

Chartered  
Insurance  
Institute

# R06

## Diploma in Regulated Financial Planning

Unit 6 – Financial planning practice

January 2026 Exam Guide

### SPECIAL NOTICES

Candidates entered for the April 2026 exam should study this exam guide carefully in order to prepare themselves for the exam.

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

## R06 – Financial planning practice

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# IMPORTANT GUIDANCE FOR CANDIDATES

## Introduction

The purpose of this Exam 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 exam, 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 exam conditions.

## Before the exam

### 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), on the relevant qualification page. All the questions in the exam 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

To get the most out of your learning, it's important to explore beyond just one textbook. Relying solely on a single study text may not give you all the depth or perspectives you need. While the main study materials are designed to cover the syllabus, they might not always explain things in a way that works for you—or offer alternative viewpoints that deepen your understanding.

That's why reading around the subject is so valuable. If a topic feels unclear or you're curious to see how others approach it, looking at different sources can really help. Think of it as building a richer, more rounded picture of what you're learning.

Build confidence in your knowledge and ability to apply it.

### Make full use of the Exam Guide

This Exam Guide contains a full exam 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 Exam Guides can be treated as 'mock' exam papers. Attempting them under exam conditions as far as possible and then comparing your answers to the model ones should be seen as an essential part of your exam 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 exam guides free of charge on the relevant qualification page 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 Exam 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 exam, these are provided in the portal when you sit the exam.*

### **Know the structure of the exam**

- 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.

### **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 exam.
- 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 exam day.

You can also access previous exam papers and test specifications [here](#).

### **Assessment Information and Rules and Policies for candidates**

Please review the [assessment information](#) and [rules and policies](#) for candidates. Full details of the administrative arrangements and the regulations governing your exam entry are available online.

## **Two weeks before the exam**

### **The case studies**

The case studies, containing client information which will form the basis of the exam 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 exam seeks to test

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

## On-screen written exam familiarisation

The familiarisation test allows you to experience using the assessment platform before your exam.

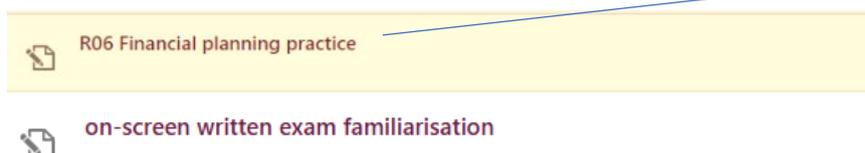
**Please note**, that while there might be slight differences in layout, it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only.

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

**We strongly recommend that you take the familiarisation test to ensure you are familiar with the on-screen assessment platform experience.**

*If you have previously sat any of the CII's multiple-choice exams, please note this familiarisation experience has a different set up.*

On the day of the R06 exam, upon accessing the platform, you will need to click on the highlighted section below to start the exam:



We would recommend that prior to starting the exam, 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. This test is different to the familiarisation test.

You will receive the below information via email before your exam 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 will help you feel confident and prepared for exam day.** It guides you through the system and helps identify any potential issues with your equipment in advance, reducing the risk of technical problems during your exam.

**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.

**The exam platform no longer supports Windows 10 or macOS Ventura for any online testing.**

These operating systems no longer meet the minimum technical requirements. Continuing to use them may introduce compatibility issues, affecting performance during test sessions.

It is fundamentally important that, if you are sitting an exam 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), Webchat service: Mon-Fri: 8am-4pm (GMT) as soon as possible, as this may affect your exam sitting.

## On the exam day

### The case studies

*You will not be able to take your pre-released copy of the case studies into the exam with you.*

The case studies will be provided on-screen in the exam. 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.

### The following will help:

#### Spend your time in accordance with the allocation of marks:

- The marks allocated to each question part are shown on the paper.
- If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking for, so a long answer is wasting valuable time.
- Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer. Always remember that if the paper 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 been used up, flag the question, go on to the next question and return to the incomplete question after you have completed the rest of the paper, if you have time.

#### Take great care to answer the question that has been set.

- Before you start writing, take a moment to think carefully about what the question is really asking. Understanding the examiner's requirements is key to producing a strong, focused answer.
- Highlighting key words and phrases is a technique many candidates find useful.
- The model answers provided in this Exam Guide would gain full marks. Alternative answers that cover the same points and therefore answer the question that has been asked would also gain full marks.

#### 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

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

Marks are not lost for incorrect 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 non-programmable calculator.

## **EXAMINERS' COMMENTS**

### **Candidates' overall performance**

Performance was good across the paper although some areas of weakness were in evidence in more technical areas. Most candidates had prepared well for the examination by a detailed review of the Case Studies and were therefore able to achieve good marks.

### **Case Study 1**

#### **1 (a)**

Candidates were asked to state the additional information that a financial adviser would require in order to assess the suitability of Arish and Fiona's current financial arrangements to meet their objectives. Most candidates performed well here.

#### **1 (b)**

This question required candidates to explain to Fiona the key considerations she should take into account when deciding whether she should set up a limited company for her new consultancy practice. Performance was good, but only a limited number of candidates recognised that dividends could not be used in respect of personal pension contributions, should Fiona decide to draw monies from the company in this manner.

#### **1 (c)**

This question asked candidates to explain in detail to Arish why he should consider increasing his pension contributions. Most candidates performed well here and recognised that Arish falls into the Personal Allowance trap, due to the level of his earnings. This was pleasing to note and indicated a high level of preparation and understanding of the client circumstances as set out in the Case Study.

#### **1 (d)**

Candidates were asked to outline to Arish the potential benefits of investing in a Venture Capital Trust. Mixed performance here with a number of candidates failing to recognise the level of Income Tax relief that would be available to Arish from an investment into a Venture Capital Trust. Some candidates would benefit from a careful review of the tax treatment of this type of investment.

#### **1 (e)**

Candidates were asked to outline the key issues that a financial adviser should discuss with Arish and Fiona before they decide whether to make any lump sum payments towards their student loans. Good performance overall here although very few candidates recognised that student loans would have no impact on their credit ratings.

#### **1 (f)**

This question asked candidates to identify the key reasons why it may be beneficial for Arish and Fiona to review the fund choices within their existing pensions and investments. Overall performance here was mixed with some candidates giving answers relating only to the investment wrappers, rather than the actual fund choices.

## Case Study 2

### 2 (a)

Candidates were asked to identify the additional information that should be considered by the financial adviser to establish if Jon can afford to make the proposed gifts to his children. Most candidates performed well here and gave comprehensive answers.

### 2 (b)

This question required candidates to explain to Jon how the proposed gifts to his children would be treated for Inheritance Tax purposes. Overall performance was very good.

### 2 (c)

This question asked candidates to explain to Elaine how any potential CGT liability on the sale of the unit trust would be calculated and how any potential liability could be mitigated. Good performance here from the majority of candidates.

### 2 (d)

Candidates were asked to recommend and justify a range of suitable actions that Jon and Elaine could take to ensure that their children will receive their respective assets on second death, whilst protecting the surviving spouse during their lifetime. Overall performance here was good, but it was very disappointing to note that there was a general lack of understanding of the difference between mirror wills and mutual wills. A number of candidates would benefit from a careful review of the different types of Will arrangements that would be available to Jon and Elaine.

### 2 (e)

This question asked candidates to state the key benefits for Jon and Elaine of using an investment platform for their portfolio. Performance was excellent here with the majority of candidates able to achieve high marks.

### 2 (f)

This question required candidates to explain to Jon and Elaine any restrictions that might apply to the use of their lasting powers of attorney. Performance was disappointing, with only a limited number of candidates able to explain the restrictions that might apply to the current powers of attorney. Candidates would benefit from greater research and consideration of how lasting powers of attorney operate.

### 2 (g)

This question required candidates to identify the information a financial adviser would require, in respect of the existing income protection insurance policy, to assess its continuing suitability for Jon. Mixed performance in this question as a number of candidates identified generic features of a range of different protection policies and did not focus their answers on Jon's actual policy.

### 2 (h)

This was a standard review question which asked candidates to identify eight key issues that a financial adviser should discuss with Jon and Elaine 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 exam are based on English law and practice applicable in the tax year 2025/2026, 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 call if you experience any technical 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.*

Arish and Fiona, both aged 30, are married and have two children, aged six and four. All the family are in good health.

Arish is employed as a legal consultant and earns £120,000 per annum (gross). Fiona is employed as a magazine editor and earns £68,000 per annum (gross). Fiona is currently setting up a private consultancy practice. She hopes to be able to leave her employer and work full-time on her new venture in the next few years. Fiona has asked for your advice in setting up her new practice in a tax-efficient manner.

Arish is a member of his employer's workplace pension scheme and contributes 8% of his gross salary to the scheme. His employer contributes 5% of his gross salary to the scheme. Arish's pension fund has a current value of £140,000 and is invested in a range of adventurous UK equity funds. Arish is also a member of his employer's death-in-service scheme which will pay out four times his basic salary on death whilst in service.

Fiona is a member of her employer's workplace pension scheme and contributes 5% of her gross salary to the scheme. Her employer contributes 3% of her gross salary to the scheme. Fiona's pension fund has a current value of £67,000 and is invested in a UK managed equity fund. Fiona is also a member of her employer's death-in-service scheme which will pay out three times her basic salary on death whilst in service.

Arish and Fiona have a repayment mortgage with an outstanding balance of £260,000 on their home, which is currently valued at £340,000. The remaining mortgage term is 20 years and is protected by a joint life level term and critical illness policy, set up on a first event basis, for a sum assured of £280,000. They have no other protection policies in place. Arish and Fiona both have outstanding student loans of £35,000 each and are considering making lump sum repayments to reduce these.

Arish and Fiona have an interest in Environmental, Social and Governance (ESG) investments. They are both high-risk investors.

Neither Fiona nor Arish have used their ISA allowances for the current tax year. Arish is considering an investment into a new Venture Capital Trust as he has heard about the tax benefits of this type of investment. He has asked for advice on this.

Arish and Fiona have set up mirror Wills which leave all assets to the survivor on first death and to their children, in trust, on second death.

Arish and Fiona have the following assets:

<b>Assets</b>	<b>Ownership</b>	<b>Value (£)</b>
House	Joint	340,000
Current Account	Joint	5,000
Deposit Account – Instant access	Joint	35,000
Stocks & shares ISA – UK Equity Tracker fund	Arish	44,000
Stocks & shares ISA – UK Ethical Equity fund	Fiona	37,000

Arish and Fiona's financial aims are to:

- ensure that they have sufficient financial protection to meet their family needs;
- set up an appropriate structure for Fiona's new consultancy practice;
- improve the tax-efficiency of their financial arrangements.

### Questions

- (a) State the additional information that a financial adviser would require to enable them to assess the suitability of Arish and Fiona's current financial arrangements to meet their objectives. **(15)**
- (b) Explain to Fiona, the key considerations she should take into account when deciding whether she should set up a limited company for her new consultancy practice. **(12)**
- (c) Explain, in detail, to Arish why he should consider increasing his pension contributions. **(12)**
- (d) Outline to Arish the potential benefits of investing in a Venture Capital Trust. **(10)**
- (e) Outline the key issues that a financial adviser should discuss with Arish and Fiona before they decide whether to make any lump sum payments towards their student loans. **(12)**

- (f)** Identify the key reasons why it may be beneficial for Arish and Fiona to review the fund choices within their existing pensions and investments. **(12)**

**Total marks available for this question: 73**

## 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), (g) and (h) which follow.*

Jon and Elaine, both aged 64, are married. They each have two adult children from their previous marriages. Jon divorced his previous wife 10 years ago and Elaine's first husband died five years ago. Jon and Elaine are in good health. They are planning to retire next year.

Jon is a product consultant and earns £80,000 per annum (gross). Jon is a member of his employer's qualifying workplace pension scheme and contributes 5% of his gross salary to the scheme. This is matched by his employer. His pension plan has a current value of £620,000 and is invested in a range of equity and fixed-interest funds. Jon is a member of his employer's death-in-service scheme which will pay out four times his basic salary on death whilst in service.

Elaine is a marketing manager and earns £38,000 per annum (gross). Elaine is a member of her employer's qualifying workplace pension scheme and contributes 5% of her gross salary to the scheme. Her employer contributes 4% of her gross salary to the scheme. Her pension plan has a current value of £108,000 and is invested in a cautious lifestyle fund. Elaine is a member of her employer's death-in-service scheme which will pay out three times her basic salary on death whilst in service.

Jon has a personal income protection insurance policy which he set up many years ago. This policy ends on his 67<sup>th</sup> birthday in December 2028. They have no other financial protection policies.

Jon and Elaine hold stocks and shares ISAs which are invested in a range of investment funds from different investment houses. Elaine also holds a global equity unit trust which she inherited from her late husband. This has performed very well since she inherited it. She is unsure if this investment is suitable for her. Jon and Elaine are keen to improve the tax-efficiency of their investments and to simplify the ongoing administration as they approach retirement.

Jon and Elaine are keen to ensure that the surviving spouse is financially supported during their lifetime and that on second death, their children from their previous marriages will receive their respective assets. They have asked for advice in this respect. They do not have up-to-date Wills at present, but they have recently set up lasting powers of attorney which name each other and their respective children as joint attorneys.

Jon and Elaine own their home which is mortgage-free. This is held as tenants in common. Jon is considering the merits of gifting a sum of £200,000 split equally between his two children when he retires.

Jon and Elaine are medium risk investors with no particular interest in Environmental, Social and Governance (ESG) investing. Jon and Elaine have no debts or other liabilities.

Jon and Elaine have the following assets:

Assets	Ownership	Value (£)
House	Joint	600,000
Current Account	Elaine	3,000
Unit Trust – Global Equity fund	Elaine	205,000
NS&I Premium Bonds	Elaine	50,000
Stocks & shares ISA – Mixed Investment 20-60% shares funds	Elaine	310,000
Current Account	Jon	10,000
Deposit Account – Fixed Rate (to July 2027)	Jon	200,000
Stocks & shares ISA – UK Equity/Corporate Bond funds	Jon	400,000

Their financial aims are to:

- improve the tax-efficiency of their financial arrangements as they approach retirement;
- put in place suitable arrangements to ensure that their children from their previous marriages receive their individual assets on second death;
- review the affordability for Jon of making gifts to his children when he retires.

### Questions

- (a) Identify the additional information that should be considered by a financial adviser to establish if Jon can afford to make the proposed gifts to his children. **(12)**
- (b) Explain to Jon how the proposed gifts to his children would be treated for Inheritance Tax purposes. **(8)**
- (c) Explain to Elaine how any potential Capital Gains Tax (CGT) liability on the sale of the unit trust would be calculated, and how any potential liability could be mitigated. No calculations are required. **(10)**
- (d) Recommend and justify a range of suitable actions that Jon and Elaine could take to ensure that their children will receive their respective assets on second death, whilst protecting the surviving spouse during their lifetime. **(12)**
- (e) State the key benefits for Jon and Elaine of using an investment platform for their portfolio. **(8)**

- (f) Explain to Jon and Elaine any restrictions that might apply to the use of their lasting powers of attorney. (7)
- (g) Identify the information a financial adviser would require, in respect of the existing income protection insurance policy, to assess its continuing suitability for Jon. (12)
- (h) Identify **eight** key issues that a financial adviser should discuss with Jon and Elaine at their next annual review. (8)

**Total marks available for this question: 77**

**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 answers for Question 1****(a)**

- Expenditure/budget/affordability.
- Any planned capital/lump sum expenditure.
- Expected earnings from Fiona's new business/set up costs/timeline for setting up the business.
- Interest rate on Student Loans/mortgage interest rate.
- Interest Rate on cash.
- Pension contribution history/carry forward available?
- Employer matching/salary sacrifice available?
- Inheritances expected.
- Fund choice/fund options available/asset allocation.
- Charges.
- Nominations/Lasting Powers of Attorney.
- Family health/longevity.
- Family support/financial/practical help with children in event of illness/death/more children planned? /Guardianship arrangements.
- Specific ethical concerns/how strong are their views?
- Capacity for Loss (CFL)/job security (for Arish).

**(b)**

- Limited liability/protection from creditors.
- Flexible remuneration options (salary and dividends).
- Use dividend allowance.
- Lower tax on dividends (than Income Tax on salary).
- No National Insurance Contributions (NICs) on dividends.
- Employer National Insurance must be paid/Corporation Tax on profits.
- Company protection benefits could be available e.g. Private Medical Insurance (PMI), Death-in-Service (DIS), Relevant Life.
- Profits in public domain/no privacy.
- Administration/Payroll/reporting requirements.
- Administration costs/accountancy costs/set up costs.
- Need to set up pension scheme if she takes on employees.
- Not all profits can be used for mortgage lending purposes/dividends cannot be used for personal pension contributions/higher employer contributions.

*Candidates would have gained full marks for any twelve of the following:*

- (c)**
- Can use full annual allowance (£60k).
  - Invest up to his salary (£120K) if carry forward available.
  - Tax relief at 40%.
  - Personal Allowance trap of 60% (he earns over £100k).
  - Loss of Personal Allowance.
  - Loses £1 for every £2 over £100K.
  - Check for higher employer matching/is salary sacrifice available?
  - Salary sacrifice reduces National Insurance (NI).
  - Employer may share NI savings on salary sacrifice.
  - Long time frame.
  - Could recover some Child Benefit.
  - Potential for tax-free growth.
  - Improves pension provision/death benefits.
- (d)**
- 30% Income Tax Relief on contributions.
  - Tax Relief up to total Income Tax paid.
  - Reduces Personal Allowance trap for Arish.
  - Capital Gains Tax free (CGT).
  - Tax-free dividends/tax-efficient income.
  - Matches his Attitude to Risk (ATR).
  - Accessible before Pension Age/liquid.
  - Diversification.
  - Potential for growth/ Venture Capital Trusts (VCTs) tend to keep pace with inflation.
  - Professional/active investment management.
- (e)**
- Affordability/reduces their emergency fund.
  - Interest is payable on the loan/saves interest over the long term.
  - Repayments based on their income not how much borrowed/repay 9% of their income above the repayment threshold.
  - Fiona's income may fall when job changes.
  - No penalties to repay at any time.
  - Political changes/legislation changes.
  - No impact on their credit rating.
  - May never clear what they owe in full and Student loans will eventually get written off.
  - Student loan written off on death.
  - Not classed as default (if written off).
  - Opportunity cost/Interest saved vs. investment growth? /Could pay off mortgage.
  - Cannot recover monies once paid/irreversible.

- (f)
- All equity based.
  - All UK-based.
  - Lack of diversification at present.
  - No Fixed-Interest/property/alternative investments.
  - Improve correlation/non-correlation of assets/no asset class outperforms every year.
  - Potential for growth.
  - Diversification offers exposure to different global markets/currencies/reduces risk/reduces volatility.
  - Past performance/benchmarking.
  - Long time frame for investment.
  - Different management styles/passive/active/are new funds available?
  - Use trackers for lower charges/review charges.
  - May not match Environmental, Social and Governance (ESG) concerns/Attitude to Risk (ATR).

**Model answers for Question 2**

- (a)**
- Income needed in retirement /expenditure in retirement/capital needs/emergency fund needs.
  - How is he funding gift? (Pension PCLS/investments?)
  - State Pension/BR19/any guaranteed income sources?
  - Any inheritances expected/plans to downsize?
  - Any long-term care needs/costs?
  - Longevity.
  - Sustainability of income/impact of reduced income/any pension earmarking for first wife?
  - Expected returns on investments/growth rates/inflation rates.
  - Impact of loss of growth on investments/loss of interest/loss of dividends.
  - Sequencing risk/impact of a market crash/stress test.
  - IHT implications on gifts/use of gifting exemptions.
  - Reduced Capacity for Loss (CFL) in retirement/change to CFL.
- (b)**
- Treated as a Potentially Exempt Transfer (PET).
  - No immediate tax due.
  - Gift uses Jon's Nil Rate Band (NRB).
  - Remains within his estate for 7 years.
  - No taper on gift as under Nil Rate Band (£200k gift).
  - Can use his annual allowance of £3k.
  - Can use last year's allowance (if unused).
  - Could be taxable on children (if Jon dies within 7 years).

*Candidates would have gained full marks for any ten of the following:*

- (c)**
- Identify base cost of Unit Trust.
  - Base cost is probate value on death of late husband.
  - Identify any reinvested Dividend Income.
  - Deduct base cost from current value (to identify gain).
  - Transfer into joint names with Jon.
  - Uses interspousal exemption/no CGT on transfer.
  - Allows use of £3,000/£6,000 (for both) CGT exemptions.
  - Calculate any previous capital gains taken in current tax year.
  - Deduct any previous losses/carried forward/Registered losses.
  - Elaine taxed at 18%/Jon taxed at 24%.
  - Dispose over several tax years.

- (d)
- Review Wills.
  - Wills could be invalid due to marriage.
  - Mutual Wills needed (cannot be changed by survivor).
  - Set up Interest in Possession Trust/life interest Trust in Will/Immediate Post Death Interest in Possession Trust (IPDI).
  - On first death, all individual assets pass into Trust.
  - Survivor receives life interest in assets/receive interest/income from Trust assets during lifetime.
  - Deceased's share of property goes into the Trust (held as tenants in common).
  - Survivor can remain in property for lifetime.
  - Children are remaindermen/on second death, all assets pass to children.
  - Update pension nominations/Death-in-Service (DIS) to nominate children.
  - Use spousal bypass Trust /Discounted Gift Trust (DGT).
  - Surviving spouse receives income from pension/DGT/remaining fund passes to children on spouse's death.
- (e)
- Reduced administration/all held in one place.
  - Use ISA/Bed & ISA/use CGT exemption/Tax wrappers.
  - May be lower fees/reduced charges/discounts.
  - Consolidated statements/tax statements.
  - Wide range of funds/switching options/rebalancing.
  - Availability of Discretionary Fund Manager (DFM)/Model Portfolio service.
  - Online access/easier monitoring.
  - Investment tools e.g. Attitude to Risk (ATR) questionnaire/performance.

*Candidates would have gained full marks for any seven of the following:*

- (f)
- Must be registered before loss of capacity.
  - Attorneys must be of sound mind and not bankrupt.
  - Only valid when registered with Office of the Public Guardian (OPG).
  - Cannot be changed if capacity is lost.
  - Health and Welfare can only be used on loss of capacity.
  - Property & Financial Affairs can be used before loss of capacity (with permission).
  - Limited powers on sale of property/could restrict ability to downsize/move to more appropriate accommodation.
  - Limited gifting powers/Will cannot be changed/very limited options for IHT planning.
  - Requires agreements from joint attorneys to act (if not joint and several)/disagreements between attorneys.

*Candidates would have gained full marks for any twelve of the following:*

- (g)**
- Premium.
  - Benefit amount.
  - Any surrender value?
  - Deferred period.
  - Does Jon intend to carry out any paid work post-retirement? /Cannot claim if he has no further earned income.
  - Indexation?
  - Guaranteed or reviewable premiums.
  - Proportionate benefit?
  - Financial strength of insurer.
  - Can cover be increased/guaranteed insurability?
  - Is there a continuation option?
  - Occupation definition (own, any).
  - Exclusions/loading/has he made a claim?
- (h)**
- Change in personal circumstances/health/Wills/nominations/vulnerabilities/objectives.
  - Change in income/expenditure/tax status/emergency fund needs/have they retired?
  - Attitude to Risk/Capacity for Loss.
  - Rebalance/asset allocation/performance.
  - Has Jon made gift to his children? /Does he still plan to gift?
  - Use of allowances/ISA/Pension/gifting allowances.
  - Charges.
  - Change in legislation/taxation/new products/economic conditions/interest rates.

**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

January 2026 Exam - 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 April 2026 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	2024/2025	2025/2026
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
Dividend allowance	£500	£500
Dividend tax rates		
Basic rate	8.75%	8.75%
Higher rate	33.75%	33.75%
Additional rate	39.35%	39.35%

Trusts

Income exemption up to**	£500	£500
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. Further, the £500 may need to be divided between other trusts in existence.

### 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% †	£4,280	£4,360
Married/civil partners at 10% †	£11,080	£11,270
Marriage Allowance	£1,260	£1,260
Income limit for Married Couple's Allowance †	£37,000	£37,700
Rent a Room scheme – tax free income allowance	£7,500	£7,500
Blind Person's Allowance	£3,070	£3,130
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 £37,700 (£37,000 for 24/25) 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)	£125
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 £125 per week. This £125 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 £96.00**	Nil***
Over £96.00	15%

*\*\*Secondary threshold.*

*\*\*\*No employer NICs on the first £967 pw for employees generally under 21 years, apprentices under 25 years and veterans in first 12 months of civilian employment. No employer NICs on the first £481 pw for employees at freeports and investment zones in Great Britain in the first 36 months of employment*

**Employment allowance £10,500 Per business – not available if sole employee is a director**

CLASS 2 (self-employed) *	
Flat rate per week	£3,50
Small profits threshold per year	£6,845

Class 2 contributions are credited automatically where profits equal or exceed £6,845 per annum.

Class 2 contributions can be made voluntarily where profits are below £6,845 per annum.

<b>Class 3 (voluntary)</b>	Flat rate per week £17.75.
<b>Class 4 (self-employed)</b>	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 abolished from 6 April 2024.

	2024/2025	2025/2026
Lump sum and death benefit allowance (LSDBA)	£1,073,100	£1,073,100
Lump sum allowance (LSA)	£268,275	£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**
2025/2026	£60,000**

\*Between 2016/17 and 2019/20 the annual allowance is reduced by £1 for every £2 of 'adjusted income' over £150,000 to a minimum of £10,000 where 'threshold income' is over £110,000.

\*Between 2020/21 and 2022/23 the annual allowance is 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.

\*\*From 2023/24 the annual allowance is reduced 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	2024/2025		2025/2026
Individuals, estates etc	£3,000		£3,000
Trusts generally	£1,500		£1,500
Chattels proceeds (restricted to five thirds of proceeds exceeding limit)	£6,000		£6,000
TAX RATES	Pre	Post	2025/2026
	<b>30/10/2024</b>		
Individuals:			
Up to basic rate limit	10%	18%	18%
Above basic rate limit	20%	24%	24%
Surcharge for residential property - Basic Rate	8%	n/a	0%
Higher Rate	4%	n/a	n/a
Surcharge for carried interest**	8%	4%	**32%
Trustees and Personal Representatives:			
Residential property	24%	24%	24%
Other chargeable assets	20%	24%	24%
Business Asset Disposal Relief*		10%	14%
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.

\*\* For 25/26, rate for carried interest for all tax bands is 32%

## INHERITANCE TAX

RATES OF TAX ON TRANSFERS	2024/2025	2025/2026
Transfers made on death		
- Up to £325,000 (nil-rate band)	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%
<b>MAIN EXEMPTION</b>		
Transfers to		
- Long-term UK resident spouse/civil partner	No limit	No limit
- Spouse/civil partner who is not a long-term UK resident (from long-term UK resident spouse/civil partner)	£325,000	£325,000
- UK-registered charities	No limit	No limit
- Residence nil rate band*	£175,000	£175,000

\*Available for estates up to £2,000,000 and then tapered at the rate of £1 for every £2 in excess until fully extinguished.

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**

		2024/2025	2025/2026
		£ (per week)	£ (per week)
Child Benefit	First child	25.60	26.05
	Subsequent children	16.95	17.25
	Guardian's allowance	21.75	22.10
Employment and Support Allowance	Assessment Phase	Up to 71.70	Up to 72.90
	Age 16 - 24		
	Aged 25 or over	Up to 90.50	Up to 92.05
	Main Phase		
	Work-related Activity Group	Up to 126.45	Up to 128.60
	Support Group	Up to 138.20	Up to 140.55
Attendance Allowance	Lower rate	72.65	73.90
	Higher rate	108.55	110.40
Basic State Pension	Category A full rate	169.50	176.45
	Category B (lower) full rate	101.55	105.70
New State Pension	Full rate	221.20	230.25
Pension Credit	Standard minimum guarantee - single	218.15	227.10
	Standard minimum guarantee - couple	332.95	346.60
	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	71.70	72.90
	Age 25 or over	90.50	92.05
Statutory Maternity, Paternity and Adoption Pay		184.03	187.18

## CORPORATION TAX

	2024/2025	2025/2026
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 effective rate of 26.5%.		
This provides a gradual increase in the effective Corporation Tax rate.		

## VALUE ADDED TAX

	2024/2025	2025/2026
Standard rate	20%	20%
Annual registration threshold	£90,000	£90,000
Deregistration threshold	£88,000	£88,000

## STAMP DUTY LAND TAX

	Residential
Value up to £125,000	0%
£125,001 - £250,000	2%
£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 £300,000 for properties up to £500,000 when purchasing their main residence. On purchases up to £300,000, no SDLT is payable. On purchases between £300,001 and £500,000, a flat rate of 5% is charged on the balance above £300,000.*
- *Additional SDLT of 5% may apply to the purchase of additional residential properties purchased for £40,000 or greater.*
- *Additional SDLT of 2% may apply to purchases by non-UK residents over £40,000.*
- *SDLT may be charged at 17% on interests in residential properties 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%