

# Financial Planning Process

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

- Understanding of the relationship and responsibilities between adviser and client and the need to establish the scope of the planning brief;
- Evaluation of the different remuneration strategies available and how they might suit the different services required by clients;
- Understanding and evaluation of the client's financial objectives, including the importance of prioritising those financial objectives;
- Understanding of the assumptions underlying the financial plan;
- Understanding of the client's financial status;
- 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;
- Evaluation of the different options available to the client with relevant evidence;
- The ability to put forward an appropriate financial plan based upon analysis of client objectives, circumstances and options;
- The ability to explain the meaning of any technical terms, the features of proposed products and the consequences of the proposed course of action;
- Understanding of the importance of documenting any changes to the plan required by the client and how to document such changes;
- Understanding of the review process and the different frequencies and methods available to review the plan.

**Assumed knowledge and understanding:** 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 2008 and April 2009 sessions. Candidates will be examined on the basis of English law and practice in the tax year 2008/2009 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 update website [www.cii.co.uk/updates](http://www.cii.co.uk/updates) for the latest information on changes to law and practice and when they will be examined.

## Reading list

The following list provides details of various publications which may assist with your studies. Periodicals and publications will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

**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/PFS members can borrow most of the study materials from CII Knowledge Services and may be able to purchase some at a special discount. For further information on lending and discounts go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

Financial Planning Process AF5 Examination Guide. This includes a specimen exam paper and suggested answers. It also includes hints and tips on how to approach the examination. It is available on our website.

## Additional reading

Income tax calculations: a step by step practical approach. Bristol: SDB Training. Annual.

Inheritance tax: a step by step practical approach. Bristol: SDB Training. Annual.

Financial planning for the individual: a guide to investment and personal finance. Simon Philip. 8th ed. London: Gee, 2002.

Guide to lump sum investment. Liz Walkington. 12th ed. London: Kogan Page, 2000.

## Reference materials

Lamont's glossary: the definitive plain English money and investment dictionary for the finance professional and money-minded consumer. Barclay W Lamont. 9th ed. Surbiton, Surrey: Lamonts Glossary Ltd, 2004. Also available online at [www.cii.co.uk/knowledge/doi](http://www.cii.co.uk/knowledge/doi) (CII/PFS members only).

The pensions factbook. London: Gee. Looseleaf, updated.

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

Taxation. London: CII Knowledge Services. Tax tables and other data, updated as necessary. Available online at [www.cii.co.uk/knowledge/marketdata](http://www.cii.co.uk/knowledge/marketdata) (CII/Personal Finance Society members only).

PFS focus. London: CII Knowledge Services. Comprehensive archive of PFS publications, including technical and regulatory bulletins and technical tips. Those from the Personal Financial Planning Faculty will be particularly relevant. Available online at [www.cii.co.uk/knowledge/pfs](http://www.cii.co.uk/knowledge/pfs) (CII/PFS members only).

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

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

## Periodicals

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

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

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

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).

## Examination guides

You are strongly advised to study these before the examination. Please visit [www.cii.co.uk](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on 020 8989 8464.

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. You will also find advice at [www.cii.co.uk/knowledge/careersupport](http://www.cii.co.uk/knowledge/careersupport) (CII/Personal Finance Society members only).

For a more interactive approach, you should consider: Winning the brain game. London: The CII, 2006. CD-ROM.