

Today is 24th Jan 2009. Abhinav Shivam, age 45, is a practicing Chartered Accountant. His family includes wife Abhilasha, age 38, and son Abhiman, age 15. Till now Abhinav has been investing all his surplus / savings towards building of his business assets and in purchase of his residential property only. Henceforth he is looking forward for his personal Financial Planning.

Cash Flow Statement of the family (for FY 2007-08)	Amount (Rs.)
Gross Receipts from Abhinav's Profession	28.00 lakh
Allowable Business Expenditures	3.50 lakh
Personal Living Expenses	7.00 lakh
Investments u/s 80C	1.00 lakh
Bank FDR Maturity on 01-04-2010	2.25 lakh

Abhinav's father, who is living independently, has been maintaining an insurance policy in which Abhinav will get an annuity of Rs. 2.5 lakh per annum starting from Abhinav's age of 50 years till his age of 55 years (total 6 annuities at the starting of every year having zero sum assured). Besides this annuity there is no other insurance policy with the family except third party insurance for the car.

Personal Net Worth Statement of Abhinav (as of 31st March 2008)

A) Assets	Amount (Rs.)
Residential Flat (Market Price)	45.00 lakh
Public Provident Fund (A/c Opened on 31 st March 2003)	6.50 lakh
Cash in hand	3.25 lakh
Investments in ELSS	4.80 lakh
Consumer / Household Durables # (Inclusive of Gold Jewellery purchased through credit card)	2.00 lakh#
 B) Liabilities	 Amount (Rs.)
Credit Card Outstanding	0.75 lakh

Financial Goals

Abhinav has requested you to prepare a Financial Plan for his family for the possible achievements of his financial goals. After discussions with Abhinav and Abhilasha, you have summarized the family's financial goals / priorities as follows:

1. Abhinav wants to create a reasonable financial security of Rs. 6 Lakh per annum (subject to inflation) for his family.
2. At present Abhinav foresees his retirement at the age 65 years and would like to accumulate funds which would be sufficient till his age of 75 years. He would also like to leave an estate of Rs. 45 lakh (in today's value) at the end of his life. The family's living expenses are expected to increase at 5% per annum, in addition to inflation, till Abhinav's retirement year. Post retirement Abhinav necessarily wants to cut down the expenses by 5% per annum every year. He also wants to use the annuity from the policy maintained by his father for him for his retirement.
3. Abhinav and Abhilasha also look forward to buy a vacation cottage in Panchgani at the time of retirement (presently worth Rs. 15 lakh) and would like to start saving and investing for this goal on priority.
4. The family also wants to create a highly diversified investment portfolio with moderate risk.
5. Abhinav is keen to prepare and implement an appropriate Estate Plan for his family.

Assumptions

1. Inflation 5% p.a.
2. Risk free rate of return 6% p.a.
3. Equity returns 15% p.a.
4. Returns on liquid funds 7 % p.a.
5. Bank FD and Bond return 8% p.a.
6. Gold ETF returns 10% p.a.
7. Real Estate Appreciation 12% p.a.