



CHARTERED INSURANCE INSTITUTE

ADVANCED FINANCIAL PLANNING CERTIFICATE EXAMINATIONS

*New syllabuses
with effect from
October 1997*

*A supplement to
the 1997 handbook*

Supplement

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CONTENTS

| | |
|--|----|
| G70 Investment portfolio management | |
| Syllabus | 1 |
| Reading list | 4 |
| G80 Long-term care, life and health protection | |
| Syllabus | 5 |
| Reading list | 7 |
| H25 Holistic financial planning | |
| Syllabus | 8 |
| Reading list | 10 |

SUPPLEMENT TO THE 1997 EXAMINATION HANDBOOK

This supplement contains the syllabuses and reading lists for the following new papers

- G70 Investment portfolio management
- G80 Long-term care, life and health protection
- H25 Holistic financial planning

These papers will be examined for the first time in October 1997. You can enter for these examinations and order course materials using the existing 1997 AFPC examination handbook.

G70 INVESTMENT PORTFOLIO MANAGEMENT

SYLLABUS

AIMS

The aims of this subject are to develop candidates' understanding of investment portfolio management so that they can

- describe investment markets and the main types of financial investments
- explain how investment markets are affected by economic and political conditions
- explain the theory and practical implications of investment risk and portfolio theory
- evaluate the success of investment strategies and asset allocation models
- describe the regulatory requirements for investment portfolio management

EXAMINATION

The subject is assessed by means of a three hour written paper

consisting of short questions, a case study and structured questions. The examination is appropriate for financial advisers who undertake investment portfolio management for their clients, including those advising on both direct and collective investments. Candidates will be expected to apply their knowledge to devise reasoned and structured solutions to clients' investment needs and design and alter portfolios using different types of investments.

ASSUMED KNOWLEDGE

It is assumed that the candidate already has the knowledge gained from a study of the relevant units of papers 1, 2 and 3 of the FPC or an equivalent regulatory benchmark qualification, as well as paper G10 Taxation and trusts. Candidates are also assumed to have a basic knowledge of statistical methods and financial mathematics.

NOTES

1. The syllabus will be tested on the basis of English law and practice. Where Scots law and practice differ, this will be explained in the primary text.
2. The syllabus printed here will be examined in 1997. Changes may be made to the syllabus to be examined in 1998 and these will be highlighted in the 1998 examination handbook.

1. The economic environment

1.1.1 The key political and social factors which affect investment markets

Candidates should be able to describe in outline the main political and social factors which affect investment values and returns.

1.1.2 Economic and financial factors which affect financial markets

Candidates should be able to describe the main economic and financial factors which affect investment values and returns, including economic growth trends, productivity of labour and capital, technological change, sectional, regional, national and world business cycles, international trade, capital movements, exchange rates, money supply, interest rates and inflation.

1.1.3 How political, social, economic and financial factors affect investment markets

Candidates should be able to describe how these factors tend to affect the development and behaviour of financial institutions and markets; explain these issues in relation to the UK and make comparisons with other markets (US, Japan, Europe) and also emerging markets.

1.1.4 The role of governments in investment markets

Candidates should be able to describe in outline the role of governments in determining monetary and fiscal policy, interest rates, public sector finance, regulation of financial markets and other businesses.

1.1.5 Central banks and the banking system

Candidates should be able to describe in outline the functions of central banks and the banking system and their relationship to bond markets.

2. Direct financial investments

2.1.1 Cash investments: characteristics

Candidates should be able to describe the main classes of cash investments including deposits, certificates of deposit, Treasury bills; distinguish between the main types of cash investment and be able to contrast cash investments with other main categories of investments, such as fixed interest securities and equities.

2.1.2 Risk and return

Candidates should be able to describe the risks and returns of cash investments.

2.1.3 Methods of analysis

Candidates should be able to describe methods of analysing cash investments.

2.1.4 Different currencies

Candidates should be able to explain the main issues with respect to investment in different currencies with particular reference to risk and returns.

2.2.1 Fixed interest investments: characteristics

Candidates should distinguish between the main types of fixed interest investment including gilts, both fixed interest and index-linked (including the basic function of strips and repo markets); convertibles and preference shares; foreign government bonds; local authority bonds; UK and overseas corporate debt; Eurobonds; candidates should explain their uses and applications; describe fixed interest markets and how securities are issued and redeemed; describe the structure and use of the yield curve.

2.2.2 Factors which affect fixed interest investments

Candidates should understand how economic, political and other developments may affect fixed interest investments.

- 2.2.3 **Methods of analysis**
Candidates should demonstrate an understanding of how yields are calculated.
- 2.2.4 **Risk and return**
Candidates should be able to describe the risks and returns of fixed interest investments; distinguish between financial risks and credit risks and explain the relevance of credit rating.
- 2.3.1 **Equity investments: characteristics**
Candidates should be able to describe the characteristics of different equity investments including such factors as market ratings, size, sector classifications, financial strength and extent of cyclical influences.
- 2.3.2 **Methods of analysis**
Candidates should be able to describe how shares are valued including such factors as dividend, yield, price earnings ratio, net asset value, borrowing, liquidity and cash flow.
- 2.3.3 **Mergers, takeovers, privatisations, demutualisations, management buy-outs**
Candidates should be able to explain the basic mechanics of mergers and take-overs, privatisations, demutualisations and management buy-outs and how mergers and acquisitions are financed and analysed.
- 2.3.4 **Venture capital markets**
Candidates should be able to describe the main features of venture capital markets.
- 2.3.5 **New issues**
Candidates should be able to explain the operation of the new issues market, scrip issues, rights issues, splits and how these affect investors and investment decisions.
- 2.3.6 **Risk and return**
Candidates should be able to describe the risks and returns of equity investments.
- 2.4.1 **Derivatives: investment characteristics**
Candidates should be able to describe the main types of derivative available, how they are traded and their use in investment management; they should be aware of the risk involved including counterparty risk; describe the main kinds of derivatives: futures, options (including warrants) and their main investment characteristics, including how they are traded and the role of warrants in the issue of new investment trusts.
- 2.4.2 **Risk and return**
Candidates should be able to assess the potential risks and rewards; describe how investment managers can use derivatives to simulate markets and to increase or reduce risk in portfolios.
- 3. Collective investments and investment trusts**
- 3.1.1 **Unit trusts and open ended investment companies (OEICs)**
Candidates should have a detailed knowledge of the structure, pricing, roles of key participants such as trustees, mechanics of buying, selling and pricing of unit trusts and OEICs; compare the structure, investment objectives and tax treatment of different types of unit trusts and OEICs both in the UK and offshore; compare OEICs and unit trusts, with particular reference to pricing, purchase and sale of investments and the impact of charges.
- 3.1.2 **Investment trusts (ITs)**
Candidates should be able to describe the structure and management of ITs and their role within investment portfolios; distinguish the main types of ITs including those with split capital structure and how they are analysed and evaluated; explain the concepts of net asset value (including diluted and undiluted net asset value), premium and discount; describe the impact of charges; explain the roles of warrants, C shares, S shares and packaged units; understand the different investment objectives of investment trusts; understand the investment powers of the directors and the role of gearing in investment trust management.
- 3.1.3 **Life assurance based investments**
Candidates should be able to evaluate investment objectives of unit linked fund managers; distinguish between different types of with profit policies and explain the criteria used in choosing between different with profit providers; describe and evaluate onshore and offshore product structures and the concept of linked funds, unit pricing, charges and the tax position of the life office and how it can impact on unit linked funds; describe the structure and use of derivative based life contracts; evaluate the advantages and limitations of broker funds.
- 3.1.4 **Index tracker funds**
Candidates should be able to describe the advantages and limitations in using index tracker funds; describe the different ways of constructing index tracker funds and evaluate and explain their role in portfolio planning; describe the criteria to be used in selecting index tracker funds.
- 4. Other investments**
- 4.1.1 **Unlisted securities**
Candidates should be able to describe and evaluate the risks involved in investment in unlisted securities.
- 4.1.2 **Venture capital trusts, enterprise investment schemes, enterprise zone buildings**
Candidates should be able to describe the main tax features, principal rules and risks involved in venture capital trusts, enterprise investment schemes and enterprise zone buildings.
- 4.1.3 **Physical assets and commodities**
Candidates should be able to describe and evaluate the main risks and costs of buying and selling physical assets (including works of art and commodities) as well as investing in commodity futures and options; compare the risks and returns of investing in these assets in relation to equity investments.
- 4.1.4 **Property**
Candidates should be able to describe the basic issues surrounding both commercial and residential property investment and property markets, including the main participants (institutions, tenants, developers, planners, investors), direct and indirect holdings, valuations, investment characteristics; compare the risks and returns of property investment in relation to equity and fixed interest investment.
- 5. Interpretation of accounts**
- 5.1.1 **Accounts and accounting principles**
Candidates should be able to interpret company accounts in the investment context.
- 5.1.2 **How financial data underpin investment decisions**
Candidates should be able to explain how accounts and annual reports are relevant to investment decisions and the limitations of such information; compare different company profiles; describe the use of accounting ratios which will be helpful in making investment decisions.

6. Dealing in investment markets

- 6.1.1 The UK equity and fixed interest markets**
Candidates should be able to describe the mechanics of dealing in UK equity and fixed interest investments, including the roles of market makers and agency brokers, commission structures and other dealing costs, registration and settlement procedures (including CREST).
- 6.1.2 Comparison of UK and other international markets**
Candidates should be able to compare in outline the different nature of dealing in UK markets, including the Alternative Investment Market, with that of dealing in other international markets.

7. Portfolio design

- 7.1.1 Managing investment risk**
Candidates should be able to describe modern portfolio theory and principles of asset allocation; describe how risk can be managed and how diversification reduces risk; distinguish risks that can be diversified from those that cannot; describe the principles behind the capital asset pricing model; perform simple calculations of portfolio risk.
- 7.1.2 Asset allocation and the role of the adviser**
Candidates should be able to describe different approaches to the management of portfolios including the evaluation of investment trusts and unit trusts; construct and justify different asset allocation models to achieve different portfolio objectives for income, risk, time scale, tax position.

8. Fund management services

- 8.1.1 Portfolio investment management**
Candidates should understand the roles of investment managers and advisers for the main types of institutional and private clients in relation to different markets, investment objectives and legal constraints, different risk, profit, growth and income needs.
Candidates should be able to describe and evaluate the main features of portfolio investment management services; distinguish the roles and responsibilities of portfolio managers and compare discretionary and advisory services and requirements for reporting to clients on a regular basis; evaluate different charging structures and their impact on investment decisions.
- 8.1.2 Management of direct investments, unit trusts, offshore funds, OEICs, investment trusts and life assurance products**
Candidates should be able to describe the features of services as they apply to direct investments, unit trusts, offshore funds, OEICs, investment trusts and life assurance products; compare the relative merits of investing in these different structures and vehicles.
- 8.1.3 Pensions**
Candidates should be able to describe the investment requirements of individual pension arrangements including Self Invested Personal Pension (SIPP), Small Self Administered Scheme (SSAS) and unit linked pensions generally; recommend appropriate strategies for pension funds where draw-down facilities are used.
- 8.1.4 Personal equity plans (PEPs)**
Candidates should be able to evaluate how PEPs fit into overall portfolio planning and when switches are appropriate.

9. Performance assessment and financial calculations

- 9.1.1 Time value of money**
Candidates should be able to describe the principle of the time value of money and carry out simple compound interest and related calculations.
- 9.1.2 Benchmarks and indices**
Candidates should be able to describe the broad principles of financial index construction, distinguishing between those indices used in the main investment markets both in the UK and overseas.
- 9.1.3 Understanding and using statistical data: measurement of investment performance and returns of equity, fixed interest and other investment portfolios**
Candidates should be able to use statistical data for the measurement of investment performance; calculate rates of return and distinguish between time-weighted and money-weighted returns; evaluate the uses and limitations of performance measurement.
- 9.1.4 Investment criteria, switching**
Candidates should be able to establish and evaluate criteria for the selection of investment managers, pension funds, insurance funds, unit trusts and investment trusts; describe and justify criteria for making switching decisions between investments; define appropriate performance benchmarks.
- 9.1.5 Risk indicators**
Candidates should be able to appraise critically statistical information about measurements of volatility including Beta factors and other indicators of risk.

10. Regulatory environment

- 10.1.1 The conduct of investment business as it applies to investment managers and advisers**
Candidates should be able to describe the main SIB, PIA, SFA and IMRO rules as they apply to investment management issues in relation to both discretionary and advisory management service, including broker funds.
- 10.1.2 The responsibilities and expertise of investment managers and advisers**
Candidates should have particular knowledge of marketing, classification of clients, know your client, client agreements, conduct of business, best execution, record keeping, client money, information provision, complaints, safe custody, personal dealing, suitability of products and execution only.
- 10.1.3 Investment Services Directive**
Candidates should be able to explain the provisions of the Investment Services Directive.

G70 INVESTMENT PORTFOLIO MANAGEMENT

READING LIST

Note: candidates should note that the examination will test the syllabus provided in this handbook and the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination.

Only the CII publications can be obtained from the CII. For all other publications contact the publisher. It is possible that a book on the reading list may be out of print. Such books can usually be obtained through the public library service.

PRIMARY TEXT

G70. Investment portfolio management, CII/Taxbriefs, latest edition.

REFERENCE WORKS AND ADDITIONAL READING

Allied Dunbar investment and savings handbook, latest edition, H. Littlefair, Longman

Allied Dunbar tax handbook, latest edition, A. Foreman, Pitman

Financial market analysis, D. Blake, McGraw-Hill, 1990

International investment, B. Solnick, Addison Wesley, 1991

Investments, W. Sharpe, Prentice Hall, 1990

J. Rothschild Assurance tax guide, latest edition, W. Sinclair, Orion Books.

Modern portfolio theory, Elton & Gruber, Wiley, 1991.

Portfolio and investment management, F. Fabozzi (ed), Probus Publishing, 1989

EXAMINATION GUIDE

You are strongly advised to study this before the examination. See page 16 of the 1997 AFPC examination handbook.

EXAM TECHNIQUE/ STUDY SKILLS

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

How to pass exams without anxiety, David Acres, How To Books, 1995

For a more interactive approach, you should consider *Winning the brain game* CD-Rom, CII/Neil Taylor, 1996, available from the CII.

PERIODICALS

Financial Adviser, weekly

Financial Planning Professional, Gee & Co., monthly

Financial Times, daily

Investment Week, weekly

The Journal, CII, eight times a year

Money Management, monthly

Money Marketing, weekly

Pensions Management, monthly

Pensions World, monthly

Planned Savings, monthly

Prospect, LIA, monthly

Technical Adviser, SOFA, quarterly

Which?, Consumers' Association, monthly

G80 LONG-TERM CARE, LIFE AND HEALTH PROTECTION

SYLLABUS

INTRODUCTION

Candidates will be expected to demonstrate their professional skills in advising individual clients on their need for financial protection, in the event of requiring care in old age, cessation of income, illness or death in both personal and business circumstances. This will mean candidates demonstrating, in a practical way, their ability to apply knowledge of long term care products and other protection products to provide suitable and appropriate advice in specific client situations.

AIMS

The aims of this subject are to develop the candidate's ability to

- identify an individual client's needs, in respect of both their personal and business circumstances, for financial protection in the event of requiring care in old age, cessation of income, ill health or death;
- identify and apply different financial solutions to meet an individual client's identified needs including, where appropriate, the use of trusts;
- know of and be able to explain the medical and financial

underwriting requirements in respect of the long term care solutions and other protection product solutions recommended;

- know when and understand why an individual client's situation should be monitored and reviewed in respect of long term care and other protection needs.

ASSUMED KNOWLEDGE

It is assumed that the candidate already has the knowledge and applications skills gained from the study of the relevant units of papers 1, 2 and 3 of the FPC or an equivalent regulatory benchmark qualification and of G10 Taxation and trusts.

METHOD OF ASSESSMENT

The assessment will be by a paper of three hours' duration, comprising a number of compulsory short questions to test knowledge across the syllabus, a choice of structured questions and a compulsory case study, which will require the display of analytical and application skills.

NOTES

1. The syllabus will be tested on the basis of English law and practice. Where Scots law and practice differ, this will be explained in the primary text.
2. The syllabus printed here will be examined in 1997. Changes may be made to the syllabus to be examined in 1998 and these will be highlighted in the 1998 examination handbook.

1. Client needs

1.1 Collecting client data

Candidates should be able to demonstrate an understanding of the different ways of collecting relevant client data appropriate to long term care, life and health protection.

1.2 Analysing client data: quantitative and qualitative

Candidates should be able to interpret and evaluate relevant client data and analyse the need for financial protection in the event of requiring care in old age, cessation of income, ill health and death.

2. State and local authority benefits

Candidates should have a detailed knowledge of the following State and local authority benefits, particularly in respect of long term care, and should be able to explain how they interrelate with a client's financial circumstances:

2.1 State benefits

The process and assessment criteria used when applying for Incapacity Benefit, Disability Living Allowance, Disability Working Allowance, Attendance Allowance, Income Support, Income Support for Care Fees, Industrial Injuries Compensation, Statutory Sick Pay, Job Seeker's Allowance.

2.2 Local authority benefits

The process and assessment criteria used when applying for local authority benefits for those requiring long term care.

3. Long-term care and other protection products

Candidates should have a detailed knowledge of the following protection products, including their regulatory status, features, benefits, restrictions and tax treatment. Candidates should be able to apply this knowledge to evaluate an individual client's long term care needs and other financial protection needs in both their personal and business circumstances:

3.1 Long-term care

Immediate need annuities, pre-funded long term care insurance, investment linked long term care insurance products and home equity schemes.

3.2 Ill health

Permanent health insurance, accident and sickness insurance, critical illness insurance, waiver of premium benefits, permanent and total disability benefits and terminal illness cover.

3.3 Life assurance

Term assurance, whole of life, accidental death, terminal illness options, family income benefit.

3.4 **Medical expenses**
Private medical insurance including comprehensive plans, budget plans, dental care insurance, major medical expenses and hospital cash plans.

3.5 **Redundancy insurance**
Mortgage protection insurance, accident, sickness and unemployment insurance (ASU), stand alone unemployment insurance.

4. Solutions and recommendations

4.1 **Presenting solutions to meet an individual's personal and business financial protection needs**

Candidates should be able to produce a report explaining why action should be taken and offering reasoned recommendations to satisfy an individual client's personal and business protection needs. Candidates should also be able to explain how their recommendations interact with existing arrangements and State and local authority long term care benefit entitlement.

4.2 **Taxation implications of solutions**

Candidates should be able to explain the appropriate tax treatment of each product they recommend in terms that the client will understand.

4.3 **Suitable trusts for recommended solutions**

Candidates should know which types of statutory and non-statutory trusts are suitable for a given set of circumstances and should be able to explain when and how policies should be written in trust and the use of an enduring Power of Attorney and the Court of Protection.

4.4 **Government rules on asset protection and partnership schemes**

Candidates should understand how the Government rules on long term care asset protection and partnership schemes impact on the client's entitlement to State benefits and other financial arrangements.

5. Monitoring a client's circumstances

5.1 **Review of a client's circumstances**

Candidates should demonstrate an understanding of when and how to monitor changes in an individual client's circumstances and be able to react with new advice as both personal and legislative changes occur.

5.2 **Review of protection products**

Candidates should know when and how a key product review should be carried out in respect of premiums and benefits. Candidates should understand and be able to explain how any changes would impact on a client's circumstances and be able to recommend a revised solution.

6. Underwriting

6.1 **Underwriting requirements**

Candidates should understand and be able to explain the main underwriting requirements for long term care, life and health protection products covered in section 3.

6.2 **Medical and financial factors**

Candidates should know the medical and financial factors gathered by product providers and be able to explain to the client the implications of these factors when making recommendations.

7. Product claims

7.1 **Making claims**

Candidates should understand the process and implications of making a claim.

7.2 **Claim options**

Candidates should be aware of the benefit choices available to clients when making a claim.

7.3 **Viatical settlements**

Candidates should understand the potential role of viatical settlements in meeting an individual client's needs before a claim is made on a life assurance product.

7.4 **Consumer protection**

Candidates should understand the compensation and redress available to a client in respect of individual long term care, life and health protection products.

G80 LONG-TERM CARE, LIFE AND HEALTH PROTECTION

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PRIMARY TEXT

G80. Long-term care, life and health protection, CII, latest edition

REFERENCE WORKS AND ADDITIONAL READING

Allied Dunbar tax handbook, latest edition, A. Foreman, Pitman

J. Rothschild Assurance tax guide, latest edition, W. Sinclair, Orion Books.

Long-term care insurance—the complete guide, Crosby, 1996.

Options for long-term care—economic, social and ethical choices, HMSO, 1996

Pension funds and the funding of long-term care, National Association of Pension Funds, 1995

Risk, insurance and welfare—the changing balance between public and private protection, ABI, 1995.

The financial adviser's factbook, Gee Publishing, updated regularly

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Pensions World, monthly

Planned Savings, monthly

Prospect, LIA, monthly

Technical Adviser, SOFA, quarterly

Which?, Consumers' Association, monthly

H25 HOLISTIC FINANCIAL PLANNING

SYLLABUS

INTRODUCTION

The holistic financial planning paper tests candidates' ability to produce an holistic financial planning solution for a client which integrates and balances each individual plan in respect of provision for retirement, financial protection against ill health or death and saving and investing for current and future needs.

AIMS

The aims of this subject are to develop the candidate's ability to

- analyse and evaluate a client's circumstances and needs;
- produce an holistic financial solution based on an in-depth knowledge and understanding of financial services and products available;
- understand how a client's financial position should be continuously monitored and reviewed;
- apply an understanding of various life circumstances and events in determining and analysing client needs.

ASSUMED KNOWLEDGE AND APPLICATION SKILLS

It is assumed that the candidate already has the knowledge

and application skills gained from the study of the relevant units of papers 1, 2 and 3 of the FPC or an equivalent regulatory benchmark qualification and of the AFPC papers G10, G20, and G60.

METHOD OF ASSESSMENT

Candidates entered for this examination will receive, two weeks before the date of the examination, pre-released examination material which will take the form of a completed fact find. The fact find will contain client information on which questions will be based in the examination.

During the two weeks before the examination, candidates will be advised to study the fact find carefully to identify the likely priorities and needs of the clients so that in the examination they can demonstrate their ability to identify client needs, draw up solutions and make recommendations.

On the day of the examination, candidates will be given a clean copy of the fact find and any additional client information not already supplied. Candidates will then have three hours in which to draft a report to the client. Guidance on the format of the report and the issues to be addressed therein will be supplied on the day of the examination.

NOTES

1. The syllabus will be tested on the basis of English law and practice. Where Scots law and practice differ, this will be explained in the primary text.
2. The syllabus printed here will be examined in 1997. Changes may be made to the syllabus to be examined in 1998 and these will be highlighted in the 1998 examination handbook.

1 Tax planning aspects

It will be assumed that candidates have knowledge of the providers, product features, policy benefits and tax treatment of all the protection, savings and investment, pension and mortgage products in the FPC syllabuses and the AFPC syllabuses G10, G20 and G60

1.1 Marriage, family, divorce

Candidates should have a detailed knowledge of the tax and financial planning considerations which arise in marrying, having a family or getting divorced including the need for financial protection, education fees funding and pension provision and making financial provision to meet divorce settlements.

1.2 Personal tax planning

Candidates should be able to explain to clients how to plan their income, expenditure and assets in order to utilise tax allowances and minimise the impact of taxation on income and capital gains.

2 Retirement planning

2.1 Pre-retirement planning for employees, self employed and directors

Candidates should understand all the available options in making provision for retirement through pension arrangements. They should be able to compare the alternative pension options available with different categories of employment (employed, director, self employed).

2.2 Pension options on retirement

Candidates should be able to describe the various pension options on reaching retirement and explain how these impact on the other aspects of financial planning on retirement.

3 Financial protection in the event of disability, ill health or death

3.1 Financing long term care and protection in the event of disability and ill health

Candidates should be able to describe the various methods of providing finance in the event of disability and ill health through suitable insurance products and be able to explain the purpose of these products and how they interrelate with State benefits.

3.2 Financial protection for a family in the event of premature death

Candidates should understand the various aspects of financial protection for a family in the event of death through the use of life assurance policies and trust arrangements. They should be able to explain why different policies and trusts would be recommended.

- 3.3 **Business protection for partners and directors in the event of death and disability**
Candidates should be able to describe the various methods of protecting directors and partners in respect of death and ill health and be able to explain the use of appropriate life assurance products, trusts and health insurance products.
- 3.4 **Estate planning**
Candidates should be able to explain to clients how to arrange their estate in order to minimise the impact of taxation and allow assets to be passed to chosen beneficiaries during their lifetime and on death.
- 4 Savings and investments**
- 4.1 **Construction of savings and investment portfolios**
Candidates should be able to identify appropriate savings and investment vehicles to meet the client's requirements and, from there, be able to construct savings and investment portfolios taking into account the client's needs and objectives, attitude to risk, tax position and other relevant personal factors.
- 4.2 **Domestic property purchase**
Candidates should understand the issues concerned with arranging a mortgage including the types of products available and the various costs associated with a house purchase. They should be able to recommend the most appropriate mortgage solution for a client's particular circumstances.
- 5 Client analysis**
- 5.1 **Client information**
Candidates should understand the importance of collecting a range of information on the client and know how this information is to be used in financial planning.
- 5.2 **Quantitative and qualitative data**
Candidates should be able to analyse and evaluate quantitative and qualitative data and present the data in a way the client would understand.
- 5.3 **Client's investment risk attitude/opinion**
Candidates should be able to interpret the client's investment risk attitude/opinion.
- 5.4 **Client's existing financial arrangements**
Candidates should be able to analyse a client's existing financial arrangements and entitlement to State benefits.
- 5.5 **Client's priorities and needs**
Candidates should be able to analyse and interpret from client data a client's priorities, needs and objectives.
- 6 Financial planning solutions and recommendations**
- 6.1 **Assessing a client's needs**
Candidates should be able to assess a client's needs on a quantitative and qualitative basis.
- 6.2 **Client's taxation liability**
Candidates should be able to demonstrate practical ways of reducing a client's taxation liability.
- 6.3 **Formulating a plan**
Candidates should be able to demonstrate how to formulate and present a plan/report.
- 6.4 **Financial planning solutions and recommendations**
Candidates should be able to explain the reasons why solutions are proposed, show how each recommendation relates to the client's needs and objectives as identified in the client analysis; compare alternative solutions that a client could take and identify next steps in the solution process.
- 6.5 **Consulting with other professionals**
Candidates should be able to recognise when to liaise with other professionals in respect of the solution.
- 6.6 **Ethical/compliance issues**
Candidates should be able to identify aspects of a client's case where ethical/compliance issues may arise.
- 6.7 **Client's existing arrangements**
Candidates should be able to understand how to take account of a client's existing arrangements and State benefit entitlement.
- 6.8 **Presentation of data**
Candidates should be able to summarise and present data in a clear and concise format in order to communicate to the client the issues addressed by the solutions and recommendations.
- 6.9 **Report writing**
Candidates should be able to produce a structured report/plan for presentation to a client.
- 7 Reviewing the client's financial position**
- 7.1 **Periodic review of client's financial position**
Candidates should be able to outline a process for a periodic review of a client's financial plans and circumstances.
- 7.2 **Review strategy**
Candidates should be able to set up a monitoring and review strategy with the client at the outset.
- 7.3 **Key review periods**
Candidates should be able to identify key review periods for a client.
- 7.4 **Existing financial solutions**
Candidates should be able to judge when an existing financial solution should be changed.
- 7.5 **Changes to client's circumstances**
Candidates should know how to react with advice when a client's position suddenly changes.
- 7.6 **Reviewing a client's position**
Candidates should be able to demonstrate how a client's position should be reviewed.

H25 HOLISTIC FINANCIAL PLANNING

READING LIST

Note: candidates should note that the examination will test the syllabus provided in this handbook and the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination.

Only the CII publications can be obtained from the CII. For all other publications contact the publisher. It is possible that a book on the reading list may be out of print. Such books can usually be obtained through the public library service.

PRIMARY TEXT

H25 Holistic financial planning, CII/Taxbriefs, latest edition

REFERENCE WORKS AND ADDITIONAL READING

Allied Dunbar tax handbook, latest edition, A. Foreman, Pitman

The financial adviser's factbook, Gee Publishing, updated regularly

J. Rothschild Assurance tax guide, latest edition, W. Sinclair, Orion Books

Kelly's financial planning for the individual, latest edition, Simon Philip, Gee Publishing

The pensions factbook, R. Gaines (ed), Gee Publishing, updated regularly

Personal financial planning manual, latest edition, R. Rhodes, Butterworth

EXAMINATION GUIDE

You are strongly advised to study this before the examination. See page 16 of the 1997 AFPC examination handbook.

EXAM TECHNIQUE/ STUDY SKILLS

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

How to pass exams without anxiety, David Acres, How To Books, 1995

For a more interactive approach, you should consider *Winning the brain game* CD-Rom, CII/Neil Taylor, 1996, available from the CII.

PERIODICALS

Financial Adviser, weekly

Financial Planning Professional, Gee & Co., monthly

Financial Times, daily

Investment Week, weekly

The Journal, CII, eight times a year

Money Management, monthly

Money Marketing, weekly

Pensions Management, monthly

Pensions World, monthly

Planned Savings, monthly

Prospect, LIA, monthly

Technical Adviser, SOFA, quarterly

Which?, Consumers' Association, monthly



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