

Topic List

The following is the topic list for the CFP® Certification Examination.

RETIREMENT PLANNING

RETIREMENT NEEDS ANALYSIS

- A. Assumptions for retirement planning
 - 1) Inflation
 - 2) Retirement period and life expectancy
 - 3) Lifestyle
 - 4) Total return
- B. Income sources
- C. Financial needs
 - 1) Living costs
 - 2) Charitable and beneficiary gifting objectives
 - 3) Medical costs, including long-term care needs analysis
 - 4) Other (trust and foundation funding, education funding, etc.)
- D. Straight-line returns vs. probability analysis
- E. Pure annuity vs. capital preservation
- F. Alternatives to compensate for projected cash-flow shortfalls

SOCIAL SECURITY (OLD AGE, SURVIVOR, AND DISABILITY INSURANCE, OASDI)

- A. Paying into the system
- B. Eligibility and benefit
 - 1) Retirement
 - 2) Disability
 - 3) Survivor
 - 4) Family limitations
- C. How benefits are calculated
- D. Working after retirement
- E. Taxation of benefits



TYPES OF RETIREMENT PLANS

- A. Characteristics
 - 1) Qualified plans
 - 2) Non-qualified plans
- B. Types of basic provisions of qualified plans
 - 1) Defined contribution
 - a) Money purchase
 - b) Target benefit
 - c) Profit sharing
 - 1) 401(k) plan
 - 2) Safe harbor 401(k) plan
 - 3) Age-based plan
 - 4) Stock-bonus plan
 - 5) Employee stock ownership plan (ESOP)
 - 6) New comparability plan
 - 7) Thrift plan
 - 2) Defined benefit
 - a) Traditional
 - b) Cash balance
 - c) 412(i) plan

QUALIFIED PLAN RULES AND OPTIONS

- A. Nondiscrimination and eligibility requirements
 - 1) Age and service requirements
 - 2) Coverage requirements
 - 3) Minimum participation
 - 4) Highly compensated employee (HCE)
 - 5) Permitted vesting schedules
 - 6) ADP/ACP testing
 - 7) Controlled group
- B. Integration with Social Security/disparity limits
 - 1) Defined benefit plans
 - 2) Defined contribution plans
- C. Factors affecting contributions or benefits
 - 1) Deduction limit (Section 404(c))
 - 2) Defined contribution limits
 - 3) Defined benefit limit
 - 4) Annual compensation limit
 - 5) Definition of compensation
 - 6) Multiple plans
 - 7) Special rules for self-employed (non-corporations)
- D. Top-heavy plans
 - 1) Definition
 - 2) Key employee
 - 3) Vesting
 - 4) Effects on contributions or benefits
- E. Loans from qualified plans

OTHER TAX-ADVANTAGED RETIREMENT PLANS

- A. Types and basic provisions
 - 1) Traditional IRA
 - 2) Roth IRA, including conversion analysis
 - 3) SEP
 - 4) SIMPLE
 - 5) Section 403(b) plans
 - 6) Section 457 plans
 - 7) Keogh (HR-10) plans

REGULATORY CONSIDERATIONS

- A. Employee Retirement Income Security Act (ERISA)
- B. Department of Labor (DOL) regulations
- C. Fiduciary liability issues
- D. Prohibited transactions
- E. Reporting requirements

KEY FACTORS AFFECTING PLAN SELECTION FOR BUSINESSES

- A. Owner's personal objectives
 - 1) Tax considerations
 - 2) Capital needs at retirement
 - 3) Capital needs at death
- B. Business' objectives
 - 1) Tax considerations
 - 2) Administrative cost
 - 3) Cash flow situation and outlook
 - 4) Employee demographics
 - 5) Comparison of defined contribution and defined benefit plan alternatives

INVESTMENT CONSIDERATIONS FOR RETIREMENT PLANS

- A. Suitability
- B. Time horizon
- C. Diversification
- D. Fiduciary considerations
- E. Unrelated business taxable income (UBTI)
- F. Life insurance
- G. Appropriate assets for tax-advantaged vs. taxable accounts

DISTRIBUTION RULES, ALTERNATIVES, AND TAXATION

- A. Premature distributions
 - 1) Penalties
 - 2) Exceptions to penalties
 - 3) Substantially equal payments (Section 72(t))

- B. Election of distribution options
 - 1) Lump-sum distributions
 - 2) Annuity options
 - 3) Rollover
 - 4) Direct transfer
- C. Required minimum distributions
 - 1) Rules
 - 2) Calculations
 - 3) Penalties
- D. Beneficiary considerations/Stretch IRAs
- E. Qualified domestic relations order (QDRO)
- F. Taxation of distributions
 - 1) Tax management techniques
 - 2) Net unrealized appreciation (NUA)

- D. COBRA/HIPPA provisions
- E. Continuation
- F. Savings accounts
 - 1) Health savings account (HSA)
 - 2) Archer medical savings account (MSA)
 - 3) Health reimbursement arrangement (HRA)

OTHER EMPLOYEE BENEFITS

- A. Section 125 cafeteria plans and flexible spending accounts (FSAs)
- B. Fringe benefits
- C. Voluntary employees' beneficiary association (VEBA)
- D. Prepaid legal services
- E. Group long-term care insurance
- F. Dental insurance
- G. Vision insurance

EMPLOYEE BENEFITS PLANNING

GROUP LIFE INSURANCE

- A. Types and basic provisions
 - 1) Group term
 - 2) Group permanent
 - 3) Dependent coverage
- B. Income tax implications
- C. Employee benefit analysis and application
- D. Conversion analysis

GROUP DISABILITY INSURANCE

- A. Types and basic provisions
 - 1) Short-term coverage
 - 2) Long-term coverage
- B. Definitions of disability
- C. Income tax implications
- D. Employee benefit analysis and application
- E. Integration with other income

GROUP MEDICAL INSURANCE

- A. Types and basic provisions
 - 1) Traditional indemnity
 - 2) Managed care plans
 - a) Preferred provider organization (PPO)
 - b) Health maintenance organization (HMO)
 - c) Point-of-service (POS)
- B. Income tax implications
- C. Employee benefit analysis and application

EMPLOYEE STOCK OPTIONS

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

STOCK PLANS

- A. Types and basic provisions
 - 1) Restricted stock
 - 2) Phantom stock
 - 3) Stock appreciation rights (SARs)
 - 4) Employee stock purchase plan (ESPP)
- B. Income tax implications
- C. Employee benefit analysis and applications
- D. Election to include in gross income in the year of transfer (Section 83(b) elections)

NON-QUALIFIED DEFERRED COMPENSATION

- A. Basic provisions and differences from qualified plans
- B. Types of plans and applications
 - 1) Salary reduction plans
 - 2) Salary continuation plans
 - 3) Rabbi trusts
 - 4) Secular trusts
- C. Income tax implications
 - 1) Constructive receipt
 - 2) Substantial risk of forfeiture
 - 3) Economic benefit doctrine
- D. Funding methods
- E. Strategies