

SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE

Course: Wealth Management

Unit: I & II

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Definition of Wealth Management

• wealth management is “a distinct field of practice through which qualified professionals help high-net-worth clients achieve their goals and objectives related to the accumulation, protection, and distribution of wealth by applying a set of specialized knowledge and skills.”

Scope of Wealth Management

- Cash management
- Investment Planning
- Retirement Planning
- Trust and Estate Planning
- Tax Planning
- Insurance Planning
- Accounting and Reporting
- Portfolio Management
- Fiduciary Service

Process of Wealth Management

1. Identify and Gather current Information
2. Define the term of the engagement
3. Goal Setting
4. Identification of need
5. Analysing the Opportunities & Challenges
6. Report Preparation
7. Implementation
8. Feedback

Financial literacy

• Financial literacy is the possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources. Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing. This topic focuses on the ability to manage personal finance matters in an efficient manner, and it includes the knowledge of making appropriate decisions about personal finance such as investing, insurance, real estate, paying for college, budgeting, retirement and tax planning.

Importance of Financial literacy

- Budgeting
- Economic benefits & Social Responsibility
- Beware of Choices • Dynamic ecosystem
- Retirement Planning
 - Complex Options
 - Spot a scam
- Manage debt before it manages you
- Set financial goals
- Better quality of life
- Changing environment
- Too many choices
 - Lack of government aids
- Longer life span

Code of ethics

- Integrity
- Objectivity
- Competences
 - Fairness and conflict of interest
- Confidentiality
- Professionalism
- Diligence

- Client first

Meaning of an investment

• An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.

Objectives of Investment

• Primary objectives

- 1. safety
- 2. Growth
- 3. Income

• Secondary objectives

- 1. Tax exemption
- 2. liquidity
- 3. Minimize risk

Nature / Characteristics of Investment

- Risk
- Return
- Safety
- Liquidity
- Marketability
- Concealment
- Capital growth
- Purchasing power stability
- Stability of Income
- Tax Benefit

Investment Avenues (Alternatives)

- Equity shares
- Debentures or Bonds
- Mutual funds
- Public provident funds
- National savings scheme
- Preference share
- Life insurance and general insurance
- Real estate
- Gold
- Post office savings scheme
- Public deposit
- Corporate deposit
- ULIP
- Fixed deposit
- Commodity markets
- Currency markets Etc.

Tax saving Investments Scheme

- Equity link savings scheme (ELSS)
- LIC premium
- Public provident fund
- Employee provident fund
- Stamp duty paid on purchase of a house
- Repayment of Principal portion of Home loans
- National savings certificates
- 5 years Tax saving term deposits
- ULIP
- Post office saving deposits

Investment Attributes

- Rate of return
- Risk
- Liquidity
- Tax benefit
- Convenience
- Safety
- Growth

Approaches to investment decision

- Fundamental approach
- Academic approach
- Technical approach

Different strategy for different stage of life

- Early age – Wealth Creation
- Mid age- Wealth stabilization
- Late age – Wealth Preservation

Principles of strategic wealth management

- Take charge and do it early
- Align family and business interest around wealth –building goals and strategies
- Create a culture of accountability
- Capitalize on your family's combined resources
- Delegate, empower
- Diversity but focus
- Err on the side of simplicity where possible
- Develop future family leader

NOTE: THESE POINTS ARE INDICATIVE AND NOT EXHAUSTIVE. PLEASE ELABORATE THE ANSWERS WITH PROPER EXAMPLES WHEREVER APPLICABLE.

1. What is Wealth Management? What is the Scope of Wealth Management?
2. What is the process of Wealth Management?
3. What are the objectives of Investment?
4. Explain in detail the various investment options?
5. What are the Principles of strategic wealth management?
6. Why code of ethics are important in wealth management?
7. What are the Various Investment Attributes?
8. Explain in detail various objectives of Investment.
9. What are the Nature / Characteristics of Investment?