Employ a goal-based process for planning and managing client wealth.

A. Evaluate the role of wealth over a lifetime
   i. Saving and spending decisions from a life cycle perspective
   ii. Lifecycle theory and the motivation for investing
   iii. Human capital and income volatility
   iv. How risk pooling works to help smooth consumption

B. Examine investing within a lifecycle framework
   i. The impact of a zero or positive real rate of return on lifetime utility of an investor or borrower
   ii. The tradeoffs of investing in risky assets
   iii. Expected returns and their relation to risk and risk premium
   iv. Utility theory relationship to expected returns of assets

C. Assess the value of a goal-based approach to investing
   i. How goals fit within lifecycle planning
   ii. Liquidity in relation to accomplishing a client’s goals
   iii. The relationship between risk and spending flexibility
   iv. The risk and return tradeoff in meeting client goals
   v. The trade-offs between an enhanced lifestyle and a bequest
Create an efficient investment portfolio.

A. Apply statistical concepts to portfolio construction and wealth management
   i. Portfolio management decisions and a normal distribution
   ii. Calculating holding period, arithmetic, geometric, and real returns
   iii. Calculation of correlation between two assets
   iv. Calculation of covariance between two assets
   v. The impact of covariance on the risk of a portfolio

B. Apply modern investment theory to portfolio construction and wealth management
   i. The assumptions and implications of Modern Portfolio Theory (MPT)
   ii. The assumptions and implications of the Capital Asset Pricing model (CAPM)
   iii. Relationship between systematic risk, asset prices and expected return
   iv. Risk-adjusted performance of a portfolio
   v. The role of alpha in portfolio construction decisions
   vi. The different levels of market efficiency

C. Demonstrate how to construct an efficient household portfolio
   i. Using mean variance optimization to assemble an efficient investment portfolio
   ii. Social Security as an asset in a client’s total wealth portfolio
   iii. Amount of client human capital within a household portfolio
   iv. Factors that may influence expected investment return
   v. Home equity within a household portfolio

D. Analyze how investment features help clients meet spending goals
   i. Effective rebalancing
   ii. Liability driven investing strategies
   iii. Impact of inflation on purchasing power and client goals
   iv. Use of tax sheltering to meet client spending goals
   v. Features of financial products that pool mortality risk

E. Analyze the impact of the economic environment on financial markets
   i. Investments within a global marketplace
   ii. Macroeconomics and its impact on investment decisions
   iii. Time diversification effects on portfolio recommendations
   iv. Historical performance of financial assets
3 Evaluating financial instruments.

A. Analyze fixed income investments
   i. How bond features affect pricing
   ii. Options for investing in bonds
   iii. Characteristics of municipal bonds
   iv. Corporate bonds
   v. Federal bonds
   vi. Basics features of a bond

B. Analyze equity investments
   i. Corporate payout policy
   ii. Emerging market funds
   iii. Equity financing
   iv. Firm characteristics that impact equity investments
   v. Firm valuation methods
   vi. Stock trading and microstructure
   vii. Implications of investing in dividend stocks

C. Analyze diversified securities
   i. The appropriate use of market indices in evaluating diversified securities
   ii. Evaluating funds that align with social preferences
   iii. Evaluating mutual funds and exchange traded funds
   iv. Features of diversified securities
   v. Fundamentals of REIT investments
   vi. Justifications for the use of lifecycle funds within the context of lifecycle theory

D. Analyze other financial instruments
   i. Alternative investment strategies and instruments
   ii. Property and liability insurance characteristics
   iii. Characteristics of immediate and deferred annuity products
   iv. Characteristics of permanent life insurance products
   v. Role of direct real estate investing and its
Formulate a wealth management strategy.

A. Evaluate the role of taxes on investment and portfolio decisions
   i. Techniques to eliminate or minimize the impact of the AMT
   ii. Impact of estate and inheritance tax on portfolio and wealth management decisions
   iii. Impact of federal income tax strategies on investment and portfolio decisions
   iv. Impact of gift tax on portfolio and wealth management decisions
   v. Federal income tax strategies and their role in investment and portfolio decisions
   vi. Impact of Social Security on a client’s taxes

B. Evaluate the relative benefit of tax sheltered accounts
   i. Educational savings accounts
   ii. Strategies for using traditional and Roth IRAs
   iii. Characteristics of qualified and non-qualified deferred compensation plans
   iv. Roth IRAs characteristics
   v. Traditional IRA characteristics

C. Evaluate strategies for effective client communications
   i. Apply behavioral finance models to financial decision making
   ii. Communications strategies that align client expectations with wealth management strategies
   iii. Role and components of an Investment Policy Statement as a communication tool
   iv. Appropriate discovery process for a goal-based client engagement
   v. Identify and differentiate your role as an advisor
   vi. Impact of interpersonal family dynamics on your advisor/client relationship

D. Describe ethical practices and financial regulation
   i. The seven ethical principles commonly understood to govern the financial services profession
   ii. The value conflicts that motivate common ethical dilemmas within the financial services profession
   iii. The U.S. regulatory environment for wealth managers
Provide solutions for complex wealth management needs.

A. Develop strategies for meeting estate planning goals
   i. Cohesive estate plan selection based on client priorities
   ii. Effective wealth transfer methods and the implications of those methods
   iii. The appropriateness of trusts for achieving a client’s goals
   iv. Organizing client records that have an impact on client estate plans
   v. Prioritizing client goals with respect to wealth transfer

B. Develop strategies for meeting charitable planning goals
   i. Private foundations and their role in accomplishing a client’s philanthropic goals
   ii. Determining a client’s philanthropic goals
   iii. The main features and benefits of a Donor Advised Fund (DAF)
   iv. The most valuable, government-funded, tax-benefits for charitable donations
   v. Use of charitable trusts and their appropriateness for clients
   vi. Matching tax benefits with the client’s philanthropic goals

C. Identify the planning needs of business owners and executives
   i. Methods for small business transfer that are most appropriate for the client’s goals
   ii. Executive compensation strategies and their associated portfolio implications
   iii. The impact of small business ownership on other portfolio decisions
   iv. Tax and liability impacts of business entities
   v. Strategies to best meet a business owner’s retirement/legacy plan

D. Recognizing areas of specialized financial expertise
   i. Defined contribution plan design evaluation
   ii. Special needs planning strategies
   iii. Opportunities to incorporate behavior modification strategies
   iv. Financial issues related to family structure