

Syllabus & References
For
CFP Certification Program

<i>Module I</i>	<i>Introduction to Financial Planning</i>
<i>Module II</i>	<i>Risk Management and Insurance Planning</i>
<i>Module III</i>	<i>Retirement Planning and Employee Benefits</i>
<i>Module IV</i>	<i>Investment Planning</i>
<i>Module V</i>	<i>Tax & Estate Planning</i>
<i>Module VI</i>	<i>Financial Plan Construction</i>

MODULE: 1

COURSE TITLE: Introduction to Financial Planning

COURSE DESCRIPTION:

This module would serve as an introduction to financial planning. The module would cover the six-step process which includes financial planning process, client interactions, time value of money applications, personal financial statements, cash flow and debt management, asset acquisition, education planning, overview of risk management investment planning and retirement planning, special circumstances, plan integration, ethics, and business aspects of financial planning.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. To implement the financial planning process, while following the AFP Board's Financial Planning Practise Standards and Code of Ethics and Professional Responsibility.
2. Understand the economic, social, political, and technological environment and be able to determine how financial plans should accommodate those environments.
3. Understand the potential goals a client may have, help them enunciate their goals and evaluate strategies to help clients achieve their goals.
4. Understand basic investment topics (including investment types, risk and return, diversification, passive versus active management) and specific investment strategies necessary to allow clients a mechanism to achieve realistic goals.
5. To structure and choose the optimal business format for the delivery of financial planning services for services for specific for specific target client markets.

DETAILED CLASS OUTLINE:

Financial Planning Process

1. Establishing client- planner relationships
 - a. Explain issues and concepts related to overall financial planning process, as appropriate to the client
 - b. Explain services provided, the process of planning, documentation required, and disclosure statements
 - c. Clarify client's and CFP licensee's responsibilities and complaint handling mechanisms
2. Gathering client data and determining goals and expectations
 - a. Obtain information from client through interview/questionnaire about financial resources & obligations
 - b. Determine client's personal and financial goals, needs and priorities
 - c. Assess client's values, attitudes and expectations
 - d. Determine client's time horizons
 - e. Determine client's risk tolerance level
 - f. Collect applicable client records and documents
3. Analyse Client Objectives, Needs and Financial Situation
 - a. Analysis of relevant information
 - b. Need for specialist advice
 - c. Issues that require further clarification
4. Developing appropriate strategies and presenting the financial plan
 - a. Client's risk tolerance
 - b. Assessment of options
 - c. Research, analysis and modelling
 - d. Draft financial plan
 - e. Presenting and reviewing the plan with the client
 - f. Collaborating with the client to ensure that plan meets the goals and objectives of the client, and revising as appropriate
5. Implementing the financial plan

- a. Assist the client in implementing and recommendations
 - b. Coordinate as necessary with other professionals, such as accountants, attorneys, real estate agents, investment advisors, stock brokers and insurance agents
6. Monitoring the financial plan
- a. Monitor and evaluate soundness of recommendations
 - b. Review the progress of the plan with the client
 - c. Discuss and evaluate changes in client's personal circumstances, (e.g., birth/ death, age, illness, divorce, retirement)
 - d. Review and evaluate changing tax law and economic circumstances
 - e. Make recommendations to accommodate new or changing circumstances

General principles

- 7. Regulatory requirements for CFP certificants
 - a. Registration and licensing
 - b. Sources of information
 - c. Other relevant legislature requirements
- 8. Ethical and professional considerations in financial planning
 - a. The Code of Ethics and Professional Responsibility
 - b. CFP licensee's responsibilities to the public, clients and employers
 - c. Client agreements and confidentiality clauses
 - d. AFP Practice Standards
- 9. Assessment of risk and client behaviour
 - a. Client attitudes
 - b. Client knowledge
 - c. Client behaviour
 - d. Health of client
 - e. Occupation
 - f. Hazardous activities
- 10. Cash flow planning
 - a. Short term cash flow planning
 - b. Cash budgeting
 - c. Preparing monthly household budgets
 - d. Long term cash flow planning
- 11. Budgeting
 - a. Forecasting
 - b. Cash management
 - c. Emergency fund planning
 - d. Debt management/ users of debt
 - e. Liquidity
 - f. Monitor and evaluate budgets
 - g. Compliance
- 12. Personal use asset management
 - a. Home equity
 - b. Types of mortgages
 - c. Buy vs. lease
 - d. Refinancing
 - e. Hire- purchase, etc.
 - f. Consumer loans
 - g. Credit cards
- 13. Personal Financial Statement Analysis
- 14. Financial Mathematics
 - a. Calculate and interpret time value of money
 - b. Calculation of annuities
 - c. Loan repayment schedule
 - d. Inflation- adjusted interest rates

15. Economic environment and indicators
 - a. Inflation/ deflation
 - b. Interest rates/yield curves
 - c. Equity investment and real return
 - d. Government monetary and fiscal policy
 - e. The impact of business cycles
 - f. Key Indicators – lagging, concurrent and leading
 - g. Financial institutions
16. Forms of business ownership/ entity relationships
 - a. Sole proprietorships
 - b. Partnerships
 - c. Limited liability companies
 - d. Trusts
 - e. Foundations/ exempt organizations
 - f. Professional associations/ corporations
 - g. Cooperative societies
 - h. Others
17. Ways of taking title to property (sole, joint, community, etc.)
 - a. Characteristics
 - b. Implications
18. Legal aspects of financial planning
 - a. Contracts
 - b. Negotiable instruments
 - c. Torts
 - d. Professional liability
 - e. Fiduciary responsibility
 - f. Agency law
 - g. Consumer protection
 - h. Investor protection

PROPOSED REFERENCES:

Professionally Based Books (Compulsory-Any one book)

S.No.	Title	Author	Publisher	Price US\$
1	Personal Finance #1	Jack R. Kapoor, Les R. Diabay, Robert J. Hughes	McGraw-Hill Higher Education	99.75
2	Financial Planning Practice Standards	CFP Board	CFP Board	
3	Introduction to Financial Planning DFP1	Financial Planning Association of Australia Ltd.	Financial Planning Association of Australia Ltd.	
4	Fundamentals of Financial Planning	David M. (Ed.) M.Cordell	American College	101.50
5	Practicing Financial Planning for Professionals #2	Sid Mittra, Jeffrey Kirkman, George Seifert	Mittra Kirkman & Associates	69.95
6	Personal Financial Planning: Theory and Practice	Michael A. Dalton, Randal Cangelosi, Randall Guttery, Scott A. Wasserman, James F. Dalton	Dalton Publishing, LLC	93.00
7	Introduction to Financial Planning (for CFP 1)	R. Robert Rackley	Insurance Achievement, Incorporated	

Primarily Consumer Based Books (Optional)

S.No.	Title	Author	Publisher	Price US\$
1	Personal Financial Planning #3	Lawrence J. J. Gitman, Michael D. Joehnk	South-Western	114.95
2	Personal Finance	Jeff Madura	Addison Wesley	114.00
3	Personal Finance - Workbook	Arthur Keown	Pearson	36.00
4	Ernst and Young's Personal Financial Planning Guide: Take Control of Your Future and Unlock the Door to Financial Security #4	Ernst & Young, Robert J. Garner, Robert B. Coplan, Barbara J. Raasch, Ratner	Wiley, John & Sons, Incorporated	

Additional Reading/s (Optional)

S.No.	Journal/s
1	Journal of Financial Planning
2	Journal of Financial Services Professionals
3	Journal of Financial Counseling and Planning

S.No.	Magazine/s
1	Financial Planning
2	Financial Services Review

PREVIEW:

#1 Personal Finance (Jack R. Kapoor, Les R. Diabay, Robert J. Hughes):- provides comprehensive coverage of personal financial planning in the areas of money management, career planning, taxes, consumer credit, housing and other consumer decisions, legal protection, insurance, investments, retirement planning, and estate planning.

CONTENTS

1. Introduction

2. Personal Career Strategies
3. Money Mgt. Strategies
4. Tax
5. Banking Services
6. Intro to Consumer Credit
7. Choosing... Credit
8. Consumer Strategies & Transportation Costs
9. Housing
10. Home and Auto Insurance
11. Health Care & Disability
12. Life Insurance
13. Fundamentals Of Investing
14. Stocks
15. Bonds
16. Mutual Funds
17. Real Estate & others
18. Retirement
19. Estate

#2 Practicing Financial Planning for Professionals (Sid Mittra) :- Discusses the impact of retirement, and how to successfully prepare for it, Devotes an entire chapter to tax planning and sophisticated tax strategies, Explores key concepts and strategies of investment planning, including asset allocation, Covers risk management strategies of insurance planning, including life, disability, health, and long term care , Explains principles of estate planning and examines advanced estate planning strategies , Explores the key aspects associated with divorce and death , Underscores time value of money and creative use of calculators in financial planning , Presents universally acclaimed methods of practice management , Discusses the impact of September 11 (2001) disaster on the investment.

#3 Personal Financial Planning (Lawrence J. J. Gitman, Michael D. Joehnk) :- New edition of a time-tested text first published in 1978, for use in a first college course on the subject as well as by individuals developing their own financial plans. Addresses the basics of planning and of managing assets, and includes coverage of credit, insurance, investments, and retirement and estate planning.

CONTENTS

1. Foundations of Financial Planning
2. Understanding the Financial Planning Process
3. Measuring Your Financial Standing
4. Planning Your Financial Future
5. Managing Your Taxes
6. Managing Basic Assets
7. Managing Your Savings and Other Liquid Assets
8. Making Housing and Other Major Acquisitions
9. Managing Credit
10. Borrowing on Open Account
11. Using Consumer Loans
12. Managing Insurance Needs
13. Insuring Your Life
14. Insuring Your Health
15. Protecting Your Property
16. Managing Investments
17. Investing in Stocks and Bonds
18. Making Securities Investments

19. Investing in Mutual Funds, Real Estate, and Derivative Securities
20. Retirement and Estate Planning
21. Meeting Retirement Goals
22. Preserving Your Estate

#4 Ernst & Young's Personal Financial Planning Guide: This practical and comprehensive book covers all the basics of financial planning: setting goals, building wealth, protecting finances, and passing it all to one's family. It also approaches financial planning from a unique "life event" perspective, offering easy-to-implement tactics especially designed to meet financial goals associated with such events as getting married, raising a family, starting a business, and divorcing. 70 charts, tables, worksheets. As is common with financial planners, this one, written by staff at one of the Big Six accounting firms, covers such things as determining net worth, setting up and following a budget, accumulating assets (most importantly by developing the savings habit), and stocks, bonds, mutual funds, and cash equivalents. It explains investment risk and return; home buying and selling; the various types of insurance (life, home, health, car, and disability); the financial consequences of marriage, prenuptial agreements, and divorce; paying for college; and estate planning. The work is unique in a couple of areas: it covers starting a business especially thoroughly and bases planning on a "life event" perspective-gearing the planning to the goal. Unfortunately, in common with other financial planners, it virtually ignores singles.

MODULE: 2

COURSE TITLE: Risk Management and Insurance Planning

COURSE DESCRIPTION:

This module would cover the knowledge requirements relating to insurance and risk management for a CFP certification. It introduces students to risk management and insurance decisions in personal financial planning. Planning for clients' exposures to mortality, health, disability, property, liability, and long term care risk is emphasized.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. Understand the role of the financial planner in the personal risk management process.
2. Implement insurance into a comprehensive, integrated financial plan.
3. Identify and explain features of private and public insurance available to meet each identified need.
4. Integrate the tax implications into insurance decisions.
5. Evaluate client insurance and risk management needs.

DETAILED CLASS OUTLINE:

Risk Management – 15 per cent weight

1. Introduction to Risk Management
 - a. Meaning of risk
 - b. Basic categories of risk
 - c. Types of pure risk
 - d. Property risk
 - e. Liability risk
 - f. Methods of handling risk
2. Insurance and Risk
 - a. Basic characteristics of insurance – pooling of losses, risk transfer, indemnification
 - b. Requirements of insurable risks
 - c. Difference between insurance and gambling or hedging
 - d. Benefits and costs of insurance to society
 - e. Advantages and disadvantages of insurance in handling risks
3. Risk Management Process
 - a. Meaning and objective of risk management
 - b. Steps in personal risk management
 - c. Risk control and risk financing
 - d. Insurance market dynamics and the underwriting cycle
 - e. Loss forecasting using probability and regression analysis, loss distributions, law of large numbers

Insurance Concepts – 15 per cent weight

4. Legal principles in insurance
 - a. Indemnity
 - b. Insurable Interest
 - c. Subrogation
 - d. Utmost good Faith (representation, concealment, and warranty)
5. The Insurance contract
 - a. Requirements of an insurance contract
 - b. Distinct legal characteristics of an insurance contract

- c. Basic parts of an insurance contract
 - d. Meaning of 'insured'
 - e. Endorsements/riders
 - f. Common types of deductibles
 - g. Co-insurance – nature, purpose and problems
 - h. Other-insurance provisions
6. Legal Liability
- a. Intentional Torts
 - b. Absolute Liability
 - c. Law of Negligence
 - d. Special tort liability problems
 - e. Civil justice system

Insurance Policies and Strategies – 50 per cent weight

7. Identification of life, medical, householders, auto and other property and liability risk exposures
- a. Gathering data on current insurances
 - b. Identifying client's insurance needs – life, disability and medical, property, liability, etc.
 - c. Analysis of current insurances
8. Personal property and liability insurance
- a. Householders insurance
 - b. Motor vehicles insurance
 - c. Motor vehicles insurance and society
 - d. Other liability insurance
 - e. Personal umbrella policy
 - f. Overseas and travel insurance
9. Life insurance needs analysis
- a. Human life approach
 - b. Needs approach
 - c. Capital needs analysis approach
10. Life insurance policy analysis
- a. Types of life insurance policies
 - b. Life insurance policy provisions
 - c. Life insurance policy riders
 - d. Types, benefits and risks of life insurance (including use of policy provisions and riders)
11. Life Insurance policy selection
- a. Determining the cost of life insurance
 - b. Cost comparison method
 - c. Return on savings component
 - d. Taxation of life insurance
 - e. Factors to consider while buying life insurance
12. Annuities
- a. Difference between annuity and life insurance
 - b. Types of annuities
 - c. Taxation of individual annuities
 - d. Individual Retirement Accounts (IRAs) in the international context
13. Medical insurance
- a. Medical expenses
 - b. Types of coverage
 - c. Determination of appropriate coverage
 - d. Long term care insurance
 - e. Personal accident / Disability-income insurance
 - f. Special life insurance benefits
 - g. Factors to consider while buying medical insurance
14. Insurance of business risk
- a. Key person insurance

- b. Business assets and liabilities insurance
- 15. Implementing and reviewing client's insurance
 - a. Advisor as first-line underwriter
 - b. Completing application forms
 - c. Frequency of review
 - d. Establishing and implementing changes
 - e. Handling claims and complaints
 - f. Ongoing review

Environment of an Insurance Advisor – 20 per cent weight

- 16. Government regulation of insurance
 - a. Insurance Regulatory and Development Authority (IRDA)
 - b. The Insurance Act
 - c. Laws regarding insurance companies in India
 - d. Agents and brokers
 - e. Agency law and procedures for becoming an agent
 - f. Doctrines of waiver and estoppel
 - g. Functions of an agent, personal development and behavioural aspects
 - h. Code of professional ethics and advertisements
- 17. Insurance Pricing
 - a. Objective of rate making
 - b. Definitions in rate making
 - c. Basis of rating in Indian context
 - d. Rate making in property and liability insurance
 - e. Concept of tariff and market agreement
 - f. Rate making in life insurance
- 18. Insurance Companies
 - a. Types of insurers
 - b. Rate making
 - c. Underwriting
 - d. Production
 - e. Claim settlement
 - f. Reinsurance
 - g. Investments
 - h. Financial reserves
 - i. Selecting insurance companies

PROPOSED REFERENCES:

Professionally Based Books (Compulsory - one book amongst 1 to 4 plus one amongst 5 & 6)

S.No.	Title	Author	Publisher	Price US\$
1	Fundamentals of Insurance for Financial Planning (3 rd Edition)	Burton T. Beam, Jr., Barbara S. Poole, David L. Bickelhaupt, Robert M. Crowe	American College	
2	Risk Management and Insurance	Etti G. Baranoff, Esther Zippora Baranoff	Wiley, John & Sons, Incorporated	93.75
3	Principles of Risk Management and Insurance	George E. E. Rejda	Pearson Education	123.00
4	Risk Management #1	Emmett J. Vaughan, With Theresa Vaughan	Wiley, John & Sons, Incorporated	91.75
5	Insurance in India: Changing Policies and Emerging Opportunities	P. S. Palande, R. S. Shah, M. L. Lunawat	SAGE Publications	
6	Insurance in India	Rutra Narain Jha	Bharat Book Bureau (International)	

Primarily Consumer – Based Books (Optional)

S.No.	Title	Author	Publisher	Price US\$
1	Tools and Techniques of Life Insurance Planning	Stephan R. R. Leimberg, Robert J. Doyle	National Underwriter Company	60.00

Additional Reading/s (Optional)

S.No.	Journal/s
1	IRDA Journal

S.No.	Magazine/s
1	Risk & Insurance

S.No.	Website/s
1	www.irdaindia.org
2	www.bimaonline.com

PREVIEW:

#1 Risk management (Emmett J. Vaughan, With Theresa Vaughan) :- Designed to be used in either a first course, or a capstone course in risk management. Topics include: the history of modern risk management; risk management decisions; policy and objectives; methodologies, tools, and techniques; measuring property loss, indirect loss, criminal loss and legal liability exposures; usefulness of quantitative analysis; general considerations of risk control; practical considerations in insurance buying, types and taxation of captive insurers; and risk financing.

MODULE: 3

COURSE TITLE: Retirement Planning and Employee Benefits

COURSE DESCRIPTION:

This module would cover the knowledge requirements relating to retirement planning and employee benefits for a CFP professional. The emphasis is on the process of wealth creation and the retirement planning and strategies for clients.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. Understand the importance of retirement planning for the pre-retirement accumulation period and the actual retirement when the funds are used.
2. Demonstrate the ability to provide a client with an evaluation of retirement needs.
3. Determine legal and tax requirements for a retirement plan to be considered qualified for income tax purposes.
4. Explain types of defined contribution and defined benefits qualified plans.
5. Compare personal savings plans used in the retirement planning process.

DETAILED CLASS OUTLINE:

Introduction to Retirement Planning – 24 per cent weight

1. Issues in retirement planning
 - a. Importance of retirement planning
 - b. Life expectancy and career stability
 - c. Pre-retirement counseling
2. Wealth creation
 - a. Wealth accumulation and erosion
 - b. Early retirement, living longer than expected, delaying retirement
 - c. Effect of inflation

Retirement Benefits – 32 per cent weight

3. Types of plans
 - a. Defined benefit plans
 - b. Defined contribution plans
 - c. Defined benefits v/s defined contribution plans, employer's and employee's perspectives
 - d. Trends and reasons for transition
 - e. Portability of plans
4. Defined benefit plans
 - a. Gratuity and the Payment of Gratuity Act, 1972
 - b. Leave Salary
 - c. Retrenchment compensation and the Industrial Disputes Act, 1947
 - d. Voluntary Retirement Scheme
 - e. Nature of defined benefit, tax issues in defined benefit plans, age/service requirements, applicability of plans to clients
5. Defined contribution plans
 - a. Statutory provident fund, Provident Fund Act, 1925
 - b. Recognized provident fund, Employee Provident Fund and Miscellaneous Provisions Act, 1952, Employees' Provident Fund Organization, features, mode of operation and investment norms
 - c. Unrecognized provident fund
 - d. Employees' Pension Scheme, 1995, features, funding of scheme

- e. Employees' Deposit Linked Insurance Scheme, 1976, features, funding of scheme
 - f. Public Provident Fund, features
 - g. Nature of defined contribution, tax issues in defined contribution plans, withdrawal norms, applicability of plans to clients
6. Superannuation and other retirement plans
- a. Trust funds – fiduciary responsibilities
 - b. Approved superannuation funds
 - c. Employer pension plans and applicability to client
 - d. Private fund managers, investment norms
 - e. Pension plans from mutual funds and insurance companies
 - f. Social security benefits – civil servants, defense personnel and war widows, agricultural workers, destitutes, disaster affected people, etc.
 - g. Retirement plans for self-employed
 - h. Profit sharing plans
7. Group Life and Health Insurance
- a. Group insurance contracts and characteristics
 - b. Basic underwriting principles and eligibility requirements of group plans
 - c. Group life insurance plans
 - d. Group medical insurance plans and managed care
 - e. Group disability-income plans
 - f. Workers compensation

Retirement Planning and Strategies – 44 per cent weight

8. Retirement needs analysis
- a. Determination of financial objectives at retirement
 - b. Estimating retirement expenses
 - c. Calculation of retirement funds available to meet objectives
 - d. Calculation of additional funds needed to meet objectives
9. Retirement income streams
- a. Employer pension scheme
 - b. Commuted and uncommuted pension, tax treatment, advice on commutation
 - c. Immediate and deferred annuities
 - d. Other income streams and their tax treatment – fixed deposits, rental income, schemes from Indian Savings Organization, monthly income plans
10. Post-retirement counseling
- a. Investment risk and constraints
 - b. Investment portfolio evaluation, restructuring of investments or debt
 - c. Risk tolerance and attitude to equities
 - d. Client's health, interests and hobbies, home, vacations, gifting

Pension sector reforms

11. Need for reforms
- a. Demographic trends
 - b. Coverage of population, organized and unorganized sectors, employment trends
 - c. Un-funded pension liabilities
 - d. Deficiencies in existing schemes
12. Reform proposals
- a. Project OASIS and its recommendations
 - b. World Bank's recommendations, multi-pillar reforms, Chilean model
 - c. Pensions Authority
 - d. The role of the state – developmental state (East Asia), welfare state (Europe and North America), minimalist state (Europe and North America)

PROPOSED REFERENCES:

Professionally Based Books (Compulsory - any one book)

S.No.	Title	Author	Publisher	Price US\$
1	Pension Planning	Everett T. Allen, Jerry S. Rosenbloom	McGraw-Hill Professional Publishing	
2	Tools and Techniques of Employee Benefit and Retirement Planning	Stephen Leimberg	National Underwriter Company	70.75
3	Planning for Retirement Needs	David A. A. Littell, Kenn Beam Tacchino	American College	
4	Employee Benefits	Burton T. T. Beam, John McFadden	Dearborn Trade	
5	Social Insurance And Economic Security	Rejda	Prentice Hall	

Primarily Consumer Based Books (Optional)

S.No.	Title	Author	Publisher	Price US\$
1	All about Medicare 200X	Joseph F. Stenken	National Underwriter Company	22.75
2	Social Security Manual 200X	Joseph F. Stenken	National Underwriter Company	30.75

Additional Reading/s (Optional)

S.No.	Website/s
1	www.irdaindia.org
2	www.bimaonline.com

MODULE: 4

COURSE TITLE: Investment Planning

COURSE DESCRIPTION:

This module includes introduction to Investment Planning, Investment vehicles, investment strategies, Regulation of an investment advisor, Application to clients, etc.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. Understand the importance of investment planning in the financial planning process, ethical issues for advisors, regulation of advisors.
2. Understand the choice of investment products in terms of their risk-return characteristics.
3. Evaluate investment choices in the context of client's financial planning needs.
4. Understand how client investment portfolios are created, monitored and rebalanced based on their objectives and needs.
5. Recommend a portfolio of investment products.

DETAILED CLASS OUTLINE:

Introduction to Investment Planning - 20 per cent

1. How investment planning is different from selling investment products
2. Investment risk
 - A. Definition of risk
 - B. Types of risk
 - Market risk
 - Reinvestment risk
 - Interest rate risk
 - Purchasing power risk
 - Liquidity risk
 - Political risk
 - Exchange rate risk
3. Measuring risk
 - A. Standard deviation
 - B. Beta
4. Managing risk
 - A. Diversification
 - Diversifiable and un-diversifiable risk
 - Product diversification
 - Time diversification
 - B. Hedging
5. Returns
 - A. Relationship between risk and return
 - B. Compounding
 - Types of returns
 - CAGR
 - Total returns
 - Risk-adjusted returns
 - Post-tax returns

- a. Tax on capital gains
 - b. Tax on income
 - Holding period return
 - Yield to maturity
6. Investment portfolio
 - A. Risk and return on a portfolio
 - B. Measuring portfolio risk
 - C. Effect of diversification on portfolio risk and return

Investment vehicles - 25 per cent

Concept, structure, returns measurement (income and/or capital gains), tradability, liquidity and legal issues of the following investment vehicles. The objective is to provide an essential understanding of the products from a risk-return perspective, so that proper product recommendations can be made.

7. Small savings
8. Fixed income instruments
 - A. Securities
 - Government securities
 - Corporate Securities
 - B. Deposits
 - Bank deposits
 - Corporate deposits
9. Insurance-based investments
10. Mutual funds
 - A. The concept and role of mutual funds
 - B. Fund structures and constituents
 - C. Legal and regulatory environment
 - D. The prospectus/offer document
 - E. Fund distribution and sales practices
 - F. Accounting, taxation and valuation norms
 - G. Investor services
 - H. Investment management
 - I. Measuring and evaluating mutual fund performance
11. Equity shares
12. Derivatives
 - A. Essential features
 - B. Application to investment portfolios
13. Real estate
 - A. Forms of real estate investment
 - B. Financing real estate
 - C. Costs of buying and maintaining
14. Other investments
 - A. Bullion
 - B. Collectibles
 - C. Precious metals

Investment strategies - 25 per cent

15. Active and passive strategies
 - A. Market timing
 - B. Securities selection
 - C. Maturity selection
 - D. Buy/hold
16. Asset allocation

- A. Strategic and tactical asset allocation
- B. Fixed and flexible allocation
- C. Rebalancing strategies
- D. Formulae based monitoring and revision of portfolios

Regulation of an investment advisor - 15 per cent

17. The regulatory functions, rules and codes of conduct pertaining to planners
- A. Banks: RBI
 - B. Mutual funds and collective investment schemes: SEBI
 - C. Equity shares: SEBI
 - D. Derivatives: SEBI
 - E. Grievance mechanisms

Application to clients - 15 per cent

18. Matching investment vehicles to needs of clients
- A. Asset allocation and portfolio rebalancing according to client needs
 - B. Case studies
 - Single persons
 - Young couples
 - Mature couples with grown children
 - Empty nesters

PROPOSED REFERENCES:

Professionally Based Books (Compulsory - Book 1 or 2 plus one amongst 2 to 7 plus 8)

S.No.	Title	Author	Publisher	Price US\$
1	Investments: An Introduction with Investment Analysis Software #1	Herbert B. Mayo	South-Western SPD (India)	33.95 (Special price)
2	Investment Analysis and Portfolio Management	Prasanna Chandra	Tata McGraw Hill	6.20
3	Essentials of Investments #2	Zvi Bodie, Alex Kane, Alan J. Marcus	McGraw-Hill Higher Education	98.77
4	Fundamentals of Investing #3	Lawrence J. J. Gitman, Michael D. Joehnk	Benjamin-Cummings Publishing Company	108.00
5	Fundamentals of Investments for Financial Planning	Robert S. S. Graber, Walter J. Woerheide	American College,	54.00*
6	Investments	Edgar Norton, Frank K. Reilly	Harcourt Brace College Publishers	129.95
7	Investment Analysis and Portfolio Management #4	Frank K. Reilly, Keith C. Brown	South-Western	127.95
8	AMFI Workbook on Mutual Funds	AMFI	AMFI	6.00

Primarily Consumer Based Books

S.No.	Title	Author	Publisher	Price US\$
1	Introduction to Investments #5	Haim Levy	South-Western	117.95
2	International Finance: Management, Markets and Institutions #6	James Calvin Baker	Prentice Hall Professional Technical Reference	92.00
3	Investments: Analysis and Management #7	Charles P. Jones	Wiley, John & Sons, Incorporated	119.75
4	Portfolio Selection: Efficient Diversification of Investments	Harry M. Markowitz	Blackwell Publishers	66.95

Additional Reading/s (Optional)

S.No.	Journal/s
1	The Wall Street Journal

S.No.	Magazine/s
1	Investor's Business Daily
2	Barron's

PREVIEW:

#1 Investments: An Introduction with Investment Analysis Software (Herbert B. Mayo) :-Covering the same topics found in more advanced-level texts, Investments incorporates minimal math and is much more student-friendly, resulting in an increased excitement for and understanding of the basic investment course material. It is the text of choice for the College of Financial Planning. It includes a strong focus on the individual financial planner and features a "Financial Advisor's Investment Case" at the end of each chapter. These short cases illustrate how text material applies to real investment decisions. Financial calculators are introduced and utilized throughout the text with explanations employing both interest tables and the calculator. It is also ideal for non-majors courses. This weighty textbook covers the environment of investment and offers detailed discussion on common stock, fixed-income securities, derivatives, and portfolio management. Specific chapters discuss topics like the

creation of assets, security markets, taxes, risk, dividends, bonds, government securities, futures, foreign securities, non-financial assets, and portfolio planning. Numerous examples and illustrations underscore key points. A companion CD-ROM contains tools for financial, statistical, derivation, valuation, pricing, rating, and other calculations. Annotation c. Book News, Inc., Portland, OR

#2 Essentials of Investments (Zvi Bodie, Alex Kane, Alan J. Marcus):- The market leader, Essentials Of Investments, 4/E is an undergraduate textbook on investment analysis. The authors have eliminated unnecessary mathematical detail and concentrated on the intuition and insights that will be useful to practitioners throughout their careers as new ideas and challenges emerge from the financial marketplace. ESSENTIALS maintains the theme of asset allocation (authors discuss asset pricing and trading then apply these theories to portfolio planning in real-world securities markets that are governed by risk/return relationships). ESSENTIALS also continues to develop modern topics. The major objective in this revision is to maintain the current level in content and coverage, but work on improving the text's accessibility by enhancing presentation and design. A text that treats markets, portfolio theory, securities, options and futures, and investment management within a framework holding that most securities are usually priced appropriately. It is consistent with the Chartered Financial Analyst curriculum, and overviews of the investment process and strategies are modeled after the ICFA outline. This second edition eliminates the formal analysis of utility functions. Appendices offer mathematical tables and sample pages from sources of financial and economic information.

#3 Fundamentals of Investing (Lawrence J. J. Gitman, Michael D. Joehnk):- Renowned for its writing style, trademark example method, and learning goals, Gitman and Joehnk's classic investment text is now in its Seventh Edition. Addressing the growing demand to learn how to manage personal investments and finances, the authors have turned the spotlight on individual rather than institutional investors. Their strong real-world focus includes superior coverage of mutual funds, international investments, and investment decision techniques. The new edition makes use of the Internet through exercises and cross references to Internet resources. An accompanying CD-ROM offers hands-on practice in analyzing companies for investment purposes. All these distinctive features ensure that Fundamentals of Investing will continue to define the market for years to come. A book/disk text for students in a first course in investments, focusing on both individual securities and on portfolios, and describing techniques for implementing investment goals in light of risk-return tradeoffs. Learning aids include summaries; discussion questions; case problems; margin definitions; boxes on real-life investing situations; and STOCK-TRAK simulations. The accompanying disk contains software for performing calculations, keyed to the text. This sixth edition includes investor interviews and expanded material on subjects such as globalization and mortgage-backed securities.

#4 Investment Analysis and Portfolio Management (Frank K. Reilly, Keith C. Brown):- Penned by a widely respected author team, this investments text takes an empirical approach to explaining current, real-world practice. Providing the most comprehensive coverage available, the text emphasizes investment alternatives and teaches students how to analyze these choices and manage their portfolio. Like the editions before it, the sixth edition includes excellent coverage of portfolio theory, capital market theory, security analysis, and international investments.

#5 Introduction to Investments (Haim Levy) :- This text focuses on the comparison of efficient and inefficient markets from the viewpoint of an experienced portfolio manager. This approach covers not only the fundamentals of portfolio management - financial, securities markets, and investment management techniques, including financial engineering - but also how these techniques are applied by professional investors. It is unsurpassed in its ability to bridge between theory and application by using articles from the financial media as well as real-world mini-cases to illustrate concepts. A strong problem-solving approach is supported through many solved sample problems and practice boxes throughout the text, and through strong end-of-chapter problems and cases which use real world information and data to give students the opportunity to apply what they've learned to solving real problems. New edition of a text devoted to the three main issues involved in investment analysis in the capital markets, i.e. security selectivity (security valuation models), portfolio diversification (the portfolio composition of the selected securities), and dynamic assets allocation of stocks, bonds, and cash. Twenty-five chapters discuss the investment environment, return and risk, expanding the portfolio universe, efficient markets and portfolio performance, security analysis, and options, futures, and financial engineering. Annotation c. Book News, Inc., Portland, OR (booknew.com)

#6 International Finance: Management, Markets and Institutions (James Calvin Baker):- This comprehensive book provides concise coverage of international finance as it relates to multinational corporations. It covers the latest methods for financial management of international corporations doing business across borders throughout the world. Presenting the financial management from the perspective of the chief financial officer of a multinational corporation, this book examines the sources of funds available to MNCs and analyzes the markets for financial instruments used to finance or hedge the risks of the MNC. It also covers the cultural variables of international business which can affect the international finance function, the global

environment of business finance and foreign investment and operations. An essential reference for any professional or individual who wishes a deeper understanding of the financial management of the modern multinational corporation. A text for undergraduate and beginning MBA students on current methods for financial management of international firms. Discussion deals with management of finance function from the viewpoint of the chief financial officer of the multinational corporation (MNC). Sources of funds to finance MNCs are examined, and markets for financial instruments used to finance the MNC or to hedge its various risks are analyzed. Major concepts, analytical methods, and applications are incorporated. Special emphasis is placed on the role of the chief financial officer (CFO), with several mini-cases examining CFOs and financial institutions' executives in real-life situations. This text is shorter than most in international business finance, making it easier to complete in one semester.

#7 Investments: Analysis and Management (Charles P. Jones) :- This bestseller teaches readers not only how to identify successful investment opportunities, but how to anticipate and deal with investment problems and controversies. Jones carefully and gradually develops key concepts, while covering all the necessary background material. Only essential formulas are included. It's one of the most readable, comprehensible investments texts available! This textbook shows how to access and evaluate investment information, analyze investment opportunities, and make savvy decisions when investing. It emphasizes the skills needed to recognize investment opportunities, make good investment decisions, and deal with problems when they arise. Chapters outline background information and investment concepts, and discuss fixed-income securities, common stocks, security analysis, derivative securities, modern investment securities, modern investment theory, and investment management. Jones teaches at North Carolina State University.

MODULE: 5

COURSE TITLE: Tax & Estate Planning

COURSE DESCRIPTION:

This module would cover the knowledge requirements relating to tax planning and estate planning for a CFP professional.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. Evaluate the appropriateness of tax strategies for individual family situations.
2. Integrate tax planning into the six step financial planning process.
3. To understand the universal nature of estate planning needs.
4. To recognize the high level of ignorance regarding estate planning among the general population as well as students.
5. To comprehend the fundamental objective of greater efficiency in wealth transfer.

DETAILED CLASS OUTLINE:

Tax Planning Considerations – 50 per cent weight

1. Ethical considerations in tax planning
 - a. Privileged communications
 - b. Dangers of tax evasion
2. Tax compliance matters
 - a. Filing tax returns and documentation
 - b. Advance tax
 - c. Refund of income tax
 - d. Judicial review
3. Taxation terminology
 - a. Inclusions
 - b. Exclusions
 - c. Deductions

Tax Computations

4. Tax calculations and special rules
 - a. Gross income
 - b. Adjusted gross income
 - c. Itemized deductions
 - d. Taxable income
 - e. Tax liability
 - f. Clubbing of Income
5. Tax characteristics of business forms
 - a. Sole proprietorship
 - b. General partnership
 - c. Limited liability companies
 - d. Trusts
 - e. Foundations/exempt organizations
 - f. Professional associations/corporations
 - g. Co-operative Societies
 - h. Others
6. Non Resident Indians (NRIs)
 - a. Residential status of individuals

- b. Types of accounts for non-residents
 - c. Investment opportunities for non-residents
 - d. Tax implication for non-residents
7. Heads of income
- a. Salaries
 - b. Income from other sources
 - c. Capital gains
 - d. Business/ profession
 - e. House property
 - f. Interest on government securities
8. Capital Gains tax rules
- a. Determination of gain or loss
 - b. Characterization of gain or loss
 - c. Netting rules
 - d. Indexation benefits
 - e. Capital loss limitations

Tax Planning Strategies

9. Tax relief
- a. Exemptions
 - b. Deductions
 - c. Rebates
10. Non taxable transactions (e.g., gifts, estate)
11. Tax management techniques
- a. Deductible expenditures of individuals and business forms
12. Interest and penalty taxes and other charges
- a. Failure to file tax return or to pay tax
 - b. Preparer penalties
 - c. Accuracy related penalties
 - d. Fraud/concealment penalties

Estate Planning

13. Features of trust
- a. Classification of trusts
 - b. Characteristics of selected trust provisions
 - c. Rule against perpetuities
14. Taxation of trust
- A. Income tax implications of trusts
- a. Exemptions
 - b. Simple and complex trusts
 - c. Distributable net income
 - d. Tax implications of trusts
 - e. Recommendations and justifications of the most appropriate trust
 - f. Tax issue on retirement plans at death
15. Property documentation
- a. Sale letter/ power of attorney
 - b. Freehold
 - c. Mutation
 - d. Will
 - e. Succession

Putting it All Together - 50 per cent weight

16. Applying the knowledge above to give tax-sensitive options to households in the form of case studies.
Particularly:
- a. Across income tax brackets

- b. Salaried versus professionals versus business persons
- c. Using various vehicles to maximize returns on the same investment for different households
- d. Using various entities to maximize returns
- e. Across ages
- f. Across products
- g. For women
- h. For retirement planning
- i. For insurance planning

PROPOSED REFERENCES:

Professionally Based Books (Compulsory - one book amongst 1 to 4 plus one amongst 5 & 6)

S.No.	Title	Author	Publisher	Price US\$
1	Financial Planner's Guide to Estate Planning	Lochary & Lochary		
2	Elements of Income Tax	B. B. Lal	Vikas Publishing House Private, Limited	7.20
3	Estate Planning and Taxation	John C. Bost	Kendall/Hunt Publishing Company	64.95
4	Fundamentals of Estate Planning	Constance J. (Ed.) J. Fontaine	American College	80.00
5	In the wonderland of Investment	A N Shanbhag	Popular Prakashan Private Limited	5.10
6	Taxman's direct taxes planning and management	Vinod K Singhania		4.00

Primarily Consumer Based Books (Optional)

S.No.	Title	Author	Publisher	Price US\$
1	Estate Planning Step By Step (Barron's Legal-Ease Series) #1	Martin M. Shenkman	Barron's Educational Series, Incorporated	14.95
2	Tools and Techniques of Estate Planning	Stephan R. Leimberg, Jerry A. Kasner, Stephen N. Kandell, Morey S. Rosenbloom, Herbert L. Levy	Prentice Hall	86.75
3	Tax payer to Tax Saver	A N Shanbhag	Vision Books	5.00

PREVIEW

#1 Estate Planning Step By Step (Barron's Legal-Ease Series) Martin M. Shenkman :- This third book in Barron's Legal Ease series guides the layman through all the important legal and tax aspects and financial details of estate planning. Special emphasis is placed on building in elements of flexibility to cope with unforeseen events, and sample planning documents are provided, including power of attorney, living will, will signing checklist, will, emergency information checklist, and more.

MODULE: 6

COURSE TITLE: Financial Plan Construction

COURSE DESCRIPTION:

This module builds upon the foundations in financial planning and the knowledge requirements in Modules 2 to 5 to enable the CFP professional to construct a comprehensive financial plan for a client. Miscellaneous topics are also covered in this module.

LEARNING OBJECTIVES:

At the end of this module, a student should be able to:

1. Determining the client's financial status by analyzing and evaluating the client's information.
2. Developing and preparing a client-specific financial plan tailored to meet the goals and objectives of client, commensurate with client's value, temperament, and risk tolerance.
3. Implement and monitor the financial plan.

DETAILED CLASS OUTLINE:

Financial Planning Process

1. **Establishing client- planner relationships – 5 per cent weight**
 - a. Explain issues and concepts related to overall financial planning process, as appropriate to the client
 - b. Explain services provided, the process of planning, documentation required
 - c. Clarify client's and certificant's responsibilities
2. **Gathering client data and determining goals and expectations – 5 per cent weight**
 - a. Obtain information from client through interview/ questionnaire about financial resources and obligations
 - b. Determine client's personal and financial goals, needs and priorities
 - c. Assess client's values, attitudes and expectations
 - d. Determine client's time horizons
 - e. Determine client's risk tolerance level
 - f. Collect applicable client records and documents
3. **Determining the client's financial status by analyzing and evaluating the client's information - 25 per cent weight**
 - A. General
 - a. Current financial status (e.g., assets, liabilities, cash flow, debt management)
 - b. Capital needs
 - c. Attitudes and expectations
 - d. Risk tolerance
 - e. Risk management
 - f. Risk exposure
 - B. General Needs
 - a. Emergency funds
 - b. Children's education
 - c. Children's marriage
 - d. Buying real assets like home, car, durables, etc.
 - e. Future lifestyle needs
 - C. Special needs
 - a. Divorce / remarriage considerations
 - b. Charitable planning
 - c. Adult dependent needs
 - d. Disabled child needs
 - e. Education needs
 - f. Terminal illness planning

- g. Entrepreneurial needs planning
- D. Risk management
 - a. Life insurance needs and current coverage
 - b. Disability insurance needs and current coverage
 - c. Medical insurance needs and current coverage
 - d. Long – term care insurance needs and current coverage
 - e. Homeowners insurance needs and current coverage
 - f. Auto insurance needs and current coverage
 - g. Commercial insurance needs and current coverage
 - h. Other liability insurance needs and current coverage (e.g., umbrella, professional, errors and omissions, directors and officers)
- E. Retirement
 - a. Current retirement plan tax exposures
 - b. Current retirement plans
 - c. Retirement strategies
- F. Employee benefits
 - a. Available employee benefits
 - b. Current participation in employee benefits
- G. Investments
 - a. Current investments
 - b. Current investment strategies and policies
- H. Taxation
 - a. Tax returns
 - b. Current Tax strategies
 - c. Tax compliance status (e.g., estimated tax)
 - d. Current tax liabilities
- I. Estate planning
 - a. Estate planning documents
 - b. Estate planning strategies
- 4. Analyze Client Objectives, Needs and Financial Situation – 10 per cent weight**
 - a. Analysis of relevant information
 - b. Need for specialist advice
 - c. Issues that require further clarification
- 5. Developing and presenting the financial plan – 25 per cent weight**
- A. Developing and preparing a client-specific financial plan tailored to meet the goals and objectives of client, commensurate with client's value, temperament, and risk tolerance, covering:
 - 1) Financial position
 - a. Current statement
 - b. Projected statement
 - c. Projected statement with recommendations
 - 2) Cash flow
 - a. Projections
 - b. Recommendations
 - c. Projections with recommendations
 - 3) Capital needs at retirement
 - a. Projections
 - b. Recommendations
 - c. Projections with recommendations
 - 4) Capital needs projections at death
 - a. Recommendations
 - b. Projections with recommendations
 - 5) Capital needs: disability
 - a. Recommendations
 - b. Projections with recommendations
 - 6) Capital needs: General needs
 - a. Recommendations

- b. Projections with recommendations
- 7) Capital needs: special needs
 - a. Recommendations
 - b. Projections with recommendations
- 8) Income tax
 - a. Projections
 - b. Recommendations
 - c. Projections with strategy recommendations
- 9) Employee benefits
 - a. Projections
- 10) Asset allocation
 - a. Statement
 - b. Strategy recommendations
 - c. Statement with recommendations
- 11) Investment
 - a. Recommendations
 - b. Policy statement
 - c. Policy statement with recommendations
- 12) Risk
 - a. Assessment
 - b. Recommendations
- 13) List of prioritized action items
 - a. Presenting and reviewing the plan with the client
 - b. Collaborating with the client to ensure that plan meets the goals and objectives of the client, and revising as appropriate
- 6. Implementing the financial plan – 10 per cent weight**
 - a. Assist the client in implementing and recommendations
 - b. Coordinate as necessary with other professionals, such as accountants, attorneys, real estate agents, investment advisors, stock brokers and insurance agents
- 7. Monitoring the financial plan – 10 per cent weight**
 - a. Monitor and evaluate soundness of recommendations
 - b. Review the progress of the plan with the client
 - c. Discuss and evaluate changes in client's personal circumstances, (e.g., birth/ death, age, illness, divorce, retirement)
 - d. Review and evaluate changing tax law and economic circumstances
 - e. Make recommendations to accommodate new or changing circumstances

Miscellaneous Topics – 10 per cent weight

- 8. Internet Resources
 - a. Internet usage and application
 - b. Transactions over the net
 - c. Issues of security
 - d. Financial Planning using the Internet
- 9. Foreign exchange issues for individuals
 - a. Foreign Exchange Management Act (FEMA)
 - b. Currency risk management
- 10. Financial planning for special needs and clients
 - a. Individual life cycle
 - b. Financial Planning for unmarried clients, single parents, widows/widowers, etc.
 - c. Financial Planning for returning Non Resident Indians
 - d. Other special needs and options (e.g., divorce, bankruptcy)
