

Chartered
Insurance
Institute

R06

Diploma in Regulated Financial Planning

Unit 6 – Financial planning practice

October 2025 Exam Guide

SPECIAL NOTICES

Candidates entered for the January 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

Contents

Important guidance for candidates.....	3
Two weeks before the exam.....	4
On-screen written exam familiarisation.....	5
Important information for remote invigilation candidates only.....	6
On the exam day.....	7
Examiner comments.....	9
Question paper.....	12
Model answers.....	18
Glossary of terms.....	24
Test specification.....	25
Tax tables.....	27

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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, 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.

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.

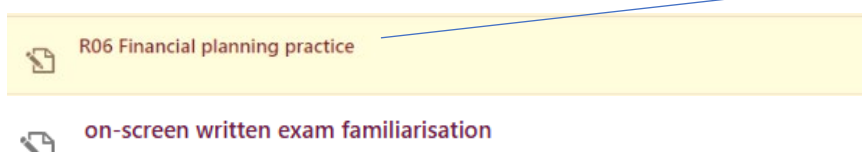
Please note, that while there might be slight differences in layout, it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only.

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, 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. 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 advise Jeremy and Anna on whether Jeremy can afford to reduce his working hours in January. Most candidates performed well here and were able to achieve good marks.

1(b)

This question required candidates to outline to Jeremy and Anna the key factors that they should take into consideration, before deciding whether they should draw their State Pensions in 2026 or defer them. Performance was generally good here, but some candidates would benefit from a careful review of the terms available to Jeremy and Anna in respect of State Pension deferral as a number of candidates did not understand how State Pension would be treated in deferral.

1(c)

This question asked candidates to explain to Jeremy and Anna the key reasons why it is important to review their investment holdings within their pensions before they reach retirement. Most candidates performed well here but it was disappointing to note that only a limited number of candidates were able to identify the fact that the existing funds were unlikely to be suitable for a possible annuity purchase although they might be suitable for Flexi-Access Drawdown (FAD) or Uncrystallised Funds Pension Lump sum (UFPLS). This was a key reason why Jeremy and Anna should review these investment holdings.

1(d)

Candidates were asked to recommend and justify a range of actions to enable Jeremy and Anna to supplement their income from January 2026, if Jeremy reduces his working hours. Mixed performance here with a number of candidates focusing on a very limited range of actions only. It was however pleasing to note that many candidates recognised the potential use of pension commencement lump sums which would not trigger the Money Purchase Annual Allowance, thus allowing Jeremy to continue with his pension contributions for the next few years.

1(e)

Candidates were asked to explain to Jeremy and Anna how they could draw a tax-efficient lump sum from the Onshore Investment Bond to enable them to repay their outstanding mortgage. Very good performance overall here although some candidates would benefit from further study on the use and application of top-slicing as technical errors were in evidence here from some candidates.

1(f)

This question asked candidates to explain to Jeremy and Anna the Inheritance Tax implications of writing off the loan that they had made to Ellen and instead treating it as a gift. Overall performance here was excellent.

1(g)

This question asked candidates to identify the actions that a financial adviser could take to ensure that they meet their Consumer Duty obligations when working with Jeremy and Anna. Most candidates were able to provide detailed answers for this question which demonstrated a good level of understanding of the Consumer Duty regulations.

Case Study 2**2(a)**

Candidates were asked to identify the key weaknesses in Paul and Sangita's current financial arrangements. Most candidates performed well here and gave comprehensive answers.

2(b)

This question required candidates to explain to Paul why it would be beneficial for him to opt into his employer's workplace pension scheme. Overall performance was very good here although only a limited number of candidates recognised that this may offer Paul access to an employer Death-in-Service scheme which would be of benefit to them.

2(c)

This question asked candidates to recommend and justify a range of actions to enable Paul and Sangita to improve the tax-efficiency of their current financial arrangements. Mixed performance was shown here with some candidates failing to justify the exact improvements that would be made by each recommendation. Some candidates also failed to identify the relevant tax rates that apply to Paul and Sangita's current financial arrangements.

2(d)

Candidates were asked to explain to Paul and Sangita how their individual estates would be distributed on death if they do not have valid Wills. Whilst overall performance here was good, it was very disappointing to note that a number of candidates failed to recognise that they were not married so neither Paul nor Sangita had any right to the other's individually held assets on death. A careful review of the laws of intestacy would be of benefit to some candidates.

2(e)

This question asked candidates to recommend and justify a suitable life assurance policy to provide a lump sum to the survivor in the event of either death, explaining how it should be set up. Performance was generally very good here although it was noted that a number of candidates do not appear to understand the differences between Family Income Benefit policies and Level Term assurance. These are standard protection policies, and some candidates would benefit from reviewing the terms and features of these policies.

2(f)

This question required candidates to explain to Sangita why she should consider adjusting the investment strategy within her workplace pension scheme. Performance was very good here and this question did not present any difficulties to well-prepared candidates.

2(g)

This was a standard review question which asked candidates to identify eight key issues that a financial adviser should discuss with Paul and Sangita at the next annual review. Overall performance here was excellent and most candidates were able to achieve high marks.

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), (f) and (g) which follow.*

Jeremy and Anna, both aged 65, are married with two children, Ellen and Tim. Jeremy and Anna have five grandchildren. The family are all in good health. Jeremy plans to reduce his working hours to a three-day week starting in January 2026 with his current employer and intends to retire fully in June 2028. Jeremy's State Pension will begin in June 2026, while Anna's will start in September 2026. They are both expecting to receive the full State Pension.

Jeremy is employed as a production manager. He receives a gross salary of £70,000 per annum which will reduce to £42,000 per annum once he starts his new three-day week in January. He is a member of his employer's workplace pension scheme and contributes 8% of his gross salary to the scheme. His employer contributes 3% of his gross salary to the scheme. Jeremy's pension fund has a current value of £380,000 and is invested in a range of adventurous managed funds. Jeremy is also a member of his employer's death-in-service scheme which will pay out three times his basic salary on death whilst in service. Jeremy's pension and death-in-service have up-to-date nominations in favour of Anna.

Anna is employed as a staff manager at a local community centre. She receives a gross salary of £40,000 per annum and intends to continue to work full-time until June 2028. Anna 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. Anna's pension fund has a current value of £210,000 and is invested in a UK equity tracker fund. Anna's employer does not offer any further benefits. Anna's pension has an up-to-date nomination in favour of Jeremy.

Jeremy and Anna have an interest-only mortgage with an outstanding balance of £90,000 on their home, which is currently valued at £400,000. They have been paying occasional lump sums towards the outstanding mortgage balance over the lifetime of the mortgage but are now wishing to repay it in full before Jeremy reduces his working hours in January. They have no financial protection in place to repay the mortgage in the event of either death.

Jeremy and Anna have a portfolio of ISAs and open-ended investment companies (OEICs) which are invested in a range of UK and global equity funds. Jeremy also holds an onshore investment bond which was set up just over ten years ago with an initial investment of £80,000. No withdrawals have been made from this bond. Jeremy and Anna wish to review their investment portfolio to ensure that they are able to generate additional income to cover the reduction in Jeremy's earnings from next January. Jeremy and Anna have used this year's ISA allowance.

Jeremy and Anna made a loan of £20,000 to their daughter, Ellen, a few years ago. They are considering the option of writing off this loan and instead treating it as a gift to Ellen.

Jeremy and Anna have mirror Wills leaving their estate on second death split equally between their two children.

Jeremy and Anna have a high attitude to risk and neither of them has any interest in Environmental, Social and Governance (ESG) investments. They have never sought financial advice in the past but now wish to do so, given their upcoming change in circumstances.

Jeremy and Anna have the following assets:

Assets	Ownership	Value (£)
House	Joint	400,000
Current account	Joint	15,000
Deposit account – Instant access	Joint	120,000
OEICs – UK & Global Equity funds	Joint	170,000
Stocks & shares ISA – Global Equity funds	Anna	210,000
Stocks & shares ISA – UK Equity funds	Jeremy	180,000
Onshore Investment Bond – Cautious Managed fund	Jeremy	120,000

Jeremy and Anna's financial aims are to:

- ensure they have sufficient income to allow Jeremy to reduce his working hours to a three-day week in January 2026;
- repay their outstanding mortgage;
- generate a tax-efficient and sustainable income throughout retirement.

Questions

- (a) State the additional information that a financial adviser would require in order to advise Jeremy and Anna on whether Jeremy can afford to reduce his working hours in January. (15)
- (b) Outline to Jeremy and Anna the key factors that they should take into consideration before deciding whether they should draw their State Pensions in 2026 or defer them. (10)
- (c) Explain to Jeremy and Anna the key reasons why it is important to review their investment holdings within their pensions before they reach retirement. (10)

- (d) Recommend and justify a range of options to enable Jeremy and Anna to supplement their income from January 2026, if Jeremy reduces his working hours. **(14)**
- (e) Explain to Jeremy and Anna how they could draw a tax-efficient lump sum from the Onshore Investment Bond to enable them to repay their outstanding mortgage.
No calculations are required. **(10)**
- (f) Jeremy and Anna are considering writing off the loan that they made to Ellen and instead treating it as a gift.

Explain to Jeremy and Anna the Inheritance Tax implications of this course of action. **(7)**
- (g) Identify the actions that a financial adviser could take to ensure that they meet their Consumer Duty obligations when working with Jeremy and Anna. **(10)**

Total marks available for this question: 76

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.*

Paul and Sangita, are both aged 34, and are unmarried. They do not intend to marry. They have two children, aged 7 and 5. Paul and Sangita are both in good health.

Sangita is employed as a marketing manager and earns a salary of £125,000 gross per annum. Sangita is a member of her employer's workplace pension scheme and contributes 5% of her gross salary to the scheme. Her employer contributes 5% of her gross salary to the scheme. Sangita's pension fund has a current value of £65,000 and is invested in the default UK cautious managed fund. The pension fund has an up-to-date nomination in favour of Paul. Sangita is also a member of her employer's death-in-service scheme which will pay out four times her basic salary on death whilst in service.

Paul is employed part-time as a software designer and earns a salary of £35,000 gross per annum. Paul opted out of his employer's workplace pension scheme as he did not believe the contributions were affordable on his part-time salary. His employer does not offer any further benefits.

Paul and Sangita have a repayment mortgage with an outstanding balance of £250,000 on their home which is currently valued at £300,000. The mortgage is protected in full by a decreasing term assurance policy which was set up when they took out the mortgage. They have no other protection policies in place.

Paul and Sangita have a limited range of assets but are keen to build up their savings and investments for the future. Neither of them has used their ISA allowances for the current tax year.

Paul and Sangita are concerned that they do not have sufficient financial protection for either themselves or their children in the event of death or disability. They believe this is a priority as they are heavily reliant on Sangita's income to support the family.

Paul and Sangita have an interest in Environmental, Social and Governance (ESG) investments, but this is not a primary concern for them. They are inexperienced investors but consider themselves to have an adventurous attitude to risk.

Paul and Sangita do not have Wills or Lasting Powers of Attorney.

Paul and Sangita have the following assets:

Assets	Ownership	Value (£)
House	Joint	300,000
Current account	Paul	1,500
Current account	Sangita	3,000
Deposit account – Instant access	Paul	50,000
Cash ISA – Instant access	Sangita	20,000
Stocks & shares ISA – Global Index-Tracker fund	Paul	30,000

Their financial aims are to:

- ensure that sufficient financial protection is in place to support the family in the event of either death or disability;
- improve the tax-efficiency of their current financial arrangements;
- set up an appropriate investment strategy to build up their retirement savings.

Questions

- (a) Identify the key weaknesses in Paul and Sangita’s current financial arrangements. (10)
- (b) Explain to Paul why it would be beneficial for him to opt into his employer’s workplace pension scheme. (12)
- (c) Recommend and justify a range of actions that would enable Paul and Sangita to improve the tax-efficiency of their current financial arrangements. (12)
- (d) Explain to Paul and Sangita how their individual estates would be distributed on death if they do not have valid Wills. No calculations are required. (10)
- (e) Recommend and justify a suitable life assurance policy to provide a lump sum to the survivor in the event of either death and explain how it should be set up. (14)
- (f) Explain to Sangita why she should consider adjusting the investment strategy within her workplace pension plan. (8)

- (g) Identify **eight** key issues that a financial adviser should discuss with Paul and Sangita at their next annual review. (8)

Total marks available for this question: 74

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/ capital needs/ affordability/ budget/ any debts.
- Long term retirement income needs.
- Longevity/ family health?
- Interest Rate on cash/ income yield on investment funds.
- Any Early Repayment Charges (ERCs) on mortgage/ interest rate on mortgage.
- BR19/ details of National Insurance (NI) record/ any gaps? /Cost of NI contributions to fill gaps.
- Use of CGT exemption/ CGT losses registered/ losses carried forward/ base costs of all Unit Trusts.
- Pension contribution history/ carry forward available.
- Salary sacrifice/ employer matching.
- Use of other assets/ inheritances expected/downsizing.
- Plans for future gifting/ Use of gifting allowances.
- Asset allocation/ fund choices available.
- Charges/ costs.
- Do they want guaranteed or flexible income?
- Capacity for Loss (CFL).

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

- Continuing salary/ still working/ could use State Pension (SP) to cover reduced salary/ what is their income shortfall?
- Taking State Pension (SP) allows them to retain investment portfolio/could use tax efficient assets to top up (e.g. ISAs).
- Deferral saves 40% tax / 20% tax/ £1,000 Personal Savings Allowance (PSA) for Jeremy/dividend tax reduces to 8.75%.
- Increases by 1% for every 9 weeks deferred/ 5.8% per annum.
- No Triple Lock on deferred portion (CPI only).
- No lump sum available.
- Can take long time to catch up/ Longevity/ are they likely to benefit long-term?
- Poor death benefits on deferral/ Limited payment to spouse on death/can only claim 3 months if deferred.
- No investment risk with State Pension.
- Provides guaranteed source of income/ they have no other guaranteed income.
- Could invest SP tax-efficiently to boost retirement savings/ can increase pension contributions.

- (c)
- Do they require flexible or guaranteed income?
 - Current funds are unsuitable for annuity purchase/ may be suitable for Flexi-Access Drawdown (FAD)/ Uncrystallised Funds Pension Lump Sum (UFPLS)/ No secure/low-risk funds to meet Pension Commencement Lump Sum (PCLS).
 - ATR/ CFL.
 - Charges.
 - Performance/ range of funds available/ rebalance.
 - Lack of diversification in current funds/ all equity funds.
 - Sequencing risk/ volatility/ pound cost ravaging/ liquidity of funds.
 - Natural yield on funds/ level of required income from pension/need to switch to income producing funds.
 - Other assets available to meet shortfall in event of adverse market conditions.
 - Limited timeframe for investment/ limited time to make additional contributions/ 3-year timeframe to June 2028.
- (d) *Candidates would have gained full marks for any fourteen of the following:*
- Can draw from cash holdings.
 - No tax on cash withdrawals/ cash does not meet Attitude to Risk (ATR).
 - Use ISA allowance/ Bed & ISA.
 - Draw from ISA.
 - ISA provides tax-free income and growth.
 - Use CGT exemption of £3K/ £6k.
 - Draw tax-free lump sums from OEIC (within CGT exemption).
 - Register capital losses (to use against future gains).
 - Use Dividend Allowance of £500 (each).
 - Dividend Tax at 33.75%/ 8.75%.
 - Take 5% tax-deferred withdrawals from Bond.
 - Assign Bond to Joint names/ Anna.
 - Anna can use her remaining Basic Rate band to encash.
 - Take State Pension (in June 2026).
 - Can draw PCLS/ does not trigger Money Purchase Annual Allowance (MPAA).
- (e)
- Tax-deferred withdrawals.
 - Cumulative.
 - 5% of original sum invested.
 - Withdrawals treated as return of capital.
 - Basic Rate Tax deducted within Bond/ no further tax for Basic Rate Taxpayer.
 - Can assign Bond to Anna/ segments to Anna/ joint names.
 - Assignment is not a chargeable event/ No tax charge on assignment to Anna.
 - She is Basic Rate Taxpayer (she has more Basic Rate band remaining).
 - Can encash whole policies/ segments.
 - Anna can use top-slicing on segment surrender.

- (f)**
- Gift treated as if it was made the day loan was cancelled.
 - Gift is a Potentially Exempt Transfer (PET).
 - No immediate charge to Inheritance Tax (IHT).
 - Can use Annual Exempt Amount (AEA) (£3k each).
 - Can use last year's AEA (if unused) so £12K may be available.
 - Falls within Nil Rate Band.
 - No IHT if both survive 7 years after date of gift/ if die within 7 years, gift is added back to estate.
- (g)**
- Assess vulnerability.
 - Review ATR/ CFL.
 - Agree fees/ service proposition.
 - Fact Find/ Detailed review of current position/ needs/ objectives.
 - Provide written recommendations/ understandable/ no jargon/provide in preferred client medium.
 - Check their understanding/ give time to review recommendations.
 - Ensure good client outcomes.
 - Ensure fair value for products and services.
 - Review regularly to consider ongoing suitability/ changes to client needs.
 - Act in good faith/ avoid causing foreseeable harm.

Model answers for Question 2

- (a)**
- Sangita is main breadwinner/ reliant on her income.
 - No Life cover (mortgage only)/ No protection for either income/ no Critical Illness Cover/ PHI/ PMI.
 - They have no Wills/ unmarried so no interspousal transfers.
 - Paul has no pension plan.
 - Two dependent children/ Long term of dependency.
 - Limited assets/ excess cash holdings/ inflation risk.
 - Limited equity in property/ high loan to value.
 - Not tax-efficient/ not used ISA allowances/ Sangita not using £500 Personal Savings Allowance (PSA)/ Sangita has lost Personal Allowance (PA).
 - Pension funds do not match ATR/ESG (Sangita).
 - Reliant on State Benefits/ low level of benefits available.
- (b)**
- He has no pension benefits/ improved income in retirement.
 - 20% tax relief.
 - Potential for tax-free growth.
 - Employer pension contributions ('free' extra salary).
 - No admin/ deducted from salary.
 - Low cost/ employer sponsored scheme.
 - Can be inherited by Sangita/ children.
 - Pound cost averaging/benefit from volatility.
 - Long time frame (for investment/ compounding).
 - Less reliance on Sangita/ not reliant on State Pension.
 - Can match ATR/ wide range of funds available.
 - May be offered linked Death-in-Service (DIS).
- (c)**
- Increase pension contributions/ Paul to opt in.
 - 40% tax relief for Sangita/ 20% for Paul.
 - May regain Personal Allowance (PA) for Sangita.
 - She loses full PA as she earns £125K/ loss of £1 for every £2 over £100K.
 - Salary sacrifice.
 - Reduces National Insurance (NI)/ Employer may share NI savings on salary sacrifice.
 - Maximise ISA allowance/ Use Lifetime ISA.
 - Tax-free income and growth (Pension & ISA).
 - 25% bonus on Lifetime ISA.
 - Transfer some of deposit account to Sangita.
 - Use Paul's £1K Personal Savings Allowance (PSA)/ Sangita has £500 PSA (unused).
 - Sangita pays 40% tax on excess interest over PSA/ Paul pays 20%.

- (d)
- Laws of intestacy apply.
 - They are unmarried.
 - Survivor has no right to any assets/ no automatic right to any assets.
 - Only joint assets pass to survivor.
 - House (50%) may pass to children if held as tenants in common/ if joint, house passes to survivor.
 - Sangita's pension plan would be paid to Paul tax free (pre-75)/ Death-In Service (DIS) may be paid to children.
 - Children jointly inherit full estate.
 - Trust needed as children are minors (under 18).
 - Survivor can access Trust to maintain the children/ can apply to Courts for maintenance for children.
 - Decreasing Term Assurance (DTA) will pay to survivor.
- (e)
- Level term policy/ Whole of Life (WOL).
 - Joint Life first death.
 - Term to retirement / WOL/ term to cover dependency.
 - Sum Assured to maintain lifestyle of survivor/ support children/ cover any liabilities.
 - Provides tax-free lump sum.
 - In Trust (in case both die).
 - Does not increase estate value/ speedy payment/ no Probate.
 - Guaranteed premiums.
 - For budgeting/ known cost/ likely to be affordable.
 - Both in good health/ simple underwriting.
 - Indexation.
 - Keeps pace with inflation.
 - Waiver of Premium (WOP).
 - Maintains premium in event of illness/ disability.
- (f)
- Long investment timeframe/ current fund is unsuitable for long term investment.
 - All UK based/ lack of global diversification.
 - Fund does not match Attitude to Risk (ATR).
 - Limited potential for growth/ she needs growth.
 - Low exposure to equities/ inflation risk.
 - No real benefit from pound cost averaging/ low volatility.
 - Fund charges may be high/ tracker funds may be cheaper.
 - May not match ESG interests.

- (g)
- Change in personal circumstances/ health/ any more children/ Wills made? / Plans to marry?
 - Change in income/ expenditure/ tax status/ salary increases for either.
 - Attitude to Risk/ Capacity for Loss.
 - Rebalance/ asset allocation/performance/ ESG interests.
 - Any protection policies in place? / Protection needs?
 - Use of allowances/ Lifetime ISA/ ISA/ Pension/ Has Paul opted in to workplace pension?
 - 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

October 2025 Exam - R06 Financial Planning Practice	
Question No.	Syllabus learning outcomes being examined
1.	1. Obtain appropriate client information and understand clients' needs, wants, values and risk profile essential to the financial planning process. 2. Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions. 3. Analyse a client's situation and the advantages and disadvantages of the appropriate options. 4. Formulate suitable financial plans for action and explain and justify recommendations. 5. Implement, review and maintain financial plans to achieve the clients' objectives and adapt to changes in circumstances.
2.	1. Obtain appropriate client information and understand clients' needs, wants, values and risk profile essential to the financial planning process. 2. Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions. 3. Analyse a client's situation and the advantages and disadvantages of the appropriate options. 4. Formulate suitable financial plans for action and explain and justify recommendations. 5. Implement, review and maintain financial plans to achieve the clients' objectives and adapt to changes in circumstances.

All questions in the January 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
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Dividend allowance	£500	£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

Income exemption up to**	£500	£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. 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.	

Class 3 (voluntary)	Flat rate per week £17.75.
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 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

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
	30/10/2024		
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
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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%
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MAIN EXEMPTION

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

STAMP DUTY LAND TAX

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