



**13 WEALTH MANAGEMENT ISSUES
ELEARNING AND STUDY GUIDES – 10 LESSONS**

LEARNING OBJECTIVES

Lesson 1

Investments
Issues of Affluent
and High Net
Worth Clients

Topics

Investment
Management

Principles of
Managing Portfolios

Derivative
Investments

Funds and Other
Collective
Investments
Professional
Management
Concepts

Investment Policy
Development

Performance
Measurement

Asset Classes and
Their Characteristics

Discussion Points
With Clients

Objectives

After completing all activities of Lesson 1 on the Investments Issues of Affluent and Wealth Clients, you will be able to:

From the Study Guides:

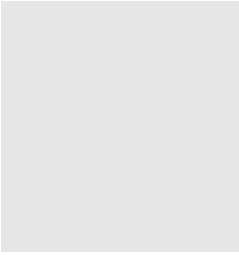
- Ascertain the appropriate level of expertise needed in investments to work comprehensively with wealthy and affluent clients
- Assess your level of expertise in investments and analyze your approach to investments with respect to a comprehensive wealth management approach
- Recognize the two most important pitfalls to avoid with investments
- Understand and apply the components necessary to establish investment objectives
- Persuasively present an argument for one overall advisor to guide and direct total asset allocation
- Demonstrate knowledge of asset allocation, articulate the asset allocation process and describe the benefits of a disciplined asset allocation investment strategy – rebalancing and reallocation
- Explain the importance of a plan for appropriate correlation among a client’s investments, funds, and managers
- Identify the factors that determine customer satisfaction with respect to investments
- Develop a disciplined approach to understanding a client’s situation, goals, feelings, and family dynamics
- Implement the Seven-Step Interview Process
- Using the characteristics of publicly traded fixed income securities, explain the use of publicly traded fixed income securities in portfolios
- Identify the types and characteristics of private securities
- Describe closely held securities and their characteristics
- Explain the use of partnerships and trusts in portfolios
- Explain the implications of partnerships and Trusts in the asset allocation strategy or explain how partnerships and trust are classified as assets
- Explain the major types of real estate investments and their characteristics
- Identify typical collectible investments and their characteristics
- Recognize other types of exotic investments found in portfolios and relate their effect on the portfolio
- Identify the characteristics and uses of mutual funds
- Identify the characteristics and uses of REITs
- Identify the characteristics and uses of depository receipts
- Identify the characteristics and uses of hedge funds

Lesson 1-
CONTINUED
Investments
Issues of
Affluent and
High Net Worth
Clients

- Identify the characteristics and uses of exchange funds
- Explain the purpose of exchange funds and the advantages and disadvantages
- Explain how risk is measured in portfolio management
- Explain standard deviation and its relevance in portfolio management decisions
- Explain the meaning of a fund's alpha and beta
- Identify the forms and measurements of diversification
- Explain the reasons a client should diversify investments
- Describe covariance and correlation
- Define style drift
- Identify the elements of a good investment policy statement
- Explain the role of taxability of returns in an investment portfolio
- Explain the major asset allocation strategies and their application
- Explain the use of rebalancing and reallocating in applying asset allocation strategies
- Explain modern portfolio theory and its application
- Explain how covariance and correlation are used in modern portfolio theory
- Explain the efficient market theory
- Define indexing in portfolios
- Define a laddered portfolio
- Explain a barbell strategy for fixed income securities
- Explain bond immunization
- Explain investment themes and their use
- Summarize the major considerations in performance management
- Explain the meaning and significance of time-weighted and dollar-weighted returns
- Explain risk adjusted performance management
- Identify the major portfolio benchmarks and indices and explain their characteristics
- Explain derivative investments
- Identify the characteristics and uses of stock options
- Communicate the advantages and disadvantages of Puts, Calls, Collars, and other derivative-based strategies

From the eLearning:

- Given a phase of the Client Wealth Position Lifecycle, identify the related implications and questions for the client
- Describe the rationale behind following a systematic investment management process.
- Given a stage of the investment management process, identify its purpose and related tasks.
- Describe the concepts that serve as the foundation of a systematic investment management process



- Identify the two greatest risk factors facing investors
- Given a common investment myth, describe the related risk
- Identify the purpose of the 7-Step Investment Interview
- Given a step in the 7-Step Investment Interview process, identify things to consider and things to avoid when executing that step.

<u>Lesson 2</u>	<u>Topics</u>	<u>Objectives</u>
Liabilities Issues of Affluent and High Net Worth Clients	General Concepts	After completing all activities of Lesson 2 on the Liability Issues of Affluent and Wealth Clients, you will be able to:
	Types of Credit Facilities	<i>From the Study Guides:</i>
	Unique Liabilities and Considerations Required	<ul style="list-style-type: none"> ▪ Enhance your ability to meet client needs ▪ Explain why credit is important in the affluent community ▪ Learn how liabilities are utilized by the affluent market
	Key Concepts of Credit Underwriting	<ul style="list-style-type: none"> ▪ Understand the risks involved in lending ▪ Understand the different types of credit facilities and how each is used by the affluent market
	Financial Information Required for Loan Approval	<ul style="list-style-type: none"> ▪ Learn about the types of financial information required in the loan approval process ▪ Learn questions and interview skills to uncover loan opportunities ▪ Increase your comfort level discussing current loans and future loan opportunities with clients
	Identifying Opportunities	<ul style="list-style-type: none"> ▪ Understand your role as the pre-qualifier for your clients
Introducing the Credit Specialist and Coordinating the Process	<ul style="list-style-type: none"> ▪ Identify opportunities for moving existing liability relationships by analyzing personal financial statements ▪ Understand credit reports and scores 	
		<i>From the eLearning:</i>
		<ul style="list-style-type: none"> ▪ Identify common sub-issues that are relevant to client liabilities ▪ Identify the proper questions to ask for surfacing client liabilities issues ▪ Given a liability description, identify the common reasons why a client may need it ▪ Use a decision tree to apply client information for choosing the best liabilities solution ▪ Given basic client information, apply knowledge of common liabilities issues to provide the best solution ▪ Given a common client objection or issue, select the appropriate solution to overcome the objection or issue ▪ Given a common client scenario, apply all relevant knowledge and techniques with respect to common liabilities issues to provide the best client solution

Lesson 3**Topics****Objectives****Insurance
Issues of
Affluent and
High Net
Worth
Clients**

The Five Purposes of
Life Insurance

After completing all activities of Lesson 3 on Insurance, you will be able to:

Types and Uses of
Life Insurance

From the Study Guides:

The Underwriting
Process

Settlement Options
for Death Benefits

Advanced Insurance
Topics

Taxation Issues of
Life Insurance
Contracts

Purpose of Disability
Insurance

Types of Disability
Insurance

Adequacy of
Disability Insurance

Disability Insurance
Discussion Points
With the Client

Purpose of Long
Term Care Insurance

Types of Long Term
Care Insurance

Adequacy of Long
Term Care Insurance

Long Term Care
Insurance Discussion
Points With the
Client

Purpose of Liability
Insurance

Types of Liability
Insurance

Adequacy of Liability
Insurance

- Identify the five purposes of life insurance
- Explain how to use life insurance to replace income and/or assets
- Explain how to use life insurance to provide liquidity to pay estate taxes
- Explain how to use life insurance to fund the cost of business continuation and/or business transition
- Explain key person insurance and generalize on its appropriate use
- Identify the need for life insurance as a part of deferred compensation arrangements
- Identify the profile of the client who needs the various types of life insurance policies
- Explain the underwriting process for high net worth clients seeking life insurance
- Compare settlement options for death benefits
- Identify and explain the various taxation issues for life insurance including investment returns, surrendering a policy, exchanging a policy, gifting a policy, and incidents of ownership for a policy
- Explain advanced insurance strategies relevant to high net worth clients
- Explain the need for personal income protection
- Identify the additional need for corporate/business income protection
- Explain the characteristics of disability income insurance
- Identify the elements needed to adequately assess the appropriate coverage
- Identify the key decisions to be made on coverage types
- Explain the need for long term care insurance protection
- Explain the characteristics of long term care insurance
- Identify the elements needed to adequately assess the appropriate coverage
- Identify the key decisions to be made on coverage types
- Explain the sources and uses of basic personal liability coverage
- Explain umbrella coverage and its uses
- Explain professional liability coverage and its uses
- Compare the cost effectiveness of umbrella and basic personal liability insurance
- Identify the obvious and not so obvious needs for personal liability coverage
- Identify the risks of self insuring personal liability

Lesson 3-
CONTINUED
Insurance
Issues of
Affluent and
High Net
Worth
Clients

Liability Insurance
Discussion Points
With the Client

coverage

From the eLearning:

- Identify common sub-issues that are relevant to client insurance needs.
- Identify the proper questions to ask for surfacing client insurance needs.
- Given an insurance product, identify the common reasons why a client may need it.
- Use a decision tree to apply client information for choosing the best product and coverage.
- Given basic client information, apply knowledge of common insurance issues to provide the best solution.
- Given a common client objection or issue, select the appropriate solution to overcome the objection or issue.
- Given a common client scenario, apply all relevant knowledge and techniques with respect to common insurance issues to provide the best client solution.

Lesson 4

Compensatory Stock Option Issues of Affluent and High Net Worth Clients

Topics

- Approaching the Issues
- Stock Associated Issues
- Insurance Related Issues
- Retirement Plan Issues
- Discussion Points With Clients

Objectives

After completing all activities of Lesson 4 on Executive Compensation Issues, you will be able to:

From the Study Guides:

- What are stock options?
- What are the different kinds?
- What are the uses of the various kinds?
- What are the significant dates to consider?
- What are the basic requirements of “incentive stock options?”
- What is stock option pyramiding?
- How can the various kinds be gifted?
- Which features to consider in developing an exercise plan?

From the eLearning:

- Identify common issues that are relevant to executive compensation
- Identify the proper questions to ask to surface the issues related to executive compensation
- Identify and explain the four key components of your branding message as related to executive compensation issues
- Given basic client information, apply knowledge of the common issues to provide the best solution
- Use a decision tree to apply client information for choosing the best solution for executive compensation issues
- Describe the importance of discussing executive compensation issues with your clients, both for them and you as their wealth manager

Lesson 5

Titling of Asset Issues, Choice of Executor/Trustee Issues, Durable Power of Attorney Issues of Affluent and High Net Worth Clients

Topics

Objectives

Titling of Assets

After completing all activities of Lesson 5 on Protection Strategies, you will be able to:

Powers of Attorney

From the Study Guides:

Other Protection Documents

- Identify the various forms of property ownership and their characteristics
- Identify the strengths and weaknesses of Powers of Attorney

Revocable Intervivos Trusts

- Explain what is a durable power of attorney
- Explain what is a living will
- Identify who should be designated a client's health surrogate

Executor and Successor Trustee Considerations

- Explain what are the uses of a revocable trust
- Identify the qualifications of a personal fiduciary
- Explain what are the legal requirements to be a personal representative

Protection of the Children

- Explain what are dower and curtesy rights
- Explain what is an elective share
- Explain what is the difference between common law and community property

Discussion Points with the Client

- Identify what are the characteristics of a good guardian for the client's children
- Explain the importance of registering trust intended assets in the name of the trustee
- Explain the pitfall of joint owners with right of survivorship
- Identify how to develop the 75 year vision of the family wealth management plan
- Identify how to establish continuity in the relationship with the family beyond the client

From the eLearning:

- Identify common issues that are relevant to wealth protection strategies
- Identify the proper questions to ask to surface the issues related to protection strategies
- Given basic client information, apply knowledge of the common issues to provide the best solution
- Given a client's wishes, determine the most efficient means of ensuring those wishes are met after death or at disability
- Given a common client scenario, apply all relevant knowledge and techniques with respect to the common issues to provide the best client solution
- Describe the importance of discussing protection strategies with your clients, both for them and you as their wealth manager

Lesson 6

Qualified Retirement Plan/IRA / Distribution Issues of Affluent and High Net Worth Clients

Topics

Introduction

Qualified Plans

Non-Qualified Retirement Plans

Individual Retirement Arrangements

Contribution Limits

Distributions

Advanced Planning Techniques

Discussion Points With Clients

Objectives

After completing all activities of Lesson 6 on IRA / Retirement Plan Issues, you will be able to:

From the Study Guides:

- Identify the two main types of retirement plans
- Explain the characteristics of a qualified retirement plan (QRP)
- Identify a defined contribution plan
- Identify a defined benefit plan
- Identify some of the specialty IRAs
- Explain the characteristics of a 401(k) plan
- Identify how to distinguish the two versions of a SIMPLE retirement plan
- Explain a 412(i) plan
- Identify the individual plan contribution limits
- Explain non-qualified retirement plans and their uses
- Identify the characteristics of the three significant periods of distribution for QRPs
- Explain why it is important to have a Designated Beneficiary for QRPs
- Explain the considerations for making distributions from QRPs during life
- Explain the considerations for making distributions from QRPs after death
- Explain a rollover IRA and why it is used
- Explain a “stretch” IRA
- Explain the advantages of creating an IRA funded Donor Advised Fund

From the eLearning:

- Given a list of comparisons, identify the differences between qualified retirement plans (QRPs) and non-qualified retirement plans (NQRPs)
- Identify distribution strategies as the most important consideration when dealing with a client’s QRP and IRA issues
- Identify common issues relevant to the timing of distributions from QRPs and IRAs
- Given basic client information, identify the decision tree that corresponds to the most likely related path
- Given basic client information, apply knowledge of a client’s distribution phase to select the most appropriate questions to ask
- Given a common client situation, identify the most important issue to consider when forming a solution
- Given a common client situation, select the most appropriate strategy to address the issue
- Given a list of possibilities, identify the eligible designated beneficiaries

Lesson 7

Business Succession Planning Issues

Topics

Issues and Themes

Transferring the
Business During Life

Transferring the
Business at Death

Discussion Points
With Clients

Objectives

After completing all activities of Lesson 7 on Business Succession Planning Issues, you will be able to:

From the Study Guides:

- Identify and explain alternatives for transferring a business to one's family during life
- Identify and explain alternatives for transferring a business to one's employees during life
- Identify and explain alternatives for transferring a business to a third party during life
- Identify and explain alternatives for transferring a business to one's family at death
- Identify and explain alternatives for transferring a business to one's employees at death
- Identify and explain alternatives for transferring a business to a third party at death

From the eLearning:

- Identify common issues that are relevant to business succession planning
- Identify and explain the key reasons businesses can fail in the successor generation
- Identify the proper questions to ask to surface the issues related to business succession planning
- Given basic client information, apply knowledge of the common issues to provide the best solution
- Use a decision tree to apply client information for choosing the best solution to business succession planning issues

Lesson 8

Gift During Life Issues of Affluent and High Net Worth Clients

Topics

Motives for Gifts

Tax Issues

Types of Gifts

Advanced Gifting
Considerations

Discussion Points
With Clients

Objectives

After completing all activities of Lesson 8 on Gifting to Children and Descendants, you will be able to:

From the Study Guides:

- Explain what motivates clients to give
- Identify the gift tax considerations in gifting
- Identify the income tax considerations in gifting
- Identify the generation-skipping transfer tax considerations in gifting
- Explain the kiddie tax
- Explain the uniform gift to minors act and its uses
- Identify the types of educational savings accounts authorized
- Explain which types of trust are beneficial to gifting
- Explain what Crummey provisions are and how they are used in trusts
- Identify a QPRT and its uses
- Identify how a family limited partnership is favorable to gifting
- Compare rolling GRATS to other similar kinds of gifting
- Explain an intentionally defective grantor trust and how it is used in gifting

From the eLearning:

- Identify common sub-issues that are relevant to gifting to children and descendants
- Identify and explain the main motivations clients have for gifting to children and descendants
- Identify the proper questions to ask to surface the issues related to gifting to children and descendants
- Given basic client information, apply knowledge of the common issues to provide the best solution
- Use a decision tree to apply client information for choosing the best solution for issues related to gifting to children and descendants

Lesson 9

Charitable Gifting During Life and at Death Issues of Affluent and High Net Worth Clients

Topics

Motivations to Give to Charity

Taxation of Charitable Gifts

Types of Gifts

Consideration of Specific Assets

Comprehensive Case Study

Discussion Points With Clients

Objectives

After completing all activities of Lesson 9 on Charitable Gifting Issues, you will be able to:

From the Study Guides:

- Explain why clients make gifts
- Explain the income taxation of charitable gifts
- Explain the estate and gift taxation of charitable gifts
- Identify the generation-skipping transfer tax implications of charitable gifting
- Identify the major types of charitable gifts
- Identify the significant elements of and benefits of a private foundation
- Identify the restrictions placed on a private foundation
- Compare the corporate and trust form of a private foundation
- Compare a general and specific legacy under a Will
- Explain a charitable gift annuity and its uses
- Compare a current with a deferred charitable annuity
- Identify the elements of and uses for conservation easements
- Identify a donor managed investment account
- Explain a charitable family limited partnership
- Explain the uses of charitable remainder trusts
- Explain the uses of charitable lead trusts
- Discuss the significance of a zeroed out charitable lead annuity trust
- Compare the annuity and uni form of charitable trusts
- Explain the uses of pooled income funds
- Compare a pooled income funds with a charitable remainder trusts
- Identify a donor advised fund
- Compare a donor advised fund with a private foundation
- Explain the deductibility of various life insurance contracts
- Identify the considerations of gifting tangible personal property
- Compare the use of retirement assets with other types in a gifting program

From the eLearning:

- Identify common sub-issues that are relevant to charitable gifting
- Identify and explain the main motivations clients have for charitable gifting
- Identify the proper questions to ask to surface the issues related to charitable gifting

Lesson 9

CONTINUED

**Charitable
Gifting
During Life
and at Death
Issues of
Affluent and
High Net
Worth
Clients**

- Given basic client information, apply knowledge of the common issues to provide the best solution
- Use a decision tree to apply client information for choosing the best solution for issues related to charitable gifting

Lesson 10

Topics

Objectives

Distribution of Wealth at Death for Tax Efficiency and Control

Goals

After completing all activities of Lesson 10 on Distribution Plans at Death Issues, you will be able to:

Rules

From the Study Guides:

Alternative Methods of Wealth Distribution

- Identify the four basic concerns of clients transferring wealth at death
- Explain the special challenges of heirs with special needs
- Identify the major rules covering distributions at death
- Explain the concept and calculation of the federal estate tax (FET)
- Explain the alternate valuation option
- Understand the types of property subject to the FET
- Explain a Power of Appointment and distinguish a taxable from a non-taxable power
- Identify various forms of marital deductions and the utility of each
- Explain the charitable deduction and its requirements
- Explain the interaction of state death taxes with the FET
- Recognize the income tax consequences of inherited property
- Explain carry over basis and its effects
- Explain the concept and calculation of the Generation-Skipping Transfer Tax (GSTT)
- Identify a skip person
- Assess whether an event is taxable for GSTT purposes
- Identify the deductions against the GSTT
- Recognize the income tax provisions related to the GSTT
- Explain the use of a dynasty trust in GSTT planning
- Understand the concept and calculation of the federal income taxation of trusts and estates
- Explain the difference between simple and complex trusts for income tax purposes
- Identify income with respect to a decedent and its special taxation
- Explain the concept of intestacy
- Understand probate
- Understand why states have enacted statutes of Wills
- Explain why “public policy” limits distributions at death
- Understand the concept of the Principal and Income Act and its application to trusts and estates
- Recognize the influence of “Scott on Trusts”
- Explain the five elements of a valid trust

Planning Configurations and Considerations

Consideration of Special Assets

Fiduciaries

Discussion Points With Clients

Lesson 10-
CONTINUED
Distribution
of Wealth at
Death for
Tax
Efficiency
and Control

- Identify whether a trust is revocable or irrevocable and the tax consequences of that determination
- Understand distribution of wealth options for trustees
- Explain the origin, structure, and utility of a credit shelter trust
- Identify the various types of marital deduction trusts and their utility
- Understand the advantages and disadvantages of QTIP and POA maritals
- Explain the need for and structure of a QDOT
- Understand ILITs
- Recognize the utility of disclaimers
- Demonstrate knowledge of typical planning configurations for estate planning
- Identify the special needs and taxation of closely held corporations and family partnerships
- Explain estate freezing techniques
- Identify the special needs and taxation of retirement plans
- Identify the special needs and taxation of real estate
- Understand the characteristics of a proper fiduciary
- Explain how to assess good fiduciary candidates
- Identify administrative steps required to settle an estate

From the eLearning:

- Identify common sub-issues that are relevant to distribution at death
- Identify the proper questions to ask to surface the issues related to distribution at death
- Given basic client information, apply knowledge of the common issues to provide the best solution
- Use a decision tree to apply client information for choosing the best solution for issues related to distribution at death