

## FChFP 01 - Fundamentals of Investments and Financial Planning

This module provides comprehensive coverage of personal financial planning in the areas of money management, taxes, consumer credit, housing and other consumer decisions, legal protection, insurance, investments, retirement planning, and estate planning. The goal of this module is to teach students the fundamentals of financial planning so they can make informed advice related to spending, saving, borrowing, and investing that lead to long-term financial security. This module also uses many financial planning tools with a step-by-step approach to help students identify and evaluate choices as well as understand the consequences of decisions in terms of opportunity costs.

### **PART – 1 : FINANCIAL PLANNING**

#### **1. Introduction to Financial Planning**

- 1.1 : Introduction
- 1.2 : What is Financial Planning
- 1.3 : How do you make financial planning work for your clients
- 1.4 : The Financial Planning process

#### **2. Components in Financial Planning**

- 2.1 : Introduction
- 2.2 : Income & Expense statement
- 2.3 : Budgeting

#### **3. Financial Planning Outlay**

- 3.1 : Introduction
- 3.2 : Client service agreement
- 3.3 : Personal details
- 3.4 : Investor profile
- 3.5 : Investment needs & objectives
- 3.6 : Cash flow statement
- 3.7 : Net worth statement
- 3.8 : Investment details
- 3.9 : Insurance details
- 3.10 : Estate planning data
- 3.11 : Retirement planning data
- 3.12 : Priorities
- 3.13 : List of associated professionals

#### **4. Personal Financial Ratios**

- 4.1 : Introduction
- 4.2 : Case study
- 4.3 : Liquidity ratios
- 4.4 : Savings to Income ratio
- 4.5 : Debt to Income ratio
- 4.6 : Networth of an individual
- 4.7 : Solvency ratio
- 4.8 : Life insurance coverage ratio
- 4.9 : Net worth growth ratio

### **PART – 2 : TIME VALUE OF MONEY**

#### **5. Introduction to Time value of Money**

- 5.1 : Introduction
- 5.2 : Time value of money – Theory & Concepts
- 5.3 : Financial mathematics
- 5.4 : Power of compounding
- 5.5 : Time value calculations
- 5.6 : Inflation versus Purchasing power
- 5.7 : Real rate of return
- 5.8 : Post tax return
- 5.9 : Rule of 72
- 5.10 : Annexure

## **6. Time value of Money**

- 6.1 : Numericals
- 6.2 : Practice test
- 6.3 : FC manual

## **PART – 3 : RISK MANAGEMENT**

### **7. Risk Management & Insurance**

- 7.1 : Introduction
- 7.2 : Risk vs Uncertainty
- 7.3 : Peril & Hazard
- 7.4 : Classifications of hazard
- 7.5 : Classification of Risks
- 7.6 : Risk management quadrants
- 7.7 : Risk management process flowchart
- 7.8 : Concept of Insurance
- 7.9 : Fundamental principles of Insurance
- 7.10 : Requirement of Insurable interest
- 7.11 : Legal aspects of Insurance
- 7.12 : Main parts of an Insurance policy
- 7.13 : Why insurance contracts are peculiar in nature?

### **8. Life insurance**

- 8.1 : Introduction
- 8.2 : Life insurance
- 8.3 : Life expectancy trends in India
- 8.4 : How much of Life insurance one needs?
- 8.5 : Elements of Life insurance policy
- 8.6 : Main types of Life insurance policies
- 8.7 : Annuities
- 8.8 : Keyman insurance
- 8.9 : Group insurance

### **9. General insurance**

- 9.1 : Introduction
- 9.2 : Important principles in general insurance
- 9.3 : Coinsurance
- 9.4 : Sum assured vs Sum insured
- 9.5 : Cover note
- 9.6 : Endorsement
- 9.7 : Property insurance
- 9.8 : Motor insurance
- 9.9 : Personal accident & Disability insurance
- 9.10 : Liability insurance
- 9.11 : Health insurance / Medclaim
- 9.12 : Individual medclaim vs Floater medclaim
- 9.13 : Group medclaim insurance
- 9.14 : Overseas medclaim / travel insurance
- 9.15 : Reinsurance

## **PART – 4 : INVESTMENT PLANNING**

### **10. Fundamentals of Investments**

- 10.1 : Investment
- 10.2 : Investment scenario in India
- 10.3 : Basis of selection & Comparison of Investment avenues
- 10.4 : Calculating Return on Investment
- 10.5 : Types of Investment risk
- 10.6 : Investment planning & Investment fundamentals
- 10.7 : List of various Investment avenues currently available in India

- 11. Financial markets**
  - 11.1 : Introduction
  - 11.2 : Trading in the markets
  - 11.3 : Classification of Financial markets
  - 11.4 : Role & function of financial markets in the economy
  - 11.5 : Financial intermediaries
  - 11.6 : Impact of globalisation on financial markets
  - 11.7 : Macroeconomics
  - 11.8 : Economic indicators
  - 11.9 : Business cycles
- 12. Equity market**
  - 12.1 : Introduction
  - 12.2 : Raising equity
  - 12.3 : Components of stock market
  - 12.4 : Classification of shares
  - 12.5 : Stock index
  - 12.6 : Corporate actions
  - 12.7 : Dematerialization of shares
  - 12.8 : How to buy and sell shares?
  - 12.9 : Factors that influence the price of a share?
- 13. Debt market**
  - 13.1 : Introduction
  - 13.2 : Characteristics of bonds
  - 13.3 : Relationship between yield and price of a bond
  - 13.4 : Yield curve
  - 13.5 : Types of bonds
  - 13.6 : Risks involved in bonds
- 14. Derivatives**
  - 14.1 : Introduction
  - 14.2 : Origin of derivatives
  - 14.3 : The Indian story
  - 14.4 : Derivatives
  - 14.5 : Types of derivatives
  - 14.6 : Common terminologies
- 15. Mutual funds**
  - 15.1 : Introduction
  - 15.2 : Mutual fund industry – Global & Indian scenario
  - 15.3 : What is a mutual fund?
  - 15.4 : Legal environ of a mutual fund industry
  - 15.5 : Common terms
  - 15.6 : Types of mutual fund schemes
  - 15.7 : Risk hierarchy of mutual fund schemes
  - 15.8 : Return on investment
  - 15.9 : Advantages of mutual fund
  - 15.10 : Mutual funds tax reckoner
- 16. Investment in real estate and other assets**
  - 16.1 : Introduction
  - 16.2 : Advantages of real assets
  - 16.3 : Disadvantages of real assets
  - 16.4 : Special attraction of real estate
  - 16.5 : Types of real estate
  - 16.6 : Housing finance
  - 16.7 : Floating rate vs Fixed rate
  - 16.8 : Buying vs Leasing
  - 16.9 : Mortgages
  - 16.10 : Precious metals
  - 16.11 : Investing methods in Gold and silver
  - 16.12 : Precious stones
  - 16.13 : Art objects
  - 16.14 : Post office schemes

- 17. Retirement planning**
  - 17.1 : Introduction
  - 17.2 : Significance of retirement planning
  - 17.3 : Present scenario of retirees in India
  - 17.4 : Challenges in retirement planning
  - 17.5 : Defined benefit and defined contribution plans
  - 17.6 : Building retirement corpus
  - 17.7 : Pension
  
- 18. Tax planning**
  - 18.1 : Introduction
  - 18.2 : Tax & Financial planning
  - 18.3 : Basic terminology
  - 18.4 : Marginal Tax rates for individuals
  - 18.5 : Tax deducted at source
  - 18.6 : Advance tax
  - 18.7 : Filing IT returns
  - 18.8 : Tax management
  - 18.9 : Heads of income
  - 18.10 : Exemptions & Deductions
  
- 19. Estate planning**
  - 19.1 : Introduction
  - 19.2 : Concept of estate planning
  - 19.3 : Estate planning tools
  - 19.4 : Will
  - 19.5 : Trusts
  - 19.6 : POA
  
- 20. Consumer credit**
  - 20.1 : Introduction
  - 20.2 : Origin of credit
  - 20.3 : Uses & misuses of credit
  - 20.4 : Classification of consumer credit in India
  - 20.5 : Eligibility for availing credit
  - 20.6 : Cost of credit
  - 20.7 : EMI
  - 20.8 : Floating rate and fixed rate
  - 20.9 : Credit card finance
  - 20.10 : Hire purchase
  - 20.11 : Leasing
  - 20.12 : Comparison
  - 20.13 : Debt trap
  - 20.14 : CIBIL

## **PART – 6 : ESSENTIAL LEARNING IN PERSONAL FINANCE**

- 21. How to interpret data from financial newspapers & magazines**
  
- 22. Communication skills**
  - 22.1 Introduction
  - 22.2 Why do we communicate?
  - 22.3 Three (3) faces of non-verbal communication
  - 22.4 The magic of effective communication
  - 22.5 Art of listening
  - 22.6 Questioning skills
  - 22.7 Handling clients complaints effectively
  - 22.8 Interviewing
  - 22.9 Counselling
  - 22.10 Insurance counselling
  - 22.11 Conclusion

### **Sample financial plan**