Chartered Insurance Institute

R06

Diploma in Regulated Financial Planning

Unit 6 – Financial planning practice

June 2026 Exam Guide

SPECIAL NOTICES

Candidates entered for the October 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

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 on ***online.exams@cii.co.uk*** to discuss your needs.

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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.

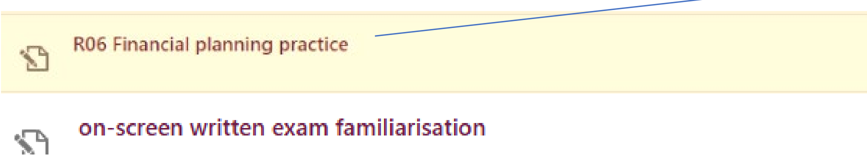
Please note, that while there might be slight differences in layout, it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only.

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 <u>are not</u> 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

Candidate performance was good across most areas of the paper. It was pleasing to note that many candidates were able to perform well in the more technically challenging areas of the paper. This demonstrated a good level of preparation and research based on the pre-released Case Studies. Candidates who had prepared well in advance of the examination were able to achieve good marks and had no difficulties with the paper.

Case Study 1

1 (a) Candidates were asked to state the additional information that a financial adviser would require in order to advise Daniel and Abby on whether they can afford for Daniel to retire at age 65. Most candidates performed well here although many candidates failed to consider the care costs for Abby's mother which were identified in the Case Study.

1 (b) This question required candidates to identify the reasons why Abby may be considered to be a vulnerable client. Performance was generally very good, and it is pleasing to see candidates demonstrating their understanding of vulnerability.

1 (c) This question asked candidates to explain to Abby why she may be eligible for Carer's Allowance and the benefits it might provide. Most candidates performed very well here and had carried out detailed research in advance of the examination.

1 (d) Candidates were asked to outline the key reasons why Abby might wish to delay purchasing a lifetime annuity for the next few years. Mixed performance here with a number of candidates unable to explain the more technical issues that would arise, should Abby purchase an annuity at the current time.

1 (e) Candidates were asked to recommend and justify a suitable protection policy that Daniel and Abby should consider setting up to provide sufficient funds to enable their children to meet any future Inheritance Tax liability. Very good performance overall here with the majority of candidates able to provide a suitable recommendation to meet this need.

1 (f) This question asked candidates to recommend and justify a range of actions that would enable Daniel and Abby to improve the tax efficiency of their current financial arrangements in advance of Daniel's retirement. Overall performance here was good, and it was pleasing to note that the majority of candidates were able to identify accurate tax rates to identify the improvements that would be achieved by their recommended actions.

1 (g) This question asked candidates to identify the benefits for Daniel of investing in gold-based investment funds. Very good performance from the majority of candidates. Daniel's interest in commodities was identified in the Case Study, and candidates had clearly researched this option in detail.

Case Study 2

2 (a) Candidates were asked to identify the key personal and financial information that Alan and Nadira would need to consider when determining an appropriate amount of cover to meet their protection needs. Most candidates performed well here and gave comprehensive answers.

2 (b) This question required candidates to explain to Alan and Nadira the reasons why they might consider replacing their existing level term assurance policy with a more suitable policy to protect their mortgage. Overall performance here was excellent.

2 (c) This question asked candidates to recommend and justify to Alan and Nadira why making further pension contributions to their workplace pension plans might be more beneficial in the longer-term than investing further monies into their existing ISA plans. Some mixed performance here as a number of candidates provided limited answers and ignored the tax benefits of pensions in respect of tax relief and the potential impact on any High-income Child Benefit charge.

2 (d) Candidates were asked to explain to Alan why it is important for him to maintain an up-to-date nomination on his workplace pension plan. Performance in this question was below expectations as only a limited number of candidates recognised the restrictions that would apply to pension death benefits in the event of no nominations being in place.

2 (e) This question asked candidates to describe to Alan and Nadira how they could identify suitable funds to meet their views on ethical investments when setting up any new investment portfolio. Performance was generally good here with the majority of candidates able to provide detailed answers.

2 (f) This question required candidates to explain to Alan and Nadira the key issues that they should consider when reviewing the suitability of the investments held in their pensions and ISAs. Performance was mixed here as a number of candidates gave generic answers which did not relate specifically to the existing investments.

2 (g) This was a standard review question which asked candidates to identify eight key issues that a financial adviser should discuss with Alan and Nadira at their 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.*

Daniel and Abby are both aged 62 and are married. They have three children, all of whom are married and they have five grandchildren. All of the family are in good health. Daniel would like to retire at age 65.

Daniel is employed as a management consultant and earns £90,000 gross per annum. Abby retired two years ago to look after her mother who is in poor health and requires both care and financial support from Abby. Abby has no earned income and receives no State Benefits.

Daniel is a member of his employer's workplace pension scheme and contributes 6% of his gross salary to the scheme. His employer also contributes 6% of his gross salary to the scheme. Daniel's pension fund has a current value of £420,000 and is invested in a range of global equity tracker funds. Daniel 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. The pension fund and death-in-service have up-to-date nominations in favour of Abby.

Abby was a member of her employer's workplace pension scheme, and this has a current value of £152,000, invested in a UK cautious managed fund. Abby is considering the merits of using this pension plan to purchase a lifetime annuity. The pension fund has an up-to-date nomination in favour of Daniel.

Daniel and Abby have a repayment mortgage with an outstanding balance of £20,000 on their home which is currently valued at £550,000. The remaining mortgage term is two years and is covered by a joint-life first-death level term assurance policy for a sum assured of £300,000. They have no other financial protection policies in place.

Daniel and Abby have no interest in Environmental, Social and Governance (ESG) investments. They consider themselves to be moderate to high-risk investors although neither of them has undertaken any form of evaluation to assess this.

Neither Abby nor Daniel have used their ISA allowances for the current tax year. Daniel holds a range of unit trusts which he purchased many years ago. Daniel would like to invest in commodity funds or alternative investments as he believes this will improve his portfolio. He has asked for advice on this.

Daniel and Abby have set up mirror Wills which leave all assets to the survivor on first death and then split equally between their children on second death. They are aware that they have a potential Inheritance Tax liability on second death and would like to help their children to plan for this without disposing of any of their current assets.

Daniel and Abby have the following assets:

Assets	Ownership	Value (£)
House	Joint	550,000
Current Account	Joint	18,000
Deposit Account – Instant access	Joint	80,000
Stocks & shares ISA – UK Managed funds	Abby	170,000
Stocks & shares ISA – Global Equity funds	Daniel	210,000
Unit Trusts – Global & Emerging Markets Equity funds	Daniel	160,000

Daniel and Abby's financial aims are to:

- ensure that they will have sufficient income to meet their retirement needs;
- improve the tax efficiency of their financial arrangements;
- assist their children in meeting any future Inheritance Tax liability on second death.

Questions

(a) State the additional information that a financial adviser would require in order to advise Daniel and Abby on whether they can afford for Daniel to retire at age 65. **(15)**

(b) Identify the reasons why Abby may be considered to be a vulnerable client. **(6)**

(c) Explain to Abby why she may be eligible for Carer's Allowance and the benefits it might provide. **(10)**

(d) Outline the key reasons why Abby might wish to delay purchasing a lifetime annuity for the next few years. **(12)**

(e) Recommend and justify a suitable protection policy that Daniel and Abby should consider setting up to provide sufficient funds to enable their children to meet any future Inheritance Tax liability. **(14)**

(f) Recommend and justify a range of actions that would enable Daniel and Abby to improve the tax efficiency of their current financial arrangements in advance of Daniel's retirement. **(14)**

(g) Identify the benefits for Daniel of investing in gold-based investment funds. **(7)**

Total marks available for this question: 78

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.*

Alan and Nadira are both aged 35 and are married. They have two children, aged 10 and 7. Alan and Nadira are both in good health.

Alan is employed as a training consultant and earns a salary of £67,000 gross per annum. He is a member of his employer's workplace pension scheme and contributes 5% of his gross salary to the scheme. His employer also contributes 5% of his gross salary to the scheme. Alan's pension fund has a current value of £70,000 and is invested in a low-cost UK Equity Tracker fund. The pension fund does not have an up-to-date nomination in place. Alan 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.

Nadira is employed part-time as a product developer and earns a salary of £45,000 gross per annum. She is a member of her employer's workplace pension scheme and contributes 5% of her gross salary to the scheme. Her employer contributes 4% of her gross salary to the scheme. Nadira's pension fund has a current value of £47,000 and is invested in the UK Deposit fund. The pension fund has an up-to-date nomination in favour of Alan. Nadira's employer does not offer any further benefits.

Alan and Nadira have a repayment mortgage with an outstanding balance of £170,000 on their home which is currently valued at £210,000. They have a joint life level term assurance policy with a sum assured of £200,000 which they took out to cover the mortgage. They have no other protection policies in place.

Alan and Nadira are concerned that they do not have sufficient financial protection. As they have limited family support, they are keen to ensure that sufficient financial protection is in place.

Alan and Nadira have a limited range of assets at present 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.

Alan and Nadira have an interest in Environmental, Social and Governance (ESG) investment and wish to explore this option for any future investment strategy. They both have a moderate attitude to risk.

Alan and Nadira have recently drawn up their Wills and Lasting Powers of Attorney and have confirmed with their solicitor that these are appropriate and suitable.

Alan and Nadira have the following assets:

Assets	Ownership	Value (£)
House	Joint	210,000
Current Account	Joint	7,000
Deposit Account – Instant access	Joint	30,000
Stocks & shares ISA – UK Equity fund	Alan	45,000
Stocks & shares ISA – Global Managed fund	Nadira	26,000

Their financial aims are to:

- ensure that sufficient financial protection is in place;
- ensure their investments meet their ethical criteria;
- set up an appropriate investment strategy to build up their savings for the future.

Questions

(a) Identify the key personal and financial information that Alan and Nadira would need to consider when determining an appropriate amount of cover to meet their protection needs. **(15)**

(b) Explain to Alan and Nadira the reasons why they might consider replacing their existing level term assurance policy with a more suitable policy to protect their mortgage. **(7)**

(c) Recommend and justify to Alan and Nadira why making further pension contributions to their workplace pension plans might be more beneficial in the longer-term than investing further monies into their existing ISA plans. **(14)**

(d) Explain to Alan why it is important for him to maintain an up-to-date nomination on his workplace pension plan. **(8)**

(e) Describe to Alan and Nadira how they could identify suitable funds to meet their views on ethical investments when setting up any new investment portfolio. **(10)**

(f) Explain to Alan and Nadira the key issues that they should consider when reviewing the suitability of the investments held in their pensions and ISAs. **(10)**

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

Total marks available for this question: 72

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)

- Current expenditure/current capital needs/affordability/budget/any debts/early repayment charges on mortgage/interest rate on mortgage.
- Long term retirement income/retirement capital needs.
- Costs for caring for Abby's mother/future care costs/Does Abby's mother receive Attendance Allowance?
- Longevity/family health?
- Interest Rate on cash/income yield on investment funds.
- Pension contribution history/carry forward.
- Salary sacrifice/employer matching.
- BR19/State Pension forecast/any gaps in National Insurance (NI) record for Abby?
- Use of CGT exemption/CGT losses registered/base costs of all Unit Trusts.
- Inheritances expected/downsizing.
- Asset allocation/fund choices available.
- Charges/costs.
- Do they want guaranteed or flexible income/income options on existing pensions.
- Priority of objectives.
- Capacity for Loss (CFL).

(b)

- No earned income/reduced affordability/dependant on Daniel.
- Reduced Capacity for Loss (CFL)/may need to erode savings.
- Caring for elderly mother/stressful.
- Costs of providing care.
- Receiving no State Benefits/limited benefits available.
- Limited pension funds (£152k)/gaps in State Pension.

(c)

- No income/under earnings threshold (£196/£204 per week.)
- £83.30 per week/£86.45 per week.
- Taxable benefit (paid gross).
- She has Personal Allowance available (£12,570).
- Not means tested.
- She is below State Pension age.
- She is UK resident/lived in UK for 2 out of last 3 years/she is not in education.
- Must provide care for more than 35 hours per week.
- Mother must be receiving Attendance Allowance (or other eligible benefit).
- Automatic National Insurance credits for Carer's Allowance.

(d)

- Income not required/Daniel still earning.
- She is young/in good health.
- Annuity rates lower due to her age/better rates available later.
- Enhanced annuity may be available at later date.
- Could affect eligibility for Carer's Allowance/tax-efficiency for State Benefits.
- Reduced options for improving tax-efficiency/she could take tax-efficient lump sums from pension.
- Could transfer assets from Daniel to Abby to use her allowances.
- They have other assets available to use for income (ISA/Unit Trusts).
- Loss of potential growth.
- No fund to pass to children/better death benefits on pension.
- Irrevocable decision/Loss of flexibility.
- Annuity does not match Attitude to Risk.

(e)

- Joint Life second death Whole of Life (WOL).
- Sum assured to match predicted IHT liability.
- Tax-free lump sum.
- In Trust.
- No need for Probate/outside estate/does not add to IHT bill.
- Executors use proceeds to meet IHT liability/preserves estate intact for beneficiaries.
- Indexation.
- To keep pace with inflation.
- Guaranteed premiums/reviewable premiums/maximum cover basis.
- Known cost/affordability.
- Children can pay premiums (if lack of affordability).
- Simple underwriting/both in good health.
- Waiver of Premium (WOP).
- Pays premium in event of sickness.

Candidates would have achieved full marks for any fourteen of the following:

(f)
- Increase pension contributions/use carry forward.
- 40% tax relief for Daniel/20% for Abby/Abby can contribute £3,600/£2,880.
- Salary sacrifice.
- Reduces National Insurance (NI)/Employer may share NI savings on salary sacrifice.
- Maximise ISA allowance/Bed & ISA Unit Trusts
- Tax-free income and growth (Pension & ISA).
- Register any Capital losses (on unit trusts).
- Transfer Unit Trusts to joint names/to Abby
- Use both CGT exemptions of £3K.
- CGT of 18%/24%.
- Dividend Allowance of £500.
- She pays 8.75%/10.75% /he pays 33.75%/35.75%.
- Transfer some of deposit account to Abby.
- She has £5K Starting Rate Band/he has £500 Personal Savings Allowance (PSA)/she has £1K PSA.
- He pays 40% tax on excess interest over PSA/0% for Abby.

(g)
- Diversification/no current exposure to commodities.
- Safe haven asset/defensive asset.
- Negative/non-correlation with equities/other assets.
- Potential for long-term growth.
- Inflation hedge.
- Liquid investment/Collective/Exchange Traded Funds/shares are liquid.
- Matches ATR/meets objectives.

Model answers for Question 2

(a)

- Affordability/planned capital expenditure/monthly expenditure/surplus income.
- Emergency fund requirements.
- Essential/Discretionary expenditure/can they cut costs.
- Mortgage/liabilities/debts/credit cards/student loans.
- Mortgage Payment holidays permitted?/Mortgage term.
- Employer sick pay?/Other employer benefits?
- No personal protection in place (Private Medical Insurance/Critical Illness Cover/Income Protection Insurance/Accident Sickness Unemployment)/Alan has Death in Service/excess cover under Level Term Assurance.
- More children planned?
- Job security/Does Nadira plan to return to full-time work?
- Cost of childcare/no cover in place for childcare.
- State Benefits available/Child Benefit/Statutory Sick Pay (SSP).
- Inheritances/windfalls expected.
- Willing to use current assets/savings/investments.
- Family health history /health/hazardous pursuits/smokers?
- Capacity for Loss.

(b)

- Cheaper premiums may be available.
- Greater affordability for other objectives.
- They need decreasing term (mortgage protection) due to repayment mortgage.
- They are over insured on mortgage (£30k excess).
- Simple underwriting/both in good health.
- Does plan have Critical Illness Cover (CIC)?/currently do not have CIC/can add at lower cost than standalone policy/does existing plan have Waiver of Premium (WOP).
- Term of policy may not match mortgage term.

(c)

- 40% tax relief for Alan/20% for Nadira.
- No tax relief on ISA contributions.
- Higher contributions allowed/up to Annual Allowance/100% salary/ISA limited to £20K p.a.
- Alan can use carry forward /ISA allowance cannot be carried forward.
- Pension contributions extend Basic Rate band/Alan no longer Highter Rate Taxpayer.
- Alan could regain full Child Benefit/reduce High Income Child Benefit Charge (HICBC).
- Pension is IHT free (until 2027)/ISA forms part of estate.
- Can nominate anyone (rather than each other)/children.
- ISA can only be inherited tax-free by spouse/Additional Permitted Subscription (APS).
- Pension fund can remain Income tax-free down to the next generation (on death before 75).
- Employer may match higher contributions/salary sacrifice.
- Ease of administration/deducted from salary.
- Savings discipline/cannot access pension for 20+ years/ISA is immediately accessible.
- Pension protected from creditors/ISA is not protected.

(d)

- Informs Trustees of wishes/Trustees decide/Trustees usually follow wishes/avoids disputes/ confusion.
- Avoids delays in payment to beneficiaries/no need for Probate/quicker payout.
- Allows full range of options for beneficiaries (FAD/annuity etc).
- Improved tax-efficiency for survivor/beneficiary/poor tax-efficiency if no nomination.
- May be paid out as a lump sum (If no nomination).
- Pension remains outside estate (until 2027).
- Can nominate children/protects children in event of both deaths/wishes/personal circumstances may change.
- Keep up to date in case of loss of capacity.

(e)

- Identify their interests/what do they want to avoid/invest in?/How strong are their views?
- Consider ATR/CFL.
- Check fund sustainability ratings (from independent Ratings Agencies).
- Positive screening/negative screening?/positive impact investing?
- Check for greenwashing.
- Fund manager expertise/Managed funds/Discretionary Fund Manager/FTSE 4 Good.
- Large companies may have opaque structure.
- Charges.
- Lack of diversification in the market/smaller fund universe/what funds are available via employer schemes?
- Performance/benchmarking.

(f)

- Do they match ATR?
- Funds do not match ESG interests.
- Diversification.
- Over-exposure to UK equities (for Alan).
- Performance/benchmarking/Alpha.
- UK equity tracker cannot outperform market.
- Charges/are cheaper funds available?
- Inflation risk on Deposit fund/interest rate risk/currency risk on Global Managed ISA.
- Limited growth/low returns on Deposit fund.
- Long timeframe for investment in pensions/is access required to ISA funds/liquidity/market conditions.

(g)

- Change in personal circumstances/health/any more children/objectives.
- Change in income/expenditure/tax status/salary increases for either/job security.
- Attitude to Risk/Capacity for Loss.
- Rebalance/asset allocation/performance/ESG interests.
- Any new protection policies in place?/Protection needs?
- Use of allowances/Lifetime ISA/ISA/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

June 2026 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.
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All questions in the October 2026 paper will be based on English law and practice applicable in the tax year 2026/2027, 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.*

	2024/2025	2025/2026
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.

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

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 30/10/2024	Post 30/10/2024	2025/2026
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%

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 £ (per week)	2025/2026 £ (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 Age 16 - 24	Up to 71.70	Up to 72.90
	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 minimumguarantee - 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 mainresidence. 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. Therates 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%