



This year, entry to The Paraplanner of the Year Award is open to all residents of the UK who are currently working as a paraplanner in a Financial Planning firm, in a freelance or outsourced capacity.

First stage quiz

Name	
Firm	
Job title	
Contact email	
Contact telephone number	

- Why is it beneficial for Financial Planners to use open style questions when collecting client information?
 - To establish a definitive 'yes' or 'no' response
 - To comply with FCA requirements
 - They are easier to answer.
 - They allow for more detailed response.
- Daniel has a salary of £108,000. He has previously contributed to a self-invested personal pension (SIPP) as follows.

Tax year	Contribution
2017 / 2018	£0
2018 / 2019	£40,000
2019 / 2020	£35,000
2020 / 2021	£30,000

What is the maximum that can be invested into his SIPP in the 2021 / 2022 tax year, and still obtain tax relief?

- £40,000
- £55,000
- £105,000
- £108,000



3. Common exclusions under critical illness policies include:
 - A. aviation, living abroad and drug abuse.
 - B. hazardous sports, criminal acts committed by the life assured and critical illnesses diagnosed during pregnancy
 - C. civil commotion, self-inflicted injury, and critical illnesses diagnosed during travel abroad
 - D. failure to follow medical advice, travelling abroad, HIV, and aviation SA

4. John inherits £50,000 and you advise him to invest this in a single premium life assurance policy. He asks you how many years before he can withdraw all of his original investment free of any tax liability but still leave all the profit invested for growth, you tell him this is possible after:
 - A. 10 years
 - B. three quarters of the term
 - C. 15 years
 - D. 20 years

5. Tony has been in a final salary scheme with 1/60 accrual for 28 years. His salary is £48,000. He is due to retire in four years' time and doesn't expect further wage increases. What pension would he be entitled to in four years' time?
 - A. £22,400
 - B. £25,600
 - C. £33,600
 - D. £38,400

6. The best financial plans will ensure that client's investments are:
 - A. aligned with FCA requirements
 - B. always going up in value
 - C. held in safe custody at a bank
 - D. suitable for the client's objectives



7. 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
8. A benefit crystallisation event is a test against the:
- A. annual allowance
 - B. lifetime allowance
 - C. personal allowance
 - D. money purchase annual allowance
9. How can short periods of unemployment be managed within a financial plan? By:
- A. amending the client's capacity for loss
 - B. ensuring there are adequate liquid assets held in an emergency fund
 - C. purchasing adequate term insurance
 - D. re-adjusting the risk profile of the plan
10. How does a flexible lifetime annuity differ from a conventional annuity?
- A. There is no upper limit on the payments from a flexible lifetime annuity
 - B. Payments from a conventional annuity will trigger the MPAA rules
 - C. Flexible lifetime annuities can benefit from investment growth
 - D. Payments from a flexible lifetime annuity will trigger the MPAA rules
11. Most Critical Illness Cover (CIC) policies are now reviewable. What is meant by this term?
- A. Premiums are only guaranteed for a fixed period
 - B. No survival period is required
 - C. The amount of cover fluctuates
 - D. The insurer has the right to cancel the policy after giving notice



12. Why is the purchase of an annuity more likely to appeal to a risk-averse pension scheme member?
- A. Annuity income is guaranteed to rise with inflation
 - B. Annuities preserve the value of the pension fund
 - C. It allows the scheme member to profit from increases in the value of the fund
 - D. It removes the risk of market exposure
13. When deciding on whether to purchase a care fee annuity, an important point to note is:
- A. income received is subject to income tax
 - B. no capital is returned on death
 - C. payments made directly to the care home are taxable
 - D. the income received is always linked to inflation
14. If a client wants to purchase an immediate care plan to fund care home fees they will have to undergo a medical assessment in order to determine:
- A. cost
 - B. eligibility
 - C. health
 - D. tax status
15. A key development in pensions legislation that has seen an increase in attempts to scam pensioners out of their funds, is the introduction of:
- A. pension freedoms
 - B. short-term annuities
 - C. charge capping
 - D. new rules for pension transfer advice
16. Both Colin and Derek have income protection policies, but only Colin's policy will provide tax free benefits. This is likely to indicate that:
- A. Derek's policy is paid for by his employer
 - B. Colin is a non taxpayer
 - C. Derek is self employed
 - D. Derek's policy pays a benefit of 60% of his gross earnings



17. What are the National Employment Savings Trust fees applicable to an employee with a £100,000 fund making contributions of £10,000 per annum?
- A. £100 in annual management charges and £180 on the contributions
 - B. £100 in annual management charges and £300 on the contributions
 - C. £300 in annual management charges and £180 on the contributions
 - D. £300 in annual management charges and £300 on the contributions
18. Terry, age 68, is making a claim under the Support for Mortgage Interest (SMI) scheme. He is in receipt of Pension Credit. His mortgage amount is £250,000. He should be made aware that:
- A. he will receive help until the mortgage balance is cleared, whenever this occurs
 - B. the payment commences 4 weeks after the claim is made
 - C. the maximum amount of help he will receive will be capped in respect of £100,000 of his mortgage
 - D. his entire mortgage will be covered under the scheme
19. What stage of life assessment describes a client with a low level of assets and high financial uncertainty?
- A. Early accumulation stage
 - B. Foundation stage
 - C. Late accumulation stage
 - D. Maintenance stage
20. A financial adviser is explaining the concept of risk and return with her client. She should point out that:
- A. the higher the risk taken, the greater the potential financial return
 - B. lower levels of risk or uncertainty are associated with greater potential for financial returns
 - C. diversification of investments will lower the risk and the potential returns
 - D. higher levels of risk or uncertainty are associated with lower potential for financial returns