

# Award in Financial Planning

## Objective

To provide knowledge and understanding of the financial planning process within a professional business environment and the core financial and life assurance products suitable to a client's needs.

Summary of learning outcomes	Number of questions in the examination*
1. The client's needs.	12
2. The fact-finding process.	14
3. Good practice.	14
4. Protection products.	11
5. Savings and investment products.	14
6. Retirement products.	10

\* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- Method of assessment: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 May 2021 until 30 April 2022.
- The syllabus is examined on the basis of practice in a non-regulated environment.
- 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 from the list provided
  4. Select qualification update on the right hand side of the page

## **1. The client's needs.**

- 1.1 Explain the financial planning requirements and constraints at each of the lifestages and how these may vary with individual circumstances and available resources.
- 1.2 Apply financial planning criteria to potential needs arising in future lifestages including those of an ageing population wishing to maintain living standards.
- 1.3 Explain how a client's needs at each lifestage are determined.
- 1.4 Describe and explain when the seven typical lifestages are inappropriate to clients circumstances, including clients of comparable age and means or have comparable family responsibilities.
- 1.5 Describe the main steps in identifying a client's financial needs.
- 1.6 Apply the principle of shortfall calculations as part of the process of quantifying clients' future needs.
- 1.7 Apply financial planning criteria to a clients circumstances.
- 1.8 Explain the role of the financial adviser in the financial planning process.

## **2. The fact-finding process.**

- 2.1 Describe the main elements of a fact-finding process.
- 2.2 Describe and explain the variety of ways a fact-find can be carried out.
- 2.3 Apply the principles of conducting a fact-find.
- 2.4 Describe the main client and family details to be collected in a fact-find.
- 2.5 Describe the main categories of financial details to be collected in a fact-find.
- 2.6 Describe the other planning objective categories contained in a fact-find.
- 2.7 Describe how a clients current and future financial planning needs are affected by their personal circumstances and aspirations.
- 2.8 Describe and explain the main areas of financial planning.

## **3. Good practice.**

- 3.1 Explain the importance of a client understanding the implications of a financial advisers recommendations.
- 3.2 Describe the importance of delivering positive customer outcomes, including for vulnerable customers.
- 3.3 Describe the difference between different types of financial service and advice.
- 3.4 Explain why it is essential for the status of the financial adviser and the remuneration method to be disclosed to the prospective client at the outset of the sales process.
- 3.5 Apply structured recommendations appropriate to the client.
- 3.6 Explain the supervisory methods that can be used to monitor the suitability of advice.

- 3.7 Describe the steps to be taken when the client instructs the adviser to effect a transaction which the adviser believes to be unsuitable.
- 3.8 Describe the steps a restricted adviser must take when a product that would properly meet the needs of the client is not available to the adviser.
- 3.9 Explain the duty of the adviser to ensure that all reasonable steps have been taken to obtain the best terms available in the market.
- 3.10 Describe how to conduct execution-only transactions.
- 3.11 Explain the need for client identification documents.
- 3.12 Explain whether it is appropriate to switch a financial product.
- 3.13 Describe the implications of cancelling a financial product.
- 3.14 Explain the need for an effective complaints procedure.
- 3.15 Describe the main features of compensation arrangements.
- 3.16 Explain the importance of regular reviews of the client's arrangements.

## **4. Protection products.**

- 4.1 Describe the circumstances for which there is a need for protection advice.
- 4.2 Describe the main personal and financial details on which a client's protection requirements depend.
- 4.3 Describe the policy features of protection products which affect their suitability for a client.
- 4.4 Explain how to prioritise and evaluate the significance of the features of protection products in a given set of client circumstances.
- 4.5 Explain how the tax treatment of protection products affects their suitability for a client.
- 4.6 Describe the main policy features of protection products.
- 4.7 Explain which protection products satisfy the client's needs in particular circumstances.

## **5. Savings and investment products.**

- 5.1 Describe the circumstances in which there is a need for savings and investment advice.
- 5.2 Describe the main personal and financial factors affecting choice of savings and investment products.
- 5.3 Describe the suitability factors in the choice of savings and investment products.
- 5.4 Explain how to prioritise and evaluate the significance of the features of savings and investment products to a set of client circumstances.
- 5.5 Explain how the tax treatment of savings and investment products affects their suitability for a client.
- 5.6 Describe the main features of savings and investment products.
- 5.7 Explain which savings and investment products satisfy clients' needs in particular circumstances.
- 5.8 Explain the relationship between the client's risk tolerance and the real level of return.
- 5.9 Explain how collective investments spread risk.

5.10 Explain how economic factors affect savings and investment products.

## 6. Retirement products.

- 6.1 Describe the circumstances in which, and when, there is a need for retirement planning.
- 6.2 Describe how to evaluate a client's retirement planning requirements.
- 6.3 Describe the main personal and financial details on which a client's retirement planning requirements depend.
- 6.4 Describe the features of a pension scheme which affect its suitability for a client.
- 6.5 Explain how to prioritise and evaluate the features of a pension scheme to a given set of client circumstances.
- 6.6 Explain how the tax treatment of pension scheme contributions and benefits affects the suitability for a particular client.
- 6.7 Describe the main features of pension schemes.
- 6.8 Apply the main feature of pension schemes to satisfy clients' needs
- 6.9 Explain the difference between a defined benefits pension scheme and a defined contributions pension scheme.
- 6.10 Explain how economic factors including interest rates affect pension schemes and annuities.
- 6.11 Explain the consequences of inadequate retirement planning.

## 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 study texts

Award in Financial Planning. London: CII.  
Study text AWF.

### Books

The process of financial planning. Chris Gilchrist. The adviser's guide series. Annual. (London, Taxbriefs).

### eBooks

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

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

Strategic financial planning over the life-cycle: a conceptual approach to personal risk management. Narat Charupat, Moshe Ayre Milevsky, Huaxiong Huang. New York: Cambridge University Press, 2012.

Succession planning for financial advisors: building an enduring business. David Grau. New Jersey: Wiley, 2014.

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

### **Factfiles and other online resources**

CII fact files are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Written by subject experts and practitioners, the fact files cover key industry topics as well as less familiar or specialist areas of general insurance, life, and pensions and financial services, with information drawn together in a way not readily available elsewhere.

Available online via [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services.

Available online at [www.cii.co.uk/insurance-institute-of-london/](http://www.cii.co.uk/insurance-institute-of-london/) (CII/PFS members only).

High net worth in financial services. Brad Baker.

The regulatory framework. Simon Collins.

Recent developments in life product design. Robert Surridge

The regulation of retail investment business. Kevin Morris.

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

### **Journals and magazines**

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

### **Reference materials**

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.\*

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

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

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

Lamont's financial glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009.

### **Examination guide**

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://www.revisionmate.com)). Details of how to access Revisionmate are on the first page of your study text. It is recommended that you only study from the most recent version of the examination guide.

### **Exam technique/study skills**

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