



Tier 1 Generic Knowledge (910) Learning Outcomes

Module 1: Providing Financial Advice

Upon the successful completion of this module, you should be able to:

- Describe the types of financial advice available
- Determine whether advice or factual product information is being given
- Decide whether advice is full or limited
- Outline the different methods of receiving payment for financial advice

Module 2: Obligations and liabilities of advisers

On successful completion of this module, you should be able to:

- Describe the requirements for an enforceable contract and the terms that bind the parties
- List the remedies that are available to an aggrieved party
- Identify the nature of the legal relationship between financial advisers and their clients and how that relationship arises
- Describe the fiduciary obligations of financial advisers to their clients
- Discuss elements of statements which may be considered misrepresentation under common law
- Discuss ethical and compliance issues relating to the provision of financial advice
- Discuss the key responsibilities of licensees in relation to organisational expertise, risk management and dispute resolution
- Discuss the application of the National Privacy Principles to financial advisers

Module 3: Operation of the Financial Services Industry

Upon the successful completion of this module, you should be able to:

- Describe the functions of the financial system in the modern economy
- List and briefly describe the major markets that make up the Australian financial system
- Differentiate between primary and secondary markets
- Distinguish clearly between debt and equity
- List the characteristics of securities considered by investors
- Distinguish between retail financial services and wholesale financial services
- List the major types of financial intermediaries operating within the Australian financial system
- List and briefly describe the role of the major regulatory authorities in the Australian financial system

Module 4: The Economic Environment

On successful completion of this module, you should be able to:

- Explain the relevance of the economy and economic analysis to investment decisions
- Explain the role of interest rates in the financial system
- Describe the key economic indicators
- Explain the influences of monetary and fiscal policy on interest rates

Module 5: Financial Products

On successful completion of this module, you should be able to:

- Outline the characteristics of different types of financial products
- Describe the main features of the various asset classes
- Discuss the use of financial products to reduce financial risk

Module 6: Investment Concepts

On successful completion of this module, you should be able to:

- Illustrate the concept of the time value of money
- Resolve problems using both the simple interest and compound interest formulae
- Distinguish between nominal and effective rates of interest
- Describe the effect of frequency of payments on the overall return of fixed interest investments
- Describe the relationship between term to maturity and yield for a given class of securities
- Demonstrate an understanding of general investment concepts applied to managed investments
- Explain the relationship between risk and return
- Describe some factors affecting investment return
- Illustrate the principle of diversification
- Explain the basic principles of modern portfolio theory

Module 7: Taxation Concepts

Upon successful completion of this module, you should be able to:

- Outline how personal income tax is collected
- Describe the steps in determining tax payable
- Calculate taxable income in simple examples
- Compare marginal tax rates with average tax rates
- Distinguish between tax deductions and tax offsets
- Calculate the basic Medicare levy
- Outline how CGT applies to investments
- Calculate CGT for individual's investments after October 1999