



Australian Government

Department of Education, Employment and Workplace Relations

FNSFPL604A Develop complex and innovative financial planning strategies

Revision Number: 1

FNSFPL604A Develop complex and innovative financial planning strategies

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to determine and prepare a complex or innovative financial plan or plans which are for commercial relationship reasons identified as requiring development to a higher than normal standard. It encompasses establishing plan objectives and scope, and developing strategic assumptions and innovative or complex financial strategies.</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

Application of the unit	This unit has application to job roles such as senior financial planners, para-planners and senior technical staff.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	

Employability Skills Information

Employability skills	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 and the current client situation analysed to determine opportunities and constraints 1.2. Special features of client situation are reviewed such as high asset, income or expenditure requirements, complex taxation and or legal issues, or complex estate planning issues 1.3. Desired financial resource and market parameters are identified and plan objectives are developed for asset growth, income, risk, estate planning and any other objectives developed in consultation with client 1.4. Taxation or estate objectives are identified and discussed with the client
2. Develop strategic assumptions	2.1. Client related and economic key assumptions are developed and tested 2.2. Legislative and regulatory assumptions, including taxation assumptions are developed and tested 2.3. Clarifications are sought from client or other financial services professionals as required and strategic assumptions documented for client review
3. Develop innovative or complex financial strategy	3.1. Initial strategic options are developed based on strategic assumptions and client specifications 3.2. Strategic options are analysed, modelled and prioritised with inappropriate strategic options rejected 3.3. Supporting arguments for each strategic option are developed and included in a draft overall strategy 3.4. Where required, strategy is integrated into taxation, legal, estate or insurance and asset strategies being developed for client by other professional advisers in order for the financial plan to achieve maximum synergy and benefit for the client 3.5. Strategy is reviewed for best practice compliance and risk management 3.6. Fees and charges analysis is included for the strategy options 3.7. Best practice ethical behaviour is maintained including full disclosure of any potential conflicts of interest and areas where advice should be sought from other professionals.
4. Review and settle draft strategy and	4.1. <i>Strategic options</i> for review with the client and a suitable mode of presentation are selected

ELEMENT	PERFORMANCE CRITERIA
options with client	<p>4.2. Each strategic option is fully reviewed with client including positives, negatives and <i>risks</i> for each option</p> <p>4.3. Representative ensures that implication of each option, including regulatory and legal implications for the client's situation, needs and goals is understood</p> <p>4.4. Representative ensures that client understands where additional professional advice is needed</p> <p>4.5. Broad agreement on strategies is established with client including resolution of any concerns and issues raised by the client</p>

ELEMENT	PERFORMANCE CRITERIA
5. Develop preliminary financial plan for client	<p>5.1. A full investigation of products and options is conducted including non-standard and/or innovative products and products and options selected to meet agreed strategy</p> <p>5.2. Complex or innovative products are specifically identified and explanatory material developed or obtained</p> <p>5.3. Requirements for cash flow, liquidity, capital preservation or estate planning are incorporated</p> <p>5.4. Recommendations for financial asset allocation structure is developed, including where required, provision for equities, trusts, partnerships, allocated pensions, and superannuation</p> <p>5.5. Recommendations for changes to income and taxation arrangements, taxation consequences and estate planning issues relating to the client strategy are developed including referral advice to accountants or lawyers as appropriate</p> <p>5.6. Recommendations on risk management strategies and products are developed and incorporated into the plan</p> <p>5.7. Description of anticipated fees and charges are incorporated into the plan</p> <p>5.8. Information on internal and external complaints resolution procedures is incorporated into the preliminary plan</p> <p>5.9. Preliminary financial plan is documented according to organisation guidelines and procedures</p>
6. Ensure compliance of financial plan with regulatory and organisation requirements	<p>6.1. Preliminary financial plan is checked to ensure that the role of the representative or adviser is properly documented</p> <p>6.2. Preliminary financial plan is checked to ensure compliance with relevant Acts, legislation and regulatory guidelines</p> <p>6.3. Preliminary financial plan is assessed for its ability to successfully achieve stated objectives</p> <p>6.4. Preliminary financial plan is checked to ensure that it complies with ethical and regulatory requirements</p>
7. Produce client financial plan	<p>7.1. Financial plan is produced in accordance with organisation presentation requirements</p> <p>7.2. Supporting organisation, product explanatory documentation and 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

- highly developed communication skills to:
 - determine and confirm complex client requirements, using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- well-developed research and analysis skills for:
 - accessing and managing comprehensive and complex information
 - interpreting complex documentation
 - forming a holistic perspective of complex situations and identify implications
- numeracy skills to accurately analyse, record and store data in accordance with organisational requirements
- superior literacy skills for analysing complex information and products to ensure appropriateness to client needs, currency and accuracy
- 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
- highly developed problem solving skills to identify any issues that have the potential to impact on the planning process or outcome and to develop options to resolve these issues when they arise
- organisational and time management skills to sequence tasks, meet timelines and arrange meetings
- critical reasoning and judgement skills for forming recommendations in operational situations

Required knowledge

- investment and savings vehicles, financial markets, asset classes and investment characteristics
- investment risk factors and relationship to return expectations
- principles of effective negotiation
- products available in the financial services industry
- relevant industry codes of practice
- requirements related to the disclosure of capacity
- the characteristics of the financial planning industry including the terms of the Acts and regulations affecting the industry

REQUIRED SKILLS AND KNOWLEDGE

- the impact of relevant economic, taxation and social security policy on the client's financial planning needs
- the impact of relevant estate planning considerations on the client's financial planning needs
- the processes of effective communication
- the role of the financial planning adviser and the financial planning practice

Evidence Guide

EVIDENCE GUIDE	
<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>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • develop detailed financial plans designed to maximise the client's outcomes and reach client objectives which incorporate elements that have arisen from research • develop plans which address complex needs and issues and describe key assumptions on which the plan is based • analyse strategic options and make justified recommendations • test and/or make appropriate checks on the proposed plan for its integrity and compliance • apply in-depth knowledge of the financial planning industry, industry regulations and codes of practice, financial products, financial markets and investment characteristics and the roles of other associated financial advisers • assess impacts of taxation, social security, economic and other government policies on client investment and financial requirements.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • 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 • access to and the use of a range of common office equipment, technology, software and consumables.
Method of assessment	<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"> • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • observing processes and procedures in workplaces or role plays • verbal or written questioning on underpinning knowledge and skills • setting and reviewing workplace projects and business simulations/scenarios

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

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.

Appropriate *strategic options* and solutions may include:

- flexibility
- investigation and assessment of costs
- liquidity
- products available to the adviser
- return on investment
- safety
- tax effectiveness and investment spread of relevant
- volatility of expected income or capital growth.

Risk assessment may include:

- asset allocation and investment spread
- borrowing risk or gearing
- economic
- institutional risk
- market and sector risks including:
 - economic cycle
 - fixed interest
 - property
 - stock market
- risk factors and return expectations of the client
- specific product risk
- volatility of income and capital.

Products include, but are not limited to:

- cash deposits
- derivatives
- direct investments
- equities
- futures
- insurance products
- managed investments
- superannuation
- trusts.

Legislation and regulatory guidelines may include:

- Australian Securities and Investments Commission (ASIC) Act, policy and guidelines
- Consumer Affairs Act

RANGE STATEMENT	
	<ul style="list-style-type: none"> • Consumer Credit Code • contract law • Corporations Act • industry codes of practice • Insurance Act • Life Insurance Act • Privacy Act • social security regulations • State and Territory legislation • Taxation Acts • Trade Practices Act • trust law.
<p><i>Ethical and regulatory requirements</i> may include:</p>	<ul style="list-style-type: none"> • disclosure of any conflicts of interest • full disclosure of remuneration and fees and any other matter that may influence the representative's recommendations • guarantees of confidentiality • integrity checks • preparation in utmost good faith • relevant industry codes of conduct and practice.

Unit Sector(s)

Unit sector	Financial planning
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		