

Module I - Introduction to Financial Planning

Embedded in Exam 1/2/3/4 to the extent of 20% of Total Marks (150) of respective exams, i.e. 30 marks

Course Description:

This module would serve as an introduction to Financial Planning. The module would cover in detail the Financial Planner Competency Profile, the six step process which includes Financial Planning process, client interactions, general principles of financial management, financial mathematics, personal financial statements, cash flow and debt management, asset acquisition, FPSB India's Code of Ethics and Professional Responsibility and Model Rules of Conduct, and the regulatory environment related to the Financial Planning domain.

Learning Objectives:

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

1. Implement the Financial Planning process by appropriately using financial planner competencies and by following the prescribed code of ethics, practice standards and professional conduct.
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 tools of financial management and financial mathematics applications, and devise simple strategies and mechanisms to achieve realistic goals.
5. Understand various regulations which need to be adhered to while making and implementing financial plans for the clients.

Detailed Topic List:

The topics of the Module: Introduction to Financial Planning are structured into five distinct sections as follows. The weights of these individual sections in relation to the Module as well as each of Exam 1 – 4 are given along with testing objective and the nature of testing. A summary of distribution of marks of the Module: Introduction to Financial Planning is provided in the table below:

Pattern of Question Bank – 20% of 'Introduction FP" Module embedded in Exam 1/2/3/4											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks
Marks Category	1	2	2	4	4	1	1	2	2	1	1
	2	1	2	0	0	0	0	1	2	1	2
	3	0	0	1	3	1	3	0	0	0	0
	4	0	0	0	0	2	8	0	0	0	0
Total		3	4	5	7	4	12	3	4	2	3

Total Items: 17 / Total Marks: 30

Section I: The 6-Step Financial Planning Process

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to the Module	13.33%
Total weight to each of Exam 1 – 4	2.67%
Nature of Test Items	2 items: 1 mark each 1 item : 2 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
1.1 Establish and Define the Relationship with the Client	'Grade 1'
Detailed Topics	
1.1.1. Explain the client the purpose of Financial Planning, the role of Financial Planner and his/her Professional Competencies. 1.1.2. Discuss Financial Planning needs and expectations of the client with respect to Financial Planning Components 1.1.3. Determine whether the Practitioner can meet client's needs with regard to the financial planner competencies 1.1.4. Define the scope of engagement including services to be provided including monitoring responsibilities	
1.2 Collect Client's Information	'Grade 1'
Detailed Topics	
1.2.1. Collect quantitative and qualitative information 1.2.2. Assess client's values, attitudes and expectations 1.2.3. Assess the client's level of knowledge and experience with financial matters	
1.3 Analyze Client's Financial Status, Risk Profile and Determine Financial Goals	'Grade 1'
Detailed Topics	
1.3.1. Analysis of client's background and current financial status 1.3.2. Assess the client's objectives, needs and priorities 1.3.3. Determine client's risk tolerance level by ascertaining risk appetite and risk capacity 1.3.4. Identify client's personal and financial goals, needs and priorities through interview/questionnaire 1.3.5. Define client's time horizon for each goal	
1.4 Develop Financial Planning Recommendations and Present them to the Client	'Grade 1' & 'Grade 2'
Detailed Topics	
1.4.1. Identify and evaluate Financial Planning Alternatives to meet client's goals and objectives 1.4.2. Develop the Financial Planning Recommendations 1.4.3. Present and discuss the Financial Planning Recommendations with the client 1.4.4. Obtain the feedback from client and revise the Recommendations as necessary 1.4.5. Provide documentation of Plan Recommendations 1.4.6. Confirm client's acceptance on Recommendations	
1.5 Implement Client's Financial Planning	'Grade 2'

Recommendations	
Detailed Topics	
1.5.1. Agree on implementation responsibilities 1.5.2. Assist the client in selecting products and services for implementation 1.5.3. Coordinate as necessary with other specialists	
1.6 Monitor and Review the Client's Situation	'Grade 2'
Detailed Topics	
1.6.1. Review performance and progress of the plan with the client 1.6.2. Discuss and evaluate changes in client's personal circumstances (e.g. birth/ death, age, illness, divorce, retirement) affecting/modifying goals 1.6.3. Review, evaluate changing tax laws and economic circumstances 1.6.4. Assess impact of rise/fall in interest rates on financial goals 1.6.5. Make recommendations to accommodate new or changing circumstances 1.6.6. Provide ongoing services to client	

Section II: Financial Management- General Principles and Behavioral Finance

Testing Objective	Theoretical testing knowledge: 'Grade 1' Numerical testing basic skills: 'Grade 3'
Total weight to the Module	23.33%
Total weight to each of Exam 1 – 4	4.67%
Nature of Test Items	4 items : 1 mark each 1 item : 3 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
2.1 Brief Overview to Financial Markets	'Grade 1'
Detailed Topics	
2.1.1. Capital Markets- Primary and Secondary 2.1.2. Market Indices and Parameters 2.1.3. Money Market 2.1.4. Derivatives Market 2.1.5. Foreign Exchange market 2.1.6. Commodity Market 2.1.7. Services- Life and non Life	
2.2 Debt Management	'Grade 1'
Detailed Topics	
2.2.1. Debt- Purpose, needs and responsibilities 2.2.2. Long Term Debt vs. Short Term Debt 2.2.3. Fixed Rate vs. Variable Rate Mortgages 2.2.4. Consumer loans 2.2.5. Refinancing 2.2.6. Hire- purchase 2.2.7. Credit cards 2.2.8. Leasing	
2.3 Personal Financial Statement Analysis	'Grade 3'
Detailed Topics	
2.3.1. Cash inflows and outflows- Cash Management 2.3.2. Income and expenditure statement 2.3.3. Budgeting and forecasting 2.3.4. Monitoring budgets and provisions for savings	

2.3.5. Personal Balance Sheet and Net Worth	
2.4 Forms of Business Ownership/ Entity Relationships	'Grade 1'
Detailed Topics	
2.4.1. Sole Proprietorship 2.4.2. Partnership Firm 2.4.3. Limited Liability Partnership 2.4.4. Limited liability companies 2.4.5. Trusts 2.4.6. Foundations/ exempt organizations 2.4.7. Cooperative societies	
2.5 Concepts in Behavioral Finance	'Grade 1'
Detailed Topics	
2.5.1. Prospect Theory 2.5.2. Herd Behavior 2.5.3. Anchoring and Contrarian Investing 2.5.4. Mental Accounting and Gambler's Fallacy	
2.6 Behavioral Finance- Investor Psychology	'Grade 1'
Detailed Topics	
2.6.1. Value Investing and Behavioral Finance 2.6.2. Role of emotions in financial decision making – Common errors 2.6.3. Skewness of Asset Allocation due to cultural or historical bias 2.6.4. Basic investment style and its drawbacks	
2.7 Economic Environment Analysis	'Grade 1'
Detailed Topics	
2.7.1. Demand and Supply 2.7.2. Inflation and Recession 2.7.3. Deflation and stagflation 2.7.4. Interest rates/yield curves 2.7.5. Equity investment and real return 2.7.6. Government Monetary and Fiscal Policies 2.7.7. The impact of business cycles 2.7.8. Impact of global economic environment 2.7.9. Impact of global factors on Foreign Exchange Rate 2.7.10. Key indicators- leading, lagging and concurrent	

Section III: Financial Mathematics

Testing Objective	Theoretical testing knowledge: 'Grade 1' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to the Module	40%
Total weight to each of Exam 1 – 4	8%
Nature of Test Items	1 item : 1 mark 1 item : 3 marks 2 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
3.1 Calculation of Returns	'Grade 1,3 & 4'

Detailed Topics	
3.1.1. Nominal Rate of Return 3.1.2. Effective Rate of Return 3.1.3. Internal Rate of Return (IRR) 3.1.4. Internal Rate of Return irregular cash flows (XIRR) 3.1.5. Compounded Annual Growth Rate (CAGR) 3.1.6. Real Rate of Return 3.1.7. Rate of Return after adjusting taxes 3.1.8. Analysis of Return	
3.2 Time Value of Money	'Grade 3 '
Detailed Topics	
3.2.1. Present Value 3.2.2. Net Present Value 3.2.3. Future Value	
3.3 Loan Calculations	'Grade 3 & 4 '
Detailed Topics	
3.3.1. EMI calculation 3.3.2. Loan Restructuring- Present value of future payments 3.3.3. Loan Repayment Schedules 3.3.4. Repayment Schedules with Varying Interest Rates 3.3.5. Amortization 3.3.6. Home Equity 3.3.7. Refinancing Cost 3.3.8. Fixed EMI vs. Fixed Tenure	
3.4 Total assets, Net Worth and Financial Ratios	'Grade 3 & 4'
Detailed Topics	
3.4.1. Net Worth and its Components 3.4.2. Liquidity Ratios 3.4.3. Debt to Income Ratio, Debt to Financial Assets, Debt to Total Assets 3.4.4. Savings Ratio	

Section IV: FPSB India's Financial Planner Code of Ethics, Professional Responsibility and Model Rule of Conduct

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to the Module	13.33%
Total weight to each of Exam 1 – 4	2.67%
Nature of Test Items	2 items: 1 mark each 1 item : 2 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
4.1 The Code of Ethics and Professional Responsibility	'Grade 1 & 2'
Detailed Topics	
4.1.1. Code of Ethic 1 – Client First 4.1.2. Code of Ethic 2 – Integrity 4.1.3. Code of Ethic 3 – Objectivity 4.1.4. Code of Ethic 4 – Fairness 4.1.5. Code of Ethic 5 – Professionalism 4.1.6. Code of Ethic 6 – Competence 4.1.7. Code of Ethic 7 – Confidentiality 4.1.8. Code of Ethic 8 – Diligence	
4.2 Ethical and Professional Considerations in Financial Planning	'Grade 1 & 2'
Detailed Topics	
4.2.1. CFP ^{CM} Professional's responsibilities towards clients and public at large 4.2.2. Client agreements and confidentiality clauses 4.2.3. Model Rules of Conduct for CFP ^{CM} Professionals 4.2.4. CFP marks usage for CFP ^{CM} Certificants 4.2.5. Other relevant legislative requirements and responsibilities	

Section V: Regulatory Environment Related to Financial Planning

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical testing clarity of concepts: 'Grade 2'
Total weight to the Module	10%
Total weight to each of Exam 1 – 4	2%
Nature of Test Items	1 item: 1 mark 1 item: 2 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
5.1 Regulation Relating to Individuals	'Grade 1'
Detailed Topics	
5.1.1. Contracts 5.1.2. Negotiable Instruments 5.1.3. Torts 5.1.4. Professional Liability and Fiduciary Responsibility 5.1.5. Agency law 5.1.6. Consumer Protection Law 5.1.7. Family Laws-Divorce 5.1.8. Indian Succession Act	
5.2 Function, Purpose and Regulation of Financial Institutions	'Grade 2'
Detailed Topics	
5.2.1. Banks 5.2.2. Brokerage companies 5.2.3. Insurance companies 5.2.4. Mutual fund companies	

- 5.2.5. Credit Rating Agencies
- 5.2.6. Non Banking Financial Companies

5.3 Other Relevant Regulation

'Grade 1'

Detailed Topics

- 5.3.1. Indian Companies Act- 1956
- 5.3.2. Indian Partnership Act- 1932
- 5.3.3. Limited Liability Partnership Act- 2008
- 5.3.4. Foreign Exchange Management Act- 1999
- 5.3.5. Disclosure and Investor Protection Guideline, 2000 issued by SEBI (DIP Guidelines)
- 5.3.6. Prevention of Money Laundering Act-2002 (PMLA)

Module II (Exam 1) - Risk Analysis and Insurance Planning (RAIP)

**Exam 1 Topic List to the extent of 80% of Total Marks (150) i.e. 120 marks
(30 marks reserved for the Module I – Introduction to Financial Planning)**

Course Description:

This module would cover the knowledge requirements relating to insurance needs and risk assessment of clients. It introduces students to various concepts and regulatory environment of insurance in India. The evolution process requires advice on decisions in selecting various types of insurance related to personal finance for clients. This includes protection against exposures to risks of mortality, health, disability, property, liability, and long term care risk.

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 assessment process.
2. Integrate risk assessment and risk protection into comprehensive financial plan.
3. Analyze the individual risk areas and the extent and type of protection best suited for the client's financial situation and financial goals.
4. Implement the plan for the insurance component and integrate tax efficiency.

Detailed Topic List:

The topics of Exam 1: Risk Analysis and Insurance Planning are structured into five distinct sections as follows. The weights of these individual sections in relation to the Exam 1 are given along with testing objective and the nature of testing. A summary of distribution of marks is provided in the table below:

Pattern of Question Bank RAIP module – 80% in Exam 1											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks
Marks Category	1	10	10	3	3	3	3	4	4	8	8
	2	4	8	2	4	2	4	2	4	2	4
	3	0	0	5	15	5	15	2	6	0	0
	4	0	0	1	4	4	16	3	12	0	0
Total		14	18	11	26	14	38	11	26	10	12

Total Items: 60 / Total Marks - RAIP Module: 120

Total Marks – Exam 1: 150

Section I: Concepts of Insurance and Risk Management

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to Exam 1	12%
Nature of Test Items	10 items: 1 mark each 4 items : 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
1.1. Introduction to Insurance	'Grade 1 & 2'
Detailed Topics	
1.1.1. Overview of Insurance Sector in India 1.1.2. Purpose and need of Insurance 1.1.3. Insurance as a tool to manage Risk 1.1.4. Cost and benefits of Insurance to individual and society	
1.2. Basic Concepts of Insurance	'Grade 1'
Detailed Topics	
1.2.1. Perils and hazards 1.2.2. Law of large numbers 1.2.3. Adverse selection 1.2.4. Insurable risk 1.2.5. Self-insurance	
1.3. Insurance and Risk	'Grade 1 & 2'
Detailed Topics	
1.3.1. Meaning of risk 1.3.2. Types of pure risk 1.3.3. The principle of pooling of risk 1.3.4. Methods of handling risk 1.3.5. Difference between insurance and hedging 1.3.6. Advantages and disadvantages of insurance in handling risk 1.3.7. Reinsurance	
1.4. Fundamental Principles of Insurance	'Grade 1 & 2'
Detailed Topics	
1.4.1. Indemnity 1.4.2. Insurable Interest 1.4.3. Utmost Good Faith 1.4.4. Subrogation 1.4.5. Contribution 1.4.6. Proximate Cause	

1.5. Risk Management	'Grade 1'
Detailed Topics	
1.5.1. Meaning and objective of risk management 1.5.2. Steps in personal risk management 1.5.3. Risk control and risk financing 1.5.4. Insurance underwriting	

Section II: Insurance Contract and Legal Liability

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 1	17.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 1 item : 4 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
2.1. The Insurance Contract	'Grade 1 & 2'
Detailed Topics	
2.1.1. Competent parties 2.1.2. Offer and acceptance 2.1.3. Consideration 2.1.4. Basic parts of an Insurance Contract 2.1.5. Distinct legal characteristics of an Insurance Contract 2.1.6. Performance and discharge of Insurance Contract 2.1.7. Insurance policy documents and their legal implications	
2.2. Important Terms in Insurance Contract	'Grade 1, 2, 3 & 4'
Detailed Topics	
2.2.1. Endorsements/riders 2.2.2. Deductibles 2.2.3. Co-insurance 2.2.4. Assignment 2.2.5. Nomination and beneficiary status 2.2.6. Insurance provisions - Depreciation basis/ Market value basis/ Reinstatement value basis <i>'Grade 3&4'</i>	

Sub-sections	Testing and Difficulty grade
2.3. Insurance Pricing and Premium Calculation	'Grade 1 & 2'
Detailed Topics	
2.3.1. Objective of rate making/insurance pricing 2.3.2. Important factors in rate making 2.3.3. Risk assessment and rate making 2.3.4. Rate making for life insurance 2.3.5. Rate making property and liability insurance	
2.4. Analysis and Selection of Insurance Products and its Provider	'Grade 1, 2 & 3'
Detailed Topics	
2.4.1. Purpose of coverage 2.4.2. Duration of coverage 2.4.3. Participating or non-participating 2.4.4. Cost-benefit analysis 'Grade 3' 2.4.5. Claim settlement 'Grade 3'	
2.5. Legal Liability	'Grade 1'
Detailed Topics	
2.5.1. Intentional torts 2.5.2. Absolute liability 2.5.3. Law of negligence 2.5.4. Special tort liability problems 2.5.5. Civil justice system-IRDA, Insurance Ombudsman, Consumer Protection Act-1986	

Section III: Life Insurance- Analysis of Life Cover, Strategies and Products

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis : 'Grade 4'
Total weight to Exam 1	25.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 4 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
3.1. Assessment and Identification of Risk Exposure	'Grade 1'
Detailed Topics	
3.1.1. Gathering data on current life insurance coverage 3.1.2. Identifying client's life insurance needs 3.1.3. Situational analysis for perils and hazards	
3.2. Analysis of Life Insurance Needs	'Grade 2, 3 & 4'
Detailed Topics	
3.2.1. Economic value of human life 3.2.2. Replacement of future income of the insured 3.2.3. Replacement of expenses and financial liabilities of the family 3.2.4. Provision in the life cover of certain financial goals and financial liabilities 3.2.5. Review of coverage for changes in income, assets and financial liabilities	
3.3. Types of Life Insurance Policies	'Grade 1, 2 & 3'
Detailed Topics	
3.3.1. Term Insurance 3.3.2. Whole Life Policy 3.3.3. Endowment Policy 3.3.4. Investment Linked Insurance 3.3.5. Insurance Linked Annuities 3.3.6. Life insurance policy riders	
3.4. Calculations of Claim Amount and Other Benefits	'Grade 1, 2 & 3'
Detailed Topics	
3.4.1. Bonus- revisionary, performance, maturity, etc. 3.4.2. Maturity of Policy 3.4.3. Death claim 3.4.4. Surrender value 3.4.5. Return on savings component 3.4.6. Taxation aspects of various life insurance policy	
3.5. Other Provisions of Life Insurance Contract	'Grade 1, 2 & 3'
Detailed Topics	
3.5.1. "Free look" period and Grace period 3.5.2. Claim concession 3.5.3. Lapse, non-forfeiture provision, surrender and revival 3.5.4. Loans against life insurance policies 'Grade 3' 3.5.5. Exclusions and restrictions 3.5.6. Suicide clause	

Section IV: General Insurance- Property, Health and Liability Insurance

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3'
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	Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 1	17.33%
Nature of Test Items	4 items: 1 mark each 2 items: 2 marks each 2 items: 3 marks each 3 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
4.1. Health Insurance and Accident Insurance	'Grade 1 & 2'
Detailed Topics	
4.1.1. Individual Health Insurance 4.1.2. Family floater policy 4.1.3. Critical illness policy 4.1.4. Group health insurance policies 4.1.5. Pre-existing disease clause and other provisions 4.1.6. Personal and group accident insurance 4.1.7. Long-term care insurance 4.1.8. Income assurance- hospitalization and temporary disability	
4.2. Personal Disability Insurance	'Grade 1 & 2'
Detailed Topics	
4.2.1. Disability- Permanent and Temporary 4.2.2. Disability- Partial and Total 4.2.3. Scope of benefits- Short-term and long-term disability	
4.3. Property and Liability Insurance	'Grade 1, 3 & 4'
Detailed Topics	
4.3.1. Basis of property cover - Reinstatement, book or market value 4.3.2. Insuring house, household items, business unit, plant and machinery 4.3.3. Personal umbrella policy- Mortgage cover 4.3.4. Miscellaneous overseas travel insurance 4.3.5. Use of excess/deductible and franchise 4.3.6. Motor Insurance- Comprehensive and Mandatory Third Party Cover 4.3.7. Motor Insurance - No claim bonus and Claims	
4.4. Other Business Specific Insurance	'Grade 1 & 2'
Detailed Topics	
4.4.1. Keyman Insurance 4.4.2. Professional Indemnity Insurance 4.4.3. Employee State insurance Liability 4.4.4. Workers' Compensation Insurance 4.4.5. Directors' and Officers' Liability Policy 4.4.6. Clinical Trials Liability Insurance 4.4.7. Employees' Health Insurance 4.4.8. Commercial Auto Polices 4.4.9. Marine Insurance 4.4.10. Cargo and Hull Insurance 4.4.11. Inland Transit Insurance 4.4.12. Crop Insurance 4.4.13. Poultry Insurance 4.4.14. Terrorism and Riot Covers	

Section V: Regulatory Framework of Insurance

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical testing clarity of concepts: 'Grade 2'
Total weight to Exam 1	8%
Nature of Test Items	8 items: 1 mark each 2 items: 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
5.1. Regulations Relating Insurance	'Grade 1 & 2'
Detailed Topics	
5.1.1. Insurance Regulatory and Development Authority (IRDA) Act- 1999 5.1.2. The Insurance Act-1938 5.1.3. Indian Contract Act- 1872 5.1.4. Public Liability Insurance Act- 1991 5.1.5. Motor Vehicle Act- 1988 5.1.6. Consumer Protection Act- 1986 5.1.7. Workmen's Compensation Act- 1923 5.1.8. Employee State Insurance Act- 1948	
5.2. Other Regulatory Aspects of Insurance and Agency Law	'Grade 1 & 2'
Detailed Topics	
5.2.1. Laws regarding insurance companies in India 5.2.2. Various intermediaries – agents, corporate agents, brokers, surveyors, loss assessors, consultants, etc. 5.2.3. Difference between Insurance Agents and Brokers 5.2.4. Agency law and functions of an agent 5.2.5. Doctrines of waiver and estoppels	

Module III (Exam 2) - Retirement Planning and Employee Benefits (RPEB)

Exam 2 Topic List to the extent of 80% of Total Marks (150) i.e. 120 marks (30 marks reserved for the Module I – Introduction to Financial Planning)

Course Description:

This module would cover the knowledge of basic strategies towards achievement of objectives of a client of his/her post-retirement financial and other needs and ways to systematically build the required corpus. The knowledge and skills of exploring and constructing various retirement solutions such as income flow from a purchased annuity and/or a fixed asset as well as of retirement products available or devised/customized would be tested. For clients who are employees of an organization – government, quasi-government or private, the superannuation benefits eligible and their assimilation in retirement strategy would be required for a prospective CFP professional. The emphasis would also be on the process of wealth creation and its protection and liquidity aspects in the approaching years to retirement and in the post-retirement period.

Learning Objectives:

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

1. Understand the importance of retirement planning as a necessary objective in view of increasing longevity, inflation and changing social structure, governmental stance.
2. Enable the client to appreciate retirement goal and demonstrate the ability to evaluate client's financial situation pre and post-retirement.
3. Determine appropriate retirement strategy for the client, account for superannuation benefits and assets to be utilized for income post-retirement.
4. Determine the tax implication of annuity or stream of income post-retirement and the legal structure for encashment or bequeathing of assets.
5. Implement the retirement solution in consultation with the client to achieve the objective of post-retirement income stream, monitoring progress periodically.

Detailed Topic List:

The topics are structured into five distinct sections as follows. The weights of these individual sections in relation to the Module 'RPEB' are given along with testing objective and the nature of testing. A summary of distribution of marks is provided below:

Pattern of Question Bank RPEB module – 80% in Exam 2											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks
Marks Category	1	10	10	3	3	3	3	4	4	8	8
	2	4	8	2	4	2	4	2	4	2	4
	3	0	0	5	15	5	15	2	6	0	0
	4	0	0	1	4	4	16	3	12	0	0
Total		14	18	11	26	14	38	11	26	10	12

Total Items: 60 / Total Marks - RPEB Module: 120

Total Marks – Exam 2: 150

Section I: Employee Benefits and Superannuation Benefits

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to Exam 2	12%
Nature of Test Items	10 items: 1 mark each 4 items : 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
1.1. Employee Benefits	'Grade 1'
Detailed Topics	
1.1.1. Salary and Bonus 1.1.2. Reimbursement of expenses- Medical, etc. 1.1.3. Health benefits 1.1.4. Group insurance 1.1.5. Other allowances- Leave Travel Allowance (LTA), Transport Allowance, etc. 1.1.6. Loan facility- Concessional loans	
1.2. Superannuation Benefits and Schemes	'Grade 1 & 2'
Detailed Topics	
1.2.1. Gratuity provisions 1.2.2. Superannuation Funds – Tax Benefit to Employers and Employees 1.2.3. Benefits - on retirement, Voluntary retirement and Death 1.2.4. Leave Encashment- Tax free limits	
1.3. Defined Benefit Plans and Limitation	'Grade 1 & 2'
Detailed Topics	
1.3.1. Characteristics of Defined Benefit plans 1.3.2. Workmen Compensation Scheme 1.3.3. Employees Deposit Linked Insurance Scheme 1.3.4. Applicability and withdrawal norms of Defined Benefit plans 1.3.5. Taxability of Defined Benefit plans	
1.4. Defined Contribution Plans	'Grade 1'
Detailed Topics	
1.4.1. Characteristics of Defined Contribution plans 1.4.2. Employees Provident Fund- Types, EPF rules, modes of operation and investment norms 1.4.3. Employees Pension Scheme- Features, funding of scheme, EPS Rules 1.4.4. Employees State Insurance 1.4.5. Central Government Employees Group Insurance Scheme 1.4.6. Applicability and withdrawal norms of Defined Contribution plans 1.4.7. Taxability of Defined Contribution plans	

Section II: Life Cycle Analysis, Retirement Needs and Factors in Planning

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 2	17.33%
Nature of Test Items	3 items : 1 mark each 2 items : 2 marks each 5 items : 3 marks each 1 item : 4 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
2.1. Introduction to Retirement Planning	'Grade 1, 2,3 & 4'
Detailed Topics	
2.1.1. Significance of Retirement Planning 2.1.2. Purpose and need of Retirement Planning 2.1.3. Role of Financial Planner in Retirement Planning 2.1.4. Importance of starting early 'Grade 3&4'	
2.2. Analysis of Client's Life Cycle	'Grade 1,2,3 & 4'
Detailed Topics	
2.2.1. Early earning stage and Established earning stage 2.2.2. Stability and Visibility of Earnings 2.2.3. Pre-retirement phase (Accumulation) and Post-retirement phase (Distribution) 2.2.4. Life expectancy vs. Retirement age 2.2.5. Early retirement vs. Delaying retirement 'Grade 3' 2.2.6. Post-retirement activities and goals 2.2.7. Risk of living longer than expected 'Grade 4'	
2.3. Factors Considered in Retirement Planning	'Grade 1,2,3 & 4'
Detailed Topics	
2.3.1. Nature of income- Salaried, Business or Self-employed 2.3.2. Standard of living 2.3.3. Time horizon 2.3.4. Inflation rate- Accumulation and Distribution stages 'Grade 2&4' 2.3.5. Profile of Assets sustainable through retirement 2.3.6. Income generation potential of fixed assets 'Grade 3' 2.3.7. Liquidity aspects of fixed and other assets 2.3.8. Profile of financial and other liabilities near retirement age 'Grade 3'	
2.4. Analysis of Client's Retirement Needs	'Grade 2,3 & 4'
Detailed Topics	
2.4.1. Determine financial objectives on Retirement 2.4.2. Estimate household expenses on Retirement 2.4.3. Corpus estimated for funding post-retirement needs 'Grade 3' 2.4.4. Alternative arrangements for supplementing retirement corpus 'Grade 4' 2.4.5. Consider escalated medical expenses post-retirement 'Grade 4' 2.4.6. Charitable activities and social work 'Grade 4'	

2.5. Wealth Creation- Factors and Principles	'Grade 2 & 3'
Detailed Topics	
2.5.1. Income and savings ratio 2.5.2. Allocation of savings to asset classes 2.5.3. Consistency in savings and monitoring 2.5.4. Taking strategic advantage of opportunities in various Asset Classes 2.5.5. Overall effective yield and tax aspects 2.5.6. Wealth protection and Erosion of wealth	

Section III: Creation and Sustenance of Retirement Fund- Risk Profiling, Strategies Adopted and Modified through Life Stages

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 2	25.33%
Nature of Test Items	3 items : 1 mark each 2 items : 2 marks each 5 items : 3 marks each 4 items : 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
3.1. Retirement Planning Process	'Grade 1,2,3 & 4'
Detailed Topics	
3.1.1. Ascertain client's household expenses continuing through retirement 3.1.2. Estimate average expected inflation rate pre and post-retirement 3.1.3. Estimate client's expenses post-retirement 3.1.4. Ascertain income from fixed assets post-retirement 'Grade 3&4' 3.1.5. Estimate client couple's life expectancy 3.1.6. Estimate corpus to be accumulated 'Grade 3&4' 3.1.7. Ascertain client's current sources of income and saving potential 3.1.8. Prioritize investible surplus in various financial goals including retirement 3.1.9. Ascertain risk profile of client and changes with life stages 3.1.10. Ascertain risk capacity as per age and asset profile 'Grade 3&4' 3.1.11. Ascertain client's Asset Allocation to create retirement corpus 'Grade 3&4' 3.1.12. Optimize rate of return from the chosen Asset Classes 'Grade 3&4'	
3.2. Pre-retirement Strategies	'Grade 2,3 & 4'
Detailed Topics	
3.2.1. Step increase in investment while maintaining asset allocation 3.2.2. Alter allocation strategically to capitalize on asset classes anomalies 3.2.3. Alter asset allocation through life stages to retirement 3.2.4. Provision for contingency fund creation close to retirement 3.2.5. Rebalance accumulated funds in line with defined Asset Allocation 3.2.6. Use of Small Savings Schemes in transitioning to retirement 3.2.7. Hunt for a suitable annuity product to transfer fund near retirement	

3.3. Post-retirement Strategies	'Grade 1, 3 & 4'
Detailed Topics	
3.3.1. Allocate corpus to annuity/other products for regular income stream 3.3.2. Reverse Mortgage facility to supplement retirement income – Fixed Annuity 3.3.3. Reverse Mortgage facility – Lump sum payment and Credit line 3.3.4. Retrenchment of expenses, if any 3.3.5. Choice of annuities – Life vs. Certain, and withdrawal strategy 3.3.6. Government sponsored regular income schemes- Senior Citizens Savings Scheme, Post Office Monthly Income Scheme 3.3.7. Appropriate asset allocation for income generation 3.3.8. Manage contingency funds and supplement them	

Section IV: Provident Fund and Pension Schemes

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skills: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 2	17.33%
Nature of Test Items	4 items : 1 mark each 2 items : 2 marks each 2 items : 3 marks each 3 items : 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
4.1. Public Provident Fund	'Grade 1,3 & 4'
Detailed Topics	
4.1.1. Features of Public Provident Fund (PPF) scheme 4.1.2. Applicability and subscription norms of PPF scheme 4.1.3. Loan and withdrawal facility in PPF scheme 4.1.4. PPF - Systematic accumulation for retirement funds 'Grade 3&4' 4.1.5. Tax advantage of PPF scheme	
4.2. New Pension System (NPS)	'Grade 1 & 2'
Detailed Topics	
4.2.1. Features of New Pension System (NPS) 4.2.2. Applicability and subscription norms 4.2.3. Accounts and schemes available under NPS 4.2.4. Investment approaches in NPS - Active and Auto choices 4.2.5. Tax benefits under NPS 4.2.6. Withdrawals norms and other benefits 4.2.7. Functions of Pension Funds managers and NPS Trust	
4.3. Pension Plans from Mutual Funds and Insurance Companies	'Grade 1,2,3 & 4'
Detailed Topics	
4.3.1. Pension plans from insurance companies: Unit Linked Pension Plans 4.3.2. Pension plans from Mutual Funds: Systematic investment/withdrawal 4.3.3. Immediate annuities vs. Deferred annuities 'Grade 3&4'	

4.3.4. Annuities- Period certain, Life certain and Life with period certain 'Grade 3&4'	
4.3.5. Taxation of annuities- On subscriptions and receipts	
4.4. Reverse Mortgage to Supplement Post-retirement Expenses	'Grade 1&2'
Detailed Topics	
4.4.1 Features of Reverse Mortgage	
4.4.2 Lump sum withdrawal 'Grade 3&4'	
4.4.3 Reclaiming property in Reverse Mortgage arrangement	

Section V: Pension Sector Reforms and Regulatory Framework of Retirement Solutions

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical testing clarity of concepts: 'Grade 2'
Total weight to Exam 2	8%
Nature of Test Items	8 items: 1 mark each 2 items: 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
5.1. Pension Sector Reforms	'Grade 1'
Detailed Topics	
5.1.1. Demographic trends and coverage of population	
5.1.2. Mandatory contributory system	
5.1.3. Institutional Framework	
5.1.4. Investment architecture	
5.1.5. Operational processes, products and distribution	
5.1.6. State Governments, Autonomous Bodies and Un-organized Sector	
5.1.7. The Project of OASIS Report	
5.2. Regulatory Framework of Retirement Solutions	'Grade 1 & 2'
Detailed Topics	
5.2.1. Payment of Gratuity Act- 1972	
5.2.2. Workmen's Compensation Act- 1923	
5.2.3. Provident Fund and Miscellaneous Provisions Act- 1952	
5.2.4. Provident Funds Act- 1925	
5.2.5. Employee's Deposit Linked Insurance Scheme- 1976	
5.2.6. Employee's Pension Scheme-1995	
5.2.7. Pension Fund Regulatory and Development Authority (PFRDA) 2003	
5.2.8. New Pension System (PFRDA)	

Module IV (Exam 3) - Investment Planning (IP)

**Exam 3 Topic List to the extent of 80% of Total Marks (150) i.e. 120 marks
(30 marks reserved for the Module I – Introduction to Financial Planning)**

Course Description:

This module would cover the critical knowledge of different asset classes and interplay amongst them, the products constituting such classes and their investment risk profile to enable the management of a client's finances towards achieving various financial goals. The development of vital understanding of the basic risk profile of the client so as to astutely recommend appropriate asset allocation is a crucial area requiring mastery. Another aspect that needs sharp skills is the measurement of investment risk and returns, their analysis in portfolio evaluation and alignment to suit the financial goals. The awareness and knowledge of the regulatory environment of investment products and services is an essential domain.

Learning Objectives:

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

1. Understand various asset classes and factors affecting them, the interplay between asset classes, products constituting those asset classes and their complexity and riskiness.
2. Enable a client to appreciate goal-based investing whereby systematic, periodical investments are made in one or multiple investment instruments as per the basic risk profile or goal specific risk capacity.
3. Determine various goal-based strategies and evaluate investment choices in the context of client's financial planning needs.
4. Determine the tax implication of the investment choices made, measure investment risk and risk-adjusted return in the strategy adopted, analyze performance of investment products and portfolios.
5. Recommend appropriate strategy to model a portfolio comprising varied investment products in tune with a well-established asset allocation suited to achieve the client's financial goals.

Detailed Topic List:

The topics are structured into five distinct sections as follows. The weights of these individual sections in relation to the Module 'Investment Planning' are given along with testing objective and the nature of testing. A summary of distribution of marks is provided in the table below:

Pattern of Question Bank IP module – 80% in Exam 3											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks
Marks Category	1	10	10	3	3	3	3	4	4	8	8
	2	4	8	2	4	2	4	2	4	2	4
	3	0	0	5	15	5	15	2	6	0	0
	4	0	0	1	4	4	16	3	12	0	0
Total		14	18	11	26	14	38	11	26	10	12

Total Items: 60 / Total Marks – IP Module: 120

Total Marks – Exam 3: 150

Section I: Investment Products Universe and their Applications

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to Exam 3	12%
Nature of Test Items	10 items: 1 mark each 4 items : 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
1.1. Fixed Income Instruments	'Grade 1& 2'
Detailed Topics	
1.1.1. Government Securities - Fixed and variable coupon rates, zero coupon bonds 1.1.2. Corporate Bonds, PSU Bonds and Debentures 1.1.3. Term Deposits - Bank, Post office and Corporate deposits 1.1.4. Small Saving Schemes - National Savings Certificate (NSC), Public Provident Fund (PPF), Post Office Monthly Income Scheme (POMIS), Senior Citizens Savings Scheme (SCSS) 1.1.5. Money Market Instruments - Treasury Bills, Commercial Paper, Certificate of Deposit, etc. 1.1.6. Suitability of regular income generation from Investment Portfolio	
1.2. Mutual Fund Products	'Grade 1& 2'
Detailed Topics	
1.2.1. Money Market Mutual Funds (MMMFs) and Liquid Fund Schemes 1.2.2. Debt Fund, Gilt Fund, Fixed Maturity Plan (FMP), etc. 1.2.3. Equity Fund - Diversified equity schemes, Large cap/ Mid cap/ Small cap funds, Sectoral funds and Index funds 1.2.4. Hybrid Funds / Balanced Mutual Fund schemes and Monthly Income Plans (MIPs) 1.2.5. Exchange Traded Funds (ETFs) - Index and Sectoral Index ETFs 1.2.6. Gold ETFs and Other commodity ETFs 1.2.7. Funds investing in Overseas Securities and Arbitrage Funds 1.2.8. Distribution and Sales practices of Mutual Fund schemes	
1.3. Equity Market	'Grade 1& 2'
Detailed Topics	
1.3.1. Major Stock Exchange Indices - Sensex and Nifty, their basis and composition 1.3.2. Concept of investing in equity shares - Shareholder Rights 1.3.3. Equity shares - Blue-chip, Growth and high dividend yield shares 1.3.4. Stock Trading 1.3.5. Market performance analysis and Technical analysis of indices 1.3.6. Stocks- Fundamental and Technical Analysis 1.3.7. Portfolio Management Scheme (PMS) 1.3.8. Market Correction - Value correction and Time correction 1.3.9. Understanding Earnings Growth Cycle 1.3.10. Understanding Capital Cycle 1.3.11. Understanding Secular Bull and Bear Cycles	

1.4. Derivatives and Commodities	'Grade 1& 2'
Detailed Topics	
1.4.1. Essential features of Derivatives 1.4.2. Futures and Options - Call Option and Put Option 1.4.3. Commodity Investments – Futures, Physical stock, ETFs, etc. 1.4.4. e-Gold, e-Silver, etc.	
1.5. Foreign Exchange Market	'Grade 1& 2'
Detailed Topics	
1.5.1. Functions of the Foreign Exchange Market and Participants 1.5.2. Determinants of Exchange Rates 1.5.3. Speculative and Hedging instruments - Futures, Options, Interest Rate Swaps, etc.	
1.6. Real Estate and other Investments	'Grade 1& 2'
Detailed Topics	
1.6.1. Forms of Real estate- Land, Residential and Commercial 1.6.2. Interplay of cost of credit, rentals and tax benefits on Realty Investments 1.6.3. Ways to gain long-term capital appreciation and steady income stream 1.6.4. Real Estate Investment Trusts (REITs) and Real Estate Mutual Funds (REMFs) 1.6.5. Art and Antiques 1.6.6. Venture Capital Fund (VCF) and Private Equity (PE) investment 1.6.7. Structured Products	

Section II: Risk Profiling of Products and Investors- Asset Allocation Determination

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 3	17.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 1 item : 4 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
2.1. Types of Investment Risks	'Grade 1 & 2'
Detailed Topics	
2.1.1. Market Risk - Systematic and Unsystematic 2.1.2. Inflation Risk 2.1.3. Interest Rate Risk 2.1.4. Purchasing Power Risk 2.1.5. Liquidity Risk 2.1.6. Reinvestment Risk 2.1.7. Exchange Rate Risk 2.1.8. Regulatory Risk 2.1.9. Investment Manager (Alpha) Risk	

2.1.10. Business Risk	
2.2. Product Profiling in terms of inherent Risk and Tenure	'Grade 2'
Detailed Topics	
2.2.1. Short-term products – Low returns with capital protection	
2.2.2. Medium-term products – Inflation beating with reasonable capital appreciation	
2.2.3. Long-term products – Managed risk for wealth creation in the long-term	
2.3. Risk Profiling of Investors	'Grade 1&2'
Detailed Topics	
2.3.1. Understanding investor's investment psychology and investment behavior	
2.3.2. Risk based on investor's life stage	
2.3.3. Risk based on investor's earnings, income generation and assets	
2.3.4. Risk Tolerance - Risk Capacity and Risk Appetite	
2.3.5. Classifying investors as per their risk profile	
2.3.6. Matching products to investor's profile and tenure of goals	
2.4. Asset Allocation- Financial Assets	'Grade 3 & 4'
Detailed Topics	
2.4.1. Asset Allocation - Base of Investment Planning	
2.4.2. Asset Classes - Equity, Debt, Cash, Precious metals	
2.4.3. Expected Rate of Return	
2.4.4. Goal specific Asset Allocation	
2.4.5. Asset Allocation changes when approaching goals	
2.4.6. Selection of asset mix according to client's goals	
2.5. Types of Asset Allocation Strategies	'Grade 3&4'
Detailed Topics	
2.5.1. Strategic Asset Allocation	
2.5.2. Tactical Asset Allocation	
2.5.3. Life Stage based Asset Allocation	

Section III: Goal-based Investment Planning, Measuring and Managing Risks, Analysis of Returns

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 3	25.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 4 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
3.1. Investment Planning to achieve Financial Goals	'Grade 1,2,3 &4'
Detailed Topics	
3.1.1. Goal specific Investment Portfolio vs. Common Investment Pool 3.1.2. Selection of Products and Product Diversification 3.1.3. Additional lump sum investments vs. Systematic staggered investments ' <i>Grade 3&4</i> ' 3.1.4. Monitoring progress in investment portfolio for goal achievement ' <i>Grade 3&4</i> ' 3.1.5. Addressing risk aversion 3.1.6. Avoiding speculation 3.1.7. Protecting portfolio erosion	
3.2. Measuring Risk	'Grade 3 & 4'
Detailed Topics	
3.2.1. Expected Returns from a Goal Portfolio 3.2.2. Beta and Portfolio Beta 3.2.3. Variance, Semi-variance and Covariance 3.2.4. Standard Deviation including Standard Deviation of portfolio 3.2.5. Correlation and Correlation Coefficient	
3.3. Diversification Strategies	'Grade 1'
Detailed Topics	
3.3.1. Types of Diversification - Horizontal, Vertical, Geographical, cross border 3.3.2. Diversifiable and non-diversifiable risk 3.3.3. Nature of products used for diversification 3.3.4. Time diversification 3.3.5. Effect of diversification on portfolio risk and return ' <i>Grade 3&4</i> ' 3.3.6. Hedging	
3.4. Analysis of Returns	'Grade 3 & 4'
Detailed Topics	
3.4.1. Power of Compounding 3.4.2. Time Weighted Return vs. Rupee Weighted Return 3.4.3. Real (Inflation Adjusted) vs. Nominal Rate of Return 3.4.4. Effective vs. Nominal Rate of Return 3.4.5. Holding Period Return (HPR) 3.4.6. Compounded Annual Growth Rate (CAGR) and Internal Rate of Return (IRR) 3.4.7. Yield to Maturity (YTM), Yield to Call and Current Yield 3.4.8. Performance Analysis of stocks - Dividend Yield, Earning per Share (EPS) 3.4.9. Market valuation ratios – Price to Earnings Ratio (P/E), Price to Book Value (P/B) 3.4.10. Market P/E ratios - Undervalued or Overvalued markets 3.4.11. Security Valuation- Dividend Discount Model (DDM) 3.4.12. Analysis of Growth, Dividend Payout and Reinvestment options (MF Schemes) 3.4.13. Measurement and Evaluation of Portfolio Performance	

Section IV: Investment Strategies and Portfolio Management

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 3	17.33%
Nature of Test Items	4 items: 1 mark each 2 items: 2 marks each 2 items: 3 marks each 3 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
4.1. Active Investment Strategies	'Grade 1,2 & 3'
Detailed Topics	
4.1.1. Dynamic management of Asset Allocation across classes 4.1.2. Frequent churning of portfolio to book profits/losses 4.1.3. Hunting for gains from investing in temporarily undervalued sectors/stocks 4.1.4. Speculation, Hedging and Arbitrage Strategies 4.1.5. Options and Futures 4.1.6. Market timing 4.1.7. Securities selection 4.1.8. Investment Style - Value vs. Growth	
4.2. Passive Investment Strategies	'Grade 2,3 & 4'
Detailed Topics	
4.2.1. Buy and Hold strategy 4.2.2. Index Investing 4.2.3. Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP) 4.2.4. Value Averaging Investment Plan (VIP)	
4.3. Investment Portfolio Management	'Grade 2,3 & 4'
Detailed Topics	
4.3.1. Relationship between Risk and Return 4.3.2. Risk and return on a portfolio - Sharpe, Treynor and Jensen's Ratio 4.3.3. Capital Asset Pricing Module (CAPM) 4.3.4. Capital Market Line (CML) and Security Market Line (SML) 4.3.5. Modern Portfolio Theory (MPT) 4.3.6. Monte Carlo Simulation for portfolio optimization	
4.4. Revision of Portfolio	'Grade 1,2,3 & 4'
Detailed Topics	
4.4.1. Benefits of Revision 4.4.2. Periodic review and revision of portfolio 4.4.3. Portfolio Rebalancing 'Grade 3&4' 4.4.4. Buy and Hold policy, Constant Mix policy and Portfolio Insurance policy 4.4.5. Portfolio upgrading	

Section V: Regulatory Aspects- Investment Products and Investment Advisory

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical testing clarity of concepts: 'Grade 2'
Total weight to Exam 3	8%
Nature of Test Items	8 items: 1 mark each 2 items: 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
5.1. Regulatory Oversight of Financial Products and Services	'Grade 1 & 2'
Detailed Topics	
5.1.1. Reserve Bank of India (RBI) Act-1934 5.1.2. Securities and Exchange Board of India (SEBI) Act-1992 5.1.3. Securities Contract Regulation (SCR) Act-1956 5.1.4. Foreign Exchange Management Act-1999 5.1.5. Disclosure and Investor Protection Guideline issued by SEBI 5.1.6. Grievance Mechanisms, SEBI Ombudsman Regulations-2003 5.1.7. Right to Information (RTI) Act-2005 5.1.8. Forward Contracts (Regulation) Act-1952 5.1.9. SEBI Investment Advisers Regulations, 2013	
5.2. Other Entities Facilitating Market Play and Intermediation	'Grade 1 & 2'
Detailed Topics	
5.2.1. Major Stock Exchanges - National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) 5.2.2. Major Commodity Exchanges - National Commodity and Derivatives Exchange Limited (NCDEX), Multi Commodity Exchange of India Limited (MCX-SX), National Multi Commodity Exchange of India Limited (NMCEIL) 5.2.3. Depositories - National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) 5.2.4. Primary and Secondary Market Intermediaries - Merchant Bankers, Stock Brokers, Individual Financial Advisors (IFAs), Investment Advisers, CERTIFIED FINANCIAL PLANNERS ^{CM} professionals	

Module V (Exam 4) - Tax Planning and Estate Planning (TPEP)

**Exam 4 Topic List to the extent of 80% of Total Marks (150) i.e. 120 marks
(30 marks reserved for the Module I – Introduction to Financial Planning)**

Course Description:

This module would cover the knowledge requirements of Indian Tax System, specifically related to Direct Taxes and personal taxation. The tax treatment of the types of income such as agricultural, business, salary and the attendant exemptions and benefits need to be discerned. The emphasis is on tax efficiency of transactions at all stages, viz. structuring of emoluments, saving taxes within permissible limits as suited to long-term goals, investing, spending, gifting and transferring wealth. The knowledge of various business forms and related tax strategies is also covered. The Estate planning is emphasized not as a late stage requirement but a necessary succession arrangement always in place for all assets – fixed, physical and financial. The discerning knowledge of tax laws and succession laws and their compliance procedures is a rigid requirement of this module.

Learning Objectives:

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

1. Understand the incidence of tax on various incomes, transactions, residency status, individual status and various business forms.
2. Compute client's eligibility for various tax deductions from gross salary income, tax treatment of various allowances and perquisites, income from house property and other income, tax admissible expenses from business or profession income.
3. Compute the tax liability of a client after considering all types of income and eligible deductions, evaluating the incidence of capital gains tax on the basis of period of holding an asset, the type of asset and the status of taxpayer.
4. Recommend tax planning strategies by discerning short-term and long-term tax incidence of investing in various financial products and the appropriateness of such financial instruments in achieving a client's financial goals.
5. Assimilate estate planning at all stages of a client's life by identifying, evaluating and integrating all assets in a suitable estate planning vehicle.
6. Help a client discern the need of a suitable succession strategy for wealth transfer, and seek/facilitate experts' advice, if ownership of assets is complex.

Detailed Topic List:

The topics are structured into five distinct sections as follows. The weights of these individual sections in relation to the Module TPEP are given along with testing objective and the nature of testing. A summary of distribution of marks is provided below:

Pattern of Question Bank TPEP module – 80% in Exam 4											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks	No. of Items	Marks
Marks Category	1	10	10	3	3	3	3	4	4	8	8
	2	4	8	2	4	2	4	2	4	2	4
	3	0	0	5	15	5	15	2	6	0	0
	4	0	0	1	4	4	16	3	12	0	0
Total		14	18	11	26	14	38	11	26	10	12

Total Items: 60 / Total Marks – TPEP Module: 120

Total Marks – Exam 4: 150

Section I: Features of Indian Tax System and Direct Taxes

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2'
Total weight to Exam 4	12%
Nature of Test Items	10 items: 1 mark each 4 items : 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
1.1. Features of Indian Tax System	'Grade 1 & 2'
Detailed Topics	
1.1.1. Three-tier federal structure of Taxation - Union Government, State Governments and Urban/Rural Local Bodies	
1.1.2. Direct and Indirect Taxes	
1.1.3. Predominance of Indirect Taxes	
1.1.4. Tax-induced distortions on investment and financing decisions	
1.2. Indian Direct Tax structure	'Grade 1'
Detailed Topics	
1.2.1. Central Board of Direct Taxes (CBDT)	
1.2.2. Income-tax (IT) Act,1961 and Income Tax Rules (ITR),1962	
1.2.3. Wealth Tax Act-1957	
1.2.4. Finance Act	
1.2.5. Judicial precedents - Tax tribunals and the Courts	
1.3. Tax Compliance Matters	'Grade 1 & 2'
Detailed Topics	
1.3.1. Tax Returns and Procedure of Assessment	
1.3.2. ITR Forms, Filing dates and Documentation	
1.3.3. E-filing of Income Tax Returns	
1.3.4. Advance tax and due dates	
1.3.5. Tax Deducted at Source (TDS)	
1.3.6. Interest and Penalties	
1.3.7. Fraud/concealment penalties	
1.3.8. Tax Refund	
1.4. Residency Rules	'Grade 1 & 2'
Detailed Topics	
1.4.1. Residential status of an individual	
1.4.2. Residential status of other taxable entities	
1.4.3. Indian income and Foreign income	
1.4.4. Tax incidence for different taxpayers	

Section II: Personal Taxation and Business Taxation- Computation and Tax Efficiency

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 4	17.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 1 item : 4 marks

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
2.1. Salary Income	'Grade 1,2 & 3'
Detailed Topics	
2.1.1. Gross Salary Income - Basic pay, Bonus, Allowances, Retirement benefits and Perquisites 2.1.2. Treatment of various Allowances 2.1.3. Perquisites - Valuation and Taxability 2.1.4. Treatment of Retirement Benefits and Voluntary Retirement Scheme (VRS) 2.1.5. Profit in lieu of Salary 2.1.6. Deductions from Salary	
2.2. Income from House Property	'Grade 2, 3 & 4'
Detailed Topics	
2.2.1. Basis of charge and applicability 2.2.2. Self Occupied and Let out House Property 2.2.3. Determination of Gross and Net Annual Value 2.2.4. Deductions and Special provisions	
2.3. Income from Business or Profession	'Grade 2 & 3'
Detailed Topics	
2.3.1. Scope of Income and its computation 2.3.2. Deductible and Inadmissible Expenses 2.3.3. Deemed Income and Special Provisions 2.3.4. Tax Shelter and Tax Holidays	
2.4. Capital Gains in Transfer of Capital Assets	'Grade 1, 3 & 4'
Detailed Topics	
2.4.1. Nature of Capital Gain - Short Term or Long Term depending on capital asset and holding period 2.4.2. Application of Cost Inflation Index (CII) in computing indexed cost of acquisition/renovation 2.4.3. Computation of Capital Gains/Losses 2.4.4. Netting rules and carry forward of capital losses 2.4.5. Exemptions in Capital Gains	

2.5. Income from Residuary Sources and Tax Calculation Rules	'Grade 2 & 3'
Detailed Topics	
2.5.1. Income from Other Sources - Chargeability, Exemptions and Deductions 2.5.2. Clubbing of Income 2.5.3. Deductions under Chapter VI-A 2.5.4. Taxable income 2.5.5. Tax liability	
2.6. Tax Characteristics of Business Forms	'Grade 1 & 2'
Detailed Topics	
2.6.1. Sole Proprietorship 2.6.2. Partnership Firm 2.6.3. Hindu Undivided Family (HUF) 2.6.4. Association of persons (AOP) 2.6.5. Cooperative Societies 2.6.6. Trusts 2.6.7. Companies 2.6.8. Others	

**Section III: Taxation of Various Financial Products and Transactions,
Tax Planning Strategies**

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 4	25.33%
Nature of Test Items	3 items: 1 mark each 2 items: 2 marks each 5 items: 3 marks each 4 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
3.1. Tax Implications for Non-resident Indians (NRIs)	'Grade 1 & 2'
Detailed Topics	
3.1.1. Exempt Income of Non-resident Indians (NRIs) 3.1.2. Special provisions on certain transactions 3.1.3. Double Taxation Relief	
3.2. Tax Planning - Various Avenues and Techniques	'Grade 1, 2, 3 & 4'
Detailed Topics	
3.2.1. Need and Importance of Tax Planning 3.2.2. Tax Planning vs. Tax Evasion and Avoidance 3.2.3. Tax Planning vs. Tax Management 3.2.4. Deferral of tax liability 'Grade 3 & 4' 3.2.5. Maximizations of exclusions and credits 'Grade 3' 3.2.6. Managing loss limitations 'Grade 3' 3.2.7. Deductible expenditures of individuals and business forms 'Grade 3 & 4'	

3.3. Taxability of Various Financial Products	'Grade 1, 2, 3 & 4'
Detailed Topics	
3.3.1. Provident Fund and Small Savings Schemes - Contribution, Interest, Withdrawal and Terminal value 3.3.2. Equity shares - Listed and unlisted 3.3.3. Equity Transactions - stock market and off market 3.3.4. Equity oriented products - Equity schemes of Mutual Funds, ETFs, ELSS, etc. 3.3.5. Debt products - Bonds, Debentures, Government Securities, Income schemes of Mutual Funds including Fixed Maturity Plans (FMPs) 'Grade 3 & 4' 3.3.6. Income distribution and dividends on various investment products 'Grade 3 & 4' 3.3.7. Securities Transaction Tax (STT) and Dividend Distribution Tax (DDT) 3.3.8. Life and Health Insurance products, Unit Linked Insurance Plans (ULIPs), Unit Linked Pension Plans (ULPPs), etc. 3.3.9. Annuities, Pension Products and Reverse Mortgage Scheme	
3.4. Taxation of Various Financial Transactions	'Grade 2, 3 & 4'
Detailed Topics	
3.4.1. Transaction in the nature of Gifts/Prizes/Winnings 3.4.2. Agricultural Income 3.4.3. Cash payment over a specified limit 3.4.4. Dividend and Bonus stripping provisions - shares, MF schemes including with reinvestment option	
3.5. Wealth Tax	'Grade 1 & 2'
Detailed Topics	
3.5.1. Chargeability 3.5.2. Clubbing of Assets 3.5.3. Exemptions in respect of Assets 3.5.4. Valuation of Assets	

Section IV: Estate Planning Process, Strategies and Taxation Aspects

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical (predominantly) testing clarity of concepts or Numerical testing basic skills: 'Grade 2' Numerical testing basic skill sets: 'Grade 3' Numerical testing analytical skills & synthesis: 'Grade 4'
Total weight to Exam 4	17.33%
Nature of Test Items	4 items: 1 mark each 2 items: 2 marks each 2 items: 3 marks each 3 items: 4 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
4.1. Estate Planning Overview	'Grade 1 & 2'
Detailed Topics	
4.1.1. The concept of Estate Planning 4.1.2. Purpose and Need of Estate Planning 4.1.3. Risks and Drawbacks involved in Estate Planning 4.1.4. Hindu and Indian Succession Act 4.1.5. Succession - Testate and Intestate	
4.2. Estate Planning Process	'Grade 2, 3 & 4'
Detailed Topics	
4.2.1. Collect comprehensive information and examine circumstances to set Estate planning goals 4.2.2. Determine value of client's estate and liquidity aspects 4.2.3. Estimate cost of transfer and other expenses 4.2.4. Develop a plan of transfer 4.2.5. Implement plan and review periodically	
4.3. Methods of Estate Planning	'Grade 1 & 2'
Detailed Topics	
4.3.1. Will 4.3.2. Trust 4.3.3. Insurance 4.3.4. Gift 4.3.5. Power of Attorney 4.3.6. Transfer of property and partition <i>'Grade 3'</i>	
4.4. Will	'Grade 1 & 2'
Detailed Topics	
4.4.1. Characteristics and Contents of a Will 4.4.2. Types of Will - Unprivileged, Privileged, Joint, Mutual and Conditional 4.4.3. Legal requirements and Testamentary capacity 4.4.4. Modifying or revoking a Will 4.4.5. Probate Process	
4.5. Powers of Attorney	'Grade 1 & 2'
Detailed Topics	
4.5.1. Use and purpose 4.5.2. Types - General and Special 4.5.3. Revocation 4.5.4. Role of the executor	
4.6. Trust Structure for Efficient Transfer	'Grade 2, 3 & 4'
Detailed Topics	
4.6.1. Trust structures for Tax Efficiency 4.6.2. Trust structure to align strategic objectives of the settler 4.6.3. Trust Perpetuities 4.6.4. Trust as Pass-through entity 4.6.5. Lower taxes on future earnings and capital gains 4.6.6. Direct acquisition of assets - Benefit of Stamp duty and Capital gains tax 4.6.7. Distributable net income	

Section V: Vehicles of Estate Planning- Features

Testing Objective	Theoretical testing knowledge: 'Grade 1' Theoretical testing clarity of concepts: 'Grade 2'
Total weight to Exam 4	8%
Nature of Test Items	8 items: 1 mark each 2 items: 2 marks each

Sub-sections and topics covered:

Sub-sections	Testing and Difficulty grade
5.1. Intra-Family Business and Property Transfer	'Grade 1 & 2'
Detailed Topics	
5.1.1. Estate planning for family business 5.1.2. Forms of family business ownership 5.1.3. Calculating the value of the family business 5.1.4. Transfer of Business and inter-generation wealth transfer 5.1.5. Forms of property transfer - joint tenancy and tenancy-in-common 5.1.6. Offshore trusts and regulatory requirements 5.1.7. 'Asset protection' and 'Creditor protection period'	
5.2. Trusts - Characteristics & Regulation	'Grade 1 & 2'
Detailed Topics	
5.2.1. The Indian Trust Act-1882 5.2.2. Classification of Trust – Revocable/Irrevocable and Simple/Complex 5.2.3. Characteristics of Trust – Discretionary and Determinate 5.2.4. Different types of a family trust 5.2.5. Family Trust V/s Will 5.2.6. Parties to Trust 5.2.7. Hybrid Trusts 5.2.8. Cancellation (Extinguishing) and Revocation of Trust 5.2.9. Other Provisions	

Pattern of Module VI (Exam 5):

The format of Exam 5: Advanced Financial Planning is the Case Study format where a candidate would be required to solve a set of 30 question items based on any two of a set of case studies. The probable case studies will be displayed on FPSB India's website at least 7 days prior to a candidate's scheduled date of exam. Any two of these case studies would appear (in random selection) for every candidate who logs in to appear in the examination. A total of fifteen question items are based on each case study and shall be in the following pattern distributed over five sections:

Exam 5: Pattern of Questions in each Case Study											
		Section-I		Section -II		Section -III		Section -IV		Section -V	
		No_Items	Marks	No_Items	Marks	No_Items	Marks	No_Items	Marks	No_Items	Marks
Marks Category	2	2	4	1	2	0	0	1	2	1	2
	3	1	3	1	3	1	3	0	0	1	3
	4	0	0	1	4	0	0	1	4	0	0
	5	0	0	0	0	1	5	2	10	1	5
Total		3	7	3	9	2	8	4	16	3	10

Items per Case Study: 15 / Total Marks per Case Study: 50

Total items Exam 5 : 30 / Total Marks Exam 5 : 100

Exam duration: 4 hours

Detailed Testing of Competency over Various Components:

Each case study would be followed by a set of 15 question items spread over 5 distinct sections (above matrix) covering various financial planning components. The distribution of these items over the marks-categories of 2, 3, 4 and 5 marks constitutes the weights of these components in Advanced Financial Planning. These marks categories are broadly ordained to signify as follows which are their testing criteria. Also given alongside is these categories' total weight per case study.

Marks category	Significance	Grade	Total items	Total marks	Weight %
2-mark	Theoretical testing knowledge	'Grade 1'	5	10	20%
3-mark	Theoretical testing clarity of concepts or Numerical testing basic skills	'Grade 2'	4	12	24%
4-mark	Numerical testing analytical skills	'Grade 3'	2	8	16%
5-mark	Numerical testing advanced analytical skills, strategy evaluation & synthesis	'Grade 4'	4	20	40%
Total			15	50	100%

As can be seen from above and reiterated here is the relatively much higher bias towards testing analytical aptitude and strategic thinking requiring synthesis of various goals of a client in a unified financial plan. The pattern of exam exhorts a candidate to work out

optimum solutions in the given financial situation and to carry out various scenario analyses for evaluation of strategies.

The complexity and difficulty level of question items from 2-mark to 5-mark items would also involve time consumption individually to justify four-hour duration of Exam 5. The expected time consumption of on an average 90 seconds each in 2-mark items, 3 minutes each in 3-mark items, 10 minutes each in 4-mark items and 15 minutes each in 5-mark items, which is desired of a candidate possessing enough knowledge, technical skills and strategic thinking to be on the verge of being a professional making and executing financial plans, would justify the allotted duration to complete Exam 5. Enough time is also provisioned to link the question items to the case study, understand the subject household's financial goals, strategies adopted and available resources to arrive at the most appropriate alternatives.

Module VI (Exam 5): Advanced Financial Planning (AFP) **(Also the Challenge Status Exam)**

Testing Objectives, Learning Objectives & Detailed Topic List

Testing Objectives:

The test presents a simulated environment for the candidate to have an understanding of the entire financial situation of a client, the household. The immediate and future cash flow situation, assets and liabilities, financial goals of the client to meet in the near and long term, the parameters related to the economy, the market and life are all considered in arriving at appropriate solutions. The emphasis is on recognizing the laid down strategies as possible alternatives to seek the most appropriate solutions. The strategies outlined present the situation before a prospective financial planner to assess and analyze the given information within the ambit of certain constraints and look out for possible opportunities. Also envisaged is the critical evaluation of the strategies for the desired pathway to a financial plan as well as the development of alternative strategies to modify the plan.

Learning Objectives:

The candidate pursuant to qualifying in this exam shall be eligible to receive CFP^{CM} certification subject to the fulfillment of the experience criterion and the adherence to laid down Code of Ethics and Professional Responsibility. Post certification, the candidate shall be entitled to work as CFP^{CM} professional preparing, executing and reviewing financial plans of the clients. Thus, a candidate should be able to enter into an engagement with a client to provide services with respect to one or more components of financial planning or a comprehensive financial plan which may include its execution and review as well, under a laid down financial planning process.

The detailed testing methodology as required in different sections for a candidate to prepare is as follows:

Section – I: Financial Planning Process, Practice Standards and Professional Responsibility

Testing Objective	<ul style="list-style-type: none"> • Theoretical testing knowledge: 'Grade 1' • Theoretical testing clarity of concepts or basic numerical skills: 'Grade 2'
Total weight to Exam 5 (each study)	14%
Nature of Test Items	2 items: 2 marks each 1 item : 3 marks

Sub-section 1: Financial Planning environment	Testing and Difficulty grade 'Grade 1'
Detailed Topics	
1.1 The 6-Step Financial Planning Process	
1.2 Client engagement rules, conflicts resolution and documentation	
1.3 Financial Planning Practice Standards	
1.4 Financial Planner Code of Ethics and Professional Responsibility, Model Rules of Conduct	
1.5 CFP Mark Usage	

Sub-section 2: Financial situation analysis, basic risk profiling and factors in financial prudence	Testing and Difficulty grade 'Grade 2'
Detailed Topics	
2.1. Risk Profiling of the client 2.2. Asset profiling, its allocation, liquidity and returns profile 2.3. Financial behavior and financial decision making 2.4. Debt Management 2.5. Personal Financial Statement Analysis 2.6. Net Worth and Financial Ratios 2.7. Loan schedules 2.8. Allocation of resources, cash flow to laid down goals 2.9. Basic and goal-specific asset allocation	

Section – II: Risk Analysis and Insurance Planning

Testing Objective	<ul style="list-style-type: none"> • Theoretical testing knowledge: 'Grade 1' • Theoretical testing clarity of concepts or basic numerical skills: 'Grade 2' • Numerical testing analytical skills: 'Grade 3'
Total weight to Exam 5 (each study)	18%
Nature of Test Items	1 item: 2 marks 1 item: 3 marks 1 item: 4 marks

Sub-section 1: Insurance as a risk mitigation tool, its outreach, legal aspects and provisions	Testing and Difficulty grade 'Grade 1'
Detailed Topics	
1.1 Insurance concepts and perception of risk 1.2 Assessment and identification of risk exposure 1.3 Types of personal risk covers – Assets, Life, Health 1.4 Insurance contracts and their legal discharge 1.5 Insurance provisions and basis of valuation	

Sub-section 2: Risk assessment and basis of various risk covers	Testing and Difficulty grade 'Grade 2'
Detailed Topics	
2.1 Assessment and identification of risk exposure 2.2 Selection of insurance products – purpose, type, coverage and duration 2.3 Basis of various risk covers – reinstatement 2.4 Individual health insurance and family health protection covers 2.5 Critical illness and disability covers 2.6 Various business specific covers	

Sub-section 3: Insurance needs analysis, sufficiency and efficiency of coverage	Testing and Difficulty grade 'Grade 3'
Detailed Topics	
3.1 Analysis of insurance needs	

- 3.2 Economic value of human life
- 3.3 Coverage of expected future income stream
- 3.4 Replacement of future expenses of survivors
- 3.5 Risk cover based on future expenses, financial liabilities and major financial goals
- 3.6 Methods of taking cover to ensure maximum insurance efficiency

Section – III: Retirement Planning and Employee Benefits

Testing Objective	<ul style="list-style-type: none"> • Theoretical testing clarity of concepts or basic numerical skills: 'Grade 2' • Numerical testing advanced analytical skills, strategy evaluation & synthesis: 'Grade 4'
Total weight to Exam 5 (each study)	16%
Nature of Test Items	1 item: 3 marks 1 item: 5 marks

Sub-section 1: Assessment of retirement needs and options at various life stages of a client	Testing and Difficulty grade 'Grade 2'
Detailed Topics	
<ul style="list-style-type: none"> 1.1 Retirement solutions appropriate to the life stage of client 1.2 Time horizons pre-and-post-retirement 1.3 Profile of fixed and financial assets on retirement 1.4 Income generating potential of various assets 1.5 Other income streams supporting retirement expenses 1.6 Assessment and analysis of various pension instruments available – Annuities, NPS, PPF, EPF 1.7 Consistent savings towards retirement and its monitoring 	

Sub-section 2: Accumulation and management of retirement corpus; factors influencing decisions	Testing and Difficulty grade 'Grade 4'
Detailed Topics	
<ul style="list-style-type: none"> 2.1 Critical assessment of all parameters – economic and client-specific 2.2 Financial objectives on retirement and correct estimation of corpus 2.3 Retirement corpus to accommodate charity, gifts during survival and bequeathing 2.4 Monitoring of allocated savings to the retirement corpus 2.5 Estimation of required rate of return and risk management 2.6 Estimation of withdrawal rate and possible retrenchment 2.7 Management of retirement funds near retirement with focus on capital protection 2.8 Choosing the right annuity product on retirement and diversifying income streams 2.9 Tax efficiency of retirement income streams 2.10 Reverse mortgage as a possible retirement income alternative 2.11 Case for preponing or postponing retirement 	

Section – IV: Investment Planning

Testing Objective	<ul style="list-style-type: none"> • Theoretical testing knowledge: 'Grade 1' • Numerical testing analytical skills: 'Grade 3' • Numerical testing advanced analytical skills,
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	strategy evaluation & synthesis: 'Grade 4'
Total weight to Exam 5 (each study)	32%
Nature of Test Items	1 item: 2 marks 1 item: 4 marks 2 items: 5 marks each

Sub-section 1: Understanding various products and their profile for goal based investing	Testing and Difficulty grade 'Grade 1'
Detailed Topics	
1.1 Investment products – Fixed income, equity, mutual funds, derivatives, commodities, small savings, etc. 1.2 Investment risks associated with various products 1.3 Risk profiling of products suited to client's profile and goal 1.4 Real Estate as an asset category and investment class	

Sub-section 2: Asset allocation, measurement of portfolio risk and returns	Testing and Difficulty grade 'Grade 3'
Detailed Topics	
2.1 Investing funds in the appropriate Asset Allocation 2.2 Changing asset allocation with change in life stages 2.3 Monitoring progress of investment portfolio 2.4 Measurement of portfolio risks and returns 2.5 Valuation of securities 2.6 Performance analysis of securities, market and portfolios	

Sub-section 3: Investment strategies; goal-based portfolio construction, analysis, rebalancing and optimization	Testing and Difficulty grade 'Grade 4'
Detailed Topics	
3.1 Goal-specific investing in strategic asset allocation 3.2 Monitoring of investment portfolio to assess goal achievement 3.3 Analysis of portfolio returns 3.4 Investment strategies – active and passive 3.5 Systematic investments and Value averaging methods 3.6 Investment styles 3.7 Ascertaining appropriate return to meet goals and devise diversified portfolio 3.8 Income generating potential of portfolios 3.9 Portfolio rebalancing 3.10 Portfolio optimization 3.11 Systematic redemption of portfolio near goals	

Section – V: Tax Planning and Estate Planning

Testing Objective	<ul style="list-style-type: none"> • Theoretical testing knowledge: 'Grade 1' • Theoretical testing clarity of concepts or basic numerical skills: 'Grade 2' • Numerical testing advanced analytical skills, strategy evaluation & synthesis: 'Grade 4'
Total weight to Exam 5	20%

(each study)	
Nature of Test Items	1 item: 2 marks 1 item: 3 marks 1 item: 5 marks each

Sub-section 1: Tax incidence and relative tax efficiency; Understanding and execution of succession strategies	Testing and Difficulty grade 'Grade 1'
Detailed Topics	
1.1 Comparative tax advantage of various investment products 1.2 Tax compliances 1.3 Tax incidence of various transactions 1.4 Tax efficiency in the transfer of assets 1.5 Characteristics and efficiency of various Estate vehicles 1.6 Provisions of Hindu and Indian Succession Act 1.7 Succession efficiency of all asset transactions 1.8 Estate planning for family business and family trust	

Sub-section 2: Tax structure of investment, portfolio, business forms, status, etc.	Testing and Difficulty grade 'Grade 2'
Detailed Topics	
2.1 Taxability of various securities transactions 2.2 Tax adjusted returns of investments 2.3 Residency rules and taxation aspects of various status 2.4 Treatment of allowances and perquisites 2.5 Incidence of capital gains and their taxation 2.6 Carry forward and netting of capital gains 2.7 Tax structure of business forms 2.8 Trust structure for Estate planning and tax efficiency	

Sub-section 3: Tax liability of various income of clients, business income, investment income and capital gains, transaction deals	Testing and Difficulty grade 'Grade 4'
Detailed Topics	
3.1 Tax aspects of redemption from investments, portfolios 3.2 Tax liability computation of individual clients 3.3 Tax liability computation of business forms 3.4 Income from house property – self-occupied and rented house 3.5 Taxability of mutual funds – income, capital gains of debt schemes including dividend reinvestment options 3.6 Bonus and dividend stripping rules while computing capital gains 3.7 Taxability of off-market transactions	