FP-BoK Topic 04: Registered Retirement Plans

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TOPIC 04 OVERVIEW: REGISTERED RETIREMENT PLANS

Both CFP professionals and QAFP professionals are expected to possess knowledge of registered retirement savings and income plans so that they may evaluate and recommend tax-efficient wealth accumulation and decumulation strategies that will aid individuals in reaching their retirement goals.

CFP professionals are expected to have further knowledge to facilitate analysis and evaluation of registered retirement plans for owners and key employees of a business, pension commutation and buyback decisions and the options for transfers of capital property from registered retirement plans upon the death of an annuitant or plan member.

Sub-Topic	Knowledge Topics Common to Both QAFP Professionals and CFP Professionals	Knowledge Topics For Which CFP Professionals Are Expected to Have Deeper Knowledge
4.1 Foundations of Retirement	✓	
4.2 Registered Retirement Savings Plans (RRSP)	✓	✓
4.3 Tax-Free Savings Account (TFSA)	✓	✓
4.4 Foundations of Pension Plans	✓	
4.5 Defined Benefit (DB) Pension Plans	✓	✓
4.6 Defined Contribution (DC) Pension Plans	✓	✓

Sub-Topic	Knowledge Topics Common to Both QAFP Professionals and CFP Professionals	Knowledge Topics For Which CFP Professionals Are Expected to Have Deeper Knowledge
4.7 Pension Buyback and Commutation		✓
4.8 Pooled Registered Pension Plans (PRPP)	✓	
4.9 Deferred Profit Sharing Plans (DPSP)	✓	✓
4.10 Specified Pension Plan (SPP)		✓
4.11 Locked-In Retirement Savings Vehicles	✓	✓
4.12 Registered Retirement Income Fund (RRIF)	✓	✓
4.13 Locked-In Retirement Income Vehicles	✓	✓
4.14 Annuities	✓	✓
4.15 Eligible Funeral Arrangements (EFA)		✓
4.16 Options upon the Death of Parties to Registered Retirement Plans		✓

Sub-Topic	Knowledge Topics Common to Both QAFP Professionals and CFP Professionals	Knowledge Topics For Which CFP Professionals Are Expected to Have Deeper Knowledge
4.17 Registered Retirement Plans for Owners and Key Employees of a Business		✓

Taxonomy of the FP-BoK

The **verbs** used in the FP-BoK articulate the depth of knowledge expected of QAFP professionals and CFP professionals. The verbs are grouped into four **knowledge levels** which set out the depth or level of knowledge required for each knowledge topic.

KNOWLEDGE LEVELS

Knowledge Level	Associated Verbs Used in the BoK
Awareness	Define, Identify
Understanding	Explain
Application	Determine, Compare, Estimate, Calculate, Convert
Evaluation	Evaluate, Interpret

GLOSSARY OF VERBS USED IN THE FP-BOK

Verb	Description
Define	To state exactly the meaning of
Identify	To be aware of / to recognize and correctly name / to locate an appropriate resource
Explain	To make clear the meaning of / to describe something in more detail or reveal relevant facts or ideas related to it
Determine	To ascertain / to come to a decision, such as by investigation or reasoning
Compare	To note the similarities and differences between two or more things
Estimate	To determine an approximate value for
Calculate	To find the value using mathematics
Convert	To change from one form or purpose to another
Evaluate	To reach a conclusion or make a through careful study
Interpret	To give the meaning of / to construe or understand / to translate orally

TOPIC 04 KNOWLEDGE REQUIREMENTS

4.1 FOUNDATIONS OF RETIREMENT

4.1.1 FOUNDATIONS OF RETIREMENT

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify the pillars of Canada's retirement income system.
  - Government pension plans
  - Employer-sponsored pension plans
  - Individual retirement income plans
- Explain key trends affecting retirement, such as:
  - Definition of retirement
  - Age of retirement
  - Length of retirement
  - Changes in life expectancy
  - Family circumstances
  - Government pension reform
  - Potential commencement ages for Canada Pension Plan and Old Age Security pensions
  - Increasing CPP premiums from contributors
  - Personal debt levels
  - Intergenerational wealth transfers
  - Costs of health / long-term care
- Explain the roadblocks to saving for retirement, such as:
  - Cash flow limitations
  - Debt load
  - Procrastination
  - Reliance on government and/or employer benefits
  - Business failure / loss of employment
  - Relationship breakdown
  - Support of children / parents / family
  - Lack of knowledge / advice
  - Personal attitudes / choices
- Determine how each of these factors may impact the ability to meet a retirement goal:
  - Net income
  - Rate of savings
  - Amount of savings
  - Rate of return on assets
  - Debt levels

    - Retirement income needs
    - Retirement income sources
    - Retirement expenses
    - Inflation
    - Risk tolerance
    - Life expectancy
    - Unforeseen events (i.e., disability, death of spouse)
    - Personal attitudes / preferences
- Define the time horizons associated with retirement.
    - Period of accumulation
    - Period of withdrawal

4.2 REGISTERED RETIREMENT SAVINGS PLANS

4.2.1 RRSP ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define Registered Retirement Savings Plan (RRSP).
- Define types of Registered Retirement Savings Plans.
    - Personal
    - Spousal or common-law partner
    - Group
- Explain advantages and disadvantages of Registered Retirement Savings Plans.
- Explain how income earned in a Registered Retirement Savings Plan is treated for tax purposes.
- Explain for whom a Registered Retirement Savings Plan may be suitable.
    - Personal
    - Spousal
- Define parties to a Registered Retirement Savings Plan, such as:
    - Annuitant
    - Contributor
    - Beneficiary
    - Issuer / Provider
- Explain the role of each of the parties to a Registered Retirement Savings Plan.
- Identify the importance of making a valid beneficiary designation.

Additional Knowledge Expected of CFP Professionals

- Identify qualified investments as prescribed by the Canada Revenue Agency that may be held in a Registered Retirement Savings Plan.
- Identify prohibited investments as prescribed by the Canada Revenue Agency that may not be held in a Registered Retirement Savings Plan.
- Explain the tax that may be imposed by the Canada Revenue Agency when a Registered Retirement Savings Plan contains a prohibited investment.

4.2.2 RRSP CONTRIBUTIONS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define earned income as it is used in the calculation of a Registered Retirement Savings Plan contribution limit.
- Estimate earned income.
- Define the maximum money purchase limit as established by the Canada Revenue Agency.

- Identify the current maximum money purchase limit established by the Canada Revenue Agency.
- Define pension adjustment (PA).
- Explain a pension adjustment.
- Explain the purpose of the pension adjustment.
- Explain the circumstances when a pension adjustment may exist.
- Identify the value of a pension adjustment.
- Define pension adjustment reversal (PAR).
- Explain a pension adjustment reversal.
- Explain the purpose of a pension adjustment reversal.
- Explain the circumstances when a pension adjustment reversal may exist.
- Identify the value of a pension adjustment reversal.
- Define past service pension adjustment (PSPA).
- Explain a past service pension adjustment.
- Explain the purpose of a past service pension adjustment.
- Explain the circumstances when a past service pension adjustment may exist.
- Identify the value of a past service pension adjustment.
- Define amounts associated with a Registered Retirement Savings Plan, such as:
    - Registered Retirement Savings Plan Limit
    - Registered Retirement Savings Plan Deduction Limit
- Identify factors that determine total Registered Retirement Savings Plan deduction limit.
- Explain how each of the factors that determine the total Registered Retirement Savings Plan deduction limit affects the limit.
- Explain the age limit for contributing to a Registered Retirement Savings Plan.
    - For a personal Registered Retirement Savings Plan
    - For a spousal or common-law partner Registered Retirement Savings Plan
- Identify the current maximum Registered Retirement Savings Plan limit.
- Identify the sources from which a Registered Retirement Savings Plan deduction limit may be obtained.
- Identify a Registered Retirement Savings Plan deduction limit.
- Calculate a Registered Retirement Savings Plan deduction limit.
- Identify unused Registered Retirement Savings Plan contributions.
- Explain the risk when unused Registered Retirement Savings Plan contributions exceed the Registered Retirement Savings Plan deduction limit.
- Identify types of contributions that may be made to a Registered Retirement Savings Plan.
    - Cash
    - Deposit in-kind

- Explain how contributions made to a Registered Retirement Savings Plan affect the total Registered Retirement Savings Plan contribution limit.
    - For contributions to a personal Registered Retirement Savings Plan
    - For contributions to a spousal Registered Retirement Savings Plan
- Explain when contributions made to a Registered Retirement Savings Plan may be deducted.
- Identify the deadline by which Registered Retirement Savings Plan contributions must be made for the deduction to be permitted against the taxpayer's income for the taxation year.
- Determine how each of these factors may impact the suitability of contributing to a Registered Retirement Savings Plan:
- Tax rate at time of contribution
- Expected tax rate at time of withdrawal
- Liquidity required
- Propensity to draw on savings
- Impact of future withdrawals on government benefits
- Impact on cash flow
- Potential for matching contributions by employer
- Opportunity cost of contribution
- Evaluate how each of the factors may impact the suitability of contributing to a Registered Retirement Savings Plan.
- Explain the tax impact of contributing to a Registered Retirement Savings Plan.
- Estimate the tax impact of contributing to a Registered Retirement Savings Plan.
- Define a cumulative excess amount (over-contribution) for Registered Retirement Savings Plan contribution purposes.
- Calculate the cumulative excess amount (over-contributions) for Registered Retirement Savings Plan contribution purposes.
- Identify the current lifetime cumulative excess amount (over-contribution) that is permitted for Registered Retirement Savings Plans by the Canada Revenue Agency without penalty.
    - For annuitants that are 19 years or older at any time during the year
    - For annuitants that are under 19 years of age at any time during the year
- Explain the lifetime cumulative excess amount (over-contribution) that is permitted for Registered Retirement Savings Plans by the Canada Revenue Agency without penalty.
    - For annuitants that are 19 years or older at any time during the year
    - For annuitants that are under 19 years of age at any time during the year
- Explain the penalty tax imposed by the Canada Revenue Agency for cumulative excess amounts (over-contributions) for a Registered Retirement Savings Plan.
    - For annuitants that are 19 years or older at any time during the year

- For annuitants that are under 19 years of age at any time during the year
- Calculate the penalty tax that may be imposed by the Canada Revenue Agency based on a cumulative excess amount (over-contribution) in a Registered Retirement Savings Plan.
- Explain who is responsible for the penalty tax imposed by the Canada Revenue Agency for an excess amount (over-contribution).
  - On a personal Registered Retirement Savings Plan
  - On a spousal Registered Retirement Savings Plan
- Explain the options available when a cumulative excess amount (over-contribution) exists in a Registered Retirement Savings Plan.
  - Withdraw amount equivalent to cumulative excess amount (over-contribution) to avoid further accruing of penalties
  - Maintain the cumulative excess amount (over-contribution) and continue to have penalty tax accrue until Registered Retirement Savings Plan contribution limit grows to match cumulative excess amount (over-contribution)
- Determine the tax impact of withdrawing an excess amount (over-contribution) from a Registered Retirement Savings Plan.
  - For a personal Registered Retirement Savings Plan
  - For a spousal Registered Retirement Savings Plan
- Determine how each of these factors may impact the suitability of withdrawing a cumulative excess amount (over-contribution) from a Registered Retirement Savings Plan:
  - Penalty cost of maintaining excess amount in the plan
  - Expected rate of return on investments
  - Expected time period for Registered Retirement Savings Plan contribution room to match the value of the excess amount
  - Withholding taxes on withdrawal of excess amount
  - Plans for excess amount withdrawn
- Evaluate how each of the factors may impact the suitability of withdrawing a cumulative excess amount (over-contribution) from a Registered Retirement Savings Plan.

4.2.3 RRSP WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify the types of withdrawals from a Registered Retirement Savings Plan.
  - Cash withdrawal
  - Home Buyer’s Plan withdrawal
  - Lifelong Learning Plan withdrawal
- Identify who may request a withdrawal from a Registered Retirement Savings Plan.
  - For a personal Registered Retirement Savings Plan
  - For a spousal Registered Retirement Savings Plan

- Explain the potential tax impact of a cash withdrawal from a Registered Retirement Savings Plan.
    - For a personal Registered Retirement Savings Plan
    - For a spousal Registered Retirement Savings Plan
- Explain the income attribution rules related to withdrawals from a spousal Registered Retirement Savings Plan.
    - Who the income is attributed to
    - Who is responsible for the tax on the withdrawal
    - The timing of the withdrawal
- Explain the circumstances when the attribution rules for the withdrawal of funds from a spousal Registered Retirement Savings Plan will not apply.
- Identify the current withholding tax rates for cash withdrawals from a Registered Retirement Savings Plan.
    - By residency
    - By amount
- Determine how each of these factors may impact the suitability of withdrawing from a Registered Retirement Savings Plan for personal use:
    - Tax impact
    - Loss of Registered Retirement Savings Plan contribution room
    - Loss of asset growth within Registered Retirement Savings Plan
    - Cash flow needs
    - Impact on government benefits
- Evaluate how each of the factors may impact the suitability of withdrawing from a Registered Retirement Savings Plan for personal use.
- Calculate the withholding tax for a cash withdrawal from a Registered Retirement Savings Plan.
    - For a personal Registered Retirement Savings Plan
    - For a spousal or common-law partner Registered Retirement Savings Plan
- Estimate the tax impact resulting from a cash withdrawal from a Registered Retirement Savings Plan.
    - For a personal Registered Retirement Savings Plan
    - For a spousal or common-law partner Registered Retirement Savings Plan
- Explain how taxes payable on a cash withdrawal from a Registered Retirement Savings Plan may differ from the withholding taxes collected by a financial institution.
- Calculate the impact on current and projected net worth of a withdrawal from a Registered Retirement Savings Plan.

4.2.4 HOME BUYERS' PLAN (HBP)

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define the terms associated with the Home Buyers' Plan.
  - First-time home buyer
  - Qualifying home
- Explain the qualifying conditions to participate in the First Time Home Buyer Incentive program.
- Explain the qualifying conditions to withdraw cash from a Registered Retirement Savings Plan under the Home Buyers' Plan.
- Explain how the use of a Home Buyers' Plan withdrawal may be impacted by a joint purchase of a property between spouses.
  - When both spouses qualify as first-time home buyers
  - When only one spouse qualifies as a first-time home buyer
- Explain that the principal residence and previous home ownership requirements are waived when a withdrawal is made from a Registered Retirement Savings Plan under the Home Buyers' Plan to purchase a qualifying home for a related disabled person.
- Explain how a Registered Retirement Savings Plan deduction may be affected if a withdrawal under the Home Buyers' Plan is made within 90 days of a Registered Retirement Savings Plan contribution.
- Explain the purposes for which a withdrawal from the Home Buyers' Plan may be used.
- Explain the repayment schedule required for withdrawals made under the Home Buyers' Plan.
- Calculate the annual repayments required under the Home Buyers' Plan.
  - At the beginning of the repayment term
  - At any point throughout the repayment term
- Identify the current amount of repayment required under the Home Buyers' Plan.
- Explain how a Home Buyers' Plan participant designates on their tax return that a contribution to a Registered Retirement Savings Plan is a Home Buyers' Plan repayment.
- Explain the impact of a repayment made to the Home Buyers' Plan.
  - Tax impact
  - Home Buyers' Plan balance
- Explain the impact of failing to make repayment to the Home Buyers' Plan.
  - Tax impact
  - Home Buyers' Plan balance
- Explain the situations in which the repayment period for the Home Buyers' Plan may be shortened.

- Explain the options available to the Home Buyers' Plan participant (or their legal representative in the case of death) in situations when their repayment period is shortened.
    - Home Buyers' Plan participant's death
    - Home Buyers' Plan participant becomes a non-resident
    - Home Buyers' Plan participant reaches age 71
- Explain the circumstances in which the Home Buyers' Plan participant may cancel their participation in the program.
- Identify the process by which the Home Buyers' Plan participant may cancel their participation in the program.
- Determine how each of these factors may impact the suitability of withdrawing funds under the Home Buyers' Plan to purchase a property:
    - Impact on ability to acquire property
    - Impact on cash flow
    - Loss of asset growth within Registered Retirement Savings Plan
    - Expected interest cost of alternative borrowing options
- Evaluate how each of the factors may impact the suitability of withdrawing funds under the Home Buyers' Plan to purchase a property.

4.2.5 LIFELONG LEARNING PLAN (LLP)

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define the parties to the Lifelong Learning Plan.
    - Lifelong Learning Plan Participant
    - Lifelong Learning Plan Student
- Define the terms associated with the Lifelong Learning Plan.
    - Qualified education program
    - Designated educational institution
- Explain the qualifying conditions to withdraw cash from a Registered Retirement Savings Plan under the Lifelong Learning Plan.
- Explain how the Lifelong Learning Plan may be used by both spouses to provide for one spouse's education.
- Explain that the full-time enrolment requirement is waived when a withdrawal is made from a Registered Retirement Savings Plan under the Lifelong Learning Plan to help a related disabled person attend a qualified educational program.
- Explain how a Registered Retirement Savings Plan deduction may be affected if the withdrawal under the Lifelong Learning Plan is made within 90 days of a Registered Retirement Savings Plan contribution.

- Explain the repayment schedule required for withdrawals made under the Lifelong Learning Plan.
- Calculate the annual repayments required under the Lifelong Learning Plan.
    - At the beginning of the repayment term
    - At any point throughout the repayment term
- Identify the current amount of repayment required under the Lifelong Learning Plan.
- Explain how a Lifelong Learning Plan participant designates on their tax return that a contribution to a Registered Retirement Savings Plan is a Lifelong Learning Plan repayment.
- Explain the impact of repayment made to the Lifelong Learning Plan.
    - Tax impact
    - Lifelong Learning Plan balance
- Explain the impact of failing to make repayment to the Lifelong Learning Plan.
    - Tax impact
    - Lifelong Learning Plan balance
- Identify the situations in which the repayment period to the Lifelong Learning Plan may be shortened.
- Explain the options available to the Lifelong Learning Plan participant (or their legal representative in the case of death) in the situations when their repayment period is shortened.
    - Lifelong Learning Plan participant leaves school or does not enrol in time
    - Lifelong Learning Plan participant's death
    - Lifelong Learning Plan participant becomes a non-resident
    - Lifelong Learning Plan participant reaches age 71
- Explain the circumstances in which the Lifelong Learning Plan participant may cancel their participation in the program.
- Identify the process by which the Lifelong Learning Plan participant may cancel their participation in the program.
- Determine how each of these factors may impact the suitability of withdrawing funds under the Lifelong Learning Plan to attend a qualifying educational program:
    - Impact on ability to attend qualified educational program
    - Impact on cash flow
    - Loss of asset growth within Registered Retirement Savings Plan
    - Expected interest cost using alternative borrowing options
- Evaluate how each of the factors may impact the suitability of withdrawing funds under the Lifelong Learning Plan to attend a qualifying educational program.

4.2.6 RRSP TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the age limit for transferring property to a Registered Retirement Savings Plan.
  - For a personal Registered Retirement Savings Plan
  - For a spousal Registered Retirement Savings Plan
- Identify potential reasons why an individual may choose to transfer capital property into a Registered Retirement Savings Plan.
  - Unlocking of locked-in assets
  - Death of the annuitant's current (or former) spouse
  - Voluntary choice by the annuitant to transfer
- Identify potential reasons why an individual may choose to transfer capital property out of a Registered Retirement Savings Plan.
  - Retirement
  - Death of the annuitant
  - Voluntary choice by the annuitant to transfer
- Identify the types of plans from which capital property may be transferred tax-deferred into a Registered Retirement Savings Plan.
- Identify the types of plans to which capital property may be transferred tax-deferred out of a Registered Retirement Savings Plan.
- Estimate the tax impact of transferring capital property into a Registered Retirement Savings Plan.
- Determine how each of these factors may impact the suitability of transferring capital property into a Registered Retirement Savings Plan:
  - Withdrawal options
  - Tax impact
  - Impact of future withdrawals on government benefits
- Evaluate how each of the factors may impact the suitability of transferring capital property into a Registered Retirement Savings Plan.
- Estimate the tax impact of transferring capital property out of a Registered Retirement Savings Plan.
- Determine how each of these factors may impact the suitability of transferring capital property out of a Registered Retirement Savings Plan:
  - Cash flow needs
  - Withdrawal options
  - Tax impact
  - Government legislation (unlocking and transfer options)
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a Registered Retirement Savings Plan.

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a Registered Retirement Savings Plan.
    - Breakdown of the annuitant's relationship†
- Identify potential reasons why an individual may choose to transfer capital property out of a Registered Retirement Savings Plan.
    - Breakdown of the annuitant's relationship
- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property to or from a Registered Retirement Savings Plan upon the breakdown of a relationship between spouses.

† Relationship refers to marriages between spouses, common-law partners or similar relationships in jurisdictions where pension legislation provides for the division of capital property held within a pension upon relationship breakdown.

4.2.7 RETIRING ALLOWANCES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a retiring allowance.
- Explain the circumstances when a retirement allowance may be received.
- Identify the parties to whom a retiring allowance may be paid.
- Identify the parts of a retiring allowance.
- Explain how the tax impact of receiving a retiring allowance may be reduced.
- Explain the amount of a retiring allowance that is eligible for a tax-deferred direct transfer to an eligible registered plan.
- Identify the types of registered plans to which a retiring allowance may be transferred tax-deferred.
- Explain the methods by which a retiring allowance may be received with no tax implications to the employee.

4.2.8 RRSP MATURITY

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify when a Registered Retirement Savings Plan matures.
    - Voluntarily by annuitant
    - Required maturity based on age of annuitant
- Explain the maturity options for a Registered Retirement Savings Plan.

4.2.9 DEATH OF AN RRSP ANNUITANT

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define refund of premiums.
- Identify the plans from which a refund of premiums may be received.
- Define the beneficiaries who may qualify to receive a refund of premiums from a deceased annuitant/plan member's registered plan.
    - Surviving spouse
    - Financially dependent child or grandchild
    - Child or grandchild who is financially dependent due to an impairment in physical or mental functions
- Define financially dependent with respect to the qualification of a dependent child or grandchild.
- Explain how a refund of premiums defers income tax consequences from the deceased plan member to a qualified beneficiary.
- Identify the types of plans of a qualified beneficiary to which capital property may be transferred tax-deferred from a Registered Retirement Savings Plan due to the death of an annuitant.
- Identify the individuals who must file a joint election with the Canada Revenue Agency to qualify the contribution received from a deceased annuitant's assets as a refund of premiums.
- Explain how proceeds received directly by a qualified beneficiary from a deceased annuitant's registered plan will be treated for tax purposes.
- Explain how a qualified beneficiary who receives proceeds indirectly from a deceased annuitant's registered plan may defer the taxes on such an amount.
- Explain who may contribute to a spousal Registered Retirement Savings Plan on behalf of a deceased contributing spouse.
- Explain how the death of a Registered Retirement Savings Plan annuitant is treated for tax purposes.
    - When the surviving spouse is the sole beneficiary of the deceased's Registered Retirement Savings Plan
    - When the surviving spouse is not the sole beneficiary of the deceased's Registered Retirement Income Fund, and a qualified beneficiary is named
    - When the surviving spouse is not the sole beneficiary of the deceased's Registered Retirement Income Fund, and no qualified beneficiaries are named

4.3 TAX-FREE SAVINGS ACCOUNT (TFSA)

4.3.1 TFSA ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a Tax-Free Savings Account.
- Explain advantages associated with a Tax-Free Savings Account.
- Define the parties to a Tax-Free Savings Account.
  - Holder
  - Designated Beneficiary
  - Successor Holder
  - Issuer / Provider
- Explain the role of each of the parties to a Tax-Free Savings Account.
- Define the types of Tax-Free Savings Accounts.
  - Deposit
  - Annuity Contract
  - Trust Arrangement
- Identify the requirements to establish a Tax-Free Savings Account.
- Identify the importance of making a valid successor holder / beneficiary designation.

Additional Knowledge Expected of CFP Professionals

- Identify qualified investments as prescribed by the Canada Revenue Agency that may be held in a Tax-Free Savings Account.
- Identify non-qualified investments as prescribed by the Canada Revenue Agency that may not be held in a Tax-Free Savings Account.
- Explain the tax that may be imposed by the Canada Revenue Agency when a Tax-Free Savings Account contains a non-qualified investment.
- Identify prohibited investments as prescribed by the Canada Revenue Agency that may not be held in a Tax-Free Savings Account.
- Explain the tax that may be imposed by the Canada Revenue Agency when a Tax-Free Savings Account contains a prohibited investment.

4.3.2 TFSA CONTRIBUTIONS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define limits related to Tax-Free Savings Accounts.
  - Tax-Free Savings Account dollar limit
  - Unused Tax-Free Savings Account contribution room
- Identify factors that impact Tax-Free Savings Account contribution room.
- Identify the annual Tax-Free Savings Account dollar limit.

    - For past years
    - For current year
- Identify the deadline by which contributions can be made to a Tax-Free Savings Account.
- Identify the sources where Tax-Free Savings Account contribution limits may be obtained.
- Identify unused Tax-Free Savings Account contribution room.
- Explain how contributions made to a Tax-Free Savings Account affect unused Tax-Free Savings Account contribution room.
- Determine how each of these factors may impact the suitability of contributing to a Tax-Free Savings Account:
    - Liquidity required
    - Propensity to draw on savings
    - Impact of future withdrawals on government benefits
    - Impact on cash flow
    - Potential for matching contributions by employer
    - Opportunity cost of contribution
- Evaluate how each of the factors may impact the suitability of contributing to a Tax-Free Savings Account.
- Determine the tax impact of contributions made to a Tax-Free Savings Account.
    - Cash
    - Deposit in-kind
    - Transfer from Registered Retirement Savings Plan
- Estimate the tax impact of contributing to a Tax-Free Savings Account.
- Define excess Tax-Free Savings Account amount (over-contributions).
- Calculate an excess Tax-Free Savings Account amount (over-contributions).
- Explain the penalty tax imposed by the Canada Revenue Agency on excess Tax-Free Savings Account amounts (over-contributions).
- Calculate the penalty tax that may be imposed by the Canada Revenue Agency based on a Tax-Free Savings Account excess amount (over-contribution).
- Explain the options available when a cumulative excess amount (over-contribution) for a Tax-Free Savings Account exists.
- Determine how each of these factors may impact the suitability of withdrawing a cumulative excess amount (over-contribution) from a Tax-Free Savings Account:
    - Penalty cost of maintaining excess amount in the plan
    - Expected rate of return on investments
    - Expected time period for Tax-Free Savings Account contribution room to match the value of the excess amount
    - Plans for excess amount withdrawn
- Evaluate how each of the factors may impact the suitability of withdrawing a cumulative excess amount (over-contribution) from a Tax-Free Savings Account.

- Define a Tax-Free Savings Account Return, as required by the Canada Revenue Agency.
- Identify the deadline by which a Tax-Free Savings Account Return is due.
- Identify the deadline by which tax owing because of over-contributions or contributions made while a non-resident is due.

4.3.3 TFSA WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Determine the impact of a withdrawal from a Tax-Free Savings Account on Unused Tax-Free Savings Account Contribution Room.
    - In the current year
    - In future years
- Determine the impact of a withdrawal from a Tax-Free-Savings Account.
    - To taxable income
    - To the ability to claim income tested government benefits and credits
- Explain when a withdrawal from a Tax-Free Savings Account may be recontributed to a Tax-Free Savings Account.
- Determine how each of these factors may impact the suitability of withdrawing from a Tax-Free Savings Account:
    - Loss of asset growth within Tax-Free Savings Account
    - Cash flow needs
- Evaluate how each of the factors may impact the suitability of withdrawing from a Tax-Free Savings Account.
- Calculate the impact on current and projected net worth of a withdrawal from a Tax-Free Savings Account.

4.3.4 TFSA TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property from one Tax-Free Savings Account to another Tax-Free Savings Account.
    - Death of the holder
    - Death of the holder's current (or former) spouse
    - Voluntary choice by the holder to transfer
- Define a qualifying transfer between Tax-Free Savings Accounts.
- Determine the impact of a non-qualifying transfer between Tax-Free Savings Accounts.
    - On the TFSA contribution room for the transferor
    - On the TFSA contribution room for the transferee
    - Tax (penalty) if any
- Estimate the tax impact of transferring capital property into a Tax-Free Savings Account.

- Determine how each of these factors may impact the suitability of transferring capital property into a Tax-Free Savings Account:
    - Withdrawal options
    - Tax impact
- Evaluate how each of the factors may impact the suitability of transferring capital property into a Tax-Free Savings Account.
- Determine how each of these factors may impact the suitability of transferring capital property out of a Tax-Free Savings Account:
    - Cash flow needs
    - Withdrawal options
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a Tax-Free Savings Account.

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property from one Tax-Free Savings Account to another Tax-Free Savings Account.
    - Breakdown of the holder's relationship
- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property between Tax-Free Savings Accounts upon the breakdown of a relationship between spouses.

4.3.5 TAX-FREE FIRST HOME SAVINGS ACCOUNT (FHSA)

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define the terms associated with the First Home Savings Account.
    - First-time home buyer
    - Qualifying home
    - Qualifying withdrawal
- Explain the qualifying conditions to participate in the First Home Savings Account.
- Explain who can contribute into an individual's First Home Savings Account.
- Explain the conditions that will cause a First Home Savings Account to cease to qualify as a First Home Savings Account.
- Explain the qualifying conditions to make contributions to a First Home Savings Account.
    - Annual contribution limit
    - Lifetime contribution limit
- Estimate unused First Home Savings Account contribution room.
- Explain how contributions made to a First Home Savings Account affect unused First Home Savings Account contribution room.
- Explain the carry-forward provisions for unused First Home Savings Account contribution room.

- Identify the deadline by which contributions to the First Home Savings Account are tax-deductible for a given year.
- Determine the tax impact of contributions made to a First Home Savings Account.
    - Cash
    - Deposit in-kind
    - Transfer from another First Home Savings Account (FHSA)
    - Transfer from a Registered Retirement Savings Plan (RRSP)
    - Transfer from a spousal Registered Retirement Savings Plan
    - Transfer from a Register Retirement Income Fund (RRIF)
- Determine how each of these factors may impact the suitability of contributing to a First Home Savings Account:
    - Expected cost and time period for qualifying home purchase
    - Tax rate at time of contribution
    - Liquidity required
    - Propensity to draw on savings
    - Impact of future withdrawals on government benefits
    - Impact on cash flow
    - Opportunity cost of contribution
- Evaluate how each of the factors may impact the suitability of contributing to a First Home Savings Account.
- Estimate the tax impact of contributing to a First Home Savings Account.
- Define excess First Home Savings Account contributions.
- Explain the penalty tax imposed by the Canada Revenue Agency on excess First Home Savings Account contributions.
- Calculate the penalty tax that may be imposed by the Canada Revenue Agency based on a First Home Savings Account excess contribution.
- Explain the options available when a cumulative excess contribution for a First Home Savings Account exists.
- Determine how each of these factors may impact the suitability of withdrawing a cumulative excess contribution from a First Home Savings Account:
    - Penalty cost of maintaining excess amount in the plan
    - Expected rate of return on investments
    - Expected time period for First Home Savings Account contribution room to match the value of the excess amount
    - Plans for excess amount to be withdrawn
- Evaluate how each of the factors may impact the suitability of withdrawing a cumulative excess contribution from a First Home Savings Account.
- Explain the purposes for which a qualifying withdrawal from the First Home Savings Account may be used.

- Explain how a First Home Savings Account interacts with the Home Buyers' Plan (HBP).
- Determine the impact of a qualifying withdrawal from a First Home Savings Account.
  - To taxable income
  - To the ability to claim income tested government benefits and credits
- Determine how each of these factors may impact the suitability of withdrawing from a First Home Savings Account:
  - Previous home ownership
  - Move-in or occupancy date
  - Written agreement to buy or build a qualifying home
  - Location of the home
  - Equity rights to the property
  - Loss of asset growth within the First Home Savings Account
  - Cash flow needs
- Evaluate how each of the factors may impact the suitability of withdrawing from a First Home Savings Account.
- Define a qualifying transfer between First Home Savings Accounts or other registered savings plans.
- Estimate the tax impact of transferring capital property into a First Home Savings Account.
- Determine how each of these factors may impact the suitability of transferring capital property into a First Home Savings Account:
  - Withdrawal options
  - Tax impact
- Evaluate how each of the factors may impact the suitability of transferring capital property into a First Home Savings Account.
- Determine how each of these factors may impact the suitability of transferring capital property out of a First Home Savings Account:
  - Cash flow needs
  - Withdrawal options
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a First Home Savings Account.
- Define the types of beneficiaries that may be available on a First Home Savings Account.
  - Successor holder
  - Designated beneficiary
- Identify who may be named as a successor holder of a First Home Savings Account.
- Explain the benefit of being named a successor holder of a First Home Savings Account.

Additional Knowledge Expected of CFP Professionals

- Explain the tax treatment of First Home Savings Account assets upon the death of the account holder.
  - Where there is a successor holder named who qualifies for a First Home Savings Account
  - Where there is a successor holder named who does not qualify for a First Home Savings Account
  - Where there is an individual named as the beneficiary of the First Home Savings Account
  - Where the deceased's estate is named as the beneficiary of the First Home Savings Account
- Identify potential reasons why an individual may choose to transfer capital property from one First Home Savings Account to another First Home Savings Account.
  - Breakdown of the holder's relationship
  - Death of a First Home Savings Account holder
- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property between First Home Savings Accounts upon the breakdown of a relationship between spouses.

4.3.6 DEATH OF A TFSA HOLDER

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define the types of beneficiaries that may be available on a Tax-Free Savings Account.
  - Successor holder
  - Survivor
  - Designated beneficiary
  - Qualified donee
- Identify who may be named as a successor holder of a Tax-Free Savings Account.
- Explain the benefit of being named a successor holder of a Tax-Free Savings Account.
- Define the exempt period for beneficiaries of a Tax-Free Savings Account.
- Define the rollover period for a successor holder of a Tax-Free Savings Account.
- Define an exempt contribution by a survivor for a Tax-Free Savings Account.
- Explain how a spouse not designated as a successor holder of a deceased Tax-Free Savings Account holder can receive the same benefit as a successor holder of a deceased Tax-Free Savings Account holder.
- Explain the requirements for a contribution to a Tax-Free Savings Account to be considered exempt.

4.4 FOUNDATIONS OF PENSION PLANS

4.4.1 FOUNDATIONS OF PENSION PLANS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify the types of pension plans available in Canada.
  - Public Pension Plans
  - Registered Pension Plans (RPP)
- Identify the public pension plans that exist in Canada.
  - Canada Pension Plan (CPP)†
  - Old Age Security Pension (OAS)††
- Define types of Registered Pension Plans.
  - Defined Benefit (DB) Pension Plan
  - Defined Contribution (DC) Pension Plan†††
- Identify the parties to a registered pension plan.
  - Pension plan member – employee
  - Pension plan sponsor – employer
  - Pension plan administrator / trustee
  - Pension plan committee
- Explain the role of each of the parties to a registered pension plan.
- Explain the party who assumes the risk associated with a pension entitlement.
- Identify the party who makes the investment decisions related to a pension.
- Explain the pension contribution arrangements associated with registered pension plans.
  - Mandatory
  - Voluntary
  - Contributory
  - Non-contributory
- Define vesting.
- Explain the attributes of a registered pension plan, such as:
  - Allowable contributions
  - Vesting provisions
  - Retirement benefits
  - Survivor benefits
  - Transferability of benefits
  - Termination options
- Identify the events that may lead a registered pension plan member to contemplate their benefit entitlement, such as:
  - Retirement
  - Divorce / separation / relationship breakdown
  - Termination of pension plan membership

        - Termination of employment
        - Death
    - Termination of the pension plan
- Explain the entitlements of a registered pension plan member upon termination of plan membership.
    - For a non-contributory plan in which the plan member is vested
    - For a contributory plan in which the plan member is vested
    - For a non-contributory plan in which the plan member is not yet vested
    - For a contributory plan in which the member is vested

† Information on the Canada Pension Plan (CPP) is found in the Government Benefits section of the Technical Knowledge.
†† Information on Old Age Security is found in the Government Benefits section of the Technical Knowledge.
††† Pooled Registered Pension Plans (PRPP), Deferred Profit Sharing Plans (DPSP) and Specified Pension Plans (SPP) are all forms of defined contribution pension plan. These plans are each covered under their own sections.

4.4.2 JURISDICTION OF REGISTERED PENSION PLANS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify the pension acts that exist within Canada.
- Explain the role of the Canadian Association of Pension Supervisory Authorities (CAPSA).
- Identify factors used to determine the jurisdiction of a registered pension plan, such as:
    - Industry of the employer
    - Residence of employee
    - Jurisdiction where work is completed
    - Jurisdiction where the pension plan head office is located
- Identify the elements of pension legislation that may differ across jurisdictions, such as:
    - Eligibility for pension benefits
    - Minimum employer contributions
    - Definitions of normal, early and postponed retirement
    - Vesting provisions
    - Availability and portability of pension benefits upon termination of plan membership
    - Unlocking provisions
    - Death benefits
    - Survivor benefits
    - Requirements for actuarial valuations
- Identify the jurisdiction of a registered pension plan.

4.5 DEFINED BENEFIT (DB) PENSION PLANS

4.5.1 DB PENSION PLAN ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a defined benefit pension plan.
- Explain the attributes of a defined benefit pension plan, such as:
  - Eligibility criteria
  - Minimum and maximum contributions
  - Deductibility of contributions
  - Costs
  - Retirement dates (early, normal, deferred)
  - Pension requirements
  - Vesting provisions
  - Indexing provisions
  - Bridging benefits
  - Post-retirement benefits
  - Transferability of benefits
  - Termination options
- Explain the advantages and disadvantages of a defined benefit pension plan, according to the Financial Consumer Agency of Canada (FCAC).
- Identify the funding status for a defined benefit pension plan.
  - Underfunded
  - Fully funded
- Identify how the pension plan solvency ratio is used to determine funding requirements for a defined benefit pension plan.
- Identify the funding requirements of a defined benefit pension plan.
- Explain the risks associated with an underfunded defined benefit pension plan.
- Explain the tax treatment of income earned within a defined benefit pension plan.
- Identify the importance of making a valid beneficiary designation.

4.5.2 DB PENSION PLAN BENEFITS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify factors that influence the pension benefit amount for a defined benefit pension plan member, such as:
  - Member's length of pensionable service
  - Member's contributions to plan
  - Employer's funding of plan
- Identify factors used to determine the normal retirement date for a defined benefit pension plan member, such as:

- Member's age
- Length of pensionable service
- Member's age plus years of pensionable service

- Identify the events that may precipitate an early retirement, such as:
    - Voluntary choice
    - Satisfying the pension factor for an unreduced pension
    - Permanent disability
    - Termination of employment
- Explain the types of benefit formulas for determining the pension income payable to a defined benefit pension plan member, such as:
    - Final earnings
    - Best average
    - Career average
    - Flat benefit
- Estimate the projected pension benefit for a defined benefit pension plan member.
- Estimate the projected survivor benefit for a defined benefit pension plan.
- Estimate the tax impact of receiving a pension benefit from a defined benefit pension plan.
- Identify that the employer retains the responsibility for ensuring the pension plan is fully funded.
- Explain the pension benefit options that may be available to a defined benefit pension plan member.
    - Life income
    - Life income with a guarantee period
    - Joint and survivor pension
    - Joint and survivor pension with a guarantee period
- Explain the relationship between defined benefit pension plan member benefits, survivor benefits and guarantee periods.
    - As survivor benefits are increased
    - As survivor benefits are decreased
    - As guarantee periods are increased in length
    - As guarantee periods are decreased in length
- Identify that a spouse† may waive their right to survivor pension benefits.
- Explain the ancillary benefits that a defined benefit pension plan member may receive, according to the Financial Services Commission of Ontario (FSCO)† such as:
    - Bridging benefits
    - Temporary supplemental benefits
    - Disability benefits
    - Death benefits
    - Early retirement options and benefits

- Postponed retirement options
- Determine how each of these factors may impact the decision to commence receiving a pension benefit from a defined benefit pension plan:
  - Life expectancy
  - Cash flow needs
  - Impact on government benefits
  - Tax impact
- Evaluate the factors to consider that may impact the decision to commence receiving a pension benefit from a defined benefit pension plan.

† "Spouse" includes common-law partners in jurisdictions that recognize common-law partners under applicable pension legislation.

†† While the FSCO website provides information related to pension plans in Ontario, the information referenced here applies across Canada.

4.5.3 DB PENSION PLAN CONTRIBUTIONS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the types of contribution formulas associated with a defined benefit pension plan, such as:
  - Percentage of pensionable earnings
  - Fixed-dollar amount based on years of service or hours worked
  - Flat benefit
- Identify that the employer retains decision-making authority for how contributions to the pension plan are invested.
- Identify the contributions made by a defined benefit pension plan member for a pension plan.
- Explain when contributions made to a defined benefit pension plan may be deducted.
- Determine the impact of a contribution to a defined benefit pension plan on registered retirement savings plan contribution room.
- Determine the tax impact of contributing to a defined benefit pension plan.
- Estimate the tax impact of contributing to a defined benefit pension plan.

Additional Knowledge Expected of CFP Professionals

- Determine how each of these factors may impact the suitability of contributing to a defined benefit pension plan:
  - Condition of employment
  - Risk tolerance
  - Effect on current cash flow

- Effect on future cash flow (impact on value of future pension benefit)
    - Effect on current net worth
    - Effect on future net worth
    - Fiscal discipline of individual
    - Psychological impact from decision
    - Impact on pension adjustment
    - Expected tax rate at time of receipt of pension benefit
    - Impact of future receipt of pension benefits on government benefits
- Evaluate how each of the factors may impact the suitability of contributing to a defined benefit pension plan

4.5.4 DB PENSION PLAN TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a defined benefit pension plan.
    - Voluntary or involuntary termination of employment
    - Death of the plan member's current (or former) spouse
    - Termination of pension plan membership
    - Termination of pension plan
    - Voluntary choice by the plan member
- Identify potential reasons why an individual may choose to transfer capital property out of a defined benefit pension plan.
    - Voluntary or involuntary termination of employment
    - Retirement
    - Death of the plan member
    - Termination of pension plan membership
    - Termination of pension plan
- Identify the types of plans from which capital property may be transferred tax-deferred into a defined benefit pension plan.
- Identify the types of plans to which capital property may be transferred tax-deferred out of a defined benefit pension plan.

Additional Knowledge Expected of CFP Professionals

- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property to or from a defined benefit pension plan upon the breakdown of a relationship between spouses.
- Identify potential reasons why an individual may choose to transfer capital property into a defined benefit pension plan.
    - Breakdown of the plan member's relationship

- Identify potential reasons why an individual may choose to transfer capital property out of a defined benefit pension plan.
    - Breakdown of the plan member's relationship

4.5.5 DEATH OF A DB PENSION PLAN MEMBER

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that the pension entitlement of a surviving spouse may be impacted due to the death of a defined benefit pension plan member.
    - If the pension plan member had not achieved vesting rights prior to death
    - If the pension plan member achieved vesting rights and died prior to receiving pension income
    - If the pension plan member achieved vesting rights and died while receiving pension income
- Identify that there may be a tax impact resulting from the death of a defined benefit pension plan member.

Additional Knowledge Expected of CFP Professionals

- Explain how the pension entitlement of a surviving spouse may be impacted due to the death of a defined benefit pension plan member.
    - If the pension plan member had not achieved vesting rights prior to death
    - If the pension plan member achieved vesting rights and died prior to receiving pension income
    - If the pension plan member achieved vesting rights and died while receiving pension income
- Determine the estimated tax impact resulting from the death of a defined benefit pension plan member.

4.6 DEFINED CONTRIBUTION (DC) PENSION PLANS

4.6.1 DC PENSION PLANS ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a defined contribution pension plan.
- Explain the attributes of a defined contribution pension plan, such as:
  - Eligibility criteria
  - Minimum and maximum contributions
  - Deductibility of contributions
  - Costs
  - Retirement dates (early, normal, deferred)
  - Pension requirements
  - Vesting provisions
  - Indexing provisions
  - Bridging benefits
  - Post-retirement benefits
  - Transferability of benefits
  - Termination options
- Explain the advantages and disadvantages of a defined contribution pension plan, according to the Financial Consumer Agency of Canada (FCAC).
- Explain the tax treatment of income earned within a defined contribution pension plan.
- Identify the importance of making a valid beneficiary designation.

4.6.2 DC PENSION PLAN BENEFITS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify factors that influence the pension benefit amount for a defined contribution pension plan member, such as:
  - Amount of money contributed to the account
  - Length of investment time horizon
  - Earnings on the amount invested
- Identify that the employee retains the risk for the pension benefit received from the plan.
- Estimate the projected pension benefit for a defined contribution pension plan member.
- Estimate the tax impact of receiving a pension benefit from a defined contribution pension plan.
- Explain the pension benefit options that may be available to a defined contribution pension plan member.
- Determine how each of these factors may impact the decision to commence receiving a pension benefit from a defined contribution pension plan:
  - Life expectancy

    - Cash flow needs
    - Impact on government benefits
    - Tax impact
- Evaluate the factors to consider that may impact the decision to commence receiving a pension benefit from a defined contribution pension plan.

4.6.3 DC PENSION PLAN CONTRIBUTIONS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the types of contribution formulas associated with a defined contribution pension plan, such as:
    - Percentage of pensionable earnings
    - Fixed-dollar amount based on years of service or hours worked
    - Flat benefit
- Identify the maximum contributions that can be made to a defined contribution pension plan.
    - By the employer
    - By the employee
- Identify that the employee retains decision-making authority for how contributions to the pension plan are invested.
- Identify the contributions made by a defined contribution pension plan member for a pension plan.
- Estimate the contribution made by the employer of a defined contribution pension plan member for a pension plan.
- Determine the impact of a contribution to a defined benefit contribution plan on registered retirement savings plan contribution room.
- Determine the tax impact of contributing to a defined contribution pension plan.
- Estimate the tax impact of contributing to a defined contribution pension plan.

Additional Knowledge Expected of CFP Professionals

- Determine how each of these factors may impact the suitability of contributing to a defined contribution pension plan:
    - Risk tolerance
    - Effect on current cash flow
    - Effect on future cash flow (impact on value of future pension benefit)
    - Effect on current net worth
    - Effect on future net worth
    - Fiscal discipline of individual
    - Psychological impact from decision

    - Impact on pension adjustment
    - Expected tax rate at time of receipt of pension benefit
    - Impact of future receipt of pension benefits on government benefits
- Evaluate how each of the factors may impact the suitability of contributing to a defined contribution pension plan.

4.6.4 DC PENSION PLAN TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a defined contribution pension plan.
    - Voluntary or involuntary termination of employment
    - Death of the plan member's current (or former) spouse
    - Termination of pension plan membership
    - Termination of pension plan
    - Voluntary choice by the plan member
- Identify potential reasons why an individual may choose to transfer capital property out of a defined contribution pension plan.
    - Voluntary or involuntary termination of employment
    - Retirement
    - Death of the plan member
    - Termination of pension plan membership
    - Termination of pension plan
- Identify the types of plans from which capital property may be transferred tax-deferred into a defined contribution pension plan.
- Identify the types of plans to which capital property may be transferred tax-deferred out of a defined contribution pension plan.

Additional Knowledge Expected of CFP Professionals

- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property to or from a defined benefit pension plan upon the breakdown of a relationship between spouses.
- Identify potential reasons why an individual may choose to transfer capital property into a defined contribution pension plan.
    - Breakdown of the plan member's relationship
- Identify potential reasons why an individual may choose to transfer capital property out of a defined contribution pension plan.
    - Breakdown of the plan member's relationship

4.6.5 DEATH OF A DC PENSION PLAN MEMBER

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that the pension entitlement of a surviving spouse may be impacted due to the death of a defined contribution pension plan member.
  - If the pension plan member had not achieved vesting rights prior to death
  - If the pension plan member achieved vesting rights and died prior to receiving pension income
  - If the pension plan member achieved vesting rights and died while receiving pension income
- Identify that there may be a tax impact resulting from the death of a defined contribution pension plan member.

Additional Knowledge Expected of CFP Professionals

- Explain how the pension entitlement of a surviving spouse may be impacted due to the death of a defined contribution pension plan member.
  - If the pension plan member had not achieved vesting rights prior to death
  - If the pension plan member achieved vesting rights and died prior to receiving pension income
  - If the pension plan member achieved vesting rights and died while receiving pension income
- Determine the estimated tax impact resulting from the death of a defined contribution pension plan member.

4.7 PENSION BUYBACK AND COMMUTATION

4.7.1 PENSION BUYBACK

Additional Knowledge Expected of CFP Professionals

- Define a pension buyback.
- Explain a pension buyback.
- Identify reasons why a pension plan member may consider a pension buyback, such as:
    - Increased pensionable service
    - Increased pension amount
    - Increased pension benefit for survivors
    - Decreased time to retirement date
    - Security from fluctuating income in retirement
- Identify factors that are taken into consideration in the actuarial value of the future expected pension benefit, such as:
    - Interest rate expectations
    - Inflation expectations
    - Investment return expectations
    - Life expectancy based on mortality tables
    - Assumed retirement age
    - Assumed marital status
    - Assumed age difference between spouses
    - Allowance for taxation
    - Allowance for pension indexation
- Identify that the cost of a pension buyback is the actuarial value of the future expected benefit based on the expected circumstances for an average member of the pension plan.
- Identify that the present value of the additional expected benefit from the pension buyback is based on the personal circumstances of the individual (or the individual and their spouse).
- Explain that the personal circumstances of an individual (and their spouse) may differ from the average pension plan member, resulting in the actuarial value differing from the present value of the expected benefit.
- Identify factors that may cause the actuarial value and the present value of a pension buyback to be different, such as:
    - Actual life expectancy of individual (and spouse)
    - Actual retirement age
    - Amount of income needs
    - Timing of income needs
    - Marital status
    - Actual difference in ages between spouses / partners

    - Other income sources
- Identify that a pension buyback will result in a past service pension adjustment (PSPA).
- Determine the impact on Registered Retirement Savings Plan Deduction Limit resulting from a pension buyback.
- Identify the expected past service pension adjustment (PSPA) based on a pension buyback.
- Identify if a sufficient Registered Retirement Savings Plan Deduction Limit exists to allow for a pension buyback.
- Identify methods that may be used to complete a pension buyback.
    - Cash payment
    - Direct transfer of Registered Retirement Savings Plan assets
- Explain the risks that may be associated with a pension buyback, such as:
    - Funds used for buyback are locked-in
    - Decision may not be reversed
    - Loss of investment control
- Determine how each of these factors may impact the suitability of a pension buyback:
    - Actuarial value of the expected future benefit (cost)
    - Level of confidence that the promised pension benefit will be paid
    - Requirement for non-fluctuating income
    - Solvency of the pension plan
    - Solvency of the former employer
    - Statutory protection of pension income
    - Control over timing the receipt of income
    - Control over investment decisions
    - Impact on assets / pension upon death
    - Other sources of income
    - Family dynamics
    - Health of individual
    - Investment philosophy
    - Investment experience
    - Risk tolerance
    - Tax impact
    - Personal attitudes / preferences
- Evaluate how each of the factors may impact the suitability of a pension buyback.
- Explain the Canada Revenue Agency's requirements for a tax-deferred transfer of capital property to or from a defined benefit pension plan upon the breakdown of a relationship between spouses.

4.7.2 PENSION COMMUTATION

Additional Knowledge Expected of CFP Professionals

- Define a pension commutation.
- Identify reasons why a pension plan member may commute a pension.
    - Involuntary or voluntary termination of employment
    - Early retirement
    - Termination of pension plan
    - Termination of pension plan membership
- Identify that the commuted value of a pension benefit entitlement is actuarially equivalent to the future income stream payable to the average member of a pension plan.
- Identify factors that are taken into consideration in the actuarial calculation of a defined benefit pension entitlement, such as:
    - Interest rate expectations
    - Inflation expectations
    - Investment return expectations
    - Life expectancy based on mortality tables
    - Assumed retirement age
    - Assumed marital status
    - Assumed age difference between spouses
    - Allowance for taxation
    - Allowance for pension indexation
    - Discount rate
- Explain that an individual's personal circumstances may differ from the average pension plan member considered in the actuarial calculation of a defined benefit pension.
- Identify factors that may cause the actuarial commutation assumptions to differ from the individual's personal circumstances, such as:
    - Actual life expectancies
    - Actual retirement age
    - Amount of income needs
    - Timing of income needs
    - Marital status
    - Actual difference in ages between spouses / partners
    - Other income sources
    - Difference in growth rate of assets
    - Tax implications
    - Estate plan
- Identify the components of a commuted value of a defined benefit pension.
    - Maximum Transferable Value, as allowed under the Income Tax Act
    - Taxable portion

- Explain the options that may be available for the Maximum Transferable Value component of a defined benefit pension commuted value.
- Explain the options that may be available for the taxable portion of a defined benefit pension commuted value.
- Estimate the tax impact resulting from the receipt of the taxable portion of a defined benefit commuted value.
- Determine how each of these factors may impact the suitability of commuting a defined benefit pension plan:
    - Present value of the potential after-tax income streams from each option
    - Solvency of the pension plan
    - Solvency of the former employer
    - Statutory protection of pension income
    - Potential for post-retirement pension benefits
    - Control over timing the receipt of income
    - Control over investment decisions
    - Impact on assets / pension upon death of the plan member
    - Need for consistent and/or lump sum income
    - Other sources of income
    - Health of individual
    - Risk tolerance
    - Investment experience
    - Estate plan
    - Personal attitudes / preferences
- Evaluate how each of the factors may impact the suitability of commuting a defined benefit pension plan.

4.8 POOLED REGISTERED PENSION PLAN (PRPP)

4.8.1 PRPP ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define Pooled Registered Pension Plan (PRPP).
- Identify the purpose of a Pooled Registered Pension Plan.

4.9 DEFERRED PROFIT SHARING PLAN (DPSP)

4.9.1 DPSP ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define Deferred Profit Sharing Plan (DPSP).
- Identify the purpose for which a deferred profit sharing plan may be used.
- Identify the attributes of a deferred profit sharing plan, such as:
  - Eligibility criteria
  - Minimum and maximum contributions
  - Deductibility of contributions
  - Party who controls investment choices
  - Costs
  - Retirement dates (early, normal, deferred)
  - Vesting provisions
  - Transferability of benefits
  - Termination options
- Identify the importance of making a valid beneficiary designation.

4.9.2 DPSP BENEFITS AND WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify factors that influence the value of a deferred profit sharing plan, such as:
  - Amount of money contributed to the account
  - Length of investment time horizon
  - Earnings on the amount invested
- Identify the events that define when a deferred profit sharing plan member may make a withdrawal.

4.9.3 DPSP CONTRIBUTIONS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify methods by which contributions to a deferred profit sharing plan may be made, such as:
  - Percentage of profits
  - Percentage of employee's earnings
  - Fixed dollar amount per employee
- Identify the maximum contributions that can be made to a deferred profit sharing plan.
  - By the employer
  - By the employee

4.9.4 DPSP TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a deferred profit sharing plan.
    - A voluntary or involuntary termination of employment of a plan member
    - Voluntary choice by the annuitant to transfer
    - Death of the annuitant's current (or former) spouse
- Identify potential reasons why an individual may choose to transfer capital property out of a deferred profit sharing plan.
    - A voluntary or involuntary termination of employment of a plan member
    - Retirement
    - Voluntary choice by the annuitant
    - Death of the annuitant

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a deferred profit sharing plan.
    - Breakdown of the annuitant's relationship
- Identify potential reasons why an individual may choose to transfer capital property out of a deferred profit sharing plan.
    - Breakdown of the annuitant's relationship

4.9.5 DEATH OF A DPSP MEMBER

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that there may be a tax impact resulting from the death of a deferred profit-sharing plan member

Additional Knowledge Expected of CFP Professionals

- Identify the plans from which assets may be transferred upon the death of a deferred profit-sharing plan member.

4.10 SPECIFIED PENSION PLAN (SPP)

4.10.1 SPP ATTRIBUTES

Additional Knowledge Expected of CFP Professionals

- Define specified pension plan (SPP).

4.11 LOCKED-IN RETIREMENT SAVINGS VEHICLES

4.11.1 LOCKED-IN RETIREMENT SAVINGS VEHICLES ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a locked-in retirement savings vehicle.†
- Identify the legislation relevant to a locked-in retirement savings vehicle.
  - Federal Income Tax Act
  - Pension legislation for the jurisdiction in which the plan operates
- Identify the areas in which legislation related to locked-in retirement savings vehicles may differ across jurisdictions, such as:
  - Plan criteria
  - Transfers
  - Withdrawals
    - Minimum amounts
    - Maximum amounts
  - Unlocking provisions
  - Spousal consent requirements
- Identify the jurisdiction of a locked-in retirement savings vehicle.
- Explain advantages and disadvantages associated with locked-in retirement savings vehicles.
- Define the parties to each of the locked-in retirement savings vehicles.
  - Annuitant
  - Beneficiary
  - Issuer / Provider
  - Successor annuitant
- Explain the role of each of the parties to the locked-in retirement savings vehicle.
- Explain how a locked-in retirement savings vehicle is funded.
- Explain how income earned within a locked-in retirement savings vehicle is treated for tax purposes.
- Identify the importance of making a valid beneficiary designation.

† The term locked-in retirement savings vehicle is used to denote Locked-In Retirement accounts (LIRAs), Locked-In Registered Retirement Saving Plans (LRSPs) and Restricted Locked-In Savings Plans (RLSPs). The regulations required of both LIRAs and LRSPs are very common, with the difference in nomenclature being subject to the province or territory in which the plan is available. The regulations required of all plans follow similar regulations across jurisdictions with variations related to each jurisdiction's pension legislation. Unless otherwise noted, where "locked-in retirement savings vehicle" is used throughout this document it may be taken to mean one of these plans or a similar vehicle that meet the requirements of a registered plan under the Federal Income Tax Act and the pension legislation of the jurisdiction in which the plan is available.

Additional Knowledge Expected of CFP Professionals

- Identify qualified investments as prescribed by the Canada Revenue Agency that may be held in a locked-in retirement savings vehicle.
- Identify non-qualified investments as prescribed by the Canada Revenue Agency that may not be held in a locked-in retirement savings vehicle.
- Explain the tax that may be imposed by the Canada Revenue Agency when a locked-in retirement savings vehicle contains a non-qualified investment.
- Identify prohibited investments as prescribed by the Canada Revenue Agency that may not be held in a locked-in retirement savings vehicle.
- Explain the tax that may be imposed by the Canada Revenue Agency when a locked-in retirement savings vehicle contains a prohibited investment.

4.11.2 LOCKED-IN RETIREMENT SAVINGS VEHICLES WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify opportunities available in some jurisdictions for withdrawing funds from a locked-in retirement savings vehicle, such as:
  - Financial hardship
  - Shortened life expectancy
  - Small balance
  - Non-residency
  - Spousal or child maintenance enforcement orders
- Identify the rules for withdrawing funds from a locked-in retirement savings vehicle.
- Identify the current withholding tax rates for cash withdrawals from a locked-in retirement savings vehicle.
  - By residency
  - By amount
- Determine how each of the factors may impact the suitability of withdrawing from a locked-in retirement savings vehicle, such as:
  - Tax impact
  - Administrative fees
  - Loss of Registered Retirement Savings Plan contribution room
  - Loss of asset growth within locked-in retirement savings vehicle
  - Cash flow needs
  - Impact on government benefits
- Evaluate how each of the factors may impact the suitability of withdrawing from a locked-in retirement savings vehicle.

- Calculate the withholding tax for a cash withdrawal from a locked-in retirement savings vehicle.
- Explain how taxes payable on a cash withdrawal from a locked-in retirement savings vehicle may differ from the withholding taxes collected by a financial institution.

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from a cash withdrawal from a locked-in retirement savings vehicle.
- Calculate the impact on current and projected net worth of a withdrawal from a locked-in retirement savings vehicle.

4.11.3 LOCKED-IN RETIREMENT SAVINGS VEHICLES TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a locked-in retirement savings vehicle.
    - Voluntary or involuntary termination of employment
    - Retirement
    - Death of the annuitant
    - Death of the annuitant's current (or former) spouse
    - Termination of pension plan membership
    - Termination of pension plan
    - Voluntary choice by the annuitant
- Identify potential reasons why an individual may choose to transfer capital property out of a locked-in retirement savings vehicle.
    - Retirement
    - Unlocking of locked-in assets
    - Death of the annuitant
    - Voluntary choice by the annuitant
- Identify the types of plans from which capital property may be transferred tax-deferred into a locked-in retirement savings vehicle.
- Identify the types of plans to which capital property may be transferred tax-deferred out of a locked-in retirement savings vehicle.
- Identify that property transferred into a locked-in retirement savings vehicle must adhere to the regulations and pension legislation of the jurisdiction in which the plan is regulated.
- Determine how each of these factors may impact the suitability of transferring capital property into a locked-in retirement savings vehicle:
    - Withdrawal options

    - Tax impact
    - Impact of future withdrawals on government benefits
- Evaluate how each of the factors may impact the suitability of transferring capital property into a locked-in retirement savings vehicle.
- Determine how each of these factors may impact the suitability of transferring capital property out of a locked-in retirement savings vehicle:
    - Cash flow needs
    - Withdrawal options
    - Tax impact
    - Government legislation (unlocking and transfer options)
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a locked-in retirement savings vehicle.

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a locked-in retirement savings vehicle.
    - Breakdown of the annuitant's relationship
- Identify potential reasons why an individual may choose to transfer capital property out of a locked-in retirement savings vehicle.
    - Breakdown of the annuitant's relationship
- Explain the Canada Revenue Agency's requirements related to tax-deferred transfers of capital property to or from a locked-in retirement savings vehicle upon the breakdown of a relationship between spouses.
- Identify possible outcomes that may occur (based on jurisdiction) to divide property held within a locked-in retirement savings vehicle due to the breakdown of a relationship.
    - Equalization payment in cash from locked-in retirement vehicle to the current or former spouse of the annuitant
    - Equalization payment to a similar locked-in retirement savings or income vehicle belonging to the current or former spouse of the annuitant
    - Equalization payment to a corresponding retirement savings or income vehicle belonging to the current or former spouse of the annuitant
    - Equalization payment to an insurance company to purchase a life annuity payable to the current or former spouse of the annuitant
- Estimate the tax impact of transferring capital property into a locked-in retirement savings vehicle.
- Estimate the tax impact of transferring capital property out of a locked-in retirement savings vehicle.

4.11.4 LOCKED-IN RETIREMENT SAVINGS VEHICLES MATURITY

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain when a locked-in retirement savings vehicle matures.
  - Voluntary choice by annuitant
  - Required maturity based on age of annuitant
- Identify the types of plans to which capital property may be transferred tax-deferred from a locked-in retirement savings vehicle (subject to jurisdiction) upon maturity.

4.11.5 DEATH OF A LOCKED-IN RETIREMENT SAVINGS VEHICLE ANNUITANT

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that the treatment of locked-in retirement savings property upon the death of an annuitant differs across jurisdictions.
- Identify that in some jurisdictions pension legislation may override the designation of a beneficiary on the locked-in retirement savings vehicle or in a will if a spouse survives the annuitant of a locked-in retirement savings vehicle and was not named as the beneficiary under the plan.
- Identify that there may be a tax impact resulting from the death of a deferred profit-sharing plan member.

Additional Knowledge Expected of CFP Professionals

- Identify how locked-in retirement savings property will be treated upon the death of an annuitant (subject to jurisdiction).
- Identify potential outcomes that may occur due to the death of a locked-in retirement savings vehicle annuitant.
  - Direct transfer of property to a locked-in retirement savings vehicle belonging to the current or former spouse of the deceased annuitant
  - Direct transfer of property to a locked-in retirement income vehicle belonging to the current or former spouse of the deceased annuitant
  - Direct transfer of property to a registered retirement savings plan† belonging to the current or former spouse of the deceased annuitant
  - Direct transfer of property to a registered retirement income fund
  - Direct transfer of property to an insurance company to purchase a life annuity payable to the current or former spouse of the deceased annuitant
  - Cash payment to the current or former spouse of the deceased annuitant
  - Cash payment to the beneficiary of the locked-in retirement savings vehicle
  - Cash payment to the estate of the deceased annuitant

- Identify that a spouse who has waived their right in writing to the spousal death benefit associated with a locked-in retirement savings vehicle may not receive the residual value of the locked-in retirement savings vehicle upon the death of the annuitant.
- Determine the tax impact resulting from of the death of a locked-in retirement savings vehicle annuitant.

† Registered retirement savings plan in this context relates to any plan that is permitted to accept a transfer from the locked-in retirement income vehicle. Examples may include registered pension plans, Registered Retirement Savings Plans, Pooled Registered Pension Plans and Specified Pension Plans.

4.12 REGISTERED RETIREMENT INCOME FUND (RRIF)

4.12.1 RRIF ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a Registered Retirement Income Fund.
- Explain advantages and disadvantages associated with a Registered Retirement Income Fund.
- Explain how income earned in a Registered Retirement Income Fund is treated for tax purposes.
- Define the parties to a Registered Retirement Income Fund.
  - Annuitant
  - Contributor
  - Beneficiary
  - Issuer / Provider
  - Successor Annuitant
- Explain the role of each of the parties to a Registered Retirement Income Fund.
- Define the types of Registered Retirement Income Funds.
  - Personal
  - Spousal
- Explain how a Registered Retirement Income Fund is funded.
- Identify the importance of making a valid beneficiary designation.

Additional Knowledge Expected of CFP Professionals

- Define the types of Registered Retirement Income Funds.
  - A qualifying Registered Retirement Income Fund
  - A non-qualifying Registered Retirement Income Fund
- Identify qualified investments as prescribed by the Canada Revenue Agency that may be held in a Registered Retirement Income Fund.
- Identify non-qualified investments as prescribed by the Canada Revenue Agency that may not be held in a Registered Retirement Income Fund.
- Explain the tax that may be imposed by the Canada Revenue Agency when a Registered Retirement Investment Fund contains a non-qualified investment.
- Identify prohibited investments as prescribed by the Canada Revenue Agency that may not be held in a Registered Retirement Investment Fund.
- Explain the tax that may be imposed by the Canada Revenue Agency when a Registered Retirement Income Fund contains a prohibited investment.

4.12.2 RRIF WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define types of withdrawals from a Registered Retirement Income Fund.
  - Annual minimum prescribed amount
  - Excess amounts
- Identify the parties whose age may determine the prescribed annual minimum withdrawal amount for a Registered Retirement Income Fund.
- Identify when the first prescribed annual minimum withdrawal amount from a Registered Retirement Income Fund must start.
- Identify factors used to calculate the prescribed annual minimum withdrawal amount from a Registered Retirement Income Fund.
- Calculate the prescribed annual minimum withdrawal amount (in dollars) for a Registered Retirement Income Fund.
  - For a qualifying Registered Retirement Income Fund where the annuitant is under age 79 as of January 1
  - For a qualifying Registered Retirement Income Fund where the annuitant is age 79 or older as of January 1
  - For a non-qualifying Registered Retirement Income Fund where the annuitant is under age 71 as of January 1
  - For a non-qualifying Registered Retirement Income Fund where the annuitant is age 71 or older as of January 1
- Identify who may request a withdrawal from a Registered Retirement Income Fund.
  - For a personal Registered Retirement Income Fund
  - For a spousal Registered Retirement Income Fund
- Explain the income attribution rules related to withdrawals from a spousal Registered Retirement Income Fund.
  - Who the income is attributed to
  - Who is responsible for the tax on the withdrawal
  - The timing of the withdrawal
- Explain the circumstances in which the attribution rules for the withdrawal of funds from a spousal Registered Retirement Income Fund will not apply.
- Explain when taxes must be withheld on amounts withdrawn from a Registered Retirement Income Fund.
- Determine the tax impact of receiving a withdrawal from a personal Registered Retirement Income Fund.
  - Annual minimum prescribed amount
  - Excess amounts

- Determine the tax impact of receiving a withdrawal from a spousal Registered Retirement Income Fund.
    - Annual minimum prescribed amount
    - Excess amounts
    - Attribution rules
- Identify the current withholding tax rates for excess amounts withdrawn from a Registered Retirement Income Fund.
- Determine how each of these factors may impact the suitability of withdrawing from a Registered Retirement Income Fund:
    - Tax impact
    - Loss of asset growth within Registered Retirement Income Fund
    - Potential impact on government benefits
- Evaluate how each of the factors may impact the suitability of withdrawing from a Registered Retirement Income Fund.
- Calculate the withholding tax for a cash withdrawal from a Registered Retirement Income Fund.
    - For a personal Registered Retirement Income Fund
    - For a spousal Registered Retirement Income Fund
- Estimate the tax impact resulting from a cash withdrawal Registered Retirement Income Fund.
    - For a personal Registered Retirement Income Fund
    - For a spousal Registered Retirement Income Fund
- Explain how taxes payable on a cash withdrawal from a Registered Retirement Income Fund may differ from the withholding taxes collected by a financial institution.
- Calculate the impact on current and projected net worth of a withdrawal from a Registered Retirement Income Fund.

4.12.3 RRIF TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the age by which a Registered Retirement Savings Plan must be transferred to a Registered Retirement Income Fund.
    - For a personal Registered Retirement Savings Plan
    - For a spousal Registered Retirement Savings Plan
- Identify potential reasons why an individual may choose to transfer capital property *into* a Registered Retirement Income Fund.
    - Retirement
    - Unlocking of locked-in assets
    - Death of the annuitant’s current (or former) spouse

- Voluntary choice by the annuitant

- Identify potential reasons why an individual may choose to transfer capital property *out of* a Registered Retirement Income Fund.
    - Retirement
    - Death of the annuitant
    - Voluntary choice by the annuitant
- Identify the types of plans from which capital property may be transferred tax-deferred into a Registered Retirement Income Fund.
- Identify the types of plans to which capital property may be transferred tax-deferred out of a Registered Retirement Income Fund.
- Estimate the tax impact of transferring capital property into a Registered Retirement Income Fund.
- Determine how each of these factors may impact the suitability of transferring capital property into a Registered Retirement Income Fund:
    - Withdrawal options
    - Tax impact
    - Impact of future withdrawals on government benefits
- Evaluate how each of the factors may impact the suitability of transferring capital property into a Registered Retirement Income Fund.
- Estimate the tax impact of transferring capital property out of a Registered Retirement Income Fund.
- Determine how each of these factors may impact the suitability of transferring capital property out of a Registered Retirement Income Fund:
    - Cash flow needs
    - Withdrawal options
    - Tax impact
    - Government legislation (unlocking and transfer options)
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a Registered Retirement Income Fund.

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a Registered Retirement Income Fund.
    - Breakdown of the annuitant's relationship
- Identify potential reasons why an individual may choose to transfer capital property out of a Registered Retirement Income Fund.
    - Breakdown of the annuitant's relationship

- Explain the Canada Revenue Agency's requirements for a tax-deferred transfer of capital property to or from a Registered Retirement Savings Plan upon the breakdown of a relationship between spouses.

4.12.4 DEATH OF A RRIF ANNUITANT

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a successor annuitant.
- Define the qualified beneficiaries who may receive a designated benefit from a deceased annuitant's Registered Retirement Income Fund.
    - Surviving spouse
    - Financially dependent child or grandchild
    - Child or grandchild who is financially dependent due to an impairment in physical or mental functions
- Define financially dependent with respect to the qualification of a dependent child or grandchild.
- Define a designated benefit.
- Explain how a designated benefit defers income tax consequences from the deceased annuitant to a qualified beneficiary.
- Identify the types of plans of a qualified beneficiary to which capital property may be transferred tax-deferred from a Registered Retirement Income Fund due to the death of an annuitant.
- Identify the individuals who must file a joint election with the Canada Revenue Agency to qualify the contribution received from a deceased annuitant's assets as a designated benefit.
- Explain how proceeds received directly by a qualified beneficiary from a deceased annuitant's Registered Retirement Income Fund will be treated for tax purposes.
- Explain how a qualified beneficiary who receives proceeds indirectly from a deceased annuitant's Registered Retirement Income Fund may defer the taxes on such an amount.
- Explain how the death of a Registered Retirement Income Fund annuitant is treated for tax purposes.
    - When a successor annuitant is named
    - When no successor annuitant is named, but the surviving spouse is the sole beneficiary of the deceased's Registered Retirement Income Fund
    - When no successor annuitant is named, but the surviving spouse is not the sole beneficiary of the deceased's Registered Retirement Income Fund
    - When no successor annuitant is named, but a qualified beneficiary is available
    - When no successor annuitant is named, and no qualified beneficiaries are available

4.13 LOCKED-IN RETIREMENT INCOME VEHICLES

4.13.1 LOCKED-IN RETIREMENT INCOME VEHICLES ATTRIBUTES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define a locked-in retirement income vehicle. †
- Explain for whom a locked-in retirement income vehicle may be suitable.
- Identify the legislation relevant to a locked-in retirement income vehicle.
    - Federal Income Tax Act
    - Pension legislation for the jurisdiction in which the plan operates
- Identify where legislation related to locked-in retirement income vehicles may differ across jurisdictions, such as:
    - Plan criteria
    - Transfers
    - Withdrawals
        - Minimum amounts
        - Maximum amounts
    - Unlocking provisions
    - Spousal consent requirements
- Identify the jurisdiction of a locked-in retirement vehicle.
- Explain advantages and disadvantages associated with a locked-in retirement income vehicle.
- Define the parties to a locked-in retirement income vehicle.
    - Annuitant
    - Beneficiary
    - Issuer / Provider
    - Successor annuitant
- Explain the role of each of the parties to a locked-in retirement income vehicle.
- Explain how a locked-in retirement income vehicle is funded.
- Explain how income earned within a locked-in retirement income vehicle is treated for tax purposes.
- Identify the importance of making a valid beneficiary designation.

† The term locked-in retirement income vehicle is used to denote Life Income Funds (LIF) and Restricted Life Income Funds (RLIF). The regulations required of all locked-in retirement income vehicles plans follow similar regulations across jurisdictions with variations related to each jurisdiction's pension legislation. Unless otherwise noted, where "locked-in retirement income vehicle" is used throughout this document it may be taken to mean one of these plans or a similar vehicle that meets the requirements of a registered plan under the Federal Income Tax Act and the pension legislation of the jurisdiction in which the plan is available. Such plans may include Locked-in Retirement Income Funds (LRIF) and Prescribed Registered Retirement Income Funds (PRRIF).

Additional Knowledge Expected of CFP Professionals

- Identify qualified investments as prescribed by the Canada Revenue Agency that may be held in a locked-in retirement income vehicle.
- Identify non-qualified investments as prescribed by the Canada Revenue Agency that may not be held in a locked-in retirement income vehicle.
- Explain the tax that may be imposed by the Canada Revenue Agency when a locked-in retirement income vehicle contains a non-qualified investment.
- Identify prohibited investments as prescribed by the Canada Revenue Agency that may not be held in a locked-in retirement income vehicle.
- Explain the tax that may be imposed by the Canada Revenue Agency when a locked-in retirement income vehicle contains a prohibited investment.

4.13.2 LOCKED-IN RETIREMENT INCOME VEHICLES WITHDRAWALS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define the types of withdrawals that may be made from a locked-in retirement income vehicle.
    - Prescribed mandatory annual minimum withdrawal
    - Prescribed mandatory annual maximum withdrawal
    - Excess amounts
    - Extenuating circumstances
    - Unlocking provisions under pension legislation
- Identify when the first prescribed mandatory annual minimum payment for a locked-in retirement income vehicle must be taken.
- Explain the prescribed mandatory annual minimum withdrawal for a locked-in retirement income vehicle.
- Explain the prescribed mandatory annual maximum withdrawal for a locked-in retirement income vehicle.
- Identify circumstances when funds may be withdrawn from a locked-in retirement income vehicle (subject to jurisdiction), such as:
    - Financial hardship
    - Shortened life expectancy
    - Small balance
    - Non-residency
    - Spousal or child maintenance enforcement orders
- Identify that rules for withdrawals of funds from a locked-in retirement income vehicle may differ based on differences in provincial/territorial pension legislation.
- Identify the rules for withdrawing funds from a locked-in retirement income vehicle.

- Identify the current withholding tax rates for excess amounts withdrawn from a locked-in retirement income vehicle.
- Determine how each of these factors may impact the suitability of withdrawing from a locked-in retirement income vehicle:
    - Tax impact
    - Administrative fees
    - Loss of asset growth within locked-in retirement income vehicle
    - Annual minimum requirements and maximum allowances
- Evaluate how each of the factors may impact the suitability of withdrawing from a locked-in retirement income vehicle.
- Calculate the withholding tax for a cash withdrawal from a locked-in retirement income vehicle.
- Explain how taxes payable on a cash withdrawal from a locked-in retirement income vehicle may differ from the withholding taxes collected by a financial institution.

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from a cash withdrawal from a locked-in retirement income vehicle.
- Calculate the impact on current and projected net worth of a withdrawal from a locked-in retirement income vehicle.

4.13.3 LOCKED-IN RETIREMENT INCOME VEHICLES TRANSFERS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the age by which a locked-in retirement savings vehicle must be transferred to a locked-in retirement income vehicle.
- Identify potential reasons why an individual may choose to transfer capital property *into* a locked-in retirement income vehicle.
    - Voluntary or involuntary termination of employment
    - Retirement
    - Death of the annuitant
    - Death of the annuitant's current (or former) spouse
    - Termination of pension plan membership
    - Termination of pension plan
    - Voluntary choice by the annuitant
- Identify potential reasons why an individual may choose to transfer capital property *out of* a locked-in retirement income vehicle.
    - Retirement

    - Unlocking of locked-in assets
    - Death of the annuitant
    - Death of the annuitant’s current (or former) spouse
    - Voluntary choice by the annuitant
- Identify the types of plans from which capital property may be transferred tax-deferred *into* a locked-in retirement income vehicle.
- Identify the types of plans to which capital property may be transferred tax-deferred *out of* a locked-in retirement income vehicle.
- Determine how each of these factors may impact the suitability of transferring capital property into a locked-in retirement income vehicle:
    - Withdrawal options
    - Tax impact
    - Impact of future withdrawals on government benefits
- Evaluate how each of the factors may impact the suitability of transferring capital property into a locked-in retirement income vehicle.
- Determine how each of these factors may impact the suitability of transferring capital property out of a locked-in retirement income vehicle:
    - Cash flow needs
    - Withdrawal options
    - Tax impact
    - Government legislation (unlocking and transfer options)
- Evaluate how each of the factors may impact the suitability of transferring capital property out of a locked-in retirement income vehicle.

Additional Knowledge Expected of CFP Professionals

- Identify potential reasons why an individual may choose to transfer capital property into a locked-in retirement income vehicle.
    - Breakdown of the annuitant’s relationship
- Identify potential reasons why an individual may choose to transfer capital property out of a locked-in retirement income vehicle.
    - Breakdown of the annuitant’s relationship
- Explain the Canada Revenue Agency’s requirements for a tax-deferred transfer of capital property to or from a locked-in retirement income vehicle upon the breakdown of a relationship between spouses.
- Estimate the tax impact of transferring capital property into a locked-in retirement income vehicle.
- Estimate the tax impact of transferring capital property out of a locked-in retirement income vehicle.

4.13.4 DEATH OF A LOCKED-IN RETIREMENT INCOME VEHICLE ANNUITANT

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that the treatment of locked-in retirement income property upon the death of an annuitant differs across jurisdictions.
- Identify that in some jurisdictions pension legislation may override the designation of a beneficiary on the locked-in retirement savings vehicle or in a will if a spouse survives the annuitant of a locked-in retirement income vehicle and was not named as the beneficiary under the plan.
- Identify that there may be a tax impact resulting from the death of a deferred profit-sharing plan member.

Additional Knowledge Expected of CFP Professionals

- Identify how locked-in retirement income property will be treated upon the death of an annuitant (subject to jurisdiction).
- Identify potential outcomes that may occur due to the death of a locked-in retirement income vehicle annuitant.
    - Direct transfer of property to a locked-in retirement savings vehicle belonging to the current or former spouse of the deceased annuitant
    - Direct transfer of property to a locked-in retirement income vehicle belonging to the current or former spouse of the deceased annuitant
    - Direct transfer of property to a registered retirement savings plan† belonging to the current or former spouse of the deceased annuitant
    - Direct transfer of property to a registered retirement income fund
    - Direct transfer of property to an insurance company to purchase a life annuity payable to the current or former spouse of the annuitant
    - Cash payment to the current or former spouse of the annuitant
    - Cash payment to the beneficiary of the locked-in retirement savings vehicle
    - Cash payment to the estate of the annuitant
- Identify that a spouse who has waived their right in writing to the spousal death benefit associated with a locked-in retirement income vehicle may not receive the residual value of the locked-in retirement income vehicle upon the death of the annuitant.
- Determine the tax impact resulting from of the death of a locked-in retirement income vehicle annuitant.

† Registered retirement savings plan in this context relates to any plan that is permitted to accept a transfer from the locked-in retirement income vehicle. Examples may include registered pension plans, Registered Retirement Savings Plans, Pooled Registered Pension Plans and Specified Pension Plans.

4.14 ANNUITIES

4.14.1 ANNUITIES

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define an annuity.
- Explain parties to an annuity, such as:
    - Annuity provider
    - Plan owner
    - Annuitant
- Explain advantages of annuities, such as:
    - Guaranteed income
    - Potential deferral of taxation
    - Simplified income stream
    - Protection against outliving income
    - Protection against fluctuating returns on investment
    - Protection against cash flow mismanagement
- Explain disadvantages of an annuity, such as:
    - Loss of capital
    - Loss of flexibility
    - Subject to interest rate risk
    - Subject to inflation risk
    - Extra cost for additional benefits
- Define the parties to an annuity.
    - Annuity provider
    - Plan owner
    - Annuitant
- Define the main types of annuities.
    - Life annuities
        - Single life
        - Joint life
        - Single life with a guaranteed period
        - Joint life with a guaranteed period
        - Impaired
    - Term-certain annuities
        - Temporary
- Explain the features that may be added to the types of annuities, such as:
    - Variable rates
    - Inflation protection
    - Guarantee period

    - Return of premium
- Identify the terms that may be used to describe an annuity based on the source of capital used to purchase it.
    - Non-registered annuities
    - Registered annuities
- Identify which annuities may only be sold by insurance companies.
- Explain the permissible sources of capital for each type of annuity.
    - Registered funds
    - Non-registered funds
- Identify the sources that may be used to fund a registered annuity.
- Identify the types of annuities that may be purchased using registered funds.
- Identify that the plan owner and the annuitant must be the same person for a registered annuity.
- Identify the factors that may affect the amount of income provided by an annuity, such as:
    - Value of invested capital
    - Interest rate assumptions
    - Single-life or joint life
    - Annuitant's age
    - Annuitant's sex
    - Guarantee period of payments
    - Payment options (Fixed, variable, indexed)
    - Annuitant's health (for impaired annuities)
- Explain the relationship between the variables that may impact the income provided by an annuity and the payment amount.
- Explain the requirements for an annuity to qualify for prescribed tax treatment.
- Explain the tax treatment of non-registered annuities.
    - When receiving income from a non-prescribed annuity
    - When receiving income from a prescribed annuity
    - Upon death of the annuitant
- Explain the tax treatment of income received from an annuity that was purchased using assets from a registered plan.
    - When receiving income from the annuity
    - Upon the death of the annuitant

Additional Knowledge Expected of CFP Professionals

- Compare the tax treatment of prescribed and non-prescribed annuities, specifically:
    - Level of tax over time
    - Level of after-tax income over time

    - Total taxable portion over lifetime of annuity
- Determine the factors to consider in assessing the suitability of an annuity, such as:
    - Requirement for income
    - Risk tolerance
    - Loss of decision-making control
    - Control over timing of receiving income
    - Effect on current cash flow
    - Effect on future cash flow
    - Effect on current net worth
    - Effect on future net worth
    - Flexibility required
    - Current interest rates
    - Expected rates of return
    - Age
    - Life expectancy
    - Tax impact
    - Estate planning objectives
    - Individual attitudes / preferences
- Evaluate the factors to consider in assessing the suitability of an annuity.

4.15 ELIGIBLE FUNERAL ARRANGEMENTS (EFA)

4.15.1 EFA ATTRIBUTES

Additional Knowledge Expected of CFP Professionals

- Define an Eligible Funeral Arrangement (EFA).
- Identify the purpose of an Eligible Funeral Arrangement
- Identify the requirements to enter an Eligible Funeral Arrangement.
    - Minimum 18 years old
    - Possess the mental capacity to enter a contract
    - A resident of Canada at the time the arrangement is established
- Identify qualified persons who may establish and maintain an Eligible Funeral Arrangement.
    - Funeral director
    - Operator or owner of a cemetery, mausoleum, crematorium or columbarium
- Explain considerations in establishing an Eligible Funeral Arrangement, such as:
    - Funeral director or owner's licensing status, trustworthiness and stability
    - Growth rate of assets under arrangement
    - Ability to lock-in costs of funeral
    - Ability to transfer arrangement
    - Ability to make rational decision during non-emotional time in life

4.15.2 EFA CONTRIBUTIONS

Additional Knowledge Expected of CFP Professionals

- Identify that any individual may contribute to an Eligible Funeral Arrangement on behalf of another individual.
- Explain the relevant contribution limits for an arrangement to qualify as or remain as an Eligible Funeral Arrangement.
    - If the arrangement covers only funeral services for an individual
    - If the arrangement covers only cemetery services for an individual
    - If the arrangement covers both funeral services and cemetery services for an individual
- Identify that the value of funds held within an Eligible Funeral Arrangement are insured under the purchaser's name.
- Identify that in some jurisdictions, funeral homes must guarantee the future cost of services fully pre-paid using an Eligible Funeral arrangement.

4.15.3 EFA WITHDRAWALS AND PAYMENTS

Additional Knowledge Expected of CFP Professionals

- Identify the services that may be paid for using funds from an Eligible Funeral Arrangement.
    - Funeral services
    - Cemetery services
- Explain funeral services that may be paid for using funds from an Eligible Funeral Arrangement, such as:
    - Services or supplies provided by a funeral director for the care and embalming of the deceased;
    - A casket for the deceased;
    - Services or supplies provided by a funeral director in connection with the funeral rite for the deceased; and
    - The transportation of the deceased, including transportation of the deceased from a place outside Canada to a place in Canada where the funeral ceremony is to be held, assuming that such transportation is provided under an arrangement made in Canada with a qualifying person.
- Explain cemetery services that may be paid for using funds from an Eligible Funeral Arrangement, such as:
    - Internment vaults / caskets
    - Grave markers
    - Flowers
    - Casket liners
    - Urns
    - Shrubs and wreaths
    - Service directly related to cemetery arrangements in Canada in consequence of an individual's death
- Explain how a surplus within an Eligible Funeral Arrangement is handled after all payments have been made to cover funeral and cemetery services.

4.16 OPTIONS UPON DEATH OF PARTIES TO REGISTERED RETIREMENT PLANS

4.16.1 OPTIONS UPON THE DEATH OF AN RRSP ANNUITANT

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact that may result from the death of a Registered Retirement Savings Plan annuitant.
- Determine how each of these factors may impact the suitability of options for the capital property held within a Registered Retirement Savings Plan at the death of the annuitant.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a Registered Retirement Savings Plan at the death of the annuitant.

4.16.2 OPTIONS UPON THE DEATH OF A TFSA HOLDER

Additional Knowledge Expected of CFP Professionals

- Determine how each of these factors may impact the suitability of options for the capital property held within a Tax-Free Savings Vehicle at the death of the TFSA holder.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a Tax-Free Savings Account at the death of the TFSA holder.

4.16.3 OPTIONS UPON THE DEATH OF A PENSION PLAN MEMBER

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from the death of a defined benefit pension plan member.
- Determine how each of these factors may impact the suitability of options for the capital property held within a defined benefit pension at the death of the plan member.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs

- Estate planning opportunities
- Liquidity of assets
- Tax impact

- Evaluate how each of the factors may impact the suitability of options for the capital property held within a defined benefit pension plan at the death of the plan member.

4.16.4 OPTIONS UPON THE DEATH OF DC PENSION PLAN MEMBER

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from the death of a defined contribution pension plan member.
- Determine how each of these factors may impact the suitability of options for the capital property held within a defined contribution pension plan at the death of the plan member.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a defined contribution pension plan at the death of the plan member.

4.16.5 OPTIONS UPON THE DEATH OF A PRPP MEMBER

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from the death of a Pooled Registered Pension Plan member.
- Determine how each of these factors may impact the suitability of options for the capital property held within a Pooled Registered Pension Plan at the death of the plan member.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a Pooled Registered Pension Plan at the death of the plan member.

4.16.6 OPTIONS UPON THE DEATH OF A DPSP MEMBER

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from the death of a deferred profit sharing plan member.
- Determine how each of these factors may impact the suitability of options for the capital property held within a deferred profit sharing plan at the death of the plan member.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a deferred profit sharing plan at the death of the plan member.

4.16.7 OPTIONS UPON THE DEATH OF AN SPP MEMBER

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from the death of a specified pension plan member.
- Determine how each of these factors may impact the suitability of options for the capital property held within a specified pension plan at the death of the plan member.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a specified registered pension plan at the death of the plan member.

4.16.8 OPTIONS UPON THE DEATH OF A LOCKED-IN RETIREMENT SAVINGS VEHICLE ANNUITANT

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from of the death of a locked-in retirement savings vehicle annuitant.
- Determine how each of these factors may impact the suitability of options for the capital property held within a locked-in retirement savings vehicle at the death of the annuitant.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs

- Estate planning opportunities
- Liquidity of assets
- Tax impact

- Evaluate how each of the factors may impact the suitability of options for the capital property held within a locked-in retirement savings vehicle at the death of the annuitant.

4.16.9 OPTIONS UPON THE DEATH OF AN RRIF ANNUITANT

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact that may result from the death of a Registered Retirement Income Fund annuitant.
- Determine how each of these factors may impact the suitability of options for the capital property held within a Registered Retirement Income Fund at the death of the annuitant.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a Registered Retirement Income Fund at the death of the annuitant.

4.16.10 OPTIONS UPON THE DEATH OF A LOCKED-IN RETIREMENT INCOME VEHICLE ANNUITANT

Additional Knowledge Expected of CFP Professionals

- Estimate the tax impact resulting from of the death of a locked-in retirement income vehicle annuitant.
- Determine how each of these factors may impact the suitability of options for the capital property held within a locked-in retirement income vehicle at the death of the annuitant.
    - Beneficiary designations
    - Instructions contained in the deceased's will
    - Estate cash flow needs
    - Estate planning opportunities
    - Liquidity of assets
    - Tax impact
- Evaluate how each of the factors may impact the suitability of options for the capital property held within a locked-in retirement income vehicle at the death of the annuitant.

4.17 REGISTERED RETIREMENT PLANS FOR OWNERS AND KEY EMPLOYEES OF A BUSINESS

4.17.1 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

Additional Knowledge Expected of CFP Professionals

- Define a supplemental executive retirement plan.
- Identify the purpose for which a supplemental executive retirement plan may be used.
- Identify the methods for funding a supplemental executive retirement plan, such as:
    - Employer contributions
    - Retirement Compensation Agreement
    - Letter of credit
    - Insurance arrangement
- Explain the advantages of a supplemental executive retirement plan, such as:
    - Larger retirement income over what may be provided by a pension plan alone
    - Potential for annual contributions to exceed that of allowable Registered Retirement Savings Plan limits
    - Creditor protection
- Define the parties to a supplemental executive retirement plan.
    - Employer
    - Beneficiary
    - Trustee
- Explain how income received from a supplemental executive retirement plan by the beneficiary is treated for tax purposes.
- Explain the treatment of a supplemental executive retirement plan upon death.
    - For the supplemental executive retirement plan member
    - For the supplemental executive retirement plan member's spouse

4.17.2 RETIREMENT COMPENSATION AGREEMENT (RCA)

Additional Knowledge Expected of CFP Professionals

- Define a retirement compensation agreement.
- Identify the purpose for which a retirement compensation agreement may be used.
- Explain the advantages of a retirement compensation agreement, such as:
    - Larger retirement income may be provided than pension plan
    - Contributions in excess of Registered Retirement Savings Plan allowances
    - Creditor protection
- Define the parties to a retirement compensation agreement.
    - Employer
    - Beneficiary
    - Trustee

    - Canada Revenue Agency
- Explain the tax treatment of retirement compensation agreements.
    - Contributions
    - Refundable tax treatment
    - Income earned in the plan
    - Income received by employee from the plan
- Explain the treatment of a retirement compensation agreement upon death.
    - For the retirement compensation agreement member
    - For the retirement compensation agreement's spouse

4.17.3 INDIVIDUAL PENSION PLAN (IPP)

Additional Knowledge Expected of CFP Professionals

- Define an Individual Pension Plan.
- Identify the purpose for which an Individual Pension Plan may be used.
- Explain the factors associated with establishing an Individual Pension Plan, such as:
    - Occupation
    - Age
    - Earnings
    - Current contributions to a Registered Retirement Savings Plan
    - Opportunity for past service contributions
    - Available cash flow
    - Credit protection requirements
- Explain the tax treatment of an Individual Pension Plan.
    - Contributions
    - Benefits received by plan member
- Explain the treatment of an Individual Pension Plan upon death.
    - For the Individual Pension Plan member
    - For the Individual Pension Plan member's spouse