

# **Exam Content Outline**

The AFC<sup>®</sup> Core Competencies serve as an outline for the AFC exam. Table 1 displays the 9 competencies and the question types the test-taker will encounter in each category. Table 2 displays the content details of each competency.

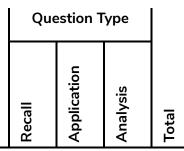
The AFC exam consists of 165 multiple choice questions, 150 of which are graded. Test takers will answer 15 trial questions that are being evaluated for future exams. These questions are not marked or identified in any way. Trial questions do not contribute to the candidate's score.

There are three types of questions on the exam:

- **Recall-** Requires the candidate to draw from memorized facts to determine the best response.
- Application- Candidates must interpret, classify, or translate information to determine the best response.
- **Analysis-** Requires an understanding of relationships between multiple pieces of information to determine the best response.

Please see the <u>AFC Exam Guide</u> for additional information.		Question Type		
Table 1: AFC Core Competencies (overview)	Recall	Application	Analysis	Total
a. Set the Stage and Gather Client Information	З	6	6	15
b. Assist a Client in Creating an Action Plan	4	6	8	18
c. Develop Financial Statements, Ratios, and Spending Plans	3	З	9	15
d. Manage Money	4	14	4	22
e. Manage Credit and Debt	4	13	5	22
f. Educate a Client about Major Acquisitions	3	9	3	15
g. Manage Financial Risks	3	8	3	14
h. Discuss Investment Basics with a Client	8	7	0	15
i. Educate a Client about the Financial Aspects of Retirement and Estate Planning	6	7	1	14
Totals:	38	73	39	150

	Question Type				
Table 2: AFC Core Competencies (detailed)	Recall	Application	Analysis	Total	
1. Set The Stage and Gather Client Information	3	6	6	15	
A. Establish the Counseling Environment					
1. Create an inclusive, welcoming, and private space					
2. Establish a rapport with a client					
3. Provide an overview of the financial counseling proces	S				
<ol> <li>Inform client of the terms of the client-counselor relationship (for example: confidentiality, privacy, ethics, client and counselor roles and responsibilities, fiduciary)</li> </ol>					
5. Answer initial questions from client about the process					
B. Gather Client Information					
1. Determine what a client wants to accomplish					
	demographics, income, expenses, debt, savings, assets, liabilities, risk management				
<ol> <li>Help client identify personal resources and gaps (for exabilities, support systems)</li> </ol>	ample: I	knowled	dge, skil	ls,	
<ol> <li>Clarify the client's interests, experiences, values, mone norms</li> </ol>	y person	alities, a	and cult	ural	
C. Form a Strategic Counseling Plan					
1. Choose a counseling approach (for example: remedial,	producti	ve, prev	/entive)		
2. Assist a client to move through the counseling process exploring, understanding, acting)	(for exa	mple: ir	nitiating	3	
<ol> <li>Identify a client's preferred learning style(s) (for examp kinesthetic)</li> </ol>	le: audito	ory, visu	ual,		



- 4. Use counseling strategies congruent with a client's learning style(s)
- 5. Model effective communication and listening techniques (for example: verbal, nonverbal, pacing, restating, summarizing, clarifying)
- 6. Assess the ongoing effectiveness of the counseling process for a client (for example: checking in with a client, responding to the client-counselor dynamic)

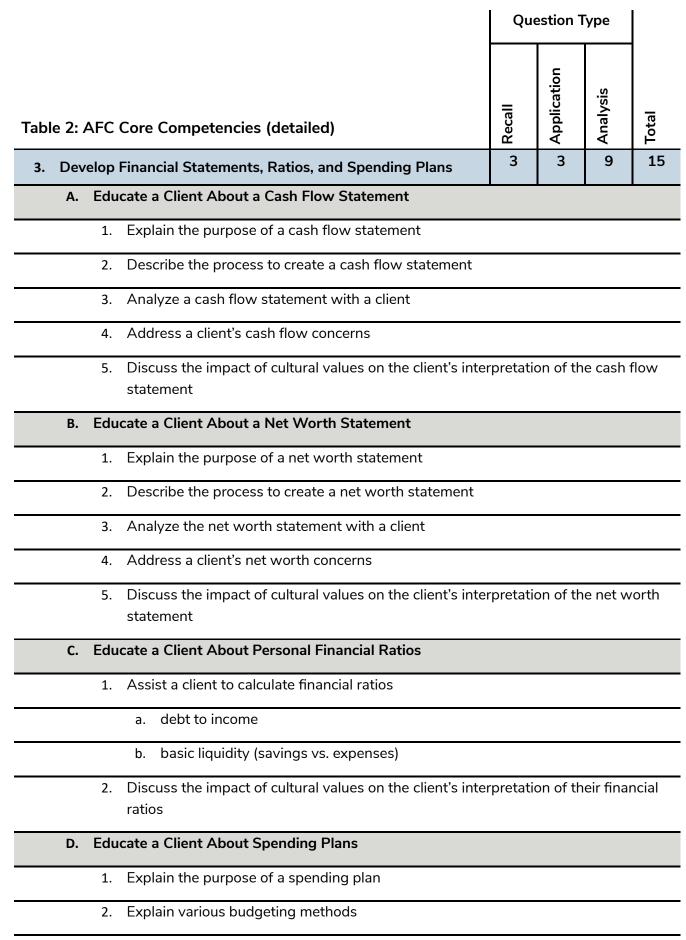
2.	Assist a Client in Creating an Action Plan	4	6	8	18	
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### A. Assist a Client in Establishing Goals

- 1. Confirm the client's goals are under their control
- 2. Assist a client to prioritize his or her goal(s)
- 3. Align a client's actions to his or her goal(s)
- 4. Assist a client in setting measurable objectives to achieve goals
- 5. Follow up with the client as needed to monitor progress towards goals
- 6. Discuss the influence of a client's culture and values on goal setting

# B. Assist a Client to Identify Strategies to Attain Goals

- 1. Brainstorm possible strategies with a client
- 2. Evaluate the possible strategies to determine the best option
- 3. Identify how the strategies fit within the client's stated value system
- 4. Identify action steps to implement the chosen strategy
- 5. Help a client develop a system to monitor strategies (for example: track daily spending, track progress towards goals)
- 6. Educate a client about the effect of the prevailing economy on strategies (for example: inflation, economic cycles)



3. Assist a client in distinguishing wants vs. needs

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Recall	Application	Analysis	Total

4.	Assist a client to develop options to fund expenses				
	a. fixed				
	b. variable				
	c. non-monthly				
5.	Assist a client to develop a spending plan aligned with g	goals			
6.	Assist a client in identifying strategies to manage a sper	nding p	lan		
7.	Brainstorm strategies for increasing income with a client	t			
8.	Assist a client in evaluating their budgeting process				
9.	Discuss the impact of cultural values on the client's inter plan	pretatio	on of th	eir sper	nding
4. Manage	Money	4	14	4	22
	accounts, certificates of deposit, and money market acco	ounts			
1.	Describe saving methods including interest-earning che accounts, certificates of deposit, and money market acco	-	ceount	, saving	95
2.	Brainstorm non-traditional savings and lending strategie	es for tl	ne unba	inked	
3.					
	Assist a client in understanding the need to accumulate	and ma	anage a	n emer	genc
	Assist a client in understanding the need to accumulate fund (for example: job loss, medical emergencies, major		-		genc
	-		-		genc
4.	fund (for example: job loss, medical emergencies, major	car rep	airs, ma	ajor	genc
4.	fund (for example: job loss, medical emergencies, major household expenses)	car rep ney ma	airs, ma nageme	ajor ent (for	_
4.	fund (for example: job loss, medical emergencies, major household expenses) Guide a client through the components of electronic mod	car rep ney ma	airs, ma nageme	ajor ent (for	_
4. 5.	fund (for example: job loss, medical emergencies, major household expenses) Guide a client through the components of electronic mod example: online banking, debit card use, personal finance	car rep ney ma ial man	airs, ma nageme	ajor ent (for	_
5.	fund (for example: job loss, medical emergencies, major household expenses) Guide a client through the components of electronic mor example: online banking, debit card use, personal finance financial applications)	car rep ney ma ial man	airs, ma nageme	ajor ent (for	_
5.	fund (for example: job loss, medical emergencies, major household expenses) Guide a client through the components of electronic mod example: online banking, debit card use, personal finance financial applications) Educate a client on using and managing a checking acco	car rep ney ma ial man	airs, ma nageme	ajor ent (for	_
5. <b>B. Fan</b>	<ul> <li>fund (for example: job loss, medical emergencies, major household expenses)</li> <li>Guide a client through the components of electronic more example: online banking, debit card use, personal finance financial applications)</li> <li>Educate a client on using and managing a checking accompliance a Client About Basic Tax Management</li> </ul>	car rep ney ma ial man ount	airs, ma nageme	ajor ent (for	_
5. <b>B. Fan</b> 1.	<ul> <li>fund (for example: job loss, medical emergencies, major household expenses)</li> <li>Guide a client through the components of electronic more example: online banking, debit card use, personal finance financial applications)</li> <li>Educate a client on using and managing a checking accompliance a client About Basic Tax Management</li> <li>Evaluate a client's previous year income tax returns</li> </ul>	car rep ney ma ial man ount	airs, ma nageme	ajor ent (for	_

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Recall	Application	Analysis	Total

able 2: AFC	Core Competencies (detailed)	Recal	Appli	Analy	Total
4.	Discuss the implications of the current tax regulations	1			
5.	Encourage a client to organize paperwork for tax prepar	rations			
6.	Assist a client in identifying reputable and qualified tax	prepara	tion ser	vices (	for
	example: Volunteer Income Tax Assistance, Tax Counse IRS/State eFile sites)	ling for	the Elde	erly,	
7.	Encourage a client to file income taxes in a timely manne	er			
8.	Encourage a client to optimally use a tax refund				
C. Disc	cuss Employment Considerations with a Client				
1.	Identify sources of income (for example: full time job, pa	rt time	job, self	f_	
	employment, seasonal employment)				
2.	Discuss the impact of a client's culture and values on en	nployme	ent cons	siderati	ons
3.	Assist a client in identifying and understanding employr	nent be	nefits (1	for exa	nple:
	flexible spending account, Health Savings Account, reti	rement	account	t, insura	ance
	coverage, paid time off, employee stock purchase plan)				
4.	Illustrate strategies to maximize employment benefits				
5.	Assist a client in interpreting information in a pay staten	nent			
6.	Discuss options for increasing income (for example: pro	motion,	raise, t	ах	
	exemptions, additional employment)				
7.	Encourage a client to prepare for possible unemploymer	nt			
8.	Inform a client of unemployment resources (for example	: unem	oloymer	nt insur	ance
	COBRA, severance package, government assistance pro	ograms)			
9.	Refer a client to workforce development center(s) to dev	/elop a	resume	, and se	earch
	and apply for employment				
10.	Assist a client in comparing details from job offers (for e	xample	: pay, in	isuranc	e,

retirement plan, sick and vacation leave)

	Question Type			
Table 2: AFC Core Competencies (detailed)	Recall	Application	Analysis	Total
5. Manage Credit and Debt	4	13	5	22
A. Educate a Client about Uses of Credit				
1. Educate a client on the productive uses of credit				
2. Educate a client on the counterproductive uses of credit				
3. Educate a client about criteria to obtain credit				
4. Discuss the influence of a client's culture and values on a	credit c	onsider	ations	
B. Educate a Client about Credit Reports and Scores				
1. Educate a client about information included in credit rep	orts			
2. Educate a client about factors affecting credit scores				
3. Educate a client on how/why to build, rebuild, or maintai	in a stro	ong crea	dit repo	rt
4. Assist a client who is attempting to address a credit rep	ort erro	r		
5. Educate a client on how to obtain and monitor credit rep	orts			
6. Educate a client about credit repair scams				
7. Educate a client on how to obtain and monitor credit sco	ores			
C. Educate a Client about Credit Products				
<ol> <li>Educate a client about types of credit (for example: secu open-end credit, closed-end credit)</li> </ol>	red dek	ot, unse	cured d	lebt,
2. Educate a client about installment loans (for example: fu mortgage) and credit lines (for example: personal, busin				nt,
a. describe types				
<ul> <li>b. explain the terms (for example: prepayment penalt balloon payment)</li> </ul>	y, accel	eration	clause,	
c. compare offers				
d. complete the application process				
e. review amortization schedule				

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Recall	Application	Analysis	Total

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3. Ed	ucate a client about credit cards				
a	evaluate credit card offers (for example: usury laws	s, annua	al fees,	interest	: rates)
b	apply for a credit card				
C	verify critical information within credit card stateme	ents (fo	r exam	ple:	
	purchases, fees, disclosures)				
d	dispute credit card charges				
e	protect credit card information				
f	identify different interest rates (for example: teaser	rate, b	alance	transfei	r, cash
	advance)				
g	identify credit card fees				
h	take advantage of the grace period				
4. Ed	ucate a client about student loans				
a	discuss types of loans with a client (for example: Fe	ederal,	private	)	
b		ample: s	scholar	ships, g	rants,
	work study, tuition reimbursement, gifts)				
C.				ms, bala	ance
	forgiveness, income-based repayment plans, pay a	is you e	arn)		
d.	explain deferment and forbearance options				
e.	explain consequences of default				
5. Ed	ucate a client about the advantages and disadvantage	es of fri	nge ler	nding	
	r example: payday loans, title loans, pawn shops, sub	-prime	lending	g, rent to	o own,
ta>	refund anticipation loans)				
6. Ed	ucate a client about responsible uses of credit				
D. Educate	e a Client on Debt Management				
1. As	sist a client to evaluate the level/cost of indebtedness				

2. Assist a client to set his or her own debt limit

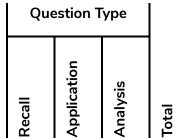
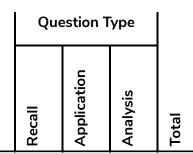


Table 2: AFC	Table 2: AFC Core Competencies (detailed)			An	Ъ Ц	
3.	Educate a client about avoiding over-indebtedness					
4.	Assist client in identifying strategies to reduce debt					
5.	Discuss consequences of default (for example: reposses judgments, liens, deficiency balances, foreclosures)	sions, g	garnishr	nents,		
	judgments, liens, denerency bulances, foreclosures/					
6.	Educate a client about debt consolidation, restructuring,	and ro	lling ove	er debt		
7.	7. Educate a client about debt management scams					
8.	8. Educate a client about the advanced stages of the collection process (for example:					
	third party collectors, litigation, collection practices)					
9.	Educate a client about bankruptcy basics (for example:	options,	proces	s,		
	consequences, legal resources)					
E. Edu	ucate a Client about Identity Theft					
1.	Minimize the risks (for example: personal information pr	otectior	n, docur	nent		
	shredding credit freezes, financial statements monitorin	g)				
2.	Recover from identity theft (for example: police report, F	TC affi	davit, cr	reditor		
	contact, fraud alerts)					
6. Educate	a Client about Major Acquisitions	3	9	3	15	
A. Ace	quire Property					
1.	Assist a client to determine the feasibility of a major pur	chase (	for exar	nple:		
	vehicles, appliances, furniture, electronics)					
2.	Educate a client about pre-purchase research					
3.	Discuss acquisition options with a client whether to pur	chase, l	ease, oi	r rent-to	o-own	
4.	Discuss property protection options (for example: warra	nties, s	ervice c	contract	:)	
5.	Discuss how major purchase values are determined					
6.	Discuss the implications of rolling negative equity into a	new pu	urchase			
7.	7. Educate a client on price negotiation					

8. Educate a client about the consumer complaint process



- B. Educate a Client about Renting a Home
  - 1. Assist a client in determining an affordable rent
  - 2. Educate a client on how to compare rental options based on wants and needs
  - 3. Educate a client about rental agreements
  - 4. Educate a client about the rights and responsibilities of landlords and tenants
- C. Educate a Client about Purchasing a Home
  - 1. Facilitate a client's consideration of pros and cons of owning or renting a home based on current and future needs and wants
  - 2. Assist a client in determining affordable housing expenses (for example: principle, interest, taxes, insurance, maintenance, HOA, improvements, utilities)
  - 3. Educate a client about the home buying process
    - a. discuss search strategies (for example: prequalification, realtor selection)
    - b. discuss the mortgage application process (for example: banks, credit unions, mortgage lender, mortgage broker)
    - c. discuss the mortgage selection process (for example: Private Mortgage Insurance, down-payment, escrow accounts, amortization, closing costs)
    - d. discuss the types of loans (for example: fixed vs. variable, duration of loan, contract for deed, interest only)
  - 4. Help a client calculate the front-end and back-end ratios
  - 5. Educate a client about refinancing a mortgage
  - 6. Educate a client about a mortgage workout (for example: short sale, modification, deed-in-lieu of foreclosure)
- D. Educate a Client about Selling a Home
  - 1. Describe the selling process to a client
  - 2. Explain a seller's disclosure obligations
  - 3. Explain the role of comparable properties in the assessment of value

Que			
Recall	Application	Analysis	Total

- 4. Explain the role of contingencies in a purchase agreement
- 5. Review options with a client about what to do with the proceeds of a home sale

#### E. Educate a Client about Consumer Rights and Responsibilities

- 1. Explain basic consumer rights under Federal and state laws (for example: the Fair Credit Reporting Act, Fair Debt Collection Practices Act, statutes of limitation of debt collection, cooling-off period, free annual credit report)
- 2. Identify consumer advocate resources (for example: attorneys general, Federal Trade Commission, Consumer Financial Protection Bureau)

	7. Manage	Financial Risks	3	8	3	14
	A. Educate a Client about Financial Risk					
	<ol> <li>Identify sources of risk (for example: home ownership, income loss, medical expenses, liabilities)</li> </ol>					
_	2. Assist a client in determining risk management strategies (for example: insurance risk avoidance, loss control)				nce,	
-	3.	Review insurance needs with a client				
-	4.	Encourage a client to implement risk management				

- 5. Assist a client in evaluating a risk management plan
- 6. Encourage a client to periodically review insurance needs
- 7. Discuss the influence of a client's culture and values on risk management

## **B.** Educate a Client about Insurance Products

- 1. Educate a client about insurance terms (for example: premiums, deductible, copays, limits, coverage)
- 2. Manage property and liability insurance
  - a. major property (for example: vehicle, boat)
  - b. dwelling (for example: renters, homeowners)
  - c. liability (for example: umbrella, professional)

	Question Type			
Table 2: AFC Core Competencies (detailed)	Recall	Application	Analysis	Total
3. Manage health insurance				

a.	collaborate with a client to determine needed healthcare coverage (for
	example: health, dental, vision, prescription, supplemental policies)

- b. educate a client about health insurance products (for example: Medicare, Medicaid, HMO, PPO)
- 4. Evaluate life insurance
  - a. assist a client in evaluating the need for life insurance
  - b. help a client determine the factors that influence the amount of life insurance needed
  - c. differentiate among types of life insurance policies for a client (for example: cash value, term)
  - d. educate a client about the importance of beneficiary selection and review
  - e. identify beneficiary changes likely associated with life-changing events
  - f. Evaluate disability insurance (for example: long-term, short-term, ownoccupation, any-occupation)

8. Discuss Investment Basics with a Client		7	0	15
A. Educate a Client about Investment Fundamentals				

- 1. Assist a client in determining saving and investing goals within a client's spending plan
- 2. Assist a client with determining goals, priorities, and risk tolerance
- 3. Explain the positive role of asset allocation, diversification, rebalancing, and dollar cost averaging to achieving goals
- 4. Explain the rationale behind short-term, mid-term, and long-term investments
- 5. Explain the types, roles, and fiduciary responsibilities of investment professionals (for example: Certified Financial Planner, Registered Investment Advisor, Chartered Financial Consultant)
- 6. Explain the process, criteria, and resources for selecting an investment professional

Que	Question Type			
Recall	Application	Analysis	Total	

- 7. Explain the terminology related to investments (for example: rule of 72, compounding, time value of money)
- 8. Explain the various expenses involved with investments (for example: loads, fees, commissions)
- 9. Explain the difference between active and passive investment approaches

## B. Educate a Client about Investment Choices

- 1. Educate a client about the characteristics, advantages, and disadvantages of investment alternatives
  - a. stocks
  - b. bonds
  - c. mutual funds
  - d. real estate (for example: rental properties, commercial, retail, real estate investment trust)
  - e. alternative investments (for example: venture capital, commodities, tax-sales, collectibles, options, futures)
  - f. Educate a client about investment resources and evaluation tools
  - g. Discuss the influence of a client's culture and values on investment choices

## C. Educate a Client about Investor Protection

- 1. Describe the role of investor protection resources (for example: state, Federal, industry)
- 2. Educate a client about how to use resources to check professionals' credentials and history (for example: broker, financial advisor, insurance salesperson)
- 3. Educate a client about investment fraud (for example: affinity, Ponzi, cold-call, Internet)

		Question Type			
able 2: AFC	Core Competencies (detailed)	Recall	Application	Analysis	Total
	a Client about the Financial Aspects of Retirement te Planning	6	7	1	1
A. Edu	cate a Client about Retirement Planning				<u>n</u>
1.	Assist a client in determining preferred retirement lifest	yle			
2.	Assist a client in short-term and long-term retirement p	lanning			
3.	Educate a client about retirement calculation tools				
<ol> <li>Educate a client about income sources in retirement (for example: social secur defined benefit plan, employer-sponsored plan, IRA, SEP-IRA, SIMPLE-IRA, downsizing primary residence, reverse mortgage, business ownership, rental income, employment, savings and investments, annuities)</li> </ol>					ity,
5.	Illustrate the advantage of using tax-sheltered retirement	nt accoi	unts		
6.	6. Educate a retired client about redeveloping a spending plan				
7.	Educate a retired client about how to prioritize account	withdra	wals		
8.	Encourage a client to periodically review his or her retire	ement p	lan		
9.	Discuss the influence of a client's culture and values on	retirem	ent plar	nning	
B. Edu	cate a Client about Estate Planning				
1.	Educate a client about tools associated with end-of-life example: advance directives, trusts, wills)	decisio	n makir	ng (for	
2. Explain the estate planning process and terminology (for example: guardian, beneficiary, executor, intestacy, trustee, power-of-attorney)					
3.	3. Educate a client about specific estate planning issues (for example: providing for minor children or dependents, property transfer, business succession)				
4.	4. Encourage a client to generate appropriate documents (for example: wills)				
5.	Assist a client to determine when legal assistance is ne planning strategy	cessary	to set ι	up an es	state
6.	Educate a client how to select legal assistance				

7. Encourage a client to periodically review his or her estate plan

		Question Type			
Table 2: AFC Core Competencies (detailed)	Recall	Application	Analysis	Total	
8. Discuss the influence of a client's culture and values on estate planning					
Totals	38	73	39	150	