

## Appendix A: Subject Topics Accepted for CE Credit

Continuing education (CE) is a form of recertification and, therefore, should be tied directly to the knowledge, skills and abilities that are covered in the certification process. The list below outlines the subject topics that are accepted for CFP Board CE credit.

Many practice management CE opportunities, such as programs with subject content pertaining to computer hardware and software, marketing, practice management, sales, or specific company or product presentations and informal discussion groups, enhance a CFP® certificant's practice. While CFP Board encourages CFP® certificants to avail themselves of these courses, they are not accepted for CE credit. (See Q&A #4 for more information.)

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

### GENERAL PRINCIPLES OF FINANCIAL PLANNING

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. Enforcement through *Disciplinary Rules and Procedures*
4. Financial statements
  - A. Personal
    - 1) Statement of financial position
    - 2) Statement of cash flow
  - B. Business
    - 1) Balance sheet
    - 2) Income statement
    - 3) Statement of cash flows
    - 4) Pro forma statements
5. Cash flow management
  - A. Budgeting
  - B. Emergency fund planning
  - C. Debt management ratios
    - 1) Consumer debt
    - 2) Housing costs
    - 3) Total debt
  - D. Savings strategies
6. Financing strategies
  - A. Long-term vs. short-term debt
  - B. Secured vs. unsecured debt
  - C. Buy vs. lease/rent
  - D. Mortgage financing
    - 1) Conventional vs. adjustable-rate mortgage (ARM)
    - 2) Home equity loan and line of credit
    - 3) Refinancing cost-benefit analysis
    - 4) Reverse mortgage
7. Function, purpose, and regulation of financial institutions
  - A. Banks
  - B. Credit unions
  - C. Brokerage companies
  - D. Insurance companies
  - E. Mutual fund companies
  - F. Trust companies
8. Education planning
  - A. Funding
    - 1) Needs analysis
    - 2) Tax credits/adjustments/deductions
    - 3) Funding strategies
    - 4) Ownership of assets
    - 5) Vehicles
      - a) Qualified tuition programs (§529 plans)
      - b) Coverdell Education Savings Accounts
      - c) Uniform Transfers to Minors Act (UTMA) and Uniform Gifts to Minors Act (UGMA) accounts
      - d) Savings bonds
  - B. Financial aid
9. Financial planning for special circumstances
  - A. Divorce
  - B. Disability
  - C. Terminal illness
  - D. Non-traditional families
  - E. Job change and job loss
  - F. Dependents with special needs
  - G. Monetary windfalls
10. Economic concepts
  - A. Supply and demand
  - B. Fiscal policy
  - C. Monetary policy
  - D. Economic indicators
  - E. Business cycles
  - F. Inflation, deflation, and stagflation
  - G. Yield curve
11. 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. Uneven cash flows
  - G. Serial payments

12. Financial services regulations and requirements
- Registration and licensing
  - Reporting
  - Compliance
  - State securities and insurance laws
13. Business law
- Contracts
  - Agency
  - Fiduciary liability
14. Consumer protection laws
- Bankruptcy
  - Fair credit reporting laws
  - Privacy policies
  - Identity theft protection
- INSURANCE PLANNING AND RISK MANAGEMENT**
15. Principles of risk and insurance
- Definitions
  - Concepts
    - Peril
    - Hazard
    - Law of large numbers
    - Adverse selection
    - Insurable risks
    - Self-insurance
  - Risk management process
  - Response to risk
    - Risk control
      - Risk avoidance
      - Risk diversification
      - Risk reduction
    - Risk financing
      - Risk retention
      - Risk transfer
  - Legal aspects of insurance
    - Principle of indemnity
    - Insurable interest
    - Contract requirements
    - Contract characteristics
    - Policy ownership
    - Designation of beneficiary
16. Analysis and evaluation of risk exposures
- Personal
    - Death
    - Disability
    - Poor health
    - Unemployment
    - Superannuation
  - Property
    - Real
    - Personal
    - Auto
  - Liability
    - Negligence
    - Intentional torts
    - Strict liability
  - Business-related
17. Property, casualty and liability insurance
- Individual
    - Homeowners insurance
    - Auto insurance
    - Umbrella liability insurance
  - Business
    - Commercial property insurance
    - Commercial liability insurance
      - Auto liability
      - Umbrella liability
      - Professional liability
      - Directors and officers liability
      - Workers' compensation and employers liability
18. Health insurance and health care cost management (individual)
- Hospital, surgical, and physicians' expense insurance
  - Major medical insurance and calculation of benefits
  - Continuance and portability
  - Medicare
  - Taxation of premiums and benefits
19. Disability income insurance (individual)
- Definitions of disability
  - Benefit period
  - Elimination period
  - Benefit amount
  - Provisions
  - Taxation of premiums and benefits
20. Long-term care insurance (individual)
- Eligibility
  - Services covered
  - Medicare limitations
  - Benefit period
  - Elimination period
  - Benefit amount
  - Provisions
  - Taxation of premiums and benefits
21. Life insurance (individual)
- Concepts and personal uses
  - Policy types
  - Contractual provisions
  - Dividend options
  - Nonforfeiture options
  - Settlement options
  - Illustrations
  - Policy replacement
  - Viatical and life settlements
22. Income taxation of life insurance
- Dividends
  - Withdrawals and loans
  - Death benefits
  - Modified endowment contracts (MECs)
  - Transfer-for-value
  - §1035 exchanges
23. Business uses of insurance
- Buy-sell agreements
  - Key employee life insurance
  - Split-dollar life insurance
  - Business overhead expense insurance
24. Insurance needs analysis
- Life insurance
  - Disability income insurance
  - Long-term care insurance
  - Health insurance
  - Property insurance
  - Liability insurance
25. Insurance policy and company selection
- Purpose of coverage
  - Duration of coverage
  - Participating or non-participating
  - Cost-benefit analysis
  - Company selection
    - Industry ratings
    - Underwriting
26. Annuities
- Types
  - Uses
  - Taxation
- EMPLOYEE BENEFITS PLANNING**
27. Group life insurance
- Types and basic provisions
    - Group term
    - Group permanent
    - Dependent coverage
  - Income tax implications
  - Employee benefit analysis and application
  - Conversion analysis
28. Group disability insurance
- Types and basic provisions
    - Short-term coverage
    - Long-term coverage
  - Definitions of disability
  - Income tax implications
  - Employee benefit analysis and application
  - Integration with other income
29. Group medical insurance
- Types and basic provisions
    - Traditional indemnity
    - Managed care plans
      - Preferred provider organization (PPO)
      - Health maintenance organization (HMO)
      - Point-of-service (POS)
  - Income tax implications
  - Employee benefit analysis and application
  - COBRA/HIPAA provisions

- E. Continuation
  - F. Savings accounts
    - 1) Health savings account (HSA)
    - 2) Archer medical savings account (MSA)
    - 3) Health reimbursement arrangement (HRA)
  - 30. Other employee benefits
    - A. §125 cafeteria plans and flexible spending accounts (FSAs)
    - B. Fringe benefits
    - C. Voluntary employees' beneficiary association (VEBA)
    - D. Prepaid legal services
    - E. Group long-term care insurance
    - F. Dental insurance
    - G. Vision insurance
  - 31. Employee stock options
    - A. Basic provisions
      - 1) Company restrictions
      - 2) Transferability
      - 3) Exercise price
      - 4) Vesting
      - 5) Expiration
      - 6) 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 (NSOs)
      - 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)
  - 32. Stock plans
    - A. Types and basic provisions
      - 1) Restricted stock
      - 2) Phantom stock
      - 3) Stock appreciation rights (SARs)
      - 4) Employee stock purchase plan (ESPP)
  - B. Income tax implications
  - C. Employee benefit analysis and application
  - D. Election to include in gross income in the year of transfer (§83(b) election)
  - 33. Non-qualified deferred compensation
    - A. Basic provisions and differences from qualified plans
    - B. Types of plans and applications
      - 1) Salary reduction plans
      - 2) Salary continuation plans
      - 3) Rabbi trusts
      - 4) Secular trusts
    - C. Income tax implications
      - 1) Constructive receipt
      - 2) Substantial risk of forfeiture
      - 3) Economic benefit doctrine
    - D. Funding methods
    - E. Strategies
- ### INVESTMENT PLANNING
- 34. Characteristics, uses and taxation of investment vehicles
    - A. Cash and equivalents
      - 1) Certificates of deposit
      - 2) Money market funds
      - 3) Treasury bills
      - 4) Commercial paper
      - 5) Banker's acceptances
      - 6) Eurodollars
    - B. Individual bonds
      - 1) U.S. Government bonds and agency securities
        - a) Treasury notes and bonds
        - b) Treasury STRIPS
        - c) Treasury inflation-protection securities (TIPS)
        - d) Series EE, HH, and I bonds
        - e) Mortgage-backed securities
      - 2) Zero-coupon bonds
      - 3) Municipal bonds
        - a) General obligation
        - b) Revenue
      - 4) Corporate bonds
        - a) Mortgage bond
        - b) Debenture
        - c) Investment grade
        - d) High-yield
        - e) Convertible
        - f) Callable
      - 5) Foreign bonds
    - C. Promissory notes
    - D. Individual stocks
      - 1) Common
      - 2) Preferred
      - 3) American depositary receipts (ADRs)
    - E. Pooled and managed investments
      - 1) Exchange-traded funds (ETFs)
      - 2) Unit investment trusts
  - 3) Mutual funds
  - 4) Closed-end investment companies
  - 5) Index securities
  - 6) Hedge funds
  - 7) Limited partnerships
  - 8) Privately managed accounts
  - 9) Separately managed accounts
  - F. Guaranteed investment contracts (GICs)
  - G. Real Estate
    - 1) Investor-managed
    - 2) Real estate investment trusts (REITs)
    - 3) Real estate limited partnerships (RELPs)
    - 4) Real estate mortgage investment conduits (REMICs)
  - H. Alternative investments
    - 1) Derivatives
      - a) Puts
      - b) Calls
      - c) Long-term Equity Anticipation Securities (LEAPS®)
      - d) Futures
      - e) Warrants and rights
    - 2) Tangible assets
      - a) Collectibles
      - b) Natural resources
      - c) Precious metals
  - 35. Types of investment risk
    - A. Systematic/market/nondiversifiable
    - B. Purchasing power
    - C. Interest rate
    - D. Unsystematic/nonmarket/diversifiable
    - E. Business
    - F. Financial
    - G. Liquidity and marketability
    - H. Reinvestment
    - I. Political (sovereign)
    - J. Exchange rate
    - K. Tax
    - L. Investment manager
  - 36. Quantitative investment concepts
    - A. Distribution of returns
      - 1) Normal distribution
      - 2) Lognormal distribution
      - 3) Skewness
      - 4) Kurtosis
    - B. Correlation coefficient
    - C. Coefficient of determination (R<sup>2</sup>)
    - D. Coefficient of variation
    - E. Standard deviation
    - F. Beta
    - G. Covariance
    - H. Semivariance
  - 37. Measures of investment returns
    - A. Simple vs. compound return
    - B. Geometric average vs. arithmetic average return

- C. Time-weighted vs. dollar-weighted return
  - D. Real (inflation-adjusted) vs. nominal return
  - E. Total return
  - F. Risk-adjusted return
  - G. Holding period return
  - H. Internal rate of return (IRR)
  - I. Yield-to-maturity
  - J. Yield-to-call
  - K. Current yield
  - L. Taxable equivalent yield (TEY)
38. Bond and stock valuation concepts
- A. Bond duration and convexity
  - B. Capitalized earnings
  - C. Dividend growth models
  - D. Ratio analysis
    - 1) Price/earnings
    - 2) Price/free cash flow
    - 3) Price/sales
    - 4) Price/earnings ÷ growth (PEG)
  - E. Book value
39. Investment theory
- A. Modern portfolio theory (MPT)
    - 1) Capital market line (CML)
      - a) Mean-variance optimization
      - b) Efficient frontier
    - 2) Security market line (SML)
  - B. Efficient market hypothesis (EMH)
    - 1) Strong form
    - 2) Semi-strong form
    - 3) Weak form
    - 4) Anomalies
  - C. Behavioral finance
40. Portfolio development and analysis
- A. Fundamental analysis
    - 1) Top-down analysis
    - 2) Bottom-up analysis
    - 3) Ratio analysis
      - a) Liquidity ratios
      - b) Activity ratios
      - c) Profitability ratios
      - d) Debt ratios
  - B. Technical analysis
    - 1) Charting
    - 2) Sentiment indicators
    - 3) Flow of funds indicators
    - 4) Market structure indicators
  - C. Investment policy statements
  - D. Appropriate benchmarks
  - E. Probability analysis, including Monte Carlo
  - F. Tax efficiency
    - 1) Turnover
    - 2) Timing of capital gains and losses
    - 3) Wash sale rule
    - 4) Qualified dividends
    - 5) Tax-free income
  - G. Performance measures
    - 1) Sharpe ratio
    - 2) Treynor ratio
    - 3) Jensen ratio
    - 4) Information ratio
41. Investment strategies
- A. Market timing
  - B. Passive investing (indexing)
  - C. Buy and hold
  - D. Portfolio immunization
  - E. Swaps and collars
  - F. Formula investing
    - 1) Dollar cost averaging
    - 2) Dividend reinvestment plans (DRIPs)
    - 3) Bond ladders, bullets, and bar-bells
  - G. Use of leverage (margin)
  - H. Short selling
  - I. Hedging and option strategies
42. 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. Rebalancing
  - C. Tactical asset allocation
  - D. Control of volatility
  - E. Strategies for dealing with concentrated portfolios
43. Asset pricing models
- A. Capital asset pricing model (CAPM)
  - B. Arbitrage pricing theory (APT)
  - C. Black-Scholes option valuation model
  - D. Binomial option pricing
- ## INCOME TAX PLANNING
44. Income tax law fundamentals
- A. Types of authority
    - 1) Primary
    - 2) Secondary
  - B. Research sources
45. Tax compliance
- A. Filing requirements
  - B. Audits
  - C. Penalties
46. Income tax fundamentals and calculations
- A. Filing status
  - B. Gross income
    - 1) Inclusions
    - 2) Exclusions
    - 3) Imputed income
  - C. Adjustments
  - D. Standard/Itemized deductions
    - 1) Types
    - 2) Limitations
- E. Personal and dependency exemptions
  - F. Taxable income
  - G. Tax liability
    - 1) Rate schedule
    - 2) Kiddie tax
    - 3) Self-employment tax
  - H. Tax credits
  - I. Payment of tax
    - 1) Withholding
    - 2) Estimated payments
47. Tax accounting
- A. Accounting periods
  - B. Accounting methods
    - 1) Cash receipts and disbursements
    - 2) Accrual method
    - 3) Hybrid method
    - 4) Change in accounting method
  - C. Long-term contracts
  - D. Installment sales
  - E. Inventory valuation and flow methods
  - F. Net operating losses
48. Characteristics and income taxation of business entities
- A. Entity types
    - 1) Sole proprietorship
    - 2) Partnerships
    - 3) Limited liability company (LLC)
    - 4) Corporations
    - 5) Trust
    - 6) Association
  - B. Taxation at entity and owner level
    - 1) Formation
    - 2) Flow through of income and losses
    - 3) Special taxes
    - 4) Distributions
    - 5) Dissolution
    - 6) Disposition
49. 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/Nongrantor trusts
  - C. Simple/Complex trusts
  - D. Revocable/Irrevocable trusts
  - E. Trust income
    - 1) Trust accounting income
    - 2) Trust taxable income
    - 3) Distributable net income (DNI)
  - F. Estate income tax
50. Basis
- A. Original basis
  - B. Adjusted basis
  - C. Amortization and accretion

- D. Basis of property received by gift and in nontaxable transactions
  - E. Basis of inherited property (community and non-community property)
51. Depreciation/cost-recovery concepts
- A. Modified Accelerated Cost Recovery System (MACRS)
  - B. Expensing policy
  - C. §179 deduction
  - D. Amortization
  - E. Depletion
52. Tax consequences of like-kind exchanges
- A. Reporting requirements
  - B. Qualifying transactions
  - C. Liabilities
  - D. Boot
  - E. Related party transactions
53. Tax consequences of the disposition of property
- A. Capital assets (§1221)
  - B. Holding period
  - C. Sale of residence
  - D. Depreciation recapture
  - E. Related parties
  - F. Wash sales
  - G. Bargain sales
  - H. Section 1244 stock (small business stock election)
  - I. Installment sales
  - J. Involuntary conversions
54. Alternative minimum tax (AMT)
- A. Mechanics
  - B. Preferences and adjustments
  - C. Exclusion items vs. deferral items
  - D. Credit: creation, usage, and limitations
  - E. Application to businesses and trusts
  - F. Planning strategies
55. Tax reduction/management techniques
- A. Tax credits
  - B. Accelerated deductions
  - C. Deferral of income
  - D. Intra-family transfers
56. Passive activity and at-risk rules
- A. Definitions
  - B. Computations
  - C. Treatment of disallowed losses
  - D. Disposition of passive activities
  - E. Real estate exceptions
57. Tax implications of special circumstances
- A. Married/widowed
    - 1) Filing status
    - 2) Children
    - 3) Community and non-community property
  - B. Divorce
    - 1) Alimony
    - 2) Child support
- 3) Property division
58. Charitable contributions and deductions
- A. Qualified entities
    - 1) Public charities
    - 2) Private charities
  - B. Deduction limitations
  - C. Carryover periods
  - D. Appreciated property
  - E. Non-deductible contributions
  - F. Appraisals
  - G. Substantiation requirements
  - H. Charitable contributions by business entities
- RETIREMENT PLANNING**
59. Retirement needs analysis
- A. Assumptions for retirement planning
    - 1) Inflation
    - 2) Retirement period and life expectancy
    - 3) Lifestyle
    - 4) Total return
  - B. Income sources
  - C. 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.)
  - D. Straight-line returns vs. probability analysis
  - E. Pure annuity vs. capital preservation
  - F. Alternatives to compensate for projected cash-flow shortfalls
60. Social Security (Old Age, Survivor, and Disability Insurance, OASDI)
- A. Paying into the system
  - B. Eligibility and benefit
    - 1) Retirement
    - 2) Disability
    - 3) Survivor
    - 4) Family limitations
  - C. How benefits are calculated
  - D. Working after retirement
  - E. Taxation of benefits
61. Types of retirement plans
- A. Characteristics
    - 1) Qualified plans
    - 2) Non-qualified plans
  - B. Types and basic provisions of qualified plans
    - 1) Defined contribution
      - a) Money purchase
      - b) Target benefit
      - c) Profit sharing
        - 1) 401(k) plan
        - 2) Safe harbor 401(k) plan
    - 2) Age-based plan
    - 3) Stock bonus plan
    - 4) Employee stock ownership plan (ESOP)
    - 5) New comparability plan
    - 6) Thrift plan
62. Qualified plan rules and options
- A. Nondiscrimination and eligibility requirements
    - 1) Age and service requirements
    - 2) Coverage requirements
    - 3) Minimum participation
    - 4) Highly compensated employee (HCE)
    - 5) Permitted vesting schedules
    - 6) ADP/ACP testing
    - 7) Controlled group
  - B. Integration with Social Security/disparity limits
    - 1) Defined benefit plans
    - 2) Defined contribution plans
  - C. Factors affecting contributions or benefits
    - 1) Deduction limit (§404(c))
    - 2) Defined contribution limits
    - 3) Defined benefit limit
    - 4) Annual compensation limit
    - 5) Definition of compensation
    - 6) Multiple plans
    - 7) Special rules for self-employed (non-corporations)
  - D. Top-heavy plans
    - 1) Definition
    - 2) Key employee
    - 3) Vesting
    - 4) Effects on contributions or benefits
  - E. Loans from qualified plans
63. Other tax-advantaged retirement plans
- A. Types and basic provisions
    - 1) Traditional IRA
    - 2) Roth IRA, including conversion analysis
    - 3) SEP
    - 4) SIMPLE
    - 5) §403(b) plans
    - 6) §457 plans
    - 7) Keogh (HR-10) plans
64. Regulatory considerations
- A. Employee Retirement Income Security Act (ERISA)
  - B. Department of Labor (DOL) regulations
  - C. Fiduciary liability issues
  - D. Prohibited transactions
  - E. Reporting requirements

65. Key factors affecting plan selection for businesses
- 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) Administrative cost
    - 3) Cash flow situation and outlook
    - 4) Employee demographics
    - 5) Comparison of defined contribution and defined benefit plan alternatives
66. Investment considerations for retirement plans
- A. Suitability
  - B. Time horizon
  - C. Diversification
  - D. Fiduciary considerations
  - E. Unrelated business taxable income (UBTI)
  - F. Life insurance
  - G. Appropriate assets for tax-advantaged vs. taxable accounts
67. Distribution rules, alternatives, and taxation
- A. Premature distributions
    - 1) Penalties
    - 2) Exceptions to penalties
    - 3) 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/Stretch IRAs
  - E. Qualified domestic relations order (QDRO)
  - F. Taxation of distributions
    - 1) Tax management techniques
    - 2) Net unrealized appreciation (NUA)
- ESTATE PLANNING**
68. Characteristics and consequences of property titling
- A. Community property vs. non-community property
  - B. Sole ownership
  - C. Joint tenancy with right of survivorship (JTWROS)
  - D. Tenancy by the entirety
  - E. Tenancy in common
  - F. Trust ownership
69. Methods of property transfer at death
- A. Transfers through the probate process
    - 1) Testamentary distribution
    - 2) Intestate succession
    - 3) Advantages and disadvantages of probate
    - 4) Assets subject to probate estate
    - 5) Probate avoidance strategies
    - 6) Ancillary probate administration
  - B. Transfers by operation of law
  - C. Transfers through trusts
  - D. Transfers by contract
70. Estate planning documents
- A. Wills
    - 1) Legal requirements
    - 2) Types of wills
    - 3) Modifying or revoking a will
    - 4) Avoiding will contests
  - B. Powers of Attorney
  - C. Trusts
  - D. Marital property agreements
  - E. Buy-sell agreements
71. Gifting strategies
- A. Inter-vivos gifting
  - B. Gift-giving techniques and strategies
  - C. Appropriate gift property
  - D. Strategies for closely-held business owners
  - E. Gifts of present and future interests
  - F. Gifts to non-citizen spouses
  - G. Tax implications
    - 1) Income
    - 2) Gift
    - 3) Estate
    - 4) Generation-skipping transfer tax (GSTT)
72. Gift tax compliance and tax calculation
- A. Gift tax filing requirements
  - B. Calculation
    - 1) Annual exclusion
    - 2) Applicable credit amount
    - 3) Gift splitting
    - 4) Prior taxable gifts
    - 5) Education and medical exclusions
    - 6) Marital and charitable deductions
    - 7) Tax liability
73. Incapacity planning
- A. Definition of incapacity
  - B. Powers of attorney
    - 1) For health care decisions
    - 2) For asset management
    - 3) Durable feature
    - 4) Springing power
    - 5) General or limited powers
  - C. Advance medical directives (e.g. living wills)
  - D. Guardianship and conservatorship
- E. Revocable living trust
- F. Medicaid planning
- G. Special needs trust
74. Estate tax compliance and tax calculation
- A. Estate tax filing requirements
  - B. The gross estate
    - 1) Inclusions
    - 2) Exclusions
  - C. Deductions
  - D. Adjusted gross estate
  - E. Deductions from the adjusted gross estate
  - F. Taxable estate
  - G. Adjusted taxable gifts
  - H. Tentative tax base
  - I. Tentative tax calculation
  - J. Credits
    - 1) Gift tax payable
    - 2) Applicable credit amount
    - 3) Prior transfer credit
75. Sources for estate liquidity
- A. Sale of assets
  - B. Life insurance
  - C. Loan
76. Powers of appointment
- A. Use and purpose
  - B. General and special (limited) powers
    - 1) 5-and-5 power
    - 2) Crummey powers
    - 3) Distributions for an ascertainable standard
    - 4) Lapse of power
  - C. Tax implications
77. Types, features, and taxation of trusts
- A. Classification
    - 1) Simple and complex
    - 2) Revocable and irrevocable
    - 3) Inter-vivos and testamentary
  - B. Types and basic provisions
    - 1) Totten trust
    - 2) Spendthrift trust
    - 3) Bypass trust
    - 4) Marital trust
    - 5) Qualified terminable interest property (QTIP) trust
    - 6) Pour-over trust
    - 7) §2503(b) trust
    - 8) §2503(c) trust
    - 9) Sprinkling provision
  - C. Trust beneficiaries: Income and remainder
  - D. Rule against perpetuities
  - E. Estate and gift taxation
78. Qualified interest trusts
- A. Grantor retained annuity trusts (GRATs)
  - B. Grantor retained unitrusts (GRUTs)
  - C. Qualified personal residence trusts (QPRTs or House-GRITs)
  - D. Valuation of qualified interests

- 79. Charitable transfers
  - A. Outright gifts
  - B. Charitable remainder trusts
    - 1) Unitrusts (CRUTs)
    - 2) Annuity trusts (CRATs)
  - C. Charitable lead trusts
    - 1) Unitrusts (CLUTs)
    - 2) Annuity trusts (CLATs)
  - D. Charitable gift annuities
  - E. Pooled income funds
  - F. Private foundations
  - G. Donor advised funds
  - H. Estate and gift taxation
- 80. Use of life insurance in estate planning
  - A. Incidents of ownership
  - B. Ownership and beneficiary considerations
  - C. Irrevocable life insurance trust (ILIT)
  - D. Estate and gift taxation
- 81. Valuation issues
  - A. Estate freezes
    - 1) Corporate and partnership recapitalizations (§2701)
    - 2) Transfers in trust
  - B. Valuation discounts for business interests
    - 1) Minority discounts
    - 2) Marketability discounts
    - 3) Blockage discounts
    - 4) Key person discounts
  - C. Valuation techniques and the federal gross estate
- 82. Marital deduction
  - A. Requirements
  - B. Qualifying transfers
- 83. Deferral and minimization of estate taxes
  - A. Exclusion of property from the gross estate
  - B. Lifetime gifting strategies
  - C. Marital deduction and bypass trust planning
  - D. Inter-vivos and testamentary charitable gifts
- 84. Intra-family and other business transfer techniques
  - A. Characteristics
  - B. Techniques
    - 1) Buy-sell agreement
    - 2) Installment note
    - 3) Self-canceling installment note (SCIN)
    - 4) Private annuity
    - 5) Transfers in trust
    - 6) Intra-family loan
    - 7) Bargain sale
    - 8) Gift or sale leaseback
    - 9) Intentionally defective grantor trust
    - 10) Family limited partnership (FLP) or limited liability company (LLC)
  - C. Federal income, gift, estate, and generation-skipping transfer tax implications
- 85. Generation-skipping transfer tax (GSTT)
  - A. Identify transfers subject to the GSTT
    - 1) Direct skips
    - 2) Taxable distributions
    - 3) Taxable terminations
- 86. Fiduciaries
  - A. Types of fiduciaries
    - 1) Executor/Personal representative
    - 2) Trustee
    - 3) Guardian
  - B. Duties of fiduciaries
  - C. Breach of fiduciary duties
- 87. Income in respect of a decedent (IRD)
  - A. Assets qualifying as IRD
  - B. Calculation for IRD deduction
  - C. Income tax treatment
- 88. Postmortem estate planning techniques
  - A. Alternate valuation date
  - B. Qualified disclaimer
  - C. Deferral of estate tax (§6166)
  - D. Corporate stock redemption (§303)
  - E. Special use valuation (§2032A)
- 89. Estate planning for non-traditional relationships
  - A. Children of another relationship
  - B. Cohabitation
  - C. Adoption
  - D. Same-sex relationships
- 86. Exemptions and exclusions from the GSTT
  - 1) The GSTT exemption
  - 2) Qualifying annual exclusion gifts and direct transfers

## ADDENDUM

The following topics are an addendum to the Topic List. Continuing education (CE) programs and materials that address these topics will be eligible for CFP Board CE credit.

- 1. Client and planner attitudes, values, biases and behavioral characteristics and the impact on financial planning
  - A. Cultural
  - B. Family (e.g. biological; non-traditional)
  - C. Emotional
  - D. Life cycle and age
  - E. Client's level of knowledge, experience, and expertise
  - F. Risk tolerance
  - G. Values-driven planning
- 2. Principles of communication and counseling
  - A. Types of structured communication
    - 1) Interviewing
    - 2) Counseling
    - 3) Advising
  - B. Essentials in financial counseling
    - 1) Establishing structure
    - 2) Creating rapport
    - 3) Recognizing resistance
  - C. Characteristics of effective counselors
    - 1) Unconditional positive regard
    - 2) Accurate empathy
    - 3) Genuineness and self-awareness
  - D. Nonverbal behaviors
    - 1) Body positions, movements, and gestures
    - 2) Facial expressions and eye contact
    - 3) Voice tone and pitch
    - 4) Interpreting the meaning of nonverbal behaviors
  - E. Attending and listening skills
    - 1) Physical attending
    - 2) Active listening
    - 3) Responding during active listening; leading responses
  - F. Effective use of questions
    - 1) Appropriate types of questions
    - 2) Ineffective and counterproductive questioning techniques