

**Assumptions for lifetime NPV of passing the CPA exam
(conservative estimates—individual situations will vary)**

| <p>1. Salary benefits of passing the CPA exam</p> | <ul style="list-style-type: none"> • Based on Robert Half Salary Survey (RHSS) for 1992–2014. • Salaries for CPAs and non-CPAs are projected into future using CPI increase of 3.1% per year. • Robert Half’s estimates state “unless otherwise noted, add 5%–10% for graduate degrees or professional certification.” We used the conservative 5% as the CPA salary premium. • CPA ROI based on growing gap between certified versus noncertified accountants through age 65 discounted back by 5%. (The 5% rate is considerably higher than the 30-year U.S. Treasury bond rate CMT to produce a conservative salary projection.) We used this 5% rate as a proxy for the riskless interest rate because we consider getting a CPA as virtually a riskless way to superior earnings. • All of our calculations assume that the individual reaches the level of controller but no higher; obviously, those who achieve a vice president of finance or CFO position will reap more earnings benefits from their CPA. <p>(Special thanks to Michael Weiss of Robert Half for providing the history of salaries for 1992–2014.)</p> | | | | | | | | | | |
|--|---|---|--|---------------------------|--|-------|--------|--------|--------------|-------|----------------|
| <p>2. Costs associated with passing the CPA exam (assumes passing on first attempt)</p> | <p>Costs to prepare for and take the CPA exam:</p> <ul style="list-style-type: none"> • CPA review course and materials (cost of a Becker CPA Review course in July 2015). • Exam preparation time (400 hours of exam preparation study time multiplied by the equivalent current salary hourly rate). • CPA exam fee (\$1,000 in 2015 in South Carolina; other state fees will vary). • Two days of lost wages plus travel costs (\$400 to cover the travel, hotel, and food, plus the 16 hours of lost wages at a rate associated with the candidate’s age at the time of the exam). <p>Costs of maintaining the CPA credential:</p> <ul style="list-style-type: none"> • AICPA and state membership/license fees: 2015 AICPA fee of \$425 plus a state fee of \$80, estimated to increase 3.1% annually, using conservative CPI increase. Fees are discounted by 5% per year from the current age to retirement age of 65. • CPE for 40 hours annually, averaging \$10 per hour times 40 hours, also increasing 3.1% annually, discounted by 5% per year from the current age to retirement age of 65. • Lost wages for 40 hours of CPE: conservatively assumes CPE costs are not reimbursed but are on individual’s time. The salary for a CPA, adjusted for inflation, was converted to an hourly rate, discounted by 5% for each year from the current year to the retirement age of 65. | | | | | | | | | | |
| <p>3. Small, medium, and large companies</p> | <table border="1"> <tr> <th colspan="2">Robert Half company sizes (2014)</th> </tr> <tr> <th colspan="2">Total sales volume</th> </tr> <tr> <td>Small</td> <td>≤\$50M</td> </tr> <tr> <td>Medium</td> <td>\$50M–\$250M</td> </tr> <tr> <td>Large</td> <td>\$250M–\$500M+</td> </tr> </table> | Robert Half company sizes (2014) | | Total sales volume | | Small | ≤\$50M | Medium | \$50M–\$250M | Large | \$250M–\$500M+ |
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Source: Gregory L. Krippel, Janette Moody, and Sheila Mitchell.