Get the right mix for you

RO6 Exam Technique
R06 Exam Technique

These notes are intended to support your studies and to focus your mind on your preparation for the exam – from release of the case study until the actual exam. There are also hints and tips on how to tackle the exam questions – in order to give the examiner the opportunity to award you the marks. There are a number of areas that may be tested in the exam. You should satisfy yourself prior to the exam that you know enough detail on each of the relevant technical areas to be able to answer the questions set.

The actual exam questions are not known until the day. Your research should be based on the detail contained in the case studies and previous areas that have been examined.

Make sure you refer back to the R06 syllabus – this is the basis for the exam and it is possible that questions could be asked based on some additional information given on the day.

This exam gives you the opportunity to gain 30 Diploma credits – make sure you allow sufficient time for study and practice before the case study comes out and after its release.
When preparing the two case studies consider the following:

- Errors or inconsistencies. Any information that is not there, what else would you need to know about their circumstances?
- Missing information about the client’s aims
- Possible tax and national insurance calculations.
- Possible solutions to meet the needs - protection, pensions and investments
- The pros and cons of possible solutions
- Tax consequences of any current situation or proposed solution
- How to implement and monitor the plan

Study previous exam papers to get a clear idea of the type of question asked – and most important – the level of detail and accuracy needed to obtain maximum marks

If the question in the exam asks you what further information/details would you like to have from your client – then you should write your responses down as direct questions to your clients – this applies in any exam question of this style

Examiners’ comments from previous papers

“Candidates main error was a lack of detail provided in answers and marks were missed due to candidates not relating their answers specifically to the case studies”

“The main error was that the level of detail required to gain high marks was not provided. Candidates need to remember to apply their knowledge to the question and ensure that they are answering the question set”

“Some candidates did not show their full workings of the calculations which the question asked and did not gain marks as a result”

“Many candidates stated product features rather than relating them back to the client’s needs in the case study. Generally not well answered by the majority of candidates with generic product features stated but not related to the client’s circumstances”

“Candidates would be advised to read questions carefully and make sure they are answering the question being asked, as this was one of the main failings in this examination”

“The case studies are provided so that candidates can link answers to the clients’ circumstances, and research areas of unfamiliarity before the exam. There was little evidence of research in the candidate’s answers”

“The paper seeks to test understanding and application of planning to meet wide financial needs. When the case study is published the candidate should ask what the clients’ needs are, what further information is needed to provide detailed advice and what solutions might be available to meet those needs

“Solutions need to be comprehensive, to cover the basic elements of the need and then to be expanded by the inclusion of technical detail. They also need to be relevant to the clients’ circumstances and goals. Above all they need to be technically correct.

“The candidate should review examiners’ reports from previous sittings to identify the depth of knowledge required to achieve high marks.
Give the Examiner the opportunity to award you marks:

Make sure you answer the question in sufficient detail (accurate detail!) – make sure you look at past papers/exam guide to get a good idea of how the answers should be presented.
The answers need to be specific to the case study and the question asked and not just a list of generic facts.
Make sure your answers are specific to the client and their circumstances – treat them as your own clients.
Answer the question that has been asked – and check you have answered fully, completely and relevantly.
Practice the exam technique by doing some past papers and sticking to the time limits, answer using bullet points.

CII Summary of learning outcomes

1. Obtain appropriate client information and understand clients’ needs, wants, values and risk profile essential to the financial planning process.

2. Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions.

3. Analyse a client’s situation and the advantages and disadvantages of the appropriate options.

4. Formulate suitable financial plans for action and explain and justify recommendations.

5. Implement, review and maintain financial plans to achieve the clients’ objectives and adapt to changes in circumstances.

R06 Examination – what you need to know

- 2 case Studies- generally sent to you 2 weeks before the exam
- Each case study carries approx 75 marks to total 150 available
- 3 hours ( 180 minutes – slightly more than a minute a mark )
- Pass mark is about 55% (82 / 83 marks)
- Assessed on Application of knowledge to the clients in the 2 case studies
- About 6 to 8 questions on each case study
- Wide range of knowledge including taxation and the full range of protection, savings, pension and investment products and solutions
- Tax tables are provided
To prepare the case studies before the exam:

Consider:

- Errors or inconsistencies in the case studies
- Role of the Adviser
- Costs associated with seeing an adviser
- Potential areas of conflict
- Eligibility for any state benefits

- The client’s aims
  - What do we already know about each aim?
  - What additional information is needed to formulate a recommendation?
  - What questions would you need to ask prior to making a recommendation?
  - What generic processes may be applied?
    - ATR
    - Establishing protection needs / Investment Needs / Analysing cashflow
  - What Product / Generic Knowledge could be tested?

- Possible calculations
  - Income Tax
  - Capital Gains Tax
  - Inheritance Tax
  - Realignment of investments for tax efficiency
  - Pension projections / values
  - Saving/Investing for future Objectives

- Possible personalised solutions likely to meet the needs
  - Sum Assured
  - Term
  - Options
  - Policy Type
  - Who will benefit
  - Who is Life Assured
  - Trust Implications

- The Advantages and Disadvantages of likely solutions, and the tax consequences

- How to implement the plan and monitor it in the future

- Special events which may prompt a review of the client’s arrangements
Remember this is a Diploma level exam worth 30 credits – be ready for the degree of difficulty and detail required in your answers

Important Note:

It is becoming clear from study of all the recent R06 exam papers that the exam is focusing very much on the specifics and details as applies to the particular case study.
Answering the question with generic information without the personalisation as it applies to the case study being tested will not get the marks.
There would seem to be a strong possibility of some testing in areas that have not featured previously and that will require a high standard of technical knowledge of the topic
As ever – the secret of success is preparation. The CII is not known for putting information into a case study that it does not intend to use. Pay attention to detail and practice writing out potential responses to likely question topics
What do the “Instructions” and Information in the exam mean?

X and Y are used to indicate joint clients.

<table>
<thead>
<tr>
<th>Note Down</th>
<th>This means write down briefly i.e. in bullet point fashion. This is usually a series of points around the topic being questioned e.g. Protection</th>
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<tbody>
<tr>
<td></td>
<td>X and Y do not have any current protection products/provision in place</td>
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<tr>
<td></td>
<td>X and Y have a mortgage and other debts which are not protected</td>
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<td></td>
<td>You should state the relevant facts – remember to “State the obvious” – if you do not put it down then the examiner has no way of knowing that you have identified it. If you are required to “note down” then you are not required to give any detailed explanation.</td>
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<table>
<thead>
<tr>
<th>Identify and explain</th>
<th>This means to pick out, state and give reasons for your choice e.g.</th>
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<tr>
<td></td>
<td>Identify and explain any errors and inconsistencies in the information provided.</td>
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<td></td>
<td>“X says he is not a member of the company pension scheme but Y believes he has life assurance under this scheme</td>
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<td></td>
<td>As stated earlier – you should state all the errors and inconsistencies you can find and for each one give a more correct or fuller explanation or indication why it is regarded as an inconsistency</td>
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<tr>
<th>Describe</th>
<th>This means state all the relevant characteristics of the product or action being questioned e.g.</th>
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<td></td>
<td>Describe 3 types of protection policy which X could consider</td>
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<td></td>
<td>Level term assurance policy</td>
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<td></td>
<td>Pays out a tax free lump sum on the life assured’s death within the term of the policy</td>
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<td></td>
<td>Etc.</td>
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<td></td>
<td>You should separately state all the relevant features of the 3 types of suitable cover</td>
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</table>
### Outline

This means give a framework description, omitting the minor characteristics e.g.

Outline the advantage of each contract as you would to X

Critical Illness
- Pays out a tax free lump sum on diagnosis of a specified illness within the policy term
- Etc.

You should state the key advantages to X of each contract in turn

### List

This means write down a series of items in concise form, without explanation e.g.

List the different costs associated with arranging the mortgage
- Valuation fee or survey
- Arrangement fee (if applicable)
- Etc.

You should list in bullet point fashion just enough detail to identify each item without further comment.

### Calculate

Calculate the income that the portfolio will produce

You should set out clearly – for each product or item – your calculation of how much income it will produce and provide a total.

This type of question will usually also ask you to explain the tax treatment of the income, so you will need to show the gross and net figures, as appropriate, and describe how tax is paid eg deducted at source

### State

This means give the relevant points without elaboration and preferably in logical sequence. Eg

State the advantages and disadvantages of such a term assurance policy for X.

**Advantages**
- Cheaper form of life cover
- Etc

**Disadvantages**
- No surrender value is available
- Etc

You should set out each advantage and disadvantage as separate points, discussion or comparison of relative merits is not required here.
**Briefly**  
This means give a short concise (and accurate) answer, having regard to the marks available. “Briefly” is used by examiners to warn candidates that they do not require an in-depth treatment of the topic – just the key points. Eg  

Briefly explain how investment trusts are taxed  
- Capital gains may be charged when the gain is realised  
- Etc  
You should state the main facts – and be guided by the marks available – while it makes sense to list one or two “extras” – there is no point in completing pages and pages when there are only 4 marks available.

### HOW TO SET OUT YOUR ANSWERS IN THE EXAM

Make sure that you link solutions to the circumstances of the clients in the case study or fully explain how your recommendations would benefit them.

It is advised to answer the questions in bullet points – however:
- The bullet points need to be of sufficient length to demonstrate to the examiner that you know what you are talking about.

In the exam you should ask yourself:
- Have I put down at least as many bullet points as there are marks available – consider a couple more just in case some of your points are not what is being looked for?
- Are your answers relevant to the clients’ circumstances?
- Are my answers specific to the question that is actually being asked?
- Have I demonstrated my understanding of the topic by answering in sufficient accurate detail? Have I given enough information?
- Does each answer cover the basics (sometimes known as “stating the obvious”) and then move up to the more complex detail?
- Is there anything else I could add by way of technical detail?

Concentration on answering the specifics asked for in the question and adding in the extra technical detail should help you gain sufficient marks for a pass.