

CHAPTER-4 FINANCIAL PLANNING

(1) Which among the following would you recommend in order to seek protection against unforeseen events?

I. Insurance

- II. Transactional products like bank FD's
- III. Shares
- IV. Debentures

(2) When is the best time to start financial planning?

I. Post retirement

II. As soon as one gets his first salary

- III. After marriage
- IV. Only after one gets rich

(3) Which among the following is not an objective of tax planning?

I. Maximum tax benefit

II. Reduced tax burden as a result of prudent investments

III. Tax evasion

IV. Full advantage of tax breaks

(4) An individual with an aggressive risk profile is likely to follow wealth _____ investment style.

I. Consolidation

II. Gifting

III. Accumulation

IV. Spending

(5) Which among the following is a wealth accumulation product?

I. Bank Loans

II. Shares

III. Term Insurance Policy

IV. Savings Bank Account

(6) Savings can be considered as a composite of two decisions. Choose them from the list below.

I. Risk retention and reduced consumption

II. Gifting and accumulation

III. Spending and accumulation

IV. Postponement of consumption and parting with liquidity

(7) During which stage of life will an individual appreciate past savings the most?

I. Post retirement

II. Earner

III. Learner

IV. Just married

(8) What is the relation between investment horizon and returns?

I. Both are not related at all

II. Greater the investment horizon the larger the returns

III. Greater the investment horizon the smaller the returns

IV. Greater the investment horizon more tax on the returns

(9) Which among the following can be categorised under transactional products?

I. Bank deposits

II. Life insurance

III. Shares

IV. Bonds

(10) Which among the following can be categorised under contingency products?

I. Bank deposits

II. Life insurance

III. Shares

IV. Bonds

(11) Which of the below can be categorised under wealth accumulation products?

I. Bank deposits

II. Life insurance

III. General insurance

IV. Shares

(12) _____ is a rise in the general level of prices of goods and services in an economy over a period of time.

I. Deflation

II. Inflation

III. Stagflation

IV. Hyperinflation

(13) Which of the below is not a strategy to maximise discretionary income?

I. Debt restructuring

II. Loan transfer

III. Investment restructuring

IV. Insurance purchase