Chartered Insurance Institute

R06 — FINANCIAL PLANNING PRACTICE

CASE STUDIES – APRIL 2025

Case Study 1

Robin and Kerry, both aged 62, are married with two adult children. Robin and Kerry are in good health and are planning to retire next year. Their children are both planning to get married in the next few months. Robin and Kerry work full-time and would like to retire next year as they wish to travel and spend time on voluntary charity projects overseas.

Robin is an engineer and earns £70,000 per annum (gross). Robin is a member of his employer's death-in-service scheme which will pay out three times his basic salary on death whilst in service. Robin 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 £300,000 and is invested in a range of UK and global equity funds.

Kerry is a consultant and earns £50,000 per annum (gross). Kerry is a member of her employer's death-in-service scheme which will pay out four times her basic salary on death whilst in service. She is a member of her employer's defined benefit pension scheme which has a normal retirement age of 65. This pension is forecast to pay an income of £25,000 per annum (gross) from age 65 which increases each year in line with the Consumer Prices Index. There is no current option for Kerry to draw early benefits from this scheme unless she suffers serious ill health before age 65. This scheme will pay a spouse's pension of 50% to Robin in the event of Kerry's death in retirement.

Robin and Kerry hold stocks and shares ISAs which are invested in a range of high-risk emerging market equity funds and individual UK equities. Robin and Kerry are concerned that these investments may no longer be suitable for them and have asked for advice.

Robin and Kerry are keen to gift funds to their children to assist them with their wedding costs. They would like to do this as tax-efficiently as possible. Robin is due to receive a cash inheritance from his late mother of approximately £60,000 within the next six months.

Robin and Kerry have always been adventurous investors but are aware that their upcoming retirement plans may require an adjustment to a more balanced approach. They are interested in environmental, social, and governance (ESG) investing and have a particular interest in the environmental aspects of ESG investment. Robin and Kerry have no mortgage or other liabilities.

Robin and Kerry have the following assets:

Assets	Ownership	Value (£)
Family home	Joint	800,000
Current account	Joint	40,000
Deposit account – Instant access	Joint	50,000
Stocks and shares ISAs – emerging market equity funds	Robin	230,000
Stocks and shares ISAs – UK equities (small cap stocks)	Kerry	260,000

Robin and Kerry's financial aims are to:

- ensure they have sufficient funds to enable them to retire next year;
- adjust their investment portfolio to ensure it meets their needs in retirement;
- consider how best to manage the inheritance from Robin's late mother.

Case Study 2

Samir and Lydia, both aged 44, are married with three children between the ages of 7 and 13. The family are all in good health.

Samir is about to be made redundant from his job as a computer software developer and will receive a redundancy payment of £30,000 at the end of April. His current salary is £65,000 per annum (gross). His membership of his employer's death-in-service scheme will finish at the end of the month. Samir is a member of his employer's qualifying workplace pension scheme, and he has been contributing 8% of his gross salary to the scheme. This was matched by his employer. Samir's pension plan has a current value of £140,000 and is invested in a range of managed equity funds. Samir is currently looking for another job but expects he may be out of work for the rest of the year as he works in a specialist field.

Lydia is employed as a contracts manager and earns a salary of £45,000 per annum (gross). Lydia is a member of her employer's qualifying workplace pension scheme, and she contributes 5% of her gross salary to the scheme. Her employer contributes 3% of her gross salary to the scheme. Lydia's pension plan is invested in a global managed fund and has a current value of £95,000. Lydia's employer does not offer any other benefits.

Samir and Lydia have a repayment mortgage of £120,000 on their home on a standard variable rate with no early repayment charges. They are considering the possibility of using some or all of Samir's redundancy payment to reduce the outstanding balance. Their mortgage is fully covered by a decreasing term assurance policy which is set up on a joint-life first-death basis.

Samir and Lydia have both cash ISAs and stocks and shares ISAs which they fund each year, depending on affordability.

Samir and Lydia are medium to high-risk investors and have confirmed that they have no interest in environmental, social, and governance (ESG) investing.

Samir and Lydia each have an individual income protection insurance policy as well as individual family income benefit policies which run until their youngest child reaches age 18. They are considering cancelling all of these policies due to affordability issues following Samir's redundancy.

Samir and Lydia have the following assets:

Assets	**Ownership**	**Value (£)**
Family home	Joint	300,000
Current account	Joint	5,000
Deposit account – Instant access	Joint	70,000
Cash ISA – Instant access	Samir	30,000
Cash ISA – Instant access	Lydia	30,000
Stocks and shares ISA – Global Multi-Asset fund	Samir	75,000
Stocks and shares ISA – UK FTSE-250 Tracker fund	Lydia	90,000

Their financial aims are to:

- assess the merits of using the redundancy payment to reduce their mortgage balance;
- ensure that their financial protection arrangements meet their needs;
- improve the tax efficiency of their arrangements following Samir’s redundancy.

Useful tips as you prepare for the R06 exam

1. **Schedule sufficient revision time** to use your notes and learning and support materials to refresh your learning and consider how what you have learned applies to the case studies.

2. **Familiarise** yourself with the format and the navigation options navigation of an onscreen written exam:

    Familiarisation Test

    Although the familiarisation test is modelled on AF1, the example is relevant for every candidate preparing to sit on-screen written exams by remote invigilation. Whilst there might be slight differences in layout, it will make you familiar with navigation and use of the platform.

    Familiarisation Test

    If you will be taking your exam by remote invigilation you will also have access to a familiarisation test, allowing you to explore the invigilation platform and process (which is different to MCQ exams such as units R01-5). We strongly recommend that you schedule and take a familiarisation test before the day of your exam. You will be given the option to take a familiarisation test when you receive your exam login details in an email a week before your exam.

    Taking the familiarisation test will introduce you to the check-in process including a system check, a photo ID check, a room scan, taking a user photo, entering your login details and answering test questions. It can also indicate current system issues with your equipment with time to resolve these before your exam.

   The *Assessment Information - Before the exam* area of the CII website has further practical information and support.

3. **Prepare exam technique** using the support of the Exam Guides on the R06 unit page https://shop.ciigroup.org/financial-planning-practice-r06--r06.html which include examiner guidance and time-saving tips such as abbreviations.