

# Heading for the top?

**Mike Goldsmith of Wizard Learning considers what it takes to achieve Chartered status with the Personal Finance Society and also briefly assesses a couple of alternatives.**



The primary aim of this article is to help you understand the route towards Chartered status with the CII's Personal Finance Society both individually and as an organisation. I shall also discuss one or two alternative routes that people may wish to take.

## **Achieving individual Chartered status**

There are 3 levels of qualification with the CII that provide the route for an inexperienced individual towards becoming a Chartered Financial Planner. Those wishing to earn this status need to accumulate a minimum number of 290 credits from the CII's exams (or those of other professional bodies considered suitable). Each exam passed, provides a number of credits. As the individual works through the qualifications, a minimum number of credits will need to be achieved from exams at the 2 higher levels in addition to the credits already gained.

The first step is the certificate in financial planning (CertPFS). This qualification has no entry requirements. There are 5 examination subjects that need to be passed to achieve the 70 credits required for the certificate award. Four of these are multiple choice, whilst the final requires written answers to 2 case study scenarios:

- CF1 UK financial services, regulation and ethics (2 hours, 100 question exam, 15 credits);
- CF2 Investment and risk (2 hours, 100 question exam, 20 credits);
- CF3 Financial protection (1 hour, 50 question exam, 10 credits);
- CF4 Retirement planning (1 hour, 50 question exam, 10 credits);
- CF5 Integrated financial planning (2 hours, case study based written exam, 15 credits).

For those working in particular advisory fields, there are further qualifications at certificate level. These have been developed to meet regulatory requirements in their respective fields:

- The Certificate in long term care insurance requires the individual to pass exams CF1-5 and also CF8 Long term care insurance (2 hours, 75 multiple choice questions, 15 credits).
- The Certificate in mortgage advice requires the individual to pass CF1 and CF6 Mortgage advice (3 hours, 125 multiple choice questions, 20 credits).
- The Certificate in equity release requires the individual to pass CF1, CF6 and ER1 Equity release (2 hours, 75 multiple choice questions, 15 credits).

The next stage is the diploma in financial planning (DipPFS). There are entry requirements at this level. Individuals need to have achieved either the certificate in financial planning or its CII predecessor, the old financial planning certificate. Equivalent qualifications approved by the Financial Services Skills Council from other awarding bodies are also acceptable.

Individuals need to gain 140 credits to achieve the diploma. A minimum of 80 of these credits would need to be at diploma level. The certificate in financial planning counts as 70 credits towards the diploma.

There are 7 diploma exam subjects to choose from:

- J01 Personal tax (2 hours, 15 questions - short written answers, 20 credits);
- J02 Trusts (2 hours, 15 questions - short written answers, 20 credits);
- J03 The tax and legal aspects of business (2 hours, 15 questions - short written answers, 20 credits);

- J04 Pension funding options (2 hours, 15 questions - short written answers, 20 credits);
- J05 Pension income options (2 hours, 15 questions - short written answers, 20 credits);
- J06 Investment principles (2 hours, 15 questions - short written answers, 20 credits); and
- J07 Supervision in a regulated environment (2 hours, 15 questions - short written answers, 20 credits).

Once the diploma has been achieved, the final stage is the advanced diploma in financial planning (APFS). Providing the individual has at least 5 years relevant experience as well, successfully achieving the required number of credits will gain individual Chartered status.

Of the 290 credits required in total, 120 must have been achieved from the advanced diploma subjects. The diploma in financial planning counts as 140 credits towards the advanced diploma.

There are 5 advanced diploma exam subjects to choose from of which AF5 - The financial planning process is compulsory:

- AF1 Personal tax and trust planning (3 hours, case study written answers to questions, 30 credits);
- AF2 Business financial planning (3 hours, case study written answers to questions, 30 credits);
- AF3 Pension planning (3 hours, case study written answers to questions, 30 credits);
- AF4 Investment planning (3 hours, case study written answers to questions, 30 credits);
- AF5 The financial planning process (3 hours, case study written answers to questions, 30 credits).

All of the CII qualifications require students to assimilate and apply a considerable amount of technical understanding even at certificate level. To do themselves justice therefore, students should spend an appropriate amount of time on planning and implementing a disciplined programme of study, especially where this revolves around their work/family situation.

As a guide, the CII recommends the following study time for each level:

- Certificate in financial planning – 280 hours;
- Diploma in financial planning – 360 hours;
- Advanced diploma in financial planning – 570 hours.

Once the goal of Chartered status has been achieved, it needs to be maintained. All those who attain it, have to undertake to follow a programme of Continuing Professional Development. This is an extremely important commitment and should be taken seriously to maintain the status that individual students have achieved.

### **Achieving organisational Chartered status**

Firms can achieve chartered status providing at least 50% of their executive directors/partners hold CII Chartered status (or a suitable alternative professional body) and at least 90% of customer facing staff are CII/PFS members.

### **Alternatives to CII titles**

There are some designations that are relevant to discuss at this point as potential alternatives to the above route. The CFP (Certified Financial Planner) qualification is awarded by the Institute of Financial Planning. Again a three-step process is undertaken to achieve this qualification. The first 2 involve the student completing suitable basic and higher financial planning qualifications such as the CII's certificate and diploma in financial planning. Providing the individual has at least 3 years relevant experience, the final step involves completion of a case study financial plan. This can either be completed on your own or with the help of a preparation day. If so wished, the individual can go on a 4 day, fast track course with completion of the case study at the end of it. Advocates of this qualification say that it provides a highly worthwhile and practical route enabling individuals to write an appropriate financial plan through its main stages. However, some critics have stated that the qualification lacks the technical depth offered by the CII's exams.

In November 2007, the ifs School of Finance introduced its chartered title the Chartered Associate of the ifs School of Finance (CAifs). The CAifs title is not exam based but neither is it an easy way around the challenge of qualifications. It can only be gained by those who are already associates of the ifs School of Finance and who have 3 years' relevant experience. To be an associate of this body requires completion of a bachelor's degree in financial services from the University of Manchester. Few people however, in the financial planning sector would have achieved this qualification other than perhaps, people working for banking organisations. Its relevance throughout the sector therefore, will be limited.

Under the FSA's Retail Distribution Review (RDR) proposals in November 2008, all investment advisers whether independent or tied, will be required to obtain a QCA Level 4 financial planning qualification. Current qualifications that meet this requirement are the CII's Diploma in Financial Planning and the ifs's Diploma for Financial Advisers. There is little doubt that these plans will go ahead (or at least something close to them) as they become finalised over the coming months. The drive towards higher standards of skill and technical ability can however, only be a good thing for customers in terms of their fair treatment and improvements to market efficiency.

Mike Goldsmith FPFS  
Chartered Financial Planner

Managing Director  
Wizard Learning – <http://www.wizardlearning.com>

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