



Please complete and email
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Name

Firm

Job title

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CFP of the Year Questions:

1. An overseas pensions investment manager with considerable experience and qualifications has been refused authorisation by the Financial Conduct Authority (FCA) to be a pensions investment manager in the UK. To which of the following organisations could the individual refer this decision?
 - a. The Financial Ombudsman Service
 - b. The Pensions Regulator
 - c. The Upper Tribunal (Tax and Chancery)
 - d. The Financial Skills Partnership
2. Why are firms required to have clear procedures relating to when employees are assessed as competent?
 - a. So that employees don't need to become fully qualified
 - b. To establish the point at which their bonus becomes due
 - c. So that supervision can be removed once they are deemed as competent
 - d. In order to demonstrate why a reduced level of supervision is appropriate



3. When a firm appoints a representative to act on its behalf regarding financial promotions, what FCA rules, if any, apply?
 - a. Any business by the representative is treated as being undertaken by the authorised person
 - b. The representative is not an authorised person so cannot be subject to specific Conduct of Business promotion rules
 - c. The representative is treated under the same regime as a client acting as an eligible counterparty
 - d. The rules apply for third party prospectuses in respect of MiFID business only
4. Four individuals knowingly acquired criminally-derived cash over recent times. Andrew previously deposited this cash in a bank account and it is now being transferred into an investment bond. Ben used this money to fund an armed robbery and has accumulated extra funds as a consequence. Charlie transferred this cash through various accounts and now holds what appears to be legitimate funds ready for use. Derek deposited this money into an offshore bank account and intends leaving it there for some time. Based solely on the above facts, which of the following statements is TRUE?
 - a. Only Andrew is currently at the layering stage of the money laundering process
 - b. Only Charlie is currently at the placement stage of the money laundering process
 - c. Only Andrew and Charlie are likely to be in breach of the Proceeds of Crime Act
 - d. Only Ben and Derek are liable to be reported to the National Crime Agency



5. When an adviser offers restricted advice on retail investment products to retail clients, how does this impact the service they offer? The adviser:
 - a. Is restricted to advising on the top 5% of each provider's products
 - b. Can only be remunerated by certain product providers
 - c. Must disclose the restriction to the client after all of the business has been completed
 - d. Can only recommend certain products and providers
6. How must the rules listed in the FCA's Handbook be used by authorised firms?
 - a. The rules are legally binding and if a firm contravenes them they may be disciplined or fined
 - b. Firms must use them in conjunction with FCA-confirmed industry guidance and both are legally binding
 - c. The rules are not legally binding for a firm but if they contravene a rule they may be fined by the FCA
 - d. Firms may choose to follow either the 'implicit recognition' method of industry guidance or the FCA's Handbook
7. The following four changes were undertaken in the economy. Action 1 - A 2% increase in the government defence expenditure. Action 2 - A 1% increase in money supply. Action 3 - A 3% increase in the annual capital gains tax exemption allowance. Action 4 - A 0.25% increase in the Bank of England base rate. Which of the following statements is TRUE?
 - a. Actions 1 and 3 are examples of fiscal policy
 - b. Actions 2 and 3 are examples of monetary policy
 - c. Actions 1 and 4 are examples of contractionary measures
 - d. Actions 2 and 4 are examples of expansionary measures



8. For what reason are manufacturers compelled to undertake scenario analysis?
 - a. To ensure a planned promotion will not lead to harm for the manufacturer
 - b. To ascertain the possible success or not of an offering
 - c. To assess whether the manufacturer has the capacity to complete the full life cycle
 - d. To assess the risks of poor outcomes for clients
9. A firm is preparing a financial promotion. The promotion contains comparisons which have been presented in a balanced way. Why is the firm required to cite the data sources of the comparisons?
 - a. The promotion is intended for eligible counter parties (ECP)
 - b. The financial promotion relates to MiFID business
 - c. The promotion has been compiled by a third party
 - d. An unauthorised person has been responsible for compiling the promotion
10. The Perimeter Guidance Manual's primary emphasis is on outlining what particular aspect of Financial Conduct Authority (FCA) regulation?
 - a. The circumstances surrounding authorisation and guidance on activities regulated by the Financial Services and Markets Act
 - b. FCA procedures for taking disciplinary actions in the various formats available to it
 - c. Compensation procedures for those with successful complaints against firms found guilty of contravening FCA regulations
 - d. Ensuring independent criteria for the Regulations Decision Committee



11. How should a financial planner proceed if a client has more goals and objectives than they can afford?
- a. Tackle the largest first
 - b. Change the planning assumptions
 - c. Prioritise the most important
 - d. Tackle the smallest first
12. What stage of life assessment describes a client with a low level of assets and high financial uncertainty?
- a. Early accumulation stage
 - b. Foundation stage
 - c. Late accumulation stage
 - d. Maintenance stage
13. When dealing with a client of the Muslim faith, a financial adviser must ensure that:
- a. No products are recommended which pay interest
 - b. Insurance-based solutions must not be used
 - c. Pooled funds will be more suitable than directly held stocks
 - d. Commission payments cannot be received as a result of any recommendations
14. A key benefit to a client selling their own business to fund their retirement is that:
- a. There would be no tax charge on the sale proceeds
 - b. Business Asset Disposal relief may apply to the sale proceeds
 - c. The business will usually be worth more than the client anticipates
 - d. The rate of Capital Gains Tax may be reduced to 5%



15. What primary information can a financial planner obtain from a client's net worth statement?

- a. Their current assets only
- b. Their current assets plus any expected windfalls such as inheritances
- c. Their current assets and liabilities
- d. Their current assets and liabilities plus any expected windfalls such as inheritances

16. A benefit crystallisation event is a test against the:

- a. Annual allowance
- b. Lifetime allowance
- c. Personal allowance
- d. Money purchase annual allowance

17. Lauren is considering using a buy-to-let property as an alternative way of funding retirement. She needs to be aware that:

- a. Capital gains tax (CGT) may be payable on disposal at the higher rates of 20% and 40%
- b. She will be able to claim higher rate income tax relief on the mortgage interest for all of the 20-year term of their mortgage
- c. Stamp duty is charged at an additional 3% on purchases over £40,000
- d. The property will be outside of the estate for inheritance tax (IHT) purposes



18. Mis-selling is most likely to have occurred when a client has:
- a. Been persuaded to hold an adequate emergency fund
 - b. Made a loss on their investment
 - c. Purchased underperforming investments
 - d. Received unsuitable advice
19. For what main reason should an employee join their employer's group income protection insurance scheme?
- a. To provide a lump sum for their family in the event of critical illness
 - b. To provide private health care in the event of illness
 - c. To ensure they have an income once sick pay ceases
 - d. To provide a lump sum for their family in the event of death
20. Why are some financial advisers required allowed less flexibility in their choice of continued professional development?
- a. They specialise in derivatives
 - b. They specialise in insurance
 - c. They specialise in mortgages
 - d. They specialise in pension transfers
21. What have you done to give back to the financial planning profession in the last 12 months?

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