The American College

The American College* is an independent, nonprofit, accredited institution founded in 1927 that offers professional certification and graduate-degree distance education to men and women seeking career growth in financial services.

The Solomon S. Huebner School® of The American College administers the Chartered Life Underwriter (CLU®); the Chartered Financial Consultant (ChFC®); the Chartered Advisor for Senior Living (CASL®); the Registered Health Underwriter (RHU®); the Registered Employee Benefits Consultant (REBC®); the Chartered Healthcare Consultant™, the Chartered Leadership Fellow® (CLF®); the Retirement Income Certified Professional (RICP®); and the Financial Services Certified Professional (FSCP®); professional designation programs. In addition, The College offers prep programs for the CFP® and CFA® certifications.

The Richard D. Irwin Graduate School® of The American College offers a Master of Science in Financial Services (MSFS) degree, a Master of Science in Management (MSM), a one-year program with an emphasis in leadership, and a PhD in Financial and Retirement Planning. Additionally, it offers the Chartered Advisor in Philanthropy® (CAP®) and several graduate-level certificates that concentrate on specific subject areas.

The American College is accredited by The Middle States Commission on Higher Education, 3624 Market Street, Philadelphia, PA 19104 at telephone number 267.284.5000.

The Middle States Commission on Higher Education is a regional accrediting agency recognized by the U.S. of Education and the Commission on Recognition of Postsecondary Accreditation. Middle States accreditation is an expression of confidence in an institution's mission and goals, performance, and resources. It attests that in the judgment of the Commission on Higher Education, based on the results of an internal institutional self-study and an evaluation by a team of outside peer observers assigned by the Commission, an institution is guided by well-defined and appropriate goals; that it has established conditions and procedures under which its goals can be realized; that it is accomplishing them substantially; that it is so organized, staffed, and supported that it can be expected to continue to do so; and that it meets the standards of the Middle States Association. The American College has been accredited since 1978.

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The American College is located at 270 S. Bryn Mawr Avenue, Bryn Mawr, PA 19010. The toll-free number of the Office of Professional Education is (888) 263-7265; the fax number is (610) 526-1465; and the home page address is theamericancollege.edu.

Certified Financial Planner Board of Standards, Inc., owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and CFP (with flame logo)*, which it awards to individuals who successfully complete initial and ongoing certification requirements.
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# FOUNDATIONS OF FINANCIAL PLANNING: AN OVERVIEW ASSIGNMENT SCHEDULE

This workbook contains quizzes, exercises, projects, and case studies that are intended to supplement the material in Chapters 1 through 8 of the FP 99 textbook, Foundations of Financial Planning: An Overview.

<table>
<thead>
<tr>
<th>Class</th>
<th>Assignments in Workbook</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>The Financial Planning Process</strong>  &lt;br&gt;• Read chapter 1.  &lt;br&gt;• Special Notes to Advisors  &lt;br&gt;• Course Overview and Expectations (Read before class 2)  &lt;br&gt;• Acknowledgment of Course Requirements (Due class 2)  &lt;br&gt;• Breakout—Class 1 (Due today)  &lt;br&gt;• Sales Planning Project 1—Identifying Financial Goals and Obstacles (Begin, due class 3)  &lt;br&gt;• Most Valuable Concepts</td>
</tr>
<tr>
<td>2</td>
<td><strong>Insurance Planning and Risk Management</strong>  &lt;br&gt;• Read chapter 2.  &lt;br&gt;• Acknowledgment of Course Requirements (Due today)  &lt;br&gt;• Breakout—Class 2 (Due today)  &lt;br&gt;• Quiz—Classes 1 and 2 (Due today)  &lt;br&gt;• Sales Planning Project 2—Interview with an Experienced Advisor (Begin, due class 4)  &lt;br&gt;• Most Valuable Concepts</td>
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<tr>
<td>3</td>
<td><strong>Employee Benefits Planning</strong>  &lt;br&gt;• Read chapter 3.  &lt;br&gt;• Sales Planning Project 1—Identifying Financial Goals and Obstacles (Due today)  &lt;br&gt;• Breakout—Class 3 (Due today)  &lt;br&gt;• Quiz—Class 3 (Due today)  &lt;br&gt;• Sales Planning Project 3—Medical Expense Coverage Checkup (Begin, due class 5)  &lt;br&gt;• Action Project 1—Discovering a Client’s Goals and Obstacles (Begin, due class 5)  &lt;br&gt;• Most Valuable Concepts</td>
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<tr>
<td>4</td>
<td><strong>Investment Planning</strong>  &lt;br&gt;• Read chapter 4.  &lt;br&gt;• Sales Planning Project 2—Interview with an Experienced Advisor (Due today)  &lt;br&gt;• Breakout—Class 4 (Due today)  &lt;br&gt;• Quiz—Class 4 (Due today)  &lt;br&gt;• Sales Planning Project 4—Financing Your Goals (Begin, Due class 6)  &lt;br&gt;• Most Valuable Concepts</td>
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<tr>
<td>5</td>
<td><strong>Income Tax Planning</strong>  &lt;br&gt;• Read chapter 5.  &lt;br&gt;• Sales Planning Project 3—Medical Expense Coverage Checkup (Due today)  &lt;br&gt;• Action Project 1—Discovering a Client’s Goals and Obstacles (Due today)  &lt;br&gt;• Breakout—Class 5 (Due today)  &lt;br&gt;• Quiz—Class 5 (Due today)  &lt;br&gt;• Action Project 2—Life Cycle or Market Survey (Begin, due class 7)  &lt;br&gt;• Most Valuable Concepts</td>
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<tr>
<td>Class</td>
<td>Assignments in Workbook</td>
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<tr>
<td>6</td>
<td><strong>Retirement Planning</strong></td>
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<td></td>
<td>• Read chapter 6.</td>
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<tr>
<td></td>
<td>• Sales Planning Project 4—Financing Your Goals (Due today)</td>
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<td></td>
<td>• Breakout—Class 6 (Due today)</td>
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<td></td>
<td>• Quiz—Class 6 (Due today)</td>
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<td></td>
<td>• Sales Planning Project 5—Retirement Planning (Begin, due class 8)</td>
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<td></td>
<td>• Action Project 3—Retirement and the Early Career Segment (Begin, due class 8)</td>
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<td></td>
<td>• Most Valuable Concepts</td>
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<tr>
<td>7</td>
<td><strong>Estate Planning</strong></td>
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<td></td>
<td>• Read chapter 7.</td>
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<tr>
<td></td>
<td>• Action Project 2—Life Cycle or Market Survey (Due today)</td>
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<td>• Breakout—Class 7 (Due today)</td>
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<td></td>
<td>• Quiz—Class 7 (Due today)</td>
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<td></td>
<td>• Most Valuable Concepts</td>
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<td>8</td>
<td><strong>Social Security, Medicare, and Medicare Supplements</strong></td>
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<td></td>
<td>• Read chapter 8.</td>
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<tr>
<td></td>
<td>• Sales Planning Project 5—Retirement Planning (Due today)</td>
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<td></td>
<td>• Action Project 3—Retirement and the Early Career Segment (Due today)</td>
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<td>• Breakout—Class 8 (Due today)</td>
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<td>• Quiz—Class 8 (Due today)</td>
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<td></td>
<td>• Most Valuable Concepts</td>
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<td></td>
<td><strong>Review Session for Final Examination</strong></td>
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<td></td>
<td>• Final Exam Review Practice Exam (Complete in class)</td>
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<tr>
<td></td>
<td><strong>Final Examination</strong></td>
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<td></td>
<td>• This is a closed-book exam. You cannot refer to your textbook or any other materials during the exam.</td>
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</table>
SPECIAL NOTES TO ADVISORS

Workbook Materials Disclaimer

While every precaution has been taken in the preparation of this material to insure that it is both accurate and up-to-date, it is still possible that some errors eluded detection. The authors and The American College assume no liability for damages resulting from the use of the information contained in this workbook. The American College is not engaged in rendering legal, accounting, or other professional advice. If legal or other expert advice is required, the services of an appropriate professional should be sought.

CAUTION REGARDING USE OF ILLUSTRATIONS

The illustrations, sales ideas, and approaches in this workbook are not to be used with the public unless you have obtained approval from your company. Your company’s general support of The American College’s programs for training and educational purposes does not constitute blanket approval of the sales ideas and approaches presented in this workbook, unless so communicated in writing by your company.

USE OF THE TERM FINANCIAL ADVISOR OR ADVISOR

Use of the term “Financial Advisor” as it appears in this workbook is intended as the generic reference to professional members of our reading audience. It is used interchangeably with the term “Advisor” to avoid redundancy. Financial Advisor takes the place of the following terms:

- Account Executive
- Agent
- Associate
- Broker (stock or insurance)
- Financial Consultant
- Financial Planner
- Financial Planning Professional
- Financial Services Professional
- Financial Services Specialist
- Health Underwriter
- Insurance Professional
- Life Insurance Agent
- Life Underwriter
- Planner
- Practitioner
- Producer
- Property & Casualty Agent
- Registered Investment Advisor
- Registered Representative
- Senior Advisor

ANSWERS TO THE QUESTIONS IN THE COURSE

The answers to all essay and multiple choice questions in this course are based on the text materials as written.
COURSE COMMENTS

The American College welcomes your comments about this course, particularly suggestions for its improvement. The blue comment cards at the end of this workbook can be used for this purpose.

COURSE OVERVIEW AND EXPECTATIONS

Welcome to FP 99, Foundations of Financial Planning: An Overview. We begin this introductory section with an overview of course objectives. Next, we discuss the components of the course, and review the various assignments and activities that will help you apply what you learn. Finally, it closes with a discussion of what we expect from all students.

OVERALL COURSE OBJECTIVES

The American College offers courses to help students gain the necessary skills to be a competent and ethical financial advisor. (See the section titled “Special Notes to Advisors” for an explanation of the meaning of the term “financial advisor” or “advisor” as used throughout the materials of this course.)

The goal of this course is to introduce you to the financial planning process and the major planning areas that define the profession. The finer points of each financial planning area go well beyond the scope of this course. However, the readings and, especially, the activities in this course will help you understand your own practice in the larger context of the financial planning profession. By the end of the course, you should be able to

- describe to a client the main planning areas in broad terms
- discuss financial goals and obstacles with clients and prospects
- identify possible needs in each major planning area
- make some general recommendations to clients in regard to actionable items in major planning areas
- speak more knowledgeably about risk management, employee benefits, investment planning, income tax planning, retirement planning, estate planning, Social Security, and Medicare.

To achieve these objectives, you must invest time and energy completing the assignments of the various components of this course. The benefits you achieve will be directly related to your efforts in the course, and the knowledge and confidence you obtain undoubtedly will boost your financial services career. The next section provides an overview of the course components and their related assignments.

COURSE COMPONENTS AND ASSIGNMENTS

Courses at The American College offer practical education and training. Therefore, they require students to take action and participate fully. Except for the final examination, each component of the course is designed
to facilitate action and participation, which can translate into more new clients and better client relationships. The course components include

- the classroom (which may be live or virtual)
- the text
- the workbook
- the final examination

**The Classroom**

The classroom is where idea-sharing gives courses their unique value. Of course, the value you receive in the classroom depends on your preparation and participation.

The students in our classrooms represent various levels of knowledge and experience in the financial services industry. Sharing ideas provides everyone an opportunity to grow in proficiency, professionalism, and productivity. In fact, the classroom's "magic" only happens if everyone is prepared and participates.

**The Text**

The discussions in the classroom focus primarily on the application of the concepts discussed in the textbook. Thus, you are expected to have completed the reading assignment before every class. As you read the regular textbook information, pay special attention to the examples that illustrate key concepts. Also, focus on the key concepts and terms discussed throughout the chapters and listed at the end of each chapter.

Chapter Review. To reinforce what you learn, each chapter in the text includes a chapter review that includes key terms and concepts and short answer review questions. You are not required to complete the short answer questions before class. Many students use these questions to review for the final examination. The answers are provided at the end of each chapter.

Case History. A chapter may contain a case history, which can be an actual sales situation or a description of how a successful advisor markets, prospects, interviews, services, and so forth. It is designed to stimulate thinking and discussion about selling and planning ideas and activities. As you read a case history, think about how you would handle a similar situation. Does it suggest a method you want to adopt or avoid? Why? The case history will be discussed in class at your moderator’s discretion.

**The Workbook**

The **workbook** contains an assignment schedule and all of the mandatory assignments that must be completed for each class. The assignments are primarily breakouts (discussion questions), quizzes, sales planning projects, and action projects.

**Assignment Schedule.** The assignment schedule lists your assignments for the entire course and is located in the front of the workbook. There is a space on the assignment schedule to write the date for each class session, which your moderator will announce at the first class. By following the schedule, you can readily determine the material to cover in every class and the work expected of you.
Except for the assigned readings in the textbook and assignments your moderator gives you, all other activities can be found in this workbook. Let's take a look at them.

**Breakouts.** For each class there is a breakout, a set of questions and/or exercises designed to focus your attention on the topics your moderator will most likely cover in class. The breakouts ask you to apply what you learn. For example, many of them ask you to explain a concept as you would to a client or prospect. You may then be asked to participate in a role-playing exercise based on your answer to the breakout. You are expected to have breakouts completed for each class. These are a valuable part of the course.

**Case Studies.** Some classes may use case studies. A case study provides a specific set of facts and circumstances about a sales situation. You are then asked to come up with specific recommendations and to support your rationale for them. The case studies are a part of the class discussion at the moderator’s discretion. You are expected to have them completed for any class for which they are assigned.

**Quizzes.** There is a quiz that must be completed for each class (except Class 1). The question type may be true/false, multiple choice, fill-in-the-blank, matching, and so forth. Quizzes are due at the beginning of each class.

**Sales Planning Projects.** Sales planning projects focus on the behind-the-scenes activities that support and enable successful interaction with prospects. They explore the planning involved with marketing, prospecting, interviewing, and servicing financial services products. A sales planning project can also provide learning experiences that sharpen your ability to advise prospects and design appropriate plans for them. Thus, possible activities could include market research, record keeping, interviews of other financial advisors and professionals, and so forth.

Forms are provided for each project. You will be given one week or more to complete each assignment. Begin working on the project the day it is assigned. If you wait until the last minute, most likely you will miss the purpose of the project and lose a real benefit.

**Action Projects.** Action projects focus on the skills and techniques to use when working directly with a prospect. They explore the areas of contacting the prospect for an appointment, working with a prospect during an interview, and asking for referrals. In every action project, there is a specific, brief assignment that calls for personal contact with a number of prospects for a definite purpose. Sometimes an approach is suggested.

Action projects typically fit into a financial advisor’s daily routine. Very little preparation or extra research is involved. Sales are inevitable, but they are not required for completion of the action project.

**Most Valuable Concepts.** Reflection is an important part of the learning process. This activity is designed to allow you to think about what you have learned in each class and write the most valuable concept, sales idea, marketing strategy, and so forth that you learned in the class. Your moderator may ask you to share those ideas with the class.
<table>
<thead>
<tr>
<th>Sales Planning Project</th>
<th>Title</th>
<th>Assigned Class</th>
<th>Due in Class</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Identifying Financial Goals and Obstacles</td>
<td>1</td>
<td>3</td>
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<td>2</td>
<td>Interview with an Experienced Advisor</td>
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<tr>
<td>3</td>
<td>Medical Expense Coverage Checkup</td>
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<td>4</td>
<td>Financing Your Goals</td>
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<tr>
<td>5</td>
<td>Retirement Planning</td>
<td>6</td>
<td>8</td>
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<tr>
<th>Action Project</th>
<th>Title</th>
<th>Assigned Class</th>
<th>Due in Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Discovering a Client’s Goals and Obstacles</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Life-Cycle or Market Survey</td>
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<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Retirement and the Early Career Segment</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>

The Final Examination

At the end of the course, you will take a 50-question multiple-choice examination that consists of the three multiple-choice formats (straight answer, Roman numeral choice, and EXCEPT) used in the workbook quizzes and chapter reviews found in the text. All answers are based on the material in the text. The final examination will not be difficult if you have read the text and completed all of the quizzes and chapter reviews. To pass the course, you must pass the final examination with a score of at least 70 percent.

Passing Requirements

Attendance—Your participation in the classroom discussion is crucial to the effectiveness of the class. Therefore, your attendance is also vital. To successfully complete the course, you must attend at least six of the eight regular classes. Lateness of more than 20 minutes is half an absence, so is leaving early. Missing more than 40 minutes is a full absence. Two absences are permitted. If you end the course with two and one-half absences, you have exceeded the allowable limit.

Moderator’s Grade—The moderator records grades for quizzes, projects, and participation in class sessions. These grades are combined to obtain the average grade for all classroom-related work. This average grade is called the Moderator’s Grade.

Examination Grade—There is a 50-question final examination at the end of the course. The questions are multiple choice. A grade of 70 percent or higher is necessary to pass the exam.

Term Grade—The average of the Moderator’s Grade and the final examination score must be no less than 70 percent to obtain credit. This average is called the Term Grade.

Three Requirements—In summary, to qualify for successful completion of the course, you must meet each of the following three requirements:

1. Satisfy the attendance requirement for your course.
2. Score 70 percent or more on the final examination.
3. Receive a Term Grade of at least 70 percent.

EXPECTATIONS

Before Class

Complete all assignments before the class meets. The average amount of time you should plan to spend on completing these activities is at least 2½ hours per class—about the same amount of time spent in classroom discussion. Some classes will require more time, others less.

Activities include the following:

- Read and study the assigned pages in the text.
- Complete any breakouts and case studies.
- Complete the class quizzes.
- Complete any sales planning project assigned.
- Complete any action project assigned.
- Complete all other assignments required by the moderator.

During Class

Assignments. Turn in your assignments at the beginning of each class. The moderator has been directed to penalize late assignments by 50 percent. If more than a week late, papers receive a zero.

Moderator. The moderator is an individual nominated and vetted by The American College. He or she is generally not a teacher by profession but is often a full-time financial advisor or management person. The moderator shares with you the demands of self-discipline and the constant pressure of time. Consequently, the moderator cannot afford the luxury of catering to anyone who is negligent about completing work on time, maintaining reasonable order, or respecting the rights of others. The moderator needs and deserves the full cooperation of every student.
PERFORMANCE OF ACTION PROJECTS BY NON-SALES STUDENTS AND MANAGERS

All students are expected to do the action projects. This applies to students who are non-producers and to those in management. It includes, for example, students such as office staff, home office executives, state insurance commissioners, a finance officer on a military base, and others who may not be licensed to sell insurance.

If you cannot do the projects yourself, you are expected to handle them in one of the following ways (listed in order of preference):

1. Select a student who is with your company or in your community to work with on the project. Base your reports on your joint work.

2. If there are no local students from your company to work with, do joint work with one of your company’s advisors who is not taking the course. This can be a former American College student or someone without any prior experience.

3. If you are in management and it is not possible to work with an advisor/student, assign the project(s) to one or more of the advisors under your supervision, and report these results.

4. If you have no advisors to work with and none under your supervision, arrange to interview one or more advisors each week, and use the interview as the basis of the project report. Write what the advisor did on the project reporting form.

5. If the four preceding options are unworkable for you, it is up to you to suggest alternative solutions on which you and your moderator can agree. For example, you may develop two presentations to write out or present to the class during the course. These may be on special topics, or you may research a particular insurance sales topic, to write about and give photocopies to all class members. Topics can include state laws, statistical information about insurance, actuarial studies, articles in insurance magazines, self-improvement topics, relationship insights, or a question that came up in class that needed research.

Keep in mind that these five alternatives are special options for isolated instances. In almost all situations every student in the class is expected to complete the action projects as assigned for a passing grade. You are expected to do the field activity and make the follow-up approaches yourself. Most projects can be done in a meaningful way by persons who are not producers.

If you need to do the projects in one of the ways suggested above, discuss it in advance with the moderator and reach agreement on how to proceed. As a safeguard, put your agreement in writing, include both of your signatures, and file the agreement.
NOTE TO STUDENTS

Please read the following page carefully, sign at the bottom, and return it to your moderator in class. Occasionally, there are misunderstandings concerning the requirements for the successful completion of the course. The purpose of this memorandum is to insure that the requirements and the ground rules laid down by the moderator are clearly understood. Failure to sign this form does not relieve you from these requirements.
ACKNOWLEDGEMENT OF COURSE REQUIREMENTS

—To be signed by student—

It is my understanding, from the explanation received in the first class session and outlined in the Course Overview and Guidelines section of the workbook, that successful completion of this course requires meeting the attendance requirements, achieving a passing examination score (70 percent), and earning an overall average (term grade) of 70 percent on all work for the course. Specifically, I understand that

1. Credit for the course will not be given to any student who fails to attend at least six of eight class sessions. The maximum number of absences is two. Missing more than 20 minutes of class is a half-absence. Missing more than 40 minutes of class is a full absence. It does not matter whether absences are due to illness, injury, business appointments, company or agency meetings, vacations, or conflicts in personal schedules. No attendance credit is given for attendance at an exam review session. I further understand that the moderator does not have authority to excuse absences, because the requirement applies impartially to all students.

2. Grades are assigned during the course by the moderator. Grades for participation in class discussions (and preparation for them), and scores made on action projects, sales planning projects, and quizzes are averaged. That number is then averaged with the final examination to arrive at the Term Grade.

3. Written assignments are to be handed in at the beginning of the class session in which they are due. Papers up to one week late are automatically reduced by 50 percent and to zero after that.

4. To receive credit for the course, I must sit for and receive a passing grade on a final examination acceptable for any course offered by The American College. The correct answers to the final examination questions are based solely on the information found in the text. The American College reserves the right to set aside the final examination of any class and require another examination.

5. Course results will be mailed out within 4 weeks after the final exam date, assuming all course requirements have been met, including payment of tuition. These reports will indicate a "passing" or "not passing" status only. No numerical grade is assigned.

I have read the course requirements and understand them.

I further understand that recruiting or attempted recruiting of personnel of another company is not permitted in any American College course or in connection therewith.

Finally, I understand that any student whose behavior adversely affects reasonable order and harmony in the classroom will not be allowed to continue with the course. There will be no tuition refund, and the student may be barred from future participation in American College courses.

Print your name _____________________________________________ Date___________________

Student’s signature ___________________________________________
BREAKOUT—CLASS 1

1. Why are you taking FP 99? What do you hope to gain?

2. Think about your current approach to selling and/or planning in terms of the financial planning process. Describe what you do to accomplish each step.
   1. Establishing and Defining the Client-Planner Relationship
   2. Gathering Information Necessary to Fulfill the Engagement
   3. Analyzing and Evaluating the Client’s Current Financial Status
   4. Developing the Recommendation(s)
   5. Communicating the Recommendation(s)
6. Implementing the Recommendation(s)

7. Monitoring the Recommendation(s)

8. Practicing within Professional and Regulatory Standards

3. How will an understanding of the financial planning environment benefit your practice?
SALES PLANNING PROJECT 1
Identifying Financial Goals and Obstacles
(Assigned Class 1—Due Class 3)

Purpose

To understand a prospect’s financial planning needs, first you must understand the prospect’s financial goals and dreams. In addition, you must understand the obstacles that can hinder achieving these goals. This project will help you practice exploring a prospect’s financial goals and obstacles by analyzing your own situation. In this project, you are the client!

Assignment

Complete the following activity and answer the related questions.

Procedure

1. Make a list of your top five to 10 goals (such as buying a home, retirement, a vacation trip, purchasing a vacation home, and so forth) and anticipated events (such as marriage, birth of a child, postsecondary education for child or self, child’s marriage, beginning a second career, buying a car, and so forth).

2. Prioritize your goals. Number them in order of importance. For example, retirement may be number 1, buying a home number 2, and so forth.

3. Circle the goals that have financial impact. Place a check mark next to the ones for which you have identified the amount needed to fund the goal and have begun funding.

4. Indicate your current age on the time line with a star. The time line will help you see how much time you have to achieve your goals.

5. Plot where you foresee achieving your goals or the anticipated events occurring (using an appropriate abbreviation or the corresponding letter, whichever you prefer). Next to each point, write the number of years from today in parentheses. Some goals may occur multiple times. For example, you have three children and expect all three to pursue postsecondary education (represented below by goal “G”). In this case, treat education as one goal but indicate it multiple times. See example below.

<table>
<thead>
<tr>
<th>18-35</th>
<th>35-50</th>
<th>50-60</th>
<th>60-67</th>
<th>67-??</th>
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<tbody>
<tr>
<td>☀️ A (5)</td>
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<td>D (7)</td>
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<td>G (10)</td>
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<td>G (13)</td>
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<td>G (16)</td>
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<td>C (20)</td>
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<td>E (22)</td>
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<td>F (23)</td>
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<td>B (25)</td>
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</table>
6. Answer the questions to help you identify obstacles to achieving your financial goals.
7. Answer the summary questions.
SALES PLANNING PROJECT 1
Identifying Financial Goals and Obstacles
Report Form (1 of 3)

1. Identify 5 to 10 goals (or anticipated events). Prioritize them. Then, circle those goals that require money. Finally, place a checkmark next to those goals for which you have calculated the amount needed and which you have started funding.

<table>
<thead>
<tr>
<th>Goal/Event</th>
<th>Priority</th>
<th>Goal/Event</th>
<th>Priority</th>
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</thead>
<tbody>
<tr>
<td>A</td>
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<td>B</td>
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<td>D</td>
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<tr>
<td>E</td>
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<td>J</td>
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</tbody>
</table>

2. Draw a star for your current age on the timeline below. Plot the goals and events from above along with the estimated number of years before they are to be achieved or occur.
SALES PLANNING PROJECT 1
Identifying Financial Goals and Obstacles
Report Form (2 of 3)

3. Which of these goals would you want to achieve if one of the following events happened to you or your partner (if applicable)? List the letters of these goals.

<table>
<thead>
<tr>
<th>You</th>
<th>Partner</th>
</tr>
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<tbody>
<tr>
<td>Died tomorrow</td>
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<tr>
<td>Disabled tomorrow</td>
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<tr>
<td>Hospitalized tomorrow</td>
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<tr>
<td>Needed LTC at age 65</td>
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<tr>
<td>Parents needed LTC tomorrow</td>
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</tbody>
</table>

4. Describe the financial impact each of the following situations would have on you and/or your family. Also indicate your level of concern that such an event may occur. Use a scale of 1 to 5 with 1 indicating no concern and 5 indicating great concern.

<table>
<thead>
<tr>
<th>Event</th>
<th>Concern</th>
<th>Financial Impact/Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your premature death</td>
<td></td>
<td></td>
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<tr>
<td>Your disability</td>
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<td></td>
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<tr>
<td>Your need for LTC</td>
<td></td>
<td></td>
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<tr>
<td>Losing your job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totaling your car</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your house burning down</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Getting sued</td>
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<td></td>
</tr>
</tbody>
</table>
SALES PLANNING PROJECT 1
Identifying Financial Goals and Obstacles
Report Form (3 of 3)

5. List other potential and plausible obstacles that could inhibit your achieving these goals. Focus on obstacles that are real and preventable, such as credit card debt, out-of-control spending, and so forth. Describe your strategy for avoiding these obstacles.

<table>
<thead>
<tr>
<th>Potential Obstacle</th>
<th>Strategy</th>
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</thead>
<tbody>
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</tbody>
</table>

Summary Questions

1. Do you have a comprehensive financial plan? If yes, what planning areas does it cover? If not, why not?

__________________________________________________________________________________

2. How feasible is it for you to fully fund all of the finances needed to achieve all of your goals? What solution(s) do you see to this problem?

__________________________________________________________________________________

3. What action is required in light of your assessment of potential obstacles?

__________________________________________________________________________________

4. What two things did you learn about your own financial plan through this exercise?

__________________________________________________________________________________

__________________________________________________________________________________
BREAKOUT—CLASS 2

1. Unfortunately, for many clients the ability to address all of their financial needs adequately is not possible. Take the following list of potential financial needs and discuss how you would recommend a client go about meeting them (assuming he or she has a limited budget). What is the priority? Which needs can be partially funded?

Describe your general philosophy.

- life insurance
- health insurance
- higher education for children
- auto insurance
- long-term care insurance
- emergency fund
- disability insurance
- retirement income
- down payment for house
- homeowners insurance
- umbrella liability insurance
- personal-articles floater
2. What are the possible personal, property, and liability risks associated with each of the following situations?
   A. Saving for retirement
   
   B. Saving for a child's education
   
   C. Desiring to leave behind a legacy to children or a cause
   
   D. Owning a home
   
   E. Providing for everyday expenses (food, clothing, gas, and so forth)

3. What is your strategy for dealing with someone who needs more insurance (pick a line of insurance if your approach would vary based on the line of insurance that is needed) and says, “I can’t afford it?”
QUIZ—CLASSES 1 AND 2

(Due Class 2)

Instructions: This quiz covers the reading material found in both Class 1 and Class 2. Study the reading assignments, then circle the correct answer for each of the following questions. Each question is worth 4 points (100 points total).

1. Which of the following would an advisor do in the “implementing the recommendation(s)” step of the financial planning process?
   (A) Review the changes in the client’s circumstances and the financial environment.
   (B) Identify the strengths and weaknesses in the client’s present financial condition.
   (C) Gather considerable information from the client via a fact finder.
   (D) Motivate and help the client acquire all necessary financial products and services.

2. For insurance and financial planning purposes, risk is defined to mean the
   (A) possibility of financial loss
   (B) uncertainty of financial loss
   (C) probability of financial loss
   (D) cause of financial loss

3. Which of the following statements concerning risk is correct?
   (A) Personal risks include the possibility of damage to your property such as a residence.
   (B) Property risks include the possibility of damage to your vehicle or other possessions.
   (C) Liability risks include the loss of income from retirement or a disability.
   (D) Liability risks cannot be covered by insurance because insurance companies cannot afford to take such large exposures to the risk.
4. Which of the following situations represents a speculative risk?
   (A) the possibility of damaging your new car in an accident
   (B) the possibility of a person needing medical care at a hospital
   (C) the possibility of losing a wage-earner's income due to premature death
   (D) the possibility of a house appreciating or depreciating in market value

5. Insurance is used most efficiently in dealing with risk situations involving losses that are both
   (A) low frequency and low severity
   (B) low frequency and high severity
   (C) high frequency and low severity
   (D) high frequency and high severity

6. Which of the following statements concerning life-cycle planning is correct?
   (A) The career development phase for most people is between ages 25 to 35.
   (B) The preretirement phase typically lasts 10 to 15 years before retirement occurs.
   (C) A client in the peak accumulation phase generally has the greatest opportunity for accumulating wealth.
   (D) Clients in the early career phase are most concerned with estate planning goals.

7. If the daily benefit for institutional care in a long-term care insurance policy is $250 and the benefit period is 1,095 days (or 3 years), the policy's pool of money would be
   (A) $91,250
   (B) $182,500
   (C) $273,750
   (D) $821,250
8. Kirk is moving into an unfurnished apartment that he just rented. He wants a homeowners policy to protect his personal property. As Kirk’s financial advisor, which of the following homeowners forms would you recommend that he buy?
   (A) HO-2
   (B) HO-4
   (C) HO-6
   (D) HO-8

9. Which of the following types of total-disability definitions contained in disability income policies is most beneficial for an insured?
   (A) own occupation definition
   (B) own occupation for 2 years, then any suitable occupation
   (C) own occupation for 5 years, then any suitable occupation
   (D) any occupation for which the insured is reasonably suited by education, training, or experience

10. A variable universal life (VUL) policy differs from a universal life (UL) policy in which of the following ways?
    (A) A VUL policy provides for a flexible premium after the first year.
    (B) A VUL policy permits partial withdrawals from its cash value.
    (C) A VUL policy permits the policyowner to decrease the death benefit at any time.
    (D) A VUL policy allows the policyowner to direct the investment of the cash value.

11. Trends creating opportunities for advisors engaged in financial planning include which of the following?
    I. impact of technology in the financial services industry
    II. continuing stability of financial conditions in the economy
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II
12. Reasons people begin financial planning include which of the following?
   I. building a retirement fund
   II. home purchase/renovation
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

13. Which of the following statements concerning whole life insurance is (are) correct?
   I. The cost per thousand for any given issue age is cheaper for whole life than for term policies.
   II. Whole life insurance is appropriate when there is a permanent need for coverage.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

14. Which of the following statements regarding Part D (coverage for damage to your auto) of an auto
    insurance policy is (are) correct?
   I. The two primary coverages are “collision” and “other-than-collision.”
   II. Damage payments under Part D are subject to a deductible limit chosen by the insured.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

15. Personal umbrella liability policies typically cover which of the following types of losses?
   I. damage to the insured’s own property from a covered peril
   II. personal injury in the form of libel and slander
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
16. Which of the following statements regarding Coverage B (other structures) of homeowners insurance policies is (are) correct?
   I. Coverage B covers all structures owned by the insured.
   II. All losses to other structures covered by Coverage B are settled on an actual cash value basis.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

17. Which of the following statements regarding Part B (medical payments coverage) of the Personal Auto Policy (PAP) is (are) correct?
   I. Medical expenses of the named insured and/or family members are covered if they are struck by a motor vehicle.
   II. Medical expenses of persons other than the named insured and family members are covered if they are injured while in a covered auto.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

**Read the following directions before continuing**

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.

18. All the following advisors using the financial planning process would be considered to be practicing single-purpose financial planning EXCEPT
   (A) a stockbroker who advised a customer to buy shares of common stock of a particular company
   (B) a tax attorney who assists clients with their income, estate, and gift tax planning
   (C) a banker who opens a trust account for the benefit of a customer’s handicapped child
   (D) a life insurance agent who sells key person life insurance to the owner of a small business
19. All of the following statements regarding annuities are correct EXCEPT
(A) Life annuities guarantee a lifetime income for the annuitant.
(B) Annuities can be purchased on a qualified or nonqualified basis.
(C) Variable annuity payments depend on the performance of an underlying portfolio.
(D) Immediate annuities can be used to accumulate a retirement nest egg.

20. Loss control techniques typically available to individuals and families include all the following EXCEPT
(A) loss prevention
(B) retention
(C) risk avoidance
(D) loss reduction

21. Life insurance can be used to provide funds for all the following needs EXCEPT
(A) to create emergency and adjustment funds
(B) to leave money to a charitable cause
(C) to replace income lost due to a disability
(D) to settle expenses associated with burial

22. All of the following statements concerning life insurance policies are correct EXCEPT
(A) Term life policies provide coverage for limited periods such as 5 or 10 years.
(B) Whole life insurance will pay the face amount to a beneficiary upon death of the insured, regardless of when death occurs, if the policy has remained in force.
(C) Universal life insurance policies require payment of at least a minimum premium in all policy years.
(D) Variable universal life (VUL) policies shift the investment risk to the policyowner.
23. All of the following statements concerning annuities are correct EXCEPT
   (A) Life annuities can be purchased with either a single premium or on an installment basis.
   (B) All deferred annuities are purchased with a single premium, even though the annuity payments are deferred to some future date.
   (C) Deferred annuities can provide for liquidation of one’s financial resources over the lifetime of the annuitant.
   (D) Deferred annuities provide a tool to accumulate financial resources on a tax-deferred basis.

24. All of the following are common obstacles that prevent or hinder clients from developing effective financial plans EXCEPT
   (A) the human tendency to procrastinate
   (B) the tendency for individuals and families to live beyond their financial means
   (C) the lack of financial knowledge among consumers
   (D) the lack of available insurance and tax-favored vehicles clients can use to meet financial planning goals

25. All of the following are considered major planning areas that follow the general principles of financial planning EXCEPT
   (A) insurance planning and risk management
   (B) divorce planning
   (C) investment planning
   (D) estate planning
Purpose

This sales planning project is designed to help you see the financial planning profession from a different perspective. The specific nature of the project will depend on the nature of your practice:

<table>
<thead>
<tr>
<th>If you are...</th>
<th>Then the purpose of this project is to learn...</th>
</tr>
</thead>
<tbody>
<tr>
<td>a commission-based specialist</td>
<td>how your specialty fits into the larger financial planning discipline</td>
</tr>
<tr>
<td>a fee-based planner</td>
<td>how a specialist approaches the financial planning discipline</td>
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</tbody>
</table>

Assignment

Your assignment is to identify and interview (either face-to-face or over the telephone) an experienced advisor. Then, you will record and report your results in the form provided in this assignment.

Procedure

To complete this assignment, do the following:

1. Find an experienced advisor. If you are a commission-based specialist, identify a fee-based planner and vice-versa. If you need assistance, ask your moderator for suggestions.

2. Prepare for the interview by reading and understanding the following questions that you will ask. An explanation of the information each question should provide is in italics after the question. If the advisor does not give you that information, rephrase the question.

   • How did you find prospects when you first started? How do you find prospects today? Many experienced advisors work from referrals. Find out the other ways they prospect and how they prospected before they were able to work strictly on a referral basis.

   • How do you approach prospects for an interview? What do you do? What do you say? Regardless of the type of practice, advisors must see people to make a living. Find out what the advisor says to obtain appointments.

   • What common financial and related topics do you cover most often in your interaction with clients? Here you are trying to identify what topics the advisor discusses most often with his or her clients. Dig beyond very broad topic areas like tax planning, risk management, estate planning, retirement planning, investment planning, and so forth. Find out some of the actual tax planning topics the advisor covers. If possible, obtain a copy of a fact finder the advisor uses.

   • How do you prioritize between the various protection and accumulation needs in the likely event that the client cannot afford to purchase all of the products he or she needs? Many
clients will not be able to fund every financial need. Determine the advisor’s philosophy on funding. Which protection and accumulation needs (life insurance, disability insurance, health insurance, retirement, children’s education, emergency fund, and so on) are most important? Would the advisor recommend funding as many of the high-priority needs as fully as possible or funding several higher-priority needs partially?

• How do you motivate the client to take action on the recommendations you make? This question explores how the advisor responds to a client’s concerns, resistance, and objections that prevent him or her from taking action.

• Do you meet with a client on a regular basis once a plan is implemented? How often? What do your follow-up meetings look like? The objective of this question is to determine what the monitoring process looks like, if it exists.

• How are you compensated? Are there initial fees? Ongoing fees? How do you determine the fees that are charged? You are not looking for specific fee amounts. You simply want to find out when and how the client pays. Is it a onetime fee? Is it ongoing? Is it both?

• What credentials and education do you have? Which do you recommend? Find out what designations the advisor has and what education he or she feels is important and helpful.

3. Contact the advisor and say that you are interested in learning about his or her practice. Feel free to tell them this is also an assignment for an American College course you are taking. Ask the advisor if he or she would be willing to share thoughts and discuss experiences on his or her practice. Arrange a time when you can conduct a 30-minute interview either over the phone or face-to-face.

4. Consider taping the interview to review later while you are completing your report form. Remember to obtain the interviewee’s permission if you decide to tape the interview.
SALES PLANNING PROJECT 2

Interview with an Experienced Advisor
Report Form (1 of 3)

Advisor Interview

1. How did you find prospects when you first started? How do you find prospects today?

2. How do you approach prospects for an interview? What do you do? What do you say?

3. What common financial and related topics do you cover most often in your interaction with clients?

4. How do you prioritize between the various protection and accumulation needs in the likely event that the client cannot afford to purchase all of the products he or she needs?
5. How do you motivate the client to take action on the recommendations you make?

6. What recommendations do you make that do not coincide directly with the product you sell?

7. Do you meet with a client on a regular basis once a plan is implemented? How often? What do your follow-up meetings look like?

8. How are you compensated? Are there initial fees? Ongoing fees? How do you determine the fees that are charged?

9. What credentials and education do you have? Which do you recommend?
SALES PLANNING PROJECT 2
Interview with an Experienced Advisor
Report Form (3 of 3)

Summary
1. Name three ways in which the advisor’s practice differs from yours (other than how he or she is compensated)

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. Name two ways in which the advisor’s practice is similar to yours

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. What did you learn from this project that you can apply to your current practice? Name two and describe how you can use them in your practice.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
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________________________________________________________________________

BREAKOUT—CLASS 3

1. From the benefits listed below, select those that you feel relate to products you sell. Then, briefly describe how an employee’s access to them needs to be reflected in the financial planning you currently conduct with prospects. For example, if you market life insurance, you would indicate that group term life insurance amounts need to be coordinated with personal insurance amounts, and any voluntary group plans should be checked to see if your plan might be more appropriate and affordable.

- group medical expense insurance
- group life insurance
- group disability insurance
- flexible spending account (FSA)
- health reimbursement account (HRA)
- accidental death and dismemberment
- dependent life insurance
- dental insurance
- vision insurance
- legal expense insurance
- long-term care insurance
- property and liability insurance
- education assistance
- adoption assistance
- dependent care assistance
- qualified retirement plan
- nonqualified retirement plan

<table>
<thead>
<tr>
<th>Benefit</th>
<th>How It Is Reflected in Your Financial Planning Process</th>
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</thead>
<tbody>
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</tbody>
</table>
2. For each of the following coverages, describe situations when you would recommend a client buy them and when a client should not buy them.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Situations Coverage Should Be Purchased</th>
<th>Situations Coverage Should Not Be Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital indemnity insurance</td>
<td></td>
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<tr>
<td>Specified (dread) disease insurance</td>
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<td></td>
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<tr>
<td>Critical illness insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal expense insurance</td>
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<td></td>
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<tr>
<td>Accidental death and dismemberment</td>
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<td></td>
</tr>
<tr>
<td>Dependent life insurance coverage for children</td>
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</table>
QUIZ—CLASS 3

(Due Class 3)

Instructions: Study the reading assignment from Class 3, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Which of the following statements concerning traditional major medical plans is correct?
   (A) They restrict insureds to specific physicians and hospitals.
   (B) They limit reimbursement to reasonable and customary charges.
   (C) They are typically less expensive than managed care plans.
   (D) They negotiate deep discounts with physicians and hospitals.

2. Dental expenses are paid on a reasonable-and-customary basis (subject to any exclusions or limitations in the contract) under which type of dental plan?
   (A) scheduled plan
   (B) nonscheduled plan
   (C) qualified plan
   (D) nonqualified plan

3. Employer contributions for dependent life insurance are not taxable to the employee if the amount of the coverage on the dependent does not exceed
   (A) $2,000
   (B) $5,000
   (C) $10,000
   (D) $50,000

4. Emily quits her job at ABC Company to start her own business. Under COBRA, she will be eligible to extend her current group health plans for up to
   (A) zero months
   (B) 12 months
   (C) 18 months
   (D) 36 months
5. The cost of continuing coverage under COBRA may be passed on to the employee, but it cannot exceed what percent of the cost of the plan for a similarly situated active employee?
   (A) 100 percent
   (B) 102 percent
   (C) 105 percent
   (D) 108 percent

6. Preferred provider organizations (PPOs) typically differ from HMOs in which of the following ways?
   I. Employees are not required to use the practitioners or facilities in the plan's network.
   II. POS plans generally do not cover preventive care while HMOs generally do.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

7. Characteristics that distinguish HMOs from traditional medical expense contracts include which of the following?
   I. HMOs provide for the delivery of medical services.
   II. HMOs emphasize control of medical expenses.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

8. Which of the following statements concerning taxation of employee benefits is (are) correct?
   I. The cost of providing benefits is generally tax deductible for the employer.
   II. Taxation is consistent from benefit to benefit and from type of plan to type of plan.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
9. Which of the following statements concerning the taxation of disability benefits is (are) correct?
   I. All benefits paid from fully contributory plans are taxable income to the employee.
   II. All benefits paid from noncontributory plans are received by the employee tax free.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

10. Which of the following statements concerning employee benefits is (are) correct?
    I. Most employee benefits are issued without evidence of insurability on the employee.
    II. No underwriting is required for group benefits because all employees are still healthy and actively working.
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II

**Read the following directions before continuing**

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.

11. All of the following statements regarding the taxation of group term life insurance are correct EXCEPT
    (A) Premiums are taxable income for key employees if the plans are considered discriminatory.
    (B) Death proceeds generally are not taxable income to beneficiaries when paid in one lump sum.
    (C) Employer contributions for dependent life coverage are not taxable to the employee if death benefits do not exceed $2,000.
    (D) Death proceeds are fully-taxable income to beneficiaries if they are paid in installments over more than one taxable year.
12. Group medical expense plans containing coordination-of-benefits (COB) provisions have established all of the following priorities for determining which plans pay benefits EXCEPT

(A) Coverage as a retired employee is primary to coverage as an active employee.
(B) Coverage as an employee is usually primary to coverage as a dependent.
(C) If a child lives in a two-parent household, the plan of the parent whose birthday falls earlier in the calendar year is primary.
(D) If a child does not live with both parents, the plan of the parent with custody of the child is primary in the absence of a court order specifying otherwise.

13. Group term insurance contracts often provide additional insurance benefits in the form of all of the following coverages EXCEPT

(A) supplemental life insurance
(B) accidental death and dismemberment insurance
(C) dependent life insurance
(D) long-term disability income insurance

14. All of the following factors have contributed to the growth of employee benefits EXCEPT

(A) industrialization of the American economy
(B) organized labor
(C) the decreasing role of Social Security for American workers
(D) wage controls during the 1940s and 1950s

15. All of the following are qualifying events under COBRA EXCEPT

(A) the divorce or legal separation of the covered employee and spouse
(B) when the spouse of the covered employee becomes eligible for Medicare
(C) a child’s ceasing to be an eligible dependent under the employer plan
(D) the death of the covered employee
SALES PLANNING PROJECT 3
Medical Expense Coverage Checkup
(Assigned Class 3—Due Class 5)

Purpose
Financial advisors need to understand employee benefits so they can incorporate them into the financial plans they develop for their clients. Probably the most important employee benefit is medical expense coverage (health insurance). In this project, you will learn more about your medical expense coverage or that of a client or prospect.

Assignment
In this sales planning project, you are to analyze your medical expense coverage or that of a client or prospect. You will compare at least two plan options for benefits and total cost.

Procedure
1. Read through the questions that are asked in this sales planning project to determine what information you will need to complete the project. For example, you will need to have a summary of each medical expense coverage plan you are reviewing.

2. You have two options for completing this project.
   - OPTION 1: Gather information regarding your medical expense coverage plan options.
   - OPTION 2: Contact a client or prospect who has two or more medical expense coverage options (people who work for large employers will have a greater likelihood of having more than one option) and ask if he or she would like to compare their options. Ask the client or prospect to bring a summary of benefits for at least two of the plans.

3. Analyze and compare at least two plans. If a plan has different copayments, coinsurance, and deductibles for using network versus nonnetwork health care providers, focus on the benefits that apply to you. In other words, if you will use network providers, don’t spend time analyzing the non-network copayments, coinsurance, and deductibles.

4. Calculate a feasible amount to place in a flexible spending account (FSA) for medical expenses (regardless of whether or not one is available). Also, calculate the potential tax savings.

5. Answer the summary questions.
**SALES PLANNING PROJECT 3**

Medical Expense Coverage Checkup
Report Form (1 of 4)

**What’s Important to the Client?**

Ask the client to rate each of the following characteristics of medical expense coverage plans in terms of how important they are to him or her. Note the client’s response in Column R. Use letters A through D, A = extremely important, B = very important, C = somewhat important, and D = not important. Then, indicate what the cost or answers are for each plan.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>R</th>
<th>Plan 1</th>
<th>Plan 2</th>
<th>Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan name</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company rating</td>
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</tr>
<tr>
<td>Choice of doctors</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Choice of hospital</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimal paperwork</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Waiting period</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifetime maximum benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Deductible</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Coinsurance maximum out-of-pocket</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Physicians services benefit</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Hospital care</td>
<td></td>
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<tr>
<td>Emergency room</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Outpatient lab &amp; X-ray benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescription drug benefit</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Preventive care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternity coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Well-baby care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other services you need that are excluded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What's the Cost?

In this section, you will help the client estimate the total cost of health care. This means the premium plus the out-of-pocket costs for deductibles, copayments, and coinsurance. Lower premiums do not always mean the lowest total cost!

<table>
<thead>
<tr>
<th>What to Estimate</th>
<th>Plan 1</th>
<th>Plan 2</th>
<th>Plan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated number of doctor visits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated number of specialists visits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescription drugs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Estimated other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated surgeries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated laboratory/X-rays</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan 1</td>
<td>Plan 2</td>
<td>Plan 3</td>
<td></td>
</tr>
<tr>
<td>L. Client’s monthly premium (out-of-pocket)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M. Multiply by 12 for annual cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Estimated cost for physician services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O. Estimated cost for prescription drugs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P. Estimated costs for surgeries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q. Estimated costs for laboratory/X-rays</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R. Estimated cost for one trip to the emergency room</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Estimated cost for maternity care (if applicable)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T. Estimated costs for well-baby care (if applicable)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. Estimated costs for immunizations (if applicable)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. Total costs = (add lines B through J)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SALES PLANNING PROJECT 3
Medical Expense Coverage Checkup
Report Form (3 of 4)

6. Based on the above costs, what would be a reasonable amount to contribute to a flexible savings account for medical costs (regardless of whether or not one is available)? Remember, FSA monies are forfeited if not used by the end of the year.

7. How much would be saved in taxes if an FSA is used?

Summary Questions
1. Which plan was the best in terms of the cost (if applicable)?

2. What other factors besides price play a role in deciding which medical expense coverage to choose?

3. What coverage gaps do you see in the medical expense coverage? What are some ways these gaps could be closed?
4. How would you recommend your clients select a medical expense coverage plan if they have a choice between plans?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

5. What two things did you learn from completing this project?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
ACTION PROJECT 1
Discovering a Client’s Goals and Obstacles
(Assigned Class 3—Due Class 5)

Purpose
By completing this project you will experience the process of discovering a client’s financial goals and obstacles.

Assignment
Discuss a client’s financial goals and obstacles using the process from Sales Planning Project 1.

Procedure
1. Identify a client or prospect with whom you are comfortable. Ask him or her to help you. Explain that you are taking a course on financial planning that requires you to discuss financial goals and obstacles with someone and then gather some additional information regarding his or her attitudes toward financial planning. The process will take about 30 minutes.

2. Conduct the interview by asking questions that reveal the client’s financial goals and potential obstacles. Use the following line of questioning or develop your own.
   • Do you have a comprehensive financial plan? If you have one, what does it look like? Does it have goals, strategies, a spending plan (budget), and so on? If you don’t have one, why don’t you?
   • What are your top five to 10 goals? These could be goals such as buying a home, retirement, a vacation trip, purchasing a vacation home, and so forth, or they could be anticipated events such as marriage, birth of a child, postsecondary education for a child or yourself, a child’s marriage, beginning a second career, buying a car, and so forth.
   • Rank your goals in the order of importance to you. (Have the client number them from 1 to 10, or the number of goals they have identified, if less.)
   • Which of these goals have a financial impact on you? In other words, which goals will require money to attain? (Circle these goals.)
   • Which of these goals have you assessed and begun funding? (Place a check mark next to these goals.)
   • I’m going to show you a time line. I would like you to put a star on the time line that corresponds to your age.
   • When do you see yourself achieving your first goal? How many years from now? (Place an abbreviation or the letter associated with each goal on the time line with the number of years until it is to be achieved in parentheses. Repeat this step for each goal.)
• In life, serious obstacles can arise. There are some goals in life that are so important that we want to do whatever we can to protect them. Let's take a look at some of life's more serious obstacles and how you feel about your goals in light of them. Which of your goals would you want to achieve if one of the following events happened to you or your partner (if applicable). (List the letter of the goals in the space provided on the report form.)

• How concerned are you about your premature death? What financial impact do you think that would have on your goals? Which goals might it jeopardize? What strategies have you implemented to mitigate the impact of such an event? (Repeat this question for each situation listed on the report form.)

• What other potential and plausible obstacles could inhibit you from achieving your goals? Focus on obstacles that are both real and preventable, such as credit card debt, out-of-control spending, and so forth. What is your strategy for avoiding these obstacles?

• After completing this exercise, what actions do you feel you might need to take?

• How did you feel about this process? What was effective? What could I have done differently?

3. Answer the summary questions.
ACTION PROJECT 1
Discovering a Client’s Goals and Obstacles
Report Form (1 of 4)

1. Do you have a comprehensive financial plan? If you have one, what does it look like? Does it have goals, strategies, a spending plan, and so on? If you don’t have one, why don’t you?

2. Identify 5 to 10 goals (or anticipated events). Prioritize them. Then, circle those that require money. Finally, place a check mark next to those you have identified as a financial goal and have started funding.

<table>
<thead>
<tr>
<th>Goal/Event</th>
<th>Priority</th>
<th>Goal/Event</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>F</td>
<td></td>
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<tr>
<td>B</td>
<td></td>
<td>G</td>
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<td>C</td>
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<td>D</td>
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<td>I</td>
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<tr>
<td>E</td>
<td></td>
<td>J</td>
<td></td>
</tr>
</tbody>
</table>

3. Draw a star for your current age on the timeline below. Plot the goals from above along with the estimated number of years before they are expected to be achieved or to occur.

18-35 | 35-50 | 50-60 | 60-67 | 67-??
ACTION PROJECT 1
Discovering a Client's Goals and Obstacles
Report Form (2 of 4)

4. Which of these goals would you want to achieve if one of the following events happened to you or your partner (if applicable)? List the letters of these goals.

<table>
<thead>
<tr>
<th>Event</th>
<th>You</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Died tomorrow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disabled tomorrow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitalized tomorrow</td>
<td></td>
<td></td>
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<tr>
<td>Needed LTC at age 65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parents needed LTC tomorrow</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Describe the financial impact each of the following situations would have on you and/or your family. Also indicate your level of concern that such an event may occur. Use a scale of 1 to 5 with 1 indicating no concern and 5 indicating great concern.

<table>
<thead>
<tr>
<th>Event</th>
<th>Concern</th>
<th>Financial Impact/Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your premature death</td>
<td></td>
<td></td>
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<tr>
<td>Your disability</td>
<td></td>
<td></td>
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<tr>
<td>Your need for LTC</td>
<td></td>
<td></td>
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<tr>
<td>Losing your job</td>
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<td></td>
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<tr>
<td>Totaling your car</td>
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<td></td>
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<tr>
<td>Your house burning down</td>
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<td></td>
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<tr>
<td>Getting sued</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### ACTION PROJECT 1

Identifying Financial Goals and Obstacles
Report Form (3 of 4)

6. List other potential and plausible obstacles that could inhibit your achieving these goals. Focus on obstacles that are real and preventable, such as credit card debt, out-of-control spending, and so forth. Describe your strategy for avoiding these obstacles.

<table>
<thead>
<tr>
<th>Potential Obstacle</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
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<tr>
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</tr>
</tbody>
</table>

7. What actions do you feel you may need to take after having this conversation?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

8. How did you feel about this process? What was effective? What could I have done differently?

________________________________________________________________________
________________________________________________________________________
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________________________________________________________________________
________________________________________________________________________
ACTION PROJECT 1
Identifying Financial Goals and Obstacles
Report Form (4 of 4)

Summary Questions

1. How did you feel the process went? What went well? What would you change?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. What two things did you learn about discussing financial goals and obstacles with a client?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
1. Explain the concept of investment risk (risk versus reward) as you would to a client. Bring any visual aids you would use to class. You may be asked to participate in a role-playing exercise based on this question.

2. Explain the concept of purchasing power (inflation) risk as you would to a client. Bring any visual aids you would use to class. You may be asked to participate in a role-playing exercise based on this question.

3. Craig Moore is 33 years of age, single, and earns $48,000 per year. Craig owns a home, in which he has $25,000 in equity. He has credit card debt of $5,000, with a minimum payment of $100, and a car loan of $10,000. His employer offers a dollar-for-dollar match up to 5 percent of income for any contributions to the 401(k) plan it offers. Craig does not currently participate in the 401(k) plan. Craig’s savings consists of $1,300 in his checking and savings account. You find out that Craig spends a lot on dining and vacations.

Craig wants to start savings and investing for his retirement. You note that there are some obstacles in the way. What are the obstacles? Based on the information given, what recommendations might make sense for Craig?
QUIZ—CLASS 4

(Due Class 4)

Instructions: Study the reading assignment from Class 4, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Harry owns some municipal bonds that provide him with a tax-exempt yield of 4 percent. If Harry is in the 25 percent marginal income tax bracket, what is his equivalent fully taxable yield from the bonds?
   (A) 3.25 percent
   (B) 4.75 percent
   (C) 5.33 percent
   (D) 16.00 percent

2. Jasmine owns stock that currently sells at $100 per share and pays an annual dividend of $4 per share. If Jasmine is in the 25 percent marginal income tax bracket, what is her after-tax current yield from the stock?
   (A) 0.75 percent
   (B) 3.00 percent
   (C) 4.00 percent
   (D) 4.25 percent

3. Which of the following is a privilege that provides preferred stockholders a preferential position relative to common stockholders?
   (A) the right to receive dividends before dividends are paid out to the common stockholders
   (B) the right to maintain their relative voting power by purchasing shares of any new issues of common stock
   (C) the right to elect the board of directors
   (D) the right to vote on issues such as mergers and stock splits
4. Which of the following asset categories historically has provided the largest average annual before-tax returns?
   (A) long-term corporate bonds
   (B) common stock investments
   (C) U.S. Treasury bills
   (D) long-term government bonds

5. The net asset value of a mutual fund is equal to
   (A) number of shares outstanding/(total assets + total liabilities)
   (B) number of shares outstanding/(total assets − total liabilities)
   (C) (total assets + total liabilities)/number of shares outstanding
   (D) (total assets − total liabilities)/number of shares outstanding

6. Which of the following statements regarding an investment’s expected return and risk is (are) correct?
   I. An asset with a wide range of possible returns is considered a risky investment.
   II. Investing is based on a reasoned consideration of expected return and the risk associated with that return.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

7. Which of the following statements concerning corporate debt instruments is (are) correct?
   I. If they have features that benefit the bondholders, the interest rate paid will be higher.
   II. High yield bonds have strong quality ratings from ratings agencies and are considered investment grade securities.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
8. Components of the interest rate risk include which of the following?
   I. business (default) risk
   II. reinvestment rate risk
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

9. Which of the following statements regarding an open-end investment company is (are) correct?
   I. Its shares are traded in the stock market like those of large corporations.
   II. It issues a given number of shares at formation and rarely, if ever, issues additional shares.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

10. Which of the following is (are) a source of investment risk?
    I. purchasing power risk
    II. interest rate risk
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II

11. Which of the following statements regarding holding periods for common stock investments is (are)
    correct?
    I. Short holding periods, such as one year or less, may produce negative total returns.
    II. Individually owned stocks should generally have planned holding periods of at least 5 years.
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II

Read the following directions before continuing

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you
understand fully the basis used in selecting each answer, be sure to read each question carefully.
12. All of the following statements concerning asset allocation models are correct EXCEPT
   (A) They are portfolio recommendations of asset categories.
   (B) They emphasize the category and percentage to be placed in each category.
   (C) They provide specific assets in which clients should invest.
   (D) They are most effective when they reflect a client's risk-tolerance level.

13. All of the following are considered cash equivalents EXCEPT
   (A) American depository receipts (ADRs)
   (B) nonnegotiable certificates of deposit (CDs)
   (C) money market deposit accounts (MMDAs)
   (D) U.S. Treasury bills (T-bills)

14. All of the following statements regarding the ownership of liquid assets are correct EXCEPT
   (A) Liquid assets tend to have the lowest expected rates of return.
   (B) Owning liquid assets provides flexibility for emergency purposes.
   (C) There are often substantial opportunity costs to owning liquid assets.
   (D) There typically is a sizable investment risk in owning liquid assets.

15. Reasons for the popularity of investment companies include all of the following EXCEPT
   (A) Each share in an investment company benefits from the pooled diversification of the portfolio.
   (B) The wide diversity of investment companies allows an investor to select the portfolio that best suits her objectives.
   (C) Investment companies typically perform better than the market averages because they have no fees.
   (D) Investment companies have professional managers that select and continuously monitor the portfolio's securities.
SALES PLANNING PROJECT 4
Financing Your Goals
(Assigned Class 4—Due Class 6)

Purpose

After financial goals have been identified, an advisor needs to evaluate investment planning strategies and progress. This project explores some of the basics of investment planning.

Assignment

In this sales planning project, you are to analyze your investment planning strategies and progress regarding the financial goals identified in Sales Planning Project 1.

Procedure

1. If you have determined your risk tolerance, indicate what it is and how you determined it. If you have not, locate a risk-tolerance tool and complete it. Vanguard has an "Investor Questionnaire" on its website (www.vanguard.com) that can be used free of charge. Click on the "Personal Investors" area and run a search for "investor questionnaire."

2. Select your top three goals (other than retirement income) from Sales Planning Project 1. Do the following:
   - Indicate the time horizon: when will money be needed?
   - Indicate the amount you have determined will be needed. (Only the moderator should read your answers. However, if you are concerned about your privacy, then express the amount as a percentage of your annual income. For example, if you make $50,000 per year and your goal is to have $30,000 for your child’s education, you would indicate “60%” in the “Amount” column.)
   - Describe briefly how you determined the amount needed. What assumptions did you make? What factors were involved?

3. For each goal, describe the desired asset allocation you have determined. Describe the portfolio, not specific stocks and bonds. For example, “50% large cap, 10% small cap, 5% foreign, 25% corporate bonds, and 10% government bonds.” Then, describe the progress toward your goal. How much of the goal has been achieved? Where should you be?

4. Answer the question regarding your emergency fund.

5. Answer the summary questions.
SALES PLANNING PROJECT 4
Financing Your Goals
Report Form (1 of 3)

1. What is your risk tolerance? How did you determine it?

2. For each of your financial goals, identify the time horizon, the amount of the goal (expressed as a percentage of your annual income), and how you determined the amount you needed.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Time Horizon</th>
<th>Amount</th>
<th>How You Determined the Amount Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. For each of your financial goals, give your desired asset allocation and your current asset allocation (an estimate). Then, evaluate your progress toward meeting your goal.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Asset Allocation</th>
<th>Progress</th>
</tr>
</thead>
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</table>
SALES PLANNING PROJECT 4
Financing Your Goals
Report Form (2 of 3)

4. Do you have an emergency fund? If so, how much (either the dollar amount or the percentage of your income that it represents) and how is it invested? If not, why not?

Summary Questions
1. When is the last time you reviewed the asset allocation and progress for each of your goals?

2. Try to evaluate your situation through the eyes of a third party. What recommendation would you make to someone in your situation?

3. How did you select your investments? What were the factors that influenced your selections?
SALES PLANNING PROJECT 4
Financing Your Goals
Report Form (3 of 3)

4. How do you determine asset allocation? What factors do you examine?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

5. How do you evaluate your investments' performance?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

6. Describe two insights you gained about investment planning from this exercise.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
1. What are the two most common tax questions that clients ask you? Without giving specific tax advice, how do you answer them? How could you motivate clients to take immediate action on your recommendations?

2. Think about your client base. List three tax-related ideas that you think would be applicable to your main target market.
QUIZ—CLASS 5

(Due Class 5)

Instructions: Study the reading assignment from Class 5, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Helen has unreimbursed medical expenses totaling $7,000. If Helen's adjusted gross income (AGI) is $40,000 and she itemizes deductions, how much of the medical expenses will she be allowed to deduct for income tax purposes?
   (A) $3,000
   (B) $4,000
   (C) $6,475
   (D) $7,000

2. Marco owns a rental property but the income goes to his grandson. Most likely, Marco will be taxed on the income based on the
   (A) fruit-and-the-tree doctrine
   (B) assignment-of-income doctrine
   (C) constructive-receipt doctrine
   (D) economic-benefit doctrine

3. During the past taxable year, Susan sold some common stock she held for several years and incurred a capital loss of $6,000. Susan had no capital gains during the year, and her other income for the year was $60,000. How much of the capital loss can Susan deduct for the taxable year?
   (A) None
   (B) $3,000
   (C) $5,000
   (D) $6,000
4. Taxpayers must generally include which of the following in their gross incomes?
   I. gifts and inheritances
   II. workers’ compensation benefits
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

5. Which of the following statements regarding tax credits is (are) correct?
   I. A $100 tax credit provides the taxpayer the same benefit as a $100 deduction.
   II. A $200 tax credit is worth more to a taxpayer in the 35 percent bracket than to one in the 15 percent bracket.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

6. Which of the following statements regarding federal income tax rates is (are) correct?
   I. The highest marginal tax rate for an individual taxpayer is currently 39 percent.
   II. An individual taxpayer's effective tax rate is always higher than his marginal tax rate.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

7. Which of the following statements regarding “tax-preference items” is (are) correct?
   I. They provide a taxpayer with greater tax benefits than regular deductions.
   II. They are items deductible for regular tax but face different rules under the alternative minimum tax (AMT).
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
8. Which of the following types of entities are classified as taxable entities?
   I. C corporation
   II. S corporation
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

Read the following directions before continuing

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.

9. All of the following statements concerning itemized deductions are correct EXCEPT
   (A) All itemized deductions are below-the-line deductions.
   (B) A taxpayer can either itemize deductions or claim the standard deduction.
   (C) Itemized deductions are claimed on Schedule B of IRS Form 1040.
   (D) The standard deduction amounts are indexed annually for inflation.

10. All of the following statements regarding tax credits are correct EXCEPT
    (A) Tax credits are more beneficial to the taxpayer than deductions of an equal amount.
    (B) A tax credit is a dollar-for-dollar reduction of the actual tax payable.
    (C) Each tax credit has its own set of rules for eligibility.
    (D) Tax credits are itemized on Schedule A of IRS Form 1040.

11. All of the following are taxpayer’s filing statuses for federal income tax purposes EXCEPT
    (A) married taxpayer filing jointly
    (B) married head of household
    (C) married taxpayer filing separately
    (D) single taxpayer
12. All of the following statements regarding the standard deduction are correct EXCEPT
   (A) The amount of the standard deduction depends on the taxpayer’s filing status.
   (B) The standard deduction is classified as an above-the-line deduction.
   (C) The taxpayer may choose to itemize deductions instead of taking the standard deduction.
   (D) The standard deduction amounts are indexed annually for inflation.

13. All of the following are pass-through entities for federal income tax purposes EXCEPT
   (A) C corporations
   (B) limited liability companies (LLCs)
   (C) S corporations
   (D) partnerships

14. All the following statements regarding the alternative minimum tax (AMT) for individual taxpayers are correct EXCEPT
   (A) The taxpayer pays the AMT amount if the AMT is greater than the regular tax.
   (B) The AMT is a separate and parallel income tax system to the regular system.
   (C) The computational process for determining the AMT is different from that used to determine the regular tax.
   (D) The AMT calculation permits taxpayers to deduct the same items that they can deduct for regular tax purposes.

15. All of the following statements regarding the standard deduction and dependency exemptions are correct EXCEPT
   (A) The taxpayer may claim the standard deduction in addition to her exemptions.
   (B) The amount of the exemption(s) is subtracted from gross income to determine adjusted gross income.
   (C) The exemption amount changes annually with an inflation adjustment.
   (D) A taxpayer is permitted to claim a dependency exemption for each qualified individual she supports as a dependent.
ACTION PROJECT 2

Life-Cycle or Market Survey
(Assigned Class 5—Due Class 7)

Purpose

This sales planning project will help you learn more about the financial planning needs of a life-cycle segment or a market segment of your choosing.

Assignment

You will interview three members of a life-cycle or market segment about their financial planning needs and products.

Procedure

To complete this assignment, do the following:

1. Select either a life-cycle segment or a market segment of your choosing.
2. Identify 10 clients and/or prospects from the segment (you will only conduct three interviews; however, you may find some people unable or unwilling to help you out).
3. Review the questions on the report form that follow these instructions.
4. Call and interview three clients and/or prospects. See the following suggested approach and explanation of the interview questions.

Hello, [Client], this is ___________. How are you? I am currently taking a class on financial planning. One of my assignments is to survey some of my current clients about their experience with and feelings toward financial planning. Would you be able to give me 10 minutes of your time to answer a few questions?

- What three financial goals are most important to you? (Give examples, if necessary: saving for retirement, funding higher education, paying off your mortgage, saving for a down payment on a house, paying less in taxes, and so forth.)
- How do you feel about your plan for each goal? How do you feel about your progress toward each goal?
- How do you make financial decisions? How do you gather information? With whom do you consult?
- What type of insurance products do you own? (Give examples, if necessary: medical expense insurance, life insurance, disability insurance, auto insurance, homeowners insurance, and so on.)
- What type of investment products do you own? (Give examples, if necessary: individual stocks and bonds, mutual funds, CD’s, bank savings accounts, real estate, and so on.)
- Do you have a comprehensive financial plan? Why or why not?
• Are you interested in the services of a financial planner? Why or why not?

5. Record their responses on the report form pages.

6. Complete the summary questions found on the report form pages.
# ACTION PROJECT 2

Life-Cycle or Market Survey
Report Form (1 of 4)

## Survey #1

1. What three financial goals are most important to you? How do you feel about your plan for each goal? How do you feel about your progress toward each goal?

<table>
<thead>
<tr>
<th>Financial Goal</th>
<th>Feelings Toward Plan and Progress</th>
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</table>

2. How do you make financial decisions? How do you gather information? With whom do you consult?

___________________________________________________________________

3. What type of insurance products do you own?

___________________________________________________________________

4. What type of investment products do you own?

___________________________________________________________________

5. Do you have a comprehensive financial plan? Why or why not?

___________________________________________________________________

___________________________________________________________________

6. Are you interested in the services of a financial planner? Why or why not?

___________________________________________________________________

___________________________________________________________________
ACTION PROJECT 2
Life-Cycle or Market Survey
Report Form (2 of 4)

Survey #2

1. What three financial goals are most important to you? How do you feel about your plan for each goal? How do you feel about your progress toward each goal?

<table>
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<th>Financial Goal</th>
<th>Feelings Toward Plan and Progress</th>
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</table>

2. How do you make financial decisions? How do you gather information? With whom do you consult?

3. What type of insurance products do you own?

4. What type of investment products do you own?

5. Do you have a comprehensive financial plan? Why or why not?

6. Are you interested in the services of a financial planner? Why or why not?
ACTION PROJECT 2
Life-Cycle or Market Survey
Report Form (3 of 4)

Survey #3

1. What three financial goals are most important to you? How do you feel about your plan for each goal? How do you feel about your progress toward each goal?

<table>
<thead>
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<th>Financial Goal</th>
<th>Feelings Toward Plan and Progress</th>
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2. How do you make financial decisions? How do you gather information? With whom do you consult?

________________________________________________________________________

3. What type of insurance products do you own?

________________________________________________________________________

4. What type of investment products do you own?

________________________________________________________________________

5. Do you have a comprehensive financial plan? Why or why not?

________________________________________________________________________

6. Are you interested in the services of a financial planner? Why or why not?

________________________________________________________________________
ACTION PROJECT 2
Life-Cycle or Market Survey
Report Form (4 of 4)

Summary Questions

1. What were the common financial goals in the life cycle or market segment you surveyed? In general, how did most people feel about their plans and progress toward each goal?

__________________________________________________________________________

2. What was the prevailing approach to financial planning and financial decision making in general? Did you find people seek advisors, do it themselves, or a combination of the two?

__________________________________________________________________________

3. What reasons did people give for not having a financial plan? What does this indicate about the openness of this market toward financial planning?

__________________________________________________________________________

4. Were people generally interested or not interested in the services of a financial planner? Why or why not?

__________________________________________________________________________

5. Describe two practical applications of what you learned from conducting the surveys.
BREAKOUT—CLASS 6

1. What aspects of retirement are important to discuss in retirement planning with a client?

2. How do you discuss the need for starting early with younger clients?

3. John and Mary are married, make $50,000 each, and file a joint income tax return. Both have a 401(k) at work. Mary’s employer provides a dollar for dollar match up to 3 percent of income. John’s employer does not offer a match. They would like to save 10 percent of each salary toward retirement. What recommendations would you make? Why?
QUIZ—CLASS 6

(Due Class 6)

Instructions: Study the reading assignment from Class 6, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Which of the following correctly describes the unit-benefit formula found in defined-benefit pension plans?
   (A) It directly ties the participant’s pension benefit to both service and salary.
   (B) It bases the participant’s pension benefit on final average salary only.
   (C) It provides each participant with the same pension benefit.
   (D) It provides each participant with a flat benefit amount for each year of service.

2. Which of the following is a method for determining retirement income that assumes that the standard of living enjoyed during the years just prior to retirement will be the determining factor for the standard of living during retirement?
   (A) expense method
   (B) capital-utilization method
   (C) capital-retention method
   (D) replacement-ratio method

3. Which of the following types of retirement plans is a qualified plan?
   (A) a SIMPLE plan
   (B) a 401(k) plan
   (C) a SEP plan
   (D) a 403(b) plan

4. Which of the following statements concerning contributions to traditional IRAs is correct?
   (A) Contributions may be used to buy life insurance policies.
   (B) Contributions may be deductible or nondeductible.
   (C) Contributions may be commingled with a taxpayer’s other assets.
   (D) The maximum contribution is 10 percent of the taxpayer’s income.
5. Which of the following expenses tend to decrease for retirees?
   I. mortgage payments
   II. medical and dental costs
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

6. Which of the following statements concerning defined-contribution plans (is) are correct?
   I. The employer assumes the preretirement inflation and investment risks.
   II. All contributions are allocated to the accounts of individual employees.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

7. Which of the following statements regarding a 403(b) plan is (are) correct?
   I. It allows deferrals in the form of a salary reduction chosen by the employee.
   II. It can be used in conjunction with most other retirement plans.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

8. Which of the following statements regarding a Roth IRA is (are) correct?
   I. Contributions can be made even after the owner attains age 70½ if he has earned income.
   II. Distributions must begin no later than when the owner attains age 70½.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
9. Which of the following statements regarding qualified plans is (are) correct?
I. Distributions can be rolled into an IRA.
II. A SEP is a qualified plan that uses an IRA.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

10. Which of the following statement(s) concerning Roth IRAs is (are) correct?
I. Contributions are not deductible.
II. Qualifying withdrawals are not subject to income tax.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

Read the following before continuing
The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.

11. Nonqualified retirement plans are potentially subject to all of the following problems EXCEPT
   (A) somewhat inflexible withdrawal provisions
   (B) the forfeiture or loss of benefits
   (C) nondiscrimination rules that limit benefit amounts
   (D) the threat of immediate taxation that would reduce the benefit amount

12. All of the following statements concerning simplified employee pension plans (SEPs) are correct EXCEPT
   (A) Contributions typically are allocated as a level percentage of compensation.
   (B) The allocation formula may be integrated with Social Security.
   (C) All employer contributions are 100 percent vested at all times.
   (D) Employers are required to make annual contributions in each plan year.
13. All of the following statements regarding SIMPLE plans are correct EXCEPT
(A) Assets cannot be invested in life insurance or collectibles.
(B) Participants are allowed to borrow from their accounts.
(C) Participants must be fully vested in all benefits at all times.
(D) Any type of business entity can establish a SIMPLE plan.

14. All of the following statements regarding defined-benefit plans are correct EXCEPT
(A) Plan contributions are not allocated to individual employee accounts.
(B) The employer assumes the risk of preretirement inflation and investment performance.
(C) The costs associated with a defined-benefit plan are unpredictable.
(D) The law specifies the maximum allowable annual contribution that can be made for an employee.

15. All of the following statements regarding a reverse mortgage are correct EXCEPT
(A) It typically is available only when the home is the borrower's principal residence.
(B) If property values erode, the lender may end up with a loss.
(C) It typically is available regardless of the borrower's age.
(D) It does not have to be repaid as long as the borrower lives in the home.
SALES PLANNING PROJECT 5

Retirement Planning
(Assigned Class 6—Due Class 8)

Purpose

One of the more prominent client goals should be retirement planning because of the large amount of money that must be amassed to finance retirement. This project will give you insight into some of the basics of retirement planning.

Assignment

This sales planning project asks you to consider your own retirement plan. It asks you to describe your retirement goals and quantify them financially. It then asks you questions related to the financing of your retirement goals.

Procedure

Answer the questions about your retirement planning process. Then, complete the summary questions.
SALES PLANNING PROJECT 5

Retirement Planning
Report Form (1 of 3)

1. Approximately how many more years do you have before you would like to retire?

2. Describe what you want your retirement years to look like. Answer questions like: What will you do? Will you work? Will you travel? Where will you travel? Do you plan on relocating? Where?

3. How much will you need to save to be able to achieve your goals? You may give the amount as either a dollar figure or the number of times current income. (For example, “$3.2 million” or “31.5 times current income.”)

4. What should your asset allocation be? What is it currently?

5. Describe your current retirement savings strategy. What are you currently doing to achieve your goal? What savings vehicles are you using? How are you coordinating multiple savings vehicles?
SALES PLANNING PROJECT 5

Retirement Planning
Report Form (2 of 3)

6. Describe your current progress. What percentage of your goal has been attained? Are you on target to meet your goal?

7. What are your plans if you and/or a partner require assistance with activities of daily living like eating, dressing, bathing, toileting, or transferring? Where do you want care provided? Who will provide care?

8. How much will care cost in today’s dollars? (Call a nursing home for an approximate cost.)

9. What percentage of this care have you prefunded? How have you prefunded it?

10. Describe your current progress. What percentage of your goal has been attained? Are you on target to meet your goal?
SALES PLANNING PROJECT 5

Retirement Planning
Report Form (3 of 3)

Summary Questions

1. When is the last time you reviewed the asset allocation and progress of your goals?

2. Try to evaluate your situation through the eyes of a third party. What recommendations would you make to someone in your situation?

3. Describe two insights you gained about retirement planning from this exercise.
ACTION PROJECT 3
Retirement and the Early-Career Segment
(Assigned Class 6—Due Class 8)

Purpose
The purpose of this project is to give you insight into younger clients’ perspectives toward retirement and retirement planning. As a consequence, you may give some an invaluable education on the value of starting their retirement plan earlier rather than later.

Assignment
Give a member of the early-career segment, preferably under age 30, a copy of the illustration, “Retirement Funding Plans: The Advantages of Starting Young.” Ask a few brief questions to gauge their reaction and understanding.

Procedure
1. Make copies of the “Retirement Funding Plans: The Advantages of Starting Young” that appears on the next page.
2. Talk to three persons in the early-career segment of the life cycle, preferably under age 30. They can be current clients (unless you have already discussed retirement planning with them) or prospects.
3. Give them a copy of the illustration, “Retirement Funding Plans: The Advantages of Starting Young.”
4. Ask the questions on the report form.
5. Complete the summary questions.
Table 19-1
Retirement Funding Plans: The Advantages of Starting Young*

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*This comparison is hypothetical; no guarantees are implied for specific investments. The interest rate is assumed to remain unchanged for the entire period.
ACTION PROJECT 3
Retirement and the Early-Career Segment
Report Form (1 of 4)

Person 1

1. Are you surprised by the outcome? Why or why not?


2. Have you started saving for retirement? If yes, when did you start saving? If not, why not?


3. In which types of retirement vehicles do/would you participate?


4. How did/would you determine the amount you need to save?


5. How did/would you decide which investments you would use to fund your savings?


6. How has this conversation affected you? (Circle any that apply.)
   (a) It has had no effect.
   (b) It has affirmed that I am on the right path.
   (c) It has made me think I need to get started now or increase my savings.
   (d) It has made me realize I need to figure out how much I need to save.
   (e) It has made me realize I need help choosing my investments.
ACTION PROJECT 3
Retirement and the Early-Career Segment
Report Form (2 of 4)

Person 2

1. Are you surprised by the outcome? Why or why not?

2. Have you started saving for retirement? If yes, when did you start saving? If not, why not?

3. In which types of retirement vehicles do/would you participate?

4. How did/would you determine the amount you need to save?

5. How did/would you decide which investments you would use to fund your savings?

6. How has this conversation affected you? (Circle any that apply.)
   (a) It has had no effect.
   (b) It has affirmed that I am on the right path.
   (c) It has made me think I need to get started now or increase my savings.
   (d) It has made me realize I need to figure out how much I need to save.
   (e) It has made me realize I need help choosing my investments.
1. Are you surprised by the outcome? Why or why not?

2. Have you started saving for retirement? If yes, when did you start saving? If not, why not?

3. In which types of retirement vehicles do/would you participate?

4. How did/would you determine the amount you need to save?

5. How did/would you decide which investments you would use to fund your savings?

6. How has this conversation affected you? (Circle any that apply.)
   (a) It has had no effect.
   (b) It has affirmed that I am on the right path.
   (c) It has made me think I need to get started now or increase my savings.
   (d) It has made me realize I need to figure out how much I need to save.
   (e) It has made me realize I need help choosing my investments.
ACTION PROJECT 3
Retirement and the Early-Career Segment
Report Form (4 of 4)

Summary Questions

1. How did people generally respond to the illustration?

2. What reasons did people give for not starting to save for retirement?

3. How did people determine the amount they needed to save for retirement?

4. How did people decide how to invest for retirement?

5. How did people receive your information? Were they generally motivated or unmotivated? Why do you think they responded that way?

6. List two important things you learned from completing this exercise.
BREAKOUT—CLASS 7

1. How do you go about introducing the topic of estate planning to a client? What would you say?

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2. How do or would you explain to a client what a will does and why he or she should have one?

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3. How do or would you explain to a client what advanced medical directives do and why he or she needs them?

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4. What do or would you say to a client to describe the costs associated with dying?
QUIZ—CLASS 7

(Due Class 7)

Instructions: Study the reading assignment from Class 7, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Which of the following provides the holder the ability to transfer property to a limited class of potential recipients?
   (A) a power of appointment
   (B) a conventional power of attorney
   (C) a durable power of attorney
   (D) a special power of appointment

2. The most complete ownership interest one can have in property is a
   (A) fee simple estate
   (B) life estate
   (C) tenancy by the entirety
   (D) future interest

3. A life insurance policy death benefit paid to a named beneficiary is an example of a transfer of property by operation of
   (A) will
   (B) law
   (C) contract
   (D) intestacy
4. A power of appointment over property that gives the holder the broad power to transfer the property to virtually any recipient is referred to as a
   (A) special power of appointment
   (B) general power of appointment
   (C) legal power of appointment
   (D) reversionary power of appointment

5. Which of the following types of concurrently owned property is freely transferable by a deceased owner's will?
   (A) tenancy by the entirety
   (B) community property
   (C) joint tenancy with right of survivorship
   (D) tenancy in common

6. Which of the following property transfers at the client's death is by operation of law?
   (A) life insurance proceeds payable to a named beneficiary
   (B) property transferred by an irrevocable living trust
   (C) pay-on-death (POD) accounts
   (D) retirement plan death benefits payable to a named beneficiary

7. Which of the following statements concerning a durable power of attorney is (are) correct?
   I. It takes effect immediately upon execution.
   II. It can replace or complement a revocable trust.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II
8. Which of the following statements regarding the gift tax annual exclusion is (are) correct?
   I. It is available only for gifts to close relatives of the donor.
   II. It is available only for gifts that provide the donee with a future interest.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

9. The federal gift tax applies only if which of the following elements is (are) present?
   I. There is a completed transfer and acceptance of the property.
   II. The transfer of the property is for less than full and adequate consideration.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

10. Advance medical directives include which of the following?
    I. durable power of attorney for health care
    II. living will
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II

Read the following directions before continuing

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.

11. All of the following statements concerning tenancy by the entirety are correct EXCEPT
    (A) It is a property interest restricted solely to spouses.
    (B) It is joint ownership of the property with rights of survivorship.
    (C) It is a property interest that is disposed of by the will of the deceased spouse.
    (D) It is a property interest that is severed automatically upon divorce.
12. All the following statements concerning a revocable trust are correct EXCEPT
   (A) It can receive property from the client that avoids inclusion in the client's estate at his or her death.
   (B) It allows the client to observe the management of trust assets without relinquishing ultimate control of them.
   (C) It can be drafted to provide the dispositive directions normally contained in the client's will.
   (D) It avoids the publicity, delay, and some expenses associated with the probate process.

13. All of the following statements regarding a testamentary trust are correct EXCEPT
   (A) It escapes probate at the client's death.
   (B) It does not receive property until the client dies.
   (C) It is created under the client's will.
   (D) It is not irrevocable until the client dies.

14. All of the following statements regarding a revocable trust are correct EXCEPT
   (A) The creation involves a transfer that is a completed gift.
   (B) It avoids the publicity, delay, and expense of probate.
   (C) It becomes irrevocable at the grantor's death.
   (D) Its creation has no effect on the grantor's gross estate.

15. All of the following statements regarding a durable power of attorney are correct EXCEPT
   (A) It takes effect immediately upon execution.
   (B) It can be designed for use in making medical care decisions.
   (C) It becomes inoperative if the principal is incapacitated.
   (D) It can replace or complement a revocable trust.
BREAKOUT—CLASS 8

1. Consider the following fact pattern. Noah and Annie Boddy are prospects who have two children, Everett and Summer, ages 10 and 8 respectively. Noah is 35 years old and earns $45,000. Annie is 32 years old and has just graduated from law school (she went part-time while she stayed at home with the children). She just started working at a law firm earning $40,000 a year.

How could you use Noah's Social Security statement to discuss Noah and Annie's need to plan for retirement, disability, and death: What could you teach them using the statement? What related information could you share that does not appear on the statement? What questions could you ask?

**Estimated Benefits**
*(Excerpt from Social Security Statement)*

*Retirement*  You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits…

- at age 62, your payment would be about… $1,068 a month
- If you continue working until…
  - your full retirement age (67 years), your payment would be about… $1,548 a month
  - age 70, your payment would be about… $1,931 a month

*Disability*  You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about… $1,350 a month

*Family*  If you get retirement or disability benefits, your spouse and children also may qualify for benefits

*Survivors*  Suppose you have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits.

- Your child… $1,035 a month
- Your spouse who is caring for your child… $1,035 a month
- Your spouse, if benefits start at full retirement age… $1,380 a month
- Total family benefits cannot be more than… $2,468 a month
2. How could you use the Social Security statement in your practice? How could it be used to market financial planning or approach prospects?

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3. How would you describe Medicare to a client? What gaps would you discuss, and how would you discuss them?

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QUIZ—CLASS 8

(Due Class 8)

Instructions: Study the reading assignment from Class 8, then circle the correct answer for each of the following questions. Each question is worth 6 2/3 points (100 points total).

1. Which of the following statements concerning Medigap insurance plans is correct?
   (A) Employer-provided Medicare supplement plans must meet all Medigap requirements.
   (B) Persons age 65 or older may buy any Medigap plan after enrolling in Medicare Part B.
   (C) Medigap insurance only covers deductibles and copayments for expenses paid under Medicare Part B.
   (D) All Medigap insurance plans issued since 2006 are required to provide prescription drug coverage.

2. Jean died and left behind a surviving spouse, age 37, and a child age 12. The surviving spouse's salary exceeds the earnings test threshold by $2,000. The surviving spouse's annual benefit amount will be reduced by
   (A) $500
   (B) $1,000
   (C) $2,000
   (D) $4,000

3. Which of the following statements regarding monthly Social Security benefits for the family members of a 66-year-old retiree receiving full retirement benefits is correct?
   (A) The 60-year-old spouse of the retired worker is eligible to receive 75 percent of the worker’s PIA.
   (B) The 15-year-old daughter of the retired worker is eligible to receive 50 percent of the worker’s PIA.
   (C) The 22-year-old son of the retired worker is eligible to receive 75 percent of the worker’s PIA if he stays in college.
   (D) The 87-year-old mother of the retired worker is eligible to receive 50 percent of the worker’s PIA if she is a dependent.
4. Which of the following statements concerning quarters of coverage under Social Security is correct?
   (A) The amount of earnings necessary for a quarter of coverage is adjusted annually.
   (B) Credit for up to 10 quarters of coverage may be earned in any one calendar year.
   (C) A person is fully insured if he or she has at least 20 quarters of coverage.
   (D) A person is currently insured if he or she has at least 4 quarters of coverage.

5. Which of the following statements regarding Social Security disability benefits is correct?
   (A) Benefits are subject to a waiting period and commence one year after a disability begins.
   (B) Benefits are payable as long as the disabled worker is unable to perform his or her regular job.
   (C) Benefits are payable as long as the disabled worker is considered to be currently insured.
   (D) Benefits cease at full retirement age but are replaced by comparable Social Security retirement benefits.

6. Which of the following persons will have his or her Social Security benefits reduced or terminated because of the earnings test?
   (A) A widow, aged 39, who receives survivors benefits and has annual income of $24,000 from a full-time job.
   (B) A child, aged 12, who receives survivors benefits and has a monthly annuity income of $1,000 from a settlement option of her father’s life insurance policy.
   (C) A retired worker, aged 73, who earns $14,000 annually from part-time employment.
   (D) A retired worker, aged 64, who receives $18,000 annually from investment income.

7. Which of the following statements regarding Medicare Advantage programs is correct?
   (A) Health maintenance organizations (HMOs) cannot be used in a Medicare Advantage plan.
   (B) The Affordable Care Act of 2010 will provide gradually increasing reimbursements to Medicare Advantage programs in the future.
   (C) Medicare Advantage programs allow most Medicare beneficiaries to elect health care benefits through alternatives to traditional Medicare Parts A and B.
   (D) In 2012, approximately 50 percent of Medicare beneficiaries are in a Medicare Advantage program.
8. To be “disability insured” under Social Security, a worker must meet which of the following requirements?
   I. be fully insured under Social Security
   II. be expected to die within 2 years (as diagnosed by two physicians)
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

9. Which of the following statements regarding Social Security benefits is (are) correct?
   I. Social Security benefits are increased automatically in accordance with increases in the CPI-W.
   II. If a person is eligible for more than one type of Social Security benefit, only the higher benefit is paid.
   (A) I only
   (B) II only
   (C) Both I and II
   (D) Neither I nor II

10. Tracy dies, leaving behind a 40-year-old spouse and a child under age 16. Tracy’s PIA is $2,000 per month. Which of the following statements concerning survivor benefits is (are) correct?
    I. The surviving spouse will receive $2,000 per month.
    II. The child will receive $1,500 per month.
    (A) I only
    (B) II only
    (C) Both I and II
    (D) Neither I nor II

Read the following directions before continuing

The questions below differ from the preceding questions in that they all contain the word EXCEPT. So you understand fully the basis used in selecting each answer, be sure to read each question carefully.
11. All of the following persons are also eligible for monthly benefits if a retired worker is receiving retirement benefits EXCEPT
   (A) spouse aged 62 or older
   (B) divorced spouse whose marriage lasted five years
   (C) dependent unmarried child aged 13
   (D) disabled child aged 26 who was disabled at age 15

12. Basic benefits required to be in all Medigap insurance policies include all of the following EXCEPT
   (A) copayment for Part A benefits for the 61st through the 90th day of hospitalization
   (B) copayment for Part A benefits for the 21st through the 100th day of skilled-nursing facility care
   (C) Part B percentage participation for Medicare-approved charges for physicians' and medical services
   (D) yearly 3 pint deductible for Part A coverage of blood as an inpatient hospital expense

13. All the following statements concerning Social Security (OASDI) taxes are correct EXCEPT
   (A) They are paid by all persons covered under Social Security.
   (B) They are paid by the employers of all covered persons.
   (C) All wages of covered persons are subject to these taxes.
   (D) The tax rate applicable to both employers and their employees is 6.2 percent.

14. Part A of Medicare provides benefits for all of the following types of expenses EXCEPT
   (A) inpatient hospital services
   (B) hospice care
   (C) physicians' and surgeons' fees
   (D) home health care visits

15. All the following are types of Medicare Advantage plans used with Part C of Medicare EXCEPT
   (A) preferred-provided organization (PPO) plans
   (B) private fee-for-service (PFFS) plans
   (C) health maintenance organization (HMO) plans
   (D) supplementary (Medigap) insurance plans
MOST VALUABLE CONCEPTS

Reflection is an important part of the learning process that is often overlooked. Take a minute to think about what you have learned and write the most valuable concept, sales idea, marketing strategy, and so forth that you learned in class.

Class 1:

Class 2:

Class 3:

Class 4:

Class 5:

Class 6:

Class 7:

Class 8: