

JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
END TERM EXAMINATION (May 2022)
BBA-IV Semester (B&F) (2021-22)

Time: 2 Hours
MM: 40 Marks

Course: Wealth Management & Investment
Course Code: FA1109

Instructions: All Questions are compulsory and application oriented. Use appropriate language which reflects critical thinking in taking decision making related to applicability of theoretical concepts.

Section A

- Q.1 Identify true/false Statements and if wrong, provide correct one too.** (LO, 3)
(0.5 marks each)
- Retirement planning is an attempt to estimate how money should be allocated to legal heirs.
 - Increased life expectancy of Indian individuals urges them for estate planning.
 - Retirement planning is a backward looking approach as it analyzes past financial requirements.
 - Contributing in EPF (Employee Provident Fund) is deferral strategy for tax planning.
 - Investment in SIP (Systematic Investment Plan) is more connected to estate planning.
 - Indian Individuals make their tax planning strategies according to Indian Tax Act 1971.
 - Individuals wishing to donate or doing charity is a part of retirement planning.
 - Emerging phenomenon of empty nest family provides thrust for estate planning.

Section B

(LO,2)
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- Q.2** Appropriate wealth management strategies depend upon understanding client goals and their constraints. With reference to this sentence, in your opinion as a wealth manager which goals and constraints are crucial that significantly influence wealth management plan of clients? Elaborate.
- Q.3** Sudhanshu and Priya have two children aged 6 and 4. They want to make sure that their children are well taken care of in the event of their untimely death. They want to determine the value of their estate. They have a home that is worth Rs. 50,00,000, on which they have a loan of Rs. 10,00,000. They don't hold any retirement accounts but have Rs. 25,00,000 in bonds earning 3.5% annually. They don't have any life insurance. (LO,3)
- In the light of this case, answer the following questions:
- What will happen to their children if they die without estate planning? 2
 - What are the tools available for them for estate planning? 2
 - What could be some other reasons for estate planning besides protecting Children in this case? 4

Q.4 Mr. Arvind Ruia, aged 48 is a private sector, lower management employee. He is married, but does not have any children. He and his wife live in a one BHK flat in a suburb of Mumbai. Apart from flat, he has net worth of Rs. 15 Lacs only. (LO,3)

Arvind was lucky enough to win a government lottery, having a net value of around Rs. 50 Lacs. Hence, he became an HNI overnight under Indian conditions. Since Arvind does not have any children, he wants to invest the prize money entirely for capital appreciation.

In the light of stated case, answer the following questions:

- a) If, Arvind would not win the lottery, do you think he has adequate fund for retirement, In absence of adequate funding what could be the consequences? 2
- b) What mistakes Arvind can commit, while planning for his retirement? 2
- c) What investment avenues you will suggest to Arvind so that he can gather sufficient funds for later life? 4

Q.5 The following are the expected return and risk of the two securities A & B: (LO,2)

	Expected Return	Expected Risk
A	10%	20%
B	12%	25%

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The correlation coefficient between the returns of A & B is 0.5. An investor is to decide about the portfolio of A& B as 50% + 50% or 25% + 75%. Which one should he accept?

Q.6 Avantika is 35 years old and a working woman in central government. She is married and has two children. She lives along with her husband, children and her mother dependable on her. Each year she makes contribution to EPF of Rs. 90,000. (LO,3)

She also took an insurance policy on which she pays Rs. 10,000 premiums annually. She has a self-occupied housing property on which she pays Rs. 20,000 as interest on bank loan. She receives Rs. 40,000 as rent from this housing property. In financial year 2021-22 she received 30,000 as interest income on fixed deposits. Her Gross Total Income is 7,50,000 for the F.Y. 2021-22. In light of case, answer the following questions:

- a) What are the sources of Income for Avantika for F.Y. 2021-22? 2
- b) What different tax avoidance strategies you can suggest avantika as financial professional to reduce tax liabilities. 4
- c) What is the difference between Defined benefits & Defined contribution plan? 3