

Guide to CFP® Certification Exam 2026

Contents:

- 1. Study Guide**
- 2. Appendix 1 – Sample Question**
- 3. Appendix 2 – FPSB Examination Tables**
- 4. Appendix 3 – Guidance Notes**

1. Overview

The CFP certification exam assesses candidates' ability to apply financial planning knowledge to case studies which simulate real-life planning situations. By reaching the required standards, candidates demonstrate that they have the appropriate knowledge, understanding and other skills and abilities appropriate to the role of a professional financial planner. The CFP certification examination in the Republic of Ireland is administered by Financial Planning Standards Board Ireland (FPSB Ireland), in accordance with the examination regulations of FPSB Ireland.

2. Examinable Material

FPSB has published a Financial Planner Competency Profile (a copy of which can be downloaded from the [FPSB Ireland website](#) which describes the abilities, skills, attitudes, judgements and knowledge that a financial planning professional draws on to deliver financial planning to clients.

The certification examination tests the ability of a candidate to competently deliver financial planning to the standards set out in the Financial Planner Competency Profile.

3. Preparing for Exam

Completing the Graduate Diploma in Financial Planning or the Postgraduate Diploma in Business in Financial Planning, which are both based on the Financial Planner Competency Profile, is ideal preparation for the certification exam. Attendance at the Refresher Course (see 8 below) is also strongly recommended.

4. Examination Format

The examination is conducted over one three and a half-hour session and consists of a single case study. The examination focuses in particular on the candidate's application of the knowledge, skills and abilities of the Financial Planner Competency Profile to real world personal finance situations.

5. Pre-requisites for entry to the Certification Examination

Applicants to sit the CFP® certification exam must:

- Hold the designation Qualified Financial Adviser (QFA)
- Have successfully passed Modules 1, 2, 3 and 4 of the Graduate Diploma in Financial Planning or the Postgraduate Diploma in Financial Planning, and have completed the necessary assessments for Modules 5 and 6.
- Pay the appropriate examination fee of €175 + VAT (i.e.€215.25)

Applicants seeking recognition of their CFP professional status acquired overseas must:

- Hold the QFA designation
- Provide a letter of good standing and CERTIFIED FINANCIAL PLANNER™ professional status from the initial certifying organisation
- Provide suitable evidence of Irish Residency
- Pay the appropriate examination fee of €175 + VAT (i.e.€215.25)

6. Sample question

A sample question of the kind likely to feature in the examination is attached as an appendix.

7. Examination date and location

Date	Location / Venue	Time
Saturday, 6 th June 2025	Online	10am – 1.30pm

8. Refresher Course

A Refresher Course will be provided to those planning to sit the CFP certification exam. ***Attendance at the refresher lecture (details below) is strongly recommended as an essential support to those intending to sit the exam.*** The Refresher lecture will focus on CFP certification sample examination questions. In addition to attending the Refresher Course, applicants will need to allocate time to revisit key elements of the Graduate Diploma in Financial Planning and the Postgraduate Diploma in Financial Planning.

The lecture will take place on the following date:

Date	Location / Venue	Time
Wednesday, 6 th May 2025	Online	6pm – 8pm

9. Fees

The examination fee is €175 + VAT (i.e., €215.25), which includes attendance at the refresher lecture.

10. Other Information pertinent to the Examination

- Unless otherwise stated, the examination is based on the legislative and taxation position in the 2025 tax year.
- Where relevant, tables and equations are printed at the end of the examination paper.
- It is not permissible to use any other material during the examination.
- Students are advised to bring an acceptable financial calculator to the exam
 - The approved calculators for this exam are the Casio FC-100V and HP12C financial calculators. Calculators other than these may be used provided they are Silent, non-programmable and incapable of storing text; mobile phones may not be used as a calculator. **Where questions involve calculations, please show your workings.**
- Students must attain **a minimum of 60% of the marks on offer in order to pass the examination.**

The detailed examination regulations of FPSB Ireland are linked here : [Bye Law No. 7](#).

Appendix 1 - Sample Question

Certified Financial Planner™ professional

Examination

Saturday X February 20XX

10:00am – 1:30pm

ALL ANSWER BOOKS MUST BE HANDED UP AT THE END OF THE EXAM

1. Complete the required details on both the front cover and the following page of your answer book. Identify and list the question numbers attempted in the table provided. Please complete both Section A – Pre-Retirement and Section B – Post-Retirement
2. Write your membership number at the top of each page of the answer book and on any additional pages that you may use.
3. There are additional answer books available should you require them. Please remember to complete your details on all additional answer books.
4. The following tables are supplied separately:
 - Summary Tax Tables
 - Revenue Pensions Guidelines (Chapter 5)
 - Life Expectancy and Annuity Tables
 - Insurance Costing Tables

It is not permissible to use any other material during the examination.

5. Any handwriting which the examiner is unable to decipher may not be marked.
6. The approved calculators for this exam are the Casio FC-100V and HP12C financial calculators. Calculators other than these may be used provided they are Silent, non-programmable and incapable of storing text; mobile phones may not be used as a calculator.
7. Where questions involve calculations, please show your workings.
8. Books, papers or other aids may not be in your possession at any time during the exam.
9. Hand all answer books and any additional pages to the supervisor at the end of the exam prior to leaving the exam room.

Failure to hand in the answer book and any additional pages will preclude the correction of your examination.

By signing the ANSWER BOOK you declare that you have read, understood and agree to be bound by the Examination Regulations of the Financial Planning Standards Board. The Regulations are available on-line at <http://www.fpsb.ie>

Students must attain a minimum of 60% of the marks on offer in order to pass the examination.

Unless otherwise stated, the examination is based on the legislative and taxation position in the 2020 tax year.

The following tables are supplied separately:

- Summary Tax Tables**
- Revenue Pensions Guidelines (Chapter 5)**
- Life Expectancy and Annuity Tables**
- Insurance Costing Tables**

Where questions involve calculations, please show your workings.

Expected returns for asset classes or portfolios shown in this paper are set at levels for examination purposes, not to fully reflect current or future market conditions.

SECTION A – PRE-RETIREMENT

Case Background

James and Maura Shannon, new clients, have requested that a CFP® professional assists them in evaluating and planning the family's financial future.

James is married to *Maura*, and they are both aged 50. They have two children, *Nathan*, aged 22 and *Caoimhe*, aged 25.

James works as a consultant engineer with Mainstream Media. He is currently drawing a salary of €80,000 per annum from the company. *Maura* works fulltime with a US multinational based in Ireland, on an annual salary of €100,000.

Maura's mother, *Brid* aged 80, was admitted to a nursing home at the start of 2020 following the death of her husband. The nursing home costs €30,000 per annum. *Maura's* father left an inheritance to her to support *Brid* in the long term. *Brid's* health has deteriorated over the past 12 months.

Apart from the family home, the couple owns a residential investment property in Spain.

Nathan and *Caoimhe* left college in the past two years; they are both working and independent from their parents.

Personal Information

Name:	James	Maura
Age:	50	50
Marital Status:	Married	Married
Health:	Good	Good
Occupation	Full-time employee, earns €80,000 per annum	Full-time employee, earns €100,000 per annum
Dependents	Brid, aged 80, is dependent on James and Maura for her nursing home costs.	

Client Objectives

1. The clients, *James* and *Maura Shannon*, plan to fully retire at aged 65, in 15 years' time. They estimate that in retirement they will require a combined net income of €60,000 in today's values.
2. The clients need to provide the finance for the long-term nursing home care for *Maura's* mother and require advice on how to best utilise the recent inheritance from *Maura's* father.
3. *James and Maura* would like to be debt free when they retire.
4. *James and Maura* would like to ensure that their finances are properly structured so that in the event of death or illness, the family's lifestyle will not be affected.

Tax Environment

You should assume that tax rates have remained unchanged on the 2020 treatments and should ignore any changes announced in the Budget Statement in October 2020 and resulting Finance Acts. No changes to tax rates are expected in future years.

James and *Maura* have asked that your advice be framed ignoring their social welfare entitlements in retirement. They prefer that their financial plans are based solely on the use of their own resources. *Brid* is currently in receipt of social welfare payments, which are detailed below.

You may assume that the appropriate rate for PRSI and all levies, excluding income tax, as a percentage of total income is 9%.

Financial Information

- *James* is a senior manager in Mainstream Media, earning a salary of €80,000 per annum.
- *James* has a personal pension fund of €250,000 but has not contributed to the fund in several years. In addition, he also has €25,000 in a deposit account earning 2% APR gross.
- *Maura* currently has a salary of €100,000 and has a personal pension fund worth €200,000. In addition, she also has €30,000 in a deposit account earning 2% APR gross.
- Separately, *Maura* inherited €100,000 in a managed fund portfolio and €100,000 in a deposit account from her father at the beginning of 2020. The inheritance is net of all taxes. *James* and *Maura* specifically require guidance on how best to utilise the deposit account funds from the inheritance within their financial plan.
- *Brid's* nursing home costs run at €30,000 per annum. She has a normal life expectancy. She is in receipt of a €12,000 a year State pension. The balance of her support is borne by *James* and *Maura*.
- *James* and *Maura's* principal dwelling house (PDH) is valued at €600,000 and has a mortgage outstanding of €400,000. The term remaining on the mortgage is 12 years.

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- Mortgage protection to cover the mortgage on their PDH costs *James* and *Maura* €2,500 per annum.
- *James* and *Maura* intend selling the residential investment property asset in Spain (detailed below) at retirement. Currently, in addition to the rental income, the family have use of the property for a number of weeks in the year for personal use.

Property Portfolio Detail – All Figures in € Euro

	Owner	Location	Estimated Value as at 31/12/19	Loan Details	Annual Income	Lease
Principal Dwelling House (PDH)	James & Maura Shannon	Dublin House-purchased in 2004 at a cost of €800,000	€600,000	€400,000 loan balance - term remaining 12 years – capital & interest; variable rate is 5%	0	0
Residential Investment Property	James & Maura Shannon	Spain Apartment – purchased in 2007 at a cost of €250,000	€200,000	€160,000 loan balance - term remaining 10 years – capital & interest; variable rate is 5%	€12,000	3-year lease

Cashflow

James and Maura have presented some basic cash-flow details to you:

- Current lifestyle expenses are €37,000 per annum excluding loan repayments and mortgage protection premiums.
- *Brid*'s nursing home costs are €30,000 per annum.

Long Term Asset Returns/Inflation/Interest Rates

	Gross Yield	Capital Growth
Cash	2%	0%
Long Term Managed Fund		4.5%
Property		2%
Long-term inflation expectation		2%

Interest Rates

ECB Interest Rates are expected to remain at current levels.

Exchange Rates

All figures are euro-based.

Section A Questions

Question 1: Pre-Retirement Analysis

Using the Certified Financial Planner 6-step process, analyse *James* and *Maura*'s situation and make appropriate recommendations. Your answer should take the form of a 'Summary Financial Plan' which should include:

- a. a reflection of the clients' current position, including a Statement of Net Worth; an estimation of income tax; and a Statement of Current Cash-Flow;

(30 Marks)

- b. an evaluation of *James* and *Maura*'s stated objectives with a view to:
 - i. identifying the relevant issues associated with meeting those objectives;
 - ii. setting out your recommended solutions, including the impact on cash-flows and pension funding requirements of investing at differing return and risk options;
 - iii. identifying relevant risks, and making suitable recommendations to mitigate against those risks;

(55 Marks)

Note:

Candidates should clearly state any assumptions made but should not apply assumptions that will materially alter the nature of this case.

Total for Section A: 85 Marks

SECTION B – POST RETIREMENT

Use solely the information provided below in constructing answers in this section.

Updated Financial Information

12 years later, *James* and *Maura*'s net worth statement shows €2,200,000 in investable assets, which are currently held on deposit. The family recently received a sizeable inheritance from *James*'s parents, boosting retirement assets. The couple are now debt free and have no other assets. They have a desire to maintain the capital value of their investable assets in retirement, and pass it on to their children upon their death.

James and *Maura* now require a net income of €55,000 per annum having reduced their overheads and living expenses.

James and *Maura* ask your advice on the best way to invest to provide for their goals in retirement, excluding any social welfare entitlements for the couple.

The couple is educated in the investment process and are aware of the risks of investing for the long term. Specifically, the couple is prepared to accept a downside risk of 10% in any one year of the investment plan.

Inflation is running at 2% per annum, and the couple's effective tax rate is 31%. Deposit rates are 2%.

Section B Questions

1. Post-Retirement Analysis

Construct a brief Investment Plan for the couple, based solely on the information provided in the post retirement section, under the following headings:

- a. Return Requirement
- b. Risk Tolerance
- c. Time Horizon
- d. Liquidity Needs

(8 Marks)

2. Investment - Portfolio Options

Portfolio Allocation	A	B	C	D
Stocks	10.0%	30.0%	50.0%	80.0%
Bonds	75.0%	60.0%	45.0%	20.0%
Cash	15.0%	10.0%	5.0%	0.0%
Expected Annual Return	4.0%	6.5%	7.0%	9.0%
Standard Deviation	5.0%	8%	12.0%	16.0%
Current yield	3.5%	3.0%	2.5%	2.0%

- a. Select the asset allocation strategy, from the table above, which is most appropriate for the Shannon based on the information provided.
- b. Justify the selection with two supporting reasons. (7 Marks)

Note:

Candidates should clearly state any assumptions made but should not apply assumptions that will materially alter the nature of this case.

Appendix 2: FPSB Examination Tables

Certified Financial Planner™

Examination

XXth February 20XX

Examination Tables - Sample

These tables are provided for use in the CERTIFIED FINANCIAL PLANNER™ Examination only. They are not intended for use in any other environment, and FPSB Ireland accepts no responsibility for their use outside of the examination.

Section 1 - Tax Tables

Income Tax Credits

	€
Single Person	1,650
Married Couple	3,300
Widowed Person — in year of bereavement	3,300
— without dependent children	2,190
— with dependent children	1,650
Widowed Parent — first year after bereavement	3,600
— second year after bereavement	3,150
— third year after bereavement	2,700
— fourth year after bereavement	2,250
— fifth year after bereavement	1,800
One-Parent Family — widowed person	1,650
— other person	1,650
Incapacitated Child Max.	3,300
Dependent Relative	70
Max. Income Limit	13,837
Blind Person	1,650
Both Spouses Blind	3,300
Age Credit: — Single/Widowed Person	245
— Married	490
PAYE Max	1,650
Home Carer Max	810
Trade Union Subscriptions	0
Employment of Carer for Incapacitated Person Max.	50,000 @ Marginal Rate

Income Tax Rates

Tax Year	Single/Widowed	Married Couples, One Income	Married Couples, Two Incomes	One Parent Family	Rate
	€	€	€	€	
2012	32,800 Balance	41,800 Balance	*65,600 Balance	36,800 Balance	20% 41%
	* Note: Transferable between spouses up to a maximum of €41,800 for any one spouse.				

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Indexation Factors for Capital Gains Tax

Tax Year Expenditure Incurred	Indexation Factor for disposals in Tax Year																	
	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001	2002	2003	2004 et seq
1974/75	4.756	4.848	5.009	5.221	5.355	5.552	5.656	5.754	5.899	6.017	6.112	6.215	6.313	6.582	6.930	7.180	7.528	7.528
1975/76	3.842	3.916	4.046	4.217	4.326	4.484	4.568	4.647	4.764	4.860	4.936	5.020	5.099	5.316	5.597	5.799	6.080	6.080
1976/77	3.309	3.373	3.485	3.633	3.726	3.863	3.935	4.003	4.104	4.187	4.253	4.325	4.393	4.580	4.822	4.996	5.238	5.238
1977/78	2.837	2.892	2.988	3.114	3.194	3.312	3.373	3.432	3.518	3.589	3.646	3.707	3.766	3.926	4.133	4.283	4.490	4.490
1978/79	2.621	2.672	2.760	2.877	2.951	3.059	3.117	3.171	3.250	3.316	3.368	3.425	3.479	3.627	3.819	3.956	4.148	4.148
1979/80	2.365	2.410	2.490	2.596	2.663	2.760	2.812	2.861	2.933	2.992	3.039	3.090	3.139	3.272	3.445	3.570	3.742	3.742
1980/81	2.047	2.087	2.156	2.247	2.305	2.390	2.434	2.477	2.539	2.590	2.631	2.675	2.718	2.833	2.983	3.091	3.240	3.240
1981/82	1.692	1.725	1.782	1.857	1.905	1.975	2.012	2.047	2.099	2.141	2.174	2.211	2.246	2.342	2.465	2.554	2.678	2.678
1982/83	1.424	1.451	1.499	1.563	1.603	1.662	1.693	1.722	1.765	1.801	1.829	1.860	1.890	1.970	2.074	2.149	2.253	2.253
1983/84	1.266	1.290	1.333	1.390	1.425	1.478	1.505	1.531	1.570	1.601	1.627	1.654	1.680	1.752	1.844	1.911	2.003	2.003
1984/85	1.149	1.171	1.210	1.261	1.294	1.341	1.366	1.390	1.425	1.454	1.477	1.502	1.525	1.590	1.674	1.735	1.819	1.819
1985/86	1.082	1.103	1.140	1.188	1.218	1.263	1.287	1.309	1.342	1.369	1.390	1.414	1.436	1.497	1.577	1.633	1.713	1.713
1986/87	1.035	1.055	1.090	1.136	1.165	1.208	1.230	1.252	1.283	1.309	1.330	1.352	1.373	1.432	1.507	1.562	1.637	1.637
1987/88	-	1.020	1.054	1.098	1.126	1.168	1.190	1.210	1.241	1.266	1.285	1.307	1.328	1.384	1.457	1.510	1.583	1.583
1988/89	-	-	1.034	1.077	1.105	1.146	1.167	1.187	1.217	1.242	1.261	1.282	1.303	1.358	1.430	1.481	1.553	1.553
1989/90	-	-	-	1.043	1.070	1.109	1.130	1.149	1.178	1.202	1.221	1.241	1.261	1.314	1.384	1.434	1.503	1.503
1990/91	-	-	-	-	1.026	1.064	1.084	1.102	1.130	1.153	1.171	1.191	1.210	1.261	1.328	1.376	1.442	1.442
1991/92	-	-	-	-	-	1.037	1.056	1.075	1.102	1.124	1.142	1.161	1.179	1.229	1.294	1.341	1.406	1.406
1992/93	-	-	-	-	-	-	1.019	1.037	1.063	1.084	1.101	1.120	1.138	1.186	1.249	1.294	1.356	1.356
1993/94	-	-	-	-	-	-	-	1.018	1.043	1.064	1.081	1.099	1.117	1.164	1.226	1.270	1.331	1.331
1994/95	-	-	-	-	-	-	-	-	1.026	1.046	1.063	1.081	1.098	1.144	1.205	1.248	1.309	1.309
1995/96	-	-	-	-	-	-	-	-	-	1.021	1.037	1.054	1.071	1.116	1.175	1.218	1.277	1.277
1996/97	-	-	-	-	-	-	-	-	-	-	1.016	1.033	1.050	1.094	1.152	1.194	1.251	1.251
1997/98	-	-	-	-	-	-	-	-	-	-	-	1.017	1.033	1.077	1.134	1.175	1.232	1.232
1998/99	-	-	-	-	-	-	-	-	-	-	-	-	1.016	1.059	1.115	1.156	1.212	1.212
1999/00	-	-	-	-	-	-	-	-	-	-	-	-	-	1.043	1.098	1.138	1.193	1.193
2000/01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.053	1.091	1.144	1.144
2001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.037	1.087	1.087
2002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.049	1.049
2003 et seq.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00

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Capital Gains Tax Rates

Date of disposal	Development Land sold for Residential development	Development Land (other than for Residential development)	Foreign Life Assurance Policies and Offshore Funds ¹	All Other Assets (Normal Rate) ²
07/12/2012 onwards	33%	33%	40%	33%
07/12/2011 to 6/12/2012	30%	30%	40%	30%
08/04/2009 to 06/12/2011	25%	25%	40%	25%
15/10/2008 to 07/04/2009	22%	22%	40%	22%
1/12/1999 to 14/10/2008	20%	20%	40%	20%
23/4/1998 to 30/11/1999	20%	40%	40%	20%
12/2/1998 to 22/4/1998	40%	40%	40%	20%
3/12/1997 to 11/2/1998	40%	40%	20%	20%

Notes:

1. The rates quoted for offshore funds are for the chargeable gains on disposals of interests in offshore funds which are “distributing funds” (funds which are not non-qualifying funds), since gains on disposals of interests in non-qualifying offshore funds are taxed as income (and not capital gains).
2. The “All Other Assets” do not include the assets of certain special investment products (special portfolio investment accounts, special investment schemes and special investment policies) where gains on disposals are charged to capital gains tax at 20% from 6 April 1999 within the fund (and not on the beneficiary). The rate was 10% before 6 April 1999.

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Capital Acquisitions Tax Class Thresholds

Relationship to donor/testator	Gift or inheritance in 07/12/11 – 07/12/12	Gift or inheritance 07/12/12 – onwards
Child or minor child of deceased child or parent where s116 FA 1991 applies	€250,000	€225,000
Lineal ancestor (other than a parent where s116 FA 1991 applies), lineal descendent (other than a child or minor child of a deceased child), brother, sister, child of brother or sister	€33,500	€30,150
Any other person	€16,750	€15,075

Rates of Stamp Duty

Non-residential Property (effective from 07 December 2011)

A rate of 2% applies to all transfers of non-residential property with effect from 7 December 2011.

Residential Property (effective from 08 December 2010)

First €1,000,000 at 1%

Balance at 2%

Shares

1% of market value of shares (nil if aggregate consideration does not exceed €1,000)

PRSI and levies

PRSI and Levies are to be charged on total income at a universal rate of 9%.

Section 2 – Revenue Pension Guidelines (CHAPTER 5)**FUNDING & INVESTMENTS****General 5.1**

The tax advantages of exempt *approved schemes* are controlled by the imposition of limits on benefits. The other important control is to ensure that excessive funding does not take place. The basic requirement is that scheme assets should not amount to more than what is required to provide the benefits which the scheme has a commitment to pay.

Actuarial Reports 5.2

It is the duty of scheme trustees and administrators to monitor the scheme's funding. In the case of self-administered schemes, appropriate actuarial advice should be obtained at commencement and at regular intervals thereafter. Actuarial reports are not required for insured schemes where contributions are invested exclusively in a policy or policies that provide benefits according to a predetermined scale of premium rates. Particular attention should be paid to employee's additional voluntary contributions.

Surpluses 5.3

There is no objection to a scheme holding a reasonable reserve. In any case, where a valuation discloses a surplus in excess of 10% of the value of the fund assets, the matter should be brought to the attention of the Pensions Business Unit. Cases will be reviewed on an individual basis. It is important to protect the Revenue interest by prohibiting the build-up of monies in a tax-exempt fund that could not be used for the purposes of providing relevant benefits.

Normally, a scheme surplus should be disposed of by augmenting benefits within approvable limits or by reducing or suspending contributions to the scheme. In exceptional cases, part of the surplus might have to be refunded to the employer, and taxed as a trading receipt.

Investments 5.4

The sole Revenue interest in scheme investments is to ensure that schemes are “bona fide established for the sole purpose of providing relevant benefits”, Section 772(2) (a). Certain investments may prevent approval or prejudice ongoing Revenue approval. These could include investments used for tax avoidance purposes and assets not used to provide “relevant benefits”.

Specific investment rules for Small Self-Administered schemes are detailed in Chapter 19.

Transactions deemed to be pensions in payment

Certain transactions made by an Approved Retirement Fund, as detailed in 23.5, are deemed to be a distribution from the ARF. A similar provision now applies to pension schemes. When certain transactions occur, the use of scheme assets are treated as a pension payment from the scheme. Any amount treated as a pension payment is no longer regarded as a scheme asset.

The transactions are:

- Loan made to the beneficial owner or connected person.
- Acquisition of property from the beneficial owner or connected person Sale of ARF asset to the beneficial owner or connected person
- Acquisition of residential or holiday property for use by the beneficial owner or connected person
- Acquisition of property which is to be used in connection with any business of the beneficial owner, or of a connected person. The distribution arises on the date such use commences. The distribution is the amount of the value of the ARF assets used in connection with the acquisition and any expenditure on improvement or repair of the property
- Acquisition of shares in a close company in which the beneficial owner, or connected person, is a participator.

A close company means a company under the control of 5 or fewer participators, or of participators who are directors. Please refer to Sec. 430, Taxes Consolidation Act, 1997, for a complete definition.

A participator in relation to any company, means a person having a share or interest in the capital or income of a company. Please refer to Sec. 433, Taxes Consolidation Act, 1997 for a complete definition.

Definitions of “connected persons” and “relative” are contained in Sec.10, Taxes Consolidation Act, 1997.

Borrowing 5.5

Section 16 Finance Act 2004 inserted Section 772 (3E) into the Taxes Consolidation Act,1997, and provides that:

“A retirement benefits scheme shall neither cease to be an approved scheme nor shall the Revenue Commissioners be prevented from approving a retirement benefits scheme for the purposes of this Chapter because of any provision in the rules of the scheme which makes provision for borrowing by the scheme”.

The following rules apply to scheme borrowing:

1. Only assets purchased by borrowing may be used to provide security to the lender.
2. Assignment of rental income to the lender is not permitted
3. Life cover on the amount of the debt may only be provided outside the scheme.
4. No cross collateralisation.
5. Interest only loans and loans for a period of more than 15 years are not permissible. The loan should be repaid in full prior to normal retirement age.
6. Use of other scheme assets to clear residual debt is not permissible.

Geared Property Investment Vehicles 5.6

In relation to investments made via geared investment funds and unit trusts, it is possible to link a scheme investment to a particular property, within a collective investment fund, provided the arm's length rules apply. In other words, all acquisitions, disposals and lettings must be on a totally arm's length basis.

Calculation of Maximum Contributions 5.7

In order to standardise benefit and funding calculations, the following methodology and capitalisation factors should be used. Current annuity rates form the basis for the calculation. Both the factors and the methodology have been determined following consultation with The Society of Actuaries in Ireland. The capitalisation factors will be reviewed on a regular basis.

The methodology to obtain the maximum ordinary annual contribution to be paid by or on behalf of an individual employee (combined employer and employee) is as follows:

$$\text{Contribution} = \frac{B \times CF - (\text{value of assets plus retained benefits})}{\text{Term in years to normal retirement date, minimum 1 year}}$$

$$\text{Or} = \frac{N/60\text{ths pension} \times CF - \text{value of assets}}{\text{Term in years to normal retirement date, minimum 1 year}}$$

whichever is the greater.

B is the revenue maximum pension based on current remuneration but with service to normal retirement date.

CF = Maximum benefit capitalisation factor as detailed in the table below.

N/60ths pension is the pension that can always be provided from a scheme regardless of retained benefits.

This maximum ordinary annual contribution includes administration costs but not the cost of death in service benefits. The cost of death-in-service benefits may be added to amount calculated using the above formula.

The maximum ordinary annual contribution for a group scheme would be the sum of the individual maximum allowed contributions

Tax relief in respect of contributions in any one tax year is subject to the limits for employee contributions, as detailed in Chapter 3. Relief for employer contributions is subject to the rules in Chapter 4. The limits on Tax Relieved Pension Funds also apply, please see Chapter 25. Care must be taken to ensure that overfunding does not occur as surplus funds may have to be refunded to the employer and taxed as a trading receipt. Details of maximum retirement benefits are contained in Chapter 6.

Additional Voluntary Contributions AVCs can be made if the total of employer Contributions and employee normal contributions do not exceed the above limits and the total employee contribution limits as outlined in Chapter 3.

Financial Planning Standards Board Ireland DAC

In the case of defined benefit plans where the value of pension assets are not readily available or earmarked at an individual level the following formula would be applicable:

$$\text{Contribution} = \frac{\text{B X CF} - (\text{SchB X SchCF plus retained benefits})}{\text{Term in years to normal retirement date, minimum 1 year}}$$

SchB is the scheme pension based on current remuneration but with service to normal retirement.

SchCF is the Scheme benefit capitalisation factor.

Example 1

A male employee with a dependant spouse has a salary of €100,000 and has 15 years to go to retirement at age 60. He has accumulated assets of €1,000,000 in his pension plan. The maximum normal annual contribution the employer and employee can pay in total is:

$$\frac{2/3 \times €100,000 \times 32.4^* - (€1,000,000)}{15} = \frac{€1,160,000}{15} = €77,333 \text{ or } 77.3\% \text{ of salary}$$

* This factor is taken from the Table 1, line 1.

Example 2

A male employee has 20 years to go until retirement at age 65. His gross salary is €60,000, his pensionable salary is €50,000 and he has an AVC fund of €120,000. His scheme provides a 50% spouse's pension and fixed increases of 3% per annum.

	Salary/ pensionable salary	Benefit	Pension	Capitalisation factor	Value of benefits	
Revenue maximum benefits	60,000	66.66%	40,000	28.4*	1,136,000	A
Scheme benefits	50,000	66.66%	33,333	22.6**	753,326	B
Current AVC fund plus value of retained benefits					120,000	D
Maximum benefit to be funded by AVCs					262,674	E=A-B-D
Maximum AVC rate as % of salary					21.9%	(E/20) <hr/> 60,000

* This factor is taken from Table 1, line 6.

** This factor is taken from the Table 5, allowing for a 50% spouse's pension and 3% pension increases.

Example 3

A married, male civil servant will have forty years' service on retirement at age 60 and also has 20 years to go until retirement and has €100,000 AVCs accumulated. The public sector scheme provides a spouse's pension of 50% and parity increases.

	Salary/ pensionable salary	Benefit	Pension	Capitalisation factor	Value of benefits	
Revenue maximum benefits	60,000	66.66%	40,000	32.4*	1,296,000	A
Scheme benefits	60,000	50%	30,000	28.3**	849,000	B
Gratuity					90,000	C
Current AVC fund plus retained benefits					100,000	D
Maximum benefit to be funded by AVCs					257,000	E=A-B-C-D
Maximum AVC rate as % of salary					21.4%	$\frac{(E/20)}{60,000}$

* The factor 32.4 is from Table 1, line 1.

** The factor 28.3 is from Table 5 for a scheme providing 50% spouse's pension and the earnings indexed figures are used as the public sector scheme provides parity increases

Table 1: Capitalisation Factors

The capitalisation factors to be used are as follows:

NRA	Female no spouse	Female with spouse	Male no spouse	Male with spouse
60	27.5	30.0	24.4	32.4
61	26.8	29.2	23.6	31.6
62	26.0	28.4	22.8	30.8
63	25.3	27.5	22.0	30.0
64	24.6	26.7	21.2	29.2
65	23.8	25.9	20.4	28.4
66	23.1	25.1	19.6	27.6
67	22.4	24.3	18.9	26.8
68	21.6	23.5	18.1	26.0
69	20.9	22.6	17.4	25.2
70	20.2	21.8	16.7	24.4
71	19.5	21.0	16.0	23.6
72	18.9	20.2	15.4	22.8
73	18.2	19.4	14.8	22.0
74	17.5	18.6	14.2	21.2
75	16.9	17.8	13.7	20.5

Table 2: Sample Maximum Contribution Rates

Applying the above factors produces the following table for maximum annual contribution rates, assuming no pre-existing retirement benefits and an NRA of 60.

Current Age	Female no spouse	Female with spouse	Male no spouse	Male with spouse
30	61%	67%	54%	72%
35	73%	80%	65%	86%
40	92%	100%	81%	108%
45	122%	133%	108%	144%
50	183%	200%	163%	216%

Table 3: Pension Increases

The formulae are easy to apply when there is a fixed rate of pension increase. If increases are in line with an earnings index the figures can also be taken from the table. However quite often increases are related to CPI (Consumer Price Index) but with such increases being capped at a fixed amount or uncapped. The table below shows the fixed increase to be used where the scheme provides increases linked to CPI.

Increases CPI subject to Annual Cap of	Fixed Increase
Under 1.5%	The Actual Cap
2%	1.50%
3%	1.50%
4%	1.75%
5% or over	2.00%

Table 4: Scheme factors for Females

Intermediate factors can be determined by interpolation:

Female 0% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	17.0	19.3	22.1	25.5	27.5
61	16.8	19.0	21.6	24.9	26.8
62	16.5	18.6	21.1	24.2	26.0
63	16.2	18.2	20.6	23.6	25.3
64	15.9	17.9	20.2	23.0	24.6
65	15.7	17.5	19.7	22.3	23.8

Female 50% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	17.5	19.9	22.9	26.5	28.7
61	17.2	19.5	22.4	25.8	27.9
62	17.0	19.2	21.9	25.2	27.1
63	16.7	18.8	21.4	24.5	26.3
64	16.4	18.4	20.8	23.8	25.5
65	16.1	18.0	20.3	23.1	24.8

Female 100% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	18.1	20.6	23.8	27.7	30.0
61	17.8	20.3	23.3	27.0	29.2
62	17.5	19.9	22.8	26.3	28.4
63	17.3	19.5	22.2	25.6	27.5
64	17.0	19.1	21.7	24.9	26.7
65	16.7	18.7	21.2	24.2	25.9

Table 5: Scheme Factors for males

Male 0% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	15.9	17.7	20.0	22.8	24.4
61	15.5	17.3	19.5	22.1	23.6
62	15.2	16.9	18.9	21.4	22.8
63	14.9	16.5	18.4	20.7	22.0
64	14.5	16.0	17.8	20.0	21.2
65	14.2	15.6	17.3	19.3	20.4

Male 50% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	17.3	19.6	22.5	26.1	28.3
61	17.0	19.2	22.0	25.4	27.5
62	16.7	18.8	21.5	24.7	26.7
63	16.4	18.4	21.0	24.0	25.8
64	16.1	18.0	20.4	23.3	25.0
65	15.7	17.6	19.9	22.6	24.2

Male 100% spouse

NRA	0%	1%	2%	3%	Earnings Index
60	18.8	21.7	25.2	29.7	32.4
61	18.6	21.3	24.7	29.0	31.6
62	18.4	21.0	24.3	28.4	30.8
63	18.1	20.7	23.8	27.7	30.0
64	17.9	20.3	23.3	27.0	29.2
65	17.6	20.0	22.8	26.4	28.4

State Benefits (from January 2012)

State Pension Contributory		€11,976 pa
Child Benefit -	First, second and third	= €1,560 per child
	4 th & subsequent child	= €1,680 per child

Compulsory Purchase Annuity Rates (guide January 2013)

Assuming salary inflation at 3% per annum and contributions increase at 3% per annum.

Figures assume premiums are invested in a unit-linked fund with an average annual return of 6% gross, before charges. Unit linked funds are not guaranteed and may fall as well as rise. Pension based on annuity rates available for a male single life pension, guaranteed 5 years, increasing at 3% pa in retirement, assuming 5% interest rate.

	Single		Joint Life	
	Flat	3% Indexation	Flat	3% Indexation
Age 60	4.22%	2.67%	3.81%	2.33%
Age 65	4.84%	3.28%	4.32%	2.83%

Assumed guarantee 5 years an all cases

Joint life assumes annuity reduces to 2/3rd and joint life is same age.

Life Expectancies

Single Life

Current Age	Male	Female
50	38.7	40.7
55	33.7	35.5
60	28.6	30.4
65	23.8	25.3
70	19.0	20.4
75	14.7	15.8
80	10.6	11.6

Joint Life last survivor

50	46.4
55	40.9
60	35.4
65	30.0
70	24.6
75	19.6
80	14.8

Section 4 – Calculation of Personal Insurances

Life Cover

Annual Premium per **100,000 level lump sum cover**

Cover to age 65

Age	Male	Female
30	93	66
35	118	85
40	165	116
45	227	157
50	321	222
55	463	317

Illness

Annual Premium per **100,000 level lump sum Critical Illness Cover**

Cover to age 65

Age	Male	Female
30	430	438
35	562	573
40	735	651
45	964	812
50	1298	961
55	1751	1186

Annual Premium per **100,000 level lump sum cover.**

20 year term

Age	Male	Female
30	52	37
35	72	54
40	112	84
45	190	135
50	321	222
55	571	369

Annual Premium per **10,000 p.a. Indexed Income Protection benefit**

Cover to age 65, Class 1 lives

Age	Male	Female
30	212	302
35	254	365
40	302	437
45	389	519
50	495	726
55	569	836

Annual Premium per **100,000 Convertible lump sum cover**
10 year cover

Age	Male	Female
30	52	37
35	71	52
40	104	82
45	172	132
50	277	210
55	491	337

Annual Premium per **1,000 Indexed Monthly Income on death cover**
Cover to age 65

Age	Male	Female
30	328	261
35	379	258
40	470	323
45	545	370
50	523	367
55	478	327

Appendix 3: Guidance Notes

'SUMMARY FINANCIAL PLAN' CONTENT

The construct of the 'Summary Financial Plan' should be designed to support the 6-step financial planning process. Whilst not necessarily discrete sections, the plan should clearly set out:

1. Clients' current position – this involves ordering the case study data in a manner that allows for in-depth analysis and understanding of the clients' current position. It may require some or all of the following:
 - a. Net Worth Statement;
 - b. Tax calculations;
 - c. Construct of current Cash-Flow positions;
 - d. Current Asset allocation position.
 - e. Clients' objectives

2. Identification of financial issues for resolution – involving the analysis of each of the clients' objectives as outlined in the case study, plus the identification of related issues as a consequence of the conduct of a risk analysis. Depending on the case study, issues will be identified for each of the financial planning components. Examples include:
 - a. Analysis of financial management practices, including the use of key ratio's where appropriate;
 - b. Analysis of retirement planning objectives;
 - c. Analysis of asset allocation position relative to the clients stated risk profile and financial objectives;
 - d. Identify obvious tax planning inefficiencies;
 - e. Analysis of risks to all income-producing assets, including human capital;
 - f. Identify estate planning-related concerns; including consideration to use of reliefs to minimise potential tax liabilities.

3. Identify and evaluate appropriate solutions for those issues set out previously. It is important that, if necessary, there is a trade-off analysis conducted to support the rationale for the final recommendation. Depending on the case study this might include some or all of the following examples:
 - a. Key assumptions upon which the construct of financial planning advice will be based. For example;
 - i. Inflation factors;
 - ii. Tax changes
 - iii. Asset returns etc.

- b. Strategies to rectify inefficiencies in financial management practices, including for example debt-management strategies etc;
 - c. Strategies to rectify tax inefficiencies, including for example use of pensions as a vehicle for asset accumulation;
 - d. Asset allocation re-balancing to either more accurately align the clients' assets to the achievement of stated objectives, or as a risk management technique etc;
 - e. Wealth accumulation strategies that are aligned to the clients objectives, for example use of pensions, use of company funds, accumulation in the clients' personal name, asset allocation re-balancing etc;
 - f. Strategies to minimise the risk exposure of the clients' principle income generation assets, including for example the use of insurance, asset allocation re-balancing, self-insurance etc;
 - g. Strategies to facilitate the efficient transfer of assets to the next generation, including the minimisation of tax.
4. Finally, the effect of the financial recommendations should be reflected in an adjusted view of the clients' financial position. Depending on the case study, this may include:
- a. Adjusted cash-flow position;
 - b. Adjusted Net Worth Statement;
 - c. Adjusted Tax calculations.