



**ALOYSIUS INSTITUTE OF MANAGEMENT AND INFORMATION
TECHNOLOGY (AIMIT)
ST ALOYSIUS COLLEGE (AUTONOMOUS)**

**SEMESTER IV
PERSONAL FINANCIAL PLANNING**

TOTAL HOURS: 30

COURSE OBJECTIVES

- In-depth understanding of the objectives of Investment Planning.
- Understanding the concept of risk and the risk management tools.
- Comprehensive understanding on the important areas of financial planning.
- Identifying the purpose of investment and suggesting appropriate avenues.
- Familiarization with asset classes, investment avenues and strategies for meeting the financial objectives of the investor.
- Introduction to the concept and biases in behavioral finance.

PEDAGOGY

- Lectures, discussions, case studies and assignments

UNIT 1: PERSONAL INVESTMENT PLANNING (PIP) (5 HOURS)

- i. **Introduction and the basics of Personal Investment Planning**
- ii. **Asset Classes-** Cash, Bonds, Equity Shares and Real Estate
- iii. **Briefing on investment avenues and classification under the asset classes.**
- iv. **Objectives of Personal Investment Management -** To increase wealth and not just income- To earn maximum possible tax-efficient income- To maintain the highest possible liquidity in investments- Risk management

- v. **Evaluation and Risk Management Tools-** Concept of investment risk- Post tax rate- Diversification-Setting of investment time horizon -Systematic investment- Reviews
- vi. **Analysis of objectives of Investments (AIMS) and Conclusion**

UNIT 2: PERSONAL FINANCIAL PLANNING (PFP) (5 HOURS)

- i. **Objective of Personal Financial Planning-** Financial Freedom
- ii. **Insurance-** Health, Life, Personal Accident and Property
- iii. **Investments-** Emergency fund, Retirement fund and General Investment Fund
- iv. **Other Areas-** Extinguishing of debt, Housing, Savings ratio, Reviews and other objectives.
- v. **Plan of action checklist and conclusion to Personal Financial Planning**

UNIT 3: INVESTMENT TRIPOD (5 HOURS)

- i. **Where to park funds:-** Savings accounts, flexi-accounts, liquid mutual funds, short-term debt mutual funds, long-term bank fixed deposits with no penalty clause for premature liquidation.
- ii. **Where to invest for regular returns-** Post Office Monthly Income Scheme and other small savings schemes, Senior Citizens' Savings Scheme, taxable Government of India Savings Bonds, Public Provident Fund, bank fixed deposits, intermediate-term mutual fund- Fixed maturity plans.
- iii. **Where to invest for growth:** - Real estate, stock market investments and your own small business.

UNIT 4: STOCK MARKET BASICS AND EQUITY AS AN INVESTMENT AVENUE (5 HOURS)

- i. Where does the stock market fit in the Indian Economy
- ii. Primary and Secondary market
- iii. Investment Vs. Speculation
- iv. Understanding equity as an investment avenue
- v. Stock Price Behaviour
- vi. Reliable truths about equity investment
- vii. Investments in equity through mutual funds.

UNIT 5: MUTUAL FUNDS

(5 HOURS)

- i. Meaning and example of a mutual fund
- ii. Mutual fund structure.
- iii. Types of mutual funds
- iv. Ways to invest/redeem- SIP's, STP's, SWP's and Lump sum
- v. Investment strategies for risk-averse investors in equity.
- vi. Investment strategies for regular returns.
- vii. Dividend and Growth option.
- viii. Regular and Direct plan.
- ix. Objective oriented investment and mutual funds

UNIT 6: BEHAVIOURAL FINANCE

(5 HOURS)

- i. Importance of behavioural finance in investments
- ii. Behavioural biases of investors and attempts to overcome.

RECOMMENDED BOOKS

Burton G Malkiel:

1. **The Random Walk Guide to Investing: Ten Rules for Financial Success**, (2003, publishers: W W Norton & Company)
2. **A Random Walk down Wall Street**, 11th revised edition, 2015, (Publishers: W W Norton & Company)
3. **The Elements of Investing** (co-authored by Burton G Malkiel & Charles D Ellis), Second Edition, 2013. (Publishers: John Wiley & Sons, Inc.)

Dr William J Bernstein:

The Four Pillars of Investing (Publishers: McGraw Hill)

Roger C Gibson:

Asset Allocation: Balancing Financial Risk, 5th edition, 2013, McGraw Hill

Charles D Ellis:

Winning the Loser's Game, 7th edition, 2017 (Publishers: McGraw Hill)

Benjamin Graham:

The Intelligent Investor, 2003 revised edition, with commentary by Jason Zweig and an introduction by Warren E Buffett (Publishers: Harper Collins)

John C Bogle:

Common Sense on Mutual Funds, 2010 edition. (Publishers: John Wiley & Sons, Inc.)

Thomas J Stanley & William D Danko

The Millionaire Next Door: The Surprising Secrets of America's Wealthy (Publishers: Pocket Books, a division of Simon & Schuster, Inc.)

Eric Tyson:

Personal Finance for Dummies, 9th Edition, November 2018.

Carl Richards

The One-Page Financial Plan, Publishers: Portfolio/Penguin

Monika Halan

Let's Talk Money Publisher: Harper Business; 1 edition, July 2018