

ENGLISH FOR WORK / ADVISERS / CLIENT CONVERSATIONS / INFORMED DECISIONS

Financial Advice **English**

Make goals concrete. Explain choices clearly. Keep trust grounded in facts.



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Eight practical lessons. Eleven extended conversations.

Vocabulary, phrase banks, guided speaking, and explained answers.

Revised 2026 edition / Upper-intermediate to advanced

Your route through the book

01 Advisor English: Discovery, Scope, Trust, and Boundaries, page 4

Clarify an imprecise client goal and explain the information needed before an individualized recommendation.

02 Standards of Conduct, Best Interest, Disclosures, and Conflicts, page 16

Explain compensation, additional costs, and conflicts using current disclosures and a bounded illustration.

03 Goals, Risk Profile, Asset Allocation, and IPS Language, page 31

Distinguish willingness to take risk from capacity for loss and the timing of a specific goal.

04 Retirement Planning, Income, Tax-Aware Conversations, and RMDs, page 42

Explain retirement-model assumptions and distinguish projected income from guarantees and withdrawal requirements.

05 Portfolio Reviews, Volatility, Rebalancing, and Behavioral Coaching, page 56

Acknowledge concern, reconcile an account-value change, and separate explanation from a trading recommendation.

06 Products, Account Types, Rollovers, Annuities, Insurance, and Alternatives, page 67

Compare options on consistent criteria and explain product and transfer limitations without recommending prematurely.

07 Family, Estate, Beneficiaries, Elder Risk, and Difficult Client Moments, page 80

Explain an account-update process compassionately while distinguishing beneficiary status, trusted contact, and legal authority.

08 Practice Management, Documentation, Complaints, Marketing, and Supervision, page 92

Restate a specific complaint, explain investigation status, and commit only to an authorized next step.

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Suggested study range: B2-C1. This is an editorial study range, not a certified proficiency assessment.

Reassurance is not a guarantee.

Clients bring goals, incomplete information, uncertainty, and sometimes strong emotion. Effective advice English makes room for those concerns while keeping costs, risks, assumptions, and authority clear. These fictional cases practice communication, not recommendations for real portfolios.

Ask for the missing fact

Translate a broad goal into the amount, date, priority, and constraints needed for analysis. Explain why the information matters instead of treating a questionnaire as the conversation.

"Which spending estimate and retirement date should the first illustration use?"

Name the relationship

Clients need to know the service, professional capacity, fee basis, and limits that apply. A title alone does not explain what the firm will do or how it is paid.

"Let us use the current relationship summary and agreement to check the service and charges."

Preserve client agency

Explain relevant alternatives and check understanding without pressuring the client or confusing a question with an instruction. Family involvement does not itself confer account authority.

"We can compare the options before you decide; no change is authorized by this discussion."

Make uncertainty specific

Identify which result is historical, which is modeled, and which information is missing. A useful qualification tells the client what changes the conclusion and what happens next.

"This chart uses a constant return assumption; actual returns and spending can differ."

Professional boundaries

Fictional English-language practice, not personalized financial, investment, insurance, tax, or legal advice. US terminology is used where identified; professional duties and account rules vary. Actual recommendations require current documents, client facts, applicable rules, and qualified review. No product or transaction is endorsed.

A Read the situation

LESSON 01 / ADVISOR ENGLISH: DISCOVERY, SCOPE, TRUST, AND BOUNDARIES

Clarify an imprecise client goal and explain the information needed before an individualized recommendation.

Turning a retirement wish into usable planning facts

Leah tells adviser Sam, "I want to retire comfortably." She has not supplied a target date, spending estimate, or current asset and liability summary. The introductory meeting covers discovery and the proposed planning service; no engagement scope or investment recommendation has been finalized. Leah asks whether a single savings target can be supplied immediately. Sam can explain the process and request information through the approved secure channel, but cannot responsibly fill the missing facts with assumptions presented as her circumstances.

People: Leah, Prospective client; Sam, Financial adviser.

Read the record

Choose one answer per question using the facts above.

1. Which key facts are missing?

- A. A confirmed trading instruction
- B. Retirement date, spending estimate, and current financial summary
- C. A guaranteed investment product
- D. A completed tax return prepared by Sam

2. What is the current meeting's purpose?

- A. Discovery and explanation of the proposed planning service
- B. Execution of an approved portfolio change
- C. Confirmation of guaranteed retirement income
- D. Acceptance of a final savings target

3. How should any provisional number be described?

- A. As automatic permission to trade
- B. As an assumption to check, not a verified client fact
- C. As Leah's confirmed financial position
- D. As guaranteed investment performance

[Answers and explanations, page 117](#)

B Vocabulary in use

CORE TERMS

discovery meeting

An initial discussion to understand a client's circumstances and aims.

conduct a discovery meeting

planning scope

The agreed topics and services included in a planning assignment.

define the planning scope

financial goal

A desired outcome expressed with relevant amount, timing, and priority.

clarify a financial goal

spending estimate

An approximation of expected outgoings on a stated basis.

build a spending estimate

discretionary spending

Outgoings the client has greater ability to adjust.

distinguish discretionary spending

asset summary

An account of owned resources and their relevant characteristics.

prepare an asset summary

fact-find

Structured collection of information relevant to planning or advice.

complete the client fact-find

engagement agreement

Terms describing the professional relationship and services.

review the engagement agreement

target retirement date

The date or period the client aims to stop or reduce work.

confirm the target retirement date

essential spending

Costs the client treats as necessary for basic or committed needs.

identify essential spending

household cash flow

Money received and paid by a household over a period.

review household cash flow

liability summary

An account of debts and other obligations.

update the liability summary

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

discovery meeting **DISCOVERY MEETING**

conduct a discovery meeting

Keep the meaning precise: An initial discussion to understand a client's circumstances and aims.

target retirement date **TARGET RETIREMENT DATE**

confirm the target retirement date

Keep the meaning precise: The date or period the client aims to stop or reduce work.

B Precision and professional shorthand

EXTEND YOUR RANGE

net worth

Assets less liabilities on a defined valuation basis.

estimate household net worth

income source

An identified origin of household receipts.

verify each income source

emergency reserve

Resources intended for unexpected needs, with access and amount requiring context.

discuss the emergency reserve

constraint

A condition limiting available choices.

document a planning constraint

planning assumption

A provisional input used to explore possible outcomes.

label a planning assumption

secure channel

An approved protected route for exchanging sensitive information.

use the secure document channel

pension statement

A record of pension information issued by a plan or provider.

obtain a current pension statement

dependant

A person relying on the client for financial support in context.

identify financial dependants

time horizon

The period before or over which money is expected to be needed.

distinguish planning time horizons

priority

Relative importance assigned to a goal or need.

confirm the client's priority

information gap

Missing data relevant to the assessment.

identify an information gap

scope limitation

A boundary on what the engagement or analysis covers.

explain a scope limitation

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

liability summary LIABILITY SUMMARY

update the liability summary

Keep the meaning precise: An account of debts and other obligations.

emergency reserve EMERGENCY RESERVE

discuss the emergency reserve

Keep the meaning precise: Resources intended for unexpected needs, with access and amount requiring context.

Phrases that move the work forward

Acknowledge the aim

You want retirement to feel financially secure and manageable.

Clarify spending

Does that estimate cover the household or only your own spending?

Separate priorities

Which costs are essential, and which could change?

Limit the estimate

An initial illustration would use assumptions that we need to verify.

Avoid a promise

I cannot give a reliable single target from the goal alone.

Preserve agency

Reviewing the information does not authorize an investment change.

Identify uncertainty

We can record a provisional range without treating it as confirmed spending.

Summarize accurately

The goal is clear; the amount, timing, and current position remain incomplete.

Make it concrete

What timing should we use for your target retirement date?

Check the basis

Are these amounts in today's money or projected future amounts?

Request the record

Please provide current asset, liability, and pension information through the secure channel.

Close the meeting

We will confirm the information and service scope before a personalized recommendation.

Clarify services

The proposed scope does not automatically include tax or legal advice.

Explain a request

The dates and spending basis affect how we interpret the target.

Confirm the household

Who relies on the income included in this plan?

Check understanding

Does this summary distinguish your confirmed facts from our open questions?

Precision in real exchanges

Purpose: Check the basis

Useful wording: Are these amounts in today's money or projected future amounts?

Purpose: Separate priorities

Useful wording: Which costs are essential, and which could change?

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which response best develops the vague goal?

- A.** A comfortable retirement is guaranteed if you sign today.
- B.** Your missing asset total must be zero.
- C.** Let us clarify the retirement date, spending basis, and current financial position.
- D.** Everyone needs exactly the same retirement amount.

2. Which question clarifies the scope and purchasing-power basis of a spending estimate?

- A.** Which provider issued the most recent pension statement?
- B.** Is the amount for the household and expressed in today's money?
- C.** Which adviser will attend the next review meeting?
- D.** Which investments currently pay distributions into the account?

3. A colleague needs the term for this meaning: Terms describing the professional relationship and services. Which term fits?

- A.** income source
- B.** discretionary spending
- C.** planning assumption
- D.** engagement agreement

D Choose the response that fits / continued

4. Rebuild the exchange from "Turning a retirement wish into usable planning facts".
Leah: "I can provide recent household bills. Travel and future healthcare costs are less certain, so my first spending estimate would be incomplete." **Sam:** [missing response] **Leah:** "Should the estimate describe what those things cost now, or what they might cost in the year I stop working? Those numbers could be quite different." **Which response belongs in the gap?**

- A.** Include that commitment with its uncertainty and importance to you. We should understand your priorities rather than assume every optional-looking payment is something you would comfortably stop.
- B.** Separate essential spending from the more adjustable items. We can mark uncertain amounts clearly rather than filling the gaps with figures that look precise but lack support.
- C.** We need to agree the planning scope. I will explain our services and boundaries, including where a qualified tax or legal professional's separate input may be needed.
- D.** Use our approved secure channel. I will explain how to verify and access it through our established contact route, without asking you to post private information publicly.

[Answers and explanations, page 117](#)

One useful distinction

Comfortably is a useful expression of a goal, not a defined spending amount. A date and spending estimate need a basis: today's money or future amounts, household or individual, before or after tax. Do not silently choose those meanings for the client.

E Conversation

Turning a retirement wish into usable planning facts

Turning a retirement wish into usable planning facts

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

target / asset summary / engagement agreement / secure channel / commitment /
time horizon / planning scope / today's money / essential spending / planning assumption

- 01 **Leah:** I want to retire comfortably, but I do not know what number to aim for. Can you give me a savings target before we finish today?
- 02 **Sam:** We can clarify the goal first. A useful ¹ _____ depends on when you expect to retire, your spending needs, and the resources already available.
- 03 **Leah:** I might stop full-time work in several years, although part-time work could remain an option. I have not chosen an exact date.
- 04 **Sam:** Let us record that as an open ² _____, not a fixed retirement date. We can examine alternatives without treating either one as your confirmed instruction.
- 05 **Leah:** I can provide recent household bills. Travel and future healthcare costs are less certain, so my first spending estimate would be incomplete.
- 06 **Sam:** Separate ³ _____ from the more adjustable items. We can mark uncertain amounts clearly rather than filling the gaps with figures that look precise but lack support.
- 07 **Leah:** Should the estimate describe what those things cost now, or what they might cost in the year I stop working? Those numbers could be quite different.
- 08 **Sam:** Exactly. Identify whether it is in ⁴ _____ or future amounts. We also need to know whether it covers your household and whether taxes are included in the estimate.
- 09 **Leah:** I have account statements in several places, plus a pension statement and a mortgage. I do not have a single page showing my current position.
- 10 **Sam:** An ⁵ _____ will help, alongside the liabilities and income sources. Use current statements where available and label anything still estimated or missing.

Conversation continues on the next page.

Turning a retirement wish into usable planning facts

CONVERSATION / CONTINUED

- 11 **Leah:** I would rather not email the details to an unverified address. How should I send the documents?
- 12 **Sam:** Use our approved ⁶ _____. I will explain how to verify and access it through our established contact route, without asking you to post private information publicly.
- 13 **Leah:** Will the planning service also decide the legal and tax questions connected to retirement? I do not want to assume those are included just because they affect the plan.
- 14 **Sam:** We need to agree the ⁷ _____. I will explain our services and boundaries, including where a qualified tax or legal professional's separate input may be needed.
- 15 **Leah:** Once you have the documents, could you show a preliminary illustration even if a few spending amounts are still approximate? Seeing the assumptions might help me check them.
- 16 **Sam:** Yes, where appropriate, with each ⁸ _____ visible. An illustration can organize the discussion, but it must not disguise an uncertain input as a fact or guarantee the result.
- 17 **Leah:** I sometimes help a family member with bills. The amount varies. How should we include that without pretending it is a fixed monthly expense?
- 18 **Sam:** Include that ⁹ _____ with its uncertainty and importance to you. We should understand your priorities rather than assume every optional-looking payment is something you would comfortably stop.

Turning a retirement wish into usable planning facts / continued

- 19 **Leah:** I will bring the records and work out what I spend now. Please leave the investments as they are while we clarify the plan.
- 20 **Sam:** Correct. We will review the information and proposed ¹⁰ _____ before finalizing the scope and an individualized recommendation. Today's goal is a clear starting point, not an unsupported answer.

CHECK THE GAPS

1. target / 2. time horizon / 3. essential spending / 4. today's money / 5. asset summary / 6. secure channel / 7. planning scope / 8. planning assumption / 9. commitment / 10. engagement agreement

[Why these answers fit, page 118](#)

F Check accuracy and scope

Turning a retirement wish into usable planning facts

Return to the case

Leah tells adviser Sam, "I want to retire comfortably." She has not supplied a target date, spending estimate, or current asset and liability summary. The introductory meeting covers discovery and the proposed planning service; no engagement scope or investment recommendation has been finalized. Leah asks whether a single savings target can be supplied immediately. Sam can explain the process and request information through the approved secure channel, but cannot responsibly fill the missing facts with assumptions presented as her circumstances.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement correctly limits an initial illustration?

- A. It uses labeled assumptions that still need verification.
- B. It proves the final recommended target.
- C. It confirms every unknown asset value.
- D. It authorizes purchases in the account.

2. Which route fits the sensitive document request?

- A. A public discussion board
- B. An unverified message recipient
- C. A shared link open to anyone
- D. The firm's approved secure channel

[Answers and explanations, page 120](#)

Listen for the distinction

Switch roles. Stress the requests for household scope and today's-money amounts, and the separate need to agree the planning service.

Make discovery collaborative, not interrogative

A client may not yet have exact numbers. Explain which estimate is needed first, distinguish a provisional input from a verified fact, and acknowledge the goal in the client's own words. A warm response can still be clear that a reliable recommendation requires more information.

F Say it / transfer to a new case

A goal without a currency

A client says they need "forty thousand a year" but has not identified the currency, household scope, or whether the amount is before or after tax. No target has been approved.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

tax / currency / household / input

- 01 **Adviser:** First, which ¹ _____ does the amount use?
- 02 **Client:** I also need to clarify whether it covers the whole ² _____.
- 03 **Adviser:** Please specify whether the figure is before or after ³ _____.
- 04 **Client:** Until then, treat it as an incomplete planning ⁴ _____.

CHECK THE GAPS

1. currency / 2. household / 3. tax / 4. input

[Why these answers fit, page 120](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Turning a retirement wish into usable planning facts".
Leah: "Will the planning service also decide the legal and tax questions connected to retirement? I do not want to assume those are included just because they affect the plan."
Sam: [missing response]
Leah: "Once you have the documents, could you show a preliminary illustration even if a few spending amounts are still approximate? Seeing the assumptions might help me check them." Which response belongs in the gap?

- A.** Include that commitment with its uncertainty and importance to you. We should understand your priorities rather than assume every optional-looking payment is something you would comfortably stop.
- B.** We need to agree the planning scope. I will explain our services and boundaries, including where a qualified tax or legal professional's separate input may be needed.
- C.** Separate essential spending from the more adjustable items. We can mark uncertain amounts clearly rather than filling the gaps with figures that look precise but lack support.
- D.** Use our approved secure channel. I will explain how to verify and access it through our established contact route, without asking you to post private information publicly.

[Answers and explanations, page 121](#)

A Read the situation

LESSON 02 / STANDARDS OF CONDUCT, BEST INTEREST, DISCLOSURES, AND CONFLICTS

Explain compensation, additional costs, and conflicts using current disclosures and a bounded illustration.

What the advisory fee includes, and what it does not

Client Rosa asks adviser Evan how the firm is paid. The fictional advisory agreement charges 1% per year on the defined billable asset value, billed quarterly under its stated calculation method. For a simple illustration only, assume a constant \$500,000 billable balance for a full year. Product expenses and certain third-party charges are additional, not included in that 1%. Evan has the current agreement and relationship disclosures. No assurance that conflicts are absent or that a fee depends on positive returns is supported.

People: Rosa, Client; Evan, Adviser.

Read the record

Choose one answer per question using the facts above.

1. What is the annual advisory-fee illustration on the stated constant balance?

- A. \$50,000
- B. \$1,000
- C. \$5,000
- D. \$500

2. Which costs are included in the 1% according to the case?

- A. Every possible investment cost
- B. All taxes and legal fees
- C. Only costs when returns are positive
- D. The defined advisory fee, not all product and third-party charges

3. What documents should guide Evan's explanation?

- A. A previous firm's brochure
- B. An invented no-conflict guarantee
- C. The current agreement and relationship disclosures
- D. An assumed universal industry fee

[Answers and explanations, page 122](#)

B Vocabulary in use

CORE TERMS

advisory capacity

Acting in the role of an investment adviser under the relevant relationship.

clarify advisory capacity

dual registrant

A firm registered for both brokerage and investment-advisory activities in the US context.

explain a dual registrant's roles

fiduciary duty

Duties of loyalty and care arising in a legally defined relationship.

clarify the scope of fiduciary duty

Form CRS

A US retail relationship summary for covered brokerage and advisory firms.

review the current Form CRS

compensation

Payment or other benefit received for services or activity.

describe the compensation arrangement

billable assets

Assets included in the contractual fee calculation.

identify billable assets

brokerage capacity

Acting in a brokerage role for the relevant service or transaction.

identify brokerage capacity

standard of conduct

The professional or legal duties applying in the relevant circumstances.

explain the applicable standard of conduct

best interest

A conduct requirement or objective whose precise duties depend on applicable rules.

discuss the best-interest obligation

disclosure

Information provided about material terms, risks, costs, or conflicts.

explain the relevant disclosure

asset-based fee

A charge calculated using a defined measure of assets.

explain the asset-based fee

billing period

The interval for which charges are calculated or collected.

confirm the billing period

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

advisory capacity **ADVISORY CAPACITY**

clarify advisory capacity

Keep the meaning precise: Acting in the role of an investment adviser under the relevant relationship.

best interest **BEST INTEREST**

discuss the best-interest obligation

Keep the meaning precise: A conduct requirement or objective whose precise duties depend on applicable rules.

B Precision and professional shorthand

EXTEND YOUR RANGE

fee schedule

A statement of charges and how they are determined.

consult the current fee schedule

markup

An amount added to a transaction price under the relevant dealing arrangement.

explain a transaction markup

custody fee

A charge for specified account or asset-holding services.

check applicable custody fees

wrap fee

A bundled charge covering specified services and transactions, not necessarily every cost.

review wrap-fee exclusions

incentive

A potential reward or pressure influencing a choice.

explain the financial incentive

conflict mitigation

Steps intended to reduce the effect or risk of a conflict.

explain conflict-mitigation measures

commission

Transaction-related compensation under the relevant arrangement.

disclose the commission structure

expense ratio

A fund's annual operating expenses relative to its specified asset measure.

identify the fund expense ratio

third-party charge

A cost imposed by another provider rather than the quoted service fee.

identify third-party charges

conflict of interest

An interest or incentive that may affect judgment or conduct.

disclose a relevant conflict of interest

referral payment

Compensation for directing business to another party.

disclose a referral payment

informed decision

A choice made with adequate understanding of relevant information.

support an informed decision

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

billing period BILLING PERIOD

confirm the billing period

Keep the meaning precise: The interval for which charges are calculated or collected.

custody fee CUSTODY FEE

check applicable custody fees

Keep the meaning precise: A charge for specified account or asset-holding services.

Phrases that move the work forward

Name the arrangement

This advisory service uses the fee basis in the current agreement.

Bound the illustration

At a constant \$500,000 for a full year, that illustrates \$5,000.

Identify exclusions

Product expenses and certain third-party charges are additional.

Explain incentives

An asset-based fee creates an incentive related to the assets under advice.

Clarify capacity

Which role and service are we discussing for this account?

Separate layers

The adviser charge and product expenses are different cost components.

Explain mitigation

The documents describe how relevant conflicts are addressed.

Preserve uncertainty

I will verify that additional charge before quoting an amount.

State the rate

The stated annual advisory rate is 1% of defined billable assets.

Explain billing

Actual quarterly bills follow the agreement's calculation method.

Avoid a false condition

The fee is not described as payable only after a positive return.

Close with the documents

Let us review the services, costs, and conflicts together.

Define the base

Not every quoted account value necessarily equals billable assets.

Reject an absolute

I cannot describe the relationship as conflict-free merely because disclosures exist.

Invite a precise question

Which charge or exclusion would you like me to locate in the agreement?

Confirm understanding

The 1% is the advisory rate, not a promise that all costs are included.

Precision in real exchanges

Purpose: Explain billing

Useful wording: Actual quarterly bills follow the agreement's calculation method.

Purpose: Identify exclusions

Useful wording: Product expenses and certain third-party charges are additional.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which explanation keeps the fee illustration bounded?

- A.** One percent of a constant \$500,000 illustrates \$5,000 annually; actual billing follows the agreement.
- B.** Every quarterly invoice is definitely \$5,000.
- C.** The fee is exactly \$500 per year for every account.
- D.** The example proves all costs are included.

2. Which response accurately addresses additional costs?

- A.** Product expenses and certain third-party charges are separate from the advisory fee.
- B.** No other cost can ever apply.
- C.** Taxes are automatically covered by the 1%.
- D.** Every product has a zero expense ratio.

3. A colleague needs the term for this meaning: The professional or legal duties applying in the relevant circumstances. Which term fits?

- A.** markup
- B.** incentive
- C.** compensation
- D.** standard of conduct

D Choose the response that fits / continued

4. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Does quarterly billing mean the annual percentage is charged four times? I want to check that I understand the difference." Evan: [missing response] Rosa: "Does the one percent include the costs inside the investments, or could those reduce my account separately even though they do not appear as the adviser fee?" Which response belongs in the gap?

- A.** On that simple assumption, the annual illustration is five thousand dollars. Actual invoices follow the agreement's valuation, timing, and adjustment method rather than this simplified example alone.
- B.** No. One percent is the annual rate, not the rate charged each quarter. The quarterly billing period tells us the billing schedule. Actual amounts follow the agreement's calculation method.
- C.** Our agreement lists product expenses and certain third-party charges as additional. I will distinguish those from our advisory fee instead of calling the rate an all-in cost.
- D.** The current relationship summary is a starting point, alongside the agreement and fuller disclosures. We can locate the relevant sections together and verify any charge I cannot confirm immediately.

[Answers and explanations, page 122](#)

One useful distinction

The \$5,000 figure illustrates 1% of a constant \$500,000 billable balance for a full year. Actual quarterly bills follow the agreement's valuation, timing, and adjustment method. Do not present this simple illustration as a verified invoice or an all-in cost.

Conversation

What the advisory fee includes, and what it does not

What the advisory fee includes, and what it does not

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

disclosure / asset-based fee / billing period / conflict of interest / billable assets /
product expenses / capacity / relationship summary / illustration / informed decision

- 01 **Rosa:** I understand that advice has a cost, but I am not clear how you are paid. Does the one-percent figure apply only when my account makes a profit?
- 02 **Evan:** It is an ¹ _____ under this agreement, not a share of positive returns. Let us look at the calculation and the services it covers.
- 03 **Rosa:** If the relevant balance stayed at five hundred thousand dollars for a year, what would that percentage mean in dollars before any other charges?
- 04 **Evan:** On that simple assumption, the annual ² _____ is five thousand dollars. Actual invoices follow the agreement's valuation, timing, and adjustment method rather than this simplified example alone.
- 05 **Rosa:** Does quarterly billing mean the annual percentage is charged four times? I want to check that I understand the difference.
- 06 **Evan:** No. One percent is the annual rate, not the rate charged each quarter. The quarterly ³ _____ tells us the billing schedule. Actual amounts follow the agreement's calculation method.

E Conversation / continued

- 07 **Rosa:** Does the one percent include the costs inside the investments, or could those reduce my account separately even though they do not appear as the adviser fee?
- 08 **Evan:** Our agreement lists ⁴ _____ and certain third-party charges as additional. I will distinguish those from our advisory fee instead of calling the rate an all-in cost.
- 09 **Rosa:** Is every asset on the account statement included in the amount used to calculate your charge?
- 10 **Evan:** We need the definition of ⁵ _____ in the agreement. The visible account total alone does not establish the contractual fee base or which exclusions apply.

Conversation continues on the next page.

What the advisory fee includes, and what it does not

CONVERSATION / CONTINUED

- 11 **Rosa:** If I keep more money with your firm, you earn more. How do you handle that incentive when you advise me about moving money elsewhere?
- 12 **Evan:** That is a relevant ⁶ _____ to explain. We should discuss the actual incentive and how it is addressed, using the current disclosures rather than simply claiming there are no conflicts.
- 13 **Rosa:** Does receiving the disclosure mean the conflict disappears or that I have agreed to every recommendation? I would still expect an explanation of the reasons for a proposed action.
- 14 **Evan:** No, it does not remove the conflict or approve a recommendation. A ⁷ _____ informs you; it does not erase the incentive or replace other applicable obligations. We still need to explain recommendations within the relevant relationship and rules.
- 15 **Rosa:** I have seen firms offering brokerage and advisory services. Should I know which role applies before comparing charges or expectations about ongoing monitoring?
- 16 **Evan:** Yes. Clarify the professional ⁸ _____ and the service involved. A firm's general title is not enough to describe the role, agreement, or duties for a particular account.
- 17 **Rosa:** Where can I find a concise summary pointing me to the relevant services, costs, and conflicts before reading the detailed provisions?
- 18 **Evan:** The current ⁹ _____ is a starting point, alongside the agreement and fuller disclosures. We can locate the relevant sections together and verify any charge I cannot confirm immediately.

What the advisory fee includes, and what it does not / continued

- 19 **Rosa:** So I could pay the advisory fee in a year when the account loses money, and there may be separate investment costs. Please show me both.
- 20 **Evan:** That captures the important distinctions. The purpose is an ¹⁰ _____, with the services, calculation basis, exclusions, and incentives clear before you decide how to proceed.

CHECK THE GAPS

1. asset-based fee / **2.** illustration / **3.** billing period / **4.** product expenses / **5.** billable assets / **6.** conflict of interest / **7.** disclosure / **8.** capacity / **9.** relationship summary / **10.** informed decision

[Why these answers fit, page 124](#)

F Check accuracy and scope

What the advisory fee includes, and what it does not

Return to the case

Client Rosa asks adviser Evan how the firm is paid. The fictional advisory agreement charges 1% per year on the defined billable asset value, billed quarterly under its stated calculation method. For a simple illustration only, assume a constant \$500,000 billable balance for a full year. Product expenses and certain third-party charges are additional, not included in that 1%. Evan has the current agreement and relationship disclosures. No assurance that conflicts are absent or that a fee depends on positive returns is supported.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement avoids overstating disclosure's effect?

- A. Disclosure means no further duties apply.
- B. Disclosures explain relevant conflicts; they do not make the incentives vanish.
- C. Signing a disclosure removes every conflict.
- D. A disclosed incentive can never matter.

2. Which question clarifies the fee base?

- A. How often will the adviser send a performance report?
- B. What investment return would be needed to cover the fee?
- C. Which date will the next invoice be delivered?
- D. Which assets and valuation method determine the billable amount?

[Answers and explanations, page 125](#)

Listen for the distinction

Switch roles. Stress the distinction between additional product costs, the advisory charge and an incentive disclosed but not erased.

Explain the incentive as well as the price

A client asking about compensation is testing how the relationship works, not necessarily accusing the adviser of bad faith. Give the fee basis, services, excluded costs, and relevant incentives plainly. Disclosure informs the conversation; it is not a reason to avoid explaining a conflict.

F Say it / transfer to a new case

A quoted bundle has exclusions

A fictional fee bundle includes advisory services and specified transaction charges. The current disclosure excludes fund expenses and certain custody charges. A client asks whether bundle means every cost is included.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

specified / exclusions / guarantee / charges

- 01 **Adviser:** The bundle covers the ¹ _____ services, not every possible cost.
- 02 **Client:** Please show the fund expenses and custody ² _____ separately.
- 03 **Adviser:** The current disclosure lists those ³ _____.
- 04 **Client:** Then the bundle is not an all-cost ⁴ _____.

CHECK THE GAPS

1. specified / 2. charges / 3. exclusions / 4. guarantee

[Why these answers fit, page 125](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "What the advisory fee includes, and what it does not".
Rosa: "Does receiving the disclosure mean the conflict disappears or that I have agreed to every recommendation? I would still expect an explanation of the reasons for a proposed action." Evan: [missing response] Rosa: "I have seen firms offering brokerage and advisory services. Should I know which role applies before comparing charges or expectations about ongoing monitoring?" Which response belongs in the gap?

- A.** No. One percent is the annual rate, not the rate charged each quarter. The quarterly billing period tells us the billing schedule. Actual amounts follow the agreement's calculation method.
- B.** That is a relevant conflict of interest to explain. We should discuss the actual incentive and how it is addressed, using the current disclosures rather than simply claiming there are no conflicts.
- C.** The current relationship summary is a starting point, alongside the agreement and fuller disclosures. We can locate the relevant sections together and verify any charge I cannot confirm immediately.
- D.** No, it does not remove the conflict or approve a recommendation. A disclosure informs you; it does not erase the incentive or replace other applicable obligations. We still need to explain recommendations within the relevant relationship and rules.

[Answers and explanations, page 126](#)

Review 1 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Advisor English: Discovery, Scope, Trust, and Boundaries" and "Standards of Conduct, Best Interest, Disclosures, and Conflicts". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The agreed topics and services included in a planning assignment. Which term fits?

- A. priority
- B. planning scope
- C. essential spending
- D. pension statement

2. A colleague needs the term for this meaning: Information provided about material terms, risks, costs, or conflicts. Which term fits?

- A. disclosure
- B. advisory capacity
- C. fee schedule
- D. wrap fee

3. Rebuild the exchange from "Turning a retirement wish into usable planning facts". Leah: "I have account statements in several places, plus a pension statement and a mortgage. I do not have a single page showing my current position." Sam: [missing response] Leah: "I would rather not email the details to an unverified address. How should I send the documents?" Which response belongs in the gap?

- A. An asset summary will help, alongside the liabilities and income sources. Use current statements where available and label anything still estimated or missing.
- B. We can clarify the goal first. A useful target depends on when you expect to retire, your spending needs, and the resources already available.
- C. Separate essential spending from the more adjustable items. We can mark uncertain amounts clearly rather than filling the gaps with figures that look precise but lack support.
- D. Let us record that as an open time horizon, not a fixed retirement date. We can examine alternatives without treating either one as your confirmed instruction.

Review 1 / Meaning and context / continued

4. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Where can I find a concise summary pointing me to the relevant services, costs, and conflicts before reading the detailed provisions?" Evan: [missing response] Rosa: "So I could pay the advisory fee in a year when the account loses money, and there may be separate investment costs. Please show me both." Which response belongs in the gap?

- A.** The current relationship summary is a starting point, alongside the agreement and fuller disclosures. We can locate the relevant sections together and verify any charge I cannot confirm immediately.
- B.** Our agreement lists product expenses and certain third-party charges as additional. I will distinguish those from our advisory fee instead of calling the rate an all-in cost.
- C.** On that simple assumption, the annual illustration is five thousand dollars. Actual invoices follow the agreement's valuation, timing, and adjustment method rather than this simplified example alone.
- D.** No. One percent is the annual rate, not the rate charged each quarter. The quarterly billing period tells us the billing schedule. Actual amounts follow the agreement's calculation method.

[Answers and explanations, page 157](#)

A Read the situation

LESSON 03 / GOALS, RISK PROFILE, ASSET ALLOCATION, AND IPS LANGUAGE

Distinguish willingness to take risk from capacity for loss and the timing of a specific goal.

Comfortable with risk, but buying a home next year

Client Theo says he is comfortable with investment risk, but expects to need \$60,000 for a home purchase in twelve months. The purchase date has limited flexibility. Adviser Nia has not yet verified the household reserves, other assets, or funding alternatives. No allocation or trade is approved. For discussion only, Nia uses a hypothetical 20% decline on the \$60,000 amount, which would leave \$48,000 before any other effects. This is a stress example, not a forecast.

People: Theo, Client; Nia, Adviser.

Read the record

Choose one answer per question using the facts above.

1. What is the stated near-term need?

- A. Unlimited funds with no date
- B. \$60,000 for a home purchase in twelve months
- C. Guaranteed retirement income next week
- D. A confirmed \$48,000 purchase price

2. What does the 20% decline represent?

- A. A guaranteed market decline
- B. Theo's actual recorded loss
- C. An approved trading instruction
- D. A hypothetical stress example, not a forecast

3. Which facts still require verification?

- A. Whether the purchase need is \$60,000
- B. The arithmetic of the stated 20% example
- C. Reserves, other assets, and funding alternatives
- D. Whether Theo expressed willingness to take risk

[Answers and explanations, page 127](#)

B Vocabulary in use

CORE TERMS

risk profile

A combined account of risk attitudes, needs, capacity, and relevant circumstances.

update the risk profile

risk capacity

Financial ability to withstand adverse outcomes without undermining needs.

distinguish risk capacity from tolerance

investment objective

The intended purpose or outcome of an investment approach.

clarify the investment objective

capital preservation

An objective of protecting the amount invested, subject to actual risks.

discuss the capital-preservation objective

goal flexibility

Ability to change the amount, timing, or priority of an objective.

assess goal flexibility

stress scenario

An adverse hypothetical used to examine consequences.

explain a stress scenario

risk tolerance

Willingness to accept uncertainty or loss in pursuit of an objective.

assess stated risk tolerance

required return

A modeled return needed to meet a goal under specified assumptions.

examine the required-return assumption

liquidity need

A requirement to access funds at a particular time or under certain conditions.

identify near-term liquidity needs

investment horizon

The period over which an investment is intended to support a goal.

match the investment horizon to the goal

funding gap

A difference between resources available and an amount required.

quantify the funding gap

loss threshold

A specified loss level relevant to review or client concerns.

clarify the loss threshold

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

risk profile RISK PROFILE

update the risk profile

Keep the meaning precise: A combined account of risk attitudes, needs, capacity, and relevant circumstances.

liquidity need LIQUIDITY NEED

identify near-term liquidity needs

Keep the meaning precise: A requirement to access funds at a particular time or under certain conditions.

B Precision and professional shorthand

EXTEND YOUR RANGE

asset class

A category of investments with shared broad characteristics.

compare asset-class exposures

tactical allocation

A shorter-term allocation adjustment within a defined approach.

distinguish tactical from strategic allocation

correlation

A measure of how variables move together in the measured setting.

assess changing correlations

investment constraint

A restriction affecting investment choices or implementation.

document an investment constraint

target weight

An intended proportion of a portfolio assigned to an exposure.

specify the target weight

rebalancing trigger

A condition prompting review or action to restore the intended allocation.

agree a rebalancing trigger

strategic allocation

A longer-term target distribution among investment categories.

review the strategic allocation

diversification

Spreading exposures to reduce some concentration risks, not all losses.

explain diversification limits

concentration

A large or dependent exposure to a particular source of risk.

identify portfolio concentration

IPS

Investment policy statement, recording agreed objectives and investment guidelines.

review the IPS

allocation range

Permitted or intended bounds around an allocation under a stated policy.

define an allocation range

suitability assessment

Evaluation of a proposed approach against relevant client facts and rules.

support the suitability assessment

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

loss threshold **LOSS THRESHOLD**

clarify the loss threshold

Keep the meaning precise: A specified loss level relevant to review or client concerns.

correlation **CORRELATION**

assess changing correlations

Keep the meaning precise: A measure of how variables move together in the measured setting.

Phrases that move the work forward

Acknowledge willingness

You are comfortable with fluctuations; let us check the consequences for this goal.

Clarify timing

How flexible is the twelve-month purchase date?

Label the example

This is a hypothetical decline, not a prediction.

Preserve missing facts

The reserves and alternative funding sources are not yet verified.

Avoid a shortcut

A questionnaire label does not settle the allocation for every goal.

Clarify a need

Is the \$60,000 required in full at the purchase date?

Explain diversification

It may reduce concentration risk, but it cannot guarantee against loss.

Check a change

Has the goal's timing or flexibility changed since the last review?

Separate the goal

The home-purchase money has a different horizon from long-term savings.

Test capacity

What resources would cover a shortfall without disrupting essential needs?

Quantify the effect

A 20% decline would leave \$48,000 of the \$60,000 amount.

Close with the profile

We will document the goal and constraints before recommending an allocation.

Distinguish concepts

Willingness to accept risk is different from financial capacity for loss.

Keep agency

No trade is authorized by this discussion.

Document the guideline

The investment policy should reflect the agreed objectives and limits.

Confirm the summary

This goal needs its own assessment within the wider household plan.

Precision in real exchanges

Purpose: Test capacity

Useful wording: What resources would cover a shortfall without disrupting essential needs?

Purpose: Label the example

Useful wording: This is a hypothetical decline, not a prediction.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which statement distinguishes tolerance and capacity?

- A.** A client's positive risk questionnaire establishes enough funds for every goal.
- B.** A larger current balance establishes willingness to accept any decline.
- C.** A longer retirement horizon removes the separate home-purchase constraint.
- D.** A client may accept fluctuations emotionally but lack resources to absorb a near-term loss.

2. What is the gap after the stated stress decline?

- A.** \$60,000
- B.** \$1,200
- C.** \$12,000
- D.** \$48,000

3. A colleague needs the term for this meaning: A modeled return needed to meet a goal under specified assumptions. Which term fits?

- A.** target weight
- B.** tactical allocation
- C.** required return
- D.** goal flexibility

D Choose the response that fits / continued

4. Rebuild the exchange from "Comfortable with risk, but buying a home next year".
Theo: "I can accept seeing a statement fluctuate. The harder question is whether I could still complete the purchase if the value were lower when payment is due." Nia: [missing response] Theo: "I have not gathered those records yet. Some savings are already intended for household emergencies, and I do not want to count them twice without discussing that purpose." Which response belongs in the gap?

- A.** We will separate each liquidity need and any restrictions. An asset total alone does not tell us which money is available for this particular purchase.
- B.** Exactly. That concerns risk capacity, not just comfort. We need to verify your reserves and other funding options rather than assume you could replace a shortfall.
- C.** That limited goal flexibility is important. The home money has a different purpose and horizon from funds you might leave invested for much longer.
- D.** Correct. The funding gap makes the consequence concrete. It does not prove that decline will happen or determine which investment, if any, is appropriate.

[Answers and explanations, page 127](#)

One useful distinction

Risk tolerance describes willingness; capacity concerns the financial consequences a client can withstand. The \$60,000 home goal has a short horizon and limited timing flexibility. That need cannot be erased by labeling Theo generally comfortable with risk.

E Conversation

Comfortable with risk, but buying a home next year

Comfortable with risk, but buying a home next year

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

risk tolerance / funding gap / investment constraints / liquidity need / goal flexibility / IPS / risk profile / stress scenario / Diversification / risk capacity

- 01 **Theo:** I put comfortable with risk on the questionnaire. I do not want that answer ignored just because I also plan to buy a home next year.
- 02 **Nia:** Your stated ¹ _____ matters. We also need to understand what a loss would mean for the specific sixty-thousand-dollar payment and its timing.
- 03 **Theo:** The purchase date is not very flexible. I could consider a different property, but I cannot assume the seller would wait for my investments to recover.
- 04 **Nia:** That limited ² _____ is important. The home money has a different purpose and horizon from funds you might leave invested for much longer.
- 05 **Theo:** I can accept seeing a statement fluctuate. The harder question is whether I could still complete the purchase if the value were lower when payment is due.
- 06 **Nia:** Exactly. That concerns ³ _____, not just comfort. We need to verify your reserves and other funding options rather than assume you could replace a shortfall.
- 07 **Theo:** I have not gathered those records yet. Some savings are already intended for household emergencies, and I do not want to count them twice without discussing that purpose.
- 08 **Nia:** We will separate each ⁴ _____ and any restrictions. An asset total alone does not tell us which money is available for this particular purchase.
- 09 **Theo:** Could you show the effect of a decline in dollars? A risk category is less useful to me than seeing how the home-payment amount might change.
- 10 **Nia:** Use this ⁵ _____ only as an illustration: a twenty-percent decline on sixty thousand would leave forty-eight thousand, before any other effects.

Conversation continues on the next page.

Comfortable with risk, but buying a home next year

CONVERSATION / CONTINUED

- 11 **Theo:** A twelve-thousand-dollar gap could delay the house purchase. I ticked comfortable with risk, but I had not connected that answer to losing part of the deposit.
- 12 **Nia:** Correct. The ⁶ _____ makes the consequence concrete. It does not prove that decline will happen or determine which investment, if any, is appropriate.
- 13 **Theo:** Does diversification solve that problem? I have heard it described as protection, but I do not want to assume it guarantees the amount at the purchase date.
- 14 **Nia:** ⁷ _____ has limits. It may reduce concentration risks, yet it cannot promise that the full amount will be available regardless of market conditions.
- 15 **Theo:** Then the questionnaire answer should remain in the record, alongside the short deadline and the fact that my other resources have not been verified.
- 16 **Nia:** Yes. The ⁸ _____ needs those dimensions together. We should neither ignore your willingness nor let it override the goal's practical constraints.
- 17 **Theo:** How would the agreed approach be recorded after we complete the review? I would like the purpose and boundaries clear enough to revisit if my plans change.
- 18 **Nia:** The ⁹ _____ can document the relevant objectives and guidelines. Its scope and detail should match the service and decisions actually agreed with you.
- 19 **Theo:** I will confirm the purchase amount and which savings are already reserved. Please do not move anything until we have reviewed those figures together.
- 20 **Nia:** Correct. Those ¹⁰ _____ will inform a reviewed recommendation. The next step is to verify the facts and explain the options, not infer a trade from your questionnaire.

CHECK THE GAPS

1. risk tolerance / 2. goal flexibility / 3. risk capacity / 4. liquidity need / 5. stress scenario / 6. funding gap / 7. Diversification / 8. risk profile / 9. IPS / 10. investment constraints

[Why these answers fit, page 129](#)

F Check accuracy and scope

Comfortable with risk, but buying a home next year

Return to the case

Client Theo says he is comfortable with investment risk, but expects to need \$60,000 for a home purchase in twelve months. The purchase date has limited flexibility. Adviser Nia has not yet verified the household reserves, other assets, or funding alternatives. No allocation or trade is approved. For discussion only, Nia uses a hypothetical 20% decline on the \$60,000 amount, which would leave \$48,000 before any other effects. This is a stress example, not a forecast.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which description correctly limits the example?

- A. A hypothetical consequence used to discuss flexibility
- B. A guaranteed twelve-month market result
- C. Proof of an actual account loss
- D. An instruction to sell every asset

2. Which next step fits the incomplete information?

- A. Treat a risk label as an approved trade.
- B. Verify resources and record the goal's constraints before recommending.
- C. Apply the same allocation to all goals immediately.
- D. Assume unknown reserves are unlimited.

[Answers and explanations, page 130](#)

Listen for the distinction

Switch roles. Keep the \$48,000 remaining amount and \$12,000 gap distinct, with household reserves still unverified.

A risk label is not the whole client profile

A client can be willing to experience market fluctuations while having little flexibility about a near-term payment. Ask about the specific goal, timing, and consequences of a loss without challenging the client's confidence or treating a questionnaire label as a complete recommendation.

F Say it / transfer to a new case

One household, two timelines

A client needs \$8,000 for tuition on a fixed date in six months and has a separate, more flexible retirement goal twenty years away. Other resources are unverified. No allocation has been recommended.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

allocation / capacity / horizons / flexibility

- 01 **Adviser:** The goals have different investment ¹ _____.
- 02 **Client:** The tuition has less timing ² _____.
- 03 **Adviser:** We must verify other resources before assessing loss ³ _____.
- 04 **Client:** So my questionnaire result alone does not settle the ⁴ _____.

CHECK THE GAPS

1. horizons / 2. flexibility / 3. capacity / 4. allocation

[Why these answers fit, page 130](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Comfortable with risk, but buying a home next year".
Theo: "Does diversification solve that problem? I have heard it described as protection, but I do not want to assume it guarantees the amount at the purchase date." Nia: [missing response] Theo: "Then the questionnaire answer should remain in the record, alongside the short deadline and the fact that my other resources have not been verified." Which response belongs in the gap?

- A.** The IPS can document the relevant objectives and guidelines. Its scope and detail should match the service and decisions actually agreed with you.
- B.** That limited goal flexibility is important. The home money has a different purpose and horizon from funds you might leave invested for much longer.
- C.** Diversification has limits. It may reduce concentration risks, yet it cannot promise that the full amount will be available regardless of market conditions.
- D.** Your stated risk tolerance matters. We also need to understand what a loss would mean for the specific sixty-thousand-dollar payment and its timing.

[Answers and explanations, page 131](#)

A Read the situation

LESSON 04 / RETIREMENT PLANNING, INCOME, TAX-AWARE CONVERSATIONS, AND RMDs

Explain retirement-model assumptions and distinguish projected income from guarantees and withdrawal requirements.

A smooth retirement chart mistaken for a promise

Client Elena sees a retirement chart with a fixed 5% annual return assumption and projected withdrawals of \$3,000 per month. The illustration uses nominal amounts and excludes taxes and fees. It does not model varying annual returns. Adviser Malik must correct Elena's impression that the chart promises that income. Her account types and personal tax circumstances are not yet verified, and no required-minimum-distribution calculation has been completed. No retirement date or withdrawal instruction is approved.

People: Elena, Client; Malik, Retirement adviser.

Read the record

Choose one answer per question using the facts above.

1. What is the 5% figure?

- A. A fixed annual model assumption
- B. A guaranteed account return
- C. Elena's verified historical return
- D. A required tax rate

2. What does this illustration exclude?

- A. The monthly withdrawal illustration
- B. The fixed return assumption
- C. Taxes and fees, with no varying-return sequence modeled
- D. Every nominal amount

3. What has been approved?

- A. A final personalized tax result
- B. No retirement date or withdrawal instruction
- C. A guaranteed \$3,000 monthly payment
- D. A completed RMD amount

[Answers and explanations, page 132](#)

B Vocabulary in use

CORE TERMS

retirement illustration

A modeled account of possible retirement outcomes under assumptions.

explain the retirement illustration

stochastic model

A model using variable inputs or simulated paths under a defined method.

explain a stochastic model

projection

An estimate of future outcomes based on stated premises.

distinguish a projection from a promise

real return

Return adjusted for inflation under the stated calculation basis.

distinguish real from nominal return

purchasing power

The goods or services an amount of money can buy.

discuss purchasing-power changes

sequence risk

Risk from the order of returns when cash flows occur.

illustrate sequence-of-returns risk

deterministic model

A model producing outcomes from a fixed set of inputs.

identify deterministic-model limits

Monte Carlo simulation

Repeated modeled trials using specified assumptions about uncertain inputs.

qualify Monte Carlo results

nominal amount

An amount expressed in money units without adjusting for inflation.

label nominal amounts

inflation assumption

A modeled rate of change in prices or purchasing costs.

review the inflation assumption

withdrawal rate

Withdrawals relative to a specified account value and period.

define the withdrawal-rate basis

longevity risk

Risk of financial resources not lasting through the relevant lifetime.

assess longevity risk

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

retirement illustration RETIREMENT ILLUSTRATION

explain the retirement illustration

Keep the meaning precise: A modeled account of possible retirement outcomes under assumptions.

nominal amount NOMINAL AMOUNT

label nominal amounts

Keep the meaning precise: An amount expressed in money units without adjusting for inflation.

B Precision and professional shorthand

EXTEND YOUR RANGE

planning horizon

The span over which a plan models needs and resources.

extend the planning horizon

pension benefit

A payment or entitlement under a pension arrangement's terms.

verify the pension-benefit estimate

tax-deferred account

An account in which certain taxes are deferred under applicable rules.

identify tax-deferred accounts

RMD

Required minimum distribution under applicable retirement-account rules.

verify the RMD requirement

withholding

An amount retained from a payment toward a tax obligation.

clarify tax withholding

marginal tax rate

The rate applying to an additional amount of taxable income under the relevant system.

distinguish the marginal tax rate

income floor

Resources intended to cover essential income needs under stated conditions.

assess the proposed income floor

Social Security estimate

A projected US public retirement benefit based on specified records and assumptions.

review the Social Security estimate

Roth account

A US account type with specific contribution and distribution tax rules.

verify the Roth account type

distribution

Money or assets paid out from an account or arrangement.

document the distribution request

tax basis

The tax-recognized amount relevant to determining taxable treatment.

verify the tax basis

survivor benefit

A benefit potentially payable after another person's death under specified terms.

review survivor-benefit conditions

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

longevity risk **LONGEVITY RISK**

assess longevity risk

Keep the meaning precise: Risk of financial resources not lasting through the relevant lifetime.

tax-deferred account **TAX-DEFERRED ACCOUNT**

identify tax-deferred accounts

Keep the meaning precise: An account in which certain taxes are deferred under applicable rules.

Phrases that move the work forward

Acknowledge the reaction

I understand why the chart looked reassuring.

Name the assumption

It assumes a fixed 5% annual return rather than varying yearly results.

Clarify purchasing power

The \$3,000 is a nominal amount, not a guarantee of constant purchasing power.

Separate tax questions

We need the account details before discussing the applicable distribution rules.

Avoid a date promise

The illustration does not approve a retirement date.

Distinguish a requirement

A required distribution is not automatically the amount you should spend.

Limit withholding

Withholding is not necessarily the final tax liability.

Clarify benefits

Is that pension amount an estimate or a confirmed benefit under its terms?

Correct the meaning

The line shows a modeled outcome, not promised income.

Identify exclusions

This version excludes taxes and fees.

Explain sequence

The order of returns can matter when withdrawals occur.

Close with revision

We will review the assumptions before using the chart to support a retirement decision.

Define a simulation

A simulation explores modeled paths; its percentages depend on its assumptions.

Preserve a missing fact

Your account types and tax circumstances remain unverified.

Check the period

What lifetime and spending horizon does this illustration cover?

Confirm understanding

The next step is to improve the model, not to execute a withdrawal.

Precision in real exchanges

Purpose: Identify exclusions

Useful wording: This version excludes taxes and fees.

Purpose: Clarify purchasing power

Useful wording: The \$3,000 is a nominal amount, not a guarantee of constant purchasing power.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which sentence accurately describes the chart?

- A.** It proves the client can retire immediately.
- B.** It supplies a completed personal tax calculation.
- C.** It projects withdrawals using a fixed return assumption and omits taxes and fees.
- D.** It guarantees \$3,000 of real monthly income.

2. Which question tests purchasing-power interpretation?

- A.** Is every future dollar identical in purchasing power?
- B.** Are the amounts nominal, and how is inflation reflected?
- C.** Can we ignore all price changes?
- D.** Does a smooth line mean prices never rise?

3. A colleague needs the term for this meaning: Repeated modeled trials using specified assumptions about uncertain inputs. Which term fits?

- A.** Monte Carlo simulation
- B.** purchasing power
- C.** withholding
- D.** pension benefit

D Choose the response that fits / continued

4. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".
Elena: "Then I need to know what is missing from the spending figure. Is the three thousand already after the charges and tax I would pay?" **Malik:** [missing response]
Elena: "And in ten years, would that amount buy what it buys today? My main concern is covering bills, not seeing the same number each month." **Which response belongs in the gap?**

- A.** Not as promised income. This is a projection using assumptions. Let's look at what it includes before you use it to decide when to leave work.
- B.** No. This version excludes both taxes and fees. We need those reviewed before describing what you could actually spend; the displayed withdrawal is not that completed calculation.
- C.** We'll verify each account type and your circumstances. We'll also distinguish any withholding from final tax, instead of treating a deducted amount as a completed tax assessment.
- D.** Yes, that's sequence risk. The order matters when money is being withdrawn. A single steady rate doesn't show how those different paths affect the remaining assets.

[Answers and explanations, page 132](#)

One useful distinction

The projected \$3,000 withdrawal is not a guaranteed payment. The model uses fixed 5% returns, nominal amounts, and no taxes or fees. A smooth line can hide variability and purchasing-power changes that matter to the client's interpretation.

E Conversation

A smooth retirement chart mistaken for a promise

A smooth retirement chart mistaken for a promise

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

nominal amounts / RMD / planning horizon / fees / assumptions / Monte Carlo simulation
/ return assumption / account type / sequence risk / projection

- 01 **Elena:** I felt relieved when I saw three thousand dollars a month on the chart. Can I treat that as the amount I'll receive after I retire?
- 02 **Malik:** Not as promised income. This is a ¹ _____ using assumptions. Let's look at what it includes before you use it to decide when to leave work.
- 03 **Elena:** The line is so smooth that I thought the investments produced the same amount every year. Is that something the account is designed to do?
- 04 **Malik:** The smoothness comes from the fixed five-percent ² _____. This version doesn't vary annual results. The investments themselves have not promised a constant rate.
- 05 **Elena:** Then I need to know what is missing from the spending figure. Is the three thousand already after the charges and tax I would pay?
- 06 **Malik:** No. This version excludes both taxes and ³ _____. We need those reviewed before describing what you could actually spend; the displayed withdrawal is not that completed calculation.

E Conversation / continued

- 07 **Elena:** And in ten years, would that amount buy what it buys today? My main concern is covering bills, not seeing the same number each month.
- 08 **Malik:** The chart uses ⁴ _____. It hasn't established constant purchasing power. We'll make the inflation treatment explicit so the figures answer your spending question.
- 09 **Elena:** If markets fall early on, while I'm taking money out, could that be worse than the same poor years arriving much later in retirement?
- 10 **Malik:** Yes, that's ⁵ _____. The order matters when money is being withdrawn. A single steady rate doesn't show how those different paths affect the remaining assets.

Conversation continues on the next page.

A smooth retirement chart mistaken for a promise

CONVERSATION / CONTINUED

- 11 **Elena:** Another report gave a percentage chance of success. Would switching to that sort of chart turn this into something I could rely on as guaranteed?
- 12 **Malik:** No. A ⁶ _____ explores many modeled paths. Its success percentage still depends on its inputs and definition of success; it isn't a personal guarantee.
- 13 **Elena:** Can we check that definition? Covering my bills for ten years is different from covering them throughout retirement. I don't want the chart to hide that difference.
- 14 **Malik:** We'll check the ⁷ _____ and spending definition together. A shorter modeled period can look easier without answering how long you actually need the money.
- 15 **Elena:** A friend mentioned the minimum amount retirement accounts require you to take out. Is that the amount you're recommending I spend, or a separate calculation?
- 16 **Malik:** An ⁸ _____ is a rule-based distribution requirement, not a recommended spending budget. We haven't calculated yours; we still need your account records and the applicable rules.
- 17 **Elena:** I have several accounts and haven't sent their details. I'd rather get that right than assume they all follow the same withdrawal and tax treatment.
- 18 **Malik:** We'll verify each ⁹ _____ and your circumstances. We'll also distinguish any withholding from final tax, instead of treating a deducted amount as a completed tax assessment.
- 19 **Elena:** Please include less favorable cases when we meet again. I'll bring the records. I'm not asking you to start withdrawals or setting a retirement date today.
- 20 **Malik:** Understood. We'll review the ¹⁰ _____, omitted costs and account details first. I'll record those next steps and that no withdrawal instruction has been given.

CHECK THE GAPS

1. projection / 2. return assumption / 3. fees / 4. nominal amounts / 5. sequence risk / 6. Monte Carlo simulation / 7. planning horizon / 8. RMD / 9. account type / 10. assumptions

[Why these answers fit, page 133](#)

F Check accuracy and scope

A smooth retirement chart mistaken for a promise

Return to the case

Client Elena sees a retirement chart with a fixed 5% annual return assumption and projected withdrawals of \$3,000 per month. The illustration uses nominal amounts and excludes taxes and fees. It does not model varying annual returns. Adviser Malik must correct Elena's impression that the chart promises that income. Her account types and personal tax circumstances are not yet verified, and no required-minimum-distribution calculation has been completed. No retirement date or withdrawal instruction is approved.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which distinction is correct?

- A. A required distribution is not automatically a sustainable spending recommendation.
- B. Every RMD is a guarantee of lifetime income.
- C. Withdrawal rules are identical for all account types.
- D. An unverified tax rate can replace account review.

2. What does sequence risk concern?

- A. The decline in purchasing power caused by rising prices
- B. The order of investment returns when withdrawals or other cash flows occur
- C. The average size of yearly price changes without regard to their order
- D. The risk of outliving the plan's modeled resource horizon

[Answers and explanations, page 135](#)

Listen for the distinction

Switch roles. Keep the variable-return and lifetime questions separate from the uncompleted account-rule calculation.

Correct the impression without dismissing the relief

A client may feel reassured by a smooth upward chart. Acknowledge that response, then explain precisely what the line represents and leaves out. Replace a vague disclaimer with the assumptions and missing checks that could change the result.

F Say it / transfer to a new case

Withholding is not the final tax bill

A client sees \$1,000 withheld from a fictional distribution and asks whether that settles the final tax amount. The full tax circumstances have not been reviewed. The adviser is not giving a completed tax calculation.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

review / liability / figures / withholding

- 01 **Adviser:** The \$1,000 is ¹ _____ from the payment.
- 02 **Client:** It does not automatically equal my final tax ² _____.
- 03 **Adviser:** That question requires your full circumstances and qualified ³ _____.
- 04 **Client:** Please keep the distribution and tax-estimate ⁴ _____ separate.

CHECK THE GAPS

1. withholding / 2. liability / 3. review / 4. figures

[Why these answers fit, page 135](#)

F Say it / transfer to a new case / continued

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "A smooth retirement chart mistaken for a promise". Elena: "Can we check that definition? Covering my bills for ten years is different from covering them throughout retirement. I don't want the chart to hide that difference." Malik: [missing response] Elena: "A friend mentioned the minimum amount retirement accounts require you to take out. Is that the amount you're recommending I spend, or a separate calculation?" Which response belongs in the gap?

- A.** The chart uses nominal amounts. It hasn't established constant purchasing power. We'll make the inflation treatment explicit so the figures answer your spending question.
- B.** Not as promised income. This is a projection using assumptions. Let's look at what it includes before you use it to decide when to leave work.
- C.** The smoothness comes from the fixed five-percent return assumption. This version doesn't vary annual results. The investments themselves have not promised a constant rate.
- D.** We'll check the planning horizon and spending definition together. A shorter modeled period can look easier without answering how long you actually need the money.

[Answers and explanations, page 136](#)

Review 2 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Goals, Risk Profile, Asset Allocation, and IPS Language" and "Retirement Planning, Income, Tax-Aware Conversations, and RMDs". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: Financial ability to withstand adverse outcomes without undermining needs. Which term fits?

- A. investment horizon
- B. IPS
- C. risk capacity
- D. strategic allocation

2. A colleague needs the term for this meaning: A modeled rate of change in prices or purchasing costs. Which term fits?

- A. inflation assumption
- B. planning horizon
- C. RMD
- D. retirement illustration

3. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Is every asset on the account statement included in the amount used to calculate your charge?" Evan: [missing response] Rosa: "If I keep more money with your firm, you earn more. How do you handle that incentive when you advise me about moving money elsewhere?" Which response belongs in the gap?

- A. On that simple assumption, the annual illustration is five thousand dollars. Actual invoices follow the agreement's valuation, timing, and adjustment method rather than this simplified example alone.
- B. That captures the important distinctions. The purpose is an informed decision, with the services, calculation basis, exclusions, and incentives clear before you decide how to proceed.
- C. It is an asset-based fee under this agreement, not a share of positive returns. Let us look at the calculation and the services it covers.
- D. We need the definition of billable assets in the agreement. The visible account total alone does not establish the contractual fee base or which exclusions apply.

Review 2 / Meaning and context / continued

4. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".
Elena: "I have several accounts and haven't sent their details. I'd rather get that right than assume they all follow the same withdrawal and tax treatment." **Malik:** [missing response] **Elena:** "Please include less favorable cases when we meet again. I'll bring the records. I'm not asking you to start withdrawals or setting a retirement date today." **Which response belongs in the gap?**

- A.** No. This version excludes both taxes and fees. We need those reviewed before describing what you could actually spend; the displayed withdrawal is not that completed calculation.
- B.** Yes, that's sequence risk. The order matters when money is being withdrawn. A single steady rate doesn't show how those different paths affect the remaining assets.
- C.** Not as promised income. This is a projection using assumptions. Let's look at what it includes before you use it to decide when to leave work.
- D.** We'll verify each account type and your circumstances. We'll also distinguish any withholding from final tax, instead of treating a deducted amount as a completed tax assessment.

[Answers and explanations, page 160](#)

A Read the situation

LESSON 05 / PORTFOLIO REVIEWS, VOLATILITY, REBALANCING, AND BEHAVIORAL COACHING

Acknowledge concern, reconcile an account-value change, and separate explanation from a trading recommendation.

A lower account balance is not all market loss

Client Victor sees his account fall from \$100,000 to \$85,000 during the statement period. The supplied statement bridge lists a \$10,000 withdrawal, \$1,000 in fees, and a \$4,000 negative investment change. No contributions are listed. Adviser June has verified that these amounts reconcile, but has not reviewed the performance-return method, cash-flow dates, or whether the current allocation differs from the agreed policy. Victor asks whether everything should be sold. No transaction instruction has been confirmed.

People: Victor, Client; June, Adviser.

Read the record

Choose one answer per question using the facts above.

1. Which amounts explain the \$15,000 decline in account value?

- A.** A guaranteed \$15,000 future recovery
- B.** \$10,000 withdrawal, \$1,000 fees, and \$4,000 negative investment change
- C.** \$15,000 of market loss only
- D.** \$10,000 of fees and \$5,000 contribution

2. What is not yet verified?

- A.** The withdrawal amount
- B.** Whether the listed amounts reconcile
- C.** The performance-return method and allocation-policy comparison
- D.** The beginning balance

3. What does Victor's question currently establish?

- A.** A signed revised investment policy
- B.** A guaranteed market recovery plan
- C.** A concern and a request for discussion, not a confirmed transaction instruction
- D.** A completed sale of every asset

[Answers and explanations, page 137](#)

B Vocabulary in use

CORE TERMS

account value

The stated monetary value of holdings and cash at a specified time.

reconcile the change in account value

closing balance

The value at the end of the reporting interval.

confirm the closing balance

withdrawal

Money or assets removed from an account.

separate withdrawals from investment results

investment change

A stated change attributable to investment results under the report's method.

verify the investment-change component

statement reconciliation

Explanation linking statement totals and component movements.

complete the statement reconciliation

market movement

Changes in market prices or valuations over a period.

separate market movement from withdrawals

opening balance

The value at the start of the reporting interval.

verify the opening balance

contribution

Money or assets added to an account.

identify external contributions

net cash flow

Contributions less withdrawals on a defined basis.

reconcile net cash flows

performance return

An investment-result measure calculated using a stated methodology.

confirm the performance-return method

fee deduction

A charge removed from the account or its value.

identify fee deductions

unrealized loss

A decline in value of a position not yet disposed of on the stated basis.

distinguish unrealized from realized loss

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

account value ACCOUNT VALUE

reconcile the change in account value

Keep the meaning precise: The stated monetary value of holdings and cash at a specified time.

net cash flow NET CASH FLOW

reconcile net cash flows

Keep the meaning precise: Contributions less withdrawals on a defined basis.

B Precision and professional shorthand

EXTEND YOUR RANGE

realized loss

A loss recognized on disposal under the stated reporting basis.

explain a realized loss

allocation drift

Movement away from an intended portfolio distribution.

assess allocation drift

threshold

A defined level that prompts review or action.

check the rebalancing threshold

transaction cost

A cost associated with buying, selling, or transferring an investment.

estimate transaction costs

loss aversion

A tendency to experience losses more strongly than comparable gains.

discuss loss aversion without labeling the client

behavioral coaching

Support for understanding decisions and reactions without removing client agency.

provide respectful behavioral coaching

cost basis

The recorded acquisition or tax basis used for a specified purpose.

verify the cost basis

rebalancing

Adjusting exposures toward a specified target or policy.

review a rebalancing proposal

turnover

The extent of trading or replacement of holdings over a period.

assess portfolio turnover

tax consequence

A tax effect dependent on the transaction and applicable circumstances.

assess possible tax consequences

recency bias

A tendency to overweight recent experience when judging the future.

recognize possible recency bias

review cadence

The agreed frequency or triggers for reassessing a plan or account.

confirm the review cadence

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

unrealized loss UNREALIZED LOSS

distinguish unrealized from realized loss

Keep the meaning precise: A decline in value of a position not yet disposed of on the stated basis.

threshold THRESHOLD

check the rebalancing threshold

Keep the meaning precise: A defined level that prompts review or action.

Phrases that move the work forward

Acknowledge concern

I can see why the lower balance concerns you.

State the arithmetic

Those three amounts reconcile the account from \$100,000 to \$85,000.

Limit the percentage

I need the cash-flow timing and method before quoting a performance rate.

Clarify the request

Are you asking to discuss selling, or giving an instruction that needs confirmation?

Preserve agency

Your concern is legitimate, and the decision remains yours within the service process.

Check drift

How far has the current allocation moved from the target?

Name a missing check

The dollar bridge is complete; the return calculation remains unchecked.

Avoid a label

Let us examine the concern rather than describe you as an irrational investor.

Separate the components

The decline includes a withdrawal, fees, and investment change.

Avoid dismissal

The investment decline still deserves explanation.

Avoid a recovery promise

I cannot promise when or whether a market recovery will occur.

Close with a review

We will review the allocation and relevant consequences before any recommendation.

Distinguish rebalancing

Rebalancing should be tied to the agreed allocation policy.

Keep costs visible

Any proposed trades need review of costs and tax consequences.

Summarize the change

Not all of the lower balance represents investment loss.

Confirm follow-through

The next review will separate performance, cash flows, and the allocation question.

Precision in real exchanges

Purpose: Avoid dismissal

Useful wording: The investment decline still deserves explanation.

Purpose: Limit the percentage

Useful wording: I need the cash-flow timing and method before quoting a performance rate.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which response combines empathy and accurate explanation?

- A.** Nothing important happened because some money was withdrawn.
- B.** Your concern proves you cannot make decisions.
- C.** The lower balance is concerning; let us separate the withdrawal, fees, and investment change.
- D.** You lost \$15,000 in the market and should panic.

2. Which calculation matches the supplied bridge?

- A.** \$100,000 minus \$15,000 in market losses equals the verified return.
- B.** \$85,000 plus \$10,000 equals the full opening value.
- C.** The withdrawal cancels every fee.
- D.** \$100,000 minus \$10,000 minus \$1,000 minus \$4,000 equals \$85,000.

3. A colleague needs the term for this meaning: Money or assets added to an account. Which term fits?

- A.** statement reconciliation
- B.** loss aversion
- C.** allocation drift
- D.** contribution

D Choose the response that fits / continued

4. Rebuild the exchange from "A lower account balance is not all market loss".

Victor: "So those three figures add to fifteen thousand, but it would be wrong to call all fifteen thousand a loss on the investments themselves?" June: [missing response]

Victor: "Could you just call the investment part minus four percent? Four thousand divided by the starting hundred thousand seems straightforward enough for me to follow." Which response belongs in the gap?

- A.** Yes. That dollar reconciliation is checked: one hundred thousand less ten thousand, one thousand and four thousand gives eighty-five thousand. It separates the components without dismissing the decline.
- B.** I'll record those review steps and your request. The dollar movement is reconciled; the performance method and allocation comparison still need checking, and no trade is authorized.
- C.** I can't promise a recovery date. Market movement is uncertain. We can review when you need the money and the exposure, without inventing a timetable for recovery.
- D.** We'll include transaction costs, possible taxes and your circumstances in the comparison. I'll explain the purpose of each proposal rather than treat more trading as progress by itself.

[Answers and explanations, page 137](#)

One useful distinction

The account-value decline is \$15,000, but the supplied bridge attributes \$10,000 to a withdrawal, \$1,000 to fees, and \$4,000 to investment change. The withdrawal is not a market loss. The investment change still matters and should not be minimized.

E Conversation

A lower account balance is not all market loss

A lower account balance is not all market loss

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

closing balance / Market movement / transaction costs / reconciliation /
performance-return method / withdrawal / transaction instruction / Rebalancing /
review steps / allocation drift

- 01 **Victor:** My account was one hundred thousand and now it's eighty-five thousand. Did the investments lose fifteen thousand? Should I just sell everything before it gets worse?
- 02 **June:** I can see why that ¹ _____ is upsetting. Let's separate the statement's movements first, then clarify what you want to discuss about the investments.
- 03 **Victor:** I did take ten thousand out. But please don't tell me there's nothing to worry about just because some of the decline was my own payment.
- 04 **June:** I won't. The ² _____ explains ten thousand; fees explain one thousand; negative investment change is four thousand. That investment result still deserves a proper explanation.
- 05 **Victor:** So those three figures add to fifteen thousand, but it would be wrong to call all fifteen thousand a loss on the investments themselves?
- 06 **June:** Yes. That dollar ³ _____ is checked: one hundred thousand less ten thousand, one thousand and four thousand gives eighty-five thousand. It separates the components without dismissing the decline.

E Conversation / continued

- 07 **Victor:** Could you just call the investment part minus four percent? Four thousand divided by the starting hundred thousand seems straightforward enough for me to follow.
- 08 **June:** I need to check the ⁴ _____ and the withdrawal dates first. That shortcut may not reflect when money was invested during the period, so I won't label it the verified return.
- 09 **Victor:** All right. But I need the rest of this money. Can you tell me when the investments will get back to where they were?
- 10 **June:** I can't promise a recovery date. ⁵ _____ is uncertain. We can review when you need the money and the exposure, without inventing a timetable for recovery.

Conversation continues on the next page.

A lower account balance is not all market loss

CONVERSATION / CONTINUED

- 11 **Victor:** When I said sell everything, I meant should we discuss that option. Please don't place any trades on the strength of that question.
- 12 **June:** Understood: no ⁶ _____ is confirmed. I'll record that we're discussing options, and keep any later decision separate from what you've asked me today.
- 13 **Victor:** You mentioned rebalancing at our last meeting. Would that answer a different question from selling because I'm worried by this month's statement?
- 14 **June:** It would. ⁷ _____ compares exposures with our agreed policy and adjusts toward its targets when appropriate. It isn't simply a name for selling after a fall.
- 15 **Victor:** Have you done that comparison yet? The total balance alone doesn't tell me which part of the account is above or below its intended share.
- 16 **June:** The ⁸ _____ check is still pending. I'll compare the current holdings with the policy before we discuss whether a change is warranted and why.
- 17 **Victor:** Before I decide on any change, show me its costs and possible tax effects too. I don't want an apparent solution to create another problem.
- 18 **June:** We'll include ⁹ _____, possible taxes and your circumstances in the comparison. I'll explain the purpose of each proposal rather than treat more trading as progress by itself.
- 19 **Victor:** Please send the checked performance explanation and those options. For now, I need to understand the statement and the choices, not make a rushed trade.
- 20 **June:** I'll record those ¹⁰ _____ and your request. The dollar movement is reconciled; the performance method and allocation comparison still need checking, and no trade is authorized.

CHECK THE GAPS

1. closing balance / 2. withdrawal / 3. reconciliation / 4. performance-return method / 5. Market movement / 6. transaction instruction / 7. Rebalancing / 8. allocation drift / 9. transaction costs / 10. review steps

[Why these answers fit, page 139](#)

F Check accuracy and scope

A lower account balance is not all market loss

Return to the case

Client Victor sees his account fall from \$100,000 to \$85,000 during the statement period. The supplied statement bridge lists a \$10,000 withdrawal, \$1,000 in fees, and a \$4,000 negative investment change. No contributions are listed. Adviser June has verified that these amounts reconcile, but has not reviewed the performance-return method, cash-flow dates, or whether the current allocation differs from the agreed policy. Victor asks whether everything should be sold. No transaction instruction has been confirmed.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. What remains necessary before quoting a performance percentage?

- A. Use the closing balance as the denominator because it is more recent
- B. Verify cash-flow timing and the return-calculation method
- C. Divide the \$15,000 account decline by the opening balance
- D. Divide the \$4,000 investment change by the opening balance without checking dates

2. Which next step respects the unconfirmed instruction?

- A. Sell every holding immediately from the question alone.
- B. Promise a recovery to avoid further discussion.
- C. Ignore the concern until the next annual meeting.
- D. Clarify Victor's intent and complete the required review and authorization.

[Answers and explanations, page 140](#)

Listen for the distinction

Switch roles. Acknowledge the loss without calling the entire balance change market performance or treating the question as a sell order.

Acknowledge the concern before correcting the arithmetic

A technically correct answer can sound dismissive when a client is worried. Name the concern, separate the components clearly, and avoid predicting a recovery. Do not treat a distressed question as a completed instruction or tell the client that emotion makes the question illegitimate.

F Say it / transfer to a new case

A deposit masks a negative investment result

An account opens at \$50,000 and receives a \$10,000 contribution. The statement shows a \$2,000 negative investment change and no other movements, giving a \$58,000 closing value.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

contribution / balance / decline / return

- 01 **Adviser:** The higher balance includes a \$10,000 ¹ _____.
- 02 **Client:** The investment component is still a \$2,000 ² _____.
- 03 **Adviser:** The three amounts reconcile to the \$58,000 closing ³ _____.
- 04 **Client:** A larger account value does not by itself prove a positive ⁴ _____.

CHECK THE GAPS

1. contribution / 2. decline / 3. balance / 4. return

[Why these answers fit, page 140](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "A lower account balance is not all market loss". Victor: "You mentioned rebalancing at our last meeting. Would that answer a different question from selling because I'm worried by this month's statement?" June: [missing response] Victor: "Have you done that comparison yet? The total balance alone doesn't tell me which part of the account is above or below its intended share." Which response belongs in the gap?

- A.** It would. Rebalancing compares exposures with our agreed policy and adjusts toward its targets when appropriate. It isn't simply a name for selling after a fall.
- B.** I can see why that closing balance is upsetting. Let's separate the statement's movements first, then clarify what you want to discuss about the investments.
- C.** I won't. The withdrawal explains ten thousand; fees explain one thousand; negative investment change is four thousand. That investment result still deserves a proper explanation.
- D.** I can't promise a recovery date. Market movement is uncertain. We can review when you need the money and the exposure, without inventing a timetable for recovery.

[Answers and explanations, page 141](#)

A Read the situation

LESSON 06 / PRODUCTS, ACCOUNT TYPES, ROLLOVERS, ANNUITIES, INSURANCE, AND ALTERNATIVES

Compare options on consistent criteria and explain product and transfer limitations without recommending prematurely.

Comparing accounts without the missing cost columns

Client Hana compares two fictional account services. Option A has a \$120 annual account fee and on-request support; Option B has a \$240 annual account fee and scheduled quarterly reviews. The short summary omits exit charges and product-level expenses. A full schedule, now available to adviser Louis, lists a \$75 transfer-out charge for A and no transfer-out charge for B. Product expenses, the existing account type, and any tax effects still need review. Neither option is recommended or approved.

People: Hana, Client; Louis, Adviser.

Read the record

Choose one answer per question using the facts above.

1. Which service difference is stated?

- A. A guarantees higher returns
- B. B includes unlimited legal advice
- C. A offers on-request support; B offers quarterly reviews
- D. Both promise identical monitoring

2. What transfer-out charges does the full schedule show?

- A. Both: \$240
- B. Neither charge is available
- C. A: \$75; B: none
- D. A: none; B: \$75

3. What remains unreviewed?

- A. The supplied transfer-out charges
- B. Product expenses, existing account type, and tax effects
- C. The annual account fees
- D. The stated support arrangements

[Answers and explanations, page 142](#)

B Vocabulary in use

CORE TERMS

account wrapper

The legal or tax account structure holding investments, depending on context.

distinguish the account wrapper from the investment

IRA

Individual retirement arrangement, a US retirement-account category with specific rules.

verify the IRA type

rollover

A movement of eligible retirement assets subject to applicable rules and conditions.

evaluate a proposed rollover

in-kind transfer

Movement of holdings without selling them in the transfer process, where supported.

check in-kind transfer eligibility

transfer-out charge

A fee charged for moving an account or assets away from a provider.

identify the transfer-out charge

surrender charge

A product charge for specified early withdrawals or termination.

review the surrender-charge schedule

taxable account

An account whose investment income or gains may be currently taxable under relevant rules.

identify a taxable account

employer-sponsored plan

A retirement arrangement offered through an employer under its governing terms.

review employer-plan features

direct transfer

Movement between providers or accounts through a specified direct process.

confirm the direct-transfer procedure

liquidation

Sale or conversion of holdings into cash.

explain liquidation consequences

exit charge

A cost triggered by leaving a product or arrangement under its terms.

disclose an applicable exit charge

liquidity restriction

A condition limiting access to invested funds.

explain liquidity restrictions

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

account wrapper **ACCOUNT WRAPPER**

distinguish the account wrapper from the investment

Keep the meaning precise: The legal or tax account structure holding investments, depending on context.

direct transfer **DIRECT TRANSFER**

confirm the direct-transfer procedure

Keep the meaning precise: Movement between providers or accounts through a specified direct process.

B Precision and professional shorthand

EXTEND YOUR RANGE

lockup

A period during which withdrawal or transfer is restricted under the terms.

confirm the lockup period

annuity

An insurance contract with specified accumulation or payment features.

review the annuity contract

variable annuity

An annuity whose value or benefits depend partly on selected investments and contract terms.

explain variable-annuity risks

rider

An optional contract feature with specific terms and possible additional cost.

review the rider charge

cash value

A policy or contract value accessible under specified terms and adjustments.

distinguish cash value from a benefit amount

redemption window

A specified period or opportunity for requesting withdrawal from a product.

identify the redemption window

fixed annuity

An annuity with contract-defined fixed features, subject to its terms and issuer obligations.

explain fixed-annuity conditions

indexed annuity

An annuity with certain credited returns linked to an index formula under contract terms.

examine the indexed-annuity formula

insurer credit risk

Risk that an insurer cannot meet its contractual obligations.

explain insurer credit risk

prospectus

A formal document describing a securities offering or product and its material features.

read the current prospectus

B Precision and professional shorthand / continued

product comparison

A side-by-side assessment using consistent, relevant criteria.

complete the product comparison

service level

The scope and frequency of support supplied under an agreement.

compare the service levels

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

liquidity restriction LIQUIDITY RESTRICTION

explain liquidity restrictions

Keep the meaning precise: A condition limiting access to invested funds.

variable annuity VARIABLE ANNUITY

explain variable-annuity risks

Keep the meaning precise: An annuity whose value or benefits depend partly on selected investments and contract terms.

Phrases that move the work forward

State the known fees

A charges \$120 annually; B charges \$240 annually.

Compare service

A offers support on request; B provides quarterly reviews.

Separate the wrapper

The account type and the investments held inside it need separate review.

Check the move

Would this involve an in-kind transfer, a sale, or a retirement rollover?

Clarify access

Which restrictions or exit charges apply if you need the funds?

Limit a guarantee

Any contractual guarantee depends on its terms and the responsible issuer.

Clarify the label

An index-linked crediting formula is not the same as owning the index.

Preserve an alternative

Remaining in the existing arrangement also needs a fair comparison where relevant.

Restore a missing column

The full schedule lists a \$75 transfer-out charge for A.

Preserve the gap

Product expenses are not yet included in this comparison.

Avoid a shortcut

A lower annual account fee does not by itself settle the choice.

Close with the terms

We will complete the comparison before discussing a recommendation.

Check coverage

Does the quoted fee include the optional feature?

Ask about exclusions

Which services are outside the account agreement?

Check tax review

The tax effects depend on the actual account and transaction.

Confirm authority

Reviewing the options does not authorize a transfer or sale.

Precision in real exchanges

Purpose: Preserve the gap

Useful wording: Product expenses are not yet included in this comparison.

Purpose: Separate the wrapper

Useful wording: The account type and the investments held inside it need separate review.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which comparison includes the supplied material differences?

- A.** A: \$120 annual fee, \$75 transfer-out, on-request support; B: \$240 annual fee, no transfer-out charge, quarterly reviews.
- B.** A has no costs because its annual fee is lower.
- C.** Both accounts have identical service and exit terms.
- D.** B guarantees better returns because it costs more.

2. What should an omitted product-expense figure be labeled?

- A.** Included in every account fee automatically
- B.** Irrelevant to any comparison
- C.** Not yet reviewed, rather than assumed zero
- D.** Zero by definition

3. A colleague needs the term for this meaning: A retirement arrangement offered through an employer under its governing terms. Which term fits?

- A.** annuity
- B.** transfer-out charge
- C.** cash value
- D.** employer-sponsored plan

D Choose the response that fits / continued

4. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "Then I should not call A cheapest overall from the annual fee alone. What other amounts have not yet been included in the comparison?" Louis: [missing response] Hana: "My existing account is a retirement account, but I have not supplied the exact type. Could moving it differ from moving an ordinary taxable account?" Which response belongs in the gap?

- A.** An in-kind transfer may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.
- B.** Read access terms separately. A surrender charge or other condition may apply. The contract must identify what is promised, by whom, and under which circumstances.
- C.** Product expenses remain unreviewed. The account fee is only one layer, so mark that gap rather than insert zero to make the table look complete.
- D.** The service level differs: A offers on-request support and B schedules quarterly reviews. Whether that matters depends on your needs, not just the fee.

[Answers and explanations, page 142](#)

One useful distinction

Option A has a lower annual account fee, but the comparison also needs its \$75 transfer-out charge and on-request service. Option B has a higher annual fee and quarterly reviews. No conclusion about overall suitability follows from one fee alone.

E Conversation

Comparing accounts without the missing cost columns

Comparing accounts without the missing cost columns

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

Product expenses / rollover / account wrapper / surrender charge / product comparison / rider / in-kind transfer / service level / Liquidation / transfer-out charge

- 01 **Hana:** Option A has the lower annual fee. The summary makes it look like the obvious choice, but I cannot find anything about leaving the account later.
- 02 **Louis:** The full schedule lists a seventy-five-dollar ¹ _____ for A and none for B. We should restore that missing information.
- 03 **Hana:** A is one hundred twenty dollars a year and B is two hundred forty. Does the higher charge buy a different service, or are they otherwise the same?
- 04 **Louis:** The ² _____ differs: A offers on-request support and B schedules quarterly reviews. Whether that matters depends on your needs, not just the fee.
- 05 **Hana:** Then I should not call A cheapest overall from the annual fee alone. What other amounts have not yet been included in the comparison?
- 06 **Louis:** ³ _____ remain unreviewed. The account fee is only one layer, so mark that gap rather than insert zero to make the table look complete.
- 07 **Hana:** My existing account is a retirement account, but I have not supplied the exact type. Could moving it differ from moving an ordinary taxable account?
- 08 **Louis:** Yes. Verify the ⁴ _____ and transaction first. We should not describe tax effects before identifying the actual accounts and applicable rules.
- 09 **Hana:** I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions.
- 10 **Louis:** An ⁵ _____ may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.

Conversation continues on the next page.

Comparing accounts without the missing cost columns

CONVERSATION / CONTINUED

- 11 **Hana:** Would I have to sell what I already hold? I thought this was mainly a change of provider, not a sale that might create other costs.
- 12 **Louis:** Correct. ⁶ _____ can involve costs and tax effects. Those need appropriate review before we explain what the move would mean for you.
- 13 **Hana:** Another brochure calls an annuity guaranteed. Does that mean I could withdraw the whole amount whenever I want, or is access a separate question?
- 14 **Louis:** Read access terms separately. A ⁷ _____ or other condition may apply. The contract must identify what is promised, by whom, and under which circumstances.
- 15 **Hana:** It mentions an optional income feature. Should I assume that is included in the base charge because it appears on the same page?
- 16 **Louis:** No. A ⁸ _____ may have an additional cost and different conditions. Inclusion needs verification, not an inference from the brochure's layout.
- 17 **Hana:** I am not asking you to choose now. I want the account comparison completed and the separate product questions identified clearly before discussing a recommendation.
- 18 **Louis:** That is a useful ⁹ _____ request. We can organize costs, services, access, and risks while marking questions requiring more information or specialist review.
- 19 **Hana:** Include staying where I am as one option. I would like to see what I would actually gain or give up before agreeing to move.
- 20 **Louis:** Agreed. Review alternatives without presuming a ¹⁰ _____ or other move is appropriate. No transfer or sale is authorized by today's discussion of the documents.

CHECK THE GAPS

1. transfer-out charge / 2. service level / 3. Product expenses / 4. account wrapper / 5. in-kind transfer / 6. Liquidation / 7. surrender charge / 8. rider / 9. product comparison / 10. rollover

[Why these answers fit, page 143](#)

F Check accuracy and scope

Comparing accounts without the missing cost columns

Return to the case

Client Hana compares two fictional account services. Option A has a \$120 annual account fee and on-request support; Option B has a \$240 annual account fee and scheduled quarterly reviews. The short summary omits exit charges and product-level expenses. A full schedule, now available to adviser Louis, lists a \$75 transfer-out charge for A and no transfer-out charge for B. Product expenses, the existing account type, and any tax effects still need review. Neither option is recommended or approved.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which question most directly clarifies transfer mechanics and possible consequences?

- A. Will the new adviser offer reviews on the same weekday?
- B. Will the account retain the same nickname in the online portal?
- C. Will the holdings move in kind or be sold, and what rules and costs apply?
- D. Will the receiving firm use the same monthly statement layout?

2. Which statement properly limits a product guarantee?

- A. Its scope and conditions depend on the contract and responsible issuer.
- B. Every annuity permits immediate free withdrawal.
- C. A guarantee removes every kind of risk.
- D. An optional rider has no cost because it is optional.

[Answers and explanations, page 145](#)

Listen for the distinction

Switch roles. Stress that product expenses, account type and tax effects remain unreviewed; do not choose either option.

Compare the whole service, not one attractive number

A cheaper headline fee and a more frequent review service answer different questions. Put relevant costs, access conditions, service differences, and client needs on the same comparison. An incomplete summary is a reason to obtain the terms, not to invent missing values.

F Say it / transfer to a new case

A free exit does not mean no costs

A product has no stated exit charge, but ongoing expenses and possible transaction costs remain unreviewed. A client asks whether "no exit charge" means the product is cost-free.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

category / verification / conclusion / expenses

- 01 **Adviser:** No exit charge describes one cost ¹ _____.
- 02 **Client:** We still need the ongoing ² _____.
- 03 **Adviser:** Possible transaction costs also require ³ _____.
- 04 **Client:** Then cost-free would be an unsupported ⁴ _____.

CHECK THE GAPS

1. category / 2. expenses / 3. verification / 4. conclusion

[Why these answers fit, page 145](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Comparing accounts without the missing cost columns".
Hana: "Another brochure calls an annuity guaranteed. Does that mean I could withdraw the whole amount whenever I want, or is access a separate question?" **Louis: [missing response]** **Hana: "It mentions an optional income feature. Should I assume that is included in the base charge because it appears on the same page?"** **Which response belongs in the gap?**

- A.** The service level differs: A offers on-request support and B schedules quarterly reviews. Whether that matters depends on your needs, not just the fee.
- B.** An in-kind transfer may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.
- C.** Read access terms separately. A surrender charge or other condition may apply. The contract must identify what is promised, by whom, and under which circumstances.
- D.** Product expenses remain unreviewed. The account fee is only one layer, so mark that gap rather than insert zero to make the table look complete.

[Answers and explanations, page 146](#)

Review 3 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Portfolio Reviews, Volatility, Rebalancing, and Behavioral Coaching" and "Products, Account Types, Rollovers, Annuities, Insurance, and Alternatives". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: The value at the end of the reporting interval. Which term fits?

- A. cost basis
- B. performance return
- C. closing balance
- D. tax consequence

2. A colleague needs the term for this meaning: Sale or conversion of holdings into cash. Which term fits?

- A. rider
- B. account wrapper
- C. liquidation
- D. lockup

3. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".
Elena: "If markets fall early on, while I'm taking money out, could that be worse than the same poor years arriving much later in retirement?" Malik: [missing response]
Elena: "Another report gave a percentage chance of success. Would switching to that sort of chart turn this into something I could rely on as guaranteed?" Which response belongs in the gap?

- A. Yes, that's sequence risk. The order matters when money is being withdrawn. A single steady rate doesn't show how those different paths affect the remaining assets.
- B. No. A Monte Carlo simulation explores many modeled paths. Its success percentage still depends on its inputs and definition of success; it isn't a personal guarantee.
- C. An RMD is a rule-based distribution requirement, not a recommended spending budget. We haven't calculated yours; we still need your account records and the applicable rules.
- D. Not as promised income. This is a projection using assumptions. Let's look at what it includes before you use it to decide when to leave work.

Review 3 / Meaning and context / continued

4. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "I am not asking you to choose now. I want the account comparison completed and the separate product questions identified clearly before discussing a recommendation." Louis: [missing response] Hana: "Include staying where I am as one option. I would like to see what I would actually gain or give up before agreeing to move." Which response belongs in the gap?

- A.** An in-kind transfer may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.
- B.** The service level differs: A offers on-request support and B schedules quarterly reviews. Whether that matters depends on your needs, not just the fee.
- C.** That is a useful product comparison request. We can organize costs, services, access, and risks while marking questions requiring more information or specialist review.
- D.** Agreed. Review alternatives without presuming a rollover or other move is appropriate. No transfer or sale is authorized by today's discussion of the documents.

[Answers and explanations, page 163](#)

A Read the situation

LESSON 07 / FAMILY, ESTATE, BENEFICIARIES, ELDER RISK, AND DIFFICULT CLIENT MOMENTS

Explain an account-update process compassionately while distinguishing beneficiary status, trusted contact, and legal authority.

Reviewing beneficiaries after a family loss

After her spouse dies, client Carla asks service colleague Devin how to review beneficiary details. Her daughter is listed as a trusted contact but has no verified transaction authority. Carla wants to remain the decision-maker and asks whether naming her daughter as trusted contact already made her a beneficiary. Devin can explain the firm's identity-verified review and update process. Account documents and legal questions have not been reviewed by the assigned specialists. No beneficiary change has been submitted or confirmed.

People: Carla, Client; Devin, Client-service colleague.

Read the record

Choose one answer per question using the facts above.

1. What role does the daughter currently have in the stated record?

- A. Trusted contact, without verified transaction authority
- B. Confirmed account owner
- C. Automatically the primary beneficiary
- D. Authorized decision-maker for every account

2. What does Carla want preserved?

- A. A change submitted without her confirmation
- B. Her role as decision-maker
- C. An automatic transfer to her daughter
- D. A completed legal opinion from Devin

3. What is the current change status?

- A. No beneficiary change is submitted or confirmed
- B. The daughter has already inherited
- C. Every account record has been updated
- D. A specialist has approved all legal effects

[Answers and explanations, page 147](#)

B Vocabulary in use

CORE TERMS

beneficiary

A person or entity designated to receive a benefit under relevant terms.

review the named beneficiary

primary beneficiary

A first-priority designated recipient under the relevant terms.

confirm the primary beneficiary

account owner

The person or entity holding ownership rights under the account arrangement.

verify the account owner

estate

A person's property and obligations in the relevant legal context, often after death.

refer estate questions to qualified counsel

trust

A legal arrangement in which property is held and administered under defined duties and terms.

identify the trust arrangement

executor

A person authorized to administer an estate under applicable law and process.

verify executor documentation

beneficiary designation

A recorded instruction naming benefit recipients under an account or contract.

verify the beneficiary designation

contingent beneficiary

A designated recipient if specified conditions affecting primary recipients apply.

review contingent-beneficiary details

joint ownership

Ownership shared under a specified legal form.

clarify the joint-ownership form

will

A legal document directing specified matters after death under applicable law.

review the will with legal counsel

trustee

A person or entity administering trust property under the governing duties.

verify the trustee's authority

power of attorney

An instrument granting specified authority to another person under applicable law.

review the power-of-attorney scope

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

beneficiary BENEFICIARY

review the named beneficiary

Keep the meaning precise: A person or entity designated to receive a benefit under relevant terms.

joint ownership JOINT OWNERSHIP

clarify the joint-ownership form

Keep the meaning precise: Ownership shared under a specified legal form.

B Precision and professional shorthand

EXTEND YOUR RANGE

authorized representative

A person with verified permission or legal authority for a defined role.

confirm the authorized representative

consent

Permission for a specified action or information use, within applicable requirements.

obtain appropriate client consent

privacy preference

A stated choice about communication or information sharing within applicable limits.

record privacy preferences

undue influence

Improper pressure affecting another person's decision under the relevant legal context.

report a concern about undue influence

safeguarding

Measures intended to protect a person from harm while respecting rights.

follow the safeguarding process

trusted contact

A person the firm may contact in limited circumstances, not automatically authorized to transact.

update trusted-contact information

identity verification

Confirmation of a person's identity through the approved process.

complete identity verification

capacity concern

A specific concern about decision-making ability requiring appropriate assessment.

escalate a capacity concern respectfully

financial exploitation

Improper use of another person's money or resources under applicable definitions.

escalate suspected financial exploitation

bereavement

The experience or period following the death of someone close.

offer sensitive bereavement support

B Precision and professional shorthand / continued

case note

A factual record of an interaction and relevant actions.

make an accurate case note

effective change

A change that has taken effect under the applicable process and terms.

confirm an effective change

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

power of attorney POWER OF ATTORNEY

review the power-of-attorney scope

Keep the meaning precise: An instrument granting specified authority to another person under applicable law.

privacy preference PRIVACY PREFERENCE

record privacy preferences

Keep the meaning precise: A stated choice about communication or information sharing within applicable limits.

Phrases that move the work forward

Acknowledge the loss

I am sorry for your loss; we can take this one step at a time.

Clarify the contact

Being your trusted contact does not itself authorize your daughter to transact.

Start the process

We can verify your identity and review the current account records.

Limit the role

I can explain the update process, but legal effects need qualified review.

Ask about involvement

Would you like your daughter involved, and what may we discuss with her?

Verify authority

A family relationship alone does not establish account authority.

Avoid a legal shortcut

We should not assume the will changes every beneficiary designation.

Respect pacing

We can review the next step without rushing a decision.

Preserve the client role

I will address the review and decisions with you.

Separate designations

Trusted contact and beneficiary are different account roles.

Avoid a status claim

No beneficiary change has been submitted or confirmed yet.

Close with confirmation

We will distinguish the request, submission, and confirmed update.

Preserve privacy

We need the appropriate permission before sharing account information.

Check the record

Let us confirm what each account currently lists.

State a concern neutrally

I will record the specific observation and follow the safeguarding process.

Confirm control

This conversation does not transfer control of your account.

Precision in real exchanges

Purpose: Separate designations

Useful wording: Trusted contact and beneficiary are different account roles.

Purpose: Start the process

Useful wording: We can verify your identity and review the current account records.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which explanation accurately separates the daughter's roles?

- A.** A trusted contact can sign every instruction without verification.
- B.** Trusted-contact status does not itself make her a beneficiary or transaction agent.
- C.** Trusted contacts automatically inherit every account.
- D.** Family membership gives unrestricted account access.

2. Which response respects Carla's requested control over the review?

- A.** Accept her daughter's confirmation as the beneficiary instruction to reduce Carla's workload.
- B.** Send account figures to the daughter first so she can explain them to Carla.
- C.** Address Carla directly and ask what family involvement she wants and permits.
- D.** Copy her daughter on the full account review because she is the trusted contact.

3. A colleague needs the term for this meaning: A designated recipient if specified conditions affecting primary recipients apply. Which term fits?

- A.** trust
- B.** safeguarding
- C.** consent
- D.** contingent beneficiary

D Choose the response that fits / continued

4. Rebuild the exchange from "Reviewing beneficiaries after a family loss". Carla: "Where do we begin? There may be more than one account, and I do not know whether each one has the same information on file." Devin: [missing response] Carla: "Once we have the record, I can see whether I want to request an update. Asking today does not itself change the names, correct?" Which response belongs in the gap?

- A.** You remain the person we address for your decisions. We will verify any authority separately rather than infer it from her family relationship or her presence.
- B.** No. A power of attorney is a separate instrument with defined authority and requirements. Its validity, scope, and treatment would need verification under the applicable process.
- C.** I am sorry for your loss. A trusted contact has a different role. We can check each account's beneficiary record without assuming the contact designation changes it.
- D.** Begin with the approved identity verification process, then review the relevant records. We should confirm what each account lists instead of assuming all designations are identical.

[Answers and explanations, page 147](#)

One useful distinction

A trusted-contact designation does not itself make someone a beneficiary or authorize account decisions. Beneficiary, owner, representative, and trusted contact are different roles. Verify the current record and the specific authority rather than relying on a family relationship.

E Conversation

Reviewing beneficiaries after a family loss

Reviewing beneficiaries after a family loss

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

legal review / power of attorney / beneficiary designation / privacy preferences /
case note / identity verification / safeguarding / capacity concern / trusted contact /
authority

- 01 **Carla:** Since my spouse died, I have been trying to review the paperwork. My daughter is a trusted contact; does that mean she is already the beneficiary?
- 02 **Devin:** I am sorry for your loss. A ¹ _____ has a different role. We can check each account's beneficiary record without assuming the contact designation changes it.
- 03 **Carla:** I want her to help me organize things, but I still want to make the decisions. I do not want the account treated as hers.
- 04 **Devin:** You remain the person we address for your decisions. We will verify any ² _____ separately rather than infer it from her family relationship or her presence.
- 05 **Carla:** Where do we begin? There may be more than one account, and I do not know whether each one has the same information on file.
- 06 **Devin:** Begin with the approved ³ _____ process, then review the relevant records. We should confirm what each account lists instead of assuming all designations are identical.

E Conversation / continued

- 07 **Carla:** Once we have the record, I can see whether I want to request an update. Asking today does not itself change the names, correct?
- 08 **Devin:** Correct. Reviewing a ⁴ _____ is different from submitting a change. No update has been submitted or confirmed through this conversation.
- 09 **Carla:** My daughter may join the next call. I would like her help, but there are some financial details I prefer to discuss privately with you.
- 10 **Devin:** We can record your ⁵ _____ and obtain the appropriate permissions. We will clarify what may be shared rather than assume joining one call grants unrestricted access.

Conversation continues on the next page.

Reviewing beneficiaries after a family loss

CONVERSATION / CONTINUED

- 11 **Carla:** My will names my daughter too. I assumed that settled everything. Do I still need to check each account's beneficiary record separately?
- 12 **Devin:** That interaction needs ⁶ _____. I can explain our record-update process, but I should not guess the legal effect of the will or other documents.
- 13 **Carla:** If my daughter were given a power of attorney later, would that be the same thing as being a trusted contact now?
- 14 **Devin:** No. A ⁷ _____ is a separate instrument with defined authority and requirements. Its validity, scope, and treatment would need verification under the applicable process.
- 15 **Carla:** I appreciate that. I may need more time with the forms because there is a lot to manage, but I do not want needing time mistaken for being unable to decide.
- 16 **Devin:** We can work at a reasonable pace. A ⁸ _____ should not be inferred from grief or a slower review. Your questions and preferences should remain central.
- 17 **Carla:** Suppose someone pressures me to make a change I do not want. I would want a way to tell the firm without having to discuss everything in front of them.
- 18 **Devin:** We can explain the firm's ⁹ _____ and reporting routes. A specific concern should be handled through the appropriate process, with information shared only as permitted or required.
- 19 **Carla:** First help me see what is currently recorded. I want to speak with the legal specialist before requesting changes; there is already a lot to manage.
- 20 **Devin:** I will make that clear in the ¹⁰ _____. We will distinguish review, any later instruction, submission, and confirmation so you know what has and has not happened.

CHECK THE GAPS

1. trusted contact / 2. authority / 3. identity verification / 4. beneficiary designation / 5. privacy preferences / 6. legal review / 7. power of attorney / 8. capacity concern / 9. safeguarding / 10. case note

[Why these answers fit, page 149](#)

F Check accuracy and scope

Reviewing beneficiaries after a family loss

Return to the case

After her spouse dies, client Carla asks service colleague Devin how to review beneficiary details. Her daughter is listed as a trusted contact but has no verified transaction authority. Carla wants to remain the decision-maker and asks whether naming her daughter as trusted contact already made her a beneficiary. Devin can explain the firm's identity-verified review and update process. Account documents and legal questions have not been reviewed by the assigned specialists. No beneficiary change has been submitted or confirmed.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which status update is supported?

- A. Every beneficiary has already changed.
- B. The daughter now owns the assets.
- C. The legal effects are fully approved.
- D. The review is requested; no change is submitted or confirmed.

2. Which issue should Devin route for qualified review?

- A. How to check a submission's administrative status
- B. How the account designation interacts with estate documents and applicable law
- C. Where to find the approved update form
- D. Whether identity verification is required by the process

[Answers and explanations, page 150](#)

Listen for the distinction

Switch roles. Distinguish a requested review from a submitted or effective change; retain the specific permission needed for family involvement.

Respect grief and preserve the client's voice

A bereaved client may need a slower pace and a clear sequence. Address the client directly, ask before involving family, and do not infer incapacity from age, grief, or a companion's presence. Practical help should preserve privacy and the distinction between administrative support and legal advice.

F Say it / transfer to a new case

A relative asks for the balance

A caller says they are the account holder's son and asks for the balance. His identity and authority to receive account information are unverified. No disclosure permission is established.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

process / balance / authority / checks

- 01 **Colleague:** A family relationship does not establish disclosure ¹ _____.
- 02 **Caller:** You need to complete the appropriate identity and permission ² _____.
- 03 **Colleague:** Until then, I cannot share the account ³ _____.
- 04 **Caller:** Please explain the approved verification ⁴ _____.

CHECK THE GAPS

1. authority / 2. checks / 3. balance / 4. process

[Why these answers fit, page 150](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "Reviewing beneficiaries after a family loss". Carla: "If my daughter were given a power of attorney later, would that be the same thing as being a trusted contact now?" Devin: [missing response] Carla: "I appreciate that. I may need more time with the forms because there is a lot to manage, but I do not want needing time mistaken for being unable to decide." Which response belongs in the gap?

- A.** You remain the person we address for your decisions. We will verify any authority separately rather than infer it from her family relationship or her presence.
- B.** I am sorry for your loss. A trusted contact has a different role. We can check each account's beneficiary record without assuming the contact designation changes it.
- C.** No. A power of attorney is a separate instrument with defined authority and requirements. Its validity, scope, and treatment would need verification under the applicable process.
- D.** Begin with the approved identity verification process, then review the relevant records. We should confirm what each account lists instead of assuming all designations are identical.

[Answers and explanations, page 151](#)

A Read the situation

LESSON 08 / PRACTICE MANAGEMENT, DOCUMENTATION, COMPLAINTS, MARKETING, AND SUPERVISION

Restate a specific complaint, explain investigation status, and commit only to an authorized next step.

An acknowledgment that never answered the complaint

Client Dana complained that two \$300 entries appeared with similar fee descriptions. The firm sent an acknowledgment and ticket number but did not answer why the two entries were posted. Liam, the service lead, has the complaint and statement references but no completed review of the entries. The assigned complaints team will assess the issue. A status update is scheduled for Friday, not a guaranteed final decision. No duplicate-charge finding or refund has been approved.

People: Dana, Client; Liam, Service lead.

Read the record

Choose one answer per question using the facts above.

1. What question remains unanswered?

- A. Whether a ticket number was issued
- B. Whether the acknowledgment arrived
- C. Whether Dana ever raised a concern
- D. Why two similarly described \$300 entries were posted

2. What is scheduled for Friday?

- A. A final legal ruling
- B. Automatic closure regardless of findings
- C. A status update
- D. A guaranteed refund

3. What conclusion has been approved?

- A. Neither a duplicate-charge finding nor a refund
- B. A confirmed duplicate and full refund
- C. A finding that Dana is mistaken
- D. A closed complaint with no remaining issue

[Answers and explanations, page 152](#)

B Vocabulary in use

CORE TERMS

complaint

An expression of dissatisfaction requiring handling under the applicable process.

record a client complaint

substantive response

A reply addressing the actual issue rather than only confirming receipt.

provide a substantive response

case reference

An identifier used to track an issue and related records.

quote the case reference

service failure

A shortcoming in the service provided, where established.

assess a reported service failure

remedy

An action intended to address an established problem under relevant authority.

consider an authorized remedy

escalation

Referral to a responsible authority for further attention.

route a complaint escalation

acknowledgment

Confirmation that a message or concern has been received.

send an acknowledgment

complaint owner

The person or team responsible for progressing the complaint.

identify the complaint owner

investigation status

The current stage of evidence review and assessment.

explain the investigation status

resolution

An outcome addressing a matter under the applicable process.

explain the complaint resolution

refund

Repayment of an amount charged or paid under the applicable decision.

confirm an approved refund

response deadline

A time by which a specified reply is required or planned.

distinguish update and response deadlines

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

complaint COMPLAINT

record a client complaint

Keep the meaning precise: An expression of dissatisfaction requiring handling under the applicable process.

investigation status INVESTIGATION STATUS

explain the investigation status

Keep the meaning precise: The current stage of evidence review and assessment.

B Precision and professional shorthand

EXTEND YOUR RANGE

record retention

Keeping records for the period and purpose required by applicable arrangements.

follow record-retention requirements

supervisory review

Oversight assessment by an authorized reviewer.

obtain supervisory review

advertisement

A promotional communication under the relevant rules and context.

review an advertisement before use

endorsement

A statement of support or recommendation under applicable definitions.

review an endorsement disclosure

cherry-picking

Selecting favorable information while omitting relevant unfavorable context.

avoid cherry-picking results

misleading omission

Missing information that materially distorts the message in context.

correct a misleading omission

correspondence log

A record of communications and their dates or status.

update the correspondence log

approval workflow

A defined process for obtaining required authorization.

follow the approval workflow

testimonial

A statement about experience with a provider under applicable definitions.

assess a proposed testimonial

hypothetical performance

Results not representing the actual performance experience described for a real portfolio.

qualify hypothetical performance

substantiation

Evidence supporting a factual or promotional claim.

retain claim substantiation

version control

Management of document versions and their approval status.

maintain approved-version control

Say it in context

Stress the highlighted expression. Keep the surrounding words connected; pause at the end of the phrase.

response deadline RESPONSE DEADLINE

distinguish update and response deadlines

Keep the meaning precise: A time by which a specified reply is required or planned.

advertisement ADVERTISEMENT

review an advertisement before use

Keep the meaning precise: A promotional communication under the relevant rules and context.

Phrases that move the work forward

Acknowledge the gap

Our earlier message confirmed receipt but did not answer your question.

State the evidence

We have the statement references, but the entry review is incomplete.

Limit the commitment

Friday is the scheduled status update, not a promised final decision.

Preserve the record

I will keep your original concern and the correspondence linked to the case.

Avoid a finding

Similar descriptions do not yet establish a duplicate charge.

Check accuracy

Does this restatement capture the issue you want addressed?

Avoid forced closure

An acknowledgment alone is not a reason to mark the complaint resolved.

Limit a marketing claim

A favorable comment cannot be published without the required review and permissions.

Restate the concern

You want to know why two \$300 entries have similar fee descriptions.

Name the owner

The assigned complaints team is responsible for the assessment.

Avoid a premature remedy

No refund decision has been approved yet.

Close with substance

The next update will say what has been checked and what remains open.

Take responsibility

I will make sure the unanswered question is explicit in the handoff.

Confirm delivery

Which approved communication route should we use for the update?

Preserve an escalation

I will explain the applicable escalation route without implying an outcome.

Keep the version

Use only the currently approved communication, with its qualifications intact.

Precision in real exchanges

Purpose: Name the owner

Useful wording: The assigned complaints team is responsible for the assessment.

Purpose: Limit the commitment

Useful wording: Friday is the scheduled status update, not a promised final decision.

D Choose the response that fits

Choose one response for each situation. Preserve the facts, the decision boundary, and the purpose of the exchange.

1. Which opening addresses the actual communication failure?

- A.** A polite greeting is the same as an investigation.
- B.** Our acknowledgment did not explain the two entries; that question remains open.
- C.** We sent a ticket number, so the issue is resolved.
- D.** Similar labels prove a refund is due.

2. Which Friday promise is supported?

- A.** We will provide the scheduled status update.
- B.** Your refund is guaranteed Friday.
- C.** The final finding will certainly be complete Friday.
- D.** Every record will be deleted Friday.

3. A colleague needs the term for this meaning: The person or team responsible for progressing the complaint. Which term fits?

- A.** complaint owner
- B.** cherry-picking
- C.** supervisory review
- D.** remedy

D Choose the response that fits / continued

4. Rebuild the exchange from "An acknowledgment that never answered the complaint". Dana: "The similar labels look like a duplicate to me. Can you confirm that now, or do you still need to inspect the transaction and fee records?" Liam: [missing response] Dana: "Who is responsible? I have spoken to several people, and I do not want the question passed around without an owner." Which response belongs in the gap?

- A.** Friday is the scheduled status update, not a guaranteed final decision. It should identify what has been checked, what remains open, and the next authorized step.
- B.** The duplicate-charge finding is not established yet. We need the underlying records to identify each entry and assess whether either was charged incorrectly.
- C.** I will explain the relevant escalation route. Waiting for a scheduled update does not, by itself, mean you consider the matter resolved or waive your concern.
- D.** That requires a substantive response. We have the statement references, but the review of the entries is incomplete, so I cannot responsibly give you an unverified explanation.

[Answers and explanations, page 152](#)

One useful distinction

An acknowledgment establishes receipt, not investigation completion or resolution. Similar fee labels are a reason to examine the entries, not proof that the second charge is a duplicate. The Friday commitment is a status update, not a guaranteed refund or final decision.

E Conversation

An acknowledgment that never answered the complaint

An acknowledgment that never answered the complaint

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

resolution / correspondence log / status update / handoff / acknowledgment /
duplicate-charge finding / substantive response / escalation / refund / complaint owner

- 01 **Dana:** Your email gave me a ticket number, but it did not answer my question. Why are there two three-hundred-dollar entries with almost the same fee description?
- 02 **Liam:** You are right that the ¹ _____ did not answer that question. I will make the unresolved issue explicit rather than treating the earlier email as a completed response.
- 03 **Dana:** I need an explanation of the entries, not another message saying the firm values me. Was one charged incorrectly?
- 04 **Liam:** That requires a ² _____. We have the statement references, but the review of the entries is incomplete, so I cannot responsibly give you an unverified explanation.
- 05 **Dana:** The similar labels look like a duplicate to me. Can you confirm that now, or do you still need to inspect the transaction and fee records?
- 06 **Liam:** The ³ _____ is not established yet. We need the underlying records to identify each entry and assess whether either was charged incorrectly.

E Conversation / continued

- 07 **Dana:** Who is responsible? I have spoken to several people, and I do not want the question passed around without an owner.
- 08 **Liam:** The assigned complaints team is the ⁴ _____. I will link your original concern, the statement references, and this conversation so the team receives the specific unresolved question.
- 09 **Dana:** The email mentioned Friday. Does that mean you will tell me the final answer then, or only that someone is still looking at it?
- 10 **Liam:** Friday is the scheduled ⁵ _____, not a guaranteed final decision. It should identify what has been checked, what remains open, and the next authorized step.

Conversation continues on the next page.

An acknowledgment that never answered the complaint

CONVERSATION / CONTINUED

- 11 **Dana:** If the review confirms an error, I would expect the firm to explain how it will put things right. Can you promise the refund today?
- 12 **Liam:** No ⁶ _____ has been approved. I can ensure that your requested remedy is recorded, but I should not promise an outcome before the assessment and required approval.
- 13 **Dana:** Please do not remove the earlier messages. They show that I asked this question before and that the response did not address it.
- 14 **Liam:** We will preserve the ⁷ _____ under the applicable record process. Your original concern and the fact that it remains unanswered should stay visible in the file.
- 15 **Dana:** I also want to know how to escalate if the next response is another acknowledgment. I am not withdrawing my complaint by agreeing to wait for Friday.
- 16 **Liam:** I will explain the relevant ⁸ _____ route. Waiting for a scheduled update does not, by itself, mean you consider the matter resolved or waive your concern.
- 17 **Dana:** Could you read back the issue you are sending to the reviewer? The two entries are my main concern, not just the unhelpful email.
- 18 **Liam:** You seek an explanation and review of two similarly described three-hundred-dollar entries, with any appropriate remedy assessed. That will be in the ⁹ _____, alongside the communication shortcoming.
- 19 **Dana:** Yes, that is the question. Please use our usual contact route and update me when promised, even if you are still waiting for the final answer.
- 20 **Liam:** I will record that request. The case stays open pending the proper ¹⁰ _____, and the next message will distinguish verified findings, unfinished work, and any decision actually approved.

CHECK THE GAPS

1. acknowledgment / 2. substantive response / 3. duplicate-charge finding / 4. complaint owner / 5. status update / 6. refund / 7. correspondence log / 8. escalation / 9. handoff / 10. resolution

[Why these answers fit, page 153](#)

F Check accuracy and scope

An acknowledgment that never answered the complaint

Return to the case

Client Dana complained that two \$300 entries appeared with similar fee descriptions. The firm sent an acknowledgment and ticket number but did not answer why the two entries were posted. Liam, the service lead, has the complaint and statement references but no completed review of the entries. The assigned complaints team will assess the issue. A status update is scheduled for Friday, not a guaranteed final decision. No duplicate-charge finding or refund has been approved.

Choose one answer per question. Use the case facts and keep any uncertainty or limits intact.

1. Which statement matches the evidence on the charges?

- A.** The second entry is definitely fraudulent.
- B.** Two identical amounts can never be legitimate.
- C.** The complaint proves the exact cause.
- D.** The similar descriptions need review; a duplicate is not established.

2. Which handoff best preserves the complaint?

- A.** Include the two entry references, unanswered fee question, pending review, owner and Friday update.
- B.** Record a request for another statement without the disputed entries.
- C.** Record the ticket number and mark the communication task complete.
- D.** Record an expected \$300 refund as the planned Friday outcome.

[Answers and explanations, page 155](#)

Listen for the distinction

Switch roles. Commit to Friday's status update without promising a final decision or refund. Keep the complaint open for assessment.

An apology needs a concrete response

A polite acknowledgment can frustrate a client if it replaces the answer they requested. State the specific concern, the current evidence, the responsible team, and the next update. Do not promise a refund or final date merely to end an uncomfortable conversation.

F Say it / transfer to a new case

A client comment is not an approved advertisement

A client sends a favorable private email. A colleague proposes quoting it in a public advertisement. Required permission, disclosure, and supervisory checks have not been completed.

Complete the four gaps. With a partner, read alternate roles, then switch. Studying alone, read both roles and pause before each response.

WORD AND PHRASE BANK

review / disclosures / use / version

- 01 **Colleague:** The private comment is not yet approved for public ¹ _____.
- 02 **Supervisor:** Verify the required permission and any relevant ² _____.
- 03 **Colleague:** The proposed advertisement still needs supervisory ³ _____.
- 04 **Supervisor:** Keep the draft separate from the approved ⁴ _____.

CHECK THE GAPS

1. use / 2. disclosures / 3. review / 4. version

[Why these answers fit, page 155](#)

Rebuild the exchange

Choose the missing response. Read the completed three-turn exchange aloud, changing roles on the second reading.

1. Rebuild the exchange from "An acknowledgment that never answered the complaint".
Dana: "Please do not remove the earlier messages. They show that I asked this question before and that the response did not address it." **Liam:** [missing response] **Dana:** "I also want to know how to escalate if the next response is another acknowledgment. I am not withdrawing my complaint by agreeing to wait for Friday." Which response belongs in the gap?

- A.** We will preserve the correspondence log under the applicable record process. Your original concern and the fact that it remains unanswered should stay visible in the file.
- B.** That requires a substantive response. We have the statement references, but the review of the entries is incomplete, so I cannot responsibly give you an unverified explanation.
- C.** You seek an explanation and review of two similarly described three-hundred-dollar entries, with any appropriate remedy assessed. That will be in the handoff, alongside the communication shortcoming.
- D.** No refund has been approved. I can ensure that your requested remedy is recorded, but I should not promise an outcome before the assessment and required approval.

[Answers and explanations, page 156](#)

Review 4 / Meaning and context

Use language from the lessons you have completed. Choose one answer per question.

Case file

Revisit "Family, Estate, Beneficiaries, Elder Risk, and Difficult Client Moments" and "Practice Management, Documentation, Complaints, Marketing, and Supervision". Choose precise terminology, then reconstruct the missing responses using both neighboring turns. The final two questions also revisit earlier conversations.

1. A colleague needs the term for this meaning: A first-priority designated recipient under the relevant terms. Which term fits?

- A. trusted contact
- B. financial exploitation
- C. will
- D. primary beneficiary

2. A colleague needs the term for this meaning: An outcome addressing a matter under the applicable process. Which term fits?

- A. record retention
- B. complaint
- C. endorsement
- D. resolution

3. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions." Louis: [missing response] Hana: "Would I have to sell what I already hold? I thought this was mainly a change of provider, not a sale that might create other costs." Which response belongs in the gap?

- A. The service level differs: A offers on-request support and B schedules quarterly reviews. Whether that matters depends on your needs, not just the fee.
- B. That is a useful product comparison request. We can organize costs, services, access, and risks while marking questions requiring more information or specialist review.
- C. An in-kind transfer may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.
- D. Agreed. Review alternatives without presuming a rollover or other move is appropriate. No transfer or sale is authorized by today's discussion of the documents.

Review 4 / Meaning and context / continued

4. Rebuild the exchange from "An acknowledgment that never answered the complaint". Dana: "Could you read back the issue you are sending to the reviewer? The two entries are my main concern, not just the unhelpful email." Liam: [missing response] Dana: "Yes, that is the question. Please use our usual contact route and update me when promised, even if you are still waiting for the final answer." Which response belongs in the gap?

- A.** We will preserve the correspondence log under the applicable record process. Your original concern and the fact that it remains unanswered should stay visible in the file.
- B.** You seek an explanation and review of two similarly described three-hundred-dollar entries, with any appropriate remedy assessed. That will be in the handoff, alongside the communication shortcoming.
- C.** That requires a substantive response. We have the statement references, but the review of the entries is incomplete, so I cannot responsibly give you an unverified explanation.
- D.** No refund has been approved. I can ensure that your requested remedy is recorded, but I should not promise an outcome before the assessment and required approval.

[Answers and explanations, page 166](#)

Language for the next case

A job loss changes the next six months of planning

cash-flow

Cash-flow concerns the timing and amounts of money coming in and going out.

Amina: I'm sorry. Let's first establish your immediate cash-flow needs rather than assume all those actions are necessary.

reserve

Reserve is money set aside for a defined purpose, including unexpected needs or interruptions.

Amina: This is a change in circumstances, not a judgment about you. Let's check what your reserve can cover and which restrictions apply.

coverage

Coverage identifies what protection an insurance or benefit arrangement provides and for how long.

Amina: We'll coordinate with the benefits contact. The coverage dates need confirmation from the relevant documents.

available

Available means accessible for the intended use now, unlike a payment with an unconfirmed date.

Amina: Then we'll keep it separate from cash already available. What must be paid before your next expected income?

income gap

Income gap is a period when expected income does not cover the relevant spending needs.

Amina: Then we'll test a longer income gap and identify which assumptions change the result most.

planning assumptions

Planning assumptions are the inputs used in an illustration; changed employment means earlier inputs may no longer fit.

Amina: I'll record that. We'll update the planning assumptions and agree the next decisions with you.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

A job loss changes the next six months of planning

A client has lost salaried employment. Severance has been offered but its payment date is unconfirmed. Household expenses, accessible savings, insurance arrangements, and possible replacement income need review. No withdrawal or investment change is authorized.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

cash-flow / income gap / reserve / coverage / planning assumptions / available

- 01 **Chris:** I lost my job yesterday. Should I stop every contribution and sell investments before things get worse?
- 02 **Amina:** I'm sorry. Let's first establish your immediate ¹ _____ needs rather than assume all those actions are necessary.
- 03 **Chris:** The company offered severance, so we may be all right for several months.
- 04 **Amina:** Do you have the amount, payment date, and terms in writing?
- 05 **Chris:** The amount is in the letter. The payment date isn't confirmed.
- 06 **Amina:** Then we'll keep it separate from cash already ² _____. What must be paid before your next expected income?
- 07 **Chris:** The mortgage, household bills, and an insurance payment. I need to check their dates.
- 08 **Amina:** Bring those dates and the current account balances. We'll also identify money already reserved for other commitments.
- 09 **Chris:** I have emergency savings, but using them feels like failing.
- 10 **Amina:** This is a change in circumstances, not a judgment about you. Let's check what your ³ _____ can cover and which restrictions apply.

Conversation continues on the next page.

A job loss changes the next six months of planning

CONVERSATION / CONTINUED

- 11 **Chris:** Should I count a possible consulting project as income?
- 12 **Amina:** Show it as a possibility until its terms and timing are confirmed. We'll keep a separate case without that income.
- 13 **Chris:** I don't want a plan that works only if I find another job immediately.
- 14 **Amina:** Then we'll test a longer ⁴ _____ and identify which assumptions change the result most.
- 15 **Chris:** What about the retirement contributions and investments?
- 16 **Amina:** We'll review them alongside liquidity, costs, taxes, and your longer-term goals before making recommendations.
- 17 **Chris:** Can you also tell me exactly which employer benefits continue?
- 18 **Amina:** We'll coordinate with the benefits contact. The ⁵ _____ dates need confirmation from the relevant documents.
- 19 **Chris:** I'll bring the letter, bills, balances, and benefit information. I'm asking for a review, not authorizing a sale today.
- 20 **Amina:** I'll record that. We'll update the ⁶ _____ and agree the next decisions with you.

CHECK THE GAPS

1. cash-flow / 2. available / 3. reserve / 4. income gap / 5. coverage / 6. planning assumptions

[Why these answers fit, page 169](#)

A possible contract is added to the base plan

The client may receive consulting work, but no contract or payment date is confirmed. An assistant has included it as certain income.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

unconfirmed / income / expenses / guarantee

- 01 **Adviser:** This consulting payment is still ¹ _____, correct?
- 02 **Client:** Yes. Please keep a separate case without that ² _____.
- 03 **Adviser:** We'll compare how long accessible savings cover the stated ³ _____.
- 04 **Client:** And label the result as an illustration, not a ⁴ _____.

CHECK THE GAPS

1. unconfirmed / 2. income / 3. expenses / 4. guarantee

[Why these answers fit, page 169](#)

Keep the distinction audible

Acknowledge a stressful change and gather the facts needed to reassess a plan.

Language for the next case

Employer shares are not the same as accessible cash

concentration

Concentration means a large share of relevant wealth or exposure is tied to one investment or source.

Evan: It refers to concentration, not a prediction that the company will fail.

trading restrictions

Trading restrictions are limits on transactions arising from relevant laws, employer policies, or award terms.

Evan: We must verify applicable trading restrictions and your circumstances. Ownership alone doesn't answer that question.

Diversification

Diversification spreads exposure across investments or risk sources; it does not guarantee against every loss.

Evan: Right. Diversification depends on what you own, not simply the number of statements.

unvested awards

Unvested awards remain subject to vesting conditions; their displayed value is not automatically accessible cash.

Evan: First separate shares you hold from unvested awards. We need the award conditions and dates.

cost basis

Cost basis is the relevant tax basis used when determining gain or loss, which should not be guessed from the current value.

Evan: Yes. We'll verify the cost basis and obtain appropriate tax input where needed.

liquidity

Liquidity concerns the ability to access or convert assets into usable funds when needed.

Evan: Then we can assess liquidity, concentration, and alternatives. No sale instruction is being taken from this discussion.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

Employer shares are not the same as accessible cash

A client holds employer shares in one account and has additional unvested equity awards. Salary also comes from that employer. The adviser has not verified award terms, trading restrictions, tax basis, or the household's complete portfolio.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

unvested awards / Diversification / cost basis / trading restrictions / liquidity / concentration

- 01 **Rosa:** My employer's shares have done well. Why does the planning note call them a risk?
- 02 **Evan:** It refers to ¹ _____, not a prediction that the company will fail.
- 03 **Rosa:** I know the business better than most investors. That makes me more comfortable holding it.
- 04 **Evan:** Your knowledge and confidence matter, but they don't remove price risk. Your salary and part of your wealth also depend on the same company.
- 05 **Rosa:** The award statement shows another large amount. Can we include all of it as money available for the house?
- 06 **Evan:** First separate shares you hold from ² _____. We need the award conditions and dates.
- 07 **Rosa:** Some vest next year, but I haven't checked whether leaving the company changes them.
- 08 **Evan:** Then we'll review those terms before counting them toward a fixed spending commitment.
- 09 **Rosa:** If the shares are already mine, can I sell whenever I choose?
- 10 **Evan:** We must verify applicable ³ _____ and your circumstances. Ownership alone doesn't answer that question.

Conversation continues on the next page.

Employer shares are not the same as accessible cash

CONVERSATION / CONTINUED

- 11 **Rosa:** I don't want a recommendation based only on selling everything immediately.
- 12 **Evan:** Nor should we assume that. We'll review the whole portfolio, your goals, the restrictions, and possible approaches before recommending an action.
- 13 **Rosa:** Taxes could affect what I keep from a sale.
- 14 **Evan:** Yes. We'll verify the ⁴ _____ and obtain appropriate tax input where needed.
- 15 **Rosa:** Would holding several funds automatically eliminate the concentration?
- 16 **Evan:** Not necessarily. The funds may also hold your employer or similar exposures. We need to examine the underlying holdings.
- 17 **Rosa:** So the account labels don't tell us whether the investments are genuinely different.
- 18 **Evan:** Right. ⁵ _____ depends on what you own, not simply the number of statements.
- 19 **Rosa:** I'll provide the award documents and all the account details through the secure route.
- 20 **Evan:** Then we can assess ⁶ _____, concentration, and alternatives. No sale instruction is being taken from this discussion.

CHECK THE GAPS

1. concentration / 2. unvested awards / 3. trading restrictions / 4. cost basis / 5. Diversification / 6. liquidity

[Why these answers fit, page 171](#)

An award value appears in the household cash total

A planning worksheet adds an unvested award to a bank balance and labels the total immediately accessible. The award terms have not been reviewed.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

vesting / funding / balance / verification

- 01 **Adviser:** Keep the award separate from the bank ¹ _____ for now.
- 02 **Client:** The award depends on conditions in its ² _____ schedule.
- 03 **Adviser:** Exactly. We'll review the conditions before treating it as available
³ _____.
- 04 **Client:** Please mark that part of the worksheet as pending ⁴ _____.

CHECK THE GAPS

1. balance / 2. vesting / 3. funding / 4. verification

[Why these answers fit, page 171](#)

Keep the distinction audible

Explain concentration and liquidity without dismissing a client's loyalty to an employer.

Language for the next case

A familiar name sends an unfamiliar transfer request

authenticity

Authenticity means a message genuinely comes from the claimed sender, which a copied name or image does not prove.

Ben: Those details don't establish authenticity. Have you sent funds or shared any access information?

urgency

Urgency is pressure to act quickly; in this context it is a warning sign requiring careful verification.

Ben: That urgency is another reason to pause. You don't need to make a transfer to settle whether the instruction is genuine.

owner

Owner identifies the person responsible for coordinating the case and its follow-up.

Ben: I'll confirm the case owner and the next update through our usual contact route.

verification

Verification checks identity and instructions through a reliable independent process, not the suspicious message itself.

Ben: Don't use the message's link or telephone number to verify it. We'll follow our established verification route.

activity

Activity means actions involving the account; receipt of a message alone does not prove unauthorized transactions.

Ben: We haven't established that. We'll distinguish the suspicious message from any confirmed account activity.

safeguards

Safeguards are protective measures selected through the authorized review, not improvised instructions from the suspicious sender.

Ben: I'll record that, along with what you've received. Any further safeguards will follow the firm's response process and your applicable account arrangements.

Read the phrases aloud. Then complete the conversation on the following pages using the word bank.

Conversation

A familiar name sends an unfamiliar transfer request

A client receives an urgent message apparently from the adviser, directing a transfer to a new account. The client has not transferred funds. The adviser is reached through the firm's established number; the message and destination have not been verified.

Complete the numbered gaps. Use each bank entry once; some entries contain several words.

WORD AND PHRASE BANK

owner / verification / activity / authenticity / urgency / safeguards

- 01 **Noor:** I received your message about transferring money today. Why is the destination different from the account we normally use?
- 02 **Ben:** I didn't send that instruction. Thank you for calling through our established number before acting.
- 03 **Noor:** The message uses your name and a photo from the website.
- 04 **Ben:** Those details don't establish ¹ _____. Have you sent funds or shared any access information?
- 05 **Noor:** No. It asked me to use a link, but I haven't opened it.
- 06 **Ben:** Don't use the message's link or telephone number to verify it. We'll follow our established ² _____ route.
- 07 **Noor:** It says I'll miss a special opportunity if I wait an hour.
- 08 **Ben:** That ³ _____ is another reason to pause. You don't need to make a transfer to settle whether the instruction is genuine.
- 09 **Noor:** Should I forward it to your normal email address?
- 10 **Ben:** Let me give you the firm's approved reporting route using this verified contact. We'll preserve the message without circulating it unnecessarily.

Conversation continues on the next page.

A familiar name sends an unfamiliar transfer request

CONVERSATION / CONTINUED

- 11 **Noor:** Will you need my password to inspect the account?
- 12 **Ben:** No. Don't share passwords or security codes. Our review follows the authorized access process.
- 13 **Noor:** Does this mean my account has already been compromised?
- 14 **Ben:** We haven't established that. We'll distinguish the suspicious message from any confirmed account ⁴ _____.
- 15 **Noor:** I'm embarrassed that I thought it might be real.
- 16 **Ben:** You noticed a difference and checked before acting. That's useful information for the response team, not something to hide.
- 17 **Noor:** Who will keep me informed after I report it?
- 18 **Ben:** I'll confirm the case ⁵ _____ and the next update through our usual contact route.
- 19 **Noor:** I'll report it and wait for verified instructions. No money has moved.
- 20 **Ben:** I'll record that, along with what you've received. Any further ⁶ _____ will follow the firm's response process and your applicable account arrangements.

CHECK THE GAPS

1. authenticity / 2. verification / 3. urgency / 4. activity / 5. owner / 6. safeguards

[Why these answers fit, page 173](#)

The suspicious sender calls back

After the client reports the message, another caller claims to be the adviser and asks for a security code. The caller's identity is unverified.

Complete the exchange using each phrase once. Read both roles, then switch roles and repeat with the bank covered.

WORD AND PHRASE BANK

number / findings / code / case

- 01 **Client:** The caller wants the security ¹ _____ that just arrived.
- 02 **Adviser:** Don't share it. End that call and use our established contact ² _____.
- 03 **Client:** I'll report the new contact as part of the same ³ _____.
- 04 **Adviser:** Good. We'll distinguish reported events from verified ⁴ _____.

CHECK THE GAPS

1. code / 2. number / 3. case / 4. findings

[Why these answers fit, page 173](#)

Keep the distinction audible

Respond calmly to possible impersonation while preserving the client's control.

01 / Answers and explanations

A / Read the situation

A1. Which key facts are missing?

B. Retirement date, spending estimate, and current financial summary

The briefing identifies the date, spending, and asset-liability information as missing inputs for the planning discussion.

[Return to the exercise, page 4](#)

A2. What is the current meeting's purpose?

A. Discovery and explanation of the proposed planning service

The meeting is introductory and no engagement scope or recommendation has been finalized.

[Return to the exercise, page 4](#)

A3. How should any provisional number be described?

B. As an assumption to check, not a verified client fact

The case requires keeping estimates and missing information distinct from verified circumstances and client authority.

[Return to the exercise, page 4](#)

D / Response choices

D1. Which response best develops the vague goal?

C. Let us clarify the retirement date, spending basis, and current financial position.

The response seeks the case's missing inputs without inventing facts or promising an outcome.

[Return to the exercise, page 8](#)

D2. Which question clarifies the scope and purchasing-power basis of a spending estimate?

B. Is the amount for the household and expressed in today's money?

Household coverage and today's-money versus future-money amounts define the estimate's meaning. The provider, income sources and meeting arrangements answer different planning questions.

[Return to the exercise, page 8](#)

01 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: Terms describing the professional relationship and services. Which term fits?

D. engagement agreement

A Not here. income source: An identified origin of household receipts. The usual combination is "verify each income source".

B Not here. discretionary spending: Outgoings the client has greater ability to adjust. The usual combination is "distinguish discretionary spending".

C Not here. planning assumption: A provisional input used to explore possible outcomes. The usual combination is "label a planning assumption".

D Correct. engagement agreement: Terms describing the professional relationship and services. The usual combination is "review the engagement agreement".

[Return to the exercise, page 8](#)

D4. Rebuild the exchange from "Turning a retirement wish into usable planning facts". Leah: "I can provide recent household bills. Travel and future healthcare costs are less certain, so my first spending estimate would be incomplete." Sam: [missing response] Leah: "Should the estimate describe what those things cost now, or what they might cost in the year I stop working? Those numbers could be quite different." Which response belongs in the gap?

B. Separate essential spending from the more adjustable items. We can mark uncertain amounts clearly rather than filling the gaps with figures that look precise but lack support.

A Not here. This line belongs to turn 18, after Leah says: "I sometimes help a family member with bills. The amount varies. How should we include that without pretending it is a fixed monthly expense?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Sam's response in turn 6. It connects Leah's preceding point with Leah's follow-up. Essential spending covers costs treated as necessary or committed, helping distinguish them from more adjustable preferences.

C Not here. This line belongs to turn 14, after Leah says: "Will the planning service also decide the legal and tax questions connected to retirement? I do not want to assume those are included just because they affect the plan." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Leah says: "I would rather not email the details to an unverified address. How should I send the documents?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 8](#)

E / Conversation

1. target

Turn 2. A target needs relevant timing and spending context; an unsupported single number would not represent Leah's circumstances.

01 / Answers and explanations / continued

2. time horizon

Turn 4. The time horizon identifies when resources are needed; Leah has not yet confirmed the timing or future work pattern.

3. essential spending

Turn 6. Essential spending covers costs treated as necessary or committed, helping distinguish them from more adjustable preferences.

4. today's money

Turn 8. Today's money expresses current purchasing power; it is different from an unqualified future nominal spending figure.

5. asset summary

Turn 10. An asset summary brings owned resources together; it supports planning but should not omit debts or be confused with net worth.

6. secure channel

Turn 12. A secure channel is the firm's protected document route; it reduces inappropriate exposure of sensitive client information.

7. planning scope

Turn 14. Planning scope defines the services included; related tax or legal questions are not automatically covered by the proposed engagement.

8. planning assumption

Turn 16. A planning assumption is a provisional input, not a verified fact or promised outcome; labeling it supports meaningful review.

9. commitment

Turn 18. The commitment is a potential household support need; recording its uncertainty prevents it from being silently excluded from planning.

10. engagement agreement

Turn 20. The engagement agreement records the relationship and services; reviewing discovery information does not itself finalize scope or authorize investments.

[Return to the conversation, page 10](#)

01 / Answers and explanations / continued

F / Accuracy and scope

F1. Which statement correctly limits an initial illustration?

A. It uses labeled assumptions that still need verification.

A preliminary illustration explores assumptions; it does not establish missing facts or trading authority.

[Return to the exercise, page 13](#)

F2. Which route fits the sensitive document request?

D. The firm's approved secure channel

The briefing specifies a secure approved route for personal financial information rather than unrestricted disclosure.

[Return to the exercise, page 13](#)

F / Guided speaking

1. currency

Adviser: First, which currency does the amount use?

Turn 1. The same number means different monetary amounts in different currencies, so the unit must be identified.

2. household

Client: I also need to clarify whether it covers the whole household.

Turn 2. Household scope distinguishes one person's spending from the combined needs of several people.

3. tax

Adviser: Please specify whether the figure is before or after tax.

Turn 3. Tax basis affects how an income requirement relates to spendable money and must not be assumed.

4. input

Client: Until then, treat it as an incomplete planning input.

Turn 4. The unqualified amount is not sufficient to establish a reliable target or an approved recommendation.

[Return to the conversation, page 14](#)

01 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Turning a retirement wish into usable planning facts". Leah: "Will the planning service also decide the legal and tax questions connected to retirement? I do not want to assume those are included just because they affect the plan." Sam: [missing response] Leah: "Once you have the documents, could you show a preliminary illustration even if a few spending amounts are still approximate? Seeing the assumptions might help me check them." Which response belongs in the gap?

B. We need to agree the planning scope. I will explain our services and boundaries, including where a qualified tax or legal professional's separate input may be needed.

A Not here. This line belongs to turn 18, after Leah says: "I sometimes help a family member with bills. The amount varies. How should we include that without pretending it is a fixed monthly expense?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Sam's response in turn 14. It connects Leah's preceding point with Leah's follow-up. Planning scope defines the services included; related tax or legal questions are not automatically covered by the proposed engagement.

C Not here. This line belongs to turn 6, after Leah says: "I can provide recent household bills. Travel and future healthcare costs are less certain, so my first spending estimate would be incomplete." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Leah says: "I would rather not email the details to an unverified address. How should I send the documents?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 14](#)

02 / Answers and explanations

A / Read the situation

A1. What is the annual advisory-fee illustration on the stated constant balance?

C. \$5,000

One percent of \$500,000 is \$5,000 for the full year under the explicitly simplified constant-balance illustration.

[Return to the exercise, page 16](#)

A2. Which costs are included in the 1% according to the case?

D. The defined advisory fee, not all product and third-party charges

The briefing says product expenses and certain third-party charges are additional, so the fee is not an all-cost figure.

[Return to the exercise, page 16](#)

A3. What documents should guide Evan's explanation?

C. The current agreement and relationship disclosures

The case supplies current documents, which define this fictional relationship more reliably than assumptions about other arrangements.

[Return to the exercise, page 16](#)

D / Response choices

D1. Which explanation keeps the fee illustration bounded?

A. One percent of a constant \$500,000 illustrates \$5,000 annually; actual billing follows the agreement.

The correct wording preserves the assumed balance, annual period, and distinction between an example and actual contractual billing.

[Return to the exercise, page 20](#)

D2. Which response accurately addresses additional costs?

A. Product expenses and certain third-party charges are separate from the advisory fee.

The case explicitly excludes these additional layers from the quoted advisory rate.

[Return to the exercise, page 20](#)

02 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: The professional or legal duties applying in the relevant circumstances. Which term fits?

D. standard of conduct

A Not here. markup: An amount added to a transaction price under the relevant dealing arrangement. The usual combination is "explain a transaction markup".

B Not here. incentive: A potential reward or pressure influencing a choice. The usual combination is "explain the financial incentive".

C Not here. compensation: Payment or other benefit received for services or activity. The usual combination is "describe the compensation arrangement".

D Correct. standard of conduct: The professional or legal duties applying in the relevant circumstances. The usual combination is "explain the applicable standard of conduct".

[Return to the exercise, page 20](#)

D4. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Does quarterly billing mean the annual percentage is charged four times? I want to check that I understand the difference." Evan: [missing response] Rosa: "Does the one percent include the costs inside the investments, or could those reduce my account separately even though they do not appear as the adviser fee?" Which response belongs in the gap?

B. No. One percent is the annual rate, not the rate charged each quarter. The quarterly billing period tells us the billing schedule. Actual amounts follow the agreement's calculation method.

A Not here. This line belongs to turn 4, after Rosa says: "If the relevant balance stayed at five hundred thousand dollars for a year, what would that percentage mean in dollars before any other charges?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Evan's response in turn 6. It connects Rosa's preceding point with Rosa's follow-up. The billing period identifies when charges are calculated or collected; quarterly billing does not make a quoted annual rate a quarterly rate.

C Not here. This line belongs to turn 8, after Rosa says: "Does the one percent include the costs inside the investments, or could those reduce my account separately even though they do not appear as the adviser fee?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 18, after Rosa says: "Where can I find a concise summary pointing me to the relevant services, costs, and conflicts before reading the detailed provisions?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 20](#)

02 / Answers and explanations / continued

E / Conversation

1. asset-based fee

Turn 2. An asset-based fee uses a defined asset value, not necessarily investment gains; the case does not make payment conditional on positive returns.

2. illustration

Turn 4. The illustration uses a constant balance and full-year period; it explains the rate without pretending to be an actual invoice.

3. billing period

Turn 6. The billing period identifies when charges are calculated or collected; quarterly billing does not make a quoted annual rate a quarterly rate.

4. product expenses

Turn 8. Product expenses are a separate cost layer in this case; the advisory rate does not automatically include costs within investments.

5. billable assets

Turn 10. Billable assets are those included by the agreement's fee method; the headline account value should not be assumed identical.

6. conflict of interest

Turn 12. The asset-related incentive may affect judgment; naming it explains a potential conflict rather than denying its existence.

7. disclosure

Turn 14. Disclosure communicates relevant information; it does not remove incentives or turn receipt into agreement with every recommendation.

8. capacity

Turn 16. Capacity identifies the role in which the professional acts; services, compensation, and duties must be understood in that context.

9. relationship summary

Turn 18. The relationship summary outlines services, fees, conflicts, and related information for covered US retail relationships; detailed terms still matter.

02 / Answers and explanations / continued

10. informed decision

Turn 20. An informed decision requires understanding relevant terms and incentives, not merely receiving a document or accepting a reassuring fee label.

[Return to the conversation, page 22](#)

F / Accuracy and scope

F1. Which statement avoids overstating disclosure's effect?

B. Disclosures explain relevant conflicts; they do not make the incentives vanish.

Explaining a conflict does not eliminate the underlying incentive or replace other applicable obligations.

[Return to the exercise, page 26](#)

F2. Which question clarifies the fee base?

D. Which assets and valuation method determine the billable amount?

The base is the contractual asset measure used to calculate the charge. Report frequency, a break-even return and invoice delivery timing do not identify that measure.

[Return to the exercise, page 26](#)

F / Guided speaking

1. specified

Adviser: The bundle covers the specified services, not every possible cost.

Turn 1. The agreement defines what is bundled; the label alone does not expand coverage.

2. charges

Client: Please show the fund expenses and custody charges separately.

Turn 2. These are identified excluded cost layers that should remain distinct from the bundle.

3. exclusions

Adviser: The current disclosure lists those exclusions.

Turn 3. Exclusions describe costs outside the stated bundle, correcting the assumption that every cost is included.

4. guarantee

Client: Then the bundle is not an all-cost guarantee.

Turn 4. The facts expressly leave additional costs, so a promise that all costs are covered would mislead.

[Return to the conversation, page 27](#)

02 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Does receiving the disclosure mean the conflict disappears or that I have agreed to every recommendation? I would still expect an explanation of the reasons for a proposed action." Evan: [missing response] Rosa: "I have seen firms offering brokerage and advisory services. Should I know which role applies before comparing charges or expectations about ongoing monitoring?" Which response belongs in the gap?

D. No, it does not remove the conflict or approve a recommendation. A disclosure informs you; it does not erase the incentive or replace other applicable obligations. We still need to explain recommendations within the relevant relationship and rules.

A Not here. This line belongs to turn 6, after Rosa says: "Does quarterly billing mean the annual percentage is charged four times? I want to check that I understand the difference." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 12, after Rosa says: "If I keep more money with your firm, you earn more. How do you handle that incentive when you advise me about moving money elsewhere?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 18, after Rosa says: "Where can I find a concise summary pointing me to the relevant services, costs, and conflicts before reading the detailed provisions?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Evan's response in turn 14. It connects Rosa's preceding point with Rosa's follow-up. Disclosure communicates relevant information; it does not remove incentives or turn receipt into agreement with every recommendation.

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03 / Answers and explanations

A / Read the situation

A1. What is the stated near-term need?

B. \$60,000 for a home purchase in twelve months

The briefing specifies the home-purchase amount and twelve-month timing, with limited flexibility.

[Return to the exercise, page 31](#)

A2. What does the 20% decline represent?

D. A hypothetical stress example, not a forecast

Nia uses a stated hypothetical to clarify consequences, not to predict markets or report an actual result.

[Return to the exercise, page 31](#)

A3. Which facts still require verification?

C. Reserves, other assets, and funding alternatives

The adviser has not verified the wider financial resources that affect capacity and planning flexibility.

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D / Response choices

D1. Which statement distinguishes tolerance and capacity?

D. A client may accept fluctuations emotionally but lack resources to absorb a near-term loss.

Willingness and financial resilience are different. Theo's near-term home goal remains relevant despite a risk label, account size or another goal's longer horizon.

[Return to the exercise, page 35](#)

D2. What is the gap after the stated stress decline?

C. \$12,000

Twenty percent of \$60,000 is \$12,000, leaving \$48,000 against a \$60,000 need.

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03 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A modeled return needed to meet a goal under specified assumptions. Which term fits?

C. required return

A Not here. target weight: An intended proportion of a portfolio assigned to an exposure. The usual combination is "specify the target weight".

B Not here. tactical allocation: A shorter-term allocation adjustment within a defined approach. The usual combination is "distinguish tactical from strategic allocation".

C Correct. required return: A modeled return needed to meet a goal under specified assumptions. The usual combination is "examine the required-return assumption".

D Not here. goal flexibility: Ability to change the amount, timing, or priority of an objective. The usual combination is "assess goal flexibility".

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D4. Rebuild the exchange from "Comfortable with risk, but buying a home next year". Theo: "I can accept seeing a statement fluctuate. The harder question is whether I could still complete the purchase if the value were lower when payment is due." Nia: [missing response] Theo: "I have not gathered those records yet. Some savings are already intended for household emergencies, and I do not want to count them twice without discussing that purpose." Which response belongs in the gap?

B. Exactly. That concerns risk capacity, not just comfort. We need to verify your reserves and other funding options rather than assume you could replace a shortfall.

A Not here. This line belongs to turn 8, after Theo says: "I have not gathered those records yet. Some savings are already intended for household emergencies, and I do not want to count them twice without discussing that purpose." It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Nia's response in turn 6. It connects Theo's preceding point with Theo's follow-up. Risk capacity concerns the financial ability to withstand a loss without undermining needs, distinct from emotional comfort with fluctuations.

C Not here. This line belongs to turn 4, after Theo says: "The purchase date is not very flexible. I could consider a different property, but I cannot assume the seller would wait for my investments to recover." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Theo says: "A twelve-thousand-dollar gap could delay the house purchase. I ticked comfortable with risk, but I had not connected that answer to losing part of the deposit." It addresses that point, not the missing turn in the supplied exchange.

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03 / Answers and explanations / continued

E / Conversation

1. risk tolerance

Turn 2. Risk tolerance describes willingness to accept uncertainty; acknowledging it does not settle the separate consequences for a near-term goal.

2. goal flexibility

Turn 4. Goal flexibility concerns changing timing, amount, or priority; limited flexibility affects how a loss would interfere with the purchase.

3. risk capacity

Turn 6. Risk capacity concerns the financial ability to withstand a loss without undermining needs, distinct from emotional comfort with fluctuations.

4. liquidity need

Turn 8. A liquidity need identifies when funds must be accessible; emergency reserves and a home payment should not silently be treated as interchangeable.

5. stress scenario

Turn 10. A stress scenario is an adverse hypothetical for examining consequences; it does not forecast the market or assign a probability.

6. funding gap

Turn 12. The funding gap is the \$12,000 difference between the stated \$60,000 need and the hypothetical \$48,000 remaining amount.

7. Diversification

Turn 14. Diversification spreads exposures and can reduce some concentration risks, but it does not guarantee against loss at the required date.

8. risk profile

Turn 16. The risk profile combines willingness, capacity, goals, and constraints; preserving all of them avoids reducing the client to one label.

9. IPS

Turn 18. The investment policy statement records agreed objectives and guidelines; it can provide a reference when goals or circumstances change.

03 / Answers and explanations / continued

10. investment constraints

Turn 20. Investment constraints are limits affecting the choices; documenting them precedes, rather than substitutes for, a reviewed recommendation and client decision.

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F / Accuracy and scope

F1. Which description correctly limits the example?

A. A hypothetical consequence used to discuss flexibility

The case expressly uses a stress illustration, not a prediction, observed loss, or trading authorization.

[Return to the exercise, page 39](#)

F2. Which next step fits the incomplete information?

B. Verify resources and record the goal's constraints before recommending.

The missing household information and goal limits need review before a suitable recommendation can be developed.

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F / Guided speaking

1. horizons

Adviser: The goals have different investment horizons.

Turn 1. Six months and twenty years are distinct periods before or over which funds are needed.

2. flexibility

Client: The tuition has less timing flexibility.

Turn 2. The case fixes the tuition date and describes retirement timing as more flexible, so the two goals have different timing constraints.

3. capacity

Adviser: We must verify other resources before assessing loss capacity.

Turn 3. Financial ability to absorb a loss depends on resources and consequences, not only willingness.

4. allocation

Client: So my questionnaire result alone does not settle the allocation.

Turn 4. A general label does not establish the investment distribution appropriate for both distinct goals.

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03 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Comfortable with risk, but buying a home next year". Theo: "Does diversification solve that problem? I have heard it described as protection, but I do not want to assume it guarantees the amount at the purchase date." Nia: [missing response] Theo: "Then the questionnaire answer should remain in the record, alongside the short deadline and the fact that my other resources have not been verified." Which response belongs in the gap?

C. Diversification has limits. It may reduce concentration risks, yet it cannot promise that the full amount will be available regardless of market conditions.

A Not here. This line belongs to turn 18, after Theo says: "How would the agreed approach be recorded after we complete the review? I would like the purpose and boundaries clear enough to revisit if my plans change." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 4, after Theo says: "The purchase date is not very flexible. I could consider a different property, but I cannot assume the seller would wait for my investments to recover." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Nia's response in turn 14. It connects Theo's preceding point with Theo's follow-up. Diversification spreads exposures and can reduce some concentration risks, but it does not guarantee against loss at the required date.

D Not here. This line belongs to turn 2, after Theo says: "I put comfortable with risk on the questionnaire. I do not want that answer ignored just because I also plan to buy a home next year." It addresses that point, not the missing turn in the supplied exchange.

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04 / Answers and explanations

A / Read the situation

A1. What is the 5% figure?

A. A fixed annual model assumption

The chart uses 5% as an input, not a promise, historical measurement, or established tax rate.

[Return to the exercise, page 42](#)

A2. What does this illustration exclude?

C. Taxes and fees, with no varying-return sequence modeled

The briefing identifies taxes, fees, and changing annual returns as limitations that affect interpretation.

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A3. What has been approved?

B. No retirement date or withdrawal instruction

The illustration has not produced an approved retirement decision, withdrawal instruction, or individualized distribution calculation.

[Return to the exercise, page 42](#)

D / Response choices

D1. Which sentence accurately describes the chart?

C. It projects withdrawals using a fixed return assumption and omits taxes and fees.

The correct statement preserves the model inputs and exclusions instead of turning an illustration into a promise.

[Return to the exercise, page 46](#)

D2. Which question tests purchasing-power interpretation?

B. Are the amounts nominal, and how is inflation reflected?

Nominal amounts need an inflation interpretation before the client treats them as constant real spending capacity.

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04 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: Repeated modeled trials using specified assumptions about uncertain inputs. Which term fits?

A. Monte Carlo simulation

A Correct. Monte Carlo simulation: Repeated modeled trials using specified assumptions about uncertain inputs. The usual combination is "qualify Monte Carlo results".

B Not here. purchasing power: The goods or services an amount of money can buy. The usual combination is "discuss purchasing-power changes".

C Not here. withholding: An amount retained from a payment toward a tax obligation. The usual combination is "clarify tax withholding".

D Not here. pension benefit: A payment or entitlement under a pension arrangement's terms. The usual combination is "verify the pension-benefit estimate".

[Return to the exercise, page 46](#)

D4. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".
Elena: "Then I need to know what is missing from the spending figure. Is the three thousand already after the charges and tax I would pay?" **Malik:** [missing response]
Elena: "And in ten years, would that amount buy what it buys today? My main concern is covering bills, not seeing the same number each month." Which response belongs in the gap?

B. No. This version excludes both taxes and fees. We need those reviewed before describing what you could actually spend; the displayed withdrawal is not that completed calculation.

A Not here. This line belongs to turn 2, after Elena says: "I felt relieved when I saw three thousand dollars a month on the chart. Can I treat that as the amount I'll receive after I retire?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Malik's response in turn 6. It connects Elena's preceding point with Elena's follow-up. Fees are costs omitted from this version; their absence limits how the projected withdrawal relates to money available to the client.

C Not here. This line belongs to turn 18, after Elena says: "I have several accounts and haven't sent their details. I'd rather get that right than assume they all follow the same withdrawal and tax treatment." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 10, after Elena says: "If markets fall early on, while I'm taking money out, could that be worse than the same poor years arriving much later in retirement?" It addresses that point, not the missing turn in the supplied exchange.

[Return to the exercise, page 46](#)

E / Conversation

1. projection

Turn 2. A projection is a modeled estimate based on premises; it is not a contractual promise of monthly income.

04 / Answers and explanations / continued

2. return assumption

Turn 4. The return assumption is an input to the chart; a constant modeled rate does not establish constant actual investment performance.

3. fees

Turn 6. Fees are costs omitted from this version; their absence limits how the projected withdrawal relates to money available to the client.

4. nominal amounts

Turn 8. Nominal amounts are money figures without an inflation adjustment; they do not assure constant purchasing power over time.

5. sequence risk

Turn 10. Sequence risk concerns return order when cash flows occur; withdrawals can make early losses matter differently from later losses.

6. Monte Carlo simulation

Turn 12. Monte Carlo simulation explores repeated modeled paths; its results depend on assumptions and do not remove uncertainty about actual outcomes.

7. planning horizon

Turn 14. The planning horizon sets how long needs and resources are modeled; changing it can materially alter the apparent outcome.

8. RMD

Turn 16. An RMD is a withdrawal requirement under applicable retirement-account rules, not automatically a sustainable or recommended spending amount.

9. account type

Turn 18. Account type and personal circumstances affect distribution and tax analysis; the missing records prevent a reliable individualized conclusion.

10. assumptions

Turn 20. Assumptions determine the modeled outcome; reviewing them and the exclusions is necessary before relying on the illustration for a decision.

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04 / Answers and explanations / continued

F / Accuracy and scope

F1. Which distinction is correct?

A. A required distribution is not automatically a sustainable spending recommendation.

A rule-based minimum and a personalized sustainable spending assessment serve different purposes.

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F2. What does sequence risk concern?

B. The order of investment returns when withdrawals or other cash flows occur

Sequence risk concerns return order interacting with cash flows. Volatility, longevity and inflation are related planning considerations, but answer different questions.

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F / Guided speaking

1. withholding

Adviser: The \$1,000 is withholding from the payment.

Turn 1. Withholding is an amount retained toward tax, not necessarily the final amount owed.

2. liability

Client: It does not automatically equal my final tax liability.

Turn 2. The final obligation depends on the applicable tax calculation and circumstances, which remain unreviewed.

3. review

Adviser: That question requires your full circumstances and qualified review.

Turn 3. A reliable individualized tax conclusion needs the relevant facts and appropriate professional assessment.

4. figures

Client: Please keep the distribution and tax-estimate figures separate.

Turn 4. The payment amount, withheld amount, and estimated final tax answer different questions and must not be merged.

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04 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".

Elena: "Can we check that definition? Covering my bills for ten years is different from covering them throughout retirement. I don't want the chart to hide that difference." Malik: [missing response] Elena: "A friend mentioned the minimum amount retirement accounts require you to take out. Is that the amount you're recommending I spend, or a separate calculation?" Which response belongs in the gap?

D. We'll check the planning horizon and spending definition together. A shorter modeled period can look easier without answering how long you actually need the money.

A Not here. This line belongs to turn 8, after Elena says: "And in ten years, would that amount buy what it buys today? My main concern is covering bills, not seeing the same number each month." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 2, after Elena says: "I felt relieved when I saw three thousand dollars a month on the chart. Can I treat that as the amount I'll receive after I retire?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 4, after Elena says: "The line is so smooth that I thought the investments produced the same amount every year. Is that something the account is designed to do?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Malik's response in turn 14. It connects Elena's preceding point with Elena's follow-up. The planning horizon sets how long needs and resources are modeled; changing it can materially alter the apparent outcome.

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05 / Answers and explanations

A / Read the situation

A1. Which amounts explain the \$15,000 decline in account value?

B. \$10,000 withdrawal, \$1,000 fees, and \$4,000 negative investment change

The three stated components total the decline from \$100,000 to \$85,000 without treating the withdrawal as market performance.

[Return to the exercise, page 56](#)

A2. What is not yet verified?

C. The performance-return method and allocation-policy comparison

The briefing distinguishes the verified dollar bridge from the unfinished return-method and allocation review.

[Return to the exercise, page 56](#)

A3. What does Victor's question currently establish?

C. A concern and a request for discussion, not a confirmed transaction instruction

The case expressly says no transaction instruction has been confirmed, despite the question about selling.

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D / Response choices

D1. Which response combines empathy and accurate explanation?

C. The lower balance is concerning; let us separate the withdrawal, fees, and investment change.

The response acknowledges the concern while preserving all three components without exaggerating or dismissing investment loss.

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D2. Which calculation matches the supplied bridge?

D. \$100,000 minus \$10,000 minus \$1,000 minus \$4,000 equals \$85,000.

The arithmetic reconciles the balances using the specifically supplied withdrawal, fee, and investment-change components.

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05 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: Money or assets added to an account. Which term fits?

D. contribution

A Not here. statement reconciliation: Explanation linking statement totals and component movements. The usual combination is "complete the statement reconciliation".

B Not here. loss aversion: A tendency to experience losses more strongly than comparable gains. The usual combination is "discuss loss aversion without labeling the client".

C Not here. allocation drift: Movement away from an intended portfolio distribution. The usual combination is "assess allocation drift".

D Correct. contribution: Money or assets added to an account. The usual combination is "identify external contributions".

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D4. Rebuild the exchange from "A lower account balance is not all market loss".

Victor: "So those three figures add to fifteen thousand, but it would be wrong to call all fifteen thousand a loss on the investments themselves?" **June:** [missing response]

Victor: "Could you just call the investment part minus four percent? Four thousand divided by the starting hundred thousand seems straightforward enough for me to follow." Which response belongs in the gap?

A. Yes. That dollar reconciliation is checked: one hundred thousand less ten thousand, one thousand and four thousand gives eighty-five thousand. It separates the components without dismissing the decline.

A Correct. This is June's response in turn 6. It connects Victor's preceding point with Victor's follow-up. Reconciliation connects the opening balance to the closing balance through the reported components without merging different causes.

B Not here. This line belongs to turn 20, after Victor says: "Please send the checked performance explanation and those options. For now, I need to understand the statement and the choices, not make a rushed trade." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 10, after Victor says: "All right. But I need the rest of this money. Can you tell me when the investments will get back to where they were?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 18, after Victor says: "Before I decide on any change, show me its costs and possible tax effects too. I don't want an apparent solution to create another problem." It addresses that point, not the missing turn in the supplied exchange.

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05 / Answers and explanations / continued

E / Conversation

1. closing balance

Turn 2. The closing balance is the end value; its decline needs explanation but is not automatically all investment loss.

2. withdrawal

Turn 4. A withdrawal removes money from the account; separating it prevents the client's own cash removal from being counted as market loss.

3. reconciliation

Turn 6. Reconciliation connects the opening balance to the closing balance through the reported components without merging different causes.

4. performance-return method

Turn 8. The performance-return method determines how cash-flow timing is handled; a simple division may not match the appropriate reported return.

5. Market movement

Turn 10. Market movement is uncertain; the known statement change does not establish the timing or existence of a future recovery.

6. transaction instruction

Turn 12. A transaction instruction authorizes a specified action through the relevant process; Victor has clarified that he is currently asking about options.

7. Rebalancing

Turn 14. Rebalancing adjusts exposures toward the intended policy or target; it is not simply an immediate sale in response to a decline.

8. allocation drift

Turn 16. Allocation drift measures departure from the intended distribution; the case has not yet completed that comparison.

9. transaction costs

Turn 18. Transaction costs are expenses of implementing trades; they matter alongside possible taxes and the purpose of a proposed change.

05 / Answers and explanations / continued

10. review steps

Turn 20. Review steps identify the unfinished performance and allocation work, keeping the response concrete without implying an approved transaction.

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F / Accuracy and scope

F1. What remains necessary before quoting a performance percentage?

B. Verify cash-flow timing and the return-calculation method

The dollar bridge does not establish a return method or how to handle the withdrawal date. Each proposed shortcut chooses a numerator or denominator without resolving those inputs.

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F2. Which next step respects the unconfirmed instruction?

D. Clarify Victor's intent and complete the required review and authorization.

The case contains a question, not a confirmed instruction; clarification and the applicable process preserve client agency and accuracy.

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F / Guided speaking

1. contribution

Adviser: The higher balance includes a \$10,000 contribution.

Turn 1. Added client money increases account value independently of the investment result.

2. decline

Client: The investment component is still a \$2,000 decline.

Turn 2. The supplied investment change is negative even though the closing account value exceeds the opening value.

3. balance

Adviser: The three amounts reconcile to the \$58,000 closing balance.

Turn 3. Fifty thousand plus ten thousand minus two thousand equals the stated closing account value.

05 / Answers and explanations / continued

4. return

Client: A larger account value does not by itself prove a positive return.

Turn 4. Contributions can raise value despite negative investment results, so value growth alone does not establish performance return.

[Return to the conversation, page 66](#)

F / Rebuild the exchange

1. Rebuild the exchange from "A lower account balance is not all market loss".

Victor: "You mentioned rebalancing at our last meeting. Would that answer a different question from selling because I'm worried by this month's statement?"

June: [missing response] **Victor:** "Have you done that comparison yet? The total balance alone doesn't tell me which part of the account is above or below its intended share." Which response belongs in the gap?

A. It would. Rebalancing compares exposures with our agreed policy and adjusts toward its targets when appropriate. It isn't simply a name for selling after a fall.

A Correct. This is June's response in turn 14. It connects Victor's preceding point with Victor's follow-up. Rebalancing adjusts exposures toward the intended policy or target; it is not simply an immediate sale in response to a decline.

B Not here. This line belongs to turn 2, after Victor says: "My account was one hundred thousand and now it's eighty-five thousand. Did the investments lose fifteen thousand? Should I just sell everything before it gets worse?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 4, after Victor says: "I did take ten thousand out. But please don't tell me there's nothing to worry about just because some of the decline was my own payment." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 10, after Victor says: "All right. But I need the rest of this money. Can you tell me when the investments will get back to where they were?" It addresses that point, not the missing turn in the supplied exchange.

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06 / Answers and explanations

A / Read the situation

A1. Which service difference is stated?

C. A offers on-request support; B offers quarterly reviews

The case distinguishes support arrangements, not return guarantees or unlisted professional services.

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A2. What transfer-out charges does the full schedule show?

C. A: \$75; B: none

The complete schedule supplies the missing transfer-out terms, while other cost and tax questions remain open.

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A3. What remains unreviewed?

B. Product expenses, existing account type, and tax effects

The briefing separates known account-service facts from outstanding product and transfer-related review.

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D / Response choices

D1. Which comparison includes the supplied material differences?

A. A: \$120 annual fee, \$75 transfer-out, on-request support; B: \$240 annual fee, no transfer-out charge, quarterly reviews.

The complete comparison preserves each known fee and service difference without inferring returns or overall suitability.

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D2. What should an omitted product-expense figure be labeled?

C. Not yet reviewed, rather than assumed zero

The briefing leaves product expenses unreviewed, so a missing entry cannot truthfully be treated as no cost.

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06 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A retirement arrangement offered through an employer under its governing terms. Which term fits?

D. employer-sponsored plan

A Not here. annuity: An insurance contract with specified accumulation or payment features. The usual combination is "review the annuity contract".

B Not here. transfer-out charge: A fee charged for moving an account or assets away from a provider. The usual combination is "identify the transfer-out charge".

C Not here. cash value: A policy or contract value accessible under specified terms and adjustments. The usual combination is "distinguish cash value from a benefit amount".

D Correct. employer-sponsored plan: A retirement arrangement offered through an employer under its governing terms. The usual combination is "review employer-plan features".

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D4. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "Then I should not call A cheapest overall from the annual fee alone. What other amounts have not yet been included in the comparison?" Louis: [missing response] Hana: "My existing account is a retirement account, but I have not supplied the exact type. Could moving it differ from moving an ordinary taxable account?" Which response belongs in the gap?

C. Product expenses remain unreviewed. The account fee is only one layer, so mark that gap rather than insert zero to make the table look complete.

A Not here. This line belongs to turn 10, after Hana says: "I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 14, after Hana says: "Another brochure calls an annuity guaranteed. Does that mean I could withdraw the whole amount whenever I want, or is access a separate question?" It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Louis's response in turn 6. It connects Hana's preceding point with Hana's follow-up. Product expenses are a separate investment-cost layer; the case has not reviewed them for either account option.

D Not here. This line belongs to turn 4, after Hana says: "A is one hundred twenty dollars a year and B is two hundred forty. Does the higher charge buy a different service, or are they otherwise the same?" It addresses that point, not the missing turn in the supplied exchange.

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E / Conversation

1. transfer-out charge

Turn 2. The transfer-out charge is an additional cost for leaving A; omission from the summary did not mean it was zero.

06 / Answers and explanations / continued

2. service level

Turn 4. Service level identifies the support supplied; A offers on-request help while B includes scheduled quarterly reviews.

3. Product expenses

Turn 6. Product expenses are a separate investment-cost layer; the case has not reviewed them for either account option.

4. account wrapper

Turn 8. The account wrapper defines the legal or tax structure, which affects transfer rules separately from the investments held.

5. in-kind transfer

Turn 10. An in-kind transfer moves eligible holdings without selling them in that process; availability depends on the assets and receiving arrangement.

6. Liquidation

Turn 12. Liquidation sells holdings or converts them to cash, potentially creating costs and tax effects beyond a change of provider.

7. surrender charge

Turn 14. A surrender charge may apply to early withdrawals or termination; a guarantee label does not establish unrestricted free access.

8. rider

Turn 16. A rider is an optional contract feature with separate terms and possible cost; proximity to a quote does not establish inclusion.

9. product comparison

Turn 18. A product comparison uses consistent criteria and verified terms; an incomplete fee table is not a sufficient recommendation.

10. rollover

Turn 20. A rollover moves eligible retirement assets under applicable rules; changing providers does not by itself establish that it is appropriate.

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06 / Answers and explanations / continued

F / Accuracy and scope

F1. Which question most directly clarifies transfer mechanics and possible consequences?

C. Will the holdings move in kind or be sold, and what rules and costs apply?

Moving securities without selling differs from liquidation and can affect eligibility, costs and taxes. Administrative appearance and scheduling do not identify the transaction mechanics.

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F2. Which statement properly limits a product guarantee?

A. Its scope and conditions depend on the contract and responsible issuer.

Product terms and issuer obligations determine the promise; the label alone does not eliminate costs, restrictions, or risk.

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F / Guided speaking

1. category

Adviser: No exit charge describes one cost category.

Turn 1. The absence of one type of charge does not establish that every other cost is zero.

2. expenses

Client: We still need the ongoing expenses.

Turn 2. The case expressly leaves recurring expenses unreviewed, so they remain part of the comparison.

3. verification

Adviser: Possible transaction costs also require verification.

Turn 3. Those costs are unknown and need checking before a complete cost claim can be made.

4. conclusion

Client: Then cost-free would be an unsupported conclusion.

Turn 4. The known exit term does not support a conclusion that all charges and expenses are absent.

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06 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "Another brochure calls an annuity guaranteed. Does that mean I could withdraw the whole amount whenever I want, or is access a separate question?" Louis: [missing response] Hana: "It mentions an optional income feature. Should I assume that is included in the base charge because it appears on the same page?" Which response belongs in the gap?

C. Read access terms separately. A surrender charge or other condition may apply. The contract must identify what is promised, by whom, and under which circumstances.

A Not here. This line belongs to turn 4, after Hana says: "A is one hundred twenty dollars a year and B is two hundred forty. Does the higher charge buy a different service, or are they otherwise the same?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 10, after Hana says: "I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Louis's response in turn 14. It connects Hana's preceding point with Hana's follow-up. A surrender charge may apply to early withdrawals or termination; a guarantee label does not establish unrestricted free access.

D Not here. This line belongs to turn 6, after Hana says: "Then I should not call A cheapest overall from the annual fee alone. What other amounts have not yet been included in the comparison?" It addresses that point, not the missing turn in the supplied exchange.

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07 / Answers and explanations

A / Read the situation

A1. What role does the daughter currently have in the stated record?

A. Trusted contact, without verified transaction authority

The record identifies a trusted contact, which does not itself confer ownership, beneficiary status, or transaction authority.

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A2. What does Carla want preserved?

B. Her role as decision-maker

The briefing expressly states Carla wants to remain the decision-maker while receiving help with the review process.

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A3. What is the current change status?

A. No beneficiary change is submitted or confirmed

The request concerns reviewing details; it is not evidence of a submitted, accepted, or effective change.

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D / Response choices

D1. Which explanation accurately separates the daughter's roles?

B. Trusted-contact status does not itself make her a beneficiary or transaction agent.

The trusted-contact role allows limited contact under the relevant arrangements, not automatic beneficiary status or decision authority.

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D2. Which response respects Carla's requested control over the review?

C. Address Carla directly and ask what family involvement she wants and permits.

Carla wants to remain the decision-maker. Helpful family involvement still requires appropriate permission and verified authority; trusted-contact status alone does not authorize these disclosures or decisions.

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07 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: A designated recipient if specified conditions affecting primary recipients apply. Which term fits?

D. contingent beneficiary

A Not here. trust: A legal arrangement in which property is held and administered under defined duties and terms. The usual combination is "identify the trust arrangement".

B Not here. safeguarding: Measures intended to protect a person from harm while respecting rights. The usual combination is "follow the safeguarding process".

C Not here. consent: Permission for a specified action or information use, within applicable requirements. The usual combination is "obtain appropriate client consent".

D Correct. contingent beneficiary: A designated recipient if specified conditions affecting primary recipients apply. The usual combination is "review contingent-beneficiary details".

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D4. Rebuild the exchange from "Reviewing beneficiaries after a family loss". Carla: "Where do we begin? There may be more than one account, and I do not know whether each one has the same information on file." Devin: [missing response] Carla: "Once we have the record, I can see whether I want to request an update. Asking today does not itself change the names, correct?" Which response belongs in the gap?

D. Begin with the approved identity verification process, then review the relevant records. We should confirm what each account lists instead of assuming all designations are identical.

A Not here. This line belongs to turn 4, after Carla says: "I want her to help me organize things, but I still want to make the decisions. I do not want the account treated as hers." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 14, after Carla says: "If my daughter were given a power of attorney later, would that be the same thing as being a trusted contact now?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 2, after Carla says: "Since my spouse died, I have been trying to review the paperwork. My daughter is a trusted contact; does that mean she is already the beneficiary?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Devin's response in turn 6. It connects Carla's preceding point with Carla's follow-up. Identity verification establishes the person requesting access through the approved process before current account details are reviewed.

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07 / Answers and explanations / continued

E / Conversation

1. trusted contact

Turn 2. A trusted contact may be contacted in limited circumstances; that designation does not itself name a beneficiary or authorize transactions.

2. authority

Turn 4. Authority must be established for the particular action; a family relationship or contact listing does not confer control of the account.

3. identity verification

Turn 6. Identity verification establishes the person requesting access through the approved process before current account details are reviewed.

4. beneficiary designation

Turn 8. A beneficiary designation records benefit recipients under the relevant terms; inspecting it is not the same as changing it.

5. privacy preferences

Turn 10. Privacy preferences identify the client's communication choices; family involvement does not automatically permit unrestricted information sharing.

6. legal review

Turn 12. Legal review assesses the interaction of account terms, estate documents, and applicable law; a service colleague should not assume a universal outcome.

7. power of attorney

Turn 14. A power of attorney can grant specified legal authority subject to its terms and law; it is distinct from trusted-contact status.

8. capacity concern

Turn 16. A capacity concern requires specific observations and appropriate assessment; needing time or grieving does not by itself establish incapacity.

9. safeguarding

Turn 18. Safeguarding provides a process for concerns about harm or pressure while respecting the client's rights and role.

07 / Answers and explanations / continued

10. case note

Turn 20. A case note records the client's actual request and limits; it must not convert a review inquiry into a beneficiary-change instruction.

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F / Accuracy and scope

F1. Which status update is supported?

D. The review is requested; no change is submitted or confirmed.

The case describes a request for review, not a completed administrative or legal change.

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F2. Which issue should Devin route for qualified review?

B. How the account designation interacts with estate documents and applicable law

The interaction of account terms and estate law exceeds a service explanation and requires the assigned qualified assessment.

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F / Guided speaking

1. authority

Colleague: A family relationship does not establish disclosure authority.

Turn 1. Being a relative does not by itself verify permission or legal power to receive private account information.

2. checks

Caller: You need to complete the appropriate identity and permission checks.

Turn 2. The case leaves identity and authorization unverified, so the approved checks must precede disclosure.

3. balance

Colleague: Until then, I cannot share the account balance.

Turn 3. The balance is private account information and no basis for disclosing it to this caller is established.

07 / Answers and explanations / continued

4. process

Caller: Please explain the approved verification process.

Turn 4. A service colleague can explain the route for establishing permission without revealing the protected information.

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F / Rebuild the exchange

1. Rebuild the exchange from "Reviewing beneficiaries after a family loss". Carla: "If my daughter were given a power of attorney later, would that be the same thing as being a trusted contact now?" Devin: [missing response] Carla: "I appreciate that. I may need more time with the forms because there is a lot to manage, but I do not want needing time mistaken for being unable to decide." Which response belongs in the gap?

C. No. A power of attorney is a separate instrument with defined authority and requirements. Its validity, scope, and treatment would need verification under the applicable process.

A Not here. This line belongs to turn 4, after Carla says: "I want her to help me organize things, but I still want to make the decisions. I do not want the account treated as hers." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 2, after Carla says: "Since my spouse died, I have been trying to review the paperwork. My daughter is a trusted contact; does that mean she is already the beneficiary?" It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Devin's response in turn 14. It connects Carla's preceding point with Carla's follow-up. A power of attorney can grant specified legal authority subject to its terms and law; it is distinct from trusted-contact status.

D Not here. This line belongs to turn 6, after Carla says: "Where do we begin? There may be more than one account, and I do not know whether each one has the same information on file." It addresses that point, not the missing turn in the supplied exchange.

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08 / Answers and explanations

A / Read the situation

A1. What question remains unanswered?

D. Why two similarly described \$300 entries were posted

The firm acknowledged receipt but has not explained the two entries that prompted the complaint.

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A2. What is scheduled for Friday?

C. A status update

Friday is an update point only; the case expressly does not guarantee a final decision then.

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A3. What conclusion has been approved?

A. Neither a duplicate-charge finding nor a refund

The entry review is incomplete, so neither the cause nor the remedy has been approved.

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D / Response choices

D1. Which opening addresses the actual communication failure?

B. Our acknowledgment did not explain the two entries; that question remains open.

The correct opening names the unanswered question and distinguishes receipt from a substantive response.

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D2. Which Friday promise is supported?

A. We will provide the scheduled status update.

The case authorizes a progress update, not a guaranteed remedy, final determination, or record deletion.

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08 / Answers and explanations / continued

D3. A colleague needs the term for this meaning: The person or team responsible for progressing the complaint. Which term fits?

A. complaint owner

A Correct. complaint owner: The person or team responsible for progressing the complaint. The usual combination is "identify the complaint owner".

B Not here. cherry-picking: Selecting favorable information while omitting relevant unfavorable context. The usual combination is "avoid cherry-picking results".

C Not here. supervisory review: Oversight assessment by an authorized reviewer. The usual combination is "obtain supervisory review".

D Not here. remedy: An action intended to address an established problem under relevant authority. The usual combination is "consider an authorized remedy".

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D4. Rebuild the exchange from "An acknowledgment that never answered the complaint". Dana: "The similar labels look like a duplicate to me. Can you confirm that now, or do you still need to inspect the transaction and fee records?" Liam: [missing response] Dana: "Who is responsible? I have spoken to several people, and I do not want the question passed around without an owner." Which response belongs in the gap?

B. The duplicate-charge finding is not established yet. We need the underlying records to identify each entry and assess whether either was charged incorrectly.

A Not here. This line belongs to turn 10, after Dana says: "The email mentioned Friday. Does that mean you will tell me the final answer then, or only that someone is still looking at it?" It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Liam's response in turn 6. It connects Dana's preceding point with Dana's follow-up. A duplicate-charge finding would conclude that an amount was improperly repeated; similar descriptions alone do not establish that result.

C Not here. This line belongs to turn 16, after Dana says: "I also want to know how to escalate if the next response is another acknowledgment. I am not withdrawing my complaint by agreeing to wait for Friday." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 4, after Dana says: "I need an explanation of the entries, not another message saying the firm values me. Was one charged incorrectly?" It addresses that point, not the missing turn in the supplied exchange.

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E / Conversation

1. acknowledgment

Turn 2. An acknowledgment confirms receipt; it does not explain the entries or establish that the complaint has been resolved.

08 / Answers and explanations / continued

2. substantive response

Turn 4. A substantive response addresses the actual complaint and evidence, rather than offering another receipt confirmation or general reassurance.

3. duplicate-charge finding

Turn 6. A duplicate-charge finding would conclude that an amount was improperly repeated; similar descriptions alone do not establish that result.

4. complaint owner

Turn 8. The complaint owner is responsible for progressing the assessment; naming that role makes the handoff accountable rather than vague.

5. status update

Turn 10. A status update reports progress and open work; the case does not authorize promising a final decision on that date.

6. refund

Turn 12. A refund is a repayment requiring the applicable decision; the incomplete review does not support promising one now.

7. correspondence log

Turn 14. The correspondence log retains communications and their sequence, helping the review trace the original concern and the response gap.

8. escalation

Turn 16. Escalation routes the concern for further attention through the applicable process; accepting an update date does not withdraw the complaint.

9. handoff

Turn 18. The handoff preserves the substantive fee question and requested assessment, rather than reducing the complaint to general dissatisfaction with service tone.

10. resolution

Turn 20. Resolution requires an outcome addressing the complaint through the applicable process; sending another email alone does not complete it.

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08 / Answers and explanations / continued

F / Accuracy and scope

F1. Which statement matches the evidence on the charges?

D. The similar descriptions need review; a duplicate is not established.

Similar descriptions and amounts justify checking but do not by themselves determine the underlying transactions.

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F2. Which handoff best preserves the complaint?

A. Include the two entry references, unanswered fee question, pending review, owner and Friday update.

The handoff must carry the substantive issue, evidence and real status to the complaints team. A statement request or ticket alone loses the question; an expected refund invents a decision.

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F / Guided speaking

1. use

Colleague: The private comment is not yet approved for public use.

Turn 1. A favorable private message does not itself authorize publication in a promotional communication.

2. disclosures

Supervisor: Verify the required permission and any relevant disclosures.

Turn 2. Publication may require permission and material information under the applicable rules and process.

3. review

Colleague: The proposed advertisement still needs supervisory review.

Turn 3. The case expressly leaves the required oversight assessment incomplete.

4. version

Supervisor: Keep the draft separate from the approved version.

Turn 4. Version control prevents an unreviewed promotional draft from being mistaken for an authorized communication.

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08 / Answers and explanations / continued

F / Rebuild the exchange

1. Rebuild the exchange from "An acknowledgment that never answered the complaint". Dana: "Please do not remove the earlier messages. They show that I asked this question before and that the response did not address it." Liam: [missing response] Dana: "I also want to know how to escalate if the next response is another acknowledgment. I am not withdrawing my complaint by agreeing to wait for Friday." Which response belongs in the gap?

A. We will preserve the correspondence log under the applicable record process. Your original concern and the fact that it remains unanswered should stay visible in the file.

A Correct. This is Liam's response in turn 14. It connects Dana's preceding point with Dana's follow-up. The correspondence log retains communications and their sequence, helping the review trace the original concern and the response gap.

B Not here. This line belongs to turn 4, after Dana says: "I need an explanation of the entries, not another message saying the firm values me. Was one charged incorrectly?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 18, after Dana says: "Could you read back the issue you are sending to the reviewer? The two entries are my main concern, not just the unhelpful email." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Dana says: "If the review confirms an error, I would expect the firm to explain how it will put things right. Can you promise the refund today?" It addresses that point, not the missing turn in the supplied exchange.

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Review 1 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The agreed topics and services included in a planning assignment. Which term fits?

B. planning scope

A Not here. priority: Relative importance assigned to a goal or need. The usual combination is "confirm the client's priority".

B Correct. planning scope: The agreed topics and services included in a planning assignment. The usual combination is "define the planning scope".

C Not here. essential spending: Costs the client treats as necessary for basic or committed needs. The usual combination is "identify essential spending".

D Not here. pension statement: A record of pension information issued by a plan or provider. The usual combination is "obtain a current pension statement".

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2. A colleague needs the term for this meaning: Information provided about material terms, risks, costs, or conflicts. Which term fits?

A. disclosure

A Correct. disclosure: Information provided about material terms, risks, costs, or conflicts. The usual combination is "explain the relevant disclosure".

B Not here. advisory capacity: Acting in the role of an investment adviser under the relevant relationship. The usual combination is "clarify advisory capacity".

C Not here. fee schedule: A statement of charges and how they are determined. The usual combination is "consult the current fee schedule".

D Not here. wrap fee: A bundled charge covering specified services and transactions, not necessarily every cost. The usual combination is "review wrap-fee exclusions".

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Review 1 / Explanations / continued

3. Rebuild the exchange from "Turning a retirement wish into usable planning facts".

Leah: "I have account statements in several places, plus a pension statement and a mortgage. I do not have a single page showing my current position." **Sam:** [missing response] **Leah:** "I would rather not email the details to an unverified address. How should I send the documents?" Which response belongs in the gap?

A. An asset summary will help, alongside the liabilities and income sources. Use current statements where available and label anything still estimated or missing.

A Correct. This is Sam's response in turn 10. It connects Leah's preceding point with Leah's follow-up. An asset summary brings owned resources together; it supports planning but should not omit debts or be confused with net worth.

B Not here. This line belongs to turn 2, after Leah says: "I want to retire comfortably, but I do not know what number to aim for. Can you give me a savings target before we finish today?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 6, after Leah says: "I can provide recent household bills. Travel and future healthcare costs are less certain, so my first spending estimate would be incomplete." It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 4, after Leah says: "I might stop full-time work in several years, although part-time work could remain an option. I have not chosen an exact date." It addresses that point, not the missing turn in the supplied exchange.

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Review 1 / Explanations / continued

4. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Where can I find a concise summary pointing me to the relevant services, costs, and conflicts before reading the detailed provisions?" Evan: [missing response] Rosa: "So I could pay the advisory fee in a year when the account loses money, and there may be separate investment costs. Please show me both." Which response belongs in the gap?

A. The current relationship summary is a starting point, alongside the agreement and fuller disclosures. We can locate the relevant sections together and verify any charge I cannot confirm immediately.

A Correct. This is Evan's response in turn 18. It connects Rosa's preceding point with Rosa's follow-up. The relationship summary outlines services, fees, conflicts, and related information for covered US retail relationships; detailed terms still matter.

B Not here. This line belongs to turn 8, after Rosa says: "Does the one percent include the costs inside the investments, or could those reduce my account separately even though they do not appear as the adviser fee?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 4, after Rosa says: "If the relevant balance stayed at five hundred thousand dollars for a year, what would that percentage mean in dollars before any other charges?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 6, after Rosa says: "Does quarterly billing mean the annual percentage is charged four times? I want to check that I understand the difference." It addresses that point, not the missing turn in the supplied exchange.

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Review 2 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: Financial ability to withstand adverse outcomes without undermining needs. Which term fits?

C. risk capacity

A Not here. investment horizon: The period over which an investment is intended to support a goal. The usual combination is "match the investment horizon to the goal".

B Not here. IPS: Investment policy statement, recording agreed objectives and investment guidelines. The usual combination is "review the IPS".

C Correct. risk capacity: Financial ability to withstand adverse outcomes without undermining needs. The usual combination is "distinguish risk capacity from tolerance".

D Not here. strategic allocation: A longer-term target distribution among investment categories. The usual combination is "review the strategic allocation".

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2. A colleague needs the term for this meaning: A modeled rate of change in prices or purchasing costs. Which term fits?

A. inflation assumption

A Correct. inflation assumption: A modeled rate of change in prices or purchasing costs. The usual combination is "review the inflation assumption".

B Not here. planning horizon: The span over which a plan models needs and resources. The usual combination is "extend the planning horizon".

C Not here. RMD: Required minimum distribution under applicable retirement-account rules. The usual combination is "verify the RMD requirement".

D Not here. retirement illustration: A modeled account of possible retirement outcomes under assumptions. The usual combination is "explain the retirement illustration".

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Review 2 / Explanations / continued

3. Rebuild the exchange from "What the advisory fee includes, and what it does not". Rosa: "Is every asset on the account statement included in the amount used to calculate your charge?" Evan: [missing response] Rosa: "If I keep more money with your firm, you earn more. How do you handle that incentive when you advise me about moving money elsewhere?" Which response belongs in the gap?

D. We need the definition of billable assets in the agreement. The visible account total alone does not establish the contractual fee base or which exclusions apply.

A Not here. This line belongs to turn 4, after Rosa says: "If the relevant balance stayed at five hundred thousand dollars for a year, what would that percentage mean in dollars before any other charges?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 20, after Rosa says: "So I could pay the advisory fee in a year when the account loses money, and there may be separate investment costs. Please show me both." It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 2, after Rosa says: "I understand that advice has a cost, but I am not clear how you are paid. Does the one-percent figure apply only when my account makes a profit?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Evan's response in turn 10. It connects Rosa's preceding point with Rosa's follow-up. Billable assets are those included by the agreement's fee method; the headline account value should not be assumed identical.

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Review 2 / Explanations / continued

4. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".

Elena: "I have several accounts and haven't sent their details. I'd rather get that right than assume they all follow the same withdrawal and tax treatment." **Malik:** [missing response] **Elena:** "Please include less favorable cases when we meet again. I'll bring the records. I'm not asking you to start withdrawals or setting a retirement date today." Which response belongs in the gap?

D. We'll verify each account type and your circumstances. We'll also distinguish any withholding from final tax, instead of treating a deducted amount as a completed tax assessment.

A Not here. This line belongs to turn 6, after Elena says: "Then I need to know what is missing from the spending figure. Is the three thousand already after the charges and tax I would pay?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 10, after Elena says: "If markets fall early on, while I'm taking money out, could that be worse than the same poor years arriving much later in retirement?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 2, after Elena says: "I felt relieved when I saw three thousand dollars a month on the chart. Can I treat that as the amount I'll receive after I retire?" It addresses that point, not the missing turn in the supplied exchange.

D Correct. This is Malik's response in turn 18. It connects Elena's preceding point with Elena's follow-up. Account type and personal circumstances affect distribution and tax analysis; the missing records prevent a reliable individualized conclusion.

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Review 3 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: The value at the end of the reporting interval. Which term fits?

C. closing balance

A Not here. cost basis: The recorded acquisition or tax basis used for a specified purpose. The usual combination is "verify the cost basis".

B Not here. performance return: An investment-result measure calculated using a stated methodology. The usual combination is "confirm the performance-return method".

C Correct. closing balance: The value at the end of the reporting interval. The usual combination is "confirm the closing balance".

D Not here. tax consequence: A tax effect dependent on the transaction and applicable circumstances. The usual combination is "assess possible tax consequences".

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2. A colleague needs the term for this meaning: Sale or conversion of holdings into cash. Which term fits?

C. liquidation

A Not here. rider: An optional contract feature with specific terms and possible additional cost. The usual combination is "review the rider charge".

B Not here. account wrapper: The legal or tax account structure holding investments, depending on context. The usual combination is "distinguish the account wrapper from the investment".

C Correct. liquidation: Sale or conversion of holdings into cash. The usual combination is "explain liquidation consequences".

D Not here. lockup: A period during which withdrawal or transfer is restricted under the terms. The usual combination is "confirm the lockup period".

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Review 3 / Explanations / continued

3. Rebuild the exchange from "A smooth retirement chart mistaken for a promise".

Elena: "If markets fall early on, while I'm taking money out, could that be worse than the same poor years arriving much later in retirement?" **Malik:** [missing response]

Elena: "Another report gave a percentage chance of success. Would switching to that sort of chart turn this into something I could rely on as guaranteed?" Which response belongs in the gap?

A. Yes, that's sequence risk. The order matters when money is being withdrawn. A single steady rate doesn't show how those different paths affect the remaining assets.

A Correct. This is Malik's response in turn 10. It connects Elena's preceding point with Elena's follow-up. Sequence risk concerns return order when cash flows occur; withdrawals can make early losses matter differently from later losses.

B Not here. This line belongs to turn 12, after Elena says: "Another report gave a percentage chance of success. Would switching to that sort of chart turn this into something I could rely on as guaranteed?" It addresses that point, not the missing turn in the supplied exchange.

C Not here. This line belongs to turn 16, after Elena says: "A friend mentioned the minimum amount retirement accounts require you to take out. Is that the amount you're recommending I spend, or a separate calculation?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 2, after Elena says: "I felt relieved when I saw three thousand dollars a month on the chart. Can I treat that as the amount I'll receive after I retire?" It addresses that point, not the missing turn in the supplied exchange.

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Review 3 / Explanations / continued

4. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "I am not asking you to choose now. I want the account comparison completed and the separate product questions identified clearly before discussing a recommendation." Louis: [missing response] Hana: "Include staying where I am as one option. I would like to see what I would actually gain or give up before agreeing to move." Which response belongs in the gap?

C. That is a useful product comparison request. We can organize costs, services, access, and risks while marking questions requiring more information or specialist review.

A Not here. This line belongs to turn 10, after Hana says: "I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions." It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 4, after Hana says: "A is one hundred twenty dollars a year and B is two hundred forty. Does the higher charge buy a different service, or are they otherwise the same?" It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Louis's response in turn 18. It connects Hana's preceding point with Hana's follow-up. A product comparison uses consistent criteria and verified terms; an incomplete fee table is not a sufficient recommendation.

D Not here. This line belongs to turn 20, after Hana says: "Include staying where I am as one option. I would like to see what I would actually gain or give up before agreeing to move." It addresses that point, not the missing turn in the supplied exchange.

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Review 4 / Explanations

Cumulative review

1. A colleague needs the term for this meaning: A first-priority designated recipient under the relevant terms. Which term fits?

D. primary beneficiary

A Not here. trusted contact: A person the firm may contact in limited circumstances, not automatically authorized to transact. The usual combination is "update trusted-contact information".

B Not here. financial exploitation: Improper use of another person's money or resources under applicable definitions. The usual combination is "escalate suspected financial exploitation".

C Not here. will: A legal document directing specified matters after death under applicable law. The usual combination is "review the will with legal counsel".

D Correct. primary beneficiary: A first-priority designated recipient under the relevant terms. The usual combination is "confirm the primary beneficiary".

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2. A colleague needs the term for this meaning: An outcome addressing a matter under the applicable process. Which term fits?

D. resolution

A Not here. record retention: Keeping records for the period and purpose required by applicable arrangements. The usual combination is "follow record-retention requirements".

B Not here. complaint: An expression of dissatisfaction requiring handling under the applicable process. The usual combination is "record a client complaint".

C Not here. endorsement: A statement of support or recommendation under applicable definitions. The usual combination is "review an endorsement disclosure".

D Correct. resolution: An outcome addressing a matter under the applicable process. The usual combination is "explain the complaint resolution".

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Review 4 / Explanations / continued

3. Rebuild the exchange from "Comparing accounts without the missing cost columns". Hana: "I also want to know whether the investments move as they are or must be sold. A transfer sounds simple, but those are different actions." Louis: [missing response] Hana: "Would I have to sell what I already hold? I thought this was mainly a change of provider, not a sale that might create other costs." Which response belongs in the gap?

C. An in-kind transfer may preserve eligible holdings; another route may require sales. Confirm the supported process rather than assuming every holding can move unchanged.

A Not here. This line belongs to turn 4, after Hana says: "A is one hundred twenty dollars a year and B is two hundred forty. Does the higher charge buy a different service, or are they otherwise the same?" It addresses that point, not the missing turn in the supplied exchange.

B Not here. This line belongs to turn 18, after Hana says: "I am not asking you to choose now. I want the account comparison completed and the separate product questions identified clearly before discussing a recommendation." It addresses that point, not the missing turn in the supplied exchange.

C Correct. This is Louis's response in turn 10. It connects Hana's preceding point with Hana's follow-up. An in-kind transfer moves eligible holdings without selling them in that process; availability depends on the assets and receiving arrangement.

D Not here. This line belongs to turn 20, after Hana says: "Include staying where I am as one option. I would like to see what I would actually gain or give up before agreeing to move." It addresses that point, not the missing turn in the supplied exchange.

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Review 4 / Explanations / continued

4. Rebuild the exchange from "An acknowledgment that never answered the complaint". Dana: "Could you read back the issue you are sending to the reviewer? The two entries are my main concern, not just the unhelpful email." Liam: [missing response] Dana: "Yes, that is the question. Please use our usual contact route and update me when promised, even if you are still waiting for the final answer." Which response belongs in the gap?

B. You seek an explanation and review of two similarly described three-hundred-dollar entries, with any appropriate remedy assessed. That will be in the handoff, alongside the communication shortcoming.

A Not here. This line belongs to turn 14, after Dana says: "Please do not remove the earlier messages. They show that I asked this question before and that the response did not address it." It addresses that point, not the missing turn in the supplied exchange.

B Correct. This is Liam's response in turn 18. It connects Dana's preceding point with Dana's follow-up. The handoff preserves the substantive fee question and requested assessment, rather than reducing the complaint to general dissatisfaction with service tone.

C Not here. This line belongs to turn 4, after Dana says: "I need an explanation of the entries, not another message saying the firm values me. Was one charged incorrectly?" It addresses that point, not the missing turn in the supplied exchange.

D Not here. This line belongs to turn 12, after Dana says: "If the review confirms an error, I would expect the firm to explain how it will put things right. Can you promise the refund today?" It addresses that point, not the missing turn in the supplied exchange.

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Additional case 1 / Explanations

Extended conversation

1. cash-flow

Turn 2. Cash-flow concerns the timing and amounts of money coming in and going out.

2. available

Turn 6. Available means accessible for the intended use now, unlike a payment with an unconfirmed date.

3. reserve

Turn 10. Reserve is money set aside for a defined purpose, including unexpected needs or interruptions.

4. income gap

Turn 14. Income gap is a period when expected income does not cover the relevant spending needs.

5. coverage

Turn 18. Coverage identifies what protection an insurance or benefit arrangement provides and for how long.

6. planning assumptions

Turn 20. Planning assumptions are the inputs used in an illustration; changed employment means earlier inputs may no longer fit.

[Return to the conversation, page 106](#)

Transfer exchange

1. unconfirmed

Adviser: This consulting payment is still unconfirmed, correct?

Turn 1. Unconfirmed preserves the uncertainty about whether and when the payment will occur.

Additional case 1 / Explanations / continued

2. income

Client: Yes. Please keep a separate case without that income.

Turn 2. Income is the possible inflow being tested, rather than cash already received.

3. expenses

Adviser: We'll compare how long accessible savings cover the stated expenses.

Turn 3. Expenses are the outflows that must be met during the income interruption.

4. guarantee

Client: And label the result as an illustration, not a guarantee.

Turn 4. Guarantee would promise an outcome that uncertain future events cannot establish here.

[Return to the conversation., page 108](#)

Additional case 2 / Explanations

Extended conversation

1. concentration

Turn 2. Concentration means a large share of relevant wealth or exposure is tied to one investment or source.

2. unvested awards

Turn 6. Unvested awards remain subject to vesting conditions; their displayed value is not automatically accessible cash.

3. trading restrictions

Turn 10. Trading restrictions are limits on transactions arising from relevant laws, employer policies, or award terms.

4. cost basis

Turn 14. Cost basis is the relevant tax basis used when determining gain or loss, which should not be guessed from the current value.

5. Diversification

Turn 18. Diversification spreads exposure across investments or risk sources; it does not guarantee against every loss.

6. liquidity

Turn 20. Liquidity concerns the ability to access or convert assets into usable funds when needed.

[Return to the conversation, page 110](#)

Transfer exchange

1. balance

Adviser: Keep the award separate from the bank balance for now.

Turn 1. Balance refers to the actual bank amount, not the displayed value of an award.

Additional case 2 / Explanations / continued

2. vesting

Client: The award depends on conditions in its vesting schedule.

Turn 2. Vesting schedule specifies when or how rights to the award become established.

3. funding

Adviser: Exactly. We'll review the conditions before treating it as available funding.

Turn 3. Funding means money usable for the planned expense, which is not yet established.

4. verification

Client: Please mark that part of the worksheet as pending verification.

Turn 4. Verification is the review needed to establish the award's terms and practical availability.

[Return to the conversation., page 112](#)

Additional case 3 / Explanations

Extended conversation

1. authenticity

Turn 4. Authenticity means a message genuinely comes from the claimed sender, which a copied name or image does not prove.

2. verification

Turn 6. Verification checks identity and instructions through a reliable independent process, not the suspicious message itself.

3. urgency

Turn 8. Urgency is pressure to act quickly; in this context it is a warning sign requiring careful verification.

4. activity

Turn 14. Activity means actions involving the account; receipt of a message alone does not prove unauthorized transactions.

5. owner

Turn 18. Owner identifies the person responsible for coordinating the case and its follow-up.

6. safeguards

Turn 20. Safeguards are protective measures selected through the authorized review, not improvised instructions from the suspicious sender.

[Return to the conversation, page 114](#)

Transfer exchange

1. code

Client: The caller wants the security code that just arrived.

Turn 1. Code is sensitive authentication information and should not be shared with an unverified caller.

Additional case 3 / Explanations / continued

2. number

Adviser: Don't share it. End that call and use our established contact number.

Turn 2. Number refers to the independently known route, not one supplied by the suspicious caller.

3. case

Client: I'll report the new contact as part of the same case.

Turn 3. Case links the related reports for coordinated review without assuming the caller's identity.

4. findings

Adviser: Good. We'll distinguish reported events from verified findings.

Turn 4. Findings are conclusions supported by review, unlike the unverified claims in the calls.

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Find a phrase by purpose

Advisor English: Discovery, Scope, Trust, and Boundaries

Acknowledge the aim: You want retirement to feel financially secure and manageable.

Make it concrete: What timing should we use for your target retirement date?

Clarify spending: Does that estimate cover the household or only your own spending?

[Full phrase bank, page 7](#)

Standards of Conduct, Best Interest, Disclosures, and Conflicts

Name the arrangement: This advisory service uses the fee basis in the current agreement.

State the rate: The stated annual advisory rate is 1% of defined billable assets.

Bound the illustration: At a constant \$500,000 for a full year, that illustrates \$5,000.

[Full phrase bank, page 19](#)

Goals, Risk Profile, Asset Allocation, and IPS Language

Acknowledge willingness: You are comfortable with fluctuations; let us check the consequences for this goal.

Separate the goal: The home-purchase money has a different horizon from long-term savings.

Clarify timing: How flexible is the twelve-month purchase date?

[Full phrase bank, page 34](#)

Retirement Planning, Income, Tax-Aware Conversations, and RMDs

Acknowledge the reaction: I understand why the chart looked reassuring.

Correct the meaning: The line shows a modeled outcome, not promised income.

Name the assumption: It assumes a fixed 5% annual return rather than varying yearly results.

[Full phrase bank, page 45](#)

Find a phrase by purpose / continued

Portfolio Reviews, Volatility, Rebalancing, and Behavioral Coaching

Acknowledge concern: I can see why the lower balance concerns you.

Separate the components: The decline includes a withdrawal, fees, and investment change.

State the arithmetic: Those three amounts reconcile the account from \$100,000 to \$85,000.

[Full phrase bank, page 59](#)

Products, Account Types, Rollovers, Annuities, Insurance, and Alternatives

State the known fees: A charges \$120 annually; B charges \$240 annually.

Restore a missing column: The full schedule lists a \$75 transfer-out charge for A.

Compare service: A offers support on request; B provides quarterly reviews.

[Full phrase bank, page 71](#)

Family, Estate, Beneficiaries, Elder Risk, and Difficult Client Moments

Acknowledge the loss: I am sorry for your loss; we can take this one step at a time.

Preserve the client role: I will address the review and decisions with you.

Clarify the contact: Being your trusted contact does not itself authorize your daughter to transact.

[Full phrase bank, page 84](#)

Practice Management, Documentation, Complaints, Marketing, and Supervision

Acknowledge the gap: Our earlier message confirmed receipt but did not answer your question.

Restate the concern: You want to know why two \$300 entries have similar fee descriptions.

State the evidence: We have the statement references, but the entry review is incomplete.

[Full phrase bank, page 95](#)

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References and publication notes

All cases, organizations, figures, and conversations are fictional teaching material, not transcripts. Communication practice does not replace qualified advice or current workplace procedures.

[1] Investor.gov. Customer and client relationship summaries (Form CRS).

Background for discussing services, fees, conflicts, and professional capacity in US retail relationships. Actual obligations depend on the applicable relationship and rules. Source checked 10 October 2026.

<https://www.investor.gov/CRS>

[2] Investor.gov. How Fees and Expenses Affect Your Investment Portfolio.

Background for distinguishing fee layers and their effect. All fee examples in this book are invented teaching facts, not a firm quotation. Source checked 10 October 2026.

<https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/updated>

[3] Internal Revenue Service. Retirement plan and IRA required minimum distributions FAQs.

Background for US distribution terminology. Eligibility, deadlines, tax treatment, and exceptions need current individualized verification; the book does not prescribe them. Source checked 10 October 2026.

<https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs>

[4] FINRA, SEC, and NASAA. Why You Should Consider Adding a Trusted Contact to Your Account.

Background for distinguishing a trusted contact from someone authorized to transact or decide for an account holder. Source checked 10 October 2026.

<https://www.finra.org/investors/insights/trusted-contact>

Companion course

The website offers the eight-lesson course and related practice. This book can be used independently. No audio access or external account is needed for its exercises.

<https://englishladder.com/efsp-financial-advice.html>

Make goals concrete. Explain choices clearly. Keep trust grounded in facts.

Guide a client conversation from discovery through explanation, documentation, and follow-through.

Advisor English: Discovery, Scope, Trust, and Boundaries

Comfortably is a useful expression of a goal, not a defined spending amount. A date and spending estimate need a basis: today's money or future amounts, household or individual, before or after tax. Do not silently choose those meanings for the client.

Goals, Risk Profile, Asset Allocation, and IPS Language

Risk tolerance describes willingness; capacity concerns the financial consequences a client can withstand. The \$60,000 home goal has a short horizon and limited timing flexibility. That need cannot be erased by labeling Theo generally comfortable with risk.

Standards of Conduct, Best Interest, Disclosures, and Conflicts

The \$5,000 figure illustrates 1% of a constant \$500,000 billable balance for a full year. Actual quarterly bills follow the agreement's valuation, timing, and adjustment method. Do not present this simple illustration as a verified invoice or an all-in cost.

Retirement Planning, Income, Tax-Aware Conversations, and RMDs

The projected \$3,000 withdrawal is not a guaranteed payment. The model uses fixed 5% returns, nominal amounts, and no taxes or fees. A smooth line can hide variability and purchasing-power changes that matter to the client's interpretation.

Phil Stilwell

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