



BEACON HILL
FINANCIAL EDUCATORS®

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Course Information

Course Title: *Advisor's Guide to Investment Planning*

#295825

Recommended CPE credit hours for this course

In accordance with the standards of the CFP Board and the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

CFP®: **28** (All states) CFP Board sponsor number: 1008. *CFP Board Course ID # 195510*

CPA: **36** (All states)

National Registry of CPE Sponsors ID Number 107615:

Sponsor numbers for those state boards of accountancy that require sponsor registration:

Florida Division of Certified Public Accountancy: 0004761

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

This course presents a comprehensive review of investment planning concepts and investment instruments. It draws together the important topical concepts of investment risk, modern portfolio theory, performance measurement, asset valuation, fundamental and technical analysis, portfolio construction, hedging and option strategies, and the effect of taxation on these strategies in taxable and non-taxable accounts.

Highlights of the fifth edition of the text:

- New updates in this edition include tax changes associated with the Tax Cuts and Jobs Act passed in 2018 and the SECURE Act and SECURE Act 2.0, including the tax and beneficiary rule changes they created and how those changes apply to the investment activities of individuals, trusts, estates, and IRA beneficiaries.
- New conceptual material around Portfolio Management Strategies, including Environmental, Social, and Governance Investing, as well as Market Cycles, Sector Rotation investing, and Core-Satellite approaches.
- Updated and enhanced examples that provide detailed information about real-world investment scenarios to help readers understand how investment performance is achieved and monitored.
- Mathematical equations used for investment performance monitoring are clearly explained with numerous examples so readers can understand exactly what certain investment benchmarks represent.

Course Content:

Publication/Revision date: 8/1/2024.

Course Text: *The Tools & Techniques of Investment Planning*, 5th Edition, ©2024, ALM Global, LLC Course authors: Stephan R. Leimberg, Michael P. Daly, Todd J. Mulligan.

Final Exam (online): One-hundred eighty questions.

Program Delivery Method: Self-Study (NASBA QAS Self-Study/Interactive)

Subject Codes/Field of Study

CFP Board of Standards, Inc.: "D" Investment Theory and Strategies, Investment Vehicles NASBA (CPA):

Specialized Knowledge and Application

NAPFA®: Investments

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: CFP Board: Intermediate; NASBA/CPA: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Familiarity with investing and technical analysis Advance

Preparation: None

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

Chapter 1 Introduction to Investment Planning

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should:

1. Understand the eight steps involved in the investment planning process.
2. Understand components of strategic asset allocation.

Chapter 2 Cash and Cash Equivalents

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what investments in “cash” are in terms of short-term debt instruments.
2. Distinguish between a certificate of deposit and a money market fund.
3. Recognize the short-term debt instruments that comprise a money market fund.
4. Know the advantages and disadvantages of owning these types of instruments, to include any risk factor that may attach to their ownership in a broader portfolio.
5. Understand the tax implications of short-term instruments and why some may offer higher yields.

Chapter 3 United States Government Securities

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Describe what U.S. Government Securities are and how they are issued.
2. Distinguish between T-bills, notes, and bonds.
3. Recognize the significant impact of TIPS and how they contrast with non-indexed Treasury issues.
4. Know how these type issues may provide security in a portfolio and any unfavorable consequences of having invested in them.
5. Recognize the various ways by which these securities may be purchased, including the “Treasury Direct” system of book-entry security purchase.
6. List the items of information needed to replace a U.S. Savings Bond and what agency to contact.

Chapter 4 Corporate Bonds

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know the basic terminology surrounding the issuance, purchase, and sale of corporate bonds.
2. Recognize the distinction between investment and non-investment grade bonds.
3. Know why an investor might choose to invest or not invest in fixed-income investments.
4. Calculate nominal “coupon” yield, current yield, and yield-to-maturity percentages, and how each is distinguished from the other.

Chapter 5 Convertible Securities

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Recognize the derivative / option-like characteristics of convertible securities.
2. Know how to calculate the payback period for recouping any premium paid.
3. Know the advantages and disadvantages of investing in either a convertible security or a similar debt instrument with no convertible feature.
4. Understand why corporations might desire to issue these hybrid securities as it pertains to funding requirements.

Chapter 6 Municipal Bonds

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Define the terminology of, and distinctions between different types of municipal bonds.
2. Calculate the tax equivalent yield of a municipal bond issue.
3. Understand the risk characteristics of this financial tool and when it might be appropriate for inclusion in a portfolio.
4. Know how this product is priced and the fees attached in purchasing either individual issues or bonds that are part of a bond fund.

Chapter 7 Zero-Coupon Bonds

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know the major characteristics of zero-coupon bonds.
2. Understand why these instruments might be preferable in a tax-deferred account.
3. Understand how the prices of zeros react in a hostile environment of rising interest rates, and how this scenario can ultimately affect an investor's portfolio.
4. Describe what a Treasury Strip is, its basic characteristics, and how it might be utilized in an investment portfolio.
5. Know the different types of federal government securities and the terminology used to distinguish them.

Chapter 8 Promissory Notes

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Define what a promissory note is and the circumstances under which this type of agreement might be utilized.
2. Understand the risks inherent in using these IOUs.
3. Know why certain "note" agreements can have imputed interest assigned to the lender, and how the AFR (applicable federal rate) may apply.

Chapter 9 Guaranteed Investment Contracts (GICs)

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between participating and nonparticipating GICs.
2. Understand the risks inherent as well as the advantages of investing in GICs.
3. Know how these investment contracts are issued and the acquisition costs associated with obtaining them.

Chapter 10 Common Stocks

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know the advantages and disadvantages of common stock ownership.
2. Know why equities are usually highly marketable financial instruments.
3. Discuss the tax ramifications of stock ownership and explain the effect that JGTRRA 2003 has had on stocks paying dividends to its shareholders.
4. Understand when and why alternative financial instruments might be appropriate in an investment portfolio.

Chapter 11 Preferred Stock

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know the “cumulative” feature of a preferred stock as it relates to common stock issues of the company.
2. State why a preferred stock is characterized as a “hybrid” instrument.
3. Distinguish between the tax implications to two owners of preferred stock, one who is in the 25% tax bracket, the other in the 15% bracket.

Chapter 12 Stock Rights and Warrants

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between corporate warrants and stock rights.
2. Know how to value a stock right.
3. Understand the tax implications of exercising warrants and rights.
4. Know what viable alternatives exist to these financial tools and when they might be utilized.

Chapter 13 Stock Options

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between a stock option’s intrinsic value and time value.
2. Recognize the different risks involved in the use of these derivatives, especially as it relates to a call option vs. a put option.
3. Discuss the differences between stock options, stock purchase warrants, and stock rights.
4. Determine what the cost basis of the shares purchased are, after a stock option has been exercised.

Chapter 14 Financial Futures

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Identify what the financial futures market includes, including its newest entry- the single stock futures contract.
2. Know what the general objectives are for an investor selecting this financial tool.
3. Know the volatile nature of financial futures and how their prices may be affected.
4. Understand why these instruments are characterized as ‘executory contracts,’ and the tax implications resulting from their relation to the underlying asset(s).

Chapter 15 Commodity Futures

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between the terms ‘marked to market’ and ‘daily price limit.’
2. Know when an investor may have his position ‘closed out.’
3. Know the maximum effective tax rate at which net gains of speculative commodity futures contracts are taxed.
4. Understand the role played by both the producer of the commodity and the speculator who invests in a commodity futures contract

Chapter 16 Mutual Funds

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to

1. Know how most mutual funds ‘maintain a market’ in their own shares.
2. Understand what ‘fund supermarket’ and ‘family of funds’ are, and the impact they have on company sales.
3. List some alternatives to direct investments in mutual funds.
4. Know the key parts of a typical mutual fund worksheet (see Figure 16.1) and understand the importance of each element contained therein [acronym: P-R-E-T: PERFORMANCE / RISK / EXPENSES / TAXES].

Chapter 17 Exchange-Traded Funds (ETFs)

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Define what exchange-traded funds are and know how they may best be represented in a well-diversified investment portfolio.
2. Know what ‘creation-units’ are and how these financial tools may be traded.
3. Understand the tax implication of ETFs qualifying as regulated investment companies.
4. Understand what is meant by terms such as ‘tracking error’ and ‘dead-weight’ loss as it relates to expenses associated with ETFs.

Chapter 18 Hedge Funds

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what hedge funds are and their primary advantages and disadvantages as investment vehicles.

Chapter 19 Separately Managed Accounts (SMAs)

LEARNING OBJECTIVE FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what a Separately Managed Account (SMA) is and when it might be used.
2. Recognize the benefits and drawbacks of investing in an SMA.

Chapter 20 Structured Products

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what structured products are, differentiating between their five basic categories.
2. Recognize the advantages and disadvantages of investing in structured products.

Chapter 21 Life Insurance

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what a life insurance contract is and who are the parties involved.
2. Know the different types of permanent insurance policies.
3. Explain the advantages and disadvantages of different types of policies.
4. Understand how life insurance policies are sometimes marketed as “investment” alternatives, and how this may impact upon a client’s investment portfolio.

Chapter 22 Annuities

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Identify the basic terminology associated with a general discussion of annuities.
2. Know the difference between a fixed and a variable annuity.
3. Explain the tax treatment of annuities and how the “exclusion ratio” impacts this treatment.
4. Understand the different annuity payout options and how each affects the distribution of assets.

Chapter 23 Real Estate

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know why an investor might choose real estate as a preferred investment to other natural assets.
2. Understand the risks involved in direct investments in real estate.
3. Distinguish among the different forms of ownership, both direct and indirect.
4. Know what real estate “passive investments” are and how they affect personal liability concerns .

Chapter 24 REITs (Real Estate Investment Trusts)

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Know the risk/reward tradeoffs of investing in REITs.
2. Understand what the considerations are for taxable investors.
3. Discuss what the impact of joint ventures in different types of REITs is on real estate investing generally.
4. Determine how best to select REIT investments when the goal is (a) income and (b) capital appreciation.

Chapter 25 Asset-Backed Securities

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Explain the similarities and differences between different types of mortgage-backed securities as they relate to: (a) payment streams, (b) guarantees, and liquidity concerns.
2. Understand what a pass-through certificate is and how it “works.”
3. Know the impact interest rate movements have on the term to maturity of a mortgage-backed security.
4. Locate sources having information about performance and availability for purchase of asset-backed securities.

Chapter 26 Oil and Gas

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Explain the tax advantages accruing to a successful investment in these nonfinancial assets.
2. Know the concept of risk vs. return as it relates to investments in oil and gas assets.
3. Understand the role of the sponsor participation and how it affects direct investments in nonfinancial assets.

Chapter 27 Precious Metal Investments

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Explain some of the reasons why a risk-seeking investor might want to invest a portion of his assets in precious metals.
2. Understand basic terminology used in a discussion of tangible assets, such as (a) assay, (b) numismatic, (c) ingots, and (d) bullion.

Chapter 28 Investing in Collectibles

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Explain how supply and demand factors into the ability to access certain collectibles.
2. Understand the rationale behind why some collectibles increase in value.
3. Discuss the tax ramifications of investing in collectibles.

Chapter 29 Limited Partnerships

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Define what a limited partnership is, and the different forms it may take.
2. Understand how liability concerns might attract an individual to invest in a limited partnership.
3. Discuss liquidity, marketability, and suitability concerns as they relate to investments in a limited partnership.
4. Understand the distinction between limited partnerships being taxed either as corporations or partnerships.

Chapter 30 Private Placements and Venture Capital

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between private placements and publicly traded stock.
2. Distinguish between the terms (a) a private placement and (b) venture capital.
3. Explain what the nature of a venture capital partnership is and how it is funded.
4. Recognize the implications for both investment risk and liquidity risk when investing in a private placement.

Chapter 31 American Depositary Receipts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Explain what an ADR is, and how it trades.
2. Understand the tax implications of investing in ADRs, and what affect both U.S. and foreign country tax regulations have upon their sale.
3. Become familiar with terminology associated with ADRs, such as (a) GDRs and EDRs, and (b) “qualified foreign corporation.”

Chapter 32 Investment Risk

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Define the term “investment risk.”
2. Distinguish between systematic and unsystematic risk.

Chapter 33 Measuring Investment Risk

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand the meaning of “risk” and its impact on an investment portfolio.
2. Know the key terminology associated with the measurement of investment risk.
3. Interpret what different statistical measurements of risk mean in relation to their impact on a portfolio.
4. Understand the difference between symmetrical and asymmetrical distributions and how each might influence individual security and portfolio analysis.

Chapter 34 Time Value Concepts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Evaluate alternative investment strategies utilizing time value of money concepts.
2. Identify key terminology associated with time value concepts.
3. Explain how tangible benefits of an investment must be considered in any complete discussion involving time value analysis.
4. Calculate all PV, Interest, PV, PMT, and FV solutions to either annuity due or ordinary annuity type problems.

Chapter 35 Measuring Investment Return

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Identify the rate of return concepts and how financial professionals utilize these measurement devices.
2. Distinguish between simple vs. compound rates of return and between time-weighted and dollar-weighted returns.
3. Describe some of the shortcomings of the IRR Method
4. Define what is “pay-back period analysis” and its usefulness when comparing alternative investments.

Chapter 36 Fixed-Income Valuation Concepts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand how the current price of bonds affects their yields.
2. Know the key terminology associated with fixed-income investments.
3. Identify when convexity, as a measure of bond price sensitivity to interest rates, can be a better “indicator” than modified duration.
4. Determine when a bond may be selling at either a discount or premium.

Chapter 37 Equity Securities Valuation Concepts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand how each method of valuation discussed in this chapter is calculated for a security's intrinsic value.
2. Distinguish between equity valuations derived from (a) the constant growth model and, (b) the multiple growth rate model.
3. Distinguish among the different ratio analysis formulas discussed in the MARKET BASED METHOD section and how they may be related.

Chapter 38 Asset Pricing Models

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand the underlying relationship between required rates of return and portfolio theory.
2. Distinguish between the capital market line and the security market line.
3. Make comparisons among different asset pricing models and the limitations that each may possess in attempting to assess expected returns.

Chapter 39 Portfolio Management and Measurement

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Recognize the six main steps in the financial planning process, and the three main phases in a client lifecycle analysis .
2. Distinguish between different risk-adjusted measurements of risk.
3. Distinguish between time-weighted returns and dollar-weighted returns when evaluating a client's portfolio.
4. Understand the importance of the investment policy statement in relation to developing a well-rounded financial plan for a client.

Chapter 40 Asset Allocation and Portfolio Construction

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Differentiate between theoretical and practical considerations relating to the "market portfolio."
2. Identify basic terminology associated with asset allocation and modern portfolio theory.
3. Describe what is meant by "market efficiency" and its implications for the trading of and investing in securities.

Chapter 41 Investment Strategies

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish between fundamental analysis and technical analysis in active security selection.
2. Be familiar with the terms used when discussing the main elements described in a company balance sheet.
3. Identify key company ratios used to evaluate a firm's financial performance as contrasted with similar companies in the same industry.
4. Understand the advantages and disadvantages of market timing vs. a buy and hold investment strategy.

Chapter 42 Portfolio Management Concepts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Identify key terminology associated with formula investing and the common terms associated with investment strategies for both equity and fixed-income assets.
2. Calculate the average cost per share (DCA) and price per share (Share Averaging) for periodic investments in a typical mutual fund.
3. Be familiar with the formula investing strategies for both equity and fixed-income assets.

Chapter 43 Hedging and Option Strategies

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Identify key terminology associated with the use of hedging and option strategies, understand the fundamental nature of hedging and other option strategies.
2. Explain when the use of such financial instruments may help reduce risk in an investment portfolio.
3. Understand the fundamental nature of hedging and other option strategies.
4. Distinguish between stop-loss orders and short sales.
5. Understand the fundamental characteristics of the derivative markets.
6. Explain how the use of “synthetic” securities may improve upon the efficiency and reliability of hedging “tools.”

Chapter 44 Leveraging Investment Assets

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Distinguish among the three types of “leverage” techniques employed in an investment portfolio.
2. Know when the use of leverage is appropriate for an investment portfolio, and the risks associated with it.
3. Understand the ramifications of utilizing “reverse leverage” in the purchase of an investment.
4. Describe the risk associated when there is only a 2% “spread” between the cost of borrowing and an investment’s expected return.

Chapter 45 Taxation of Investment Vehicles

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Illustrate how property acquired by gift is recognized by the Internal Revenue Service.
2. Explain the significance of timing of reporting gains or losses upon sale of an individual asset.
3. Explain how the tax law defines income and some of the common items included in the definition.
4. Differentiate between allowed and disallowed interest as it relates to deductibility.
5. Define the “economic benefit theory” as it relates to the employee benefit of group term life insurance.
6. Identify the tax preferences that must be added back when computing alternative-minimum-taxable income (AMTI).

Chapter 46 Tax-Efficient Investment Strategies

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Calculate the tax equivalent yields on taxable and nontaxable bonds.
2. Explain how the recognition of either a gain or loss can be controlled through the concepts of deferral or acceleration.
3. Discuss the tax treatment applicable to investors who own different types of mutual funds.

Chapter 47 Investment Strategies for Tax-Advantaged Accounts

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Apply time value concepts and formulas as they relate to investment strategies for tax-deferred accounts.
2. Evaluate and compare tax rules relating to traditional IRAs and Roth IRAs.
3. Measure the effects of tax leverage when comparing alternative investments.
4. Explain how gains on net unrealized appreciation (NUA) on employer security distributions is treated.

Chapter 48 The Net Investment Income Tax

LEARNING OBJECTIVES FOR THIS CHAPTER

Upon completion of this chapter, the student should be able to:

1. Understand what types of income are subject to the Additional Medicare Surcharge and the NIIT.
2. Understand how to calculate Medicare surcharge and NIIT liability.
3. Understand the role of above-the-line and below-the-line deductions in calculating NIIT liability.
4. Understand how various business transactions can create Medicare surcharge and NIIT liabilities.

ABOUT THE AUTHORS

Stephan R. Leimberg

The late Stephan R. Leimberg was the CEO of Leimberg and LeClair, Inc., an estate and financial planning software company, CEO of LISI, Leimberg Information Services, Inc., an email newsletter service, and President of Leimberg Associates, Inc., a publishing and software company. He was an Adjunct Professor in the Masters of Taxation Program of Villanova University School of Law and former adjunct at Temple University School of Law. He held a B.A. from Temple University, and a J.D. from Temple University School of Law. Leimberg was also the Editor of the American Society of Financial Service Professionals audio publication, Keeping Current.

Leimberg was the author or co-author of numerous books on estate, financial, and employee benefit and retirement planning and a nationally known speaker. Leimberg was the creator and principal author of the entire Tools & Techniques series including The Tools & Techniques of Estate Planning, The Tools & Techniques of Financial Planning, The Tools & Techniques of Employee Benefit and Retirement Planning, The Tools & Techniques of Life Insurance Planning, The Tools & Techniques of Investment Planning, and The Tools & Techniques of Risk Management.

Michael P. Daly

Michael P. Daly, CSOP, CFIRS, CCTP is the San Francisco based Director of Risk Management and Operations for Pohl Consulting and Training, Inc. He is a high-energy professional with over 30 years of experience in the securities industry. He has an MBA in international business from the Thunderbird School of Global Management. Mike's work in senior management roles in fiduciary risk management, administration and operations has given him a broad industry perspective.

Today, Mike is focused on "paying it all forward". Mike works with Cannon Financial Institute, the Leimberg Library and other professional organizations to mentor the next generation of securities industry professionals. For over a decade, Mike served as Chair of the ICB/ ABA Certification of Securities Operations Professionals. He served on the Board of Directors of the Fiduciary Investment Risk Management Association (FIRMA) for 8 years and has been a frequent contributor to the ABA's Trust and Investment Magazine and the Journal of Financial Compliance.

Mike's path to the securities industry was not traditional. Mike began his career in the motion picture and television industry working at Paramount Studios in Hollywood. As the entertainment industry pivoted to the securities market to raise capital for entertainment

products. Mike pivoted too. He took a hiatus from the factory work of a motion picture studio and transitioned to the glamour and glitz of banking and finance.

Beginning with the development and implementation of a securities lending business at a multinational regional bank on the west coast, Mike was soon taking on new projects and exploring the continuing evolution of finance through securities and securitization. Before long Mike expanded his knowledge and experience in various areas of fiduciary services, from retirement plan services to corporate trust. Along the way he has seen and has survived major market expansions, significant market collapse, regulatory change and market recovery. He's witnessed firsthand how markets impact not only investing, but the very nature of investments. Having watched an industry transform through technology and travesty, Mike recognizes and leverages the lessons of history in both his philosophy and his professional practice.

Mike is always curious, and his passions are diverse, from traveling the world to exploring new cultures, traditions, and recipes, to finding dusty bookshelves in pursuit of new knowledge. His most rewarding pursuit has been sharing this knowledge and personal experience about this amazing and rewarding industry.

Todd J. Mulligan

Todd J. Mulligan, CFA, CFP®, CAIA is a Certified Financial Planner™ Practitioner based in the greater Boston area. Day to day, Todd focuses on creating and implementing comprehensive financial plans and investment strategies for high net-worth individuals and families both in New England and throughout the United States.

Over the years, Todd has earned numerous awards and accolades for financial planning, investment management, and client service from various financial publications. He holds the CERTIFIED FINANCIAL PLANNER™ and Chartered Financial Analyst designations, as well as the Chartered Alternative Investment Analyst designation. These advanced certifications have given him knowledge about and insight into a wide variety of financial planning and investment topics.

Since 2016, Todd has been creating and teaching Investment Planning courses for Boston University and its financial planning program. His coursework, which is focused on investment and risk management, as well as portfolio construction strategies, covers the topics required to sit for the CFP® Exam. In addition to teaching, in the past Todd has served as a Content Editor and author for Wiley and Sons publishing company on various financial planning topics, largely focused on portfolio construction and investment management.

Todd has also served in several volunteer roles for the CFA institute and CFA Society of Boston, including roles on the Private Wealth Committee and the Mentor Committee. More recently, Todd was asked to serve as a volunteer content expert for the Global Private Wealth Management panel for the CFA Institute. In this capacity, he helped to shape the future of Wealth Planning topics that will be covered on future CFA exams.

Todd lives in the Boston suburbs with his wife Jess and children Zach and Emilia. Outside of working and writing, Todd enjoys rooting for New England sports teams, running, reading, and spending outdoor time with his family. Todd graduated from Colgate University in 2006, where he also played Division 1 college football.

PREFACE

In this 5th Edition of Tools and Techniques of Investment Planning, we continue the tradition of the Tools and Techniques series by providing current relevant guidance on investments for the expert practitioner and novice alike. The financial markets have become increasingly complex and require both a broad and deep understanding in order to effectively plan to meet the objectives of both individual and institutional investors. This edition of the book has been updated and organized to deliver that broad and deep understanding.

Further, Introduction to Investment Planning provides the context for the remainder of the book and emphasizes a process orientation to investment planning. The Tools Section of the book provides an understanding of the types of investments that should be part of the toolbox of every practitioner, with details on each tool's advantages and disadvantages. The Techniques Section shows how to use the tools to design an investment policy and strategy to meet an investor's needs.

In addition to the usual comprehensive updates, this edition contains updates on the Tax Cuts and Jobs

Act, The Secure Act, and Secure Act 2.0 including applicability to individuals, trusts, estates, and IRA beneficiaries. Lastly, we have expanded investment concepts in Portfolio Management to include new material on Environmental, Social, and Governance Investing, as well as Market Cycles, Sector Rotation investing, and Core-Satellite approaches.

This volume extends the work done by Stephan R. Leimberg and a number of contributors over the years to a series of Tools and Techniques books each of which are your learning, refresher, and reference source for the most important investment concepts in financial planning.

We welcome your comments, suggestions, and constructive criticism. Please send us your ideas.

Michael P. Daly
Todd J. Mulligan

March 2024

ISBN 978-1-58852-858-2

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ALM Global, LLC
150 E. 42nd St.
New York, NY 10017

Fifth Edition

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