




		Curriculum Document			
Curriculum Code		Curriculum Title			
241301001		Financial Advisor			
	Name	Email	Phone	Logo	
Development Quality Partner	Insurance Sector Education and Training Authority	Email <a href="mailto:insetacallcentre@inseta.org.za">insetacallcentre@inseta.org.za</a>	Telephone 011 381 8900		
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**Learner QDF Signature**

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**Date**

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## SECTION 1: CURRICULUM SUMMARY

### 1. Occupational Information

#### 1.1 Associated Occupation

241301: Financial Investment Advisor

#### 1.2 Occupation or Specialisation Addressed by this Curriculum

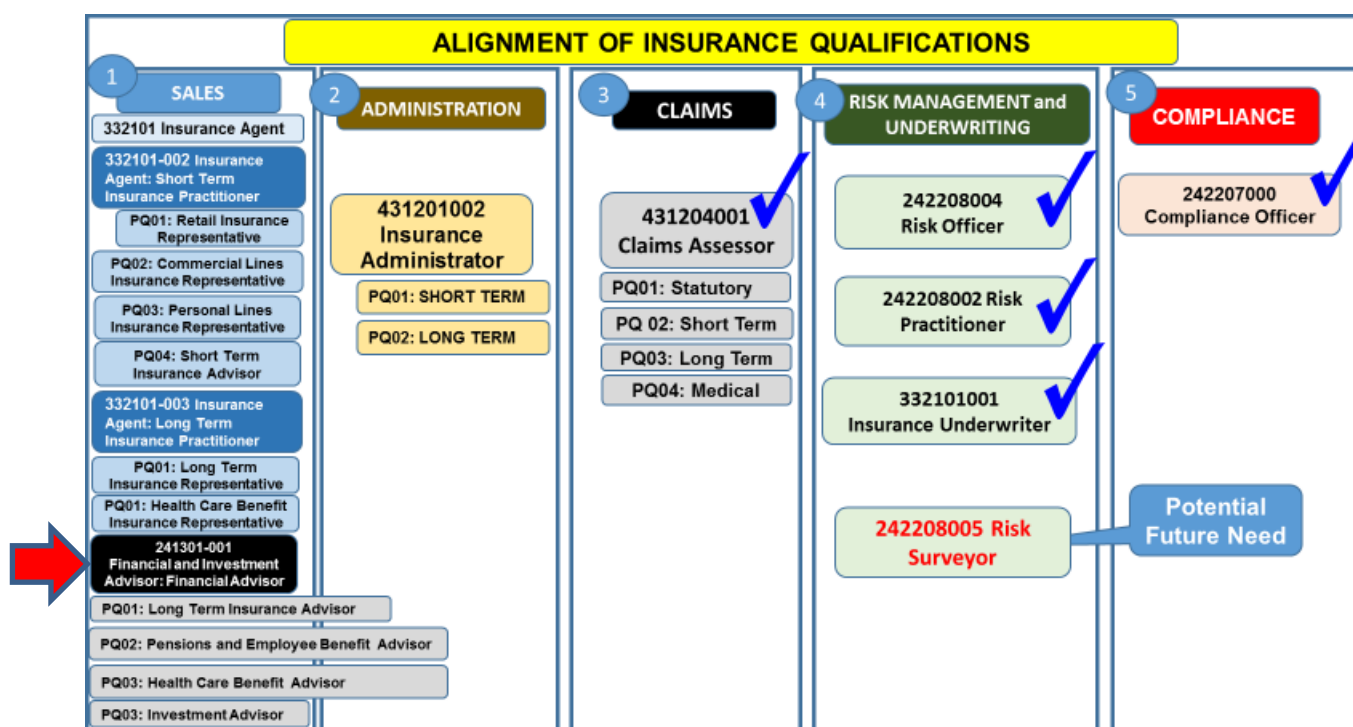
241301001: Financial Advisor

#### 1.3 Alternative Titles used by Industry

- None

### 2. Curriculum Information

#### 2.1 Curriculum Structure



SUMMARY OF FINANCIAL ADVISOR QUALIFICATIONS														
OFO CODE	OFO Title	Specialisation Title	Part Qualification	NQF Level	Knowledge	%	Practical Skills	%	Work Experience	%	Total	Days	Weeks	Months
241301	Financial and Investment Advisor	Investment Advisor	Health Care Benefits Advisor	5	77	57%	43	32%	14	10%	134	168	34	8
			Employee and Pension Fund Benefits Advisor	5	82	58%	37	26%	23	16%	142	178	36	9
			Long Term Insurance Advisor	6	120	47%	84	33%	50	20%	254	318	63.5	16
			Investment Advisor	6	128	54%	77	32%	32	14%	237	296	59.3	15

#### SUMMARY OF THE FULL QUALIFICATION

	Credits	%	Hours	Weeks	Years
<b>Knowledge</b>	140	27.18%	1400	35	0.78
<b>Practical Skills</b>	256	49.71%	2560	64	1.42
<b>Work Experience</b>	119	23.11%	1190	29.75	0.66
<b>TOTAL</b>	515		5150	128.75	2.86

This qualification is made up of the following compulsory Knowledge and Practical Skill Modules:

**Knowledge Modules:**

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-03, Health Care benefits advisory services, NQF Level 5, Credits 15
- 241301001-KM-04, Principles of Providing advice to clients regarding the use of Employee and Pension Fund Benefits, NQF Level 5, Credits 20
- 241301001-KM-05, Fundamentals of Investments, NQF Level 5, Credits 30
- 241301001-KM-06, Principles of Providing advice to clients regarding Insurance, Savings and Retirement Planning, NQF Level 5, Credits 16
- 241301001-KM-07, Principles of Providing Advice to clients regarding Investments, NQF Level 6, Credits 29

Total number of credits for Knowledge Modules: 140

**Practical Skill Modules:**

- 241301001-PM-01, Analyse clients long term wealth creation/protection needs, NQF Level 5, Credits 31
- 241301001-PM-02, Evaluate available long-term wealth creation/protection options, NQF Level 5, Credits 27
- 241301001-PM-03, Recommend and implement the most appropriate wealth creation/protection options, NQF Level 5, Credits 26
- 241301001-PM-04, Analyse the client organisations needs relating to retirement funds and employee benefits, NQF Level 5, Credits 11
- 241301001-PM-05, Evaluate the availability of various employee benefit and retirement fund options and structures, NQF Level 5, Credits 8
- 241301001-PM-06, Advise client on the most appropriate structuring of retirement funds and employee benefits, NQF Level 6, Credits 18
- 241301001-PM-07, Analyse Client needs regarding Health Care Benefits, NQF Level 6, Credits 17
- 241301001-PM-08, Provide advice on the introduction of Health Care Benefit Programmes, NQF Level 6, Credits 26
- 241301001-PM-09, Research, analyse and conduct due-diligence of investment opportunities, NQF Level 6, Credits 42
- 241301001-PM-10, Advise clients regarding potential investment opportunities, NQF Level 6, Credits 41

- 241301001-PM-11, Facilitate the implementation of agreed investment decisions, NQF Level 6, Credits 9

Total number of credits for Practical Skill Modules: 256

#### **Work Experience Modules:**

- 241301001-WM-01, Participate in the processes of wealth creation, NQF Level 5, Credits 50
- 241301001-WM-02, Support the provisioning of advice to clients on employee benefits and retirement structures for a period of three to six months, NQF Level 5, Credits 23
- 241301001-WM-03, Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes, NQF Level 5, Credits 14
- 241301001-WM-04, Participate in the processes of advising on investment decisions over a period of six months, NQF Level 5, Credits 32

Total number of credits for Work Experience Modules: 119

## **2.2 Entry Requirements**

Grade 12 With English Communication (NQF Level 4)

## **3. Assessment Quality Partner Information**

Name of body: INSETA

Address of body: 37 Empire Road, Parktown, Johannesburg 2017

Contact person name: Nasreen Ravat

Contact person work telephone number: 011 381 8900

## **4. Part Qualification Curriculum Structure**

### **Part Qualification 1:**

#### **Title:**

Health Care Benefits Advisor, NQF Level 5, Credits 102

#### **Purpose:**

To advise clients on the selection and use of appropriate healthcare benefit products and structures

#### **Applicable Modules (Rules of Combination)**

#### **Knowledge Modules:**

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-03, Health Care benefits advisory services, NQF Level 5, Credits 15

Total number of credits for Knowledge Modules: 45

#### **Practical Skill Modules:**

- 241301001-PM-07, Analyse Client needs regarding Health Care Benefits, NQF Level 6, Credits 17
- 241301001-PM-08, Provide advice on the introduction of Health Care Benefit Programmes, NQF Level 6, Credits 26

Total number of credits for Practical Skill Modules: 43

This qualification also requires the following Work Experience Modules:

- 241301001-WM-03, Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes, NQF Level 5, Credits 14

Total number of credits for Work Experience Modules: 14

Assessment Qualification Standards:

- Provide advice regarding the use of Health Care benefit programmes

### **Part Qualification 2:**

**Title:**

Long Term Insurance Adviser, NQF Level 5, Credits 254

**Purpose:**

To advise clients regarding the use of long term insurance products to sustain and protect wealth

### **Applicable Modules (Rules of Combination)**

Knowledge Modules:

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-06, Principles of Providing advice to clients regarding Insurance, Savings and Retirement Planning, NQF Level 5, Credits 16

Total number of credits for Knowledge Modules: 46

### **Practical Skill Modules:**

- 241301001-PM-01, Analyse clients long term wealth creation/protection needs, NQF Level 5, Credits 31
- 241301001-PM-02, Evaluate available long-term wealth creation/protection options, NQF Level 5, Credits 27
- 241301001-PM-03, Recommend and implement the most appropriate wealth creation/protection options, NQF Level 5, Credits 26

Total number of credits for Practical Skill Modules: 84

This qualification also requires the following Work Experience Modules:

- 241301001-WM-01, Participate in the processes of wealth creation, NQF Level 5, Credits 50

Total number of credits for **Work Experience Modules**: 50

Assessment Qualification Standards:

- Provide advice to clients regarding Long Term Insurance to manage risks

### **Part Qualification 3:**

**Title:**

Employee and Pension Fund Benefit Adviser, NQF Level 5, Credits 142

**Purpose:**

To advise organisations regarding the selection and implementation of appropriate pension and employee benefit products and systems.

### **Applicable Modules (Rules of Combination)**

#### **Knowledge Modules:**

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-04, Principles of Providing advice to clients regarding the use of Employee and Pension Fund Benefits, NQF Level 5, Credits 20

Total number of credits for Knowledge Modules: 50

#### **Practical Skill Modules:**

- 241301001-PM-04, Analyse the client organisations needs relating to retirement funds and employee benefits, NQF Level 5, Credits 11
- 241301001-PM-05, Evaluate the availability of various employee benefit and retirement fund options and structures, NQF Level 5, Credits 8
- 241301001-PM-06, Advise client on the most appropriate structuring of retirement funds and employee benefits, NQF Level 6, Credits 18

Total number of credits for Practical Skill Modules: 37

This qualification also requires the following Work Experience Modules:

- 241301001-WM-02, Support the provisioning of advice to clients on employee benefits and retirement structures for a period of three to six months, NQF Level 5, Credits 23

Total number of credits for Work Experience Modules: 23

#### **Assessment Qualification Standards:**

- Provide advice to clients regarding the implementation of Employee benefits and Retirement Funds

### **Part Qualification 4:**

#### **Title:**

Investment Adviser, NQF Level 6, Credits 237

#### **Purpose:**

To advise clients regarding investments in order to create, grow and protect wealth

### **Applicable Modules (Rules of Combination)**

#### **Knowledge Modules:**

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-05, Fundamentals of Investments, NQF Level 5, Credits 30
- 241301001-KM-07, Principles of Providing Advice to clients regarding Investments, NQF Level 6, Credits 29

Total number of credits for Knowledge Modules: 89

#### **Practical Skill Modules:**



- 241301001-PM-09, Research, analyse and conduct due-diligence of investment opportunities, NQF Level 6, Credits 42
- 241301001-PM-10, Advise clients regarding potential investment opportunities, NQF Level 6, Credits 41
- 241301001-PM-11, Facilitate the implementation of agreed investment decisions, NQF Level 6, Credits 9

Total number of credits for Practical Skill Modules: 92

This qualification also requires the following **Work Experience Modules**:

- 241301001-WM-04, Participate in the processes of advising on investment decisions over a period of six months, NQF Level 5, Credits 32

Total number of credits for Work Experience Modules: 32

Assessment Qualification Standards:

- Provide advice to clients to grow and protect wealth through appropriate Investments and related methods

## **SECTION 2: OCCUPATIONAL PROFILE**

### **1. Occupational Purpose**

Financial Advisers analyse the financial needs of clients and facilitate processes to implement solutions that will contribute towards the protection and growth of wealth for clients.

### **2. Occupational Tasks**

- Provide advice to clients regarding the use of Long Term Insurance to manage risks and protect wealth (NQF Level 5)
- Provide advice to clients regarding the implementation of Employee benefits and Retirement Funds (NQF Level 5)
- Provide advice regarding the use of Health Care benefit programmes (NQF Level 5)
- Provide advice to clients to grow and protect wealth through appropriate Investments and related methods (NQF Level 6)

### **3. Occupational Task Details**

#### **3.1. Provide advice to clients regarding the use of Long Term Insurance to manage risks and protect wealth (NQF Level 5)**

##### **Unique Product or Service:**

A portfolio of active, quality clients effectively using appropriate long-term insurance products to manage risks and deal with the consequences of unforeseen life events.

##### **Occupational Responsibilities:**

- Establish an appropriate professional relationship with clients
- Gather client information including financial goals and objectives
- Analyse and evaluate client current financial position by applying company specific needs analysis tools
- Develop a financial advisory recommendation by comparing suitable company specific products
- Present recommendations to clients
- Implement the agreed solutions
- Review the further financial protection needs of clients

##### **Occupational Contexts:**

- Participate in the processes of providing long term insurance solutions in order to manage risk and protect wealth

#### **3.2. Provide advice to clients regarding the implementation of Employee benefits and Retirement Funds (NQF Level 5)**

##### **Unique Product or Service:**

Establish professional client relationships

##### **Occupational Responsibilities:**

- Establish an appropriate professional relationship with clients
- Gather client information
- Analyse and evaluate client current financial position by applying company specific needs analysis tools

- Develop an advisory recommendation regarding employee benefits and retirement funds by comparing suitable company specific product
- Present recommendations to clients and facilitate implementation of agreements

**Occupational Contexts:**

- Support the provisioning of advice to clients on employee benefits and retirement structures

**3.3. Provide advice to clients regarding the implementation of Employee benefits and Retirement Funds (NQF Level 5)**

**Unique Product or Service:**

A portfolio of quality clients who have implemented appropriate employee benefit and retirement fund structures.

**Occupational Responsibilities:**

- Establish an appropriate professional relationship with clients
- Gather client information
- Analyse and evaluate client current financial position by applying company specific needs analysis tools
- Develop an advisory recommendation regarding employee benefits and retirement funds by comparing suitable company specific product
- Present recommendations to clients and facilitate implementation of agreements

**Occupational Contexts:**

- Support the provisioning of advice to clients on employee benefits and retirement structures

**3.4. Provide advice regarding the use of Health Care benefit programmes (NQF Level 5)**

**Unique Product or Service:**

Client satisfaction regarding the effective use of Health Care Benefit Programmes

**Occupational Responsibilities:**

- Establish an appropriate professional relationship with clients
- Gather client information and Analyse and evaluate client current financial position by applying company specific needs analysis tools
- Develop Health Care Benefits recommendations
- Present recommendations to clients and facilitate implementation of agreed solutions

**Occupational Contexts:**

- Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes

**3.5. Provide advice to clients to grow and protect wealth through appropriate Investments and related methods (NQF Level 6)**

**Unique Product or Service:**

A portfolio of active and quality investment clients using appropriate investments to grow and protect wealth.

**Occupational Responsibilities:**

- Establish an appropriate professional relationship with clients

- Gather client information including financial goals and objectives
- Analyse and evaluate client current financial position by applying company specific needs analysis tools
- Develop investment recommendations
- Present recommendations to clients and facilitate implementation of agreed solutions
- Review and identify further investment needs and opportunities

**Occupational Contexts:**

- Participate in the processes of advising on investment decisions

## **SECTION 3: CURRICULUM COMPONENT SPECIFICATIONS**

### **SECTION 3A: KNOWLEDGE MODULE SPECIFICATIONS**

List of Knowledge Modules for which Specifications are included

- 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13
- 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17
- 241301001-KM-03, Health Care benefits advisory services, NQF Level 5, Credits 15
- 241301001-KM-04, Principles of Providing advice to clients regarding the use of Employee and Pension Fund Benefits, NQF Level 5, Credits 20
- 241301001-KM-05, Fundamentals of Investments, NQF Level 5, Credits 30
- 241301001-KM-06, Principles of Providing advice to clients regarding Insurance, Savings and Retirement Planning, NQF Level 5, Credits 16
- 241301001-KM-07, Principles of Providing Advice to clients regarding Investments, NQF Level 6, Credits 29

## 1. 241301001-KM-01, Overview of the Investment Advisory Industry, NQF Level 5, Credits 13

### 1.1 Purpose of the Knowledge Modules

The main focus of the learning in this knowledge module is to build an understanding of the fundamental theories and concepts that underpin the financial advisory discipline. Learners are required to demonstrate an informed understanding of the core areas of the various fields within the advisory discipline, they should easily relate to the key theories, concepts and rules and should understand how these knowledge systems develop and evolve.

The learning will enable learners to demonstrate an understanding of:

- KM-01-KT01: Explain basic economics (8%)
- KM-01-KT02: Apply basic economic principles to the financial services sector (12%)
- KM-01-KT03: Demonstrate insight into current affairs in the Financial Services sector (25%)
- KM-01-KT04: Demonstrate knowledge and insight into the changing nature of the financial services industry and its consumers (15%)
- KM-01-KT05: Demonstrate knowledge and understanding of risk in a Financial Services environment (12%)
- KM-01-KT06: Describe the financial life cycle of an individual and how this influences financial decisions (20%)
- KM-01-KT07: Demonstrate knowledge and understanding of the financial consequences of a large claim to a client (8%)

### 1.2 Guidelines for Topics

#### 1.2.1. KM-01-KT01: Explain basic economics (8%)

**Topic elements to be covered include:**

- KT0101 Explain the basic principles of economics.
- KT0102 Explain the use of economic indicators.
- KT0103 Explain the importance of government policies in the investment environment.
- KT0104 Apply the fundamentals of economics to the financial services environment.

#### **Internal Assessment Criteria and Weight**

- IAC0101 ASSESSMENT CRITERION 1 The economic cycle is explained with reference to recession, depression, recovery and boom. ASSESSMENT CRITERION 2 The concepts of demand, supply and equilibrium are explained with examples from a selected sector. ASSESSMENT CRITERION 3 The concepts of nominal and effective/real are compared with reference to interest rates and how these affect the Gross Domestic Product (GDP).
- IAC0102 ASSESSMENT CRITERION 1 The concept of inflation is explained in terms of headline inflation, core inflation, CPIX and deflation. ASSESSMENT CRITERION 2 The concept of GDP is explained in terms of consumer expenditure, government expenditure, investment and export minus trade balance (C+I+G+(X-M)). ASSESSMENT CRITERION 3 The concept of interest rates is explained in terms of prime, money markets, repro and borrowing rates. ASSESSMENT CRITERION 4 The concept of an economic indicator is explained and an indication is given of the relationship between inflation, GDP, interest rates, money supply, debt, currency, current account, trade account, gold, platinum and oil.
- IAC0103 ASSESSMENT CRITERION 1 The concept of monetary policy is explained with reference to interest rates and inflation. ASSESSMENT CRITERION 2 The concept of fiscal policy is explained in terms of GDP components, spending and tax. ASSESSMENT CRITERION 3 The government stance on fiscal and monetary policy is explained and an indication is given of the

implications of current policies for the investment environment. ASSESSMENT CRITERION 4 Current government initiatives that potentially impact on the economic environment are identified with examples.

- IAC0104 ASSESSMENT CRITERION 1 Market response to economic performance that is higher, lower or in line with anticipated results is explained with reference to the effect on cash, bonds, stocks and properties. ASSESSMENT CRITERION 2 Economic indicators that affect asset classes and global geographic selection are identified and economic forecast is applied to asset classes in order to make an investment selection. ASSESSMENT CRITERION 3 The current economic forecast is used to suggest and substantiate an asset selection proposal.

**(Weight 8%)**

### **1.2.2. KM-01-KT02: Apply basic economic principles to the financial services sector (12%)**

***Topic elements to be covered include:***

- KT0201 Analyse the needs and wants of an individual at different stages in his/her life cycle.
- KT0202 Describe the dynamic nature of income and expenditure typical at different stages of an individual's life.
- KT0203 Explain the interrelationship between an individual's wants and basic needs and the implications for a financial plan.
- KT0204 Interpret critical events that trigger entry into a new stage in the financial life cycle.

***Internal Assessment Criteria and Weight***

- IAC0201 ASSESSMENT CRITERION 1 Theories relating to needs and the life cycle of an individual are used to create a model that illustrates the wants and the basic needs of an individual at different stages in his/her life cycle. ASSESSMENT CRITERION 2 The effect of attitudes and values on an individual's perception of wants and basic needs is explained with examples. ASSESSMENT CRITERION 3 The attitudes and values of at least three individuals are surveyed and applied to the model and deviations from the model are explained for each individual. ASSESSMENT CRITERION 4 The influence of an individual's occupation and avocations, and lifestyle on basic needs and wants is explained with examples.
- IAC0202 ASSESSMENT CRITERION 1 The change in attitudes and values of an individual over time are explained with reference to the impact of change on income and expenditure. ASSESSMENT CRITERION 2 The expenditure for a minimum of three people at different stages in life, but with the same income is compared in terms of acquisition of assets, savings/investments, preservation of capital and provision for life risk related events.
- IAC0203 ASSESSMENT CRITERION 1 Stages of the financial life cycle are illustrated with examples and correlated with the want and basic needs of an individual at each stage. ASSESSMENT CRITERION 2 Potential financial solutions are suggested for events that can be planned for to ensure the least possible financial disruption. ASSESSMENT CRITERION 3 Possible lifestyle choices are analysed and the analysis is used to predict the potential impact of each choice on the individual's financial situation. ASSESSMENT CRITERION 4 The implications of changing wants and needs on a financial plan are explained with examples.
- IAC0204 ASSESSMENT CRITERION 1 Events that can trigger entry into a new stage in the financial life cycle are named and an indication is given of the potential financial impact of each event on the financial plan. ASSESSMENT CRITERION 2 Changes in the external environment that can impact on an individual's financial plan are identified with reference to the political, legislative, social, economic and physical environments. ASSESSMENT CRITERION 3 Possible solutions to manage changes in an individual's wants and basic needs from one stage in the financial life cycle to another are proposed for different scenarios.

**(Weight 12%)**

### **1.2.3. KM-01-KT03: Demonstrate insight into current affairs in the Financial Services sector (25%)**

#### ***Topic elements to be covered include:***

- KT0301 Analyse the impact of changes in financial indicators on Financial Markets.
- KT0302 Analyse issues related to corporate governance and ethics.
- KT0303 Analyse corporate events and the potential impact on the Financial Services industry
- KT0304 Identify commentators and analysts in the industry and the potential impact of their opinions on the market.

#### ***Internal Assessment Criteria and Weight***

- IAC0301 ASSESSMENT CRITERION 1 The structure of the financial services industry in South Africa is analysed in terms of the kind of services provided and regulatory structures. ASSESSMENT CRITERION 2 The synergies in the relationships between the various role players in the financial services industry are illustrated with examples.
- IAC0302 . ASSESSMENT CRITERION 1 The rationale for change in the regulatory environment is explained with reference to historical factors and current government policy. ASSESSMENT CRITERION 2 The implications of non-compliance with the regulatory environment are explained in terms of financial and reputational risk and penalties for intermediaries, product providers and financial institutions.
- IAC0303 ASSESSMENT CRITERION 1 The roles of professional and industry bodies that operate in the financial services environment are analysed and assessed in terms of relevance in the current financial services environment. ASSESSMENT CRITERION 2 The importance of ethical practices is discussed with reference to enforcement of industry standards. ASSESSMENT CRITERION 3 The importance of continuing professional development for the learner within the financial services industry is explained with reference to growing professionalism and current trends.
- IAC0304 ASSESSMENT CRITERION 1 The impact of the South African constitution on the current consumer environment is explained with reference to the right to information. ASSESSMENT CRITERION 2 Changes in knowledge, attitudes and values of consumers are analysed and interpreted in terms of how these impact on the financial services industry. ASSESSMENT CRITERION 3 Factors that have brought about change in the consumer environment are analysed using authentic examples. ASSESSMENT CRITERION 4 Scenario planning is used to anticipate the potential implications of changes in the consumer environment and the possible industry response.

***(Weight 25%)***

### **1.2.4. KM-01-KT04: Demonstrate knowledge and insight into the changing nature of the financial services industry and its consumers (15%)**

#### ***Topic elements to be covered include:***

- KT0401 Analyse the financial services industry in South Africa.
- KT0402 Interpret recent or proposed changes to the regulatory environment of a selected sub-sector.
- KT0403 Interpret changes in the professional environment.
- KT0404 Interpret changes in the consumer environment.
- KT0405 Interpret changes in the business environment.

#### ***Internal Assessment Criteria and Weight***



- IAC0401 ASSESSMENT CRITERION 1 The structure of the financial services industry in South Africa is analysed in terms of the kind of services provided and regulatory structures. ASSESSMENT CRITERION 2 The synergies in the relationships between the various role players in the financial services industry are illustrated with examples.
- IAC0402 ASSESSMENT CRITERION 1 The rationale for change in the regulatory environment is explained with reference to historical factors and current government policy. ASSESSMENT CRITERION 2 The implications of non-compliance with the regulatory environment are explained in terms of financial and reputational risk and penalties for intermediaries, product providers and financial institutions.
- IAC0403 ASSESSMENT CRITERION 1 The roles of professional and industry bodies that operate in the financial services environment are analysed and assessed in terms of relevance in the current financial services environment. ASSESSMENT CRITERION 2 The importance of ethical practices is discussed with reference to enforcement of industry standards. ASSESSMENT CRITERION 3 The importance of continuing professional development for the learner within the financial services industry is explained with reference to growing professionalism and current trends.
- IAC0404 ASSESSMENT CRITERION 1 The impact of the South African constitution on the current consumer environment is explained with reference to the right to information. ASSESSMENT CRITERION 2 Changes in knowledge, attitudes and values of consumers are analysed and interpreted in terms of how these impact on the financial services industry. ASSESSMENT CRITERION 3 Factors that have brought about change in the consumer environment are analysed using authentic examples. ASSESSMENT CRITERION 4 Scenario planning is used to anticipate the potential implications of changes in the consumer environment and the possible industry response.

**(Weight 15%)**

#### **1.2.5. KM-01-KT05: Demonstrate knowledge and understanding of risk in a Financial Services environment (12%)**

***Topic elements to be covered include:***

- KT0501 Explain the concept of risk in a financial services environment.
- KT0502 Explain the relationship between investment instruments and financial markets
- KT0503 Demonstrate insight into current global economic issues.
- KT0504 Develop a group investor profile.
- KT0505 Apply the principles of risk to make a financial decision.

#### ***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 The concept of risk in financial services is explained in terms of appetite for risk ASSESSMENT CRITERION 2 The factors that influence the level of risk of a financial instrument or product are described with examples. ASSESSMENT CRITERION 3 The concept of probability is explained using historical examples. ASSESSMENT CRITERION 4 The importance of interpreting risk in relation to the investor or client is explained with examples.
- IAC0502 ASSESSMENT CRITERION 1 The inherent risk in the different asset classes and/or insurance products is explained with examples. ASSESSMENT CRITERION 2 The concept of a financial market is explained with local and international examples. ASSESSMENT CRITERION 3 The economic factors that can influence financial markets are named and an indication is given of how these can influence the investor to make an investment decision.
- IAC0503 ASSESSMENT CRITERION 1 Global economic issues that affect investment markets are analysed and an indication is given of the probability that these will impact on the South African investor. ASSESSMENT CRITERION 2 Global political issues that affect investment markets are analysed and an indication is given of the probability that these will impact on the South African

investor. ASSESSMENT CRITERION 3 Global environmental issues that affect investment markets are analysed and an indication is given of the probability that these will impact on the South African investor. ASSESSMENT CRITERION 4 Health related issues that affect investment markets are analysed and an indication is given of the probability that these will impact on the South African investor.

- IAC0504 ASSESSMENT CRITERION 1 The kind of information required to develop a group investor profile is listed and an indication is given of why each item of information is required of an investor. ASSESSMENT CRITERION 2 An investor profile is compiled based on the available information about the investor. ASSESSMENT CRITERION 3 The investor profile is matched to available investment options.
- IAC0505 . ASSESSMENT CRITERION 1 The risk of a specific investment option is analysed and quantified in order to explain the consequences of the suggested investment option. ASSESSMENT CRITERION 2 The level of volatility is explained for a specific financial option. ASSESSMENT CRITERION 3 Possible options to reduce risk are explored and a strategy is developed that could reduce a specified risk. ASSESSMENT CRITERION 4 Possible investment options are selected and presented to a potential client. ASSESSMENT CRITERION 5 The consequences of making a poor investment decision or recommendation are explained with reference to the impact on future benefits and legislated accountability

**(Weight 12%)**

#### **1.2.6. KM-01-KT06: Describe the financial life cycle of an individual and how this influences financial decisions (20%)**

***Topic elements to be covered include:***

- KT0601 Analyse the wants and basic needs of an individual at different stages in his/her life cycle.
- KT0602 Describe the dynamic nature of income and expenditure typical at different stages of an individual's life
- KT0603 Explain the interrelationship between an individual's basic needs and wants and the implications for a financial plan.
- KT0604 Interpret critical events that trigger entry into a new stage in the financial life cycle.

***Internal Assessment Criteria and Weight***

- IAC0601 ASSESSMENT CRITERION 1 Theories relating to needs and the life cycle of an individual are used to create a model that illustrates the wants and the basic needs of an individual at different stages in his/her life cycle. ASSESSMENT CRITERION 2 The effect of attitudes and values on an individuals perception of wants and basic needs is explained with examples. ASSESSMENT CRITERION 3 The attitudes and values of at least three individuals are surveyed and applied to the model and deviations from the model are explained for each individual. ASSESSMENT CRITERION 4 The influence of an individuals occupation and avocations, and lifestyle on basic needs and wants is explained with examples.
- IAC0602 ASSESSMENT CRITERION 1 The change in attitudes and values of an individual over time are explained with reference to the impact of change on income and expenditure. ASSESSMENT CRITERION 2 The expenditure for a minimum of three people at different stages in life, but with the same income is compared in terms of acquisition of assets, savings/investments, preservation of capital and provision for life risk related events.
- IAC0603 ASSESSMENT CRITERION 1 Stages of the financial life cycle are illustrated with examples and correlated with the want and basic needs of an individual at each stage. ASSESSMENT CRITERION 2 Potential financial solutions are suggested for events that can be planned for to ensure the least possible financial disruption. ASSESSMENT CRITERION 3 Possible lifestyle choices are analysed and the analysis is used to predict the potential impact of each choice

on the individuals financial situation. ASSESSMENT CRITERION 4 The implications of changing wants and needs on a financial plan are explained with examples.

- IAC0604 ASSESSMENT CRITERION 1 Events that can trigger entry into a new stage in the financial life cycle are named and an indication is given of the potential financial impact of each event on the financial plan. ASSESSMENT CRITERION 2 Changes in the external environment that can impact on an individuals financial plan are identified with reference to the political, legislative, social, economic and physical environments. ASSESSMENT CRITERION 3 Possible solutions to manage changes in an individuals wants and basic needs from one stage in the financial life cycle to another are proposed for different scenarios.

**(Weight 20%)**

### **1.2.7. KM-01-KT07: Demonstrate knowledge and understanding of the financial consequences of a large claim to a client (8%)**

***Topic elements to be covered include:***

- KT0701 Analyse the adequacy of cover in the event of a large claim.
- KT0702 Analyse the financial consequences of an event for a specific client.
- KT0703 Applies knowledge of an event to assist a client to resume operations

***Internal Assessment Criteria and Weight***

- IAC0701 ASSESSMENT CRITERION 1 The importance of cover is explained with reference to adequacy in the event of a claim. ASSESSMENT CRITERION 2 The consequences of partial or total loss are compared for a specific client. ASSESSMENT CRITERION 3 An evaluator and/or assessor report is interpreted to determine the adequacy of cover after an event.
- IAC0702 ASSESSMENT CRITERION 1 Time related aspects after an event are evaluated with reference to reinstatement of business to the level prior to the loss. ASSESSMENT CRITERION 2 The length of time required to return to normal turnover is estimated for a specific client with reference to the adequacy of the sum insured and real time. ASSESSMENT CRITERION 3 The effect of a bad claims experience on risk premium is explained for different events.
- IAC0703 ASSESSMENT CRITERION 1 A disaster recovery plan is analysed to determine whether it is adequate to reduce the cost of a potential claim to a client. ASSESSMENT CRITERION 2 A programme is developed to manage future risk to a specific client based on a specific event.
- IAC0704 ASSESSMENT CRITERION 1 The consequences of non-compliance with the legislative and regulatory environment are explained with reference to legal requirements, fines and the relationship to an insurance claim. ASSESSMENT CRITERION 2 The consequences of inability to service contractual business requirements are explained with examples. ASSESSMENT CRITERION 3 The impact of an event on the value of an organisation is analysed for a specific client.

**(Weight 8%)**

### **1.3 Provider Programme Accreditation Criteria**

***Physical Requirements:***

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

***Human Resource Requirements:***

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long-term insurance adviser and at least five years practical experience in the industry.

*Legal Requirements:*

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

**1.4 Exemptions**

## **2. 241301001-KM-02, Regulatory requirements for advising clients regarding insurance and investments, NQF Level 5, Credits 17**

### **2.1 Purpose of the Knowledge Modules**

The main focus of the learning in this knowledge module is to build an understanding of the fundamental theories and concepts that underpin the regulatory environment within which the financial advisory discipline operates. Learners are required to demonstrate an informed understanding of the core areas of the various fields related to the regulatory principles, they should easily relate to the key theories, concepts and rules and should understand how these knowledge systems develop and evolve.

The learning will enable learners to demonstrate an understanding of:

- KM-02-KT01: Apply the principles of ethics to a business environment (25%)
- KM-02-KT02: Demonstrate knowledge and understanding of the Financial Advisory and Intermediary Services Act 2002 (FAIS) (Act 37 of 2002) as it impacts on a specific financial services sub-sector (25%)
- KM-02-KT03: Explain South African money laundering legislation and the implications for accountable institutions in transacting with clients (25%)
- KM-02-KT04: Explain the application of the Promotion of Access to Information Act, 2 of 2002 and the Electronic Transactions and Communications Act, 25 of 2002, in a business environment (25%)

### **2.2 Guidelines for Topics**

#### **2.2.1. KM-02-KT01: Apply the principles of ethics to a business environment (25%)**

***Topic elements to be covered include:***

- KT0101 Demonstrate knowledge and insight into legislation, regulations and codes relating to corporate governance and ethics in a selected business sector
- KT0102 Apply the principles that underpin ethics and professionalism to a code of conduct.
- KT0103 Critically evaluate the implementation of an organisations ethical code or value system.
- KT0104 Develop a plan to initiate or improve commitment and compliance in the implementation of a code in an organisation.

#### ***Internal Assessment Criteria and Weight***

- IAC0101 ASSESSMENT CRITERION 1 The ethics related requirements in different legislation, regulations and codes applicable to a selected business sector are analysed and explained with reference to the effect on business values, practices and procedures. ASSESSMENT CRITERION 2 The implications of triple bottom line reporting on a selected business are explained with reference to the ethical aspects of reporting on safety, environmental, health and social responsibility.
- IAC0102 ASSESSMENT CRITERION 1 Internationally accepted principles that are the basis of a good code of conduct are researched and explained with reference to their relevance in a selected business environment. ASSESSMENT CRITERION 2 The impact of the African value systems on codes of ethics in South Africa is analysed with reference to aspects that are unique in the South African context. ASSESSMENT CRITERION 3 The business case for compliance with codes and the ethical code of an organisation is explained with reference to the role in attracting investors.
- IAC0103 ASSESSMENT CRITERION 1 An organisation's code of conduct is analysed in terms of the intention of the organisation as regards behaviour. ASSESSMENT CRITERION 2 A gap analysis is conducted against the principles in the organisation's code of conduct in order to identify strengths and weaknesses. ASSESSMENT CRITERION 3 The relationship between reputation and ethics is explained with reference to a specific organisation.

- IAC0104 ASSESSMENT CRITERION 1 The findings of the gap analysis are used as a basis from which to develop a plan to initiate or improve commitment to the code of ethics in an organisation. ASSESSMENT CRITERION 2 Measures to monitor the implementation and ensure regular revision of the code of practice are proposed to ensure alignment.

**(Weight 25%)**

### **2.2.2. KM-02-KT02: Demonstrate knowledge and understanding of the Financial Advisory and Intermediary Services Act 2002 (FAIS) (Act 37 of 2002) as it impacts on a specific financial services sub-sector (25%)**

**Topic elements to be covered include:**

- KT0201 Explain the purpose of the Financial Advisory and Intermediary Services Act (FAIS).
- KT0202 Explain the requirements for licensing under FAIS.
- KT0203 Explain the mechanisms for enforcement and the implications for the intermediary and the industry.
- KT0204 Discuss the effects of requirements for transparency and the right to information on the financial services industry.

#### **Internal Assessment Criteria and Weight**

- IAC0201 ASSESSMENT CRITERION 1 The need for the Financial Advisory and Intermediary Services Act (FAIS) is explained with reference to the historical situation in South Africa and similar international legislation. ASSESSMENT CRITERION 2 The concepts of financial services providers and financial products are explained with examples. ASSESSMENT CRITERION 3 The protection of consumers afforded by FAIS is explained with examples.
- IAC0202 ASSESSMENT CRITERION 1 Work roles affected by FAIS are identified with reference to requirements for licensing by the Financial Services Board related to each work role. ASSESSMENT CRITERION 2 The relationship between Financial Services Providers and representatives is explained with reference to accountability and responsibility. ASSESSMENT CRITERION 3 The concept of a natural person is explained as defined in the FAIS legislation. ASSESSMENT CRITERION 4 The process to be followed for licensing and on-going compliance is explained for a financial service provider. ASSESSMENT CRITERION 5 Conditions under which suspensions, withdrawals and reinstatement of authorisation may be imposed are explained with examples.
- IAC0203 ASSESSMENT CRITERION 1 The role and functions of the Registrar are explained with reference to the relationship to the Financial Services Board and the steps that the Registrar could take in cases of non-compliance. ASSESSMENT CRITERION 2 The role and functions of the FAIS Ombuds are explained with reference to recent rulings and the implications for a sub-sector. ASSESSMENT CRITERION 3 The role, duties and powers of the courts are described in terms of judgements against organisations and redress through the courts. ASSESSMENT CRITERION 4 The rights of recourse available to aggrieved clients are explained with examples
- IAC0204 ASSESSMENT CRITERION 1 The manner in which complaints are handled by the industry is investigated with reference to Financial Services Board directives. ASSESSMENT CRITERION 2 The consequences arising from rulings from an approach to a regulatory body by a client are discussed for a specific organisation. ASSESSMENT CRITERION 3 The impact as a result of rulings by the Ombud is discussed for a selected sub-sector.

**(Weight 25%)**

### **2.2.3. KM-02-KT03: Explain South African money laundering legislation and the implications for accountable institutions in transacting with clients (25%)**

***Topic elements to be covered include:***

- KT0301 Explain the purpose of various money laundering legislation applicable in South Africa.
- KT0302 Explain the requirements for accountable institutions.
- KT0303 Explain the recording function and how to report suspicious transactions.
- KT0304 Demonstrate understanding of the consequences of non-compliance.

***Internal Assessment Criteria and Weight***

- IAC0301 ASSESSMENT CRITERION 1 The concepts of money laundering and unlawful activities are explained with examples. ASSESSMENT CRITERION 2 The purpose of the Acts is explained and an indication is given of how each contributes to the prevention of money laundering. ASSESSMENT CRITERION 3 The statutory bodies created to support the money laundering legislation are identified with reference to the functions of the different role players. ASSESSMENT CRITERION 4 The concept of an accountable institution is explained with reference to the duties of accountable institutions under the Act. ASSESSMENT CRITERION 5 The role and functions of the Money Laundering Reporting Officer are explained with examples.
- IAC0302 ASSESSMENT CRITERION 1 The categories of client indicated in the money laundering legislation are named and an indication is given of the documents required to identify and verify each. ASSESSMENT CRITERION 2 The concepts of identification and verifications are explained with reference to a business relationship or one that requires indication. ASSESSMENT CRITERION 3 Circumstances or products that are exempt from the, know your client requirements are identified with examples.
- IAC0303 ASSESSMENT CRITERION 1 Records required by the money laundering legislation are listed and an indication is given of timeframes required for storing these records. ASSESSMENT CRITERION 2 Requirements relating to accessibility of information are explained with examples. ASSESSMENT CRITERION 3 The process to be followed in reporting different types of transaction is explained with examples. ASSESSMENT CRITERION 4 Possible indicators that could infer that a transaction is suspicious are discussed and an indication is given of who is responsible for reporting the suspicious transaction.
- IAC0304 ASSESSMENT CRITERION 1 Penalties for non-compliance are explained with reference to personal liability and the liability of the organisation. ASSESSMENT CRITERION 2 The internal rules of an organisation relating to the various Acts that refer to money laundering are analysed for compliance. ASSESSMENT CRITERION 3 Possible defences against personal liability for not reporting suspicious transactions available to employees, directors, trustees and partners of accountable institutions in the event of prosecution are discussed for different scenarios. ASSESSMENT CRITERION 4 The impact of non-compliance on the economy of South Africa is explained with reference to attracting foreign investment. ASSESSMENT CRITERION 5 The consequences of whistle blowing for the individual are discussed with reference to the appropriate legislation.

***(Weight 25%)***

**2.2.4. KM-02-KT04: Explain the application of the Promotion of Access to Information Act, 2 of 2002 and the Electronic Transactions and Communications Act, 25 of 2002, in a business environment (25%)**

***Topic elements to be covered include:***

- KT0401 Explain the requirements of the Access to Information Act that impact on an entity.
- KT0402 Explain the purpose of the Electronic Transactions and Communications Act and the implications for an entity.
- KT0403 Explain protection issues in the Electronic Transactions and Communications Act.

- KT0404 Explain the application of the Electronic Transactions and Communications Act to the use of electronic systems in an entity.

### ***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 A manual is created for a specific entity using the criteria of the Human Rights Commission (HRC) as required in the Act. ASSESSMENT CRITERION 2 The consequences of falsifying or destroying information are explained with examples. ASSESSMENT CRITERION 3 The link between the South African Constitution and the Promotion of Access to Information Act is explained with reference to the rights of the individual, transparency and the right to access information.
- IAC0402 ASSESSMENT CRITERION 1 The purpose of the Act is explained and an indication is given of how the Act regulates electronic transactions. ASSESSMENT CRITERION 2 A data message is analysed for compliance. ASSESSMENT CRITERION 3 The status of electronic documents is explained and an indication is given of how this impacts on an entity.
- IAC0403 ASSESSMENT CRITERION 1 The concept of consumer protection is explained with reference to cooling off period, unsolicited goods and services, unsolicited communications (SPAM) and the foreign law complaints process. ASSESSMENT CRITERION 2 The principles that apply to electronic collection and production of personal information are explained and an indication is given of how these affect a selected entity.
- IAC0404 ASSESSMENT CRITERION 1 The code of ethics relating to the use of electronic systems is known and applied to a selected entity. ASSESSMENT CRITERION 2 The relationship between a client and a service provider is explained with reference to setting up a website in a selected environment. ASSESSMENT CRITERION 3 The concept of cyber crime is explained and an indication is given of the consequences of committing cyber crime.

***(Weight 25%)***

## **2.3 Provider Programme Accreditation Criteria**

### ***Physical Requirements:***

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

### ***Human Resource Requirements:***

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long-term insurance adviser and at least five years practical experience in the industry.

### ***Legal Requirements:***

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

## **2.4 Exemptions**



### **3. 241301001-KM-03, Health Care benefits advisory services, NQF Level 5, Credits 15**

#### **3.1 Purpose of the Knowledge Modules**

The main focus of the learning in this knowledge module is to build an understanding of the fundamental theories and concepts that underpin the investment advisory discipline with specific reference to Health Care benefits. Learners are required to demonstrate an informed understanding of the core areas of the various fields within the Health Care Benefit environment, they should easily relate to the key theories, concepts and rules and should understand how these knowledge systems develop and evolve.

The learning will enable learners to demonstrate an understanding of:

- KM-03-KT01: Describe healthcare cover in South Africa (20%)
- KM-03-KT02: Describe managed care as it is applied in Medical Scheme Administration in South Africa (20%)
- KM-03-KT03: Describe the control of fraud in Healthcare Benefits Administration (20%)
- KM-03-KT04: Explain options for healthcare cover in order to make an informed decision (20%)
- KM-03-KT05: Explain the cycle of a medical claim (20%)

#### **3.2 Guidelines for Topics**

##### **3.2.1. KM-03-KT01: Describe healthcare cover in South Africa (20%)**

***Topic elements to be covered include:***

- KT0101 Explain the difference between a medical scheme and medical insurance.
- KT0102 Explain the move from traditional to new generation medical schemes.
- KT0103 Explain the benefits that are covered by medical schemes.
- KT0104 Explain and use in the correct context, terminology used in the industry.

##### ***Internal Assessment Criteria and Weight***

- IAC0101 ASSESSMENT CRITERION 1 The concept of a medical scheme is explained with reference to the role of the Administrator in the structure, the role of trustees and the role of the member in the scheme. ASSESSMENT CRITERION 2 Medical insurance is explained with reference to the role of the insurance company and the board of directors. ASSESSMENT CRITERION 3 The payment of claims against a medical scheme is compared to claims against an insurance product with reference to the event and of the consequences of non disclosure. ASSESSMENT CRITERION 4 Legislation governing medical schemes and insurance products is named and an indication is given of the limitations that legislation places on the structure of the different products.
- IAC0102 ASSESSMENT CRITERION 1 Types of medical cover available in South Africa are identified and compared to those in a developed country and another lesser developed country. ASSESSMENT CRITERION 2 Three traditional medical scheme products are compared to determine the characteristics of traditional medical schemes with reference to benefits and limits. ASSESSMENT CRITERION 3 Three new generation products are compared to determine guaranteed benefits and discretionary benefits. ASSESSMENT CRITERION 4 Reasons why the industry has moved away from traditional to new generation products are discussed with reference to containing costs.
- IAC0103 ASSESSMENT CRITERION 1 Benefits across three different medical scheme products are compared in terms of what is standard, what has limits and how they are covered. ASSESSMENT CRITERION 2 Prescribed minimum benefits are explained with examples. ASSESSMENT CRITERION 3 Benefits that have restricted access are named and reasons are given to explain the restriction

- IAC0104 ASSESSMENT CRITERION 1 The concept of ex gratia payments is explained with reference to case studies. ASSESSMENT CRITERION 2 Pro-ration of benefits is explained with reference to case studies. ASSESSMENT CRITERION 3 The terms date of inception; date of termination and suspension are explained with reference to the effect that these have on access to benefits. ASSESSMENT CRITERION 4 The concept of a pre-existing condition is explained with reference to the effect on a benefit and the implications of non disclosure. ASSESSMENT CRITERION 5 Late joining penalties are explained and calculated for five different case studies.

**(Weight 20%)**

### **3.2.2. KM-03-KT02: Describe managed care as it is applied in Medical Scheme Administration in South Africa (20%)**

**Topic elements to be covered include:**

- KT0201 Describe the rationale for managed care.
- KT0202 Explain the principles of managed care.
- KT0203 Describe different aspects of a managed care programme.
- KT0204 Analyse the advantages and disadvantages of managed care.

**Internal Assessment Criteria and Weight**

- IAC0201 ASSESSMENT CRITERION 1 The concept of managed care is explained with examples and an indication is given of other places in the world that use managed care. ASSESSMENT CRITERION 2 Reasons for the introduction of managed care are explained with reference to the South African situation. ASSESSMENT CRITERION 3 The history of managed care in South Africa is researched and presented in the form of milestones. ASSESSMENT CRITERION 4 The impact of Legislation on managed care in South Africa is explained with examples.
- IAC0202 ASSESSMENT CRITERION 1 Five broad principles of managed care are analysed and the reason for each is explained as it applies in South Africa. ASSESSMENT CRITERION 2 A model of managed care is analysed and at least three of the principles of managed care are identified in the model.
- IAC0203 ASSESSMENT CRITERION 1 Three managed care programmes are analysed to determine how each addresses cost, quality and access. ASSESSMENT CRITERION 2 The concept of utilisation management is explained with authentic examples. ASSESSMENT CRITERION 3 The concept of disease management is explained with authentic examples. ASSESSMENT CRITERION 4 The concept of a wellness programme is explained with authentic examples. ASSESSMENT CRITERION 5 The importance of education for the success of a managed care programme is explained with reference to different stakeholders.
- IAC0204 ASSESSMENT CRITERION 1 The advantages and disadvantages of managed care are analysed with reference to the Department of Health, Medical Scheme Administrators, members, employers and providers. ASSESSMENT CRITERION 2 Three stakeholders are interviewed on their opinions of managed care and the findings of the interviews are presented to a selected target group.

**(Weight 20%)**

### **3.2.3. KM-03-KT03: Describe the control of fraud in Healthcare Benefits Administration (20%)**

**Topic elements to be covered include:**

- KT0301 Describe fraud as it occurs in a Healthcare Benefits Administration environment.
- KT0302 Explain legal aspects relating to fraud in Healthcare Benefits Administration.

- KT0303 Explain internal processes relating to the investigation of fraud in Healthcare Benefits Administration.
- KT0304 Analyse trends and the impact of fraud in a Healthcare Benefits Administration environment.
- KT0305 Explain control mechanisms used to contain fraud in Healthcare Benefits Administration.

#### ***Internal Assessment Criteria and Weight***

- IAC0301 ASSESSMENT CRITERION 1 The concept of fraud is explained with authentic examples. ASSESSMENT CRITERION 2 The relationship between over servicing and fraud is explained with examples. ASSESSMENT CRITERION 3 Parties who could commit fraud are identified for Healthcare Benefits Administration environment. ASSESSMENT CRITERION 4 Five possible indicators of fraudulent activity are listed and an indication is given of how these could be identified in practice.
- IAC0302 ASSESSMENT CRITERION 1 Legislation governing fraud is identified as it applies in Healthcare Benefits Administration. ASSESSMENT CRITERION 2 The legal recourse available to Healthcare Benefits Administrators in cases of fraud are identified with authentic examples. ASSESSMENT CRITERION 3 The consequences of committing fraud are explained for at least three different parties. ASSESSMENT CRITERION 4 The impact of fraud is explained in relation to the healthcare system
- IAC0303 ASSESSMENT CRITERION 1 The internal policy relating to fraud is described for a particular Healthcare Benefits Administrator or case study. ASSESSMENT CRITERION 2 The procedure followed if fraud is suspected is explained with reference to a particular Healthcare Benefits Administrator or case study. ASSESSMENT CRITERION 3 The process followed in order to gather evidence and present a case is described with reference to a particular Healthcare Benefits Administrator or a case study. ASSESSMENT CRITERION 4 Tools that are available for information management are described with reference to a particular Healthcare Benefits Administrator or a case study.
- IAC0304 ASSESSMENT CRITERION 1 The internal policy relating to fraud is described for a particular Healthcare Benefits Administrator or case study. ASSESSMENT CRITERION 2 The procedure followed if fraud is suspected is explained with reference to a particular Healthcare Benefits Administrator or case study. ASSESSMENT CRITERION 3 The process followed in order to gather evidence and present a case is described with reference to a particular Healthcare Benefits Administrator or a case study. ASSESSMENT CRITERION 4 Tools that are available for information management are described with reference to a particular Healthcare Benefits Administrator or a case study.
- IAC0305 ASSESSMENT CRITERION 1 Possible control measures that could be used to manage fraud are listed for at least three parties. ASSESSMENT CRITERION 2 The risk if a Healthcare Benefits Administrator does not implement adequate control measures is explained with reference to the Healthcare Benefits Administrator, providers and members. ASSESSMENT CRITERION 3 The role of a quality control programme is described in terms of managing fraud.

***(Weight 20%)***

#### **3.2.4. KM-03-KT04: Explain options for healthcare cover in order to make an informed decision (20%)**

##### ***Topic elements to be covered include:***

- KT0401 Analyse the healthcare needs of a prospective client.
- KT0402 Analyse the affordability of different healthcare options.
- KT0403 Analyse the rules of a scheme in order to make an informed decision.
- KT0404 Propose a possible solution to provide healthcare cover for a specific client.

#### ***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 Questions are asked in order to establish the profile of a client in terms of dependants, age profile, pre-existing conditions, family history and lifestyle. ASSESSMENT CRITERION 2 Questions are asked to establish attitudes and values relating to healthcare that could influence choice of option.
- IAC0402 ASSESSMENT CRITERION 1 The critical elements of different medical scheme options are analysed for suitability for a specific employer group or individual. ASSESSMENT CRITERION 2 An option is selected that best meets the needs of a specific client in terms of affordability and suitability.
- IAC0403 ASSESSMENT CRITERION 1 The rules of a scheme are analysed to determine benefits and how the Medical Schemes Act is applied in the rules. ASSESSMENT CRITERION 2 The rights and responsibilities of the individual as a member of a medical scheme are explained with reference to the Medical Schemes Act. ASSESSMENT CRITERION 3 Benefit guides, rules of a scheme and other relevant documents are compared and applied to a specific group or individual.
- IAC0404 ASSESSMENT CRITERION 1 Affordable alternative solutions are presented that meet a client's needs. ASSESSMENT CRITERION 2 The benefits, advantages and disadvantages of the proposed alternative solutions are explained with due regard for the Financial Advisory and Intermediary Services Act (FAIS).

**(Weight 20%)**

### **3.2.5. KM-03-KT05: Explain the cycle of a medical claim (20%)**

***Topic elements to be covered include:***

- KT0501 Explain the origin of medical scheme claims.
- KT0502 Describe the different routes followed by medical claims.
- KT0503 Analyse a complex medical claim.
- KT0504 Investigate the storage and retrieval of claims related documents in a Healthcare Benefits Administrator.

#### ***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 The different ways in which a claim may be received are explained and an indication is given of how the origin impacts on the cycle of a claim. ASSESSMENT CRITERION 2 The process followed in admitting a claim to a system is explained with examples. ASSESSMENT CRITERION 3 The consequences of non-compliance with the process are explained with reference to the service provider, member and administrator of the scheme.
- IAC0502 ASSESSMENT CRITERION 1 The route followed by a standard claim is explained for a specific scheme and an indication is given of the control measures at each stage in the cycle. ASSESSMENT CRITERION 2 The route(s) followed by complex claims are explained for a specific scheme and an indication is given of the control measures at each stage in the cycle. ASSESSMENT CRITERION 3 Possible errors that could occur in the cycle of a medical claim are investigated for two different routes. ASSESSMENT CRITERION 4 Different ways in which a claim may be paid are explained for three case studies. ASSESSMENT CRITERION 5 The importance of confidentiality throughout the claims cycle is explained with reference to a member's rights, current legislation and an organisation's policies and procedures.
- IAC0503 ASSESSMENT CRITERION 1 A complex claim is analysed to determine the route that it should follow and a decision is substantiated with reference to the type of claim, member information and supporting documentation. ASSESSMENT CRITERION 2 The stages along the route are identified and an indication is given of the actions, decisions and recommendations made at each stage. ASSESSMENT CRITERION 3 Control measures are identified and an indication is given of the consequences of non-compliance at each stage along the route. ASSESSMENT

CRITERION 4 Documents required to support a complex claim are identified, accessed, completed and validated according to the rules of the scheme and requirements of the administrator.

- IAC0504 ASSESSMENT CRITERION 1 The claims storage system for a specific administrator is investigated and an indication is given of the controls in place to maintain confidentiality.
- ASSESSMENT CRITERION 2 Claims related information is accessed from a system to resolve a query or provide supporting documentation.

**(Weight 20%)**

### **3.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

*Human Resource Requirements:*

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long-term insurance adviser and at least five years practical experience in the industry.

*Legal Requirements:*

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

### **3.4 Exemptions**

## **4. 241301001-KM-04, Principles of Providing advice to clients regarding the use of Employee and Pension Fund Benefits, NQF Level 5, Credits 20**

### **4.1 Purpose of the Knowledge Modules**

The main focus of the learning in this knowledge module is to build an understanding of the fundamental theories and concepts that underpin the investment advisory discipline with specific reference to Employee and Pension Fund Benefits. Learners are required to demonstrate an informed understanding of the core areas of the various fields within the Pension and Employee Benefit environment, they should easily relate to the key theories, concepts and rules and should understand how these knowledge systems develop and evolve.

The learning will enable learners to demonstrate an understanding of:

- KM-04-KT01: Demonstrate knowledge and understanding of the role and responsibilities of Trustees of retirement funds (12%)
- KM-04-KT02: Demonstrate knowledge and understanding the duties of Trustees of retirement funds with regard to death benefits (12%)
- KM-04-KT03: Analyse different group retirement products (12%)
- KM-04-KT04: Analyse healthcare funding in South Africa and the role of intermediaries in the sector (10%)
- KM-04-KT05: Analyse the Pension Funds Act as it applies to the administration of retirement funds (13%)
- KM-04-KT06: Demonstrate knowledge and understanding of the investment strategy of a selected group retirement fund (13%)
- KM-04-KT07: Describe group insured benefits (7%)
- KM-04-KT08: Explain the legislation relating to marriage, divorce and maintenance as it applies to retirement benefits (11%)
- KM-04-KT09: Demonstrate knowledge and insight into the valuation of retirement funds (10%)

### **4.2 Guidelines for Topics**

#### **4.2.1. KM-04-KT01: Demonstrate knowledge and understanding of the role and responsibilities of Trustees of retirement funds (12%)**

***Topic elements to be covered include:***

- KT0101 Interpreting documents and texts related to the rules of a retirement fund
- KT0102 Interpreting documents and texts related to meetings of the Trustees of a retirement fund
- KT0103 Interpreting documents and texts related to the financial responsibilities Trustees of a retirement fund.
- KT0104 Interpreting legal documents applicable to Trustees of a retirement fund.

#### ***Internal Assessment Criteria and Weight***

- IAC0101 ASSESSMENT CRITERION 1 The rules of a specific retirement fund are explained with reference to eligibility, benefits, contributions, decision making procedures, Trustee powers and general governance of the fund. ASSESSMENT CRITERION 2 Terminology used in the rules of the fund is explained with examples. ASSESSMENT CRITERION 3 Proposed amendments to the rules of a specific fund are compared to current legislation, practice notes and member's rights, and a personal decision is made and supported to accept or reject the proposed amendment. ASSESSMENT CRITERION 4 Questions are asked of a service provider to obtain clarity and determine compliance with associated policies, rules and legislative documents. ASSESSMENT CRITERION 5 Knowledge of fund rules and Trustee powers is applied to make a decision.

- IAC0102 ASSESSMENT CRITERION 1 The purpose of an agenda is explained and an indication is given of how matters are placed on the agenda. ASSESSMENT CRITERION 2 The purpose of keeping minutes of meetings is explained with reference to legal requirements in terms of record keeping. ASSESSMENT CRITERION 3 Minutes are checked for accuracy and completeness. ASSESSMENT CRITERION 4 Meeting protocol is discussed with reference to procedures to be followed in cases where there are inaccuracies, omissions or actions required and how Trustees could act on information contained in the minutes of meetings of the Trustees
- IAC0103 ASSESSMENT CRITERION 1 The financial statements of a retirement fund are interpreted with reference to sources of income and payments from a fund. ASSESSMENT CRITERION 2 Questions are asked of an expert to clarify movements in the financial statements of a selected fund. ASSESSMENT CRITERION 3 Questions are asked of an expert to ascertain whether investments comply with the investment mandate of a specific retirement fund. ASSESSMENT CRITERION 4 Knowledge of the financial function of Trustees is applied to make a decision related to the financial statements of a fund
- IAC0104 ASSESSMENT CRITERION 1 A retirement fund service provider contract is interpreted and an indication is given of what the service provider is expected to deliver and how performance will be assessed against the service level agreement. ASSESSMENT CRITERION 2 A service providers performance is assessed against the service level agreement in order to recommend a course of action. ASSESSMENT CRITERION 3 Situations where Trustees are required to communicate with members are named and an indication is given of whether the Trustees are required to inform or consult on specific issues.

**(Weight 12%)**

#### **4.2.2. KM-04-KT02: Demonstrate knowledge and understanding the duties of Trustees of retirement funds with regard to death benefits (12%)**

***Topic elements to be covered include:***

##### ***Internal Assessment Criteria and Weight***

- IAC0201 SPECIFIC OUTCOME 1 Interpret legislation and legal documents to determine the level and distribution of death benefits of a retirement fund. ASSESSMENT CRITERIA ASSESSMENT CRITERION 1 The disposal of death benefits on the death of a member of a retirement fund is explained with reference to the current Pension Funds Act. ASSESSMENT CRITERION 2 The rules of a selected fund are interpreted with reference to the benefit payable and potential beneficiaries. ASSESSMENT CRITERION 3 A policy contract in terms of which fund benefits are insured is interpreted with reference to exclusions and limitations for a specific fund. ASSESSMENT CRITERION 4 A nomination form is examined to determine the wishes of the deceased member in terms of direct dependents and nominees and an indication is given of when a nomination is binding on Trustees
- IAC0202 ASSESSMENT CRITERION 1 The concept of a dependent is explained in terms of financial and legal dependence. ASSESSMENT CRITERION 2 Colleagues, family and friends of the deceased are interviewed to identify undisclosed potential dependants. ASSESSMENT CRITERION 3 Evidence necessary to prove dependency is identified with examples. ASSESSMENT CRITERION 4 Information relating to the investigation is recorded and supported by the relevant documents (NQF Level: 1)
- IAC0203 ASSESSMENT CRITERION 1 Questions are asked to establish level of dependency at the date of death of a member, current and future financial needs and financial sophistication. ASSESSMENT CRITERION 2 Responses to questions are documented for record keeping purposes. (NQF Level: 3) Internal Assessment Criteria:
- IAC0204 ASSESSMENT CRITERION 1 All the relevant facts and provisions of the current Pension Funds Act are considered and a proposal on the distribution of the benefit is presented and substantiated to the Trustees of a specific pension fund. ASSESSMENT CRITERION 2 Answers are given in response to questions from other Trustees. ASSESSMENT CRITERION 3 A decision is

made on the distribution and payment of benefits to the potential beneficiaries of a specific deceased member. ASSESSMENT CRITERION 4 The minutes of the decision are checked for accuracy and completeness. ASSESSMENT CRITERION 5 The Trustees decision is explained to the final beneficiaries. ASSESSMENT CRITERION 6 The monitoring and follow up required of Trustees is explained with examples.

**(Weight 12%)**

#### **4.2.3. KM-04-KT03: Analyse different group retirement products (12%)**

**Topic elements to be covered include:**

- KT0301 Comparing the different group retirement products available in South Africa
- KT0302 Comparing the group risk benefit options.
- KT0303 Describing different group termination benefit options
- KT0304 Analysing post retirement options.
- KT0305 Describe the investment vehicles used by group retirement funds.

#### **Internal Assessment Criteria and Weight**

- IAC0301 ASSESSMENT CRITERION 1 The different types of group retirement funds are identified in terms of benefits and tax implications. ASSESSMENT CRITERION 2 The benefits provided under each type of fund are explained with reference to the advantages and disadvantages of each type of fund and the circumstances under which each type of fund could be recommended based on risk, affordability and future needs of members. ASSESSMENT CRITERION 3 The funding methods that apply to the different types of group retirement funds are compared in a table. ASSESSMENT CRITERION 4 Stand alone and umbrella funds are compared in terms of governance and cost
- IAC0302 ASSESSMENT CRITERION 1 The concepts of insured and self insured risk benefits are explained with reference to the impact on a fund and the cost of insurance. ASSESSMENT CRITERION 2 Events covered by risk benefits options are named and an indication is given of which options are optional. ASSESSMENT CRITERION 3 Terms, conditions and exclusions that apply to death benefits are named with examples. ASSESSMENT CRITERION 4 Terms, conditions and exclusions that apply to disability benefits are named with examples
- IAC0303 ASSESSMENT CRITERION 1 The impact of the reason for withdrawal is explained in relation to the method of calculation of the benefit with reference to the minimum benefits prescribed by the Pension Funds Second Amendment Act of 2001 and the rules of the fund. ASSESSMENT CRITERION 2 The impact of length of service on withdrawal is explained in relation to the method of calculation of the benefit with reference to the minimum benefits prescribed by legislation and the rules of the fund. ASSESSMENT CRITERION 3 The options that members can exercise on withdrawal are explained with examples. ASSESSMENT CRITERION 4 Schedule 2 of the Income Tax Act is applied to the taxation of fund benefits on termination for three case studies.
- IAC0304 ASSESSMENT CRITERION 1 The rules of a fund are analysed to determine the post retirement benefit payment options. ASSESSMENT CRITERION 2 The rules of a fund are analysed to determine the post retirement death benefit options. ASSESSMENT CRITERION 3 The impact of tax legislation on post retirement options is explained with examples.
- IAC0305 ASSESSMENT CRITERION 1 The concepts of market related and smooth investments, pooled and segregated funds, and other investment instruments used by a specific fund are explained and their relationship is illustrated diagrammatically. ASSESSMENT CRITERION 2 Investment vehicles such as market related, absolute return, structured products, smoothed bonus products and multi-manager products and other variations developed to meet changing needs are explained with reference to how they function. ASSESSMENT CRITERION 3 The impact of member level investment choice is explained with reference to the kinds of investment options, governance of investment options, value of benefit paid, costs and associated risk. ASSESSMENT CRITERION 4



The importance of the investment policy statement is explained with reference to the responsibility of the Trustees and the interests of other players. ASSESSMENT CRITERION 5 The impact of the Retirement Funds Tax on investment vehicles is explained with examples.

**(Weight 12%)**

#### **4.2.4. KM-04-KT04: Analyse healthcare funding in South Africa and the role of intermediaries in the sector (10%)**

***Topic elements to be covered include:***

- KT0401 Explaining management of risk in the healthcare environment in South Africa.
- KT0402 Indicating the role of intermediaries in the marketing of medical cover.
- KT0403 Selecting a product according to a client profile
- KT0404 Analysing the regulatory environment applicable to Medical Scheme administration
- KT0405 Explaining how the health care sector contains costs.

***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 The application of underwriting in medical schemes is explored with reference to current legislation. ASSESSMENT CRITERION 2 The basis for calculating a standard or average medical risk is explained and an indication is given as to what makes someone a high/special risk. ASSESSMENT CRITERION 3 Different types of medical schemes/health insurance products are analysed and an indication is given of which products can make use of reinsurance. ASSESSMENT CRITERION 4 The implications of non-disclosure for the individual and the organisation are explained for a selected sub-sector of the insurance industry. ASSESSMENT CRITERION 5 The implications of an employer or individual changing medical schemes are explained in terms of the Labour Legislation and the Medical Schemes Act. ASSESSMENT CRITERION 6 The impact of compulsory membership and risk equalisation is explained with reference to Government initiatives.
- IAC0402 ASSESSMENT CRITERION 1 Sources of new medical cover business are indicated with reasons why the sources could be interested in medical cover. ASSESSMENT CRITERION 2 The relationship between the intermediary and the medical scheme and health insurer is compared with reference to remuneration, relevant codes of conduct and legislation. ASSESSMENT CRITERION 3 The advantages and disadvantages to the customer of using or not using an intermediary are listed and an indication is given of how the changing healthcare environment could change the relationship.
- IAC0403 . ASSESSMENT CRITERION 1 Healthcare needs and financial constraints are identified for a single person, a couple and a family of four. ASSESSMENT CRITERION 2 The risk profiles of the three cases are analysed according to age and pre-existing conditions and in terms of restrictions and penalties allowable under the current Medical Schemes Act. ASSESSMENT CRITERION 3 Three products and/r options are compared to establish suitability and affordability. ASSESSMENT CRITERION 4 The basic benefit options/underwriting principles of medical scheme cover are analysed according to structure of the product and needs of the individual. ASSESSMENT CRITERION 5 Different benefit structures are analysed with reference to the needs of the individual. ASSESSMENT CRITERION 6 Situations where membership of a medical scheme or health insurance may be more appropriate are identified with examples.
- IAC0404 ASSESSMENT CRITERION 1 Legislation relating to Medical Cover is identified and the impact it has had on South African healthcare is described for two controversial issues. ASSESSMENT CRITERION 2 Three industry bodies active in the Healthcare Benefits Administration sub sector are identified and an indication is given of the role played by each. ASSESSMENT CRITERION 3 Minimum benefits and service levels prescribed by regulatory bodies are named and an indication given of how these have impacted on healthcare providers.

ASSESSMENT CRITERION 4 The Government Gazette is used to access information applicable to medical schemes.

- IAC0405 ASSESSMENT CRITERION 1 The effect of inflation on a medical scheme is explained an indication is given of steps that medical schemes can take to contain inflation. ASSESSMENT CRITERION 2 Factors that influence costs of healthcare are identified and the contribution of each is compared in terms of the impact that it has on costs. ASSESSMENT CRITERION 3 The distinguishing characteristics of different medical scheme benefit structures are analysed and an indication is given of how successful each is in containing costs. ASSESSMENT CRITERION 4 The concepts of threshold and savings as applied by medical schemes are explained with examples.

**(Weight 10%)**

#### **4.2.5. KM-04-KT05: Analyse the Pension Funds Act as it applies to the administration of retirement funds (13%)**

***Topic elements to be covered include:***

- KT0501 Interpreting the objectives of the Pension Funds Act and the requirements for the registration of retirement funds
- KT0502 Analysing the sections of the Pension Funds Act that relate to governance by the relevant role players
- KT0503 Analysing sections of the Pension Funds Act that apply to the financial operation and the flow of funds.
- KT0504 Analysing sections of the Pension Funds Act that apply to contributions, payments and allowable deductions.

***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 The reasons for the Act are explained with reference to the objectives defined in the Act. ASSESSMENT CRITERION 2 The different requirements for registration under the Act are explained with reference to different types of funds. ASSESSMENT CRITERION 3 Circumstances under which a Fund would be required to register or be exempted from registration under this Act are named with examples. ASSESSMENT CRITERION 4 The concept of a non-exempt fund is explained with reference to the assets of the fund, actuarial evaluations and the annual audit. ASSESSMENT CRITERION 5 The concept of an audit exempt fund is explained with reference to the assets of the fund. ASSESSMENT CRITERION 6 The concept of a valuation exempt fund is explained with reference to the assets of the fund, actuarial evaluations and the annual audit.
- IAC0502 ASSESSMENT CRITERION 1 Requirements regarding the constitution of the Board of Trustees are explained and an indication is given of the duties and responsibilities of the Board and the implications of negligent and incorrect decisions. ASSESSMENT CRITERION 2 The role of the Principal Officer is explained with reference to his/her duties. ASSESSMENT CRITERION 3 The role of the Registrar of Pension funds is explained with examples. ASSESSMENT CRITERION 4 The role and duties of the Administrator are explained and an indication is given of the consequences of non-compliance with the Act. ASSESSMENT CRITERION 5 The use of Pension Fund Circulars by the Financial Services Board is explained with reference to interpretation of the Pension Funds Act. ASSESSMENT CRITERION 6 The role of the Pension Funds Adjudicator is explained and an indication is given of the scope of his/her duties. ASSESSMENT CRITERION 7 Investment instruments that are available to funds are named with examples.
- IAC0503 ASSESSMENT CRITERION 1 Circumstances under which benefits should be protected are explained with reference to the transfer of a member. ASSESSMENT CRITERION 2 Circumstances under which a member may transfer his/her fund benefit to a preservation fund are analysed with reference to the rules of the fund and SARS retirement fund notes. ASSESSMENT CRITERION 3 Circumstances under which retirement funds may be liquidated are explained with

reference to voluntary and involuntary liquidation. ASSESSMENT CRITERION 4 Data required for the preparation of financial records for the audit is identified according to an organisations requirements and an indication is given of the legal time frames for submission of the audit. ASSESSMENT CRITERION 5 Circumstances under which a fund is module to periodic valuations are explained with examples. ASSESSMENT CRITERION 6 The consequences if an employer fails to pay pension fund contributions timeously are explained with reference to the roles of the intermediary, Trustee, Principal Officer, Attorney General, Financial Services Board, monitoring person and administrator. ASSESSMENT CRITERION 7 The application of legislation relating to surplus apportionment is explained with reference to a specific fund.

- IAC0504 ASSESSMENT CRITERION 1 The difference in the way in which contributions to pension funds and provident funds are taxed are explained with examples. ASSESSMENT CRITERION 2 Circumstances under which Trustees may authorise deductions from fund benefits are explained and an indication is given of the evidence required to substantiate the deduction. ASSESSMENT CRITERION 3 Requirements of the Pension Fund Act regarding the payment of death benefits applicable to all funds are explained with reference to four case studies. ASSESSMENT CRITERION 4 Conditions under which fund benefits should be paid to a third party are explained in terms of the Maintenance Act, Divorce Act, Income Tax Act and the Pension Funds Act. ASSESSMENT CRITERION 5 The protection of fund benefits is explained with reference to the members creditors and insolvency. ASSESSMENT CRITERION 6 Circumstances under which administrators are obliged to deduct income tax on benefits are explained with examples.

**(Weight 13%)**

#### **4.2.6. KM-04-KT06: Demonstrate knowledge and understanding of the investment strategy of a selected group retirement fund (13%)**

***Topic elements to be covered include:***

- KT0601 Analysing the needs of members of a group retirement fund
- KT0602 Discuss the implications of value systems for an investment strategy
- KT0603 Explaining the guidelines for investment in terms of current legislation.
- KT0604 Applying knowledge of investment in order to evaluate a proposal for a specific group retirement fund.

#### ***Internal Assessment Criteria and Weight***

- IAC0601 ASSESSMENT CRITERION 1 A report on payroll information is interpreted to determine the average number of members within five years of retirement, age bands, income range and staff turnover in a specific retirement fund. ASSESSMENT CRITERION 2 Additional information that affects an investment strategy is identified and an indication is given of the consequences if trustees neglect to gather the necessary information. ASSESSMENT CRITERION 3 A profile of members of a specific group retirement fund is interpreted in order to determine the outcomes for a fund.
- IAC0602 ASSESSMENT CRITERION 1 The influence of industry norms and values on the investment strategies of a group retirement fund is explained with reference to industry specific goals. ASSESSMENT CRITERION 2 The influence of individual members norms and values on the investment strategies of a group retirement fund is explained with reference to individual goals.
- IAC0603 ASSESSMENT CRITERION 1 The legislated guidelines for retirement fund are explained with reference to investment parameters. ASSESSMENT CRITERION 2 The importance of compliance certificates is explained and an indication is given of the consequences of non-compliance for trustees. ASSESSMENT CRITERION 3 The investment mandate of a retirement fund is compared to the needs and wants of members and an indication is given of the benchmarks selected for the fund.
- IAC0604 ASSESSMENT CRITERION 1 Asset classes appropriate for a specific retirement fund are identified with reference to the investment mandate. ASSESSMENT CRITERION 2 The credentials

of an asset manager are evaluated in terms of performance history, philosophy, governance, Black Economic Empowerment (BEE), processes, systems, size and people. ASSESSMENT CRITERION 3 Proposals from different asset fund managers are analysed in order to select an appropriate fund manager. ASSESSMENT CRITERION 4 Questions are asked of an asset fund manager to inform a decision.

- IAC0605 ASSESSMENT CRITERION 1 The existing investment strategy of a selected retirement fund is analysed and compared to the defined objectives of the Fund. ASSESSMENT CRITERION 2 The performance of the asset fund manager is assessed to determine whether performance meets the agreed mandate and benchmarks. ASSESSMENT CRITERION 3 The importance of regular monitoring and review is explained and an indication is given of the consequences for trustees and members of failing to review an investment strategy.

**(Weight 13%)**

#### **4.2.7. KM-04-KT07: Describe group insured benefits (7%)**

***Topic elements to be covered include:***

- KT0701 Describing generic group products marketed in the insurance industry.
- KT0702 Explaining how group insurance products are underwritten.
- KT0703 Explaining how group insurance products are marketed
- KT0704 Applying legislation to group insurance products

***Internal Assessment Criteria and Weight***

- IAC0701 ASSESSMENT CRITERION 1 Group products marketed by the insurance industry are named and classified according to typical client needs. ASSESSMENT CRITERION 2 The generic group products marketed by the insurance industry are named and an indication is given of the risk that each insures and the target for the group product. ASSESSMENT CRITERION 3 Examples of generic products marketed as group products are investigated for a selected insurance organisation. ASSESSMENT CRITERION 4 A generic product marketed by two different insurance organisations is compared with reference to the features of the product.
- IAC0702 ASSESSMENT CRITERION 1 The concept of free cover limit is explained with reference to why group products have a free cover limit. ASSESSMENT CRITERION 2 The basis on which premiums are determined is explained with reference to salary weighted average age, occupation, growth of benefits, scaling down periods, pre existing conditions, waiting periods, exclusions and other qualification requirements. ASSESSMENT CRITERION 3 Reasons why group schemes are reviewed at regular intervals are explained with reference to the changing nature of the group.
- IAC0703 ASSESSMENT CRITERION 1 The distribution channels used to market group products are named with examples. ASSESSMENT CRITERION 2 The concept of a tender/quote is explained as used in group insurance. ASSESSMENT CRITERION 3 A group tender/quote and an individual proposal are analysed and an indication is given of the information contained in each.
- IAC0704 ASSESSMENT CRITERION 1 Legislation that regulates the products marketed as group products is named and an indication is given of the main focus of the legislation. ASSESSMENT CRITERION 2 The links between the different group insurance products and legislation are identified, presented graphically. ASSESSMENT CRITERION 3 The taxation of benefits and premiums applicable to group insurance are explained for approved and fund owned policies

**(Weight 7%)**

#### **4.2.8. KM-04-KT08: Explain the legislation relating to marriage, divorce and maintenance as it applies to retirement benefits (11%)**

***Topic elements to be covered include:***

- KT0801 Explaining the impact of legislation and the South African Constitution on retirement fund matters.
- KT0802 Explaining the different types of marriages and partnerships that are recognised in South Africa.
- KT0803 Explaining the effect of the Divorce Amendment Act of 1989 and the allocations of retirement fund benefits.
- KT0804 Explaining the application of the Maintenance Act (99 of 1998) to the accrual and payment of retirement fund benefits.

***Internal Assessment Criteria and Weight***

- IAC0801. ASSESSMENT CRITERION 1 1.1 The legislation that impacts on retirement fund matters is identified and the sections in the legislation that apply to retirement funds are accessed in the relevant Acts. ASSESSMENT CRITERION 2 The impact/effect of the Pension Funds Adjudicators determinations on the governance and administration of funds is explained in terms of marriage, divorce and maintenance. ASSESSMENT CRITERION 3 The general effect of the South African Constitution on legislation relating to marriage, divorce and maintenance is explained with examples.
- IAC0802 ASSESSMENT CRITERION 1 The concept of marriage is explained with examples. ASSESSMENT CRITERION 2 The concept of a spouse is explained and an indication is given of the evidence required to prove the existence of a spouse. ASSESSMENT CRITERION 3 The impact of the Constitution on the range of marriages and partnerships recognised in South Africa is explained with examples.
- IAC0803 ASSESSMENT CRITERION 1 The concept of a divorce is explained with examples. ASSESSMENT CRITERION 2 The concept of pension interest is explained as it is applied to retirement funds. ASSESSMENT CRITERION 3 A court order is analysed for correctness. ASSESSMENT CRITERION 4 The process to be followed on receipt of a court order is explained and an indication is given of the implications of non-compliance. ASSESSMENT CRITERION 5 A valid court order is interpreted to determine the responsibility for the payment of tax on receipt of a benefit. ASSESSMENT CRITERION 6 A valid court order is interpreted to determine the inclusion of interest on the former spouse of a member's pension interest. ASSESSMENT CRITERION 7 A valid court order is interpreted to determine the order of preference for deductions against a member's benefit.
- IAC0804 ASSESSMENT CRITERION 1 The concept of maintenance is explained with examples. ASSESSMENT CRITERION 2 A maintenance order is analysed for validity and an indication is given of the implications of enforcing the order. ASSESSMENT CRITERION 3 The process to be followed on receipt of a court order is explained and an indication is given of the implications of non-compliance. ASSESSMENT CRITERION 4 A valid court order is interpreted to determine the order of preference for deductions against a member's benefit.

***(Weight 11%)***

**4.2.9. KM-04-KT09: Demonstrate knowledge and insight into the valuation of retirement funds (10%)**

***Topic elements to be covered include:***

- KT0901 Explaining the purpose and requirements for valuation of a retirement fund
- KT0902 Critically analysing the basic principles that underpin the valuation of a retirement fund
- KT0903 Evaluating the financial results of a valuation
- KT0904 Discussing the main socio-economic factors that affect the valuation results of a retirement fund

### ***Internal Assessment Criteria and Weight***

- IAC0901 ASSESSMENT CRITERION 1 The purposes of valuing a retirement fund are explained with reference to current legislation and the requirements of professional bodies. ASSESSMENT CRITERION 2 The rules of a specific fund are analysed to determine whether the fund can apply to be audit and/or valuation exempt and an indication is given of the risks associated with valuation-exempt status.
- IAC0902 ASSESSMENT CRITERION 1 Sources of data used in the valuation of a retirement fund are identified and interrogated for consistency and integrity against the valuation. ASSESSMENT CRITERION 2 The actuarial basis of a specific retirement fund is analysed to identify and evaluate the actuarial assumptions. ASSESSMENT CRITERION 3 The effects of changes in the actuarial assumptions on the financial results of a fund are interpreted for a specific fund.
- IAC0903 ASSESSMENT CRITERION 1 The financial soundness of a fund is analysed against the funding level. ASSESSMENT CRITERION 2 The adequacy of assets and liabilities of a fund are evaluated to assess their match and recommendations are made to rectify any mismatch. ASSESSMENT CRITERION 3 The build-up of surplus or unallocated amounts is evaluated for reasonableness. ASSESSMENT CRITERION 4 Recommendations to manage the financial soundness of a fund are evaluated and substantiated based on the actuary's recommendation.
- IAC0904 ASSESSMENT CRITERION 1 The effect of longevity on the solvency of a retirement fund is discussed with reference to future contribution rates. ASSESSMENT CRITERION 2 The effect of HIV/AIDS on the solvency of a retirement fund is discussed with reference to the current position of a fund and the valuation result. ASSESSMENT CRITERION 3 The effects of changes in the labour market on solvency and contribution rates of a fund are discussed for different types of funds.

***(Weight 10%)***

### **4.3 Provider Programme Accreditation Criteria**

#### *Physical Requirements:*

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

#### *Human Resource Requirements:*

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long-term insurance adviser and at least five years practical experience in the industry.

#### *Legal Requirements:*

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

### **4.4 Exemptions**

## 5. 241301001-KM-05, Fundamentals of Investments, NQF Level 5, Credits 30

### 5.1 Purpose of the Knowledge Modules

The main focus of the learning in this knowledge module is to build an understanding of vv

The learning will enable learners to demonstrate an understanding of:

- KM-05-KT01: Explain basic investment principles (10%)
- KM-05-KT02: Demonstrate knowledge and understanding of the establishment and ongoing maintenance of a domestic collective investment portfolio (14%)
- KM-05-KT03: Apply technical knowledge and skill to explain how collective investment scheme portfolios are classified (7%)
- KM-05-KT04: Explain the basic principles of asset management that apply to financial markets and insurance (9%)
- KM-05-KT05: Explain fiduciary responsibilities and the associated risks (5%)
- KM-05-KT06: Describe the main aspects of pre-and post-retirement planning (7%)
- KM-05-KT07: Demonstrate knowledge and insight into the Income Tax Act (58 of 1962 and the accompanying regulations) as amended as it applies to Long- Term insurance and investment products (5%)
- KM-05-KT08: Demonstrate knowledge and insight into the Collective Investment Schemes Control Act, 45 of 2002 (CISCA) (5%)
- KM-05-KT09: Demonstrate knowledge and insight into provisions relating to Capital Gains Tax (CGT) contained in the Income Tax Act as it applies to insurance and investment (5%)
- KM-05-KT10: Outline the structure of the collective investment industry (4%)
- KM-05-KT11: Indicate how collective investment scheme portfolios are reported (5%)
- KM-05-KT12: Explain common transactions in a collective investment scheme portfolio (5%)
- KM-05-KT13: Describe collective investment schemes (5%)
- KM-05-KT14: Explain how the life cycle of a business entity affects investment and insurance decisions (14%)

### 5.2 Guidelines for Topics

#### 5.2.1. KM-05-KT01: Explain basic investment principles (10%)

**Topic elements to be covered include:**

- KT0101 Explain the implications of goals for investments. Identify factors that could affect the choice of investment principles. Analyse the risk associated with different investments.
- KT0102 Identify factors that could affect the choice of investment principles.
- KT0103 Analyse the risk associated with different investments. (
- KT0104 Apply basic principles of investment to propose a financial solution for a specific individual

#### **Internal Assessment Criteria and Weight**

- IAC0101 ASSESSMENT CRITERION 1 A needs analysis is used to determine the objectives of an investor in relation to an investment with reference to capital protection, term, growth, income, liquidity, tax and inflation. ASSESSMENT CRITERION 2 Factors that may impact on the objectives of an investor in relation to an investment are identified and an indication is given as to how each factor could change the proposed objectives.

- IAC0102 ASSESSMENT CRITERION 1 Basic investment principles are named with examples. ASSESSMENT CRITERION 2 Ways in which tax, liquidity, market volatility, investment costs, term of investment, inflation, business cycles, currency and the performance of securities influence investment decisions are explained with examples. ASSESSMENT CRITERION 3 Legislation that affects the choice of investment principles is identified for a specific sub sector. ASSESSMENT CRITERION 4 The importance of diversification is explained with reference to diversification within and across asset classes and products.
- IAC0103 ASSESSMENT CRITERION 1 The risk associated with choice of investment institution is explained with examples. ASSESSMENT CRITERION 2 The risk associated with choice of the product in which an investor invests is explained with examples. ASSESSMENT CRITERION 3 The risk levels associated with the main classes of assets are explained with reference to the risk profile of a selected investor.
- IAC0104 ASSESSMENT CRITERION 1 A range of investment products or instrument types is selected that meet each of the identified investment objectives. ASSESSMENT CRITERION 2 A financial solution is proposed and substantiated that meets the specific objectives. ASSESSMENT CRITERION 3 The implications of tax on a proposed investment solution is explained for a specific investor

**(Weight 10%)**

#### **5.2.2. KM-05-KT02: Demonstrate knowledge and understanding of the establishment and ongoing maintenance of a domestic collective investment portfolio (14%)**

***Topic elements to be covered include:***

- KT0201 Explain why a collective investment manager may decide to establish a new portfolio.
- KT0202 Analyse the feasibility of a proposed collective investment portfolio.
- KT0203 Explain the process involved in the establishment of a collective investment portfolio.

#### ***Internal Assessment Criteria and Weight***

- IAC0201 ASSESSMENT CRITERION 1 Reasons why a Collective Investment Portfolio Manager may wish to initiate a new collective investment portfolio are explained with reference to a gap in the market, expectations of clients and a market demand. ASSESSMENT CRITERION 2 Reasons why a Manager may choose to establish an institutional portfolio rather than a retail portfolio are explained with reference to the target market, fund limit, accessibility, disclosure and process and fee structure. ASSESSMENT CRITERION 3 The investment strategies used for institutional portfolios and socially responsible investments are explained with reference to balanced and specialist portfolios.
- IAC0202 ASSESSMENT CRITERION 1 The capital adequacy requirements of the Manager are explained with reference to statutory requirements for a specific portfolio. ASSESSMENT CRITERION 2 The competitiveness of a proposed collective investment portfolio is investigated in terms of the proposed fee structure, minimum investment and the past performance of the portfolio manager. ASSESSMENT CRITERION 3 A cash flow forecast and underlying assets of a proposed collective investment portfolio are analysed to determine the financial feasibility and growth potential of a proposed portfolio. ASSESSMENT CRITERION 4 The capacity of the organisations infrastructure to maintain a proposed portfolio is investigated with reference to call centre capacity, administrative systems, marketing and support structures, distribution channels and regulatory and capital requirements.
- IAC0203 ASSESSMENT CRITERION 1 The roles of the Association of Collective Investments (ACI) and the Financial Services Board (FSB) in the approval and registration process are explained and an indication is given of the documentation required by each and the requirements of the Financial Advisory and Intermediary Services Act (FAIS) and the Finance Intelligence Centre Act (FICA). ASSESSMENT CRITERION 2 The parties involved in the successful implementation of the launch of the unit trust fund is explained with reference to marketing, systems, marketing support,



administrative processes, training, distribution, price distribution networks and the appointment of custodians

- IAC0204 ASSESSMENT CRITERION 1 Techniques used to analyse the performance of a fund are explained and an indication is given of whether the technique includes a risk adjustment. ASSESSMENT CRITERION 2 The factors that influence a fund's performance and the continuity of a fund are identified and the performance of a fund over a period of one, three and five years is assessed relative to benchmarks or selected indices. ASSESSMENT CRITERION 3 The actions portfolio managers could take to rectify under performance of a portfolio are outlined with reference to the portfolio mandate. ASSESSMENT CRITERION 4 The structure of a portfolio is analysed to determine whether it is appropriate in terms of the current economic situation and future expectations. ASSESSMENT CRITERION 5 Reports required by the Association of Collective Investments (ACI) and the Financial services Board (FSB) are explained and an indication is given of how these are administered and managed to ensure compliance. ASSESSMENT CRITERION 6 The role of Trustees of a collective investment portfolio is explained with reference to the custodial function.

**(Weight 14%)**

### **5.2.3. KM-05-KT03: Apply technical knowledge and skill to explain how collective investment scheme portfolios are classified (7%)**

***Topic elements to be covered include:***

- KT0301 Demonstrate knowledge and understanding the financial markets and instruments used in portfolios of collective investment schemes.
- KT0302 Explain the techniques and practices used by portfolio/fund managers
- KT0303 Evaluate the effectiveness of the management of a portfolio.
- KT0304 Describe the regulatory and contractual parameters of investment management.

***Internal Assessment Criteria and Weight***

- IAC0301 ASSESSMENT CRITERION 1 The financial markets used by collective investment schemes are named and an indication is given of the types of financial instruments available from each. ASSESSMENT CRITERION 2 Different financial instruments are explained in terms of expected risk and return
- IAC0302 ASSESSMENT CRITERION 1 A risk analysis for a selected portfolio is interpreted and an indication is given of the risk level of the portfolio. ASSESSMENT CRITERION 2 A report on the attribution analysis of a portfolio is analysed to determine the strength and weaknesses of a specific portfolio in terms of selecting asset allocation and stock selection. ASSESSMENT CRITERION 3 The approach used by a portfolio/fund manager is identified and an indication is given of a specific manager expertise, investment strategy and techniques for stock selection. ASSESSMENT CRITERION 4 The concept of liquidity in a portfolio is explained and an indication is given of the implications of liquidity or illiquid assets. ASSESSMENT CRITERION 5 The manner in which taxation is applied is explained with reference to tax liabilities.
- IAC0303 ASSESSMENT CRITERION 1 A portfolio is evaluated against peer portfolios and whether it meets its objectives. ASSESSMENT CRITERION 2 The performance of a portfolio analysed with reference to the relationship between performance management and the portfolio.
- IAC0304 ASSESSMENT CRITERION 1 A portfolio is evaluated for compliance with the regulatory and classification limits of the portfolio. ASSESSMENT CRITERION 2 The portfolio mandate is interpreted and compared to the portfolio holdings. ASSESSMENT CRITERION 3 A portfolio is analysed to determine whether it complies with the prospectus, deed, Collective Investment Schemes Control Act (CISCA), Financial Advisory and Intermediary Services Act (FAIS) and the Association of Collective Investments (ACI) codes and standards

**(Weight 7%)**

**5.2.4. KM-05-KT04: Explain the basic principles of asset management that apply to financial markets and insurance (9%)**

***Topic elements to be covered include:***

- KT0401 Explain concepts related to financial markets
- KT0402 Distinguish between different asset management companies.
- KT0403 Explain the key drivers in the performance of asset management.
- KT0404 Explain the risks associated with investment asset management.

***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 The concept of asset classes is explained with examples. ASSESSMENT CRITERION 2 The concepts of risk and return are explained with reference to term. ASSESSMENT CRITERION 3 The concept of investment style is explained with examples. ASSESSMENT CRITERION 4 The concept of a mandate is explained with reference to how the mandate impacts on investment portfolios. ASSESSMENT CRITERION 5 The concepts of fundamental versus technical research/analysis are explained with reference to how the type of research affects the investment process.
- IAC0402 ASSESSMENT CRITERION 1 The philosophy and style of a selected asset management company is investigated and an indication is given of how philosophy and style impact on performance and risk. ASSESSMENT CRITERION 2 Marketing material from a selected asset management company is analysed and to ascertain whether this reflects the asset management companies philosophy and style. ASSESSMENT CRITERION 3 Commentaries, performance surveys and marketing material from a selected asset management company are analysed and an opinion is expressed as to whether the provider is stable and reputable. ASSESSMENT CRITERION 4 The concepts of fixed and performance fees are explained with examples.
- IAC0403 ASSESSMENT CRITERION 1 An asset management companies decision making policy is investigated and an indication is gives of whether it is a consensus or individual driven process and the implications of decision making style for investment decisions. ASSESSMENT CRITERION 2 The investment process used by a selected team is explained in terms of its focus. ASSESSMENT CRITERION 3 The concept of asset allocation is explained with reference to defined objectives and strategic asset allocation.
- IAC0404 ASSESSMENT CRITERION 1 People related asset management risks are identified and an indication is given of systems that can be implemented to mitigate against people related risk. ASSESSMENT CRITERION 2 Legislation that impacts on asset management is identified and an indication is given of the consequences of non-compliance. ASSESSMENT CRITERION 3The impact of excessive trading on a portfolio is explained with reference to costs incurred, the investment policy and effects on performance.

**(Weight 9%)**

**5.2.5. KM-05-KT05: Explain fiduciary responsibilities and the associated risks (5%)**

***Topic elements to be covered include:***

- KT0501 Explain how the relationship between fiduciary responsibility and personal liability occurs.
- KT0502 Identify the fiduciary risk in a specific situation.
- KT0503 Analyse and quantifying the consequences of breach of fiduciary responsibility in a specific situation.

- KT0504 Propose a solution to manage fiduciary risk in a specific situation.

***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 Legislation and common law that regulates fiduciary duties is identified for a specific situation. ASSESSMENT CRITERION 2 The concept of fiduciary responsibilities is explained with reference to who or what the duty relates to and where accountability resides. ASSESSMENT CRITERION 3 The legal liability associated with fiduciary responsibility is explained with examples
- IAC0502 ASSESSMENT CRITERION 1 Case studies are analysed to identify and rank the fiduciary risk, and an indication is given of why each poses a risk. ASSESSMENT CRITERION 2 The parties who would bear the fiduciary risk are identified for different scenarios and an indication is given of the consequences in situations where there is only one Trustee.
- IAC0503 ASSESSMENT CRITERION 1 Governing documents are analysed and compared to actual practice and an indication is given of any discrepancies between the two. ASSESSMENT CRITERION 2 The consequences of having incurred each identified risk are explained with reference to statutory penalties, personal consequences, reputational risk and consequences to third parties.
- IAC0504 ASSESSMENT CRITERION 1 Possible alternatives are suggested to avoid identified risks and to minimise the impact of the risk situation. ASSESSMENT CRITERION 2 A solution is proposed and substantiated to manage fiduciary risk in a specific situation.

***(Weight 5%)***

**5.2.6. KM-05-KT06: Describe the main aspects of pre-and post-retirement planning (7%)**

***Topic elements to be covered include:***

- KT0601 Explaining the main aspects that impact on a secure and comfortable retirement.
- KT0602 Matching anticipated personal retirement needs to available products.
- KT0603 Explaining the impact of annuity rates on the provision of income.
- KT0604 Proposing a retirement solution for a specific client.

***Internal Assessment Criteria and Weight***

- IAC0601 ASSESSMENT CRITERION 1 The impact of lifestyle provision for retirement is explained with examples. ASSESSMENT CRITERION 2 The impact of age on retirement products is explained with reference to age at retirement and investment time horizons. ASSESSMENT CRITERION 3 The impact of assumptions about mortality and socio-economic status on retirement products is explained with examples.
- IAC0602 ASSESSMENT CRITERION 1 Options available for providing for retirement are explained with reference to lump sum and monthly contribution. ASSESSMENT CRITERION 2 Different products available to meet single life and joint life retirement needs are investigated and compared in terms of cost, benefit and monthly income. ASSESSMENT CRITERION 3 The needs of a specific client are analysed and a recommendation is made as to the type of annuity that is the most appropriate at retirement.
- IAC0603 ASSESSMENT CRITERION 1 The concept of an annuity rate is explained with reference to the current economic climate. ASSESSMENT CRITERION 2 The impact of annuity rates on post retirement monthly income is explained with examples. ASSESSMENT CRITERION 3 Reasons for fluctuations in annuity rates are explained with examples.
- IAC0604 ASSESSMENT CRITERION 1 A needs analysis is conducted for a specific client and a quote is drawn based on current lifestyle needs. ASSESSMENT CRITERION 2 Current needs at the current cost are compared to anticipated needs and a recommendation is made to address the

current situation. ASSESSMENT CRITERION 3 Specific products are matched to a client's current needs

**(Weight 7%)**

**5.2.7. KM-05-KT07: Demonstrate knowledge and insight into the Income Tax Act (58 of 1962 and the accompanying regulations) as amended as it applies to Long-Term insurance and investment products (5%)**

**Topic elements to be covered include:**

- KT0701 Identifying the sections of the Income Tax Act (58 of 1962) that apply to Long-Term insurance products and investment instruments.
- KT0702 Applying the relevant sections of the Act to Long-Term insurance products and investment instruments.
- KT0703 Explaining the tax implications on local and foreign dividends and interest.
- KT0704 Applying knowledge of taxation on Long-Term insurance products and investment instruments to the annual tax return.

**Internal Assessment Criteria and Weight**

- IAC0701 ASSESSMENT CRITERION 1 The sections of the Act that apply to Long-Term insurance, medical schemes and investment instruments and retirement funds are identified in the Act. ASSESSMENT CRITERION 2 The implications of the Annual Budget Speech of the Minister of Finance for changes and review of tax legislation are explained with reference to how the latest budget speech impacted on insurance and investments.
- IAC0702 ASSESSMENT CRITERION 1 The different investment and Long-Term insurance products that have tax implications are named with examples. ASSESSMENT CRITERION 2 The application of tax in Retirement Annuity type products is explained and an indication given of the limits on investment and who would purchase such a product. ASSESSMENT CRITERION 3 The application of tax on the proceeds from a pension fund is explained and an indication given of the effect of tax on death, early withdrawal and retirement. ASSESSMENT CRITERION 4 The application of tax on the proceeds from a provident fund is explained and an indication given of the effect of tax on death, early withdrawal and retirement. ASSESSMENT CRITERION 5 Endowment policies, retirement annuities, pension funds and provident funds are compared in terms of the tax advantages to the client. ASSESSMENT CRITERION 6 The difference in taxation of voluntary and compulsory annuities is explained with examples.
- IAC0703 . ASSESSMENT CRITERION 1 The effect of tax on dividends is explained for local and foreign investment options. ASSESSMENT CRITERION 2 The effect of tax on interest bearing investments and dividends from investments is explained with reference to the significance of the Budget Speech on taxable interest

**(Weight 5%)**

**5.2.8. KM-05-KT08: Demonstrate knowledge and insight into the Collective Investment Schemes Control Act, 45 of 2002 (CISCA) (5%)**

**Topic elements to be covered include:**

- KT0801 Explain different types of collective investment schemes.
- KT0802 Describe the main role players involved in a collective investment scheme
- KT0803 Explain ethical principles and practices described in the Collective Investment Schemes Control Act (CISCA) and subordinate legislation.

- KT0804 Describe the elements of the deed and documents of incorporation for a collective investment scheme.

#### ***Internal Assessment Criteria and Weight***

- IAC0801 ASSESSMENT CRITERION 1 The concept of participatory interest in a collective investment scheme portfolio is explained with examples. ASSESSMENT CRITERION 2 The different types of collective investment schemes allowable in South African are named with reference to their characteristics. ASSESSMENT CRITERION 3 Conditions under which foreign collective investment schemes may be marketed and sold in South Africa are explained with reference to CISCA. ASSESSMENT CRITERION 4 Procedures for launching a portfolio are explained with reference to CISCA and the consequences of non-compliance. ASSESSMENT CRITERION 5 Procedures for launching a collective investment scheme are explained with reference to CISCA and the consequences of non-compliance.
- IAC0802 ASSESSMENT CRITERION 1 The main role players involved in collective investment schemes are named and an indication given of the role of each with reference to CISCA and the deed and documents of incorporation for a specific scheme. ASSESSMENT CRITERION 2 The relationship between the Collective Investment Scheme Manager and other role players in a collective investment scheme is explained and an indication is given of the obligations of each and the consequences of non-compliance.
- IAC0803 ASSESSMENT CRITERION 1 The guidelines for ethical practice outlined in CISCA are explained with examples. ASSESSMENT CRITERION 2 Mandatory disclosures relating to information supplied to investors is identified and an indication is given of why the disclosures are necessary. ASSESSMENT CRITERION 3 Marketing documents from a selected Collective Investment Scheme Manager are analysed for compliance.
- IAC0804 ASSESSMENT CRITERION 1 The purposes of the deed and documents of incorporation are compared with reference to participatory interest, corporate structure and governance. ASSESSMENT CRITERION 2 The minimum information required in the deed and documents of incorporation is explained and an indication is given of the procedures to be followed in the event of changes to the deed and/or documents of incorporation

***(Weight 5%)***

#### **5.2.9. KM-05-KT09: Demonstrate knowledge and insight into provisions relating to Capital Gains Tax (CGT) contained in the Income Tax Act as it applies to insurance and investment (5%)**

##### ***Topic elements to be covered include:***

- KT0901 Explain the rationale for Capital Gains Tax.
- KT0902 Explain the concepts used in the Capital Gains Tax (CGT) schedule of the Income Tax Act and their practical implications for the tax-payer
- KT0903 Explain the impact of Capital Gains Tax on a client and a provider in terms of the different product classes available in financial services.
- KT0904 Explain the responsibilities of the provider to the client and the South African Revenue Service

#### ***Internal Assessment Criteria and Weight***

- IAC0901 ASSESSMENT CRITERION 1 The reasons for the introduction of Capital Gains Tax are explained in terms of equality in the levying of taxes and broadening the tax base. ASSESSMENT CRITERION 2 The Income Tax legislation as amended is explained with reference to the stage when Capital Gains Tax is introduced in the income tax process. ASSESSMENT CRITERION 3 The date from which Capital Gains Tax is calculated is identified with examples of how the date affects the calculation of capital gains or losses on the disposal of assets

- IAC0902 ASSESSMENT CRITERION 1 The difference between capital and income is explained with reference to their different treatment with regard to CGT. ASSESSMENT CRITERION 2 The concept of disposal is explained with reference to events that trigger Capital Gains Tax. ASSESSMENT CRITERION 3 Liability for Capital Gains Tax of residents and non-residents is explained in terms of place of residence. ASSESSMENT CRITERION 4 The concept of an asset is explained and examples are given of the types of assets that would incur Capital Gains Tax on disposal. ASSESSMENT CRITERION 5 The basis for valuing assets for Capital Gains Tax purposes is explained with reference to the valuation date. ASSESSMENT CRITERION 6 The process by which taxable gain is determined is explained with examples.
- IAC0903 ASSESSMENT CRITERION 1 Product classes available in financial services are classified in terms of whether the liability for Capital Gains Tax lies with the client, the provider or is excluded. ASSESSMENT CRITERION 2 The impact of CGT in the financial planning of a client is identified for different scenarios
- IAC0904 ASSESSMENT CRITERION 1 Documentation that the provider is required to issue to the client as a tax record is described in terms of the circumstances of issue. ASSESSMENT CRITERION 2 Returns that the provider is required to issue to the South African Revenue Service are described and an indication is given of the implications of noncompliance in the rendition of a tax return. ASSESSMENT CRITERION 3 Electronic files and documents required by the South African Revenue Service (SARS) are identified and an indication is given of why SARS requires the information.

**(Weight 5%)**

#### **5.2.10. KM-05-KT10: Outline the structure of the collective investment industry (4%)**

***Topic elements to be covered include:***

- KT1001 Identifying the main elements in the structure of the collective investment industry
- KT1002 Describing the structure of a Collective Investment Schemes Manager
- KT1003 Explaining how the collective investment industry is regulated
- KT1004 Identifying the legislation that applies to the collective investment industry

***Internal Assessment Criteria and Weight***

- IAC1001 ASSESSMENT CRITERION 1 The main elements of the Collective Investment industry are identified and an indication is given of the relationship between the elements with reference to the purpose of each. ASSESSMENT CRITERION 2 The main elements of a collective investment scheme within the Collective Investment industry are identified with reference to a selected collective investment scheme manager. ASSESSMENT CRITERION 3 The purpose of a deed or document of incorporation is explained and the main provisions of the documents are identified with reference to a deed or document of incorporation for a selected collective investment scheme portfolio.
- IAC1002 ASSESSMENT CRITERION 1 The structure and functions of a Collective Investment Scheme Manager are explained for a selected Collective Investment Scheme Manager. ASSESSMENT CRITERION 2 The concept of third part portfolios is explained with examples
- IAC1003 ASSESSMENT CRITERION 1 The role and functions of the Financial Services Board (FSB) are explained as they apply to the collective investment industry. ASSESSMENT CRITERION 2 The functions of the Association of Collective Investments (ACI) are explained in relation to the members and investors. ASSESSMENT CRITERION 3 The purpose of industry regulation is explained with reference to protection of the investor.
- IAC1004 ASSESSMENT CRITERION 1 Legislation governing the collective investment industry is identified and an indication is given of the purpose of each Act. ASSESSMENT CRITERION 2 The impact of legislation on collective investment scheme managers is explained with reference to the know your client requirements, compliance and limitations on giving advice

**(Weight 4%)**

**5.2.11. KM-05-KT11: Indicate how collective investment scheme portfolios are reported (5%)**

***Topic elements to be covered include:***

- KT1101 Explain the pricing of participatory interest in a collective investment scheme portfolio.
- KT1102 Use the financial pages of a daily or weekly newspaper to access information on collective investment schemes
- KT1103 Describe how the performance of collective investment scheme portfolios is reported
- KT1104 Explain mandatory disclosures required of a collective investment scheme portfolio

***Internal Assessment Criteria and Weight***

- IAC1101 1. ASSESSMENT CRITERION 1 The formula for calculating the price of participatory interest in a collective investment scheme portfolio is explained with reference to the net asset value and costs of the portfolio. ASSESSMENT CRITERION 2 The concepts of income declaration and income distribution are explained with reference to a specific fund. ASSESSMENT CRITERION 3 The concept of multiple classes is explained with reference to investor category, price and income declaration.
- IAC1102 ASSESSMENT CRITERION 1 Different ways in which collective investment scheme portfolios are reported to clients are identified and an indication is given of the frequency of each type of report. ASSESSMENT CRITERION 2 The method used to report quarterly performance is explained with reference to The Association of collective Investments (ACI) advertising code and standards for communicating performance. ASSESSMENT CRITERION 3 The concepts of future and historic pricing methods are explained with examples
- IAC1103 ASSESSMENT CRITERION 1 The basic financial concepts associated with reporting performance are explained using a daily newspaper. ASSESSMENT CRITERION 2 The classification of collective investment scheme portfolios used in daily newspapers is compared to the industry classification of collective investment scheme portfolios. ASSESSMENT CRITERION 3 The number of participatory interests that a specific amount of money will buy and the value of a set number of participatory interests in a collective investment scheme portfolio on a specific day are calculated using information from a newspaper
- IAC1104 ASSESSMENT CRITERION 1 Mandatory disclosures that need to appear on collective investment scheme marketing or reporting documents are explained for selected types of advertising and reporting documents in terms of the regulatory framework and the Association of Collective Investments (ACI) codes of practice, standards and guidelines. ASSESSMENT CRITERION 2 Reasons for the mandatory disclosures are explained in terms of investor protection and an indication is given of the consequences of failing to publish mandatory disclosures.

**(Weight 5%)**

**5.2.12. KM-05-KT12: Explain common transactions in a collective investment scheme portfolio (5%)**

***Topic elements to be covered include:***

- KT1201 Demonstrating knowledge and understanding of the concept of buying participatory interest in collective investment scheme portfolios
- KT1202 Explaining the concept of repurchasing of participatory interest in collective investment scheme portfolios
- KT1203 Explaining the concept of switching in the collective investment industry
- KT1204 Explaining the concept of cessions.

### ***Internal Assessment Criteria and Weight***

- IAC1201 ASSESSMENT CRITERION 1 The fees associated with the purchase of participatory interest in collective investment scheme portfolios are identified with reference to the Collective Investment Schemes Act, no 45 of 2002 (CISCA), the deed of a selected collective investment scheme and deed of the portfolio within a scheme. ASSESSMENT CRITERION 2 The concept of unit creations applied by collective investment scheme managers is explained with reference to new investments in the fund. ASSESSMENT CRITERION 3 Knowledge of the Financial Intelligence Centre Act (FICA) is applied to the purchase and repurchase of participatory interest in collective investment schemes.
- IAC1202 ASSESSMENT CRITERION 1 The price used to repurchase participatory interest in a collective investment scheme portfolio is identified from a daily newspaper. ASSESSMENT CRITERION 2 The obligation of the manager to repurchase is explained with reference to net asset value of the participatory interest in a collective investment scheme portfolio. ASSESSMENT CRITERION 3 The concept of unit cancellation and liquidation applied by collective investment scheme managers is explained with reference to investors leaving the fund. ASSESSMENT CRITERION 4 The concept of ring fencing is explained with reference to block repurchasing of units.
- IAC1203 ASSESSMENT CRITERION 1 The term switching is explained as it is used in the collective investment industry. ASSESSMENT CRITERION 2 Rules associated with switching are explained in the context of a particular Collective Investment Schemes Manager. ASSESSMENT CRITERION 3 The benefits of switching within a Management Company, switching between collective investment scheme managers and switching within a Linked Investment Service Provider (LISP) are compared from an investors perspective.
- IAC1204 ASSESSMENT CRITERION 1 The concepts of cessions and transfers are explained and an indication is given of when each may be used by an investor. ASSESSMENT CRITERION 2 The rules relating to cessions are explained within the context of a particular Collective Investment Schemes Manager. ASSESSMENT CRITERION 3 The advantages and disadvantages of ceding participatory interest in a collective investment scheme portfolio are explained with reference to a particular investment objective.

***(Weight 5%)***

### **5.2.13. KM-05-KT13: Describe collective investment schemes (5%)**

#### ***Topic elements to be covered include:***

- KT1301 Demonstrate knowledge and understanding of the concept of a collective investment scheme.
- KT1302 Explain the relationship between collective investment scheme performance and the market.
- KT1303 Categorise the portfolios in collective investment schemes
- KT1304 Identify underlying assets that may be included in a collective investment scheme in securities

### ***Internal Assessment Criteria and Weight***

- IAC1301 ASSESSMENT CRITERION 1 The basis for the classification of a collective investment scheme portfolio is indicated according to its underlying assets. ASSESSMENT CRITERION 2 The broad asset classes applied to collective investment scheme portfolios are named with examples in each category. ASSESSMENT CRITERION 3 The geographical classes of collective investment scheme portfolios are named with examples of portfolios in each class. ASSESSMENT CRITERION 4 Examples of specialist categories of collective investment scheme portfolios are listed with examples.
- IAC1302 ASSESSMENT CRITERION 1 The underlying assets that can be included in a portfolio are named with reference to appropriate legislation and Financial Services Board regulations.



ASSESSMENT CRITERION 2 The implications of grouping of different types of assets within a portfolio are explained with reference to how this affects the nature of the collective investment scheme portfolio. ASSESSMENT CRITERION 3 The risk element of selected collective investment scheme portfolios is compared and reasons are given for the difference in risk.

- IAC1303 ASSESSMENT CRITERION 1 The concept of a collective investment scheme is explained and the different types of collective investment schemes are described with examples. ASSESSMENT CRITERION 2 The concept of a portfolio within a collective investment scheme is explained with reference to the different asset classes. ASSESSMENT CRITERION 3 Basic terms associated with collective investments are explained with reference to a selected collective investment scheme portfolio. ASSESSMENT CRITERION 4 The inherent advantages and disadvantages of collective investment schemes are identified from the point of view of a small investor/new investor.
- IAC1304 ASSESSMENT CRITERION 1 The impact of market trends on net asset value prices within a selected portfolio is explained with examples. ASSESSMENT CRITERION 2 Volatility is explained in terms of market fluctuation. ASSESSMENT CRITERION 3 The advantages and disadvantages of Rand cost averaging and lump sum investment are explained with reference to a selected portfolio. ASSESSMENT CRITERION 4. The principle of compounding is explained with reference to a specific investment.

**(Weight 5%)**

#### **5.2.14. KM-05-KT14: Explain how the life cycle of a business entity affects investment and insurance decisions (14%)**

***Topic elements to be covered include:***

- KT1401 Discuss the life cycle of a business entity.
- KT1402 Describe the financial implications at each stage in the life cycle of a business entity.
- KT1403 Analyse a selected business entity to determine the current stage in the life cycle.
- KT1404 Propose a financial solution for an entity

#### ***Internal Assessment Criteria and Weight***

- IAC1401 ASSESSMENT CRITERION 1 The stages in the life cycle of a business entity are analysed and illustrated for a typical business. ASSESSMENT CRITERION 2 The characteristics of each stage in the life cycle of a business entity are explained and compared with examples. ASSESSMENT CRITERION 3 Factors that could trigger an unexpected change in the life cycle of a business entity are discussed with examples
- IAC1402 ASSESSMENT CRITERION 1 The funding requirements at each stage of the life cycle of a business are explained with reference to potential sources of finance. ASSESSMENT CRITERION 2 The implications of cash flow cycles are explained with reference to seasonality, infrastructure, modernisation, tax breaks, assessed losses, write offs and economic cycles where applicable. ASSESSMENT CRITERION 3 Risks related to management structure are explained with reference to the profile of the Chief Executive Officer (CEO), continuity, stability, succession planning and decision making and organisational culture. ASSESSMENT CRITERION 4 The typical appetite for different types of risk in a business entity is described for each stage in the life cycle. ASSESSMENT CRITERION 5 The impact of diversification or expansion at each stage of the life cycle of a business entity is explained with examples.
- IAC1403 ASSESSMENT CRITERION 1 Financial statements and other relevant data of a selected business entity are analysed and interpreted to determine the strategic direction, financial needs or shortfall and financial state of the entity. ASSESSMENT CRITERION 2 Questions are asked of management to determine the full current status of the entity with regards to strategic issues and the life cycle of the entity.

- IAC1404 ASSESSMENT CRITERION 1 The wants and needs of a selected entity are analysed and motivated to justify financial, insurance and/or investment options for the entity. ASSESSMENT CRITERION 2 A proposal is presented to the appropriate stakeholders

**(Weight 14%)**

### **5.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

*Human Resource Requirements:*

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long term insurance adviser and at least five years practical experience in the industry.

*Legal Requirements:*

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

### **5.4 Exemptions**

- No exemptions were identified providers must apply to the AQP to have programmes recognised for purposes of exemption.

## **6. 241301001-KM-06, Principles of Providing advice to clients regarding Insurance, Savings and Retirement Planning, NQF Level 5, Credits 16**

### **6.1 Purpose of the Knowledge Modules**

The main focus of the learning in this knowledge module is to build an understanding of Principles of Providing advice to clients regarding Insurance, Savings and Retirement Planning

The learning will enable learners to demonstrate an understanding of:

- KM-06-KT01: Analyse the different products available in the Long-term Insurance industry and the benefits of each (23%)
- KM-06-KT02: Apply knowledge and insight into aspects of the Long Term Insurance Act, Act 52 of 1998 NQF Level 04 2 (9%)
- KM-06-KT03: Describe disability insurance solutions in the context of financial planning (15%)
- KM-06-KT04: Describe the control of fraud in Long-term Insurance (19%)
- KM-06-KT05: Explain the roles of actuaries, underwriters, claims assessors and reinsurers in Long-term insurance (15%)
- KM-06-KT06: Identify and explain trends and issues in the Long-term insurance market that present an abnormal risk (19%)

### **6.2 Guidelines for Topics**

#### **6.2.1. KM-06-KT01: Analyse the different products available in the Long-term Insurance industry and the benefits of each (23%)**

***Topic elements to be covered include:***

- KT0101 Analysing Term Products to determine the cover.
- KT0102 Analysing Conventional Life Insurance products to determine the cover
- KT0103 Analysing Universal Life Products to determine the cover.
- KT0104 Analysing Retirement Annuities to determine the structure.
- KT0105 Analysing Investment Linked Products to determine the cover.
- KT0106 Interpreting different supplementary benefits available with individual life policies.

#### ***Internal Assessment Criteria and Weight***

- IAC0101 ASSESSMENT CRITERION 1 The concept of Term insurance is explained with examples. ASSESSMENT CRITERION 2 The different components that make up a term product are explained and illustrated graphically. ASSESSMENT CRITERION 3 The purpose of term products is explained with reference to pricing. ASSESSMENT CRITERION 4 A specific Term policy document is analysed to determine the cover. ASSESSMENT CRITERION 5 Supplementary benefits and additional products linked to Term products are identified for a specific insurer.
- IAC0102 ASSESSMENT CRITERION 1 The concept of conventional insurance is explained with examples. ASSESSMENT CRITERION 2 The different components that make up a conventional life insurance product are explained and illustrated graphically. ASSESSMENT CRITERION 3 The purpose of conventional life insurance products is explained with reference to pricing. ASSESSMENT CRITERION 4 A specific conventional life insurance policy document is analysed to determine the cover. ASSESSMENT CRITERION 5 Supplementary benefits and additional products linked to conventional life insurance products are identified for a specific insurer. ASSESSMENT CRITERION 6 A conventional life product and a new generation life product are analysed and compared with reference to premium and policy structure.

- IAC0103 ASSESSMENT CRITERION 1 The concept of universal life products is explained with examples. ASSESSMENT CRITERION 2 The different components that make up a universal life product are explained and illustrated graphically. ASSESSMENT CRITERION 3 The purpose of universal life products is explained with reference to pricing. ASSESSMENT CRITERION 4 A specific universal life policy document is analysed to determine the cover. ASSESSMENT CRITERION 5 Supplementary benefits and additional products linked to universal life insurance products are identified for a specific insurer. ASSESSMENT CRITERION 6 Recent developments in product innovations are investigated for two different insurers.
- IAC0104 ASSESSMENT CRITERION 1 The concepts of recurring premium, single premium and ad hoc premium annuities are explained with examples. ASSESSMENT CRITERION 2 The tax advantages specific to the purchasing of Retirement Annuities are analyzed with examples. ASSESSMENT CRITERION 3 Options available at retirement are identified for three case studies. ASSESSMENT CRITERION 4 A certificate of membership is analysed to determine the terms and conditions of a specific contract.
- IAC0105 ASSESSMENT CRITERION 1 The concept of an investment-linked product is explained with examples. ASSESSMENT CRITERION 2 The choice of assets in a linked product are analysed for three different products. ASSESSMENT CRITERION 3 The relationship between the risk profile of the investment and the needs profile of the client is explained using authentic examples.
- IAC0106 ASSESSMENT CRITERION 1 The concept of free-standing benefits is explained with examples. ASSESSMENT CRITERION 2 The concept of a supplementary benefit is explained with examples. ASSESSMENT CRITERION 3 The concept of an accelerated benefit is explained with examples. ASSESSMENT CRITERION 4 Accelerated, not accelerated and free-standing benefits are compared with reference to the impact on the policy contract. ASSESSMENT CRITERION 5 The terms and conditions of three different supplementary benefits are analysed in terms of exclusions and eligibility.

**(Weight 23%)**

#### **6.2.2. KM-06-KT02: Apply knowledge and insight into aspects of the Long Term Insurance Act, Act 52 of 1998 NQF Level 04 2 (9%)**

***Topic elements to be covered include:***

- KT0201 Comparing the fundamentals of long and short term legislation in South Africa.
- KT0202 Explaining the terminology and underlying concepts used in the Long Term Insurance Act
- KT0203 Describing the underlying requirements of the Long Term Insurance Act.
- KT0204 Applying the Long Term Insurance Act to a clients rights and obligations under a contract.

***Internal Assessment Criteria and Weight***

- IAC0201 ASSESSMENT CRITERION 1 The Acts that govern Insurance are named and an explanation is given for why there is more than one Act. ASSESSMENT CRITERION 2 The Short Term and Long Term Acts are compared in terms of indemnity and non-indemnity cover. ASSESSMENT CRITERION 3 The Short Term and Long Term Insurance Acts are compared with reference to the criteria used to assess the risk.
- IAC0202 ASSESSMENT CRITERION 1 The concept of long term is explained as it is used in the Act. ASSESSMENT CRITERION 2 The different classes of policy identified in the Act are named with examples. ASSESSMENT CRITERION 3 The parties to a Long Term insurance contract are named and an explanation is given of their relationship, rights and obligations. ASSESSMENT CRITERION 4 Limits on cover imposed on the lives of children are indicated and categorised according to age. ASSESSMENT CRITERION 5 The difference between a life contract and all other contracts is explained with reference to age and contractual capacity. ASSESSMENT CRITERION 6 The protection of a life insurance contract in case of insolvency is explained with examples

- IAC0203 ASSESSMENT CRITERION 1 The Registrar of Long Term insurance is explained with examples. ASSESSMENT CRITERION 2 The concept of non disclosure of material factors that influence the assessment of Long Term risk is explained with examples. ASSESSMENT CRITERION 3 The consequences if an unregistered organisation conducts insurance business are explained and an indication is given of possible penalties.
- IAC0204 ASSESSMENT CRITERION 1 Accessibility to funds in the first five years of a contract is explained in terms of frequency and values. ASSESSMENT CRITERION 2 The minimum terms of a contract are explained with reference to the requirements of the Act. ASSESSMENT CRITERION 3 The consequence of increasing a policy premium by more than 20% is explained with reference to the Act. ASSESSMENT CRITERION 4 The impact of the four funds approach to a long term policy is explained with reference to Income Tax Legislation

**(Weight 9%)**

### **6.2.3. KM-06-KT03: Describe disability insurance solutions in the context of financial planning (15%)**

***Topic elements to be covered include:***

- KT0301 Explaining disability insurance.
- KT0302 Determining the source and nature of income generation in order to establish level of income.
- KT0303 Explaining the relationship between occupation and avocation risks and cover
- KT0304 Applying knowledge of disability cover in the context of holistic financial planning

***Internal Assessment Criteria and Weight***

- IAC0301 ASSESSMENT CRITERION 1 The concepts of occupational disability and physical impairment are explained with reference to legal and medical opinions. ASSESSMENT CRITERION 2 Different ways in which disability insurance is paid out are explained with reference to monthly income distribution and capital lump sum payout. ASSESSMENT CRITERION 3 The difference between free standing disability cover and that linked to another benefit, such as life cover, is explained with examples.
- IAC0302 ASSESSMENT CRITERION 1 The exact nature of how income is earned is determined with reference to time spent on administration or computers, manual labour, facilities used and the amount of vehicle travel. ASSESSMENT CRITERION 2 Risks associated with selected occupations are analysed with reference to morbidity. ASSESSMENT CRITERION 3 Provision for disablement is analysed for different types of retirement fund. ASSESSMENT CRITERION 4 Industry developments in disability cover are investigated with reference to traditional cover and new innovations in insurance offerings.
- IAC0303 ASSESSMENT CRITERION 1 The role of occupation and avocation in determining the need for cover is explained and an indication is given of the relationship between cover and payout. ASSESSMENT CRITERION 2 The risks in specific work situations and different avocations are analysed and an indication is given of how each risk impacts on cover and specific exclusions. ASSESSMENT CRITERION 3 The effect of change in job function and life circumstances on cover is explained and an indication is given of the consequences of not notifying the insurer of changes in income, job function and lifestyle. ASSESSMENT CRITERION 4 Reasons why a claim was not paid out are explained for selected case studies
- IAC0304 ASSESSMENT CRITERION 1 A needs analysis is conducted to determine the source of income, amount and type of cover required and the current provision for disability insurance. ASSESSMENT CRITERION 2 A disability policy is analysed to determine cover, term, exclusions and suitability for a specific client

**(Weight 15%)**

#### **6.2.4. KM-06-KT04: Describe the control of fraud in Long-term Insurance (19%)**

##### ***Topic elements to be covered include:***

- KT0401 Describing fraud as it occurs in Long-term insurance
- KT0402 Explaining legal aspects relating to fraud in Long-term insurance
- KT0403 Describing internal processes around the investigation of fraud in Long-term insurance
- KT0404 Analysing trends and the impact of fraud in Long-term insurance.
- KT0405 Explaining control mechanisms used to contain fraud in Long-term insurance.

##### ***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 The concept of fraud is explained with authentic Long-term insurance examples. ASSESSMENT CRITERION 2 Areas in the industry where fraud could be committed are identified for Long-term insurance and an indication is given of the parties who could be involved in fraud for each possible area. ASSESSMENT CRITERION 3 Possible indicators of fraudulent activity are identified and an indication is given of further evidence required to substantiate fraud in each case. ASSESSMENT CRITERION 4 A portfolio of evidence of fraud is collected for three case studies involving at least three different parties.
- IAC0402 ASSESSMENT CRITERION 1 Legislation governing fraud is identified as it applies in Long-term insurance. ASSESSMENT CRITERION 2 The legal recourse available to Long-term insurers in cases of fraud is identified with authentic examples of each. ASSESSMENT CRITERION 3 The consequences of committing insurance fraud are explained for at least three different parties. ASSESSMENT CRITERION 4 The impact of fraud is explained in relation to the impact that it has on insurance business
- IAC0403 ASSESSMENT CRITERION 1 The internal policy relating to fraud is described for a particular Long-term insurer. ASSESSMENT CRITERION 2 The procedure followed if fraud is suspected is explained with reference to a particular Long-term insurer. ASSESSMENT CRITERION 3 The process followed in order to gather evidence and present a case is described with reference to a particular Long-term insurer. ASSESSMENT CRITERION 4 Tools that are available for information management are described with reference to a particular Long-term insurer. ASSESSMENT CRITERION 5 The importance of confidentiality in an assessment investigation is explained and an indication is given of the possible consequences if there is a breach of confidence.
- IAC0404 ASSESSMENT CRITERION 1 A case study of a data set is compiled and trends in the data are identified to provide a benchmark against which to measure suspicious incidences in own work situation. ASSESSMENT CRITERION 2 Data is analysed to establish trends in statistics generated by a Long-term insurer. ASSESSMENT CRITERION 3 A recommendation for possible corrective measures is made, based on an identified trend or suspicious incident.
- IAC0405 ASSESSMENT CRITERION 1 Possible control measures that could be used to manage fraud are listed for at least three parties. ASSESSMENT CRITERION 2 The risk if a Long-term insurer does not implement adequate control measures is explained with reference to the Long-term insurer, providers and policyholders

***(Weight 19%)***

#### **6.2.5. KM-06-KT05: Explain the roles of actuaries, underwriters, claims assessors and reinsurers in Long-term insurance (15%)**

##### ***Topic elements to be covered include:***

- KT0501 Explaining the specialist functions of actuaries

- KT0502 Explaining the specialist functions of underwriters
- KT0503 Explaining the specialist functions of claims assessors.
- KT0504 Explaining how a Long-term product is developed.
- KT0505 Explaining the role of reinsurers in Long-term insurance.

### ***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 The role of actuaries in a Long-term insurance organisation is explained with reference to the development of models and the analysis of trends in mortality, morbidity and financial investments. ASSESSMENT CRITERION 2 Categories of statistics gathered by actuaries are identified and an indication is given of where actuaries source statistics. ASSESSMENT CRITERION 3 The purpose of actuarial reports is explained with reference to their role in determining the reserves required to ensure the financial soundness of an organisation
- IAC0502 ASSESSMENT CRITERION 1 The role of underwriters in a Long-term insurance organisation is explained with reference to the application of medical underwriting to actuarial rates, legislation and the accompanying regulations. ASSESSMENT CRITERION 2 Underwriting information gathered by underwriters is identified and an indication is given of how it is used to determine underwriting profit loss ratios. ASSESSMENT CRITERION 3 Ways in which underwriters protect an organisation against anti-selection are explained with examples
- IAC0503 ASSESSMENT CRITERION 1 The role of the claims assessor in a Long-term insurance organisation is explained in terms of assessment of the validity of claims. ASSESSMENT CRITERION 2 Claims information gathered by assessors is identified and an indication is given of how it is used to determine underwriting profit. ASSESSMENT CRITERION 3 The importance of technical, underwriting, and legal knowledge in assessing a claim is explained with reference to ensuring payment of valid claims
- IAC0504 ASSESSMENT CRITERION 1 The role of the actuary in the development of a risk product is explained with reference to research, the development of a model and the business risk if actuaries make incorrect assumptions. ASSESSMENT CRITERION 2 The role of the legal department in product development is explained with examples. ASSESSMENT CRITERION 3 The role of underwriters in product development is explained with reference to the determination of underwriting standards to guard against anti-selection and the business risk, if underwriting standards are incorrect. ASSESSMENT CRITERION 4 The role of claims assessors in product development is explained with reference to their role in introducing reality statistics to the actuarial model, detecting flaws or inconsistencies in the product and the business risk if assessors do not fulfill the expectations of customers in relation to the product.
- IAC0505 ASSESSMENT CRITERION 1 The functions of reinsurance are explained with examples. ASSESSMENT CRITERION 2 The role of the reinsurer is explained with examples. ASSESSMENT CRITERION 3 Treaty and Facultative Reinsurance are compared with reference to the advantages and disadvantages of each. ASSESSMENT CRITERION 4 The additional services offered by three different reinsurers are researched and an indication is given of which reinsurer appears to offer the most beneficial services to a specific organisation for facultative claims.

***(Weight 15%)***

### **6.2.6. KM-06-KT06: Identify and explain trends and issues in the Long-term insurance market that present an abnormal risk (19%)**

#### ***Topic elements to be covered include:***

- KT0601 Recognising instances of non-disclosure as a potential business risk
- KT0602 Analysing self-reported ailments to interpret the potential risk.
- KT0603 Analysing an application for Long-term cover to anticipate fraud.

- KT0604 Explaining the role of the intermediary in identifying potential risk.

### ***Internal Assessment Criteria and Weight***

- IAC0601 ASSESSMENT CRITERION 1 The effect of non-disclosure on risk is explained with reference to the relationship between non-disclosure and the cause of a claim. ASSESSMENT CRITERION 2 Benefits that would be excluded as a result of non-disclosure are identified for three case studies. ASSESSMENT CRITERION 3 A policy wording is analysed to determine actions to be taken in cases of non-disclosure. ASSESSMENT CRITERION 4 Evidence required in cases of non-disclosure is identified for three case studies. ASSESSMENT CRITERION 5 Possible materiality for non-disclosure is explained with reference to medical ailments, consultations, outcomes and diagnosis. ASSESSMENT CRITERION 6 The concept of a reasonable person is explained with examples
- IAC0602 ASSESSMENT CRITERION 1 Common self-reported ailments that could result in fraudulent claims are identified with examples. ASSESSMENT CRITERION 2 The implications of self-reported ailments at underwriting stage are explained with reference to potential fraud. ASSESSMENT CRITERION 3 Difficulties relating to the measurement of self-reported ailments in assessing a claim are explained with reference to valid evidence and the amount of payment.
- IAC0603 ASSESSMENT CRITERION 1 The concepts of intentional and unintentional fraud are explained with examples. ASSESSMENT CRITERION 2 Possible signs of intent to commit fraud are identified for three case studies. ASSESSMENT CRITERION 3 The concept of quality of proof is explained with examples and an indication is given of levels of evidence required in each case. ASSESSMENT CRITERION 4 Techniques that may be used in making a decision to prosecute an issue are explained with examples for a civil and a criminal case. ASSESSMENT CRITERION 5 Resources required to prove and prosecute a case are identified and an indication is given of the financial consequences of a decision to prosecute.
- IAC0604 ASSESSMENT CRITERION 1 The importance of questioning in accurately establishing the risk is explained with reference to the role of the intermediary. ASSESSMENT CRITERION 2 The consequences for the client in cases of non-disclosure are explained with reference to the intermediary's role in explaining a policy. ASSESSMENT CRITERION 3 The consequences for the intermediary in instances of non-disclosure are explained with examples

***(Weight 19%)***

## **6.3 Provider Programme Accreditation Criteria**

### ***Physical Requirements:***

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

### ***Human Resource Requirements:***

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long term insurance adviser and at least five years practical experience in the industry.

### ***Legal Requirements:***

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

## **6.4 Exemptions**



## **7. 241301001-KM-07, Principles of Providing Advice to clients regarding Investments, NQF Level 6, Credits 29**

### **7.1 Purpose of the Knowledge Modules**

The main focus of the learning in this knowledge module is to build an understanding of the fundamental theories and concepts that underpin the investment advisory discipline with specific reference to Financial Investments. Learners are required to demonstrate a detailed understanding of the core areas of the various fields within the Financial Investment environment, they must demonstrate a clear grasp of the terms, concepts and facts of the discipline and must be able to apply these concepts in a range of unfamiliar situations. Learners must understand the various schools of thought and demonstrate an understanding of the knowledge production processes.

The learning will enable learners to demonstrate an understanding of:

- KM-07-KT01: Explain Capital Markets and Capital Market Instruments (7%)
- KM-07-KT02: Explain Equity Markets and equity market instruments (7%)
- KM-07-KT03: Explain money markets and money market instruments (7%)
- KM-07-KT04: Explain and apply the basic principles of the Estate Duty Act (45 of 1955) (7%)
- KM-07-KT05: Demonstrate knowledge and insight into offshore legislation in the South African investment environment (20%)
- KM-07-KT06: Discuss current trends in investment portfolio management (13%)
- KM-07-KT07: Apply knowledge of investment to hedge funds (11%)
- KM-07-KT08: Apply knowledge and insight of the role of alternative investments in wealth management (28%)

### **7.2 Guidelines for Topics**

#### **7.2.1. KM-07-KT01: Explain Capital Markets and Capital Market Instruments (7%)**

***Topic elements to be covered include:***

- KT0101 Explain why the Capital Market exists.
- KT0102 Analyse the Capital Market environment.
- KT0103 Describe the role players in the Capital Market.
- KT0104 Explain the basic Capital Market instruments.
- KT0105 Compare bonds with other asset classes.

#### ***Internal Assessment Criteria and Weight***

- IAC0101 ASSESSMENT CRITERION 1 The concept of the Capital Market is explained with reference to the financing and investment needs of borrowers and lenders. ASSESSMENT CRITERION 2 The long term nature of the Capital Market is explained with reference to risk, time horizons, inflation, nature of return and volatility.
- IAC0102 ASSESSMENT CRITERION 1 The economy, as the environment in which Capital Markets operate, is explained with examples. ASSESSMENT CRITERION 2 Economic conditions are analysed in terms of the interdependence between inflation, interest rates, economic growth versus recession and exchange rates for different scenarios. ASSESSMENT CRITERION 3 The way in which economic conditions translate into monetary and fiscal policy is explained and an indication is given of the effect on Capital Markets.
- IAC0103 ASSESSMENT CRITERION 1 The lenders in the Capital Market are identified and an indication is given of why they operate in Capital Markets. ASSESSMENT CRITERION 2 The

borrowers in the Capital Market are identified and an indication is given of why they operate in Capital Markets. ASSESSMENT CRITERION 3 Facilitators in the Capital Market are identified and an indication is given of the role of each.

- IAC0104 ASSESSMENT CRITERION 1 The concept of interest bearing instruments is explained with reference to discount and yield instruments. ASSESSMENT CRITERION 2 The concept of a bond as the basic interest bearing instrument is explained with reference to the coupon rate attached to a bond, yield as a function of coupon rate and change in capital value as a function of interest rate movement. ASSESSMENT CRITERION 3 Different types of Capital Market instruments are compared in terms of cash flows, coupon payments and capital value.
- IAC0105 ASSESSMENT CRITERION 1 The main asset classes in the financial markets are named with examples. ASSESSMENT CRITERION 2 Bonds are compared to typical instruments in other asset classes in terms of risk, nature of return, term, liquidity and issuer

**(Weight 7%)**

### **7.2.2. KM-07-KT02: Explain Equity Markets and equity market instruments (7%)**

***Topic elements to be covered include:***

- KT0201 Explain why the Equity Market exists.
- KT0202 Analyse the Equity Market environment.
- KT0203 Describe the role players in the Equity Market.
- KT0204 Explain the basic Equity Market instruments.
- KT0205 Compare a share to other asset classes.

***Internal Assessment Criteria and Weight***

- IAC0201 ASSESSMENT CRITERION 1 The concept of the Equity Market is explained with reference to the financing and investment needs of issuers and investors. ASSESSMENT CRITERION 2 The long term nature of the Equity Market is explained with reference to nature of return, liquidity, risk, time horizons, inflation and volatility.
- IAC0202 ASSESSMENT CRITERION 1 The economy, as the environment in which Equity Markets operate, is explained with examples. ASSESSMENT CRITERION 2 Economic conditions are analysed in terms of the interdependence between inflation, interest rates, commodity prices, market sentiment, the regulatory, macro, micro, political, geographic and economic environments, growth versus recession and exchange rates for different scenarios. ASSESSMENT CRITERION 3 The way in which monetary and fiscal policy affects Equity Market instruments is explained and an indication is given of the effect on Equity Markets. ASSESSMENT CRITERION 4 The concepts of sectors and indices are explained in terms of how they relate to investment portfolios. ASSESSMENT CRITERION 5 The concepts of benchmarks and indices are explained with reference to investment portfolios.
- IAC0203 ASSESSMENT CRITERION 1 The issuers in the Equity Market are identified and an indication is given of why they operate in Equity Markets. ASSESSMENT CRITERION 2 The investors in the Equity Market are identified and an indication is given of why they operate in Equity Markets. ASSESSMENT CRITERION 3 Facilitators in the Exchange Traded Equity Market are identified and an indication is given of the role of each.
- IAC0204 ASSESSMENT CRITERION 1 The concept of a share is explained as the basic Equity Market instrument. ASSESSMENT CRITERION 2 Different types of shares are compared in terms of income, return, voting rights and insolvency of the issuer. ASSESSMENT CRITERION 3 The basic concept of a debenture is explained and debentures are compared to shares in terms of the nature of the income and the issuers obligations

- IAC0205 ASSESSMENT CRITERION 1 A share is compared to typical instruments in other asset classes in terms of risk, nature of return, term, liquidity and issuer. ASSESSMENT CRITERION 2 A debenture and a preference share are compared to typical instruments in other asset classes in terms of nature of return, issuer and risk

**(Weight 7%)**

### **7.2.3. KM-07-KT03: Explain money markets and money market instruments (7%)**

**Topic elements to be covered include:**

- KT0301 Explain why the Money Market exists.
- KT0302 Analyse the Money Market environment.
- KT0303 Describe the role players in the Money Market.
- KT0304 Explain the basic Money Market instruments.

#### **Internal Assessment Criteria and Weight**

- IAC0301 ASSESSMENT CRITERION 1 The concept of the Money Market is explained with reference to the financing and investment needs of borrowers and lenders. ASSESSMENT CRITERION 2 The short term nature of the Money Market is explained with reference to liquidity, risk, time horizons, inflation, nature of return and volatility
- IAC0302 ASSESSMENT CRITERION 1 The economy, as the environment in which Money Markets operate, is explained with examples. ASSESSMENT CRITERION 2 Economic conditions are analysed in terms of the interdependence between inflation, interest rates, economic growth versus recession and exchange rates for different scenarios. ASSESSMENT CRITERION 3 The way in which monetary and fiscal policy affects Money Market instruments is explained and an indication is given of the effect on Money Markets.
- IAC0303 ASSESSMENT CRITERION 1 The lenders in the Money Market are identified and an indication is given of why they operate in Money Markets. ASSESSMENT CRITERION 2 The borrowers in the Money Market are identified and an indication is given of why they operate in Money Markets. ASSESSMENT CRITERION 3 Facilitators in the Money Market are identified and an indication is given of the role of each.
- IAC0304 ASSESSMENT CRITERION 1 The different Money Market instruments are named and explained in terms of nature of return and liquidity. ASSESSMENT CRITERION 2 Different types of Money Market instruments are compared in terms of cash flow, nature of return and liquidity. ASSESSMENT CRITERION 3 Interest bearing instruments other than the Money Market instruments that are offered to the general public investors are named and an indication is given of when it is appropriate to use each. ASSESSMENT CRITERION 4 A typical Money Market instrument is compared to typical instruments in other asset classes in terms of risk, nature of return, term, liquidity and issuer.

**(Weight 7%)**

### **7.2.4. KM-07-KT04: Explain and apply the basic principles of the Estate Duty Act (45 of 1955) (7%)**

**Topic elements to be covered include:**

- KT0401 Explain the purpose of the Estate Duty Act.
- KT0402 Analyse the property and deemed property in an estate
- KT0403 Calculate the duty on an estate.

- KT0404 Explain the possible impact of the Estate Duty Act on financial service products.

#### ***Internal Assessment Criteria and Weight***

- IAC0401 ASSESSMENT CRITERION 1 Reasons for the existence of the Act are identified in relation to taxation. ASSESSMENT CRITERION 2 The concept of an Estate is explained with examples. ASSESSMENT CRITERION 3 The concept of Estate Duty is explained with reference to an individual's property. ASSESSMENT CRITERION 4 The relationship between Income Tax, Capital Gains Tax, Donations Tax and Estate Duty is explained with reference to the part of wealth addressed by each tax.
- IAC0402 ASSESSMENT CRITERION 1 The concept of property is explained with examples. ASSESSMENT CRITERION 2 The concept of deemed property is explained with examples. ASSESSMENT CRITERION 3 The Act is used to determine whether an item is classified as property or deemed property. ASSESSMENT CRITERION 4 Property to be included for the purpose of duty on the estate is identified from the Act for three different scenarios.
- IAC0403 ASSESSMENT CRITERION 1 The value of the property and deemed property is calculated for an estate. ASSESSMENT CRITERION 2 The net value of the property is calculated for an estate with due regard for exemptions and deductions allowed under the Act. ASSESSMENT CRITERION 3 The duty due on an estate is calculated according to the Act.
- IAC0404 ASSESSMENT CRITERION 1 Retirement fund benefits that are dutiable are analysed for three case studies. ASSESSMENT CRITERION 2 The effect of life benefits on the dutiable amounts in the estate is explained for three case studies. ASSESSMENT CRITERION 3 The effect of business insurance on the dutiable amounts in the estate is explained for three case studies.

***(Weight 7%)***

#### **7.2.5. KM-07-KT05: Demonstrate knowledge and insight into offshore legislation in the South African investment environment (20%)**

##### ***Topic elements to be covered include:***

- KT0501 Apply knowledge and insight into international regulations relating to knowledge of the client.
- KT0502 Apply knowledge of South African regulations pertaining to offshore investments.
- KT0503 Demonstrate insight into the regulation of offshore funds.
- KT0504 Apply knowledge of international law to offshore investments.

#### ***Internal Assessment Criteria and Weight***

- IAC0501 ASSESSMENT CRITERION 1 Issues relating to anti-money laundering and terrorism are discussed with reference to the implications for international investments. ASSESSMENT CRITERION 2 Regulations relating to anti-money laundering procedures are explained in terms of local and international requirements for knowing your client.
- IAC0502 ASSESSMENT CRITERION 1 Legislation regulating personal offshore investing allocations is explained with reference to exchange control, tax and the necessary documentation. ASSESSMENT CRITERION 2 The mandate of an offshore fund is analysed and a schedule of differences is drafted to comply with Financial Services Board regulations for the registration of offshore funds. ASSESSMENT CRITERION 3 A standard advertisement for an offshore fund is analysed for compliance with the Association of Collective Investments (ACI) code and recommendations are made to rectify irregularities.
- IAC0503 ASSESSMENT CRITERION 1 Vehicles used for offshore investments are named and compared in terms of the basic legal structure of each. ASSESSMENT CRITERION 2 The Regulator that is the equivalent of the South African Financial Services Board (FSB) is named for key offshore territories. ASSESSMENT CRITERION 3 An approved offshore life policy investment is compared to

an approved offshore unit trust investment with reference to product structure, tax implications, approved investment vehicles and product term.

- IAC0504 ASSESSMENT CRITERION 1 The concept of an offshore tax haven is explained with reference to a South African investor and client. ASSESSMENT CRITERION 2 The tax implications for citizens, residents and tax domiciled entities are explained with reference to offshore investments. ASSESSMENT CRITERION 3 The implications for South Africans who hold joint offshore investments are explained with reference to implications of legal ownership of the investment. ASSESSMENT CRITERION 4 The implications of double taxation agreements between countries are explained with reference to tax havens and investors residency. ASSESSMENT CRITERION 5 The potential tax liability for a South African investor offshore is explained for a tax haven with a roll up fund; a tax haven in a non roll up fund/distribution fund; a non tax haven and a deemed income situation.

**(Weight 20%)**

#### **7.2.6. KM-07-KT06: Discuss current trends in investment portfolio management (13%)**

***Topic elements to be covered include:***

- KT0601 Apply knowledge of theories in investment portfolio management.
- KT0602 Demonstrate insight into the products marketed by providers.
- KT0603 Demonstrate insight into portfolio management trends.
- KT0604 Explain the changing focus in marketing strategy in relation to the products and markets

***Internal Assessment Criteria and Weight***

- IAC0601 ASSESSMENT CRITERION 1 The Capital Asset Pricing Model (CAPM) is explained with reference to the underlying assumptions of the theory. ASSESSMENT CRITERION 2 Arbitrage Pricing Theory (APT) is explained with reference to pricing anomalies. ASSESSMENT CRITERION 3 The main theories of portfolio management are compared in the light of current trends in portfolio management and an indication is given of their relevance in the current situation.
- IAC0602 ASSESSMENT CRITERION 1 Innovative product types are identified and analysed with reference to the changing financial environment, consumerism and increasing investor sophistication. ASSESSMENT CRITERION 2 Changes in life insurance products, collective investment schemes and pre and post retirement funds are analysed and an indication is given of how and why new products have evolved
- IAC0603 ASSESSMENT CRITERION 1 The advantages and disadvantages of single management versus multi-management are discussed with reference to building a portfolio. ASSESSMENT CRITERION 2 Current views of different asset managers are interpreted with reference to influence of investment strategy on the chosen investment style.
- IAC0604 ASSESSMENT CRITERION 1 The historic product strategy is explained with reference to the market of the time. ASSESSMENT CRITERION 2 The changed focus in market strategy is explained with reference to changing needs of investors. ASSESSMENT CRITERION 3 The impact of the South African Constitution and changes in legislation on market strategy is explained with examples. ASSESSMENT CRITERION 4 The effect of international trends on local markets is explained with examples

**(Weight 13%)**

#### **7.2.7. KM-07-KT07: Apply knowledge of investment to hedge funds (11%)**

***Topic elements to be covered include:***

- KT0701 Explain the use of hedge funds as an investment instrument.
- KT0702 Analyse different strategies used in creating a hedge fund.
- KT0703 Present a case for hedge funds in an investment portfolio
- KT0704 Research the role of hedge funds in the financial services industry.
- KT0705 Research the characteristics of a good hedge fund.

***Internal Assessment Criteria and Weight***

- IAC0701 ASSESSMENT CRITERION 1 The concept of a hedge fund is explained with examples. ASSESSMENT CRITERION 2 Reasons why hedge funds make money are explained with reference to market efficiency.
- IAC0702 ASSESSMENT CRITERION 1 The concept of leverage is explained in terms of market exposure. ASSESSMENT CRITERION 2 The concept of script lending is explained with examples. ASSESSMENT CRITERION 3 The terminology going long going short is explained in the context of hedge funds. ASSESSMENT CRITERION 4 Directional and non-directional strategies are contrasted with reference to the fund managers mandate. ASSESSMENT CRITERION 5 Different hedge fund strategies are identified and explained with examples
- IAC0703 ASSESSMENT CRITERION 1 Reasons why a specific client should invest in a hedge fund are explained with reference to a current or proposed portfolio. ASSESSMENT CRITERION 2 The risk profile appropriate for investors in hedge funds is investigated in relation to an investment portfolio. ASSESSMENT CRITERION 3 The application of tax in different hedge fund structures is explained with reference to the effect on an investor profile.
- IAC0704 ASSESSMENT CRITERION 1 The role of hedge funds in the financial services industry is researched in a global and local context. ASSESSMENT CRITERION 2 The regulatory environment that governs hedge funds in South Africa is explained with reference to legislation and the role of the Financial Services Board
- IAC0705 ASSESSMENT CRITERION 1 The characteristics of a successful hedge fund are researched with reference to risk management, regulation, track record and manager credibility. ASSESSMENT CRITERION 2 Reasons why a specific hedge fund failed are analysed to identify potential pitfalls. ASSESSMENT CRITERION 3 The advantages and disadvantages of hedge funds in an investment portfolio are explained with reference to risk and cost.

***(Weight 11%)***

**7.2.8. KM-07-KT08: Apply knowledge and insight of the role of alternative investments in wealth management (28%)**

***Topic elements to be covered include:***

- KT0801 Demonstrate knowledge and insight into alternative investments.
- KT0802 Describe the most commonly available investment vehicles used as alternative investments.
- KT0803 Demonstrate knowledge and insight into how financial instruments can be structured to meet special needs.
- KT0804 Demonstrate knowledge and insight into the influence of world trends and market forces on alternative markets.

***Internal Assessment Criteria and Weight***

- IAC0801 ASSESSMENT CRITERION 1 The rationale for the development of alternative investment vehicles is explained with reference to ability to access South African investment markets. ASSESSMENT CRITERION 2 The development of alternative investments in South Africa is

explained with reference to single and multiple needs. ASSESSMENT CRITERION 3 The investor profile suited to alternative investments is explained with reference to high net worth investors. ASSESSMENT CRITERION 4 The link between the life cycle of the individual investor and the investment vehicle is explained with reference to how asset classes may be changed within a vehicle or financial instrument. ASSESSMENT CRITERION 5 The influence of marketing cycle on alternative investments is explained with reference to financial and other instruments. ASSESSMENT CRITERION 6 Ways in which alternative investments differ from other asset classes are explained with reference to management strategy, absolute returns and risk return profile.

- IAC0802 ASSESSMENT CRITERION 1 The concept of hedge funds as alternative investments is explained with reference to their purpose and wealth creation. ASSESSMENT CRITERION 2 Different investment vehicles that can be used in a linked product are explained with reference to linkages and tax. ASSESSMENT CRITERION 3 The use of ancillary insurance as an alternative investment is explained with reference to a specific need. ASSESSMENT CRITERION 4 A matured endowment as an investment vehicle is explained with reference to the advantages and disadvantages for taxation. ASSESSMENT CRITERION 5 The use of linked products is explained as a means of accessing alternative investments.
- IAC0803 ASSESSMENT CRITERION 1 Reasons why it may be necessary to structure a specific financial instrument as an alternative investment are explained with examples. ASSESSMENT CRITERION 2 The major elements in an alternative investment are analysed to determine the structure.
- IAC0804 ASSESSMENT CRITERION 1 The impact of market forces on selected alternative investment is analysed to inform a financial decision. ASSESSMENT CRITERION 2 The impact of currency fluctuation on selected alternative investment is analysed to inform a financial decision. ASSESSMENT CRITERION 3 The demand for alternative investments is explained with reference to the developed countries of the world.

**(Weight 28%)**

### **7.3 Provider Programme Accreditation Criteria**

#### *Physical Requirements:*

- Providers must have access to properly equipped lecture facilities and appropriate learning materials that will enable the learning as set out in the curriculum.

#### *Human Resource Requirements:*

- Facilitators of learning must be in possession of a valid qualification recognised by the industry as appropriate for a long term insurance adviser and at least five years practical experience in the industry.

#### *Legal Requirements:*

- Learning providers must meet all the legal requirements relevant for training facilities;
- Facilitators of learning must meet all the requirements for professional registration.

### **7.4 Exemptions**

- No exemptions were identified providers must apply to the AQP to have programmes recognised for purposes of exemption.
- No exemptions were identified providers must apply to the AQP to have programmes recognised for purposes of exemption.
- No exemptions were identified providers must apply to the AQP to have programmes recognised for purposes of exemption.

## SECTION 3B: PRACTICAL SKILL MODULE SPECIFICATIONS

### List of Practical Skill Module Specifications

- 241301001-PM-01, Analyse clients long term wealth creation/protection needs, NQF Level 5, Credits 31
- 241301001-PM-02, Evaluate available long term wealth creation/protection options, NQF Level 5, Credits 27
- 241301001-PM-03, Recommend and implement the most appropriate wealth creation/protection options, NQF Level 5, Credits 26
- 241301001-PM-04, Analyse the client organisations needs relating to retirement funds and employee benefits, NQF Level 5, Credits 11
- 241301001-PM-05, Evaluate the availability of various employee benefit and retirement fund options and structures, NQF Level 5, Credits 8
- 241301001-PM-06, Advise client on the most appropriate structuring of retirement funds and employee benefits, NQF Level 6, Credits 18
- 241301001-PM-07, Analyse Client needs regarding Health Care Benefits, NQF Level 6, Credits 17
- 241301001-PM-08, Provide advice on the introduction of Health Care benefit Programmes, NQF Level 6, Credits 26
- 241301001-PM-09, Research, analyse and conduct due-diligence of investment opportunities, NQF Level 6, Credits 42
- 241301001-PM-10, Advise clients regarding potential investment opportunities, NQF Level 6, Credits 41
- 241301001-PM-11, Facilitate the implementation of agreed investment decisions, NQF Level 6, Credits 9



## **1. 241301001-PM-01, Analyse clients long term wealth creation/protection needs, NQF Level 5, Credits 31**

### **1.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to analyse the long-term insurance needs of clients. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well-defined, familiar and supported environment.

The learner will be required to:

- PM-01-PS01: Apply technical knowledge and understanding of business insurance
- PM-01-PS02: Investigate dread disease products and their place in wealth management
- PM-01-PS03: Apply knowledge of the different asset classes in order to give financial advice
- PM-01-PS04: Apply scenario planning to explain potential risk in a specified financial services context
- PM-01-PS05: Research information in order to assist in conducting a financial risk assessment

### **1.2 Guidelines for Practical Skills**

#### **1.2.1. PM-01-PS01: Apply technical knowledge and understanding of business insurance**

##### ***Scope of Practical Skill***

Given a range of scenarios where clients needs regarding long term insurance must be analysed the learner must be able to:

- PA0101 Analyse the assets of a business to determine the required cover.
- PA0102 Differentiate between the insurance of assets, liabilities, profits and stock.
- PA0103 Identify the processes in a business and their related risk.
- PA0104 Interpret a policy wording for business insurance.

##### ***Applied Knowledge***

- AK0101 Commercial and industrial including agricultural properties.
- AK0102 Additional costs include, but are not limited to, professional fees, municipal fees, demolition costs, fire brigade charges, total cost of fires, debris removal and escalation costs, clear up costs and making the site safe costs.
- AK0103 Business risk includes, but is not limited to, highly inflammable material, highly dangerous processes, security risks and stock declaration conditions.
- AK0104 High risks include, but are not limited to, construction, theft, fire, security and processes.
- AK0105 Optional cover includes, but is not limited to, money, glass, theft, goods in transit and accidental damage.

##### ***Internal Assessment Criteria***

#### **1.2.2. PM-01-PS02: Investigate dread disease products and their place in wealth management**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where the long term insurance needs of clients must be determined the learner must be able to:

- PA0201 Explain dread disease as an insurance product.
- PA0202 Investigate dread disease products offered by different financial services institutions.
- PA0203 Explain the legal framework for dread disease.
- PA0204 Describe dread disease as part of holistic wealth management.

#### ***Applied Knowledge***

- AK0201 Dread disease includes, but is not limited to, HIV/AIDS, cancer, heart attack, coronary artery surgery, stroke, kidney failure, lung/liver failure, heart murmurs, coronary artery interventions e.g. angioplasty, stents, etc., paraplegia and blindness.
- AK0202 Events that would not be covered include, but are not limited to, events resulting from war, terrorist attack, civil commotion, riots, rebellion, breaking of the law, failure to disclose information, self inflicted injury, under the influence of alcohol or drugs and avocation related risks.
- AK0203 Legislation includes, but is not limited to, the Long Term Act, Financial Advisory and Intermediary Services Act (FAIS), Financial Intelligence Centre Act (FICA), Medical Schemes Act.

#### ***Internal Assessment Criteria***

### **1.2.3. PM-01-PS03: Apply knowledge of the different asset classes in order to give financial advice**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where the long term insurance needs of clients must be determined the learner must be able to:

- PA0301 Analyse the different asset classes and their role in a financial plan.
- PA0302 Analyse the effect of the investment environment on the asset classes
- PA0303 Investigate how market conditions impact on asset classes.
- PA0304 Analyse the risk profile of a client in order to propose a financial solution.

#### ***Applied Knowledge***

- AK0301 Asset classes include, but are not limited to, bonds, equities, cash, Money Market and property.
- AK0302 The bond market includes Government, semi-government and corporate bonds.
- AK0303 Small and medium sized business entities are defined in terms of the Income Tax Act.
- AK0304 Characteristics and risk profiles over the short, medium and long term.
- AK0305 Risks in the investment environment are upside and downside risks (benefits and potential loss) and include, but are not limited, to sector specific risk, market specific risk, geographic location and social and political risk.

#### ***Internal Assessment Criteria***

### **1.2.4. PM-01-PS04: Apply scenario planning to explain potential risk in a specified financial services context**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where the long term insurance needs of clients must be determined the learner must be able to:

- PA0401 Demonstrate knowledge and insight into the relationships that operate in the broad financial services environment.
- PA0402 Use divergent thinking techniques to generate a variety of scenarios in a selected context.
- PA0403 Prioritise and select appropriate scenarios for a specific purpose or context.
- PA0404 Analyse the effect of each of the selected scenarios on potential risk.

#### ***Applied Knowledge***

- AK0401 The macro environment includes, but is not limited to, the natural, social, economic, political, legislative and regulatory environments.
- AK0402 A client may be internal or external.
- AK0403 Macro and micro factors include understanding economic principles.
- AK0404 Scenarios should include some extreme scenarios.
- AK0405 Scenario planning includes what if analysis.

#### ***Internal Assessment Criteria***

### **1.2.5. PM-01-PS05: Research information in order to assist in conducting a financial risk assessment**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where the long term insurance needs of clients must be determined the learner must be able to:

- PA0501 Analyse the research required to conduct a financial risk assessment.
- PA0502 Conduct an information search to answer questions raised by a brief.
- PA0503 Select information in order to produce a research report
- PA0504 Organise and present the findings of the research.

#### ***Applied Knowledge***

- AK0501 Long- Term insurance, Collective Investments, Retirement Funds, Provident Funds, Short Term Insurance and Medical Schemes.
- AK0502 Intellectual property rights include copyright and plagiarism

#### ***Internal Assessment Criteria***

### **1.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **1.4 Exemptions**

## **2. 241301001-PM-02, Evaluate available long term wealth creation/protection options, NQF Level 5, Credits 27**

### **2.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to evaluate available long term wealth creation/protection options. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well defined, familiar and supported environment.

The learner will be required to:

- PM-02-PS01: Apply technical knowledge to advise and support Intermediaries on risk in long term products
- PM-02-PS02: Apply a researched trend to individual financial risk
- PM-02-PS03: Apply knowledge and skill to explain the application of structured long term insurance portfolios
- PM-02-PS04: Develop a potential wealth preservation solution for an entity

### **2.2 Guidelines for Practical Skills**

#### **2.2.1. PM-02-PS01: Apply technical knowledge to advise and support Intermediaries on risk in long term products**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where available long term insurance solutions must be evaluated the learner must be able to:

- PA0101 Interpret the relationship between mortality, morbidity, diseases and Long-Term products.
- PA0102 Explain the concept of disability with reference to loading.
- PA0103 Communicate information on a specific proposal to an Intermediary.
- PA0104 Communicate changes and developments in underwriting practice that may impact on an Intermediary.
- PA0105 Indicate the interface between Underwriters and Intermediaries.

##### ***Applied Knowledge***

- AK0101 The five major body functions are gastro intestinal, muscular, skeletal, urogenital, respiratory and the central nervous system.
- AK0102 Disability includes, but is not limited to, own or similar, own or any occupation, accident or occupational disability, debility and partial disability.
- AK0103 Options for products include within a particular organisation and across the industry.
- AK0104 Declined cases include, but are not limited to, declinations on account of heart, back and depression conditions and HIV.
- AK0105 Changes in demographics include, but are not limited to, age, gender, location, income, socio economic data, level of education, qualifications.

##### ***Internal Assessment Criteria***

#### **2.2.2. PM-02-PS02: Apply a researched trend to individual financial risk**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where available long term insurance solutions must be evaluated the learner must be able to:

- PA0201 Explain the different indicators used to identify financial trends.
- PA0202 Demonstrate knowledge and insight into the relationship between events in the macro environment, financial indicators and trends
- PA0203 Apply knowledge and insight to predict the implications of identified trends on financial risk.
- PA0204 Apply a researched trend to individual scenarios.

#### ***Applied Knowledge***

- AK0201 The macro environment includes, but is not limited to, the natural, social, economic, political, legislative and regulatory environments

#### ***Internal Assessment Criteria***

### **2.2.3. PM-02-PS03: Apply knowledge and skill to explain the application of structured long term insurance portfolios**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where available long term insurance solutions must be evaluated the learner must be able to:

- PA0301 Explain the features of structured long term insurance portfolios.
- PA0302 Explain how insurers construct and manage structured long term insurance portfolios.
- PA0303 Assess the suitability of a structured long term insurance portfolio investment for a specific client.
- PA0304 Interpret the performance of a structured long term insurance portfolio investment in relation to other classes.

#### ***Applied Knowledge***

- AK0301 Impact of different market conditions includes, but is not limited to, interest rates, bull/bear market, inflation and currency movements.
- AK0302 Possible risks associated with structured long term investment portfolios include, but are not limited to, liquidity, tax, performance, and underlying instruments or components.
- AK0303 Traditional investment products include, but are not limited to, collective investments, offshore portfolios, fixed deposits and traditional smoothed bonus portfolios.

#### ***Internal Assessment Criteria***

- IAC0301 ASSESSMENT CRITERION 1 The components of a structured long term insurance portfolio is analysed with reference to guarantees and market exposure. ASSESSMENT CRITERION 2 The term and liquidity constraints of a structured long term insurance portfolio are explained with reference to a particular product. ASSESSMENT CRITERION 3 The fee structure of a structured long term insurance portfolio product is analysed and an indication is given of the impact of the fee on the performance of the product. ASSESSMENT CRITERION 4 The use of tranche based products is explained with reference to pricing, benefits and features of selected products. ASSESSMENT CRITERION 5 The relationship between the returns in a structured long term insurance portfolio and the returns in the market are explained and an indication is given of why there is a difference. ASSESSMENT CRITERION 6 The difference between surrender value and intrinsic value of an investment is explained with reference to conditions under which it is reasonable to exit a structured long term insurance portfolio.

- IAC0302 ASSESSMENT CRITERION 1 An investment is analysed to determine whether it is managed actively or passively and an indication is given of how value is created within the investment. ASSESSMENT CRITERION 2 The market exposure in a specific portfolio is analysed in terms the potential risk and return of the investment. ASSESSMENT CRITERION 3 The effect of different economic conditions on the ongoing and final performance of a structured long term insurance portfolio is explained with examples.

#### **2.2.4. PM-02-PS04: Develop a potential wealth preservation solution for an entity**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where available long term insurance solutions must be evaluated the learner must be able to:

- PA0401 Determine the wealth preservation needs of an entity
- PA0402 Develop a wealth preservation solution
- PA0403 Apply knowledge of tax implications to a complex retirement planning scenario
- PA0404 Propose a wealth preservation solution to a client.

##### ***Applied Knowledge***

- AK0401 The combinations should consider income tax, capital gains tax, the effect on the estate, liquidity, risk control, need for protection and growth.
- AK0402 A wealth preservation solution includes relevant quotations, cash flows, relevant tax calculations, liquidity and cost implications, reasons for recommendations and implementation action plan.
- AK0403 Paragraph (a) funds refer to semi-government and former semi-government pension funds in terms of the Income Tax Act.
- AK0404 Capital and income objectives include, but are not limited to, short term, insurance, medical, long term, disability and dread disease.

##### ***Internal Assessment Criteria***

#### **2.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

#### **2.4 Exemptions**

### **3. 241301001-PM-03, Recommend and implement the most appropriate wealth creation/protection options, NQF Level 5, Credits 26**

#### **3.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to implement long term wealth creation/protection options. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well defined, familiar and supported environment.

The learner will be required to:

- PM-03-PS01: Provide advice (place the client in a position to make informed decisions): Demonstrate knowledge and application of ethical conduct in a business environment
- PM-03-PS02: Deal with client concerns: Apply the law of contract to insurance
- PM-03-PS03: Apply knowledge of business insurance to propose a Long-Term financial solution for a business entity
- PM-03-PS04: Apply knowledge of estate planning to propose a financial solution for a high net worth client

#### **3.2 Guidelines for Practical Skills**

##### **3.2.1. PM-03-PS01: Provide advice (place the client in a position to make informed decisions): Demonstrate knowledge and application of ethical conduct in a business environment**

###### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PA0101 Explain the concept of ethics in relation to property and personality rights.
- PA0102 Describe the role of a code of conduct in a business environment.
- PA0103 Apply different ethical principles in a specific context.
- PA0104 Make a decision based on a corporate code of ethics

###### ***Applied Knowledge***

- AK0101 Personality rights are the rights to dignity enshrined in the South African Constitution.
- AK0102 The source of ethics in South Africa is the South African Constitution.
- AK0103 Specific code of ethics is the code of the organisation where the learner is employed or a code of choice if the learner is not an employee.
- AK0104 A business environment is not only an environment for profit.
- AK0105 The generally accepted code of conduct as at October 2005 refers to the recommendations of King II. It would refer to whatever commission, regulations or codes subsequently replace the King II recommendations.

###### ***Internal Assessment Criteria***

##### **3.2.2. PM-03-PS02: Deal with client concerns: Apply the law of contract to insurance**

###### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PA0201 Explain the law of contract as applied in insurance.
- PA0202 Explain the application of legal capacity in an insurance contract
- PA0203 Interpret the basic principles required for an insurance contract to be legally binding
- PA0204 Evaluate a proposed insurance contract

#### ***Applied Knowledge***

- AK0201 Essential elements of the law of contract are offer, acceptance, consensus, legal capacity and bona fides.
- AK0202 The basic principles of an insurance contract are insurable interest, bona fides and disclosures of material facts.
- AK0203 Legal capacity includes, reference to the application of insurance legislation, entering into a policy and borrowing against a policy.
- AK0204 The insurance Act refers to the Long-Term or short term Act.

#### ***Internal Assessment Criteria***

### **3.2.3. PM-03-PS03: Apply knowledge of business insurance to propose a Long-Term financial solution for a business entity**

#### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PA0301 Research different types of business entity.
- PA0302 Analyse the Long-Term business insurance needs of an entity.
- PA0303 Value a business for Long-Term business insurance purposes
- PA0304 Propose a Long-Term business insurance solution

#### ***Applied Knowledge***

- AK0301 Business entities include sole proprietor, incorporated, closed corporations, partnerships, public and private companies and family companies.
- AK0302 Possible Long-Term insurance solutions include, but are not limited to, loan account cover, loan account redemption plans, buy and sell agreements, surety, deferred compensation, preferred compensation and key person insurance.
- AK0303 Information includes, but is not limited to, continuity of business, key person, preferred and deferred compensation, business contingency plan and sinking fund.
- AK0304 Tax includes income tax and CGT.
- AK0305 The business insurance plan includes, but is not limited to, contracts, ownership of policy, impact on accounting practice, amendments or additions to existing contracts and funding options.
- AK0306 Trigger events include, but are not limited to, death, disability and retirement.

#### ***Internal Assessment Criteria***

### **3.2.4. PM-03-PS04: Apply knowledge of estate planning to propose a financial solution for a high net worth client**



### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PA0401 Analyse the current situation of a high net worth individual.
- PA0402 Evaluate the use of trusts as estate planning tools
- PA0403 Investigate different scenarios to optimise the structure of an estate.
- PA0404 Advise a high net worth client on a tax effective and efficient estate planning solution

### ***Applied Knowledge***

- AK0401 Trusts include, but are not limited to, testamentary, inter vivo, vesting, discretionary, business and special trusts.
- AK0402 Techniques include, but are not limited to, donations, sales, sales on loan accounts, trusts, bequests to a spouse and ownership options.

### ***Internal Assessment Criteria***

### **3.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **3.4 Exemptions**

## **4. 241301001-PM-04, Analyse the client organisations needs relating to retirement funds and employee benefits, NQF Level 5, Credits 11**

### **4.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to analyse clients' needs relating to retirement funds and employee benefits. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well-defined, familiar and supported environment.

The learner will be required to:

- PM-04-PS01: Evaluate the effectiveness of the administration function of a retirement fund in order to make an informed decision
- PM-04-PS02: Apply technical knowledge and insight into how the legislative and regulatory environment impacts on retirement fund benefits for employees

### **4.2 Guidelines for Practical Skills**

#### **4.2.1. PM-04-PS01: Evaluate the effectiveness of the administration function of a retirement fund in order to make an informed decision**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0101 Evaluate compliance with the regulatory environment.
- PA0102 Evaluate the implementation of trustee decisions by the administrator.
- PA0103 Analyse the administrative function of a retirement fund.
- PA0104 Propose a solution to address identified administration risks

##### ***Applied Knowledge***

- AK0101 Governance audits include, but are not limited to, financial matters, communication, contracts, management of Long-Term risk assessment and service level agreements.
- AK0102 Retirement Funds include, but are not limited to, self administered funds, insured funds, privately administered and insurer administered funds

##### ***Internal Assessment Criteria***

#### **4.2.2. PM-04-PS02: Apply technical knowledge and insight into how the legislative and regulatory environment impacts on retirement fund benefits for employees**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0201 Identify the legal and regulatory framework for a retirement fund.
- PA0202 Critically analyse an existing benefit structure in relation to relevant legislation
- PA0203 Analyse existing contracts and rules for compliance.
- PA0204 Investigate the existing control structures in order to address areas of non-compliance

##### ***Applied Knowledge***

- AK0201 Main Legislation includes, but is not limited to, the Pension Funds Act, the Long Term Insurance Act, Financial Institutions (Protection of Funds) Act, Income Tax Act and the Tax on Retirement Funds Act.
- AK0202 Ancillary legislation includes, but is not limited to the Labour Relations Act, Promotion of Access to Information Act, South African Constitution, Maintenance Act, Marriages Act, Divorce Act, Financial Advisors and Intermediaries Act, Financial Intelligence Centre Act, Short Term Insurance Act, Companies Act, Financial Markets Act, Collective Investment Schemes Act, Regional Services Councils Levies Act, Financial Services Board Act, the Financial Services Charter and the South African Constitution.
- AK0203 Relevant mandates include, but are not limited to, trustee, investment manager and sub-investment manager mandates.
- AK0204 Service level agreements include, but are not limited to, consultants, administrators, actuaries and asset consultants.
- AK0205 Control structures include, but are not limited to, rules, policies, contracts, procedures, financial statements and statutory reporting.
- AK0206 Common areas of non-compliance include, but are not limited to, signed contracts, documents and mandates (legally enforceable and binding).
- AK0207 Legality of Board of Trustees includes, but is not limited to, compliance with legislation, elections, due process, quorum and decision making.
- AK0208 Reports include those required by the South African Revenue Services (SARS), the Financial Services Board (FSB), members, employers, the South African Reserve Bank, Trustee/Management Board and internal audit.

### ***Internal Assessment Criteria***

#### **4.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

#### **4.4 Exemptions**

## **5. 241301001-PM-05, Evaluate the availability of various employee benefit and retirement fund options and structures, NQF Level 5, Credits 8**

### **5.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to evaluate the various options relating to retirement funds and employee benefits. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well defined, familiar and supported environment.

The learner will be required to:

- PM-05-PS01: Apply technical knowledge and insight into how the legislative and regulatory environment impacts on retirement fund benefits for employees
- PM-05-PS02: Investigate possible funding options for investors exiting a group retirement fund

### **5.2 Guidelines for Practical Skills**

#### **5.2.1. PM-05-PS01: Apply technical knowledge and insight into how the legislative and regulatory environment impacts on retirement fund benefits for employees**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0101 Identify the legal and regulatory framework for a retirement fund.
- PA0102 Critically analyse an existing benefit structure in relation to relevant legislation.
- PA0103 . Analyse existing contracts and rules for compliance
- PA0104 Investigate the existing control structures in order to address areas of non-compliance

##### ***Applied Knowledge***

- AK0101 Main Legislation includes, but is not limited to, the Pension Funds Act, the Long Term Insurance Act, Financial Institutions (Protection of Funds) Act, Income Tax Act and the Tax on Retirement Funds Act.
- AK0102 Ancillary legislation includes, but is not limited to the Labour Relations Act, Promotion of Access to Information Act, South African Constitution, Maintenance Act, Marriages Act, Divorce Act, Financial Advisors and Intermediaries Act, Financial Intelligence Centre Act, Short Term Insurance Act, Companies Act, Financial Markets Act, Collective Investment Schemes Act, Regional Services Councils Levies Act, Financial Services Board Act, the Financial Services Charter and the South African Constitution.
- AK0103 Relevant mandates include, but are not limited to, trustee, investment manager and sub-investment manager mandates.
- AK0104 Service level agreements include, but are not limited to, consultants, administrators, actuaries and asset consultants.
- AK0105 Control structures include, but are not limited to, rules, policies, contracts, procedures, financial statements and statutory reporting.
- AK0106 Common areas of non-compliance include, but are not limited to, signed contracts, documents and mandates (legally enforceable and binding).
- AK0107 Legality of Board of Trustees includes, but is not limited to, compliance with legislation, elections, due process, quorum and decision making.

- AK0108 Reports include those required by the South African Revenue Services (SARS), the Financial Services Board (FSB), members, employers, the South African Reserve Bank, Trustee/Management Board and internal audit.

### ***Internal Assessment Criteria***

#### **5.2.2. PM-05-PS02: Investigate possible funding options for investors exiting a group retirement fund**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0201 Explain the various instances where a benefit could become payable from a group retirement fund.
- PA0202 Interpret the regulatory environment governing exit from a group retirement fund.
- PA0203 Investigate funding options on exiting a group retirement fund.
- PA0204 Explain the procedure specific to a funding option.

##### ***Applied Knowledge***

- AK0201 Events that could result in payment from a group retirement fund include, but are not limited to, death, disability, liquidity, resignation, redundancy, death, retirement, ill health and dismissal.
- AK0202 Different benefit payments include lump sum benefit, ill health retirement and income benefit.
- AK0203 Product types are generic and not specific to an organisation and include, but are not limited to, preservation fund, annuity options and trusts.
- AK0204 Annuity options include, living, joint life and single life.

### ***Internal Assessment Criteria***

#### **5.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

#### **5.4 Exemptions**

## **6. 241301001-PM-06, Advise client on the most appropriate structuring of retirement funds and employee benefits, NQF Level 6, Credits 18**

### **6.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to advise clients evaluate the regarding the use of appropriate retirement funds and methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well defined, familiar and supported environment

The learner will be required to:

- PM-06-PS01: Apply knowledge and insight to structure and implement a retirement fund for an organisation
- PM-06-PS2: Apply technical knowledge and skill to advise an individual on planning for retirement
- PM-06-PS03: Apply technical knowledge and skill to advise business entities on insurance and group retirement benefits
- PM-06-PS04: Advise Retirement Fund Trustees and Corporates on the structure of a Funds investments

### **6.2 Guidelines for Practical Skills**

#### **6.2.1. PM-06-PS01: Apply knowledge and insight to structure and implement a retirement fund for an organisation**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0101 Analyse the needs and motivation of an organisation in establishing a retirement fund.
- PA0102 Apply knowledge of legislation to determine the possible structure of a fund
- PA0103 Develop a proposal to meet the identified needs of a specific organisation.
- PA0104 Design an implementation plan.

##### ***Applied Knowledge***

- AK0101 Human resources data includes, but is not limited to, salary range and structure, number of employees, industry, location of employer (locally and offshore) work profiles of employees, current retirement fund and labour agreements, special needs and tax status of the employer.
- AK0102 Economic and labour issues include, but are not limited to, proposed membership, employee expectations, employer expectations, desired benefits and monetary limits.
- AK0103 Legislation includes, but is not limited to, Income Tax Act, Pension fund Act, Labour Relations Act and the Financial Institutions Protection of Funds Act.
- AK0104 Capacity refers to the administrator and/or the employer.
- AK0105 Role players include actuaries, auditors, consultants and legal counsel.

##### ***Internal Assessment Criteria***

#### **6.2.2. PM-06-PS2: Apply technical knowledge and skill to advise an individual on planning for retirement**

##### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PAS201 Apply knowledge of legislation to retirement planning.
- PAS202 Assess objectives and provisions to determine a financial strategy.
- PAS203 Construct a portfolio for a specific client based on a clients risk tolerance and objectives.
- PAS204 Recommend changes to a retirement plan after an unplanned life event.

#### ***Applied Knowledge***

- AKS201 Retirement vehicles include, but are not limited to Retirement Annuities, Provident Funds, Pension funds, Preservation Funds and other investment instruments.
- AKS202 Needs include, but are not limited to, bond repayments, childrens education needs, contingency money, emergency fund, provision for medical expenses, covering debt, and income.
- AKS203 Lifestyle objectives include, but are not limited to, overseas trips, holidays and cars.
- AKS204 Unplanned life events include, but are not limited to, retrenchment, resignation, divorce, permanent disability and dismissal.
- AKS205 Legislation includes, but is not limited to, the Pension Fund Act, Income Tax Act, Tax on Retirement Funds Act, Labour Relations Act, Long-Term Insurance Act and Divorce Act

#### ***Internal Assessment Criteria***

### **6.2.3. PM-06-PS03: Apply technical knowledge and skill to advise business entities on insurance and group retirement benefits**

#### ***Scope of Practical Skill***

Given a simulated or controlled work environment where recommendations must be made to clients regarding the implementation of long term wealth creation/protection options the learner must be able to:

- PA0301 Research an industry sector to determine issues and trends.
- PA0302 Analyse a business entity to determine needs and existing benefits.
- PA0303 Synthesise information to propose appropriate benefit structures.
- PA0304 Recommend a financial solution for a business entity.

#### ***Applied Knowledge***

- AK0301 Business entities include medium to large corporate and other entities such as Associations, Unions, partnerships and non-profit organisations.
- AK0302 The socio-political situation includes legislation, the financial services and other sector charters, Black Empowerment requirements and Labour Legislation.

#### ***Internal Assessment Criteria***

### **6.2.4. PM-06-PS04: Advise Retirement Fund Trustees and Corporates on the structure of a Funds investments**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding investment opportunities the learner must be able to:

- PA0401 Apply knowledge of legislation and governance to the investments of a retirement fund.
- PA0402 Analyse the investment objectives of a retirement fund.
- PA0403 Construct a portfolio for a retirement fund.
- PA0404 Explain how investment advisors select and evaluate a Fund Manager.

### ***Applied Knowledge***

- AK0401 Issues of legislation and governance include, but are not limited to, the Financial Services Charter and currently accepted guidelines for governance.
- AK0402 Full range of traditional, balanced and specialist mandates, alternative investments, socially responsible investments, sharia and targeted development investments.
- AK0403 Defined benefit and defined contribution funds: all members potential needs including age, risk profile, time horizon and financial sophistication.
- AK0404 Evaluation of the Fund manager includes qualitative and quantitative assessment.
- AK0405 Benchmarks include peer, market and absolute benchmarks.

### ***Internal Assessment Criteria***

## **6.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

## **6.4 Exemptions**



## **7. 241301001-PM-07, Analyse Client needs regarding Health Care Benefits, NQF Level 6, Credits 17**

### **7.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to advise clients evaluate the regarding the use of appropriate health care benefits. Learners must demonstrate the ability to select and apply standard methods, procedures or techniques within the field, discipline or practice and to plan and manage the implementation process within a well defined, familiar and supported environment.

The learner will be required to:

- PM-07-PS01: Analyse the National Health Policy as a means of providing healthcare for the nation
- PM-07-PS02: Apply knowledge and insight of the medical scheme environment to evaluate risk in a selected medical scheme
- PM-07-PS03: Apply knowledge of the current Medical Schemes Act and the accompanying regulations

### **7.2 Guidelines for Practical Skills**

#### **7.2.1. PM-07-PS01: Analyse the National Health Policy as a means of providing healthcare for the nation**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients needs regarding health care benefits are being analysed the learner must be able to:

- PA0101 Analyse the goals of the National Health Policy (NHP) in relation to access and redress.
- PA0102 Critically evaluate the effectiveness of the current regulatory environment in support of the Governments goals for healthcare.
- PA0103 Investigate the potential costs to medical schemes of implementing the National Health Policy (NHP) goals.
- PA0104 Investigate industry initiatives in response to the National Health Policy. Critical Activities to be Assessed Externally: Applied Knowledge
- PA0105 The Legislation includes, but is not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled
- PA0106 Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF), Financial Advisory and Intermediary Services Act (FAIS), Financial Advisory and Intermediary Services Act, (FAIS) Access to information Act, The Competitions Act, legislation governing the distribution of medical facilities and resources including doctors, pharmacies and nurses.
- PA0107 Impact of National Health Policy includes, but is not limited to, Low Income Medical Schemes (LIMS), Government Employees Medical Schemes (GEMS), Prescribed Minimum Benefits (PMBs) and Risk Equalisation Fund.
- PA0108 Resources include both traditional and conventional medical services, primary, secondary and tertiary healthcare.
- PA0109 Cost drivers include, but are not limited to burden of disease, inclusion of primary healthcare in prescribed minimum benefits, managed healthcare, wellness initiatives, brain drain, new drugs and technology.

##### ***Applied Knowledge***

- AK0101 The Legislation includes, but is not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled
- AK0102 Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF), Financial Advisory and Intermediary Services Act (FAIS), Financial Advisory and Intermediary Services Act, (FAIS) Access to information Act, The Competitions Act, legislation governing the distribution of medical facilities and resources including doctors, pharmacies and nurses.
- AK0103 Impact of National Health Policy includes, but is not limited to, Low Income Medical Schemes (LIMS), Government Employees Medical Schemes (GEMS), Prescribed Minimum Benefits (PMBs) and Risk Equalisation Fund.
- AK0104 Resources include both traditional and conventional medical services, primary, secondary and tertiary healthcare.
- AK0105 Cost drivers include, but are not limited to burden of disease, inclusion of primary healthcare in prescribed minimum benefits, managed healthcare, wellness initiatives, brain drain, new drugs and technology.

### ***Internal Assessment Criteria***

#### **7.2.2. PM-07-PS02: Apply knowledge and insight of the medical scheme environment to evaluate risk in a selected medical scheme**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients needs regarding health care benefits are being analysed the learner must be able to:

- PA0201 Demonstrate knowledge and insight into risk in a medical scheme.
- PA0202 Research models used to manage risks in the medical scheme environment.
- PA0203 Analyse the internal and external environment of a selected medical scheme.
- PA0204 Apply knowledge of a risk management process to a selected medical scheme.

##### ***Applied Knowledge***

- AK0201 Risks include, but are not limited to, membership numbers, fraud, issues of governance, solvency, compliance, Trustees and Principle Officers.
- AK0202 Models include, but are not limited to, COSO models 1 and 2 (Committee of Sponsoring Organisations of the Tredway Commissions and Sarbanes Oxley Act, (USA).
- AK0203 The internal and external environments include, but are not limited to, the regulatory environment, policies and procedures in the organisation, implementation and application of policies, members, employees, employers, management, providers, technology, resources and health trends.
- AK0204 The regulatory environment includes pending legislation relating to health including, but not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF).

### ***Internal Assessment Criteria***

- IAC0201 ASSESSMENT CRITERION 1 Risks specific to medical schemes are identified, explained and rated in terms of their potential positive or negative impact on a medical scheme. ASSESSMENT CRITERION 2 The process used to manage risk in a selected medical scheme is explained and an indication is given of why the process is necessary. ASSESSMENT CRITERION 3 The roles and responsibilities of individuals at all levels in the organisation are explained for a specific medical scheme.

- IAC0202 ASSESSMENT CRITERION 1 Different models for managing risk are researched with reference to effectiveness or application to a selected medical scheme.
- IAC0203 ASSESSMENT CRITERION 1 Threats and opportunities are analysed to identify potential areas of risk. ASSESSMENT CRITERION 2 Risks are evaluated and prioritised in terms of the level of risk and the measures necessary to mitigate each risk. ASSESSMENT CRITERION 3 The adequacy and effectiveness of interventions to control the risk are evaluated for a selected medical scheme. ASSESSMENT CRITERION 4 The effectiveness of systems for communicating, reporting and monitoring, risk is evaluated for a specific medical scheme.
- IAC0204 ASSESSMENT CRITERION 1 The risk management process in a selected medical scheme is evaluated for adequacy and effectiveness. ASSESSMENT CRITERION 2 Internal and external audit reports and other relevant information are analysed to determine appropriate interventions for a specific medical scheme

### **7.2.3. PM-07-PS03: Apply knowledge of the current Medical Schemes Act and the accompanying regulations**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients needs regarding health care benefits are being analysed the learner must be able to:

- PA0301 Explain the rationale for the introduction of the current Medical Schemes Act, as amended, and the concepts that are implicit in the Act.
- PA0302 Explain how the regulations apply to members of medical schemes
- PA0303 Investigate the practical implications of the regulations and the financial risk to the scheme.
- PA0304 Explain the administration requirements of the Act.
- PA0305 Describe how legislation governs the relationship between intermediaries and medical schemes.

#### ***Applied Knowledge***

- AK0301 Stakeholders governed by the Act include intermediaries, administrators, schemes, trustees, managed care organisations and providers.
- AK0302 Conditions of enrollment are pre existing conditions, late joiner penalties, waiting periods and conditions for continued membership.
- AK0303 Treatment for prescribed minimum benefits includes formularies and designated service providers
- AK0304 Products to reduce risk include savings plans, capitation plans, formularies, designated service providers, co-payment plans and limited benefit plans.
- AK0305 Regulations that apply to administrators include transfer of personal medical savings

#### ***Internal Assessment Criteria***

### **7.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **7.4 Exemptions**



## **8. 241301001-PM-08, Provide advice on the introduction of Health Care benefit Programmes, NQF Level 6, Credits 26**

### **8.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practise

The learner will be required to:

- PM-08-PS01: Objectively evaluate the criteria that materially affect the performance of a medical scheme and its administration
- PM-08-PS02: Conduct an in depth investigation into the current healthcare sector in South Africa using published data
- PM-08-PS03: Analyse the product design/structure of different medical schemes to evaluate the benefits of each scheme
- PM-08-PS04: Apply knowledge of health economics to make an informed decision

### **8.2 Guidelines for Practical Skills**

#### **8.2.1. PM-08-PS01: Objectively evaluate the criteria that materially affect the performance of a medical scheme and its administration**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where advice is being provided regarding health care benefits. the learner must be able to:

- PA0101 Analyse Government Health Policy in terms of how it affects the performance of a Medical Scheme.
- PA0102 Analyse the impact of decisions of the various stakeholders on a selected medical scheme.
- PA0103 Evaluate the performance of a medical scheme
- PA0104 Evaluate the resources of a medical scheme and their effect on performance

##### ***Applied Knowledge***

- AK0101 Regulations that apply to administrators include transfer of personal medical savings.
- AK0102 Performance of a medical scheme includes, but is not limited to, financial management, pricing, members perceptions of a scheme, and outcomes measurement or quality.
- AK0103 Impact of legislation includes, but is not limited to, cost drivers.
- AK0104 Cost drivers include, but are not limited to, demographics, fraud, cost of compliance, benefit design and pricing.
- AK0105 Risk management includes, but is not limited to risk assessment, evaluation and control.
- AK0106 Decisions relating to management of risk include, but are not limited to demographics, benefit design, fraud, abuse, peer review, protocols and formularies.
- AK0107 . Data and information include, but are not limited to, current rules of a medical scheme, financial statements, global credit rating, information from health risk management programmes relating to the spend of a scheme, service level agreements and contracts.
- AK0108 Evaluations should include at least administration skills, actuarial evaluations, financial management, sales and marketing, ex gratia policies, underwriting criteria, external and internal audits, control of fraud and abuse, return on investment (ROI) in the context of a medical scheme.

- AK0109 Efficiency of IT infrastructure includes, but is not limited to, data management, flexibility, adaptability, potential for integration, work processes, work flows, call centres, integration of information, electronic systems and software applications.
- AK0110 Legislation includes, but is not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF), Financial Advisory and Intermediary Services Act (FAIS).
- AK0111 Impact of National Health Policy includes, but is not limited to, Low Income Medical Schemes (LIMS), Government Employees Medical Schemes (GEMS), Prescribed Minimum Benefits (PMBs) and Risk Equalisation Fund.
- AK0112 Health risk management includes, but is not limited to, disease and condition management, managed healthcare programmes, HIV/AIDS and Asthma programmes.
- AK0113 Demographic information includes, but is not limited to, health status, income, family size and age, geographic distribution, membership of other medical schemes, occupation and level of education.
- AK0114 Limitations on benefit design include, but are not limited to, risk equalisation LIMS, PMBs and primary healthcare.
- AK0115 Governance includes, but is not, limited to, financial matters, communication, contracts, management of risk and service level agreements.
- AK0116 Analysis of financials includes, but is not limited to, cost drivers, income, expenses, calculation of income, contributions, solvency requirements, underwriting profits and losses, demographics, utilisation, and claims rating.

### ***Internal Assessment Criteria***

#### **8.2.2. PM-08-PS02: Conduct an in depth investigation into the current healthcare sector in South Africa using published data**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where advice is being provided regarding health care benefits. the learner must be able to:

- PA0201 Analyse the regulatory environment relating to the funding and delivery of healthcare systems in South Africa.
- PA0202 Explain the role and influence of stakeholders in the sector.
- PA0203 Analyse the impact of disease on the healthcare system in South Africa.
- PA0204 Analyse the funding models used in the healthcare delivery system in South Africa.
- PA0205 Identify and analyse threats and challenges to healthcare delivery in South Africa

##### ***Applied Knowledge***

- AK0201 The Legislative environment includes, but is not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF).
- AK0202 Governance include, but are not, limited to, financial matters, communication, contracts, management of risk and service level agreements.
- AK0203 Prevalent diseases include dread diseases, lifestyle related diseases and communicable diseases.

- AK0204 Funding models include, but are not limited to, public, private, public-private initiatives, public private partnerships and alternative reimbursement models.

### ***Internal Assessment Criteria***

#### **8.2.3. PM-08-PS03: Analyse the product design/structure of different medical schemes to evaluate the benefits of each scheme**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where advice is being provided regarding health care benefits. the learner must be able to:

- PA0301 Investigate theories of product development used by medical schemes.
- PA0302 Conduct a needs analysis of a client or target market.
- PA0303 Apply knowledge of benefit sets to a selected client or target market.
- PA0304 Analyse current developments in benefit design and the potential impact on schemes and options

##### ***Applied Knowledge***

- AK0301 Clients may be individuals, Corporates or other business entities.
- AK0302 The Legislation includes, but is not limited to, National Health Act, Medical Schemes Act, Pharmacies Act, Medicine and Controlled Substances Act, Compensation for Occupational Injuries and Diseases Act (COIDA), Road Accident Fund (RAF), Financial Advisory and Intermediary Services Act (FAIS).
- AK0303 Impact of National Health Policy includes, but is not limited to, Low Income Medical Schemes (LIMS), Government Employees Medical Schemes (GEMS), Prescribed Minimum Benefits (PMBs) and Risk Equalisation Fund.
- AK0304 Health risk management includes, but is not limited to, disease and condition management, managed healthcare programmes, HIV/AIDS and Asthma programmes.
- AK0305 Demographic information includes, but is not limited to, health status, income, family size and age, geographic distribution, membership of other medical schemes, occupation and level of education.
- AK0306 Factors influencing member choice include, but are not limited to, professional sports injuries, cover for extreme sports, contraception, malaria precautions, Hormone Replacement Therapy (HRT), the use of formularies, designated service providers, gap cover and medical cover outside of South Africa.
- AK0307 Limitations on benefit design include, but are not limited to, risk equalisation LIMS, PMBs and primary healthcare.
- AK0308 Governance include, but are not, limited to, financial matters, communication, contracts, management of risk and service level agreements.
- AK0309 Analysis of financials includes, but is not limited to, cost drivers, income, expenses, calculation of income, contributions, solvency requirements, underwriting profits and losses, demographics, utilisation, and claims rating.

### ***Internal Assessment Criteria***

#### **8.2.4. PM-08-PS04: Apply knowledge of health economics to make an informed decision**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where advice is being provided regarding health care benefits, the learner must be able to:

- PA0401 Demonstrate knowledge and understanding of health economics in the provision of healthcare.
- PA0402 Apply the principles of health economics to enable informed decision making.
- PA0403 Explain the impact of the regulatory environment on health economics.
- PA0404 Demonstrate knowledge and understanding of the role of pharmaco-economics in funding decisions.

#### ***Applied Knowledge***

- AK0401 Data includes, but is not limited to, information relating to burden of disease statistics, demographics, new drugs and new technology.

#### ***Internal Assessment Criteria***

### **8.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **8.4 Exemptions**



## **9. 241301001-PM-09, Research, analyse and conduct due-diligence of investment opportunities, NQF Level 6, Credits 42**

### **9.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practise

The learner will be required to:

- PM-09-PS01: Apply technical knowledge and insight into the sales and marketing of participatory interest in collective investment scheme portfolios
- PM-09-PS02: Analyse the risk profile of specific investment instruments
- PM-09-PS03: Evaluate the current and future financial position of an entity
- PM-09-PS04: Apply knowledge of macro economic trends and indices to evaluate the potential effect on a selected portfolio

### **9.2 Guidelines for Practical Skills**

#### **9.2.1. PM-09-PS01: Apply technical knowledge and insight into the sales and marketing of participatory interest in collective investment scheme portfolios**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding the most appropriate structuring of retirement funds and employee benefits the learner must be able to:

- PA0101 Apply knowledge of collective investment scheme portfolios to position a specific portfolio to meet an identified need.
- PA0102 Demonstrate insight into the regulatory parameters that apply to the sales and marketing of participatory interest in collective investment portfolios.
- PA0103 Explain methods that can be used to market participatory interest in collective investment scheme portfolios.
- PA0104 Explain the market support required by clients of collective investment scheme portfolios.

##### ***Applied Knowledge***

##### ***Internal Assessment Criteria***

- IAC0101 Best fit includes but is not limited to, product, tax, legal, risk profile, costs and type.
- IAC0102 Legislation includes, but is not limited to the Collective Investment Schemes Control Act (CISCA), Financial Advisory and Intermediary Services Act (FAIS), Financial Intelligence Centre Act (FICA) Prevention of Organised Crime Act (POCA) and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (POCDATARA).
- IAC0103 Codes include, but are not limited to the code of advertising, code of ethics of Association of Collective Investments (ACI) and/or other relevant professional bodies.
- IAC0104 Direct marketing includes, but is not limited to telephone, presentation, letters, brochures, and face to face with client.

#### **9.2.2. PM-09-PS02: Analyse the risk profile of specific investment instruments**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where research and analysis must be conducted regarding the due-diligence of investment opportunities the learner must be able to:

- PA0201 Explain accounting entries and the application thereof in the investment environment

- PA0202 Apply accounting entries generated as a result of various investment activities.
- PA0203 Apply the policy/principle governing the valuation of all the investment instruments

### ***Applied Knowledge***

#### ***Internal Assessment Criteria***

- IAC0201 The scope of this Unit Standard covers accounting and valuation rules which include but is not limited to: book value, amortization, market value, nominal value, realized profit, unrealized profit, accrual.

### **9.2.3. PM-09-PS03: Evaluate the current and future financial position of an entity**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where research and analysis must be conducted regarding the due-diligence of investment opportunities the learner must be able to:

- PA0301 Apply knowledge of the time value of money to a selected scenario.
- PA0302 Determine objectively the needs and provisions of an entity.
- PA0303 Compare the values of different investment instruments over a selected period.
- PA0304 Vary the assumptions to interrogate a financial solution.
- PA0305 Propose and substantiate a financial solution to a client.
- PA0306 Evaluate a financial proposal.

### ***Applied Knowledge***

#### ***Internal Assessment Criteria***

- IAC0301 A financial solution includes, but is not limited to, death, disability, retirement, education and savings.
- IAC0302 Variables that affect the value of money over time include, but are not limited to, inflation, interest rates, cash flow, term, present value, future value and discount.
- IAC0303 Cash flow includes income, expenditure and capital.
- IAC0304 Costs of an investment include administration, fees and commissions

### **9.2.4. PM-09-PS04: Apply knowledge of macro economic trends and indices to evaluate the potential effect on a selected portfolio**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where research and analysis must be conducted regarding the due-diligence of investment opportunities the learner must be able to:

- PA0401 Analyse the impact of the major indices of the Johannesburg Securities Exchange (JSE) and indices of international bourses on a selected investment.
- PA0402 Apply knowledge of economic trends to evaluate the financial instruments in a specific portfolio.
- PA0403 Anticipate a change in the markets and propose a financial solution.
- PA0404 Propose a financial solution to maintain a selected investment in an unanticipated negative environment.

## ***Applied Knowledge***

### ***Internal Assessment Criteria***

- IAC0401 Events that could precipitate a sudden change in the macro economic environment include, but are not limited to, terrorist attacks, natural disasters, war, unexplained mass disinvestment, weather events, political unrest and climate change.
- IAC0402 Instruments include, but are not limited to, collective investments, bonds, listed securities and cash.

### **9.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **9.4 Exemptions**

## **10. 241301001-PM-10, Advise clients regarding potential investment opportunities, NQF Level 6, Credits 41**

### **10.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practise

The learner will be required to:

- PM-10-PS01: Analyse and interpret qualitative and quantitative data from relevant reports in order to make a recommendation or inform a decision for an entity
- PM-10-PS02: Evaluate the relevant performance of a Fund/Portfolio Manager
- PM-10-PS03: Offer investment advice to clients based on their needs

### **10.2 Guidelines for Practical Skills**

#### **10.2.1. PM-10-PS01: Analyse and interpret qualitative and quantitative data from relevant reports in order to make a recommendation or inform a decision for an entity**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding investment opportunities the learner must be able to:

- PA0101 Explain own role and responsibility in making an informed decision or recommendation for an entity.
- PA0102 Analyse information required to make an informed decision or recommendation.
- PA0103 Contextualise data for a specific entity.
- PA0104 Interpret global and local issues that relate to a selected entity's risk pool.
- PA0105 Make and substantiate a recommendation or decision for an entity

##### ***Applied Knowledge***

##### ***Internal Assessment Criteria***

- IAC0101 Entity includes Boards of Trustees of Medical Schemes, Retirement Funds and Employer Boards of Management.
- IAC0102 Compliance includes acts of omission and commission.
- IAC0103 Actuarial models include, but are not limited to predictive models.
- IAC0104 Organisation of data includes, but is not limited to, trends over time, benchmarks, comparisons and claims patterns.
- IAC0105 Statistical tools include, but are not limited to, graphs, computer programmes, tables, statistical programmes and models.
- IAC0106 Economic impact includes, but is not limited to, changes in demography and current risk pool.
- IAC0107 Criminal activities include, but are not limited to, customer/client/member, employees, officials and outside threats.

#### **10.2.2. PM-10-PS02: Evaluate the relevant performance of a Fund/Portfolio Manager**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding investment opportunities the learner must be able to:

- PA0201 Fund/Portfolio Managers may manage individual funds/portfolios or may be multi-managers.
- PA0202 Compare the risk and return of different Fund/Portfolio Managers.
- PA0203 Consolidate information to create a profile of a Fund/Portfolio Manager.
- PA0204 Make a decision to place money with a specific Fund/Portfolio Manager.

### ***Applied Knowledge***

#### ***Internal Assessment Criteria***

- IAC0201 Fund/Portfolio Managers may manage individual funds/portfolios or may be multi-managers.

### **10.2.3. PM-10-PS03: Offer investment advice to clients based on their needs**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where clients are being advised regarding investment opportunities the learner must be able to:

- PA0301 Identify the needs and requirements of the clients
- PA0302 Evaluate the options for protection against death
- PA0303 Evaluate the alternatives for protection against ill-health
- PA0304 Evaluate the clients retirement needs
- PA0305 Assess the clients mortgage requirements
- PA0306 Investigate the options of setting up a trust
- PA0307 Present investment recommendations to the client

### ***Applied Knowledge***

#### ***Internal Assessment Criteria***

- IAC0301 For the individual investor, information to be collected includes: " personal and employment details " their financial situation and needs includes their tax liabilities, expenditures, assets, liabilities, life assurance, health insurance, regular savings, pension provision, inheritance " their financial priorities (eg living expenses, protection, retirement, mortgages), "their financial goals and objectives " their attitude towards risk
- IAC0302 . The principles of life assurance includes: " term assurance " investment linked policies " with-profits policies " unit-linked policies " whole-life policies " endowment policies " annuities
- IAC0303 Structured healthcare alternatives takes into account " permanent health insurance needs " critical illness cover " chronic medication requirements " private medical insurance
- IAC0304 Various pension options includes " state pension schemes " occupational pension schemes " personal pensions " benefit limits " pension transfers " criteria for choosing a pension provider
- IAC0305 Property includes: " residential property " commercial property " retail property " office property " industrial property

### **10.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **10.4 Exemptions**

## **11. 241301001-PM-11, Facilitate the implementation of agreed investment decisions, NQF Level 6, Credits 9**

### **11.1 Purpose of the Practical Skill Modules**

The focus of the learning in this module is on providing the learner an opportunity to practice the skills required to facilitate the implementation of agreed investment decisions. Learners must demonstrate the ability to evaluate, select and apply appropriate methods, procedures and techniques within a defined context, they must analyse and solve problems in unfamiliar situations, gather evidence and apply appropriate solutions using own knowledge.

The learner will be required to:

- PM-11-PS01: Apply knowledge and insight to advise on the composition of a financial portfolio
- PM-11-PS02: Apply technical knowledge and insight into the management of collective investment portfolios

### **11.2 Guidelines for Practical Skills**

#### **11.2.1. PM-11-PS01: Apply knowledge and insight to advise on the composition of a financial portfolio**

##### ***Scope of Practical Skill***

Given simulated or controlled work environments where the implementation of financial investment decisions must be implemented the learner must be able to:

Given simulated or controlled work environments where the implementation of financial investment decisions must be implemented the learner must be able to:

- PA0101 Demonstrate knowledge and insight into the current investment environment.
- PA0102 Apply knowledge of asset classes and investment instruments to analyse the risk/return characteristics and performance of an investment portfolio.
- PA0103 Revalue and rebalance an existing financial portfolio.

##### ***Applied Knowledge***

##### ***Internal Assessment Criteria***

- IAC0101 ASSESSMENT CRITERION 1 The concept of investment risk is explained with examples. ASSESSMENT CRITERION 2 The effect of the global economy on South African economic cycles is explained with current examples. ASSESSMENT CRITERION 3 Key indicators that are used to evaluate the current investment environment are identified and explained in terms of the unit of measurement used for each and their potential impact on the present investment environment. ASSESSMENT CRITERION 4 The way in which moduleive information and sentiment impact on investment markets and investment risk is explained with reference to historical events. ASSESSMENT CRITERION 5 The impact of government policy on the investment environment is analysed and interpreted using historical and current examples.
- IAC0102 ASSESSMENT CRITERION 1 Two risk evaluation techniques are explained and an indication is given of when each is appropriate. ASSESSMENT CRITERION 2 The risk/return characteristics of a portfolio is analysed in terms of potential loss of capital, compliance with a fund mandate, potential for growth, and return on investment. ASSESSMENT CRITERION 3 The performance of an investment portfolio is analysed with reference to the fund mandate and similar portfolios and benchmarks.
- IAC0103 ASSESSMENT CRITERION 1 Knowledge of market trends is applied to design an appropriate asset mix with reference to a strategic/house view, client preferences and the current economic cycle. ASSESSMENT CRITERION 2 The financial instruments in a portfolio are analysed with reference to liquidity, tax implications, risk, return and term. ASSESSMENT CRITERION 3 The underlying asset mix in a portfolio is analysed and compared to the clients risk profile and objectives.

ASSESSMENT CRITERION 4 Recommendations are made to rebalance a portfolio in the light of current economic trends and client objectives. ASSESSMENT CRITERION 5 The implications of managing a portfolio on a discretionary basis are discussed from the point of view of the client and the intermediary

### **11.2.2. PM-11-PS02: Apply technical knowledge and insight into the management of collective investment portfolios**

#### ***Scope of Practical Skill***

Given simulated or controlled work environments where the implementation of financial investment decisions must be implemented the learner must be able to:

- PA0201 Demonstrate knowledge and understanding of the financial markets and instruments used in portfolios of collective investment schemes.
- PA0202 Explain the techniques and practices used by portfolio/fund managers.
- PA0203 Evaluate the effectiveness of the management of a portfolio.
- PA0204 Describe the regulatory and contractual parameters of investment management.

#### ***Applied Knowledge***

##### ***Internal Assessment Criteria***

- IAC0201 ASSESSMENT CRITERION 1 The financial markets used by collective investment schemes are named and an indication is given of the types of financial instruments available from each. ASSESSMENT CRITERION 2 Different financial instruments are explained in terms of expected risk and return.
- IAC0202 ASSESSMENT CRITERION 1 A risk analysis for a selected portfolio is interpreted and an indication is given of the risk level of the portfolio. ASSESSMENT CRITERION 2 A report on the attribution analysis of a portfolio is analysed to determine the strength and weaknesses of a specific portfolio in terms of selecting asset allocation and stock selection. ASSESSMENT CRITERION 3 The approach used by a portfolio/fund manager is identified and an indication is given of a specific managers expertise, investment strategy and techniques for stock selection. ASSESSMENT CRITERION 4 The concept of liquidity in a portfolio is explained and an indication is given of the implications of liquidity or illiquid assets. ASSESSMENT CRITERION 5 The manner in which taxation is applied is explained with reference to tax liabilities.
- IAC0204 ASSESSMENT CRITERION 1 A portfolio is evaluated against peer portfolios and whether it meets its objectives. ASSESSMENT CRITERION 2 The performance of a portfolio analysed with reference to the relationship between performance management and the portfolio.
- IAC0205 ASSESSMENT CRITERION 1 A portfolio is evaluated for compliance with the regulatory and classification limits of the portfolio. ASSESSMENT CRITERION 2 The portfolio mandate is interpreted and compared to the portfolio holdings. ASSESSMENT CRITERION 3 A portfolio is analysed to determine whether it complies with the prospectus, deed, Collective Investment Schemes Control Act (CISCA), Financial Advisory and Intermediary Services Act (FAIS) and the Association of Collective Investments (ACI) codes and standards.

### **11.3 Provider Programme Accreditation Criteria**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **11.4 Exemptions**





## SECTION 3C: WORK EXPERIENCE MODULE SPECIFICATIONS

### List of Work Experience Module Specifications

- 241301001-WM-01, Participate in the processes of wealth creation, NQF Level 5, Credits 50
- 241301001-WM-02, Support the provisioning of advice to clients on employee benefits and retirement structures for a period of three to six months, NQF Level 5, Credits 23
- 241301001-WM-03, Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes, NQF Level 5, Credits 14
- 241301001-WM-04, Participate in the processes of advising on investment decisions over a period of six months, NQF Level 5, Credits 32

## **1. 241301001-WM-01, Participate in the processes of wealth creation, NQF Level 5, Credits 50**

### **1.1 Purpose of the Work Experience Modules**

The focus of the work experience is on providing the learner an opportunity to:

gain experience in applying relevant skills and knowledge in an authentic workplace

The learner will be required to:

- WM-01-WE01: Determine risk exposure in order to manage the risk in a specific situation
- WM-01-WE02: Apply company specific needs analysis tools
- WM-01-WE03: Evaluate company specific products and make appropriate recommendations
- WM-01-WE04: Participate in processes where advice is provided to clients
- WM-01-WE05: Participate in the initiation of products through the company systems

### **1.2 Guidelines for Work Experiences**

#### **1.2.1. WM-01-WE01: Determine risk exposure in order to manage the risk in a specific situation**

##### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0101 Explain the concept of risk in the context of insurance
- WA0102 Analysing and quantifying risk exposure
- WA0103 Investigating different ways of managing risk.
- WA0104 Developing a plan to manage risk in a specific situation

##### ***Supporting Evidence***

- SE0101 Risk analysis documents

#### **1.2.2. WM-01-WE02: Apply company specific needs analysis tools**

##### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0201 Identify the tools
- WA0202 Apply the tools in different situations
- WA0203 Apply needs assessment decisions

##### ***Supporting Evidence***

- SE0201 Completed needs assessment documentation

#### **1.2.3. WM-01-WE03: Evaluate company specific products and make appropriate recommendations**

##### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0301 Evaluate the products

- WA0302 Explain benefits, features and applications
- WA0303 Draft evaluation reports

#### ***Supporting Evidence***

- SE0301 Evaluation reports

### **1.2.4. WM-01-WE04: Participate in processes where advice is provided to clients**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0401 Review situations where advice was given
- WA0402 Assist in preparing for sessions where advice will be given
- WA0403 Observe situations where advice is provided
- WA0404 Participate in the preparation for and provisioning of advice

#### ***Supporting Evidence***

- SE0401 Reports and minutes of meetings

### **1.2.5. WM-01-WE05: Participate in the initiation of products through the company systems**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0501 Gain access to the systems
- WA0502 Input data
- WA0503 Make changes to data
- WA0504 Extract documents and reports
- WA0505 Interpret reports

#### ***Supporting Evidence***

- SE0501 System reports

## **1.3 Contextualised Workplace Knowledge**

1 Legislation relevant to a specific sector.

2 Types of risk include, but are not limited to loss or damage, material loss, loss of life, injury or illness, liability, financial, reputational, investment and portfolio risk.

3 Ways of quantifying risk include, but are not limited to, value, loss, exposure and liability.

4 Organisation specific needs assessment processes, protocols and tools

5 Organisation specific descriptions of the various products

6 Organisation specific protocols and procedures for providing advice

7 Organisation specific protocols for the use of systems

## **1.4 Criteria for Workplace Approval**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

**1.5 Additional Assignments to be Assessed Externally**

## **2. 241301001-WM-02, Support the provisioning of advice to clients on employee benefits and retirement structures for a period of three to six months, NQF Level 5, Credits 23**

### **2.1 Purpose of the Work Experience Modules**

The focus of the work experience is on providing the learner an opportunity to:

gain experience in applying relevant skills and knowledge in an authentic workplace

The learner will be required to:

- WM-02-WE01: Analyse the implications of current and/or proposed reform for the Retirement Fund/Medical Scheme sub- sector in order to formulate a possible response
- WM-02-WE02: Develop a set of rules that meets the needs of a retirement fund client and are compliant
- WM-02-WE03: Apply technical knowledge and insight to manage the risks inherent in a group scheme
- WM-02-WE04: Analyse reports and documents of a retirement fund to ensure governance and manage risk
- WM-02-WE05: Analyse the role of group retirement benefits in the insurance industry

### **2.2 Guidelines for Work Experiences**

#### **2.2.1. WM-02-WE01: Analyse the implications of current and/or proposed reform for the Retirement Fund/Medical Scheme sub- sector in order to formulate a possible response**

##### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0101 Analyse and interpreting current or proposed changes in the retirement fund/medical scheme environment and their potential impact of the financial services industry
- WA0102 Formulate a response to pending or current changes to the retirement fund/medical scheme sub-sector
- WA0103 Investigate changes needed for a business to implement an agreed decision for retirement fund/medical scheme reform in a specific organisation
- WA0104 Communicate proposed changes as a result of retirement fund/medical scheme reform.

##### ***Supporting Evidence***

- SE0101 Research report

#### **2.2.2. WM-02-WE02: Develop a set of rules that meets the needs of a retirement fund client and are compliant**

##### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0201 Interpret the structure and benefit design of a selected retirement fund.
- WA0202 Apply knowledge of the regulatory environment and best practice to a set of retirement fund rules.
- WA0203 Develop a set of rules for a new retirement fund
- WA0204 Edit and reviewing a set of retirement fund rules for submission to the Financial Services Board (FSB) and South African Revenue Service (SARS).

### ***Supporting Evidence***

- SE0201 Research report

### **2.2.3. WM-02-WE03: Apply technical knowledge and insight to manage the risks inherent in a group scheme**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0301 Analyse the people related risk in a group proposal.
- WA0302 Apply knowledge of a specific industry to a group proposal.
- WA0303 Analyse financial aspects that could impact on risk in a group proposal.
- WA0304 Analyse group data to adjust a standard rate to reflect a groups risk accurately.
- WA0305 Suggest changes to an organisations system to allow for non standard requirements.
- WA0306 Analyse the free cover limit on a group scheme.

### ***Supporting Evidence***

- SE0301 Work assignment report

### **2.2.4. WM-02-WE04: Analyse reports and documents of a retirement fund to ensure governance and manage risk**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0401 Explain the reporting required of a retirement fund.
- WA0402 Apply knowledge of a retirement funds investment strategy to validate implementation and ensure compliance
- WA0403 Examine the assets and liabilities of a retirement fund to evaluate risk.
- WA0404 Analysing a retirement funds strategy to manage risk.

### ***Supporting Evidence***

- SE0401 Work Assignment report

### **2.2.5. WM-02-WE05: Analyse the role of group retirement benefits in the insurance industry**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0501 Describe the group retirement benefits market in South Africa.
- WA0502 Analyse the needs of the market that are met by group retirement benefits.
- WA0503 Compare group based benefits and individually provided retirement benefits
- WA0504 Investigate how group retirement benefit market has changed in response to the changing financial services industry

### ***Supporting Evidence***

- SE0501 Work assignment report

## 2.3 Contextualised Workplace Knowledge

- 1 Communication to role players includes, but is not limited to, changes in the environment, impact on the business, options considered, decisions made, method of implementation, cost implications and time frames
- 2 Commentators include political, financial and industry related issues.
- 3 The target audience includes the industry and internal and external clients.
- 4 Types of fund include, but are not limited to, pension, provident, defined benefit, defined contribution, retirement annuity, preservation, umbrella, insured, self administered and privately administered.
- 5 A benefit design may be for an existing or potential fund.
- 6 The Income Tax environment includes, but is not limited to, Income Tax Act, Tax on Retirement Funds Act, general notes, practice notes and relevant case law.
- 7 The pension funds environment includes, but is not limited to, the Pension funds Act, Pension Fund Circulars, adjudicator determinations, relevant case law and other gazetted documents
- 8 Plain language implies, but is not limited to, user friendly, unambiguous, jargon free language appropriate to the target group and in the required format.
- 9 Regulatory bodies include, but are not limited to the Financial Services Board (FSB) and South African Revenue Service (SARS).
- 10 Risks include, but are not limited to, average age, industry, occupational grouping, size of scheme, claims history of scheme, remuneration and company history.
- 11 Non-standard requirements as applied by specific insurers.
- 12 Types of risks include operational, investment, insurance, governance and legal risks
- 13 Players in the market include the State, legislators, sponsors, employers, service providers, members, trade unions and Trustees, legal advisors, underwriters, liquidators, auditors, statutory authorities, dependants, beneficiaries, fund managers and investment managers.
- 14 Sponsors include bargaining councils, unions, individuals, employers.
- 15 Advantages to the member include, but are not limited to, free cover limits, underwriting, economies of scale and tax.
- 16 Disadvantages to the member include, but are not limited to, choice, control and possible risks.
- 17 Advantages to the employer include, but are not limited to, exemptions from moral liabilities, pressure from trade unions, cost and being an employer of choice.
- 18 Disadvantages to the employer include, but are not limited to, cost control, requirements for consultation, efficient time management and supplier requirements.

## 2.4 Criteria for Workplace Approval

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

## 2.5 Additional Assignments to be Assessed Externally



### **3. 241301001-WM-03, Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes, NQF Level 5, Credits 14**

#### **3.1 Purpose of the Work Experience Modules**

The focus of the work experience is on providing the learner an opportunity to:

gain experience in applying relevant skills and knowledge in an authentic workplace

The learner will be required to:

- WM-03-WE01: Manage costs in a specific case with due regard for quality Guidelines for Work Experience
- WM-03-WE02: Investigate industry initiatives to quality control medical providers
- WM-03-WE03: Demonstrate knowledge and understanding of the investment strategy of a selected medical scheme

#### **3.2 Guidelines for Work Experiences**

##### **3.2.1. WM-03-WE01: Manage costs in a specific case with due regard for quality Guidelines for Work Experience**

###### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0101 Apply technical knowledge and skill to determine whether a case is general or exceptional for a medical scheme
- WA0102 Analyse the cost and quality of benefits in a general case.
- WA0103 Analyse the benefits of a medical procedure or treatment to a patient for an exceptional case.
- WA0104 Analyse the cost of benefits to a medical scheme of a specific procedure or treatment for an exceptional case.
- WA0105 Make a recommendation for a case under investigation.

###### ***Supporting Evidence***

- SE0101 Work assignment report

##### **3.2.2. WM-03-WE02: Investigate industry initiatives to quality control medical providers**

###### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0201 Research international models for quality assurance of medical providers.
- WA0202 Analyse current South African quality assurance initiatives.
- WA0203 Suggest ways of providing the most effective outcome for the patient at the least possible cost.
- WA0204 Analyse the impact of legislation on the rights of providers and patients.

###### ***Supporting Evidence***

- SE0201 Work assignment report

### **3.2.3. WM-03-WE03: Demonstrate knowledge and understanding of the investment strategy of a selected medical scheme**

#### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0301 Analyse the claims history of a selected medical scheme.
- WA0302 Analyse events and trends that impact on the finances of a medical scheme.
- WA0303 Explain the guidelines for investment in terms of current legislation.
- WA0304 Apply knowledge of investment in order to evaluate a proposed investment portfolio.

#### ***Supporting Evidence***

- SE0301 Work assignment report

### **3.3 Contextualised Workplace Knowledge**

1 Risk impact includes general and exceptional cases.

2 Conditions relating to the payment of a benefit include, but are not limited to, co payments, formularies, protocols, pre-authorisation and generic substitutes.

3 Rationale for a protocol or treatment includes, but is not limited to, compassionate use, increase in the quality of life of the patient or community care giver or people involved with the patient, treatment of the condition, positive outcome, initial high cost intervention with the prospect of saving money over the long term, sustainable quality of life (palliative care) new technology not yet available in South Africa.

4 Providers include, but are not limited to, doctors, pharmacists, hospitals, public and private institutions, clinical training institutions, auxiliary services and emergency response.

5 Either individual or group medical schemes.

### **3.4 Criteria for Workplace Approval**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

### **3.5 Additional Assignments to be Assessed Externally**

#### **4. 241301001-WM-04, Participate in the processes of advising on investment decisions over a period of six months, NQF Level 5, Credits 32**

##### **4.1 Purpose of the Work Experience Modules**

The focus of the work experience is on providing the learner an opportunity to:  
gain experience within an authentic work environment.

The learner will be required to:

- WM-04-WE01: Conduct relevant research for the specific work environment: Investigate issues of governance that impact on the different role players in a selected sub-sector

##### **4.2 Guidelines for Work Experiences**

###### **4.2.1. WM-04-WE01: Conduct relevant research for the specific work environment: Investigate issues of governance that impact on the different role players in a selected sub-sector**

###### ***Scope of Work Experience***

The person will be expected to engage in the following work activities:

- WA0101 Demonstrate knowledge and insight into corporate governance in the 21st Century.
- WA0102 Demonstrate knowledge and insight into legislation and codes of good practice that impact on a specific sub-sector.
- WA0103 Apply the principles of corporate governance to a specific entity.
- WA0104 Suggest ways to implement or improve corporate governance in a selected organisation.

###### ***Supporting Evidence***

- SE0101 Work assignment report

##### **4.3 Contextualised Workplace Knowledge**

1 The commonly accepted code of good practice as at February 2006 is King 11. The current code should be used if King 11 is replaced as the commonly accepted code in South Africa. International codes, include, but are not limited to, the Cadbury Report, the Combined code (UK) Committee of Sponsoring Organisations (COSO - the Tredway commission) and COCO

2 Legislation includes, but is not limited to, the Labour Relations Act, Employment Equity Act, Basic Conditions of Employment Act, Medical Schemes Act, Pension Funds Act, and other industry specific legislation.

3 Measurement of governance structures against best practice includes, but is not limited to, how governance structures operate, directors, boards, committees, sub-committees (remuneration, risk management, internal audit, accounting, auditing) relations with members or shareholders and communication with stakeholders.

4 Areas for improvement include governance structures and best practice.

##### **4.4 Criteria for Workplace Approval**

*Physical Requirements:*

*Human Resource Requirements:*

*Legal Requirements:*

##### **4.5 Additional Assignments to be Assessed Externally**

#### SECTION 4: STATEMENT OF WORK EXPERIENCE

<b>Curriculum Number:</b>	241301001
<b>Curriculum Title:</b>	Financial Advisor

<b>Learner Details</b>	
<b>Name:</b>	
<b>ID Number:</b>	

<b>Employer Details</b>	
<b>Company Name:</b>	
<b>Address:</b>	
<b>Supervisor Name:</b>	
<b>Work Telephone:</b>	
<b>E-Mail:</b>	

**241301001-WM-01, Participate in the processes of wealth creation, NQF Level 5, Credits 50**

WM-01-WE01	Determine risk exposure in order to manage the risk in a specific situation		
	<b>Scope Work Experience</b>	Date	Signature
WA0101	Explain the concept of risk in the context of insurance		
WA0102	Analysing and quantifying risk exposure		
WA0103	Investigating different ways of managing risk.		
WA0104	Developing a plan to manage risk in a specific situation		
	<b>Supporting Evidence</b>	Date	Signature
SE0101	Risk analysis documents		
WM-01-WE02	Apply company specific needs analysis tools		
	<b>Scope Work Experience</b>	Date	Signature
WA0201	Identify the tools		
WA0202	Apply the tools in different situations		
WA0203	Apply needs assessment decisions		
	<b>Supporting Evidence</b>	Date	Signature
SE0201	Completed needs assessment documentation		
WM-01-WE03	Evaluate company specific products and make appropriate recommendations		
	<b>Scope Work Experience</b>	Date	Signature
WA0301	Evaluate the products		
WA0302	Explain benefits, features and applications		
WA0303	Draft evaluation reports		
	<b>Supporting Evidence</b>	Date	Signature
SE0301	Evaluation reports		

WM-01-WE04	Participate in processes where advice is provided to clients		
	<b>Scope Work Experience</b>	Date	Signature
WA0401	Review situations where advice was given		
WA0402	Assist in preparing for sessions where advice will be given		
WA0403	Observe situations where advice is provided		
WA0404	Participate in the preparation for and provisioning of advice		
	<b>Supporting Evidence</b>	Date	Signature
SE0401	Reports and minutes of meetings		
WM-01-WE05	Participate in the initiation of products through the company systems		
	<b>Scope Work Experience</b>	Date	Signature
WA0501	Gain access to the systems		
WA0502	Input data		
WA0503	Make changes to data		
WA0504	Extract documents and reports		
WA0505	Interpret reports		
	<b>Supporting Evidence</b>	Date	Signature
SE0501	System reports		

	<b>Contextualised Workplace Knowledge</b>	Date	Signature
1	Legislation relevant to a specific sector.		
2	Types of risk include, but are not limited to loss or damage, material loss, loss of life,		

	injury or illness, liability, financial, reputational, investment and portfolio risk.		
3	Ways of quantifying risk include, but are not limited to, value, loss, exposure and liability.		
4	Organisation specific needs assessment processes, protocols and tools		
5	Organisation specific descriptions of the various products		
6	Organisation specific protocols and procedures for providing advice		
7	Organisation specific protocols for the use of systems		

	<b>Additional Assignments to be Assessed Externally</b>	Date	Signature
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**241301001-WM-02, Support the provisioning of advice to clients on employee benefits and retirement structures for a period of three to six months, NQF Level 5, Credits 23**

WM-02-WE01	Analyse the implications of current and/or proposed reform for the Retirement Fund/Medical Scheme sub- sector in order to formulate a possible response		
	<b>Scope Work Experience</b>	Date	Signature
WA0101	Analyse and interpreting current or proposed changes in the retirement fund/medical scheme environment and their potential impact of the financial services industry		
WA0102	Formulate a response to pending or current changes to the retirement fund/medical scheme sub-sector		

WA0103	Investigate changes needed for a business to implement an agreed decision for retirement fund/medical scheme reform in a specific organisation		
WA0104	Communicate proposed changes as a result of retirement fund/medical scheme reform.		
	<b>Supporting Evidence</b>	Date	Signature
SE0101	Research report		
WM-02-WE02	Develop a set of rules that meets the needs of a retirement fund client and are compliant		
	<b>Scope Work Experience</b>	Date	Signature
WA0201	Interpret the structure and benefit design of a selected retirement fund.		
WA0202	Apply knowledge of the regulatory environment and best practice to a set of retirement fund rules.		
WA0203	Develop a set of rules for a new retirement fund		
WA0204	Edit and reviewing a set of retirement fund rules for submission to the Financial Services Board (FSB) and South African Revenue Service (SARS).		
	<b>Supporting Evidence</b>	Date	Signature
SE0201	Research report		
WM-02-WE03	Apply technical knowledge and insight to manage the risks inherent in a group scheme		
	<b>Scope Work Experience</b>	Date	Signature
WA0301	Analyse the people related risk in a group proposal.		
WA0302	Apply knowledge of a specific industry to a group proposal.		
WA0303	Analyse financial aspects that could impact on risk in a group proposal.		
WA0304	Analyse group data to adjust a standard rate to reflect a groups risk accurately.		
WA0305	Suggest changes to an organisations system to allow for non standard requirements.		



WA0306	Analyse the free cover limit on a group scheme.		
	<b>Supporting Evidence</b>	Date	Signature
SE0301	Work assignment report		
WM-02-WE05	Analyse the role of group retirement benefits in the insurance industry		
	<b>Scope Work Experience</b>	Date	Signature
WA0501	Describe the group retirement benefits market in South Africa.		
WA0502	Analyse the needs of the market that are met by group retirement benefits.		
WA0503	Compare group based benefits and individually provided retirement benefits		
WA0504	Investigate how group retirement benefit market has changed in response to the changing financial services industry		
	<b>Supporting Evidence</b>	Date	Signature
SE0501	Work assignment report		
WM-02-WE04	Analyse reports and documents of a retirement fund to ensure governance and manage risk		
	<b>Supporting Evidence</b>	Date	Signature
SE0401	Work Assignment report		
	<b>Scope Work Experience</b>	Date	Signature
WA0401	Explain the reporting required of a retirement fund.		
WA0402	Apply knowledge of a retirement funds investment strategy to validate implementation and ensure compliance		
WA0403	Examine the assets and liabilities of a retirement fund to evaluate risk.		
WA0404	Analysing a retirement funds strategy to manage risk.		

	<b>Contextualised Workplace Knowledge</b>	Date	Signature
1	Communication to role players includes, but is not limited to, changes in the environment, impact on the business, options considered, decisions made, method of implementation, cost implications and time frames		
2	Commentators include political, financial and industry related issues.		
3	The target audience includes the industry and internal and external clients.		
4	Types of fund include, but are not limited to, pension, provident, defined benefit, defined contribution, retirement annuity, preservation, umbrella, insured, self administered and privately administered.		
5	A benefit design may be for an existing or potential fund.		
6	The Income Tax environment includes, but is not limited to, Income Tax Act, Tax on Retirement Funds Act, general notes, practice notes and relevant case law.		
7	The pension funds environment includes, but is not limited to, the Pension funds Act, Pension Fund Circulars, adjudicator determinations, relevant case law and other gazetted documents		
8	Plain language implies, but is not limited to, user friendly, unambiguous, jargon free language appropriate to the target group and in the required format.		

9	Regulatory bodies include, but are not limited to the Financial Services Board (FSB) and South African Revenue Service (SARS).		
10	Risks include, but are not limited to, average age, industry, occupational grouping, size of scheme, claims history of scheme, remuneration and company history.		
11	Non-standard requirements as applied by specific insurers.		
12	Types of risks include operational, investment, insurance, governance and legal risks		
13	Players in the market include the State, legislators, sponsors, employers, service providers, members, trade unions and Trustees, legal advisors, underwriters, liquidators, auditors, statutory authorities, dependants, beneficiaries, fund managers and investment managers.		
14	Sponsors include bargaining councils, unions, individuals, employers.		
15	Advantages to the member include, but are not limited to, free cover limits, underwriting, economies of scale and tax.		
16	Disadvantages to the member include, but are not limited to, choice, control and possible risks.		
17	Advantages to the employer include, but are not limited to, exemptions from moral liabilities, pressure from trade unions, cost and being an employer of choice.		

18	Disadvantages to the employer include, but are not limited to, cost control, requirements for consultation, efficient time management and supplier requirements.		
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	<b>Additional Assignments to be Assessed Externally</b>	Date	Signature
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**241301001-WM-03, Participate in the processes of providing advice regarding the implementation of Health Care Benefit Programmes, NQF Level 5, Credits 14**

WM-03-WE01	Manage costs in a specific case with due regard for quality Guidelines for Work Experience		
	<b>Scope Work Experience</b>	Date	Signature
WA0101	Apply technical knowledge and skill to determine whether a case is general or exceptional for a medical scheme		
WA0102	Analyse the cost and quality of benefits in a general case.		
WA0103	Analyse the benefits of a medical procedure or treatment to a patient for an exceptional case.		
WA0104	Analyse the cost of benefits to a medical scheme of a specific procedure or treatment for an exceptional case.		
WA0105	Make a recommendation for a case under investigation.		
	<b>Supporting Evidence</b>	Date	Signature
SE0101	Work assignment report		
WM-03-WE02	Investigate industry initiatives to quality control medical providers		
	<b>Scope Work Experience</b>	Date	Signature
WA0201	Research international models for quality assurance of medical providers.		

WA0202	Analyse current South African quality assurance initiatives.		
WA0203	Suggest ways of providing the most effective outcome for the patient at the least possible cost.		
WA0204	Analyse the impact of legislation on the rights of providers and patients.		
	<b>Supporting Evidence</b>	Date	Signature
SE0201	Work assignment report		
WM-03-WE03	Demonstrate knowledge and understanding of the investment strategy of a selected medical scheme		
	<b>Scope Work Experience</b>	Date	Signature
WA0301	Analyse the claims history of a selected medical scheme.		
WA0302	Analyse events and trends that impact on the finances of a medical scheme.		
WA0303	Explain the guidelines for investment in terms of current legislation.		
WA0304	Apply knowledge of investment in order to evaluate a proposed investment portfolio.		
	<b>Supporting Evidence</b>	Date	Signature
SE0301	Work assignment report		

	<b>Contextualised Workplace Knowledge</b>	Date	Signature
1	Risk impact includes general and exceptional cases.		
2	Conditions relating to the payment of a benefit include, but are not limited to, co payments, formularies, protocols, pre-authorisation and generic substitutes.		
3	Rationale for a protocol or treatment includes, but is not		

	limited to, compassionate use, increase in the quality of life of the patient or community care giver or people involved with the patient, treatment of the condition, positive outcome, initial high cost intervention with the prospect of saving money over the long term, sustainable quality of life (palliative care) new technology not yet available in South Africa.		
4	Providers include, but are not limited to, doctors, pharmacists, hospitals, public and private institutions, clinical training institutions, auxiliary services and emergency response.		
5	Either individual or group medical schemes.		

	<b>Additional Assignments to be Assessed Externally</b>	Date	Signature
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**241301001-WM-04, Participate in the processes of advising on investment decisions over a period of six months, NQF Level 5, Credits 32**

WM-04-WE01	Conduct relevant research for the specific work environment: Investigate issues of governance that impact on the different role players in a selected sub-sector		
	<b>Scope Work Experience</b>	Date	Signature
WA0101	Demonstrate knowledge and insight into corporate governance in the 21st Century.		
WA0102	Demonstrate knowledge and insight into legislation and codes of good practice that impact on a specific sub-sector.		
WA0103	Apply the principles of corporate governance to a specific entity.		

WA0104	Suggest ways to implement or improve corporate governance in a selected organisation.		
	<b>Supporting Evidence</b>	Date	Signature
SE0101	Work assignment report		

	<b>Contextualised Workplace Knowledge</b>	Date	Signature
1	The commonly accepted code of good practice as at February 2006 is King 11. The current code should be used if King 11 is replaced as the commonly accepted code in South Africa. International codes, include, but are not limited to, the Cadbury Report, the Combined code (UK) Committee of Sponsoring Organisations (COSO - the Tredway commission) and COCO		
2	Legislation includes, but is not limited to, the Labour Relations Act, Employment Equity Act, Basic Conditions of Employment Act, Medical Schemes Act, Pension Funds Act, and other industry specific legislation.		
3	Measurement of governance structures against best practice includes, but is not limited to, how governance structures operate, directors, boards, committees, sub-committees (remuneration, risk management, internal audit, accounting, auditing) relations with members or shareholders and communication with stakeholders.		
4	Areas for improvement include governance structures and best practice.		

	<b>Additional Assignments to be Assessed Externally</b>	Date	Signature
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