

# PDMM® Certification Exam Content Outline

## **EXAMINATION CONTENT**

The 100 multiple-choice certification examination consists of the following content areas with an approximation of the percentage and number of questions per content area. You must have a scaled score of 75 to pass the examination.

AADMM created the PDMM® Certification Exam in 2007. The purpose of the exam is to test your knowledge of daily money management in regards to individual clients. The test was not intended to evaluate your skills in bookkeeping for small businesses or non-profit organizations. When preparing for the exam, please keep in mind that the exam content will focus solely on daily money management tasks for individuals, not small business or non-profit bookkeeping.

| <b><u>Content Summary</u></b> | <b><u>Percentage</u></b> | <b><u>Number of Questions</u></b> |
|-------------------------------|--------------------------|-----------------------------------|
| 1. Bill Paying                | 20%                      | 20                                |
| 2. Basic Finance/Bookkeeping  | 20%                      | 20                                |
| 3. Payroll and Tax Basics     | 10%                      | 10                                |
| 4. Types of Expenses          | 20%                      | 20                                |
| 5. Standards of Practice      | 30%                      | 30                                |

## **Detailed Content Outline**

Outlined below are the topics that may be included on the PDMM® certification exam. These duties and tasks are also eligible to use toward the required 1,500 hours of work experience.

### **1. Bill Paying (tasks)**

- A. Understand various bill-paying practices, i.e.:
  - 1. Pay bill as they come in versus when they are due
  - 2. Pay all bills at the beginning of the month
  - 3. Change due dates to meet cash flow requirements
- B. Understand methods of payment and their pros and cons, i.e.:
  - 1. By check
  - 2. Electronic transfer (ACH – Automatic Clearing House, wire transfers, etc)
  - 3. Using online bill-pay
  - 4. Automatic drafts from bank or credit card
- C. Document and methods of keeping track of payments, i.e.:
  - 1. Accounting software
  - 2. Copying checks
  - 3. Check register
  - 4. On-line confirmation
  - 5. Scanning
  - 6. Reconciliation statements
  - 7. Duplicate checks
  - 8. Bank statements
  - 9. Printing payment confirmations
  - 10. Excel spreadsheet
- D. Determine how the bill-paying bank account will be funded, i.e.:
  - 1. Reviewing and setting up funding procedures for the account.
  - 2. Understand and determine the source and timing of income/revenue (i.e. investment income, social security, payroll, etc.)
- E. Know how to handle vendor issues, i.e.:
  - 1. Late payments
  - 2. Un-posted/lost payments
  - 3. Unauthorized charges on client account (bank, credit card, bills, etc.)
  - 4. Returns and exchanges

5. Bills due but have not been received
6. Negotiation with creditors

## **2. Basic Finance/Bookkeeping**

- A. Perform monthly bank reconciliation, (i.e. able to identify and understand bank and client errors)
- B. Understand budget basics and savings goals
- C. Understand the basics of paperwork organization, i.e.:
  1. Filing system for current work
  2. Understand what to keep, what to archive, what to throw away
  3. Understand sorting mail and email
  4. Understand storage issues (at client's home, bank security box, DMM responsibility, etc.)
  5. Inventory assets
- D. Note other assets available to meet expenses and to serve as a cushion
- E. Understand how interest is calculated
- F. Understand how to read a credit report and what determines a credit score
- G. Understand basic types of investments (certificate of deposit, money market, savings plans, etc.)
- H. Understand how to read and report on financials
- I. Know how to work with your client's other professionals (ie: financial planner, lawyer, insurance agent, investment advisor, etc.)
- J. Understand differences between cash and accrual accounting.
- K. Understanding how to read investment, bank, and other financial statements.

## **3. Payroll and Tax Basics**

- A. Knowledge of documents and information needed for individual income tax preparation
- B. Understanding the types of employment (employee or independent contractor) and withholding
  1. Understand difference between employees and "independent contractors"
  2. Understand employers' responsibilities (unemployment insurance, workers compensation, etc.)
  3. Keep track of hours and pay
- C. Understand estimated tax payments and requirements.
- D. Work with tax preparer
- E. Know when and where to go for help
- F. Understand payroll tax
- G. Understanding the types of payroll deductions: Flexible Spending Accounts, Medical Insurance, Disability, Health Savings Account, Long-term insurance.
- H. Understand Insurance - (Are any insurance premiums deductible).

## **4. Types of Expenses**

- A. Medical Bills and Insurance Issues, i.e.:
  1. Understand different types of insurance
  2. Understanding medical bills and Explanation of Benefits in order to determine what client owes.
  3. Understand monthly premiums for coverage (deducted from pay, paid by client, etc.)
  4. Knowledge of health insurance policy (coverage, deductible, co-insurance, co-pays, claim filing, etc.)
  5. Understanding the tax deduction threshold for medical expenses
- B. Housing Issues, i.e.:
  1. Understand costs (mortgage, condo fee, upkeep, property taxes, Homeowner's association, etc.)
  2. Evaluating housing options (refinancing, mother-in law or not, communal living, buying vs renting, multi-generational housing)

3. Understand options in senior housing and related issues, (what is covered in their monthly rental, etc.)
4. Understand home as a resource (financing options, etc.)
5. Understand how to work vendor on housing issues.

## 5. Ethics

- A. Understand AADMM's Code of Ethics
- B. Accountability to client and understanding who the client is
- C. Understand confidentiality issues (Health Insurance Portability and Accountability Act (HIPAA), bank privacy issues, etc.)
- D. Capacity (competency) issues, i.e.:
  1. Understanding capacity (competency) issues
  2. Understand the options available
  3. Understand when to bring in an expert (warning signs, etc.)
- E. Understanding the best interests of the clients, etc.

## 6. Standards of Practice

- A. Capacity (competency) issues, i.e.:
  1. Define POA versus DMM versus guardianship/conservatorship
- B. Understand DMM liability issues
- C. Understand Power of Attorney, i.e.:
  1. Different types
  2. Difference between medical and financial
  3. Limitations
  4. Core legal documents
  5. Fiduciary responsibilities
- D. Understand the risk and benefits of different storage and back-up options
  1. Client's Home
  2. Bank
  3. DMM's location
  4. Online
- E. Know how to prevent and deal with scams and identity theft, i.e.:
  1. Have client be aware of how to prevent being exploited (do not call list, limit exposure on mailing list, order credit reports, etc.)
  2. Know who to contact (file police report, cancel credit cards, etc.)
- F. Security
  1. User ID and Passwords
  2. Personal Identification number Credit Card, ATM machines, insurance information, etc.
  3. Personal Identification information - Maiden name, SS#, address, security questions.

## **EXAMINATION STUDY REFERENCES**

Many of the questions on the examination will be based on general knowledge that can be obtained from basic routine practice, generic accounting/finance books, government web sites, etc.

A list of study references is included as an appendix to this Candidate Information Bulletin. Although the list of books and articles may include more than one reference that covers a content area, one such reference may be enough. You may also have resources available that are not on the list but will adequately cover the content area.