

Table of Contents

Dedication	iii
About the Authors.....	iv
Financial Specialist Workbook Series	ix
Unit 1: The Financial Planning Environment	1
Introduction.....	1
Objectives	1
What is Financial Planning?	1
Benefits of Planning.....	2
Who does Financial Planning?	3
Profession Designations	5
Industry Associations/Certifying Groups.....	6
The Future Outlook.....	7
Answers to Unit Questions.....	8
Unit 2: Regulatory and Ethical Considerations	9
Introduction.....	9
Objectives	9
Security Laws.....	9
Ethical Considerations.....	14
Additional Questions.....	16
Answers to Unit Questions.....	19
Unit 3: Financial Planning Process.....	21
Introduction.....	21
Objectives	21
Steps in Comprehensive Planning	21
Establishing the Client – Planner Relationship.....	22
Data Gathering.....	22
Financial Statements.....	24
Assessing Strengths/Weaknesses	28
Answers to Unit Questions.....	31
Unit 4: Financial Planning Process (cont'd)	31
Introduction.....	31
Objectives	31
Client Objectives.....	33
Quantifying Objectives.....	33
Plan Development	33
Implementation	34
Monitoring.....	35
Client Risk Tolerance	35
Communication.....	36
Additional Questions.....	37
Answers to Unit Questions.....	38

Unit 5: Time Value of Money (TVM) Concepts.....	39
Introduction.....	39
Objectives	39
Basic Definitions	39
Rule of 72	40
Simple vs. Compound Interest.....	41
Getting Started.....	42
TVM Variables	43
FV Calculation Example.....	43
PV Calculation Example.....	44
Calculation of I/Yr Example	45
Payment Calculations	45
Number of Periods Calculation	46
Answers to Unit Questions.....	47
 Unit 6: TVM Concepts (cont'd)	 49
Introduction.....	49
Objectives	49
Annuities	49
Present Value of an Annuity Due (PVAD) Calculation	49
Present Value of an Ordinary Annuity (PVOA) Calculation.....	50
Future Value of an Annuity Due (FVAD) Calculation.....	50
Future Value of the Ordinary Annuity (FVOA) Calculation.....	50
Internal Rate of Return (IRR) Calculation.....	51
Net Present Value (NPV) Calculation.....	53
Comparing IRR and NPV	54
Mortgage Calculations.....	55
Additional Questions.....	56
Answers to Unit Questions.....	59
 Unit 7: Education Funding.....	 63
Introduction.....	63
Education Needs Analysis.....	63
Pre-College Funding.....	66
Outright Gifts to Minors.....	66
Gifts in Trust for Minors	66
Coverdell Education Savings Account (ESA)	67
529 Plans	67
EE and I Savings Bonds	68
Funding During College.....	69
Need Based Incentives	69
Non-Need Based	70
Tax Incentives.....	71
Hope Scholarship Credit	71
Lifetime Learning Credit	72
Answers to Unit Questions.....	73
 Unit 8: Cash Flow Management and Financing Strategies	 75
Introduction.....	75
Objective.....	75

Budgeting and Cash Management.....	75
Budgeting Process.....	76
Budgeting Rules.....	76
Credit and Debt Management.....	78
Evaluating Debt.....	79
Home Mortgages.....	79
Adjustable Rate Mortgages (ARMs).....	80
Refinancing.....	81
Reverse Mortgage.....	81
Bankruptcy.....	81
Buying versus Leasing.....	83
Consumer Protection.....	85
Credit Protection and Scoring.....	86
Additional Questions.....	87
Answers to Unit Questions.....	88
Unit 9: The Andersons: A Case Study.....	91
Financial Objectives.....	91
House Purchase.....	91
Education Funding.....	91
Debt Reduction.....	91
Answers to Unit.....	99

