

Learning Outcome

Assessment Criteria

Indicative Content

This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us at online.exams@cii.co.uk to discuss your needs.

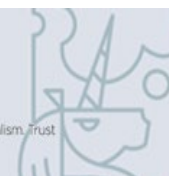
Financial planning principles, standards and skills. 15 Questions	1	Explain the financial planning principles, standards and skills, including responsibilities and obligations to consumers.	1.1	Obligations towards consumers and their perception of financial services, including Consumer Duty.
			Client relationships and adviser responsibilities:	
			1.2.1	Fiduciary relationship – duty of care, confidentiality, primacy of clients’ interests.
			1.2.2	Clarity of service provision and charges, status disclosure including client agreements, execution only clients, insistent clients and restricted advice.
			1.2.3	Clients’ cancellation rights.
			1.2.4	Positive customer outcomes, including vulnerable clients.
			1.2.5	Adviser charging rules.
			1.3	Regulated advice standards.
			1.4	Responsibilities that rest with those under the Senior Managers and Certification Regime (SM&CR) and the need for integrity, competence and fair outcomes for clients, including dealing with conflicts of interest.
			1.5	The statements of principle and code of Practice for Approved Persons (APER) and senior managers.
	2	Explain the main client financial circumstances, needs and objectives; how these are prioritised and potentially met.	Consumers’ main financial needs and how they are prioritised:	
			2.1.1	Managing debt.
			2.1.2	Budgeting and borrowing, including house purchase.
			2.1.3	Protection.
			2.1.4	Saving and investing.
			2.1.5	Retirement.
			2.1.6	Estate planning and tax planning.
			How these needs are met:	
			2.2.1	Mortgages and loans.
			2.2.2	Life and health insurance.
			2.2.3	Savings and investments.
			2.2.4	The main types of pension provision.
			2.3	Monitoring and reviewing clients’ plans and circumstances and taking account of relevant changes and legislation.
	2.4	Due diligence on products/tools.		



Learning Outcome	Assessment Criteria	Indicative Content
	<p>3 Apply regulations and legislation, including financial crime.</p>	<p>3.1 Record keeping, reporting and notification requirements.</p> <p>3.2 Complaints procedures and responsibilities to customers.</p> <p>3.3 Anti-money laundering and proceeds of crime obligations.</p> <p>3.4 Data protection and data security.</p> <p>3.5 Financial Ombudsman Service (FOS).</p> <p>3.6 Financial Services Compensation Scheme (FSCS).</p> <p>3.7 The Pensions Ombudsman.</p> <p>3.8 The Pension Protection Fund.</p> <p>3.9 The Bribery Act.</p>
<p>Investment principles and risk. 25 Questions</p>	<p>4 Analyse the characteristics and risks of asset classes.</p>	<p>4.1 Cash and cash equivalents: Main types, costs and charges.</p> <p>Fixed interest securities:</p> <p>4.2.1 Main types.</p> <p>4.2.2 Markets and indices.</p> <p>4.2.3 Transaction costs – purchase and sale.</p> <p>Equities:</p> <p>4.3.1 Main types.</p> <p>4.3.2 Stock markets – indices, listings.</p> <p>4.3.3 Transaction costs.</p> <p>Property:</p> <p>4.4.1 Main types, residential and commercial, income profile and gearing.</p> <p>4.4.2 Valuation.</p> <p>4.4.3 Performance benchmarking.</p> <p>4.4.4 Transaction and on-going costs.</p> <p>4.5 Alternative investments - Pricing, liquidity and fair value.</p> <p>The main types and use of indirect investment products:</p> <p>4.6.1 Collective investment funds – onshore and offshore.</p> <p>4.6.2 Closed ended funds/investment companies – onshore and offshore.</p> <p>4.6.3 Individual Savings Accounts (ISAs) including Junior ISAs, Help to Buy ISAs, Lifetime ISAs, Innovative Finance ISAs.</p> <p>4.6.4 National Savings & Investments current products.</p> <p>4.6.5 Life assurance based investments – onshore and offshore.</p> <p>4.6.6 Purchased life annuities.</p> <p>4.6.7 Real Estate Investment Trusts (REITs), Property Authorised Investment Funds (PAIFs) and other property based products.</p>



Learning Outcome	Assessment Criteria	Indicative Content
		4.6.8 Venture Capital Trusts (VCTs), Enterprise Investment Schemes (EISs) and Seed Enterprise Investment Schemes (SEISs) – basic structures and uses.
		4.6.9 Undertakings for Collective Investments in Transferable Securities (UCITS) and Qualified Investor Schemes (QIS).
		4.7 With profit funds – main principles only.
	5 Explain the main types of risk and their impact on clients.	5.1 Liquidity and access.
		5.2 Income and capital growth, including shortfall.
		5.3 Short term volatility.
		5.4 Currency.
		5.5 Inflation.
		5.6 Interest rates, including gearing.
		5.7 Systematic and non-systematic risk, including, institutional risk including fraud, counterparty venture, default and bail-in.
		5.8 Credit, including default.
	6 Explain the investment advice process, portfolio construction and review.	6.1 Correlation of asset classes – including non-correlation and the use of correlation in asset allocation.
		Know Your Client requirements:
		6.2 Explain the investment process.
		6.3 Establish client relationships, capability and circumstances including assets and debts clients with additional needs and vulnerable clients.
		6.4 Agree and prioritise needs and wants.
		6.5 Agree investment objectives, growth, income, time horizons, debt and credit management and repayment.
		6.6 Determine and agree risk profile – objective and subjective factors, including capacity for loss.
		6.7 Assess affordability and other suitability considerations, including ethical, social responsibility, social impact investing, charitable giving and religious preferences.
	6.8 Agree strategy and rationale to achieve the objectives.	
	6.9 Agree benchmark/performance measures and review process.	



Learning Outcome	Assessment Criteria	Indicative Content																																														
		<table border="1"> <tr> <td colspan="2" data-bbox="1153 217 2188 252">Asset allocation:</td> </tr> <tr> <td data-bbox="1153 252 1279 287">6.10</td> <td data-bbox="1285 252 2188 287">Alignment with client risk profile and requirements.</td> </tr> <tr> <td data-bbox="1153 287 1279 322">6.11</td> <td data-bbox="1285 287 2188 322">Diversification and correlation benefits.</td> </tr> <tr> <td data-bbox="1153 322 1279 357">6.12</td> <td data-bbox="1285 322 2188 357">Accumulation and decumulation.</td> </tr> <tr> <td data-bbox="1153 357 1279 392">6.13</td> <td data-bbox="1285 357 2188 392">Stochastic modelling.</td> </tr> <tr> <td data-bbox="1153 392 1279 427">6.14</td> <td data-bbox="1285 392 2188 427">Strategic and tactical asset allocation.</td> </tr> <tr> <td data-bbox="1153 427 1279 462">6.15</td> <td data-bbox="1285 427 2188 462">Passive and active management.</td> </tr> <tr> <td colspan="2" data-bbox="1153 462 2188 497">Portfolio construction:</td> </tr> <tr> <td data-bbox="1153 497 1279 587">6.16</td> <td data-bbox="1285 497 2188 587">Stock and fund selection, including environmental, social and governance (ESG) considerations.</td> </tr> <tr> <td data-bbox="1153 587 1279 622">6.17</td> <td data-bbox="1285 587 2188 622">Diversification by sector, geographical area and currency.</td> </tr> <tr> <td data-bbox="1153 622 1279 657">6.18</td> <td data-bbox="1285 622 2188 657">Main fund management strategies and styles.</td> </tr> <tr> <td data-bbox="1153 657 1279 746">6.19</td> <td data-bbox="1285 657 2188 746">Costs, charges, Total Expense Ratios (TERs), Total Cost of Ownership (TCO), Ongoing Charges Figure (OCF), Portfolio Turnover Ratios (PTRs).</td> </tr> <tr> <td data-bbox="1153 746 1279 782">6.20</td> <td data-bbox="1285 746 2188 782">Selection of products, tax wrappers and services.</td> </tr> <tr> <td data-bbox="1153 782 1279 817">6.21</td> <td data-bbox="1285 782 2188 817">Provider selection and due diligence.</td> </tr> <tr> <td data-bbox="1153 817 1279 852">6.22</td> <td data-bbox="1285 817 2188 852">Recommendations and suitability.</td> </tr> <tr> <td data-bbox="1153 852 1279 957">6.23</td> <td data-bbox="1285 852 2188 957">Main styles of ethical investment, including screening, socially responsible investing (SRI) and environmental social & corporate governance (ESG).</td> </tr> <tr> <td colspan="2" data-bbox="1153 957 2188 992">Portfolio review and administration:</td> </tr> <tr> <td data-bbox="1153 992 1279 1027">6.24</td> <td data-bbox="1285 992 2188 1027">Changes in client circumstances and financial environment.</td> </tr> <tr> <td data-bbox="1153 1027 1279 1062">6.25</td> <td data-bbox="1285 1027 2188 1062">New products and services available.</td> </tr> <tr> <td data-bbox="1153 1062 1279 1136">6.26</td> <td data-bbox="1285 1062 2188 1136">Maintenance of products and services including the availability of new products.</td> </tr> <tr> <td data-bbox="1153 1136 1279 1171">6.27</td> <td data-bbox="1285 1136 2188 1171">Use of external services/benchmarking.</td> </tr> <tr> <td data-bbox="1153 1171 1279 1206">6.28</td> <td data-bbox="1285 1171 2188 1206">Rebalancing.</td> </tr> <tr> <td data-bbox="1153 1206 1279 1287">6.29</td> <td data-bbox="1285 1206 2188 1287">Determine sustainable withdrawal levels, including the impact of sequencing risk.</td> </tr> </table>	Asset allocation:		6.10	Alignment with client risk profile and requirements.	6.11	Diversification and correlation benefits.	6.12	Accumulation and decumulation.	6.13	Stochastic modelling.	6.14	Strategic and tactical asset allocation.	6.15	Passive and active management.	Portfolio construction:		6.16	Stock and fund selection, including environmental, social and governance (ESG) considerations.	6.17	Diversification by sector, geographical area and currency.	6.18	Main fund management strategies and styles.	6.19	Costs, charges, Total Expense Ratios (TERs), Total Cost of Ownership (TCO), Ongoing Charges Figure (OCF), Portfolio Turnover Ratios (PTRs).	6.20	Selection of products, tax wrappers and services.	6.21	Provider selection and due diligence.	6.22	Recommendations and suitability.	6.23	Main styles of ethical investment, including screening, socially responsible investing (SRI) and environmental social & corporate governance (ESG).	Portfolio review and administration:		6.24	Changes in client circumstances and financial environment.	6.25	New products and services available.	6.26	Maintenance of products and services including the availability of new products.	6.27	Use of external services/benchmarking.	6.28	Rebalancing.	6.29	Determine sustainable withdrawal levels, including the impact of sequencing risk.
Asset allocation:																																																
6.10	Alignment with client risk profile and requirements.																																															
6.11	Diversification and correlation benefits.																																															
6.12	Accumulation and decumulation.																																															
6.13	Stochastic modelling.																																															
6.14	Strategic and tactical asset allocation.																																															
6.15	Passive and active management.																																															
Portfolio construction:																																																
6.16	Stock and fund selection, including environmental, social and governance (ESG) considerations.																																															
6.17	Diversification by sector, geographical area and currency.																																															
6.18	Main fund management strategies and styles.																																															
6.19	Costs, charges, Total Expense Ratios (TERs), Total Cost of Ownership (TCO), Ongoing Charges Figure (OCF), Portfolio Turnover Ratios (PTRs).																																															
6.20	Selection of products, tax wrappers and services.																																															
6.21	Provider selection and due diligence.																																															
6.22	Recommendations and suitability.																																															
6.23	Main styles of ethical investment, including screening, socially responsible investing (SRI) and environmental social & corporate governance (ESG).																																															
Portfolio review and administration:																																																
6.24	Changes in client circumstances and financial environment.																																															
6.25	New products and services available.																																															
6.26	Maintenance of products and services including the availability of new products.																																															
6.27	Use of external services/benchmarking.																																															
6.28	Rebalancing.																																															
6.29	Determine sustainable withdrawal levels, including the impact of sequencing risk.																																															



Learning Outcome	Assessment Criteria	Indicative Content
Personal taxation.	7	7.1 Income Tax – sources of income, liability, allowances, reliefs, priorities for taxing income, income of trusts and beneficiaries, trustees and settlors.
25 Questions		7.2 Capital Gains Tax (CGT) – liability, rate, disposals, gains and losses, reliefs and exemptions, capital gains of trusts.
		7.3 Inheritance Tax (IHT) – liability, transfers, nil rate bands, rates, reliefs and exemptions including gifts to charities and political parties, assets held in trusts, transfers to and from trusts.
		7.4 Direct investments – cash and cash equivalents, gilts, corporate bonds, equities and property.
		Indirect investments:
		7.5 Pension arrangements.
		7.6 Individual Savings Accounts (ISAs) all types to which contributions can be made.
		7.7 Onshore and offshore collectives and investment companies.
		7.8 Onshore and offshore life assurance policies, qualifying and non-qualifying, including effect of adviser fees on tax-deferred withdrawals.
		7.9 Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs) and Seed Enterprise Investment Schemes (SEISs) – basic outline.
	8	8.1 The impact of taxes on individuals, trusts and their investments.
	9	9.1 Key principles of Income Tax and CGT planning – spouses, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs.
		9.2 Main uses of lifetime gifts, business relief, wills and trusts in basic IHT mitigation and use of joint tenancies, tenancies in common and deeds of variation.
		9.3 Taxation consequences when direct and indirect investments are gifted or sold to family members, third parties including gifts to charities.



Learning Outcome	Assessment Criteria	Indicative Content																										
<p>Pensions and retirement planning. 25 Questions</p>	<p>10 Evaluate the aims of retirement planning and how they may be achieved.</p>	<p>Assessing and quantifying retirement aims and objectives:</p> <table border="1"> <tr><td>10.1.1</td><td>Availability and prioritisation of savings.</td></tr> <tr><td>10.1.2</td><td>Assumptions and impacts.</td></tr> <tr><td>10.1.3</td><td>Conflict with other objectives.</td></tr> <tr><td>10.1.4</td><td>Timescales and risk.</td></tr> <tr><td>10.1.5</td><td>IHT / generational planning.</td></tr> <tr><td>10.1.6</td><td>Cash flow/ stress testing.</td></tr> </table> <p>Investments available to meet this objective:</p> <table border="1"> <tr><td>10.2.1</td><td>Suitability and risk.</td></tr> <tr><td>10.2.2</td><td>Rates of return needed.</td></tr> <tr><td>10.2.3</td><td>Accumulation and decumulation strategies, life-styling.</td></tr> <tr><td>10.2.4</td><td>Products and wrappers, advantages and constraints, critical yield.</td></tr> <tr><td>10.2.5</td><td>Other sources of non-pension income.</td></tr> </table> <p>10.3 Asset allocation factors, relationship to overall portfolio.</p> <p>10.4 Self investment - main characteristics.</p> <p>Alternative solutions for pension income:</p> <table border="1"> <tr><td>10.5.1</td><td>Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance.</td></tr> <tr><td>10.5.2</td><td>Advantages and drawbacks.</td></tr> </table> <p>10.6 Factors affecting regular reviews.</p>	10.1.1	Availability and prioritisation of savings.	10.1.2	Assumptions and impacts.	10.1.3	Conflict with other objectives.	10.1.4	Timescales and risk.	10.1.5	IHT / generational planning.	10.1.6	Cash flow/ stress testing.	10.2.1	Suitability and risk.	10.2.2	Rates of return needed.	10.2.3	Accumulation and decumulation strategies, life-styling.	10.2.4	Products and wrappers, advantages and constraints, critical yield.	10.2.5	Other sources of non-pension income.	10.5.1	Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance.	10.5.2	Advantages and drawbacks.
	10.1.1	Availability and prioritisation of savings.																										
10.1.2	Assumptions and impacts.																											
10.1.3	Conflict with other objectives.																											
10.1.4	Timescales and risk.																											
10.1.5	IHT / generational planning.																											
10.1.6	Cash flow/ stress testing.																											
10.2.1	Suitability and risk.																											
10.2.2	Rates of return needed.																											
10.2.3	Accumulation and decumulation strategies, life-styling.																											
10.2.4	Products and wrappers, advantages and constraints, critical yield.																											
10.2.5	Other sources of non-pension income.																											
10.5.1	Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance.																											
10.5.2	Advantages and drawbacks.																											
<p>11 Analyse retirement options from different types of pension scheme, and how and when schemes will pay out in specific client circumstances.</p>	<table border="1"> <tr><td>11.1</td><td>State retirement benefits.</td></tr> <tr><td>11.2</td><td>Timing of decisions and implementation.</td></tr> <tr><td>11.3</td><td>DB scheme benefits, payment guarantees, survivor benefits.</td></tr> </table> <p>DC Schemes:</p> <table border="1"> <tr><td>11.4.1</td><td>Secured pensions, types of annuities and main features.</td></tr> <tr><td>11.4.2</td><td>Drawdown pensions – capped and flexi access, short term annuities.</td></tr> <tr><td>11.4.3</td><td>Compliance requirements.</td></tr> <tr><td>11.4.4</td><td>Uncrystallised funds pension lump sum (UFPLS).</td></tr> </table> <p>11.5 Phased retirement – options, benefits and risks of using annuitisation, flexi-access or UFPLS to produce income.</p> <p>11.6 Small pots, trivial commutation rules.</p>	11.1	State retirement benefits.	11.2	Timing of decisions and implementation.	11.3	DB scheme benefits, payment guarantees, survivor benefits.	11.4.1	Secured pensions, types of annuities and main features.	11.4.2	Drawdown pensions – capped and flexi access, short term annuities.	11.4.3	Compliance requirements.	11.4.4	Uncrystallised funds pension lump sum (UFPLS).													
11.1	State retirement benefits.																											
11.2	Timing of decisions and implementation.																											
11.3	DB scheme benefits, payment guarantees, survivor benefits.																											
11.4.1	Secured pensions, types of annuities and main features.																											
11.4.2	Drawdown pensions – capped and flexi access, short term annuities.																											
11.4.3	Compliance requirements.																											
11.4.4	Uncrystallised funds pension lump sum (UFPLS).																											



Learning Outcome	Assessment Criteria	Indicative Content
	12 Explain the impact of taxation and legislation.	12.1 Funding/contributions to registered pension schemes, tax relief provision.
		12.2 Pension scheme investment funds.
		12.3 Death benefits before and after age 75.
		12.4 Pension scheme retirement benefits.
		12.5 Outline of relevant transitional reliefs.
Financial protection planning. 10 Questions	13 Explain the protection planning principles, process (including reviews) and key considerations.	13.1 Co-habitation, marriage, civil partnerships and transgender matters.
		13.2 Birth of child and caring duties.
		13.3 Property purchase.
		13.4 Separation and divorce.
		13.5 Work, going overseas, retirement.
		13.6 Health, wellbeing and vulnerability.
		13.7 The suitability of trusts.
		13.8 Importance of regular reviews.
	14 Explain the product types and options, how these are taxed and their suitability for client scenarios.	14.1 Qualifying and non-qualifying policies, onshore and offshore policies.
		14.2 Taxation of life funds, onshore and offshore, including policies when traded.
		14.3 Personal Income Tax and Capital Gains Tax liabilities arising.
		14.4 Inheritance Tax and life assurance.
		14.5 Comparing similar types of products.
		14.6 Identifying and matching suitable product solutions to needs.
14.7 Combinations of products.		
14.8 Current and future affordability.		
14.9 Relevant regulatory requirements, including scope for commission and/or fees.		