Annexure –II

NISM-Series-XVII: Retirement Adviser Certification Examination

Test Objectives

Unit 1: Fundamental Concepts in Retirement Planning

1.1 Understand the need for retirement planning

1.1.1. How retirement planning is moving from "defined benefits" to "defined contribution"

1.1.2. Know the need to apportion current income between current and future expenses

1.1.3. Know the importance of budgeting in providing for current and future expenses and needs

1.1.4. Increasing Life expectancy

1.2 Know the basic financial concepts associated with retirement planning

1.2.1. Understand the impact of inflation and time value of money

1.2.2. Real Rate of Return Vs. Nominal Rate of Return

1.2.3. Know the effect of compounding on returns

1.2.4. Understand the benefit of market linked returns vs fixed returns

1.3 Know the features of the retirement goal

1.4 Know the advantages and importance of starting retirement savings early

1.5 Understand the risk of underestimating retirement goals

1.6 Understand the emotional aspects of retirement, beyond the financial aspects, and the need to be prepared for it

Unit 2: Financial Markets & Investment Products

2.1 Understand the need for making investments to reach retirement goals

2.2 List the difference between saving and investment

2.2.1 Trade-off between risk and return

2.3 Know the different types of asset classes and sub-asset classes

2.4 Describe the features of different asset classes, with special focus on risk and return

2.5 Understand the returns from different types of asset classes

2.5.1 Components of total returns: dividend/interest and capital gains or loss

2.5.2 Nature of return: Fixed return Vs variable returns

2.6 Understand the risks associated with different investments and the risk and return trade-off

2.7 Understand the factors that affect the selection of an asset class for investment (risk taking ability, need for growth or income, need for liquidity, investment horizon)

2.8 Understand the impact of macro-economic factors such as falling interest rates, etc. on the performance of different asset classes

2.9 Understand the concept of asset allocation and its impact on the investor portfolio risk and return (Strategic and Tactical Asset Allocation)

2.10 Know the Indian Financial System and the features of common investment products

- 2.10.1. Equity Investment
- 2.10.2. Fixed Income Investment
- 2.10.3. Bank Fixed deposits
- 2.10.4. Small Saving Instruments
- 2.10.5. National Pension System
- 2.10.6. Pradhan Mantri Vaya Vandana Yojana
- 2.10.7. Annuity
- 2.10.8. Investment linked insurance products
- 2.10.9. Mutual funds
- 2.10.10 Real Estate

Unit 3: Retirement Planning Process

3.1 Know to evaluate the client's current situation

- 3.1.1. Lifecycles and its impact on saving and investing for retirement
- 3.1.2. Understand the process of budgeting

3.2 Learn the process of setting the retirement goal

- 3.2.1. Understand the change in expense profile in retirement
- 3.2.2. Define the income required in retirement
- 3.2.3. Identify when the funds will be required (investment horizon)
- 3.2.4. Determine the asset allocation and Calculate the corpus required to generate the income (Time Value of Money, PV, FV, Real rate of return, Pre-tax and Post-tax return)
- 3.2.5. Consider the investments already made to arrive at the shortfall that needs to be funded. This is the retirement goal
- 3.2.6. Calculate the periodic savings and investment required to reach the retirement goal

3.3 Learn the process of matching investor's needs to investment

- 3.3.1. Evaluate available investments for suitability based on the ability and willingness to take risk and adequacy of returns

  Risk profiling of investors: Age, dependents, assets and liabilities, income levels and income security, investment horizon, risk appetite and tolerance
- 3.3.2. Make and monitor the investments
- 3.3.3. Assess any change in retirement plans and income requirement whenever there is a life event or significant change in income and expense

3.4 Know Post-retirement/ Distribution Stage activities

3.4.1. List expected expenses and assess the need for income

3.4.2. Convert assets into income streams based on the need

3.4.3. Evaluate the need for part-time employment, if income falls short

3.4.4. Assess the adequacy of insurance available to the retiree

3.4.5. Create a budget to live, given available income

3.5 List the risks to retirement plan and know how to manage it

3.5.1. Underestimating retirement needs

3.5.2. Lower than planned savings and investment

3.5.3. Investing too conservatively or aggressively

3.5.4. Lower growth in investments

3.5.5. Fall in annuity rates and interest rates at the time of purchase/investment

3.5.6. Risks of Early Withdrawal

3.6 Understand the need to maintain and update plan

3.6.1. In response to change in needs

3.6.2. In response to change in life cycle stage

3.6.3. In response to life events

3.7 Behavioural biases in investment decision making

Unit 4: Retirement Planning Products: National Pension System

4.1 Know the features and benefits of National Pension System

4.1.1. Intermediaries and Constituents of the NPS

4.1.2. List the various models available under the NPS for different categories of subscribers

4.1.3. Know the types of accounts available under NPS (Tier I and Tier II)

4.1.4. Know the fees and charges related to the scheme

4.1.5. NPS offer document

4.2 Know how the NPS works

4.2.1. Know how the funds accumulate the corpus to provide retirement income

4.2.2. Understand the different investment options: features, risks, returns

4.2.3. Understand how the retirement income will be generated (Annuities)

4.2.4. Know the options available at the time of exit (deferred withdrawal, deferred annuity, continuation of contribution etc.)

4.3 Know the basic requirements for investing in the NPS

4.3.1. KYC formalities

4.3.2. Bank account Details

4.4 List the procedure for investing in NPS

4.4.1. Comply with eligibility requirements

4.4.2. Apply for PRAN

4.4.3. Making the application : Physical and online

Tier 1 and Tier II accounts

4.4.4. Impact of Subscriber actions-discontinuing and Stopping Contribution

4.4.5. Investor Grievance Redressal Mechanism

4.4.6. NPS Online Facilities

4.5 Know the tax aspects of investing in NPS

4.5.1. At the time of making the contributions

4.5.2. Returns/ Earnings Stage

4.5.3. At the time of exiting the NPS

Unit 5: Evaluating Fund Performance & Fund Selection

5.1 Know the calculation of Return on Investment

5.2 Understand the different types of return calculations

5.2.1. Absolute returns

5.2.2. Annualized returns

5.2.3. CAGR

5.2.4. XIRR

5.3 Know the different measures of risk in an investment and their interpretation

5.3.1. Standard deviation

5.3.2. Beta

5.3.3. Sharpe Ratio

5.4 Understand the concept of benchmark

5.5 Know the different ways in evaluating the performance of the fund

5.5.1. Relative to benchmark

5.5.2. Relative to peer group performance

5.6 Know the steps in matching investor’s retirement needs to product

5.6.1. Understand the advantage to the long-term investor in investing through funds

5.6.2. Suggest suitable fund based on the investor’s needs and profile

5.6.3. Sources of Information

Unit 6: Retirement Planning Products: Other Investment Products

6.1 Know the other mandatory savings products and their features: contributions, returns, loans, withdrawals

6.2 List and describe voluntary investment products available to investors

6.2.1. Accumulation stage products: Direct equity, Bonds and debentures, Provident Fund, Superannuation, Gratuity Schemes, PPF, Post office savings schemes, Bank deposits and other deposits, Mutual fund products, Investment linked Insurance products. Retirement saving deferred annuities

6.2.2. Distribution stage products: retirement income immediate Annuities, Government schemes offered through the post office and banks, bank deposits and other deposits, mutual fund products,

6.2.3. Reverse Mortgage Scheme

Unit 7: Retirement Planning Strategies

7.1. Bridging Shortfall in Retirement Corpus

7.2. Periodic Investments

7.3. Retirement Income from Multiple Sources

7.4. Bucket Strategy

7.5. Tax Advantages in Different Stages of Retirement

7.6. Automating Investments

Unit 8: Special Considerations in Retirement

8.1 Understand the implications of specific situations on retirement planning and how they are to be managed

8.1.1. Loans: Existing obligations and new loans

8.1.2. Employment in retirement

8.1.3. Medical conditions and needs (Health, Disability, Long-term care)

8.1.4. Providing for spouse

8.1.5. Tax impact of retirement benefits and corpus

8.1.6. Estate planning

8.2 Know the documents necessary for effective retirement planning

8.2.1. Income tax returns

8.2.2. Investment account statements, pass books, deposit receipts and others

8.2.3. Property documents

8.2.4. Insurance documents

8.2.5. Power of Attorney, Nominations, assignment and other documentation for identifying beneficiaries

8.2.6. Health care insurance paperwork

8.2.7. Wills, trusts and other documents linked to estate planning

Unit 9: Regulations & Regulators

9.1 Know the Indian Regulatory System

9.2 Understand the role of the PFRDA

9.3 Know other regulators involved: SEBI, RBI, IRDAI, Ministry of Finance

9.3.1. Ministry of Finance and its departments

- 9.3.2. Ministry of Corporate Affairs
- 9.3.3. Reserve Bank of India (RBI)
- 9.3.4. Securities Exchange Board of India (SEBI)
- 9.3.5. Insurance Regulatory and Development Authority of India (IRDAI)

9.4 Know the important regulations for retirement advisers

- 9.4.1. PFRDA Act 2013
- 9.4.2. PFRDA (Retirement Adviser) Regulations, 2016
- 9.4.3. PFRDA (Point of Presence) Regulations, 2018
- 9.4.4. PFRDA (Central Record Keeping Agency) Regulations, 2015
- 9.4.5. PFRDA (NPS Trust) Regulations, 2015
- 9.4.6. PFRDA (Pension Fund) Regulations, 2015
- 9.4.7. PFRDA (Exits and Withdrawals under the NPS) Regulations, 2015

9.5 Ethics beyond regulations, fiduciary duties,

9.6 Know the grievance redressal mechanisms available to investors