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**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM / PGDM (M) / PGDM (SM)**

**FIFTH TRIMESTER (Batch 2021-23)**

**END TERM EXAMINATIONS, FEBRUARY 2023**

**SET - 1**

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| **Course Name** | **Wealth Management** | **Course Code** | **20232** |
| **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. Excel files to be downloaded and saved as per your name and roll number.
5. Ensure to upload your excel files on the moodle within the time limit.
6. No values should be entered directly in the cells. Values should be entered through the formula.
7. Fx function should not be used to derive the answer.

**Qs1 (10 marks) CLO 1 and BT level 5**

Ajay wants to secure the future of his wife, who is 35 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:

1. Rental income Rs.1,00,000 p.a.
2. Living expenses Rs.8,20,000 p.a.
3. Wife endowment life insurance policy premium Rs.50,000 p.a. payable for next 10 years
4. Marriage expense after 10 years. Current cost is Rs.50,00,000
5. Other expense current cost is Rs.5,00,000 p.a.
6. Personal loan outstanding Rs.1,00,000
7. Gratuity Rs.80,000
8. EPF Rs.1,20,000
9. Shares and debentures Rs.2,00,000
10. Property Rs.20,00,000
11. Life insurance policy in the name of Ajay is Rs.3,00,000

 Estimate life insurance cover for Ajay if the expected inflation is 5 percent p.a. for all expenses and return on investment is 9 percent p.a.

**Qs2** **(7+2+1=10 marks) CLO2 and BT level 3 and 5**

Mr Suresh Rana, who stays in Delhi, has the following sources of income for the financial year 2022-23:

1. Salary CTC
2. Basic salary Rs.22 Lakh
3. House rent allowance (actual rent paid Rs.6,00,000) Rs.8,00,000
4. Taxable allowances Rs.6,00,000
5. Tax free perks Rs.3,00,000
6. Company’s contribution to EPF Rs.2,64,000
7. House Property Rs.5,00,000
8. Bank fixed deposit Interest income Rs.1,00,000
9. Interest on saving bank account Rs. 10,000
10. Sold equity mutual fund on 31st October 22 for Rs1,50,000. Purchased on 1st May 22 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.

1. Solve to know income tax liability for AY 2023-24
2. Recommend a plan to minimize his tax liability without increasing CTC
3. Based on b) above, estimate the saving in tax liability.

**Qs3** **(10 marks) CLO3 and BT level 6**

Mr Garg, aged 32 years, is working with a private firm at Rs.16.5 lakh annual package. His investments are Rs.30 lakhs in FDs, Rs.6 lakhs in PPF, three monthly SIPs of Rs5,000 each (current value Rs.2.5 lakh), life insurance with a yearly premium of Rs.1.2 lakh, Rs.6 lakh health plan and a Rs.1 crore term plan. Monthly expenses are Rs45,000. His financial goals are a land worth Rs.35 lakhs in one year, Rs.30 lakhs for child education in 2030 and retirement corpus of Rs.5 crores after 20 years. Develop a financial plan, which will guide Mr Garg in achieving his financial goals. (Mention your assumptions in developing a financial plan)

**Qs4 (10 marks) CLO3 and BT level 6**

Mr Nitin who is 32 years of age want a retirement corpus at the age of 60 to meet his future expenses without any financial trouble. His current household expenses Rs.10 lakh p.a. is expected to increase at the rate of 4 percent per year. After retirement, he plans to have vacation every year. The future cost of vacation would amount to Rs. 10 lakh per year. He has a pension plan, which will generate income of Rs. 35,000 per month. He plans to invest the retirement corpus in an annuity plan expected to give 7.60 percent per year.

Develop a retirement plan for Nitin who has moderate risk appetite. Large cap and small cap equity fund are expected to deliver on average 12 percent and 16 percent respectively annual return.