

# MRFC Blueprint Exam Content

As described, the examination content outline is based upon a Job Analysis research study of the role of the financial advisor professional. The examination construction is based upon the importance rating of the thirteen main content areas. A complete content outline follows:

	<b>% of Exam</b>
<b>1. Client Engagement Process</b>	<b>6%</b>
<hr/>	
<b>1.1 Prospecting</b>	
<hr/>	
1.1.1 Develop an "ideal client profile"	
1.1.2 Understand how prospects make buying decisions	
1.1.3 Determine the most effective prospecting source	
1.1.4 Create pre-approach letters	
1.1.5 Develop a telephone script targeted to your prospects	
1.1.6 Develop recordkeeping materials to determine prospecting effectiveness	
1.1.7 Write an elevator statement relevant to your target market	
1.1.8 Identify the key aspects related to National Do Not Call Registry	
1.1.9 Identify the key aspects related to Federal Anti-Spam laws	
<b>1.2 Marketing</b>	
<hr/>	
1.2.1 Develop an "ideal client profile"	
1.2.2 Create a "Unique Selling Proposition"	
1.2.3 Develop a "value proposition" for your clients"	
1.2.4 Develop a "mission statement" for your practice"	
1.2.5 Perform market research on your target market	
1.2.6 Identify the key aspects related to National Do Not Call Registry	
1.2.7 Identify the key aspects related to Federal Anti-Spam laws	
1.2.8 Market self and practice via social media	
<b>1.3 Interpersonal Communication</b>	
<hr/>	
1.3.1 Apply the concept and use of social styles	
1.3.2 Develop listening skills including active listening	
1.3.3 List the uses and meanings of non-verbal communication	
1.3.4 Identify the principles of communication and counseling	
<b>1.4 Client Engagement</b>	
<hr/>	
1.4.1 Produce and explain a process flow chart for the client	
1.4.2 Create and explain an invoice form for collecting fees	
1.4.3 Develop a client engagement presentation	
1.4.4 Disclose material conflict(s) of interest	

- 1.4.5 Determine and inform client and advisor's responsibilities
- 1.4.6 Segment your clients and prospective clients based on set criteria
- 1.4.7 Develop a menu of services available to clients based on segmentation
- 1.4.8 Identify and resolve apparent and potential conflicts of interest in client relationships

---

## **2. Retirement Planning**

**15%**

---

### **2.1 Income Sources and Calculations**

- 2.1.1 Perform needs analysis
- 2.1.2 Explain social security and/or pension benefits available to the client
- 2.1.3 Explain the impact of Social Security on retirement planning
- 2.1.4 Recognize potential sources of income during retirement
- 2.1.5 Calculate an appropriate savings plan to meet funding needs
- 2.1.6 Explain the benefits and drawbacks of delayed benefit election
- 2.1.7 Illustrate the risk categories of retirement income strategies

---

### **2.2 Fact Finding**

- 2.2.1 Identify the information needed for setting retirement goals regarding: Income and Expenditures
- 2.2.2 Identify the information needed for setting retirement goals regarding: Special one-time expenditures
- 2.2.3 Identify the information needed for setting retirement goals regarding: Desired gifting
- 2.2.4 Identify and be able to explain the assumptions required
- 2.2.5 Determine client's risk tolerance

---

### **2.3 Goal Setting**

- 2.3.1 Recognize potential sources of income during retirement
- 2.3.2 Determine availability of assets for liquidation
- 2.3.3 Calculate appropriate Required Minimum Distributions from qualified assets
- 2.3.4 Develop inflation-based retirement income goals
- 2.3.5 Determine investing preference and risk profile to match investments to the individual

---

### **2.4 Obstacles to Successful Retirement Planning**

- 2.4.1 Describe potential pitfalls in retirement planning such as large item purchases, unexpected expenses, aggressive assumptions, etc.

2.4.2 Explain potential life events that may impact plan implementation over time, prepare for alternative courses of action for each major contingency

2.4.3 Evaluate income tax issues with regard to withdrawals of capital, basis, capital gains and ordinary income

## **2.5 Investments and Financial Products**

---

2.5.1 Explain the available solutions to assist in meeting retirement savings, and distribution, needs

2.5.2 Prepare investment proposals and illustrations

2.5.3 Prepare illustrations with regard to annuity accumulation and withdrawal

2.5.4 Prepare illustrations with regard to life insurance accumulation and withdrawal

2.5.5 Obtain clarity on client profile, agree on frequency of revision

2.5.6 Review estate plan for investment overlap and applicable required changes to conform to estate plan.

2.5.7 Document discussions on investment alternatives and reasons recommendations were made

## **2.6 Distribution Strategies**

---

2.6.1 Analyze and create alternatives, recommendations for client situation

2.6.2 Evaluate when and why various strategies are appropriate

## **2.7 Tax Advantaged Retirement Plans**

---

2.7.1 Describe the taxation of each type of Social Security benefit

2.7.2 Describe early IRA withdrawal 59½ and 70½ rules and exceptions and 401k plans

2.7.3 Explain the differences between beneficiary named in qualified plans vs. beneficiary in wills and trusts vs. P.O.D.

2.7.4 Explain investments in retirement plans, annuity vs. non annuity vs. municipal bonds vs. others vs. alternatives in self-directed IRA

2.7.5 Explain tax-free vs. tax-deferred vs. taxable accounts with clients

## **2.8 Wealth Transfer Planning**

---

2.8.1 Perform a beneficiary review

2.8.2 Explain the benefits of a stretch-IRA concept

2.8.3 Describe the benefits of Roth IRA conversions in wealth transfer planning

2.8.4 Explain the use of charitable trusts in planning the consumption of income and distribution of principal

---

## **3. Insurance Planning**

**16%**

---

### **3.1 Term Insurance**

- 3.1.1 Explain the concept of risk pooling and the law of large numbers
- 3.1.2 Explain the concept of "human life value" and how it relates to the need for life insurance
- 3.1.3 List and explain the income needs of family survivors
- 3.1.4 Explain how the level premium insurance concept works
- 3.1.5 Provide a risk assessment related to the coverage needed
- 3.1.6 Explain the advantage/drawbacks of term conversion clauses
- 3.1.7 Clarify the decline of coverage in some term contracts and riders

---

### **3.2 Permanent Insurance**

- 3.2.1 Explain the concept of risk pooling and the law of large numbers
- 3.2.2 Explain the concept of "human life value" and how it relates to the need for life insurance
- 3.2.3 List and explain the income needs of family survivors
- 3.2.4 Provide a risk assessment related to the coverage needed
- 3.2.5 Explain the different types of permanent insurance
- 3.2.6 Explain the common riders available to a policy at the time of application
- 3.2.7 Explain the policy features with regard to temporary or permanent suspension of contract contributions

---

### **3.3 Variable Life Insurance**

- 3.3.1 Explain the concept of risk pooling and the law of large numbers
- 3.3.2 Explain the concept of "human life value" and how it relates to the need for life insurance
- 3.3.3 List and explain the income needs of family survivors
- 3.3.4 Explain various types of variable insurance including premium paying options and possible use of cash value for retirement income

---

### **3.4 General Life Insurance Concepts**

- 3.4.1 Explain the concept of "human life value"
  - 3.4.2 Explain the concepts of "capital needs" and "capital retention"
  - 3.4.3 Use quantitative and qualitative factors to recommend whether a policy should be replaced
  - 3.4.4 Explain the tax treatment of life insurance premium and proceeds
  - 3.4.5 Explain the principles of risk and insurance
  - 3.4.6 Evaluate risk exposures
  - 3.4.7 Analyze Insurance policies and company selection criteria
-

### **3.5 Long-Term Care Insurance**

---

- 3.5.1 Explain activities of daily living (ADL)
- 3.5.2 Calculate coverage needed
- 3.5.3 Explain the potential need for Long-Term Care (percentages of those who will need it)
- 3.5.4 Illustrate the financial costs and how they increase
- 3.5.5 Discuss options for paying expenses
- 3.5.6 Explain the difference between standard LTC and hybrid LTC products

### **3.6 Critical Illness Insurance**

---

- 3.6.1 Explain the costs of incapacity
- 3.6.2 Develop a strategy for managing incapacity (and applicable legal documents)
- 3.6.3 Define the concept of incapacity

### **3.7 Disability Insurance**

---

- 3.7.1 Describe the differences between short-term and long-term disability plans
- 3.7.2 Calculate the tax implications of paying for and receiving disability benefits
- 3.7.3 Provide a risk assessment related to the coverage needed
- 3.7.4 Explain various definitions of disability
- 3.7.5 Identify costs that will change, stop, and start and how they may be affected by inflation

### **3.8 Group Insurance**

---

- 3.8.1 Explain advantages and disadvantages of group insurance
- 3.8.2 Explain the concept of portability
- 3.8.3 Explain COBRA benefits of personal group medical insurance
- 3.8.4 Explain which forms of insurance have continuation guarantees

### **3.9 Business Continuation**

---

- 3.9.1 Discuss how life insurance is used for key employee protection
- 3.9.2 Explain the basic concepts of buy-sell agreements
- 3.9.3 Explain deferred compensation and how life insurance is used in executive compensation plans
- 3.9.4 Assess coverage needed
- 3.9.5 Recognize the complications of closely owned and/or family owned businesses
- 3.9.6 Explain Section 162 executive bonus plans
- 3.9.7 Explain split dollar funding and the tax consequences

### **3.10 Annuities**

---

- 3.10.1 Explain the characteristics of an annuity
- 3.10.2 Compare and contrast annuities with other investment alternatives
- 3.10.3 Calculate the tax implications of using annuities in an insurance plan
- 3.10.4 Provide a risk assessment related to the coverage needed

### **3.11 General Insurance Coverage**

---

- 3.11.1 Explain the standard provisions of a standard homeowners policy
- 3.11.2 Explain the standard provisions of an auto policy
- 3.11.3 Explain how deductible and co-insurance features can be used to reduce premium outlay
- 3.11.4 Explain un-insured and under insured provisions in an auto policy
- 3.11.5 Explain the features of various riders for RV, jewelry, art and activities
- 3.11.6 Explain the need for an "umbrella" insurance contract

## **4. Education Planning**

---

**3%**

### **4.1 Explaining Education Planning**

---

- 4.1.1 Present education planning as a process
- 4.1.2 Explain the phases of education planning
- 4.1.3 Explain the obstacles to effective education planning
- 4.1.4 Explain impact of inflation on costs
- 4.1.5 Identify funding sources

### **4.2 Funding for Education**

---

- 4.2.1 Calculate the funds needed to meet the education goals of a client
- 4.2.2 Recommend the appropriate use of funding sources
- 4.2.3 Recommend appropriate education savings vehicles
- 4.2.4 Discuss ramifications of federal, state, and university aid programs

### **4.3 Other**

---

- 4.3.1 Identify resources for parents of college-bound children
- 4.3.2 Identify non-traditional scholarship sources

## **5. Estate Planning**

---

**17%**

### **5.1 Explaining Estate Planning**

---

- 5.1.1 Present estate planning as a process
- 5.1.2 Explain the phases of estate planning
- 5.1.3 Explain the obstacles to effective estate planning

- 5.1.4 Describe estate planning documents
- 5.1.5 Explain the roles of the parties used in estate planning
- 5.1.6 Explain differences between Taxable vs. Probate estates

## **5.2 Types of Property Ownership**

---

- 5.2.1 Explain the types of property
- 5.2.2 Explain the major types of ownership interests and the advantages and disadvantages of each
- 5.2.3 Explain characteristics and consequences of property titling

## **5.3 Types of Property Transfers**

---

- 5.3.1 Explain the need for a will/trust
- 5.3.2 Explain the requirements for a will
- 5.3.3 Explain the five types of property transfers at death
- 5.3.4 Explain the probate process

## **5.4 Trusts and Giving**

---

- 5.4.1 Explain lifetime transfers (gifts) vs. planned giving
- 5.4.2 Explain gift tax strategies
- 5.4.3 Explain trust basics
- 5.4.4 Describe and present types of trusts
- 5.4.5 Discuss wealth replacement trusts
- 5.4.6 Explain how a life insurance trust can be used and the provisions and advantages of such a trust
- 5.4.7 Explain the role of Trust Protector
- 5.4.8 Explain the role of Trust Financial Advisor

## **5.5 Estate Administration**

---

- 5.5.1 Explain estate administration process
- 5.5.2 Explain the probate process
- 5.5.3 Describe the advantages/disadvantages of probate
- 5.5.4 Explain the most common forms of lifetime powers of appointment
- 5.5.5 Explain the advantages/disadvantages of a bank or bank trust department as executor

## **5.6 Estate Valuation**

---

- 5.6.1 Define the date of valuation
- 5.6.2 Calculate the value of the estate and assets
- 5.6.3 Estimate a future estate
- 5.6.4 Explain step-up in basis
- 5.6.5 Explain and minimize shrinkage due to income in respect of a decedent (IRD)

## **5.7 Federal/State Estate Taxes**

---

- 5.7.1 Explain current status of estate taxation

- 5.7.2 Explain the current tax system
- 5.7.3 Explain lifetime transfers (gifts)
- 5.7.4 Explain gift tax strategies
- 5.7.5 Explain Income taxation of trusts and estates
- 5.7.6 Explain the relationship between federal gift and estate taxes

## **5.8 Analyzing the Client's Estate**

---

- 5.8.1 Calculate probable future value

## **5.9 Estate Reduction Techniques**

---

- 5.9.1 Explain gifting as an estate reduction technique
- 5.9.2 Describe the concept of tax-exempt wealth
- 5.9.3 Explain the concept of freezing the estate
- 5.9.4 Describe the concept of eliminating the estate
- 5.9.5 Describe the appropriate use of the marital deduction
- 5.9.6 Explain the relationship between the marital deduction and the qualified interest trust
- 5.9.7 Explain the use of family limited partnerships
- 5.9.8 Explain the use of Section 1035 exchanges
- 5.9.9 Explain the use of private annuity transactions

## **5.10 Planning for Special Needs**

---

- 5.10.1 Explain the needs of caring for minor children
- 5.10.2 Identify the impact of divorce and remarriage on an estate plan
- 5.10.3 Recommend strategies that can be implemented to help manage and transfer assets
- 5.10.4 Explain the needs of caring for special needs children and/or adults
- 5.10.5 Discuss the adjustments necessary for non-traditional couples/families

## **5.11 Estate Planning for Business Owners**

---

- 5.11.1 Understand and explain various business transfer techniques

## **5.12 Life Insurance and Estate Planning**

---

- 5.12.1 Explain the role of life insurance in estate planning
- 5.12.2 Explain how different types of insurance can be used for different estate planning purposes
- 5.12.3 Explain the importance of insurance ownership strategies
- 5.12.4 Explain how the naming of beneficiaries can be used
- 5.12.5 Explain how a life insurance trust can be used and the provisions of such a trust

## **5.13 Charitable Planning**

---

- 5.13.1 Explain the options for transferring assets to qualified charities



---

## **6. Professional Conduct**

---

**3%**

### **6.1 MRFC Board Code of Ethics**

---

- 6.1.1 Explain the MRFC Code of Ethics
- 6.1.2 Recognize unethical practices based on the MRFC Code of Ethics
- 6.1.3 Explain how the appearance of impropriety affects the client and the industry

### **6.2 MRFC Board Rules of Conduct**

---

- 6.2.1 Explain the MRFC Rules of Conduct
- 6.2.2 Explain the various obligations owed to clients
- 6.2.3 Explain the various obligations owed to the profession and other professionals

### **6.3 MRFC Board Standards of Practice**

---

- 6.3.1 Explain the MRFC Standards of Practice
- 6.3.2 Explain the proper use of written agreements

---

## **7. Plan Development**

---

**9%**

### **7.1 Developing Recommendations**

---

- 7.1.1 Evaluate client financial statements using ratios and growth rates
- 7.1.2 Compare financial statements to relevant norms
- 7.1.3 Identify opportunities and challenges related to client's cash flow
- 7.1.4 Calculate savings required to meet financial goals
- 7.1.5 Recommend how to incorporate planned savings into a cash flow plan
- 7.1.6 Consult with other professionals on technical issues outside of planner's expertise

### **7.2 Analyzing Changes in Strategy**

---

- 7.2.1 Explain the possible effects of changes in client actions
- 7.2.2 Explain the cost of not making changes
- 7.2.3 Identify and use appropriate tools and techniques to conduct analyses (e.g., financial calculators, financial planning software, simulators, research services)

### **7.3 Asset Allocation**

---

- 7.3.1 Determine Client's risk tolerance
- 7.3.2 Develop appropriate allocation of investment assets
- 7.3.3 Calculate effect of reallocating assets

### **7.4 Presentation of Results**

---

- 7.4.1 Construct statements of financial position
- 7.4.2 Construct cash flow statements
- 7.4.3 Identify the client's communication preferences
- 7.4.4 Obtain feedback from the client and revise recommendations as appropriate
- 7.4.5 Provide documentation of plan recommendations and any applicable product disclosures to client
- 7.4.6 Create client appropriate graphics based on client communication preferences

## **7.5 Budgeting**

---

- 7.5.1 Calculate savings required to meet financial goals
- 7.5.2 Recommend how to incorporate planned savings into a cash flow plan

## **7.6 Plan Implementation**

---

- 7.6.1 Create a prioritized implementation plan with timeline
- 7.6.2 Assign responsibilities to advisor, client, other professionals
- 7.6.3 Coordinate and share information, as authorized, with others
- 7.6.4 Communicate to clients how they are progressing on plan implementation

## **8. Data Gathering**

---

**4%**

### **8.1 Fact Finding**

---

- 8.1.1 Identify the concept and use of social styles
- 8.1.2 Develop listening skills including active listening
- 8.1.3 Explain non-verbal communication
- 8.1.4 Incorporate fact finder to obtain required information
- 8.1.5 Identify the client's values and attitudes

### **8.2 Questioning Techniques**

---

- 8.2.1 Identify the various categories of questions
- 8.2.2 Apply questioning skills - to drill-down to get to client(s) real desires
- 8.2.3 Identify the roles of other advisors and consultants

### **8.3 Needs Analysis**

---

- 8.3.1 Analyze insurance and retirement needs for a client
- 8.3.2 Recognize the need for additional information

## **9. Ongoing Monitoring**

---

**2%**

### **9.1 Ongoing Reviews**

---

- 9.1.1 Review progress of plan relative to goals and objectives
- 9.1.2 Modify plan, if necessary, to help ensure success of meeting goals
- 9.1.3 Revisit outstanding, or unresolved, items from plan
- 9.1.4 Define ongoing monitoring responsibilities with the client
- 9.1.5 Explain to client what is to be monitored and frequency of monitoring
- 9.1.6 Explain to client communication methods for ongoing monitoring

---

## **10. Tax Planning**

**3%**

---

### **10.1 Income Tax Fundamentals**

- 10.1.1 Identify the fundamental components of the income tax system
- 10.1.2 Compute marginal and average tax brackets and explain the appropriate use of each
- 10.1.3 Evaluate current, deferred and future tax liabilities
- 10.1.4 Evaluate special situations (e.g., stock options, international tax issues)
- 10.1.5 Implement tax reduction/management techniques

---

### **10.2 Taxation for Business Entities**

- 10.2.1 Evaluate employee benefits as they relate to tax issues
- 10.2.2 Explain the various formats of business ownership as they relate to tax issues
- 10.2.3 Explain the effect of succession planning on tax issues faced by the business owner(s)
- 10.2.4 Evaluate the tax treatment of sole proprietors, partners, shareholders and 1099 consultants
- 10.2.5 Explain the benefits of business entities that offer tax deferral opportunities

---

## **11. Investment Planning**

**17%**

---

### **11.1 Investment Fundamentals**

- 11.1.1 Familiarize clients with investment categories including equities, bonds, annuities, packaged products, real estate investment trusts, ETFs, etc.
- 11.1.2 Explain asset allocation and portfolio distribution concepts
- 11.1.3 Explain various Investment strategies and explain them to clients
- 11.1.4 Measure investment returns including growth and dividend
- 11.1.5 Explain the concept of Time Value of Money (TVM)

---

## 11.2 Investments for Retirement

---

- 11.2.1 Explain the available solutions to assist in meeting retirement savings, and distribution, needs
- 11.2.2 Prepare investment proposals and illustrations
- 11.2.3 Prepare illustrations with regard to annuity accumulation and withdrawal
- 11.2.4 Obtain clarity on client profile, agree on frequency of revision
- 11.2.5 Document discussions on investment alternatives and reasons recommendations were made

## 11.3 Investments for Education

---

- 11.3.1 Explain the benefits and/or downsides of using Section 529 plans
- 11.3.2 Explain the need to change allocations as enrollment nears
- 11.3.3 Explain alternative investments for education expenses

## 11.4 Investments for Handling Special Needs Situations

---

- 11.4.1 Explain the role that Medicaid plays in planning
- 11.4.2 Explain the proper use of the special needs trust and letter of intent
- 11.4.3 Calculate the estimated income needed for lifetime care

## 11.5 Investment Evaluation

---

- 11.5.1 Select appropriate portfolio strategies including basic asset allocation, indexed based model portfolio and Grangaard strategy
- 11.5.2 Assess portfolio design by utilizing research and rating services

## 11.6 Portfolio Development and Analysis

---

- 11.6.1 Evaluate allocation differences for qualified and non-qualified accounts
- 11.6.2 Explain the concept of asset allocation

## 11.7 Asset Allocation

---

- 11.7.1 Explain the various investment risks related to asset allocation
- 11.7.2 Explain Investment management styles
- 11.7.3 Explain re-balancing concepts

---

## 12. Regulations and Compliance

---

**3%**

### 12.1 Suitability and Disclosures

---

- 12.1.1 Resolve apparent and potential conflicts of interest in client relationships
- 12.1.2 Provide regulatory disclosures
- 12.1.3 Provide disclosures related to compensation arrangements and associated potential conflicts of interest

## **12.2 Licensing and Continuing Education**

---

12.2.1 Identify regulatory bodies - local, State, and Federal (City or County Business Licensing, State Dept. of Insurance, State Dept. of Finance, SEC, FINRA)

12.2.2 At the State level, know the State Statutes that regulate investment and insurance business.

12.2.3 Ensure compliance with licensing requirements of states where client resides and where business is written

12.2.4 Explain the continuing education requirements to clients

12.2.5 Comply with consumer protection laws and regulations

## **13. Practice Management**

---

**2%**

### **13.1 Business Management**

---

13.1.1 Develop required human resource documents

13.1.2 Explain employee benefits for your staff

13.1.3 Demonstrate invoice procedures

13.1.4 Establish bookkeeping processes for bill paying, payroll, revenue and expense tracking, and profitability management

13.1.5 Develop a redundancy system to prevent errors in administration

13.1.6 Develop a rehearsal protocol to prepare for client issues

13.1.7 Develop an executive assistant expectation development guide for office personnel

13.1.8 Establish a procedure for tax return filing

13.1.9 Develop a physical and/or virtual filing system for all documents required to be saved