



**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**  
**PGDM / PGDM (M) / PGDM (SM)**  
**FIFTH TRIMESTER (Batch 2016-18)**  
**MID TERM EXAMINATIONS, NOVEMBER 2017**

Course Name	<b>Financial Planning</b>	Course Code	<b>FIN 503</b>
Max. Time	<b>1 hour</b>	Max. Marks	<b>40 MM</b>

**INSTRUCTIONS:** Attempt all questions

**Qs.1 (6 marks)**

Mr Rajesh wants to receive at the beginning of the year Rs 36,000 in today's prices for the next five years. The average rate of inflation is expected to be 5 percent a year and that an investment will be able to generate an after-tax return of 8 percent. As a financial planner, advise Rajesh as to how much he should invest today to meet his desired goal.

**Qs.2 (4 + 2 marks)**

A client aged 35 years wished to work till his retirement age of 60 years and thereafter will start receiving pension of Rs 40,000 per month payable to him/spouse in the event of his death. His expected average annual income till his retirement is Rs 10 lakh. Out of this, Rs 2 lakh will be consumed by the client. The discount rate is estimated at 8 percent per annum. He already owns Rs 30 lakh life insurance policy.

- (a) Using the human value approach, compute the insurance coverage amount
- (b) Mention the drawbacks of this approach.

**Qs.3 (4 marks)**

Identify and explain the type of life insurance policy needed under the following situations:

- (a) He wants both life risk cover and returns of at least 10 percent return
- (b) He wants only life risk cover for a fixed period
- (c) His focus is on life risk cover but would like to have between 5 to 6 percent return
- (d) He wants guaranteed assured sum paid to the beneficiaries upon his death.

**Qs.4 (4 marks)**

Identify and explain the type of mutual fund scheme to invest under the following situations:

- (a) He has received a lump sum amount from the sale of an asset and will reinvest after five or six months.
- (b) He has received provident fund amount after retirement and wants a regular income.
- (c) He wants higher return but wants to protect against the decline in the value of his investment.
- (d) He has a high risk appetite and wants exposure in stocks having very high beta.