



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSFPL503A Develop and prepare financial plan**

**Revision Number: 1**

## FNSFPL503A Develop and prepare financial plan

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to develop and prepare a financial plan that meets the client's needs. It encompasses establishing plan objectives and scope, and developing strategic assumptions, strategies and a preliminary financial plan compliant with regulatory and organisational requirements.</p> <p>This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including legislation administered by the Australian Securities and Investments Commission (ASIC).</p>
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### Application of the Unit

<b>Application of the unit</b>	This unit has application to job roles such as para-planners, financial planners and support staff.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>	

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Establish plan objectives and scope	1.1. Research results are reviewed and compared to client requirements and expectations 1.2. Current client situation is analysed to determine opportunities and constraints 1.3. Desired financial resource and market parameters are identified and assessed 1.4. Plan objectives are developed for asset growth, income, risk, taxation and any other objectives developed in consultation with the client
2. Develop strategic assumptions	2.1. Client related and economic key assumptions are developed and tested 2.2. <b>Legislative and regulatory requirements</b> , including taxation assumptions, are identified and tested 2.3. Clarifications are sought from client or other professionals as required and strategic assumptions documented for client review
3. Develop financial plan strategy	3.1. Initial strategic options are developed based on strategic assumptions and client specifications 3.2. Strategic options are analysed and modelled with any inappropriate options rejected 3.3. Supporting arguments for each final strategic option are developed and included in a draft overall strategy 3.4. Any necessary client checks or consultations are made to verify the plan strategy
4. Develop preliminary financial plan	4.1. Specific products and options are selected to meet agreed strategy with cash flow, liquidity and capital preservation or estate planning requirements incorporated as required 4.2. Recommendations for financial asset allocation structure are developed including where provision is required for equities, trusts, partnerships, allocated pensions, and superannuation and planned capital expenditure 4.3. Recommendations for changes to income and taxation arrangements are developed including referral advice to accountants or lawyers as appropriate 4.4. Recommendations on risk management strategies and products are developed and incorporated in the plan

ELEMENT	PERFORMANCE CRITERIA
	<p>4.5. Anticipated fees and charges are incorporated into the preliminary plan with information on internal and external complaint resolution procedures available to the client</p> <p>4.6. Preliminary financial plan is documented according to organisation guidelines and procedures</p>
<p>5. Ensure compliance of financial plan with regulatory and organisational requirements</p>	<p>5.1. Preliminary financial plan is checked to ensure that the role of the representative/adviser is properly documented and complies with relevant acts, regulations and regulatory guidelines</p> <p>5.2. Preliminary financial plan is assessed for its ability to successfully achieve objectives</p> <p>5.3. Preliminary financial plan is checked to ensure that it complies with <i>ethical and regulatory requirements</i></p>
<p>6. Produce completed plan</p>	<p>6.1. Financial plan is produced in accordance with organisational quality control requirements</p> <p>6.2. Supporting organisation and product explanatory information is attached</p> <p>6.3. Regulatory and complaints information where required is attached</p>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- well-developed communication skills to:
  - determine and confirm client requirements, using questioning and active listening as required
  - provide appropriate and readily understood information to clients
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- research skills such as:
  - accessing and managing information
  - interpreting complex documentation
  - coordinating tasks
- numeracy skills to accurately analyse, record and store data in accordance with organisational requirements
- literacy skills to:
  - analyse information to ensure appropriateness to client needs, currency and accuracy
  - read and interpret complex documentation from a variety of sources
- IT skills for accessing and using appropriate software such as spreadsheets and databases and using internet information
- self-management skills for complying with ethical, legal and procedural requirements
- learning skills to maintain knowledge of changes to compliance legislation and requirements
- problem solving skills to identify any issues that have the potential to impact on the financial planning process or outcome and to develop options to resolve these issues if they arise

#### Required knowledge

- generic products available in the financial services industry
- impact of taxation, social security, economic and other government policies on client investment and financial requirements
- investment and savings vehicles, financial markets, asset classes and investment characteristics
- investment risk factors and relationship to return expectations
- principles of effective negotiation
- relevant codes of practice
- the general impact of relevant economic, taxation and social security policy on the

**REQUIRED SKILLS AND KNOWLEDGE**

- client's financial planning needs
- the general impact of relevant State and Territory planning considerations on the client's financial planning needs
  - the role of the financial planning adviser and financial planning practice including compliance requirements and the disclosure of capacity
  - the terms of the Acts and regulations affecting the financial services industry

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• comply with relevant legislation and industry codes of practice and interpret and apply organisational operational requirements policies and procedures</li> <li>• establish plan objectives and scope, and develop strategic assumptions and a financial plan strategy ensuring compliance of the plan with regulatory and organisational requirements</li> <li>• develop a detailed financial plan that maximises the client's outcomes and reach client objectives and identify key assumptions on which the plan is based</li> <li>• analyse strategic options and make justified recommendations using use in-depth knowledge of the financial planning industry, industry regulations, codes of practice and financial products, financial markets and investment characteristics</li> <li>• assess impacts of taxation, social security, economic and other government policies on client investment and financial requirements.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• verbal or written questioning on underpinning knowledge and skills which may include formal examinations</li> <li>• setting and reviewing workplace projects and business simulations/scenarios</li> </ul>



<b>EVIDENCE GUIDE</b>	
	<ul style="list-style-type: none"><li>• evaluating samples of work</li><li>• accessing and validating third party reports.</li></ul>
<b>Guidance information for assessment</b>	

## Range Statement

### RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<p><b><i>Legislative and regulatory requirements</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• Australian Securities and Investments Commission (ASIC) Act, policy and guidelines</li> <li>• Consumer Affairs Act</li> <li>• Consumer Credit Code</li> <li>• contract law</li> <li>• Corporations Act</li> <li>• industry codes of practice</li> <li>• Insurance Act</li> <li>• Life Insurance Act</li> <li>• Privacy Act</li> <li>• social security regulations</li> <li>• State and Territory legislation</li> <li>• Taxation Acts</li> <li>• Trade Practices Act</li> <li>• trust law.</li> </ul>
<p>Relevant <b><i>ethical and regulatory requirements</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• checking integrity for completeness</li> <li>• disclosure of any conflicts of interest</li> <li>• full disclosure of remuneration/fees and any other matter that may influence the representative's recommendations</li> <li>• guarantees of confidentiality</li> <li>• meeting relevant industry codes of conduct and practice</li> <li>• preparation in utmost good faith.</li> </ul>

## Unit Sector(s)

Unit sector	Financial planning
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## Competency field

<b>Competency field</b>	
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## Co-requisite units

<b>Co-requisite units</b>		