



Online PGDM
Second Year, Trimester V, Sep 2024

Course Name : Personal Finance
Course Code : 5101

Max Marks : 70

END TERM ASSESSMENT PROJECT
Personal Finance

Maximum Marks: 70

Instructions:

1. This project consists of one comprehensive question divided into multiple parts. Each student must use their own financial details (e.g., assets, liabilities, income, expenses, age, family structure) to create a detailed personal financial plan.
2. Be honest and realistic in assessing your financial situation.
3. Assumptions, if any, must be clearly stated.
4. Take reference from relevant financial regulations, tax laws, and investment guidelines where applicable.
5. Show all workings and calculations wherever required.
6. The use of Excel or financial calculators is allowed to support your answers, but ensure to explain the logic behind your calculations.
7. The marks for each sub part are mentioned against them.

PART A: Declaration of Financial and Personal Information (5 marks)

Before you begin creating your financial plan, declare the following details about yourself as the basis for the rest of your answers (these details can be hypothetical as well if you are not willing to share all details):

1. Personal Information:
 - Age
 - Number of family members
 - Number of dependents (children, elderly parents, etc.)
 - Employment status (salaried, self-employed, business)
2. Income Details:
 - Annual salary or business income
 - Income from any other sources (e.g., rental income, dividends)
3. Expense Details:
 - Annual household expenses (e.g., rent, groceries, utilities)
 - Education expenses (if applicable)
 - Insurance premiums (if applicable)
 - Loan EMIs (if applicable)

4. Assets:

- Cash savings (e.g., bank savings, fixed deposits)
- Investments (e.g., mutual funds, stocks, bonds, gold)
- Real estate (e.g., house, land)
- Any other valuable assets (e.g., vehicles, jewelry)

5. Liabilities:

- Loans and borrowings (e.g., home loan, personal loan, car loan)
- Credit card debt or any other liabilities

6. Current Insurance:

- Life insurance (sum insured and type)
- Health insurance (coverage amount)
- Any other insurances (e.g., vehicle insurance)

Once you have declared all of the above, proceed to create your personal financial plan per the following components:

PART B: INSURANCE PLANNING (15 MARKS)

Based on your declared age, family structure, and current financial status, create an insurance plan that includes:

1. Life insurance requirements (e.g., term insurance, coverage, policy type).
2. Health insurance for yourself and your dependents.
3. Any other specific insurances you would recommend for your situation (e.g., disability, home insurance).

Marking Criteria:

- Life insurance (5 marks)
- Health insurance (5 marks)
- Other insurances (5 marks)

PART C: INVESTMENT PLANNING (20 MARKS)

Design a diversified investment plan considering your income, expenses, risk tolerance, and financial goals. Include:

1. Asset allocation across various investment instruments (e.g., mutual funds, fixed deposits, stocks, gold, real estate). Explain your choices.
2. Expected returns and how your portfolio aligns with both short-term and long-term goals.

Marking Criteria:

- Asset allocation (15 marks)
- Expected returns and alignment with goals (5 marks)

PART D: TAX PLANNING (15 MARKS)

Analyze your income and expenses to prepare a tax plan that maximizes your savings, taking into account the Indian Income Tax Act of 1961. Consider:

1. Calculating your gross taxable income after standard deductions.
2. Recommending suitable tax-saving instruments under Sections 80C, 80D, and 80G, etc.
3. Strategies to minimize your tax liability.

Marking Criteria:

- Calculation of gross taxable income and deductions (5 marks)
- Tax-saving recommendations (5 marks)
- Minimization of tax liability (5 marks)

PART E: RETIREMENT PLANNING (10 MARKS)

Plan your retirement by estimating the corpus you will need based on your future expenses and inflation. Address:

1. Estimating the retirement corpus assuming a certain level of annual expenses post-retirement.
2. Selecting retirement savings instruments (e.g., PPF, NPS, mutual funds) and determining how much you need to save annually.

Marking Criteria:

- Corpus estimation and inflation adjustments (5 marks)
- Retirement savings instruments and savings target (5 marks)

PART F: ESTATE PLANNING (5 MARKS)

Plan how you would want your assets to be distributed after your lifetime. Your estate plan should include:

1. Will preparation (highlight key aspects).
2. Nominee assignments for your investments.

Marking Criteria:

- Will preparation (3 marks)
- Nominee assignments (2 marks)