



# Subject Outline

## **FPE011 Debt Strategies**



## Section 1 — General information

### 1.1 Administrative details

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Associated higher education awards	Duration	Credit points	Level
Master of Financial Planning	One study period (12 weeks)	6	AQF9

### 1.2 Core or elective subject

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This is an elective subject for the Master of Financial Planning.

### 1.3 Delivery mode

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This subject is delivered online.

### 1.4 Assumed knowledge

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Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FPC009 Complex Financial Planning, or understand the content covered in this subject, prior to undertaking FPE011 Debt Strategies .

### 1.5 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.

### 1.6 Work integrated learning

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### 1.7 Other resource requirements

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Students do not require access to specialist facilities and/or equipment to undertake this subject.

## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on creating and evaluating debt strategies to meet client objectives. Students examine various debt products used by clients in different life stages, and the key factors affecting the acquisition and management of debt as part of investment strategies. Students reflect on the suitability of debt strategies for different types of clients, and the related regulatory, taxation, superannuation and estate planning considerations. The subject is designed to equip students with skills in assessing the need and suitability of clients to take on debt as part of a financial planning strategy, and to assist them to manage the risks of debt.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Determine the Australian legislative and regulatory frameworks governing debt products.
2. Critically analyse the requirements and risks for advising on financial planning strategies involving various debt products.
3. Evaluate the role and suitability of debt products to meet the objectives of clients in different life stages.
4. Formulate and justify financial planning advice to clients incorporating debt strategies, products and appropriate risk management.

### 2.3 Topic learning outcomes

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#### Topic 1: The nature and types of debt

On successful completion of this topic, students should be able to:

- explain the characteristics of short-term and long-term debt products
- explain the risk and return characteristics of debt products
- explain the correlation between debt and other asset classes.

#### Topic 2: Regulation of debt advice

On successful completion of this topic, students should be able to:

- understand regulation related to debt management and advice
- explain the regulations and disclosure documents that impact geared investments
- explain the requirements of the National Consumer Credit Protection Act 2009 (Cth).



### Topic 3: Building wealth with debt

On successful completion of this topic, students should be able to:

- explain the fundamentals of gearing
- analyse the use of gearing and its appropriateness for clients
- determine the role played by volatility, asset allocation and downside risk in gearing
- compare gearing to other wealth accumulation strategies
- explain which assets are best used in a geared portfolio
- discuss how risk can be reduced in a geared portfolio
- explain the income and capital gains taxation implications of gearing.

### Topic 4: Property debt

On successful completion of this topic, students should be able to:

- explain the features of a home loan
- explain the different types of home mortgage products available
- understand the criteria a credit provider will apply
- analyse the appropriateness of home mortgage products for different client scenarios
- determine the role the home mortgage plays in wealth accumulation strategies.

### Topic 5: Consumer lending products and cash flow management

On successful completion of this topic, students should be able to:

- explain the different types of consumer lending products
- prepare and analyse a client's financial statements: budget, cash flow and net worth
- conduct appropriate inquiry and investigation to thoroughly understand their client's situation and establish a starting point for advice

### Topic 6: Margin lending

On successful completion of this topic, students should be able to:

- explain the features and functionality of a margin loan facility
- determine the factors to consider when selecting a margin loan facility
- identify the various types of LVRs
- explain a 'margin call' and the options to correct a margin call
- discuss how to manage risks associated with margin loans
- analyse the differences between an instalment warrant and margin lending.

### Topic 7: Estate planning and debt

On successful completion of this topic, students should be able to:

- explain the impact of debt on estate planning
- explain the impact of the use of debt strategies on beneficiaries
- analyse the tax implications on an estate.

### Topic 8: Risk management and tax considerations

On successful completion of this topic, students should be able to:

- explain the range of debt strategies available
- explain the risks of recommended debt strategies
- analyse the use of debt and its appropriateness for clients
- explain the taxation implications of debt strategies
- discuss how to manage risks associated with debt strategies.

### Topic 9: Entity borrowing arrangements

On successful completion of this topic, students should be able to:

- assess the appropriateness of geared investments for a superannuation client
- discuss the mechanics of a limited recourse borrowing arrangement (LRBA) inside a superannuation fund
- identify the advantages and disadvantages of the LRBA structure
- analyse alternatives to the LRBA structure in gaining a leveraged exposure inside a superannuation fund.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Oral Assignment	Video recording and PowerPoint presentation (with speaker notes)	Week 4	1–3	25%	LO1–LO2
Assignment 1	Case study with short-answer questions	Week 8	1–6	35%	LO1–LO4
Assignment 2	Written strategy paper	Week 12	1–9	40%	LO1–LO4

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the Kaplan *Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

Taylor, S 2021, *Financial planning in Australia — advice and wealth management*, 10th edn, LexisNexis Butterworths, Chatswood, NSW, <ProQuest eBook Central>.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: The nature and types of debt	11
2	Topic 2: Regulation of debt advice	11
3	Topic 3: Building wealth with debt	11
4	Topic 4: Property debt <b>Task (Weighting 25%)</b>	11
5	Topic 5: Consumer lending products and cash flow management	11
6	Topic 6: Margin lending	11
7	Topic 7: Estate planning and debt	11
8	Topic 8: Risk management and tax considerations <b>Assignment 1 (Weighting 35%)</b>	14
9	Topic 9: Entity borrowing arrangements	11
10	Work on Assignment 2	6
11	Work on Assignment 2	6
12	<b>Assignment 2 (Weighting 40%)</b>	6
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
<b>Total study load, including additional study hours</b>	<b>190 hours</b>