

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**  
**Vidyavihar, Mumbai- 400077**

**Program: PGDM- FS (Batch2017-19), Tri-V**  
**Subject: Wealth Management**

**Maximum Marks: 50**  
**Duration: 2.5 hours**

**Date: 16 January, 2019**

- 1. Attempt question 1 which is compulsory**
- 2. Attempt five questions from the rest.**

**Question 1**  
**Marks)**

**(25**

- a) Raghav aged 45 spends Rs.550000 per annum to meet his annual living expenses. He wishes to maintain the same standard of living after retirement at the age of 60. Inflation in the first 6 years is 5% p.a. And in the rest of the years it will be 5.5% p.a. Raghav feels that at the age of 60 most of his commitments such as childrens' education and marriage will be fulfilled and therefore he requires only 60% of the expenses from then on. How much money will he require at the age of 60? (5 marks)
- b) The average inflation over the last three years is 8.5% p.a. You invested Rs.1 lakh in a security 3 years ago which you have redeemed for Rs.1.3 lakh with simple interest. What real rate have you obtained from investment? ( 4 marks)
- c) Ahmed proposes to purchase a property for giving it on rent( ignore taxation) expecting to receive Rs55000 in net receipts each year for 5 years and to sell the property for Rs.8,50,000 at the end of the 5 year period. If the expected return is 15% what would be the value of the property? ( 4 marks)
- d) Samir just retired and is 60 and planning for his retirement. At present he spends ` 2.4 lakhs p.a. and wishes to maintain the same standard of living during retired life. He has an accumulated amount of Rs.75 lakhs at the time of retirement. If the inflation is 6.5% p.a. and interest on investment is 9.25% p.a, how long would this money last if he uses Rs.25 lakhs for buying a house out of the accumulated money? (4 marks)
- e) How is the Risk Profile of investors ascertained? Explain with examples. ( 3 Marks)
- f) What are the types of Provident Funds and explain the rules of taxation applicable to them ( 3 Marks)

- g) Value Investing Strategy means .....(complete the sentence) ( 1 Mark)
- h) Other things equal, diversification is most effective when classes of securities included in portfolio have.....returns ( 1 Mark)

**Question 2**

Calculate taxable leave salary of Mr.Anand. Leave salary received ` 6,00,000; Salary at the time of retirement ` 17,000; Duration of service 26 years and 8 months; Leave entitled for every year of service 40 days; Leave availed while in service 4 months. (5 marks)

**Question 3**

Calculate taxable value of pension and gratuity of Punit for AY 2018-19, a Government employee who retired on 30<sup>th</sup> April 2017 and received ` 1,75,000 as gratuity and ` 5,400 p.m. as pension upto 31st October 2017. On 1<sup>st</sup> November he commuted 70% of his pension for `1,80,000. He had a total of 35 years and 8 months service. (5 marks)

**Question 4**

(5

Marks)

Discuss the major concerns of RBI which were addressed in the RBI Guidelines.

**Question 5**

(5

Marks)

Hameed present age is 45 years. His retirement age is 70 years. His total income is Rs 27,00,000/ (Salaries Rs 18 lacs, dividends in individual shares 2.5 lacs, commissions earned by him 1.5 lacs, interest on bank deposits and other investments 1 lac, minor daughter's income Rs 1 lac), has paid following taxes Corporate professional tax Rs 5000/ , income tax Rs 4,10,000/ as per individual tax filed. He pays total insurance premium of Rs 55000/ (self assurance cover SA 22,00,000/) Reasonable maintenance charge for a person of his stature is assumed as Rs.1,00,000/; applied rate of interest to arrive at present value of his future income is at 5%. Calculate the HLV to recommend total insurance cover for Mr Hameed

**Question 6**

(5

Marks)

Write a note on any TWO of the following terms:

- a) Active and Passive Investing
- b) National Pension Scheme
- c) Debt Payments Ratio and Liquidity Ratio

**Question 7**

(5

marks)

Suggest methods of Estate Planning that can be employed to plan wealth transfer.

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