



First stage quiz

Name	
Firm	
Job title	
Contact email	
Contact telephone number	

- In what circumstances would a pension be excluded from an evaluation of a client's current circumstances?
 - The client only makes minimum contributions
 - If it is a state pension
 - If it is a self-invested pension plan (SIPP)
 - The client is below the minimum pension age

- Based on the following annual figures, what is your client's spendable income or shortfall?

Mortgage	£9,800
Income	£28,000
Expenditure	£18,600
Sports club membership	£1,800
Interest from savings	£500

- Spendable income of £100
 - Income shortfall of £400
 - Income shortfall of £1,700
 - Income shortfall of £2,200
- The Pension Protection Fund's (PPF) levels of compensation include:
 - a spouse's pension of 75% of the PPF compensation amount
 - 100% of the pension entitlement for members over the scheme's normal retirement date
 - statutory increases in pension but only for pensions earned since April 2005
 - 80% of the pension entitlement for members who have not yet reached the scheme's normal retirement date



4. Where a small self-administered scheme makes a loan to its sponsoring employer, what minimum rate of interest must be charged?
 - A. 1% per annum above the base rate
 - B. 2% per annum above the base rate
 - C. 3% per annum
 - D. 5% per annum

5. Why would a financial planner regularly review their client's goals and objectives?
 - A. To earn more fees
 - B. Client's priorities change over time
 - C. So that the easiest goals are always tackled first
 - D. To keep in touch with their client

6. For what main reason would a client take out a payment protection policy?
 - A. To cover the costs of a medical bill
 - B. To receive long term sickness benefits should the client become incapacitated
 - C. To cover regular payments on a financial commitment
 - D. So that their family can benefit from a life assurance benefit

7. When reviewing the performance of a plan, why is it important to re-establish the client's objectives?
 - A. Because stock markets go up and down
 - B. So that their risk profile can be lowered
 - C. To ensure products continue to meet the client's needs
 - D. To generate higher fees

8. At the analysis stage, inconsistencies and missing information become apparent. The adviser should be aware:
 - A. assumptions in relation to missing information should be used
 - B. there would be no need to verify the inconsistent information
 - C. inconsistencies are only relevant if protection is recommended
 - D. any product recommended may not be suitable



9. Harold, aged 56, is single and has no dependants. He is self-employed and typically makes gross profits of £20,000 per annum. He is in receipt of pension income of £9,000 per annum gross. He wishes to effect a flexi-access drawdown from a personal pension arrangement which has a fund value of £50,000. He should be aware that:
- A. he currently needs to have a guaranteed pension income of at least another £3,000
 - B. he can proceed now, without any restriction
 - C. he must wait until he reaches age 60 before he can proceed
 - D. he must wait until he reaches state pension age before he can proceed 18
10. A benefit crystallisation event is a test against the:
- A. annual allowance
 - B. lifetime allowance
 - C. personal allowance
 - D. money purchase annual allowance
11. An eligible job holder for automatic enrolment into a workplace pension scheme must have annual earnings of at least:
- A. £7,500
 - B. £10,000
 - C. £12,500
 - D. £15,000
12. By what latest point must an employer make payments into its defined benefit pension scheme in respect of a given month?
- A. 10 days from the end of the month they relate to
 - B. 19 days from the end of the month they relate to
 - C. 30 days from the end of the month they relate to
 - D. 60 days from the end of the month they relate



13. How, if at all, does statutory revaluation affect members who leave a defined contribution (DC) pension scheme?
- A. It guarantees to increase the value of the fund by the RPI every year
 - B. It ensures that the value of the fund is increased annually, following statutory revaluation guidelines
 - C. Statutory revaluation does not apply, so members have to rely on fund performance
 - D. Members can choose the higher of the fund value or the statutory revaluation figure
14. Kevin, a financial planner has implemented a financial plan with his client, Trudi. When considering the need for reviews, Kevin should be aware that:
- A. review must always take place at least every two years
 - B. the frequency of reviews should be agreed with Trudi
 - C. reviews need only take place when Trudi requests them
 - D. reviews need only take place when Kevin requests them
15. When dealing with a client of the Muslim faith, a financial adviser must ensure that:
- A. no products are recommended which pay interest
 - B. insurance-based solutions must not be used
 - C. pooled funds will be more suitable than directly held stocks
 - D. commission payments cannot be received as a result of any recommendations
16. An employer offers group Critical Illness Cover (CIC) to its employees and pays the premiums. What effect does this have on the employees tax?
- A. It is regarded as a tax free bonus
 - B. It is treated as a benefit in kind and taxed
 - C. The employee will have to pay tax on any claim
 - D. There is no tax to pay as CIC is exempt
17. With regard to Critical Illness Cover (CIC), why might you choose a guaranteed policy?
- A. The premium amount is not related to age, health and occupation
 - B. The premium never increases during the term
 - C. They always pay out
 - D. They are guaranteed to be cheaper than a regular CIC policy



18. How are soft facts usually obtained within a client interview?
- A. By asking a series of linked questions
 - B. By asking closed questions
 - C. By asking the client to complete a risk profile calculation
 - D. By evaluating the client's needs before presenting a recommendation
19. What is the tax position of benefits paid from an immediate care long term insurance policy?
- A. They are paid tax free, if paid directly to a care home
 - B. They are paid tax free in all circumstances
 - C. They are only paid tax free, if paid directly to the policyholder
 - D. They are subject to income tax in all circumstances
20. Liam is aged 50 and has 20 qualifying years in respect of his State pension entitlement. He is intending on retiring at age 66. Which of the following best describes his State pension entitlement?
- A. If he continues to work until age 66 as planned, he will receive a full state pension
 - B. He will receive a reduced state pension unless he makes class three national insurance contributions
 - C. He will receive a reduced state pension if he has previously contracted out
 - D. He will receive a reduced state pension if he has been self-employed