



CISI
CHARTERED INSTITUTE FOR
SECURITIES & INVESTMENT

EDUCATION
PARTNER
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Unit 11: Financial Advice

Delivery Guide

Financial Advice

Unit Aim: Understand the key features and legal elements in the provision of financial advice.

Unit Relevance to the Course: This unit will review various concepts explored across the entire course..

Learning Hours:

Scheduled – 0

Guided – 2

Independent – 1



Unit 11 Learning Outcomes

Learning Objective	Learning Outcomes	Chapter Section
11.1.1	<p>Understand the main areas of financial advice:</p> <ul style="list-style-type: none"> • Budgeting • Protection • Borrowing • Investment and saving • Later life planning • Estate planning • Tax planning and offshore considerations 	1
11.2.1	<p>Understand the key factors in the financial advice process:</p> <ul style="list-style-type: none"> • The client relationship • Affordability, suitability, attitude to risk • Matching solutions with needs • Use of communication skills in giving advice • Monitoring and reviewing clients' circumstances • Information given to clients • Consumer rights and remedies, including awareness of their limitations 	3
11.3.1	<p>Understand the key concepts relating to:</p> <ul style="list-style-type: none"> • Legal persons (wills / intestacy / personal representatives / trustees / companies / limited liabilities / partnerships) • Contract, Capacity to contract • Agency • Real estate, personal property and joint ownership • Powers of attorney • Insolvency and bankruptcy • Identifying, reporting scams 	2

How to use this delivery guide

Throughout this delivery guide, look out for the different icons to support the learner experience:

Understand and learn – These **compulsory** sections will help learners to develop their knowledge and understanding of the assessed learning objectives. We have also integrated the CISI micromodules into this learning. These give learners key explanations of the themes in a short, digestible manner and can be found on the CISI learning platform.



Apply and practise – These sections allow the learners to practise and test their newly acquired learning by undertaking a range of **compulsory** activities to help them prepare for the multiple choice assessment at the end of the course.



Further your knowledge – These sections allow learners to consolidate their understanding of key concepts by reading and interacting with current, credible CISI resources to help further enhance their learning. These **optional** resources include the CISI professional refresher modules and CISI YouTube videos.



Extension Activities – Whilst these activities do not form part of the core learning, we have added lots of extension activities to enhance the learners understanding. These activities include videos and webinars from the CISI TV channel. These activities also provide help and support if learners feel that they might need an extra bit of guidance after completing the end of unit multiple choice assessments.



Introduction

Subscribe to the [CISI YouTube channel](#) and take a look at some of their content/themes that you are interested in.

You will find interviews, podcasts and discussions about the world of financial advice from careers talks, understanding the difference between financial advice and financial planning through to how to close a deal with a client.

Make a list of the different areas of financial advice that you hear about in the videos that you watch. Are there any more themes and areas that you are aware of?





Learning Outcome 11.1 – Areas of Financial Advice

11.1.1: Understand the main areas of financial advice:

- Budgeting
- Protection
- Borrowing
- Investment and saving
- Later life planning
- Estate Planning
- Tax planning and offshore considerations



Budgeting

Read chapter 11 in the course workbook about budgeting and the role of budgeting when giving financial advice. Answer the following questions:

1. What is the **purpose** of a budget in the financial planning process?
2. **Look** at Emile's budget below and **explain** what additional information might you need before you make any recommendations
3. **What advice** might you give to Emile?



Emile's budget

4. Emile mentions that in reality he never has any surplus but he's not sure why. **Suggest** reasons why this might be the case.

Money In - February	
Take home wages	£4,500
Money Out	
Mortgage	£1,875
Utilities	£240
Other bills	£370
Insurances	£130
Groceries	£1,000
Total outgoings	£3,615
Surplus	£885



Protection

Read the different types of protection that clients might benefit from in chapter 11 of the course workbook.
Complete the summary below:

Type of protection	Key features	Who might benefit from this type of protection? Why might it be important to them?
Critical Illness		
Income protection		
Mortgage payment protection		
Accident and sickness cover		



Protection

Read the different types of protection that clients might benefit from in chapter 11 of the course workbook.
Complete the summary below:

Type of protection	Key features	Who might benefit from this type of protection? Why might it be important to them?
Household cover		
Medical insurance		
Long term care		
Business insurance		



Borrowing

A financial adviser may discuss borrowing money with some clients. **Write down 5 questions** that you would ask a client about borrowing.

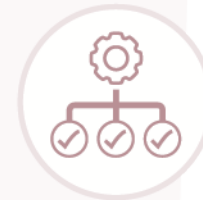
Write down 5 factors that a client should consider before borrowing money. Use chapter 11 of the course workbook to help.

Questions

- 1.
- 2.
- 3.
- 4.
- 5.

Factors

- 1.
- 2.
- 3.
- 4.
- 5.



Investment and saving

Tammy and Roz regularly save and have built up approximately £25,000 spread between a cash ISA and an online digital savings account. They are keen to find out more about investing.

What are the key considerations when deciding to invest?

What advice would you give to them?

Read chapter 11 in the course workbook about investment and saving to help.



Later life planning

Using your knowledge from unit 9 (investment wrappers, pensions and trusts), **what advice** would you give in the following scenarios about later life planning. Use chapter 11 of the course workbook to help.

Scenario 1 – Una has been self employed for 5 years and hasn't got round to setting up a pension yet. Una is 27.

Scenario 2 – Paulo is 55 and has been paying into various workplace pensions since he was 21. He's not sure how many pensions he's got and he hasn't got a clue about their value.



Estate planning

Estate planning is covered in more detail in section 11.3 legal concepts. Below, briefly **summarise** the key elements of estate planning using chapter 11 of the course workbook to help.





Tax planning and offshore considerations

Read the pages about tax planning and offshore considerations in chapter 11 of the course workbook and answer the following questions:

1. How can tax allowances be utilised effectively by a client?
2. How does tax avoidance differ from tax evasion?
3. How does a client's residency and domicile position impact on the choice of investments from a tax perspective?
4. Explain the difference between worldwide based tax systems and territorial-based tax systems



CISI TV Extension Activity

Watch the video on CISI TV called “[Hope for the best, plan for the worst](#)”. It focuses on the current protection landscape, how protection products are changing and why protection planning is a core requirement in financial planning.

Want to understand more about protection planning? There’s a wealth of videos about this theme on the CISI TV channel.





Learning Outcome 11.2 – Process for giving financial advice

11.2.1: Understand the key factors in the financial advice process:

- The client relationship
- Affordability, suitability, attitude to risk
- Matching solutions with needs
- Use of communication skills in giving advice
- Monitoring and reviewing clients' circumstances
- Information given to clients
- Consumer rights and remedies, including awareness of their limitations



Giving Financial Advice

Read the section about the financial advice process in chapter 11 of the course workbook and **answer** the following questions:

1. What is the purpose of financial advice?
2. How does an adviser gather the information required?
3. What are the common misconceptions around financial advice?
4. Explain the 5 stages in the financial planning process
5. Briefly summarise the key factors that build an effective financial planning process



Stage 1 – Identifying the client's needs

Under the FCA's 12 Principles for Businesses (PRIN), there is a requirement for firms to "know your customer"

'know your customer'

requires firms to **obtain sufficient information about their client** to meet its responsibility to give suitable advice



Read the [blog about the 12 principles](#) to help you understand the importance around these regulatory obligations.

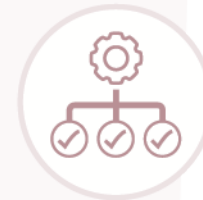




Stage 1 – Identifying the client's needs

You are a financial adviser who has taken on new clients – Will and Kiera Molyneux who are both 30. You have a meeting with them tomorrow to establish their needs. In preparation for the meeting, put together a **list of information** you will need to gather from the clients and write a **list of questions** you will ask them at the meeting.

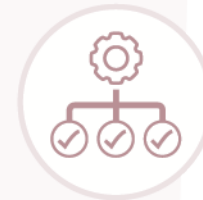
Information	Questions



Stage 2 – Identify solutions based on client's needs

In the meeting you discover that Will and Kiera want advice around investments. They don't currently have any investments and lack knowledge about their options. They have 2 young children and both work full time with a household income of £115,000. Use the relevant pages in chapter 11 of the course workbook to help:

1. How would you explore their risk profile?
2. What objective and subjective factors could be helpful in establishing their risk profile?



Stage 2 – Identify solutions based on client's needs

Following the meeting, you provide a report to the Molyneux's with a number of investment recommendations. The profile suggests that their attitude to risk is low possibly due to their lack of knowledge and experience.

1. What should your recommendations be based on?
2. Based on what you know about the couple, what investments might you suggest? Explain your reasons for this based on your limited knowledge of their circumstances.



Stage 3 – Information given to clients

As well as the report recommendations, what other information do you need to provide to Will and Kiera?

List the details below:





Stage 4 – Monitoring and reviewing the clients circumstances

As a financial adviser you would be expected to monitor and review the client's circumstances. There should be periodic reviews of the client's financial plan and progress towards achieving their goals. Why should you do this?





Further your knowledge – Financial Planning

Log onto the professional refresher section of the CISI learning platform and complete the modules below to help you understand more about the financial planning process.

[Applying the financial planning process to client circumstances](#) (1hr 15 mins)

[Financial planning assumptions](#) (2hr 15mins)

[Financial planning cashflow projections](#) (2hrs 15mins)

[Financial planning personal financial statements](#) (2hrs)

[Financial planning personal risk management strategies](#) (1hr 45mins)

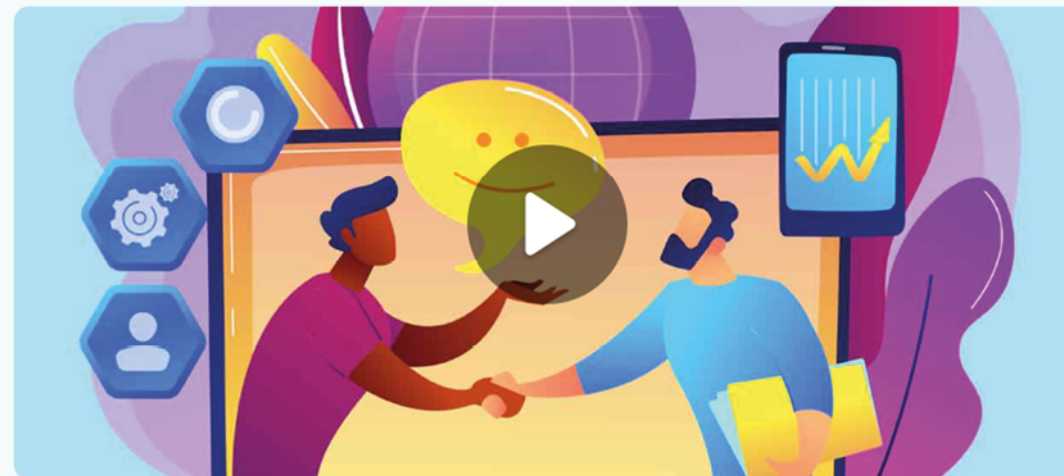
[Financial planning trade offs](#) (2hrs)

[Impact of personal and political drivers on the financial planning process](#) (2hrs 30 mins)



CISI TV Extension Activity

Watch the video on CISI TV called [“What is client engagement and why it matters more than ever.”](#) It focuses on the essential elements of building an effective relationship with clients and introduces you to the process for giving effective financial advice.





Learning Outcome 11.3 – legal concepts relevant in financial advice

11.3.1: Understand the key concepts relating to:

- Legal persons (wills/intestacy/personal representatives/ trustees/ companies/ limited liabilities/partnerships
- Contract. Capacity to contract
- Agency
- Real estate, personal property and joint ownership
- Powers of attorney
- Insolvency and bankruptcy
- Identifying, reporting scams



Legal Persons and their capacity

Read about the legal persons and their capacity in chapter 11 of the course workbook and then **match** their legal title to the correct role...

1. Attorney
2. Deputy
3. Executor
4. Administrator
5. Trustee

KEY

- A. A person who is responsible for administering and distributing the estate of the deceased if there is a will
- B. Someone appointed to manage a trust and invest the assets. This person becomes the legal owner of the assets until the beneficiary is able to.
- C. Someone who is allowed to make financial decisions or act on someone's behalf
- D. Someone appointed to administer the estate of the deceased if there is no will
- E. Someone who is appointed to act on someone's behalf if they become mentally incapable and do not have a LPA in place



Legal entities

Summarise the key features of the 3 legal entities in chapter 11 of the course workbook below:

Companies	Partnerships	Agencies



Ownership of property

1. What is the difference between real and personal property?
2. What is the difference between joint ownership and tenancy in common?



Insolvency and bankruptcy – True or False?

	True	False
1. Insolvency is when the liabilities of a business or an individual exceed their assets, or when they are unable to repay their debts as they fall due.		
2. Bankruptcy applies only to limited companies.		
3. An individual can be declared bankrupt if they owe less than £5,000 to any creditor.		
4. A liquidation is the legal ending of a limited company, where it is removed from the official Companies House register.		
5. In administration, an insolvency practitioner or 'administrator' is appointed to take control of a company and restore its viability or sell its assets.		



Identifying and reporting scams

Read the scenarios below, what advice would you give?

1. Johannes has received an email that claims to be from his bank, he's not sure if it's genuine
2. Klara has bought a ticket for a festival from someone she follows on Instagram. She paid by bank transfer but has not received the ticket and the person has now disappeared from social media.
3. Tate has received a whatsapp message from a friend who has lost his bank card and needs money quickly to pay for a taxi to get home



CISI TV Further Your Knowledge – Introduction to financial planning

Log onto the professional refresher section of the CISI learning platform and complete the [Introduction to financial planning](#) module (1hr). This module covers the key aspects of the planning process, the role of the financial planner, client attitudes to risk and the impact of technology.

You can also complete the [financial planning](#) module (1hr 30 mins). This module provides an overview of the financial planning process, key terminology relating to the process and the regulatory framework which governs it.





Extension Activity – Identifying and reporting scams

Action Fraud is the UK's national reporting centre for fraud and cybercrime. Read some of the [latest scams](#) and the different [ways to protect yourself](#) from fraud and cybercrime.

Take 5 is a national campaign offering impartial advice that helps prevent email, phone-based and online fraud. Read about the [different types of scams](#), how to spot them and what to do if you think you might have been duped by a scammer



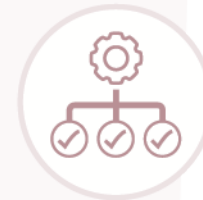


End of Unit 11 Multiple Choice Assessment



Test your knowledge

1. Having a budget means that you are *(tick all that apply)*
 - A. Less likely to end up in debt
 - B. Able to spot potential savings
 - C. Able to plan your future spending
 - D. Able to claim tax credits
2. What type of cover is designed to pay out an income benefit when a person is unable to work due to sickness or incapacity?
 - A. Critical Illness Cover
 - B. Income Protection Cover
 - C. Accident Cover
 - D. Home and Contents Cover



Test your knowledge

3. The term "Intestate" means
 - A. The estate of a person who has died
 - B. Being an administrator
 - C. A person who avoids tax
 - D. A person who has died without having made a will
4. The first stage of the financial planning process is to
 - A. Revisit the recommended investments
 - B. Formulate a strategy that meets the clients needs
 - C. Determine a clients requirements
 - D. Implement the strategy by selecting suitable products



Test your knowledge

5. Risk tolerance is:
- A. A client's willingness to accept risk
 - B. A client's personal opinion about risk
 - C. A client's ability to absorb financial losses
 - D. A client's risk profile
6. Which of the following is NOT an example of objective factors that will help define a client's risk profile?
- A. Timescale
 - B. Commitments
 - C. A client's level of financial knowledge
 - D. Wealth



Test your knowledge

7. Financial advisers need to provide “material information” to all clients. Which of the following is NOT material information?
- A. Insurance Premium
 - B. Charges
 - C. Cancellation rights
 - D. Risk warnings
8. Estate planning includes *(tick all that apply)*
- A. Preparing a will
 - B. Deciding the beneficiaries
 - C. Decisions around power of attorney
 - D. Offshore considerations



Test your knowledge

9. What factors need to be considered when borrowing money? (*tick all that apply*)
- A. The interest rate
 - B. How much will be repaid in total
 - C. Level of insurance protection
 - D. The affordability of the repayments
10. If someone believes that they have been a victim of a scam, they should contact
- A. MoneyHelper
 - B. FCA
 - C. Companies House
 - D. Action Fraud



Monitoring my progress – Unit 11

My multiple choice assessment mark is ___ / 10

I am happy with the progress that I made on the multiple choice assessment
___ Yes ___ No

To improve my knowledge and understanding, I now need to....

- 1.
- 2.
- 3.

Need more help?

If you feel that your multiple choice score can be improved further, complete the end of unit 11 multiple choice questions in the course workbook.

