AICPA Personal Financial Planning Section

De-Mystifying the PFS Exam

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If you have any questions, please email the PFP Division staff at financialplanning@aicpa.org.

The CPA/PFS Credential

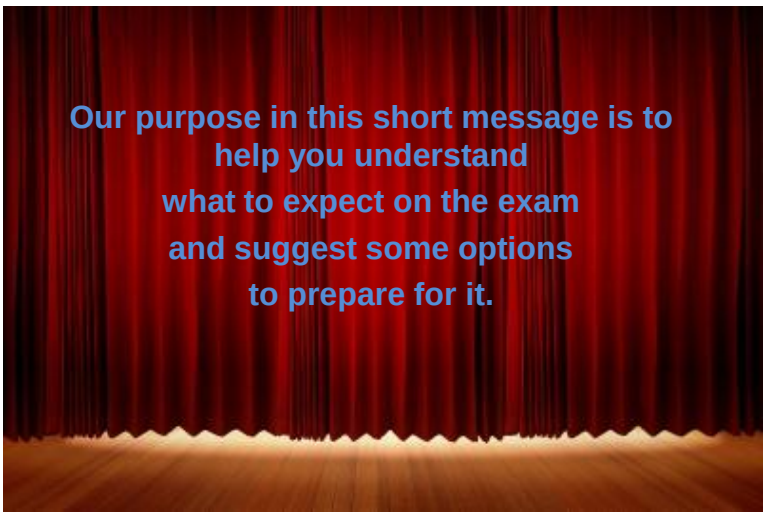
- **The purpose of a credential is to provide independent validation of a person's competency in practicing in a particular field, creating a definable group of experts.**
- **The CPA/PFS credential is the only credential that provides these benefits exclusively for CPAs practicing in any aspect of personal financial planning, whether tax, estate, retirement, investments or risk management.**

Basic Requirements

- **Foundation: Hold a valid and unrevoked CPA license**
- **Then add: PFP-related Education**
  PFP-related Experience
  PFS Exam

While all are important, the prospect of a "comprehensive" PFS exam can sometimes be unnerving.

Lets Roll Back the Curtain on the Exam



What is covered on the exam?

- The Personal Financial Planning Process
- Fundamentals of Personal Financial Planning
- Professional Responsibilities (as a CPA financial planner)
- Income Tax Planning
- Estate Planning
- Retirement Planning
- Employee Benefits
- Investment Planning
- Insurance Planning
- Other Personal Financial Planning Issues

Details are in the PFS Exam Content Specification Outline

What is the exam like?

- 230 multiple choice questions answered over 6 ½ hours, plus 45 minutes for breaks.
- About 50% entail reading a scenario and then answering 2-5 questions relating to that situation. Included in these are also 2 larger case studies with 20-25 questions each.
- The remaining are standalone multiple choice questions.

The goal is to ask questions that demonstrate your application of knowledge in a practice environment.

Sample question

Sam, Jim, and Beth purchased a coffee house. Sam and Jim contributed $125,000 to the purchase price, and Beth contributed $50,000. The property was titled as joint tenants with right of survivorship.

How much will be included in his gross estate if Sam dies this year and the value of the coffee house is $600,000?

A. $125,000

B. $200,000

C. $250,000

D. $300,000

C. $250,000

Sam's contribution of $125,000 is 41.666% of cost basis of the entity. 41.666% of the $600,000 current value is
$250,000

Sample question

Jeff and Heather Jones have been your clients for 5 years and are now ready to retire. As you prepare for your next meeting with them, you decide to update their investment policy statement (IPS), as well as provide them recommendations on their portfolio. In addition you decide to assess their progress towards their goals.

Assume their IPS calls for a 60/30/10 stock, bond and cash allocation. They presently have $1,800,000 in stock, $1,600,000 in bonds and $600,000 in cash.

What rebalancing moves should be recommended in accordance with the IPS?

A. Sell $600,000 of stock, buy $200,000 of cash, and $400,000 of bonds.

B. Do nothing.

C. Sell $400,000 of bonds, $200,000 of cash, and buy $600,000 of stock.

D. Sell $400,000 of cash, $400,000 of bonds, and buy $800,000 of stock.

Preparing For the Exam

- **If you know you need in-depth knowledge, take the appropriate CPE education courses** *(6 foundational topics available – www.aicpa.org/PFP/CPE).*
- **If you are broadly experienced, take the self-study exam review course that covers all areas on the exam.**
- **For a lively and intensive 2-day boot camp, attend the review class on January 19-20, 2013 in Las Vegas before the Advanced PFP Conference. The exam window does not close until February 5, so this is a great final step.** *(Also available after the class as an on-demand re-broadcast with no CPE.)*

Where can I take the exam?

- **It is available at over 300 testing centers located nation-wide.**
- **Schedule a date and time that fits your schedule within the six week exam window.**
- **Exam windows are scheduled mid-June to the end of July and late December to early February each year.**

The goal is to give you as much control over when and where you take the exam as possible to fit your schedule.

What about cost?

- **The cost of the exam is $400 for AICPA members.**
- **There are options to help reduce or offset these costs:**
  - $100 discount for PFP Section members
  - Additional 10% discount if purchased with an exam review option
  - Volume pricing if multiple CPAs from the same firm take the exam
  - PFS Exam Sponsorship offers $200-$600 reimbursement of exam and preparation costs

We want cost to be as low a factor as we can make it so you can focus on preparation for the exam.

PFS Exam Sponsorship – Reimbursement Program

- **To encourage preparation and completion of the exam, this program that will reimburse members for $200-$600 to defray some of the costs.**
- **To qualify you must**
  - be a PFP Section member
  - expect to meet the education and experience requirements within 6 months of passing the exam
  - take at least one review program and complete the exam
- **3 levels to choose from:**
  - Level 1: $200 if you have only purchased the self-study course
  - Level 2: $400 for both the self-study course and the on-demand
  - Level 3: $600 for both the self-study course and the live class

Overall Costs for Preparing for and Taking the PFS Exam

Review programs are optional to sit for the exam	PFP Savings	PFP Section	AICPA	Exam Review Options (PFP member costs)		
				Self-Study	On-Demand	Live Review
Self-study exam review course (32.5 hrs. CPE)	$125	$375	$500	$375	$375	$375
On-Demand Re-broadcast of Live Review Class (no CPE)	$100	$495	$595	n/a	$495	n/a
Live Review Class (21 hrs. CPE)	$100	$625	$725	n/a	n/a	$625
Exam	$100	$300	$400	$300	$300	$300
Exam Sponsorship Reimbursement	$200-$600	varies	n/a	($200)	($400)	($600)
NET COST	**$425-$925**			**$475**	**$770**	**$700 plus travel**

Joining the PFP Section as a first step saves much more than the $200 cost and grants you access to many helpful PFP resources for you and your practice.

The CPA/PFS Credential

- **Lets keep it simple:**
  - Start by joining the PFP Section.
  - Decide if you need in-depth knowledge in specific areas.
  - Begin the review program that best fits your needs.
  - Sign up for the PFS Exam and focus on getting it done.
  - Apply for the CPA/PFS credential.
- **The combination of the CPA/PFS sends a consistent message to your clients and prospects:**

  You have the additional expertise that they need ask for and they can have confidence that everything they know and trust about you as a CPA (your objectivity, integrity, competency, tax knowledge) also applies to the personal financial planning relationship.

Questions?

If you have any questions for the PFP Division staff, contact us at financialplanning@aicpa.org.

Quick link to resources:

- PFS Exam Information: www.aicpa.org/PFSexam
- PFS Exam Registration
- PFS Exam Sponsorship Reimbursement Program
- PFS Exam Self-Study Review Course
- PFS Exam Live Review Class – January 19-20, 2013
- PFS Exam On-Demand Archive of Live Class
- PFS Education Options
- PFS Credential Overview: www.aicpa.org/PFP/PFS
- PFP Section Website: www.aicpa.org/PFP