



CFP BOARD

**CFP[®] EXAM
CANDIDATE
PREPARATION
TOOLKIT**

“Pursuing CFP® certification requires a serious dedication of time and effort. But the rewards it offers are well worth the effort. CFP Board research has shown that the clients of CFP® professionals tend to be more satisfied with their financial planning engagements and are more likely to recommend their planner to family or friends.”

This guide is intended to help candidates on the path to CFP® certification gain an understanding of the steps it takes to effectively study in preparation for the CFP® Certification Exam.

Candidates come to the CFP® exam from various paths. Perhaps you are coming directly from completing a degree or certificate education program, or it's been a while since you focused intensely on studying. You may have broad experience in financial planning or knowledge more targeted in specific areas than others. A good exam study strategy will help you understand your strengths and areas for development and fill in knowledge gaps. It may also strengthen your test taking abilities and endurance.

The CFP® exam is challenging, but with the right preparation you can increase your chance of success. And the reward — to add the CFP® designation to your credentials — is well worth the effort.

This guide is for candidates who are ready to dedicate themselves to prepare for the CFP® exam. We encourage you to embrace this development opportunity for the personal and career growth that comes from earning CFP® certification and use this *Exam Candidate Preparation Toolkit* as a guide to applying your best to the task.

CFP Board also has the *CFP® Exam Candidate Handbook* available, which reviews the process of registering for and taking the CFP® exam. We encourage you to use all of the resources available to help you on your journey to taking the CFP® examination and achieving certification.



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“CFP® certification shows clients that their prospective financial advisor has a foundation in all types of finances, can solve financial problems, can devise successful strategies to meet financial goals and will act as an advisor, counselor and coach.”

SECTION 1

CHARTING YOUR PATH TO CFP® CERTIFICATION

Your decision to pursue CFP® certification is an important step toward a rewarding career dedicated to helping people bring all the pieces of their financial lives together so they can achieve their life goals. In order to reap the benefits of personal and career growth that come with achieving certification, you will need to chart your path to becoming a CFP® professional by taking steps that improve your chances of success.

Before you dive into exam preparation strategy, consider a few elements that will create a supportive environment for exam preparation.

There are four key forces that can serve as a framework to help analyze factors close to you that influence your wellbeing, and, ultimately, your ability to achieve your certification. Place yourself in a position of strength by evaluating your situation relative to these forces that impact your ability to achieve certification. This framework is intended to address emotional, social, vocational, and educational concerns.

MOTIVATION	ENVIRONMENT	SITUATION	PERFORMANCE
<ul style="list-style-type: none">• Self views/ behavior• Presence of career role models• Outcome expectations• Knowledge of job market• Access to career options• Quality of life associated with career• Superior financial rewards	<ul style="list-style-type: none">• Organizational support for pursuit of certification• Employer policies supporting pursuit of certification• Flexible work requirements• In-house development activities within field	<ul style="list-style-type: none">• Social/emotional support• Supportive economic condition• Physical health• Supportive family interactions• Work/life balance• Life phase• Hardships	<ul style="list-style-type: none">• Education/training• Experience• Skills, competencies, and abilities• Coping mechanisms

An awareness of conditions that impact your performance is key to putting an effective plan in place. Consider all aspects of this framework from your motivation to environmental concerns. Make sure you have the social and emotional support you need from friends and family. Be sure to address gaps in your training and work experience. Revisit your motivation for pursuing certification throughout the process to keep you on target to achieve your goal.

Finding balance across these forces will help you to perform at your peak as you take on the challenge of earning your certification.

A WELL-RESPECTED CAREER

First, let's start with your motivation for pursuing CFP® certification. Let's take a look at the many reasons certification is worth the effort of successfully completing the CFP® exam and other requirements.

CFP Board believes that the public deserves high-quality personal financial planning services delivered by professionals who have demonstrated the ability to provide competent and ethical services to clients, and are committed to acting in their best interest.

The CFP® certification prepares you for a career-long commitment to meeting the ever-changing needs of your clients.

CAREER GROWTH PROSPECTS

Career opportunities in the financial planning field are expected to grow more than 15% by 2026, according to the Labor Department. *U.S. News and World Report* ranks Financial Advisor as #9 in Best Business Jobs in 2019.

Baby boomers are approaching or reaching retirement age, and millions of Generation Xers are raising families and saving for their later years. Many will require professional guidance to successfully confront an increasingly uncertain economic future. As a CFP® professional, you can get personal satisfaction from helping your clients plan for their futures while simultaneously building your career.

Earning your CFP® certification requires a commitment to learning and a solid grounding in financial planning. Those who have become CFP® professionals will tell you that the work is worth the effort. In fact, according to a survey of CFP® professionals, 91% of respondents are very satisfied with their career in financial planning and would recommend CFP® certification to other financial professionals.

With your CFP® certification, you'll have two distinct advantages:

- You'll have the knowledge and skills to ensure you have the confidence, competence and credibility to elevate your practice to the highest level and distinguish you from other financial planners.
- Your CFP® certification assures clients and potential clients that you have achieved the respect, recognition and preferred status that come only to the top professionals in the field.

Now that we've established the key benefits of certification and why it's worth the effort, the next step is to develop a plan to successfully complete the exam requirement for certification. You will need to put forth considerable effort for long, sustained, periods of time to sufficiently cover the breadth of the exam in your preparation. For more information on the exam requirements, download the CFP® Exam Candidate Handbook at [CFP.net/ExamHandbook](https://www.cfp.net/ExamHandbook).

SECTION 2

CREATE A SUPPORTIVE LEARNING ENVIRONMENT

Let's continue addressing the forces needed in preparation for the exam and focus more specifically on the importance of creating a supportive learning environment. Feeling safe, secure, valued, and empowered is critical to fostering a healthy learning environment. High-performing education institutions aim to control what their students experience within the classroom. They know that establishing a supportive learning environment is critical to student success. As an exam candidate, you will need to control your environment and experiences outside of the classroom. Take steps to establish organizational support for your pursuit of certification in the workplace.

The following tips can help you to put in place the supportive learning environment you will need as you prepare for the exam.

ENLIST EMPLOYER SUPPORT

Enlisting support from your employer is key to balancing work and time commitments. Candidates feel that employer flexibility is important to achieving success through certification.

Take initiative

- Clearly communicate your goal to pursue CFP® certification.
- Make sure your employer listens to and understands your goals and your plan to achieve certification through classes, training, and mentorship.

Seek available company resources

- Ask about available resources for training.
- Inquire if your company is willing to finance your study program, including materials and a review course.
- Ask for opportunities to develop new skills.
- Get involved in new financial planning projects.

Take the necessary steps to proactively build a culture of learning at your firm. Work with your employer to set up a win/win scenario that fosters your professional development without placing an undue burden on your employer.



FIND RESOURCES

Be sure to take advantage of all resources that will help prepare you for the exam. These can include the following:

Review courses

Many exam takers find that a review course – though not required – helps them prepare for the CFP® exam. CFP Board provides a partial list of available review courses at previewcourses.net; others can be found by searching online. These courses and their providers are not endorsed or recommended by CFP Board.

CFP Board Practice Exam

CFP Board offers a Practice Exam to help candidates study for the CFP® exam. The Practice Exam is full-length, featuring 170 questions. It provides immediate scoring and feedback on correct answers with rationales. The CFP Board Practice exam is included FREE with your CFP® exam registration and, upon registration, will be accessible through your online account. Learn more about the CFP Board Practice Exam at CFP.net/practiceexam.

IDENTIFY A MENTOR

Mentors can help you put together the ingredients for a successful career. With a little guidance, your mentor can help steer you in the right direction. Your mentor has been there before and, if they are familiar with your work, they can help you to identify gaps in knowledge. They can share their strategies for preparing for the CFP® exam and achieving certification.

Determine your needs

- Consider what you hope to gain from a relationship with a mentor.
- Know what you want to obtain before you begin the process of identifying your mentor.

Consider their qualities

- Select someone with more experience, who passed the exam, and who traversed a similar path to the one you are pursuing.
- Identify an individual with whom you can speak candidly about career and workplace issues.

CANDIDATE TIPS FOR SUCCESS

“I’ve been thankful for the questions and answers members posted on the Candidate Forum during the time I was studying for CFP® exam. I owed the success of passing the exam to the experience and encouragement shared by the forum members.”

CANDIDATE TIPS FOR SUCCESS

“When studying, you can do so many of one style of test questions you start to feel like you know the answer to the question before you finish reading. I advise looking at multiple practice exams and buying the Practice Exams to get a different style of question — the questions are very close to the actual exam questions.”

Be assertive

- Communicate your goal to pursue CFP® certification and demonstrate your interest and passion for the field.
- Ask your mentor to explain the skills and technical abilities missing from your repertoire.
- Set up meeting schedules. Be prepared with a list of topics or questions that address weaknesses.

CFP Board Mentor Program

The CFP Board Mentor Program connects candidates for CFP® certification with established CFP® professional volunteers in a relationship designed to provide free one-on-one guidance, advice and support. Details are available at CFP.net/Mentor.

SEEK PEER-TO-PEER SUPPORT

It takes courage and commitment to pursue certification, but don’t embark on your pursuit alone. Seek out friends, colleagues and other candidates who will face the same challenges you will encounter. Build your network and use the support group to help you overcome obstacles related to work, time commitments, and gaps in learning.

Candidate Forum

CFP Board’s Candidate Forum is an online community for those pursuing CFP® certification. Candidates can connect with their peers as they prepare for the CFP® exam to find advice and support, share resources and form study groups. You can also connect with others preparing for the upcoming exam in the Study Group Forum. The forum is accessible at: candidateforum.CFP.net.

Make full use of available tools, advice, and resources. Take the initiative and start conversations. Collaborate with your peers. You can work as a team to design strategies that will foster success as you study and develop a plan of attack for exam day.

MANAGE YOUR TIME

Pursuit of the CFP® certification requires candidates to balance coursework requirements, studying and day-to-day work responsibilities. And who has the time? Factor in personal and family commitments and the challenge begins to be very overwhelming. Facing these obstacles, priorities must be set in order for you to achieve your goals.

Time spent

Knowing exactly how you spend your time can shed some light on activities that add little to your bottom line. Similar to working with clients to track spending, tracking your daily activities will help you assess how effective you are in budgeting your time and where you can carve out some extra study time.

Record

Do you know where your time is actually going each day? If not, then it's time to start paying attention. Tracking your time is the best way to get control of your time. Follow the steps below to eliminate time wasters and refocus on your priorities.

Planning

Make an upfront investment to draft a plan that creates more time for yourself. Use your planning period to set your priorities so you can free up more time throughout your day.

Engage your family

Meet with your family to ask:

- What works well?
- What doesn't work well?
- What will we work on in the week ahead to improve?

Set your course

- Spend time on what is important.
- Zero in on what is critical and put trivial things aside.
- Revisit your goals to get a sense of what will help or hinder your accomplishments.
- Eliminate roadblocks.
- Create focus.

Refine your approach

- Develop a long-term plan that outlines mission critical activities and objectives that must occur to achieve your goals.
- Periodically list and reiterate your goals in order of priority.
- Spend half of your time working on two key priorities.

Tracking

Write down everything that you do in a daily record. Yes, everything!

7 AM _____	2 PM _____
8 AM _____	3 PM _____
9 AM _____	4 PM _____
10 AM _____	5 PM _____
11 AM _____	6 PM _____
12 PM _____	7 PM _____
1 PM _____	8 PM _____

Analyze

Analyze the information you collected throughout your day. Pick **five** of your biggest time wasters and add up the time.

Time Wasters

Time Spent

1 _____	_____
2 _____	_____
3 _____	_____
4 _____	_____
5 _____	_____

Adjust

Get your time back. List your priorities and rank them in order of importance. Focus 50% of your time on your top **two** priorities.

Priorities

1 _____
2 _____
3 _____
4 _____
5 _____



CANDIDATE TIPS FOR SUCCESS

“As you get close to the exam, focus on practice problems rather than trying to learn everything. Learning everything that could be on the exam is futile.”

SECTION 3

DEVELOP A TEST STRATEGY

EXAM STRUCTURE

A clear understanding of how the exam is structured will help you develop an approach for managing the time you spend preparing for the exam and the time you spend responding to the test questions during the exam. Take note of the following considerations as you study for the exam. Emphasize key areas in your studies to match the content coverage of the exam.

- The exam consists of 170 test questions.
- The test questions are administered in two 3-hour sections separated by a 40-minute break.
- Each section contains 85 questions.
- Test questions are administered at random.
- Questions are not grouped by topic.
- All questions are multiple choice.

CANDIDATE TIPS FOR SUCCESS

“When you are doing a final review of topics, focus less on the individual numbers and facts, and ask yourself “Can I explain this concept; do I understand it fully?””

Blueprint

Be strategic in your approach to studying the Major Principal Topic areas.

51% of the exam is covered equally by the following topic areas:

- General Principles of Financial Planning 17%
- Investment Planning 17%
- Retirement Savings and Income Planning 17%

Focus your study to adequately cover the content in heavily-weighted areas.

36% of the exam covers the following areas:

- Risk Management and Insurance Planning 12%
- Tax Planning 12%
- Estate Planning 12%

For moderately-weighted topics, ensure your effort is managed accordingly.

13% of the exam will cover the following areas:

- Professional Conduct and Regulation 7%
- Education Planning 6%

Content with the least amount of weight accounts for 22 items out of 170 total questions on the exam. Be familiar with these areas and don't neglect them in your study, although they are less critical in terms of content coverage.

LEARNING PREFERENCES AND STRENGTHS

Understand your learning style and evaluate your strengths. Develop an approach to studying that plays to your strengths. Before purchasing resources, research exam prep provider offerings to see if their program aligns with your learning style.

For the Visual Learner

- Use images, maps, and graphic organizers to access and understand new information.
- Outline information.
- Create charts.
- Create study sheets.
- Develop self-test questions.
- Create visual images to connect the information to acronyms.

For the Learner with a Strong Preference for Reading and Writing

- Take significant amounts of notes.
- Revisit materials and abstract content through writing essays.

For the Auditory Learner

- Listen during lectures and interact in discussions to understand new content.
- Participate in a study group to enhance learning through interactions with your peers.
- Read passages out loud.
- Recite the main points of each text section.
- Explain information out loud.
- Discuss study material with a partner or study group.
- Record lectures and play them during daily commutes or while doing household chores.
- Teach the material to someone else.

For the Kinesthetic Learner

- Put financial planning principles into practice.
- Use scenarios and user stories in the context of the contextual variables and the student centered learning objectives.
- Actively draft recommendations and financial plans to address various circumstances.
- Take notes as you read texts.
- Create note cards, question cards and problem cards.
- Make up self-tests in the same format of the actual test and take them.
- Participate in study groups and review sessions.

SELF-ASSESSMENT TOOLS

- Gap Analysis.
- Practice Exam Strategy.

A self-assessment allows you to make the most of your study time by showing you where potential gaps in learning exist. A self-assessment not only focuses on potential gaps in learning relative to financial planning, it can also afford you a mechanism for mediating and self-regulating your study efforts.

Mediating role of self-evaluation:

- Offers a tool for guiding self-improvement by comparing one's performance with expert performance.
- Self-evaluation helps candidates organize learning in work-based contexts.

Gap Analysis

Understanding exactly what you know relative to the exam blueprint helps you to self-regulate your learning effort.

How do you measure your knowledge relative to the content addressed by the exam? CFP Board put together a set of Student-Centered Learning Objectives that provide specific statements that reflect the expected abilities students should possess once the course is completed. The Student-Centered Learning Objectives take the guesswork out of identifying potential gaps in acquired knowledge.

You might want to start with the Student-Centered Learning Objectives document provided in the appendix.

1. Review the learning objectives outlined in the Student-Centered Learning Objectives.
2. Evaluate your own abilities relative to the learning objectives.
3. Reflect on your understanding and rate your perceived ability relative to the learning objectives.
4. When applying the rating, use a simple 4-level scale that rates your performance from below performance standard to exceeds performance standards.

Level 1	Level 2	Level 3	Level 4
Below performance standard	Limited achievement of performance standard	Competent	Exceeds performance standard
Routine tasks	Routine and mid-complexity tasks	Routine and complex	Strategically important

This table provides an example of the rating scales applied to Life Insurance learning objectives.

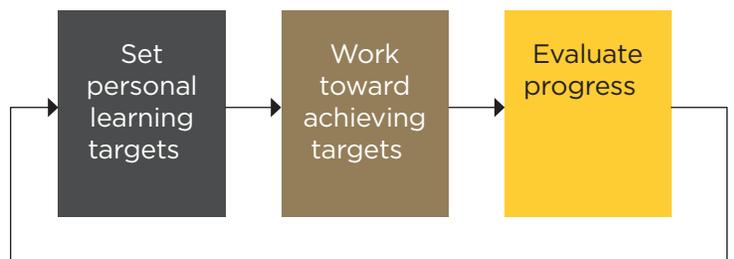
Life Insurance (individual)	L1	L2	L3	L4
a. Explain the underwriting factors commonly used in the life underwriting process.				
b. Differentiate between term, whole life, variable, universal and VUL policies and select the most appropriate type of coverage to match a client's specific circumstances.				
c. Calculate a client's insurance needs using alternative approaches, including the capital needs, human 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.				

The Student-Centered Learning Objectives can be used as a framework for your Gap Analysis.

Once you complete the Gap Analysis, take a moment to formally reflect on what you have learned from this exercise.

- The rating scales you applied to your learning provide descriptions of performance levels and criteria for success.
- As you study, use these tools to monitor and evaluate your progress toward mastering financial planning concepts.

- Identify what you need to do to close the Gap.
- Describe what you will be able to do when the Gap is closed.

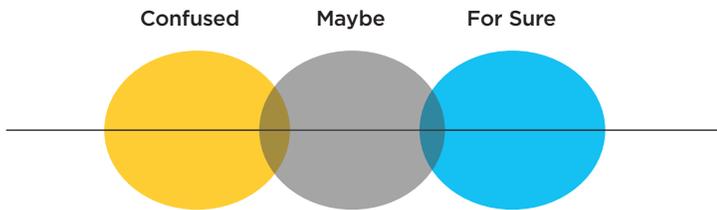


Practice Exam Strategy

As you study, be aware of potential errors in your judgment. At times, we feel that we have mastered certain subjects. However, an error in judgment can result in an illusion that we are strong in subjects that at the moment seem very easy to remember. Because these areas seem very easy, we make the mistake of underestimating our ability to forget.

To overcome this issue, it is recommended that candidates be practical in their approach to studying instead of being led by emotion. Use the following tips to overcome the false belief that you have achieved mastery over the material.

While taking practice exams draw the following diagram for each question.



Use the scale to record an “X” beside your perceived ability level relative to the content addressed in the question.

- Once you complete the practice test exercise, evaluate your perceived ability relative to your success in answering the question correctly.
- Any gaps between your perception and outcome will need to be addressed to avoid the illusion of being fluent in the area of competency when more study is needed.

CANDIDATE TIPS FOR SUCCESS

“Continue to put yourself in the discomfort of the testbank and mock exams. You may be tempted to stick in your comfort zone, of reviewing module materials and flashcards, but the mock tests are the closest replica of what you can expect on exam day.”

More Strategies

- When you encounter difficult passages in the material, after reading over the material several times, put the text book down and try to explain to someone what the passage says. Verbalizing the material is more powerful than going through the motions of reading a passage that does not make sense.
- If no one is around, write down what you understand the material from memory. Develop an outline and record your knowledge, aiming for succinct, coherent and clear descriptions of the material you just learned.
- Discussing what you know with your colleagues will help you to identify what you do not know.
- Study like you are preparing for a marathon. Marathon runners do not train by running 24 hours a day. Instead they take regular breaks to ensure they have recovered from their training efforts.

Excessive studying may actually be counter-productive. Take a more strategic approach and incorporate spaced interval repetition to space out your study effort. Introducing time intervals between study sessions is a powerful technique that will improve your recall and allow you to spend fewer hours studying. Be sure to develop a study routine that allows for you to take free time throughout the week between sessions.

TEST TAKER TYPES AND STRATEGIES

We collected some test-taking personality types and have assembled a few strategies to address typical short comings.

Read through the personality descriptions to see if you recognize any of the traits. If you find that the description fits, follow some of our suggestions.

Do you hurry through the exam?

- Desperately rushes through exam items to ensure you finish before forgetting what you have learned
- Anxious before the exam, obsessively repeating bits of information resulting in confusion
- Finishes before the majority of the test takers are halfway through the first section

Suggestions:

- Work on relaxation and managing your stress.
- Develop a plan of study that avoids cramming by providing ample time for review.
- Work on test taking strategies during your review process.

Do you have trouble completing tests on time?

- Moves methodically, answering each test question slowly and deliberately
- Last to finish
- Tendency to score better on the first section than the last

Suggestions:

- Take practice exams.
- Practice reading and answering items to increase your speed in responding to prompts.
- Monitor your time throughout the exam.
- Be aware of the total number of questions on the exam and the time allotted for each section.
- Scan questions and address more time-consuming questions later.

Are you a second guesser?

- Continuously changing answers that seem wrong
- Attempts the exam from the perspective of “correcting” flawed content

Suggestions:

- Unless you can clearly state why the answer is wrong, avoid erasing or changing answers.
- Progress through the test carefully and methodically, being aware to avoid erratic behavior.
- Do not use extra time to revisit answers.

Do you fear personal failure?

- Focused on a successful outcome on the exam
- Develop study plans that are never implemented
- Pursues a cramming strategy in preparation for the exam

Suggestions:

- Implement a plan of progressive study to cover the breadth of topics.
- Use timelines to complete each unit of study.
- Be consistent in following a schedule for exam preparation.

OTHER PERSONALITY TYPES**Over confident**

- Typically older and more mature
- Life experiences inform knowledge and insight
- Makes mistakes through judgment colored by personal beliefs and experiences by failing to account for expected norms and standards

Suggestions:

- Apply broad principles and standards to justify decisions made in testing.
- Recognize when you are making mental connections between your personal experiences and scenarios you encounter on the exam.
- Use professional standards to guide your decision making in testing situations.

Overanalyzer

- Drawn to the complexity of the situation
- Doubtful of your ability to master the topic
- Overanalyze the scenario and make the mistake of reading into the question
- Make incorrect assumptions about the intent of the question
- Bring in additional information instead of reading items as they are

Suggestions:

- Work on your confidence by scrutinizing your gaps in knowledge to ensure they are filled before taking the exam.
- Focus solely on what is presented within the item.
- Avoid overanalyzing what you read.
- Practice taking sample questions and cases.

CANDIDATE TIPS FOR SUCCESS

“It’s so important to **READ THE FULL QUESTION!** You’d be surprised at how many I continually got wrong on the practice exams, because of quickly glancing at the question and answering in a hurry. Of course I knew the answer, but if I had slowed myself down and read each word, I would have chosen the correct answer.”

EXAM DAY STRATEGIES

Multiple Choice Exams

1. Read the entire question before you look at the possible answers.
2. Come up with the answer in your head before looking at the possible answers; this way, the choices given on the test won't distract you from focusing on the question.
3. Read all the choices before choosing your answer to select the best one.
4. Eliminate answers you know are not correct.
5. There is no guessing penalty, so it's always best to take an educated guess if you are uncertain of the answer.
6. Don't keep changing your answer; usually your first choice is the right one, unless you misread the question.
7. Go through the exam and answer the questions you know first. Mark the others for review and then return to those you skipped. This will ensure that you don't lose time by focusing on questions that cause uncertainty.

Plan Your Exam Day

Become familiar with your schedule on exam day. Map routes to the test center in advance and practice driving there a week before your scheduled appointment. Plan to arrive at the testing center 30 minutes in advance of your scheduled appointment time. Review check-in procedures for the test center. Understand the center's rules and requirements. Identify how your appointment time will be allocated to specific activities so you know what to expect on exam day.

Do not neglect your health and personal well-being prior to the exam. Continue your social and recreational activities and take breaks throughout the course of your study.

Don't forget to get a good night's sleep the evening before your testing appointment. Part of managing test-related anxiety effectively comes from budgeting sufficient time to cover the material and time for adequate rest.

Test Drive

Exams are administered throughout the United States at computer-based Prometric testing centers. Prometric offers test takers the opportunity to take a 30-minute "dry run" of the test center experience prior to their exam, whenever the test center has available appointments. The program, called Test Drive, allows candidates to walk through, on a practice basis, all check-in and testing procedures that occur at the test center on test day.

The optional Test Drive experience costs \$30 U.S. and includes check-in, ID confirmation, documentation checking, image capture, seating, tutorial, a generic sample test, a survey of the experience, an end-of-test report and check-out.

Once checked in, you'll be exposed to the full testing experience described above, in addition to the use of lockers, testing at a computer for 15 minutes and exposure to TCAs walk-throughs, which occur during any actual test. While Test Drive will not necessarily represent the look, feel or content of your particular exam, it will allow you to experience samples of question types that you might encounter on the actual exam. Additionally, by driving to the testing center in advance, you can familiarize yourself with the parking situation, the location of the testing suite and the time it takes to drive to the center.

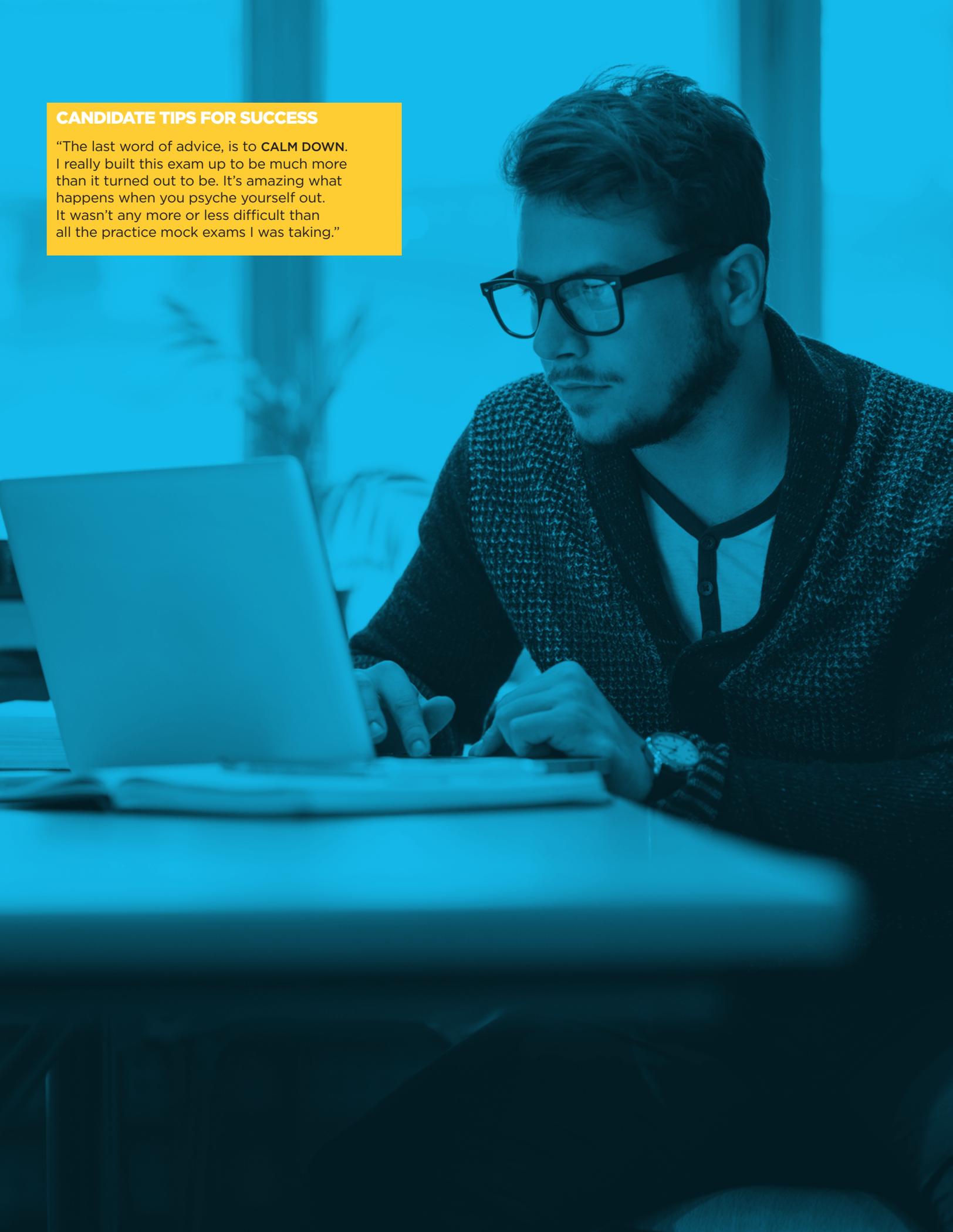
You can schedule a Test Drive appointment in the same manner as you would schedule an actual exam. Alternatively, CFP Board developed a tutorial that gives candidates an opportunity to become familiar with the test delivery software. prometric.com/en-us/clients/cfpboard/Assets/CFP_HTML_Demo/index.htm

CANDIDATE TIPS FOR SUCCESS

"Exercise helps with daily stress. Consider taking a walk after an hour to two of studying. Sometimes I would work out and/or practice cello between study sessions, and that was always rejuvenating."

CANDIDATE TIPS FOR SUCCESS

“The last word of advice, is to **CALM DOWN**. I really built this exam up to be much more than it turned out to be. It’s amazing what happens when you psyche yourself out. It wasn’t any more or less difficult than all the practice mock exams I was taking.”



RIGHT MINDSET

Make sure you have the right mindset as you prepare for your exam.

Consider your thoughts and evaluate how they influence your behavior and ultimately your performance. Taking on the challenge of exam

preparation with the right mindset could lead to your success on exam day. We outlined a few negative thinking patterns related to the CFP® exam below. Focus making the shift from negative thinking to having the right mindset.

	NEGATIVE THINKING	RIGHT MINDSET
Belief	“The exam contains subjective test questions. To me, these types of questions do NOT test my knowledge of what I need to know to become a successful financial planner. These are VERY circumstantial questions and I feel I would have gotten several of those correct if they were presented in an essay or short answer format. Multiple choice does not seem like the correct format for recommendations. “	“To become a good test taker I need to understand what the question is asking by reading carefully. I can use my knowledge to evaluate which option is the best course of action.”
Expectation	“No resource exists to help me address subjective test questions.”	“With study and practice, I will be able to focus on the correct response.”
Attitude	“I have accepted I can’t pass the exam.”	“I’m going to use a well-rounded approach to studying practice exam items and reviewing areas where I am weak. I will truly review the questions I get wrong to understand WHY I’m choosing the wrong answers.”
What You’ve Learned	“The exam contains trick questions. It’s unfair to evaluate candidates with trick questions.”	“I’m in control. I can make the best of my situation to fill in the gaps in my learning. I can learn from my mistakes.”

Take a moment to reflect on the impact each negative thought has on your mindset and performance. The negative course of thinking shifts blame on perceived external barriers. The positive course of thinking seeks constructive ways to overcome perceived barriers. Be careful with your thoughts. You can spend precious study time being frustrated by the process, or you can change the way you look at things and allow yourself to move forward.

CANDIDATE TIPS FOR SUCCESS

“Remember the ways that you can gain confidence prior to exam day: getting consistent scores in your mock exams, test materials, and any assessments available. As much as you’d love to walk in feeling like a rock star on exam day, the test isn’t made to provide that level of assurance so just accept the discomfort, and control what is controllable.”

NOW IT IS TIME TO TAKE ACTION

As you start to map your strategy in preparation for the CFP® exam, take a moment to understand your current position, develop a vision for addressing your weaknesses and plan to address the barriers you will face.

First, set priorities and stick with them. Measure and monitor your success and progress. Find out what is not working and look for opportunities to change. Find support from individuals who will hold you accountable to your commitments. And finally, take action instead of focusing on what you perceive to be insurmountable barriers.

Remember, every individual is different. Use some or a combination of multiple strategies outlined in this toolkit to assist in your preparation for the CFP® exam. By implementing these techniques, you will be able to take control of your preparation and maximize your effort.



APPENDIX

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

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

B.10. Cash flow management

- 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.
- Communicate the need for liquid assets and emergency funds and recommend strategies for accumulating the appropriate levels of funds.
- Calculate savings required to meet financial goals and recommend how to incorporate planned savings into the cash flow plan.

B.11. Financing strategies

- 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.
- Create a debt management plan for a client that minimizes cost and maximizes the potential to reach financial goals.
- Explain appropriate housing financing strategies.

B.12. Economic concepts

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

B.13. Time value of money concepts and calculations

- Calculate present value and future value of single amounts, annuities, annuities due, uneven, and serial payments.
- 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

- 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.
- 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.
- Evaluate how a client's values, including cultural and religious values and attitudes will affect his/her goals and a planner's recommendations.
- 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-preferred 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, nontraditional, and/or non-married partners.



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