmers'/ ranchers' estates
      - a) Deferral of estate tax (§6166)
      - b) Corporate stock redemptions (§303)
      - c) Special use valuation (§2032A)
- d) Qualified family-owned business exclusion (§2057)
- D. Optimal QTIP planning
97. Intra-family and other business transfer techniques
- A. Characteristics
  - B. Techniques
    - 1) Buy-sell agreements
    - 2) Installment notes
    - 3) Self-canceling installment notes
    - 4) Private annuities
    - 5) Transfers in trust
  - C. Federal income, gift, estate and Generation-Skipping Transfer Tax (GSTT) implications
98. Disposition of estate
- A. Tax and non-tax consequences of various estate plans (outright distributions, transfers in trust, etc.)
  - B. Estate planning for non-traditional relationships
    - 1) Children of another relationship
    - 2) Cohabitation
    - 3) Adoptions
    - 4) Same-sex relationships
    - 5) Communal relationships
99. Generation-Skipping Transfer Tax (GSTT)
- A. Identify transfers subject to the GSTT
    - 1) Direct skips
    - 2) Taxable distributions
    - 3) Taxable terminations
  - B. Impact of the GSTT on lifetime transfers
    - 1) Outright transfers of cash or property
    - 2) Transfers in trust
  - C. Exemptions and exclusions for the GSTT
    - 1) Outright gifts qualifying for the gift tax annual exclusion
    - 2) The GSTT exemption
    - 3) Qualified transfer payments (educational and medical)
100. Fiduciary responsibilities
- A. Duties of fiduciaries
  - B. Selection of fiduciaries
101. Income in Respect of a Decedent (IRD)
- A. IRD assets
  - B. IRD income tax deduction