

Chartered  
Insurance  
Institute

# R06

## Diploma in Regulated Financial Planning

Unit 6 – Financial planning practice

July 2025 Examination Guide

### SPECIAL NOTICES

Candidates entered for the October 2025 examination should study this examination guide carefully in order to prepare themselves for the examination.

Practice in answering the questions is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.

## R06 – Financial planning practice

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# IMPORTANT GUIDANCE FOR CANDIDATES

## Introduction

The purpose of this Examination Guide is to help you understand how examiners seek to assess the knowledge and skill of candidates. You can then use this understanding to help you demonstrate to the Examiners that you meet the required levels of knowledge and skill to merit a pass in this unit. During your preparation for the examination, it should be your aim not only to ensure that you are technically able to answer the questions but also that you can do justice to your abilities under examination conditions.

## Before the examination

### Study the syllabus carefully

It is crucial that you study the relevant syllabus carefully, which is available online at [www.cii.co.uk](http://www.cii.co.uk). All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone*, so it is vital that you are familiar with it.

### Read widely

It is vital that your knowledge is widened beyond the scope of one book. *It is quite unrealistic to expect that the study of a single coursebook will be sufficient to meet all your requirements.* While books specifically produced to support your studies will provide coverage of all the syllabus areas, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic, or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

### Make full use of the Examination Guide

This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. *However, you should note that there are alternative answers to some question parts which would also gain high marks.* For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as 'mock' examination papers. Attempting them under examination conditions as far as possible and then comparing your answers to the model ones should be seen as an essential part of your examination preparation. The Examiner's comments on candidates' actual performance in each question provide further valuable guidance. You can obtain copies of the two most recent examination guides free of charge at [www.cii.co.uk](http://www.cii.co.uk).

### Know the layout of the tax tables

Familiarise yourself with the tax tables printed at the back of the Examination Guide. The tax tables enable you to concentrate on answering the questions without having to worry about remembering all the information. *Please note that you are not allowed to use your own tax tables in the examination, these are provided in the portal as you sit the exam (see page 6).*

**Know the structure of the examination**

- The paper is made up of two written case studies.
- The paper will carry a total of 150 marks.
- Each question clearly shows the maximum marks which can be earned.

**Two weeks before the examination****The case studies**

The case studies, containing client information which will form the basis of the examination questions, will be available on the CII website and in RevisionMate.

**How should I use my time over the two-week period?**

It is too late at this stage to start your general revision. The two weeks will need to be devoted to familiarising yourself with the client details from the case studies.

**How should I use the case studies to help me prepare?**

- Study the client circumstances presented in the case study.
- Consider the financial objectives of the clients and look for other possible areas of need.
- Look for technical areas that you may wish to revise, e.g. investment portfolios, pensions.

Practice some key calculations, e.g. Income Tax and Inheritance Tax liabilities, which might inform the client's final financial plan.

**Preparing the groundwork – considering possible solutions**

Once you have identified the clients' likely needs you should start to consider possible solutions to meet those needs and how the financial planning process would be properly applied to the client(s). You may need to research some details of the solutions you are considering. You may want to go back to your revision notes.

You may need to read about particular products; try product providers for technical information, tax offices, Directgov website, National Savings and Investments liaison office.

For each of the possible solutions, consider how appropriate it might be to the client.

**Understand the skills the examination seeks to test**

The examination is based on two case studies for fictional clients whose details you will have received two weeks prior to the examination day. The case studies will enable you to familiarise yourself with the clients' circumstances.

### **Test yourself under timed conditions**

To gain most benefit from this exercise you should:

- Study the details in the case studies over the two-week period as you would for the real examination.
- Set yourself three clear hours to complete the question paper, taking into account the financial objectives provided.
- Compare your answers against the model answers once the three hours have elapsed. The model answers will not give every acceptable answer, but it will give you a clear indication of whether your responses were sufficiently detailed and if the technical knowledge was correct.
- Go back and revise further any technical weaknesses revealed in your responses.

If you use your time wisely, focusing on improving your technical knowledge and understanding of the financial planning process, you will have the time when the case studies are available to focus on the client details and prepare yourself for the examination day.

### **On-screen written exam familiarisation**

The familiarisation test allows you to experience using the assessment platform before your exam. Please note that while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only. You can also access past exam papers [here](#).

You can access the familiarisation test at any time which can be found [here](#).

Although based on AF1, this example test is designed for all candidates and while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality.

**Once you have received your exam login details, we strongly advise that you try the familiarisation test to ensure you are familiar with the navigation for the exam.**

- From the familiarisation test, ensure you can scroll right and see the whole screen. Ensure your screen resolution shows all the features including the button to return back to your answers to **edit** them. To return to edit any answer you have already typed, you must press 'Answer' for the question you are already in otherwise it will not let you select a previous question you have answered to edit.

The screenshot displays the CII exam interface. On the left, 'Case Study 1' is presented with a 3-hour time limit. It includes a detailed case study about Harry and Mia, their pension plans, and their financial situation. The right-hand side shows the 'R06 April 2022' exam section, which includes a navigation bar at the top with buttons for 'Prev', 'Nav', 'Next', and search functions. Below the navigation bar, the 'Case Study 1' text is repeated. At the bottom right, there is a 'Flag' button and an 'Edit' button. A small tooltip indicates that a question has been answered and provides a link to edit the answer.

- Tax tables and the Case Studies are provided at the right-hand side of the interface after the question paper for candidates to use which is different to the CII's multiple choice exams. Please do not bring your own copies into the exam. Scroll up and down using the navigation bar.

The screenshot displays the CII exam interface. On the left, 'Case Study 1' is presented with a 3-hour time limit. It includes a detailed case study about Harry and Mia, their pension plans, and their financial situation. The right-hand side shows the 'R06 April 2022' exam section, which includes a navigation bar at the top with buttons for 'Prev', 'Nav', 'Next', and search functions. Below the navigation bar, the 'Case Study 1' text is repeated. At the bottom right, there is a 'Flag' button and a 'Clear' button. A small tooltip indicates that a question has been answered and provides a link to edit the answer.

INCOME TAX		
	2020/2021	2021/2022
<b>RATES OF TAX</b>		
Starting rate for savings*	0%	0%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting-rate limit	£5,000*	£5,000*
Threshold of taxable income above which higher rate applies	£37,500	£37,700
Threshold of taxable income above which additional rate applies	£150,000	£150,000
<b>Child benefit charge:</b>		
1% of benefit per £100 of adjusted net income between £50,000 – £60,000		
<small>*Only applicable to savings income that falls within the first £5,000 of income in excess of the personal allowance</small>		
<b>Dividend Allowance</b>		
Dividend tax rates		
Basic rate	7.5%	7.5%
Higher rate	32.5%	32.5%
Additional rate	38.1%	38.1%
<b>Trusts</b>		
Standard rate band	£1,000	£1,000
Rate applicable to trusts		
- dividends	38.1%	38.1%
- other income	45%	45%
<b>MAIN PERSONAL ALLOWANCES AND RELIEFS</b>		
Income limit for Personal Allowance §	£100,000	£100,000
Personal Allowance (basic) §	£12,500	£12,570
Married/civil partners (minimum) at 10% †	£3,510	£3,530
Married/civil partners at 10% †	£9,075	£9,125
Marriage Allowance	£1,250	£1,260

3. Once you have typed in your answer ensure you click the red 'Answer' box, this will save your answer and move you onto the next question. Unless you press 'Answer', you will not be permitted to move onto other questions. Furthermore, please do not type all of your answers for every question into the answer space for Q1a. You should familiarise yourself with all questions prior to starting the exam.

Chartered Insurance Institute

Prev Nav Next

Tools Calculator End Test 172:42

1. (c) Explain to Mia how the portfolio of unit trusts that she is about to inherit would be taxed, if she decided to retain them as investments in her own name. (9)

Questions

(a) State the additional information that a financial adviser would need to obtain in relation to Harry and Mia's pension arrangements, to enable them to advise on Harry and Mia's retirement planning objectives. (12)

(b) State five benefits and five drawbacks of Harry retaining his executive pension plan (EPP). (10)

(c) Explain to Mia how the portfolio of unit trusts that she is about to inherit would be taxed, if she decided to retain them as investments in her own name. (9)

(d) Explain to Harry and Mia the process of establishing a suitable discounted gift trust (DGT) and how such a trust could operate as part of their Inheritance Tax planning objective. (12)

(e) Harry and Mia are concerned about her deteriorating health and are keen to put in place appropriate legal arrangements to ensure that they can continue to manage Mia's affairs in the future.

(i) Explain, in detail, how appropriate powers of attorney could be set up and how they would operate, to assist them with this objective. (9)

(ii) Identify any restrictions that apply to lasting powers of attorney. (3)

(f) Harry and Mia have expressed an interest in socially responsible investments. State the actions that a financial adviser should take regarding this interest when advising Harry and Mia on their investments. (5)

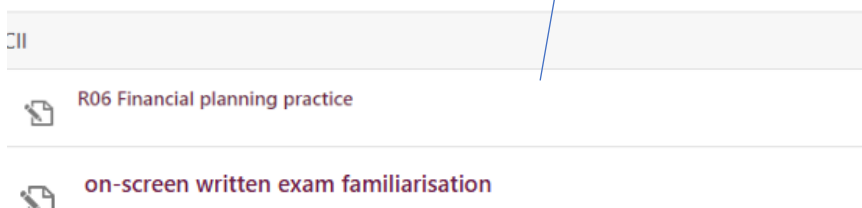
(g) (i) State the drawbacks to Harry and Mia of retaining the current asset allocation in their stocks and shares ISA portfolios. (5)

Answer

1a 1b 1c 1d 1e 1f 1g 2a 2b 2c 2d 2e 2f 2g INF03

Flag Clear

4. On the day of the R06 exam, please click on:



5. The above screenshot shows the point before the exam has started; you may wish to take a moment at this screen to jot down any notes on paper that may assist you during the exam. Please note the exam timer will not start until you click the exam titled: **R06 Financial planning practice**.

## Important information for remote invigilation candidates only

If you are taking the exam through remote invigilation, **we strongly advise that you try the online tutorial test** once you have received your exam login details and well in advance of the actual exam day.

You should have received the below information via email before your examination date.

You must check the equipment you plan to use on the exam day is suitable. The system requirements are [here](#)

### EXAM TUTORIAL:

- [Launch Tutorial Test](#)
- Duration: The tutorial will take approximately 30 minutes to complete.
- Attempts: Launch the tutorial test up to three (3) times to familiarize yourself with the environment. We suggest saving one attempt for 2-3 days prior to your exam date.
- Timing: The Launch link will expire 150 minutes (2 hours and 30 minutes) prior to your scheduled exam time.

To access your exam on the exam day click on the "Launch Exam" link beside your scheduled exam within the Bookings and Results area of MyCII [Dashboard](#). If you have any difficulty accessing your MyCII account, you should contact CII customer service at the contact details below.

**This Exam tutorial of the invigilation system will help you feel confident on exam day and can prevent technical issues by alerting you to potential issues with your equipment.**

**Please note you are strongly advised not to use a laptop provided by your employer.**

Laptops and IT equipment provided by your employer typically include security protocols that conflict with any remote invigilation software. You should also avoid using a corporate Wi-Fi or any other internet connection that may include firewalls that you cannot personally control.

It is fundamentally important that if you are sitting an examination via remote invigilation, you read all of the documents on this page; [How to prepare for your on-screen written exam by remote invigilation](#)

If there is anything you are unsure of, or if you have not received the tutorial email, please contact Customer Service (telephone +44 (0)20 8989 8464 Mon to Fri: 9am – 5pm (UK time) email [customer.serv@cii.co.uk](mailto:customer.serv@cii.co.uk) ) as soon as possible, as this may affect your examination sitting.



## In the examination

### The case studies

*You will not be able to take your pre-released copy of the case studies into the examination with you. The case studies will be provided on screen in the examination. There will not be any new or different information contained within the case studies. The instructions are focused on the client objectives identified from the case studies.*

**Assuming you have prepared adequately, you will only do justice to yourself in the examination if you follow two crucial common-sense rules:**

- 1. Spend your time in accordance with the number of marks given next to each question.**  
The number of marks allocated is the best indication of how much time you should spend on each question. If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking, so a long answer is a waste of time. Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer. Always remember that if the examination is not completed, your chances of passing will be reduced considerably. Do not spend excessive time on any one question; if the time allocation for that question has elapsed, go on to the next question and return to the incomplete question, if you have time.
- 2. Take great care to answer the precise question set.**  
The model answers provided in this Examination Guide are quite focused and precise; alternative answers will only be acceptable if they still answer the question. *However well a candidate writes on a particular topic, if it does not provide a satisfactory answer to the precise question as set, the candidate will not achieve the marks allocated.*

### Order of answering questions

Answer the questions in whatever order feels most comfortable. Generally, it is better to leave any questions which are felt to be challenging until the more familiar questions have been attempted but *remember not to spend excessive time on the questions you are most confident about*. You are able to flag questions and then go back to them.

### Answering different question parts

Always read all parts of a question before starting to answer it otherwise, you may find that after answering part (a), the answer you have given is more appropriate to part (b) and it may be necessary to duplicate some of the answer.

### Answer format

Unless the question requires you to produce an answer in a particular format, such as a letter or a report, you should use 'bullet points' or short paragraphs. The model answers indicate what is acceptable for the different types of questions.

Marks are not lost due to poor spelling or grammar.

### Calculators

The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation in your answer, even if you have used a calculator. You are permitted to use your own calculator.

## **EXAMINERS' COMMENTS**

### **Candidates' overall performance**

Performance was generally good across the paper with many candidates able to achieve a satisfactory performance across both Case Studies.

It was slightly disappointing to note that some candidates demonstrated a limited knowledge of standard protection products that would be suitable for the couple in Case Study Two. A review of protection products and their features and application to meet client needs would be of benefit to some candidates.

### **Case Study 1**

**1 (a)** Candidates were asked to state the additional information that a financial adviser would require to enable them to recommend a suitable retirement income strategy for Adam and Lauren. Most candidates performed well here but only a limited number of candidates recognised the importance of establishing further details in respect of Adam's guaranteed annuity rate on his previous employer's pension. This particular benefit could potentially form a key element of their retirement strategy so additional information on this annuity was required.

**1 (b)** This question required candidates to explain to Adam the key factors he should take into consideration, before deciding whether he should accept the guaranteed annuity rate offered by his former employer's pension scheme. Overall performance was good here but only a limited number of candidates recognised that this annuity might offer a good long-term return as Adam is in good health.

**1 (c)** This question asked candidates to explain to Adam and Lauren how a Discounted Gift Trust (DGT) operates and to explain why a DGT might be suitable for them once they have retired. Most candidates performed well here and were able to give a good explanation of how this type of Trust works and why it might be suitable for Adam and Lauren.

**1 (d)** Candidates were asked to identify the actions that Lauren could take to improve her retirement savings whilst she remains employed for the next two years. Most candidates performed very well here and were able to identify a wide range of suitable actions.

**1 (e)** Candidates were asked to explain to Adam and Lauren why retaining their current cash balances could result in them failing to meet their longer-term objectives. Very good performance overall here.

**1 (f)** This question asked candidates to recommend and justify a range of actions that Adam and Lauren could take to improve the tax efficiency of their current financial arrangements. Mixed performance here as some candidates failed to identify the exact tax savings that would be achieved by their recommended actions. Candidates who identified the correct tax rates were able to achieve high marks here.

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**Case Study 2**

**2 (a)** Candidates were asked to explain in detail the key reasons why Sanjeev and Kamini's current investment holdings may be unsuitable in meeting their future financial needs. Overall performance was disappointing here with many candidates failing to focus their answers on the current investment holdings and hence, they were unable to achieve high marks here. Most candidates gave generic answers which did not relate to the investment holdings which were identified in the Case Study.

**2 (b)** This question required candidates to outline the key benefits for Sanjeev and Kamini of making regular overpayments to their current mortgage. Overall performance was very good here and this question did not present any difficulties to well-prepared candidates.

**2 (c)** This question asked candidates to recommend and justify a suitable low-cost protection policy that would provide Sanjeev with an ongoing income for the family in the event of him suffering a long-term illness. Mixed performance was shown here with some candidates identifying incorrect protection policies which would not provide an income. It was also disappointing to note that many candidates who were able to identify the correct Income Protection product did not explain that the cost of this type of policy could be kept at an affordable level by increasing the deferred periods which would be affordable to Sanjeev and by insuring a lower level of income.

**2 (d)** Candidates were asked to explain in detail to Sanjeev and Kamini the key differences between a family income benefit policy and a level term life assurance policy. Whilst overall performance here was good it was very disappointing to note that a number of candidates believed that a family income benefit policy would pay out on illness or unemployment. Some candidates would benefit from a careful review of the main features and uses of family income benefit policies.

**2 (e)** This question asked candidates to explain to Sanjeev and Kamini the key benefits of diversification and why it is important to consider this when setting up a new investment portfolio. Performance was generally good here with most candidates able to explain the key benefits.

**2 (f)** This question required candidates to outline to Sanjeev and Kamini the key limitations of using cashflow modelling to assess their future financial needs. Performance was very good here.

**2 (g)** This was a standard review question which asked candidates to identify eight key issues that a financial adviser should discuss with Sanjeev and Kamini at the next annual review. Overall performance here was excellent, and most candidates were able to achieve high marks.

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**Unit R06 – Financial planning practice****Instructions to candidates**

**Read the instructions below before answering any questions.**

**All questions in this examination are based on English law and practice applicable in the tax year 2024/2025, unless stated otherwise in the question, and should be answered accordingly. It should be assumed that all individuals have long-term UK residence status unless otherwise stated.**

**If you are sitting via remote invigilation please**

- **Write down the following number +44 (0)80 8273 9244. This is the number to use if your system freezes or you get forced out of your exam. It is fine to phone it if you have these issues.**
- Show your ID to the camera now, if you did not do so during the ID checks.
- Show the edge of your screen with a mirror, if you did not do this during the room scan.
- Show any blank sheets of paper for notes, if you did not show both sides to the camera during the room scan.

If you are sitting in a test centre and encounter a problem, please alert the invigilator.

**For candidates sitting via remote invigilation or at a test centre**

- This paper consists of **two** case studies and carries a total of 150 marks.
- You are advised to spend approximately 90 minutes on the questions for each case study. You are strongly advised to attempt **all** parts of each question in order to gain maximum possible marks for each question. The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation in your answer, even if you have used a calculator.
- **Tax tables are provided at the right-hand side of the interface after the question paper.**
- For each answer, please type in the full question number you are answering e.g. **1a**
- **Please note each answer must be typed in the correct corresponding answer box.**
- If you are wearing a headset, earphones, smart watch please take them off. No watches are allowed.
- Please familiarise yourself with **all** questions before starting the exam.

**Subject to providing sufficient detail you are advised to be as brief and concise as possible, using note format and short sentences.**

**Attempt ALL questions for each case study**

**Time: 3 hours**

### **Case Study 1**

**Read carefully all information provided in the case study before attempting the questions. Your answers should take into account the clients' circumstances as set out in the case study.**

*Read the following carefully and then carry out **ALL** of the tasks (a), (b), (c), (d), (e), and (f) which follow.*

Adam and Lauren, both aged 64, are married and are in good health. They have three adult children and four grandchildren. Adam is planning to retire in February next year when he reaches age 65. Adam works full-time and Lauren works on a part-time basis. She plans to continue working for the next two years for her current employer.

Adam is a legal consultant and earns £150,000 per annum (gross). He is a member of his employer's qualifying workplace pension scheme and contributes 7% of his gross salary to the scheme. This is matched by his employer. Adam is a member of his employer's death-in-service scheme which will pay out three times his basic salary on death whilst in service. Adam's pension plan has a current value of £350,000 and he has recently switched the full value into a money market fund.

Adam also has a previous pension which is in his former employer's defined contribution pension scheme with a value of £85,000. This is invested in a unitised with-profit fund. This plan offers a guaranteed annuity rate at age 65 of 11% per annum on a single life, level basis.

Lauren is employed part-time as a graphic designer and earns £32,000 per annum (gross). She is a member of her employer's qualifying workplace pension scheme and contributes 5% of her gross salary to the scheme. This is matched by her employer. She is a member of her employer's death-in-service scheme which will pay out four times her basic salary on death whilst in service.

Lauren's pension plan has a current value of £120,000 and is invested in a range of global equity growth funds. Lauren has no other pension benefits and is keen to improve her retirement savings whilst she remains employed.

Adam and Lauren have a range of cash holdings which they have built up over many years from accumulated surplus income. They have used their ISA allowances for the current tax year and hold a range of funds which are all held on a low-cost investment platform. Adam also holds an OEIC which is invested in a FTSE-100 Index Tracker fund. This was purchased for £40,000 in 2007.

Adam and Lauren wish to ensure that they have sufficient income to meet their needs throughout retirement, but they also wish to leave as much of their estate as possible to their children on second death. They have asked for information about the types of trusts that they might utilise in retirement. They have up-to-date mirror Wills and Lasting Powers of Attorney in place.

Adam and Lauren are both medium to high-risk investors with neither of them having any strong interest in Environmental, Social and Governance (ESG) investing.

Adam and Lauren have the following assets:

Assets	Ownership	Value (£)
Family home	Joint	650,000
Current Account	Joint	55,000
Deposit Savings Account – Fixed-Rate (maturing May 2026)	Joint	140,000
Cash ISA – Variable Rate – Instant Access	Adam	67,000
Cash ISA – Variable Rate – Instant Access	Lauren	44,000
Stocks & shares ISA – UK and Global Equity funds	Adam	290,000
Stocks & shares ISA – Mixed Investment 20-60% shares fund	Lauren	210,000
OEIC – FTSE-100 Index Tracker fund	Adam	110,000

Their financial aims are to:

- ensure they have sufficient income in retirement;
- improve the tax-efficiency of their current financial arrangements;
- ensure as much of their estate as possible is passed to their children on second death.

### Questions

- (a) State the additional information that a financial adviser would require to enable them to recommend a suitable retirement income strategy for Adam and Lauren. (15)
- (b) Explain to Adam the key factors that he should take into consideration, before deciding whether he should accept the guaranteed annuity rate offered by his former employer's pension scheme. (12)
- (c) Explain to Adam and Lauren how a Discounted Gift Trust (DGT) operates and explain why a DGT might be suitable for them once they have retired. (14)
- (d) Identify the actions that Lauren could take to improve her retirement savings whilst she remains employed for the next two years. (10)
- (e) Explain to Adam and Lauren why retaining their current cash balances could result in them failing to meet their longer-term objectives. (10)

- (f)** Recommend and justify a range of actions that Adam and Lauren could take to improve the tax-efficiency of their current financial arrangements. **(14)**

**Total marks available for this question: 75**

## Case Study 2

**Read carefully all information provided in the case study before attempting the questions. Your answers should take into account the clients' circumstances as set out in the case study.**

*Read the following carefully, then carry out **ALL** of the tasks (a), (b), (c), (d), (e), (f), and (g) which follow.*

Sanjeev and Kamini, both aged 34, are married with one daughter, aged three. The family are all in good health. They are planning to have further children in the next few years.

Sanjeev is employed as a media consultant and earns £57,000 per annum (gross). Sanjeev is a member of his employer's qualifying workplace pension scheme and contributes 5% of his gross salary to the scheme. His employer contributes 4% of his gross salary to the scheme. He is a member of his employer's death-in-service scheme which will pay out three times his basic salary on death whilst in service. Sanjeev's pension plan has a current value of £47,000 and is invested in a global equity tracker fund.

Kamini has only recently returned to work following the birth of their daughter. She is employed as a copywriter and earns a salary of £40,000 per annum (gross). She took extended unpaid maternity leave and has returned to her job on the same terms and conditions. She is a member of her employer's qualifying workplace pension scheme and contributes 5% of her gross salary to the scheme. Her employer matches this contribution. Her pension has a current value of £28,000 and is invested in a cautious managed fund. Kamini receives no other employee benefits.

Sanjeev and Kamini have a repayment mortgage of £190,000 on their home with a variable interest rate tracker that is set at 0.5% above the Bank of England base rate. They have the option to make overpayments to the mortgage without penalty if they wish to do so. The mortgage is covered by a joint-life first-death level term assurance policy with a sum assured of £190,000. The policy term matches the term of the mortgage.

Sanjeev and Kamini have received a gift of £100,000 from Kamini's parents which is currently held in their joint deposit account. They are considering the best options for using this money and are considering either repaying part of their mortgage with these funds or setting up a long-term investment portfolio to build funds for their future retirement.

Sanjeev and Kamini are concerned that they do not have adequate financial protection and have asked for advice on this. They wish to keep the costs of any new protection policies as low as possible as Kamini is likely to take further periods of extended unpaid maternity leave.

Sanjeev and Kamini have a range of investments, held in ISAs, unit trusts and OEICs which have been purchased from gifts received from both of their families over the past few years. They are concerned that they do not have any coherent investment strategy and have no long-term financial plans in place.

Sanjeev and Kamini are both high-risk investors with no strong interest in Environmental, Social and Governance (ESG) investing, although Kamini is keen to avoid investments into areas where there may be exploitation of labour.



Sanjeev and Kamini have the following assets:

Assets	Ownership	Value (£)
Family home	Joint	270,000
Current account	Joint	15,000
Deposit account – Instant Access	Joint	125,000
Unit Trust – UK Corporate Bond fund	Sanjeev	45,000
OEIC – Global Mixed Investment fund 0-35% shares	Kamini	53,000
Stocks & shares ISA – European Equity funds	Sanjeev	42,000
Stocks & shares ISA – Asia Pacific Equity funds	Kamini	53,000

Their financial aims are to:

- ensure they have adequate protection in place to meet their family needs;
- assess the suitability of their existing savings and investments;
- put in place a suitable investment strategy for their new funds.

### Questions

- (a) Explain in detail the key reasons why Sanjeev and Kamini's current investment holdings may be unsuitable in meeting their future financial needs. (14)
- (b) Outline the key benefits for Sanjeev and Kamini of making regular overpayments to their current mortgage. (10)
- (c) Recommend and justify a suitable low-cost protection policy that would provide Sanjeev with an ongoing income for the family in the event of him suffering a long-term illness. (14)
- (d) Explain in detail to Sanjeev and Kamini the key differences between a family income benefit policy and a level term life assurance policy. (8)
- (e) Explain to Sanjeev and Kamini the benefits of diversification and why it is important to consider this when setting up a new investment portfolio. (10)
- (f) Outline to Sanjeev and Kamini the key limitations of using cashflow modelling to assess their future financial needs. (11)

- (g) Identify **eight** key issues that should be discussed with Sanjeev and Kamini at their next annual review. (8)

Total marks available for this question: 75

**NOTE ON MODEL ANSWERS**

The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

**Model answer for Question 1**

(a) *Candidates would have gained full marks for any fifteen of the following:*

- Current expenditure/ affordability/ emergency fund.
- Level of income/ capital required in retirement/Lauren's income for next 2 years.
- Health status/ family health/ longevity.
- Dividend income/ Interest rate on cash.
- Pension contribution history/ carry forward available.
- Salary sacrifice/ employer matching for Lauren.
- Use of CGT allowances/ any carry forward losses/ willing to transfer OEIC to joint names.
- Inheritances expected/ downsizing.
- Fund choice/ fund options available/ asset allocation.
- Charges/ switching charges.
- Need for guaranteed/ flexible income/ retirement options under current plans (Flexi-Access Drawdown/ Uncrystallised Funds Pension Lump Sum).
- Current annuity rates compared to Guaranteed Annuity Rate (GAR)/ alternative GAR options.
- BR19/State Pension.
- Nominations.
- Priority of objectives (Inheritance Tax planning vs retirement income).
- Capacity For Loss (CFL).

- (b)
- Guaranteed income for life.
  - Provides no pension for Lauren/ no death benefits.
  - Will annuity provider offer alternative options/ spouses' benefit/ impact on Guaranteed Annuity Rate (GAR).
  - Irrevocable decision/ No flexibility.
  - Comparison of Open Market annuity rates/ rates available elsewhere.
  - No investment risk/ no potential for growth/ does not match Attitude to Risk (ATR).
  - No tax planning opportunities/ fully taxable after Pension Commencement Lump Sum (PCLS)/ does not trigger Money Purchase Annual Allowance (MPAA).
  - Inflation risk/ no inflation proofing.
  - High rate offered (11%).
  - No admin/ low cost/ no need for on-going advice.
  - Can take more risk with other assets/ increased Capacity for Loss (CFL) for other assets/ they have significant other assets.
  - Good return from annuity due to potential longevity (good health).

- (c)
- Gift made into Discretionary Trust.
  - No immediate tax charge if under Nil Rate Band/ Chargeable Lifetime Transfer (CLT)
  - Immediate discount for Inheritance Tax (IHT)/ immediate reduction in IHT.
  - Discount is based on underwriting/ in good health so good discount.
  - Set up an investment bond within the Trust.
  - Fund choice to match Attitude to Risk (ATR).
  - Tax-deferred withdrawal.
  - Withdrawal treated as return of capital (does not count for gifting out of income).
  - Growth is outside the estate.
  - After 7 years the gift is outside of the estate/ may be chargeable to IHT on death within 7 years.
  - Trust may pay periodic charge / Trust must be registered.
  - Adam and Lauren to be Trustees/ appoint children as Trustees.
  - Withdrawal amount cannot be changed/ inflexible income/ No access to lump sums.
  - Provides income in retirement/ children inherit on second death (meets objectives).
- (d)
- Increase personal contributions.
  - Contribute up to her salary (£32K)/ 100% of earnings.
  - Tax relief at 20%.
  - Check for higher employer matching/ Is salary sacrifice available?
  - Reduces National Insurance (NI)/ employer may share NI savings.
  - Reduce cash deposits.
  - Switch Cash ISA to Stocks and shares ISA/ use ISA.
  - Can transfer OEIC to joint names/ Use CGT exemption to encash.
  - Diversify holdings/ match Attitude to Risk (ATR).
  - Check NI record/ BR19/ make voluntary contributions if necessary.
- (e)
- Hold too much cash/ excess emergency fund.
  - May exceed Financial Services Compensation Scheme (FSCS) limit of £85K (if with same bank)/ potential for capital loss.
  - Does not match their ATR.
  - Limited growth potential/ low returns.
  - Interest rate risk/ reinvestment risk.
  - Inflation risk on cash.
  - Not tax-efficient (Deposit and current account).
  - Adam has no Personal Savings Allowance (PSA) (he is Additional Rate Taxpayer).
  - Interest charged at 40%/45% for Adam (up to end of current tax year).
  - Could fund pension contributions for tax relief.

- (f)
- Use ISA/ Bed & ISA.
  - Increase pension contributions/ carry forward/ salary sacrifice.
  - Tax-free income and growth (Pension and ISA).
  - 20%/40%/45% tax relief on pension contributions.
  - Brings Adam down to Higher Rate Tax band (from Additional Rate Tax band).
  - Can recover his Personal Savings Allowance (PSA) of £500.
  - Could remove Personal Allowance trap (60% tax)/ regain personal allowance.
  - Reduces his Dividend Tax from 39.35% to 33.75%.
  - Transfer OEIC to joint names.
  - Register any CGT losses.
  - Allows use of £3k Capital Gains Tax (CGT) exemption/ use both CGT exemptions £6k.
  - Use Lauren's Dividend Allowance of £500/ 8.75% dividend tax/ CGT at 18% not 24%.
  - Reduce cash balances/ transfer cash to Lauren.
  - Interest taxable at 20%/40%/45%/ Lauren has PSA of £1K.

### Model answer for Question 2

- (a)
- OEIC/ Unit Trust do not match ATR.
  - Limited potential for growth (OEIC and Unit Trust).
  - Interest rate risk on Corporate Bond fund.
  - Inflation risk on Bond fund.
  - OEIC/ Unit Trust is not tax-efficient (Capital Gains Tax/Income Tax).
  - Sanjeev pays 40% tax on interest from Corporate Bond fund.
  - He may exceed his £500 Personal Savings Allowance (PSA).
  - Unit Trust should be held in Joint names/ transfer to Kamini.
  - Corporate Bond Unit Trust/ OEIC are unsuitable for long term holdings.
  - Not using Dividend Allowance (DA) of £500.
  - Ethical risk for Kamini on Asia Pacific fund.
  - Currency risk on European/ Asia Pacific funds.
  - Higher charges/ mostly actively managed (just one tracker fund).
  - Ongoing tax reporting on OEIC/ Unit Trust.
- (b)
- Interest rate on mortgage likely higher than on cash deposit.
  - Reduces debt/ liabilities/ increased equity in property/ could reduce term of mortgage.
  - Increased affordability in the future.
  - Reduces overall interest paid (long-term).
  - Reduces interest-rate risk/ mortgage rates may increase in future.
  - Risk free return.
  - Better Loan To Value (LTV) for remortgage options (in future).
  - Can vary overpayments/ stop-start to meet affordability/ flexibility if Kamini takes further maternity leave.
  - Level Term policy may provide surplus on first death.
  - Reduces protection needs (less debt)/ might be able to get cheaper Level Term Assurance.

(c) *Candidates would have gained full marks for any fourteen of the following:*

- Income Protection policy.
- Single life basis.
- Pays out tax-free income.
- Pays out on illness/ disability (not death).
- Set up short-term policy for reduced cost/ shorter term than Normal Retirement Date (NRD)/ term of payment restricted to 2-5 years payment/ could set up to NRD/ term of independence of children.
- Can cover up to 66% of income/ Reduced level of income can be covered (50% instead of 66%)/ can cover for mortgage payment only.
- Select any/ suited occupation/ own occupation.
- Reduced cover but can claim as office-based worker/ own occupation provides widest cover.
- Longest possible deferred period/ 6 months minimum/ shorter deferred periods are more expensive.
- They have adequate cash funds/ emergency fund for longer deferred period.
- Reviewable premiums to reduce cost/ guaranteed premiums.
- No indexation to reduce cost/ indexation to keep pace with inflation.
- Simple underwriting (young and in good health).
- Multiple claims/ cannot be cancelled by insurer.
- Rehabilitation/ proportionate benefit available.

- (d)
- Family Income Benefit (FIB) is decreasing term policy/ Sum Assured on FIB effectively reduces over term.
  - Level Term Assurance (LTA) maintains Sum Assured (SA) throughout term.
  - FIB pays regular income on death.
  - Level Term pays lump sum on death.
  - Lump sum must be managed/ invested/ Level Term policy is more complex to manage/ FIB easy to manage.
  - Lump sum may impact entitlement to State Benefits.
  - LTA allows repayment of any debts/ liabilities / mortgage/ FIB allows continued payment of debts/ mortgage.
  - FIB is lower cost/ more affordable

- (e)
- Potential for higher growth/ Alpha/ they need growth.
  - Diversification reduces risk.
  - Protects against inflation risk/ interest rate risk.
  - Non-correlation of assets/ no asset class outperforms every year.
  - Reduces volatility.
  - Allows use of all tax allowances (Dividend Allowance/ Personal Savings Allowance/ CGT).
  - Need exposure to smaller companies/ commodities.
  - Can meet Environmental Social and Governance (ESG) requirements (for Kamini).
  - Long time frame for investment so can take a more diversified approach.
  - Ensure holdings match Attitude To Risk (ATR).

- (f)**
- Based on assumptions (not facts).
  - Assumptions may be incorrect (e.g. inflation/ growth).
  - Uses historical information.
  - Salaries likely to change/ loss of jobs.
  - Does not account for unforeseen personal changes (death/ divorce).
  - Cannot predict changes to tax rates/ Cannot predict changes to mortgage rates/ legislation changes.
  - More children likely/ extended maternity leave.
  - Pandemic/ 'black swan' events/ stress test may be inaccurate.
  - Long timeframe increases likelihood of error/ Should be reviewed at least annually.
  - Should not be relied on/ provides snapshot only.
  - Future expenditure needs are unknown.
- (g)**
- Change in personal circumstances/ health/ more children/ Wills.
  - Change in income/ expenditure/ tax status/ salary increases/ maternity leave/ further gifts received.
  - Attitude To Risk/ Capacity For Loss.
  - Performance/ rebalance / asset allocation/ ESG.
  - Remortgage/ protection needs/ use of £100k gift?
  - Use of tax allowances.
  - Charges.
  - Legislation/ taxation/ new products/ economic conditions.

**Glossary of terms**

*Some abbreviations candidates can you use in financial planning online exams:*

- ATR – Attitude to risk
- APS – Additional Permitted Subscription
- BRT – Basic rate taxpayer
- BIK – Benefit in kind
- CETV – Cash equivalent transfer value
- CLT – Chargeable Lifetime Transfer
- CFL – Capacity for loss
- CGT – Capital Gains Tax
- DOV – Deed of variation
- DIS – Death-in-Service
- DFM – Discretionary Fund Manager
- EIS – Enterprise Investment Scheme
- ESG – Environmental, Social and Governance
- EPT – Excluded Property Trust
- EPA – Enduring Power of Attorney
- ERC – Early repayment charges
- EPP - Executive pension plan
- FAD – Flexi access drawdown
- FSCS – Financial Services Compensation Scheme
- FOS – Financial Ombudsman Service
- GAR – Guaranteed annuity rate
- HRT – Higher rate taxpayer
- IHT – Inheritance Tax
- IVA – Individual Voluntary Arrangement
- LPOA – Lasting Power of Attorney
- LTA – Lifetime allowance
- MVR – Market value reduction
- MPAA – Money purchase annual allowance
- NICs – National Insurance contributions
- NPA – Normal pension age
- NRA – Normal retirement age
- NRB – Nil rate band
- OPG – Office of the Public Guardian
- OEIC – Open ended investment company
- PAYE – Pay As you Earn
- PPP – Personal pension plan
- PCLS – Pension commencement lump sum
- PA – Personal Allowance
- PSA – Personal Savings Allowance
- RAC – Retirement annuity contract
- RNRB – Residence nil rate band
- SIPP – Self-invested personal pension plan
- SEIS – Seed Enterprise Investment Scheme
- TPD – Total Permanent Disability
- UFPLS – Uncrystallised funds pension lump sum
- VCT – Venture Capital Trust



July 2025 Examination - R06 Financial Planning Practice	
Question No.	Syllabus learning outcomes being examined
1.	<ol style="list-style-type: none"> <li>1. Obtain appropriate client information and understand clients' needs, wants, values and risk profile essential to the financial planning process.</li> <li>2. Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions.</li> <li>3. Analyse a client's situation and the advantages and disadvantages of the appropriate options.</li> <li>4. Formulate suitable financial plans for action and explain and justify recommendations.</li> <li>5. Implement, review and maintain financial plans to achieve the clients' objectives and adapt to changes in circumstances.</li> </ol>
2.	<ol style="list-style-type: none"> <li>1. Obtain appropriate client information and understand clients' needs, wants, values and risk profile essential to the financial planning process.</li> <li>2. Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions.</li> <li>3. Analyse a client's situation and the advantages and disadvantages of the appropriate options.</li> <li>4. Formulate suitable financial plans for action and explain and justify recommendations.</li> <li>5. Implement, review and maintain financial plans to achieve the clients' objectives and adapt to changes in circumstances.</li> </ol>

**All questions in the October 2025 papers will be based on English law and practice applicable in the tax year 2025/2026, unless stated otherwise and should be answered accordingly.**

## INCOME TAX

RATES OF TAX	2023/2024	2024/2025
Starting rate for savings*	0%	0%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting-rate limit	£5,000*	£5,000*
Threshold of taxable income above which higher rate applies	£37,700	£37,700
Threshold of taxable income above which additional rate applies	£125,140	£125,140
High income child benefit charge:	1% of benefit per £200 of adjusted net income between £60,000 – £80,000	

\*Only applicable to savings income that falls within the first £5,000 of income in excess of the personal allowance.

Personal savings allowance (for savings income):

Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500

Additional rate taxpayers	Nil	Nil
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Dividend Allowance	£1,000	£500
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Dividend tax rates		
Basic rate	8.75%	8.75%
Higher rate	33.75%	33.75%
Additional rate	39.35%	39.35%

Trusts

Standard rate band	£1,000	n/a
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Income exemption up to**	n/a	£500
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Rate applicable to trusts		
- dividends	39.35%	39.35%
- other income	45%	45%

\*\* Where net income exceeds £500, the full amount is subject to Income Tax.

### MAIN PERSONAL ALLOWANCES AND RELIEFS

Income limit for Personal Allowance §	£100,000	£100,000
Personal Allowance (basic) §	£12,570	£12,570
Married/civil partners (minimum) at 10% †	£4,010	£4,280
Married/civil partners at 10% †	£10,375	£11,080
Marriage Allowance	£1,260	£1,260
Income limit for Married Couple's Allowance†	£34,600	£37,000
Rent a Room scheme – tax free income allowance	£7,500	£7,500
Blind Person's Allowance	£2,870	£3,070
Enterprise Investment Scheme relief limit on £2,000,000 max***	30%	30%
Seed Enterprise Investment relief limit on £200,000 max	50%	50%
Venture Capital Trust relief limit on £200,000 max	30%	30%

§ The Personal Allowance reduces by £1 for every £2 of income above the income limit irrespective of age (under the income threshold).

† where at least one spouse/civil partner was born before 6 April 1935. Married couple's/civil partners' allowance reduced by £1 for every £2 of adjusted net income over £37,000 (£34,600 for 23/24) until minimum reached.

\*\*\* Investment above £1,000,000 must be in knowledge-intensive companies.

## NATIONAL INSURANCE CONTRIBUTIONS

### Class 1 Employee

### Weekly

Lower Earnings Limit (LEL)	£123
Primary threshold	£242
Upper Earnings Limit (UEL)	£967

### Total earnings £ per week

### CLASS 1 EMPLOYEE CONTRIBUTIONS

Up to 242.00*	Nil
242.00 – 967.00	8%
Above 967.00	2%

*\*This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £123 per week. This £123 to £242 band is a zero-rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. the New State Pension.*

### Total earnings £ per week

### CLASS 1 EMPLOYER CONTRIBUTIONS

Below 175.00**	Nil
Over £175.00	13.8%

*\*\*Secondary threshold.*

### CLASS 2 (self-employed)\*

Flat rate per week	£3.45
Small profits threshold per year	£6,725

Class 2 contributions are credited automatically where profits equal or exceed £6,725 per annum.

Class 2 contributions can be made voluntarily where profits are below £6,725 per annum.

### Class 3 (voluntary)

Flat rate per week £17.45.

### Class 4 (self-employed)

6% on profits between £12,570 and up to £50,270.

2% on profits above £50,270.

## PENSIONS

TAX YEAR	LIFETIME ALLOWANCE
2012/2013 & 2013/2014	£1,500,000
2014/2015 & 2015/2016	£1,250,000
2016/2017 & 2017/2018	£1,000,000
2018/2019	£1,030,000
2019/2020	£1,055,000
2020/2021 – 2023/2024*	£1,073,100

\*Lifetime allowance removed from 6 April 2024.

	2023/2024	2024/2025
Lump sum and death benefit allowance (LSDBA)	n/a	£1,073,100
Lump sum allowance (LSA)	n/a	£268,275

LSA and LSDBA may be higher if transitional protections are available.

Where pension benefits were crystallised prior to 6 April 2024 the LSA and LSDBA may be reduced.

Money purchase annual allowance	£10,000	£10,000
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ANNUAL ALLOWANCE	
TAX YEAR	ANNUAL ALLOWANCE
2014/2015 – 2022/2023	£40,000*
2023/2024	£60,000**
2024/2025	£60,000**

\*From 6 April 2016 the annual allowance is reduced for those with income above a certain level. Between 2020/21 and 2022/23 the annual allowance will be reduced by £1 for every £2 of 'adjusted income' over £240,000 to a minimum of £4,000 if 'threshold income' is also over £200,000.

\*\*Reducing by £1 for every £2 of 'adjusted income' over £260,000 to a minimum of £10,000 if 'threshold income' is also over £200,000.

ANNUAL ALLOWANCE CHARGE
20% – 45% determined by the member's taxable income and the amount of total pension input in excess of the annual allowance or money purchase annual allowance.

## CAPITAL GAINS TAX

ANNUAL EXEMPTIONS		2023/2024	2024/2025	
Individuals, estates etc		£6,000	£3,000	
Trusts generally		£3,000	£1,500	
Chattels proceeds (restricted to five thirds of proceeds exceeding limit)		£6,000	£6,000	
TAX RATES			Pre	Post
Individuals:			30/10/2024	
Up to basic rate limit	10%	10%	18%	
Above basic rate limit	20%	20%	24%	
Surcharge for residential property - Basic Rate	8%	8%	n/a	
Higher Rate	8%	4%	n/a	
Surcharge for carried interest	8%	8%	4%	
Trustees and Personal Representatives:				
Residential property	28%	24%	24%	
Other chargeable assets	20%	20%	24%	
Business Asset Disposal Relief*	10%		10%	
Lifetime limit	£1,000,000		£1,000,000	

*\*For trading businesses and companies (minimum 5% employee or director shareholding) if held for at least two years.*

## INHERITANCE TAX

INHERITANCE TAX					
RATES OF TAX ON TRANSFERS			2023/2024	2024/2025	
Transfers made on death					
- Up to £325,000			Nil		Nil
- Excess over £325,000			40%		40%
- Reduced rate (where appropriate charitable contributions are made)			36%		36%
Transfers					
- Lifetime transfers to and from certain trusts			20%		20%
MAIN EXEMPTION					
Transfers to					
- UK-domiciled spouse/civil partner			No limit		No limit
- non-UK-domiciled spouse/civil partner (from UK-domiciled spouse)			£325,000		£325,000
- main residence nil rate band*			£175,000		£175,000
- UK-registered charities			No limit		No limit
<i>*Available for estates up to £2,000,000 and then tapered at the rate of £1 for every £2 in excess until fully extinguished.</i>					
Lifetime transfers					
- Annual exemption per donor			£3,000		£3,000
- Annual small gifts exemption per donor			£250		£250
Gifts from surplus income are immediately exempt, as long as they are made from income, are made regularly and do not impact donor’s standard of living.					
Wedding/civil partnership gifts by					
- parent			£5,000		£5,000
- grandparent/bride and/or groom			£2,500		£2,500
- other person			£1,000		£1,000
100% relief: businesses, unlisted/AIM companies, certain farmland/building					
50% relief: certain other business assets					
Reduced tax charge on gifts made in excess of the nil rate band within 7 years of death:					
- Years before death	0-3	3-4	4-5	5-6	6-7
- Inheritance Tax payable	100%	80%	60%	40%	20%
Quick succession relief:					
- Years since IHT paid	0-1	1-2	2-3	3-4	4-5
- Inheritance Tax relief	100%	80%	60%	40%	20%

## MAIN SOCIAL SECURITY BENEFITS

		2023/2024	2024/2025
		£	£
Child Benefit	First child	24.00	25.60
	Subsequent children	15.90	16.95
	Guardian's allowance	20.40	21.75
Employment and Support Allowance	Assessment Phase		
	Age 16 - 24	Up to 67.20	Up to 71.70
	Aged 25 or over	Up to 84.80	Up to 90.50
	Main Phase		
	Work-related Activity Group	Up to 84.80*	Up to 90.50**
Attendance Allowance	Support Group	Up to 129.50	Up to 138.20
	Lower rate	68.10	72.65
	Higher rate	101.75	108.55
Basic State Pension	Category A full rate	156.20	169.50
	Category B (lower) full rate	93.60	101.55
New State Pension	Full rate	203.85	221.20
Pension Credit	Standard minimum guarantee - single	201.05	218.15
	Standard minimum guarantee - couple	306.85	332.95
	Maximum savings ignored in calculating income	10,000.00	10,000.00
Bereavement Support Payment	Higher rate – First payment	3,500.00	3,500.00
	Higher rate – monthly payment	350.00	350.00
	Lower rate – First payment	2,500.00	2,500.00
	Lower rate – monthly payment	100.00	100.00
Jobseeker's Allowance	Age 18 - 24	67.20	71.70
	Age 25 or over	84.80	90.50
Statutory Maternity, Paternity and Adoption Pay		172.48	184.03

*\*If a claim has begun before 3rd April 2017 the individual will also be awarded the Work-related Activity Component payment which in 2023/2024 is £33.70, so total awarded for these individuals may be up to £118.50.*

*\*\*If a claim has begun before 3rd April 2017 the individual will also be awarded the Work-related Activity Component payment which in 2024/2025 is £35.95, so total awarded for these individuals may be up to £126.45.*



## CORPORATION TAX

2023/2024

2024/2025

Small profit rate - for taxable profits below £50,000	19%	19%
Main rate - for taxable profits above £250,000	25%	25%
Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.		

## VALUE ADDED TAX

2023/2024

2024/2025

Standard rate	20%	20%
Annual registration threshold	£85,000	£90,000
Deregistration threshold	£83,000	£88,000

## STAMP DUTY LAND TAX

Residential

Value up to £250,000	0%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 and over	12%

### Additional Stamp Duty Land Tax (SDLT) rules apply as follows:

- *First-time buyers benefit from SDLT relief on first £425,000 for properties up to £625,000 when purchasing their main residence. On purchases up to £425,000, no SDLT is payable. On purchases between £425,001 and £625,000, a flat rate of 5% is charged on the balance above £425,000.*
- *Additional SDLT of 5% may apply to the purchase of additional residential properties purchased for £40,000 or greater.*
- *SDLT may be charged at 17% on interests in residential dwellings costing more than £500,000 purchased by certain corporate bodies or non-natural persons.*
- *SDLT is payable in England and Northern Ireland only. Land Transaction Tax (LTT) is payable in Wales and Land and Buildings Transaction Tax (LBTT) is payable in Scotland. The rates for LTT and LBTT are different to the rates shown above.*

Non residential

Value up to £150,000	0%
£150,001 and £250,000	2%
£250,001 and over	5%