

# Financial planning process

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 financial objectives, including the importance of prioritising those financial objectives;
4. Understanding of the assumptions underlying the financial plan;
5. Understanding of the client's financial status;
6. Understanding of what is meant by risk, 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 the different frequencies and methods available to review the plan.

## 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 2013 and April 2014 sessions. Candidates will be examined on the basis of English law and practice in the tax year 2013/2014 unless otherwise stated.**
- **The general rule is that the 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 various publications which may assist with your studies.

These will help candidates keep up-to-date with developments and will provide a wider coverage of syllabus topics.

**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.

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

CII study texts can be consulted from within the library. For further information on the lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## 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.

## Additional reading

Additional reading materials are available through the library or on the Knowledge Services website.

New materials are added frequently – for information about new books and articles in your area of interest, please visit [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

## Books (and ebooks)

The business of advice. David Shelton. London: Taxbriefs, 2009.

The process of financial planning. Chris Gilchrist. London: Taxbriefs. Annual.

Tax planning. Sonia Gable (ed.). London: Taxbriefs. Annual.

Investment planning. Chris Gilchrist. London: Taxbriefs. Annual.

Capital gains tax calculations. Sarah Dingley-Brown. Totnes, Devon; SDB training. Annual.

Financial calculations. Sarah Dingley-Brown. Totnes, Devon; SDB training. Annual.

The investments suite. Sarah Dingley-Brown. Totnes, Devon; SDB training. Annual.

The tax and trusts suite. Sarah Dingley-Brown. Totnes, Devon; SDB training. Annual.

Booth and Schwarz: residence, domicile and UK taxation.

The Financial Times guide to investing.

Glen Arnold. FT Prentice Hall, 2010. Available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

The Financial Times guide to personal tax 2011/2012.

Jonquil Lowe. FT Prentice Hall, 2011. Available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Core tax annuals, 6v (Capital Gains Tax; Corporation Tax; Income Tax; Inheritance Tax; Trusts and estates; Value-Added Tax). Various authors. Haywards Heath, West Sussex: Bloomsbury Professional. Annual. Available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Ray & McLaughlin's practical inheritance tax planning. Toby Harris, Mark McLaughlin, Ralph Ray. 8th ed. Haywards Heath, West Sussex: Tottel, 2010.

Personal financial planning manual. Haywards Heath: Bloomsbury Professional. Annual.

Wealth management planning: the UK tax principles. Malcolm James Finney. London: Wiley, 2008.

## Journals and magazines

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

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

Financial solutions. London: Personal Finance Society. Six issues a year. Also available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Money management. London: FT Business. Monthly.

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

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

## Reference materials

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

The professional adviser's factfile. Taxbriefs. London: Taxbriefs. Looseleaf.

St James's Place tax guide. Walter Sinclair. Basingstoke, Hampshire: Palgrave Macmillan. Annual.

Tolley's tax guide. Arnold Homer, Rita Burrows. London: LexisNexis Butterworths. Annual.

Tolley's tax planning. London: LexisNexis. Annual.

Zurich tax handbook. A Foreman, G Mowles. Harlow [Essex]: Pearson Education. Annual.

## 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 for the last two sittings. Please visit [www.cii.co.uk](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Older examination guides are available (for members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## Exam technique/study skills

To help you prepare for the AF5 examination a free AF5 examination technique guide is available via [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications).