

**INSTITUTE OF BANKERS IN MALAWI**

**DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: FINANCIAL PLANNING PRACTICE (IOBM – D210)**

**Date: Sunday, 12th May 2019**

**Time Allocated: 13:30 – 16:30 pm**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks. Answer **ALL** questions.

3 Section B consists of 3 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination when you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer sheets without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section

**QUESTION 1**

James married his first wife in 2001 and had two children before entering into a divorce in 2005. For 4 years he never remarried but had a child outside wedlock who was named James (Junior) . In 2009, he married his secretary and has 3 more children in this new marriage. James has surviving parents who are now advanced in age and 2 sisters who have a child each outside wedlock as well. Both the parents and the sisters solely depend on James financially.

**Required**

James has approached you for advice as to what would happen in terms of distribution of his wealth if he died intestate and what entitlements would accrue to each of the following?

1. Children from the first marriage
2. James (Junior)
3. The children with the current wife
4. The two sisters and their children
5. The old parents **(Total 15 marks)**

**QUESTION 2**

You have been selected as a motivational speaker to talk to a group of young management trainees on Personal Financial Planning and you are therefore required to include the following in your presentation.

1. A definition of what is involved in personal financial planning. *(3 marks)*
2. Provide an outline of at least **six** benefits that accrue to individuals that embrace personal financial planning *(12 marks)*

**(Total 15 marks)**

**QUESTION 3**

Write brief notes to explain the factors that will help you in making an assessment of the risk profile of your prospective client. Use your knowledge on knowing your client and risk profiling when building your arguments. **(Total 15 marks)**

**QUESTION 4**

Explain the factors that can affect an investment strategy and the key issues to bear in mind under each factor. **(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer **ANY TWO** questions from this section

**QUESTION 5**

1. Define what you understand by the term intestate succession. *(2 marks)*
2. What challenges do surviving beneficiaries to a deceased parent face who dies intestate? *(9 marks)*
3. Mention any **three** key things that a write of a “will” should bear in mind in order to come up with a valid will. *(9 marks)* **(Total 20 marks)**

**QUESTION 6**

Write brief notes to compare the different features of the following;

1. Voluntary and Compulsory annuities. *(10 marks)*
2. Capital disability and income disability benefits. *(10 marks)*

**(Total 20 marks)**

**QUESTION 7**

Mention the various rights which an insurance company must bear in mind when entering into a contractual agreement with its customers.

**(Total 20 marks)**

**QUESTION 8**

You have been given the task to train new sales agents to sell financial products. You are aware that you need to equip them with skills to carry out need selling and why prospective clients give objections.

1. Give **seven** reasons that prompt clients to give an objection to a sale. *(14 marks)*
2. Explain the difference between the terms ‘maturity value ‘and ‘death claim value’ in a policy document’. *(6 marks)*

**(Total 20 marks)**

**END OF THE EXAMINATION PAPER**