

Chartered
Insurance
Institute

AF5

Advanced Diploma in Financial Planning

Unit AF5 – Financial planning process

September 2025 Exam Guide

SPECIAL NOTICES

Candidates entered for the February 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.

AF5 – Financial planning process

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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. 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 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.*

Note the assumed knowledge

For this Advanced Diploma in Financial Planning, candidates are assumed to have already the knowledge gained from studying the relevant units of the Advanced Diploma, Diploma and Certificate in Financial Planning or the equivalent.

Understand the nature of assessment

Assessment is by means of a three-hour paper.

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.

Familiarise yourself with the fact-find

The exam has been specially written by practitioners with relevant technical knowledge and experience. It is then put through a rigorous editing procedure by a panel of active practitioners to ensure that the fact-find is both technically and structurally correct. At least one qualified practitioner then acts as a scrutineer by sitting the paper in advance and writing a report on it. The scrutineer's comments are taken into account in producing the final exam paper.

Appreciate the standard of the exam

Candidates must demonstrate that they are capable of advising clients *whose overall levels of income and capital require a sophisticated scheme of investment*. These clients require a critical appraisal of the various financial planning options available to them.

Test yourself under timed conditions

You should test your report writing skills under timed conditions. A good way to do this and to assess your technical knowledge at the same time is to set yourself a mock exam using the Exam Guide. To gain the most benefit from this exercise you should:

- Study the fact-find detail 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 answer once the three hours are up. The model answer will not give every acceptable answer, but it will give you a clear indication of whether your responses were sufficiently holistic and if your 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 fact-find details arrive 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.

Understand the skills the exam seeks to test

The exam is based on a fact-find for imaginary clients whose details you will have received two weeks prior to the exam date. The fact-find will contain all the client details available. The actual financial objectives of the client will be supplied in the actual exam.

Tasks in the exam will not require candidates to produce a full financial plan. They will instead be focussed on the various elements in the syllabus which are based on the following steps in the financial planning process:

- The relationship between adviser and client.
- Evaluation of the client's objectives.
- Understanding the client's financial status.
- Putting forward appropriate recommendations.
- Reviewing the financial plan.

They may also be focused on other aspects of the syllabus which we believe are key to the customer receiving an effective financial planning service. These include an explanation of technical terms, selection of appropriate remuneration terms etc.

In this way, we are able to test key aspects of the financial planning process. If all aspects of the process are carried out thoroughly, an effective financial plan will be produced.

It is anticipated that at each exam session, a significant proportion of the total marks will be allocated to putting forward recommendations supported by relevant evidence. In this exercise, candidates will always be rewarded for thinking logically about the various objectives and potential solutions to the client.

Two weeks before the exam

What will I receive?

A fact-find will be available to candidates two weeks before the exam and it can be found [here](#).

It will contain client information which will form the basis of the report you will be required to prepare in the exam.

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 fact-find. Treat the fact-find as though it belongs to a real client whom you will be meeting shortly for the first time.

How should I use the fact-find to help me prepare?

- Study the client details to find areas of need identified by the clients and look for other potential areas of need.
- Look for technical areas you may wish to revise, e.g. trusts, partnerships.
- Practise some key calculations, e.g. Income Tax and Inheritance Tax liabilities, which might inform the client's final financial plan.
- Do not attempt to 'learn' the answers to such calculations but make sure you are confident with the method and know what to include in your workings. You should be able to see from the fact-find whether the clients are higher-rate taxpayers or close to the threshold. You will be able to ascertain the financial position on death and whether there is likely to be an income shortfall which needs addressing.
- If the client has an investment portfolio, ensure that you are familiar with all the investments held within the portfolio. For example, you should understand the risk profile, tax treatment, accessibility and yield of each investment.

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 etc.

On-screen written exam familiarisation

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

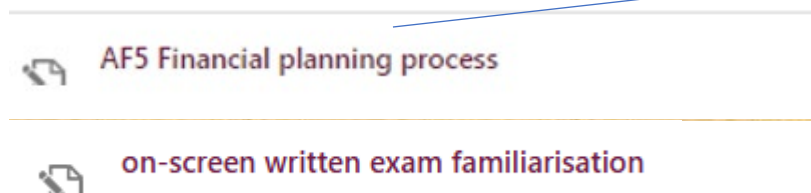
Please note, that while there might be slight differences in layout, it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only.

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 AF5 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: **AF5 Financial planning process**.

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.

In the exam

What will I receive?

The fact-find

You will not be able to take your pre-released copy of the fact-find into the exam with you. An identical copy will be available on the online system. There will not be any new or different information contained within the fact-find.

Supplementary information

A summary of the client's key financial objectives will be supplied as part of the exam. You should spend some time studying this information before you commence your financial plan.

The tasks

The instructions are focused on the main steps required to write a financial plan. Mark allocations will be shown, and you should use these to guide you on how long to spend on each section of your report. The task that gains most marks is invariably that requesting candidates to outline their key recommendations, supported by relevant evidence.

Answer format

You should provide sufficient technical details to enable you, in the role of financial adviser, to analyse your clients' needs and to demonstrate that the recommendations you make are appropriate and holistic. Merely reproducing quantities of technical detail which is not directly relevant or would be provided through stock paragraphs or appendices in a finished report will not achieve high marks.

Marks will be awarded for demonstrating the holistic consequences of your analysis and recommendations, i.e. how one part of the financial planning process affects all the other parts: how they all interrelate and interact.

Where you are asked to perform a calculation, it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Marks are not lost due to poor spelling or grammar.

You are able to flag questions and then go back to them.

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 calculator.

EXAMINERS' COMMENTS

Candidates' overall performance:

Overall candidate performance was generally good for this exam. Most candidates had prepared well and carried out a detailed review of the information provided in the Fact Find.

Some candidates did not achieve high marks in certain questions which required careful application to the information set out in the Fact Find. Despite this, many candidates were able to achieve high marks across the paper.

Question 1 (a)

This was a standard Fact-Finding question. Good performance from the majority of candidates although it was noted that very few candidates recognised that information was needed in respect of the company expansion plans. As their company provides the main source of income for Dean and Chloe, this was a key piece of additional information that was required.

Question 1 (b)

This question required candidates to identify the actions that would be taken before providing any recommendations to Dean and Chloe to ensure compliance with Consumer Duty rules. General performance by candidates was good with most identifying the majority of the appropriate and required actions.

Question 2 (a)

This question required candidates to recommend and justify to Dean how he could use his pension fund to purchase the commercial property and the benefits of this course of action. The majority of candidates performed well, although some candidates did not focus on the question asked and recommended that Chloe's pension also be used in this manner.

Question 2 (b)

Candidates were asked to identify the reasons why it may not be suitable for Dean to purchase a commercial property with his pension fund. Most candidates performed well and understood the reasons why this may not be suitable for Dean.

Question 3 (a)

Candidates were asked to recommend and justify why Dean and Chloe should use a combination of salary and dividends for their income from the company. Very good performance was in evidence from the majority of candidates.

Question 3 (b)

Candidates were asked to explain in detail to Dean and Chloe the benefits for the company of making additional employer pension contributions. Good performance from candidates with most recognising the benefits for both Corporation Tax and employer National Insurance from this course of action.

Question 4 (a)

This question asked candidates to explain to Dean and Chloe the benefits of setting up protection policies via their company instead of on a personal basis. Overall performance was good, although it was disappointing to note that only a limited number of candidates recognised that higher cover levels might be available via company policies.

Question 4 (b)

This question required candidates to identify the reasons why Dean and Chloe should set up additional life cover policies as soon as possible. Very good performance from most candidates.

Question 5 (a)

This question asked candidates to outline the financial issues that you could discuss with Dean and Chloe during periods of high stock market volatility. Mixed performance was seen as some candidates were able to provide detailed answers, but a number of candidates gave very brief answers that focused purely on just one or two issues such as diversification, rather than outlining a broader range of issues that should be discussed with Dean and Chloe.

Question 5 (b)

This question required candidates to explain to Chloe why she may wish to consider the use of a cautious 'smoothed' investment fund within her pension plan. Chloe's concerns with volatility were highlighted in the Fact Find. It was disappointing to note that a number of candidates did not appear to understand smoothed investment funds and gave answers which related to entirely different types of funds which would not provide a more suitable investment option for Chloe.

Question 6 (a)

Candidates were asked to state six benefits and six drawbacks for Dean if he retains the Investment Trust holding. Most candidates performed well and were able to identify a range of benefits and drawbacks.

Question 6 (b)

Candidates were asked to explain to Dean how he and Chloe could draw a tax-efficient lump sum of £40,000 from his Investment Trust to fund the house renovation. Some very good performance with most candidates achieving high marks.

Question 7 (a)

This question asked candidates to explain to Dean and Chloe the importance of holding an adequate emergency fund and how they could identify a suitable amount to meet their needs. Some good performance from candidates with a number recognising that Dean and Chloe rely on the same income source which is not guaranteed and could be at risk due to the business expansion. Unfortunately, some candidates did not provide sufficient detail in their answers to gain high marks.

Question 7 (b)

This question asked candidates to explain briefly to Dean and Chloe the financial factors that they should take into consideration when identifying the current affordability and suitability of making regular savings for Milly and Eli. General performance from candidates was very good although it was disappointing to note that a number of candidates did not consider the target amount of savings which would enable them to identify the affordability of any savings for the children.

Question 8 (a)

This question asked candidates to explain to Dean and Chloe the importance of rebalancing their pensions, savings and investment portfolios on a regular basis. Mixed performance from candidates as some candidates provided very brief answers and did not provide sufficient explanations of why this was important for Dean and Chloe.

Question 8 (b)

This question required candidates to state the issues that you would discuss with Dean and Chloe at your next review meeting in respect of their pension arrangements. Overall performance from candidates was good and most candidates were able to achieve high marks.

FACT-FIND

You are a financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA). You completed the following fact-find when you met Mr and Mrs Mason.

PART 1: BASIC DETAILS		
	Client 1	Client 2
Surname	Mason	Mason
First name(s)	Dean	Chloe
Address	Nottingham	Nottingham
Date of birth	01.10.1981	10.12.1981
Domicile	UK	UK
Residence	UK	UK
Place of birth	Bradford	Cardiff
Marital status	Married	Married
State of health	Good	Good
Family health	Good	Good
Smoker	No	No
Hobbies/Interests	Sport, travel	Sport, travel
Notes:		
Dean and Chloe run their own engineering company. They have recently taken on new contracts which will require an expansion of the business. They have appointed you to advise them on how best to use their existing assets to support the business expansion and protect their financial assets for the future.		

PART 2: FAMILY DETAILS					
Children and other dependants					
Name	Relationship	Age	Health	Occupation	Financially dependent?
Milly	Daughter	10	Good	N/A	Yes
Eli	Son	8	Good	N/A	Yes
Notes:					
They have two children who are both in good health and go to State schools.					

PART 3: EMPLOYMENT DETAILS		
Employment	Client 1	Client 2
Occupation		
Job title	Managing Director	Director
Business name	Evan Mason Engineering Ltd	Evan Mason Engineering Ltd
Business address	Nottingham	Nottingham
Year business started	2005	2005
Salary (gross per annum)	£20,000	£20,000
State Pensions		
Overtime (gross per annum)		
Benefits-in-kind		
Pension Scheme		
Life cover		
Private Medical Insurance		
Income Protection Insurance		
Self-Employment		
Net relevant earnings		
Accounting date		
Partnership/Sole trader		
Other Earned Income		
Notes:		
Dean set up the company with his father 20 years ago. The shares in the business are now held 50:50 between Dean and Chloe. The company needs to expand to meet the requirements of their new contracts. They have identified a suitable commercial property unit with a value of £180,000 (including VAT) to enable this expansion.		
Previous Employment	Client 1	Client 2
Previous employer		
Job title		
Length of service		
Pension benefits		
Notes:		
Neither Dean nor Chloe has any benefits from previous employment.		

PART 4: OTHER PROFESSIONAL ADVISERS

	Client 1	Client 2
Accountant		
Bank	Astira Bank	Astira Bank
Doctor		
Financial Adviser		
Solicitor	Henson Phipps LLP	Henson Phipps LLP
Stockbroker		
Other		
Notes:		

PART 5: INCOME AND EXPENDITURE**Income**

	Client 1		Client 2		Joint	
	Monthly £	Annually £	Monthly £	Annually £	Monthly £	Annually £
State Pensions						
Salary (gross)		20,000		20,000		
Overtime (gross)						
Benefits-in-kind						
Savings income (interest)						2,400
Dividends		30,000		24,000		

Notes:

Dean and Chloe pay themselves an annual dividend from the company of £24,000 each. Dean also receives dividend income from his Investment Trust. The interest on Chloe's Cash ISA rolls up to maturity.

	Client 1	Client 2
Income Tax	£	£
Personal allowances		
Taxable income		
Tax		
National Insurance		
Net Income		

Notes:

Expenditure						
	Monthly £			Annually £		
Household Expenditure	Client 1	Client 2	Joint	Client 1	Client 2	Joint
Mortgage/Rent			1,265			
Council tax			263			
Buildings and contents insurance						280
Gas, water and electricity			315			
Telephone/Mobile	50	50				
TV licence and satellite			90			
Property maintenance						1,500
Regular Outgoings						
Life assurance (see Part 8)			28			
Savings Plans						
Car tax, insurance and maintenance				1,655	1,435	
Petrol and fares	180	160				
Loans						
School fees						
Childcare/School Clubs						3,000
Further education						
Subscriptions						
Food, drink, general housekeeping			720			
Pension contributions (see Part 11)						
Other Expenditure						
Magazines and newspapers						
Entertainment			100			
Clubs and sport		50		2,000		
Spending money	400	400				
Clothes						2,000
Other (Holidays)						8,000
Total Monthly Expenditure	630	660	2,781			
Total Annual Expenditure	7,560	7,920	33,372	3,655	1,435	14,780
Total Outgoings						68,722

Do you foresee any major/lump sum expenditure in the next two years?

Notes:

Dean and Chloe are planning a home renovation project next year. This will cost approximately £40,000.

PART 6: ASSETS

	Assets	Client 1 £	Client 2 £	Joint £	Income (Gross) £
1.	Main residence			400,000	
2.	Contents/cars			70,000	
3.	Current account			15,000	
4.	Deposit Account – Fixed-Rate to 2026			60,000	2,400
5.	NS&I Premium Bonds	10,000			
5	Cash ISA – Fixed Rate – 2-Year term to 2027		40,000		1,800
6	Stocks and shares ISAs – UK Equity Growth fund (accumulation units)	60,000			
7	Stocks and shares ISAs – UK Corporate Bond fund (accumulation units)		55,000		
8	Investment Trust – Global Equity	200,000			6,000

Notes:

Dean inherited the Investment Trust from his father in 2015. This had a value of £150,000 on the date of his father's death. Dean receives regular dividends from the Trust. The Trust is currently trading at a significant discount to the Net Asset Value.

Dean and Chloe make ad hoc payments to their ISA holdings when affordable. They have used their ISA allowances in full for the current tax year.

PART 7: LIABILITIES

Mortgage Details	Client 1	Client 2	Joint
Lender			Astira Bank
Type of mortgage			Repayment
Amount outstanding			£200,000
Start date			2020
Term/maturity			2045
Monthly payment			£1,265
Interest rate			4.5%
Life policies (see Part 8)			

Notes:

Dean and Chloe have a repayment mortgage. This mortgage is on a Fixed Rate which applies until 2028. The mortgage is covered by a decreasing term life policy.

Other Loans	Client 1	Client 2	Joint
Lender			
Type of loan			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Payment protection			

Notes:

Dean and Chloe do not have any loans.

Other Liabilities (e.g. tax)**Notes:**

Dean and Chloe do not have any other liabilities.

PART 8: LIFE ASSURANCE POLICIES

Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust?	Surrender Values £
Joint	Joint	£200,000	28 p.m.	25 years	2020	No	N/A

Notes:

Dean and Chloe have a joint life first death decreasing term life policy to cover the outstanding mortgage balance.

PART 9: HEALTH INSURANCE POLICIES

Type	Life Covered	Current Sum Assured £	Start Date	Term/Review	Deferred Period	Premium £

Notes:

Dean and Chloe have no health insurance policies.

PART 10: REGULAR SAVINGS

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured	Maturity Date	Current Value £

Notes:

Dean and Chloe wish to set up a regular savings plan to fund either future University fees or a deposit for a first property for Milly and Eli.

PART 11: PENSION DETAILS**Occupational pension scheme**

	Client 1	Client 2
Member of employer's scheme		
Type of scheme		
Date joined		
Retirement age		
Pension benefits		
Death benefits		
Dependant's benefits		
Contracted-in/out		
Contribution Level (employee)		
Contribution Level (employer)		
Fund type		
Fund value		

Notes:

Dean and Chloe have no occupational pension schemes.

Additional Voluntary Contributions

	Client 1	Client 2
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		

Notes:

Dean and Chloe have no Additional Voluntary Contribution schemes.

Personal Pensions		
	Client 1	Client 2
Type	Qualifying Workplace Pension Scheme	Qualifying Workplace Pension Scheme
Company	Monarch Life	Monarch Life
Fund	Global Equity Tracker (100%)	Cautious Managed fund (100%)
Contributions	Employer – £1,000 p.m.	Employer – £1,000 p.m.
Retirement date	October 2046	December 2046
Current value	£140,000	£80,000
Date started	2010	2015
Notes:		
Dean and Chloe make employer-only contributions to their workplace pension plans. These plans do not offer the option to purchase commercial properties. Both plans are nominated in favour of the surviving spouse. Chloe is concerned about market volatility and its impact on her investments and wishes to consider alternative fund options which might manage the level of volatility that she experiences on her fund.		
Previous/other pension arrangements		
	Client 1	Client 2
Employer		
Type of scheme		
Date joined scheme		
Date left scheme		
Current value		
Notes:		
State Pension		
	Client 1	Client 2
State Pension		
Notes		
Dean and Chloe have never checked their State Pension entitlement, but they expect to receive full State Pension at retirement.		

PART 12: INHERITANCES		
Wills	Client 1	Client 2
Do you have a current Will?	No	No
Notes:		
Dean and Chloe have no Wills at present but are currently discussing this with their solicitor.		
Trusts	Client 1	Client 2
Are you a beneficiary under a trust?	No	No
If yes, give details		
Are you a trustee?		
If yes, give details		
Notes:		
Gifts	Client 1	Client 2
Give details of gifts made and received	None	None
Inheritances	Client 1	Client 2
Give details of any inheritances expected	None	None
Notes:		
Dean received an inheritance in the form of an Investment Trust from his late father who died in 2015. This had a probate value of £150,000. He also received his father's shares in the engineering company on his death, which were subsequently transferred to joint ownership with Chloe, so each of them now holds an equal share of the company. No further inheritances are expected by either Dean or Chloe.		

PART 13: ATTITUDE TO RISK**What level of risk are you prepared to take to achieve your financial objectives?****Notes:**

Dean is a medium risk investor, and Chloe is a cautious investor. Neither of them has any interest in Environmental, Social and Governance (ESG) investments at this time.

Dean and Chloe have been assessed as having a low to medium capacity for loss.

PART 14: BUSINESS RECORDS**Compliance**

Date fact-find completed	01.09.25	
Client agreement issued	01.09.25	
Data Protection Act	01.09.25	
Money laundering	01.09.25	

Dates of meetings		
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Marketing

Client source		
Referrals		

Documents

Client documents held		
Date returned		
Letters of authority requested		

Notes:**PART 15: OTHER INFORMATION**

Unit AF5 – Financial planning process

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

- **Three hours** are allowed for this paper which carries a total of 160 marks.
- You are strongly advised to attempt **all** questions to gain maximum possible marks. 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, even if you have used a calculator.
- **The fact-find and the tax tables are provided on the right-hand side of the interface.**
- **Client objectives are also provided and you should read them carefully before attempting the tasks.**
- In this exam you should use the fact-find on the system. You are not allowed to bring into the exam the pre-released copy of the fact-find.
- For each answer, please type in the full question number you are answering e.g. 1
- **Please note each answer must be typed in the correct corresponding answer box**
- **If you are wearing headset, earphones, smart watch please take them off. No watches are permitted.**
- Please familiarise yourself with **all** questions before starting the exam.

CLIENTS' FINANCIAL OBJECTIVES

You have now been able to determine from the information in the fact-find that your clients have the following financial objectives:

Immediate objectives

- Establish the suitability of using the pension funds to purchase the commercial property for the business.
- Assess the affordability of making regular savings for their children.
- Review their protection needs.

Longer-term objectives

- Improve the tax-efficiency of their financial arrangements.
- Release monies for home renovation in a tax-efficient manner.
- Improve their retirement funding.

1. (a) Identify the additional information that you would require in order to advise Dean and Chloe on the suitability of their current financial arrangements to meet their immediate objectives. (14)
- (b) Identify the actions that you would take before you provide any recommendations to Dean and Chloe to ensure that you comply with Consumer Duty rules. (12)
2. (a) Recommend and justify to Dean how he could use his pension fund to purchase the commercial property and the benefits of this course of action. (12)
- (b) Identify the reasons why it may not be suitable for Dean to purchase a commercial property with his pension fund. (10)
3. (a) Recommend and justify why Dean and Chloe should use a combination of salary and dividends for their income from the company. (12)
- (b) Explain in detail to Dean and Chloe the benefits for the company of making additional employer pension contributions. (9)
4. (a) Explain to Dean and Chloe the benefits of setting up protection policies via their company instead of on a personal basis. (8)
- (b) Identify the reasons why Dean and Chloe should set up additional life cover policies as soon as possible. (6)
5. Chloe is concerned about stock market volatility. Chloe and Dean have asked for your guidance on how they can better understand this aspect of investing.
- (a) Outline the financial issues that you would discuss with Dean and Chloe during periods of high stock market volatility. (10)
- (b) Explain to Chloe why she may wish to consider the use of a cautious 'smoothed' investment fund within her pension plan. (8)

6. (a) State **six** benefits and **six** drawbacks for Dean if he retains the Investment Trust holding. (12)
- (b) Explain to Dean how he and Chloe could draw a tax-efficient lump sum of £40,000 from his Investment Trust to fund the house renovation. *No calculations are required.* (8)
7. (a) Explain to Dean and Chloe the importance of holding an adequate personal emergency fund and how they could identify a suitable amount to meet their needs. (12)
- (b) Explain to Dean and Chloe the financial factors that they should take into consideration when identifying the current affordability and suitability of making regular savings for Milly and Eli. (10)
8. (a) Explain to Dean and Chloe the importance of rebalancing their pensions, savings and investment portfolios on a regular basis. (10)
- (b) State the issues that you would discuss with Dean and Chloe at your next review meeting in respect of their pension arrangements. (7)

Total marks:

160

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 answer for Question 1

- (a)
- Emergency fund needs/ capital expenditure planned /disposable income/ cost of childcare.
 - Company liabilities/profitability /extra investment needed into company/can company afford to pay for protection.
 - Purchase date for commercial property/ costs for purchase.
 - Pension contribution history/ carry forward.
 - Safeguarded benefits/ exit penalties/ transfer charges.
 - How much do they wish to save for children?
 - Willing to lose access to funds for children?/use Junior ISA?/use of Trusts
 - Use of CGT exemption/ any carried forward losses.
 - Current discount to Net Asset Value on Investment Trust.
 - Transfer shares in Investment Trust to Chloe for tax-efficiency.
 - Asset allocation/ fund choice.
 - Protection needs (Critical Illness Cover/PHI/PMI?)/any key employees?
 - Dangerous hobbies/sports.
 - Term of protection needs/ dependency of children/ more children planned/ time frame for savings for children.
- (b)
- Carry out full money laundering and client identification.
 - Identify any vulnerabilities.
 - Establish preferred method of communication.
 - Establish range of services required/ agree services to be provided.
 - Agree charges/ fair value.
 - Full Fact Find on current circumstances.
 - Assess Attitude to Risk (ATR)/ Capacity for Loss (CFL).
 - Identify objectives/ aims.
 - Identify weaknesses in current position/ lack of protection?
 - Assess/ analyse all current arrangements.
 - Assess costs of all existing arrangements.
 - Cashflow/ assess affordability/ budget.

Model answer for Question 2

- (a)
- Transfer existing pension plans to SelfInvested Personal Pension (SIPP)/ Small Self Administered Scheme (SSAS).
 - SIPP/ SSAS can hold commercial property.
 - SIPP/ SSAS can be VAT registered/ can reclaim VAT on purchase.
 - SIPPs can take loan of 50% of value/ SSAS = 50% scheme assets/Dean can borrow maximum £70,000.
 - SIPP/SSAS pays costs/ insurance/ maintenance etc.
 - Does not use personal assets/ maintains personal liquidity.
 - Dean retains control of property with Trustees.
 - Company must pay rent at commercial rate/ rent used to repay loan.
 - Rent is allowable expense for business/ reduce Corporation Tax.
 - Rent is not a pension contribution/ rent is not part of Dean's Annual Allowance.
 - Potential tax-free growth/ No CGT on sale/ Pension is IHT-free at present.
 - Protection from creditors.
- (b)
- Illiquid.
 - Lack of asset diversification.
 - Does not match Attitude to Risk (ATR).
 - Transfer costs/ advice costs.
 - Higher costs on SIPP/ Trustee costs/ VAT returns.
 - Administration burden/ hassle/ time consuming.
 - Reliant on company performance/ affordability of ongoing rent.
 - Unsuitable for drawing benefits in retirement/ may need to delay retirement/may not have enough cash to pay Pension Commencement Lump Sum (PCLS).
 - Need to borrow within SIPP to fund purchase/ can purchase it themselves as have sufficient funds.
 - Interest charges on loan/ interest rate risk.

Model answer for Question 3

- (a)
- Reduce salary to £12,570/ Salary uses Personal Allowance.
 - No Income Tax due/ reduced National Insurance (NI) (employer and employee)/currently paying too much tax.
 - Based on revised salary (£12,570), still entitled to State Benefits/ State Pension.
 - Retains £5,000 starting rate band for savings/ Personal Savings Allowance (PSA) of £1,000.
 - Employment allowance on NI/ can pay up to Primary Threshold.
 - Salary reduces Corporation Tax liability.
 - Dividends can be stopped/ increased in line with profits/flexibility of income.
 - Salary can continue if company makes a loss.
 - Dividend Allowance of £500 is available.
 - Dividends are taxed at 8.75% over Dividend Allowance.
 - Dividends taxed at lower rate than salary 20% vs 8.75%.
 - No National Insurance on Dividends (employer and employee).

Model answer for Question 3 continued

- (b)
- Pension contributions are company expense/ 'wholly and exclusively'.
 - Lower Corporation Tax.
 - Tax-efficient extraction of profits from company.
 - No National Insurance Contributions on employer contributions.
 - Contributions not linked to salary/ can use £60,000.
 - Contributions can be flexible/ based on company performance.
 - Pension protected from creditors/ bankruptcy.
 - Reduces need for loan to purchase property/ can repay loan sooner/ could enable purchase without need for loan.
 - Reduces interest cost on loan.

Model answer for Question 4

- (a)
- Personal policies paid from net income/ saves NI/ reduced affordability if paid personally.
 - Premiums may be deductible for Corporation Tax purposes/ allowable business expense.
 - Higher cover available/ not linked to earnings.
 - Free cover limits may be available/ non-selection limits.
 - Keyperson cover available to protect company/ can protect key employees.
 - Income Protection (PHI) can protect both salaries/ dividends/pension contributions.
 - Relevant life/Death-In-Service (DIS) set up under Trust so tax free/ so avoids probate.
 - Relevant life/ DIS/ Executive Income Protection (PHI) is not a Benefit in Kind.
- (b) *Candidates would have scored full marks for any six of the following:*
- Only cover is for mortgage/ State Benefits likely to be inadequate.
 - All income linked to 1 employer/ all eggs in 1 basket.
 - Taking on debt to purchase property/ company vulnerable due to expansion.
 - Need both incomes to meet expenditure.
 - No protection for company.
 - Cheaper cover as young and healthy.
 - Young children/ dependants.

Model answer for Question 5

(a) *Candidates would have scored full marks for any ten of the following:*

- Market volatility is a normal feature of all stock markets/ discuss/ explain historic volatile periods.
- Importance of diversification/ non correlation.
- Ensure sufficient emergency fund is held.
- Current value of risk-based holdings.
- Any current capital needs/ access to funds needed/ funds for home renovation.
- Changes to longer term objectives/ confirm objectives.
- Ride out the markets/ importance of remaining invested through volatile markets/ potential for long-term higher growth than cash.
- Risks of disinvesting and missing out on market upswings/ cannot 'time the market'/ no need to crystallise losses.
- Review Capacity for Loss (CFL)/ Attitude to Risk (ATR).
- Can use pound-cost averaging.
- Benefit from volatile markets/ can take advantage of downturns.

- (b)
- Matches ATR (low to medium ATR).
 - Reduces volatility/ aims to provide stable long-term returns.
 - Peace of mind/ improves confidence for long-term investment.
 - Diversified.
 - Rebalanced regularly.
 - Professionally managed/ no input needed from Chloe.
 - May keep pace with inflation/ potential for growth.
 - Holds back growth/ averages growth to smooth performance when markets are down.

Model answer for Question 6

(a) **Benefits**

- Growth potential/ discount may narrow/ provides dividend income.
- Can do interspousal transfer to improve tax-efficiency.
- Can use gearing/ borrowing/ leveraging for improved returns.
- Liquidity/ can deal/ sell immediate/ no dealing costs if retain.
- Global Diversification.
- Can Bed & ISA/ can use CGT exemption/ no CGT within fund.

Drawbacks

- Does not match his ATR.
- Volatility/ gearing may magnify losses.
- Stockbroker charges on sale/ admin/ hassle.
- Currency risk/ discount may widen/ lack of asset class diversification.
- May incur CGT charge of 18%/ 24% on sale.
- Dividends taxed at 8.75%/ 33.75%.

Model answer for Question 6 continued

(b) *Candidates would have scored full marks for any eight of the following:*

- Transfer portion of shares to Chloe/ interspousal transfer.
- No gain-no loss/ no tax implications on transfer.
- Identify base cost, same for both as spousal transfer.
- Calculate gain on shares.
- Identify any losses carried forward/ register capital losses.
- Deduct CGT exemptions of £3,000 each/ £6,000 from gain.
- Any residual gain is taxed at 18%/ 24%.
- Dean to make personal pension contribution to reduce to Basic Rate Taxpayer (BRT).
- Sell over two tax years.

Model answer for Question 7

(a) *Candidates would have scored full marks for any twelve of the following:*

- Liquidity/ accessibility/ peace of mind/ cover unexpected costs.
- Reduces need to borrow/take out loans.
- May have to reduce salary/ dividends in next few years.
- Company capital needs unclear/ expansion plans/ rent on new property/ cost of expansion/ business forecasts.
- Family income reliant on success of same company/ all eggs in one basket.
- Allows investment in higher-risk assets.
- No need to rely on investment returns.
- No need for forced sale/ reduced risk of pound-cost-ravaging if access needed to investments/ no tax charge triggered on sale of Investment Trust.
- They have limited protection at present/ reduced protection costs (longer deferred period).
- Ongoing mortgage/ property costs must be met.
- High outgoings.
- Detailed cashflow/ identify essential and discretionary expenditure.
- They currently have £85k available/ more than 3-6 months expenditure/ excess cash so inflation risk.

- (b)**
- How much do they wish to save?/ target amount.
 - Current surplus income/ cashflow model.
 - Planned capital expenditure/ need to support company.
 - Reliability of income/ dividends from business/ any changes to income.
 - Cost of new protection policies/ priority of protection.
 - Term of investment.
 - Will they gift lump sums/ pay ongoing income to children?/ any family contributions.
 - Use of children's Junior ISAs/ tax liability on parents.
 - Need to retain control of funds/ use of Trusts.
 - What happens if circumstances change, theirs or children's?

Model answer for Question 8

- (a)
- Return to original portfolio allocation/ review suitability.
 - Ensure non correlation of assets.
 - Retains diversification.
 - Reduce volatility.
 - Retains growth/ income potential.
 - Keep in line with ATR.
 - Remain within FSCS limits for cash/ more cash to invest/ changes to interest rates.
 - Take profits from good performers/ remove poor performers.
 - Review timeframe/ any need for access.
 - Change in tax rules/ new funds available.
- (b) *Candidates would have scored full marks for any seven of the following:*
- Value of pension funds/ performance.
 - Pension contributions made/ additional company contributions.
 - Company profit/ company cash reserves/ affordability of rent from business to pension fund/ have they purchased commercial property?
 - Borrowing costs on loan within pension/ value of outstanding loan.
 - Review investment strategy for ongoing employer contributions/ asset allocation.
 - State pension/ check National Insurance credits.
 - Nominations.
 - Changes in legislation/ taxation.

Glossary of terms

Some abbreviations candidates can use in financial planning online exams:

1. ATR – Attitude to risk
2. APS – Additional Permitted Subscription
3. BRT – Basic rate taxpayer
4. BIK – Benefit in kind
5. BADR – Business Asset Disposal Relief
6. CLT – Chargeable Lifetime Transfer
7. CFL – Capacity for loss
8. CGT – Capital Gains Tax
9. DOV – Deed of variation
10. DIS – Death-in-Service
11. DFM – Discretionary Fund Manager
12. EIS – Enterprise Investment Scheme
13. ESG – Environmental, Social and Governance
14. EPT – Excluded Property Trust
15. EPA – Enduring Power of Attorney
16. ERC – Early repayment charges
17. FAD – Flexi access drawdown
18. FSCS – Financial Services Compensation Scheme
19. FOS – Financial Ombudsman Service
20. GAR – Guaranteed annuity rate
21. HRT – Higher rate taxpayer
22. IHT – Inheritance Tax
23. IT – Income Tax
24. IVA – Individual Voluntary Arrangement
25. LPA – Lasting Power of Attorney
26. LTA – Lifetime allowance
27. MVR – Market value reduction
28. MPAA – Money purchase annual allowance
29. NICs – National Insurance contributions
30. NPA – Normal pension age
31. NRA – Normal retirement age
32. NRB – Nil rate band
33. OPG – Office of the Public Guardian
34. OEIC – Open ended investment company
35. PAYE – Pay As you Earn
36. PPP – Personal pension plan
37. PCLS – Pension commencement lump sum
38. PA – Personal Allowance
39. PSA – Personal Savings Allowance
40. PMI – Private Medical Insurance
41. RAC – Retirement annuity contract
42. RNRB – Residence nil rate band
43. SIPP – Self-invested personal pension plan
44. SEIS – Seed Enterprise Investment Scheme
45. SWR – Safe withdrawal rate
46. SP – State Pension
47. UFPLS – Uncrystallised fund pension lump sum
48. VCT – Venture Capital Trust

All questions in the February 2026 paper will be based on English law and practice applicable in the tax year 2025/2026, unless stated otherwise and should be answered accordingly.

The Tax Tables which follow are applicable to the September 2025 and February 2026 exams.

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

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

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	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
Attendance Allowance	Support Group	Up to 138.20	Up to 140.55
	Lower rate	72.65	73.90
	Higher rate	108.55	110.40
Basic State Pension	Category A full rate	169.50	176.45
	Category B (lower) full rate	101.55	105.70
New State Pension	Full rate	221.20	230.25
Pension Credit	Standard minimum guarantee - single	218.15	227.10
	Standard minimum guarantee - couple	332.95	346.60
	Maximum savings ignored in calculating income	10,000.00	10,000.00
Bereavement Support Payment	Higher rate – First payment	3,500.00	3,500.00
	Higher rate – monthly payment	350.00	350.00
	Lower rate – First payment	2,500.00	2,500.00
	Lower rate – monthly payment	100.00	100.00
Jobseeker's Allowance	Age 18 - 24	71.70	72.90
	Age 25 or over	90.50	92.05
Statutory Maternity, Paternity and Adoption Pay		184.03	187.18

CORPORATION TAX

	2024/2025	2025/2026
Small profit rate - for taxable profits below £50,000	19%	19%
Main rate - for taxable profits above £250,000	25%	25%
Companies with profits between £50,000 and £250,000 will pay tax at the effective rate of 26.5%.		
This provides a gradual increase in the effective Corporation Tax rate.		

VALUE ADDED TAX

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

STAMP DUTY LAND TAX

	Residential
Value up to £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 and over	12%

Additional Stamp Duty Land Tax (SDLT) rules apply as follows:

- *First-time buyers benefit from SDLT relief on first £300,000 for properties up to £500,000 when purchasing their main residence. On purchases up to £300,000, no SDLT is payable. On purchases between £300,001 and £500,000, a flat rate of 5% is charged on the balance above £300,000.*
- *Additional SDLT of 5% may apply to the purchase of additional residential properties purchased for £40,000 or greater.*
- *Additional SDLT of 2% may apply to purchases by non-UK residents over £40,000.*
- *SDLT may be charged at 17% on interests in residential properties costing more than £500,000 purchased by certain corporate bodies or non-natural persons.*
- *SDLT is payable in England and Northern Ireland only. Land Transaction Tax (LTT) is payable in Wales and Land and Buildings Transaction Tax (LBTT) is payable in Scotland. The rates for LTT and LBTT are different to the rates shown above.*

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