



STATUS

**Passed**

SCORE

**80.67%**

COMPLETED ON

**03/09/2020**

TOOK 51 MIN



USER

**Brandon.Schleter**

REPEAT TEST

Question 1 (weight: 4%)

Which of the following is NOT a type of leading response?

- ☐ Encouraging
- ☒ Interpretive
- ☐ Exploratory
- ☐ Suggestive

The types of leading responses are explanation, interpretation, reassurance or encouragement, and advice or suggestion.

Score: 0% • Weight in test:  $0\% \times 4 = 0\%$

#### Question 2 (weight: 4%)

During a wealth accumulation phase, usually prior to age 54, one may invest a majority of his or her savings into stocks.

Please state True or False.

- ☒ True  
.....  
☐ False

The period prior to age 54 are the early years involving a long period that centers on the accumulation of wealth. This period provides the individual the ability to ride out the ups and downs of the stock market and invest more aggressively if it matches their risk tolerance.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 3 (weight: 4%)

CFP Board's *Rules of Conduct* are binding on which of the following groups?

- (I) CFP® certificants who are actively involved in the practice of personal financial planning.  
(II) CFP® certificants who have "fee-only" financial planning practices.  
(III) CFP® certificants who work in government or education.

- ☐ (I) and (II) only  
☐ (I) and (III) only  
☐ (II) and (III) only  
☒ (I), (II) and (III)  
.....

All three groups are subject to the Rules of Conduct.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 4 (weight: 4%)

Rule 1.2 directs CFP® certificants to address all of the following information with a client prior to entering into a financial planning agreement, except:

- ☒ The economic assumptions such as inflation rates, tax rates and investment returns that will be used in analyzing and evaluating the client's information.
- ☐ The obligations and responsibilities of each party under the agreement.
- ☐ Compensation that any party or legal affiliate to a party will or could receive under the terms of the agreement.
- ☐ Terms under which the agreement permits the certificant to offer proprietary products.

Very good!

All of the answer choices discuss information that must be addressed with clients prior to entering into a financial planning agreement. Practice Standard 300-1 says that certificants will utilize mutually agreed upon personal and economic assumptions *prior to making recommendations* to a client, not prior to entering into an agreement.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 5 (weight: 4%)

Which of the following are some of the practitioner's responsibilities when implementing the financial planning recommendations? Click all that apply.

- ☐ Reviewing the clients account on a monthly basis.
- ☒ Identifying activities necessary for implementation.
- ☒ Referring to and coordinating with other professionals.
- ☒ Selecting and securing products and/or services.

The financial planning practitioner and the client mutually agree on the implementation responsibilities consistent with the scope of the engagement. The practitioners responsibilities may include identifying activities necessary for implementation, referring to and coordinating with other professionals, and selecting and securing products and/or services.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 6 (weight: 4%)

Which of the following should the certificant or registrant include in the Answer to a Complaint?

Please select all that apply.

- ☒ A response to every material allegation contained in the Complaint.

- ☐ A petition for reinstatement.
- ☒ Any defenses or mitigating circumstances.
- ☒ Their attorney's name and contact information.

In the Answer, the certificant or registrant must respond to every allegation contained in the Complaint. Any defenses or mitigating circumstances shall also be set forth in the Answer.

Score: 50% • Weight in test:  $50\% \times 4 = 2\%$

#### Question 7 (weight: 4%)

Beginning today Terry is to receive a series of six annual payments, which will liquidate a \$50,000 trust fund created for her by her father. If the trust earns 8% per year, what will be the amount of Terry's annual payment?

- ☐ \$8,333.33
- ☐ \$10,014.60
- ☒ \$10,815.72
- ☐ \$4,000.00

The answer is \$10,014.60. The HP-12C keystrokes are as follows:

Press blue g and BEG. Then press 50000, CHS, PV, 6, n, 8, i, PMT.

Score: 0% • Weight in test:  $0\% \times 4 = 0\%$

#### Question 8 (weight: 4%)

Larry plans to begin saving for his children's education by depositing \$2,000 today in a savings account. He plans to increase his annual deposits by 10% each year beginning one year from now. He will make a total of six deposits, including the initial \$2,000. If his account earns 6% interest per year, approximately how much will be in the account at the end of six years?

- ☐ \$16,700
- ☒ \$18,700
- ☐ \$15,700
- ☐ \$17,700

The answer is \$18,700. Set the calculator for beginning-of-period payments. Then calculate the adjusted discount rate and enter it into the calculator as the value of  $i$  (including the minus sign).

$1.06 \text{ divided by } 1.10 - 1 \times 100 = -3.6364$ .

Then enter 6 as the value of  $n$  and 2000 as the PMT. Compute the PV, which is \$13,190.67.

Next, enter 6 as the value of  $i$  and 0 as the value of PMT. Solve for FV, which is \$18,711.22.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 9 (weight: 4%)

All of the following statements concerning a family's net worth are correct, EXCEPT:

- ☐ An annual increase in net worth indicates that a family's financial position is improving.
- ☐ When net worth is negative in the Statement of Financial Position, that family is considered technically insolvent.
- ☒ A family's net worth can be approximated by subtracting expenses from income.
- ☐ Net worth represents the amount available to a family that sold all assets at their stated values and paid all liabilities.

Income and expenses are not items in a family's Statement of Financial Position. Net worth is the difference between total assets and total liabilities.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 10 (weight: 4%)

Which statements pertain to Practice Standard 500-2: Selecting Products and Services for Implementation? Click all that apply.

- ☒ The financial planning practitioner shall investigate products or services that reasonably address the client's needs.
- ☒ The products or services to be selected to implement the recommendations must be suitable to the client's financial situation and consistent with the client's goals, needs and priorities.
- ☒ In the selection of products and services, putting the interest of the client first benefits the practitioner over the long-term.
- ☒ Products and services selected by the practitioner may differ from those of other practitioners or advisers.

All statements are correct.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

Question 11 (weight: 4%)

With of the following statements concerning emergency reserves is NOT correct?

- ☐ Emergency reserve funds could hold lesser amounts for clients who own disability income insurance policies.
- ☐ Emergency reserves should be invested in vehicles that keep pace with inflation.
- ☐ Emergency reserves should be held in deposits that offer the highest potential returns with the lowest risk to principal.
- ☒ Emergency reserves should be invested in illiquid, long-term debt instruments.

Emergency reserves need to be funded with liquid investments.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

Question 12 (weight: 4%)

Maude and Claude Tripp would like to give Maude's parents a 50th wedding anniversary gift of \$50,000 seven years from now. If the Tripps could earn an annual interest rate of 9.84%, compounded monthly, how much should they deposit today to accumulate the anniversary gift of \$50,000?

- ☒ \$25,179.54
- ☐ \$25,920.68
- ☐ \$206.67
- ☐ \$15,560.00

The answer is \$25,179.54. Here are the HP-12C keystrokes:

Enter 50000, FV, .82, i, 84, n, and press PV to produce the answer, \$25,179.54.

The periodic interest rate to use is .82%, which  $9.84 / 12$ .

The number of periods is 84, which is  $7 \times 12$ .

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

Question 13 (weight: 4%)

Mary wants to accumulate \$25,000 by the end of five years for her son's college education. She will make the first of five equal annual installments one year from today. If the account into which she deposits the money earns 12% compound annual interest, what amount must each deposit be?

- ☐ \$5,000.00
- ☒ \$3,935.24
- ☐ \$6,211.19
- ☐ \$4,464.29

The answer is \$3,935.24. The HP-12C keystrokes are as follows:

Press blue g and END. Then enter 25000, FV, 5, n, 12, i, PMT.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 14 (weight: 4%)

Which of the following portfolios best represents the asset allocation for a low risk investor?

- ☐ Portfolio III Cash / Money market fund: 20% High-grade bonds: 20% Foreign stocks: 15% Blue-chip stocks: 25% Income stocks: 10% Aggressive growth stocks: 10%
- ☒ Portfolio I Cash / Money market fund: 30% High-grade bonds: 20% Blue-chip stocks: 20% Income stocks: 10% Aggressive growth stocks: 10% Foreign stocks: 10%
- ☐ Portfolio II Cash / Money market fund: 10% High-grade bonds: 10% Foreign stocks: 25% Blue-chip stocks: 25% Income stocks: 5% Aggressive growth stocks: 25%

A low risk investor will have the greatest percentage of their funds invested in a money market fund. They will also have the bulk of the remainder of his funds invested in high-grade bonds and blue-chip stocks. Portfolio I has 70% of the funds divided among these three asset classes. Portfolio II, with 50% allocated to foreign stocks and aggressive growth stocks, is a high-risk portfolio, while Portfolio III is structured for a more moderate risk investor.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 15 (weight: 4%)

Thrifty Thelma has \$5,000 to invest. One investment opportunity offers her 10% simple interest for five years. The second investment opportunity offers her 10% compound interest for five years. At the end of the five years, the simple interest will cause her \$5,000 to grow to \_\_\_\_\_, and the compound interest will cause her \$5,000 to grow to \_\_\_\_\_, respectively.

- ☐ \$7,687.45 and \$9,112.68
- ☐ \$5,250 and \$7,500
- ☐ \$6,000 and \$7,000

☒ \$7,500 and \$8,052.55

Simple interest will add \$500 a year, adding \$2,500 to the original \$5,000.

Compounded interest would grow each year, adding \$3,052.55 to the original \$5,000.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 16 (weight: 4%)

Which of the following constitute the powers of the CFP Board's Disciplinary and Ethics Commission?

Please select all that apply.

- ☒ Adopting amendments to the Disciplinary Rules and Procedures.
- ☒ Adopting other procedures as may be necessary to govern the internal operations of the Commission.
- ☐ Enlisting the attorneys to assist with investigations.
- ☒ Periodically reporting to CFP Board's Board of Directors on the operation of the Commission.

The Commission is empowered to enlist the assistance of CFP® certificants to assist with investigations, periodically report to CFP Board's Board of Directors on the operation of the Commission, adopt amendments to Disciplinary Rules and Procedures, and adopt such other rules or procedures as may be necessary to govern the internal operations of the Commission.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 17 (weight: 4%)

Which of the following items would NOT appear in a family's cash flow statement?

- ☒ Social Security taxes paid
- ☐ Total assets
- ☐ Total cash expenditures during the period covered by the statement
- ☐ Total annual income

Total assets would appear in the family's statement of financial position, but would not appear in the family's cash flow statement. Total annual income, social security taxes paid, and total cash expenditures during the period are all items that would appear in the family's cash flow statement.

Score: 0% • Weight in test:  $0\% \times 4 = 0\%$



Question 18 (weight: 4%)

Tammy wants to set aside a sum of money today that will be sufficient to pay 4 years of college tuition. The 4 tuition payments will be made at the start of each year, beginning immediately. The first payment will be \$10,000, and the tuition payments are expected to rise by 6% each year. If Tammy's money earns an after-tax interest rate of 8% per year, how much does she need to set aside today?

- ☒ \$35,771.18
- ☐ \$36,730.41
- ☐ \$38,902.54
- ☐ \$43,746.00

The inflation-adjusted interest rate is  $(1.08 \text{ divided by } 1.06) - 1 \times 100 = 1.8868\%$ .

If you discount the \$10,000 initial payment at this rate for 4 years, the result will be a present value of \$38,902.54.

The HP-12C keystrokes are as follows:

Press blue g, BEG, 1.08, enter, 1.06, divided by, 1, -, 100, x, i, 10000, CHS, PMT, 4, n.

Then press PV to produce the answer, \$38,902.54.

Score: 0% • Weight in test:  $0\% \times 4 = 0\%$

Question 19 (weight: 4%)

The CFP Board's Disciplinary and Ethics Commission may impose all of the following forms of discipline upon a certificant or registrant charged with misconduct EXCEPT:

- ☐ A permanent revocation of the right to use the certification marks
- ☒ A suspension of all professional licenses
- ☐ A public Letter of Admonition
- ☐ A private censure

A suspension of the right to use the CFP® certification marks may be ordered by the Commission, but CFP Board has no authority over other professional licenses.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

Question 20 (weight: 4%)

What is the purpose of CFP Board's Financial Planning Practice Standards?

Click all that apply.

- ☒ To advance professionalism in financial planning.
- ☒ To enhance the value of the financial planning process.
- ☒ To train certificants in the art and science of financial planning.
- ☒ To assure that the practice of financial planning is based on established norms of practice.

CFP Board's Practice Standards are intended to advance professionalism in financial planning, establish norms of practice, and enhance the value of the financial planning process. Practice Standards are not intended to train certificants in the art and science of financial planning, however, they provide certificants with a framework for the professional practice of financial planning.

Score: 66.67% • Weight in test:  $66.67\% \times 4 = 2.67\%$

#### Question 21 (weight: 4%)

What are the different stages of the financial life cycle?

Please select all that apply.

- ☒ The Retirement Years
- ☐ The Investment Planning Years
- ☒ The Golden Years
- ☒ The Early Years

The typical individual's financial life cycle starts with the early years where wealth is accumulated, then it moves on to the golden years where retirement goals become the main focus and finally the retirement years where you live off your savings.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 22 (weight: 4%)

Which of the following is (are) among the typical sources of client resistance?

- (1) Marital problems
- (2) Fear of death
- (3) Lack of success

- ☒ (1), (2), and (3)
- ☐ (1) and (3) only
- ☐ (2) and (3) only
- ☐ (1) and (2) only
- ☐ (1) only

All three of the items listed are common sources of client resistance in the financial counseling process.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 23 (weight: 4%)

Fiduciary liability is determined by:

- ☐ Aggressive and unconventional investments
- ☐ Investment fees
- ☐ Investment performance
- ☒ Whether prudent investment practices are followed

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 24 (weight: 4%)

Which of the following statements concerning budgeting is NOT correct?

- ☐ The need for budgeting and cash flow management exists at almost all income levels.
- ☐ Budgeting and cash flow management may reveal inefficient or ineffective utilization of resources.
- ☐ Budgeting and cash flow management are useful for measuring progress toward specific goals.
- ☒ Budgeting and cash flow management consist of forecasting income and expenses.

Budgeting and cash flow management are not merely forecasts. They are plans for spending and investing available resources.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$

#### Question 25 (weight: 4%)

In which life cycle phase are you in your peak earning years and need to plan for tax considerations?

- ☐ Young Adult (18-25)
- ☐ Retirement (60-?)
- ☐ Family Formation (26-35)
- ☒ Family Maturity (50-60)
- ☐ Family Development (36-49)

Family maturity involves the peak earning years, so tax considerations grow. In addition, you have reached your major financial goals such as the purchase of your home and your focus turns towards other goals such as retirement.

Score: 100% • Weight in test:  $100\% \times 4 = 4\%$



COMPLETED ([HTTPS://LEARN.BOSTONIFI.COM/CSTART/COURSE/231](https://learn.bostonifi.com/cstart/course/231))

(<https://learn.bostonifi.com/content/course/231/lesson/1353/content/30553>)

Course completed! [Back to my courses](https://learn.bostonifi.com/start) (<https://learn.bostonifi.com/start>)

- > **Introduction to Capstone** (<https://learn.bostonifi.com/content/course/231/lesson//content/1347>)
- > **Step 1: Establishing Client-Planner Relationships** (<https://learn.bostonifi.com/content/course/231/lesson//...>)
- > **Step 2: Gathering Data, Determining Goals and Expectations** (<https://learn.bostonifi.com/content/course/23...>)
- > **Step 3: Determining Client's Financial Status** (<https://learn.bostonifi.com/content/course/231/lesson//conte...>)
- > **Step 4: Developing and Presenting the Financial Plan** (<https://learn.bostonifi.com/content/course/231/less...>)
- > **Step 5: Implementing the Financial Plan** (<https://learn.bostonifi.com/content/course/231/lesson//content/1...>)
- > **Step 6: Monitoring the Financial Plan** (<https://learn.bostonifi.com/content/course/231/lesson//content/1353>)

✓ **Stage I : Test** (<https://learn.bostonifi.com/content/course/231/lesson//content/1354>)

---

🔗 **Stage I: Test** (<https://learn.bostonifi.com/content/course/231/lesson/1354/content/30672>)