

Roots Institute of Financial Markets

RIFM



Practice Book

Retirement Planning and Employee Benefits



Roots Institute of Financial Markets
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Forward

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- Risk Analysis & Insurance Planning
- Retirement Planning & Employees Benefits
- Investment Planning
- Tax Planning & Estate Planning
- Advanced Financial Planning



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Unit 1

Introduction to Retirement Planning

- Which of the following issues are to be considered while planning for a client belonging to 40's to 50's age group?
 - Time to be spent in retirement.
 - Planning to work part time or be self employed
 - Acquiring sufficient wealth to retire
 - Using present assets to acquire an income stream during retirement
 - 2, 3, and 4
 - 2, 1 and 4
 - 1, 2, 3 and 4
 - 1, 4 and 3
- Amit deposited Rs. 15,000 @ 9% p.a. in a bank fixed deposit maturing in 6 years. Calculate the amount that will be available to Amit at maturity?
 - Rs. 24156
 - Rs. 25156
 - Rs. 25462
 - Rs. 21456
- Which of the following is the basic purpose of retirement planning?
 - To arrange an income
 - To provide an effective cash flow during retirement
 - To maximize cash flow
 - All of the above
- Advanced in the medical science and the life expectancy are considered as a _____ -
 - Causes of decline of joint family system
 - Causes of increasing the financial burden of people
 - Both the statements are true
 - Both the Statements are false
- Which of the following post retirement problems are to be considered in retirement planning?
 - Adequate resources for emergency
 - Income provision through regular funding
 - Readjustment of self or family expenses
 - All of the above
- Arrange the following steps of advising a client on retirement planning in a chronological order
 - Calculate the saving required
 - Analyze retirement benefits currently available
 - Choose appropriate investment mix
 - Goal setting and date gathering
 - 3, 2, 4, 1
 - 4, 2, 1, 3,
 - 2, 4, 1, 3
 - 1, 2, 4, 3



15. To sustain in retirement life an individual should accumulate his wealth during his_____
- Retirement life
 - Life cycles
 - Working life
 - Any of the above
16. How can person live comfortably after retirement?
- By reducing the standard of living after retirement
 - By choosing an opportunity line in working years and save more
 - By increasing average annual rate of saving rate of saving during working years
 - None of the Above
17. Career stability is important for retirement planning because_____
- It helps to ascertain surplus earning during the working period
 - It helps to anticipate a possible date of retirement
 - It helps to go for long term systematic saving
 - All of the above
18. Retirement planning should only focus on the needs of an individual in his retirement years. The above statement is_____
- True
 - False
19. Mr. Amit is working in a reputed company and spends now Rs. 2,30,000 p.a for his house hold expenses to maintain his standard of living. If excepted inflation rate is 2% p.a and standard of living is increased by 1% every year, after 15 years what will be his house hold expenses?
- Rs. 4,45,987
 - Rs. 5,89,765
 - Rs. 3,58,333
 - Rs. 5,50,000
20. A retired generally needs_____of their pre retirement income to sustain their desired lifestyle.
- 25%- 45%
 - 50% -75%
 - 95%
 - 100%
21. Pre-retirement counseling in retirement planning_____
- Helps a planner to know the facts about his clients
 - Provides direction to retirement planning
 - Both A & B
 - None of the above
22. Why do the young do not realize the need for starting a retirement plan early in their working life?
- They are of the view that the current employee benefits are sufficient for a decent retired life
 - They are becoming more obsessed with their current needs and improvement in their present standard of living.
 - They are not aware of its necessity and severity
 - None of the above
23. Which of the following are the factors to be considered at the time of retirement planning?
- Taxation
 - Retirement are and life expectancy



3. Improving the working environment of the client
4. Health care and emergency requirements

- A. 1, 2 3, and 4
B. 2, 4, and 3
C. 1, 2, and 4
D. 1 and 2

24. A Financial planner should never under estimate the post retirement expenses of his clients. The above statement is _____

- A. True
B. False

25. The word 'strategy' refers to ____

- A. Planned efforts to be made to reach any one of the objectives that may be achieved
B. planned efforts to be made without any objective
C. Planned efforts to be made to reach the predetermined objective
D. None of the above

26. Which of the following are types of Retirement security plan?

1. Government Retirement Security plans
2. Occupational Retirement Security plans
3. Self funded Retirement Security plans
4. Environment Retirement Security plans

- A. 1 and 4
B. 1, 2, 3, and 4
C. 3 and 4
D. 1, 2, and 3

27. Which of the following factors are to be considered in the process of retirement planning?

- A. Taxation
B. Standard of living and life expectancy
C. Investment and Inflation
D. All of the above

28. Which of the following step basically means analyzing the existing retirement plans and improving on them to achieve the desired objective?

- A. Economic approach
B. Strategic Asset Allocation
C. Tactical Asset allocation
D. None of the above

29. Which of the following characteristics of the growing up stage in the life cycle of an individual?

- 1) Enhancing skills
2) Dependence on spouse
3) Acquiring education

- A. 3, 2 and 1
B. 1 and 3
C. 3 and 2
D. 2 and 1



109. Past inflation is an accurate and exact indicator of future inflation.
- A. True
 - B. False
 - C. Can't say
 - D. All of the above
110. If there is inflation affecting a certain expense then that expense figure today will _____ by the time of retirement
- A. Rise
 - B. Fall
 - C. Can't say
 - D. All of the above
111. Inflation can be tackled by
- A. Making additional savings to boost income
 - B. Looking at stocks to boost returns
 - C. Ensuring a change in the asset allocation
 - D. All of the above
112. Early retirement will not always _____.
- A. Increase the time period of earnings
 - B. Leave more time after retirement
 - C. Decrease the time period of earnings
 - D. Make more money available for retirement
113. Late retirement pushes the position of a person on the accumulation and spending curve towards _____.
- A. More accumulation
 - B. Less accumulation
 - C. Remains constant
 - D. Moves downwards
114. A windfall gain in an area of business might lead to _____.
- A. Normal retirement
 - B. Early retirement
 - C. Late retirement
 - D. None of the above
115. Late retirement will lead to a cash flow from current activities for a _____.
- A. Longer period of time
 - B. Lesser period of time
 - C. Same as earlier
 - D. All of the above
116. A 60% replacement ratio will mean:
- A. A significant part of the pre-retirement earnings will have to be generated
 - B. The entire pre-retirement earnings will have to be generated
 - C. A sum more than half of the preretirement earnings will have to be generated
 - D. None of the above
117. Late retirement means income coming in for a _____.
- A. Lesser period of time
 - B. Longer period of time



- C. Same as before
- D. None of the above

119. Mr. Amit has a net worth of Rs. 2, 00,000 at the beginning of the Financial Year 2006-2007. The following transactions occurred during the Financial Year 2006-2007 with respect to his account. 1. Paid off credit card liability worth Rs. 10,000 using savings account 2. Transferred Rs. 4,000 from savings account to PPF account 3. Purchased Rs. 2,000 of furniture with credit. What is the net worth of Naveen after these transactions?

- A. I am not attempting
- B. Rs 198000
- C. Rs 200000
- D. Rs 184000

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Answer Sheet Unit-1							
1	C	32	D	63	A	94	A
2	C	33	D	64	B	95	B
3	B	34	A	65	C	96	B
4	B	35	B	66	A	97	A
5	D	36	B	67	A	98	A
6	B	37	B	68	A	99	D
7	B	38	A	69	D	100	B
8	C	39	C	70	D	101	C
9	D	40	D	71	A	102	D
10	B	41	C	72	B	103	A
11	C	42	B	73	A	104	C
12	D	43	C	74	D	105	B
13	C	44	B	75	D	106	D
14	D	45	C	76	C	107	C
15	C	46	B	77	C	108	B
16	C	47	D	78	B	109	B
17	D	48	C	79	C	110	A
18	B	49	A	80	A	111	D
19	C	50	C	81	A	112	D
20	B	51	D	82	A	113	A
21	C	52	D	83	B	114	B
22	B	53	B	84	D	115	A
23	C	54	A	85	D	116	C
24	A	55	C	86	A	117	B
25	C	56	B	87	C	118	C
26	B	57	C	88	A	119	C
27	D	58	B	89	C		
28	C	59	D	90	D		
29	B	60	B	91	A		
30	B	61	B	92	D		
31	A	62	D	93	C		



Unit 2

Retirement Benefits

120. Statement which of the following statement is true:

Statement 1: In India, an employee's group insurance coverage terminates immediately as he leaves the job of the employer who has provided such benefit.

Statement 2: The group cover enjoyed by an employee can be converted in to individual policy, without undergoing any medical test, by sending an application to the insurer and paying the premium in 31 days.

- A. Statement 1 is true
- B. Statement 2 is true
- C. Both the statements are false
- D. Both the statements are true

121. A group plan _____ individual plans.

- A. is expensive than
- B. is cheaper than
- C. costs the same as
- D. none of the above

122. Group plans coverage amount is decided by the _____.

- A. Individual
- B. Group leader
- C. Group scheme
- D. Each person taking the group plan

123. Premium of group plans _____.

- A. are constant for a lot of year
- B. change each year depending upon group characteristics
- C. will decrease each year
- D. will increase each year

124. A plan in which the entire company is covered by an insurance plan is an example of _____.

- A. Term Insurance
- B. Money back insurance
- C. Group Insurance
- D. Whole life insurance

125. "Wealth Erosion" occurs on account of _____ .

- A. Increase in expenditure
- B. Accumulated debts
- C. Losses incurred
- D. Growth rate is less than Inflation rate

126. A defined benefit plan provides for:

- A. Lump sum cash payment on retirement only
- B. Periodical income after retirement
- C. Either a lump sum payment or periodical payments or a combination of both depending
- D. Either a lump sum payment or periodical payments or a combination of both depending upon the pre-fixed formula of benefits.



127. The exact share of the assets belonging to each member of the fund is easily calculated in case of:

- A. Defined benefit schemes offering lump sum payments on retirement
- B. Defined contribution scheme offering regular income after retirement
- C. Defined benefit schemes offering regular income after retirement
- D. Both the types of plans as there is no difference in asset allocation

128. Contributions under a defined benefit plan:

- A. Will be fixed in relation to the wages earned
- B. Will be determined based on the benefits assured
- C. Will remain unaltered once fixed
- D. Will be decided by the members of the benefit scheme

258 The defined benefit system:

- A. is increasing in popularity across countries
- B. is being changed by governments because of non sustainability
- C. has remained the same
- D. All of the above

259 Group schemes have to be _____ regularly

- A. Completed
- B. Closed
- C. Renewed
- D. Used

260 If a person receives gratuity and commuted pension then _____ of the commuted amount of pension is tax free.

- A. One third
- B. Half
- C. Full
- D. One fourth

261 A person will earn a sum of Rs. 22 lakh in the next year. Out of this 30% of the income is tax free and the remaining sum will have a tax rate of 30% without any cess what is the tax amount?

- A. Rs. 462000
- B. Rs. 562000
- C. Rs. 662000
- D. Rs. 762000

262 A person earns a gross income of Rs. 2 lakh a month since the middle of June. If the tax rate is 25% on the total amount then what will the person end up with at the end of the financial year assuming there are no other deductions or exemptions.

- A. Rs. 1000000
- B. Rs. 1250000
- C. Rs. 1425000
- D. Rs. 1500000

263 A person earns Rs. 10 lakh from salary and Rs. 10 lakh from long term capital gains. The net income is higher in case of _____ .

- A. Salary income



- B. Capital gains income
- C. Both are the same
- D. All of the above

264 As per the "Payment of Gratuity Act 1972", Ms. Vrushali, during her working career with M/s Hindustan Lever Ltd. Received Rs. 2,70,000 as Gratuity in Dec'2005.

Later on in March 2007, during her working career with M/s Nirma Ltd., she received Rs. 3,32,000 as Gratuity. She is now concerned about the provisions of "The Income Tax Act, 1961" with regard to its receipt. As a Financial Planner address her concern and provide an appropriate advise with reference to I.T Act, 1961 for IT AY 2007-08 governing IT PY 2006-07

- A. Rs. 3,32,000 is fully exempt u/s 10(10) of the I.T.Act, 1961
- B. Rs. 2,52,000 is Taxable as Income From Salary
- C. Rs. 3,02,000 is Taxable as Income From Salary
- D. No more exemption since exemption u/s 10(10) can be availed only once

265 Mr. Amit aged 58 years, had retired from M/s Khaitan Fans Ltd. (service of 33 years). He was receiving Rs. 10,000 per month as pension from M/s Khaitan (Defined Benefit), But due to his sad demise in March'2006, as per the provisions of the Company Pension Rules, his spouse Ms. Amita is now in receipt of 75% of the said pension w.e.f April '2006. She is now concerned about the provisions of "The Income Tax Act, 1961" with regard to its receipt in her hands. As a Financial Planner address her concern and provide an appropriate advise with reference to I.T Act, 1961 for ITAY 2007-08 governing ITPY 2006-07 (Note:- Ignore Basic Exemptions Limit)

- A. Full Rs. 90,000 is taxable as Income from Salary
- B. Full Rs. 90,000 is taxable as Income from Other Sources
- C. Full Rs. 90,000 is taxable as Income from Salary but a Standard Deduction of Rs.15,000 or 1/3 of the amount received whichever is lower will be allowed
- D. Full Rs. 90,000 is taxable as Income from Other Sources but a Standard Deduction of Rs.15,000 or 1/3 of the amount received whichever is lower will be allowed

307 The subscription paid into the PPF account enjoys the tax benefit of:

- A. Section 80C
- B. Section 10
- C. Section 80CCC
- D. Section 80 D

308 A scheme providing pension benefits as per Income Tax provisions is called_____

- A. Superannuation Scheme
- B. Retirement Scheme
- C. Pension Scheme
- D. Retirement Income Scheme

309 When government authority accords approval to such a scheme providing pensionary benefits to the employees?

- A. Ministry of Finance
- B. Ministry of Labour
- C. PF Authorities
- D. Income tax Department

Q 310 What is the maximum amount of tax free commuted pension as per Rule 90 of the Income Tax Rules?



- A. 40% of the pension
- B. One half of the pension if the employee gets gratuity, otherwise one third of the pensions
- C. One third of the pension
- D. One half of the pension

311 Who is authorized to pay pension under such a scheme to the eligible employees on their exit from service?

- A. The trustees themselves
- B. The employer after taking withdrawals from the trust
- C. The Trustees of certain specified banks and any IRDA approved Life insurer to whom the trustees pay the amount for purchase of the desired annuity
- D. The Pension Authority

312 The type of Annuity to be purchased from a life insurer can be any one of the following _____

- A. Annuity for single or joint life with or without guarantee of minimum period and/or return of corpus decided by the employer/beneficiary
- B. Annuity Certain for any period as decided by the employees
- C. Annuity Certain for 15 years
- D. Any type of annuity as decided by the employer

313 Is pension a statutory a benefit in India and if so, for which segment of employees?

- A. All employees working in any sector
- B. All government employees
- C. All employees covered under the EPF and Miscellaneous Provisions Act, 1952
- D. All government and public sector employees

434. The minimum amount of deposit in a PPF account each year is _____.

- A. Rs. 100
- B. Rs. 300
- C. Rs. 500
- D. Rs. 1000

435. The maximum benefit it available for investment in PPF under Section 80C of the Income tax is _____.

- A. Rs. 60000
- B. Rs. 70000
- C. Rs. 75000
- D. Rs. 100000

436 The PPF account can be extended ___ number of times.

- A. 1
- B. 3
- C. 5
- D. Unlimited

437 An investment in the PPF account can be made through _____

- A. Cash
- B. Cheque
- C. Draft
- D. All of the above



- 438 A nomination once made in the PPF account ____.
- A. cannot be cancelled
 - B. can be cancelled
 - C. cannot be varied
 - D. None of the above
- 439 The rate of return on PPF is currently ____.
- A. 8%
 - B. 8.5%
 - C. 9%
 - D. None of the above
440. The interest in a PPF account is compounded ____.
- A. Annually
 - B. Monthly
 - C. Quarterly
 - D. None of the above
- 441 Under the EEE system there is ____ .
- A. No tax to be paid
 - B. Some tax to be paid
 - C. Tax on certain instruments
 - D. Tax at the time of return of funds
- 442 Under the EET system there is ____ .
- A. No tax to be paid
 - B. Some tax to be paid
 - C. Tax on certain instruments
 - D. Tax at the time of return of funds
- 443 The following is not a defined contribution plan ____.
- A. Employees Provident Fund scheme
 - B. Employees Pension scheme
 - C. Public Provident Fund
 - D. None of the above
- 444 If there is a lesser earning for defined contribution schemes then
- A. the employer gets a lower amount.
 - B. the employee makes up the shortfall.
 - C. the employee enjoys a lower benefit.
 - D. the scheme guarantees the payment
- 445 A provident fund is recognized when it is approved by the _____.
- A. Commissioner of Income Tax
 - B. Provident Fund Commissioner
 - C. Commissioner of Sales Tax
 - D. None of the above
- 446 Section 80C benefit is not available to employee's contribution in _____.
- A. Statutory provident fund
 - B. Recognised provident fund



- C. Unrecognised provident fund
- D. Public provident fund

447 Mr Hansraj joins a private limited company covered under the PF Act. The employer contributes for all the employees only up to the specified salary limit. His monthly salary consists of Rs.10,000 as basic, Rs.5,000 as DA and 10% of the basic as HRA, calculate the EPS contribution:

- A. Rs. 1250
- B. Rs. 541
- C. Rs. 833
- D. Rs. 1241

448. A scheme providing pension benefits as per Income Tax provisions is called:

- A. Superannuation Scheme
- B. Retirement Scheme
- C. Retirement Income Scheme
- D. Pension Scheme

521 the Group insurance premiums can vary each year because_____

- A. The age of the group members will change every year.
- B. The actual claim experience of the group during previous year will also affect the future premium.
- C. Entrance of new members in the group or exit of old members from the group may also effect the premium.
- D. All of the above

522 which of the following statement is/are true.

Statement 1: to be eligible for Group Insurance the group should have been formed with any purpose except from the objective of being eligible for low cost Group Insurance

Statement 2: In Group Insurance, there should be some party other than the insured members to pay a portion of the cost.

- A. Statement 1 is True
- B. Statement 2 is True
- C. Both the statements are true
- D. Both the statements are False

523 The maximum amount of maternity benefit available under a group mediclaim policy is.....

- A. Rs. 50,000
- B. Rs.25,000
- C. Rs. 30,0000
- D. Rs 1 Lac

524 Statement which of the following statement is true:

Statement 1: Renewal premium under a group medical policy is subject to Bonus/Malus clause.

Statement 2: The renewal premium is a group medical policy remains the same if there is no change in the strength of the group.

- A. Statement 1 is true
- B. Statement 2 is true
- C. Both the statements are false
- D. Both the statements are true



525 Maternity benefit is payable in a Group Health Insurance Plans only for.....number of children per insured person.

- A. 2
- B. 3
- C. 1
- D. Not defined in rules

526 The term, Experience rating, in group insurance means_____

- A. Appointing an experienced underwriter
- B. Premium rating to be done by an experienced person
- C. Each year premium is fixed as per groups last year claim and expenses experience
- D. None of the above

527 experience rating is only available in_____ insurance, whereas in _____insurance the premium is_____

- A. Individual/Group/Level
- B. Group/Individual/Level
- C. Group/Individual/Level
- D. Individual/Group/Stepped



Answer Sheet Unit-2									
120	B	160	C	200	D	240	D	280	C
121	B	161	B	201	A	241	A	281	D
122	C	162	C	202	A	242	C	282	B
123	B	163	D	203	C	243	B	283	B
124	C	164	C	204	C	244	A	284	B
125	D	165	C	205	A	245	D	285	C
126	D	166	B	206	B	246	B	286	B
127	B	167	A	207	C	247	B	287	C
128	B	168	C	208	D	248	A	288	C
129	D	169	A	209	B	249	A	289	D
130	C	170	B	210	D	250	A	290	D
131	D	171	D	211	D	251	B	291	D
132	B	172	D	212	D	252	A	292	C
133	B	173	D	213	C	253	B	293	D
134	D	174	D	214	A	254	B	294	C
135	C	175	B	215	C	255	D	295	B
136	B	176	A	216	A	256	D	296	D
137	B	177	D	217	D	257	C	297	D
138	D	178	D	218	A	258	B	298	A
139	D	179	A	219	C	259	C	299	C
140	C	180	D	220	A	260	A	300	B
141	D	181	A	221	D	261	A	301	B
142	A	182	D	222	D	262	C	302	A
143	B	183	D	223	D	263	B	303 (I)	B
144	A	184	A	224	D	264	B	303 (II)	C
145	D	185	D	225	A	265	D	303 (III)	B
146	A	186	B	226	C	266	C	303 (IV)	D
147	D	187	C	227	A	267	D	303 (V)	A
148	A	188	A	228	D	268	D	303 (VI)	B
149	D	189	B	229	B	269	B	304	D
150	A	190	A	230	A	270	B	305	A
151	A	191	D	231	B	271	D	306	A
152	D	192	D	232	C	272	D	307	A
153	B	193	C	233	B	273	A	308	A
154	B	194	B	234	D	274	B	309	D
155	A	195	A	235	A	275	A	310	B
156	A	196	B	236	C	276	C	311	C
157	A	197	A	237	D	277	C	312	A
158	D	198	C	238	C	278	B	313	C
159	D	199	C	239	B	279	A	314	D



Answer Sheet Unit-2											
315	B	353	B	391	C	429	A	467	D	505	B
316	B	354	A	392	B	430	B	468	C	506	D
317	C	355	B	393	C	431	B	469	D	507	B
318	B	356	A	394	B	432	C	470	C	508	B
319	A	357	D	395	B	433	A	471	B	509	A
320	D	358	A	396	C	434	C	472	D	510	D
321	A	359	A	397	B	435	B	473	D	511	B
322	C	360	A	398	A	436	D	474	C	512	A
323	D	361	A	399	B	437	D	475	D	513	B
324	B	362	A	400	D	438	B	476	A	514	B
325	B	363	A	401	B	439	A	477	C	515	B
326	C	364	A	402	A	440	A	478	C	516	C
327	B	365	A	403	A	441	A	479	C	517	A
328	B	366	D	404	D	442	D	480	B	518	C
329	B	367	C	405	C	443	B	481	D	519	D
330	D	368	C	406	D	444	C	482	C	520	C
331	C	369	A	407	B	445	A	483	A	521	D
332	A	370	D	408	C	446	C	484	B	522	C
333	C	371	A	409	B	447	B	485	A	523	A
334	C	372	A	410	D	448	A	486	A	524	A
335	D	373	D	411	B	449	D	487	C	525	A
336	B	374	A	412	A	450	B	488	A	526	C
337	A	375	A	413	C	451	D	489	C	527	B
338	C	376	A	414	C	452	B	490	A		
339	D	377	C	415	C	453	C	491	B		
340	D	378	A	416	C	454	B	492	D		
341	B	379	C	417	B	455	B	493	D		
342	C	380	B	418	C	456	A	494	B		
343	A	381	D	419	C	457	C	495	C		
344	D	382	D	420	D	458	B	496	B		
345	C	383	C	421	C	459	A	497	C		
346	D	384	B	422	B	460	D	498	C		
347	B	385	C	423	A	461	C	499	B		
348	B	386	D	424	A	462	D	500	C		
349	B	387	D	425	D	463	D	501	B		
350	C	388	C	426	B	464	C	502	E		
351	B	389	A	427	C	465	A	503	A		
352	A	390	B	428	C	466	C	504	D		



Unit 3

Retirement Planning and Strategies

528 A person who wants his savings of Rs. 10 lakh to last for 10 years when the earning rate is 5% would get _____.

- A. Rs. 100000 pa
- B. Rs. 105000 pa
- C. Rs. 129504 pa
- D. Rs. 134789 pa

529 The risk of investing in a sectoral scheme is _____.

- A. Industry risk
- B. Interest rate risk
- C. Foreign exchange risk
- D. Liquidity risk

530 If a mutual fund scheme has invested in only a single stock then the risk here is that of _____.

- A. Political risk
- B. Company risk
- C. Interest rate risk
- D. Foreign exchange risk

531 Equities are usually meant for investments in young age because _____.

- A. Time available
- B. Risk taking ability
- C. Nature of investment
- D. All of the above

532 The new theory says that there should be a small presence of _____ in the portfolio even at old age.

- A. Real estate
- B. Bond
- C. Equity
- D. Government securities

533 After retirement the earnings of the individuals always increase.

- A. True because retirement money is received
- B. True because expenses go down
- C. False because there is a drop in earnings due to stoppage of regular income
- D. False because there is not additional activity for earnings

534 Additional activities after retirement can also contribute to _____.

- A. Income of the individual
- B. Educational qualifications
- C. Technical qualifications
- D. Build up of experience for next job

535 Equity investment is characterized by the following:

- A. High return
- B. High risk
- C. Demat trading



605 If you want to know how much a certain sum will grow in the next 15 years you need to find this out using the _____.

- a) Present value
- b) Future value
- c) Payment
- d) None of the above

606 If you want to know how much a certain sum will grow in the next 15 years you need to find this out using the _____.

- A. Present value
- B. Future value
- C. Payment
- D. None of the above

607 If you want to find out how much a certain sum will generate regularly during the period of retirement you need to find out the _____ formula in excel.

- A. Present value (PV)
- B. Future value (FV)
- C. Payment (PMT)
- D. None of the above

608 The reason why there might be a gap between requirement and reality is _____.

- A. Larger requirement for enjoying goods and services
- B. Change in requirement
- C. Disruption of income
- D. All of the above

609 The first step in determining the gap between requirement and reality is to _____.

- A. Monitor the progress
- B. Check the resources available with the individual
- C. Make the necessary changes
- D. List out the changes that will occur in the next year

610 Requirement – Available resource = _____.

- A. Overall demand
- B. Available funds
- C. Additional requirement
- D. All of the above

611 You are examining whether your savings will be adequate to meet your retirement needs. You saved Rs.1500 last year, and you expect your annual savings to grow 5% a year for the next 14 years. If you can invest your money at 8%, how much would you expect to have at the end of the fourteenth year from now?

- A. Rs. 62950
- B. Rs. 15069
- C. Rs. 54662
- D. None of the above

612. There is a need to ensure that a sum of Rs. 10 lakh is available on a certain day after a year. There is no problem of accumulating the required funds. What is the most appropriate investment that will be witnessed for such an event _____.

- A. 30% direct equity, 50% equity mutual funds, 20% debt



- B. 5% direct equity, 5 % equity mutual funds, 90% debt
- C. 15% direct equity, 5 % equity mutual funds, 80% gold
- D. 20% direct equity, 20% equity mutual funds, 60% debt

613 There is a need to ensure that at the end of five years there is a protection of capital however, there should also be a chance of earning a slightly higher rate of return. The portfolio that will most likely be adopted in such a situation is _____.

- A. 30% direct equity, 50% equity mutual funds, 20% debt
- B. 10% direct equity, 10 % equity mutual funds, 80% debt
- C. 15% direct equity, 5 % equity mutual funds, 80% gold
- D. 20% direct equity, 20% equity mutual funds, 60% debt

614 There is an investment that is bought for a price of Rs. 450. The past analysis shows that the investment moves within a range of 20% during a particular year. What is the extent of losses possible for an investor when a sum of Rs. 90000 is invested _____.

- A. Rs. 9000
- B. Rs. 18000
- C. Rs. 27000
- D. Rs. 36000

677 A sum of Rs.75000 each year for a period of 9 years at a rate of 9% will create a corpus of _____

- A. Rs 768978
- B. Rs 865764
- C. Rs 976577
- D. Rs 987546

678 An investment of Rs. 3 lakh each year at an earnings rate of 5% for 10 years will give _____ .

- A. Rs. 3065758
- B. Rs. 3365758
- C. Rs. 3675454
- D. Rs. 3773367

679 Investment of Rs. 25000 a month at an earnings rate of 5% for 10 years will give _____ .

- A. Rs. 3365758
- B. Rs. 3675454
- C. Rs. 3773367
- D. Rs. 3882056

680 Will a sum of Rs. 12000 a month saved for 5 years at 10% bridge a gap of Rs. 10 lakh?

- A. Yes
- B. No
- C. It will exactly be the same
- D. None of the above

681 An individual has a corpus of Rs.15 lakh available at the time of retirement earning 6%. If Rs.175000 is spent each year then the corpus will last for full _____.

- A. 10 years
- B. 11 years
- C. 12 years
- D. 13 years



682 If the gross earnings rate is 12% while the inflation is 6% the real rate of return is

- A. 5.66%
- B. 5.86%
- C. 5.96%
- D. 6.00%

683 When the earnings rate is 10% and the inflation rate is 4% the real rate of return for the investor is _____

- A. 5.66%
- B. 5.76%
- C. 5.86%
- D. 5.96%

773 The term of a Post office Monthly income scheme is _____ years.

- A. 8 years
- B. 10 years
- C. 6 years
- D. 20 years

774 Minimum investment of national saving Certificate is required at the time of opening is _____

- A. Rs. 500
- B. Rs. 100
- C. Rs. 1000
- D. Rs. 1500

775 NRI can open a Senior Citizen Saving Scheme account.

- A. True
- B. False
- C. Partly True
- D. Partly False

776 A Kisan Vikas Patra can be issued in the denomination of _____

- A. Rs. 100
- B. Rs. 50000
- C. Rs. 1000
- D. All of the above

777 What is the maximum limit one can invest in Kisan Vikas Patra?

- A. Rs. 5,000
- B. Rs. 10,000
- C. There is no limit
- D. None of the above

778 What is the maximum amount one can deposit in a Senior Citizen Savings Scheme account under single ownership?

- A. Rs. 5,00,000
- B. Rs. 15,00,000
- C. Rs. 10,00,000
- D. Rs. 20,00,000

779 A senior citizen savings account can be opened by _____



- A. Individual
- B. Jointly with spouse
- C. NRI
- D. Both A & B

780 Deposits under National Saving Certificate are exempted from wealth tax.

- A. Yes
- B. No
- C. Partly
- D. None of the above

781 Which of the following cannot purchase National Saving Certification?

1. NRI 2. HUF3, Trust 4. Company
- A. 2 and 3
 - B. 1 and 2
 - C. 1, 2, 3, and 4
 - D. 3, 2, and 4

782 Monthly Income Scheme can be opened through a guardian on behalf of a Minor or a person of unsound mind. The above statement is _____

- A. True
- B. False



Answer sheet unit 3											
528	C	565	D	602	B	639	A	676	A	713	A
529	A	566	B	603	C	640	B	677	C	714	C
530	B	567	B	604	C	641	A	678	D	715	C
531	D	568	D	605	B	642	C	679	D	716	A
532	C	569	B	606	B	643	C	680	B	717	C
533	C	570	D	607	C	644	A	681	C	718	B
534	A	571	B	608	D	645	B	682	A	719	C
535	D	572	A	609	B	646	C	683	B	720	B
536	D	573	D	610	C	647	B	684	A	721	A
537	C	574	C	611	C	648	C	685	A	722	B
538	B	575	A	612	B	649	D	686	A	723	A
539	D	576	C	613	B	650	C	687	B	724	C
540	A	577	D	614	A	651	D	688	C	725	A
541	B	578	B	615	C	652	C	689	B	726	B
542	D	579	D	616	C	653	A	690	C	727	A
543	B	580	C	617	D	654	C	691	D	728	C
544	A	581	A	618	D	655	C	692	C	729	A
545	A	582	D	619	B	656	B	693	C	730	A
546	C	583	B	620	A	657	C	694	B	731	B
547	D	584	C	621	B	658	B	695	C	732	B
548	A	585	C	622	A	659	B	696	C	733	A
549	D	586	C	623	C	660	C	697	A	734	D
550	D	587	D	624	B	661	C	698	D	735	A
551	B	588	B	625	A	662	C	699	D	736	A
552	D	589	B	626	A	663	A	700	B	737	A
553	A	590	C	627	A	664	A	701	C	738	A
554	D	591	A	628	A	665	D	702	C	739	B
555	D	592	B	629	C	666	B	703	A	740	B
556	D	593	D	630	D	667	D	704	A	741	B
557	D	594	A	631	C	668	A	705	A	742	C
558	B	595	B	632	A	669	A	706	C	743	D
559	D	596	B	633	D	670	A	707	C	744	D
560	D	597	A	634	B	671	C	708	A	745	A
561	A	598	A	635	A	672	D	709	A	746	D
562	A	599	A	636	B	673	A	710	C	747	C
563	C	600	D	637	D	674	A	711	A	748	D
564	B	601	B	638	A	675	C	712	C	749	C



Answer sheet unit 3													
750	C	785	A	820	B	855	D	890	B	925	B	960	C
751	D	786	B	821	C	856	B	891	D	926	B	961	B
752	A	787	B	822	B	857	B	892	D	927	C	962	B
753	A	788	A	823	C	858	C	893	C	928	B	963	A
754	B	789	A	824	A	859	A	894	D	929	D	964	B
755	B	790	D	825	C	860	B	895	C	930	A	965	D
756	D	791	B	826	D	861	B	896	C	931	A	966	D
757	D	792	D	827	D	862	C	897	A	932	D	967	B
758	C	793	A	828	C	863	D	898	D	933	B	968	B
759	B	794	C	829	C	864	B	899	A	934	B	969	C
760	C	795	B	830	D	865	A	900	A	935	C	970	C
761	C	796	B	831	D	866	C	901	D	936	A	971	B
762	C	797	C	832	C	867	C	902	B	937	B	972	B
763	B	798	D	833	C	868	B	903	C	938	D	973	C
764	C	799	C	834	D	869	D	904	A	939	A	974	C
765	B	800	C	835	C	870	A	905	B	940	D	975	D
766	A	801	B	836	D	871	B	906	A	941	C	976	A
767	E	802	C	837	C	872	C	907	C	942	C	977	C
768	B	803	C	838	B	873	C	908	D	943	B	978	B
769	A	804	A	839	D	874	C	909	C	944	B	979	A
770	B	805	D	840	C	875	A	910	D	945	C	980	A
771	C	806	B	841	C	876	D	911	D	946	B	981	A
772	B	807	B	842	C	877	D	912	B	947	C	982	A
773	C	808	B	843	C	878	C	913	A	948	C	983	A
774	B	809	C	844	C	879	A	914	A	949	B	984	B
775	B	810	D	845	C	880	C	915	A	950	D	985	C
776	D	811	D	846	A	881	C	916	B	951	A	986	D
777	C	812	D	847	A	882	A	917	A	952	D	987	A
778	B	813	A	848	C	883	A	918	A	953	A	988	D
779	D	814	C	849	B	884	B	919	D	954	D	989	A
780	A	815	C	850	B	885	B	920	A	955	D	990	D
781	C	816	C	851	D	886	A	921	B	956	B	991	B
782	A	817	C	852	B	887	A	922	D	957	C	992	D
783	A	818	C	853	B	888	B	923	C	958	C	993	D
784	A	819	A	854	C	889	A	924	C	959	C		



Unit 4

Pension Sector Reforms

994 Pension Fund Regulatory and Development Authority (PFRDA) was established on.....

- A. 24th March 2000
- B. 24th September 2002
- C. 23rd August 2003
- D. 20th August 2003

995 SEWA stands for.....

- A. Self Employed Women Academy
- B. Self Employment Women Association
- C. Self Employed Women Association
- D. Self Employed Women Authority

996 Trade Committee of SEWA consists of Members.

- A. 10 to 30 members
- B. 15 to 50 members
- C. 12 to 35 members
- D. 10 to 20 members.

997 After every 3 years the Trade council of SEWA elects an executive Committee of 25 members.

- A. True
- B. False

998 SEWA movement is enhanced by.....

- A. Cooperative movement
- B. Labour movement
- C. Women's movement
- D. All of the above

999 Which of the following is/are deficiency of current pension scheme?

- A. Investment options are restricted.
- B. Very low pension coverage.
- C. Existing pension schemes are inadequately funded.
- D. All of the above.

1000 In pension reforms, CRA stands for.....

- A. Central Record Keeping Agency
- B. Central Record Authority.
- C. Central Record Authority.
- D. Common Record Authority.

1001 PFRDA stands for.....

- A. Pension Fund Regional Development Authority.
- B. Personal Fund Regional Development Authority.
- C. Pension Fund Regulatory and Development Authority.
- D. Private Fund Regulatory Development Authority.



1002 In pension reforms, PFM stands for.....

- A. Pension Finance Manager.
- B. Pension Fund Manager
- C. Personal Fund Manager.
- D. Personal Finance Manager

1030 Which of the following is/are the feature of OASIS?

- A. Widespread accessibility.
- B. Privately manager individual accounts
- C. Both A& B
- D. None of the above

1031 The Chilean model pension scheme was introduced in

- A. 1980
- B. 1999
- C. 1981
- D. 1986

1032 The role of Central Record Keeping Authority is to deliver regular monthly pension. The above statement is

- A. True
- B. False

1033 Which of the following are the features of Chilean Model?

- A. Participation is compulsory for all workers also old workers
- B. The workers have to make a fixed contribution of their taxable salary.
- C. The tax benefits are available.
- D. All of the above



Answer Sheet Unit-4							
994	C	1006	C	1018	B	1030	C
995	C	1007	C	1019	B	1031	C
996	B	1008	D	1020	D	1032	B
997	A	1009	D	1021	B	1033	D
998	D	1010	C	1022	C		
999	D	1011	A	1023	C		
1000	A	1012	B	1024	D		
1001	C	1013	B	1025	B		
1002	B	1014	B	1026	C		
1003	D	1015	B	1027	D		
1004	A	1016	A	1028	D		
1005	B	1017	D	1029	D		



Sample Paper-1

One Mark

1. A person cannot modify the nomination in case of gratuity
 - A. False
 - B. True
 - C. Maybe
 - D. Not possible to answer
2. Compensation received by a workman at the time of closing down of the undertaking in which he is employed is classified as
 - A. Voluntary Retirement
 - B. Retrenchment Compensation
 - C. Workman's fund
 - D. Real Compensation
3. An offence of moral turpitude can result in forfeiture of gratuity
 - A. False
 - B. True
 - C. Maybe
 - D. Not Possible to answer
4. Married children of an employee constitute family under the Payment of Gratuity Act
 - A. True as this is part of the definition
 - B. True because married children are always family
 - C. False as this is not part of the definition
 - D. False because married children are never family
5. _____ cannot open a new PPF account today
 - A. HUF
 - B. Individual
 - C. Minor
 - D. None of the above
6. An investment in the PPF account can be made through____
 - A. Cash
 - B. Cheque
 - C. Draft
 - D. All of the above
7. A workman has been in continuous service for 3 years. In this case, reasons have to be given for the retrenchment
 - A. No
 - B. Yes
 - C. In some cases
 - D. Never



8. The maximum benefit available for investment in PPF under Section 80C of the Income tax is_____

- A. Rs.60000
- B. Rs.70000
- C. Rs.75000
- D. Rs.100000

Two Marks

1. What is the corpus required to earn Rs.3.4 lakh a year at a rate of 8% per annum?

- A. Rs.4250000
- B. Rs.425000
- C. Rs.4500000
- D. Rs.4500000

2. A person wants to know whether a sum of Rs.12 lakh today will be more than Rs.64 lakh after 12 years given an earning rate of 9%

- A. No
- B. Yes
- C. Always
- D. None of the above

3. Nitin wants his Rs.50, 000 to grow to Rs.200, 000 at the end of 15 years. What is the earning that is required achieving this figure?

- A. 9.58%
- B. 9.68%
- C. 9.78%
- D. 9.88%

4. If a person invests Rs.5, 000 at the end of each year, then after 10 years the figure earning at a rate of 6% p.a. will become

- A. Rs.66904
- B. Rs.65409
- C. Rs.65904
- D. Rs.66409

5. Ankit has received gratuity of Rs.75000 in the year 2000.In the year 2006,he received an additional gratuity of Rs.300000.The amount exempt from tax will be

- A. Rs.275000
- B. Rs.75000
- C. Rs.300000
- D. Rs.350000

6. A person has a basic salary of Rs.35000 per month and there is a provident fund deduction of 10%.How much will be the tax benefit available for the individual?

- A. Rs.3500
- B. Rs.35000
- C. Rs.38000



D. Rs.42000

Four Marks

1. There are various expenses incurred by a person in the normal day to day life. This includes expenses on running the housing of Rs.35000 per month, medical expenses of Rs.15000 per month for the aged parents, other miscellaneous expenses of Rs.12000 per month. If the running expenses will come to Rs.20000 per month and the medical expenses increase to 20000 with other things the same, what is the replacement percentage?

- A. 62%
- B. 73%
- C. 84%
- D. 95%

2. A person saves Rs.25000 each year. If the earning rate is 5% for the first 10 years and then moves to 7% for the next 10 years, will the amount accumulated be enough to collect a sum of Rs.15 lakh on retirement that is, at the end of 20 years?

- A. Yes
- B. No
- C. Data insufficient
- D. Do not know

3. Lalit wants to save Rs.3 lakh each year till retirement which is 17 years away. The earnings rate rises to 6% from the first year from the 5% earlier. By how much can Lalit prepone his retirement?

- A. 1 Years
- B. 2 years
- C. 3 years
- D. 10 years

4. Amit expects to spend Rs.3 lakh a year for 15 years after retirement. The applicable rate at that point is expected to be 6%.He wants to set aside a sum of Rs.10 lakh for his grandchild. What is the retirement corpus that he is looking at?

- A. Rs.3330567
- B. Rs.3330939
- C. Rs.3356987
- D. Rs.3356746

5. Savita spends Rs.15, 000 per month on various household expenses. The figure is expected to increase by 3% for the next 12 years and 7% thereafter. What will be the monthly expense in 15 years?

- A. Rs.25199
- B. Rs.25919
- C. Rs.26919
- D. Rs.26199



Sample Paper-1					
One Mark		Two Mark		Four Mark	
Question	Answer	Question	Answer	Question	Answer
1	A	1	A	1	C
2	B	2	A	2	B
3	B	3	B	3	A
4	A	4	C	4	B
5	A	5	A	5	D
6	D	6	D	6	C
7	B	7	A	7	D
8	B	8	C	8	B
9	B	9	A	9	C
10	A	10	A	10	A
11	D	11	C	11	B
12	D	12	A	12	B
13	C	13	A	13	C
14	B	14	D	14	A
15	B	15	C	15	D
16	A	16	A		
17	B	17	D		
18	B	18	D		
19	B	19	B		
20	A	20	A		
21	B				
22	A				
23	A				
24	A				
25	C				
26	C				
27	C				
28	D				
29	A				
30	B				
31	D				
32	A				
33	C				
34	D				
35	A				
36	B				
37	C				
38	A				
39	D				
40	B				



Sample Paper-2

One Mark

2. Mr. Ankit is divorced and later remarries. His former wife is his EPF beneficiary but in his current Will, he leaves everything to his present wife. Who will get his EPF proceeds should he die now?

- A. Former wife
- B. Present wife
- C. Each gets half
- D. The court has to decide

3. Which one of the following is most likely to cause firms to decrease the amount of investment they undertake?

- A. A fall in interest rates
- B. A rise in expected consumer demand
- C. A fall in business confidence
- D. A fall in company taxation

4. Which one of the following would best indicate economic growth? An index of.....

- A. Share prices
- B. Real national output
- C. Export volumes
- D. Manufacturing output

5. Which of the following rules can be used to roughly estimate how many years a given sum of money must earn at a given compound annual interest rate in order to double that initial amount?

- A. Rule 415
- B. The Rule of 72
- C. The Rule of 78
- D. Rule 144

6. What is the upper limit of investment in NSC?

- A. Rs. 50000
- B. Rs. 100000
- C. Rs. 150000
- D. No limit

7. Mr. Nitin who is an NRI wants to open an account under SCSS scheme. What can u suggest him?

- A. He can't open the account
- B. He can open an account
- C. He can open an account with some restrictions
- D. None of the above

8. The variation of return from expected rate of return is called.....



- A. Investment risk
- B. Business risk
- C. Market risk
- D. None of these

Two Mark

1. The Employees Provident Funds and Miscellaneous Provisions Act, 1952 extends to _____

- A. All States excluding Union Territories
- B. A few specified states of India
- C. Whole of India
- D. Whole of India except the State of Jammu and Kashmir

2. Which of the following statements is correct?

Statement 1: Under the Payment of Gratuity Act, if an employee has a family at the time of making a nomination, any nomination made by such employee in favour of a person who is not a member of his family shall be void.

Statement 2: Under the Payment of Gratuity Act, if an employee has no family at the time of making a nomination, any nomination made by such employee in favour of a person who is not a member of his family shall be void.

- A. Only statement I
- B. Only statement II
- C. Both the statements
- D. None of the statements

3. Which of the following statement is/are true?

Statement 1: Leave salary paid by an employer to his employees is a statutory benefit available to all employees working in an organization employing 10 or more employees

Statement 2: Gratuity is a statutory benefit available to an employee under "The Payment of Gratuity Act, 1972.

- A. Statement I
- B. Statement II
- C. Both Statement I and II
- D. Neither Statement I nor II

4. If an investment product promises a rate of 9% p.a. compounded half yearly, calculate the rate per half year compounded monthly?

- A. 4.50%
- B. 4.41%
- C. 4.33%
- D. 4.22%

5. The amount of advanced for illness from the PF shall not exceed the member's own contribution with interest in the fund or _____

- A. 24 months' salary (Basic + DA) of the member
- B. 6 months' salary (Basic + DA) of the member



- C. 36 months' salary (Basic + DA) of the member
- D. 12 months' salary (Basic + DA) of the member

6. To avail advance from PF for the member's own marriage, the marriage of his or her daughter, son, sister or brother or for the post matriculation education of his or her son or daughter, the member should have completed_____

- A. 2 years' membership
- B. 10 years' membership
- C. 5 years' membership
- D. 7 years' membership

Four Mark

1. A person saves Rs.1 lakh each year. His current age is 55 and there is an accumulation of Rs.34 lakh with him next time.

- I. What will be the amount available if he retires at 58?Earnings rate is 5%
 - A. Rs.4266938
 - B. Rs.4626938
 - C. Rs.4269638
 - D. Rs.4268938
- II. How would the situation change if he puts back his retirement by 2 years?
 - A. Rs.4199549
 - B. Rs.4919549
 - C. Rs.4915949
 - D. Rs.4951949

2. Mr. Sharma aged 30 years is saving for the last 3 years in a saving account giving 3.5% per year compounded semi annually. He is in habit of increasing the amount by a fixed Rs.2500/- every half year. If he deposits Rs.25000 after fifth installment, what corpus he will accumulate at the age of 60 if the rate of inflation is 7%.

- A. Rs.9591342
- B. Rs.4591342
- C. Rs.3591342
- D. Rs.2591342

3. Which of the following statement are true?

Statement 1: Public Provident Fund account cannot be extended after 15 years

Statement 2: Public Provident Fund account can be extended after 15 years for one or more blocks of five year within one year from the date of maturity of the account.

- A. Statement 1 only
- B. Statement 2 only
- C. Both the Statements
- D. None of the statements

4. Which of the following statements are true?

Statement 1: Joint account can be opened with the spouse only under the Senior Citizen's Saving Scheme.



Statement 2: Joint account can be opened with any person under the Senior Citizen's Saving Scheme.

- A. Statement 1 only
- B. Statement 2 only
- C. Both the Statements
- D. None of the Statements

5. XYZ Ltd. Is offering to its investors a 2 year deposit bearing an interest rate of 6% p.a.compounded quarterly. Calculate the effective rate of interest that is made available on this deposit?

- A. 12.00%
- B. 6.31%
- C. 6.13%
- D. None of the above

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Sample Paper-2					
One Mark		Two Mark		Four Mark	
Question	Answer	Question	Answer	Question	Answer
1	D	1	D	1(I)	A
2	A	2	A	1(II)	B
3	C	3	B	2	A
4	B	4	B	3	B
5	B	5	B	4	A
6	D	6	D	5	C
7	A	7	D	6	A
8	A	8	B	7	C
9	D	9	C	8	A
10	C	10	B	9	D
11	B	11	B	10	D
12	B	12	C	11	C
13	C	13	A	12	B
14	D	14	A	13	A
15	D	15	C	14	C
16	C	16	C	15	C
17	C	17	D		
18	A	18	D		
19	B	19	C		
20	C	20	C		
21	A				
22	B				
23	A				
24	C				
25	C				
26	A				
27	A				
28	A				
29	C				
30	A				
31	A				
32	B				
33	B				
34	D				
35	D				
36	B				
37	C				
38	A				
39	C				
40	B				



Important Questions

10) Sahil, age 43, can refinance Rs. 114042 at a 20-year rate for 7% and will incur closing cost of 3% of the mortgage amount to be financed in the new mortgage balance. What will be his new EMI on the mortgage under the circumstances to achieve his objective of no debt at retirement (age 60)? (2)

- A) Rs. 781.49
- B) Rs. 957.56
- C) Rs. 980.57
- D) Rs. 986.29

Solution (D)

11) If the inflation rate is 4.9% and tax rate is 30% the required rate of return to maintain the value of an investment is _____ (2)

- A) 8%
- B) 9%
- C) 7%
- D) 10%

Solution (C)

12) An auditor of an Exempted Provident Fund can be: (2)

- A) A member of FPSB India
- B) A practicing Chartered Accountant
- C) An employee of the Employee Provident Fund Organisation
- D) The auditor of the company, which is having the exempted provident fund

Solution (D)

13) Mira, aged 30, is interested in planning for retirement. She saves Rs. 15000 per year (at the year end) in a bank fixed deposit earning 8.25% p.a. compounded annually until she retires at age 58. Her life expectancy is 80 years. What will be her corpus on the date of retirement? What is the fixed annual amount she can withdraw at the beginning of each year until age 80, in case she wishes to exhaust her corpus completely? (4)

- A) Rs. 1348974, Rs. 87498
- B) Rs. 1424894, Rs. 89458
- C) Rs. 1491655, Rs. 137767
- D) Rs. 1491655, Rs. 91613

Solution (C)

14) Ms. Rekha is 45 years old and plans to retire at 50. Her life expectancy is 70 years. Ms. Sushma, her Financial Planner, estimates that her client will require Rs. 45000 in the first month after retirement. Inflation rate is 4% p.a. and the rate of return is 6% p.a. What will be the savings required by her at the beginning of every year in order to meet this? (4)

- A) Rs. 1245879
- B) Rs. 1478951
- C) Rs. 1501856
- D) Rs. 1689745

Solution (C)

15) Mr. Ramesh retired from PTC Ltd after completing service of 29 years and 9 months. His salary at the time of retirement was Rs. 10500 per month while the average salary drawn for the preceding 10 months worked out to Rs 9800 per month. The actual amount of gratuity received by him at the time of retirement was Rs



325000. Calculate the amount of gratuity exempt from tax assuming he is not covered under provisions of Payment of Gratuity Act, 1972? (4)

- A) Rs. 182900
- B) Rs. 175673
- C) Rs. 294000
- D) Rs. 315000

Solution (A)

16) Mr. Thapar has just retired from Government service with a lump sum of Rs. 2585650 as retirement benefits in total.

Currently he is 59 and life expectancy for him is 76 years. He intends to take a world trip after 4 years, which would cost Rs 4 lakh now and wants to buy a new car of Rs 3 lakh immediately. Calculate what amount will be available to him for post retirement living expenses in the beginning of every month, considering inflation @ 4.25 % and rate of return to be 7.5 % p.a? (4)

- A) Rs 11889
- B) Rs 12999
- C) Rs 16678
- D) Rs 12486

Solution (C)



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