



Financial Planning
Institute of Southern Africa

THE PROFESSIONAL STANDARD

FINANCIAL ADVISOR COMPETENCY PROFILE AND CURRICULUM

- 1) COMPETENCY PROFILE;
- 2) CURRICULUM COMPONENTS;
- 3) PRACTICE STANDARDS AND
- 4) PRINCIPLES

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VISION

Professional financial planning for all.

OUR MISSION

Is to advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society whom the profession serves by:

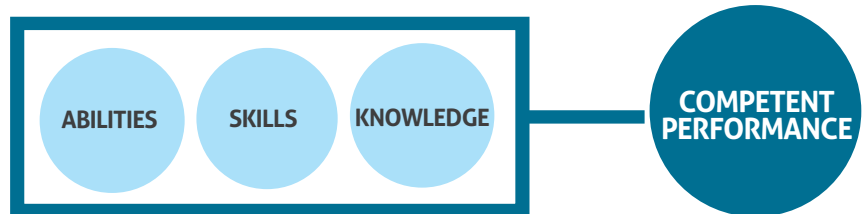
- 1** Improving the quality and accessibility of professional financial planning for all in Southern Africa.
- 2** Acting as advocate for professional financial planning, building a recognition of the importance and need for such planning by the general public.
- 3** Providing a framework within which members can achieve qualifications and maintain competence to create greater value for their clients, practices and employers.
- 4** Ensuring that members maintain the highest ethical standards in the pursuance of their profession.
- 5** Providing a leadership role within financial services by providing balanced, credible input and commentary to government and the public.
- 6** Facilitating transformation within the profession.

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FPI'S FINANCIAL ADVISOR COMPETENCY PROFILE

INTRODUCTION



The Financial Planning Institute’s (FPI) Financial Advisor Competency Profile contains the

- Financial Advisor Abilities,
- Financial Advisor Skills and
- Financial Advice Body of Knowledge

that collectively describes the abilities, skills, attitudes, judgements and knowledge that a financial advisor draws on when rendering financial service(s) and/or professional service(s).

In order to competently provide service(s) to a client, the financial advisor must **combine** the ability to carry out the **tasks** of financial advice (tasks defined in the *Financial Advisor Abilities*) using

- appropriate **skills** (defined in the *Financial Advisor Skills*) drawing on
- his or her **knowledge** of financial advice matters (defined in the *Financial Advice Body of Knowledge*).

The effective combination of abilities, skills and knowledge is what defines the financial advisor’s performance as competent.

In creating the Financial Advisor Competency Profile, FPI describes the abilities, skills and knowledge expected of any person rendering financial services. FPI expects that clients of financial advisor professionals will benefit from an accepted set of competency standards for financial advisors. The said profile will also assist educational providers and/or training providers to develop Financial Advisor qualifications that meet the same accepted set of standards.

In order to be awarded FPI’s Financial Advisor credential, a candidate must master the four E’s:

- the body of knowledge (Education);
- successfully completing FPI’s Financial Advisor Professional Competency Examination (Examination);
- obtain at least two years of relevant client facing experience (Experience) and
- agree to abide by the Code of Ethics and Practice Standards (Ethics)

¹As defined in FPI’s Code of Ethics and Practice Standards.

²As defined in FPI Code of Ethics and Practice Standards Incorporating the Rules of Conduct

FINANCIAL ADVISOR ABILITIES FRAMEWORK:

- Collect
- Analyse and
- Synthesise

Prior to rendering financial services to a client and/or making any recommendation to a client, a financial advisor must have the ability to *collect* the appropriate and available information regarding the clients' financial situation and *analyse* the said information. After the financial advisor analysed the information, he/she must have the ability to *synthesise* (combine) the information, drawing on his/her abilities, skills and knowledge to develop and evaluate strategies to create a financial solution that will appropriately meet the clients' financial needs.

Each Financial Advisor Ability describes a task that a financial advisor performs when rendering a financial service to a client.

FINANCIAL ADVICE FUNCTIONS**COLLECTION**

During Collection, the financial advisor collects information required to establish and determine a client's

- current financial situation;
- financial product and/or financial services experience;
- financial objectives and priorities;
- risk profile;
- behavioural finance matters and
- current & future financial needs.

Collection goes further than just simply gathering information; it also includes identifying related facts by making required calculations and arranging the gathered client information for analysis.

ANALYSIS

During Analysis, the financial advisor identifies and considers issues, performs sufficient financial analysis to be able to address the client's financial need.

SYNTHESIS

During Synthesis, the financial advisor synthesises the information (combine and apply abilities, skills and knowledge) and develops a financial solution that will meet the clients' financial objectives and financial needs.

CORE FINANCIAL ADVICE COMPETENCIES

COLLECTION

During Collection, the two Core Financial Advice Competencies are:

1. Collection of the required quantitative information and documents (factual data such as clients' current financial information, current insurance in place, legal agreements (ante-nuptial contracts, wills etc.)
2. Collection of the required qualitative information and documents (clients' values, attitude towards risk, behavioural finance matters etc. as well as expectations of the financial advisor)

While each of these Core Financial Advice Competencies have distinct and possibly related Financial Advisor Abilities associated with it, both draw on the same Fundamental Financial Advice Practices for the Collection function.

ANALYSIS

During Analysis, the two Core Financial Advice Competencies are:

1. Considers potential opportunities and constraints to develop solutions.
2. Assesses information to develop solutions.

While each of these Core Financial Advice Competencies also have distinct and possibly related Financial Advice Abilities associated with it, both draw on the same Fundamental Financial Advisor Practices for the Analysis function.

SYNTHESIS

During Synthesis, the two core Financial Advice Competency are:

1. Develop and evaluate strategies unique to the clients' financial situation
2. Create a solution that will appropriately meet the clients risk profile, financial needs and financial objectives.

While each of these Core Financial Advice Competencies also have distinct and possibly related Financial Advice Abilities associated with it, both draw on the same Fundamental Financial Advisor Practices for the Synthesis function.

FINANCIAL ADVICE COMPONENTS

FPI categorised the Financial Advice Abilities into ten (10) Curriculum Components:

1. Financial Management
2. Insurance (Long-term, short-term and health insurance)
3. Healthcare
4. Pension and Retirement
5. Investments and Investment Risk
6. Taxation as it relates to Financial Services (Financial advice and intermediary services)

FINANCIAL ADVICE FUNCTION

FUNDAMENTAL FINANCIAL ADVICE PRACTICES

CORE FINANCIAL ADVICE COMPONENTS

FINANCIAL ADVICE CURRICULUM COMPONENTS

FINANCIAL MANAGEMENT

INSURANCE

HEALTHCARE

PENSION AND RETIREMENT

- 7. Fundamentals of Estate Distribution
- 8. Financial Advice Principles and Practices including behavioural finance
- 9. Ethics, Standards and Compliance
- 10. Research methods, problem solving and report writing

The core Financial Advice Competencies (collection, analysis and synthesis) must always be applied regardless of whether the financial advisor is reviewing one or all of the above components.

Collection – gather required information

- Identifies the client’s financial needs and objectives.
 - Identifies the financial and tax information required to develop a financial solution.
 - Identifies legal and estate issues that may affect the financial solution.
 - Determines the clients’ attitude and level of financial sophistication.
 - Prepares information to enable analysis
-
- Collection of required quantitative information and documents
 - Collection of required qualitative information and documents

- 1.1 Collects information regarding the clients’ assets and liabilities
- 1.2 Collects information regarding the clients’ cash flow, income and/or obligations
- 1.3 Collects information necessary to prepare a budget
- 1.4 Prepares statements of clients net worth cash flow and budget
- 1.5 Determiners the clients’ propensity to save
- 1.6 Determines how the client makes spending decisions
- 1.7 Determines the clients attitude towards debt

- 1.8 Collects details of the clients existing insurance coverage
- 1.9 Identifies risks associated with potential financial obligations
- 1.10 Determines the clients’ preference for handling risk exposure
- 1.11 Determines relevant lifestyle issues
- 1.12 Determines health issues

- 1.13 Collects details of the clients existing healthcare coverage
- 1.14 Identifies risks associated with potential financial obligations
- 1.15 Determines the clients’ preference for handling risk exposure
- 1.16 Determines relevant lifestyle issues
- 1.17 Determines health issues

- 1.18 Identifies the client’s retirement objectives
- 1.19 Collects information regarding potential sources of retirement income
- 1.20 Collects information regarding estimated retirement expenses
- 1.21 Determines the clients’ attitudes toward retirement
- 1.22 Determines the clients comfort with retirement assumptions

FINANCIAL ADVICE CURRICULUM COMPONENTS

INVESTMENTS AND INVESTMENT RISK

- 1.23** Collects information necessary to prepare detailed statement of investment holdings
- 1.24** Determines the clients' current asset allocation
- 1.25** Identifies cash flows for available investment
- 1.26** Determines the clients experience with and attitudes toward investments
- 1.27** Determines the clients' investment needs and objectives
- 1.28** Determines the clients' tolerance and capacity for investment risk
- 1.29** Identifies the clients' assumptions and return expectations
- 1.30** Identifies the clients time horizon for investing

TAXATION

- 1.31** Identifies information related to the individuals' income situation
- 1.32** Identifies taxable nature of investments
- 1.33** Identifies current and deferred retirement-related taxes
- 1.34** Identifies terms, documents and client objectives relating to taxation

ESTATE DISTRIBUTION

- 1.35** Identifies information related to the individuals' estate distribution objectives
- 1.36** Identifies taxable nature of investments and other assets
- 1.37** Collect legal agreements and documents that impact estate distribution strategies

FINANCIAL ADVICE FUNCTION

Analysis – Assesses the information and financial needs to develop a financial solution

FUNDAMENTAL FINANCIAL ADVICE PRACTICES

- Assesses the clients' financial needs and objectives to identify potential financial solutions
- Reviews information to assess the clients' situation
- Considers regulatory requirements related to the client and potential solutions
- Generates potential financial solutions
- Assesses advantages and disadvantages of each potential solution
- Assesses products fir suitability for the clients' situation

CORE FINANCIAL ADVICE COMPONENTS

Considers potential opportunities and constraints to develop solutions.
Assesses information to develop solutions

FINANCIAL ADVICE CURRICULUM COMPONENTS

FINANCIAL MANAGEMENT

- 1.1** Assesses the appropriateness of the clients' assets and liabilities, emergency fund, budget given the clients existing and potential future financial situation
- 1.2** Assesses the impact of potential changes in the clients' income and expenses
- 1.3** Assesses cash and debt management products for suitability for the clients' situation
- 1.4** Assesses the financial and tax implications for acquiring/disposing of cash and debt management products

INSURANCE

- 1.5** Assesses the clients' exposure to financial risk
- 1.6** Reviews the characteristics of existing insurance coverage
- 1.7** Assesses the implications of changes to insurance coverage
- 1.8** Assesses the suitability of insurance products given the clients situation
- 1.9** Assesses the financial and tax implications of acquiring/disposing of insurance products

HEALTHCARE

1. Assesses the clients' exposure to financial and health risks
2. Reviews the characteristics of existing healthcare coverage
3. Assesses the implications of changes to healthcare coverage
4. Assesses the suitability of the healthcare/scheme in place given the clients situation
5. Assesses the financial and tax implications of acquiring/disposing of healthcare/scheme

PENSION AND RETIREMENT

6. Develops financial projections based on the clients existing financial position
7. Assesses financial requirements at retirement age
8. Assesses if the clients' retirement objectives are realistic
9. Assesses trade-offs necessary to meet retirement objectives
10. Assesses the suitability of retirement products given the clients situations
11. Assesses the financial and tax implications of acquiring/disposing of retirement products

INVESTMENTS AND INVESTMENT RISK

12. Calculates required rate of return to reach the clients investment needs and objectives
13. Reviews the characteristics of investment holdings
14. Assesses the financial and tax implications of acquiring/disposing of assets
15. Assesses whether investment return expectations are consistent with the clients' risk tolerance
16. Assesses whether asset holdings are consistent with the clients' risk tolerance and required rate of return
17. Assesses investment products for suitability for the clients' situation

TAXATION

18. Evaluate existing tax strategies and structures for suitability
19. Assess financial impact of financial products on clients' overall tax strategy

ESTATE DISTRIBUTION

20. 1.29 Evaluate existing strategies and structures for suitability
21. 1.30 Assess financial impact of financial products on clients' overall estate distribution strategy

FINANCIAL ADVICE FUNCTION

Recommendation and implementation – Develops a financial solution and recommends a suitable product

FUNDAMENTAL FINANCIAL ADVICE PRACTICES

- Determines which financial solution best meets the clients need
- Recommends the most appropriate financial solution
- Upon agreement with the client, implements the recommendation using a suitable product

CORE FINANCIAL ADVICE COMPONENTS

Considers potential opportunities and constraints to develop solutions.
Assesses information to develop solutions

FINANCIAL ADVISOR PROFESSIONAL SKILLS

PROFESSIONAL RESPONSIBILITY	PRACTICE	COMMUNICATION	COGNITIVE
PS.1 Establishes trust in all professional relationships	P.1 Complies with relevant financial services laws and regulations	C. 1 Gives attention to what the client and others are saying and takes time to understand the points being made	CG.1 Applies mathematical methods or formulas as appropriate
PS.2 Acts in the best interest of the client in providing professional services	P. 2 Adheres to professional code of ethics and standards of practice	C.2 Establish good rapport with the client and others	CG.2 Analyzes information from a variety of sources to arrive at financial solution
PS. 3 Demonstrates ethical judgment	P.3 Maintains awareness of changes in the economic, political and regulatory environments	C.3 Communicates information and ideas orally in a manner understandable to the client and others	CG.3 Uses logic and reasoning to consider the strengths and weaknesses of potential financial solutions
PS.4 Demonstrates intellectual honesty and impartiality	P.4 Engages in continuous learning to ensure currency of knowledge and skills	C.4 Communicates information and ideas in writing in a manner understandable to the client and others	CG.4 Demonstrates capacity to adapt thinking and behaviors
PS.5 Recognises limits of competence and voluntarily seeks the counsel of and/or defers to others when appropriate	P.5 Conducts appropriate research when performing analysis and developing financial solution and product recommendation	C.5 Presents logical and persuasive rationales	CG.5 Demonstrate an understanding of behavioral finance and how it relates to the clients' financial needs and objectives
	P.6 Exercises initiative in the performance of professional activities	C.6 Deals effectively with objections and complaints	
	P.7 Exercises responsibility for own and/or firm's ability to deliver services to the client for the duration of engagement	C.7 Gains agreement with the client and others	

FPI'S FINANCIAL ADVICE CURRICULUM FRAMEWORK

FPI'S FINANCIAL ADVICE CURRICULUM FRAMEWORK

A. FINANCIAL ADVICE CURRICULUM LEARNING LEVEL DESCRIPTORS

FPI's Financial Advice Curriculum Framework consists of:

- A. Financial Advice Curriculum Learning Level Descriptor
- B. Financial Advice Curriculum Components
- C. Financial Advice Curriculum Learning Outcomes (by Curriculum Component)
- D. Financial Advice Body of Knowledge Topic Categories

KNOWLEDGE

- Demonstrate comprehensive and specialised knowledge of financial advice, as described by FPI's Financial Advisor Competency Profile and Financial Advisor Curriculum Framework;
- Apply factual and theoretical knowledge, and devise recommendations, sustain opinions and solve problems that indicate a professional approach to the practice of financial advice, as described by FPI's Financial Advisor Competency Profile and Financial Advisor Curriculum Framework;
- Collect, analyse and synthesise appropriate data to develop solutions and make judgments and recommendations that take into consideration client needs and attitudes;
- Communicate and present information, ideas, problems and solutions on financial advice matters to both specialist and non-specialist audiences; and
- Develop the learning skills necessary to continue further study with a high degree of autonomy.

SKILLS

- Apply a comprehensive range of cognitive and practical skills to develop solutions to abstract problems in the field of financial advice.

ABILITIES

- Reflect the competence to demonstrate, in study and practice contexts, the Financial Advisor Abilities described in FPI's Financial Advisor Competency Profile;
- Reflect the competence to exercise management and supervision in context of professional activities or study activities in the field of financial advice where there is unpredictable change; and,
- Reflect the competence to take responsibility for continuing professional development in the field of financial advice.

B. FINANCIAL ADVICE CURRICULUM COMPONENTS

FPI categorised the Financial Advice Abilities into ten (10) Curriculum Components:

1. Financial Management
2. Insurance (Long-term, short-term and health insurance)
3. Healthcare
4. Pension and Retirement
5. Investments and Investment Risk
6. Taxation as it relates to Financial Services (Financial advice and intermediary services)
7. Fundamentals of Estate Distribution
8. Financial Advice Principles and Practices including behavioural finance
9. Ethics, Standards and Compliance
10. Research methods, problem solving and report writing

1. FINANCIAL MANAGEMENT

The Financial Management component prepares the student to develop strategies and use techniques to optimise short and mid-term cash flow, assets and liabilities, as well as to collect and synthesise information relating to personal financial statements, cash flow and debt, asset acquisition, liabilities, education planning and emergency fund provision.

2. INSURANCE

The Insurance component prepares the student with skills to advice on insurance and insurance products and will prepare them further to understand the nature of risk and identify the risks facing both individuals and organizations.

3. HEALTHCARE

The healthcare component prepares the student with skills to advice on medical schemes available and will assist them to understand the nature of a medical schemes in terms of applicable legislation.

4. PENSION AND RETIREMENT

This component prepares the student with the skills needed to advice on pension and retirement benefits/product by developing strategies and using techniques for wealth accumulation and withdrawal during retirement years and post retirement planning, taking into consideration the structure and impact of public and private retirement plans.

5. INVESTMENTS AND INVESTMENT RISK

This component will prepare the student with skills to understand the concepts behind formulae and strategies of investments solutions. The fundamentals of risk and how it affects all investments with respect to specific client needs will also for part of this component. Of particular importance will be an understanding of the various forms of investment products and the strategies employed in their use in an overall financial solution.

6. TAXATION

This component prepares the student to understand and broadly evaluate any tax payable by the client (natural and juristic entities) and/or the clients' estate due to solutions recommended by the advisor. The focus is especially, but not limited to, the impact of tax on insurance, retirement and investment solutions.

7. ESTATE DISTRIBUTION

This component provides the student with an introduction to estate planning principles and prepares the student to evaluate strategies and recommend product solutions that is consistent with the clients' risk profile and financial needs and objectives.

8. FINANCIAL ADVICE PRINCIPLES AND PRACTICES

The Financial Advice Principles and Practices component provide the student with an introduction to financial advice information and principles including: the advice process, client interactions and behaviour and time value of money applications as well as the economic environment.

9. ETHICS, STANDARDS AND COMPLIANCE

The Ethics, Standards and Compliance component provide the student with an introduction to ethical and practice standards, compliance issues and the regulatory environment of the applicable jurisdiction.

10. RESEARCH METHOD, PROBLEM SOLVING AND REPORT WRITING

This component assists the student in understanding methods of conducting research, how to resolve problems in a systematic and logic manner and report writing as the Financial Advisor needs to present his/her solution/ recommendation to the client in a manner that complies with legislation and FPI's Code of Ethics. (This also speaks to the due diligence checks an advisor must conduct before he/she recommends ANY solution to any client). In essence the student must be able to plan and undertake basic research in the field of giving advice and/or deliver intermediary services, including the gathering, analysing, synthesising and interpretation of information on issues pertaining to clients' financial needs and objectives correctly by using the relevant theoretical research principles and reflect on the research undertaken (research skills)

C. FINANCIAL ADVICE CURRICULUM LEARNING OUTCOMES (BY CURRICULUM COMPONENT)

A learning outcome is a statement of what a learner is expected to know, understand and be able to do at the end of a period of learning. Learning outcomes are linked to a course's overall level descriptor and are written in terms of 'the learner will be able to do something...' or 'the learner is expected to be able to do something...'

FPI's Financial Advice Curriculum Learning Outcomes specify the general areas of learning a student is expected to master to enable the student to competently perform. With the exception of the Financial Advice Principles and Practices component and the Ethics, Standards and Compliance component, all learning outcomes described in FPI's Financial Advice Curriculum Framework relate to the Fundamental Financial Advice Practices and Financial Advisor Abilities described in FPI's Financial Advisor Competency Profile.

1. FINANCIAL MANAGEMENT LEARNING OUTCOMES

On successful completion of the Financial Management component, the student will be able to:

Collect the information required to develop financial solutions

1. Collect information regarding the client's assets and liabilities
2. Collect information regarding the client's cash flow, income and/or obligations
3. Collect information necessary to prepare a budget
4. Prepare statements of the client's net worth, cash flow and budget
5. Determine the client's propensity to save
6. Determine how the client makes spending decisions
7. Determine the client's attitudes towards debt

Assess collected information and financial needs required to develop financial solution

8. Assess the appropriateness of the client's assets and liabilities, emergency fund, budget given the client's existing and potential future financial situation
9. Assess the impact of potential changes in the client's income and expenses
10. Assess cash and debt management products for suitability for the client's situation
11. Assess the financial and tax implications of acquiring/disposing of cash and debt management products

Develop a financial solution and recommends a suitable product

12. Determine which financial solutions best meet the client's need
13. Recommend the most appropriate financial solution
14. Upon agreement with the client, implements the recommendation using a suitable product

2. INSURANCE LEARNING OUTCOMES

On successful completion of the Insurance component, the student will be able to:

Collect the information required to develop financial solutions

1. Collect details of the client's existing insurance coverage
2. Identify risks associated with potential financial obligations
3. Determine the client's preference for handling risk exposure
4. Determine relevant lifestyle issues
5. Determine health issues

Assess collected information and financial needs required to develop financial solution

6. Assess the client's exposure to financial risk.
7. Review the characteristics of existing insurance coverage
8. Assess the implications of changes to insurance coverage
9. Assess the suitability of insurance products given the client's situation
10. Assess the financial and tax implications of acquiring/disposing of insurance products

Develop a financial solution and recommends a suitable product

11. Determine which financial solutions best meet the client's need
12. Recommend the most appropriate financial solution
13. Upon agreement with the client, implements the recommendation using a suitable product

3. HEALTHCARE LEARNING OUTCOMES

On successful completion of the Healthcare component, the student will be able to:

Collect the information required to develop financial solutions

1. Collect demographic and financial information required to recommend the most appropriate medical scheme/option/ Health Insurance.
2. Collect demographic details of prospective member and any additional beneficiaries to be included in healthcare cover.
3. Collect details of the clients existing coverage/if applicable.
4. Collect details of existing chronic conditions /and past and/or proposed future medical treatment
5. Determine client's requirements in terms of level of cover for in and out-of-hospital treatment based on previous claims / if applicable.
6. Determine client's level of understanding of risk/exposure in terms of membership of medical schemes/health insurance. (Underwriting & gaps in cover)

Assess collected information and financial needs required to develop financial solution

7. Benchmark existing cover against alternatives to assess which schemes/insurance products meet the financial and healthcare needs of the client.
8. Assess any significant differences in benefits of proposed alternative and what risk/exposure this will result in for the client – both financially and in terms of healthcare coverage.
9. Assess any other implications in terms of changing cover – proration of benefits/clawbacks/waiting periods etc.
10. Assess suitability of cover: access and/or any restrictions on access/formularies/co-payments/deductibles etc.
11. Assess changes in tax implications

Develop a financial solution and recommends a suitable product

12. Determine which are the most appropriate options (there may be more than one) based on client's requirements.
13. Make a recommendation in terms of most appropriate options - but highlights significant differences between products.
14. Explain implications of changes as per client's instructions – underwriting etc.
15. Explain processes to be followed in implementing changes in cover. Resignation period/application process/documentation to be completed, etc.
16. Explain benefits of ancillary products if applicable – loyalty programmes/health saver accounts, etc.

4. PENSION AND RETIREMENT LEARNING OUTCOMES

On successful completion of the Pension and Retirement component, the student will be able to:

Collect the information required to develop financial solutions

1. Identify the client's retirement objectives
2. Collect information regarding potential sources of retirement income
3. Collect information regarding estimated retirement expenses
4. Determine the client's attitudes towards retirement
5. Determine the client's comfort with retirement assumptions

Assess collected information and financial needs required to develop financial solution

6. Develop financial projections based on the client's existing financial position
7. Assess financial requirements at retirement date
8. Assess if the client's retirement objectives are realistic
9. Assess trade-offs necessary to meet retirement objectives
10. Assess the suitability of retirement products given the client's situation
11. Assess the financial and tax implications of acquiring/disposing of retirement products

Develop a financial solution and recommends a suitable product

12. Determine which financial solutions best meet the client's need
13. Recommend the most appropriate financial solution
14. Upon agreement with the client, implements the recommendation using a suitable product

5. INVESTMENTS AND INVESTMENT RISK LEARNING OUTCOMES

On successful completion of the Investments and Investment Risk component, the student will be able to:

Collect the information required to develop financial solutions

1. Collect information necessary to prepare detailed statement of investment holdings
2. Determine the client's current asset allocation
3. Identify cash flows available for investment
4. Determine the client's investment needs
5. Determine the client's experience with investments
6. Determine the client's tolerance for investment risk
7. Identify the client's comfort with investment assumptions and return expectations
8. Identify the client's time horizon

Assess collected information and financial needs required to develop financial solution

9. Calculate required rate of return to reach the client's investment needs
10. Determine the characteristics of investment holdings
11. Assess whether investment return expectations are consistent with risk tolerance
12. Assess whether asset holdings are consistent with risk tolerance and required rate of return
13. Assess the risk capacity of the client

Develop a financial solution and recommends a suitable product

14. Determine which financial solutions best meet the client's need
15. Recommend the most appropriate financial solution
16. Upon agreement with the client, implements the recommendation using a suitable product

6. TAXATION LEARNING OUTCOMES

On successful completion of the Income Tax and Estate Distribution component, the student will be able to:

Collect the information required to develop financial solutions

1. Identify information related to the individual's tax position
2. Identify taxable nature of products and investments
3. Identify current, deferred and future tax liabilities
4. Identify parties relevant to the client's tax position

5. Determine the client's attitude towards taxation

Assess collected information and financial needs required to develop financial solution

6. Review relevant policy document, policy schedules and relevant tax documents
7. Consider potential tax strategies and structures
8. Evaluate existing strategies for sustainability
9. Assess financial impact of existing product solutions and alternative product solutions

Develop a financial solution and recommends a suitable product

10. Determine tax strategies
11. Evaluate advantages and disadvantages of existing product solutions and alternative product solutions
12. Optimise strategies
13. Prioritise action steps to assist the client in implementing tax advice recommendations

7. ESTATE DISTRIBUTION

One successful completion of the Estate Distribution component, the student will be able to:

Collect the information required to develop financial solutions

1. Identify terms, documents and client objectives relating to estate distribution
2. Identify techniques to facilitate estate distribution and planning for incapacity

Assess collected information and financial needs required to develop financial solution

1. Consider constraints to meet the clients' financial advice objectives as it relates to estate distribution
2. Consider potential estate distribution strategies
3. Consider impact of existing and alternative product solutions on clients' tax situation

Develop a financial solution and recommends a suitable product

1. Develop product solution strategy
2. Evaluate advantages and disadvantages of each product and alternative product solution as it relates to estate distribution
3. Optimise strategies to make product solution recommendations that meets the clients' needs
4. Prioritise action steps to assist the client to implement recommended product solutions.

8. FINANCIAL ADVICE PRINCIPLES AND PRACTICES

On successful completion of the Financial Advice Principles and Practices Component, the student will be able to:

Collect the information required to develop a financial solution

1. Identify the client's financial needs and objectives
2. Identify the financial and tax information required to develop a financial solution
3. Identify legal and estate issues that may affect the financial solution
4. Determine the client's attitudes and level of financial sophistication
5. Prepare information to enable analysis

Assess the information and financial need to develop a financial solution

6. Assesses the client's financial needs and objectives to identify potential financial solutions
7. Assesses the impact of potential changes in the client's income and expenses
8. Assesses cash and debt management products for suitability for the client's situation
9. Assesses the financial and tax implications of acquiring/disposing of cash and debt management
10. Products

Develops a financial solution and recommends a suitable product

11. Determine which financial solutions appropriately meet the client's need
12. Recommend and agree on the most appropriate financial solution
13. Upon agreement with the client, implement the recommendation using a suitable product
14. Regularly review client's need and ensure that recommendations made are still appropriate

9. ETHICS, STANDARDS AND COMPLIANCE

On successful completion of the Ethics, Standards and Compliance component, the student will be able to:

1. Demonstrate ethical appreciation in dealings and relationships with clients and third parties
2. Discuss, explain and apply ethical principles, standards of practice and rules of conduct for the practice of financial advice, relevant to the prevailing legislation
3. Consider and discuss the impact of compliance issues on the practice of financial advice
4. Demonstrate knowledge of regulatory, economic and political environments

D. FINANCIAL ADVICE KNOWLEDGE TOPIC CATEGORIES

10. RESEARCH METHODS, PROBLEM SOLVING AND REPORT WRITING

On successful completion of the Research methods, Problem Solving and Report Writing Component, the student will be able to:

1. Rely on the knowledge obtained and use abilities and skills to identify what information to collect when conducting research into a clients' financial position and conduct research into possible recommendations appropriate to the clients' financial needs and objectives
2. Show ability to systematically plan and undertake basic research into any topic relevant to providing financial advice and/or delivering and intermediary services to clients
3. Demonstrate the ability to interpret information researched and use the information to solve the clients' financial problems by making recommendations that complies with legislation, regulation and codes of conduct and/or ethics.
4. Demonstrate ability to conduct due diligence research into new products/solutions/recommendations before recommending it to any client.
5. Prepare and write a report demonstrating the ability to collect, analyse, synthesise and make recommendations appropriate to clients' financial needs and objectives.

FPI's 10-category, 83-topic Financial Advice Body of Knowledge identifies the knowledge a financial advisor must be able to draw on to deliver financial advice to clients, or when interacting with colleagues or others in a professional capacity. Educators in a territory determine the territory-specific topics, and level of topic coverage, to include in each knowledge area to adequately prepare students to competently and ethically practice giving financial advice.

1. FINANCIAL MANAGEMENT (1-11)

1. Personal balance sheet (assets, liabilities and net worth)
2. Calculation of business assets
3. Company evaluation
4. Introduction to the basics of all financial statements
5. Current and projected cash flow
6. Budgeting
7. Savings analysis and strategy
8. Credit and debt management
9. Emergency fund
10. Non-retirement employee benefits (group risk owned by fund vs owned by the employer - from a tax implications point of view)
11. Government benefits

2. INSURANCE (12-21)

12. Insurance law, principles and objectives of insurance
13. Basics of Law of Contract

14. Generic legal and technical product line knowledge – Long-term Insurance, Short-term Insurance, Health Insurance (all policy types and product types as well as ancillary benefits and Cyber Insurance)
 - a. The purpose of the product.
 - b. Relevant legislation pertaining to the product.
 - c. The licencing category and subcategory.
 - d. The features and benefits.
 - e. The income tax, capital gains tax and estate duty implications specific to the product
15. Property Insurance
16. Public liability and Professional Indemnity (PI) cover
17. Business related insurance (key man insurance, buy and sell etc.)
18. Business Entities and business trusts
19. Personal risk insurance - insured event
20. Business use of insurance (commercial short-term insurance)
21. Insurance policy, company selection and due diligence (this is about choosing the appropriate product/recommendation)

3. HEALTHCARE (22-28)

22. Introduction to health care industry
23. Medical Schemes Act, Regulations and Scheme Rules, CMS circulars
24. Membership responsibilities and entitlements
25. Choosing a medical scheme/benefit option
26. Due diligence on medical schemes
27. Income tax (medical scheme credits) PKF; out of pocket expenses, people with disabilities
28. Insurable gap cover and non- insurable gap cover (self- payment gap)

4. PENSIONS AND RETIREMENT (29-37)

29. Retirement objectives
30. Retirement needs analysis and projections
31. Potential sources of retirement income
 - a. State-sponsored (GEFP and old age grant)
 - b. Employer-sponsored (Introduction to fund governance – fund structure)
 - c. Personal
32. Retirement savings products and income products (pre-retirement, at retirement and after retirement) Generic legal and technical product line knowledge
 - a. The purpose of the product.
 - b. Relevant legislation pertaining to the product.
 - c. The FAIS category and subcategory.
 - d. The features and benefits.
 - e. The income tax, capital gains tax and estate duty implications specific to the product (See Tax component)
33. Other sources of retirement income
34. Transfer between funds

- 35. Clean break principle / divorces
- 36. Introduction to interpretation of Corporate Employee benefit statements
- 37. Introduction to fixed benefits funds - understanding the formulas

5. INVESTMENT AND INVESTMENT RISK (38-47)

- 38. Investment objectives
- 39. Investment time horizon
- 40. Investment risks
- 41. relationship between risk and return (incl. investor risk vs investment risk)
- 42. Investment portfolios (development and analysis)
- 43. Investment strategies
- 44. Asset allocation/asset classes
- 45. Investment products and/or investment solutions
 - a. The purpose of the product.
 - b. Relevant legislation pertaining to the product.
 - c. FAIS categories and subcategories
 - d. The features and benefits.
 - e. The income tax, capital gains tax and estate duty implications specific to the product
- 46. Types and measures of investment returns and risk rating of portfolios
- 47. Due diligence check needed before recommending products (incl. case law and ombudsman cases where this was not done to illustrate consequences of not conducting due diligence)

6. INCOME TAX (48-60)

- 48. Introduction to income tax
- 49. Difference between tax evasion and tax avoidance
- 50. Personal Income tax
- 51. Introduction to company tax and dividends tax
- 52. Donations tax
- 53. Capital Gains Taxation (CGT)
- 54. Transfer duty
- 55. Lump sum taxation
- 56. Taxation of investments and investment products
- 57. Taxation of retirement products
- 58. Taxation on risk products
- 59. Provisional tax
- 60. Introduction to Value Added Tax (VAT)

7. ESTATE DISTRIBUTION (61-70)

- 61. Introduction to estate planning principles
- 62. Marriage and matrimonial property law
- 63. Law of succession (intestate succession and testamentary succession) (include Wills Act)

- 64. Introduction to administration of deceased estates
- 65. Introduction to the basics of trusts and trust law
- 66. Estate liquidity analysis and relevant calculations
- 67. Compiling an estate directory (collection of important information and documents pre-and post-death)
- 68. Create an awareness around Evaluation of digital assets (blogs, websites, digital libraries etc.)
- 69. Cyber Insurance as it relates to intellectual property
- 70. Introduction to limited rights

8. FINANCIAL ADVICE PRINCIPLES AND PRACTICES (71-75)

- 71. Financial advice process
- 72. Communication skills (includes writing, listening and verbal skills)
- 73. Economic environment
- 74. Political environment
- 75. Behavioural finance

9. ETHICS, STANDARDS AND COMPLIANCE (76-80)

- 76. FPI Code of Ethics
- 77. Financial Advice Practice Standards
- 78. Professional ethics (including codes of ethics, codes of conduct and other voluntary codes)
- 79. Compliance with applicable laws and regulations
- 80. Regulatory environment (FAIS, FICA, POPI, FSR, COFI, TCF, RDR etc.)

10. RESEARCH METHOD, PROBLEM SOLVING AND REPORT WRITING (81-83)

- 81. Methods of conducting research – methods of conducting due diligence checks
- 82. Problem solving as it relates to providing of financial advice and delivering of intermediary services
- 83. Report writing as it relates to financial advice (such as investment proposal or the elements of IPS)

FPI'S FINANCIAL ADVICE PRACTICE STANDARDS

FPI'S FINANCIAL ADVICE PRACTICE STANDARDS

- 1. ESTABLISH AND DEFINE THE RELATIONSHIP WITH THE CLIENT.**
 - 1.1** Inform the client about the financial advisor's competencies.
 - 1.2** Determine whether the financial advisor can meet the client's financial need(s).
 - 1.3** Define the scope of the engagement.
- 2. COLLECT THE CLIENT'S INFORMATION.**
 - 2.1** Identify the client's personal and financial need(s) and objective(s).
 - 2.2** Collect information and documents.
- 3. ANALYSE AND ASSESS THE CLIENT'S FINANCIAL STATUS.**
 - 3.1** Analyse the client's information
 - 3.2** Assess the client's need(s) and objective(s)
- 4. DEVELOP THE FINANCIAL ADVICE SOLUTION(S).**
 - 4.1** Develop and evaluate potential financial solutions.
 - 4.2** Recommend the most appropriate financial solution to the client.
- 5. PRESENT SOLUTION(S) AND WORK WITH THE CLIENT TO PRIORITISE SOLUTIONS AS NECESSARY.**
 - 5.1** Identify and present product(s) and service(s) for implementation.
 - 5.2** Agree on implementation responsibilities.
 - 5.3** Execute transactions(s).
- 6. AGREE ON IMPLEMENTATION RESPONSIBILITIES AND TERMS FOR CLIENT REVIEW.**
 - 6.1** Agree on terms for review for the financial solution(s) and product or service implementation.

FPI'S FINANCIAL ADVISOR PRINCIPLES

PRINCIPLE 1 – CLIENT FIRST

PLACING THE CLIENT'S INTEREST FIRST

Placing the client's interest first is a hallmark of professionalism, requiring the financial advisor to act honestly and not place personal gain or advantage before the client's interest.

PRINCIPLE 2 – INTEGRITY

PROVIDE PROFESSIONAL SERVICES WITH INTEGRITY

Integrity requires honesty and candour in all professional matters. The financial advisor is placed in a position of trust by clients, and the ultimate source of that trust is the financial advisor's personal integrity. Allowance can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires a financial advisor to observe both the letter and the spirit of the law and FPI's Code of Ethics and Practice Standards

PRINCIPLE 3 – OBJECTIVITY

PROVIDE PROFESSIONAL SERVICES OBJECTIVELY

Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a financial advice functions, objectivity requires a financial advisor to ensure the integrity of their work. Manage conflicts and exercise sound professional judgement.

PRINCIPLE 4 – FAIRNESS

BE FAIR AND REASONABLE IN ALL PROFESSIONAL RELATIONSHIPS. DISCLOSE AND MANAGE CONFLICTS OF INTEREST

Fairness requires providing clients what they are due, owed or should expect from a professional relationship and includes honesty and disclosure of material conflicts of interest. It involves managing one's own feelings, prejudices and desires to achieve a proper balance of interest. Fairness is treating others in the same manner that you want to be treated.

PRINCIPLE 5 – PROFESSIONALISM

ACT IN A MANNER THAT DEMONSTRATES EXEMPLARY PROFESSIONAL CONDUCT

Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals and other in business-related activities and complying with appropriate rules, regulations and professional requirements.

PRINCIPLE 6 – COMPETENCE

MAINTAIN THE ABILITIES, SKILLS AND KNOWLEDGE NECESSARY TO PROVIDE PROFESSIONAL SERVICES COMPETENTLY

Competency requires attaining and maintaining an adequate level of abilities, skills and knowledge in the provision of professional services. Competency also includes the wisdom to recognise one's own limitations and when consultation with other professionals is appropriate or referral to other professionals is necessary. Competence requires the financial advisor to make a continuing commitment to learning and professional improvement. To maintain competency and comply with this principle, a financial advisor must adhere to Continuing Professional Development (CPD) requirements as set by a regulator and/or a professional body.