Continuing Professional Development

Financial Advisers have always had to undertake Continuous Professional Development (CPD), the same as lawyers and accountants. In 2007 the FSA removed the need to complete 50 hours of CPD each year instead relying upon advisers to record CPD which they felt was appropriate to them. However, RDR introduced the concept of recording a minimum amount of hours again as well as the requirement to hold a Statement of Professional Standing (SPS) issued by a Recognised Professional Body (RPB).

At CATS we receive quite a few queries on what CPD activity should be recorded as well as questions on what is structured and what is unstructured CPD therefore I thought it would be useful to recap on what the requirements are.

Firstly, we recommend to all our clients that they use an online CPD system. This is not a mandatory requirement but in our experience, advisers that record their CPD manually do not record enough information to meet minimum CPD audit requirements. For example, it is not good enough to record date, name of seminar, time spent. The adviser needs to record what the event was actually about and a benefit statement i.e. ‘As a result of attending this seminar I have a better understanding of what XYZ is about and how my clients may be affected by XYZ’.

It is not mandatory for IFP members to use the IFP online CPD system although it is free to its members. As with any system, once you use it a few times it gets easier to navigate around.

As members of the IFP you need to remember that you need to meet two levels of CPD:-

- The FCA requirements
- The IFP requirements

FCA requirements

TC 2.1.13 of the FCA handbook states that the firm must ensure that it reviews on a regular basis its financial advisers’ competence and ensure that they remain competent for their role. Maintaining competence means considering the advisers:-

1. Technical knowledge and its application
2. Skills and expertise
3. Changes in the market and to products, legislation and regulations

TC 2.1.15 confirms that a retail investment adviser (i.e. a financial adviser) who has been assessed as competent must then complete a minimum of 35 hours of ‘appropriate’ CPD in each 12 month period. That means a rolling 12 month period. Of these 35 hours, a minimum of 21 hours must be structured CPD.

So what is structured CPD?

Structured CPD is designed to achieve a defined learning outcome and is capable of being independently verified.

1 TC 2.1.16
TC 2.1.20 provides examples of structured CPD activities such as:-
- courses
- seminars
- lectures
- conferences
- workshops
- web-based seminars
- e-learning

The amount of time spent should be no less than 30 minutes.

Unstructured CPD includes:-
- conducting research which is relevant to the adviser’s role
- reading industry or other relevant material
- participating in professional development coaching or mentoring sessions

It is important to remember that when recording any reading material it is not good enough to record ‘read financial press’ and then put in a bulk number of hours. The reading material needs to be specific i.e. record the title, author, what the article was about, how long you spent reading it and then the benefit statement. This could be technical reading or it could be about people’s views on aspects of the industry but generic statements of reading material is not enough.

One area which we are always picking up on is the need to have a personal development plan. Some advisers say to us that they have no intention of doing any more exams (fair enough) and their business model is such that they tend to do the same thing on a regular basis and therefore they are competent in this area. However, if you are holding yourself out to be an independent adviser, you need to be able to demonstrate that you can recognise when a particular product would be appropriate for a client. This means the adviser needs to have a handle on other products (how they work, developments in the market place, tax benefits, etc). Also budgets tend to change tax limits. Pensions for example have various protections that may be relevant to clients with large pension pots which if not highlighted to the client, could have repercussions such as receiving complaints at a later date. Therefore there will always be a training plan required of some sorts.

Pension transfer specialists, equity release advisers and long term care advisers must also show CPD activity which demonstrates the maintaining of their knowledge in these areas as well as general CPD to maintain their financial adviser status.

Money Laundering Reporting Officers need to record CPD to demonstrate that they are competent for this role and disseminate the information to the firm when appropriate.

There must be CPD to address any identified gaps in the adviser’s technical knowledge so completing a training need analysis or completing a generic knowledge test are good ways of identifying any gaps in knowledge.

N.B. As a reminder for those firms who have more than one adviser in place, the firm must ensure that each adviser confirms in writing that the adviser has complied with the APER requirements and has completed the necessary CPD.

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2 TC 2.1.21
3 TC 2.1.22
The current IFP requirements are:

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<thead>
<tr>
<th>Role</th>
<th>Hours Per Annum</th>
<th>Minimum Structured Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFP&lt;sup&gt;CM&lt;/sup&gt; Professionals and Fellows</td>
<td>50</td>
<td>21</td>
</tr>
<tr>
<td>Accredited Paraplanners (APP)</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>Associates of the IFP (AIFP), including RIAs who have selected IFP as their Accredited Body</td>
<td>35</td>
<td>21</td>
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Members should undertake CPD activities that are relevant to their role but should cover the following areas:

- Ethics
- Professional Standards and Compliance
- Technical Knowledge
- Personal Development
- Practice Management (where appropriate)

All members need to attain a minimum of 2.5 hours in Professional Standards and Compliance and 2.5 hours in Ethics. There is also a maximum number of hours per annum that can be recorded against Personal Development (10 hours for CFP<sup>CM</sup> professionals and Fellows and 6 hours for other members). There is a ‘Guide to CPD’ which the IFP has published which can be found at:

http://www.financialplanning.org.uk/sites/financialplanning.org.uk/files/user/ifp_-_tr103_08_13_guide_to_cpd.pdf

Examples of structured CPD acceptable to the IFP include:

- IFP events such as Annual Conference.
- IFP Branch Meetings
- Seminars/presentations/conferences
- Workshops/training courses
- Online training programmes, including web-based seminars and e-learning
- Writing technical articles, papers or books on Financial Planning for publications
- Course material design and development in a Financial Planning subject
- Presenting/teaching/or lecturing in a Financial Planning subject (repeat presentations do not count)

Examples of unstructured CPD include:

- Professional reading
- Study for professional qualifications
- Participation in IFP education and technical committees
- Watching videos or webcasts

To demonstrate technical knowledge the IFP would expect content across the following areas where appropriate:

1. Taxation

<sup>⁴</sup> TC 2.1.26
For any non-accredited events/activities i.e. approved by a RPB, the following information or documents must also be maintained on the CPD log:

- Programme content
- Programme structure
- Copies of any assessments undertaken

Members who complete CPD records for other Professional Bodies may submit those records to the IFP if requested meaning it is not be necessary to duplicate your CPD records. RPBs will be requesting to see a minimum of 10% of people who hold an SPS with them. In our experience last year there were a lot of advisers who were required to send in their CPD records. The trick is to record your CPD either as you go along or every month i.e. a routine, rather than leaving it to the last minute so that you end up spending hours doing what is quite a boring job (recording CPD activity).

Some advisers have told us that they struggle to complete the structured CPD but, obviously apart from attending IFP branch meetings and seminars, there are some great facilities available for advisers to use. Some are sponsored by product providers meaning that the facilities are free such as FT Adviser and Money Marketing CPD Centre but there are also some independent facilities such as Wizard Learning’s CPD facility which can provide 1.5 hours structured CPD a month. Obviously there is a fee for accessing this.

How easy is it to change provider for your Statement of Professional Standing?

1. Complete the SPS application for the IFP (http://www.financialplanning.org.uk/get-your-sps-ifp)
2. Send the completed form to SPS@financialplanning.org.uk
3. With the completed SPS application form, you will also need to send in a copy of your current SPS, evidence of your qualifications and evidence that any gap fill has been verified if relevant.

The turnaround time for issuing the SPS by the IFP is currently five working days. The new SPS will have an expiry date to correspond with your IFP membership. It is recommended that you wait until your current SPS is due to expire and apply to the IFP as your new SPS provider 30 days prior to the existing SPS expiring.