INVESTMENTS & WEALTH INSTITUTE™

CPWA® CERTIFIED PRIVATE WEALTH ADVISOR®

Candidate Body of Knowledge (CBoK)

Core Topic and Exam Weighting Overview

	Exam Weighting
Part I: Human Dynamics	**15%**
Section 1: Ethics	5%
Section 2: Applied Behavioral Finance	5%
Section 3: Family Dynamics	5%
Part II: Wealth Management Strategies	**33%**
Section 4: Tax Strategies and Planning	14%
Section 5: Portfolio Management	12%
Section 6: Risk Management and Asset Protection	7%
Part III: Client Specialization	**30%**
Section 7: Client Focus – Executives	10%
Section 8: Client Focus – Closely Held Business Owners	10%
Section 9: Client Focus – Retirement	10%
Part IV: Legacy Planning	**22%**
Section 10: Charitable Giving	7%
Section 11: Estate Planning and Wealth Transfer	15%

Detailed Topic List with Learning Objectives and Exam Weightings

Part I: Human Dynamics	15%
Section 1: Ethics A. Investments & Wealth Institute's (Institute) *Code of Professional Responsibility* LEARNING OBJECTIVE **1.01–List and differentiate among the seven elements of the Institute's *Code of Professional Responsibility*** B. Advisory role and responsibilities to the client 1. Fiduciary standard 2. Confidentiality LEARNING OBJECTIVE **1.02–Analyze the relationships among firm, advisor, client, and other applicable professionals given the responsibility of each CPWA certificant to place the client's financial interests first** C. Disclosure of compensation and conflicts of interest LEARNING OBJECTIVE **1.03–Understand requirements to disclose all compensation received for services provided and all potential conflicts of interest** D. CPWA certification maintenance requirements 1. Proper use of the marks 2. Institute disciplinary rules LEARNING OBJECTIVE **1.04–List all requirements necessary to maintain the CPWA certification, and describe the rules and consequences pertaining to violations of the Institute's *Code of Professional Responsibility***	5%
Section 2: Applied Behavioral Finance A. History of behavioral finance 1. Prospect Theory 2. Paradox of Choice 3. Adaptive Market Hypothesis LEARNING OBJECTIVE **2.01–Demonstrate knowledge of the history and evolution of behavioral finance** B. Neuro-economics 1. Physiological impact on decision making 2. Intuitive vs. deliberative decision making 3. Actions that develop trust LEARNING OBJECTIVE **2.02–Demonstrate knowledge of published neurological research in the field of behavioral finance, and describe conclusions from these studies related to financial and investment decision making** C. Behavioral biases 1. Biases based on existing beliefs a. cognitive dissonance b. conservatism bias c. confirmation bias d. representative bias e. illusion of control bias f. hindsight bias	5%

LEARNING OBJECTIVE **2.03–List and describe various behavioral biases based on existing beliefs, and how they may impact financial decision making and behavior** 2. Biases based on information processing a. mental accounting b. anchoring and adjustment bias c. framing bias d. availability bias e. self-attribution bias f. outcome bias g. recency bias LEARNING OBJECTIVE **2.04–List and describe various behavioral biases based on information processing, and how they may impact financial decision making and behavior** 3. Biases based on emotions a. loss-aversion bias b. overconfidence bias c. self-control bias d. status quo bias e. endowment bias f. regret-aversion bias g. affinity bias LEARNING OBJECTIVE **2.05–List and describe various behavioral biases based on emotions, and how they may impact financial decision making and behavior** D. Investor personality types 1. Framework for establishing financial client types a. idealist vs. pragmatist b. framer vs. integrator c. reflector vs. realist 2. Common client personality types a. preservers b. followers c. independents d. accumulators LEARNING OBJECTIVE **2.06–List and describe primary investor personality types, and explain how they may impact client decision making**	
Section 3: Family Dynamics A. Client discovery 1. Family and individual goals 2. Family challenges and issues 3. Family and individual opportunities LEARNING OBJECTIVE **3.01–Demonstrate knowledge of resources and skills required to engage in client discovery in order to identify issues and opportunities relative to family dynamics including identifying and assessing collective and individual values, and goals and objectives of family members** B. Family roles and responsibilities 1. Individual vs. family roles and responsibilities 2. Responsibilities for different roles in families, trusts, corporations, and charities 3. Alignment of goals and responsibilities	5%

LEARNING OBJECTIVE **3.02–Identify key family roles and positions, as well as special circumstances and unique situations; and develop plans that align individuals with appropriate family roles**

C. Family dynamics, history, and conflicts

1. Common relational behaviors and conflicts
2. Immigrants and natives to wealth metaphor

LEARNING OBJECTIVE **3.03–Identify family dynamics and sources of conflicts**

D. Family education plan (incorporating each of the following below)

1. Human capital
2. Intellectual capital
3. Financial capital
4. Social capital

LEARNING OBJECTIVE **3.04–Develop a family education plan appropriate to meet stated needs and objectives**

E. Family meetings and mission statement

1. Family governance models
2. Family meeting guidelines
3. Family mission statements

LEARNING OBJECTIVE **3.05–Identify the elements necessary to conduct a successful family meeting and help clients develop a family mission statement**

F. Family office structures and models

1. Multi-family office models and services
2. Single-family office models and services

LEARNING OBJECTIVE **3.06–Knowledge of when and how to incorporate the appropriate family office infrastructure tailored to the family's wealth level and objectives**

Part II: Wealth Management Strategies	33%

Section 4: Tax Strategies and Planning

14%

A. Personal tax forms and calculations

1. Tax forms and schedules (e.g., Form 1040, 1065, Schedule A, K-1)
2. Client situations and planning opportunities
    a. estimated tax payments
    b. limitations on personal deductions for high-net-worth clients
    c. tax rates for high-net-worth clients (progressive tax schedule)
    d. self-employment tax
3. Current and future years – multi-year modeling
    a. marginal vs. effective tax rates
    b. scenario analysis and planning
4. Client tax jurisdictions – understanding how jurisdictions impact taxation

LEARNING OBJECTIVE **4.01–Demonstrate knowledge to review and interpret personal tax forms and calculations to understand client situations and planning opportunities in current and future years based on client tax jurisdictions**

B. Alternative Minimum Tax (AMT)

1. Calculation
2. Transactions and situations
3. Strategies to avoid or minimize AMT and maximize AMT credits

LEARNING OBJECTIVE **4.02–Understand the Alternative Minimum Tax (AMT) calculation and how it differs from the regular federal income tax calculation**

LEARNING OBJECTIVE **4.03–Identify transactions and situations that result in AMT and develop strategies to avoid or minimize AMT and/or maximize the use of AMT credits**

C. Charitable deduction limitations

1. Gifts of cash, appreciated and depreciated assets, leveraged assets
2. Impact of making gifts to public or private charities

LEARNING OBJECTIVE **4.04–Understand and calculate charitable income tax deductions and limitations applicable to cash and appreciated asset contributions to public charities and private foundations**

D. Interest expense classifications and limitations

1. Mortgage interest
2. Investment interest
3. Business activity interest
4. Strategies to maximize interest expense deductibility

LEARNING OBJECTIVE **4.05–List interest expense classifications and applicable limitations including the treatment of mortgage interest, investment interest expense, and interest on business activities, and recommend alternative strategies to maximize current interest deductibility**

E. Taxation of investment transactions

1. Capital gains and losses
2. Qualified and non-qualified dividends
3. Wash sale rules

LEARNING OBJECTIVE **4.06–Understand taxation of investment transactions including capital gains, qualified and non-qualified dividends, and wash sale rules**

F. Taxation of executive stock options

1. Incentive stock options and non-qualified stock options
2. Impact of stock options on AMT

LEARNING OBJECTIVE **4.07–Calculate the tax liability of executive stock option exercises**

G. Taxation of pass-through entities

1. Flow through characteristics including limitations
2. Classification of income as passive or active
3. Characterization of income and deductions to individuals
4. Tax basis rules and limitations

LEARNING OBJECTIVE **4.08–Demonstrate an understanding of pass-through entities including the flow-through feature of income, limitations that apply at the individual level, classification of income as passive or active, and the proper characterization of income and deductions to individual taxpayers**

LEARNING OBJECTIVE **4.09–Demonstrate an understanding of tax basis rules and gains from disposition as they apply to pass-through entities owned by individuals**

H. Tax deferral strategies

1. Like-kind transactions
2. Small business stock treatment (ongoing operations and upon sale)

LEARNING OBJECTIVE **4.10–Identify strategies to defer gains on various property transactions, including like-kind exchanges and sales of certain small business stock**

I. Tax challenges specific to high-net-worth (HNW) clients

1. Intra-family tax planning
2. Income shifting strategies

LEARNING OBJECTIVE **4.11–Demonstrate tax issues and planning strategies common to high-net-worth clients including intra-family tax planning opportunities and strategies for shifting income and taxation**

J. Taxation of trusts

LEARNING OBJECTIVE **4.12–Demonstrate knowledge of trust taxation**

Section 5: Portfolio Management	12%

A. Measure investment risk

1. Define and calculate investment risk
2. Calculate risk adjusted returns

LEARNING OBJECTIVE **5.01–Demonstrate ability to calculate and understand risk-adjusted returns and portfolio risk metrics including the impact of leverage**

B. Manage portfolio risk

1. Diversification – benefits and limitations
2. Tactical asset allocation and market timing strategies
3. Risk-budgeting and risk-parity strategies
4. Options and insurance
    a. options strategies: collars, straddles, strangles, spreads, etc.
5. Other strategies and techniques for managing portfolio risk
    a. low volatility funds
    b. buy-write strategies
    c. factor-analysis models and funds
    d. volatility index (VIX)

LEARNING OBJECTIVE **5.02–Knowledge of portfolio risk management strategies including diversification, hedging, etc.**

LEARNING OBJECTIVE **5.03–Skill to evaluate, implement and monitor hedging strategies including options and non-options hedging, and non-hedging strategies**

C. Tax-aware investing

1. Impact of taxes on returns and future value
2. After-tax returns and efficiency for
    a. asset classes and categories
    b. strategies (e.g., active vs. passive)
    c. structures (e.g., mutual funds, hedge funds, exchange traded funds, partnerships)
3. Tax-efficiency ratios
4. Choosing optimal investments on an after-tax basis

LEARNING OBJECTIVE **5.04–Demonstrate the skill to calculate and evaluate after-tax returns and tax efficiency for various asset classes and categories**

D. Tax gain and loss harvesting

LEARNING OBJECTIVE **5.05–Demonstrate knowledge and skill to implement tax gain and loss harvesting strategies**

E. After-tax analysis of bond and equity managers

LEARNING OBJECTIVE **5.06–Evaluate bond and equity managers on an after-tax basis**

F. Asset location

1. Identify tax efficiency
2. Determine best fit within portfolio (taxable or tax-deferred accounts)

LEARNING OBJECTIVE **5.07–Position asset classes and managers by the tax characteristics of investment entities including personal taxable assets, qualified retirement accounts, and individual retirement accounts (IRAs)**

G. Alternative investments (AI)

1. Characteristics
2. Benefits and risks
3. Strategies and structures
4. Incorporating AI into portfolios

LEARNING OBJECTIVE **5.08–Demonstrate knowledge of problems, issues, and risks of alternative investments (AI) and the benefits and risks of incorporating AI into a portfolio**

LEARNING OBJECTIVE **5.09–Integrate an appropriate mix of alternative investments into a portfolio based on a client's objectives, time horizon, risk tolerance, and applicable constraints**

H. Socially responsible investments

1. Shareholder advocacy
2. Inclusive or exclusive strategies
3. Green investing
4. Strategies may differ from one client to another

LEARNING OBJECTIVE **5.10–Demonstrate knowledge of the distinguishing characteristics of socially responsible investing (e.g., shareholder advocacy, inclusive or exclusive strategies, green investing)**

I. Portfolio construction and management

1. Liability-driven strategies and portfolio construction
2. Goal-driven strategies and portfolio construction

LEARNING OBJECTIVE **5.11–Demonstrate knowledge of liability-driven and goal-driven investing for individual portfolios**

Section 6: Risk Management and Asset Protection

7%

A. Insurance coverage types and gaps

1. Special insurance for collectibles and unique assets
2. Life insurance solutions for high-net-worth clients

LEARNING OBJECTIVE **6.01–Demonstrate knowledge of insurance coverage types and identify common gaps in coverage for the unique activities and special assets of high net worth clients**

B. Insurance specifics

1. Pricing
2. Structures
3. Self-insurance

LEARNING OBJECTIVE **6.02–Compare insurance policy pricing and structures, and analyze self-insuring as a strategy**

C. Protected assets and assets at risk

1. Insurance
2. Real estate
3. Retirement funds
4. College savings accounts
5. Trust assets, corporate assets, partnership assets

LEARNING OBJECTIVE **6.03–List and describe creditor protection features of various asset structures and identify assets at risk**

D. Asset protection strategies and entities

1. Simple forms of asset protection
    a. insurance products including annuities
    b. home equity
    c. retirement accounts
2. Intermediate complexity level of asset protection
    a. lifetime and post-death gifts
    b. education gifts (e.g., Section 529 plans)
    c. spendthrift trusts
3. Complex forms of asset protection
    a. business structures
    b. pass-through entities (e.g., limited partnerships)
    c. protective trusts including domestic asset protection trusts and off-shore trusts

LEARNING OBJECTIVE **6.04–List asset and creditor protection strategies and entities including the advantages, disadvantages, and legality of each**

LEARNING OBJECTIVE **6.05–Compare various entities used in asset and creditor-protection strategies**

E. Transfer techniques and fraudulent conveyance

LEARNING OBJECTIVE **6.06–Describe common transfer techniques and differentiate between legal transfers and fraudulent conveyance**

F. Domestic trusts

1. Grantor and non-grantor trusts
2. Domestic asset protection trusts
3. Dynasty trusts
4. Other trusts

LEARNING OBJECTIVE **6.07–Describe and analyze domestic trusts as an asset protection tool, and define and differentiate between self-settled trusts, grantor trusts, dynastic trusts, and domestic asset protection trusts**

G. Off-shore trusts

1. Structures and jurisdictions
2. Advantages and disadvantages
3. U.S. compliance
4. Costs to set-up and maintain

LEARNING OBJECTIVE **6.08–Describe and analyze off-shore trusts as an asset-protection strategy**

Part III: Client Specialization	30%
Section 7: Client Focus – Executives	10%

A. Executive stock options

1. Types
   a. incentive stock options (ISOs)
   b. non-qualified stock options (NSOs)
2. Taxation
   a. holding period
   b. cost basis
   c. tax liability
   d. effect on alternative minimum tax (AMT)
3. Exercise strategies
   a. exercise strategies for portfolios of stock options
   b. minimizing AMT on incentive stock-option exercises
   c. simultaneous exercise of incentive and nonqualified stock options
4. Section 83b
5. Calculation, execution, value of...
   a. cashless exercise
   b. exercise and hold
   c. pyramiding (stock swapping)
6. Develop an integrated strategy of holding, exercising, and/or selling stock options

LEARNING OBJECTIVE **7.01–Demonstrate knowledge of the planning implications of executive stock options including the tax ramifications (e.g., holding periods, basis, tax liability, and effect on alternative minimum tax) of exercising incentive and non-qualified stock options**

LEARNING OBJECTIVE **7.02–Develop option exercise strategies for both incentive and non-qualified option awards based on client objectives**

LEARNING OBJECTIVE **7.03–Describe the consequences, and advantages and disadvantages of making a Section 83(b) election as it pertains to executive stock options**

LEARNING OBJECTIVE **7.04–Demonstrate an understanding of the calculation, execution, and value of a cashless exercise, an exercise and hold strategy, and a pyramiding (stock swapping) strategy**

LEARNING OBJECTIVE **7.05–Develop an appropriate strategy and prioritize the interaction of incentive and non-qualified stock options by incorporating risk and reward analysis based on client objectives**

B. Executive deferred compensation plans

1. Types of deferred compensation plans
2. Tax implications of deferred compensation plans

LEARNING OBJECTIVE **7.06–Demonstrate an understanding of the different types and tax implications of executive deferred compensation plans**

C. Equity compensation plans

1. Types of equity compensation plans
   a. restricted stock
   b. phantom stock
   c. performance share plans
2. Tax implications of equity compensation plans

LEARNING OBJECTIVE **7.07–Differentiate between different equity compensation plans including restricted stock, phantom stock, and performance share plans; and describe the tax implications of each**

D. Concentrated stock positions

1. Financial and tax implications
2. Decision factors for concentrated stock positions
    a. net worth
    b. risk tolerance
    c. long-term objectives
    d. scenario analysis and planning
3. Regulatory rules and restrictions of concentrated stock positions
    a. short-swing profit rules
    b. insider information
    c. exercise windows
    d. company policies
4. Tax results and strategies of concentrated stock positions
5. Strategies considering: value, risks, and tax results
    a. cashless collars
    b. prepaid variable forward contracts
    c. portfolio margin strategies
    d. exchange funds
    e. charitable remainder trusts
    f. Section 10b-5(1) plans

LEARNING OBJECTIVE **7.08–Identify the financial and tax implications of a concentrated stock position in the context of the client's net worth, risk tolerance, and long-term objectives**

LEARNING OBJECTIVE **7.09–Identify regulatory rules and restrictions governing a corporate executive's publicly held stock including short-swing profits, insider information, exercise windows, and other policies unique to the issuing company**

LEARNING OBJECTIVE **7.10–Calculate tax results of various outright stock sales over multiple time periods in order to develop tax efficient strategies and action plans**

LEARNING OBJECTIVE **7.11–Demonstrate knowledge of the value, risks, and tax implications of diversifying concentrated stock portfolios, such as cashless collars, prepaid variable forward contracts, portfolio margin strategies, exchange funds, and charitable remainder trusts**

LEARNING OBJECTIVE **7.12–Demonstrate knowledge of the value, risks, and tax implications of utilizing Section 10b-5(1) plans**

Section 8: Client Focus – Closely Held Business Owners	10%

A. Methods of financing a closely held business

1. Angel investors
2. Venture capital
3. Mezzanine financing
4. Leveraged buyouts
5. Distressed debt
6. Restructuring

LEARNING OBJECTIVE **8.01–Demonstrate an understanding of the various methods of financing used by closely held business owners including the use of angel investors, venture capital funding, mezzanine financing, leveraged buyouts, distressed debt, and restructuring**

B. Exit strategies and succession plans for closely held businesses

1. Identifying the successor
   a. third-parties
   b. employees
   c. family members
2. Timing and transition
3. Potential sale types and structures
4. Liquidity planning

LEARNING OBJECTIVE **8.02–Analyze closely held business exit strategies and succession plans**

C. Issues resulting from sale or succession of a closely held business

1. Family dynamics
2. Family conflicts

LEARNING OBJECTIVE **8.03–Identify potential family conflicts and issues resulting from succession planning or the sale of a closely held business as they relate to family dynamics**

D. Common business entity structures of closely held businesses

1. Types of entities
   a. c-corporations
   b. s-corporations
   c. limited liability companies
   d. partnerships
2. Taxation of entities
   a. from operations
   b. from sale

LEARNING OBJECTIVE **8.04–Differentiate between different types of business entity structures (e.g., c-corporations, s-corporations, limited liability companies, and partnerships) including applicable taxation resulting from operations and the sale of the business**

E. Buy-Sell agreements

1. Types of buy-sell agreements
    a. cross-purchase plans
    b. entity redemption plans
2. Funding strategies
3. Strategies based on entity type and exit plan

LEARNING OBJECTIVE **8.05–Describe the types of buy-sell agreements (e.g., cross-purchase, entity redemption, etc.) and funding strategies applicable for death and disability planning**

LEARNING OBJECTIVE **8.06–Determine which buy-sell agreements are most appropriate based on entity structure and a client's needs including intended exit strategy**

F. Valuation methodologies

1. Types of valuation models
    a. comparable sales
    b. revenue and earnings models
    c. book value and other asset-based approaches
2. Differentiate between types of valuation models (including appropriateness based on multiple factors)
3. Discounts and premiums in closely held businesses
4. Impact of sale structure on buyers and sellers

LEARNING OBJECTIVE **8.07–Differentiate among the different valuation methodologies and list strengths and weaknesses of these methods based on the underlying business entity and situation**

LEARNING OBJECTIVE **8.08–Describe when discounts or premiums may apply to a business valuation**

LEARNING OBJECTIVE **8.09–Determine the impact of different valuation methods and sale structures on the intended buyer (e.g., third party buyers, employees, and/or family members)**

G. Taxation on the sale of a business

H. Special sales strategies and structures

1. Private annuities
2. Self-canceling installment notes
3. Seller financing
4. Employee Stock Option Plans (ESOPs)

LEARNING OBJECTIVE **8.10–Demonstrate knowledge of different financing techniques including private annuities, self-canceling installment notes, seller-financing, third-party financing, and employee stock option plans (ESOPs)**

LEARNING OBJECTIVE **8.11–Describe the structure and tax treatment from the viewpoint of the buyer and seller of private annuities, self-canceling installment notes, seller-financing, third-party financing, and ESOPs**

LEARNING OBJECTIVE **8.12–Determine which sales structures (e.g., asset or stock sales, installment sales, asset exchanges, etc.) are most appropriate based on client goals and circumstances**

Section 9: Client Focus – Retirement	10%

A. Qualified retirement plans

1. Rules and structures of qualified retirement plans
    a. 401(k)
    b. profit sharing plans
    c. defined benefit plans
    d. cash balance pension plans
    e. hybrid plans
2. Choosing the best plan based on client objectives

LEARNING OBJECTIVE **9.01–Describe qualified plan rules and structures (e.g., 401(k) plans, profit sharing plans, defined benefit plans, cash balance pension plans, and hybrid plans)**

LEARNING OBJECTIVE **9.02–Match a specific qualified plan to a unique client situation**

B. Retirement accumulation planning

1. Capital needs analysis
2. Asset accumulation strategies in qualified and non-qualified plans
3. Time value of money calculations
4. Analytical forecasting (e.g., Monte Carlo simulation)

LEARNING OBJECTIVE **9.03–Develop asset accumulation strategies in qualified and non-qualified structures (e.g., qualified retirement accounts, individual retirement accounts, and personal taxable accounts)**

LEARNING OBJECTIVE **9.04–Perform capital needs analysis for retirement objectives set by a client**

LEARNING OBJECTIVE **9.05–Calculate the time value of money in the context of accumulation and distribution planning for retirement**

C. Retirement distribution planning

1. The importance of the sequence of returns
2. Sustainable withdrawal rates
3. Taxation of retirement plan distributions
    a. tax rates on distributions
    b. Required Minimum Distributions (RMD)
    c. Unrelated Business Taxable Income (UBTI)
4. Time value of money calculations
5. Analytical forecasting (e.g., Monte Carlo simulation)

LEARNING OBJECTIVE **9.06–Explain the impact of return sequencing on sustainability of retirement distributions**

LEARNING OBJECTIVE **9.07–Demonstrate an understanding of analytical forecasting techniques, such as Monte Carlo simulation, in projecting retirement outcomes**

LEARNING OBJECTIVE **9.08–Determine the tax treatment of distributions from various types of retirement plans**

LEARNING OBJECTIVE **9.09–Calculate required minimum distributions (RMD)**

LEARNING OBJECTIVE **9.10–Describe sustainable withdrawal rate methodologies given various conditions and scenarios and apply sustainable withdrawal-rate decision rules in order to modify distributions based on various events or outcomes**

D. Net Unrealized Appreciation (NUA)

1. NUA calculation
2. NUA as a planning strategy

LEARNING OBJECTIVE **9.11–Explain net unrealized appreciation (NUA) rules and applications, and calculate tax liability on a NUA distribution**

E. Tax-aware withdrawal strategies for...

1. Tax-deferred accounts
2. Taxable accounts

LEARNING OBJECTIVE **9.12–Establish tax-aware withdrawal strategies for various types of tax-deferred and after-tax accounts**

F. Asset-location strategies for...

1. Tax-deferred accounts
2. Taxable accounts

LEARNING OBJECTIVE **9.13–Demonstrate knowledge of asset-location issues (i.e., asset placement among various tax-deferred and after-tax accounts) and demonstrate skill to target appropriate placement among various tax-deferred and after-tax accounts**

G. Individual Retirement Accounts (IRAs)

1. Roth IRA conversion rules
2. Stretch IRA planning
3. Inherited IRA rules

LEARNING OBJECTIVE **9.14–Describe Roth IRA conversion rules, and develop strategies that integrate a Roth IRA conversion with other advanced planning techniques**

LEARNING OBJECTIVE **9.15–Demonstrate an understanding of stretch IRA planning**

LEARNING OBJECTIVE **9.16–Calculate inherited retirement account required minimum distributions (RMD) and apply the correct distribution table**

H. Post-death planning

1. Taxation of retirement accounts and IRAs post-death
2. Distribution rules for retirement accounts and IRAs post-death

LEARNING OBJECTIVE **9.17–Explain post-death distribution requirements relative to beneficiary type**

Part IV: Legacy Planning	22%
Section 10: Charitable Giving	7%

A. Rules, requirements, and taxation for charitable giving to...

1. Public charities
2. Private charities

LEARNING OBJECTIVE **10.01–Describe the rules, requirements, and taxation regarding gifts made to public and private charities and private foundations; identify rules that govern gifts to each**

B. Character of property donated

1. Cash gifts
2. Appreciated property or assets
3. Depreciated property or assets
4. Leveraged property or assets

LEARNING OBJECTIVE **10.02–Identify the tax character of property being donated**

C. Charitable planning based on maximizing deductions

LEARNING OBJECTIVE **10.03–Plan charitable contributions to maximize deductions based on client goals**

D. Donor-Advised Funds

1. Rules
2. Taxation
3. Advantages and limitations

LEARNING OBJECTIVE **10.04–Describe the rules for and taxation of donor-advised funds**

E. Charitable Lead Trusts

1. Rules
2. Taxation
3. Advantages and limitations

F. Charitable Remainder Trusts (including NICRUT, NIMCRUT, flip-CRUT)

1. Rules
2. Taxation
3. Advantages and limitations

LEARNING OBJECTIVE **10.05–Describe and differentiate between the rules for and taxation of contributions to and distributions from charitable lead and charitable remainder trusts**

G. Charitable planning - choose the most appropriate strategies and timing

1. Client discovery
2. Situational analysis
3. Charitable solutions
4. Implementation of a charitable plan

LEARNING OBJECTIVE **10.06–Determine in which situations a particular charitable planning vehicle is most appropriate**

H. Unrelated Business Taxable Income (UBTI)

LEARNING OBJECTIVE **10.07–Describe unrelated business taxable income (UBTI) as it pertains to the taxation of the operation of investments of a private foundation**

Section 11: Estate Planning and Wealth Transfer	15%

A. Estate plan evaluation

1. Review estate planning documents
2. Analyze a client's current estate planning strategies
3. Discuss potential estate planning strategies

LEARNING OBJECTIVE **11.01–Evaluate a client's current estate plan, and understand and interpret estate planning documents**

B. Planning for heirs

1. Support while living
2. Special needs trusts
3. Protection of assets
4. Wealth-transfer plan post-death

LEARNING OBJECTIVE **11.02–Develop strategies to provide living support and protection of heirs while preserving a client's estate and wealth-transfer goals**

C. Lifetime gifts vs. transfers at death

1. Crummey gifts and trusts
2. Lifetime gift tax exclusion
3. Annual gift tax exclusion

LEARNING OBJECTIVE **11.03–Evaluate the best course of action for lifetime gifts vs. transfers at death**

D. Incapacity planning strategies

LEARNING OBJECTIVE **11.04–Demonstrate knowledge of incapacity planning strategies**

E. Powers of appointment

LEARNING OBJECTIVE **11.05–Describe the concept of powers of appointment**

F. Postmortem planning

LEARNING OBJECTIVE **11.06–Describe the various aspects of postmortem planning**

G. Estate planning for non-traditional relationships

LEARNING OBJECTIVE **11.07–Explain estate planning issues for non-traditional relationships**

H. Titling issues and beneficiary designation strategies

LEARNING OBJECTIVE **11.08–Identify proper titling and beneficiary designation strategies**

I. Probate estates and intestacy issues

LEARNING OBJECTIVE **11.09–Demonstrate knowledge of probate estates and intestacy issues**

J. Estate tax

1. Estate tax rates
2. Estate tax calculation
3. Estate tax liability
4. IRS Form 706

LEARNING OBJECTIVE **11.10–Demonstrate knowledge of estate tax rates and calculations, and calculate estate tax liability**

LEARNING OBJECTIVE **11.11–Review and analyze the estate tax return (Form 706)**

K. Gift tax

1. Gift tax rates
2. Gift tax calculation
3. Gift tax liability
4. IRS Form 709

LEARNING OBJECTIVE **11.12–Demonstrate knowledge of gift tax rates and calculations, and review and analyze the gift tax return (Form 709)**

L. Generation Skipping Transfer Tax (GSTT)

1. Gift tax rates
2. Gift tax calculation
3. Gift tax liability

LEARNING OBJECTIVE **11.13–Demonstrate knowledge of generation skipping tax (GST) rates and calculations, and GST liability**

M. Strategies to reduce estate tax liability

1. Outright gifts made inter-vivos
2. Gifts of future appreciation
3. Gifts made at death
4. Gifts made through trusts
5. Disclaimers

LEARNING OBJECTIVE **11.14–Determine methods to reduce the estate tax liability**

N. Income in respect of a decedent (IRD)

1. Taxation of IRD
2. Strategies for minimizing tax on IRD

LEARNING OBJECTIVE **11.15–Explain the concept and tax results of income in respect of a decedent (IRD)**

O. Valuation discounts

1. Discount for minority interest and lack of control
2. Discount for lack of marketability and illiquidity

LEARNING OBJECTIVE **11.16–Describe valuation discounts and their applicability under different scenarios**

P. Trusts

1. Types of trusts
    a. A-B trust planning and bypass trusts
    b. Section 2503-c Trust
    c. Irrevocable Life Insurance Trust (ILIT)
    d. Grantor Retained Annuity Trust (GRAT)
    e. Grantor Retained Income Trust (GRIT)
    f. Generation Skipping Trust (GST)
    g. Intentionally Defective Grantor Trust (IDGT)
    h. Qualified Domestic Trust (QDOT)
    i. Qualified Terminal Interest Property trust (QTIP)
    j. Qualified Personal Residence Trust (QPRT)
2. Rules and constraints of each trust type
3. Difference in taxation between trust types
4. Benefits, risks, and limitations of each trust type

LEARNING OBJECTIVE **11.17–Demonstrate knowledge of the use of trusts in estate planning, and compare and contrast advantages and disadvantages of different trusts given client objectives**

Q. Fiduciary and trust issues

LEARNING OBJECTIVE **11.18–Identify fiduciary and trustee issues for estate planning and administration**

R. The use of insurance in the estate plan

LEARNING OBJECTIVE **11.19–Evaluate the use of insurance in the estate plan**

S. Impact of holding retirement plan assets in the estate

1. Taxation from holding retirement plan and IRA assets in the estate
2. Strategies for minimizing tax from holding retirement plan and IRA assets in the estate

LEARNING OBJECTIVE **11.20–Describe estate planning and tax implications for holding qualified retirement plan and IRA assets in an estate at death**

T. Intra-family loans in the estate plan

1. Benefits of using intra-family loans in the estate plan
2. Taxation of intra-family loans in the estate plan
3. Limitations and risks of using intra-family loans in the estate plan

LEARNING OBJECTIVE **11.21–Describe intra-family loan strategies and their tax implications**

U. The use of partnerships in the estate plan

1. Benefits of using partnerships in the estate plan
2. Taxation of partnership assets in the estate plan
3. Limitations and risks of using partnerships in the estate plan

LEARNING OBJECTIVE **11.22–Analyze the advantages, disadvantages, and limitations of using partnerships in the estate plan**

V. Impact of corporate and business assets in the estate plan

1. Benefits of using business entities in the estate plan
2. Taxation of business entity assets in the estate plan
3. Limitations and risks of using business entities in the estate plan

LEARNING OBJECTIVE **11.23–Explain the impact of corporate and business assets in the estate plan**

W. Impact of illiquid assets in the estate

LEARNING OBJECTIVE **11.24–Identify estate planning strategies available to high-net-worth individuals with large concentrated positions of highly illiquid assets**

X. Legacy wealth-transfer plans

1. Structure
2. Strategies
3. Solutions

LEARNING OBJECTIVE **11.25–Develop specific solutions appropriate to a legacy wealth-transfer plan**