

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

**FIFTH TRIMESTER (Batch 2023-25)**

**END TERM EXAMINATIONS, JANUARY 2025**

**MAIN EXAM 11.45-1.45, Group-2 & 3**

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

**Salary CTC**

Basic salary Rs.7,00,000

DA 100% of basic salary

House rent allowance (actual rent paid Rs.7,50,000) Rs.8,50,000

Taxable allowances Rs.2,50,000

Tax free perks Rs.3,50,000

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

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

**Income from House Property** Rs.2,50,000

**Bank fixed deposit Interest income** Rs.2,00,000

**Interest on saving bank account** Rs.10,000

**Sale of gold ETF** Rs.1,00,000. Purchased in the FY 2020-21 for Rs. 50,000.

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

Interest on home loan Rs.2,60,000.

Principal payment of home loan Rs. 50,000

NPS Rs 50,000

EPF Rs.1,50,000

Life insurance premium Rs.50,000

Medical insurance Rs.30,000

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

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

The details about the financial goals of Mr Virat Kohli are given below

Goals	Retirement	Daughter's Marriage	Down-payment of house	Daughter's Education
Target Corpus	Rs 5 crore	Rs 50 lakh	Rs 30 lakh	Rs 30 lakh
Time Available	20 years	15 years	5 years	10 years

Develop an asset allocation plan to achieve all financial goals. Equity fund and debt fund are expected to generate 14% and 8% p.a. return respectively. (NOTE: SIP should be estimated on monthly basis)

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

Mr Khanna wants to secure the future of his wife, who is 40 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.5,60,000 p.a.
- ii) Living expenses Rs.13,90,000 p.a.
- iii) School fees of his daughter is Rs 70,000 p.a., expected to increase @ 2% p.a. for next 10 years
- iv) Wife endowment life insurance policy premium Rs. 80,000 p.a. payable for next 10 years
- v) Current marriage expense is Rs.20,00,000 and will increase @ 4% p.a.. He plans to get his daughter married after 10 years.
- vi) Other expense Rs.5,00,000 p.a.
- vii) Property loan outstanding Rs.18,00,000
- viii) Gratuity Rs. 3,90,000
- ix) EPF Rs.3,50,000
- x) Shares and debentures Rs.15,00,000
- xi) Property Rs.60,00,000
- xii) Existing life insurance policy Rs.30,00,000

Estimate life insurance cover for Mr Khanna if the expected inflation for the remaining expenses is 4 percent p.a. and return on investment is 10 percent p.a.

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

Mr. Joshi, 30 years, wants to retire at the age of 60 years. His current annual expenses Rs 5.0 lakh (expected inflation rate is 6%) includes loan installment of Rs 90,000, insurance premium Rs 50,000 and school fees Rs 52,000. On retirement, he would like to indulge in pursuing his hobbies like travelling, doing social work, etc. and to meet his medical bills. The current cost of travelling and social work is Rs 6 lakh p.a. and is estimated to increase at an average annual rate of 6%. The present cost on monthly medical bills for a retired person amounts to Rs 20,000 and will increase at an average annual rate of 4%. He has a property, which is expected to fetch a rental income of Rs.50,000 per month in future. The rate of return expected at the time of retirement is 8% p.a.. Develop a retirement plan by calculating the retirement corpus and annual SIP to achieve the retirement corpus. The equity mutual fund is expected to give a return of 12% p.a.