

GENERIC ELECTIVES (GE-8): FINANCIAL PLANNING FOR INDIVIDUALS

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/ Practice		
Financial Planning For Individuals (GE 8)	4	3	1	0	CLASS XII	NIL

Learning Objectives

The Learning Objectives of this course are as follows:

- To equip students with the knowledge and practical understanding of important dimensions of managing one's personal finance.
- To enable students' understand and plan their tax liabilities, investments, insurance coverage, and retirement.

Learning outcomes

The Learning Outcomes of this course are as follows:

- Understand the fundamentals of Personal Financial Planning.
- Learn the basics of managing personal tax liabilities.
- Able to ascertain and choose appropriate insurance policies for managing personal risks.
- Appreciate the importance of choosing the right investments for managing personal finance.
- Learn the basic concepts and underlying principles for Retirement Planning.

SYLLABUS OF GE-8

Unit -1: Basics of Personal Finance and Tax Planning (12 Hours)

Understanding Personal Finance. Rewards of Sound Financial Planning. Personal Financial Planning Process. Personal Financial Planning Life Cycle. Making Plans to Achieve Your Financial Goals. Common Misconceptions about Financial Planning. Personal Tax Planning – Fundamental Objectives of Tax Planning, Tax Structure in India for Individuals, Common Tax Planning Strategies – Maximizing Deductions, Income Shifting, Tax-Free and Tax- Deferred Income.

Unit -2: Managing Insurance Needs (12 Hours)

Insuring Life – Benefits of Life Insurance, Evaluating need for Life Insurance, Determining the Right Amount of Life Insurance. Choosing the Right Life Insurance Policy – Term Life Insurance,

Whole Life Insurance, Universal Life Insurance, Variable Life Insurance, Group Life Insurance, Other Special Purpose Life Policies. Buying Life Insurance – Compare Costs and Features, Select an Insurance Company, and Choose an Agent. Life Insurance Contract Features. Insuring Health – Importance of Health Insurance Coverage. Making Health Insurance Decision – Evaluate Your Health Care Cost Risk, Determine Available Coverage and Resources, Choose a Health Insurance Plan. Types of Medical Expense Coverage. Policy Provisions of Medical Expense Plans. Property Insurance – Basic Principles, Types of Exposure, Principle of Indemnity, and Coinsurance.

Unit -3: Managing Investments

(12 Hours)

Role of Investing in Personal Financial Planning, Identifying the Investment Objectives, Different Investment Choices. The Risks of Investing, The Returns from Investing, The Risk-Return Trade-off. Managing Your Investment Holdings – Building a Portfolio of Securities, Asset Allocation and Portfolio Management, Keeping Track of Investments. Investing in Equity – Common Considerations, Key Measures of Performance, Types of Equity Stock, Market Globalization and Foreign Stock, Making the Investment Decision. Investing in Bonds – Benefits of Investing in Bonds, Bonds Versus Stocks, Basic Issue Characteristics, The Bond Market, Bond Ratings. Investing in Mutual Funds and Exchange Traded Funds (ETFs) – Concept of Mutual Funds and ETFs, Benefits of Investing in Mutual Funds or ETFs, Some Important Cost Considerations, Services Offered by Mutual Funds, Selecting appropriate Mutual Fund and ETF investments, Evaluating the performance of Mutual Funds and ETF.

Unit 4: Investing in Real Estate and Retirement Planning

(9 Hours)

Investing in Real Estate – Some Basic Considerations. Modes of Real Estate Investment – Raw Land, Commercial Properties, Residential Properties, Real Estate Investment Trusts (REITs) and Infrastructure Investment Trust (InvITs).

Planning for Retirement – Role of Retirement Planning in Personal Financial Planning, Pitfalls to Sound Retirement Planning, Estimating Income Needs, Sources of Retirement Income

Practical component (if any) - NIL

Essential/recommended readings

1. Randall S. Billingsley, Lawrence J. Gitman, and Michael D. Joehnk (2017): Personal Financial Planning. Cengage Learning.
2. Susan M. Tillery, and Thomas N. Tillery: Essentials of Personal Financial Planning. Association of International Certified Professional Accountants.

Suggested readings -

1. Introduction to Financial Planning (4th Edition 2017) – Indian Institute of Banking & Finance.
2. Sinha, Madhu. Financial Planning: A Ready Reckoner. July 2017. Mc Graw Hill

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.