

FINAL EXAMINATION

NOVEMBER 2023

MATRIC _____

SECTION _____

SEATING NO _____

COURSE TITLE FINANCIAL PLANNING CONSTRUCTION AND
PROFESSIONAL RESPONSIBILITIES

COURSE CODE RYB4443

DATE/DAY 20 FEBRUARY 2024 / TUESDAY

TIME/DURATION 09:00 AM - 11:00 AM / 02 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 6 Printed Pages including front page)

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ATTENDANCE SLIP

NAME _____ DATE _____

MATRIC NO _____ SECTION _____

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This question paper comprises of ONE (1) section. Answer ALL questions in the space provided. [100 MARKS]

Mr. Zakuan (51) seeks your advice for his financial planning needs. The meeting was set in January 2024 to appoint you as a financial planner to prepare comprehensive financial plan for him to be delivered in 1 month upon submission of all the necessary information and documents for assessment. He has agreed to your service fees and related commission which you will gain as you are also a licensed Takaful and Unit Trust agent, as well as holding a license from Bursa Malaysia to trade on behalf of the client.

Mr. Zakuan is a divorcee, with three sons, age 22, 21 and 15. He lives in Shah Alam by himself as the sons are under the care of his ex-wife. His sons spend time with him from time to time, especially the two older children as they are studying in UiTM Shah Alam. His own mother lives in Melaka with his brother but he has been supporting their living expenses and medical needs as his brother works an odd job. His objective in financial planning is to provide for his sons and ensuring the welfare of his mother and brother.

He is a manager for CIMB Real Estate Division and is an avid traveler and he spends his free time doing charity works and biking. The following is the information that you gather from your interviews and documents submitted by Mr. Zakuan of his financial information as of 31 December 2023:

Table 1: Financial Information as of 31 December 2023

Item	Remarks	
Salary	RM18,000 per month with annual increment of 5%	
Contractual Bonus	5 months	
Office Deductions	EPF (Employer – Employee): 13 – 18%	
	Dividend in 2023: 4.95% p.a.	
	Monthly Tax Deduction: 15% on Salary, Allowances and Bonus	
Perquisites and Benefit-in-Kind:	Petrol Allowance	RM1,000 monthly
	Communication Allowance	RM200 monthly
	Outpatient medical treatment – including underage children	RM4,000 annually
	Inpatient medical treatment – including underage children	RM100,000 annually
	Group PA coverage	50 times last drawn salary
	Dental Benefit	RM1,000 annually
	Service Excellence Award	RM5,000
	Personal Laptop Gift	RM4,000

The amount of living expenses is provided in the template. Assessment on income replacement will be based on 90% of the total household expenses. Information on his savings and investments, and asset and liabilities are presented in Table 2 and Table 3:

Institution	Details as of 31/12/2023
Tabung Haji	Current value – RM45,680 Contribution – RM500 monthly Same contribution in 2023 until age 55 Dividend – 3.91% p.a.
CIMB Islamic	Fixed Deposit Current value – RM228,700 Return – 0.8% p.a.
	Current Account Current value – RM52,550 Return in 2023 – 0.8% p.a. Salary account
ASB	Current Value – RM175,780 Principal Value – RM100,000 Dividend in 2023 – 4.75% p.a. Contribution in 2023: RM20,000
Investment	Gold Coin: 20 pieces, 7.78 gms per piece (20K) Purchased in 2013 Upon retirement: appreciation of 15% from the current value
	Dinar: 20 pieces, 4.25 gms per piece (18K), Purchased in 2023 at RM273.51 Upon retirement: appreciation of 15% from the current value
Takaful Coverage	Takaful Insani from Etiqa Takaful. Contribution is RM200 per month, to mature in 3 years. Current cash value is RM17,800. Death benefit is RM200,000.
	Takaful Ikhlas Bersama – Comprehensive Coverage (Income Replacement). Contribution is RM300 per month, term until 60 years old. Death benefit is RM300,000 and cash value is RM35,460.
Insurance Policy	Protect 88 insurance from Etiqa insurance. Contribution per month is RM450 and cash value is RM53,190. Mature in 5 years. Guaranteed maturity payout of 118% of total premium paid.

Table 2: Savings and Investment Information

Details	Current Value (RM)	Remarks
Residence	1,300,000	Bought in March 2001 for RM630,000, 90% financing at 3.13% p.a., tenure for 22 years, full MRTT Fire Takaful: RM820 annually Annual maintenance: RM3,000 Appreciation: 4% year-on-year basis
		Fire Takaful: RM175 annually Rental Income: RM1,400 per month Appreciation: 5% year-on-year basis
Personal Car	110,000	Purchased in July 2020 for RM230,000, 90% financing at 2.01% for 7 years. Paid for annual Takaful and Roadtax in 2023 RM2,659
Car for son	27,625	Purchased in January 2023 for RM32,500, at 3% p.a., 90% financing for 6 years. Monthly installment is served by Mr Ridzuan Also paid for Takaful and Roadtax of RM895.00
EPF: Current Fund Value, 31/12/2023	677,895	Beneficiary: Eldest son Benefit: RM2,500 for Death and Funeral Expenses Dividend: 5.25% p.a.
Land	830,000	Purchased by cash in 2010 for RM400,000, with annual maintenance and tax of RM4,000. The appreciation in value of by 55 is 5% of the current value
Credit card – outstanding balance	5,800	To be paid in full in the next cycle

Table 3: Assets and Liabilities Information:

Mr. Zakuan is interested to improve his retirement fund by investing into the following stocks. You are to prepare his investment plan to include the following stocks into the portfolio, if the return is higher than return based on CAPM. Equal investment is to be placed into each stock of RM200,000 from his CIMB's Fixed Deposit account.

Stocks	Return (%)	Beta	Additional Information
SMTRACK	6.25%	0.8	Risk Free Rate = 1.97%
AHB	9.34%	1.2	
GOCEAN	10.07%	1.8	Market Return = 5.25%

HEXIND	7.64%	0. 9
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He instructed for you to prepare his Estate Distribution Plan based in compliance of Faraid Rules. He has a written wasiyyah prepared with Amanah Raya Berhad with the following details:

- i. Takaful and insurance benefit and EPF fund is to be gifted to his sons.
- ii. Fund available in Tabung Haji is to be gifted to his brother.
- iii. Cash Waqaf of RM50,000 to the mosque

Assumptions:

- a. Zakat Fitrah Rate in 1444/ 45H is RM7 per person
- b. Nisab for FY2023M is RM23,035 (Lembaga Zakat Selangor)
- c. Inflation rate is 4.35%
- d. Average life span: 75 years old; Retirement Age: 55 years old
- e. Should there be an insufficient information for you to prepare the plan, you are required to assume and to state your assumptions in the plan.

Required:

1. Prepare the Cash Flow Statement and Net Worth Statement as of 31 December 2023. (20 marks)
2. Calculate the estimation for income replacement required and propose **TWO (2)** critical areas that needs to be managed by Takaful coverage. (10 marks)
3. Prepare the client's investment plan as per the client's specification. (20 marks)
4. Prepare the client's retirement plan as per the client's specification. (10 marks)
5. Calculate the client's zakat on income applicable for FYA 2023. (10 marks)
6. Calculate the client's income tax assessment as Resident Individual Who Does Not Carry on Business as per Form BE 2022. (10 marks)
7. Analyze the client's estate planning and prepare estate distribution plan in accordance with Faraid. (20 marks)

*** END OF QUESTION PAPER ***