

FINANCIAL PLANNING FUNDAMENTALS

CPA PROGRAM SUBJECT OUTLINE

Study guide: First edition

Financial Planning Fundamentals introduces the fundamentals of financial planning, with an Australian context, including the principal professional and ethical obligations underpinning the profession, types of financial products and their applications, the process of financial planning, as well as how to balance the relationship with clients and various stakeholders.

The subject assists candidates in developing a comprehensive understanding of the important roles of a financial adviser, and provides them with sufficient knowledge to further their study in other financial planning subjects. This subject also exposes candidates to various ethical challenges and provides information to support them to develop effective courses of action to mitigate potential risks and maintain an ethical client and stakeholder relationship. In addition, this subject identifies essential research and communication skills that a financial adviser requires to conduct sound financial analysis, and communicate and justify their recommendations to clients.

Candidates are reminded that prior learning in Australian taxation is strongly recommended before enrolling.

EXAM STRUCTURE

The Financial Planning Fundamentals exam is comprised of a combination of multiple-choice and extended response questions.

The exams for Financial Planning Fundamentals and Superannuation Retirement Planning will be held on two [fixed dates](#) in computer-based format. Candidates must be available to attend an exam on the fixed dates and prepared to travel to an [exam centre](#) (PDF). Please ensure you read the related [rules and regulations](#) before you enrol in this subject.

SUBJECT AIMS

The aims of this subject are to provide candidates with the required knowledge to:

- understand and explain the regulatory, professional and ethical obligations of financial adviser
- undertake financial planning analysis
- design, justify and deliver strategic financial advice for clients.

GENERAL OBJECTIVES

On completion of this subject, you should be able to:

- explain the importance of financial advice within the economic or regulatory environment in which it operates
- examine the different obligations when providing financial advice and associated penalties for relevant breaches
- assess the relationship between legal obligations and the ethical code of conduct in financial planning

- demonstrate an understanding of the purpose of a decision-making model in financial planning
- identify breaches of obligations and propose a course of action to address the breach.

SUBJECT CONTENT

This subject is divided into four modules.

The 'weighting' column in the following table provides an indication of the emphasis placed on each module in the exam, while the 'proportion of study time' column is a guide for you to allocate your study time for each module.

Table 1: Module weightings and study time

Module	Recommended proportion of study time (%)	Weighting (%)
1. Professionalism and ethics in financial planning	20	20
2. Researching financial advice	15	15
3. Delivering compliant strategic financial advice	35	35
4. Balancing the relationship with clients and various stakeholders	30	30

A brief outline of each module is provided below.

Module 1: Professionalism and ethics in financial planning

This module focuses on the role of a financial adviser and the value of financial planning at industry and individual levels. It also addresses the economic, regulatory environment and licensing requirements that impact on the provision of financial planning.

It will discuss the different obligations when providing financial advice and the associated penalties for breaches of those varied obligations.

The module also explores the interaction between legal expectations, professional obligations, and ethics, and outlines ethical decision-making models that can assist financial advisers determine what they 'ought' to do when faced with an ethical dilemma.

Module 2: Researching financial advice

This module introduces financial advising terms and concepts as well as the method of research and analysis when considering the financial products available and their application to a client's financial situation.

An overview of the financial products are provided and more importantly discussed in regards to assessing the appropriateness for a client and consideration of the inherent tax, social security and estate planning implications. This introduces the concept of holistic advice where the overall financial situation of the client is paramount.

Module 3: Delivering compliant strategic financial advice

The delivery and documentation of the financial advice is crucial with regards to building long term client relationships. This module looks at how a financial adviser can establish their credibility and demonstrate value to a client. It also examines the legislative and regulatory requirements for documentation and information disclosure related to the provision of financial advice.

This module will examine the skills required to provide personal advice to clients and the steps of the financial planning advice process.

Module 4: Balancing the relationship with clients and various stakeholders

When providing financial advice it is important to understand how the client relationship is balanced with other stakeholders, ensuring compliance with the regulatory and ethical requirements of the financial advice industry.

This module will help to identify issues that may lead to ethical misconduct in the adviser/client relationship and how to deal with ethical dilemmas. Managing conflicts of interests will be explained as well as the required steps to address a client complaint.