

Center for Financial Advisor Education

FA 261 Workbook

Foundations of Retirement Planning



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 Center for Financial Advisor Education at The American College offers both the LUTCF and the Financial Services Specialist (FSS) professional designations to introduce students in a classroom environment to the technical side of financial services, while at the same time providing them with the requisite sales-training skills.

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®); and the Chartered Leadership Fellow® (CLF®) professional designation programs. In addition, the Huebner School also administers The College's CFP Board—registered education program for those individuals interested in pursuing CFP® certification, the CFP® Certification Curriculum.¹

The Richard D. Irwin Graduate School® of The American College offers the master of science in financial services (MSFS) degree, the Graduate Financial Planning Track (another CFP Board-registered education program), and several graduate-level certificates that concentrate on specific subject areas. It also offers the Chartered Advisor in Philanthropy (CAP)® and the master of science in management (MSM), a one-year program with an emphasis in leadership. The National Association of Estate Planners & Councils has named The College as the provider of the education required to earn its prestigious AEP designation.

The American College is accredited by:

The Middle States Commission on Higher Education
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The American College does not discriminate on the basis of race, religion, sex, handicap, or national and ethnic origin in its admissions policies, educational programs and activities, or employment policies.

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) AMERCOL (263-7265); the fax number is (610) 526-1465; and the home page address is theamericancollege.edu.

1. 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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FA 261 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 FA 261 textbook, *Foundations of Retirement Planning*.

Class	Assignments in Text	Assignments in Workbook
1 <hr/> Date	Chapter 1	Special Notes to Advisors Course Overview and Expectations Acknowledgment of Course Requirements (Due Class 2) Breakout—Class 1 (Due) Sales Planning Project 1 (Begin, Due Class 2) Sales Planning Project 2 (Begin, Due Class 3) Sales Planning Project 3 (Begin, Due Class 3) Most Valuable Concepts
2 <hr/> Date	Chapter 2	Breakout—Class 2 (Due) Quiz—Class 1 (Due) Quiz—Class 2 (Due) Acknowledgment of Course Requirements (Due) Sales Planning Project 1 (Due) Action Project 1 (Begin, Due Class 4) Most Valuable Concepts
3 <hr/> Date	Chapter 3	Breakout—Class 3 Quiz—Class 3 (Due) Sales Planning Project 2 (Due) Sales Planning Project 3 (Due) Action Project 2 (Begin, Due Class 5) Most Valuable Concepts
4 <hr/> Date	Chapter 4	Breakout—Class 4 Quiz—Class 4 (Due) Action Project 1 (Due) Sales Planning Project 4 (Due Class 6) Most Valuable Concepts
5 <hr/> Date	Chapter 5	Breakout—Class 5 Quiz—Class 5 (Due) Action Project 2 (Due) Most Valuable Concepts

Class	Assignments in Text	Assignments in Workbook
6 _____ Date	Chapter 6	Breakout—Class 6 Quiz—Class 6 (Due) Sales Planning Project 4 (Due) Sales Planning Project 5 (Begin, Due Class 8) Most Valuable Concepts
7 _____ Date	Chapter 7	Breakout—Class 7 Quiz—Class 7 (Due) Sales Planning Project 6 (Begin, Due Class 8) Most Valuable Concepts
8 _____ Date	Chapter 8	Breakout—Class 8 Quiz—Class 8 (Due) Sales Planning Project 5 (Due) Sales Planning Project 6 (Due)
_____ Date	Review Session for Final Examination	Final Exam Review Practice Exam (Complete in class)
_____ Date	Final Examination. This is a closed-book exam consisting of 50 multiple-choice questions. You cannot refer to your textbook or any other materials during the exam.	

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	Insurance Professional
Agent	Life Insurance Agent
Associate	Life Underwriter
Broker (stock or insurance)	Planner
Financial Consultant	Practitioner
Financial Planner	Producer
Financial Planning Professional	Property & Casualty Agent
Financial Services Professional	Registered Investment Advisor
Financial Services Specialist	Registered Representative
Health Underwriter	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 comment cards at the end of this workbook can be used for this purpose.

Course Overview and Expectations

Welcome to FA 261, *Foundations of Retirement Planning*. This introductory section begins with an overview of the course objectives. Then it discusses the components of the course, and reviews the various assignments and activities that will help you apply what you learn. Finally, it closes with a discussion of what is expected from you.

Overall Course Objectives

The Financial Services Specialist (FSS) is a new designation offered by The American College. The FSS builds on the enormously successful and quality training courses associated with the LUTCF designation. The American College and National Association of Insurance and Financial Advisors (NAIFA) have partnered to offer these courses, which enable students to gain the necessary skills associated with being a competent and ethical financial advisor.

The goal of this course is to introduce you to the retirement planning process and develop skill in performing the important components within it. Retirement income sources, financial obstacles to retirement planning, financial products and tax-advantaged plans, and wealth management and distribution strategies are also explored. The readings and activities in this course will enable you to understand your own practice in the context of retirement planning. By the end of the course, you should be able to

- Identify demographic and age-based market segments and sources of prospects for retirement planning.
- Identify traditional and nontraditional sources of retirement income and how to calculate a potential retirement income gap.
- Understand the concept of time-value-of-money and perform simple future and present value calculations.
- Incorporate fact finding and goal setting questions into a retirement planning interview.
- Identify common financial obstacles to retirement planning and apply ideas to deal with them.
- Understand the basic principles of investing and the financial products used in retirement planning.
- Explain the uses and tax implications of various saving and investing strategies.
- Describe the basic types of employer-sponsored and individually owned tax-advantaged retirement plans.
- Describe lifetime wealth management strategies for retirees.
- Understand the basic principals of wealth distribution and estate planning.
- Describe regulatory and ethical issues involved in retirement planning along with the need for high standards of professionalism in executing it for prospects and clients.

Achieving these objectives depends on the time and energy you invest in completing the assignments of the various components of this course. The next section provides an overview of the course components and the assignments related to them.

Course Components and Assignments

The American College's LUTC and FSS courses offer practical on-the-job 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
- the text
- the workbook
- the final examination

The Classroom

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

The students in an FSS and LUTC classroom represent various levels of knowledge and experience in the financial services industry. Sharing with one another 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 on the application of the concepts discussed in the textbook. Thus, you are expected to have completed the reading assignment before class. In addition to the regular textbook information, chapters also contain a chapter review and some may have a case history to read.

Chapter Review. In order to reinforce what you learn, each chapter in the text includes a chapter review that includes key terms and concepts, review questions, and self-test questions that consist of short-answer, multiple-choice, and matching questions. You are *not required* to complete these before class. Many students use these questions to review for the final examination. The answers are provided in the back of the text.

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), case studies, quizzes, sales planning projects, and action projects.

Assignment Schedule. The assignment schedule located in the front of the workbook lists your assignments for the entire course. 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 that is to be covered in every class and the work that is expected of you.

Except for the assigned readings in the textbook and assignments your moderator gives to you, all other activities can be found in the 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.

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, and matching. 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, you can miss the purpose 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, or marketing strategy that you learned in the class. Your moderator may ask you to share those ideas with the class.

Project Assignment Summary

Sales Planning Project	Title	Assigned Class	Due Class
1	Targeting Prospects for Retirement Planning	1	2
2	Developing Your Retirement Planning Presentation Kit	1	3
3	Interview Three Retirees	1	3
4	Assessing the Retirement Funding Need	4	6
5	Option 1: Interview an Advisor Experienced in Retirement Planning	6	8
	Option 2: Building Your Retirement Planning Team	6	8
6	Letting the Retirement Planning Marketplace Know You Are There	7	8

Action Project	Title	Assigned Class	Due Class
1	Approaching Retirement Planning Prospects	2	4
2	Qualifying Three Prospects for Retirement Planning	3	5

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, 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. In order 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 an FSS or LUTC 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:

- Satisfy the attendance requirement for your course.
- Score 70 percent or more on the final examination.
- 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 by the local NAIFA association and appointed by The American College. He or she is not a teacher by profession, but 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 who are office staff, home office executives, state insurance commissioners, finance officers 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 an FSS or LUTC student who is with your company or in your community to work with you on the project. Base your reports on your joint work.
2. If there is no local FSS or LUTC student 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 FSS or LUTC student or someone without any FSS or LUTC 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 FSS and LUTC Students

Please read this 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.

Acknowledgment 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 neither the local NAIFA officers or the moderator has 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 FSS and LUTC courses.

Sign your name _____

Date _____

Print your name _____