

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)

FIFTH TRIMESTER (Batch 2023-25)

END TERM EXAMINATIONS, JANUARY 2025

MAIN EXAM 9.15-11.15 am, Group-1

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|-------------|-------------------|-------------|-------|
| Course Name | Wealth Management | Course Code | 20232 |
| Max. Time | 2 hours | Max. Marks | 40 MM |

INSTRUCTIONS:

1. All questions are compulsory
2. It's a closed book exam
3. Overall permissible plag is 10%. Penalty clause: 11 - 20% - minus 5 marks, above 20% - reappear
4. Calculated Values should be entered through a formula and not with the help of fx function
5. Qs should be solved below the Answer cell

Qs.1 (13+2=15)

(CLO 3 and BT Level V)

Mr Kapoor, who stays in a rented accommodation in Mumbai, has the following sources of income for the financial year 2024-25:

Salary CTC

Basic salary Rs.6,00,000

DA 100% of basic salary

House rent allowance (actual rent paid Rs.7,00,000) Rs.8,00,000

Taxable allowances Rs.2,00,000

Tax free perks Rs.3,00,000

Company's contribution to EPF 12% of Basic + DA

Company's contribution to employees NPS Rs.60,000

Income from 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, 2024-25 = 363) Rs.1,00,000.

Purchase price Rs. 50,000.

He has made following investments/payments in the FY 2024-25

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

Principal payment of home loan Rs. 40,000

NPS Rs. 50,000

EPF Rs.1,44,000

Life insurance premium Rs.50,000

Medical insurance Rs.30,000

- (a) Recommend which tax regime (Old or New) Mr Kapoor should select for FY 2024-25.
- (b) Estimate the additional tax Mr Kapoor can save u/s 80CCD(2)

Qs.2 (2+2+2+2=8)**(CLO 2 and BT Level VI)**

Mr Rahul Dravid, who is 32 years, is the sole earning member and has three dependents including his wife and two children. He has identified the following financial goals:

1. To make a down payment of Rs30 Lakh for buying a house after 5 years
2. To accumulate Rs60 lakh after 15 years for children education
3. To accumulate Rs70 lakh after 20 years for children marriage
4. To build a retirement corpus of Rs5 crore at the age of 60 years

He approaches you for advice on how to achieve the above-mentioned goals. You as a wealth planner have identified debt hybrid fund for goal 1 and large cap equity fund for goal 2 to 4. The expected rate of returns on debt hybrid fund and large cap equity fund are 8% and 12% respectively.

Estimate monthly SIP for each financial goal.

Qs.3 (10 marks)**(CLO 2 and BT Level VI)**

Mr Dixit wants to secure the future of his wife, who is 26 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.6,50,000 p.a.
- ii) Living expenses Rs.13,20,000 p.a.
- iii) School fees of his daughter is Rs 1,00,000 p.a., expected to increase @ 3% p.a. for next 10 years
- iv) Wife endowment life insurance policy premium Rs. 70,000 p.a. payable for next 10 years
- v) Current marriage expense is Rs.22,00,000 and will increase @ 3% p.a. He plans to get his daughter married after 15 years.
- vi) Other expense Rs.3,50,000 p.a.
- vii) Property loan outstanding Rs.15,00,000
- viii) Gratuity Rs. 6,60,000
- ix) EPF Rs.6,50,000
- x) Shares and debentures Rs.19,00,000
- xi) Property Rs.90,00,000
- xii) Mutual Funds Rs. 4,50,000
- xiii) Sovereign Gold Bonds Rs. 2,00,000
- xiv) Existing life insurance policy Rs.20,00,000

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

Qs.4 (7 marks)**(CLO 3 and BT Level VI)**

Mr R K Sharma, 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.

Formulate a retirement plan for Mr Sharma whose risk appetite falls between conservative and moderate. Large cap and small cap equity fund are expected to deliver on average 12 percent and 16 percent annual return respectively.