

## Why CPWA Certification?

Certified Private Wealth Advisor® (CPWA®) certification is an advanced education and voluntary standard for advisors who serve high-net-worth clients. It's designed for seasoned professionals who seek the latest, most advanced knowledge and techniques to address the sophisticated needs of clients with a minimum net worth of \$5 million. Unlike credentials that focus specifically on investing or financial planning, the CPWA program takes a holistic and multidisciplinary wealth management approach. The comprehensive, goals-based planning methodology is carefully designed for clients that earn executive compensation packages, own closely held businesses, require complex estate and legacy planning, and pursue exceptional family wealth governance.

## What Are the Benefits of CPWA Certification?

- Deliver specialized expertise and skills. The explosion in global wealth in recent years means that not only are there more high-net-worth clients but also that the needs of these clients are increasingly sophisticated. 76 percent of clients say that if they were looking for a new advisor today, the specialized designations they held would be an important or very important factor in their decision. Most importantly, the expertise and skills acquired in the CPWA certification process leads to better financial outcomes for HNW individuals and their families.
- Acquire and retain HNW Clients. Competition for wealthy clients is fierce, and HNW clients select advisors that align with their unique needs and values. CPWA certification gives advisors the edge they need to differentiate themselves. 64 percent of CPWA-certified advisors state that the certification has been very or extremely important to them in “expanding client services” and “confidence with offering advice to HNW clients.”
- Grow firm revenues. 30 percent of practices with at least one CPWA practitioner realized revenue growth of more than 10 percent over a five-year period compared to only 18 percent of non-CPWA practices. The mean assets per client of CPWA advisors (\$7.3M) is 3.9 times higher than non-CPWA practices (\$1.9M). As significant wealth continues to transfer to new generations, CPWA certificants are well-positioned to accumulate and retain new assets.
- Earn an elite education that is highly practical. The CPWA curriculum is taught through an intensive education program with eminent academic and practitioner faculty.

## About the CPWA Body of Knowledge

By obtaining the CPWA credential, you are joining an elite group of wealth management professionals who possess a specific, technical body of knowledge.

The CPWA body of knowledge is determined by worldwide industry practitioners via a job task analysis study. It is updated every five to seven years. The current body of knowledge is a result of the 2019 job analysis and is summarized below:



The knowledge validated on the CPWA Certification Exam and set forth in the Narrative Detailed Content Outline below reflects the knowledge deemed most relevant to the industry via the job analysis.

## About This Document

The Narrative Detailed Content Outline was created to serve as a supplemental guide to the basic Detailed Content Outline provided in the CPWA Candidate Handbook, which simply lists the knowledge statements and test weightings. Throughout the narrative, the verbs in sentences can provide insight to the depth of knowledge required of topics on the examination, as well as awareness to how candidates may be expected to demonstrate said knowledge on the exam. Definitions to some of the most commonly used verbs are provided below.

**Apply** | to make use of as relevant, suitable, or pertinent; to bring into action; use; employ

**Analyze** | to examine carefully and in detail so as to identify causes, key factors, possible results, etc.

**Calculate** | to determine or ascertain by mathematical methods; compute

**Compare** | to examine (two or more objects, ideas, people, etc.) in order to note similarities and differences

**Define** | to state the meaning of

**Describe** | to explain or identify the nature or essential qualities of

**Determine** | to conclude or decide, as after reasoning, observation, etc.

**Differentiate** | to make a distinction or point out the difference in or between

**Estimate** | to form an approximate judgment or opinion regarding the worth, amount, size, etc. of; calculate approximately

**Evaluate** | to determine or set the value or amount of; to judge or determine the significance, worth, or quality of; assess

**Identify** | to recognize; to correctly name; to associate with

**Interpret** | to give or provide the meaning of; to construe or understand in a particular way

**Select** | to choose in preference to another or others

<b>Certification Examination Detailed Content Outline</b>		<b>Percentage of Exam</b>
<b>I. Human Dynamics</b>		<b>13%</b>
<b>A. Ethics</b>		<b>4%</b>
<ol style="list-style-type: none"> <li>1. What constitutes full compliance with statutory and regulatory requirements</li> <li>2. The rules pertaining to and consequences of violations of the Investments &amp; Wealth Institute’s Code of Professional Responsibility</li> <li>3. The rules and expectations for proper use of the marks of the CPWA certification/designation</li> <li>4. The Investments &amp; Wealth Institute’s Code of Professional Responsibility</li> </ol>		
<p>As an organization, Investments &amp; Wealth Institute’s mission is to ensure quality service to the public by developing and encouraging high standards in the wealth advisory profession. This section assesses test takers’ ability to apply a solid understanding of relevant statutory and regulatory requirements within the financial services space. In addition to being able to identify and describe relevant regulatory requirements to which they are subject, test takers should be able to classify client scenarios based on what regulations might apply and implement practices that comply with those regulations. Test takers should be able to recognize appropriate use of the CPWA marks and be able to analyze ethical scenarios and to respond in accordance with the principles set forth in the Institute’s Code of Professional responsibility.</p>		
<b>B. Behavioral Finance</b>		<b>4%</b>
<ol style="list-style-type: none"> <li>1. Behavioral finance and neurological research and the relevance to financial decision making</li> <li>2. Various behavioral biases and how they may impact client decision making</li> <li>3. Investor personality types and how they may impact client decision making</li> </ol>		
<p>Theories of behavioral finance seek to account for investors’ behavioral tendencies, mental heuristics, or cognitive and emotional biases that could interfere with making sound investment decisions. Test takers should be able to identify and explain the major elements of behavioral finance theory as well as relevant neurological research and discuss their application in financial services contexts. Questions may assess how well financial advisors can identify the implications of various behavioral biases on decisions a client may make, and how to correct for or complement these tendencies. In addition, they may explore test takers’ ability to determine investor personality types and the strategies advisors can select to optimize outcomes, considering clients’ predispositions.</p>		
<b>C. Family Dynamics</b>		<b>5%</b>
<ol style="list-style-type: none"> <li>1. Key family roles and positions as they apply to related family organizations, trusts, and structures (e.g. closely-held business, family foundation, LLCs, charitable organizations, etc.)</li> <li>2. When and how to incorporate the appropriate family office infrastructure tailored to the family’s wealth level and objectives</li> <li>3. Questions to ask and documents needed to develop a family profile</li> </ol>		
<p>Effective high-net-worth wealth management is seldom a solitary enterprise—it almost always involves questions of intergenerational wealth transfer, values, legacy, and complex family dynamics. Whether you’re working with a family business or in situations involving trusts, an ability to identify and successfully navigate family dynamics is essential. This section assesses test takers’ ability to determine key family roles and positions and to evaluate roles and responsibilities in family organizations, trusts, and structures. Test takers should be able to identify and analyze the documentation necessary to develop a family profile. In addition to the ability to apply family office infrastructure, select the best fit among various options for family’s wealth level and objectives.</p>		

<b>II. Wealth Management-Technical Design</b>	<b>34%</b>
<b>A. Tax Planning</b>	<b>13%</b>
<ol style="list-style-type: none"> <li>1. Tax rate structures and income tax calculations for individuals</li> <li>2. Estimated tax requirements and safe harbors for individuals</li> <li>3. Tax implications for trust entities</li> <li>4. Tax issues common for high net worth clients</li> <li>5. Tax implications of various intra-family income-shifting strategies</li> <li>6. Alternative minimum tax (AMT) and how it is determined</li> <li>7. Planning implications associated with alternative minimum tax (AMT)</li> <li>8. Income tax deductions and limitations specific to charitable giving</li> <li>9. Mortgage interest deductions and limitations</li> <li>10. Investment interest expense classifications and limitations</li> <li>11. Interest deductibility limits for passive business activities</li> <li>12. Qualified dividend income rules and limitations</li> <li>13. Wash sale rules</li> <li>14. Components of capital gain taxation</li> <li>15. Taxation of incentive stock options</li> <li>16. Regular and alternative minimum tax (AMT) differences in incentive stock options</li> <li>17. Taxation of non-qualified stock options</li> <li>18. Pass-through entities and their impact on tax liability</li> <li>19. At-risk and other passive loss limitations and carry-forwards</li> <li>20. Treatment of passive losses and disposition of passive activities</li> <li>21. Like-kind exchange taxation and requirements</li> </ol>	
<p>Appropriate tax strategy is an important component of building and preserving wealth, and influences decision-making through many other aspects of wealth management. This section of the test assesses different kinds of taxes, requirements, deductions, and tax rates, as well as the implications of those taxes on various portfolio strategies. Test takers should be able to recognize and explain the nature and implications of mortgage interest deductions and limitations, investment interest expense classifications and limitations, interest deductibility limits for passive business activities, qualified dividend income rules and limitations, and wash sale rules. Test takers should be able to calculate or determine income tax calculations and alternative minimum tax (AMT) exposure for high net worth clients, as well as to analyze the appropriateness of safe harbors, tax implications for trust entities, income tax deductions and limitations specific to charitable giving, capital gain taxation, taxation of non-qualified stock options, at-risk and other passive loss limitations and carry forwards, the treatment of passive losses and disposition of passive activities, and taxation of like-kind exchanges. In addition, questions may require evaluation of tax rate structures, intra-family income shifting strategies, planning implications associated with the alternative minimum tax (AMT), taxation of incentive stock options, especially with regard to regular versus alternative minimum tax (AMT) differences, and pass-through entities and their impact on tax liability.</p>	
<b>B. Portfolio Management</b>	<b>11%</b>
<ol style="list-style-type: none"> <li>1. Tax-aware investment strategies</li> <li>2. Impact of investment taxation on long-term wealth accumulation</li> <li>3. Tax-loss harvesting strategies</li> <li>4. Process of calculating after-tax return assumptions for portfolio modeling purposes</li> <li>5. Portfolio benefits and risks of incorporating alternative investments</li> <li>6. Alternative investment strategies, vehicles, and implementation</li> <li>7. Problems, issues, and alternative investments</li> <li>8. Distinguishing characteristics of socially responsible investing (e.g., shareholder advocacy, green investing)</li> <li>9. Portfolio risk management strategies</li> <li>10. Options hedging strategies and their impact on the portfolio</li> <li>11. Non-option hedging strategies and their impact on the portfolio</li> <li>12. Liability-driven investing for individual portfolios</li> </ol>	
<p>Portfolio management is the big picture view of wealth management, and the ability to harmonize approaches for wealth building and risk management with clients' resources and goals is critical. Test takers should be able to identify the characteristics of socially responsible investing, as well as be able to assess the impact on a portfolio and apply options and non-options hedging strategies, liability-driven investing, tax-loss harvesting, and after-tax return assumptions. In addition, this section of the test assesses test-takers' ability to evaluate tax-aware investment strategies, alternative investment strategies, vehicles, and implementation, and portfolio risk management strategies.</p>	

<b>C. Risk Management and Asset Protection</b>	<b>10%</b>
<ol style="list-style-type: none"> <li>1. Insurance coverage types and differences for the unique activities and assets of high net worth clients</li> <li>2. Self-insuring as a strategy</li> <li>3. Broad-based asset protection strategies</li> <li>4. Asset protection advantages and disadvantages of various legal entities</li> <li>5. Offshore entities</li> <li>6. Self-settled trusts</li> <li>7. Predator and creditor protection strategies (e.g., trust, entities, and 529 plans)</li> <li>8. Concept of fraudulent conveyance</li> <li>9. Legalities of asset protection strategies and entities</li> <li>10. Income and asset protection strategies in marriage, death, and divorce</li> <li>11. Transfer and protection of digital asset management</li> </ol>	
<p>The ability to defend high net worth clients' wealth from the inherent and unforeseen risks that threaten it is fundamental to wealth management. This section of the test explores themes of insurance, asset protection, and the types of legal entities and protection strategies. Test takers must be able to describe off-shore entities and self-settled trusts, and to apply a variety of insurance and asset protection strategies in accordance with the law. In addition, test takers should be able to evaluate insurance coverage, creditor and predator protection, and income and asset protection strategies for high net worth clients in a variety of life circumstances, including marriage, divorce, and death.</p>	
<b>III. Legacy Issues</b>	<b>23%</b>
<b>A. Charitable Giving and Endowments</b>	<b>8%</b>
<ol style="list-style-type: none"> <li>1. Differences in public and private charities</li> <li>2. Rules for and taxation of donor-advised funds</li> <li>3. Rules for and taxation of contributions to and distributions from charitable lead trusts</li> <li>4. Rules for and taxation of contributions to and distributions from charitable remainder trusts</li> <li>5. Rules, requirements, and taxation of public and private charities and private foundations</li> <li>6. Unrelated business taxable income (UBTI) as it pertains to the taxation of the operation or investments of a private foundation</li> <li>7. Tax implication of charitable donations of various asset classes</li> </ol>	
<p>Charitable giving offers high net worth clients an array of opportunities—the chance to meaningfully align their wealth and their values, as well as options for managing taxes and assets within a portfolio. This section of the test assesses test takers' ability to differentiate the advantages of public and private charities for a given client situation, as well as to determine an appropriate strategy relative to donor- advised funds. In addition, questions may require test-takers to evaluate the appropriateness of strategies that involve charitable lead trusts, charitable remainder trusts, public and private charities and private foundations, unrelated business taxable income (UBTI) within a private foundation context, and the charitable donation of various asset classes, with particular emphasis on the tax implications of each strategy to a given client scenario.</p>	

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<b>B. Estate Issues and Wealth Transfer</b>	<b>15%</b>
<ol style="list-style-type: none"> <li>1. Incapacity planning strategies</li> <li>2. Concept of powers of appointment</li> <li>3. Various aspects of postmortem planning</li> <li>4. Estate planning issues for non-traditional relationships</li> <li>5. Proper titling and beneficiary designation strategies</li> <li>6. Probate estates and intestacy issues</li> <li>7. Gift, estate, and generation skip tax (GST) rates and calculations</li> <li>8. Deferring or shifting estate tax liability</li> <li>9. Income in respect of a decedent (IRD)</li> <li>10. Valuation discounts</li> <li>11. Use of trusts for estate planning</li> <li>12. Fiduciary and trustee issues for estate planning and administration</li> <li>13. Advantages and disadvantages of various trusts for estate planning</li> <li>14. Life insurance issues in the estate plan</li> <li>15. Estate planning strategies surrounding large illiquid assets</li> </ol>	
<p>Although parts of estate planning often fall outside the specific responsibility of a wealth manager, the overall question of wealth transfer and end-of-life planning issues are essential to the work of the high net worth wealth advisor, effective portfolio management and to the relationship with the client. This section of the exam assesses test takers' ability to determine and where appropriate execute effective wealth management strategies specific to end-of-life and wealth transfer, including fiduciary issues, valuation discounts, and income in respect of a decedent. Test takers should be able to evaluate beneficiary and titling decisions across a spectrum of client scenarios, as well as taxation/tax liability, the use of trusts and life insurance, strategies involving qualified retirement and IRA assets, intra-family loans, partnerships, business assets, and large, illiquid assets.</p>	
<b>IV. Specialty Client Services</b>	<b>30%</b>
<b>A. Planning for Executives</b>	<b>10%</b>
<ol style="list-style-type: none"> <li>1. Planning implications of stock option award programs</li> <li>2. Tax planning implications of exercises of both incentive and non-qualified stock options (e.g. basis, holding periods, and alternative minimum tax (AMT))</li> <li>3. Advantages and disadvantages of Section 83(b) elections in option strategies</li> <li>4. Different types of executive deferred compensation plans</li> <li>5. Equity compensation plans (restricted stock, phantom stock, and performance share plans), how to evaluate them in different scenarios, and the tax implications of each</li> <li>6. Regulatory rules and restrictions governing a corporate executive's publicly held stock (e.g. short-swing profits, insider information, exercise windows, and policies unique to the issuing company)</li> <li>7. Value, risks, and tax implications of utilizing cashless collars in concentrated stock situations</li> <li>8. Value, risks, and tax implications of utilizing prepaid variable forwards in concentrated stock situations</li> <li>9. Value, risks, and tax implications of utilizing portfolio margin strategies in concentrated stock situations</li> <li>10. Value, risks, and tax implications of utilizing exchange funds in concentrated stock situations</li> <li>11. Value, risks, and tax implications of utilizing charitable remainder trusts in concentrated stock situations</li> <li>12. Value, risks, and tax implications of utilizing Section 10b-5(1) plans in concentrated stock situations</li> </ol>	
<p>Executive compensation represents a significant issue for wealth managers focused on high net worth clients and presents an array of specific challenges. This section of the exam focuses on strategies that address stock options, deferred compensation plans, and concentrated stock situations. Test takers should be able to analyze Section 83(b) elections, rules and restrictions governing publicly held stock, the use of cashless collars, prepaid variable forwards, portfolio margin strategies, exchange funds, charitable remainder trusts, and Section 10b-5(1) plans, especially with regard to their value, risks, and tax implications. In addition, test takers should be able to evaluate the planning implications of stock option award programs, the exercise of incentive and non-qualified stock options, the different types of executive deferred compensation and equity compensation plans and related tax implications.</p>	



B. Planning for Closely Held Business Owners	10%
<ol style="list-style-type: none"> <li>1. Financial issues associated with closely held businesses at various stages of the business lifecycle</li> <li>2. Closely-held business succession and exit strategies</li> <li>3. Potential family conflict issues arising from closely-held business succession planning</li> <li>4. Different types of business entity structures (e.g., C corp, S corp, LLC, partnership)</li> <li>5. General taxation of different business entity structures resulting from ongoing operations</li> <li>6. Types of buy-sell agreements (e.g., cross-purchase or entity redemption)</li> <li>7. Funding strategies for buy-sell agreements (e.g., death, disability)</li> <li>8. Strengths and weaknesses of different valuation methods based on the nature of the underlying business</li> <li>9. When discounts or premiums may apply to a business valuation</li> <li>10. Difference in valuation and sale structure based on the intended buyer (e.g., third parties, employees, family members)</li> <li>11. Benefits and risks of business exit structures (e.g., private and public sales, recapitalization, employee stock ownership plan (ESOP), self-cancelling installment note, seller financing, and third-party, private annuity)</li> <li>12. Financial implications and tax treatment of business sales (e.g., private and public sales, recapitalization, employee stock ownership plan (ESOP), self-cancelling installment note, seller financing and third-party, private annuity)</li> </ol>	
<p>Closely held business owners are another significant population that high net worth advisors serve, and the intricacies of business planning in conjunction with their broader portfolio are considerable. This section of the test focuses on issues of taxation, valuation, succession, and business, sale, and exit structures. The exam will assess test takers' ability to compare and make appropriate recommendations about business entity structures with an understanding of tax implications, buy-sell agreements and their funding strategies, and valuation methods and their discounts or premiums. In addition, test takers should be able to evaluate the implications of financial issues across the business lifecycle, the sources of family conflict related to succession planning, an array of exit and succession strategies, differences in valuation and sale structure, and the risks and taxation thereof.</p>	
C. Retirement Management	10%
<ol style="list-style-type: none"> <li>1. Qualified plan rules and structure (e.g., 401(k) profit sharing, defined benefit plan, cash balance pension plan, hybrid plans)</li> <li>2. Asset accumulation planning strategies</li> <li>3. Impact of return sequencing on sustainability of retirement distributions</li> <li>4. Analytical forecasting techniques use in projecting retirement outcomes</li> <li>5. Tax treatments of distributions from various types of retirement plans</li> <li>6. Sustainable withdrawal rate methodologies using various conditions and scenarios</li> <li>7. Net unrealized appreciation (NUA) rules and applications</li> <li>8. Asset location issues (e.g., asset placement among various tax=deferred and after-tax accounts)</li> <li>9. Roth conversion rules</li> <li>10. Stretch IRA planning (e.g., trusts, required minimum distributions (RMD), and beneficiary designations)</li> <li>11. Post-death distribution requirements relative to beneficiary type</li> </ol>	
<p>Retirement planning is a key issue for wealth managers across demographics, but the retirement concerns of the high net worth population offers a distinct array of strategic opportunities and challenges. This section of the exam focuses on distribution, asset location and withdrawal strategies, and issues specific to retirement plan products. Test takers should be able to determine how to address questions of return sequencing, analytical forecasting techniques, tax treatments, sustainable withdrawal rate determinations, Roth conversions, asset location, stretch IRA planning, and post-death distribution requirements relative to beneficiary type. In addition, test takers should be able to evaluate qualified plan rules and structures, asset accumulation strategies, and net unrealized appreciation (NUA) rules and applications to optimize clients' opportunity to achieve their stated goals.</p>	

*DISCLAIMER: The Narrative Detailed Content Outline for the CPWA Certification Examination was created to serve as a supplemental guide for the context in which the knowledge statements in the Detailed Content Outline (DCO) can be tested on the certification examination. This narrative is created to provide applicants with a list of examples of some content about which they may be responsible to know and is not intended as a comprehensive, all-encompassing guide to topics within the DCO. Some topics within the DCO may not be included in the narrative, and the Institute bears no legal or other responsibility for failure to include all possible specific examples of content under the DCO.*



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