

# Syllabus for RSP Part 3: Financial Planning for Settlement Planners

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## Contact Information:

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## Course Description:

RSP Part 3: Financial Planning for Settlement Planners covers taxation of individuals, taxation of investments, time value of money, life insurance and annuities, claims procedures, investment concepts and principles, retirement planning, and employment benefits.

## Required Textbook:

*Tools & Techniques of Financial Planning*, 10<sup>th</sup> Edition; ISBN: 978-1936362844.

Note: While we recommend students purchase the latest edition, many students have successfully used the 9<sup>th</sup> Edition of the textbook which can be purchased on Amazon for a few dollars.

## Grading:

This course will be graded on a pass/fail basis. In order to pass the course, you must successfully complete all of the requirements of each section.

## Exams & Quizzes:

A score of at least 70% is required on all final exams. The required score for the reading quizzes are specific to each quiz, but is never higher than 70%.

## Assignments & Lectures:

Students are expected to view the presentations, read the assigned articles, complete the reading assignments, and finish any other assignments before taking the final exam for that section. Students are encouraged to attempt to “master the material” instead of just gaining exposure to it before attempting the exam.

## Course Structure:

RSP Part 3 is divided into five different sections. Each section has the same format:

- Presentations
- Articles & Quizzes
- Textbook Reading
- Assignments
- Final Exam

## **PART 3: FINANCIAL PLANNING FOR SETTLEMENT PLANNERS**

### **Section 1: Basic Financial Concepts**

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- 1) Financial Statements
- 2) Personal Statements
  - a. Statement of financial position
  - b. Cash flow
  - c. Scope of settlement planning
- 3) Cash flow management
  - a. Budgeting
  - b. Emergency fund planning
  - c. Savings strategies
  - d. Monte Carlo Analysis
- 4) Financing Strategies
  - a. Long v. short term debt
  - b. Secured v. Unsecured debt
  - c. Mortgage financial
- 5) Function and regulation of financial institutions
  - a. Brokerage companies
  - b. Insurance companies
  - c. Mutual fund companies
  - d. Trust companies
- 6) Economic concepts
  - a. Inflation, deflation, and stagflation
  - b. Yield curve
- 7) Time value of money concepts
  - a. Present value
  - b. Future value
  - c. Ordinary annuity and annuity due
  - d. Net Present Value
  - e. Internal Rate of Return
  - f. Uneven cash flows

### **Section 2: Income Taxation**

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- 1) Income tax law fundamentals
  - a. Types of authority
    - i. Primary
    - ii. Secondary
- 2) Income tax fundamentals and calculations
- 3) Filing status
- 4) Gross income
  - a. Inclusions
  - b. Exclusions
    - i. Adjustments

- ii. Standard/Itemized deductions
      - 1. Types
      - 2. Limitations
  - c. Personal and dependency exemptions
  - d. Taxable income
  - e. Tax liability
    - i. Rate schedule
    - ii. Kiddie tax
    - iii. Self-employment tax
    - iv. Net investment income tax
  - f. Tax credits
  - g. Payment of tax
    - i. Withholding
    - ii. Estimated payments
- 5) Estate income tax
- 6) Basis
- 7) Original basis
- 8) Adjusted basis
- 9) Amortization and accretion
- 10) Alternative minimum tax (AMT)
- 11) Mechanics
- 12) Preferences and adjustments
- 13) Exclusion items vs. deferral items
- 14) Deferral of income
- 15) Economic Benefit Doctrine
- 16) Constructive Receipt
- 17) Authority
  - a. Primary
  - b. IRC
  - c. Treasury regulations
  - d. Revenue rulings
  - e. Revenue Procedures
  - f. Letter Rulings (PLR & TAM)
  - g. Case law
  - h. Secondary

### **Section 3: Insurance Concepts & Claims Procedure**

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- 1) Insurance Planning and Management
- 2) Life insurance (individual)
  - a. Concepts and personal uses
  - b. Policy types
  - c. Contractual provisions
  - d. Dividend options
  - e. Nonforfeiture options
  - f. Settlement options

- g. Illustrations
- h. Policy replacement
- i. Viatical and life settlements
- 3) Income taxation of life insurance
  - a. Dividends
  - b. Withdrawals and loans
  - c. Death benefits
  - d. Modified endowment contracts (MECs)
  - e. Transfer-for-value
  - f. §1035 exchanges
- 4) Insurance needs analysis
  - a. Life insurance
  - b. Disability income insurance
  - c. Long-term care insurance
  - d. Health insurance
  - e. Property insurance
  - f. Liability insurance
- 5) Health insurance
  - a. Types of policies
  - b. Cost sharing provisions
  - c. The Affordable Care Act
- 6) Insurance policy and company selection
  - a. Purpose of coverage
  - b. Duration of coverage
  - c. Participating or non-participation
  - d. Cost-benefit analysis
  - e. Company selection
    - i. Industry ratings
    - ii. Underwriting
- 7) Umbrella Liability Coverage
  - a. Purpose of coverage
  - b. Coverage amounts
  - c. Underlying limits
- 8) Worker's compensation insurance
  - a. Opting out
  - b. Claims
  - c. Subrogation
  - d. Integration
- 9) Broker v. agent
- 10) Claims personnel
  - a. Claims manager
  - b. Adjuster
- 11) Subrogation
- 12) Reinsurance
- 13) Alternate risk financing
  - a. Self-insurance

- b. Pooling agreements
- c. Captive insurance companies

#### **Section 4: Investment Concepts**

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- 1) Fixed Income Security
  - a. Cash and money market securities
  - b. Certificates of deposit
  - c. Money market funds
  - d. Treasury bills
  - e. Commercial paper
- 2) Bonds
  - a. U.S. Government bonds
    - i. Treasury bonds
    - ii. Treasury Notes
    - iii. Treasury inflation-protection securities (TIPS)
    - iv. U.S. Savings Bonds
    - v. Agency Bonds
    - vi. Municipal Bonds
    - vii. Corporate Bonds
- 3) Stocks
  - a. Common
  - b. Preferred
  - c. Investment Companies
    - i. Mutual Companies
      - 1. Open-end
      - 2. Closed-end
  - d. Exchange-traded funds (ETFs)
  - e. Unit investment trusts
  - f. Hedge Funds
  - g. Limited Partnerships
  - h. Separately Managed Accounts
- 4) Real Estate
  - a. Direct investments
  - b. Indirect investments (REITs, LPs)
- 5) Types of Investment Risk
  - a. Systematic v. Unsystematic
  - b. Purchasing power risk
  - c. Interest rate and reinvestment
  - d. Liquidity and marketability
  - e. Mortality Risk
- 6) Portfolio theory
- 7) Annuities
  - a. Nature of annuities
  - b. Types

- i. Single Premium Immediate Annuities
  - 1. Straight life
  - 2. Joint and survivor
  - 3. Annuitant
  - 4. Guaranties
    - a. Installment
    - b. Cash
    - c. Period certain
- c. Fixed v. variable
- d. Taxation
  - i. 10% penalty tax
  - ii. Exclusion ratio
- e. Medical underwriting
- f. Qualified v. non-qualified
  - i. Equity indexed annuities
  - ii. Deferred annuities
    - 1. Fixed v. variable

## **Section 5: Retirement Planning & Employment Benefits**

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- 1) Employee benefits planning
  - a. Group life insurance
  - b. Group medical insurance
    - i. Types and basic provisions
    - ii. COBRA/HIPAA provisions
    - iii. Continuation
    - iv. Savings accounts
      - 1. Health savings account (HSA)
      - 2. Archer MSA
      - 3. Health reimbursement arrangement (HRA)
- 2) Retirement needs analysis
  - a. Assumptions for retirement planning
    - i. Inflation
    - ii. Life expectancy
    - iii. Lifestyle
    - iv. Total return
  - b. Income sources
  - c. Financial needs
    - i. Living costs
    - ii. Gifting objectives
    - iii. Medical costs
    - iv. Long-term care
  - d. Constant return projections
  - e. Probability analysis (Monte Carlo)
  - f. Types of retirement plans
    - i. Defined Benefit

- ii. Defined Contribution
  - iii. Thrift plans
- g. Nondiscrimination and eligibility requirements
- h. Integration with Social Security/disparity limits
- i. Contribution limits
- j. Loans from qualified plans
- k. Non-qualified plans
- l. Other tax-advantaged retirement plans
  - i. Types and basic provisions
  - ii. Traditional IRA
  - iii. Roth IRA, including conversion analysis
  - iv. SEP
  - v. SIMPLE
  - vi. Keogh (HR-10) plans
- m. Premature distributions
  - i. Penalties
  - ii. Exceptions to penalties
    - 1. Substantially equal payments (§72(t))
- n. Election of distribution options
  - i. Lump sum distributions
  - ii. Annuity options
  - iii. Rollover
  - iv. Direct transfer
- o. Required minimum distributions
- p. Taxation of distributions