Level 7 Financial Plan Case Study

Candidate Guidance

Contents

1. Overview

1.1 Education Level

The CISI Financial Plan Case Study is a level 7 assessment recognised by Ofqual. It represents a challenging test of your technical ability as well as assessing how well you can apply this knowledge in order to produce an effective financial plan - i.e. your planning skills.

The qualification meets the requirements of the Financial Planner Competency Profile developed by the Financial Planning Standards Board (FPSB). www.FSPB.org

Once candidates have met the qualification, ethics and experience requirements candidates can apply for the CERTIFIED FINANCIAL PLANNER certification. Full details can be found at the CISI website at cisi.org/cfp

1.2 Entry Requirements

In order to register for the level 7 Financial Plan Case Study, candidates must hold the following:

- An FCA-recognised level 4 or above Qualification covering FCA Activities 4 and 6 (with Qualification gap-fill if required), AND
- A pass in the CISI's level 6 Advanced Financial Planning exam

Experience shows that those embarking on the Case Study without the full entry requirements dramatically reduce their chances of passing the Financial Plan Case Study. If you have a specific query about entry requirements for the level 7 Financial Plan Case Study please email fpexams@cisi.org

1.3 Preparing for the level 7 Financial Plan Case Study

Candidates should ensure that they are thoroughly familiar with the level 7 Financial Plan Case Study syllabus which can be found on the CISI website. Candidates will also be sent an example Financial Plan when registering for the level 7 Financial Plan Case Study.

Candidates can have formal training with one of our Accredited Training Partners (ATP). To find an ATP near you visit cisi.org/atp

1.4 Submission Dates

Candidates must pass the level 6 Advanced Financial Planning examination before proceeding to attempt and submit their level 7 Financial Plan Case Study.

After passing the examination, candidates may then purchase a case study. The case study will be selected randomly from a bank of case studies all of which will be based on a typical Financial Planning client.

There are four submission windows for candidates embarking on the level 7 Financial Plan Case Study. The submission dates can be found on the CISI website. Candidates choose which submission window they would like to register for. Once in receipt of their Case Study candidates need to prepare a Financial Plan based on the client scenario using the syllabus and assessment criteria as a guide.

The Financial Plan is independently assessed against the assessment criteria by an experienced assessor and results will be agreed by a moderation committee. The CISI will issue results 12 working weeks after the final submission date. The results date for the submission window is also detailed on the CISI website.

Candidates who do not submit their Plan within the submission window cannot submit their Plan at a later date and will have to purchase a new Case Study if they wish to proceed with the qualification.

2. Assessment Standards and Criteria

2.1 International Standards

Financial Planning is a professional service for clients who need objective assistance in organising their personal or corporate financial affairs to more readily achieve their goals.

The financial planning process includes six steps:-

1. Collecting and assessing all relevant personal and financial data
2. Identifying financial objectives and problems.
3. Processing and analysing information
4. Producing a financial plan, showing how to make the most effective use of a client's resources towards the achievement of his objectives, and identifying alternative solutions.
5. Implementing the plan.
6. Reviewing progress and modifying the plan as necessary to take account of changed circumstances.

Comprehensive financial planning will include the basic areas of financial planning along with other areas of concern to the client. The basic areas include:-

- Financial Statement analysis
- Investment Planning
- Tax Planning
- Risk Management and Insurance
- Retirement Planning
- Estate Planning

Other areas of concern may include:

- Cash
- Education Funding
- Employee Benefits
- Charitable Planning
- Business Planning

2.2 Assessment Criteria

The Financial Plans will be assessed against Assessment Criteria, which are outlined in Appendix 1. The Assessment Criteria are derived from the syllabus and ensure candidates meet the FPSB requirements.

The level 6 Advanced Financial Planning exam tests the knowledge requirements within the FPSB standards. In the level 7 Financial Plan Case Study the assessors will look to evidence that the candidate can apply that knowledge to a particular set of circumstances, accurately and appropriately.

A fixed pass standard is used to assess candidates. The assessment pass mark is:

- 51% score or over in each of the required learning outcomes; and
- a total score of 65% or above overall.

2.3 About the level 7 Case Study

The case studies are written by Financial Planning professionals and are intended to replicate real-life clients who might be seeking personal Financial Planning advice. Typically, there will be several areas of planning needed and multiple objectives some of which may be unachievable, as they may be in real life. The case studies are based on English law and practice and Financial Plans should be answered on this basis.

3. Financial Plan Case Study Requirements

3.1 Registering for the Case Study

Candidates should contact FPexams@cisi.org with evidence that they meet the entry requirements as outlined on page 3 of this candidate guidance or complete the eligibility form. Soft copy qualification certificates are acceptable. Once the CISI has confirmed eligibility and the candidate has passed the level 6 Advanced Financial Planning exam then candidates can proceed to book the level 7 Financial Plan Case Study and should contact our Customer Support team.

Email: Customer.support@cisi.org

Tel: +44 020 7645 0777

Details of prices can be found on the CISI website: cisi.org/prices

3.2 Submitting the Financial Plan for Assessment

Candidates should submit their Financial Plan by email together with the Assessment Submission Form found on the CISI website to FPsubmissions@cisi.org. Plans must be submitted within the relevant submission window. Candidates must ensure their candidate number is included on the first page of their Plan, however, there should be nothing else in the Financial Plan to identify the candidate or their firm. Candidates should be aware that the CISI uses software to produce an originality report for each Financial Plan. This is to ensure candidates are producing their own work and are not plagiarising from other sources. Plans found to have significant reproductions of text will be returned to candidates unmarked. Candidates will be given 10 days to reply to the CISI on any issues of plagiarism and they may also be subject to other penalties or sanctions.

3.3 Structure and Format

Candidates must ensure their Plan meets the following criteria:

- Plans should be a maximum of 60 pages including appendices
- Plans should use:
  - Arial font size 10
  - Paragraph 1.5 line spacing
- Charts / graphs etc should not be used in isolation, they should be properly explained and referenced. Appendices should be referenced in the Plan and should only be included if they add value to the client.
- Candidate number should be included on the front cover
- Plans should be submitted as a word or PDF document with the Plan and Appendices as one document and the file saved as:
  - “candidate number_Submission 1” for 1st submission
  - “candidate number_Submission 2” for 2nd submission

- "candidate number_Submission 3" for 3rd submission

Plans which do not meet the structure and format requirements will be returned to candidates unmarked.

4. After the results

4.1 Successful candidates

If the candidate has passed the assessment, they are notified via email and a formal notification / qualification certificate will follow shortly thereafter in accordance with the CISI's published policy.

Candidates who pass the level 7 Financial Plan Case Study and have also met the entry requirements and have passed the level 6 Advanced Financial Planning exam will be awarded the level 7 Diploma in Advanced Financial Planning.

Following successful completion of the level 7 Diploma in Advanced Financial Planning, UK candidates can apply to the CISI to become a CERTIFIED FINANCIAL PLANNER™ professional and use the CFP™ marks subject to certain criteria being met. Visit cisi.org/cfp

4.2 Unsuccessful candidates

4.2.1 Resubmitting a Financial Plan

Candidates who do not pass the Level 7 Financial Plan Case Study on their first attempt will be allowed a maximum of two resits on the same Case Study (submitted within the required submission windows).

In such instances some limited feedback will be emailed to candidates in order to provide guidance on where their plan has failed. It is emphasised that not all points will be raised in detail and candidates are advised to review any resubmission carefully against the Assessment Criteria which can be found in Appendix 1 of this candidate guidance. Candidates should ensure the whole Plan is reviewed for correctness and consistency as addressing feedback for one area may impact other areas of the Plan.

Candidates will have until the next submission window to re-submit their revised Plan for assessment. The above assessment process is carried out for both second and third submissions.

If the Financial Plan is failed following the third submission, it is not possible to resubmit based on the same case study. The candidate may apply for a new Case Study and start the assessment process again.

4.2.2 Feedback to Candidates from Assessors

Candidates will be provided with feedback by email once the assessment process is complete. The feedback will state whether the Financial Plan has met the required standards (Pass / Fail).

If the Financial Plan does not meet the required standards, feedback will be provided which will include:

- general comments for improvement of the Financial Plan in order to meet the assessment criteria.
- brief comments on each failed unit.

4.3 Queries and Appeals

We operate a clear and transparent assessment queries and appeals process in line with the regulatory arrangements of Ofqual, Qualifications Wales and CCEA in Northern Ireland. You may find our published policy on the CISI website: **cisi.org/exampolicies**

Candidates wishing to query the content of the level 7 Financial Plan Case Study can do so by completing an online Exam feedback form available on the CISI website in the Feedback and Complaints section.

Candidate feedback is considered as a standard part of the assessment process.

5. How to Construct a Competent and Comprehensive Financial Plan

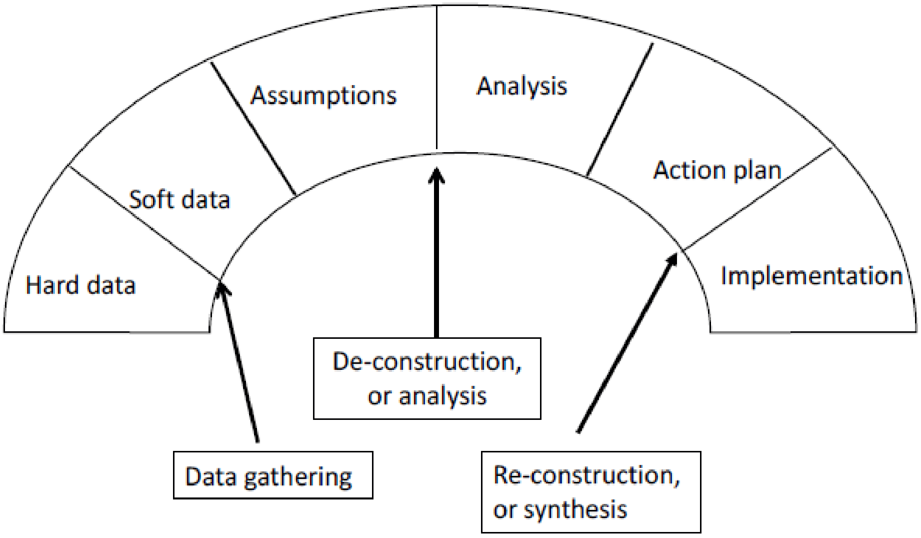
5.1 Introduction

The purpose of this candidate guidance is to provide candidates with some structure as well as general guidance on how to approach their submission of a financial plan based on a case study.

This is designed to be a guide in how to apply and demonstrate knowledge by writing a financial plan that reflects the skills of a professional financial planner. Please remember that there is no right or wrong way to produce a financial plan. What is important is that all of the Assessment Criteria requirements are satisfied.

The key principles to cover when constructing a Plan are to ensure data is collected, once this is complete the data can then be analysed. Only once a full analysis of the relevant data has been completed, can there be a synthesis of the conclusions reached which inform the financial strategy and ultimately the product, non-product and other financial planning recommendations that emerge.

A helpful model might be a planning bridge that gets you from beginning to end as follows:



The collection of client information includes:

- Hard facts – assets and liabilities, income and expenditure, and
- Soft facts – goals and objectives (and their priority), attitudes to and tolerance to investment risk.

This data then needs to be analysed, or deconstructed, and this is where the assumptions have to be brought in. The assumptions are the external variables that have to be applied to the client's specific variables (hard data) in order to perform any financial analysis, particularly as to future goals and objectives. At this stage, it may be necessary to revisit some of the data to check on facts or some softer data.

The third stage is when ideas are formulated into a plan, or plans, of action designed to achieve the client's goals. This is the reconstruction, or synthesis stage. It may again be necessary for the adviser/planner to revisit some earlier stage or question an assumption.

5.2 Financial Planning Process Map

This section is designed to provide candidates with a broad overview of the sequences and steps involved in constructing a financial plan.

1. Identify and extract information

From:

- Interview notes
- Confidential questionnaire
- Clients' attitude to risk
- Net annual expenditure analysis
- Tax calculations
- Net worth statement

2. Identify goals, timescales and attitude

2.1 List the client’s precise goals or objectives and their priority ranking. Include monetary values and timescales where relevant
2.2 List the client’s preferences or constraints in terms of attitudes (especially investment risk attitude), values and beliefs

3. Net worth statement

Using the net worth statement
3.1 Make a separate rough note of any assets which produce income and identify if this is paid:

- Net of tax
- Gross, but taxable
- Gross but tax-free

3.2 Make a separate rough note of any assets which are potentially free from capital gains tax on disposal
3.3 Make a separate rough note of the potential size of the estate if one spouse/partner dies, under the circumstances of any will or lack thereof, as described in the case study

4. Income and expenditure statement

4.1 Check your rough notes for income producing assets
4.2 Identify gross income by person and frequency
4.3 Identify net income after taxation
4.4 Add in any irregular capital receipts
4.5 Deduct expenditure per person based upon the same frequency as income
4.6 Identify per person and total net surplus income after expenditure (or shortfall)

5. Taxation Calculations

5.1 Identify tax status

6. Resource and Shortfall Calculations

6.1 Calculate any funding projections required for:

- Retirement planning (pension and non pension)
- Special projects / needs (long-term care, education funding)
- Risk protection (life, health and medical)
- Loans and/or debt management

6.2 Identify and include any:

- Social Security benefits
- Other State or non-state resources

7. Advice

7.1 Restate/summarise key client goals/objectives, attitude and circumstance.
7.2 Clearly explain the logic behind any assumptions used. Ensure they are in a range of acceptability, or if not, explain why.
7.3 Prepare advice to deal with each specific issue to be dealt with within client's requirements and/or constraints.
7.4 Explain why other areas are to be/have been excluded from advice.
7.5 Clearly explain why and state how the recommended course of action solves the problem/meets the objective.
7.6 Ensure that any caveats, limitations or implications are explained.
7.7 Ensure that solutions are consistent with client objectives, constraints, attitude etc.

8. Action Plan and Review

8.1 Ensure that a list of actions is included, stating who is to do what, to whom and by when.
8.2 Ensure that it is clear that a review will take place, and why. State who will initiate the review process and by when.

9. Appendices

9.1 Write up/tidy up schedules, calculations and working notes as appendices.
9.2 Add any other appendices required.

10. Cross Check

10.1 Check that all Assessment Criteria have been satisfied.

11. Submit the Plan to the CISI for Assessment

5.3 Plan Construction

5.3.1 Presentation

Ensure that the financial plan is a cohesive document with a structure. It should have a beginning, a middle and an end. It should also progress logically by identifying the aspirations or problems, describing the current situation (perhaps including reference to appendices) and identifying shortfalls. It should propose actions to meet the shortfalls or aspirations and thus form a plan of action.

The plan should be written in a language the client understands. Within the language used, the words chosen must be appropriate to the client's knowledge and experience otherwise communication may be impaired. Jargon can be confusing, and it may be better to avoid it. Similarly, acronyms may mean little to a client and where used should be spelt out in full first time.

5.3.2 Client Goals and Objectives

Candidates should ensure that the client’s needs and objectives have been clearly identified in the Plan, this could be by summarising the agreed goals, aspirations or concerns within the Plan.

This part of the Plan is concerned with giving shape and substance to objectives. It involves taking account of qualitative data, e.g. investment risk attitude, motivation, emotional or other attitudinal factors. It should involve asking or knowing why a client wants to do something.

It also involves taking into account quantitative data such as amounts, shortfalls, surpluses and timescales. This will enable candidates to link a timed, quantified action to a purpose in order to satisfy a need or objective. Quantitative data can be processed to identify shortfalls, surpluses or sums required. However, it is often unhelpful and distracting for this level of detail to be produced in the main body of a plan or report, such detail is often best shown as an appendix, which can then be referred to.

Candidates should include reference to any time sensitivity (e.g. deadlines) and the likely timescale over which the action will take place. Timescale is vitally important as a client's investment risk attitude may change in the context of both timescale and purpose. Often there will be implications, which arise from a client's circumstances. A decision to pursue a given course of action may result in another being excluded for lack of cash. Failure to make a Will can result in succession problems on death etc. Where additional needs, problems or issues arise, they should be identified and referred to within the Plan.

5.3.3 Additional Issues or Problems

One of the major differences between financial planning and financial advice is the requirement in financial planning to consider the inter-related consequences of various simultaneous or successive actions. Whilst it can arise, that there are no implications of an action, it is extremely rare. It is prudent to re-state to a client issues that have been identified and the conclusion reached or perhaps the failure to reach a conclusion.

Having identified an issue and raised it, a conclusion will have been reached about it. This should be recorded in the Plan for future reference.

5.3.4 Client Data

A client's attitude, opinion, values and beliefs will influence their outlook, their views and their motivation to act. Whilst gathering such information is a factfinding skill, reference must be made within the plan to the client’s understanding of the client's attitudinal data. This is really a specific sub-set of the client's wider attitude. Clearly only clients with business interests will be concerned with business risk management. However, all clients will be concerned with the morbidity (illness/disability) and mortality (death) risks they encounter in everyday life. Again, this attitude should be stated in the report (albeit perhaps only briefly). In many cases it may be dealt will by reference to the fact that a client may not want to discuss or plan for the mortality or morbidity risks. Again, this is a sub-set of wider attitudinal data. However, clients rarely have a fixed risk attitude. Most people's risk attitude will vary by reference to the purpose and timescale of the investment. It is not unusual for an individual to have several risk attitudes attaching to specific purposes.

Candidates should not risk confusing the Plan by including detailed data statements in the main text. These should be stated in appropriate appendices.

5.3.5 Assumptions

In any financial plan, it will be critically important to make assumptions about the future. Such factors as investment growth rates, rates of price inflation or rates of income escalation/earnings inflation will have a major impact upon a financial strategy. The agreed or advised assumptions should be stated in the Plan.

Other factors such as rates of taxation, retirement age, health, continued employment may be relevant when planning a future financial strategy. Where appropriate, these assumptions should also be stated in the Plan.

It is important candidates ensure that all relevant assumptions are clearly stated within the Plan. This could be done as a section, as an entry within a section, as an appendix or as a footnote.

It is important that where assumptions are stated, the reasoning behind the assumption is also stated (i.e. the assumption is reasoned). Similarly, the assumptions should be reasonable. This means that, based upon generally accepted knowledge and practice at the time of writing, the assumptions stated are prudent and practical.

There is an important caveat to add here. There are occasions when a candidate may be called upon to provide an opinion and when knowledge, experience and speciality or expertise of judgement cause the candidate to take an unusual view or make an assumption which differs from the current norm. There is nothing wrong with this scenario, always providing, that the assumptions are clearly stated and reasoned. At that point, the candidate must justify the view.

5.3.6 Cashflow

Candidates should ensure an income and expenditure / cashflow statement has been produced. Recommendations in the report should ensure the client's money is utilised where necessary to achieve their goals. If appropriate, the plan should also clearly identify earned income as opposed to unearned income. This information should again be held within the appendices. For clarity it is often helpful to use subheadings to separate the two types of income.

A cash reserve/emergency fund should be taken into account in the Plan.

5.3.7 Recommendations

A financial plan must contain recommendations to address each of the concerns agreed with the client. It is important too, that each recommendation is clearly explained, including an explanation of how the recommendation solves the identified problem or concern. Timescales within which recommendations should be implemented are important. The plan should therefore list, or make reference to, how the proposed recommendations will be implemented and the timing/timescales involved. It is also important to confirm in writing who is to take responsibility for various tasks etc. The solution recommended must be suitable for the client's circumstances, attitude, values and beliefs. A financial plan should explain how the plan will be reviewed, by whom and when.

5.4 Common Problems

There are a number of common mistakes and omissions that frequently occur in financial plan submissions. Candidates should check their plan before submission to CISI to ensure that they have completed the following:

1. Always explain your reasoning and assumptions – be consistent in their use.
2. Always consider the application of state benefits and personal allowances.
3. Check that the timing of income and outgoings is correct – for example explain why certain payments such as pension contributions are over a particular period or why some benefits might end after a given time.
4. Ensure that all calculations are correct.
5. Cross check workings contained in the appendix with those contained in the plan.
6. Explain how recommendations:
    a. Align with the client’s objectives
    b. Solve the client’s problem
    c. Align with the client’s risk appetite
7. Stress test recommendations to take account of a range of variables such as illness or death.
8. Ensure that all recommendations are costed.
9. Do not invent follow up meetings or data within the Plan
10. Show how other external risks have been taken into consideration.
11. Check the whole plan against the Assessment Criteria

Appendix 1

Assessment Criteria

Learning Outcome 1. Financial Management and Tax Planning

1.1 *Demonstrate the ability to critically analyse financial information*
- 1.1.1 Is the client's attitude towards savings and debt determined?
- 1.1.2 Is the impact of potential changes in income and expenditure assessed?
- 1.1.3 Are conflicting demands on cashflow identified?

1.2 *Demonstrate the ability to develop and apply financial management strategies*
- 1.2.1 Is an appropriate financial management strategy identified?
- 1.2.2 Does the identified financial management strategy align with the client's stated objectives?

1.3 *Demonstrate the ability to develop and apply tax planning strategies*
- 1.3.1 Are tax planning strategies developed?
- 1.3.2 Is an appropriate and effective tax planning strategy identified?
- 1.3.3 Is the identified tax planning strategy accurate and appropriate to the client's circumstances?

1.4 *Demonstrate the ability to identify effective recommendations which meet client objectives*
- 1.4.1 Is it indicated whether the client's objectives can be achieved within current and/or future cash flow restraints?
- 1.4.2 Is it clear how the solution can be adjusted, if necessary, to fit any identified cash flow restraints?
- 1.4.3 Has a liquidity and/or cash reserve been considered?
- 1.4.4 Is it clear how each recommendation addresses the client's objectives?
- 1.4.5 Has the tax position been reviewed, resulting in comments to the client?
- 1.4.6 Does the proposed solution align with the client's agreed objectives?
- 1.4.7 Does the proposed solution align with the client's risk appetite?

Learning Outcome 2. Personal Risk Management

2.1 *Demonstrate the ability to critically analyse personal risk management issues*
- 2.1.1 Are the client's needs and objectives quantified and qualified correctly?
- 2.1.2 Is the client's attitude to mortality and morbidity risk identified?
- 2.1.3 Is the client's financial exposure to mortality and morbidity risk discussed?
- 2.1.4 Are existing risk management strategies and insurance policies analysed?
- 2.1.5 Are existing or anticipated assets or capital taken into account?
- 2.1.6 Are appropriate, reasoned and reasonable assumptions used?

2.2 *Demonstrate the ability to create and apply personal risk management strategies*
- 2.2.1 Are personal risk management strategies developed?
- 2.2.2 Is an effective personal risk management strategy identified?
- 2.2.3 Does the proposed personal risk management strategy align with the client's stated objectives?

2.3 *Demonstrate the ability to prepare effective recommendations which meet client objectives*
- 2.3.1 Are the taxation considerations of the solution during lifetime and on death analysed?
- 2.3.2 Are the qualifications, caveats and implications of the solution explained clearly to the client (e.g. taxation, underwriting, legal and generic contract limitations)?
- 2.3.3 Are the solutions affordable within parameters agreed with the client?
- 2.3.4 Does the proposed solution align with the client's risk appetite?
- 2.3.5 Is the ownership and method of arranging the solution explained clearly?
- 2.3.6 Are social security benefits taken into account, where applicable?
- 2.3.7 Does the proposed solution align with the client's agreed objectives?

Learning Outcome 3. Asset Management

3.1 *Demonstrate the ability to critically analyse existing and desired portfolio provision*
- 3.1.1 Are the client needs and objectives quantified and qualified?
- 3.1.2 Are clear portfolio parameters established (e.g., which assets are to be included/excluded; is the portfolio joint or individual)?
- 3.1.3 Are the new portfolio parameters applied to evaluate existing assets?
- 3.1.4 Are relevant assumptions and portfolio returns applied?

3.1.5 Is the client's risk tolerance and capacity for loss determined and compared to the existing portfolio?
3.1.6 Is the existing portfolio analysed and any gaps identified?
3.1.7 Are current and future income requirements considered?
3.1.8 "Are the following calculated accurately, where appropriate:
(i) Capital/income needed at a given date
(ii) Capital/income discounted back to today's value
(iii) Capital/income needed now
(iv) Shortfall/surplus?"
3.1.9 Is the link to portfolio return in line with the client's identified attitude to risk?
3.1.10 Is diversification considered?

3.2 *Demonstrate the ability to analyse risk*
3.2.1 Is investment risk identified and explained?
3.2.2 Are appropriate mortality and morbidity risks identified and quantified?
3.2.3 Are diversification methods to reduce risk considered?

3.3 *Demonstrate the ability to develop and evaluate asset management strategies*
3.3.1 Are asset management strategies developed?
3.3.2 Is an appropriate and effective asset management strategy identified?
3.3.3 Does the identified asset management strategy align with the client's stated objectives?

3.4 *Demonstrate the ability to develop asset management solutions which meet client objectives*
3.4.1 Is allowance made in the portfolio for liquidity?
3.4.2 Are assumptions incorporated and explained?
3.4.3 Is the affordability of capital/income required based on the agreed cashflow/expenditure pattern analysed?
3.4.4 Is asset/product ownership identified and justified?
3.4.5 Are obstacles to achieving the client's specific objectives identified?
3.4.6 Are existing or anticipated assets or capital considered?
3.4.7 Are social security benefits and contributions taken into account, where appropriate?
3.4.8 Are relevant taxation considerations taken into account?
3.4.9 Does the solution take identified mortality/morbidity risks into account?
3.4.10 Are any relevant implications, limitations and legal/taxation considerations identified and explained to the client?
3.4.11 Is the solution consistent with the client's agreed investment attitude?
3.4.12 Does the proposed solution align with the client's agreed objectives?
3.4.13 Does the proposed solution align with the client's risk appetite?

Learning Outcome 4. Financial Planning Practice

4.1 *Demonstrate the ability to critically analyse financial planning information*
4.1.1 Is all the information required for a financial plan identified correctly?
4.1.2 Are the client's needs, objectives and aspirations established and recorded?
4.1.3 Are the client's objectives collectively quantified?
4.1.4 Are other needs and issues considered, recorded and a conclusion reached?
4.1.5 Are potential problems identified and trade offs and contingencies considered?
4.1.6 Is the client's attitude to investment risk in relation to each of the objectives established?
4.1.7 Does the plan include all relevant client data?
4.1.8 Is any missing client data identified?

4.2 *Demonstrate the ability to present assumption*s
4.2.1 Are assumptions regarding investment growth, price inflation and earnings inflation discussed?
4.2.2 Are other relevant assumptions stated and justified?

4.3 *Demonstrate the ability to produce comprehensive recommendations which meet client objectives*
4.3.1 Are recommendations developed for each of the client's objectives?
4.3.2 Are there clear explanations as to how the proposed solutions address the identified problems?
4.3.3 Is it clear whether the client's objectives can be achieved within current and/or future cash flow constraints?

4.3.4 If the client's objectives cannot be achieved, is it clear whether the solution can be trimmed, adjusted or prioritised to fit cash flow constraints?
4.3.5 Are the required actions, timing and responsibilities explained clearly?
4.3.6 Is the underwriting process for life assurance products explained clearly, where appropriate?
4.3.7 Is the application process for investment products and services including unit trusts, wraps and platforms, explained clearly?

4.4 *Demonstrate the ability to write a clear, concise financial plan which meets a client's objectives*

4.4.1 "Are all the components of a financial plan included?
(i) Contents page
(ii) Introduction
(iii) Objectives
(iv) Attitudes
(v) Assumptions
(vi) Assets and liabilities
(vii) Income and expenditure
(viii) Financial management
(ix) Tax planning
(x) Personal risk management
(xi) Asset management
(xii) Retirement and/or estate planning
(xiii) Action plan
(xiv) Reviews"

4.4.2 Is clear and appropriate language used throughout the plan?
4.4.3 Are all recommendations explained clearly and justified?
4.4.4 Is there clear reference to, and justification of, the exclusion of any financial planning issues?
4.4.5 Is a clear action plan provided for the client?
4.4.6 Are the solutions generally suitable for the client with no evidence of unsuitable advice?
4.4.7 Are the solutions technically accurate?
4.4.8 Do the proposed solutions align with the client's risk appetite?

4.5 *Demonstrate the ability to understand the review process*

4.5.1 Is the reason why client reviews are needed explained?
4.5.2 Is there a clear explanation of what a client review will cover and who is involved?
4.5.3 Are the timings and actions involved explained?
4.5.4 Is there a clear explanation of how the review process will be initiated?

Learning Outcome 5. Retirement Planning

5.1 *Demonstrate the ability to critically analyse retirement planning issues*

5.1.1 Are retirement planning needs and objectives quantified and qualified?
5.1.2 Is the income and capital required to achieve current or future objectives and needs and the timescale(s) applicable established?
5.1.3 Are existing assets or capital analysed?
5.1.4 Are appropriate, reasoned and reasonable assumptions used?
5.1.5 Are social security benefits and contributions taken into account?
5.1.6 Are taxation considerations taken into account?
5.1.7 Are mortality and morbidity risks quantified and qualified?

5.2 *Demonstrate the ability to develop and evaluate retirement planning strategies*

5.2.1 Are retirement planning strategies developed?
5.2.2 Is an appropriate and effective retirement planning strategy identified?
5.2.3 Does the identified retirement planning strategy align with the client's stated objectives?

5.3 *Demonstrate the ability to produce effective recommendations which meet the client's needs and objectives*

5.3.1 Are taxation considerations analysed?
5.3.2 Are the qualifications, caveats and implications of the solution clearly explained to the client?

5.3.3 Are social security benefits taken into account, where appropriate?
5.3.4 Does the solution consider mortality/morbidity risks?
5.3.5 Is the solution consistent with the client's agreed investment attitude?
5.3.6 Are any relevant implications, limitation and legal/taxation conditions/consequences stated and explained?
5.3.7 Can the capital or expenditure from income required be afforded based on the client's agreed cashflow/expenditure pattern?
5.3.8 Does the proposed solution align with the client's stated objectives?
5.3.9 Does the proposed solution align with the client's risk appetite?

Learning Outcome 6. Estate Planning

6.1 *Demonstrate the ability to critically analyse estate planning issues*

6.1.1 Are estate planning needs and objectives quantified and qualified correctly?
6.1.2 Is consideration given to the most appropriate methods of achieving the client's wishes?
6.1.3 Are taxation considerations for the client and the intended beneficiaries taken into account?
6.1.4 Are relevant implications and/or limitations identified and explained to the client?
6.1.5 Are issues that should be referred to specialist legal and/or taxation advisers identified and explained?

6.2 *Demonstrate the ability to develop and evaluate estate planning strategies*

6.2.1 Are estate planning strategies developed?
6.2.2 Is an appropriate ownership of assets to achieve the stated objectives stated and explained?
6.2.3 Is an estate planning strategy identified?
6.2.4 Does the identified estate planning strategy align with the client's stated objectives?

6.3 *Demonstrate the ability to produce comprehensive recommendations that meet the client's needs and objectives*

6.3.1 Are the taxation considerations of the solution analysed?
6.3.2 "Is there appropriate use of:
(i) wills
(ii) trusts
(iii) powers of attorney
(iv) gifts"
6.3.3 Are the qualifications, caveats and implications of the solution clearly explained to the client?
6.3.4 Are social security benefits taken into account, where appropriate?
6.3.5 Is the solution consistent with the client's agreed investment attitude?
6.3.6 Can the capital or expenditure from income required be afforded based on the client's agreed cashflow/expenditure pattern?
6.3.7 Does the proposed solution align with the client's stated objectives?
6.3.8 Does the proposed solution align with the client's risk appetite?

Appendix 2

Recommended reading list:

As well as studying the syllabus, we recommend that you familiarise yourself with the techniques associated with creating a comprehensive financial plan by consulting the following books:

Newspapers

1 . The Financial Times

2 . FT Weekend

3 . The Economist

Books

B Bachrach, *Values-based financial planning*
ISBN: 9781887006033

J Butler, *Wealth Management* (2013)
ISBN: 9781292004693

S Dorfman, *Introduction to Risk Management and Insurance* (2015)
ISBN: 9789332549487

I Fribbance and M Higginson, *Personal Finance* (2011)
ISBN: 9780470028551

T Hale, *Smarter Investing* (2013)
ISBN: 9780273785378

G Kinder, *Life Planning for You* (2014)
ISBN: 9780979174360

G Kinder, *Lighting the Torch* (2006)
ISBN: 9780975344859

T Granger, *Business Protection Simplified* 2014–15 (Management books)

J King and M Carey, *Personal Finance* (Oxford, 2017)
ISBN: 9780198748779

J Lowe, J Butler and L Luu, *Essential Personal Finance: A practical guide for employees* (Routledge, 2019)
ISBN: 9781351041652

Yoram Lustig, *FT Guide to Saving and Investing for Retirement: The definitive handbook to securing your financial future* (*The FT Guides*) (2016)

L Luu, J Lowe, J Butler, T Byrne, *Essential Personal Finance: A Practical Guide for Students* (2017)
ISBN: 9781138692954

P Matthew, *The Meaningful Money Handbook: Everything you need to KNOW and everything you need to DO to secure your financial future* (2018)
ISBN: 9780857196514

K Redhead, *Personal Finance and Investments: A Behavioural Finance Perspective* (2008)
ISBN: 9780415428590

G Rejda and M McNamara, *Principles of Risk Management and Insurance* (2016)
ISBN: 9780134082578

W Shute, *The Money Plan* (2018)
ISBN: 9781781332856

Articles

K Black, Jr., Conard S. Ciccotello, Harold D. Skipper, Jr., 'Issues in Comprehensive Personal Financial Planning,' *Financial Services Review*, Volume 11, Number 1, 2002, pp.1–9

Cull, M., 'The rise of the financial planning industry', Australasian Accounting, Business and Finance Journal, 3(1), 2009 (available at: https://ro.uow.edu.au/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1050&context=aabfj)

David J. Ekerdt, and Jennifer Kay Hackney, (2002) 'Workers' Ignorance of Retirement Benefits, *The Gerontologist*, 2002, Vol. 42, No. 4, 543–551

M Finke, S Huston, D Winchester, 'Financial Advice: Who Pays', *Journal of Financial Counseling and Planning* (2011), Vol. 22, No. 1

S Hanna, S Lindamood, 'Quantifying the Economic Benefits of Personal Financial Planning', *Financial Services Review* (2010), Vol. 19 (No 2)

S Hanna, 'The Demand for Financial Planning Services', *Journal of Personal Finance* (2011), Vol. 10, No1, pp. 36-62

K Irving, 'The Financial Life Well-Lived: Psychological Benefits of Financial Planning', *Australasian Accounting, Business and Finance Journal* (2012), Volume 6 Issue 4, 47–59

Lund, Nicholas M., 'The Benefits of Having a Comprehensive Financial Plan for the Average Consumer, and the Necessary Components Comprised to Make an Effective and Efficient Plan' (2016). CMC Senior Theses. Paper 1220.
http://scholarship.claremont.edu/cmc_theses/1220 (or https://scholarship.claremont.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=2339&context=cmc_theses)

Lytton, Ruth H. and Garman, E. Thomas and Porter, Nancy (1991), 'How to Use Financial Ratios When Advising Clients', Journal of Financial Counseling and Planning, Vol. 2, No. 1, 1991. Available at SSRN: https://ssrn.com/abstract=2443083

T Warschauer, D Sciglimpaglia, 'The economic benefits of personal financial planning: An empirical analysis', *Financial Services Review 21* (2012) 195–208

T Warschauer, 'The Role of Universities in the Development of the Personal Financial Planning Profession', *Financial Services Review*, 2002, Volume 11, Number 3, pp.201–216

PhD Theses

J G Moss, 'Personal Financial Planning Advice: Barriers to Access', (Birmingham PhD 2013) available at: https://etheses.bham.ac.uk/id/eprint/6016/1/Moss15PhD.pdf

S W Grierson, 'The role of referrals in new client capture within the field of independent financial advice', University of Hertfordshire PhD, 2014, available at: https://pdfs.semanticscholar.org/bb93/80d5ce43d271560b5fcd0baf958020159cf0.pdf

Websites

www.fpsb.org