

About the Retail Distribution Review

The FSA's Retail Distribution Review (RDR) aims to address challenges identified in the distribution of retail investment products. It has far-reaching consequences for the UK retail investment market and for financial advisers.

A key objective of the RDR is the improvement of professionalism in the adviser community. The FSA hopes to achieve this, in part, by requiring financial advisers to build on existing Level 3 qualifications and evidence a higher standard of skills and knowledge through the completion of a Level 4 qualification.

Following recent FSA announcements, working towards attaining an appropriate qualification will require that all elements of the qualification should be at Level 4. In response to these developments, the **ifs** has revised the Diploma for Financial Advisers (DipFA).

At this stage no one can claim to know the final detail of the FSA Retail Distribution Review (RDR). However, the FSA has already made it clear that there is a no regrets policy, meaning that anyone taking Level 4 qualifications now will be able to fill in any gaps with relevant CPD. The amended version of DipFA has taken into account all the elements that the FSA has already declared will form part of the core.

The FSA released a feedback statement on 25 November 2008 that outlined the blueprint for development, but this is subject to industry feedback and possible revision. A consultation document will be issued by the FSA in June 2009 and the consultation process is expected to take three months. After that time the Financial Services Skills Council (FSSC) will develop the new standards for advisers. This process is likely to take until mid-2010.

The revised qualification requirement will come into force in 2012, and without a Level 4 qualification you may no longer be able to practise as a financial adviser after this time. The **ifs** echoes the FSA view that advisers should take immediate steps to take control of their professional development, and the DipFA provides the opportunity to do exactly this.

Membership of the Institute of Financial Services

In addition to qualifications, the issue of Continuing Professional Development (CPD) is being addressed by the RDR. Having attained a higher-level qualification it will be important for financial advisers to keep this knowledge level up to date. Therefore, emphasis will be placed on continuing development in order to ensure that the knowledge and skills attained in achieving the higher standard proposed are maintained and enhanced over time.

The **ifs** School of Finance has a comprehensive new Adviser Membership facility offered through the *Institute of Financial Services*, the professional body of the **ifs**. It has been specifically designed to provide access to cost-effective and appropriate services that meet the very specific needs of the financial and mortgage adviser community and costs just £60 per annum.

Further information can be found at
www.ifslearning.ac.uk/membership/adviser.cfm.

How to register

To register, please complete the DipFA registration form and post it to:

Customer and Student Services, **ifs** School of Finance, **ifs** House, 4–9 Burgate Lane, Canterbury, Kent CT1 2XJ.

Alternatively, those who have completed CeFA® can call Further Education Customer and Student Enquiries on +44 (0)1227 818609 (option 1). Please have your VISA/MasterCard/debit card handy when you call.

'Experiential learning is very important and I really liked the open-ended nature of AFA. The equivalent qualifications require too much technical knowledge, much of which is likely to be unnecessary for many advisers.'

'The best part of the qualification is the fact it takes a holistic approach, it tests what's important. Something like this is really needed in the industry.'

Steve Harknett, Finance and Business Lecturer

'It's absolutely the right format... there's nothing similar in the financial advice arena.'

'... employers would really welcome something like this. It demonstrates not only that they have the necessary knowledge but that they can put it into practice – vital for all employers!'

Adrian Crowley, Training Manager

Every effort was taken to ensure this information sheet was accurate at the time of going to press and the **ifs** School of Finance is not liable for any errors or omissions in this publication. The **ifs** reserves the right at any time and without notice to vary the content of its courses and syllabuses previously announced and to modify as appropriate the facilities and arrangements for students.

Take your career to the next level with the DipFA

The **ifs** School of Finance Diploma for Financial Advisers (DipFA) is a new qualification for financial advisers who wish to enhance their prospects by demonstrating a higher level of knowledge and skills.

All parts of the DipFA are accredited at Level 4 in the National Qualifications Framework, consistent with the professionalism proposals within the FSA's ongoing Retail Distribution Review.



The DipFA:

- is a challenging and relevant programme of study that builds on existing adviser expertise and qualifications and reflects what advisers actually do
- is accredited at Level 4 in the National Qualifications Framework and contributes to the key RDR objective to obtain a higher-level qualification by 2012
- enhances knowledge in core areas such as regulation, investment principles, risk, taxation and personal financial planning
- uses real-life scenarios to develop the essential skills to apply this technical knowledge in practice
- is achievable within nine months assuming you have already completed a relevant benchmark Level 3 qualification

Act now – no regrets

With the final details of the RDR to be confirmed, no qualification can claim to be 'RDR compliant'. However, the FSA has made it clear that those preparing for its introduction now will not regret their foresight.

'Given the timescale involved in creating the new examinations, we have stated that you may choose to proceed now with existing qualifications, providing all parts are at a level equivalent to Level 4 – and we have also set out a 'no regrets' position... meaning that you could address any gaps between the level four qualification you achieve and the new minimum benchmark requirements using formal CPD rather than further examinations.'

FSA Qualifications Web Statement 20090306

Key facts

- Entry requirement is a recognised financial advice qualification at Level 3 (eg CeFA®)
- DipFA comprises two compulsory units:
 - Financial Planning Principles (FPP)
 - Advanced Financial Advice (AFA)
- Both units are set at NQF Level 4
- Registration fee includes a study guide, an online support service with a dedicated tutor and electronic access to a wide range of reference materials
- On successful completion you can use the letters DipFA after your name
- There are four registration intakes a year, in January, April, July and October

Learning outcomes

DipFA is a route to giving better advice, through enhanced knowledge and skills.

Technical knowledge

Unit one, Financial Planning Principles, develops understanding of the fundamental systems and structures that underpin the financial advice process:

- The roles and interrelationships of institutions and markets
- The role of regulated advisers
- The monetary system
- Influences on financial institutions and markets
- Why and how financial institutions and markets are regulated
- The concepts and importance of risk

Unit two, Advanced Financial Advice, develops understanding of specific products, principles and issues affecting clients:

- The impact of divorce on financial planning
- Trusts, their uses and taxation implications
- Complex income tax and capital gains tax planning calculations
- The relevance of taxation and its impact on financial planning decisions
- Domicile and residence and their relevance to financial planning
- Long-term care issues
- Factors affecting and options regarding pension accumulation and retirement income
- Collective investments and their uses, eg: unit trusts, OEICS, investment trusts
- Alternative investments and their uses, eg: venture capital trusts, Enterprise Investment Schemes, offshore funds, hedge funds, commodities, derivatives, private equity funds, AIM
- Portfolio and risk management through consideration of investment strategies, risk analysis and portfolio theory
- Evaluation of employee benefits, including: share option schemes, salary sacrifice, health care schemes, and life cover
- Types of business, business taxation and business financial planning relevant to individuals seeking advice on their own situations
- Identifying and analysing clients' objectives, needs and aspirations
- Assessing clients' existing provision in relation to their objectives, needs and aspirations
- Identifying and applying appropriate solutions

Communication skills

As well as developing knowledge, DipFA assists in the development of the core communication skills that are an essential requirement for giving advice effectively:

- Formulating appropriate responses to resolve defined and abstract problems
- Conveying complex information clearly, concisely and accurately
- Structuring information, options and recommendations in a clear and logical order
- Explaining and fully justifying recommendations in language appropriate to the client
- Explaining and demonstrating adherence to the requirements of the FSA including Conduct of Business Rules and the Treating Customers Fairly principles
- Explaining and demonstrating understanding of the monetary and financial system

'The whole subject is really interesting and has made me a better IFA.'

Current DipFA student

Studying for the DipFA

The level of DipFA is reflected in the complexity of the technical knowledge and the mix of application and communication skills that is required for successful completion. It is a challenging and intensive programme of study that equates to 310 hours of guided learning undertaken over a nine-month period.

Study and assessment comprises three elements:

Element 1

The initial period of study is oriented towards completion of the Financial Planning Principles element, which assesses knowledge and understanding of the broader financial services environment and the specific issue of assessing risk within customer advice scenarios.

Assessment of the FPP element will take place from month three and will be an electronic objective test, available at over 150 test centres nationwide, with confirmation of the results provided on the day.

Element 2

The second element is the completion of the Advanced Financial Advice coursework assignment, in month seven, designed to test technical knowledge and its application.

Element 3

The third and final element, at month nine, is a three-hour written examination combining knowledge, understanding and application of both units. This will be held at a number of UK locations and will be based on a realistic, real-life scenario that reflects what advisers need to do to provide added value to their customers in terms of detailed, technically appropriate advice delivered in language accessible to consumers.

Two weeks before the exam the *ifs* will issue a factfind on which the examination questions will be based. Students will be expected to formulate a report showing detailed analysis and recommendations.

The pass marks are 70% for the objective assessment and 50% for the coursework and examination. Students are required to complete all three elements successfully to be awarded the DipFA. There may be compensation for a marginal fail between the latter two assessments.

Take your career
to the next level
with the DipFA

www.ifslearning.ac.uk/dipfa

Learning support

Students will be given access to a web tutor and the *ifs* learning support team for each module. Each candidate enrolled on the module will have access to the *ifs* online learning environment *my ifsILE* and the *ifs* e-library, *ifs KnowledgeBank*.

'I would like to place on record that the points raised, answers provided and discussions (on the DipFA forums) have been of great help in preparing for both the coursework and the main exam. In my opinion the ifs study route is well thought out and much more user friendly than some alternatives.'

Current DipFA student

A comprehensive study guide will be provided to direct your approach to study. The learning materials will all be available to you electronically, with key reference materials also provided in printed form. This approach is supplemented with a series of learning activities linked with learning outcomes and topics.

Additional learning support may be provided by companies or training providers that have signed up to an *ifs* code of conduct.

'Personally I found the method of study in doing a lot of your own research to complete the coursework a refreshing change.'

Current DipFA student

Route to completion

Qualification: CeFA® (Certificate for Financial Advisers)



DipFA

Financial Planning Principles (FPP)
Objective test

Advanced Financial Advice (AFA)
Coursework and examination

Qualification: DipFA (Diploma for Financial Advisers)