

# CFP<sup>CM</sup> Certification Handbook



**Institute of Financial Planning**

**CFP Certification – *Global Excellence in Financial Planning*<sup>TM</sup>**

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# 1. Introduction

This guide provides essential information for candidates embarking on the CFP<sup>CM</sup> Certification process. Further information may be found on the IFP website [www.financialplanning.org.uk](http://www.financialplanning.org.uk)

## 1.1 Case Study

The case studies are written by Financial Planning professionals and are intended to replicate real-life clients who might be seeking Financial Planning advice. Typically, there will be several areas of planning need, 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. For candidates who wish to answer on the basis of Scottish law and practice, they should advise the IFP in advance of their assessment so that they can be issued with a case study where the clients live in Scotland.

## 1.2 Assessment Process

Candidates should submit their financial plans by post together with a completed Assessment Application Form.

On receipt of the submission, the candidate's plan with the relevant marking sheets and case study are sent to two assessors. If there is a significant discrepancy in the marking of the two assessors which will materially affect the result, then the plan is then sent to an adjudicator for adjudication on the points disagreed. The financial plan will be graded according to the following criteria in order to pass:

- 1) The plan must be over 75% correct in total
- 2) The plan must be over 51% correct in each individual section
- 3) All mandatory standards must be passed

The above assessment process will take six to eight weeks. If the candidate has passed the assessment they are informed in writing. Following a fail the candidate is sent a constructive letter of feedback to assist in correcting the parts they have failed in order to meet the CFP certification standards.

Candidates have 12 weeks to re-submit their plan and amendments for re-marking, following a fail on a second submission a further and final submission is allowed, giving three submissions per case study in total. The above assessment process is carried out for both second and third submissions, a copy of the candidate's previous submission(s) and current feedback letter are also sent to the assessors for the assessors' reference.

If the financial plan is failed following the third submission, it is not possible to resubmit based on the same case study. The candidate should apply for a new case study and start the assessment process again.



## 1.3 Feedback

Candidates will be provided with feedback between six and eight weeks after submitting their financial plan for assessment. The feedback will state whether the financial plan has met the required standards (Pass / Fail). If the result is a pass, candidates may be provided with helpful guidance to improve further the standard of their financial plans. If a candidate meets the eligibility requirements (see 1.1), then they may apply for certification as a CFP<sup>CM</sup> professional.

If the financial plan does not meet the required standards, written feedback will be provided which will include:

- Whether the overall mark is above or below 75%
- Which section(s), if any, where less than 51% of the standards are met
- Which mandatory standard(s), if any, are not met
- General comments on the financial plan and helpful comments for improvement in order to meet the standards
- Comments on each failed section and failed mandatory standard

## 1.4 Viva-voce

A Viva Voce Assessment (viva) consists of oral questions posed to a CFP certification candidate, to which the candidate gives an oral response in real time. This may be conducted by a physical meeting or telephone conference. A viva is primarily used to provide additional evidence to help assessors decide whether a borderline candidate should pass or fail. It may also be used to provide additional evidence for assessment purposes to confirm a decision. Broadly, a Viva is used to provide evidence that a candidate should pass.

**Other than in very exceptional circumstances, we will not use a viva to downgrade candidates, who have passed based upon their written evidence.**

The request for a viva will be made by the Senior Assessor or Education Director to the Qualification Coordinator. The Qualification Coordinator will liaise between the candidate and the assessors to arrange a convenient date, time and, if required, location.

A viva is likely to be required where:

- 1) A candidate's overall score is within 5% of the pass mark (currently 75% aggregate score).
- 2) A candidate's mark in any section of the assessment is within 5% of the pass mark for that individual section (currently 51%).
- 3) A candidate is within 5% **above** the pass mark overall, but there is evidence of over-reliance of a Financial Planning software package was used to prepare the plan (including either calculation spreadsheets or standard paragraphs).
- 4) Where candidates meet the required pass marks overall but fails one or more of the mandatory standards.

The purpose of a viva under point three above is to ascertain that the candidate understands the Financial Planning process without over-reliance on a software package.

All viva candidates will be questioned by using short, open questions based upon the Assessment Standards and designed and phrased to assess possible weaknesses in the candidate's written



assessment. All candidates will be questioned on their understanding of the Financial Planning process. Those candidates exhibiting potential weaknesses in application of the Financial Planning process to specific technical areas will also be questioned on those areas. Normally at least **three** questions should be posed per area of assessment.

The viva should not normally last for more than 20 minutes and will terminate when the assessors are satisfied enough evidence has been gathered upon which to make a decision.

At the commencement of each viva, the candidate's identity **must** be verified by: -

- Checking his/her candidate number;
- Sight of identification (e.g. passport or I.D. Card with photograph);
- By a witness physically present who can verify the candidate's identity (normally a CFP<sup>CM</sup> professional or other person regulated by a recognised profession or regulatory body e.g. a T&C or Compliance officer).

The written record of the viva will be treated as assessment evidence and retained with other assessment evidence by the Qualifications Coordinator.

## 1.5 Enquiries and appeals policy and procedures

Candidates can appeal against their result. In the event that a candidate wishes to appeal, all the documents relating to their submissions and the assessment will be considered by the Senior Assessor. The decision of the Senior Assessor is final. As part of the consideration, the Senior Assessor may wish to conduct a viva assessment at a mutually convenient time. This appeal process could take up to 28 days. The senior assessor will not have been involved in the assessment of the candidate previously.

Any complaint in relation to the mark or feedback awarded in respect of the examination must be made by way of letter addressed to the Education Director to arrive no later than 14 days following receipt by the candidate of the result and/or feedback to which the complaint relates. Any complaint in respect of any other matter, including inter-alia but with limitation, the assessment or examination environment or facilities, including the invigilation of the examination, or the conduct of any other person whether candidate or staff of the IFP, or any other matter surrounding the registration for the assessment must be made by way of letter addressed to the Director of Education to arrive no later than 14 days following the date of the examination or the date on which the matter complained of occurred if some other date.

The IFP will acknowledge the complaint, in writing, within seven days of receipt. The acknowledgement will set out the date by which the candidate can expect a response to the complaint. Following investigation of the complaint a full response will be sent to the complainant, within the timescale set out in the IFP's acknowledgement of the complaint, setting out the steps taken during the course of the investigation, the results of the investigation and the IFP's final decision on the matter.



## 1.6 Education level

The CFP<sup>CM</sup> certification will be submitted at level 6 of the Qualifications and Credit Framework <http://www.qcda.gov.uk/8150.aspx> For information, Honours degrees from English universities are equivalent to level 6 of the QCF.

## 1.7 Customer service statement

The Institute of Financial Planning is committed to providing high quality services, events, qualifications, and education for all our stakeholders in support of building the profession of Financial Planning in the UK.

This statement will help us monitor our service and continually improve that service.  
What you can expect from IFP as a CFP<sup>CM</sup> professional and as an IFP member:

We will:

- Make the interests of members our priority
- Give prompt, helpful and friendly response to telephone and e-mail enquiries, normally within two working days
- Answer telephone calls promptly and professionally
- Respond to written correspondence within seven working days
- Deal with complaints promptly providing an initial response within five working days
- Deal with financial transactions within two months
- Protect our members' confidential information
- Provide regular updates on our website to keep stakeholders informed of all our latest news and guidance in all areas
- Provide regular updates via post, journal, pr and email and respect member's wishes with regard to email communications
- Maintain full and accessible current information on our fees and regularly review our pricing to ensure we offer value for money
- Give professional and individual advice where appropriate when you seek clarification prior to any assessment or event
- Offer qualifications with appropriate national accreditation and international recognition
- Support our facilitators, candidates and staff through forward-looking course material, publications and training
- Include clear and simple guidance notes in all our course material and handbooks, and where possible offer these online
- Have confidential and secure procedures for storing case studies, written papers and blank certificates
- Ensure that candidates are examined by highly trained professional assessors
- Dispatch confirmation of results within the timeframes and through the methods announced in our supporting documents
- Respond to formal appeals as detailed in our course material, with an independent opinion at the ultimate level
- Ensure that candidates have access to suitable assessment facilities
- Immediately investigate allegations of malpractice in relation to our assessment system
- Keep records of candidates' achievements and respond to legitimate requests for these records



- Continue to ensure that we are committed to providing equality of opportunity and treatment for all, and that we will not unlawfully or unfairly discriminate directly or indirectly on the basis of gender, age, ethnic origin or disability in our dealings with members, candidates, facilitators, assessors, representatives or sponsors
- Use best practices and implement policies and procedures to ensure that members are dealt with on a consistent and fair basis
- Undertake to listen to and consult with Welsh speaking members to determine their needs and monitor verifiable demand for Welsh language assessment
- Provide our members and sponsors with the opportunity to comment on all aspects of our service by contacting us at any time
- Comply in all areas of the UK Data Protection Act
- Comply with all current relevant statutory legislation

If you wish to comment on this statement or any service offered by the IFP, please contact us direct on [enquiries@financialplanning.org.uk](mailto:enquiries@financialplanning.org.uk) or by post to Operations Director, IFP, Whitefriars Centre, Lewins Mead, Bristol, BS1 2NT. Our offices are open 8am-5pm Monday to Friday, excluding bank holidays and between Christmas and New Year, to answer any queries. Outside of these hours an answering service is available where all calls will be picked up the next working day. Phone number: 0117 945 2470, Fax: 0117 929 2214.

## 1.8 Costs

The costs of the assessment process may be found in the Introduction to CFP<sup>CM</sup> Certification 2010 or on the website at [www.financialplanning.org.uk/planners](http://www.financialplanning.org.uk/planners)

## 1.9 Reasonable adjustments and special considerations policy and procedures

Candidates who may require any concession or assistance as a result of any disability or for any other reason should contact the IFP in writing or by telephone before applying for the assessment. Guidance can then be given and, if considered necessary, suitable arrangements can be put in place.

### Special consideration/needs

If at any time a candidate feels there are circumstances that need to be taken into account in assessing their case study they should raise these issues with the IFP.

If there are any special needs the candidate may have, these should be made known to the IFP at the time of registration.

## 1.10 Malpractice procedures

Malpractice is defined as any deliberate activity, neglect, default or other practice that compromises the integrity of the assessment process, and/or the validity of the qualifications offered by the IFP. Malpractice may include a range of issues from the failure to maintain appropriate records or systems to the deliberate falsification of records in order to claim certificates.



The IFP will investigate all cases of alleged malpractice. The main purpose of an investigation is to establish if any regulations have been breached and to determine whether there is any irregularity. Where cases of malpractice are found, the IFP will take appropriate action in order to maintain the integrity of its qualifications. Members of the IFP may be treated in accordance with the IFP Code of Practice and Ethics. Candidates may be referred to IFP Disciplinary Committee.

The IFP is obliged to refer all proven cases of malpractice to OFQUAL in respect of all regulated qualifications. In addition, the IFP may refer cases to the Financial Services Authority.

### **Examples of malpractice**

1. A candidate arranging for another person to sit the assessment or to write any part of it on their behalf.
2. Impersonating another candidate by sitting an assessment for them or submitting work on their behalf.
3. Submitting any work which is not the candidate's own original work.
4. Copying the work of another candidate.
5. Allowing another candidate to copy their work.
6. Taking forbidden items into the examination room. This may include, but is not limited to, mobile phones, personal organisers, computers, notes or books.
7. Communicating with another candidate during the assessment.
8. Working collaboratively with another person during the assessment.
9. Plagiarism or misrepresentation.
10. Including offensive or inappropriate material within the assessment.
11. Identifying themselves or their company within the assessment.
12. Failing to follow instructions given by an IFP officer.
13. Behaving in a disruptive manner during the assessment.
14. Falsifying documentation or certificates.
15. Knowingly allowing a candidate to breach regulations or commit malpractice.

### **In the event of malpractice**

In the event of suspected malpractice, the IFP should be advised in writing with full details of the events with any relevant documentary evidence. The IFP will instigate an investigation and advise the candidate(s) of the investigation.

### **Investigation of malpractice (in accordance with OFQUAL guidance)**

The purpose of the investigation is:

1. To establish the facts relating to allegations/complaints in order to determine whether any irregularities have occurred.
2. To identify the cause of the irregularities and those involved.
3. To establish the scale of the irregularities.
4. To evaluate any action already taken.
5. To determine whether remedial action is required to reduce the risk to current candidates and to preserve the integrity of the qualification.
6. To ascertain whether any action is required in respect of certificates already issued.
7. To obtain evidence to support any sanctions to be applied to the candidate and/or to members of staff, in accordance with the Institute's own internal procedures.
8. To identify any patterns or trends



## Process for investigation (from OFQUAL guidance)

### Stage 1: Briefing and record-keeping

Anyone involved in the conduct of an investigation should have a clear brief and understanding of their role. All investigators must maintain an auditable record of every action during an investigation to demonstrate that they have acted appropriately. All material associated with an investigation will be securely stored in case of subsequent legal challenge.

### Stage 2: Establishing the facts

Investigators should review the evidence and associated documentation, including awarding body guidance on the delivery of the qualifications and related quality assurance arrangements.

Issues to be determined:

- what occurred (nature of malpractice/substance of the allegations)
- why the incident occurred
- who was involved in the incident
- when it occurred
- where it occurred – there may be more than one location
- what action, if any, the centre has taken

### Stage 3: Interviews

Interviews should be conducted in accordance with the relevant codes for interviewing of the nation concerned. Thorough preparation is needed prior to any interview. Interviews should include prepared questions; responses should be recorded.

Interviewers may find it helpful to use the 'PEACE' technique:

- plan and prepare
- engage and explain
- account
- closure
- evaluation

Face-to-face interviews should normally be conducted by two people with one person primarily acting as interviewer and the other as note-taker. Those being interviewed should be informed that they may have another individual of their choosing present and that they do not have to answer questions. These arrangements aim to protect the rights of all individuals.

### Stage 4: Other contacts

In some cases, candidates or employers may need to be contacted for facts and information. This may be done via face-to-face interviews, telephone interviews, by post or by email. Whichever method is used, the investigator will have a set of prepared questions. The responses will be recorded in writing as part of confirmation of the evidence. Investigators should log the number of attempts made to contact an individual.

### Stage 5: Documentary evidence

Wherever possible documentary evidence should be authenticated by reference to the author; this may include asking candidates and others to confirm handwriting, dates and signatures. Receipts should be given for any documentation removed from a centre. Independent expert opinion may be obtained from subject specialists about a candidate's evidence and/or from a specialist organisation such as a forensic examiner, who may comment on the validity of documents.



## **Stage 6: Conclusions**

Once the investigators have gathered and reviewed all relevant evidence, a decision is made on the outcome. Dealing with significant cases of suspected malpractice by those involved in the delivery of qualifications

## **Stage 7: Reporting**

A draft report is prepared and factual accuracy agreement obtained. The final report is submitted to the relevant regulatory authority.

## **Stage 8: Actions**

Any resultant action plan is implemented and monitored appropriately.

## **1.11 Position statement on use of Welsh and Irish**

All training and assessment documents are published in English. The IFP continually monitors the need for documents in other languages specifically Welsh and Irish. In the event of sufficient demand, the IFP would arrange for translation of materials and assessments. The assessments will be based on English law and practice. Candidates wishing to be assessed on the basis of Scots law and practice should advise the IFP at registration that they wish to answer on this basis.

## **1.12 Equality of opportunity policy**

The IFP complies with all UK and European laws applicable in relation to discrimination on any grounds. Accordingly, the IFP is committed to providing equality of opportunity and fair treatment for all. The IFP will not discriminate on the basis of gender, age, marital status, sexual orientation, ethnic origin, religion, culture or disability in dealing with candidates. When candidates first register for a qualification, they will be given a candidate number for their assessment. Throughout the assessment process, financial plans are labelled only with this number so anonymity is maintained. The case studies used are based on real-life scenarios.

## **1.13 Confidentiality Policy**

**Any information relating to a member, candidate or potential candidate will always be regarded as confidential information.**

All materials, documents, and information that are provided or marked confidential will be held in the strictest confidence and will not be discussed with anyone outside the IFP/FPSB UK organisation. Additionally, those in receipt of Confidential Information as a result of working for IFP/FPSB UK will only use it as necessary to perform their responsibilities for IFP/FPSB UK and not for any other purpose.

Computer systems are secured against unauthorised access or amendment and against loss through accidental or deliberate damage, erasure or disclosure. Only authorised members of staff are allowed direct access to the member/candidate record systems. Manual records, including indexes and computer printouts, are secured against unauthorised access or amendment and against loss through accidental or deliberate damage, erasure or disclosure. Records are not normally taken out of the building, but where this is necessary, extreme care is used in ensuring that no material is lost or damaged in the process.



Any manual record that it is no longer necessary to retain is shredded prior to disposal. Under no circumstances are any manual records discarded in any other manner.

No question involving confidential information are ever answered over the telephone without establishing the identity and authenticity of the caller - and if necessary confirming with a manager if it is appropriate to impart the information.

## 1.14 Data Protection statement

### Data Protection

Any information that candidates provide to us will be added to our candidate database and will be processed in accordance with the Data Protection Act 1998.

The information contained in our candidate database is used:

- To enable us to deal with your registration and application and to provide you with the services requested
- For internal record keeping
- To enable us to send further information to you that we consider may be of interest to you; and
- For general administration purposes in connection with any of the above.

We will not pass the information supplied by you to any other person, firm or company without your prior written consent to the exclusion of providing your contact information to a current IFP sponsor where we believe this may be of interest to you. We will not transfer any information you give us outside the EU.

Candidates have the right under the Data Protection Act 1998 to apply for a copy of any personal information we hold about them and to have any inaccurate information corrected. To exercise this right candidates should call the IFP office on 0117 945 2470 or email [enquiries@financialplanning.org.uk](mailto:enquiries@financialplanning.org.uk). In accordance with UK Data Protection legislation, we reserve the right to charge a small administration fee for providing this information.

## 1.15 Guidelines for challenging the validity of IFP's certifying procedures

### Eligibility determinations

If you have submitted your 'Qualification Review Application' and it has been declined by the Education Committee, you may challenge the validity of any decision by writing to our **Chief Executive** on the below address stating your reasons and enclosing any evidence that you have.

### Certification status

If your certification has been ended and you disagree with the decision you may challenge the validity of any decision by writing to our **Education Director** on the below address stating your reasons and enclosing any evidence that you have.



### General certification process

If you have any concerns regarding the general process, you may challenge the validity of any decision or procedures by writing to our **Education Director** on the below address stating your reasons and enclosing any evidence that you have.

**Institute of Financial Planning**  
**Whitefriars Centre**  
**Lewins Mead**  
**Bristol**  
**BS1 2NT**  
**Tel: 0117 945 2470**  
**Fax: 0117 929 2214**

You will receive an acknowledgement within 5 working days and a more detailed response within 1 month.



## 2. Preparing for CFP<sup>CM</sup> Certification

The IFP and others provide various training options. You may find further information here [http://www.financialplanning.org.uk/planners/cfp\\_programme.cfm](http://www.financialplanning.org.uk/planners/cfp_programme.cfm)

### 2.1 E-learning Support Package

There is an e-learning package to help candidates prepare for CFP<sup>CM</sup> Certification which can be accessed here [www.ifplearning.org.uk](http://www.ifplearning.org.uk)

### 2.2 IFP Recommended reading list:

The IFP would recommend that you familiarise yourself with the techniques associated with creating a comprehensive financial plan by consulting the following books:

Title
<b>SDB Training – Easy Steps Guides:</b> ( <a href="http://www.sdbtraining.co.uk">www.sdbtraining.co.uk</a> ) <ul style="list-style-type: none"><li>• <i>Income Tax Calculations</i></li><li>• <i>Inheritance Tax</i></li><li>• <i>CGT Calculations</i></li></ul>
<b>Whillans Tax Tables – latest edition</b> <i>The 2009/10 editions will include provisions from the Finance Act 2009, as well as updated retail price indices.</i>
<b>Time Value of Money Booklet (IFP)</b> <i>Available from the IFP either with or without a financial calculator, the booklet breaks down a variety of time value of money calculations into easy to remember steps.</i>
<b>Tolley's Estate Planning</b> <i>Considers all aspects of estate planning, showing you how to formulate strategies for the provision, holding and devolution of personal and family resources.</i>
<b>RSM Robson Rhodes Personal Financial Planning</b> <i>Tottel Publishing. Provides practical guidance and know-how on personal financial planning, outlining the options available and helping you to draw them together to create a personal financial plan for clients.</i>
<b>Financial Freedom – using the WealthFlow system</b> <i>by Duncan Glassey CFP<sup>CM</sup>. Can be purchased from the IFP.</i> <ul style="list-style-type: none"><li>• <i>Clarify what financial planning means to you</i></li><li>• <i>Track and measure financial success</i></li><li>• <i>Feel more comfortable with your professional advisers</i></li></ul>
<b>Seven Stages of Money Maturity</b> <i>by George Kinder. From where do our attitudes about money come – how do they influence our lives? How can we approach financial planning with honesty and without fear?</i>



**The Life Assurance and Pensions Handbook - Taxbriefs**

*This is the market leading guide for Advisers, updating legal and regulatory changes and acting as comprehensive aide memoir for advisers*

**Taxbriefs Tax Guide (latest edition) - Taxbriefs**

*This is the most complete tax planning guide designed for advisers, covering not only personal tax issues but also the taxation of business.*

**Professional Advisers Fact File - Taxbriefs**

*This provides a handy source of data that every adviser needs to answer clients questions and help explain and promote various aspects of financial planning.*

**DIY Financial Planning Guide**

*By Jane Wheeler. Jane is a Fellow of the Institute of Financial Planning, a CERTIFIED FINANCIAL PLANNER<sup>CM</sup> professional and a Chartered Financial Planner. The Guide is based on Jane's useful book for consumers on Financial Planning called "Sorted!". It gives helpful tips and guidance around key Financial Planning steps.*

[\*Download DIY Financial Planning Guide -\*](#)

[\*http://www.financialplanning.org.uk/pdfs/DIY%20Financial%20Planning%20Guide.pdf\*](http://www.financialplanning.org.uk/pdfs/DIY%20Financial%20Planning%20Guide.pdf)

**Hutton on Estate Planning**

*The indispensable guide to private client capital tax planning written by **Matthew Hutton** (who has over 25 years of experience in advising, writing and lecturing on this subject)*

[\*www.hutton-estate-planning.co.uk\*](http://www.hutton-estate-planning.co.uk)

## 2.3 IFP Recommended websites:

The IFP also recommends that you familiarise yourself with the various technical data and techniques associated with creating a comprehensive financial plan by consulting the following websites:

**Useful websites**

1. FSA PwC document on assumptions for projection rates  
[http://www.fsa.gov.uk/pubs/other/projection\\_rates.pdf](http://www.fsa.gov.uk/pubs/other/projection_rates.pdf)
2. Debt Management Office for information on the UK gilts market  
<http://www.dmo.gov.uk/>
3. International Property Databank index  
<http://www.ipdindex.co.uk/results/indices/indices.asp>
4. Retail Prices Index history  
<http://www.statistics.gov.uk/STATBASE/tsdataset.asp?vlnk=229>
5. Barclays Capital Equity Gilt Study  
<http://www.barcap.com/egs/>
6. Official life expectancy data  
[http://www.gad.gov.uk/Life\\_Tables/Interim\\_Life\\_Tables.htm](http://www.gad.gov.uk/Life_Tables/Interim_Life_Tables.htm)
7. Citywire 'Deathometer' – estimates life expectancy  
<http://www.citywire.co.uk/Deathometer/Home.aspx>
8. School fees and escalation rates  
<http://www.isc.co.uk/index.php/347>
9. Institute of Financial Planning – branch meetings, more courses, CFP<sup>CM</sup> certification and much more  
[www.financialplanning.org.uk](http://www.financialplanning.org.uk)

10. Association of Investment Companies – investment trust and closed-ended investment company data  
[www.theaic.co.uk](http://www.theaic.co.uk)
11. Investment Management Association – OEIC and unit trust data  
[www.investmentuk.org](http://www.investmentuk.org)



## 3. CFP<sup>CM</sup> Certification Standards

*N.B. Candidates are required to submit a case study based financial plan for assessment. The financial plan will be assessed against the following competence statements and the accompanying performance standards for each competence statements.*

**The standards marked with M are MANDATORY. Each and every mandatory standard must all be passed to pass the certification assessment overall.**

### 3.1 Part A - General Competences

<b>1: Presentation</b>	
1.1	<b>M</b> Does the report or plan have a structure which is logical and form a plan of action?
1.2	Was the use of language appropriate to the client in the circumstances?
1.3	<b>M</b> Did the language used communicate ideas clearly to a third party?
1.4	Is the plan logically collated?
1.5	Is the plan easy to read and follow?
1.6	Is the plan bound or otherwise fastened together as a document?

<b>2: Client needs and objectives</b>	
2.1	<b>M</b> Were client's needs, objectives, aspirations or concerns established and recorded?
2.2	<b>M</b> Were the objectives quantified and qualified (i.e. what, how much, when etc.)?
2.3	Were additional needs or issues and problems/potential problems considered in respect of these objectives and a conclusion reached?

<b>3: Identification of issues and problems</b>	
3.1	<b>M</b> Were appropriate potential problems qualified, quantified and clearly stated for the record?
3.2	Has discussion and justification of recommendations been made for three specific financial planning issues?
3.3	Is there clear reference to and justification for the exclusion of any other financial planning issues?



#### 4: Client data

- 4.1 Has client's attitude to personal and business risk management been identified?
- 4.2 **M** Has client's investment risk attitude been identified for each objective?
- 4.3 Does client data include sufficient "hard fact" to advise on each objective identified?
- 4.4 Is the client data collated and understandable by a third party within the report?

#### 5: Assumptions

- 5.1 **M** Were assumptions regarding investment growth, price inflation and earnings inflation discussed?
- 5.2 **M** Were other relevant working assumptions stated and discussed?
- 5.3 **M** Were the various assumptions made adequate for the advice required?
- 5.4 **M** Were all the assumptions stated by the adviser reasoned?
- 5.5 Were the assumptions stated by the adviser reasonable?

#### 6: A balance sheet/net worth statement has been produced?

- 6.1 **M** Was a statement of net worth produced?
- 6.2 **M** Does it include all relevant assets and is the ownership basis identified accurately?
- 6.3 Does it include all relevant debt and is this apportioned accurately?
- 6.4 Is it clear whether this relates to lifetime or death or both (there may be more than one).

#### 7: Income Tax Calculation

- 7.1 **M** Was an analysis produced for each client?
- 7.2 Is it clear to which time period it relates?
- 7.3 **M** Is it technically accurate?
- 7.4 Has the tax position been reviewed resulting in comments to the client's?



## 8: Income and expenditure/cash flow

- 8.1 **M** Was an analysis of income and expenditure produced?
- 8.2 **M** Is the time period to which it relates, clearly identified?
- 8.3 Does it identify gross and net income?
- 8.4 Does it apportion income between recipients where necessary?
- 8.5 **M** Does it correctly identify shortfall or surplus of income over expenditure?
- 8.6 Is there reference to and/or discussion of net cash flow (spendable income) in relation to joint income and/or each client (where more than one).
- 8.7 Does it include all relevant assets and are irregular capital receipts separately identified?
- 8.8 Are cashflow/spendable income objectives established in line with the client's wishes?
- 8.9 **M** Is it clear whether the client's aspirations can be achieved within current and/or future cash flow constraints or if not can the solution be trimmed/adjusted or prioritised to fit cash flow constraints?
- 8.10 Has liquidity and/or a cash reserve been considered?

## 9: Recommendations, Implementation and Review

- 9.1 **M** Are recommendations made for each of the problems/concerns, identified and each of the goals/objectives identified?
- 9.2 **M** Are there clear explanations of how the proposed solution solves the problem?
- 9.3 **M** Are required actions, timing, parties and responsibilities stated or listed (subject to client's prior agreement)?
- 9.4 **M** Has a clear action plan been agreed with the clients?
- 9.5 **M** Is the solution generally suitable for the client and no evidence of unsuitable advice demonstrated?
- 9.6 Are review periods, updates and actions stated?
- 9.7 **M** Are review contents, responsibilities and parties clearly identified?
- 9.8 Is it clear how a review will be initiated (e.g. at client request or by Financial Planner annually or half yearly)?
- 9.9 **M** Do the solutions match the client's agreed investment risk attitude (where relevant)?
- 9.10 Is the ownership and method of arranging policies/assets clearly explained (i.e. underwriting process, who takes action to implement this process)?

## 3.2 Part B - Technical Competences

Please note, candidates will be assessed on three of these technical competences. Candidates should read the information at the start of the case study for guidance on which of the technical areas to address. In some cases, the technical areas will be specified, in others, candidates can select from a list.

<b>1: Personal risk management/insurance</b>	
1.1	<b>M</b> Have needs and objectives been stated and quantified/qualified?
1.2	Has the client's financial exposure to mortality risk (risk of death) and morbidity risk (risk of ill health or injury) been discussed?
1.3	Have existing risk management strategies or insurance policies been analysed and taken into account (including social security, pensions or employee benefits)?
1.4	Have the solutions been explained, e.g. in terms of providing: - <ul style="list-style-type: none"> <li>• a capital sum to repay debt;</li> <li>• a capital sum for a specific purpose;</li> <li>• a capital sum to produce an income by investment;</li> <li>• a replacement regular income stream by insurance?</li> </ul>
1.5	Are the solutions clearly explained to the client stating why recommended and how it solves the problem?
1.6	Have taxation considerations of solutions been taken into account?
1.7	Have appropriate qualifications, caveats and implications been stated (e.g., taxation, underwriting, legal or generic contract limitations)?
1.8	Are the proposed solutions affordable within parameters agreed with the client?
1.9	Do the solutions match the client's agreed investment risk attitude (where relevant)?
1.10	Is the ownership and method of arranging policies/assets clearly explained (i.e. underwriting process, who takes action to implement this process)?
1.11	Have social security benefits been taken into account where applicable?
1.12	<b>M</b> Do each of the proposed solutions meet the client's agreed objectives as fully as possible?
1.13	<b>M</b> Are the solutions generally technically accurate?



## 2: Investments

- 2.1 **M** Have needs and objectives been stated and quantified/qualified?
- 2.2 Have existing portfolio parameters been clearly established and stated (i.e. which assets are to be included/excluded, is the portfolio joint or individual)?
- 2.3 Are realisable capital assets taken into account where necessary?
- 2.4 If a joint portfolio is being recommended, have agreed individual ownership limitations been addressed and stated?
- 2.5 Within the client's existing agreed portfolio, have the assets been analysed by taxation, vehicle (i.e. product type), ownership, underlying assets/fund, income produced and then compared against the desired model portfolio parameters agreed with the client?
- 2.6 Has consideration been given to comparing the client's agreed risk tolerance against the existing portfolio and gaps identified?
- 2.7 Has consideration been given to: -
- systematic and non systematic risk (the risk within market or economy);
  - absolute risk (the risk of a rise or fall in value);
  - comparative risk (the risk of a rise or fall compared against inflation or another asset)?
- 2.8 Has consideration been given to diversification to reduce the risk associated with asset concentration: -
- within market/sectors
  - within asset types
- 2.9 Has allowance been made for liquidity (both current requirement and future requirements)?
- 2.10 Have all assumptions and timescales been identified and explained?
- 2.11 Are all the assumptions reasoned, reasonable and take account of variations in returns of different asset classes (i.e. out or under performance)?
- 2.12 Has account been taken of both current and future income requirements?
- 2.13 Has asset/product ownership been stated and justified?
- 2.14 Have any relevant implications, limitations or legal/taxation conditions been stated and explained to the client?
- 2.15 **M** Does the recommended portfolio clearly meet the client's agreed objectives and needs as fully as possible?
- 2.16 **M** Are the solutions generally technically accurate?



### 3: Personal Retirement Planning

- 3.1 **M** Have needs and objectives been stated and quantified/qualified?
- 3.2 Has an analysis been carried out of income and capital required to achieve current or future objectives and needs and the timescale(s) applicable?
- 3.3 Have existing or anticipated assets or capital been taken into account?
- 3.4 Has reference been made to specific objectives (e.g. pension funding, long-term care costs) and individual solutions designed and integrated to meet these various objectives?
- 3.5 Have assumptions been stated and are they reasoned and reasonable?
- 3.6 Have social security benefits and contributions been taken into account?
- 3.7 Have taxation considerations been taken into account?
- 3.8 Are solutions consistent with the client's agreed investment attitude?
- 3.9 Can the capital or expenditures from income required be afforded based on the client's agreed cashflow/expenditure pattern?
- 3.10 Have appropriate mortality and morbidity risks been taken into account and quantified?
- 3.11 Have solutions been recommended to these risks where required?
- 3.12 Have any relevant implications, limitations or legal/taxation conditions/consequences been stated and explained?
- 3.13 **M** Do the solutions recommended clearly meet the client's agreed needs and objectives as fully as possible?
- 3.14 **M** Are the solutions generally technically accurate?

### 4: Estate Planning

- 4.1 **M** Have the client's estate planning needs and objectives been clearly quantified/qualified?
- 4.2 Has consideration been given to the most appropriate method(s) of achieving the client's wishes, e.g.
- Use of wills
  - Use of trusts
  - Use of powers of attorney
  - Use of gifts?
- 4.3 Have taxation considerations been taken into account for both the client and the intended beneficiaries?
- 4.4 Have appropriate/relevant implications or limitations been drawn to the client's attention?
- 4.5 Have any "knock on" effects on other areas of financial planning been drawn to the client's attention and explained (e.g. long term care/depletion of estate value)?
- 4.6 Has the potential need to refer to the client's specialist legal and/or taxation advisers been stated and explained?

- 4.7 Has the most appropriate ownership of assets to achieve the client's objectives been stated and explained?
- 4.8 Is there evidence that the client is recommended to draw up new Wills or amend existing Wills or trusts or will maintain up to date legal documents to achieve the objectives?
- 4.9 **M** Do the recommendations clearly meet the client's agreed objectives and needs as fully as possible?
- 4.10 **M** Are the solutions generally technically accurate?

### 5: Educational funding

- 5.1 **M** Have needs and objectives been stated and quantified/qualified?
- 5.2 Has an analysis been carried out of income and capital required to achieve current or future objectives and needs and the timescale(s) applicable?
- 5.3 Have existing or anticipated assets or capital been taken into account?
- 5.4 Has reference been made to obstacles of achieving the client's specific objective (e.g. pension funding, long-term care costs) and individual solutions designed and integrated to meet these various objectives?
- 5.5 Have assumptions been stated and are they reasoned and reasonable?
- 5.6 Have social security benefits and contributions been taken into account?
- 5.7 Have taxation considerations been taken into account?
- 5.8 Are solutions consistent with the client's agreed investment attitude?
- 5.9 Can the capital or expenditures from income required be afforded based on the client's agreed cashflow/expenditure pattern?
- 5.10 Have appropriate mortality and morbidity risks been taken into account and quantified?
- 5.11 Have solutions been recommended to these risks where required?
- 5.12 Have any relevant implications, limitations or legal/taxation conditions/consequences been stated and explained?
- 5.13 **M** Do the solutions recommended clearly meet the client's agreed needs and objectives as fully as possible?
- 5.14 **M** Are the solutions generally technically accurate?



#### 6: Special Needs (e.g. long term care/structured settlements)

- |      |          |   |
|------|----------|---|
| 6.1  | <b>M</b> | Have needs and objectives been stated and quantified/qualified?   |
| 6.2  |          | Has reference been made to obstacles of achieving the client's specific objective (e.g. pension funding, long-term care costs) and individual solutions designed and integrated to meet these various objectives? |
| 6.3  |          | Have existing or anticipated assets or capital been taken into account?   |
| 6.4  |          | Have assumptions been stated and are they reasoned and reasonable?  |
| 6.5  |          | Have social security benefits and contributions been taken into account (e.g. attendance allowance)?  |
| 6.6  |          | Have taxation considerations been taken into account?   |
| 6.7  |          | Are solutions consistent with the client's agreed investment attitude?  |
| 6.8  |          | Can the capital or expenditures from income required be afforded based on the client's agreed cashflow/expenditure pattern?   |
| 6.9  |          | Have appropriate mortality and morbidity risks been taken into account and quantified?  |
| 6.10 |          | Have solutions been recommended to these risks where required?  |
| 6.11 |          | Have any relevant implications, limitations or legal/taxation conditions/consequences been stated and explained (e.g. preservation of estate value)?  |
| 6.12 | <b>M</b> | Do the solutions recommended clearly meet the client's agreed needs and objectives as fully as possible?  |
| 6.13 | <b>M</b> | Are the solutions generally technically accurate?   |

## 4. CFP<sup>CM</sup> Certification syllabus

All candidates should study the CFP Certification Syllabus. For full details this can be downloaded from <http://www.financialplanning.org.uk/planners/cfp.cfm>

