ABA CTFA

ABA Trust and Fiduciary Advisor Certification Questions & Answers

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CTFA

ABA Certified Trust and Fiduciary Advisor (CTFA)

200 Questions Exam – Pass/Fail Cut Score – Duration of 240 minutes

Table of Contents:

Discover More about the ABA CTFA Certification

Are you interested in passing the ABA CTFA exam? First discover, who benefits from the CTFA certification. The CTFA is suitable for a candidate if he wants to learn about Advisor Level. Passing the CTFA exam earns you the ABA Certified Trust and Fiduciary Advisor (CTFA) title.

While preparing for the CTFA exam, many candidates struggle to get the necessary materials. But do not worry; your struggling days are over. The CTFA PDF contains some of the most valuable preparation tips and the details and instant access to useful **CTFA study materials just at one click.**

ABA CTFA Trust and Fiduciary Advisor Certification Details:

Exam Name	ABA Certified Trust and Fiduciary Advisor (CTFA)
Exam Code	CTFA
Exam Price	$775 (USD)
Duration	240 mins
Number of Questions	200
Passing Score	Pass/Fail
Schedule Exam	**EXAM APPLICATION**
Sample Questions	**ABA Trust and Fiduciary Advisor Sample Questions**
Practice Exam	**ABA CTFA Certification Practice Exam**

ABA CTFA Syllabus:

Topic	**Details**
FIDUCIARY PRINCIPLES AND APPLICATIONS - 9%	
Understand and articulate fiduciary principles	Knowledge of: • What it means to be a fiduciary • Different fiduciary standards – ’40 act, reg bi, Uniform Trust Code • Fiduciary standard vs. Suitability standard (moved from ethics section) • The prudent investor rule

Topic	Details
	• OCC Reg 12 CFR 9
Understand and articulate fiduciary responsibilities	Knowledge of: • Powers • Duties • Uniform Acts/Codes • Safekeeping of Assets • Environmental Issues • Accountability – Who assumes/is ascribed fiduciary responsibility
Identify and interpret duties related to legal structure.	Knowledge of: • Different legal entity types commonly used to hold assets – Trust, LLC, LLP, IRA, TIC, JTWROS, SOLE PROPRIETORSHIP • How different legal entity structures align to meet client's objectives • How to identify structural challenges/conflicts • Asset location (taxable, tax deferred) and how it informs asset allocation
INTEGRATED PLANNING AND ADVICE (FINANCIAL AND TAX) - 28%	
Develop a financial plan and/or investment selection.	Knowledge of: • Goals • Time horizon • Risk tolerance • Income sources • Review of a client's tax return • Net worth • Educational planning • Cash flow analysis • Budget • Insurance types and usage • Debt management

Topic	Details
Identify and interpret types of ownership interests.	Knowledge of: • Powers of appointment • Types of joint ownership - Joint tenancy with right of survivorship (JTWROS) - Tenancy in common (TIC) - Tenancy by entirety (TBE) • Controlling document - Beneficiary designations - Transfer on death (TOD)/payable on death (POD) • Community property versus separate property
Educate clients in regard to estate planning.	Knowledge of: • Current client goals • Probate versus non-probate assets • Powers of appointment • Incapacity • Disclaimers • Gifting techniques for trust and individuals to optimize transfer tax planning • Planning and administering for clients with special needs • Philanthropic intent and options to optimize transfer tax planning • Digital assets • Modeling an estate plan flow with terms and dollar calculations • Knowledge of estate and gift tax limits and unused exemptions • Business succession planning • Educational planning
Consult and implement retirement strategies.	Knowledge of: • Types of IRA accounts • Qualified versus non-qualified plans

Topic	Details
	• Social Security • Medicare/Medicaid • Employee stock ownership plans (ESOPs) • Net unrealized appreciation (NUA)
Educate clients regarding the use of insurance to mitigate risk.	Knowledge of: • Life insurance • Health insurance • Property and casualty insurance • Homeowner's insurance • Disability insurance • Long-term care insurance • Umbrella insurance • Malpractice insurance
Analyze and interpret income tax reporting.	Knowledge of: • Individual income tax • Fiduciary tax • Foundations, charitable trusts and split interest trusts tax • Business tax (LLC, LLP, FLP, S Corp, C Corp) • Foreign tax reporting requirements
Identify, communicate, and apply generation-skipping transfer tax (GSTT).	Knowledge of: • Skip persons/trusts • GSTT • Taxable distributions • Taxable termination • Planning strategy
Understand and explain fiduciary income tax.	Knowledge of: • Simple versus complex • Grantor trusts • Fiscal and calendar year end filings • Distributable net income (DNI)

<table>
<tr><th>Topic</th><th>Details</th></tr>
<tr><td></td><td>65-day rule
645 election
Right of withdrawal power
Treatment of capital gains
Foreign tax withholding</td></tr>
<tr><td>Understand and apply knowledge of federal estate and gift tax.</td><td>Knowledge of:
Determine taxable estate assets
Estate tax
Marital and charitable deductions
Portability
Payment of taxes
Gift tax exclusion
Potential difference between federal and state transfer taxes</td></tr>
<tr><td>Coordinate distributions from retirement vehicles.</td><td>Knowledge of:
Required minimum distributions
Ability to withdraw
Penalties for early withdrawals
Rollovers
Qualified charitable distribution (QCD)</td></tr>
<tr><td colspan="2">ASSET MANAGEMENT – INTERACTION OF ALL ASSET TYPES - 19%</td></tr>
<tr><td>Profile and understand a client’s risk appetite.</td><td>Knowledge of:
Inquiry/profiling techniques to learn about the client, their financial resources and all relevant assets
Risk dimensions (market risk, liquidity risk, concentration risk, credit risk, reinvestment risk, inflation risk, time horizon risk) and client’s appetite for risks</td></tr>
<tr><td>Recommend an appropriate investment strategy based on goals and objectives.</td><td>Knowledge of:
Asset allocation and asset location (taxable, tax-deferred structures)
Prudent investor rule</td></tr>
</table>

Topic	Details
	• Concentration of assets • Time horizon • Client needs • Trust provisions • Risk tolerance • Current and remainder beneficiary needs • Tax considerations
Measure, compare, and communicate investment performance for clients.	Knowledge of: • Time-weighted versus dollar-weighted • Risk adjusted • Benchmarks and indices
Identify economic and market outlook concepts.	Knowledge of: • Monetary policy • Government fiscal policy • Inflation • Interest rates • Gross domestic product • International currency/assets/markets • Economic cycles
Implement multi-asset class investment strategy.	Knowledge of: • Equities • Fixed income • Convertible securities • Mutual funds • Closely held businesses • Real estate and farms • International assets • Master limited partnerships • Stock options • ETFs • Oil, gas, and minerals • Commodities • Currencies

Topic	Details
	• Precious metals • Prohibited Industries • Alternative investments • Environmental, social and governance (ESG)
Create and manage portfolios.	Knowledge of: • Modern portfolio theory • Equity investment management approaches • Fixed income investment management approaches • Hedging strategies • Tax efficient management
ADMINISTRATION OF TRUST ACCOUNTS - 16%	
Review nature and characteristics of legal entity structure and account capacity.	Knowledge of: • Trusts • Estates • Guardianships/conservatorships • Custodians • Agencies
Review and interpret trust provisions.	Knowledge of: • Trust interests (current, remainder, vested) • Understanding beneficiary financial situation • Right to statements and copy of trust agreement • Mandatory and discretionary distributions (full versus limited) • Ascertainable standards (HEMS) • Power to adjust • Uniform Trust Code (UTC) • Rights of withdrawal • Crummey powers • Unitrust and annuity calculations • Final distributions and settlement

Topic	Details
Classify transactions using principal and income accounting.	Knowledge of: • Fee calculation and allocation • Real estate income and expenses • Income (interest, royalty, rental), dividends, and capital gains • Taxes • Additional expenses • Governing document versus statutory guidelines • Distribution criteria (from income, principal, P&I)
Determine roles and fiduciary responsibilities.	Knowledge of: • Trustee’s duties and powers • Financial power of attorney • Grantor powers • Directed Trustee • Trust protector • Power to decant/reform
Apply and administer common types of trusts.	Knowledge of: • Revocable trusts • Irrevocable trusts • Marital trusts (Examples for Internal Blueprint Only: QTIP/SLAT/Q-DOT) • Irrevocable life insurance trusts (Examples for Internal Blueprint Only: ILIT) • Split interest trusts (Examples for Internal Blueprint Only: GRIT/GRAT/GRUT) • Charitable interest trusts (Examples for Internal Blueprint Only: CRUT/CRAT/CLAT/CLUT) • Intentionally defective trusts (Examples for Internal Blueprint Only: IDGT/BDIT) • Qualified personal residence trusts (Example for Internal Blueprint Only: QPRT) • Pet trusts

Topic	Details
	• Blind trust • Silent trusts • Dynasty trust • Special needs/supplemental needs trusts • Other legal entity structures holding assets (LLC, LLP, corporation, partnerships)
RISK/COMPLIANCE MANAGEMENT - 15%	
Maintain compliance with Bank Secrecy Act (BSA)/Anti-Money Laundering (AML).	Knowledge of: • Source of funds • Identity of beneficial owners, beneficiaries, and other interested parties • Expected transactions as they relate to all interested parties • BSA • AML • Suspicious Activity Reports (SAR)
Execute the pre-acceptance process to eliminate potential risk.	Knowledge of: • Your client (KYC) • OFAC • Capacity • Due diligence • Enhanced due diligence situations • Foreign clients and beneficiaries • Unique assets • Concentrated assets • Environmental site assessment and compliance with Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
Review and remediate overdrafts.	Knowledge of: • Principal and income accounting • Uniform Principal and Income Act (UPIA) • Unauthorized loans (e.g., Regulation O)

Topic	Details
Perform administrative reviews pursuant to internal policies or external regulations.	Knowledge of: • Regulation 9 • Internal policies • Asset allocation in alignment with investment policy statement
Apply the formal requisites of establishing a fiduciary account.	Knowledge of: • Written agreements • Trust Situs • Governing law • Resignation/acceptance
ETHICS - 6%	
Comprehend and articulate fiduciary responsibilities.	Knowledge of: • Duty of loyalty • Duty to inform • Duty of impartiality • Duty to account • Breach of trust and personal liability • Confidentiality • Privacy • Undue influence • Disclosure of compensation
Recognize the signs of financial and elder abuse and how and when to report.	Knowledge of: • Definition of elderly and vulnerable adults • Change in client behavior • Client competence/ capacity
Clarify the limits of capacity to advise.	Knowledge of: • Unauthorized practice of law • Limitation of tax advice
Identify, disclose, and/or avoid potential conflicts of interest.	Knowledge of: • Self-dealing

Topic	Details
	• Gifts to and from clients and vendors • Business solicitation • Compensation arrangements • Related parties and affiliates • Proprietary investments
Adhere to investment regulatory requirements.	Knowledge of: • Insider information • Equal treatment of accounts • Directed brokerage • Disclosures • Prudent investor standards • Control person
RELATIONSHIP MANAGEMENT - 7%	
Summarize and document the client relationship.	Knowledge of: • Family dynamics and extended relationships of clients • Family tree • Related parties • Other trusted advisors and designations • Differing beneficial interests • Cash needs versus wants and balancing interests • Overall relationship net worth • Alternate solutions
Manage client expectations.	Knowledge of: • Document limitation • Monte Carlo simulations – cash needs and projections • Communication preferences and frequency • Timing of deliverables • Tax reporting • Capacity and role

Topic	Details
	• Behavioral finance
Evaluate and develop new business.	Knowledge of: • Asset retention strategies • Developing relationships with internal/external partners or professionals • Strategies to encourage referrals

Broaden Your Knowledge with ABA CTFA Sample Questions:

Question: 1

A client faces a 30% federal income tax rate and a 5% state tax rate. Municipal bonds issued in the client’s state of residence are exempt from state taxes. Considering current income only, and not adjusting for the federal deductibility of state taxes,

Which of the following repre-sents a proper comparison of bond attractiveness?

a) A 10% Treasury bond is more attractive than a 7.2% municipal bond issued by a state of which the client is not a resident.
b) A 6.0% bond issued by the client's state of residence is more attractive than a 7.2% municipal bond issued by another state.
c) An 18% corporate bond is more attractive than a 12% municipal bond issued by the client's state of residence.
d) A 6.75% municipal bond issued by the client's state of residence is more attractive than a 7% municipal bond issued by a U.S. territory.

Answer: a

Question: 2

When premium income less return premiums arising from policies issued or other contracts entered into to reinsure other insurance entities that provide the related primary coverage are called:

a) Indirect premiums
b) Direct premiums
c) Assumed reinsurance premiums
d) Real reinsurance premiums

Answer: c

Question: 3

John creates a trust with income during life to Sam, the remainder to Sue. John retains the right to amend or revoke the agreement. Sue will have to disclaim her interest in the trust within 9 months of:

a) John's death
b) Sam's death
c) The creation of the trust
d) The appointment of the executor or administrator of Sam's estate

Answer: a

Question: 4

Your client is married and has a net worth of $12 million, which includes a jointly owned house worth $2.5 million. His wife has assets of $1,000,000. They have simple wills leaving everything to each other and then to their two children in equal shares. The BEST advice to reduce federal estate taxes is that he:

a) Leave everything to his wife in his will.
b) Give $14,000 per year to each of his two children.
c) Transfer the house ownership completely to his wife.
d) Incorporate a credit shelter trust provision in his will.

Answer: d

Question: 5

Which of the following was not suggested by John Maynard Keynes as a reason for holding cash?

a) Speculative motive
b) Investment motive
c) Precautionary motive
d) Transaction motive

Answer: b

Question: 6

Distributions from which of the following CANNOT be rolled over into an IRA?

a) 401(k)
b) Money Purchase Pension Plan
c) Profit Sharing Plan
d) Rabbi Trust

Answer: d

Question: 7

A trust you administer, in a jurisdiction that has adopted Directed Trust statutes, contains language in the trust document appointing a fiduciary for investment purposes. Your institution is a directed trustee responsible as a fiduciary for administration only. You believe that the investment fiduciary is abusing this power and is directing you to make an imprudent investment. You should:

a) Tell the advisor he must first obtain the consents of the current beneficiary and presumptive remaindermen.
b) Confront the advisor and, if the situation cannot be remedied, seek court guidance.
c) Follow the advisor's directions nonetheless.
d) Obtain the written consent of all fiduciaries.

Answer: b

Question: 8

What is that principle which states that an insured may not be compensated by the insurance company in an amount exceeding the insured"™s economic loss?

a) Principle of cash value
b) Principle of indemnity
c) Right of subrogation
d) Co-insurance

Answer: b

Question: 9

______________ is an insurance specialist who works for the insurance company as an independent adjustor or for an adjustment bureau, to investigate claims.

a) Personal liability umbrella
b) Captive agent
c) Independent agent
d) Claims adjuster

Answer: b

Question: 10

Whole life insurance is a life insurance designed to offer ongoing insurance coverage over the course of an insured’s entire life. The noteworthy advantage of whole life insurance is:

a) It’s a low-load life insurance
b) One can budget premium payments for a long period
c) Premium payments contribute towards building an estate
d) These are sold only by agents

Answer: c

Avail the Study Guide to Pass ABA CTFA Trust and Fiduciary Advisor Exam:

- Find out about the CTFA syllabus topics. Visiting the official site offers an idea about the exam structure and other important study resources. Going through the syllabus topics help to plan the exam in an organized manner.
- Once you are done exploring the **ABA CTFA syllabus**, it is time to plan for studying and covering the syllabus topics from the core. Chalk out the best plan for yourself to cover each part of the syllabus in a hassle-free manner.
- A study schedule helps you to stay calm throughout your exam preparation. It should contain your materials and thoughts like study hours, number of topics for daily studying mentioned on it. The best bet to clear the exam is to follow your schedule rigorously.
- The candidate should not miss out on the scope to learn from the **Trust and Fiduciary Advisor training.** Joining the ABA provided training for this ABA certification exam helps a candidate to strengthen his practical knowledge base from the certification.
- Learning about the probable questions and gaining knowledge regarding the exam structure helps a lot. Go through the **ABA CTFA sample questions** and boost your knowledge
- Make yourself a pro through online practicing the syllabus topics. CTFA practice tests would guide you on your strengths and weaknesses regarding the syllabus topics. Through rigorous practicing, you can improve the weaker sections too. Learn well about time management during exam and become confident gradually with practice tests.

Career Benefits:

Passing the ABA CTFA exam, helps a candidate to prosper highly in his career. Having the certification on the resume adds to the candidate's benefit and helps to get the best opportunities.

Here Is the Trusted Practice Test for the ABA CTFA Certification

CertFun.Com is here with all the necessary details regarding the CTFA exam. We provide authentic practice tests for the CTFA exam. What do you gain from these practice tests? You get to experience the real exam-like questions made by industry experts and get a scope to improve your performance in the actual exam. Rely on CertFun.Com for rigorous, unlimited two-month attempts on the **CTFA practice tests**, and gradually build your confidence. Rigorous practice made many aspirants successful and made their journey easy towards grabbing the ABA Certified Trust and Fiduciary Advisor (CTFA).

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https://www.certfun.com/aba/ctfa-aba-trust-and-fiduciary-advisor