



DIPLOMA IN PROFESSIONAL FINANCIAL ADVICE

UNIT 5: FINANCIAL PROTECTION

Learning Outcomes:

1. Demonstrate an understanding of the consumer and retail market factors and trends relevant to financial protection
2. Demonstrate an understanding of the areas of need for protection planning and the main sources of financial protection
3. Demonstrate an understanding of the role and limitations of State Benefits and state/local authority funded solutions for financial protection
4. Demonstrate an understanding of the range, structure and application of life assurance and pension based policies to meet financial protection needs
5. Demonstrate an understanding of the taxation treatment of life assurance and pension based protection policies
6. Demonstrate an understanding of the range, structure and application of income protection insurance and options to meet financial protection needs
7. Demonstrate an understanding of the range, structure and application of critical illness insurance to meet financial protection needs
8. Demonstrate an understanding of the range, structure and application of long term care insurance to meet financial protection needs
9. Demonstrate an understanding of the main features of other insurance based protection policies
10. Demonstrate an ability to evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions

Syllabus Points:

1. Demonstrate an understanding of the consumer and retail market factors and trends relevant to financial protection

- 1.1 The role of insurance in mitigating personal financial risk
- 1.2 Consumer attitudes and behaviours to protection needs planning
- 1.3 Trends: Health and morbidity, Longevity and mortality, Employment, Product design and development, Access to advice and/or insurance cover

2. Demonstrate an understanding of the areas of need for protection planning and the main sources of financial protection

- 2.1 Personal and family income and capital protection needs: Health, incapacity, accident, Income, mortgage and other debt, Death, asset protection
- 2.2 The relationship between insurance and assets and liabilities
- 2.3 Business protection needs - Small & Medium Enterprises (SMEs)
- 2.4 Sources of financial protection: State, Employer – individual, group schemes, Life assurance and pension policies, Health and other insurance products

3. Demonstrate an understanding of the role and limitations of State Benefits and state/local authority funded solutions for financial protection

- 3.1 Range and limitations of benefits
- 3.2 Mortgage repayment support
- 3.3 Considerations and impact on financial planning

4. Demonstrate an understanding of the range, structure and application of life assurance and pension based policies to meet financial protection needs

- 4.1 Types of policies, comparative costs, benefits and disadvantages
- 4.2 Cost and premium calculation factors
- 4.3 Legal requirements, ownership, uses and relevance of trusts
- 4.4 Underwriting
- 4.5 Terminal illness benefit
- 4.6 Assignments, surrenders, paid-up policies, claims

5. Demonstrate an understanding of the taxation treatment of life assurance and pension based protection policies

- 5.1 Qualifying and non-qualifying policies, offshore policies
- 5.2 Taxation of life funds, onshore and offshore
- 5.3 Capital Gains Tax (CGT) and life assurance policies
- 5.4 Inheritance Tax (IHT) and life assurance

6. Demonstrate an understanding of the range, structure and application of income protection insurance and options to meet financial protection needs

- 6.1 Types of policies, features and uses, comparative costs, benefits and disadvantages
- 6.2 Definitions, exclusions, premium calculation factors
- 6.3 Underwriting
- 6.4 Claims
- 6.5 Taxation treatment
- 6.6 Group policies

7. Demonstrate an understanding of the range, structure and application of critical illness insurance to meet financial protection needs

- 7.1 Types of policies, structure, comparative costs, benefits and disadvantages
- 7.2 Market developments for critical illness insurance
- 7.3 Definitions, conditions, exclusions
- 7.4 Term and amount of cover – factors, assessment
- 7.5 Premium calculation factors
- 7.6 Underwriting
- 7.7 Claims
- 7.8 Taxation treatment, use of trusts
- 7.9 Group policies
- 7.10

8. Demonstrate an understanding of the range, structure and application of long term care insurance to meet financial protection needs

- 8.1 Regulatory considerations.
- 8.2 Political environment, social care policy, national factors.
- 8.3 Main product types and features.
- 8.4 Long term care planning: Cost and other factors, options and choices, Available resources, impact and consequences, Immediate needs provision, Future needs planning, Legal considerations, powers of attorney.

9. Demonstrate an understanding of the main features of other insurance based protection policies

- 9.1 Personal accident and sickness insurance.
- 9.2 Private medical insurance, hospital plans, dental insurance.
- 9.3 Payment protection insurance – mortgages, credit.

10. Demonstrate an ability to evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions

- 10.1 Identifying the priorities, risks and choices, Consequences of inadequate protection.
- 10.2 Assessing and quantifying current and future capital and income needs in real terms, Family and personal protection, SME business protection needs – business loans, keyperson and shareholder protection, Existing arrangements.



- 10.3 Determining suitability of product types and options, Comparing similar types of products, Identifying and matching suitable product solutions to needs, Combinations of products, Current and future affordability.
- 10.4 Other planning considerations: Co-habitation, marriage, civil partnerships, birth of child, Property purchase, Separation and divorce, Work, going overseas, retirement, The suitability of trusts.
- 10.5 Importance of regular reviews.