JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FIFTH TRIMESTER (Batch 2020-22)

END TERM EXAMINATIONS, January 2022

Course Name	**Wealth Management**	Course Code	**FIN504**
Max. Time	**2 hours**	Max. Marks	**40 MM**

INSTRUCTIONS:
1. Attempt all questions.
2. Qs to be attempted on Excel with separate sheet for each Qs.
3. It is a closed book exam.
4. Videos must be kept on. Use of earphones/headphones/phones is prohibited.
5. Any two or more sheets with similar answer will be subjected to unfair means.
6. Excel files to be saved as per your name and roll number.
7. Ensure to upload your excel files on the moodle within the time limit.
8. Do not send your excel sheet by email.

Qs.1 (10 marks)

Mr S K Kapoor, aged 37 years, works with a private firm drawing Rs16.5 lakhs annually. His investments are Rs30 lakh in FDs, Rs6 lakh in PPF, three monthly SIPs of Rs5000 each (current value Rs2.5 lakh), life insurance with a yearly premium of Rs25000 (to close in 2025), a debt ULIP with yearly premium of Rs1.2 lakhs, Rs6 lakh health plan and a Rs1 crore term plan. Monthly expenses: Rs45000. Goals: A land worth Rs35 lakh in one year, Rs30 lakh for child's education in 2035 and retirement corpus of Rs5 crore.
Assume and equity fund and debt fund will generate an average of 12% and 8% return respectively in future.
As a wealth planner develop a financial plan for Mr Singh to reach his financial goals and identify any deficiencies in other financial planning areas.
NOTE: Make and specify assumptions, if any, for preparing financial plan.

Qs.2 (2 x 4=8 marks)

The details about the financial goals of Mr Jha are given below

Goals	Retirement	Daughter's Marriage	Down-payment of house	Daughter's Education
Target Corpus	Rs75 lakh	Rs30 lakh	Rs10 lakh	Rs25 lakh
Time Available	20 years	15 years	5 years	10 years

Develop an asset allocation plan to achieve all financial goals. Equity fund, debt fund and hybrid fund are expected to generate 14%, 7% and 10% per annum return respectively.

Qs.3 (7+2+1=10 marks)

Mr Santosh Dave, who stays in Bangalore, has the following sources of income for the financial year 2021-22:
1. Salary CTC
   (a) Basic salary Rs.22 Lakh
   (b) House rent allowance (actual rent paid Rs.6,00,000) Rs.8,00,000

(c) Taxable allowances Rs.6,00,000
(d) Tax free perks Rs.3,00,000
(e) Company's contribution to EPF Rs.2,64,000

2. House Property Rs.5,00,000
3. Bank fixed deposit Interest income Rs.1,00,000
4. Interest on saving bank account Rs. 10,000
5. Sold equity mutual fund on 31st October 21 for Rs1,50,000. Purchased on 1st May 21 for Rs. 1,00,000.

He has a home loan on which he has paid interest Rs2 lakh. His own contribution to EPF and pension is deducted by employer from his salary. He paid Rs30,000 premium on health insurance policy covering him and his spouse.

a) Solve by calculating income tax liability for AY 2022-23
b) Recommend a plan to minimize his tax liability without increasing CTC
c) Based on b) above, estimate the saving in tax liability.

Qs.4 (12 marks)

Robin wants to secure the future of his wife, who is 40 years old and is expected to live up to 80 years, by taking a life insurance policy. The details of his income, expenses, assets and liabilities are given below:

i) Rental income Rs.5,60,000 p.a.
ii) Living expenses Rs.13,90,000 p.a.
iii) School fees of his daughter is Rs 70,000 p.a., expected to increase @ 2% p.a. for next 10 years
iv) Wife endowment life insurance policy premium Rs. 80,000 p.a. payable for next 10 years
v) Current marriage expense is Rs.20,00,000 and will increase @ 4% p.a.. He plans to get her daughter married after 10 years.
vi) Other expense Rs.5,00,000 p.a.
vii) Property loan outstanding Rs.18,00,000
viii) Gratuity Rs. 3,90,000
ix) EPF Rs.3,50,000
x) Shares and debentures Rs.15,00,000
xi) Property Rs.60,00,000
xii) Existing life insurance policy Rs.30,00,000

Solve to know the life insurance coverage required for Robbin if the expected inflation for the remaining expenses is 4 percent p.a. and return on investment is 10 percent p.a.