

# IFP Paraplanner Qualification

## Syllabus

The IFP Paraplanner qualification is a Level 4 qualification.

### Minimum level of qualifications required to be held

#### Required

Level 3: CF1, CF2, CF3, CF4 and CF5 or equivalent

Level 4: Taxation (J01) or equivalent

#### Desirable

Trusts paper (J02 or equivalent)

Pensions paper (J05 or equivalent)

It is assumed that candidates will attain the above qualifications prior to enrolment for the IFP Paraplanner Qualification. The IFP Paraplanner qualification will then be awarded following successful completion of the examination.

### Assessment

The assessment consists of a combination of exercises and multiple choice questions. It is designed to be taken by candidates online and has a duration of 2 hours. It will be tested on the basis of English law.

## Syllabus

### Underpinning knowledge

#### 1. Personal taxation & tax fundamentals

- Understand the main personal taxes that apply to UK taxpayers and how they interact
  - i. Income tax
  - ii. Capital gains tax
  - iii. Inheritance tax
  - iv. National Insurance
- Understand UK residence and domicile and non-residence/ non-domicile and how this affects personal taxation
- Inheritance tax fundamentals



Supported by



i. Transferable nil rate band



- ii. IHT mitigation
  - iii. Agricultural and business property relief
  - iv. Lifetime transfers
    - a. Exempt transfers
    - b. Potentially exempt transfers
    - c. Chargeable lifetime transfers
- Capital gains tax fundamentals
  - i. Annual exemption
  - ii. Losses
  - iii. Reliefs
- Income tax fundamentals
  - i. Age allowance
  - ii. Tax relief and pension contributions
  - iii. Benefits in kind
  - iv. Unearned income
    - a. Dividends
    - b. Interest
- National Insurance fundamentals
  - i. Classes I – IV and applicability
  - ii. Benefits provided by NICs for employed and self-employed
- Calculation of liabilities to income tax, capital gains tax and National Insurance contributions for employed, self-employed and retired persons
- Calculation of inheritance tax liabilities

## 2. Taxation of investments

- Collectives and direct investments
  - i. Interest producing (including cash deposits)
  - ii. Dividend producing
- Offshore funds
  - i. Reporting funds
  - ii. Non-reporting funds
- Tax advantaged investments
  - i. ISA
  - ii. National Savings & Investments products
  - iii. VCT
  - iv. EIS
  - v. Pensions
- Life assurance policies
  - i. Qualifying policies
  - ii. Non-qualifying policies
  - iii. Second hand policies
  - iv. Onshore and offshore policies

## 3. Protection products

- Whole of life policies
- Term assurance policies
- Income protection policies



- Critical illness policies
- Private medical and accident insurances
- Long term care and special needs planning

#### **4. Retirement products**

- State retirement benefits
- Defined benefit schemes
- Defined contribution schemes
- Personal pensions and SIPPs
- “Non-pension” retirement planning products
- Options at retirement
- Benefits on retirement, ill-health and death

#### **5. Trusts & Wills**

- Understand the uses, benefits and drawbacks of trusts
- Understand trustees’ duties & responsibilities
- Taxation of trusts
  - i. Bare trusts
    - a. Income tax
    - b. Capital gains tax
    - c. Inheritance tax
  - ii. Discretionary trusts
    - a. Income tax
    - b. Capital gains tax
    - c. Inheritance tax
- Understand the basics of wills and will planning
  - i. Events that invalidate wills
  - ii. Deeds of variation and will trusts
  - iii. The laws of intestacy

#### **6. Financial planning fundamentals**

- Understand the differences between financial planning and financial advice
- Understand which activities are regulated and which are non-regulated
- Who is involved in financial planning
- The six-step financial planning process

#### **7. Ethics and codes of practice**

- IFP Code of Practice
- Continuing professional development

#### **8. Others**

- Advantages and disadvantages of wraps and platforms
- Loans & debt



## Preparing and maintaining the client file

### 9. Risk

- Understand different types of risk that a client may be exposed to
  - i. Systemic and non-systemic risk
  - ii. Economic, political, market, volatility, longevity, deviation from an index, inflation/ deflation etc
- What clients understand by risk
  - i. Not achieving expectations – returns, outcome etc
  - ii. Risk of losing money/ value
- Savings risk – spend now, save later
- How risk can affect returns
- Understand how to mitigate investment risk while maintaining target returns
  - i. Diversification
  - ii. Use of tax wrappers

### 10. Income and expenditure

- Identification of gross and net income receipts and expenditure
- Identification of benefits in kind and other non-cash receipts
- Preparation of an income and expenditure analysis
- Calculation of net spendable income/income shortfall

### 11. Assets and liabilities

- Identification and risk rating of assets, liabilities and irregular capital receipts from client information
- Preparation of Net Worth Statement
  - i. During lifetime
  - ii. On death
  - iii. On specific events
- Calculation of investible capital/ excess liabilities

## Preparing recommendations

### 12. Identifying areas for planning

- Client needs, goals and objectives
- Additional issues and problems
  - i. Including whether existing products still relevant/ cost effective
- Existing provision towards needs, goals and objectives and additional issues and problems

### 13. Research

- What needs to be found out
- Where to obtain it

### 14. Asset allocation

- Understand different asset classes



- i. Cash, fixed interest, property, equities and alternative investments
- Existing asset allocation vs. risk profile
- Target asset allocation
- How to achieve target asset allocation
- Portfolio drift and rebalancing

### 15. Assumptions

- Understand the importance of assumptions in the financial planning process
- Use of assumptions to project future values of assets, liabilities, incomes, expenditure and cost of goals and objectives

### 16. Cashflow forecasting

- Analysis of cashflow at key points
  - i. Current
  - ii. At retirement
  - iii. On ill-health
  - iv. On death

## Implementing recommendations

### 17. Documentation

- Understand the documentation required to be provided to the client and when
- Drafting initial recommendations for the financial plan
- Preparing “Suitability” letters
  - i. Understanding what is required
  - ii. Drafting contents
- The differences between projections in a financial plan and FSA-compliant illustrations
- Ensure that all recommendations and documentation are compliant

## Review

### 18. Client reviews

- The need for regular reviews
- What is required from the client, the paraplanner and the financial planner prior to the review
- Initiation of the review meeting and gathering data
- Actions that may be required after the review
  - i. Reassessing and rebalancing asset allocation
  - ii. Product rebroking

