

RICP® Curriculum

HS 353: Retirement Income Process, Strategies, and Solutions

Competency 1: Create an effective retirement income plan

Section 1: Introduction to Retirement Income Planning

- LO 1-1-1: Describe retirement income planning
- LO 1-1-2: Understand the decisions that clients face in retirement

Section 2: Understanding Retirement Preparedness Data

- LO 1-2-1: Identify the costs of retirement
- LO 1-2-2: Understand whether Americans are prepared financially for retirement
- LO 1-2-3: Know consumer attitudes about preparedness for retirement

Section 3: The Retirement Income Process

- LO 1-3-1: Identify a process for developing a retirement income plan
- LO 1-3-2: Understand how the eight steps of the financial planning process apply to retirement planning
- LO 1-3-3: Developing a retirement income planning team

Section 4: The Business of Retirement Income Planning

- LO 1-4-1: Identify technical tools used in retirement planning
- LO 1-4-2: Learn how behavioral finance affects client communications

Competency 2: Identify retirement income needs and objectives and evaluate the client's current situation

Section 1: Identify the Retirement Budget

- LO 2-1-1: Evaluate the client's current situation
- LO 2-1-2: Determine the client's retirement goals and objectives
- LO 2-1-3: Evaluate how the client's risk tolerance impacts the retirement income plan
- LO 2-1-4: Estimate the income needs required to support the desired lifestyle in retirement

Section 2: Sources of Income

- LO 2-2-1: Identify sources of income currently available to meet retirement income needs
- LO 2-2-2: Identify assets that can be used to generate retirement income

Section 3: Preliminary Calculations

- LO 2-3-1: Choosing assumptions used in calculating retirement income needs

- LO 2-3-2: Identify tools and approaches to making an evaluation of financial preparedness for retirement

Competency 3: Choose appropriate strategies to address gaps in income

Section 1: Cash Flow Planning

- LO 3-1-1: Understand the impact of saving more now and spending less in retirement

Section 2: Additional Work

- LO 3-2-1: Understand the impact of working longer on retirement security

Section 3: Saving More with Tax-Advantaged Plans

- LO 3-3-1: Identify options for saving on a tax-advantaged basis
- LO 3-3-2: Choose between a tax deductible and tax-exempt retirement account
- LO 3-3-3: Strategies for maximizing tax-advantaged savings

Section 4: Deferring Social Security

- LO 3-4-1: Understand how deferring Social Security can improve a client's situation

Section 5: Tap Home Equity

- LO 3-5-1: Choosing an appropriate strategy for tapping home equity in retirement

Section 6: Improving Portfolio Performance

- LO 3-6-1: Learn strategies for improving the performance of a retirement portfolio
- LO 3-6-2: Choosing appropriate asset location to improve after-tax investment performance

Competency 4: Evaluate the income tax, estate issues, and other threats to the retirement income plan

Section 1: Income Tax Considerations

- LO 4-1-1: Choose an appropriate distribution option from an employer sponsored tax-advantaged retirement plan
- LO 4-1-2: Understand and advise clients on the tax treatment of tax-advantaged retirement distributions
- LO 4-1-3: Understand and advise clients on the required minimum distribution rules
- LO 4-1-4: Choosing tax efficient withdrawal strategies
- LO 4-1-5: Understand the tax treatment of annuities
- LO 4-1-6: Identify how Social Security benefits are taxed

Section 2: Estate Planning Considerations

- LO 4-2-1: Meeting legacy objectives with wills, trusts, and beneficiary designations
- LO 4-2-2: Strategies for meeting charitable legacy objectives

Section 3: Incompetency

- LO 4-3-1: Choosing the appropriate strategy for delegating medical decisions
- LO 4-3-2: Choosing the appropriate strategy for delegating financial decisions

Competency 5: Evaluate retirement risks and offer alternative solutions to address these risks

Section 1: Outliving Resources

- LO 5-1-1: Understand and advise clients about longevity risk
- LO 5-1-2: Understand and advise clients about inflation risk
- LO 5-1-3: Understand and advise clients about excess withdrawal risk

Section 2: Risks Associated with Aging

- LO 5-2-1: Understand and advise clients about unexpected health care risk
- LO 5-2-2: Understand and advise clients about long-term care risk
- LO 5-2-3: Understand and advise clients about frailty risk
- LO 5-2-4: Understand and advise clients about financial elder abuse risk

Section 3: Investment Risks

- LO 5-3-1: Understand and advise clients about investment risks
- LO 5-3-2: Understand and advise clients about sequence of returns risk

Section 4: Work

- LO 5-4-1: Understand and advise clients about forced retirement risk
- LO 5-4-2: Understand and advise clients about reemployment risk
- LO 5-4-3: Understand and advise clients about employer insolvency risk

Section 5: Family

- LO 5-5-1: Understand and advise clients about loss of spouse risk
- LO 5-5-2: Understand and advise clients about unexpected financial responsibility risk

Section 6: Other

- LO 5-6-1: Understand and advise clients about timing risk
- LO 5-6-2: Understand and advise clients about public policy risk

Competency 6: Choose appropriate strategies for turning assets into income

Section 1: Approaches Used to Convert Retirement Assets into Retirement Income

- LO 6-1-1: Describe the three major approaches that can be used to turn retirement assets into retirement income

- LO 6-1-2: Understand the FPA’s “Financial Adviser Retirement Income Planning Experiences, Strategies, and Recommendations” research study

Section 2: The Systematic Withdrawal Approach

- LO 6-2-1: Analyze the systematic withdrawal approach to retirement income planning
- LO 6-2-2: Describe what happens under the systematic withdrawal approach if the client outlives the time horizon
- LO 6-2-3: Analyze how sustainable withdrawal rates apply to the middle class
- LO 6-2-4: Understand the effect of glide path on portfolio sustainability

Section 3: The Bucket Approach

- LO 6-3-1: Analyze the bucket approach to retirement income planning
- LO 6-3-2: Understand the different phases of retirement and how to divide a retirement portfolio into multiple portfolios
- LO 6-3-3: Understand how bucket portfolios should be reallocated over time

Section 4: The Essential versus Discretionary (Flooring) Approach

- LO 6-4-1: Analyze the flooring approach to retirement income planning
- LO 6-4-2: The annuity puzzle

Section 5: How the Approaches Mitigate Risks

- LO 6-5-1: Analyze how the three strategies to create retirement income affect retirement risks
- LO 6-5-2: Recognize common sense solutions

Competency 7: Integrating approaches, risks, products, and strategies to create an effective retirement income plan

Section 1: Retirement Income Products

- LO 7-1-1: Managing cash flow in retirement
- LO 7-1-2: Using investments in stocks in retirement income planning
- LO 7-1-3: Using bonds in retirement income planning
- LO 7-1-4: Using mutual funds and other professionally managed funds in retirement income planning
- LO 7-1-5: Using annuities in retirement income planning

Section 2: Applying Products

- LO 7-2-1: Applying products to approaches
- LO 7-2-2: Investment products used for the systematic withdrawal approach
- LO 7-2-3: Products used in the bucket approach to retirement income planning
- LO 7-2-4: Products for the flooring approach

Section 3: Practical Application

- LO 7-3-1: Identify practical issues that arise in the retirement income planning process
- LO 7-3-2: Ensuring client participation in the retirement income plan
- LO 7-3-3: Choosing software tools for retirement income planning

Section 4: Monitoring and Adjusting the Plan

- LO 7-4-1: Understand methods for monitoring the sustainability of retirement income
- LO 7-4-2: Understand how to adjust sustainable withdrawal rates

Section 5: Case Studies

- LO 7-5-1: Case study: Evelyn and Bruce
- LO 7-5-2: Case study: Lisa
- LO 7-5-3: Case study: Joe and Jane

HS 354: Sources of Retirement Income

Competency 8: Choosing the optimal Social Security claiming age

Section 1: Social Security Basics

- LO 8-1-1: Explain the ABC's of the Social Security system
- LO 8-1-2: Describe Social Security's role in providing retirement security
- LO 8-1-3: Analyze why clients are reluctant to defer Social Security retirement benefits

Section 2: Calculating Retirement Benefits

- LO 8-2-1: Explain how the Primary Insurance Amount (PIA) is calculated
- LO 8-2-2: Understand how and when Social Security benefits are paid
- LO 8-2-3: Explain how Social Security cost of living adjustments (COLAs) work
- LO 8-2-4: Analyze the financial impact of choosing one claiming age over another
- LO 8-2-5: Explain how the windfall-elimination and government-pension-offset provisions affect Social Security retirement benefits
- LO 8-2-6: Understand the Social Security claiming rules for people born on the 1st or 2nd day of the month

Section 3: Tax Treatment of Benefits

- LO 8-3-1: Identify how Social Security benefits are taxed
- LO 8-3-2: Explain the Social Security "tax torpedo" and how it can be avoided
- LO 8-3-3: Analyze how the earnings test works

Section 4: Rules for Married Couples

- LO 8-4-1: Understand the nature and scope of spousal benefits
- LO 8-4-2: Discuss how the spousal benefit reduction for early claiming works
- LO 8-4-3: Understand how widow's benefits work
- LO 8-4-4: Understand divorced spousal and survivor benefits

Section 5: Claiming Strategies

- LO 8-5-1: Understand an overview of, and caveat about, the claiming age decision
- LO 8-5-2: Understand how and when to implement the "claim now, claim more later" strategy
- LO 8-5-3: Explain the "claim and suspend" strategy
- LO 8-5-4: Understand the "maximize the survivor benefit" strategy
- LO 8-5-5: Analyze the widow(er) strategy
- LO 8-5-6: Understand the triple-dip strategy
- LO 8-5-7: Analyze the claiming Social Security later to increase your portfolio's longevity strategy

Section 6: Choose the Optimal Claiming Age

- LO 8-6-1: Apply a strategic approach to choose a claiming age that is right for the client's circumstances
- LO 8-6-2: Understand how to change a client's perceptions through an educational program
- LO 8-6-3: Understand how assessing funding adequacy factors into the claiming age decision
- LO 8-6-4: Understand how to use the net present value break-even approach for fully funded clients
- LO 8-6-5: Analyze the process of framing the claiming age decision as insurance against longevity risk
- LO 8-6-6: Compare claiming late and liquidating 401(k) assets versus claiming early and preserving 401(k) assets
- LO 8-6-7: Assess the client's Social Security options based on their unique situation
- LO 8-6-8: Take a deeper look at unique circumstances – some mini case studies with Bill Reichenstein, Bill Meyer, and Kenn Tacchino
- LO 8-6-9: Understand how changes to Social Security might affect the claiming age decision
- LO 8-6-10: Solve case studies concerning choosing the optimal Social Security claiming age that is appropriate for your client's situation
- LO 8-6-11: Understand how to use software to choose the client's Social Security claiming age

Competency 9: Choosing the optimal retirement age

Section 1: Factors Influencing Retirement Age

- LO 9-1-1: Analyze the factors influencing the client's choice of a retirement age
- LO 9-1-2: Analyze the age at which clients are currently retiring
- LO 9-1-3: Understand the perceptions of current workers about their potential retirement age
- LO 9-1-4: Examine different ways to look at the optimal retirement age

Section 2: Financial Preparedness

- LO 9-2-1: Identify the age at which the vast majority of households will be able to retire
- LO 9-2-2: Analyze the ability to work longer as a solution to a lack of retirement resources
- LO 9-2-3: Understanding the transition into retirement: 15 tasks the client must complete

Section 3: Phased Retirement

- LO 9-3-1: Understand the basics of phased retirement

- LO 9-3-2: Identify the types of phased retirement
- LO 9-3-3: Identify the possible characteristics that may be in a phased retirement program
- LO 9-3-4: Assess the reasons a client may opt for phased retirement
- LO 9-3-5: Understand how you may convince an employer to offer your client phased retirement
- LO 9-3-6: Impediments to phased retirement
- LO 9-3-7: Examine examples of phased retirement
- LO 9-3-8: Identify some design elements of a phased retirement system

Competency 10: Choosing appropriate annuities for the retirement income plan

Section 1: Regulation

- LO 10-1-1: Understanding and applying annuity suitability standards
- LO 10-1-2: A real life case study: The Glenn Neasham case

Section 2: Annuity Taxation

- LO 10-2-1: Identify important considerations in the tax treatment of nonqualified annuities
- LO 10-2-2: Determine the tax implications of distributions to beneficiaries from nonqualified annuities

Section 3: Product Options for Retirement Income Planning

- LO 10-3-1: Choosing appropriate uses of single premium immediate annuities
- LO 10-3-2: Choosing appropriate uses of deferred income annuities
- LO 10-3-3: Choosing appropriate uses of deferred variable annuities with GLWB riders
- LO 10-3-4: Choosing appropriate uses of deferred fixed and indexed annuities
- LO 10-3-5: Understanding fixed indexed annuity contract terms

Section 4: Annuity Applications

- LO 10-4-1: How to build an income floor with annuity products
- LO 10-4-2: Understand the efficiencies created with nonqualified income annuities used early in retirement
- LO 10-4-3: Choosing appropriate income annuity strategies that address longevity risk
- LO 10-4-4: Compare fixed indexed annuities (FIAs) and deferred income annuities (DIAs)
- LO 10-4-5: Case study: Building a retirement income plan with a floor of income annuities

Competency 11: Evaluating other sources of retirement income

Section 1: Executive Benefits

- LO 11-1-1: Understand the role of nonqualified deferred compensation in retirement planning for executives
- LO 11-1-2: Identify the types of executive welfare benefits that are commonly offered today
- LO 11-1-3: Understand how Sec. 162 bonus life insurance programs can benefit an executive
- LO 11-1-4: Understand the types of equity-based compensation offered to executives today

Section 2: Life Insurance

- LO 11-2-1: Understand the role of life insurance death benefits in retirement planning
- LO 11-2-2: Understand the role of life insurance cash value benefits in retirement planning
- LO 11-2-3: Identify specific strategies for using life insurance in a retirement income plan

Section 3: Federal Civilian and Military Benefits

- LO 11-3-1: Understand the types of retirement benefits available to federal civilian and military employees
- LO 11-3-2: Identify the pension benefits and planning opportunities under the Federal Employee Retirement System (FERS)
- LO 11-3-3: Identify the pension benefits and planning opportunities under the Civil Service Retirement System (CSRS)
- LO 11-3-4: Advise clients regarding their opportunities under the Thrift Savings Plan
- LO 11-3-5: Advise long-term retiring military personnel about their retirement pay options
- LO 11-3-6: Identify when retiring military personnel are entitled to disability benefits
- LO 11-3-7: Understand non-pension military benefits that can improve retirement security

Section 4: Planning for Business Owners

- LO 11-4-1: Determine ways to maximize the value of a business and identify other retirement planning strategies for small business owners
- LO 11-4-2: Choosing a tax-advantaged retirement plan for a small business

Section 5: Other Approaches

- LO 11-5-1: How can an advisor evaluate nontraditional approaches to retirement planning

Competency 12: Building a retirement portfolio

Section 1: Portfolio Building Blocks

- LO 12-1-1: Understand how risk tolerance affects the planner's options to allocate assets
- LO 12-1-2: Understand how to minimize portfolio risk
- LO 12-1-3: Analyze the implications of modern portfolio theory (MPT) on retirement investing
- LO 12-1-4: What is tactical asset allocation and why is it popular

Section 2: Selected Issues in Building a Retirement Portfolio

- LO 12-2-1: Identify how human capital affects savings decisions
- LO 12-2-2: Understand paying off a mortgage as part of the retirement portfolio
- LO 12-2-3: Choosing a portfolio rebalancing discipline

Section 3: Transitioning into Retirement

- LO 12-3-1: Characterizing the change in the risk return paradigm that occurs at retirement
- LO 12-3-2: Understanding the interface between preretirement saving and postretirement spending
- LO 12-3-3: Choosing the appropriate portfolio adjustments for an aging client

Section 4: Retirement Income Research

- LO 12-4-1: Understanding research methodology and its role in evaluating retirement income research
- LO 12-4-2: Modifying safe withdrawal rates based on recent research
- LO 12-4-3: Modifying safe withdrawal rates based on current market conditions
- LO 12-4-4: Understanding the implications of life cycle theory research on retirement income planning
- LO 12-4-5: Understand the implications of choosing a cash-reserve (buffer-zone) strategy

Section 5: Creating an Income Floor with Investment Products

- LO 12-5-1: How to create an income floor with bonds

Section 6: Tax Efficient Withdrawal Strategies

- LO 12-6-1: How to improve portfolio longevity through a tax-efficient sequencing of withdrawals
- LO 12-6-2: Identify key practical tax considerations in retirement income planning

HS 355: Managing the Retirement Income Plan

Competency 13: Choose appropriate, tax compliant distribution options from tax-advantaged retirement plans

Section 1: Distribution Options

- LO 13-1-1: Analyze the distribution options available from tax-advantaged retirement plans
- LO 13-1-2: Understand how proposed regulations and other forces may expand distribution options in employer provided tax-advantaged retirement plans

Section 2: Tax Treatment of Withdrawals

- LO 13-2-1: Identify common tax issues with tax deferred retirement plan withdrawals
- LO 13-2-2: Help a client avoid the Sec. 72(t) penalty tax
- LO 13-2-3: Evaluate whether NUA tax treatment is appropriate for your clients
- LO 13-2-4: Execute tax-free rollovers, transfers and taxable Roth conversions
- LO 13-2-5: Identify common tax concerns that arise with Roth IRAs or Roth accounts

Section 3: Required Minimum Distributions

- LO 13-3-1: Help clients comply with the required minimum distribution rules during the life of the participant
- LO 13-3-2: Plan for and comply with the minimum distribution requirements after the death of the participant

Competency 14: Recommend the best health insurance options for the retiring client

Section 1: An Introduction to Health Care for Retirees

- LO 14-1-1: Overview and introduction to Medicare
- LO 14-1-2: Understanding basic health care and Medicare terminology
- LO 14-1-3: Explain the health care costs involved in retirement income planning
- LO 14-1-4: Understand the alternative sources of health care coverage
- LO 14-1-5: Understanding the factors involved in choosing a health care option

Section 2: Introduction to Medicare Basics

- LO 14-2-1: Understanding the eligibility requirements, enrollment process, and basics of Medicare Parts A and B
- LO 14-2-2: Describe the covered services under Medicare Parts A and B
- LO 14-2-3: Understanding the eligibility requirements, enrollment process, and basics of Medicare Part D
- LO 14-2-4: Understanding the factors to consider when choosing a Part D prescription drug plan
- LO 14-2-5: Understanding the Part D out-of-pocket costs and their impact on retirees health care cost planning

Section 3: Understanding the Basics and Issues of Medigap Policies

- LO 14-3-1: Overview of Medigap
- LO 14-3-2: Understanding the core and other benefits covered in Medigap policies
- LO 14-3-3: Understanding the pricing and payment structure of Medigap
- LO 14-3-4: Understanding “kinks” in the Medigap system

Section 4: Medicare Part C – Medicare Advantage Plans

- LO 14-4-1: Understanding the basics of Medicare Part C
- LO 14-4-2: Explain the advantages and disadvantages of Medicare Advantage

Section 5: Special Tax Planning Considerations for Medicare

- LO 14-5-1: Planning for the additional payroll tax for high income earning individuals
- LO 14-5-2: Planning for the new investment income tax in 2013
- LO 14-5-3: Understanding the increase in the itemized deduction of health care expenses from 7.5 percent to 10 percent

Section 6: Alternate Sources of Health Care Coverage for Retirees

- LO 14-6-1: Explaining the choice between employer-provided health care coverage or Medicare
- LO 14-6-2: Exchanges – understanding the basics and bridging the coverage gap until Medicare eligibility
- LO 14-6-3: Understanding the model of Accountable Care Organizations

Competency 15: Choose a method of funding long-term care needs

Section 1: Understanding the Issue: Long-Term Care

- LO 15-1-1: Identifying the nature and scope of the long-term care funding problem
- LO 15-1-2: Identifying available long-term care financing options
- LO 15-1-3: Understanding who provides long-term care and in what settings

Section 2: Long-Term Care Insurance

- LO 15-2-1: Understanding the advantages of long-term care insurance as a funding option for long-term care needs
- LO 15-2-2: Understand and choose the elements of a long-term care insurance policy
- LO 15-2-3: Identify the tax benefits associated with long-term care insurance

Section 3: The Role of Government Programs

- LO 15-3-1: Identifying available government funding for long-term care
- LO 15-3-2: Determine when Medicaid will cover the costs of long-term care
- LO 15-3-3: Understanding the Federal Long-Term Care Commission and Older American Act programs
- LO 15-3-4: Advise clients regarding the benefits of state partnership programs

Section 4: Hybrid (Asset-Based) Products

- LO 15-4-1: Understand hybrid long-term care financing products

Section 5: Practical Considerations

- LO 15-5-1: Developing and designing a long-term care plan
- LO 15-5-2: Deciding between a group or individual long-term care insurance policy
- LO 15-5-3: Understanding why wealthier clients need long-term care insurance
- LO 15-5-4: Understanding the impact of filial laws

Competency 16: Helping a client with retirement housing decisions

Section 1: What a Retirement Consultant Should Know About the Retirement Housing Continuum

- LO 16-1-1: Understand the ABC's of retirement housing
- LO 16-1-2: Analyze the housing continuum for retirement living

Section 2: Examining Retirement Housing Decisions Involving Relocating or Aging in Place

- LO 16-2-1: Analyze the relocation opportunity
- LO 16-2-2: Analyze the concept of "aging in place"
- LO 16-2-3: Describe what a client needs to know about the tax opportunities involved with selling a home

Section 3: Examining Continuing Care Retirement Communities

- LO 16-3-1: Analyze the possibility of moving to age restricted housing or a Continuing Care Retirement Community (CCRC)
- LO 16-3-2: Review and analyze the core features of CCRCs
- LO 16-3-3: Identify the tax implications of Continuing Care Retirement Community upfront and monthly fees

Section 4: Examining Retirement Housing Decisions Involving Aging in Place

- LO 16-4-1: Deciding whether to age in place or use assisted living or nursing home facilities
- LO 16-4-2: Identify ways the client can adapt the house for retirement living

Section 5: Creating Income from the Home with Reverse Mortgages

- LO 16-5-1: Understand eligibility for HECM reverse mortgages
- LO 16-5-2: Explain borrowing limits and costs of HECM
- LO 16-5-3: Identify the HECM reverse mortgage payout options
- LO 16-5-4: Understand reverse mortgage repayment process and tax consequences
- LO 16-5-5: How to incorporate a reverse mortgage into a retirement income plan
- LO 16-5-6: Analyze the sale-leaseback strategy

Competency 17: Ethical issues in retirement income planning

Section 1: Ethical Issues Part 1

- LO 17-1-1: The importance of ethics
- LO 17-1-2: Understand the unique ethical issues that emerge when dealing with elderly clients
- LO 17-1-3: Identify an ethical decision making framework

Section 2: Ethical Issues Part 2

- LO 17-2-1: The problem of elder abuse
- LO 17-2-2: What can I do to prepare?
- LO 17-2-3: The importance of professionalism
- LO 17-2-4: Apply what you've learned to a series of video cases

Competency 18: Managing the decumulation portfolio and the retirement income plan

Section 1: Retirement Income Schools of Thought

- LO 18-1-1: Distinguish key features of the “safety-first” retirement income approach
- LO 18-1-2: Distinguish key features of the “probability-based” retirement income approach

Section 2: Portfolio Strategies

- LO 18-2-1: Asset dedication
- LO 18-2-2: Investing for income in today's environment
- LO 18-2-3: Dynamic rebalancing and portfolio sustainability
- LO 18-2-4: Providing downside portfolio protection
- LO 18-2-5: Role of partial annuitization in a retirement income portfolio

Section 3: Advanced Issues in Investment and Insurance Products

- LO 18-3-1: Managed payout funds
- LO 18-3-2: Liquidity premium
- LO 18-3-3: Role of income guarantee riders

Section 4: Adjustments to the Retirement Income Plan

- LO 18-4-1: Revisions to the plan to reflect market changes
- LO 18-4-2: Annuitizing over time

Section 5: Putting It All Together

- LO 18-5-1: A model for evaluating retirement income strategies
- LO 18-5-2: An efficient frontier for retirement income