



# Financial planning process

## Learning Outcomes

At the end of this unit, candidates will be able to research and construct a financial plan that demonstrates:

1. **Understanding of the relationship and responsibilities between adviser and client and the need to establish the scope of the planning brief;**
2. **Evaluation of the different remuneration strategies available and how they might suit the different services required by clients;**
3. **Understanding and evaluation of the client's personal circumstances and financial status;**
4. **Understanding and evaluation of the client's financial objectives, including the importance of prioritising those financial objectives;**
5. **Understanding of the assumptions underlying the financial plan;**
6. **Understanding of what is meant by risk (including capacity of loss), the various risks faced by the client and the importance of the client risk profile in formulating a financial plan;**
7. **Evaluation of the different options available to the client with relevant evidence;**
8. **The ability to put forward an appropriate financial plan based upon analysis of client objectives, circumstances and options;**
9. **The ability to explain the meaning of any technical terms, the features and benefits of proposed products and the consequences of the proposed course of action;**
10. **Understanding of the importance of documenting any changes to the plan required by the client and how to document such changes;**
11. **Understanding of the review process and its significance in the overall financial planning process.**

## Entry guidance

Candidates are recommended to have taken three units at advanced level before progressing to this unit. Advanced technical knowledge across taxation, trusts, pensions and investments is usually required. Depending upon the client scenario, some business planning knowledge might also be required.

## Important notes

- **This syllabus will be examined in the October 2019 and April 2020 sessions.**
- **Candidates will be examined on the basis of English law and practice in the tax year 2019/2020 unless otherwise stated.**
- **The general rule is that exams are based on the English legislative position three months before the date of the exams.**
- **Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:**
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

## Reading list

The following list provides details of further reading which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

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

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services/>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services/> or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

There are no case study workbooks for AF5.

Financial planning practice. London: CII. Study text R06.

Regulations and ethics. London: CII. Study text R01.

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

Personal taxation. London: CII. Study text R03.

Pensions and retirement planning. London: CII. Study text R04.

Financial protection. London: CII. Study text R05.

Trusts. London: CII. Study text J02.

The tax and legal aspects of business. London: CII. Study text J03.

Pension income options. London: CII. Study text J05.

### Ebooks

The following ebooks are available through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only):

Investment risk and uncertainty: advanced risk awareness techniques for the intelligent investor. Steven P. Greiner. Hoboken: Wiley, 2013.

Investment risk management. Greg Filbeck, H. Kent Baker. New York: Oxford University Press, 2015.

Investor behaviour: the psychology of financial planning and investing. H. Kent Baker. Hoboken, New Jersey: Wiley, 2014.

Recreating sustainable retirement: resilience, solvency and tail risk. P. Brett Hammond, et al. Oxford: Oxford University Press, 2014.

Winning client trust. Chris Davies. London: Ecademy Press, 2011.

### Journals and magazines

Financial adviser. London: FT Business. Weekly. Available online at [www.ftadviser.com](http://www.ftadviser.com).

Financial times. London: Financial Times. Daily. Available online at [www.ft.com](http://www.ft.com).

Money management. London: FT Business. Monthly. Available online [www.ftadviser.com/brand/money-management](http://www.ftadviser.com/brand/money-management).

Money marketing. London: Centaur Communications. Weekly. Available online at [www.moneymarketing.co.uk](http://www.moneymarketing.co.uk).

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at [www.thepfs.org/financial-solutions-archive](http://www.thepfs.org/financial-solutions-archive) (CII/PFS members only).

Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/PFS members only).

### Reference materials

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

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

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

### Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings.

These are available via [www.revisionmate.com](http://www.revisionmate.com).

### Exam technique/study skills

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

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilrevision](http://www.cii.co.uk/iilrevision) (CII/PFS members only).