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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 - 2**

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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 (12 marks) CLO 2 and RBT 5**

Mr Kumar, aged 40 years, works as a production manager in a private company and earns Rs.10,00,000 per year. His wife Ritu is a house wife aged 37 years. They have one daughter Pinki aged 10 years. The family has a house worth Rs.20,00,000 and a mortgage of Rs.10,00,000. They have a personal loan of Rs.2,00,000. The family’s living expenses, after accounting for inflation, were estimated at Rs.30,000 per month. Mr Kumar wants to provide the best education to his daughter. The average annual cost of education is estimated at Rs. 5,00,000. The life expectancy of his wife is 75 years. It is expected that when Pinki start earning at the age of 25, their living expenses will reduce by Rs.4000 per month.

Estimate the total life insurance coverage for Mr. Kumar.

**Qs2 (8 marks) CLO 2 and RBT 5**

Suppose the retirement corpus of your client is Rs. 1 crore. He has a moderate risk appetite and hence you suggest equal proportion of investment in equity and debt. A long-term investment in an equity mutual fund will give an expected return of 12% p.a. and debt will give a return of 7% p.a.. Suppose he has 30 years left for retirement, estimate the amount of annual investment to achieve the retirement corpus.

**Qs3 (8 marks) CLO2 and RBT 1**

Assume Jyoti’s son just turned five. She plans to save for his college education by making semi-annual deposits in an investment earning 8 percent compounded semiannual return. After her son turns 18, for the next four years Jyoti expects to finance his four-year college education by spending Rs 50,000 per year. Jyoti wants to know that starting from today how much money she would need to save every six months until her son turns 18 to reach her education funding goal.

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**Qs4 (12 marks) CLO3 and RBT 5**

Mr J K Gupta, who stays in Delhi, has the following sources of income for the financial year 2021-22:

Salary CTC

Basic salary Rs.10,00,000

House rent allowance (actual rent paid Rs.6,00,000) Rs.4,00,000

Taxable allowances Rs.6,00,000

Tax free perks Rs.3,00,000

Company’s contribution to EPF Rs.1,20,000

House Property Rs.1,20,000

Bank fixed deposit Interest income Rs.1,00,000

Interest on saving bank account Rs.10,000

Sale of debt mutual fund (Cost inflation index 2014-15 =240, 2020-21 = 289) Rs.1,00,000. Purchase price Rs. 50,000.

He has made following investments/payments in the FY 2020-21

Interest on home loan Rs.2,50,000.

Principal payment of home loan Rs. 40,000

ELSS Rs. 50,000

EPF Rs.1,50,000

Life insurance premium Rs.50,000

Medical insurance Rs.30,000

Estimate income tax liability for the AY 2022-23 under new and old tax regime.