



Financial Planning  
Institute of Southern Africa

**THE PROFESSIONAL STANDARD**

# Professional Competency Examinations Preparation Guide 2017





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**Welcome**

**FPI PCE CANDIDATES**

## Structure of the exam and exam paper

- Difference between the qualification and designation
- Completely separated from the qualifications' exams - this is the FPI's "Board Exam" as required from Professional Bodies in South Africa as well as the FPSB (FPI is an affiliate of the FPSB and we are bound by their Certification Standards. PCE is one of the 4 E's - Examination)
- Open book exam.
- Exam starts at 09h00 but all candidates must be seated by 08h30
- Candidates will start with Case Study 1 the first session and then after lunch, Case Study 2.
- Each case study consists out of 50 marks, total therefore 100 marks
- Each case study must be answered in its OWN separate answer book [PLEASE]
- Must obtain 60% in order to pass the PCE

## What must be on record before you will be allowed into the exam venue?

- Must be registered as Student and/or Candidate with FPI
- CERTIFIED copies of relevant qualification obtained and ID
- Proof of payment
- Should the above not be on record by 3 February 2017 your exam registration will be cancelled as per the PCE policy.
- Any enquiries with regards to the above, or any exam related enquiry must be sent to [certification@fpi.co.za](mailto:certification@fpi.co.za)
- On exam day: Present attendance slip (This will be e-mailed to you) and your ID/passport. If you do not have these - you will **not** be allowed to sit for the exam on that day.

# Eight Examination Principles

- 1) Competency Profile - Knowledge, skills and abilities of a Professional Financial Planner
- 1) Cornerstone criteria for membership - the FOUR E's, being Education, Examination, Experience and Ethics. \*See Certification Standards
- 2) Capstone assessment - Combination of learning experiences - academic and industry wide learning experiences and professional objectives
- 3) Critical thinking - includes problem solving and decision making across all Financial Planning Components
- 4) Financial Planning components (FARTRE)
  - Financial Management
  - Asset Management
  - Retirement Planning
  - Tax Planning
  - Risk Planning
  - Estate Planning



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## Examination Principles continued

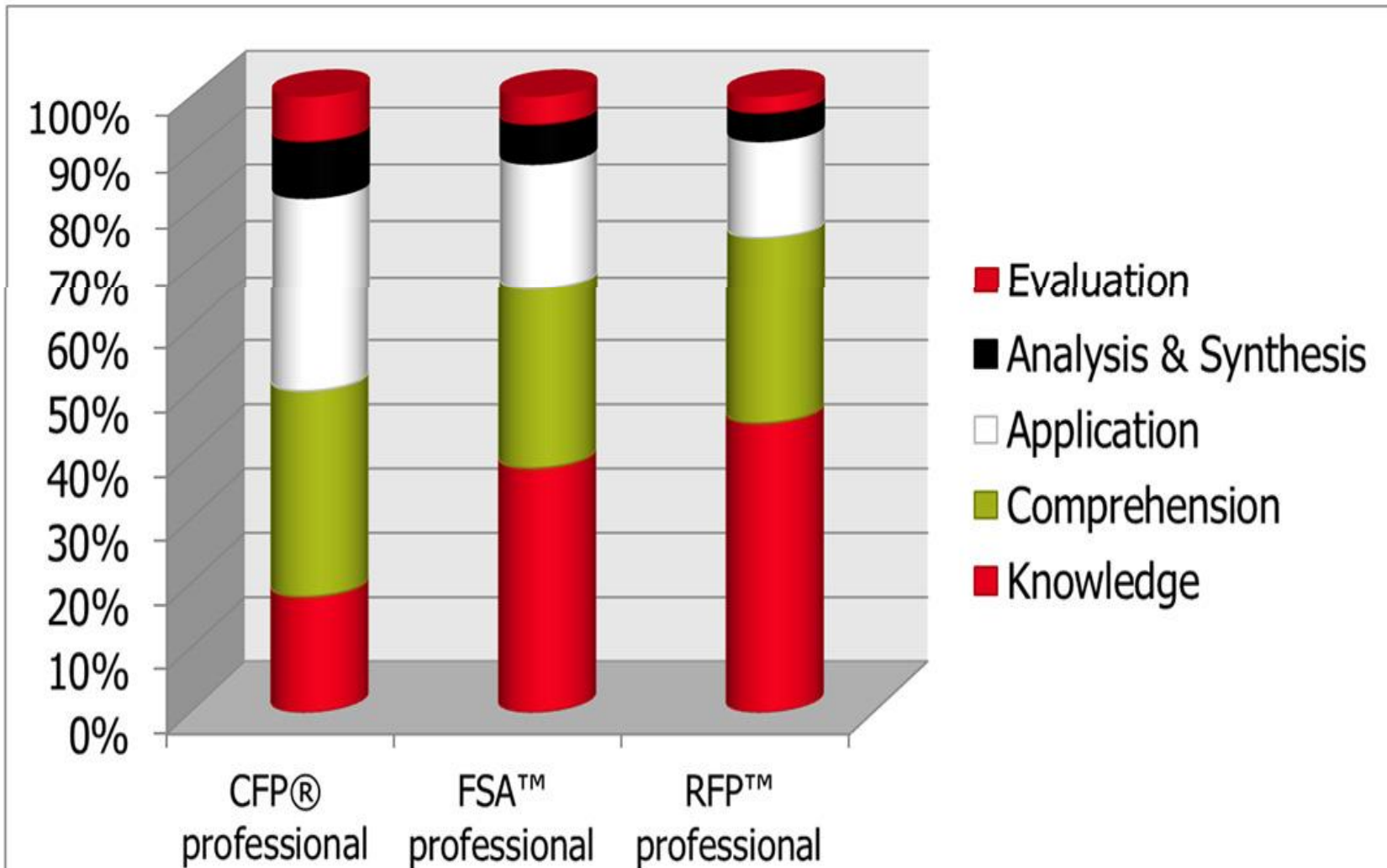
- 6) Abilities: Collection, Analysis and synthesis
- 7) Body of knowledge - Learning outcomes in the curriculum
- 8) Skills - Professional Responsibility, **PRACTICE MANAGEMENT**, Communication and Cognitive skills

**PRACTICE MANAGEMENT** includes the Six-Steps of Financial Planning

*Easy way to remember 6 steps is to remember the acronym **EGADIM***

1. **E**stablish a relationship (section 4 and 5 of FAIS GCOC) - **Contractual relationship!**
2. **G**ather quantitative and qualitative information (section 8 of GCOC)
3. **A**nalyse information gathered (section 8 of GCOC)
4. **D**evelop a plan/recommendation and present it to the client (section 8 and 9 of the GCOC - ROA)
5. **I**mplement the financial plan (section 8 and 9 of GCOC)
6. **M**onitor financial plan (in relation to step One (contract in place) and section 7 of the GCOC when it comes to reviews)

## Spread of types of questions



# Job analysis survey weightings



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Financial Planning Component	weighting	Case study X	Case study Y	weighting			Approx. weighting	Case X	Case Y	Actual weighting
<b>investments</b>	18	10	8	18						
<b>FM / economics</b>	14	7	7	14		Knowledge		9	9	18
<b>retirement</b>	15	10	5	15		Comprehension		16	16	32
<b>estate</b>	12	0	12	12		Application		16	16	32
<b>risk</b>	14	10	4	14		Analysis and synthesis		5	5	10
<b>tax</b>	12	6	6	12		Evaluation		4	4	8
<b>ethics / law</b>	15	7	8	15			0	50	50	100
	100	50	50	100						



## Cognitive ability

- **Knowledge** - ability to remember previously learned information
- **Comprehension** - demonstrate an understanding of the facts
- **Application** - apply knowledge obtained to actual situations
- **Analysis** - break down objects or ideas into simpler parts and find evidence to support generalisations
- **Synthesis** - compile component ideas into solutions. Ability to mix all of the above
- **Evaluation** - make and defend judgments on internal evidence and external criteria

# Question Analysis

## TYPE OF KNOWLEDGE/SKILL

Knowledge

Comprehension

Application

Analysis

Synthesis

Evaluation

## ACTION WORDS

Define, name , list, state

Describe, discuss, identify etc.

Apply, demonstrate, illustrate

Differentiate, distinguish, compare

Combine, comply, design, summarize

Appraise, assess, evaluate

## Reading and analysing the question

- 1) Identify action words / verbs. The amount of action words / verbs will indicate how many headings there need to be in your answer
- 2) Mark allocation will give you a good indication of how much to write
- 3) Always tie the information given in your answer to the facts of the case study. Remember, in real life situations, you will always tie your recommendations made to the “facts of your clients’ life”. If capital preservation is a need - do not recommend an income vehicle for instance as income is not a need
- 4) Example: Write a brief two page report summarising the clients’ retirement situation and advise her on how she may meet her retirement needs:

## Example of a question and how to answer the question

*Write a brief two page report summarizing the clients' retirement situation and advise her on how she may meet her retirement needs*

- Two pages:** do not write more than two pages as the assessor will not mark any thing in excess of the two pages
- Summarise:** Synthesis word, you will therefore be required to summarise the relevant facts - obtain this from the facts of the case study
- Retirement:** there will be no need to refer to estate planning for instance
- Advice:** you will have to make a recommendation in the end. A lot of candidates only summarized but never makes a final recommendation
- no need to do calculations here as the question did not ask you to do calculations. Any calculations done for this question will therefore be ignored. Do not waste time

## Tips on how to study for an open book exam

- Study! Do not think because it is an open book exam that you can “wing” the exam. Remember, the exam is set at an NQF 8 level - it is about application, evaluation and synthesis.
- As a suggestion, label your books in accordance with the exam guidelines
- Label your book in different colors - green could be estate planning where as blue could for instance be for asset management. Label it in accordance with the Financial Planning Components.
- PLAN your study time and stick to it. Study well in advance - do not leave it for the last minute

## Common mistakes made by candidates

- TVM: Calculator is in wrong mode (BEG/END)
- TVM: Incorrect number of payments per year is used
- Candidates do not know their products - by default incorrect recommendations are then made
- Candidates fail to give a recommendation / conclusion especially where the question asked candidate to do the same
- Candidates do not take time to read the questions properly. Read the question more than once. Underline key words / verbs
- Candidates do not incorporate the facts of the case study into their answers / recommendations
- Candidates repeat facts of case study instead of answering the questions or they quote sections from handbook verbatim without applying their minds
- Candidates do not study the exam guidelines

# Let me introduce you to FIRAC

## FACTS OF CASE STUDY

Know the facts of the case study (in essence your client).

What is the matrimonial regime for instance, what is the financial goals?

## ISSUE

What is the issue / problem you need to solve

## REGULATION

Know which authority (legislation and case law) applies, especially if the examiner wants you to refer to applicable authority

## ANALISE AND APPLY

Analise what you need to (calculations, compare) and apply it to the facts of the case study. Apply authority if you need to

## CONCLUSION:

Always end your answer with a conclusion



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## In conclusion

*Well done on coming this far – it has taken a lot of dedication, time and time away from your loved ones to finish your studies.*

*Being a CERTIFIED FINANCIAL PLANNER® professional is all about being the best in what we do in the Financial Services Industry, sustainable advice and retention of clients as the services rendered by a CFP® professional are of such high standards, that your clients will stick with you for life*

**We wish you well in the preparation for the exam and the exam itself**