Practice of Financial Advice (PFA)
**ifs School of Finance**  
**MODULE SPECIFICATION**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Title</strong></td>
<td>Practice of Financial Advice (PFA)</td>
<td></td>
</tr>
<tr>
<td><strong>2. Start date</strong></td>
<td>Valid for study sessions commencing from 1 November 2011</td>
<td></td>
</tr>
<tr>
<td><strong>3. Level of module</strong></td>
<td>Level 4 FHEQ</td>
<td></td>
</tr>
<tr>
<td><strong>4. Number of credits</strong></td>
<td>30</td>
<td></td>
</tr>
<tr>
<td><strong>5. Status</strong></td>
<td>Optional module within Professional Certificate in Banking (PCertB)</td>
<td></td>
</tr>
<tr>
<td><strong>6. Compulsory prerequisite</strong></td>
<td>Financial Markets and Risk (Core)</td>
<td></td>
</tr>
<tr>
<td><strong>7. Programmes of study to which module contributes</strong></td>
<td>Professional Certificate in Banking (PCertB)</td>
<td></td>
</tr>
</tbody>
</table>

**8. Intended subject specific learning outcomes**

On completion of this module, students will be able to:

a) Explain the FSA’s approach to regulation, with specific focus on the principles and rules of the regulatory framework relating to financial advisers’ ethical behaviour and professional standards.

b) Understand and explain the role and relevance of the UK taxation system in relation to individuals, trusts and investments.

c) Describe and evaluate the macro-economic environment, its impact on asset classes, the merits and limitations of the main investment theories and the principles of investment planning.

d) Identify and explain the nature and impact of the main types of risk on investment performance and describe and compare the characteristics, behaviours and performance of investment products.

e) Analyse and explain the political, legal, regulatory, economic, social, environmental and taxation factors which provide the context for pensions planning.

f) Identify and describe the options and factors to consider when drawing pension benefits, analyse the objectives of retirement planning and compare and assess scheme types and investment issues.

g) Describe and analyse the areas of need, priorities, sources, consumer and retail market factors and trends relevant to financial protection.

h) Evaluate the range of client information, legal and regulatory requirements necessary and apply the skills required for advising and reviewing individual client arrangements effectively.
9. Intended generic learning outcomes and, as appropriate, their relationship to programme learning outcomes

Completion of this module will contribute to the fulfilment by students of each of the following generic programme learning outcomes:

1. Plan, work and study independently and use relevant resources appropriately.
2. Locate, record, organise and manipulate data/information, extract key points from complex material and use ICT where appropriate.
3. Demonstrate sound knowledge and understanding of the subject matter, apply basic concepts and principles relevant to the area of study, and interpret and evaluate these within that context.
4. Analyse problems, using appropriate methods and quantitative/qualitative skills, and evaluate a range of complex and non-routine approaches and solutions, making recommendations as appropriate.
5. Communicate the results of their study/work accurately, reliably and autonomously with appropriate judgement and justifications/evidence/examples, in a format relevant to the audience and purpose, e.g. reports and customer recommendations.
6. Learn through reflection on practice and experience, including identifying future development needs.
10. Syllabus overview

This module has been designed to provide students with sound knowledge and understanding of the skills required to provide effective financial advice. The Practice of Financial Advice module meets the Financial Services Authority (FSA) benchmark Level 4 knowledge requirements, and, when achieved as part of the Professional Certificate in Banking (PCertB), is recognised by the FSA as qualifying the holder to advise on packaged financial products.

Under the FSA Retail Distribution Review (RDR), financial advisers are required to evidence a high standard of skills and knowledge through the completion of an approved Level 4 qualification, as part of the FSA’s approved person requirements. PCertB, including this PFA module, will constitute such an FSA approved Level 4 qualification.

The initial syllabus sections build on the core module by detailing the financial advice environment, ensuring the student is aware of the regulatory and ethical framework. The module then analyses the different types of customer needs, their taxation implications and develops an understanding of the principles and theories that underpin investment, retirement planning and protection, moving on to analyse the interrelationships of product areas, regulation, legislation and taxation. The module concludes by developing the learners’ understanding of the importance of consumer oriented communication and ethical behaviours through practical application of financial planning knowledge and skills to the advice process.

11. Method of delivery

The approved mode of study for the module is by distance learning. Distance learners will be allocated to an Associate Lecturer and have access to an ifs Higher Education Student Advisor.

Total learning hours: 300.

Learning Materials

Students will be provided with access to my ifslearning (our secure learning environment) that provides access to relevant materials and support for each module. Links to appropriate readings are available from ifs KnowledgeBank, our e-library.

---

† An approved person is someone who is approved to perform a controlled function for an authorised firm or an appointed representative firm. In order to be approved to perform a controlled function, an individual must:

- satisfy the FSA that he/she can meet, and maintain, the criteria for approval (the fit and proper test (FIT)); and then

- perform their controlled function in accordance with a set of standards (the Statements of Principle and Code of Practice for Approved Persons (APER))

12. Assessment

The module is assessed by two summative assessment elements:

a) A coursework assignment (suggested guideline, 3000 words) testing technical knowledge and its application which contributes 30% of the assessment total.

b) A three-hour written examination, based around a customer fact-find released to learners six weeks prior to the examination, testing technical knowledge, its application and the learners ability to communicate in a consumer friendly manner. This element contributes 70% of the assessment total.

You may use a scientific calculator but it must not be programmable, nor have a wireless-communications capability, nor be capable of storing textual information. It must also not require a mains electricity supply. Calculators with any further functions are not allowed in the examination room.
13. Syllabus

1. This section of the syllabus focuses on the regulatory environment through consideration of the FSA’s responsibilities and approach to regulation. There is also specific focus on the promotion of ethical behaviour and professional standards. Its primary focus is learning outcome 8a and content includes:
   - FSA’s statutory objectives and the regulatory processes
   - the main principles and rules of the FSA handbook
   - the FSA principles and rules relating to client relationships and adviser responsibilities
   - the FSA’s Code of Ethics and professional principles and values

2. This section of the syllabus considers the role and relevance of the UK taxation system in relation to individuals, trusts and investments. Its primary focus is learning outcome 8b and content includes:
   - the features and impact of income tax, national insurance contributions, capital gains tax and inheritance tax
   - the tax status of residence and domicile
   - the main tax compliance criteria
   - the features and impact of stamp duty reserve tax and stamp duty land tax
   - the impact of taxes on individuals, trusts and their investments
   - the key principles of income tax planning, including IHT mitigation

3. This section of the syllabus looks at the macro-economic environment, its impact on asset classes, merits and limitations of the main investment theories and the principles of investment planning. Its primary focus is learning outcome 8c and content includes:
   - UK and international socio-economic trends, globalisation of markets, and economic and financial cycles
   - monetary and fiscal policy, inflation/deflation, interest and exchange rates
   - international capital flows and the role of financial investment in the economy
   - the main investment theories: pricing, liquidity, asset classes and allocation

4. This section of the syllabus considers the nature and impact of the main types of risk on investment performance, and the characteristics, behaviours and performance of investment products. Its primary focus is learning outcome 8d and content includes:
   - types of investment risks: liquidity, performance, gearing, currency, inflation and interest rate risks; systematic and non-systematic risks
   - main types and uses of investment products, derivatives and investment strategies
   - direct investment and indirect investment

5. This section of the syllabus identifies the political, legal, regulatory, economic, social, environmental and taxation factors which provide the context for pensions planning. Its primary focus is learning outcome 8e and content
includes:

- the role of government and individuals in the context of pension planning
- challenges and demographic trends
- incentives, disincentives and attitudes to saving
- the main scheme types and methods of pension provision
- the role of the Pensions Regulator and compliance requirements
- the role and duties of trustees and administrators and taxation factors
- employment and bankruptcy law in relation to pension planning

6. This section of the syllabus considers the options and factors to consider for drawing pension benefits and analyse the objectives of retirement planning including scheme types and investment issues. Its primary focus is learning outcome 8f and content includes:

- state retirement benefits
- defined contribution and defined benefit schemes and their main features
- phased retirement
- timing of decisions, implementation and assessing aims and objectives
- investments and asset allocation factors
- alternative sources of retirement income

7. This section considers the areas of need, priorities, consumer, retail market factors, sources and trends relevant to financial protection. Its primary focus is learning outcome 8g and content includes:

- personal and family income, capital protection, health and employment needs
- the relationship between insurance and assets and liabilities
- consumer attitudes and behaviours to protection
- the main sources of financial protection
- the range, limitations and impact on financial planning of state benefits

8. The section of the syllabus develops the ability of students to evaluate the range of client information, legal and regulatory concepts for the provision of advice. It also considers the skills and approaches required for ethically advising clients and for reviewing the effectiveness and appropriateness of methods, actions and results. Its primary focus is learning outcome 8h and content includes:

- processes and approaches for gathering information and assessing clients needs
- legal concepts fundamental to establishing client circumstances and to the provision of appropriate financial advice.
- clients’ situations and the identification of gaps in information
- synthesise the range of client information
- identifying ethical dilemmas and the steps involved in managing
- analyse clients’ situations and provide financial planning to achieve objectives and justifying recommendations
- communicating financial planning clearly and effectively to the target audience
- creating and implementing financial plans; reviewing and revising the effectiveness of plans