

# 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 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 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 2016 and April 2017 sessions.**
- **Candidates will be examined on the basis of English law and practice in the tax year 2016/2017 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 various publications 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 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 study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) 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 Ro6.

Regulations and ethics. London: CII. Study text Ro1.

Investment principles and risk. London: CII. Study text Ro2.

Personal taxation. London: CII. Study text Ro3.

Pensions and retirement planning. London: CII. Study text Ro4.

Financial protection. London: CII. Study text Ro5.

Trusts. London: CII. Study text Jo2.

The tax and legal aspects of business. London: CII. Study text Jo3.

Pension income options. London: CII. Study text Jo5.

### Books

Booth and Schwarz: residence, domicile and UK taxation. Jonathan Schwarz. 18th ed. Bloomsbury Professional, 2014.

Capital gains tax calculations. Sarah Dingley-Brown. Annual. Totnes, SDB Training.

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.

Financial calculations. Sarah Dingley-Brown. Annual. Totnes, SDB Training.

Guide to taxpayers' rights and HMRC powers. 4th. ed. Robert W Maas. Tottel Publishing, 2016.

Ray & McLaughlin's practical inheritance tax planning. 12th ed. Toby Harris, Mark McLaughlin, Ralph Ray. Haywards Heath, West Sussex: Tottel, 2015.

The business of advice. 1st edition. David Shelton. London: Taxbriefs, 2009.

The Financial Times guide to investing. 3rd edition. Glen Arnold. FT Prentice Hall, 2014.

The investments suite. Sarah Dingley-Brown. Annual. Totnes, SDB Training.

The tax and trusts suite. Sarah Dingley-Brown. Annual. Totnes, SDB Training.

Pension tax guide: a tax guide 2015-2016. 3rd ed. Robert Gaines. Chester: Claritax Books, 2015.

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

### Ebooks

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

Financial planning competency handbook. Certified Financial Planner Board of Standards. Hoboken, New Jersey: Wiley, 2013.

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

Implementing the wealth management index: tools to build your practice and measure client success. Ross Levin. New Jersey: Bloomberg Press, 2012.

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

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

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

### 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: CII. Six issues a year. Also available at [www.thepfs.org/knowledge](http://www.thepfs.org/knowledge) (CII/PFS members only).

Money management. London: FT Business. Monthly. Also available via [www.ftadviser.com](http://www.ftadviser.com).

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/PFS members only).

### Reference materials

Dictionary of banking and finance. P H Collin. A&C Black, 2005.\*

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

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

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

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

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

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

\*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. 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 guides are available via [www.cii.co.uk/pastexamguides](http://www.cii.co.uk/pastexamguides) (CII/PFS members only).

## 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).