TEACHING CASE LETS AND CASE-STUDY

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Case Title	**:**	**Amit's Financial Journey and Investment Triumphs**
Case in the Subject	**:**	**Financial Planning and Taxation**
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"From Struggles to Success: Amit's Financial Journey and Investment Triumphs"

Amit is single and resides with his parents in his father's residence in Delhi. He has an elder brother who is employed overseas. Amit recalls that during his early years, he gained firsthand experience with savings when his parents encouraged both siblings to open children's bank accounts, managed from the school premises. The brothers began saving Rs. 5 per month, and these savings were utilized in the subsequent academic year to purchase books, stationery, and more. His father was employed in an engineering firm, while his mother worked as a teacher. In the first standard, the family faced financial challenges when his father's company underwent a lockout, and for nearly 2 years, they relied on his mother's income. Subsequently, his father found an opportunity to work in the Gulf, stabilizing the family's finances for a period.

However, another setback occurred when his mother had to quit her job due to health reasons. After working abroad for a few years, his father's company closed, leading him to return. To make ends meet, his mother began offering tuition at home. The siblings benefited from government aid in their secondary school education, alleviating the burden of fees. Rahul's mother meticulously monitored expenses and adhered to a strict budget. The family's financial difficulties instilled in the brothers the understanding that a solid education and qualifications were crucial for securing a good job and financial stability. With support from charitable donors, Rahul and his brother received interest-free loans to complete their higher education – Rahul pursued BE in Automobile Engineering, while his brother opted for Hotel Management. Even during his initial college years, Amit started earning through tuitions. He deposited a portion of this income in his bank account, while the rest was contributed to the family's expenses. Over the last 9 years in his career, Amit has experienced significant growth and currently holds a prominent position in a well-known General Insurance company. Although he initially invested in traditional options like insurance, post offices, and fixed deposits due to limited knowledge and a tax-saving perspective, Amit has successfully built a robust investment portfolio. His disciplined approach to minimizing expenses and maximizing savings enabled him to book an under-construction flat worth Rs. 62 lakhs last year, for which he paid a 10% down payment from his savings. Expected to take possession by December 2020, Amit plans to repay as much of the Rs. 18.50 lakhs loan as possible from his own sources in the next two years.

Table 1: Monthly Income and Expenses

Description	**Amount**
Monthly Income	Rs. 90,000
Total Monthly Expenses	Rs. 57,478
Household	Rs. 10,000
Home Loan EMI	Rs. 19,500
Personal Expenses	Rs. 10,000
Insurance Premium	Rs. 17,978

Table 2: Assets and Liabilities

Assets	Rs.	Liabilities	Rs.
Savings Account	105,000	Home Loan	1,850,000
Fixed Deposits	800,000		
EPF	532,000		
Insurance Cash Value	454,758		
Equity Mutual Funds	1,070,000		
Shares	476,000		
Under Construction Property	2,500,000		
Total	**5,937,758**	**Total Liabilities**	**1,850,000**
Net Worth	4,087,758		

Table 3: Asset Allocation

Asset Class	Value	Percentage
Equity	Rs. 1,546,000	26.04%
Debt	Rs. 1,891,758	31.86%
Property	Rs. 2,500,000	42.10%
Total	**Rs. 5,937,758**	**100%**

Financial Goals for Mr. Amit:

1. Marriage within a year.
2. Purchase a car in the second year.
3. Child education planning.
4. Retirement planning.

Questions

(a) Provide insights into Amit's financial goals and suggest alternative strategies to achieve them.

(b) Evaluate the adequacy of emergency funds for Amit.

(c) Should Amit alter his asset allocation based on his financial goals? Explain the rationale.

(d) Develop a financial plan for Amit.