



***Student-Centered Learning Objectives
based upon CFP Board Principal Topics***
(Revised 2015)

RESOURCE DOCUMENT

CFP Board Learning Objectives Resource Document

A. Professional Conduct and Regulation

- A.1 CFP Board's Code of Ethics and Professional Responsibility and Rules of Conduct**
- Explain the *Fitness Standards for Candidates and Registrants*, as revised January 2011.
 - Explain the seven principles of the *Code of Ethics and Professional Responsibility*, which are ethical and professional ideals of CFP® professionals.
 - Apply the *Rules of Conduct* as they relate to being a CFP® professional.
- A.2 CFP Board's Financial Planning Practice Standards**
- Describe the Practice Standards employed during each step of the financial planning process.
 - Integrate the Practice Standards in developing and communicating a financial plan for a client.
- A.3 CFP Board's Disciplinary Rules and Procedures**
- Identify the grounds for disciplining of CFP® professionals.
 - Explain the disciplinary procedures employed by CFP Board.
 - Distinguish between the disciplinary actions that can be taken by CFP Board.
- A.4 Function, purpose, and regulation of financial institutions**
- Compare the secondary market institutions and their regulators for each security (stock, bond, ETFs, real estate, commodities and options exchanges) and of primary market institutions (investment banking firms, mutual funds and hedge funds).
- A.5 Financial services regulations and requirements**
- Identify the regulatory authorities that impact elements of the financial planning process. (Examples include regulation of accountancy, legal practice, real estate law, insurance regulation, etc.).
 - Differentiate between investment knowledge that is proper to use in the evaluation of securities and insider information.
 - Demonstrate a comprehensive understanding of investment advisor regulation and financial planning aspects of the ERISA.
 - Explain the relevant licensing, reporting and compliance issues that may affect the business model used by a financial planning firm.
- A.6 Consumer protection laws**
- Describe consumer laws that impact clients, including bankruptcy, banking, credit, privacy regulations, and other relevant laws.
- A.7 Fiduciary**
- Discuss the fiduciary standard and its importance to the planner-client relationship.

B. General Principles of Financial Planning

- B.8. Financial planning process**
- Describe the personal financial planning process as defined by the *Financial Planning Practice Standards*.
 - Recognize unethical practices in the financial planning profession based on the CFP Board *Standards of Professional Conduct*.

B.9. Financial statements

- a. Construct statements of financial positions and cash-flow statements as applied to clients consistent with sound personal accounting standards.
- b. Evaluate client financial statements using ratios and growth rates and by comparing them to relevant norms.

B.10. Cash flow management

- a. Identify opportunities and challenges related to a client's cash inflows and outflows and make recommendations to assist the client in meeting their current needs and long-term financial goals.
- b. Communicate the need for liquid assets and emergency funds and recommend strategies for accumulating the appropriate levels of funds.
- c. Calculate savings required to meet financial goals and recommend how to incorporate planned savings into the cash flow plan.

B.11. Financing strategies

- a. Analyze the various sources of borrowing available to a client and communicate the advantages and disadvantages of each for meeting a client's financial goal.
- b. Create a debt management plan for a client that minimizes cost and maximizes the potential to reach financial goals.
- c. Explain appropriate housing financing strategies.

B.12. Economic concepts

- a. Apply the following economic concepts and measures in making financial planning recommendations:
 - i. Supply and demand
 - ii. National Income Accounts (including GDP)
 - iii. Business cycles (unemployment, recession, fiscal and monetary policy)
 - iv. Interest rates (including its term structure and the yield curve) and inflation
 - v. Exchange rates

B.13. Time value of money concepts and calculations

- a. Calculate present value and future value of single amounts, annuities, annuities due, uneven, and serial payments.
- b. Calculate NPV and IRR and be able to apply the techniques to financial planning problems.

B.14. Client and planner attitudes, values, biases and behavioral finance

- a. Analyze a client's degree of risk and loss aversion and insure recommendations are consistent with a client's risk propensity, attitudes, capacity, knowledge, and needs.
- b. Explain how a client's psychological profile, such as a Meyers-Briggs assessment, and learning style, and values impact the format of the plan produced and presented.
- c. Evaluate how a client's values, including cultural and religious values and attitudes will affect his/her goals and a planner's recommendations.
- d. Describe how behavioral psychology, such as a client's comfort zone, impacts a client's objectives, goals, understanding, decision making, and actions.

B.15. Principles of communication and counseling

- a. Explain the applications of counseling theory to financial planning practice.
- b. Demonstrate how a planner can develop a relationship of honesty and trust in client interaction.

- c. Assess the components of communications including linguistic signs and non-verbal communications.
- d. Apply active listening skills when communicating with clients.
- e. Select appropriate counseling and communication techniques for use with individual clients.

B.16. Debt management

- a. Review all types of client debt and provide recommendations on optimal management of debt within the context of the client's overall financial plan.
- b. Calculate required payment, interest owed or saved, and the new payment term in developing the debt prioritization plan for the client.
- c. Evaluate the financial effects of reducing or increasing debt on the client's probability of success in meeting short-term and long-term goals.
- d. Illustrate the effect of debt management decisions on long-term goals.
- e. Review client's credit report and identify how different debt management approaches will impact the client's credit score and develop a plan to maximize the client's credit score over the short and long run.

C. Education Planning

C.17. Education needs analysis

- a. Calculate the dollar amount needed to meet the education goals of the client.
- b. Evaluate the client's ability to meet the savings requirements.

C.18. Education savings vehicles

- a. Compare and contrast the tax implications and other features for the primary account types or strategies used for saving for higher education expenses.
- b. Recommend appropriate education savings vehicles given tax implications, dollar amount of savings needed, and the client's preferences and situation.
- c. Recommend appropriate investment alternatives for the education accounts chosen given the client's risk tolerance and risk capacity.

C.19. Financial aid

- a. Review and describe the likelihood and types of qualifying financial aid generally available.
- b. Evaluate the client's qualifications for various types of financial aid as part of an education plan.
 - i. Determine to what extent education tax credits may be utilized to reduce the net cost of education

C.20. Gift/income tax strategies

- a. Calculate the funds needed to meet gifting goals of a client.
- b. Evaluate and recommend the availability of and qualifications for gift tax exclusions for the client's gifting goals.

C.21. Education financing

- a. Evaluate and recommend the availability of and qualifications for financing education expenses as part of an education plan.

D. Risk Management and Insurance Planning

D.22. Principles of risk and insurance

- a. Explain the risk management process.
- b. Provide examples of the four primary risk management techniques available to clients.
- c. Describe how insurers use risk pooling to pay for losses incurred by policyholders.

- d. Explain the factors that affect policyholder premiums and recommend appropriate methods for reducing household insurance costs.
- D.23. Analysis and evaluation of risk exposures**
- a. Identify and measure liability, automobile, homeowner's, flood, earthquake, health, disability, long-term care, and life risks.
 - b. Explain maximum possible and maximum probable loss amount to a client.
- D.24. Health insurance and health care cost management (individual)**
- a. Compare and contrast group and individual health insurance alternatives, including fee for service and managed care health plans.
 - b. Incorporate expected retiree health costs in a client's retirement plan, in consideration of household financial resources, existing or future coverage under group insurance plans, and Medicare.
 - c. Explain alternatives for acquiring health coverage including COBRA and Medicaid.
- D.25. Disability income insurance (individual)**
- a. Describe differences between short-term and long-term disability plans and identify the policy provisions that should be included in privately-purchased disability policies.
 - b. Create a plan for meeting individual disability income needs, in consideration of household financial resources, and existing coverage under employer plans, Social Security, and disability income insurance options.
 - c. Calculate the tax implications of paying for and receiving disability benefits.
- D.26. Long-term care insurance (individual)**
- a. Identify activities of daily living that can trigger the need for long-term care.
 - b. Develop an appropriate long-term care insurance plan based on needs, financial resources, policy coverage, and cost.
- D.27. Annuities**
- a. Explain the characteristics of an annuity including contribution and distribution options and differentiating between immediate and deferred annuities.
 - b. Compare and contrast annuities (fixed and variable) with other investment alternatives, including an analysis of costs, contract terms, and taxation.
- D.28. Life insurance (individual)**
- a. Explain the underwriting factors commonly used in the life underwriting process.
 - b. Differentiate between term, whole life, variable, universal, and VUL policies and select the most appropriate type of coverage to match a client's specific circumstances.
 - c. Calculate a client's insurance needs using alternative approaches, including the capital needs, human life value, capital retention, income retention, and income multiplier methods.
 - d. Recommend whether a policy should be replaced based upon quantitative and qualitative factors.
 - e. Describe common life insurance termination options.
 - f. Recommend life insurance purchase and benefits distribution options based upon needs, financial resources, and cost.
- D.29. Business uses of insurance**
- a. Recognize the complications of closely owned and/or family owned businesses.
 - b. Distinguish the difference between the three types of buy/sell agreements and their appropriate uses.
 - i. *The Cross Purchase Agreement*

- ii. *The Entity Purchase Agreement*
 - iii. *The Wait and See Agreement*
- c. Explain the potential financial risk to the company due to the loss of a key employee.
- d. Identify the opportunity to provide non-qualified benefits for business owners and key executives.
 - i. Section 162 Executive Bonus Plan
 - ii. Non-Qualified Deferred Compensation
- D.30. Insurance needs analysis**
 - a. Perform an insurance needs analysis for a client, including disability, life, health, long-term care, property, and liability.
- D.31. Insurance policy and company selection**
 - a. Define and communicate key insurance policy terms, coverage, conditions, and exclusions.
 - b. Recommend appropriate insurance products, given a client's stage in the life cycle, family circumstances, and needs.
 - c. Recommend insurance companies based upon an evaluation of service, personnel, financial risks, company ratings, and claims processes.
- D.32. Property and casualty insurance**
 - a. Identify the primary components of property and casualty insurance and how each component fits into a client's comprehensive financial plan.
 - b. Differentiate among the basic homeowners insurance (HO) forms and features and explain how to evaluate and compare policies.
 - c. Identify the primary components of automobile insurance and assess any potential property damage or liability exposures.
 - d. Explain the role of personal and business liability insurance in comprehensive financial planning and how personal umbrella liability policy (PUP) and business liability insurance interacts with other property and liability insurance products.

E. Investment Planning

- E.33. Characteristics, uses and taxation of investment vehicles**
 - a. Describe and compare the characteristics, including risk and return, of all asset classes including cash-equivalent securities, individual bonds and stocks, real estate, other tangible assets, all pooled asset categories, and derivatives.
 - b. Select the appropriate use for each asset class and investment vehicle based upon its risk/return characteristics and expected cash flows.
 - c. Advise clients on the tax implications of holding and disposing of each security type or asset class.
- E.34. Types of investment risk**
 - a. Identify, measure, and differentiate between types of investments risks including systematic, unsystematic risk, interest-rate risk, liquidity risk, credit risk, inflation risk, operating and financial risk, reinvestment-rate risk, exchange-rate risk, and political risk in a client's portfolio.
 - b. Explain the impact of low-probability economic events on clients' welfare.
- E.35. Quantitative investment concepts**
 - a. Calculate and interpret statistical measures such as mean, standard deviation, z-statistic, correlation, and r^2 and interpret the meaning of skewness, and kurtosis.

- b. Estimate the expected risk and return using the Capital Asset Pricing Model for securities and portfolios.
 - c. Calculate Modern Portfolio Theory statistics in the assessment of securities and portfolios.
 - d. Explain the use of return distributions in portfolio structuring.
 - e. Identify the pros and cons of, and apply advanced analytic techniques such as forecasting, simulation, sensitivity analysis and stochastic modeling.
- E.36. Measures of investment returns**
- a. Identify, measure, and interpret investment returns including after-tax, holding period return, effective annual rate, annual percentage rate, time- and dollar-weighted returns, geometric and arithmetic returns.
 - b. Calculate and interpret risk-adjusted performance measures such as the Sharpe, Jensen, and Treynor ratios.
- E.37. Asset allocation and portfolio diversification**
- a. Construct an optimal client portfolio by the allocation of wealth amongst risky assets and the risk free security.
 - b. Develop and communicate to a client a portfolio rebalancing strategy.
 - c. Recommend an asset allocation strategy consistent with a client's risk tolerance.
- E.38. Bond and stock valuation concepts**
- a. Value a bond using discounted cash flow and explain how interest rates affect bond values.
 - b. Estimate the value of a stock using discounted cash flow, the CAPM, and price multiples.
 - c. Differentiate between fundamental and technical analysis.
- E.39. Portfolio development and analysis**
- a. Assist a client in identifying his/her investment objectives, time horizons, and risk tolerances.
 - b. Select an appropriate benchmark for assessing the value of portfolio management services.
 - c. Develop and communicate an appropriate Investment Policy Statement (IPS) for a client.
 - d. Apply duration and convexity in construction of fixed income portfolios.
 - e. Construct a tax-efficient diversified portfolio meeting the goals, risk-preferences and time horizon of a client.
 - f. Measure and communicate a client's portfolio performance using different risk and return measures.
- E.40. Investment strategies**
- a. Explain and apply investment strategies such as buy-and-hold, immunization, core and satellite, passive (indexed) and active management techniques such as tactical allocation, market timing, and sector rotation.
 - b. Evaluate the use options and futures for investment risk management purposes.
- E.41. Alternative investments**
- a. Define and describe what qualifies as an alternative investment.
 - i. Explain asset class and describe the basic differences between the traditional asset classes and alternative asset classes
 - ii. Explain the primary rationale and uses for alternative asset classes
 - iii. Explain the primary differences between traditional investment strategies and alternative investment strategies including the potential advantages and disadvantages of utilizing alternative investment strategies

- iv. Explain how the incorporation of alternatives asset classes in a traditional asset portfolio structure can potentially improve both absolute and risk-adjusted portfolio returns

F. Tax Planning

F.42. Fundamental tax law

- a. Compare and contrast the fundamental components of the income tax system including filing forms, filing status, income, exemptions, exclusions, deductions, adjustments, credits, and tax rates.
- b. Explain how a progressive income tax system works and contrast it with other tax systems.
- c. Compute marginal and average tax brackets and explain the appropriate use of each.

F.43. Income tax fundamentals and calculations

- a. Complete a Form 1040 including the receipt of wages, retirement income, interest, dividends; capital gains, self-employment and rental income or losses; itemized deductions; credits; and estimated or carryover payments.
- b. Recommend actions to minimize tax liability and maximize after-tax returns for clients and dependents consistent with IRS Code.

F.44. Characteristics and income taxation of business entities

- a. Differentiate between the organizational form and the tax treatment of income, expenses, payroll and wage taxes for sole proprietorships, partnerships, LLPs, LLCs, S-corps and C-corps.
- b. Compare the income and payroll tax effects of wage versus ownership income.
- c. Identify adjustments, deductions and exclusions that may be available to sole proprietors, partners, LLPs, LLCs, S-corp and C-corp owners.

F.45. Income taxation of trusts and estates

- a. Outline the basic income tax compliance rules for trusts and estates including when a return is required and how it is filed.
- b. Contrast the trust and estate income tax rules with personal income tax rules.
- c. Identify the income(s) that will pass-through to beneficiary/ beneficiaries for tax purposes.
- d. Explain how a client will report income and appropriate deductions from a trust or estate on his income tax return.

F.46. Alternative minimum tax (AMT)

- a. Explain the alternative minimum tax.
- b. Identify taxpayer situations that are most likely to result in imposition of the AMT.
- c. Recommend strategies to avoid triggering the AMT.

F.47. Tax reduction/management techniques

- a. Differentiate between tax avoidance and tax evasion.
- b. Identify income shifting techniques (transfer and timing) and explain how income shifting benefits a taxpayer.
- c. Compare the cash flow impact of receiving tax-exempt or tax-sheltered income to taxable income.
- d. Explain how deduction clustering results in a lower tax liability.
- e. Calculate the advantage of using tax-preferenced retirement, education, and flexible spending plans.
- f. Identify investment strategies that can be used to manage tax liability; e.g., tax loss harvesting, bond swaps, etc.

F.48. Tax consequences of property transactions

- a. Differentiate between the taxation of capital gains and ordinary income, including the difference in applicable tax rates.
- b. Calculate the capital gain or loss on a property sale.
- c. Explain the special rules regarding capital gains and losses on a principal residence.

F.49. Passive activity and at-risk rules

- a. Identify passive and at-risk activities and explain how taxation of such activities differ.

F.50. Tax implications of special circumstances

- a. Explain the tax implications of supporting an elderly parent or adult child.
- b. Recommend the appropriate credit/deduction to use for post-secondary education costs.
- c. Recommend income and asset transfers between divorcing spouses given the resulting tax effects.

F.51. Charitable/philanthropic contributions and deductions

- a. Identify qualified charitable contributions of cash, property, and appreciated assets and the advantages, disadvantages and tax effects of such gifts.
- b. Calculate the maximum charitable contribution deduction allowed in a tax year.

G. Retirement Savings and Income Planning

G.52. Retirement needs analysis

- a. Identify and evaluate the assumptions used in analyzing retirement needs including: age at retirement, cash inflows and outflows in various stages of retirement, goal priority and importance, longevity, rate of investment return, market volatility, and effects of inflation.
- b. Recognize the potential sources of income during retirement including social security, employer plan benefits, personal savings and investments, individual retirement plans, and employment income.
- c. Calculate an appropriate savings plan to meet funding needs and communicate the importance of having a well-funded retirement plan.
- d. Recommend a plan for maximizing the probability of achieving the client's goals and mitigating longevity risk.
- e. Use statistical and probability techniques in calculating retirement funding and income distribution plans.
- f. Explain various patterns of work-to-retirement transitions and phased retirement.

G.53. Social Security and Medicare

- a. Provide an overview of the Social Security system.
- b. Advise clients in consideration of proposed program reforms.
- c. Explain how a client may qualify for Social Security benefits, given their payroll taxes and available benefits structure.
- d. Explain the computation of the averaged indexed monthly earnings (AIME), the primary insurance amount (PIA), and disability, survivors, and maximum family benefits.
- e. Assist a client in selecting the optimal date to begin receiving Social Security retirement benefits and the impact of the earnings test.
- f. Explain the windfall elimination and the government pension offset on retirement benefits.
- g. Describe the taxation of each type of Social Security benefits.

- h. Provide an overview of the Medicare program, including the payroll taxes and eligibility structure.
- i. Identify the four parts of Medicare coverage, the benefits provided by each, common out-of-pocket costs required for insured individuals, and alternative insurance options to cover the gaps associated with Medicare.
- j. Assist a client in selecting proper Medicare coverage and any supplemental coverage with careful attention to appropriate deadlines.

G.54. Medicaid

- a. Describe the Medicaid program structure and funding sources.
- b. Explain common eligibility requirements, how assets are treated in determining eligibility, and how asset transfers may be subject to a look back period.
- c. Differentiate between mandatory benefits and optional benefits that may apply depending on the state.
- d. Identify planning strategies, in accordance with Medicaid regulations, to maximize client benefits and available resources.
- e. Explain estate recovery implications for Medicaid recipients.

G.55. Types of retirement plans

- a. Distinguish between qualified, government, non-qualified, and private tax-advantaged retirement plans.
- b. Describe the characteristics of the various types of defined benefit, defined contribution and individual retirement accounts.

G.56. Qualified plan rules and options

- a. Explain the tax implications of qualified plans to the employer and employee.
- b. Explain the rules of qualified retirement plans including eligibility, coverage and discrimination, funding and contribution, distribution, vesting, and termination of plans.
- c. Explain the fiduciary responsibilities of employers with respect to the investments in their firm's qualified plan under ERISA.

G.57. Other tax-advantaged retirement plans

- a. Differentiate between the various types of Individual Retirement Arrangements (IRAs) including traditional, rollover, Roth, SEP and SIMPLE plans, including the tax treatment of contributions and distributions
- b. Recommend an appropriate IRA for a client's needs.

G.58. Regulatory considerations

- a. Describe the plan protections provided by ERISA, the PBGC, Department of Labor policies and other applicable regulations.

G.59. Key factors affecting plan selection for businesses

- a. Identify the factors that will affect the selection of a retirement plan for a business.
- b. Recommend a qualified or non-qualified retirement plan given a business owner's goals and objectives.

G.60. Distribution rules and taxation

- a. Explain the rules and penalties regarding retirement plan distributions.
- b. Describe the circumstances under which early distributions are allowed from tax-advantaged retirement plans without penalty including the Substantially Equal Periodic Payment and Qualified Domestic Relations Orders rules.
- c. Compare the taxation of normal distributions with Roth conversions, lump sums and net unrealized appreciation withdrawals.

G.61. Retirement income and distribution strategies

- a. Select suitable investments for both funding and retirement distribution purposes, considering the time horizon and risk tolerance of plan owners and beneficiaries.
- b. Construct well-diversified, tax-efficient portfolios that minimize retirement income risk.
- c. Explain the use of life insurance products in retirement plan portfolios.

G.62. Business succession planning

- a. Describe why business succession planning is complex and challenging.
- b. Identify factors a business owner should consider when creating a succession plan, including the ability and motivation of a successor and the degree of idiosyncrasy in the business.
- c. Describe the purpose of a buy-sell agreement as a business succession planning tool.
- d. Illustrate how a buy-sell agreement can be designed and implemented.

H. Estate Planning

H.63. Characteristics and consequences of property titling

- a. Compare and contrast the most common types of titling property (sole ownership, joint tenancy with rights of survivorship, tenants in common, tenants by the entirety, and community property).
- b. Recommend the appropriate property titling mechanism given the client's lifetime and estate distribution objectives, and relevant state laws.

H.64. Strategies to transfer property

- a. Describe the probate process, its advantages, disadvantages, and costs.
- b. Explain the characteristics and consequences of using alternative methods of transferring property at death, including named beneficiary, trusts (revocable and irrevocable), payable on death and transfer on death designations, probate, intestate succession, and direct transfer through titling).
- c. Select the most appropriate property transfer mechanism for a client's situation.

H.65. Estate planning documents

- a. Identify and describe the components of estate planning documents, such as wills and trusts that are used to facilitate the transfer of one's assets.
- b. Explain the roles of the parties used in estate planning including executor, trustee, power of attorney, beneficiary(ies), heirs, and guardians.
- c. Recommend appropriate estate planning tools to meet a client's goals and objectives.

H.66. Gift and estate tax compliance and tax calculation

- a. Calculate the gift tax consequences of lifetime transfers to individuals and charities and recommend when filing a gift tax return is necessary.
- b. Calculate the income tax consequences of lifetime transfers to individuals and charities.
- c. Calculate the estate tax consequences of lifetime transfers to individuals and charities.

H.67. Sources for estate liquidity

- a. Determine the need for estate liquidity.
- b. Develop a cash flow plan for maintaining a client's estate from date of death to final distribution including the payment of tax liabilities.

H.68. Types, features, and taxation of trusts

- a. Define and describe the uses of the four types of trusts including revocable, irrevocable, living, and testamentary trusts.

- b. Describe the basic components of charitable and non-charitable trusts including identifying the parties to a trust, and the operating terms of a trust.
- c. Identify the basic income tax consequences of a trust including deductions, exemptions, credits, tax rates, and penalties for non-compliance.
- d. Explain the income tax implications of trust income and distributions to beneficiaries.

H.69. Marital deduction

- a. Describe the appropriate use of the marital deduction in estate planning including for both domestic and international spouses.
- b. Explain the relationship between the marital deduction and the qualified interest trust.

H.70. Intra-family and other business transfer techniques

- a. Recommend appropriate business transfer techniques such as:
 - i. Buy/sell agreements
 - 1. Cross purchase agreements
 - 2. Repurchase/Entity agreements
 - ii. Grantor Trust
 - 1. Retained Interest Trust
 - a. GRITs, GRATs, GRUTs
 - b. PRT, QPRT
 - 2. Intentionally Defective Grantor Trusts
 - iii. Family Limited Partnerships or Family LLCs
 - iv. Private Annuity

H.71. Postmortem estate planning techniques

- a. Describe when an executor should elect to value estate assets using the alternative valuation date.
- b. Outline the rules that must be followed in order to use a qualified disclaimer estate planning strategy.
- c. Describe other forms of postmortem planning, including estate tax installment payments, stock redemptions for tax payments, special-use valuations, and elections against a will.
- d. Explain how and why QTIP property is a terminable-interest rule exception.

H.72. Estate planning for non-traditional relationships

- a. Identify the impact of divorce and/or remarriage on an estate plan including asset titling and distribution, changes in beneficiary status, and selection of heirs.
- b. Recommend strategies that can be implemented to help ensure the appropriate management and transfer of assets to a same-sex, non-traditional, and/or non-married partners.