

## CTFA Examination Outline

The knowledge areas below are the basis for the Certified Trust and Financial Advisor (CTFA) examination. These knowledge areas were derived from a job analysis study and were validated by the CTFA Advisory Board. Post-certification programs that address these knowledge areas are eligible for CTFA continuing education credits through the Institute of Certified Bankers.

### I. Fiduciary & Trust Activities (25%)

#### A. Nature and Characteristics of Account Relationship

1. Trusts
2. Estates
3. Guardianships/ Conservatorships
4. Custodians
5. Powers of Attorney
6. Agencies

#### B. Formal Requisites of Establishing Account

1. Written Agreement of Documents
2. Trust Situs
3. Acceptance of Fiduciary Appointment
4. Disclaiming of Interest

#### C. Fiduciary Responsibilities

1. Powers
2. Duties
3. Uniform Acts
4. Safekeeping of Assets
5. Environmental Issues

#### D. Investment Responsibilities

1. Investment Powers
2. Investment Types & Restrictions
3. Sale/Retention by Bank of Its Own Holding Company Securities
4. Prudent Investor

#### E. Receipts and Payments

1. Duty in Making Payments
2. Deviation from Trust Terms in Making Payments
3. Uniform Principal & Income Act

#### F. Accounting and Compensation

1. Duty to Keep Records

2. Duty to Furnish Information to Beneficiaries

3. Duty to Render Court Accounting

4. Fiduciary Compensation

#### G. Alteration or Termination of the Trust

1. Power to Change Terms
2. Power to Revoke or Terminate

#### H. Regulatory/Compliance

1. Due Diligence
2. Know Your Customer
3. Privacy Issues
4. Bank Secrecy Act
5. OCC Regulation 9
6. Securities Laws
7. Gramm-Leach-Bliley Act

### II. Financial Planning (25%)

#### A. Personal Finance

1. Time Value of Money Principles
2. Statement of Assets and Liabilities
3. Cash Flow Management
4. Debt Management
5. Investment Planning
6. Education Planning
7. Health Care & Disability Planning

#### B. Retirement

1. Capital Sufficiency
2. Investment Strategies
3. Wealth Accumulation & Distribution
4. Social Security & Other Programs
5. IRAs
6. Qualified and non-Qualified

Plans

#### C. Insurance

1. Life Insurance
2. Long Term Care Insurance
3. Disability
4. Annuities
5. Health Insurance
6. Property/Casualty Insurance
7. Insurance Company, Product, and Intermediary Selection Criteria

#### D. Transfer Assistance

1. Wealth Transfer During Lifetime
2. The Flow of Property at Death
3. The Cost of Transferring Property
4. Planning Documents
5. Planning Considerations
6. Charitable Giving Strategies
7. Business Succession Planning

#### E. Financial Investment

1. Risk Assessment
2. Asset Allocation

### III. Tax Law & Planning (25%)

#### A. Income Tax

1. Individuals
2. Fiduciaries
3. Charitable Trusts, Private Foundations, and Split Income Trusts
4. Business

#### B. Transfer Tax

1. Gift Tax
2. Estate Tax
3. Generation-Skipping Transfers (GST)

#### **IV. Investment Management (20%)**

##### **A. Economics and Markets**

1. Gross Domestic Product
2. Interest Rates
3. Inflation & Employment
4. Government Fiscal Policy
5. Monetary Policy
6. International Influences
7. Market Operations

##### **B. Portfolio Management**

###### **Theories and Concepts**

1. Modern Portfolio Theory
2. Equity Investment Management Approaches
3. Fixed Income Investment Management Approaches
4. Hedging Strategies
5. Risk Management
6. Total Return

##### **C. Types of Investments**

1. Stock Selection/Analysis
2. Fixed Income Selection/Analysis
3. Convertible Securities
4. Mutual Funds
5. Common Trust Funds
6. Closely-Held Businesses
7. Real Estate & Farms
8. Foreign
9. Alternatives
10. Exchange Funds
11. Stock Options
12. ETFs
13. Oil, Gas & Minerals

##### **D. Client Objectives & Constraints**

1. Investment Objectives
2. Risk Tolerance
3. Time Horizons
4. Tax Considerations
5. Current vs Future Objectives
6. Investment Restrictions & Preferences
7. Asset Allocation

##### **E. Performance Measurement**

1. Time-Weighted vs. Dollar-Weighted
2. Risk Adjusted
3. Benchmarks & Indices

#### **V. Ethics (5%)**

##### **A. Advisory**

1. Unauthorized Practice of Law
2. Conflict of Interest
3. Confidentiality
4. Undue Influence
5. Related Parties

##### **B. Fiduciary**

1. Duty of Loyalty
2. Breach of Trust
3. Trust Officer as Beneficiary
4. Personal Liability
5. Self Dealing
6. Gifts to/from Clients & Vendors

##### **C. Business Development**

1. Business Solicitation
2. Compensation Arrangements

##### **D. Investment**

1. General
2. Insider Information
3. Equal Treatment of Accounts
4. Directed Brokerage
5. Soft Dollar Commitments
6. Prudent Investor Standard
7. Disclosures

##### **E. Other**

1. Relationship with Other Professionals