

Paraplanning

Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of:

- the regulatory, legal and ethical frameworks of paraplanning;
- the client's personal and financial circumstances;
- the financial planning requirements of the client;
- providing potential solutions.

Summary of learning outcomes

1. Explain the regulatory, legal and ethical frameworks of paraplanning
 2. Evaluate the client's personal and financial circumstances
 3. Analyse the financial planning requirements of the client and provide potential solutions
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Entry guidance

It is assumed that the candidate already has the knowledge and application skills gained from a study of R02 Investment principles and risk and R03 Personal taxation.

Important notes

- Method of assessment: completion of 3 coursework assignments.
- Please refer to the website www.cii.co.uk/qualifications for details on the overall scheme available to students.

1. Explain the regulatory, legal and ethical frameworks of paraplanning

- 1.1 Describe the regulatory framework within which paraplanning operates;
- 1.2 Explain the legal implications of obtaining and using client information;
- 1.3 Explain the importance of ethical standards in paraplanning.

2. Evaluate the client's personal and financial circumstances

- 2.1 Assess fact find information, including the risk profile and client specific objectives;
- 2.2 Apply and evaluate the use of financial planning tools as appropriate:
 - Cash flow analysis;
 - Net worth statements.
- 2.3 Assess the client's tax position, including performing relevant tax calculations.

3. Analyse the financial planning requirements of the client and provide potential solutions

- 3.1 Provide a document suitable for presentation to the financial adviser:
 - Assessing the appropriateness of current financial solutions;
 - Outlining the options available with relevant analysis.
- 3.2 Provide a compliant document in the form of a Suitability Report appropriate for presentation to the client:
 - Summarising the current position;
 - Analysing the benefits and drawbacks of options;
 - Making recommendations with justifications. This should include specific justifications;
 - Disclosing costs and charges.
- 3.3 Explain the importance of ongoing monitoring and review.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII

New materials are added frequently - for information about new releases and lending service, please go to <https://www.cii.co.uk/knowledge-services/> or email knowledge@cii.co.uk.

CII study texts

Paraplanning. London: CII. Study text J09.

Investment principles and risk. London: CII. Study text R02.

Personal taxation. London: CII. Study text R03.

Journals and magazines

Financial adviser. London: FT Business. Weekly. Available online at www.ftadviser.com.

Investment adviser. London: Financial Times Business. Weekly. Available via www.ftadviser.com.

Investment week. London: Incisive Financial Publishing. Weekly. Available online via www.investmentweek.co.uk.

Investor's chronicle. London: Financial Times Business. Weekly. Available at www.investorchronicle.co.uk.

Money management. London: FT Business. Monthly. Available online www.ftadviser.com/brand/money-management.

Money marketing. London: Centaur Communications. Weekly. Available online at www.moneymarketing.co.uk.

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.

Further articles and technical bulletins are available at <https://www.cii.co.uk/knowledge-services/> (CII/PFS members only).

Reference materials

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2005.*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.*

Assessment technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

* Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).