

Appendix B

TECHNICAL KNOWLEDGE REQUIRED

Listing of Required Technical Knowledge

The Technical Knowledge required has been broken down into eleven categories:

- I. Taxation
- II. Insurance
- III. Investment
- IV. Retirement, Savings and Income Programs
- V. Law
- VI. Financial Analysis
- VII. Economic and Regulatory Environment
- VIII. Ethics and Standards
- IX. Debt
- X. Government Benefits Plans
- XI. Behavioural Finance

This Technical Knowledge listing serves as the reference for the knowledge that individuals must possess for competent performance as a CFP professional.

I. TAXATION

1. Assessment Rules

- 1.01 Residency
- 1.02 Requirement to Self-Assessment
- 1.03 Reassessment
- 1.04 Administration and Enforcement

2. Employment Income

- 2.01 Definitions
- 2.02 Remuneration
- 2.03 Benefits
- 2.04 Deductions

3. Business Income

- 3.01 Definitions
- 3.02 Fiscal Year
- 3.03 Accrual Accounting Method
- 3.04 Deductibility of Business Expenses

4. Property Income

- 4.01 Interest Income
- 4.02 Dividends
- 4.03 Net Rental Income
- 4.04 Deductibility of Interest

5. Other Income

- 5.01 Taxable
- 5.02 Non-Taxable

6. Capital Gains and Losses

- 6.01 Definition
- 6.02 Calculation of Taxable Capital Gains and Allowable Capital Losses
- 6.03 Calculation of Net Capital Losses
- 6.04 Allowable Business Investment Losses (ABIL)
- 6.05 Depreciable Assets (Capital Cost Allowance (CCA), Recapture, Terminal Loss)
- 6.06 Eligible Capital Property
- 6.07 Principal Residence
- 6.08 Listed Personal Property
- 6.09 Personal-Use Property
- 6.10 Use of Capital Losses
- 6.11 Capital Gains Exemptions
- 6.12 Replacement Property Rules
- 6.13 Change of Use Rules
- 6.14 Capital Gains Reserve

7. Deductions from Income

- 7.01 Child Care Costs
- 7.02 Moving Expenses
- 7.03 Interest and Carrying Charges
- 7.04 Other Deductions

8. Tax Credits

- 8.01 Non-Refundable Tax Credits
- 8.02 Refundable Tax Credits

9. Tax Shelters

- 9.01 Structure of Tax Shelters
- 9.02 At-Risk Rules

10. Taxes Payable

- 10.01 Tax Rate
- 10.02 Marginal Tax Rate/Average Tax Rate
- 10.03 Federal/Provincial Taxes
- 10.04 Federal/Provincial Surtaxes
- 10.05 Rules Regarding Alternative Minimum Tax

11. Income Splitting

- 11.01 Attribution Rules
- 11.02 Methods

12. Inter Vivos Transfers

- 12.01 Gift to Spouse
- 12.02 Gift to Someone Other Than the Spouse
- 12.03 Transfer of Qualified Farm Property
- 12.04 Transfer of Eligible Shares of a Qualified Small Business Corporation

13. Transfer of Company Shares

- 13.01 Beneficiaries of the Transfer
- 13.02 Timing of the Transfer
- 13.03 Transfer while the Owner is Alive
- 13.04 Post-Mortem Freeze

14. Tax Consequences of Death

- 14.01 Taxation Year
- 14.02 Different Types of Income
- 14.03 Deemed Disposition of Property
- 14.04 Tax Credits
- 14.05 Post-Mortem Planning
- 14.06 Transfer of Company Shares Upon Owner's Death

15. Taxation of Different Legal Entities

- 15.01 Partnership
- 15.02 Corporations

16. Particulars of Tax Planning for Owner Managers

- 16.01 Transfer of Property to a Corporation
- 16.02 Salary-Dividend Mix
- 16.03 Shareholder Benefits

17. Employee Stock Options

- 17.01 General Rules
- 17.02 Canadian-Controlled Private Corporations
- 17.03 Public Corporations

18. International Tax Issues

- 18.01 U.S. Estate Tax
- 18.02 Foreign Property Reporting
- 18.03 Entering Canada
- 18.04 Leaving Canada

II. INSURANCE

19. Life Insurance

- 19.01 Types of Plans
- 19.02 Features of Plans
- 19.03 Taxation of Life Policies

20. Disability Insurance

- 20.01 Types of Plans
- 20.02 Features of Plans
- 20.03 Taxation of Disability Plans

21. Health Insurance

- 21.01 Types of Plans
- 21.02 Features of Plans
- 21.03 Taxation of Plans

22. Critical Illness Insurance

- 22.01 Features of Plans
- 22.02 Taxation of Plans

23. Long-Term Care Insurance

- 23.01 Features of Plans
- 23.02 Taxation of Plans

24. Property and Casualty Insurance

- 24.01 Types of Coverage
- 24.02 Features of Plans

III. INVESTMENT

25. Investment Vehicles

- 25.01 Cash Assets
- 25.02 Fixed-Income Securities
- 25.03 Equities
- 25.04 Real Estate
- 25.05 Derivatives
- 25.06 Commodities

26. Investment Structures

- 26.01 Mutual Funds
- 26.02 Segregated Funds
- 26.03 Hedge Funds
- 26.04 Partnerships
- 26.05 Investment Trusts

27. Types of Investment Risk

- 27.01 Business
- 27.02 Market
- 27.03 Reinvestment
- 27.04 Interest Rate
- 27.05 Inflation Rate
- 27.06 Marketability
- 27.07 Liquidity
- 27.08 Political
- 27.09 Exchange Rate
- 27.10 Default

28. Measurement of Investment Risk

- 28.01 Standard Deviation
- 28.02 Beta
- 28.03 Impact of Diversification on Risk

29. Portfolio Management Techniques

- 29.01 Diversification
- 29.02 Active Asset Allocation Strategies
- 29.03 Passive Asset Allocation Strategies
- 29.04 Investment Product Analysis

30. Selling and Buying Techniques

- 30.01 Leverage
- 30.02 Dollar Cost Averaging
- 30.03 Dividend Re-Investment
- 30.04 Systematic Withdrawal Plans
- 30.05 Buy/Hold
- 30.06 Short Selling

IV. RETIREMENT, SAVINGS AND INCOME PROGRAMS

31. Registered Pension Plans (RPP)

- 31.01 Pension Standards Act
- 31.02 Attributes of RPPs
- 31.03 Defined Benefit Plans
- 31.04 Defined Contribution Plans/Money Purchase Plans
- 31.05 Supplementary Pension Arrangements

32. Deferred Profit Sharing Plans (DPSP)

- 32.01 Attributes of DPSPs
- 32.02 Contributions
- 32.03 Options on Termination/Retirement
- 32.04 Pension Adjustment and Pension Adjustment Reversal
- 32.05 Vesting
- 32.06 Death of the Participant

33. Registered Retirement Savings Plans (RRSP)

- 33.01 Contribution Limits
- 33.02 Retiring Allowance Rollover
- 33.03 Qualified Investments
- 33.04 Deductibility of RRSP Contributions
- 33.05 Beneficiary Designation
- 33.06 Maturity of an RRSP
- 33.07 Death of an RRSP Planholder
- 33.08 Types of Plans
- 33.09 Home Buyers' Plan (HBP)
- 33.10 Lifelong Learning Plan (LLP)

34. Registered Education Savings Plans (RESP)

- 34.01 Attributes
- 34.02 Contribution
- 34.03 Canada Education Savings Grant (CESG)
- 34.04 Withdrawals

35. Registered Retirement Income Funds (RRIF)

- 35.01 Attributes
- 35.02 Taxation

36. Life Income Funds (LIF)

- 36.01 Attributes
- 36.02 Taxation

37. Locked-In Retirement Income Funds (LRIF)

- 37.01 Attributes
- 37.02 Taxation

38. Annuities

- 38.01 Attributes
- 38.02 Taxation

V. LAW

39. Family Law

- 39.01 Marriage
- 39.02 Common-Law Relationships
- 39.03 Divorce
- 39.04 Domestic Contracts
- 39.05 Child Support
- 39.06 Spousal/Common-Law/Partner Support
- 39.07 Other Dependant Support

40. Wills

- 40.01 Purpose of a Will
- 40.02 Requirements for a Valid Will
- 40.03 Duties of Executor
- 40.04 Clauses of a Will
- 40.05 Multiple Jurisdictions
- 40.06 Legislation Governing Variations to Provisions of a Will
- 40.07 Probate
- 40.08 Types of Wills
- 40.09 Intestacy

41. Powers of Attorney (POA) for Financial Affairs

- 41.01 Implications of not having a POA
- 41.02 Legal Powers of the Attorney
- 41.03 Obligations of the Attorney
- 41.04 Specifics of POAs
- 41.05 Risks Associated with POA
- 41.06 Alternatives to POA

42. Powers of Attorney for Health Care (Living Wills)

- 42.01 Implications of not having a Living Will
- 42.02 Legal Powers of the Attorney
- 42.03 Obligations of the Attorney

43. Personal Property Ownership and Transfer Rules

- 43.01 Sole Ownership
- 43.02 Joint Ownership with Right of Survivorship
- 43.03 Tenants-in-Common
- 43.04 Beneficial Ownership

44. Business Property Ownership Structures

- 44.01 Proprietorship
- 44.02 Partnership
- 44.03 Corporations

45. Contract Law

- 45.01 Principles of Contract Law

46. Trust Law

- 46.01 Parties to a Trust
- 46.02 Attributes of the Trust

47. *Inter Vivos* Trusts

- 47.01 Types of Arrangements
- 47.02 Taxation

48. Testamentary Trusts

- 48.01 Types of Arrangements
- 48.02 Taxation

VI. FINANCIAL ANALYSIS

49. Analysis of Financial Information

- 49.01 Interest Calculations
- 49.02 Time Value of Money
- 49.03 Return Calculations

50. Personal Financial Ratios

- 50.01 Debt-to-Equity Ratio
- 50.02 Debt-to-Total Assets Ratio
- 50.03 Total Debt Service (TDS)
- 50.04 Gross Debt Service (GDS)

51. Budgeting

- 51.01 Cash Flow Analysis
- 51.02 Emergency Fund

52. Personal Financial Statements

- 52.01 Net Worth Statement
- 52.02 Cash Flow Statement
- 52.03 Budget

VII. ECONOMIC AND REGULATORY ENVIRONMENT

53. Economic Environment

- 53.01 Economic Indicators
- 53.02 Inflation, Deflation
- 53.03 Measures of Employment and Unemployment
- 53.04 Monetary Policy
- 53.05 Fiscal Policy
- 53.06 Business Cycles
- 53.07 Foreign Exchange Rates
- 53.08 Gross Domestic Product (GDP)
- 53.09 Financial Markets
- 53.10 Term Structure of Interest Rates and Yield Curves
- 53.11 Supply and Demand

54. Regulatory Environment

- 54.01 Regulatory Agencies for Financial Institutions
- 54.02 Consumer Protection
- 54.03 Stock Exchanges
- 54.04 Self-Regulatory Organizations
- 54.05 Securities Regulation
- 54.06 Provincial Securities Legislation
- 54.07 Public Company Disclosure and Investor Rights
- 54.08 Insurance Regulation

VIII. ETHICS AND STANDARDS

55. CFP Code of Ethics

56. CFP Financial Planning Practice Standards

IX. DEBT

57. Credit

- 57.01 Line of Credit
- 57.02 Credit Cards
- 57.03 Single Purpose Loan
- 57.04 Investment Loan
- 57.05 Insurance Loan
- 57.06 Company Loan

58. Mortgages

- 58.01 Regular Mortgages
- 58.02 Reverse Mortgages

59. Leases

60. Refinancing

61. Debt Consolidation

62. Insolvency and Bankruptcy

X. GOVERNMENT BENEFITS PLANS

63. Canada Pension Plan/Quebec Pension Plan

63.01 Eligibility for Benefits

63.02 Amount of Benefits

63.03 Contribution Levels

63.04 Tax Treatment of Contributions and
Receipts

63.05 Application Requirements and Deadlines

64. Old Age Security

64.01 Eligibility for Benefits

64.02 Amount of Benefits

64.03 Clawback of Benefits

64.04 Income Qualification for Benefits

64.05 Tax Treatment of Receipts

64.06 Guaranteed Income Supplement (GIS)

64.07 Survivor Benefits

64.08 Application Requirements and Deadlines

65. Child Tax Benefit

65.01 Eligibility for Benefits

65.02 Amount of Benefits

65.03 Income Qualification

65.04 Tax Treatment of Benefits

66. Employment Insurance

66.01 Eligibility for Benefits

66.02 Amount and Calculation of Benefits

66.03 Contribution Levels

66.04 Tax Treatment of Contributions and
Receipts

66.05 Types of Benefits

67. Workers' Compensation Programs

68. Income Assistance Programs

XI. BEHAVIOURAL FINANCE

69. Concept of Behavioural Finance

70. Human Behaviour

71. Heuristics