



**Australian Government**

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

# **FNSFPL402A Prepare financial plans to set strategies and guidelines**

**Revision Number: 1**

## FNSFPL402A Prepare financial plans to set strategies and guidelines

### Modification History

Not applicable.

### Unit Descriptor

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <b>Unit descriptor</b> | <p>This unit describes the performance outcomes, skills and knowledge required to determine and prepare a financial plan according to organisational guidelines, where client's preferred strategies and key parameters have already been established by a qualified financial planner.</p> <p>It encompasses confirming a financial plan objectives and scope, testing strategic assumptions, reviewing and settling a draft strategy and options according to organisational guidelines, and developing preliminary financial plans.</p> <p>This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so the varying State or Territory requirements should be confirmed with the relevant body.</p> |
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### Application of the Unit

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| <b>Application of the unit</b> | <p>The unit has application to job functions such as para-planners, trainee financial planners, financial planners and technical staff.</p> |
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### Licensing/Regulatory Information

Not applicable.

## Pre-Requisites

|                           |  |  |
|---------------------------|--|--|
| <b>Prerequisite units</b> |  |  |
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## Employability Skills Information

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| <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. Confirm plan objectives and scope            | <p>1.1. Plan strategy and key parameters are checked with a qualified financial planner and the client</p> <p>1.2. Research topics are established and research results reviewed and compared to client requirements and expectations as set out in strategy and key parameters</p> <p>1.3. Current client situation is analysed to determine opportunities and constraints within strategy boundaries</p> <p>1.4. Plan objectives are developed for asset growth, income, risk, taxation and any other objectives set out in plan strategy</p> |
| 2. Test strategic assumptions                   | <p>2.1. Client related key assumptions are tested against the draft strategy</p> <p>2.2. Economic key assumptions in the strategy are tested and reviewed as required</p> <p>2.3. <b>Legislative</b> and regulatory assumptions, including taxation assumptions are tested against the strategy</p> <p>2.4. Clarifications are sought from the strategy author on any identified discrepancies</p>                                                                                                                                              |
| 3. Develop financial plan to set strategy       | <p>3.1. <b>Strategic options</b> set by financial planner are analysed or modelled</p> <p>3.2. Inconsistencies in strategic options are identified and discussed with the strategy author</p> <p>3.3. Financial plan is developed according to established organisational guidelines</p>                                                                                                                                                                                                                                                        |
| 4. Review and settle draft strategy and options | <p>4.1. Strategic options for review and a mode of presentation are selected according to organisational guidelines</p> <p>4.2. Each strategic option is reviewed with the strategy author including positives, negatives and risks for each option</p> <p>4.3. Broad agreement on strategies is established with the strategy author</p>                                                                                                                                                                                                       |
| 5. Develop preliminary financial plan           | <p>5.1. Specific <b>products</b> and options are selected that meet given strategy and key parameters</p> <p>5.2. Cash flow/liquidity, set capital preservation and/or estate planning requirements are incorporated consistent with given strategy and key parameters</p> <p>5.3. Recommendations for financial asset allocation structure are developed according to organisational</p>                                                                                                                                                       |

| ELEMENT | PERFORMANCE CRITERIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p>guidelines</p> <p>5.4.Recommendations for changes to income and taxation arrangements are developed including referral advice to accountants/lawyers as appropriate</p> <p>5.5.Recommendations on <b>risk</b> management strategies and products are developed and incorporated according to organisational guidelines</p> <p>5.6.All recommendations are checked to ensure consistency with given strategy and key parameters, and meet specific objectives with a high dependability of outcome</p> <p>5.7.Description of anticipated fees and charges and information on internal and external complaints resolution procedures is incorporated into the plan where appropriate</p> <p>5.8.Preliminary financial plan is documented according to organisational guidelines and procedures</p> |

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

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

#### Required skills

- communication skills to:
  - determine and confirm work requirements, using questioning and active listening as required
  - liaise with others, share information, listen and understand
  - negotiate requirements with clients
  - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
  - use comparative analysis techniques and make financial calculations
  - use dealing system systems, spreadsheets and databases
  - use internet information
- learning skills to maintain and apply knowledge of ethical principles and compliance legislation and requirements
- literacy skills to:
  - read, write, edit and proofread documents to ensure clarity of meaning, accuracy and consistency of information
  - record, gather and consolidate information
- organisational and time management skills to sequence tasks, meet timelines and arrange meetings
- analytical skills to perform a needs analysis

#### Required knowledge

- generic products available in the financial services industry
- investment and savings vehicles, financial markets, asset classes and investment characteristics
- investment risk factors and relationship to return expectations
- relevant industry codes of practice
- requirements related to the disclosure of capacity
- the general impact of relevant economic, taxation and social security policy on a client's financial planning needs
- the general impact of relevant estate planning considerations on a client's financial planning needs
- the role of the financial planning adviser and the financial planning practice
- the terms of the Acts and regulations affecting the industry

## Evidence Guide

### EVIDENCE GUIDE

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.

#### Overview of assessment

##### Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the ability to:

- comply with relevant legislative requirements and industry codes of practice
- confirm plan objectives and scope and test strategic assumptions and make appropriate checks on the proposed plan for its integrity and compliance
- review and settle a draft strategy and options according to organisational guidelines and develop a preliminary financial plan
- apply knowledge of financial products, financial markets and investment characteristics
- work with other associated financial advisers
- assess the impact of taxation, social security, economic and other government policies on client investment and financial requirements.

##### Context of and specific resources for assessment

Assessment must ensure:

- 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

A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:

- 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 which may include formal examinations
- setting and reviewing workplace projects and business simulations/scenarios
- evaluating samples of work

| <b>EVIDENCE GUIDE</b>                      |                                                                                                 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                            | <ul style="list-style-type: none"><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.

**Legislative** requirements may include:

- Australian Securities and Investments Commission (ASIC) Act, policy and guidelines
- Australian Taxation Acts
- Consumer Affairs Act
- Consumer Credit Code
- contract law
- Corporations Act
- industry codes of practice
- Insurance Act
- Life Act
- Privacy Act
- social security regulations
- State and Territory legislation relevant to the financial services industry
- Trade Practices Act
- trust law.

Appropriate **strategic options** may include:

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

**Products** include but are not limited to:

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

**RANGE STATEMENT**

**Risk** assessment can include:

- asset allocation and investment spread
- borrowing risk and gearing
- economic situation
- institutional risk
- lifestyle choices
- market and sector risks considering:
  - the economic cycle
  - fixed interest
  - property value
  - stock market value
- risk and return expectations of the client
- specific product risk
- volatility of client income and capital.

**Unit Sector(s)**

|                    |                    |
|--------------------|--------------------|
| <b>Unit sector</b> | Financial planning |
|--------------------|--------------------|

**Competency field**

|                         |  |
|-------------------------|--|
| <b>Competency field</b> |  |
|-------------------------|--|

**Co-requisite units**

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|---------------------------|--|--|
| <b>Co-requisite units</b> |  |  |
|                           |  |  |