Chartered Insurance Institute

AF5

Advanced Diploma in Financial Planning

Unit AF5 – Financial planning process

September 2024 Examination Guide

SPECIAL NOTICES

Candidates entered for the February 2025 examination should study this examination guide carefully in order to prepare themselves for the examination.

Practice in answering the questions is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.

AF5 – Financial planning process

Contents

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IMPORTANT GUIDANCE FOR CANDIDATES

Introduction

The purpose of this Examination Guide is to help you understand how examiners seek to assess the knowledge and skill of candidates. You can then use this understanding to help you demonstrate to the Examiners that you meet the required levels of knowledge and skill to merit a pass in this unit.

During your preparation for the examination it should be your aim not only to ensure that you are technically able to answer the questions but also that you can do justice to your abilities under examination conditions.

Before the examination

Read the Qualifications Brochure
Details of administrative arrangements and the regulations which form the basis of your examination entry are to be found in the current CII Qualifications Brochure and important notes for candidates, which is *essential reading* for all candidates. It is available online at www.cii.co.uk.

Study the syllabus carefully
It is crucial that you study the relevant syllabus carefully, which is available online at www.cii.co.uk. All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone,* so it is vital that you are familiar with it.

Read widely
If you do not have experience in advising clients whose financial needs are relatively sophisticated, *it is quite unrealistic to expect that the study of a single textbook will be sufficient to meet all your requirements.* While books specifically produced to support your studies will provide coverage of all the syllabus areas, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic or an alternative viewpoint is sought. It is vital that your knowledge is widened beyond the scope of one book. The reading list which can be found with the syllabus provides valuable suggestions.

Make full use of the Examination Guide
This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. *However, you should note that there are alternative answers to some question parts which would also gain high marks.* For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as 'mock' examination papers. Attempting them under examination conditions as far as possible and then comparing your answers to the model ones should be seen as an essential part of your examination preparation. The examiner's comments on candidates' actual performance in each question provide further valuable guidance. You can obtain copies of the two most recent examination guides free of charge at www.cii.co.uk.

Know the layout of the tax tables
Familiarise yourself with the tax tables printed at the back of the Examination Guide. The tax tables enable you to concentrate on answering the questions without having to worry about remembering all the information. *Please note that you are not allowed to take your own tax tables into the examination, these are provided in the portal as you sit the exam (see page 6).*

Note the assumed knowledge
For this Advanced Diploma in Financial Planning, candidates are assumed to have already the knowledge gained from studying the relevant units of the Advanced Diploma, Diploma and Certificate in Financial Planning or the equivalent.

Understand the nature of assessment
Assessment is by means of a three-hour paper. This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. *However, you should note that there are alternative answers to some question parts which would also gain high marks.* For the sake of clarity and brevity not all of these alternative answers are shown.

Familiarise yourself with the fact-find
The examination has been specially written by practitioners with relevant technical knowledge and experience. It is then put through a rigorous editing procedure by a panel of active practitioners to ensure that the fact-find is both technically and structurally correct. At least one qualified practitioner then acts as a scrutineer by sitting the paper in advance and writing a report on it. The scrutineer's comments are taken into account in producing the final examination paper.

Appreciate the standard of the examination
Candidates must demonstrate that they are capable of advising clients *whose overall levels of income and capital require a sophisticated scheme of investment.* These clients require a critical appraisal of the various financial planning options available to them.

Test yourself under timed conditions
You should test your report writing skills under timed conditions. A good way to do this and to assess your technical knowledge at the same time is to set yourself a mock examination using the Examination Guide. To gain the most benefit from this exercise you should:

- Study the fact-find detail over the two-week period as you would for the real examination.
- Set yourself three clear hours to complete the question paper taking into account the financial objectives provided.
- Compare your answers against the model answer once the three hours are up. The model answer will not give every acceptable answer, but it will give you a clear indication of whether your responses were sufficiently holistic and if your technical knowledge was correct.
- Go back and revise further any technical weaknesses revealed in your responses.

If you use your time wisely, focusing on improving your technical knowledge and understanding of the financial planning process, you will have the time when the fact-find details arrive to focus on the client details and prepare yourself for the examination day.

Understand the skills the exam seeks to test

The examination is based on a fact-find for imaginary clients whose details you will have received two weeks prior to the exam date. The fact-find will contain all the client details available. The actual financial objectives of the client will be supplied in the actual examination.

Tasks in the exam will not require candidates to produce a full financial plan. They will instead be focussed on the various elements in the syllabus which are based on the following steps in the financial planning process:

- The relationship between adviser and client.
- Evaluation of the client's objectives.
- Understanding the client's financial status.
- Putting forward appropriate recommendations.
- Reviewing the financial plan.

They may also be focused on other aspects of the syllabus which we believe are key to the customer receiving an effective financial planning service. These include an explanation of technical terms, selection of appropriate remuneration terms etc.

In this way, we are able to test key aspects of the financial planning process. If all aspects of the process are carried out thoroughly, an effective financial plan will be produced.

It is anticipated that at each exam session, a significant proportion of the total marks will be allocated to putting forward recommendations supported by relevant evidence. In this exercise, candidates will always be rewarded for thinking logically about the various objectives and potential solutions to the client.

On-screen written exam familiarisation

The familiarisation test allows you to experience using the assessment platform before your exam. Please note that while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only. You can also access past exam papers here.

You can access the familiarisation test at any time which can be found here.

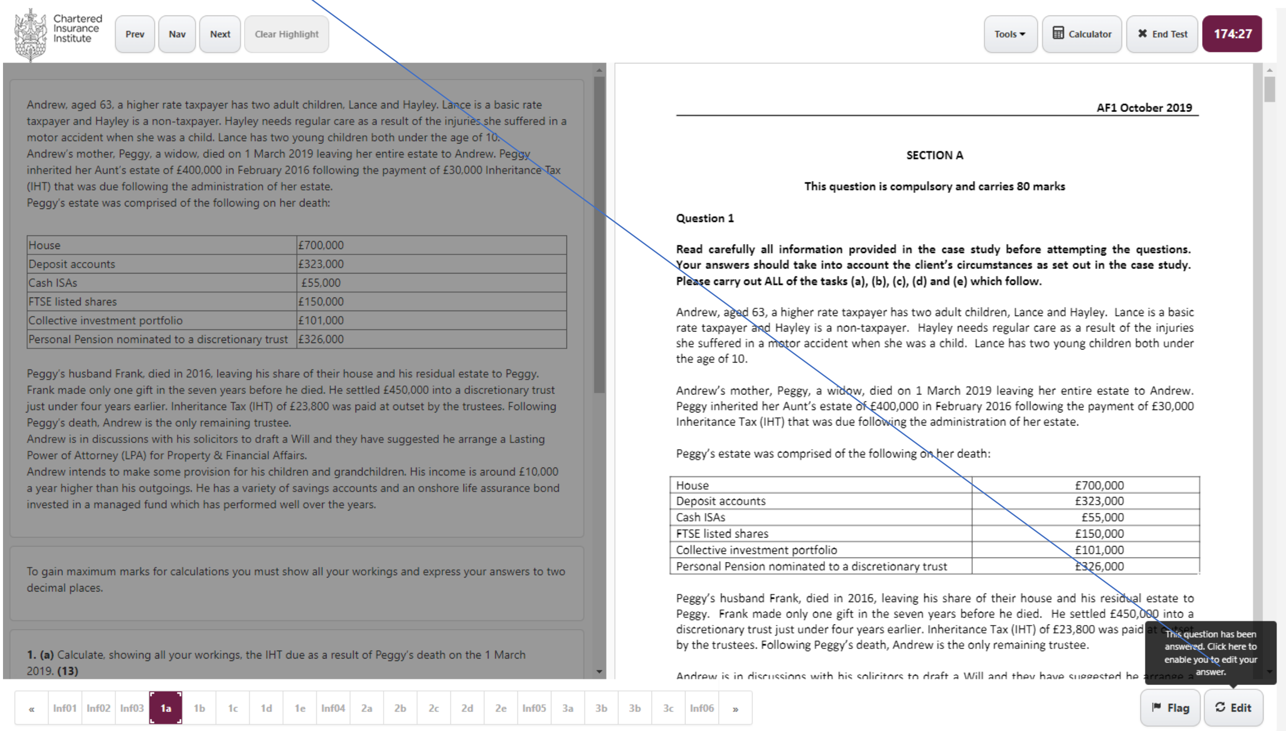
Although based on AF1, this example test is designed for all candidates and while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality.

We strongly advise that you try the familiarisation test once you have received your login details and well in advance of the actual exam day to help pre-empt any potential exam day technical issues.

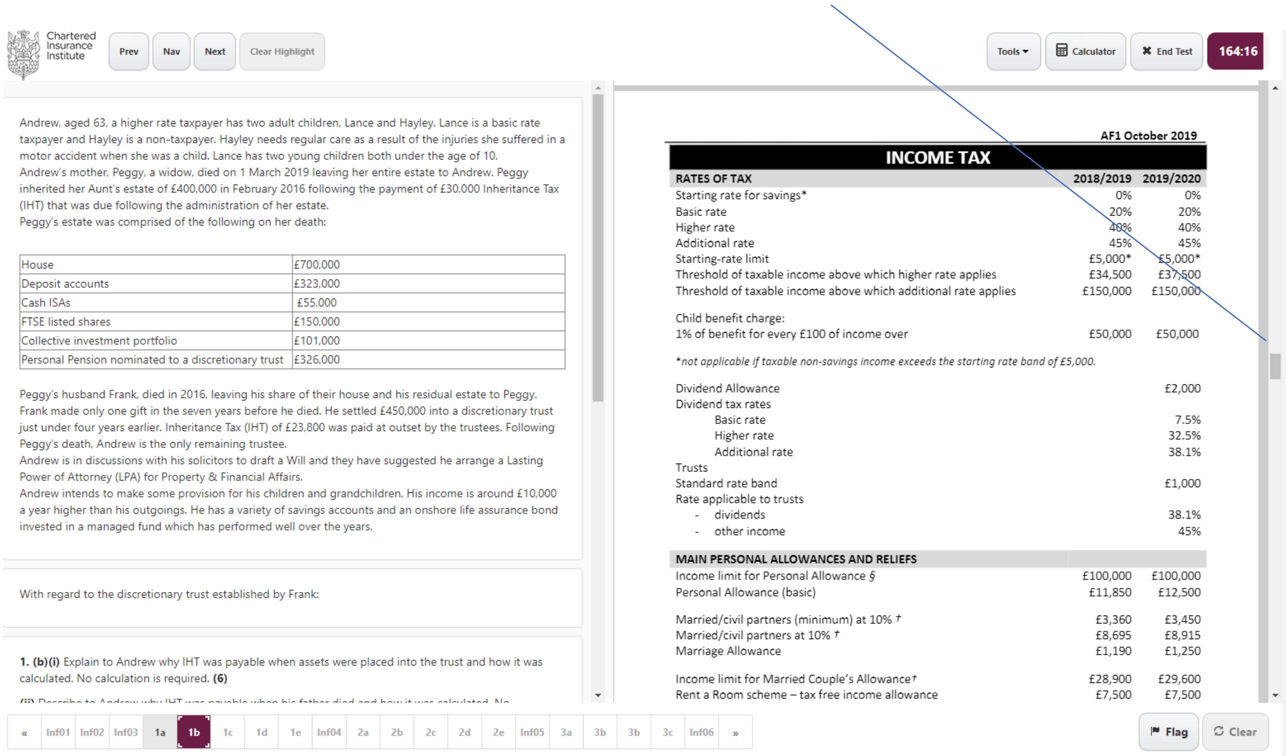
Please note you are strongly advised not to use a laptop provided by your employer.

Laptops and IT equipment provided by your employer typically include security protocols that conflict with any remote invigilation software. You should also avoid using a corporate Wi-Fi or any other internet connection that may include firewalls that you cannot personally control.

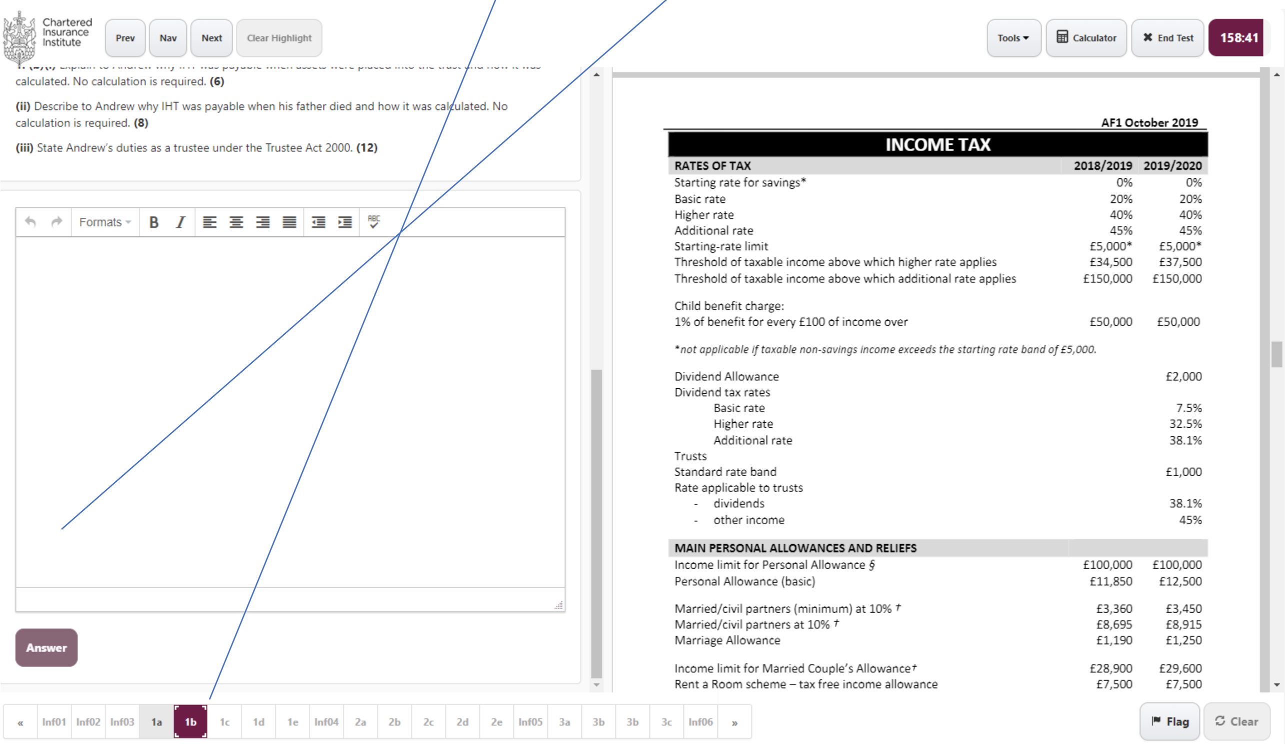
1. From the familiarisation test, ensure you can scroll right and see the whole screen. Ensure your screen resolution shows all the features including the button to return back to your answers to **edit** them. To return to edit any answer you have already typed, you must press 'Answer' for the question you are already in otherwise it will not let you select a previous question you have answered to edit.



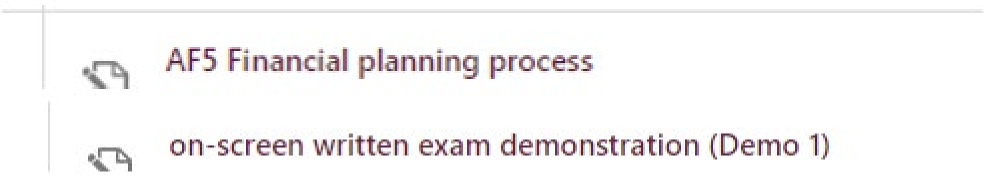
2. Tax tables are provided at the right-hand side of the interface after the question paper for candidates to use which is different to the CIIs multiple choice exams. Please do not bring your own copies into the exam. Scroll up and down using the navigation bar.



3. Once you have typed in your answer ensure you click the red ‘**Answer**’ box, this will save your answer and move you onto the next question. Unless you press ‘Answer’, you will not be permitted to move onto other questions. Furthermore, please do not type all of your answers for every question into the answer space for Q1a. You should familiarise yourself with all questions prior to starting the exam.



4. On the day of the exam, please click on **AF5 Financial planning process**



5. The above screenshot is also a space where you can jot down any notes on paper that may assist you during the exam. Please note, the exam timer will not start until you click the exam titled: **AF5 Financial planning process**

Two weeks before the examination

What will I receive?
A fact-find will be available to candidates two weeks before the examination and it can be found here.

It will contain client information which will form the basis of the report you will be required to prepare in the examination.

How should I use my time over the two-week period?
It is too late at this stage to start your general revision. The two weeks will need to be devoted to familiarising yourself with the client details from the fact-find. Treat the fact-find as though it belongs to a real client whom you will be meeting shortly for the first time.

How should I use the fact-find to help me prepare?

- Study the client details to find areas of need identified by the clients and look for other potential areas of need.
- Look for technical areas you may wish to revise, e.g. trusts, partnerships.
- Practise some key calculations, e.g. Income Tax and Inheritance Tax liabilities, which might inform the client's final financial plan.
- Do not attempt to 'learn' the answers to such calculations but make sure you are confident with the method and know what to include in your workings. You should be able to see from the fact-find whether the clients are higher-rate taxpayers or close to the threshold. You will be able to ascertain the financial position on death and whether there is likely to be an income shortfall which needs addressing.
- If the client has an investment portfolio, ensure that you are familiar with all the investments held within the portfolio. For example, you should understand the risk profile, tax treatment, accessibility and yield of each investment.

Preparing the groundwork – considering possible solutions
Once you have identified the clients' likely needs you should start to consider possible solutions to meet those needs and how the financial planning process would be properly applied to the client(s). You may need to research some details of the solutions you are considering. You may want to go back to your revision notes.

You may need to read about particular products; try product providers for technical information, tax offices etc.

In the examination

What will I receive?

The fact-find
You will not be able to take your pre-released copy of the fact-find into the examination with you. An identical copy will be available on the online system. There will not be any new or different information contained within the fact-find.

Supplementary information
A summary of the client's key financial objectives will be supplied as part of the examination.
You should spend some time studying this information before you commence your financial plan.

The tasks
The instructions are focused on the main steps required to write a financial plan. Mark allocations will be shown and you should use these to guide you on how long to spend on each section of your report. The task that gains most marks is invariably that requesting candidates to outline their key recommendations, supported by relevant evidence.

Answer format
You should provide sufficient technical details to enable you, in the role of financial adviser, to analyse your clients' needs and to demonstrate that the recommendations you make are appropriate and holistic. Merely reproducing quantities of technical detail which is not directly relevant or would be provided through stock paragraphs or appendices in a finished report will not achieve high marks.

Marks will be awarded for demonstrating the holistic consequences of your analysis and recommendations, i.e. how one part of the financial planning process affects all the other parts: how they all interrelate and interact.

Where you are asked to perform a calculation, it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Marks are not lost due to poor spelling or grammar.

You are able to flag questions and then go back to them.

Calculators
The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation in your answer, even if you have used a calculator. You are permitted to use your own calculator.

EXAMINERS' COMMENTS

Candidates' overall performance:

Overall candidate performance was very good. Most candidates had prepared well for the examination and carried out a detailed review of the information provided in the Fact Find. As a result, many candidates were able to achieve good marks across the paper.

Question 1 (a)

This was a standard Fact-Finding question. Very good performance from the majority of candidates.

Question 1 (b)

This question required candidates to explain to Tom and Sally the factors they should take into consideration when reviewing their current cash holdings. Most candidates performed very well and recognised important issues such as the fact that the current level of cash deposit exceeds the FSCS compensation limits.

Question 2 (a)

This question required candidates to outline the personal and financial factors that an adviser should take into consideration when identifying Tom and Sally's protection needs in the event of either death. Overall good performance but some candidates provided answers that related to protection needs that would be relevant in the event of long-term illness, rather than death.

Question 2 (b)

This question asked candidates to explain to Tom and Sally why they might wish to put in place a critical illness policy and explain how a suitable policy should be set up. It was pleasing to see very good performance from most candidates.

Question 3 (a)

Candidates were asked to recommend and justify how Tom and Sally could use the onshore investment bond in a tax-efficient manner to assist them in meeting their financial objectives. General performance was very good with candidates providing detailed answers. This indicated a good level of preparation on the part of most candidates. It was pleasing to note that the majority of candidates were able to correctly explain the tax treatment of the bond.

Question 3 (b)

Candidates were asked to explain to Tom and Sally how the onshore investment bond would be treated for Inheritance Tax purposes if Tom's mother died in the next seven years. Overall performance by candidates was very good.

Question 4 (a)

This question asked candidates to outline the key reasons why Tom's existing investment holding in the UK FTSE-100 Index Tracker fund may be unsuitable. Some very good performance by candidates although only a limited number recognised that this particular Index is focused in a relatively small number of industries.

Question 4 (b)

This question required candidates to recommend and justify a range of actions to enable Tom and Sally to improve the diversification of their existing ISA portfolios. Some very good performance with most candidates able to provide detailed answers.

Question 5 (a)

This question asked candidates to outline the key issues that Sally should take into consideration before deciding to transfer her pension benefits from her former employer's workplace pension scheme into her new pension. Excellent performance from most candidates on this question.

Question 5 (b)

Candidates were asked to identify the issues that should be considered when advising Tom and Sally on a suitable portfolio of ESG collective investment funds. Overall performance was good but only a limited number of candidates recognised that it was important to establish the exact issues that were important to Tom and Sally before considering the suitability of ESG funds in general.

Question 6 (a)

Candidates were asked to explain briefly to Tom and Sally the reasons why they might consider investing some of their existing cash holdings in commodities, or commodity-based funds. This was identified as an interest of Tom and Sally's in the Fact Find, so it was pleasing to note that most candidates had researched commodity investments and were able to provide good answers.

Question 6 (b)

Candidates were asked to identify five benefits and five drawbacks for Tom and Sally of investing in gold or gold-based funds. Excellent performance with most candidates able to achieve high marks. Only a limited number of candidates recognised that gold is likely to perform poorly in a rising interest rate environment.

Question 7 (a)

This question asked candidates to explain to Tom and Sally the reasons why they may not wish to use Junior ISAs to assist in meeting their children's future university costs. Some disappointing performance here as a number of candidates did not recognise the limitations of Junior ISAs and did not consider that Tom and Sally may not wish to lose access to these funds. Further review of Junior ISAs would be of benefit to some candidates.

Question 7 (b)

This question asked candidates to explain the factors that Tom and Sally should take into consideration when deciding whether to invest further into pensions or ISAs or a combination of both. General performance was very good, although it was slightly concerning to note that a small number of candidates believed that the personal pensions could not be accessed by Tom and Sally before State Pension age.

Question 8 (a)

This question asked candidates to identify the key aspects of Tom and Sally's current arrangements that should be taken into consideration when carrying out an initial stress-test of their financial position. Some mixed performance from candidates with some providing very generic answers, rather than focusing on Tom and Sally's position where issues such as their limited protection arrangements were clearly important.

Question 8 (b)

This question required candidates to identify the benefits for Tom and Sally of receiving ongoing advice from their financial adviser. Overall performance was excellent with most candidates achieving high marks.

FACT-FIND

You are a financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA). You completed the following fact-find when you met Mr and Mrs Milton.

PART 1: BASIC DETAILS		
	Client 1	**Client 2**
Surname	Milton	Milton
First name(s)	Tom	Sally
Address	Exeter	Exeter
Date of birth	15.08.81	06.04.82
Domicile	UK	UK
Residence	UK	UK
Place of birth	Bristol	Exeter
Marital status	Married	Married
State of health	Good	Good
Family health	Good	Good
Smoker	No	No
Hobbies/Interests	Sport	Sport

Notes:

Tom and Sally have appointed you to carry out a review of their current financial position. They have never used a financial adviser before but are finding the ongoing management and review of their financial arrangements to be increasingly onerous and would like to reduce the burden of this going forwards.

PART 2: FAMILY DETAILS

Children and other dependants

Name	Relationship	Age	Health	Occupation	Financially dependent?
Amelia	Daughter	15	Good	N/A	Yes
Noah	Son	13	Good	N/A	Yes

Notes:

Both children are planning to go to university. Tom and Sally are intending to assist them with funding some of their future university costs.

PART 3: EMPLOYMENT DETAILS		
Employment	**Client 1**	**Client 2**
Occupation		
Job title	Human Resources Director	Senior Editor
Business name	Camber Parks Ltd	Exeter Publishing Ltd
Business address		
Year business started		
Salary (gross per annum)	£96,000	£84,000
State Pensions		
Overtime (gross per annum)		
Benefits-in-kind		
Pension Scheme	See Part 11	See Part 11
Life cover	See Part 8	See Part 8
Private Medical Insurance		
Income Protection Insurance		
Self-Employment		
Net relevant earnings		
Accounting date		
Partnership/Sole trader		
Other Earned Income		
Notes:		
Tom has worked for his current employer for the past fifteen years. Sally has recently started a new job as a Senior Manager at a Publishing Company which has resulted in a large pay rise. Both of their employers offer full pay for the first three months of sick leave with 50% of salary for the following six months. Neither employer offers any further protection benefits other than death-in-service (See Part 8).		

Previous Employment	Client 1	Client 2
Previous employer		Avon Publications Ltd
Job title		Managing Editor
Length of service		12 years
Pension benefits		See Part 11
Notes:		
Tom transferred his pension benefits from his previous employer to his current employer's scheme. Sally has a deferred benefit in her former employer's workplace pension scheme. (See Part 11).		

PART 4: OTHER PROFESSIONAL ADVISERS		
	Client 1	**Client 2**
Accountant		
Bank	Accentim Bank	Accentim Bank
Doctor		
Financial Adviser		
Solicitor	Hendry Davies LLP	Hendry Davies LLP
Stockbroker		
Other		
Notes:		

PART 5: INCOME AND EXPENDITURE						
Income						
	Client 1		**Client 2**		**Joint**	
	Monthly £	**Annually £**	**Monthly £**	**Annually £**	**Monthly £**	**Annually £**
State Pensions						
Pensions/Annuities						
Salary (gross)		96,000		84,000		
Overtime (gross)						
Benefits-in-kind						
Savings income (interest)						8,100
Rental (gross)						
Dividends						
Notes:						

	Client 1	**Client 2**
Income Tax	**£**	**£**
Personal allowances		
Taxable income		
Tax		
National Insurance		
Net Income		
Notes:		

Expenditure						
	Monthly £			Annually £		
Household Expenditure	**Client 1**	**Client 2**	**Joint**	**Client 1**	**Client 2**	**Joint**
Mortgage/Rent			1,084			
Council tax			230			
Buildings and contents insurance						320
Gas, water and electricity			250			
Telephone/Mobile	40	40				
TV licence and satellite			80			
Property maintenance						2,000
Regular Outgoings						
Life assurance (See Part 8)			38			
Savings Plans						
Car tax, insurance and maintenance				1,600	1,000	
Petrol and fares	220	120				
Loans						
School fees						
Childcare/School Clubs			500			
Further education						
Subscriptions						
Food, drink, general housekeeping			1,500			
Pension contributions (See Part 11)	320	280				
Other Expenditure						
Magazines and newspapers						
Entertainment			300			
Clubs and sport	60	100				
Spending money						4,800
Clothes						4,000
Other (Holidays)						12,000
Total Monthly Expenditure	640	540	3,982			
Total Annual Expenditure	7,680	6,480	47,784	1,600	1,000	23,120
Total Outgoings						**87,664**

Do you foresee any major/lump sum expenditure in the next two years?
Notes:
Tom and Sally have no major expenditure planned.

PART 6: ASSETS					
	Assets	**Client 1 £**	**Client 2 £**	**Joint £**	**Income (Gross) £**
1.	Main residence			520,000	
2.	Contents/cars			80,000	
3.	Current account	5,000	5,000		
4.	Deposit account – Fixed-Rate (2 years)			180,000	8,100
5.	NS&I Premium Bonds	50,000	50,000		
6.	Stocks and Shares ISAs – UK FTSE-100 Index Tracker fund (accumulation units)	150,000			
7.	Stocks and Shares ISAs – UK Ethical Equity funds (accumulation units)		115,000		
8.	Onshore Investment Bond – UK Multi-Asset funds	160,000			

Notes:

Tom and Sally have chosen their own ISA funds in previous years but are unsure if these are suitable for their future objectives. They have asked for your advice in this respect. Tom and Sally's ISAs have been fully funded for the current tax year. Their ISAs are held on an investment platform.

The onshore investment bond was assigned to Tom by his mother in June 2024. The Bond was set up with a single investment of £80,000 by her in June 2010. No withdrawals have been taken from the Bond. This is a unit-linked Bond with 100 segments.

Tom and Sally are interested in investing in commodities and precious metals. They have asked for your comments on the suitability of this type of investment for them.

PART 7: LIABILITIES			
Mortgage Details	**Client 1**	**Client 2**	**Joint**
Lender			Accentim Bank
Type of mortgage			Repayment
Amount outstanding			£200,000
Start date			December 2021
Term/maturity			20-year term
Monthly payment			£1,084 per month
Interest rate			2.75% per annum
Life policies (See Part 8)			
Notes:			
Tom and Sally took out a new mortgage in December 2021. This mortgage is fixed for five years at a rate of 2.75% per annum.			

Other Loans	Client 1	Client 2	Joint
Lender			
Type of loan			
Amount outstanding			
Start date			
Term/maturity			
Monthly payment			
Interest rate			
Payment protection			
Notes:			
Tom and Sally do not have any loans.			

Other Liabilities (e.g. tax)

Notes:
Tom and Sally do not have any other liabilities.

PART 8: LIFE ASSURANCE POLICIES

Life/Lives assured	Ownership	Sum assured £	Premium £	Term	Start date	In trust?	Surrender Values £
Tom	Employer (DIS)	288,000	N/A			Yes	N/A
Sally	Employer (DIS)	252,000	N/A			Yes	N/A
Joint	Joint	200,000	38 p.m.	20 years	2021	No	N/A

Notes:

Both Tom and Sally are members of their employer's death-in-service (DIS) schemes which will pay out three times salary on death. Both of these benefits are nominated for the survivor.

Tom and Sally have a joint life first death level term policy which is intended to cover the mortgage in the event of either death.

PART 9: HEALTH INSURANCE POLICIES

Type	Life Covered	Current Sum Assured £	Start Date	Term/Review	Deferred Period	Premium £

Notes:

Tom and Sally have no health insurance policies.

PART 10: REGULAR SAVINGS

Type	Company	Ownership	Fund	Amount Saved £	Sum Assured	Maturity Date	Current Value £

Notes:

Tom and Sally do not make regular savings at present.

PART 11: PENSION DETAILS		
Occupational pension scheme		
	Client 1	**Client 2**
Member of employer's scheme		
Type of scheme		
Date joined		
Retirement age		
Pension benefits		
Death benefits		
Dependant's benefits		
Contracted-in/out		
Contribution Level (employee)		
Contribution Level (employer)		
Fund type		
Fund value		
Notes:		
Tom and Sally do not have any occupational pension schemes.		
Additional Voluntary Contributions (including free standing additional voluntary contributions).		
	Client 1	**Client 2**
Type		
Company		
Fund		
Contribution		
Retirement date		
Current value		
Date started		
Notes:		
Tom and Sally do not have any Additional Voluntary Contribution plans.		

Personal Pensions		
	Client 1	**Client 2**
Type	Qualifying Workplace Penson scheme	Qualifying Workplace Penson scheme
Company	Accent UK Pensions	Monarch Life
Fund	Global Equity fund	UK Ethical Equity fund
Contributions	5% employee/5% employer	5% employee/5% employer
Retirement date	67	67
Current value	£325,000	£1,600
Date started	October 2009	July 2024

Notes:

Tom and Sally have completed nominations for each other for the benefits under each pension scheme. Neither employer will offer any further matched benefits.

Both schemes offer a wide range of investment funds and permit switching between funds without penalty.

Previous/other pension arrangements		
	Client 1	**Client 2**
Employer		Avon Publications Ltd
Type of scheme		Qualifying Workplace Penson scheme
Date joined scheme		January 2012
Date left scheme		June 2024
Current value		£150,000

Notes:

Sally has a pension benefit with her former employer. This is invested in a UK Multi-Asset fund. She has not had time to monitor the performance of this fund in recent years.

Tom transferred his pension benefits from his former employer into his pension scheme with Accent UK Pensions. He has no other pension benefits.

State Pension		
	Client 1	**Client 2**
State Pension		

Notes

Tom and Sally have never checked their State Pension entitlement.

PART 12: INHERITANCES		
Wills	**Client 1**	**Client 2**
Do you have a current Will?	Yes	Yes
Notes:		
Tom and Sally have mirror Wills leaving all assets to the survivor and then to the children in equal shares on second death. Sally's sister is named as the guardian and trustee for the children in the event of both deaths before the children reach age 18.		
Trusts	**Client 1**	**Client 2**
Are you a beneficiary under a trust?	No	No
If yes, give details		
Are you a trustee?	No	No
If yes, give details		
Notes:		
Gifts	**Client 1**	**Client 2**
Give details of gifts made and received	£160,000	None
Notes:		
Tom's mother has assigned an onshore investment bond to him with a value at assignment of £160,000. At the same time Tom's mother also made gifts of equivalent value to his two siblings.		
Inheritances	**Client 1**	**Client 2**
Give details of any inheritances expected	No	No
Notes:		
Tom is likely to receive an inheritance from his mother at some point, but he does not wish to consider this in their future financial planning. Tom's parents divorced several years ago and he does not expect to receive any inheritance from his Father. Sally is unlikely to receive any future inheritances.		

PART 13: ATTITUDE TO RISK
What level of risk are you prepared to take to achieve your financial objectives?
Notes:
Tom and Sally are both medium-risk investors. Tom and Sally have an interest in Environmental, Social and Governance (ESG) investing and may wish to take this into consideration when selecting future investment funds although this is not a major concern for either of them. They are assessed as having a medium to high capacity for loss.

PART 14: BUSINESS RECORDS		
Compliance		
Date fact-find completed	01.09.24	
Client agreement issued	01.09.24	
Data Protection Act	01.09.24	
Money laundering	01.09.24	
Dates of meetings	01.09.24	
Marketing		
Client source		
Referrals		
Documents		
Client documents held		
Date returned		
Letters of authority requested		
Notes:		

PART 15: OTHER INFORMATION

Unit AF5 – Financial planning process

Instructions to candidates

Read the instructions below before answering any questions.

All questions in this examination are based on English law and practice applicable in the tax year 2024/2025, unless stated otherwise in the question, and should be answered accordingly. It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.

If you are sitting via remote invigilation please

- **Write down the following number +44 (0)80 8273 9244 this is the number to use if your system freezes or you get forced out of your exam. It is fine to phone it if you have these issues.**
- Show your ID to the camera now, if you did not do so during the ID checks.
- Show the edge of your screen with a mirror, if you did not do this during the room scan.
- Show any blank sheets of paper for notes, if you did not show both sides to the camera during the room scan.

If you are sitting in a test centre and encounter a problem please alert the invigilator.

For candidates sitting via remote invigilation or at a test centre

- **Three hours** are allowed for this paper which carries a total of 160 marks.
- You are strongly advised to attempt **all** questions to gain maximum possible marks. The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation, even if you have used a calculator.
- **Tax tables are provided at the right-hand side of the interface after the question paper, this is different to the multiple choice exams**.
- The fact-find and the tax tables are provided on the right-hand side of the interface.
- **Client objectives are also provided and you should read them carefully before attempting the tasks.**
- **In this examination you should use the fact-find on the system. You are not allowed to bring into the examination the pre-released copy of the fact-find.**
- For each answer, please type in the full question number you are answering e.g. 1
- **Please note each answer must be typed in the correct corresponding answer box**
- **If you are wearing headset, earphones, smart watch please take them off. No watches are permitted.**
- Please familiarise yourself with **all** questions before starting the exam.

CLIENTS' FINANCIAL OBJECTIVES

You have now been able to determine from the information in the fact-find that your clients have the following financial objectives:

Immediate objectives

- Review the suitability of their existing investment portfolio.
- Ensure they have sufficient protection in place.
- Review the suitability of the onshore investment bond.

Longer-term objectives

- Ensure they have sufficient funds for their retirement.
- Improve the long-term tax-efficiency of their financial arrangements.
- Provide financial support for their children whilst at university.

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

1. **(a)** Identify the additional information that you would require in order to advise Tom and Sally on the suitability of their pensions, savings and investments to meet their longer-term objectives. **(15)**

(b) Explain to Tom and Sally the factors they should take into consideration when reviewing their current cash holdings. **(12)**

2. **(a)** Outline the personal and financial factors that an adviser should take into consideration when identifying Tom and Sally's protection needs in the event of either death. *No calculations are required.* **(12)**

(b) Explain to Tom and Sally why they might wish to put in place a critical illness policy and explain how a suitable policy should be set up. **(10)**

3. **(a)** Recommend and justify how Tom and Sally could use the onshore investment bond in a tax-efficient manner to assist them in meeting their financial objectives. **(12)**

(b) Explain how the onshore investment bond would be treated for Inheritance Tax purposes if Tom's mother died in the next seven years. **(9)**

4. **(a)** Outline the key reasons why Tom's existing investment holding in the UK FTSE-100 Index Tracker fund may be unsuitable. **(10)**

(b) Recommend and justify a range of actions to enable Tom and Sally to improve the diversification of their existing ISA portfolios. **(8)**

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

5. **(a)** Outline the key issues that Sally should take into consideration before deciding to transfer her pension benefits from her former employer's workplace pension scheme into her new pension plan. **(7)**

(b) Identify the issues that should be considered when advising Tom and Sally on a suitable portfolio of ESG collective investment funds. **(8)**

6. **(a)** Explain briefly to Tom and Sally the reasons why they might consider investing some of their existing cash holdings in commodities, or commodity-based funds. **(8)**

(b) Identify **five** benefits and **five** drawbacks for Tom and Sally of investing in gold or gold-based funds. **(10)**

7. **(a)** Explain the reasons why Tom and Sally may not wish to use Junior ISAs to assist in meeting their children's future university costs. **(8)**

(b) Tom and Sally wish to use some of their surplus income to invest for their retirement.

Explain the factors they should take into consideration when deciding whether to invest further into pensions or ISAs or a combination of both. **(12)**

8. **(a)** Identify the key aspects of Tom and Sally's current arrangements that should be taken into consideration when carrying out an initial stress-test of their financial position. **(9)**

(b) Identify the benefits for Tom and Sally of receiving ongoing advice from their financial adviser. **(10)**

Total marks: 160

NOTE ON MODEL ANSWERS
The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

Model answer for Question 1

(a)
- Emergency fund/budget/planned capital expenditure.
- Income needed in retirement.
- Planned retirement age.
- Funds required for University fees/use of Student Loans.
- Term of dependency?/length of study?
- Willingness to use Trusts/assign Bond?/use Junior ISA (JISA)?
- Salary sacrifice available.
- Pension contribution history/carry forward/BR19/State Pension.
- Fund choice/asset allocation.
- Any guarantees/protected benefits on Sally's old pension scheme?/transfer penalties.
- Overpay mortgage? (pay rise)/how much into commodities?
- Charges/performance.
- Premium Bond prize history/maturity dates of fixed rate deposit.
- ESG/ethical requirements.
- Priority of objectives.

(b) *Candidates would have scored full marks for any twelve of the following:*
- Excess cash/exceeds emergency fund needs.
- Exceed Financial Services Compensation Scheme (FSCS) limit (£85,000 each).
- Premium Bonds offer 100% security/Treasury backed.
- Liquidity/easy access/can access for University fees.
- Lack of growth potential.
- Inflation risk.
- Interest Rate Risk/interest rates likely to fall.
- No guaranteed returns on Premium Bonds/tax-free prizes.
- Does not match Attitude to Risk (ATR).
- Personal Savings Allowance (PSA) of £500 each.
- Interest taxable at 40%.
- Personal Allowance (PA) trap for Tom (60% over £100k).
- Cannot access deposit without penalty until end of 2-year term.

Model answer for Question 2

(a)
- Mortgage is covered/no personal life cover, other than for mortgage/no cover for survivor.
- They have Death-In-Service (DIS).
- Reliant on both incomes.
- What costs would reduce/remain on 1st death?/cover needed.
- Childcare costs/no cover for University fees.
- State benefits.
- Assumed investment returns/inflation assumptions.
- Existing assets available to survivor on first death/nominations.
- Impact on retirement plans/dates.
- Term of cover required?/dependent children.
- No other debts/liabilities.
- Family health history/any family support.

(b)
- They have no lump sum cover/Critical Illness Cover (CIC) provides lump sum.
- Tax-free payment.
- Paid on diagnosis of specified illnesses.
- Survival period of 14-30 days.
- Both young/good health/affordable/simple underwriting.
- Can be index linked.
- Guaranteed premium.
- Sum assured to cover mortgage/lost income/home adjustments.
- Term to retirement/State Pension age/mortgage term.
- Can add life cover under Split Trust.

Model answer for Question 3

(a) *Candidates would have scored full marks for any twelve of the following:*
- Can provide tax-deferred income.
- Higher Rate Taxpayer so tax payable on full encashment/large withdrawal.
- 20%/25% Income Tax on chargeable event.
- Can take 5% per annum of original investment with no immediate tax (£4,000 per annum).
- Cumulative.
- Could draw lump sum and invest in Pension for 40% tax relief.
- Could assign to children/Sally.
- Assignment is not a chargeable event.
- Tax liability transfers to children/Sally.
- Can use their own Personal Allowance (PA)/Personal Savings Allowance (PSA)/encash with no tax liability.
- Fund switches in Bond do not incur tax liability.
- May be Basic Rate Taxpayer in retirement.
- Source of income in retirement/can draw lump sums with no further tax/can surrender full segments in retirement.

Model answer for Question 3 continued

(b)
- Gift is a Potentially Exempt Transfer (PET).
- After 7 years gift is exempt from IHT/in estate for 7 years.
- All previous gifts are taken into consideration/gifts to siblings.
- Can deduct annual exemption of £3,000/x 2 if unused.
- Would use the full Nil Rate Band (£160,000 x 3/£480,000).
- Taper relief is available as total gifts over £325,000.
- IHT is 40% for 1st 3 years (after June 2024).
- IHT reduces after 3 years.
- Any IHT due is paid by Tom as recipient of gift.

Model answer for Question 4

(a) *Candidates would have scored full marks for any ten of the following:*
- High exposure to small number of companies/concentrated portfolio/lack of asset class diversification.
- Lack of geographical diversification.
- Increased volatility.
- Small number of industries e.g. oil, mining, tobacco, banks.
- Does not match ESG concerns/interests.
- Dividend income could be hit/dividend income not needed.
- No new high-growth stocks/limited tech stocks.
- High fund value in a single fund.
- Likely to be replication of stocks in Multi-Asset fund in Bond.
- Tracking error/charges means does not match markets.
- Cannot beat market/follows market down/no Alpha.

(b)
- Current concentration risk/lack of geographical diversification.
- Invest in global funds.
- Improved potential for growth.
- Exposure to less developed markets/emerging markets.
- Reduce equity exposure/increase asset class diversification/add exposure to Fixed-Interest/Property/Commodities/Multi-Asset funds.
- Non-correlation of asset classes/asset classes do not move in same direction.
- Could invest in Exchange Traded Funds (ETFs)/range of tracker funds.
- Can match Attitude to Risk/Environmental, Social Governance interests.

Model answer for Question 5

(a)
- Current charges on existing scheme/new employer's scheme.
- Fund Switching charges.
- Fund options on both schemes/ethical funds available?
- Performance.
- Any guarantees/Protected Pension Commencement Lump Sum/death benefit options.
- On-line access/ease of administration.
- Transfer penalty/cost of transfer.

(b)
- What issues are most important? (environmental/social?)
- Negative screening/positive screening?/Industries to avoid.
- How much exposure to ESG?/unlikely to fit with commodities.
- Greenwashing of funds.
- Difficult to identify underlying holdings/opaque for large companies/lack of transparency.
- Limited investment options.
- Lack of diversification/wide asset allocation difficult to achieve.
- Higher costs of Environmental, Social and Governance (ESG) funds.

Model answer for Question 6

(a)
- Diversification/high cash holdings/excess cash.
- Wide range of commodities/funds to meet their interests/objectives.
- Low correlation with equities.
- Potential for improved growth/low returns from cash.
- Likely hedge against inflation.
- Likely hedge against Interest rate risk.
- Low charges on Exchange Traded Funds(ETF)/Exchange Traded Commodities.
- Long time-frame for investment/matches timeframe.

(b) **Benefits**
- Diversification.
- Safe haven asset/defensive asset.
- Non-correlation with equities/other assets.
- Potential for long-term growth/inflation hedge.
- Collective/ETF/shares are liquid/tangible asset (physical gold).

Drawbacks
- Storage costs for physical asset/security/insurance cost for physical asset.
- No dividend from physical asset/low yield on ETF.
- Physical asset may be hard to sell/illiquid.
- Performs poorly in rising interest rate environment/when US dollar is strong/currency risk.
- Can lose value/can depreciate/volatile.

Model answer for Question 7

(a)
- Loss of their capital/they do not need to use JISA.
- Loss of investment control age 16.
- Circumstances may change.
- Children can access at age 18 (without parental consent).
- No access if needed earlier than 18.
- Children may not use for university/money could be wasted.
- Investment risk/low deposit rates/inflation risk on cash.
- Charges/need for advice.

(b) *Candidates would have scored full marks for any twelve of the following:*
- High levels of pension contributions available/carry forward/can invest up to salary level/£60k Annual Allowance.
- ISA restricted to £20k each/no tax relief on ISA.
- Tax relief of 40% available.
- Pension contribution reduce risk of Personal Allowance trap for Tom (60% tax).
- Salary sacrifice may be available/reduced National Insurance (NI).
- Both ISA & Pension offer tax efficient growth.
- Pension costs may be subsidised by employer.
- Pension funds protected from bankruptcy/creditor.
- Can’t access Pension till age 55/57/Pension age may increase.
- ISA immediately accessible/could be used to reduce mortgage.
- ISA withdrawals tax-free/pension offers 25% tax-free.
- Remainder of pension fund taxable at marginal rate.
- ISA has tax free Additional Permitted Subscription on death/Pension tax-free on death pre-75.
- Pension fund is IHT free/ISA is within estate.

Model answer for Question 8

(a)
- Currently affordable lifestyle/surplus income.
- High level of debts/mortgage.
- Reliant on both incomes/Sally has a new job/job security?
- University fees.
- Limited protection for ill health/no Critical Illness Cover/inadequate life cover.
- Inflation risk on cash/interest-rate risk.
- Holding risk-based investments/market risk.
- Limited State benefits.
- High level of assets.

(b)
- Continued suitability of current arrangements/review of current arrangements/review of circumstances.
- Regular assessment of Attitude to Risk (ATR) and Capacity for Loss (CFL).
- Identify change in priorities/objectives/unforeseen events.
- On target for objectives/shortfall. (e.g. University fees).
- Cashflow forecast/affordability.
- Regulatory protection.
- Benefit from research/specialist/professional/identifies new products/legislation changes.
- Tax advice/ensure use of tax allowances.
- Improves financial position e.g. potential for growth/rebalancing/react to market changes/review performance.
- Reduces admin/saves time/peace of mind.

Glossary of terms

Some abbreviations candidates can use in financial planning online exams:

1. ATR – Attitude to risk
2. APS – Additional Permitted Subscription
3. BRT – Basic rate taxpayer
4. BIK – Benefit in kind
5. BADR – Business Asset Disposal Relief
6. CLT – Chargeable Lifetime Transfer
7. CFL – Capacity for loss
8. CGT – Capital Gains Tax
9. DOV – Deed of variation
10. DIS – Death-in-Service
11. DFM – Discretionary Fund Manager
12. EIS – Enterprise Investment Scheme
13. ESG – Environmental, Social and Governance
14. EPT – Excluded Property Trust
15. EPA – Enduring Power of Attorney
16. ERC – Early repayment charges
17. FAD – Flexi access drawdown
18. FSCS – Financial Services Compensation Scheme
19. FOS – Financial Ombudsman Service
20. GAR – Guaranteed annuity rate
21. HRT – Higher rate taxpayer
22. IHT – Inheritance Tax
23. IT – Income Tax
24. IVA – Individual Voluntary Arrangement
25. LPA – Lasting Power of Attorney
26. LTA – Lifetime allowance
27. MVR – Market value reduction
28. MPAA – Money purchase annual allowance
29. NICs – National Insurance contributions
30. NPA – Normal pension age
31. NRA – Normal retirement age
32. NRB – Nil rate band
33. OPG – Office of the Public Guardian
34. OEIC – Open ended investment company
35. PAYE – Pay As you Earn
36. PPP – Personal pension plan
37. PCLS – Pension commencement lump sum
38. PA – Personal Allowance
39. PSA – Personal Savings Allowance
40. PMI – Private Medical Insurance
41. RAC – Retirement annuity contract
42. RNRB – Residence nil rate band
43. SIPP – Self-invested personal pension plan
44. SEIS – Seed Enterprise Investment Scheme
45. SWR – Safe withdrawal rate
46. SP – State Pension
47. UFPLS – Uncrystallised fund pension lump sum
48. VCT – Venture Capital Trust

All questions in the February 2025 paper will be based on English law and practice applicable in the tax year 2024/2025, unless stated otherwise and should be answered accordingly.

The Tax Tables which follow are applicable to the September 2024 and February 2025 examinations.

INCOME TAX

RATES OF TAX	2023/2024	2024/2025
Starting rate for savings*	0%	0%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting-rate limit	£5,000*	£5,000*
Threshold of taxable income above which higher rate applies	£37,700	£37,700
Threshold of taxable income above which additional rate applies	£125,140	£125,140
High income child benefit charge: 1% of benefit per £200 of adjusted net income between £60,000 – £80,000		

**Only applicable to savings income that falls within the first £5,000 of income in excess of the personal allowance.*

	2023/2024	2024/2025
Personal savings allowance (for savings income):		
Basic rate taxpayers	£1,000	£1,000
Higher rate taxpayers	£500	£500
Additional rate taxpayers	Nil	Nil
Dividend Allowance	£1,000	£500
Dividend tax rates		
Basic rate	8.75%	8.75%
Higher rate	33.75%	33.75%
Additional rate	39.35%	39.35%
Trusts		
Standard rate band	£1,000	n/a
Income exemption up to**	n/a	£500
Rate applicable to trusts		
- dividends	39.35%	39.35%
- other income	45%	45%

*** Where net income exceeds £500, the full amount is subject to Income Tax.*

MAIN PERSONAL ALLOWANCES AND RELIEFS	2023/2024	2024/2025
Income limit for Personal Allowance §	£100,000	£100,000
Personal Allowance (basic) §	£12,570	£12,570
Married/civil partners (minimum) at 10% †	£4,010	£4,280
Married/civil partners at 10% †	£10,375	£11,080
Marriage Allowance	£1,260	£1,260
Income limit for Married Couple's Allowance†	£34,600	£37,000
Rent a Room scheme – tax free income allowance	£7,500	£7,500
Blind Person's Allowance	£2,870	£3,070
Enterprise Investment Scheme relief limit on £2,000,000 max***	30%	30%
Seed Enterprise Investment relief limit on £200,000 max	50%	50%
Venture Capital Trust relief limit on £200,000 max	30%	30%

§ The Personal Allowance reduces by £1 for every £2 of income above the income limit irrespective of age (under the income threshold).

† where at least one spouse/civil partner was born before 6 April 1935. Married couple's/civil partners' allowance reduced by £1 for every £2 of adjusted net income over £37,000 (£34,600 for 23/24) until minimum reached.
**** Investment above £1,000,000 must be in knowledge-intensive companies.*

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee	**Weekly**
Lower Earnings Limit (LEL)	£123
Primary threshold	£242
Upper Earnings Limit (UEL)	£967

Total earnings £ per week	**CLASS 1 EMPLOYEE CONTRIBUTIONS**
Up to 242.00*	Nil
242.00 – 967.00	8%
Above 967.00	2%

**This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £123 per week. This £123 to £242 band is a zero-rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. the New State Pension.*

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Total earnings £ per week	**CLASS 1 EMPLOYER CONTRIBUTIONS**
Below 175.00**	Nil
Over £175.00	13.8%

***Secondary threshold.*

CLASS 2 (self-employed)*

Flat rate per week	£3.45
Small profits threshold per year	£6,725

Class 2 contributions are credited automatically where profits equal or exceed £6,725 per annum.

Class 2 contributions can be made voluntarily where profits are below £6,725 per annum.

Class 3 (voluntary)	Flat rate per week £17.45.
Class 4 (self-employed)	6% on profits between £12,570 and up to £50,270. 2% on profits above £50,270.

PENSIONS

TAX YEAR	LIFETIME ALLOWANCE
2012/2013 & 2013/2014	£1,500,000
2014/2015 & 2015/2016	£1,250,000
2016/2017 & 2017/2018	£1,000,000
2018/2019	£1,030,000
2019/2020	£1,055,000
2020/2021 – 2023/2024*	£1,073,100

**Lifetime allowance removed from 6 April 2024.*

	2023/2024	2024/2025
Lump sum and death benefit allowance (LSDBA)	n/a	£1,073,100
Lump sum allowance (LSA)	n/a	£268,275

LSA and LSDBA may be higher if transitional protections are available.
Where pension benefits were crystallised prior to 6 April 2024 the LSA and LSDBA may be reduced.

Money purchase annual allowance	£10,000	£10,000

ANNUAL ALLOWANCE

TAX YEAR	ANNUAL ALLOWANCE
2014/2015 – 2022/2023	£40,000*
2023/2024	£60,000**
2024/2025	£60,000**

**From 6 April 2016 the annual allowance is reduced for those with income above a certain level. Between 2020/21 and 2022/23 the annual allowance will be reduced by £1 for every £2 of 'adjusted income' over £240,000 to a minimum of £4,000 if 'threshold income' is also over £200,000.*

***Reducing by £1 for every £2 of 'adjusted income' over £260,000 to a minimum of £10,000 if 'threshold income' is also over £200,000.*

ANNUAL ALLOWANCE CHARGE

20% – 45% determined by the member's taxable income and the amount of total pension input in excess of the annual allowance or money purchase annual allowance.

CAPITAL GAINS TAX

ANNUAL EXEMPTIONS	2023/2024	2024/2025
Individuals, estates etc	£6,000	£3,000
Trusts generally	£3,000	£1,500
Chattels proceeds (restricted to five thirds of proceeds exceeding limit)	£6,000	£6,000
TAX RATES		
Individuals:		
Up to basic rate limit	10%	10%
Above basic rate limit	20%	20%
Surcharge for residential property - Basic Rate	8%	8%
Higher Rate	8%	4%
Surcharge for carried interest	8%	8%
Trustees and Personal Representatives:		
Residential property	28%	24%
Other chargeable assets	20%	20%
Business Asset Disposal Relief*	10%	10%
Lifetime limit	£1,000,000	£1,000,000

For trading businesses and companies (minimum 5% employee or director shareholding) if held for at least two years.

INHERITANCE TAX

RATES OF TAX ON TRANSFERS	2023/2024	2024/2025
Transfers made on death		
- Up to £325,000	Nil	Nil
- Excess over £325,000	40%	40%
- Reduced rate (where appropriate charitable contributions are made)	36%	36%
Transfers		
- Lifetime transfers to and from certain trusts	20%	20%
MAIN EXEMPTION		
Transfers to		
- UK-domiciled spouse/civil partner	No limit	No limit
- non-UK-domiciled spouse/civil partner (from UK-domiciled spouse)	£325,000	£325,000
- main residence nil rate band*	£175,000	£175,000
- UK-registered charities	No limit	No limit

**Available for estates up to £2,000,000 and then tapered at the rate of £1 for every £2 in excess until fully extinguished.*

Lifetime transfers		
- Annual exemption per donor	£3,000	£3,000
- Annual small gifts exemption per donor	£250	£250

Gifts from surplus income are immediately exempt, as long as they are made from income, are made regularly and do not impact donor's standard of living.

Wedding/civil partnership gifts by		
- parent	£5,000	£5,000
- grandparent/bride and/or groom	£2,500	£2,500
- other person	£1,000	£1,000

100% relief: businesses, unlisted/AIM companies, certain farmland/building

50% relief: certain other business assets

Reduced tax charge on gifts made in excess of the nil rate band within 7 years of death:

- Years before death	0-3	3-4	4-5	5-6	6-7
- Inheritance Tax payable	100%	80%	60%	40%	20%

Quick succession relief:

- Years since IHT paid	0-1	1-2	2-3	3-4	4-5
- Inheritance Tax relief	100%	80%	60%	40%	20%

MAIN SOCIAL SECURITY BENEFITS

		2023/2024	2024/2025
		£	£
Child Benefit	First child	24.00	25.60
	Subsequent children	15.90	16.95
	Guardian's allowance	20.40	21.75
Employment and Support Allowance	Assessment Phase		
	Age 16 - 24	Up to 67.20	Up to 71.70
	Aged 25 or over	Up to 84.80	Up to 90.50
	Main Phase		
	Work-related Activity Group	Up to 84.80*	Up to 90.50**
	Support Group	Up to 129.50	Up to 138.20
Attendance Allowance	Lower rate	68.10	72.65
	Higher rate	101.75	108.55
Basic State Pension	Category A full rate	156.20	169.50
	Category B (lower) full rate	93.60	101.55
New State Pension	Full rate	203.85	221.20
Pension Credit	Standard minimum guarantee - single	201.05	218.15
	Standard minimum guarantee - couple	306.85	332.95
	Maximum savings ignored in calculating income	10,000.00	10,000.00
Bereavement Support Payment	Higher rate – First payment	3,500.00	3,500.00
	Higher rate – monthly payment	350.00	350.00
	Lower rate – First payment	2,500.00	2,500.00
	Lower rate – monthly payment	100.00	100.00
Jobseeker's Allowance	Age 18 - 24	67.20	71.70
	Age 25 or over	84.80	90.50
Statutory Maternity, Paternity and Adoption Pay		172.48	184.03

**If a claim has begun before 3rd April 2017 the individual will also be awarded the Work-related Activity Component payment which in 2023/2024 is £33.70, so total awarded for these individuals may be up to £118.50.*

***If a claim has begun before 3rd April 2017 the individual will also be awarded the Work-related Activity Component payment which in 2024/2025 is £35.95, so total awarded for these individuals may be up to £126.45.*

CORPORATION TAX

	2023/2024	2024/2025
Small profit rate - for taxable profits below £50,000	19%	19%
Main rate - for taxable profits above £250,000	25%	25%

Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.

VALUE ADDED TAX

	2023/2024	2024/2025
Standard rate	20%	20%
Annual registration threshold	£85,000	£90,000
Deregistration threshold	£83,000	£88,000

STAMP DUTY LAND TAX

	Residential
Value up to £250,000	0%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 and over	12%

Additional Stamp Duty Land Tax (SDLT) rules apply as follows:

- *First-time buyers benefit from SDLT relief on first £425,000 for properties up to £625,000 when purchasing their mainresidence. On purchases up to £425,000, no SDLT is payable. On purchases between £425,001 and £625,000, a flat rate of 5% is charged on the balance above £425,000.*
- *Additional SDLT of 3% may apply to the purchase of additional residential properties purchased for £40,000 or greater.*
- *SDLT may be charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain corporate bodies or non-natural persons.*
- *SDLT is payable in England and Northern Ireland only. Land Transaction Tax(LTT) is payable in Wales and Land and Buildings Transaction Tax (LBTT) is payable in Scotland. Therates for LTT and LBTT are different to the rates shown above.*

	Non residential
Value up to £150,000	0%
£150,001 and £250,000	2%
£250,001 and over	5%