Financial Planning

Oracle FLEXCUBE Private Banking

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1. Preface

1.1 Introduction

The objective of the current user manual is to clearly describe the functions available for financial planning across investment products. The Financial Planning module offers following capabilities:

- Allows for capturing financial goals
- Completing risk profiling
- Generating financial projections

1.2 Scope

The intention of this User Manual is to provide a comprehensive guide to the RM of the system. It can also be used as a trouble-shooting guide.

1.3 Audience

The potential readers of this document include but not limited to

1. The Relationship Manager and other users of the system.
2. Top and middle management executives.
3. Developers, database designers of the system for their reference.
4. Product and Functional teams

1.4 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

1.5 Organization of the Document

The Manual is organized into the following 3 chapters:

Chapter 1	**Introduction** – Helps the user to understand the purpose and scope of the document.
Chapter 2	**Administrative function for Financial Plan** – Helps the user to understand the administrative function for financial plan.
Chapter 3	**Financial Planning** - Helps the user to understand the comprehensive process of financial planning.
Chapter 4	**Web Services -** Helps the user understand the web services feature of Financial Planning.

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1.6 <u>Conventions Used</u>

This sub-section explains the conventions followed in the preparation of the manual.

Text	Description
Example	Illustration of the concept
Bold Letters	Command buttons or important text The command button titles appear as they appear on the screen.

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2. Administrative Function for Financial Plan

2.1 Financial Plan Type

Description: The screen enables the user to define and maintain different plan types which are then used while preparing financial proposals.

User Access Levels:

Administrator: only the person designated as an administrator of the system can access and maintain this table.
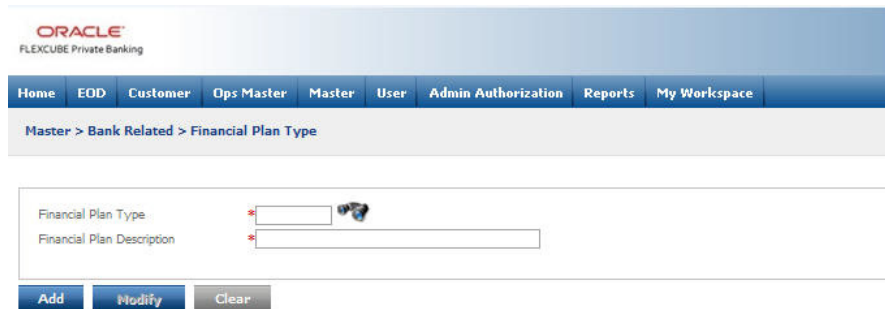
Figure 2.1: Financial Plan Type Screen

Screen Navigation: After you login as an Admin, select Master → Bank Related → Financial Plan Type from the top menu.

The fields have been briefly described below:

Field	Description	Mandatory (Y/N)
Financial Plan Type	Enables the user to enter the financial plan type	Y
Financial Plan Description	Enables the user to enter the description of financial plan	Y

To access any other screens please use the top horizontal menu bar.

3. Financial Planning

3.1 Understanding Financial Planning

Understanding Financial Planning: Financial planning assists in realizing the lifelong financial goals through management of resources. Financial planning provides direction and meaning to your financial decisions. It allows you to understand how each financial decision you make affects other areas of your finances. For example, buying a particular investment product might help you pay off your debt faster. By viewing each financial decision as part of a whole, you can consider its short and long-term effects on your goals. You can also adapt more easily to life changes and feel more secure that your goals are on track.

The financial plan puts together a client's profile by detailing his/her financial objectives, current income, investments, risk tolerance, expenses,, insurance coverage, retirement programs, , and other pertinent information to compose a plan that meets the client's overall, or specific, financial agenda.

The comprehensive process of financial planning can be elucidated with the following steps

Step 1: Asses Current Situation: The financial plan clarifies the customer's present situation by collecting and assessing all relevant financial information, including net worth and cash flow statements, insurance policies, investment portfolios, and other qualitative data. Essentially this step summarizes where the client is today. An individual's current situation is a result of the cumulative effects of all of the financial decisions and transactions that have occurred in the past up until the current time. It also captures the client's expectations on income and expenses projected till life expectancy.

Step 2: Identify Goals and Objectives: The financial plan helps identify both financial and personal goals and objectives as well as clarify the customer's financial and personal values and attitudes. These may include providing for children's education, supporting elderly parents or relieving immediate financial pressures which would help maintain the client's current lifestyle and provide for retirement. These considerations are important in determining the best financial planning strategy.

Step 3: Identify Problems: The financial plan identifies financial obstacles to achieving financial independence. Problem areas can include insufficient resources to meet goals, net deficits in cashflows due to mismatch between income and expense assumptions, too little or too much insurance coverage, etc. The client's projected asset levels on retirement and at the end of life expectancy may be inadequate, or the current investments may not suffice with changing economic times. These possible problem areas must be identified before solutions can be found.

Step 4: Design the Plan: The financial plan provides written recommendations and alternative solutions. The length of the recommendations will vary with the complexity of one's individual situation, but they should always be structured to meet the client's needs without undue emphasis on purchasing certain investment products. The plan could include changing lifestyle assumptions, altering timing and amount of significant cashflows, taking additional loans or repaying current liabilities, asset allocation model for investing surplus funds generated etc.

Step 5: **The Financial Proposal:** The ultimate outcome of this entire process is a printed proposal that is sent to the customer for acceptance. Once the customer confirms the acceptance by signing on this document, the advisor and customer can work on implementing the plan.

Step 6: Implement the Plan: A financial plan is only helpful if the recommendations are put into action. Implementing the right strategy will help to reach the desired goals and objectives.

Step 7: Periodic Review: The financial planner provides periodic review and revision of the plan to assure that the goals are achieved.

Distinctive Features of the financial plan generated by the Financial Planning module of the Private Banking include:

The Financial Planning module is designed to create comprehensive plans till the Life expectancy age of the customer. These plans will be also be inclusive of plans for specific interests or financial goals identified by the customer, such as planning for retirement, buying a home, or investing an inheritance.

The projections in the plans are generated based on assumption rates defined by the user for inflation as well as for the rates of return in the different asset classes.

- The module offers a unique option of planning either for an individual customer or for the entire household of the customer. The plan generated at the household level will be a resultant of all the financial facts and projections being considered at the household level.

- The module facilitates planning for the **existing as well as potential** customers of the bank. However, the existing customers will have an advantage - any alteration in the investments of the existing customers in the system will be automatically updated and reflected in the plan of the customer. This will facilitate in reviewing and revising the plans with ease. However for the potential or prospective customers, the RM needs to manually update the existing exposure on investments in order to periodically review the plan.

- The user has been provided with the flexibility of creating an entirely **new proposal** for the customer or can also work on existing plans of the customer as a template. This will assist the user to an extent of not having to recapture some of the existing information of the customer and his financial figures. However, the user needs to note a point that all the information except the information on the current assets of the customer can be retrieved for reuse. The assets of an existing customer are refreshed from the client's holdings as reflected in the system, even if an old proposal is being reused.

- The plans generated by the system comprise of the recommended asset allocation & the investment portfolio as well as the projected cash-flows, assets and liabilities consequential to the recommendations. The plan will also be inclusive of recommendations on additional loans or insurance covers to be taken.

- The user has been provided with the flexibility to update the status of the plan as it undergoes the various phases of conception. (eg: Work in Progress, Sent to Customer, Accepted by Customer etc)

Approach

Screens: The Financial Planning process has been phased across 14 tabs. In each of the tabs has been designed to get enabled sequentially as the user proceeds to capture information from one tab to another. However, the three tabs Inflows, Outflows and Goals will all get enabled at the same time consequent to capturing and saving of information in the Asset tab.

Note

To enable the subsequent tab, it is essential for the user to not only capture the information in the tab but to also SAVE the captured information.
There is however an exemption to the sequential enabling of the screens. This would be in the case of reuse of an existing proposal of the customer which was in either underway

status for completion (WIP) or in closed status. For such instances of reuse, all the tabs which had been enabled for the existing proposal would continue to be so for the new proposal too. In other words by reusing an existing closed proposal, all tabs are enabled and accessible by the user immediately as the new proposal is created from the old one. In this case, if the user clicks on a different tab that is enabled, the system prompts to click on save button to save any data edited / updated in the current tab.

Capture Data: For the user interface fields presented in a tabular format across all the screens, the user will be able to capture or update information on the tables using a standard process. The user needs to click on the 'Capture Data' button provided at the extreme right corner of each table. This will open a pop up screen which will facilitate in maintaining the relevant information.

The Planning module will be available only for RM login. It can thus be inferred that the customer cannot carry out the financial planning on his own but needs to approach the RM for the same.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM. In the subsequent sections, each tab has been explained in depth.

3.2   Create/Modify Plan

3.2.1   Main

Description:

This is the default tab displayed on navigating to this module. It is the first of the set of 14 tabs. This tab provides the user with the option to select appropriate customer as an existing Retail customer of the bank who is yet to avail of Wealth Management services, or as an existing customer of FCPB (i.e. who is a wealth management customer) or as a prospect who is yet to start any relationship with the bank. In this screen the user can opt for creating a new proposal or to modify an existing proposal of the customer. This screen provides flexibility to the RM while creating a proposal by offering an option to either reuse an existing proposal or to create a new proposal completely afresh.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

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Screen:

Figure 3.1: Main Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Main

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Field Description:

Field	Description	Type
Walk in Prospect	A potential customer who currently does not have any existing relationship either with the bank or with wealth management.	Y
Qualified Prospect/ Customer	A Customer who has an existing association with FCPB.	Y
Customer No	Enables the user to enter or to select the Customer No. using the search icon if the selected option is 'Existing Customer'.	Y
Customer Name	Once the user enters or selects the Customer No, the system auto-populates the Customer Name.	Y
Prospect Id	If the user opts for the 'Prospect' option, this field enables the user to enter or to select the existing Prospect Id using search icon.	Y
Prospect Name	Displays the Prospect Name. Once the user enters or selects the Prospect Id, system auto-populates the Prospect Name.	Y
Create Proposal	The 'Create Proposal' tab with two radio buttons (Yes and No) enables the user to decide on creation of a brand new proposal from scratch or reuse data from an existing proposal	Y
Modify Proposal	Enables the user to select the proposals which are under progress for completion (WIP). Only the proposals which are under progress can be modified.	Y
Use existing proposal	Enables the user to decide on whether to use the existing proposal or to go for the new one	Y
Proposal Name	Enables the user to enter the new proposal name while creating new proposal or modifying the existing one.	Y
Existing Proposal	Once the user selects the 'Create Proposal' option, the proposals which are under progress for completion (WIP) are displayed in this drop-down list.	Y
Next	Enables the user to save the information in the current tab and enable the next tab.	Y

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The Financial Planning main screen with the details of the Existing Customer:

Figure 3.2: Main Screen with Existing Customer Details

Capturing the details on this screen: As seen the screen is divided into three main sections, wherein in the first section, the user needs to decide on the type of customer, the second section has been provided to search for the relevant id of the chosen type of customer and the third and final section has been designed with two sub-tabs offering an option to the user to either create a new proposal or modify an existing one.

In order to select the customer type, the user has been provided with a radio button for each type.

After having opted for a customer type, the user then needs to search for the relevant customer/prospect id. Depending on the type of customer opted by the user, the corresponding search fields will get enabled.

The next section has two sub-tabs namely, 'Create Proposal' and 'Modify Proposal'. On selecting the modify tab, the system enables the user to modify the proposals which are under progress for completion (WIP) and are displayed in the drop-down list. A customer or prospect could have multiple proposals in WIP status facilitating the user in creation of multiple proposals with different scenarios for the customer.

The 'Create Proposal' tab has been provided with two radio buttons to create a brand new proposal from scratch or reuse data from an existing proposal. The user can click on either the 'Yes' or 'No' radio button. The screen will default to the Y option. On selection of the negative option, the field displaying the list of existing proposals of the customer 'Existing Proposal' will be disabled. For a new customer approaching for the first time and who has no existing proposals for reuse the selection will be defaulted to N.

The Existing Proposal' field displays the existing proposal names in the drop-down. It is mandatory for the user to pick an existing proposal from the list on selection of the option to use an existing proposal.

Note

While displaying the list of existing proposals in either of the tabs the user is provided with the information of not only the names of the proposals but also their creation dates and status.

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After having captured the information in all the mandatory fields the user then proceeds to click on the 'Next' button to save the information in the current tab and enable the next tab. As explained in the "Approach" subsection in the Introduction section above, this will be the behavior for a new proposal creation without reusing an existing proposal. If an existing proposal is retrieved for modification or used as template to create a new proposal, all tabs that were enabled in the original proposal will also be automatically enabled with the data from the previous proposal being populated in each of these tabs. In such cases, when the user tries to move to another tab after updating data in the current tab, the system will prompt to click on "Save" button to save the updated data. If the user ignores this warning, then any updates to the data in the previous tab would be lost. As this behavior is consistent in each of the tabs described in the below sections, this explanation is not being repeated for each tab. Only the behavior in case of creating a fresh proposal without reusing existing proposal is mentioned in each case.

3.2.2   Demographics

Description:

As the name suggests this screen is intended for maintaining information on the customer's demographics. However the usage of this screen differs depending on the type of customer. For a Prospect approaching for the first time, this screen facilitates capturing and maintenance of the demographics information. Subsequent approaches by the Prospect will have the screen with pre filled information, which could however be updated / maintained. The Retail Banking Customer would have the screen with pre-filled information irrespective of whether it's a first time or subsequent access to the module.

However, even though the information of an existing customer of the FCPB would also be displayed for both the first time and subsequent access, any information of the customer cannot be maintained though this screen. For any modification to any of the information on demographics, the user needs to access the Customer Profile Maintenance screen. Any modifications made in this screen would be automatically reflected in the Financial Planning module. Apart from the demographics, this screen also captures information of the dependents and the option of the customer to plan either for the entire household or for just self. Only the household planning and dependents information is maintained through this tab other fields are disabled for modification.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.3: Demographics Screen

Screen Navigation:

Entry to the screen:

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RM login:

Main Menu → Financial Planning → Demographics

Field	Description	Mandatory
Proposal Name	Displays the name of the Proposal	Y
Plan Type	Enables the user to select the appropriate Plan type from the drop-down list.	Y
Salutation	The field has been provided either to capture the salutation or to display the salutation of the customer. This field provides you with a list of salutations with an option to choose one of the values provided. On first time access by Prospect – user entry enabled. Subsequent access by Prospect – Pre-filled information with the facility to maintain Retail Customer - Pre-filled information with the facility to maintain FCPB Customer – Pre-filled information and will be disabled for maintenance.	N
First Name	Field is provided for entering/displaying the first name of the customer.	Y
Middle Name	Field is provided to capture/display the middle name of the customer.	N
Last Name	The last name of the customer can be updated/ will be displayed in this field.	N
DOB	This field facilitates either display or capture of the date of birth of the customer in dd/mm/yyyy format. In order to capture the date, a calendar has been provided adjacent to this field for selecting the date. Click on the 'Calendar' icon, in order to open the calendar. The system will restrict the user from capturing a date greater than the current business date. The system will also restrict the user from capturing the date for a minor who is less than 18 years as of the current business date.	Y
Gender	Gender of the customer can be captured or will be displayed in this field. In order to capture the gender, a radio button has been provided against each of the options viz., male and female. The system will default to the option 'male'.	Y
Address line 1 – Address line 3	The field has been provided with three separate text boxes to facilitate either capture of the address of the customer or to display the address. This is a free text field for capturing the address.	Y
City	A field has been provided for capturing or displaying the City. This is also a free text field for entering the details.	Y

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Field	Description	Mandatory
State	The state to which the address belongs can be either captured or will be displayed in this field. The list of states provided in this field while capturing the data is based on the Country selected by the user.	Y
Country	This field enables capturing or will display the country. In order to capture the country it is essential for the user to select a country from the list of values provided in the drop down.	Y
Zip	This field has been provided to either capture or will display the pin or the zip or any other equivalent area code of the address	Y
Email	This field facilitates the user to capture or will display the email address of the customer	N
Phone (Home) / (Office)	The next two fields facilitate to capture or will display the residential and official contact numbers of the customer. While it is mandatory for the user to capture the residential contact number, the official contact number is an optional field. Again though this field does not validate the adequacy of the number provided, it is advisable to enter the number as per the international practice of selecting with the country code followed by the area code and then finally the number in the next column. Facilitates capture or display of the respective ISD/IDD codes and the mobile number of the customer in this field. It will be specified inclusive of area code as prefix, if applicable in the open text box.	Home –Y Office – N
Mobile	Facilitates capture or display of the respective ISD/IDD codes and the mobile number of the customer in this field. It will be specified inclusive of area code as prefix, if applicable in the open text box.	N
Client Segment	Field has been provided to capture or display the customer segment. While capturing, user can select the category of the customer from the options provided in the drop down list. The different segments to be provided by the bank can be configured by the administrator in the database.	Y
Customer Currency	The next field is a significant field and it provides the user with the option to select or will display the customer preferred currency. The currency opted for in this field will be utilized for displaying all the customer's computations. The field will default the reporting currency of the bank.	Y
Client IT Type	This field enables the user to capture client IT Type and based on this client IT type, the system presents the appropriate Risk Profiler questionnaire in the Profiler Tab.	Y

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Field	Description	Mandatory
Planning for Household	The field facilities to capture or will display the option opted by the customer to plan for self or for entire house-hold. For capturing data, two radio buttons have been provided for each of the positive and negative option. The screen will default to the 'Self' option. Irrespective of the type of access this field will always be enabled for entry and maintenance	Y
Proposal Description	Enables the user to enter the proposal details if any in the text box provided.	N
Dependants Information		
Name	Displays the dependent name	N
Relationship	Displays the Relationship of the dependent with the cus-tomer	N
Birth Date	Displays the dependent birth date	N

Capturing the details on this screen: The uppermost part of the screen displays the Proposal Name and Proposal Number. For a user having opted for generating a new proposal, the name displayed would be as defined by the user in the 'Main' tab and the number displayed would be a system generated one. For a user who opted for modification of an existing proposal would be displayed with the chosen proposal's name and number. The fields displayed for capturing demographics information are explained below:

For a customer opting to plan for the entire household, it is mandatory to capture the information pertaining to at least the Spouse, if applicable. Other dependent details can also be captured additionally in this section. The tab displayed for facilitating capture of dependants information is analogous to the tab elucidated on the screen 'Additional Information' in Customer Profile maintenance.

For simplicity we have summarized the table again below:

In the table on dependants information, the name, relationship and the date of birth of the dependent are displayed. In order to edit any of the dependants information, click on the hyper link 'Capture Data' provided at the bottom right hand side corner of the dependants

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information display box. The hyper link displays a pop up screen enabling editing and adding any information of the dependants. Screen shot of the pop up box is as given below

Figure 3.4: Demographics pop up

This screen is in accordance with all the other display and edits screens, wherein the top section displays the information of the previously added dependents and the bottom section facilitates addition or maintenance of the dependents information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

Note

Please note system will restrict the user from capturing a future date in the birth date field.

For the FCPB customer the option of planning for household enables retrieval of the entire financial information (investment holdings) not only for the customer but also of all other entities (customers) maintained as part of the household in customer Profile maintenance section.

After having captured the information in all the mandatory fields the user will then proceed to click on the 'Save' button which will enable the subsequent 'Assumptions' tab.

3.2.3   Assumptions

Description:

Assumptions or parameters captured in this screen are the key fundamentals for the entire computations done in the FP module. A user, who had opted for either creation of a new proposal by using an existing proposal or for modification of an existing proposal, would be displayed with pre filled information retrieved from the existing proposal in all the fields as last saved. All the fields can be modified and maintained for both the instances. A user intending to generate a complete new proposal afresh, would also be displayed with pre filled information in the fields, as per the default values maintained in bank parameters and asset liability details. These default values can be changed within allowed ranges as specified by the Administrator based on a specific customer's preferences.

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User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.5: Assumptions Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Assumptions

Field Description:

Field	Description	Type
Proposal Name	Displays the current proposal name	Y
Customer Name	Displays the customer name for whom proposal is to be created.	Y
Retirement Age	Displays the age at which the customer presumes to retire. This value has to be within the current age and the maximum retirement age maintained at the bank parameters level. The retirement age should also be less than or equal to the Life expectancy age of the customer.	Y
Risk Free Return	Displays the Risk Free Return value. The value is used for computing the insurance coverage required and refers typically to a benchmark government bond yield. The rate needs to be denominated as a percentage figure. This value has to be within the range maintained for the risk free rate of return at the bank parameters.	Y
Life Expectancy	Displays the age till which the customer is expected to live.	Y
Spouse's Retirement Age	Displays the age at which the spouse of the customer presumes to retire. The field is a mandatory field for the users opting for planning for the household.	Y
Rate of Inflation	Displays the Rate of Inflation for the given time period. The system displays the Rate of Inflation as per the values set in the FP Related tab of Bank Parameters.	Y
Growth Rate of Assets		
Asset Class	Displays the Asset Classes. Apart from the basic asset classes like Equity, Debt, Cash other asset classes can be flexibly defined by the bank.	Y
Annual ROR%	Displays the overall expected growth rate for the chosen asset class. This growth rate is inclusive of both the value appreciation of the asset as well as the cash returns (if any) received from the asset. It is denominated as a percentage figure. The system allows the user to set different ROR for the defined time period.	Y

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Field	Description	Type
Order of Liquidation	Indicates the sequence of liquidation in order to meet any shortages in the cash flow in any plan year. The user will be restricted from capturing duplicate sequence number for different assets. But the user also has been provided with the option to define the field as zero for multiple asset classes, if the customer has revealed his reluctance to liquidate a particular asset. If a liquidation order is maintained as 0, then that asset will not be liquidated to meet any shortfall during the plan, i.e. the asset is "treasured".	Y
Notes	This free-text field is available in most of the tabs to enable the user to capture any important notes with respect to the details captured in the tab. The notes captured in this field will be printed in financial proposal report.	Y

Procedure to save the information in Assumptions tab:

Step 1:

Click the Assumptions tab.

The Assumptions screen appears with the prefilled information as shown in the figure above.

Step 2:

To save the details for the Growth Rate of Assets, click the 'Capture Data' at the bottom right hand side corner of the Growth Rate of Assets.

Once the user clicks on the 'Capture Data' icon, system asks the user if he wants to save the Assumptions information entered. Click the OK button to save the Assumptions details. Once the user clicks on the OK button, the Assumptions pop up window appears to save the ROR details as shown below:

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Figure 3.6: Assumptions Pop-up

Step 3:

Select the appropriate asset class from the Asset Class drop-down list.

Step 4:

Enter the appropriate annual ROR percentage in the Annual ROR% text box.

Step 5:

Enter the appropriate liquidation order for assets in the Order of Liquidation text box.

Step 6:

Click the Save button to save the record.

Once the user clicks on the Save button, the information saved appears in the Assumptions screen.

Click the Save button in the Assumptions screen to save the details in the Assumptions screen and to proceed to the Profiler screen.

3.2.4 Profiler

Description:

This screen is used to assess and compute the risk taking ability of a customer. Based on the risk score attained by responses to the Risk Questionnaire presented in this tab, the user will be provided with a Risk category and the corresponding model asset allocation in the tab 'Risk Model'. The questionnaire contents can be maintained by the Administrator.

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User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.7: Profiler Screen

Screen Navigation:

On the main menu

Financial Planning → Profiler

Capturing the details on this screen:

The risk profile of the customer is computed by presenting the customer with a questionnaire. Each question of the questionnaire will also put forward multiple choice answers to the customers. The user needs to opt for one or more of the answers by clicking on the radio button displayed adjacent to the answer. Each answer for each question has a score associated to it. It is mandatory for the user to answer all the questions. Failure by the user to answer any question will result in display of an error message. The final risk score is deducted by summing up the score of all the questions. The questions, their corresponding multiple choice answers and their associated scores are all maintained by the administrator in the Master Table.

As we are aware it is mandatory for a customer to undergo the risk profiling process for the first time while undergoing Financial Planning process. However it is also possible that the customer's risk score is directly updated using the Customer Risk model maintenance function based on offline documentation in the form of say a signed response to the risk questionnaire on paper. For such customers both the 'Profiler' tab as well as the 'Risk Model' will be enabled after having saved the data in the 'Assumption' module. The 'Risk Model' tab will display the risk score and the model associated for the customer. The 'Profiler' tab would not have any prefilled data, if the questionnaire has not been filled electronically before. It is always possible to however re-profile the customer and update the risk score previously assigned. The system provides flexibility by allowing customers to associate different risk scores to each proposal.

After having answered all the questions the user can then proceed to click on the 'Save' button which will enable the subsequent 'Risk Model' tab.

The last modified/save date in Risk Profile Questionnaire maintenance and the system stored WIP proposal last modified/saved date. force the user to revisit the Risk Profile questionnaire.

If the last modified/saved date of a WIP proposal is less than the Risk profile modified date, user must revisit the Risk Profile Questionnaire.

If the last modified/saved date of a WIP proposal is less than the Risk profile modified date, then the system displays an error message as "Kindly update the responses to risk profile questionnaire as the Risk Profile questionnaire data has been modified".

Also, all the tabs after the Profiler tab gets disabled. The system does not allow the user to save the information until 'Profiler' response is updated and saved.

System enables the next Tab 'Risk Profiler', once the user updates and saves the Risk Profile Questionnaire. The process flow is similar to the one followed when a new Proposal is created. User must save each tab after the Risk Profile questionnaire is updated.

3.2.5   Risk Model

Description:

This screen displays the risk score resulting from the responses captured by the user for the various questions in the preceding screen. The screen also displays the default Asset Allocation model associated with the risk score. This screen is analogous to the 'Risk Model Profile' screen elucidated in the section on Customer Profile Maintenance.

User Access levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.8: Risk Model Screen

Screen Navigation:

Entry to the screen:

On the main menu

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Financial Planning → Risk Model

Field	Description	Type
Profiler Risk Category	Displays the Risk Category depending on the Risk Score determined by the responses to the questionnaire. In case risk profiler was not done in FCPB but Risk score directly updated using the Customer Profile maintenance facility, this risk score and the associated model is displayed in the Assumptions screen.	Display
Do you wish to vary Risk Profile over plan period?	Enables the user to change the risk profile over the plan period. If the No option is selected, the system considers the current Risk Profile of the customer for the entire financial planning. If the Yes option is selected, the system allows the user to change the Risk Profile of the customer over the plan period by enabling the Edit Risk Profile hyperlink. The changes in risk profile will be used for the purpose of computing projections only.	Y
Do you wish to change the risk category?	Enables the user to change the risk category. If the Yes option is selected a drop-down list appears next to the Yes option and system enables the user to select the desired risk category from the list. This flexibility can be controlled using a bank parameter termed 'RM Updation of Risk Profiler'. If this parameter checkbox is unchecked, the option to change the risk category will not even be presented to the user. The system also maintains the history of the risk scores modified by the user. Both the Risk Profiler based category as well as the changed Risk category, if applicable, is included in the Proposal.	Y
Model		
Suggested Models	Enables the user to select the appropriate model by clicking on the hyperlink	Y
Customer Specific	Enables the user to select the appropriate model by clicking on the hyperlink.	
Model Name	Displays the default model name for the selected risk score	
Asset Class	Displays the Asset Class name	
Best	Displays the Best percentage for the corresponding Asset Class	Y
Min	Displays the minimum percentage for the corresponding Asset Class	Y

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Field	Description	Type
Max	Displays the maximum percentage for the corresponding Asset Class	Y

Suggested Models:

The hyperlink, 'Suggested Models' when clicked will launch a pop up window that displays all the other asset allocation models associated to the risk profile. The screen shot of the pop up window is as given below:
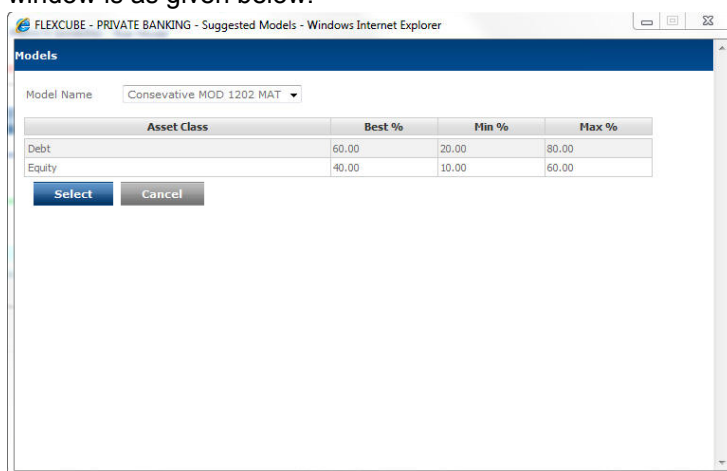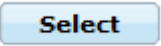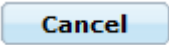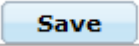

Figure 3.9: Models Screen

The user will be displayed the default model on navigating to the pop up window. The user can opt for any other model associated to the risk score from the list given in the drop down field 'Model Name'. On selecting a model, its corresponding constituents and their composition will be displayed in the table. Please note the constituents of a model are defined at the asset class level.

The composition of the asset classes are defined under three margins viz., best %, min % and max%. As the expression indicates, best % defines the ideal composition of the model. The minimum % or min % indicates the smallest permissible % of composition for an asset class in the actual investment portfolio of the customer. The maximum % or max % indicate the maximum permissible % of composition for an asset class in the actual investment portfolio of the customer.

Click on the button **Select**, in order to select and associate a particular model to the customer. Click on the **Cancel** button, in order to return back to the main screen without selecting any model.

The subsequent field 'Model Name', as the name suggests displays the name of the model and the corresponding composition of the constituents of the Model are displayed in the table below the field Model Name.

The Notes field is used to capture comments as explained earlier. After having captured the information in all the mandatory fields the user will then proceed to click on the **Save** button which will result in enabling the subsequent 'Assets' tab.

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Customer Specific Model:

If an RM / user wants to create a unique or a different asset allocation for a specific client, other than those defined by the bank, the 'Customer Specific' functionality can be used.

Next to the Suggested Models hyperlink, the user can see the "Customer Specific" hyperlink. This hyperlink enables the user to opt for defining a Customer Specific Model instead of going for any of the Suggested Models.

This functionality is available only if the Customer Specific Models Facility field is set to 'Y' for the respective customer segment in the Master data by the administrator.

When the user clicks on the hyperlink, the Customer Specific Model pop up window appears

Figure 3.10: Customer Specific Model Window

In this screen the RM can give a name to the new asset allocation. By selecting assets from the drop down the RM can allocate weightings to different asset class. The sum of Best % should add up to 100%, else FCPB system will not allow the user to save the allocation.

Once the records are created, the RM can edit by selecting the radio button relevant to the record. On selection, all details will populate in the Model Details table. RM can the Modify/ delete the record. Clicking on Save will save the customer specific model as defined subject to the amount validation of adding upto 100 % as explained above.

Click the Save button in the Risk Model screen to proceed to the Assets tab.

3.2.6 Assets

Description:

This screen captures the present market value for each of the customer's assets in the customer's preferred currency. The user can also capture the average annual cash returns the customer currently earns for each of the asset classes. Finally the current allocation pattern that the customer follows in investing any surplus funds generated is also captured. This is done to compare the results of the Recommendation of the financial proposal with the "As-Is" situation if the customer continues to allocate as per the current investment behavior. The screen also presents the users with the graphical depiction of the model asset allocation, the current asset allocation and the current allocation followed by the customer for investing surplus funds.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.11: Asset Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Assets

Capturing the details on this screen:

The screen displays the proposal and customer name at the top most part of the screen.

The table displays information which can be updated or maintained by clicking on the

button provided at the right hand side corner of the table. The first column displaying the **Asset Class** shows the asset classes from the list of asset classes maintained in the Asset Class Master data. The next field '**Market Value**' provides the consolidated value of the securities/investments in each asset class valued at the most recently available prices of the

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securities and in the client's preferred currency. The subsequent field '**Annual Cash Returns**' provides the actual annualized cash returns in percentage earned from the respective assets by the customer. Incomes such as rent, dividend, interest or any other cash benefits will be considered for indicating the average cash returns. It is not mandatory for the user to capture data in this field. A blank cash returns field obviously indicates a nil cash return.

Note

There was an option to update the 'Growth Rate of Assets' in the screen 'Assumptions'. The growth rate defined in the screen 'Assumptions' comprises of the total annualized growth rate of assets, that includes both capital appreciation as well as the cash returns associated to the asset. Thus the cash returns defined in the current screen for a particular asset cannot be greater than the growth rate defined for that asset in the assumptions screen.

The next field 'Client Allocation for Investable Surplus' displays the client's current investment behavior in terms of asset allocation of surplus funds. It is mandatory for the user to ensure that the sum of the percentages across all the asset class should add up to 100%.

Note

The system will restrict the user from capturing duplicate information for the same asset class.

For an existing customer, the current invested assets as reflected in the portfolio holdings maintained in FCPB and their corresponding updated market value would be automatically fetched from the portfolio holdings and displayed. (It is possible for the user to amend these values to consider additional assets, if any, of the customer that were not already included in the Held Away portfolio and hence not already included in the data fetched from portfolio holdings). However, it would be required to capture the percentage figures for the annual cash returns, as this information is not fetched from the portfolio holdings. The current investment allocation of the customer across the asset classes would be displayed as default values, in the column 'Client Allocation of Investable Surplus' for the existing proposals. If the user is navigating to the screen for the first time then the system displays no value in the 'Client Allocation of Investable Surplus' column and enables the user to enter the desired values. The user can override the current investment allocation with a different pattern if so indicated by the customer. However please note that this revised pattern would still apply to the "As Is" situation of the customer in the proposal report. The cashflow and asset/liability projections based on the bank's recommended asset allocation (as captured in the Risk Model tab) will still be shown as the "Recommended" part in the proposal report. The user also has the option to consider additional asset classes which are currently not part of the investment portfolio for

investing cash surplus. All the maintenance can be achieved by clicking on the button.

The last row in the table displays the total market value and the total consolidated percentage of investment across all the assets, namely 100 %. After having understood the functionality of all the attributes in the table, let us now proceed to understand the pop up window

navigated by clicking the button.

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The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

Figure 3.12: Assets Screen with Customer Details

This screen is in accordance with all the other display and edits screens, wherein the top section displays the existing information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.
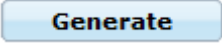
In the bottom section, all the different asset classes that can be selected by the user are displayed in a drop down list. The other three fields, market value, annual cash returns and client allocation for investable surplus are all input fields. In the market value field, the user needs to capture the value of the assets in the customer's preferred currency, and in the other two field's the numbers should be represented as percentage, eg. 10% to be entered as 10. To reiterate, it is essential for the user to ensure that the consolidated percentage of investment across the assets should sum to 100%.

There is a field on the main screen to capture the 'Insurance Risk Cover Value' in the customer's preferred currency. This is the total value of the sum assured across all the life insurance policies that the customer has already taken. In case of an existing customer, the insurance risk cover will be the sum assured stored as part of Net worth calculation. In case of Retail/Prospect customer, the RM will have to enter the information.

The last data capture field in this screen is 'Notes'. As discussed earlier, this field has been provided to capture any comments/remarks relevant to the data entered in this tab. The notes captured in this field will be printed in financial proposal report.

After having captured the information in all the mandatory fields the user will then proceed to click on the **Save** button to enable the subsequent three tabs 'Inflows', 'Outflows' and 'Goals' tabs. Please note that the behaviour of enabling these tabs is unlike the other tabs which are sequentially enabled one at a time.

Adjacent to the save button is the **Generate** button. Three graphs will be displayed on clicking this button viz., Model asset allocation graph, Actual asset allocation graph and Client allocation of investable surplus graph. To recap, the Model asset allocation graph represents the recommended asset allocation for the customer based on the risk profile. The graph 'Actual Asset allocation' represents the proportion of the current investments of the customer in each asset class. The proportion indicated as percentage is computed by dividing the market value of investment in each asset class with the total market value across all the assets. The third and final graph 'Client Allocation of Investable Surplus' displays the customer's current preferences in investing surplus money.

Currently, the proposal start date remains unchanged even when there is a year roll over. For example a proposal was created in 2009 and is in WIP status. Even when the year changes to 2010 the proposal start date remains 2009. If the user wishes to update the proposal in 2010 and clicks on 'Refresh' button in Assets tab, the latest market values of assets are populated.

Whenever there is a year roll over & refreshing of assets, the system displays the message in the Assets tab as 'On refreshing Assets the Proposal Start date will be considered as today. Please modify the timing of One time inflows and Goals accordingly.'

Note

Please note, the 'Generate' button by itself does not save any modifications made to the data, the user needs to exclusively click on the save button before proceeding to the next screen.

Note

The system does not restrict the user to save the data prior to generating the graph for the updated data.

3.2.7   Inflows

Description:

This screen enables the user to capture the various cash inflows expected by the customer and his/her spouse till the life expectancy age of the customer. It also captures the one time scheduled cash inflows. As it is not mandatory for the user to capture information in this screen, the user can move ahead to the subsequent tab without saving any data in this tab.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

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Figure 3.13: Inflows Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Inflows

Capturing the details on this screen:

The screen displays three tables for capturing or displaying the incomes for self, spouse and one time incomes. A user accessing the screen for creating a proposal afresh will be

presented with the blank tables. The user can capture data in each of the tables by clicking

on the button provided on the right hand side corner of each table. On the other hand, a user accessing the screen for creating a proposal by using an existing proposal will be displayed with the data of the existing proposal in the tables, which can be modified using the

 button.

3.2.7.1 Net Take Home Income - Self

As the name indicates it is expected that the user should capture only the net or the post tax income of the customer. The table provides the user with the flexibility to capture all the current and anticipated / expected incomes of the customer till the life expectancy age of the customer. The first field in the table, 'Description' is a free text (alphanumeric) field. It facilitates the user to describe the inflow in simple comprehensible terms. The field restricts the user from entering duplicate names. The subsequent field 'Year From' captures the commencement period of the particular described income. The period entered should be in the YYYY format. The user will be restricted from capturing the commencement period beyond the life expectancy age of the customer. Corresponding to the 'Year From' field, the next field 'Year To' captures the concluding term of the particular income. This field too should be captured in the YYYY format and cannot be defined beyond the life expectancy age of the customer, or before the Year From field.

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The field 'Annual Amount' captures the annual net amount for a particular defined income. This field captures the customer's income at different life stages till the life expectancy age of the customer. The income captured in this field should exclude the retiral component of income, if any. The income captured should indicate the values at today's price and in the customer's preferred currency. The user will be able to enter only numeric characters in this field. The next field captures the percentage growth rate of the particular income during the defined period. As the name 'Growth Rate %' suggests the values are to be denoted as percentage and will restrict the user from entering any alphabets. Thus to summarize, for a type of income identified in 'Description', the amount demarcated in the field 'Annual Amount' will grow annually from the period defined in 'Year From' to the period 'Year To' at the rate defined in the field 'Growth Rate %'; For the incomes defined where the "Year From" is in the future from current period, the computing methodology would differ depending on whether the flag "inflatable till the start year" has been selected as Yes or No. This is to take care of known periodic inflows like pension and annuity incomes that will start from a future period, where the amount is defined and known upfront, the user can select the flag as No and thus the amount will not be inflated till the start year. For the instances where the flag is selected as Yes, the amount will be inflated from the current Year to the starting period defined in the field 'Year From' using the inflation rate as defined in the Assumptions tab, and from then on grow the income at the rate defined in the field 'Growth Rate %' till the period 'Year To'. Let us understand this with an example

Description	Year From	Year To	Annual Amount	Growth Rate%	Inflatable till start Year
Salary	2008	2009	100000	10	N
Business Income	2010	2011	10000	15	Y

Inflation rate = 6%

Current year is 2008

Income for

2008 = 100000

2009 = 100000 + 10% x 100000 = 110000

2010 = The amount 10000 would be inflated at 6% for each year 2008 and 2009. Hence the income for the year 2010 = 11236 [10000*1.06*1.06]

2011 = 11236*1.15= 12921.4

1. The Retiral field captures the total annual retiral contribution (including self and the employer's) towards retiral schemes such as Pension/ Provident Funds/ superannuation. As the retirals captured in this field corresponds to a particular described income, it is evident that the period defined for the income will also be applicable for the retiral amount. However, as it is evident that an individual cannot receive retirals as component of the income beyond retirement age, the system will validate this. As the retiral amount is normally characterized as a certain proportion of the income, any growth % assumed for the income will also be applicable for the retiral amount. In other words, the retiral amount

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will also grow at the rate defined in the field 'Growth Rate %' for the defined tenure of the income. The effect of the flag "inflatable till the start year" on the retiral amount will also be same as that on the income amount. The next field 'Rate of Return %' captures the annualized rate at which the individual/customer will earn interest on his retiral amount. Thus, the annual retiral amount will grow every year at the defined Growth rate and the accumulated retiral amount for each year will earn an interest which will be computed at the rate defined in this field. Note that the interest earned annually is compounded each year till the retirement year. It is important for us to understand that the amount will continue to earn interest till the retirement age even if the contribution of the particular income and its resultant retiral amount has ceased before the retirement age. The returns on the contributions would be computed assuming that the contributions occur at the end of each year i.e. returns would be computed on contribution from the next year. Hence in the retirement year itself, there will be no returns computed on that year's contribution. If the income stops before the retirement age of the client the retiral corpus accumulated till that year will keep growing at the rate of 'RoR on retirals' till the retirement age and show an inflow only on the retirement year of the accumulated amount.

Let us understand this better with an example. A customer will be retiring in 2009 and has defined his retiral income for the period 2001-2005 as 10000 annually. The salary growth rate has been defined as 15% and the rate of return is say 10 %. Hence the system will grow the annual retiral contribution amount 10000 from 2001-2005 at 15%. Interest will be computed at the rate of 10 % on the balance outstanding as of each year from 2001 till 2009.

YEAR	Annual Retiral Contribution	Cumulative Retiral Balance	Interest amount	Cumulative retirement corpus
2001	10000.00	10000.00	0.00	10000.00
2002	11500.00	21500.00	1000.00	22500.00
2003	13225.00	34725.00	2250.00	36975.00
2004	15208.75	49933.75	3697.50	53631.25
2005	17490.06	67423.81	5363.13	72786.94
2006	-	67423.81	7278.69	80065.63
2007	-	67423.81	8006.56	88072.19
2008	-	67423.81	8807.22	96879.41
2009	-	67423.81	9687.94	106567.36

In year 2009, the retirement corpus of 106567.36 will be added as an inflow in the cash-flow projections.

After having understood the functionality of all the attributes in the table, let us now proceed

to understand the pop up window navigated by clicking the button.

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The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

Figure 3.14: Salary-Self (Net Take Home) Screen

This screen is in accordance with all the other display and edit screens, wherein the top section displays the existing information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

In the second section, all the fields are input fields. For the annual amount and the retiral amount fields the user needs to ensure to capture the value in the customer's preferred currency. The other two fields, namely growth rate and rate of return should be entered as percentage. The tenure in the year from and year to should be entered in the YYYY format.

3.2.7.2 Net Take Home Income - Spouse

The next table 'Net Take Home Income - Spouse' is analogous to the table on income for self. The functionality and the business validations discussed for the former table are applicable to this table too. However, there is an additional business validation while computing the retiral amount for the spouse. The lump-sum retiral amount of the spouse can be included as an inflow at the retirement age of the spouse provided the retirement age of the spouse is within the life expectancy age of the main customer (i.e. for the person referred to as "Self"). The maintenance of the data displayed in this table can also be done by clicking on the

 button. The pop up window displayed on clicking this button and its corresponding functionality are akin to the pop up window discussed for the first table 'Income-Self'. The reader is requested to refer to the above description to understand this screen. Screen shot of the pop up box is as given below

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Figure 3.15: Income- Spouse (Net Take Home) Screen

3.2.7.3 One Time Cash Inflows

The final table 'One Time Cash Inflows' as the name suggests captures the inflows occurring as one-time in the future, as for example, in the form of insurance money back policies, bond maturities or interest on debt instruments or known inheritance etc.. The first attribute displayed in this table is 'Description'. Analogous to the 'Description' field in the other two tables, this field describes the inflow in simple comprehensible terms. This is a free text field. . The next field 'Amount' captures the amount which will be received as a one time income. The user needs to capture the values in the customer's preferred currency. The user will be able to enter only numeric characters in this field. The subsequent field 'Time From Now' describes the number of years from current year, when the customer expects to realize the one time cash flow. The system will restrict the user to enter only numeric values to denote time in years. Please note that the system will exclude the current year while computing the period. For example 20 years from now (2008) indicates that the cash flow will occur in 2028.

For the holdings which generate cash inflows at pre determined frequencies, the user needs to define each of the inflows individually with the time period.

This feature is also used to record the maturity cash inflows of illiquid bonds and other fixed income investments which cannot be sold or liquidated before maturity. Hence any cash deficit in any particular plan year cannot be adjusted by selling such illiquid assets. They have to be held to maturity. In such cases, it is possible to indicate the asset class of this investment in the 'Asset Redeemed' dropdown selection. The system will then reduce the corresponding holdings in asset class to the extent of the one-time cash inflow in the respective year.

Note

Please note that fixed income assets that are freely tradable before maturity should not be included as onetime cash inflows on the respective maturity dates, since these assets could be used to fund any deficit in a plan year if required before the maturity date.

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Let us comprehend this better with the following example showing 2 one-time cash inflows:

Description	Amount	Time from Now (Years)	Asset Redeemed
Insurance	50000	12	
Illiquid Bond	500000	20	Debt

Assuming current year is 2008, the insurance inflow will occur in year 2020. Assume the current value of debt asset class is 800000, including certain other liquid debt investments. If there is a cashflow deficit of 600000 in say year 2010, by which time assume the debt asset class value has grown to 900000, this will only be made good to the extent of 400000, since an amount of 500000 is blocked out of the total value of debt asset class that can not be liquidated before 2028.

The year of onetime cash flows is captured as Time from now (Years). When there is a year roll over, the user has to enter the appropriate number of years from now after refreshing the assets.

Ex:

Current proposal start year - 2009

One time cash flow 5 years from now (in 2014)

New proposal start year (Year rolled over to and assets refreshed in) - 2010

One time cash flow 4 years from now (in 2014)

FP Asset Liquidation - Ignore Loans/Lien

The above treatment of onetime cash inflow is used while projecting cashlows for As is situation. For the Recommended scenario the cashflow projections will depend on the setting of the flag "FP Asset Liquidation - Ignore Loans/Lien" in Bank Parameters. If this value is "No", then the behaviour of recommended will be the same as above. If the value is maintained as Yes, the following logic would be applied for projecting cashflows in recommended scenario.

The system does not take any effect of this one-time inflow, since all assets are assumed to be liquid for full rebalancing each year.

One time inflows which have no assets specified against them will result in the inflow of the specified amount in the corresponding year for calculation of both "Asset level as is" and "Asset level recommended".

Maintaining Data

Similar to the previous tables, this table too can be maintained by clicking the button displayed at the bottom right hand corner of the table. The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

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Figure 3.16: Onetime Cash Inflows Screen

This screen is in accordance with all the other display and edits screens, wherein the top section displays the existing information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

In the second section, all the fields are input fields. For the amount field the user needs to capture the value of the income in the customer's preferred currency. The term should be represented as numerical values. The next field 'Asset Redeemed' is a dropdown populated with all the assets defined plus a blank value to allow the user to enter one-time inflows that will not result in any of the currently held Assets being redeemed.

The last field in the main screen is 'Notes', as discussed and described earlier.

After having captured the information in all the mandatory fields the user will then proceed to click on the **Save** button.

Adjacent to the save button is the **Generate** button, on click of which an income graph is generated by the system. The graph displays the income of the customer, spouse and their combined income till the life expectancy age of the customer. Line graph represents the income for each kind. The y-axis represents the age of the customer till the life expectancy age and the x-axis represents the various slabs of income.

Note

Please note, the 'Generate' button by itself does not save any modifications made to the data, the user needs to exclusively click on the save button before proceeding to the next screen.

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3.2.8 Outflows

Description:

This screen has been provided to facilitate the user to capture the current and anticipated expenses of the customer. Analogous to the Inflows screen, this screen allows the user to classify the various expenses across the time periods till the life expectancy age of the customer. The screen also enables the user to capture contracted investment outflows that will result in building an asset. This screen also provides its users with flexibility to capture current and future anticipated loans and liabilities Similar to the 'Inflows' screen, it is not mandatory for the user to enter the data in this screen so as to enable the user to quickly create the investment proposal. To summarize, this screen facilitates to capture the various current and expected expenditures of the customer which in turn enable to estimate the annual gross funds required to support the customer's life style.

User Access levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.17: Outflows Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Outflows

Capturing the details on this screen:

The screen displays three tables for capturing and displaying the expenses, contracted investment outflows and loans/liens. A user accessing the screen for creating a proposal afresh will be presented with the blank tables. The user can proceed to capture data in each

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of the tables by clicking on the ![button] button provided on the right hand side corner of each table. On the other hand, the users accessing the screen for creating a proposal by using an existing proposal will be displayed with the data of the existing proposal in the tables. The user

can however maintain the displayed data in any of the tables by clicking the ![button] button provided under the corresponding table. All the users accessing the screen for modifying an

existing proposal can also access the maintenance screen by clicking on the ![button] button for the corresponding table.

3.2.8.1 Expenses

The first table 'Expenses' captures the various current and anticipated 3 of the customer across a range of time periods till the life expectancy age of the customer. The user can mark each type of expense as subject to inflation or not. The first field 'Description' is a free text field. It facilitates the user to describe the type of expense. This field is mandatory field and the user will be restricted to use numeric figures in this field. The subsequent field 'Year From' captures the commencement period of the particular described expense. The period entered should be in the YYYY format. The user will be restricted from capturing the commencement period beyond the life expectancy age of the customer. Corresponding to the 'Year From' field, the next field 'Year To' captures the concluding term of the particular expense. This field too should be captured in the YYYY format and cannot be defined beyond the life expectancy age of the customer.

Note

Please note, that the user can define different types of expenses overlapping for the same time period.

The field 'Annual Amount' captures the annual amount for a particular defined expense in the customer's preferred currency. The expense captured should indicate the values at current price levels. The user will be able to enter only numeric characters in this field. The expenses identified as inflatable will be compounded at the inflation rate (as given in the Assumptions section) from the starting period defined in the field 'Year From' to the period 'Year To'. The principle of inflation is also applicable to the expenses defined for the future periods. As the expense for the future period would have been captured at today's price, the amount will be inflated from the current period to the starting period defined in the field 'Year From'. This inflated amount will be considered as the starting expense for the year defined in the field 'Year From' and from then on grown again at the inflation rate each year till the period 'Year To'.

Let us comprehend this with an example:

Description	Year From	Year To	Annual Amount	Inflatable
Living expense	2008	2009	100000	Yes
Other Expense	2010	2011	10000	Yes

Inflation rate = 10%

Current year: 2008

Living Expense for

2008 = 100000

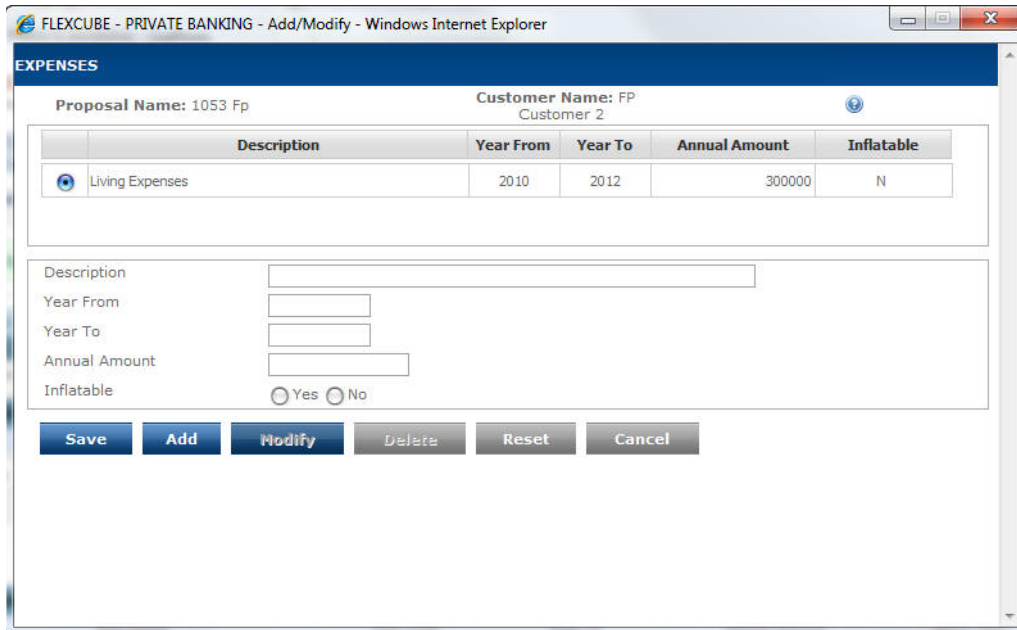2009 = 100000 + 10% x 100000 = 110000

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Other Expense for

2010 = 10000 x (1+0.10) ^ 2 = 12100

2011 = 12100 x (1 + 10%) = 13310

All the expenses indicated as non inflatable will be considered as constant invariable expense for all the years defined irrespective of whether the expense is for the current period or an anticipated expense for future. Examples of these could be insurance premiums that have already been contracted,

After having understood the functionality of all the attributes in the table, let us now proceed

to understand the pop up window navigated by clicking the button.

The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below:

Figure 3.18: Expenses Screen with Customer Details

This screen is in accordance with all the other display and edits screens, wherein the top section displays the existing information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

3.2.8.2 Contracted Investment Outflow

The next table 'Contracted Investment Outflow' has been provided to facilitate the user to distinguish and capture those outflows which go towards building the customer's assets. . Such outflows can be either one-time expense or periodic expenses. The most familiar example of such expense can be that of periodic payments towards a venture capital or private equity fund or a systematic investment into a mutual fund (SIP). All of these outflows result in building assets in different asset classes for the customer. It is not mandatory for the user to capture data in this table. The user can use this section to also include recommended systematic investments as part of the plan.

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The first attribute displayed in this table is 'Description'. This is a free text field where the user will be restricted from entering any numeric figures. The subsequent field 'Year From' captures the commencement period of the particular described expense. The period entered should be in the YYYY format. The user will be restricted from capturing the commencement period beyond the life expectancy age of the customer. Corresponding to the 'Year From' field, the next field 'Year To' captures the concluding term of the particular expense. This field too needs to be captured in the YYYY format and cannot be defined beyond the life expectancy age of the customer. The next field 'Annual Amount' captures the amount which will be taken out as cash outflow in the customer's preferred currency annually. The user will be able to enter only numeric characters in this field. The final field in the table enables the system to identify the asset class whose value will appreciate as a result of the outlay. The system will restrict the user to identify only those assets for which the growth rate has been defined in the 'Assumptions' tab.

At this juncture it is important for us to understand the computation methodology of such contracted investment outflow in the cash flow statement. The expense demarcated in this table would be clubbed along with the other expenses and deducted from the net inflows of the customer. However as this expenditure will finally result in the increase of the asset value, the amount deducted will be included in the identified asset at the inflated value, computed by compounding the value at the growth rate defined in the 'Assumptions' tab. Kindly note that like retirals these investments are assumed to be coming at the end of the year and thus will start earning the returns from the second year. Let us comprehend this with the following example explaining the treatment of Contracted Investment Outflow while calculating the "Asset Level as is".

Description	Year From	Year To	Annual Amount	Asset Class
SIP	2007	2009	60000	Equity

Rate of Return = 11.20%

Year	Annual Expense	Asset value
2007	60000	60000
2008	60000	(60000 x (1 + 0.1120)) + 60000 = 126720
2009	60000	(126720 * (1+0.1120)) + 60000 = 200912.64

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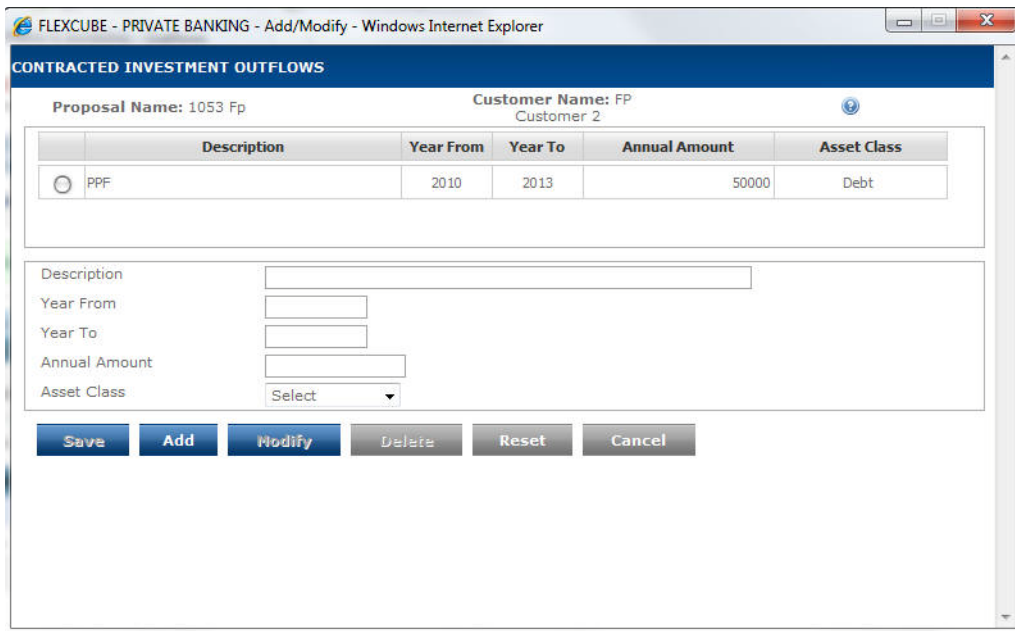
Note

It is important for us to note that no inflation will be applicable on the values entered here even if the contracted investment starts from a future year.

As mentioned earlier, while calculating 'Asset level recommended' every year end the FCPB rebalances the existing assets according to the recommended asset allocation. It includes the assets built due to contracted investments every year also in the amount to be rebalanced. This result in the assets built due to contracted investment outflow to be reallocated according to the recommended asset allocation every year end. This is explained in detail in the description of the projections tab.

After having understood the functionality of all the attributes in the table, let us now proceed to understand the pop up window navigated by clicking the button.

The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

Figure 3.19: Contracted Investment Outflows Screen

This screen is in accordance with all the other display and edit screens, wherein the top section displays the existing information from the table and the bottom tab facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

3.2.8.3   Loans / Liens

The next table in the main screen is for capturing any existing or anticipated loans/advances or liens of the customer. These loans can be either against some assets or clean. As we proceed to understand the table, we will also comprehend the various business rules associated with the attributes and their relevance in the cash flow projections.

The first field in the table 'Description' is similar to the other description fields described earlier in various tables. The next field enables to capture the loan amount in customer preferred

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currency. This amount is the original loan amount as of the starting year of the loan as mentioned in the "Year From" field. Please note that this could be a year before the current year. For the current existing loans against any assets (i.e where the start year is in or before current year), the system will validate that the outstanding loan balance in this field 'Loan Amount' is less than or equal to the current market value of the asset declared in the tab 'Assets'. However, there is no such validation for the loans against assets intended to be taken in the future. Further, the user has also been provided with the flexibility to capture potential loans including the potential loans against those assets which are currently not held but intended to be in the future. For example, a customer may have a goal to buy a house 5 years from now, and take a housing loan against this real estate asset class starting 5 years from now, though there may be no current investment in real estate asset class.

The next field 'Annual Repayment' is the equated periodic payments which the customer needs to outlay for repaying such loans annually. Once the user enters the Loan Amount, Interest and Loan period, the system calculates the Annual Repayment and displays it in the Annual Repayment field. The amount evidently includes both the principal and interest component of repayment. Both the fields 'Loan Amount' and 'Annual Repayment' are numeric fields. The user will be restricted from capturing any alphabets in the Loan Amount field.   The next field 'Interest %' captures the rate at which the customer has borrowed the amount. The user needs to ensure that the figure captured in this field is denoted as annual percentage. The user will be restricted to capture only numeric characters in this field. The field 'Rest period' defines the periodicity of amortization of the loan (frequency at which the principal outstanding amount of the loan is reduced). The subsequent field 'Year From' facilitates in the capturing the commencement period of the particular described loan/lien. The period entered should be in the YYYY format. The user will be restricted from capturing the commencement period beyond the life expectancy age of the customer. Corresponding to the 'Year From' field, the next field 'Year To' captures the concluding term of the particular loan/lien. This field too needs to be captured in the YYYY format and cannot be defined beyond the life expectancy age of the customer, nor less than the "Year From". The last field in the table enables the system to identify the asset class, if any, against which the user has an outstanding loan /lien.

As we are aware, the concept of a loan is to disburse the entire advance amount on initiation of the loan and then recover the amount through periodic payments. Hence in the cash flow statement the advance amount received (captured in the field 'Loan Amount') should be reflected as an inflow and the subsequent periodic payments (captured as 'Annual Repayment') should be included along with the other expenses for the tenor of the loan. As the financial plan for the customer commences from the current year, all the formerly taken loans prior to and including the current year will not be included as inflow. For the loans commencing in the current year, the system will assume that the advance amount has been received by the customer. The user needs to ensure to include such advance amount as an income in the 'Inflows' tab, if the amount is not already received as disbursement for a loan taken in the current year.

Note

For the loans anticipated to be taken in the future (with Year From greater than current year) the Loan amount will be included as an inflow in the respective year. Please note that no inflation rate will be applied to the loan amount starting from a future year- it will take the amount as entered in the Loan amount field.

Please note for the loans taken in the current year or intended to be taken in future, the system will start including the periodic loan repayments as an expense from the year of loan disbursement.

As mentioned earlier, the user can capture the loans taken by pledging assets and can demarcate such assets in the field 'Against Assets'.

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The following treatment is applicable to cashflow and asset projections for "As Is" scenario. The treatment for projecting cashflows and Assets for the "Recommended scenario", is discussed subsequently.

Any deficits in the cash flow in a particular year, where the outflows exceed inflows, are adjusted by liquidating the assets in the sequence opted and captured by the customer in the 'Assets' tab.

However such adjustments will be limited, to the extent of the outstanding loan balance against the specified asset in the respective year while projecting the Assets As Is in the cashflow projections.

It is probable for the customer to have invested in certain instruments which have a lock-in period associated to it. Such instruments cannot be liquidated prior to the conclusion of the lock-in period. For example some tax saving mutual fund schemes have a 3-year lock-in period during which the asset cannot be sold if the tax benefits are to be claimed. The user can also capture all such assets in the table 'Loans/Lien'.

While capturing information of such lien's the fields 'Interest %' and 'Rest Period' can all be left unfilled/blank. Analogous to the loan against assets, for adjusting any cash deficits, the lien on assets too will restrict the system from liquidating the assets to the extent of the outstanding lien while projecting the Assets As Is in the cash-flow projection.

Please note that even in cases of anticipated Loans against assets starting in a future year, though the system does not validate for sufficiency of asset value in currently held assets, once the loan starts in the future year, FCPB will validate that the asset can only be liquidated to the extent of the outstanding loan balance, if there is a need to meet any cash-flow deficit.

For cashflow projections in recommended scenario, the computations depend on the setting of the flag

"FP Asset Liquidation – Ignore Loans/Liens" in Bank Parameters. If the flag is N, then the behavior is that same as for As Is scenario. If Annual repayments / EMI for a loan against an asset are mentioned as zero then the same will be considered as lien on that asset class to prevent liquidation during the term of the lien. Therefore this amount will be set off from the total current assets while considering rebalancing the existing assets as per recommended allocation. However, this amount will be considered as exposure to the asset class and will continue to grow at the ROR specified for that asset class in the assumptions tab and also generate cash returns. To summarize, the lien will not have any cash inflow/outflow contribution in any year but will impact the asset liquidation to the extent of the lien amount. Needless to say, the lien amount will not get added to the Loan outstanding amount in the cashflow Projections tab. If the flag is set to Y, then loan or lien will not have any impact on cashflow projections, and the system will liquidate assets freely when required to either meet a cashflow deficit or for rebalancing to the recommended model.

The system will calculate and display the total principal outstanding as of the end of every year in the projections tab.

After having understood the functionality of all the attributes in the table, let us now proceed

to understand the pop up window navigated by clicking the button.

The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

Figure 3.20: Loans Screen with Customer Details

This screen is in accordance with all the other display and edits screens, wherein the top section displays the existing loan/lien information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.

The final field in the main screen is 'Notes' which is as discussed earlier.

After having captured the information in all the mandatory fields the user will then proceed to

click on the **Save** button which will enable the Projections Tab also.

Adjacent to the save button is the **Generate** button, clicking of which will generate an outflows graph. The graph displays the total expense of the customer including the contracted investment outflow and loan inflows / repayments till the life expectancy age of the customer. The y axis represents the age of the customer till his life expectancy age and the x-axis represents the amount.

Note

 Please note, the 'Generate' button by itself does not save any modifications made to the data, the user needs to exclusively click on the save button before proceeding to the next screen.

If in case cash-flows section is to be displayed as a part of the proposal based on the customer segment and the user does not enter any data in Outflows tab, a blank page is printed under the Cash flows section.

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3.2.8.4 Goals

Description:

This screen enables the user to capture the various financial aspirations of the customer till the life expectancy age of the customer. The screen also enables the user to capture any loans that are required to meet any shortfalls arising out of goal related cashflow.

The new functionality 'Link Goals to Portfolio' introduced in the system enables the user to keep the track of various goals defined in this screen. The goals are linked to desired portfolios having customer holdings.

User Access Levels:

RM: The entire financial planning module can be accessed only by the RM.

Figure 3.21: Goals Screen

Screen Navigation:

Entry to the screen:

On the main menu:

Financial Planning → Goals

Capturing the details on this screen:

The screen displays a table for capturing or displaying the goals. A user accessing the screen

for creating a proposal afresh will be presented with the blank tables. The user can proceed

to capture data in the table by clicking on the [button] button provided on the right hand side corner of the table. On the other hand, for the other users accessing the screen for creating a proposal by using an existing proposal will be displayed with the data of the existing proposal in the table. The user can however maintain the displayed data in the table by

clicking the [button] button. All the users accessing the screen for modifying an existing proposal

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can also access the maintenance screen by clicking on the button.

As mentioned earlier the table 'Goals' captures the various financial aspirations or goals of the customer across a range of time periods till the life expectancy age of the customer. The user has also been provided with the option to demarcate the goals which will require some loans for fulfilling them in the defined time period. The first field 'Description' is a free text field. It facilitates the user to describe the type of goal. This field is mandatory field and the user will be restricted from using numeric figures in this field. The field 'Expected Cost (at today's price)' captures the amount essential for the goal. The goal captured should indicate the values at today's price and in the customer's preferred currency. The user will be allowed to enter only numeric characters in this field. As the goals to be accomplished in the future period would have been captured at today's price, the amount will be inflated from the current period to the attaining period defined in the field 'Time from now'. The system will utilize the inflation rate defined in the tab 'Assumptions' for inflating the amount. This inflated amount will be considered as the amount required for accomplishing the goal. The subsequent field 'Time From Now' describes the number of years from current time, when the customer expects to realize his goal. The system will restrict the user to enter only numeric values to denote time in years. Please note that the system will exclude the current year while computing the period. For example 20 years from now (year 2008) indicates that the cash flow will occur in 2028.

Note

Please note, that the user can define different goals coinciding for the same time period.

The next four fields enable the user to capture the particulars of the loan which the customer intends to take for accomplishing the goal, if required. These fields are optional and can be left unfilled by the user. The first field 'Loan Required Y/N' captures the preference of the customers to opt for a loan. Selecting 'Y' will indicate the customer's willingness to take a loan for fulfilling the goal. On selecting 'N' all the remaining fields pertaining to the loan will get disabled. The subsequent field 'Tenor' defines the term of the loan. The system will restrict the user to enter only numeric values to denote time in years and from capturing the loan period beyond the life expectancy age of the customer. The next field 'Interest Rate' captures the rate at which the customer will borrow the amount. The user needs to ensure that the figure captured in this field is denoted as annual percentage. The user will be restricted to capture only numeric characters in this field. The field 'Rest period' defines the periodicity of amortization of such loans.

As we stated earlier the goal will be included as an expense outflow in the year defined by the customer. For the users opting for taking a loan, the loan will be considered to the extent of the shortfall / deficit after liquidating the assets as per order of liquidation mentioned in the assumptions tab to meet the goal in the goal year. If the deficit amount exceeds the Goal amount itself (due to impact of other non-goal related cashflows), then the loan amount is capped at the cost of the goal in that year. In other words, the system will assume that the customer has undertaken a loan to the extent of the shortage amount in the net cash flow. The principal loan amount so disbursed will be clubbed to the income inflow in the same corresponding year. The periodic payments for repaying the loan will be included as an expense from the subsequent years till the tenor of the loan. The amount to be repaid annually will be calculated. The loan will not be taken for calculating the Asset Level (As is) even if there is a shortage. It will be taken only if there is a shortage while calculating the Recommended Asset Level. 'Asset Class' is drop-down field. The drop-down list displays all asset classes maintained in the system.

If user selects an asset class and if Goal is met in the Goal year, then the Goal amount is added to the selected asset class for both the Assets 'AS IS' and 'Asset Recommendation'. If user does not have the asset class defined against a Goal in its existing Asset or recommended Asset allocation, then the system creates the asset for the customer future projections. If asset is required to be liquidated for meeting another Goal, then based on the

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order of liquidation the system liquidates the asset added in the Goal year. If all Asset Rebal = 'Y', then this newly added asset through goals get redistributed as per model asset allocation at EOY. Growth Rate should be applied on this asset based on the year's slabs as maintained in the assumptions tab.

Note

Please note that the system will start including the periodic loan repayments as an expense from the year after the year of loan disbursement.
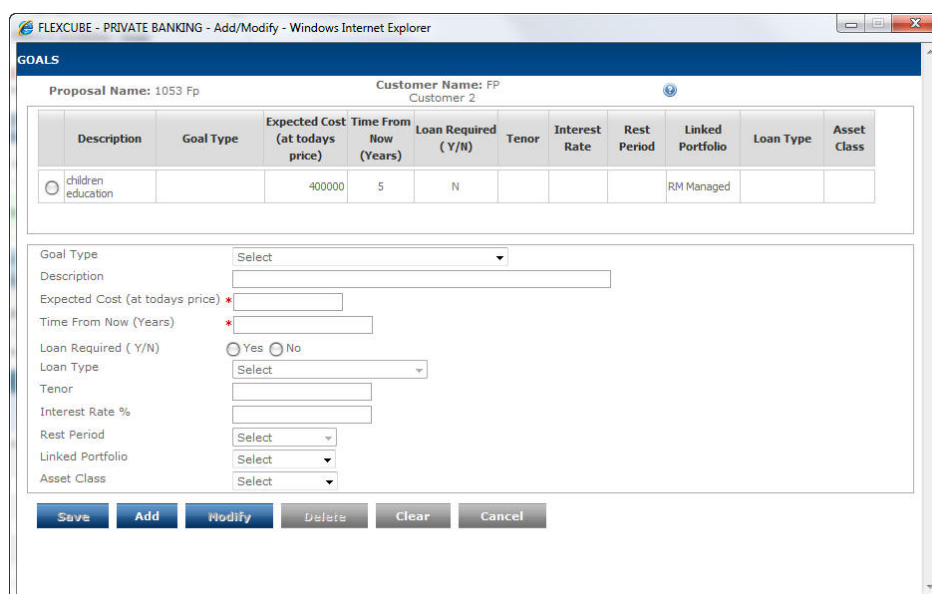
The system will calculate and display the total principal outstanding of any loans taken to meet the goals as of the end of every year in the projections tab.

The last row in the table displays the total amount required for accomplishing all the goals of the customer at today's cost.

Let us now proceed to understand the pop up window navigated by clicking the button.

The hyper link displays a pop up screen enabling maintenance of any of the attributes displayed on the table. Screen shot of the pop up box is as given below

Screen:

Figure 3.22: Goals Screen with Customer Details

This screen is in accordance with all the other display and edit screens, wherein the top section displays the existing goals information from the table and the bottom section facilitates addition or maintenance of the information.

The user can add, modify or delete the data in the screen as explained in the General Characteristics section.
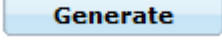
The final field in the main screen is 'Notes', which has been discussed earlier.

After having captured the information in all the mandatory fields the user will then proceed to click on the **Save** button. To recap, the subsequent tab 'Projections' had been already enabled subsequent to saving the information in the previous tab 'Outflows'. The user can thus proceed to the next tab after clicking the save button. On trying to access the

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subsequent tab without clicking on the save button, will result in the prompting of a confirmation message for saving the data.

For the users who had opted for either generation of a new proposal by selecting a particular existing proposal or for modifying an existing proposal would have the tabs enabled to the extent which had been enabled for the retrieved proposal. For such users too, accessing the subsequent tab without clicking on the save button, will result in the prompting of a confirmation message for saving the data.

Adjacent to the save button is the **Generate** button. This provides the users with the unique ability to generate graphs. This click of the generate button in this screen will generate a comparison graph of the gross inflows and outflows of the customer till his life expectancy age. The total inflows include the income of the customer, his spouse as well as anticipated one time inflows. Whereas the outflows include the inflatable/ non inflatable expense, expense adding to the asset value, expense due to repayment of loans as well as the expense for accomplishing goals of the customer. The y axis represents the age of the customer till his life expectancy age and the x-axis represents the amount for demarcating the expense and income.

For a customer accessing the screen to create a proposal afresh would be displayed with the graph only on clicking the 'Generate' button. On the contrary, for a customer accessing the screen to generate a proposal utilizing the existing one, the graphs would be displayed based on the existing data on accessing the screen. However, as we stated earlier, the user has the flexibility to modify the values displayed in this screen. In order to visualize the changes made to the values, in the graph, the user needs to click on the 'Generate' button.

Note

Please note, the 'Generate' button by itself does not save any modifications made to the data, the user needs to exclusively click on the save button before proceeding to the next screen.

Note

When there is a year roll over the user has to capture the new "Years from now" appropriately.

Note

The system does not restrict the user to save the data prior to generating the graph for the updated data.

3.2.9   Projections

Description:

This is the most crucial screen of financial planning and aids in scenario analysis of various plan options to enable a scientific decision. All the facts and figures captured in the preceding tabs are evaluated and displayed in this screen as cash flows. The entire cash flow projections are displayed till the life expectancy age of the customer. This screen is a display screen and to modify any data the user needs to make the modifications in the corresponding tab. However in order to visualize the impact of the changes in the cash flow statement, the user needs to ensure to save the modified data in the corresponding tab. Each time the user visits this Projections tab, the cashflows are automatically recomputed based on the latest data captured in the other previous tabs. Further if the user has chosen to vary the risk profile

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of the customer, the same is factored in while arriving at projections. For example if user has chosen that from age 40 to 50 customer will be "Moderate" and 51 to 75 "Conservative", then while computing projections the system will consider the moderate asset allocation till age 50 and conservative asset allocation thereafter.

Note

 Please note that while loading data from existing proposals, the system will only display data from the current year onwards. For example, if in the existing proposal a salary amount was entered for the period from say 2007 to 2020, and if the current year is 2009, the system will only show the data from 2009. However, while computing the cashflow component for current year, the relevant growth rate / inflation rate would be used from the start year till current year. In this example, if the salary figure was entered as 100000 growing at 10 % p.a., from 2007 to 2020, the cash inflow for current year 2008 would be computed as 100000*1.10 = 110000. Similarly for computing the retiral cash inflow in retirement year, the value will be computed starting with 2007.
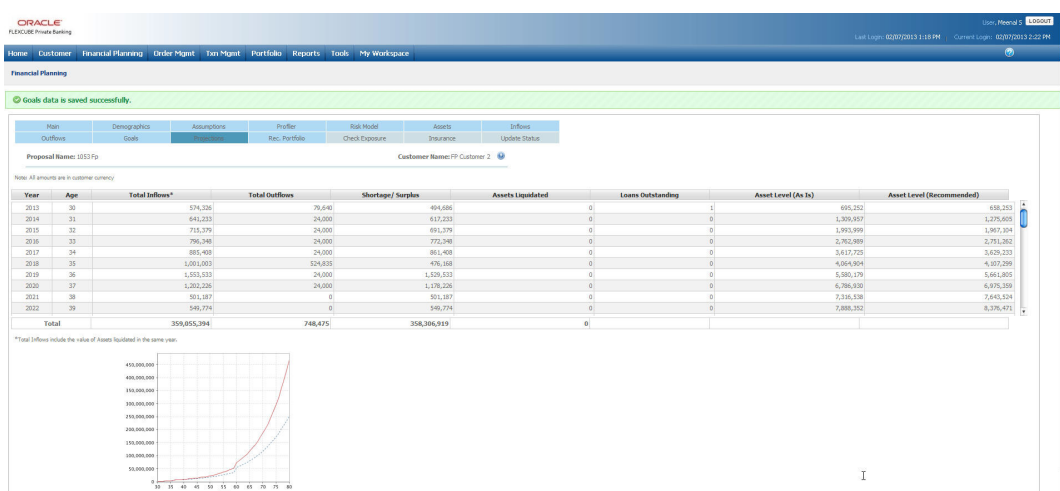
Figure 3.23: Projections Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Projections

Calculating the details on this screen:

The screen displays a table displaying the projected cash-flows, assets and liabilities for the recommended scenario.

Let us understand the computation methodology of the attributes displayed in the table.

Year

This will display the calendar years in YYYY from current year (as per system date) till the Life expectancy of the client.

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Age

This column displays the age of the customer starting from the current age till the life expectancy age of the customer.

Total Inflows

The total inflows of the customer for each corresponding year are displayed in this field. The total inflows for a year includes

1. **Net Take Home Income - self:** As explained in the Inflows tab, the total inflow for each year adding all types of income is computed. perceived in the 'Income' screen, the user will capture the various income of the customer anticipated to be received, across various time periods till the life expectancy age of the customer. The income captured will indicate the values at today's price. For each type of income being currently received by the customer, the system will grow the income annually for the period defined by the customer. The income will be grown at the rate defined by the user for the particular income. For the incomes defined for the future periods, the computing methodology would differ depending on whether the flag "inflatable till the start year" has been selected as Yes or No. This is to take care of known periodic inflows like pension and annuity incomes that will start from a future period, where the amount is defined and known upfront, the user can select the flag as No and thus the amount will not be inflated till the start year. For the instances where the flag is selected as Yes, the amount will be inflated from the current period to the starting period defined in the field 'Year From' using the inflation rate defined in the Assumption tab and from then on grow it at the rate defined in the field 'Growth Rate %' till the period 'Year To'. Let us understand this better with an example

Description	Year From	Year To	Annual Amount	Growth Rate%	Inflatable till start year
Salary	2008	2010	100000	10	
Future Salary	2011	2012	200000	10	N
Business Income	2010	2011	10000	15	Y

Consider inflation rate as 5% and 2008 as the current year.

Now Salary for each year would be as computed below

2008 = 100000

2009 = 100000 x (1 + 0.1) = 110000

2010 = (110000 x (1 + 0.1)) + 10000 = 131000 (The 10000, represents the amount received from Business Income)

2011 = 231525 + (10000 x (1 + 0.1)) = 242525 (The amount 231525 was deduced by inflating the amount 200000 at the inflation rate of 5% from current year 2008 onwards till 2011, 200000*1.05*1.05*1.05)

2012 = 231525 x (1 + 0.1) = 254678

All the figures displayed in the cash flow table will be represented as whole numbers and will be rounded to the nearest figure.

2. **The income of spouse:** The income computation for each year is analogous to the methodology adopted for computing income of the customer.

3. **One time income:** Such inflows will be considered in the year of maturity as declared by the user.

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If value of the flag "FP Asset Liquidation - Ignore Loans/Lien" is set to "Y" in Bank Parameters: Only those one time inflows will be considered against which no asset is mentioned. Any one time inflows marked against an asset will not be considered while calculating the inflows for the corresponding year of maturity, as it is assumed that all assets are freely saleable for rebalancing or meeting any cash-flow deficits in any year.

If value of the flag "FP Asset Liquidation - Ignore Loans/Lien" is set to "N": all one time inflows whether against an asset or not will be considered for calculating the inflows in the corresponding year of maturity.

Consider the following example assuming the current year to be 2008

Description	Amount	Time from Now	Asset Redeemed
Money Back Policy inflow	300000	20	
Rural Bond	500000	20	Debt

If the flag = "Y"

In the year 2028 only the cash inflow of 300000 will be included as income.

If the flag = "N"

In the year 2028 both the cash inflows of 800000 will be included as income.

4. **Retiral Contribution of customer and spouse:** The retiral contribution for each year along with **the** interest earned on the retiral contribution for each year based on the expected salary incomes will be clubbed and added as inflow at the retirement age of the customer. Please also refer to the example provided in the Inflows Tab explanation section. Lets us now consider multiple salary incomes and corresponding retiral amounts as in the above example in subsection 1

Description	Year From	Year To	Annual Amount	Growth Rate%	Retiral Amount	Inflatable till start year
Salary	2008	2010	100000	10	10000	
Future Salary	2011	2012	200000	10	20000	Y
Business Income	2010	2011	10000	15		

Hence the Retiral Amount under the income type 'Salary' will grow as follows

2008 = 10000

2009 = 11000 (10000*1.10)

2010 = 12100 (10000*1.10*1.10)

Please note that the user has not demarcated retiral contribution for the income type 'Business Income'.

For the year 2011 the next type of income 'Future Salary' will be considered for computing the retiral contribution. Since this is a future income, the retiral calculation will follow the same approach as followed for the salary calculation depending upon the "Inflatable till start year flag".

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Hence the retiral contribution arising out of the income type 'Future Salary' would be as given below

2011 = 23152 (20000 inflated at 5% from 2008 onwards for each year till 2011)

2012 = 23152 x (1 + 0.1) = 25467

Now, for each year, the retiral amount will also earn an interest which will be computed at the user defined rate and compounded annually. The retiral contribution for each type of income will be compounded separately by the system. At the retirement age, all the separately computed contributions will be clubbed and added as income. Taking forward the above example, with Rates of Return as given below,

Description	Year From	Year To	Annual Amount	Growth Rate%	Retiral Amount	Rate of Return %
Salary	2008	2010	100000	10	10000	8%
Future Salary	2011	2012	200000	10	20000	9%
Business Income	2010	2011	10000	15		

The interest for the retiral contribution for the income type 'Salary' would be computed as follows

2008 = 0 (the retiral contribution is assumed to happen at end of year, hence no interest is indicated in the year of contribution- interest will start accruing only from next year)

2009 = 8% x 10000 = 800

2010 = 8% x (10000 + 800 + 11000) = 1744

where,

10000 is the contribution made for the year 2008, 800 is interest received in 2009 on the contribution and 11000 is the contribution made for the year 2009.

2011 = 8% x (10000 + 800 + 11000 + 1744 + 12100) = 2852

Though there would be no retiral contribution for the income type 'Salary', it would continue to accrue interest of 8 % till the retirement age of the customer.

Hence the interest rate for the subsequent years would be computed as follows

2012 = 8 x (10000 + 800 + 11000 + 1744 + 12100 + 2852) = 3080 and so on till the retirement age

Similarly the interest for the income type 'Future Salary' will also be computed at the rate of return defined by the user for each year.

Finally at the retirement age, the retiral contribution computed for each year as well their corresponding interest for each type of income will all be added and included as income.

The retiral contribution and its corresponding interest computation of the spouse are analogous to the computation methodology explained for the customer and will be included as income at the retirement age of the spouse provided the retirement age of the spouse is within the life expectancy age of the customer.

Apart from the above values the **cash returns on the existing assets** of the customer will also be included while computing Total Inflows. The system will grow the assets at the growth rate for the respective asset class as defined in the Assumptions section based on the End of

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Period asset level as of each previous year. Please note that the assets entered in the "Assets" tab are considered as though they are as of beginning of current year, hence the growth rate and cash returns are computed for the current year also. The cash returns for the future years will be computed as the product of the value of the asset as of the preceding year and the cash returns % as declared by the user. As we stated earlier, the growth rate of the asset indicated in the Assumptions tab is inclusive of the cash returns anticipated to be received on the asset. So, the actual value appreciation of the asset can be computed as the difference between the overall growth rateless cash returns received. Let us understand this with an example.

The user declared the following while creating the proposal in 2008

Current Market value of equity asset = 200000

Annual cash returns = 9%

Growth rate of asset = 10%

Year	Gross Market Value	Yearly cash inflow	Net Market value
2008	200000 x (1 + 0.1) = 220000	200000 x 0.09 = 18000	220000 – 18000 = 202000
2009	202000 x (1 + 0.1) = 222200	202000 x 0.09 = 18180	222200 – 18180 = 204020

In the year 2008, the gross market value of the asset was computed at the growth rate of 10% as of the end of the year 2008 to 220000. Similarly Cash return for the year 2008 would be 18000, giving the value of Asset as 202000 of 2008 end.

For the year 2009, the net value of the asset as of the end of year 2008, namely 202000 will be grown at the overall asset growth rate to 222200. The cash inflow will be computed as the product of the previous year's closing asset value i.e. 202000 and expected cash return on the asset. This figure is 18180. The year's closing asset value will be computed by reducing the cash inflow from the gross asset value for the year 2009, hence this value is 204020.

5. **Asset Liquidations and Loans taken**: If there is any cashflow shortfall in any year, the system will try to liquidate assets to meet the deficit. To the extent of such liquidation, the amount will get added to the Total Inflow. Any loan taken with a future start year, as explained in the Outflows Tab, will cause result in an inflow of the loan amount in the start year, which will get added into the total inflows for the year. Similarly, if there is any loan taken for a Goal, as explained in the Goals Tab, the amount of this loan (which is equal to cashflow deficit after liquidating assets to meet the goal in the Goal year, subject to a cap of the Goal amount itself) is added in the Goal year to the Total Inflows. Please note that even if the Loan taken for a Goal is in the current year, the inflow will be considered.

6. Let us understand this with an example assuming the current year to be 2008:

Description	Expected Cost	Time from Now
Child Education	100000	5

The customer opts to obtain a financial credit for accomplishing this goal.

The inflation rate declared by the user is 5.5%

The amount will be inflated as given below

Year	Amount

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2008	100000
2009	100000 x (1 + 0.055) = 105500
2010	105500 x (1 + 0.055) = 111303
2011	111303 x (1 + 0.055) = 117424
2012	117424 x (1 + 0.055) = 123882
2013	123882 x (1 + 0.055) = 130696

The amount 130696 will be included as an expense in the year 2013. Consider the total expense for the year 2013 was 150000 including the amount required for accomplishing the goal. Also consider the total inflows including the assets liquidated for the year 2013 is 125000. Then the system will assume that a loan amount of 25000 is required in order to overcome the deficit, if the user selects Loan against Goal as "Y". This loan amount of 25000 will be included as an income in the year 2013.

> **Note**
>
> The loan will not be taken for calculating the Asset Level (As is) even if there is a shortage, but only the Recommended Asset Level.

Also note that the amortization of loan taken to meet the goals will start from the following year. (i.e. year after the loan inflow)

3.2.9.1 Total Outflows

The total outflows for each corresponding year are displayed in this column. The outflow for each year is computed by considering the following attributes

1. **Inflatable expense:** As explained in the Outflows Tab, the various expenses inflated to the respective year are clubbed together for arriving at the total Outflow. Let us understand this with an example, with current year as 2008.

Description	Year From	Year To	Annual Amount	Inflatable
Living expense	2008	2009	100000	Yes
Other Expense	2010	2011	10000	Yes

Inflation rate = 10%

Living Expense for

2008 = 100000

2009 = 100000 + 10% x 100000 = 110000

Other Expense for

$2010 = 10000 \times (1+0.10)^2 = 12100$

2011= 12100 x (1 + 10%) = 13310

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As seen in the above example the expense defined under the category 'Other Expense' will be inflated for 2 years for the 2008-2010. The inflated amount so deduced will be used as the starting expense for the year 2010.

As the user has the flexibility to define different expenses for the same time period, all the expenses for each particular year would be clubbed and displayed.

2. All the expenses indicated as **non inflatable** will be considered as constant invariable expense for all the years defined irrespective of whether the expense is for the current period or an anticipated expense for future.

Consider the following example to understand this.

Description	Year From	Year To	Amount	Inflatable
Insurance Premiums	2008	2010	10000	No
Pension plan contribution	2010	2012	15000	No

The expense for each year would be reflected as given below

2008 = 10000

2009 = 10000

2010 = 10000 + 15000 = 25000

2011 = 15000

2012 = 15000

As observed in the above example the user can define various expenses for the overlapping time period.

3. Along with the inflatable and non inflatable expenses all the expenses demarcated under the category of **'Contracted Investment Outflow'** will also be clubbed as an expense for a particular year. To recap, the contracted investment outflows define expenses which could either be a one-time expense or periodic expense. Please note all the expenses defined by the user under this category will not be inflated irrespective of whether the expense has been defined for the current period or for the future period. For these expenses too, as the user can define multiple expenses with coinciding time periods, all the expenses for a particular year will be clubbed.

4. **Loans:** Apart from the expenses, the outflows will also include the periodic payments to be made for a loan undertaken. Such periodic payments will include the loans undertaken against assets or otherwise or taken exclusively for accomplishing a goal. It is important to note that the annual repayment figure entered in the Loans/Lien table in Outflows tab will apply from and including the start year till the last year. However for Loans against Goals, the annual repayment is computed by the system based on the loan amount, tenor, rest period and interest rate, and will start from the year following the corresponding Goal year.

3.2.9.2   Shortage/Surplus

Is computed as the difference between inflow and outflow for each year. All the shortages are prefixed with a negative sign and are highlighted in red color. This provides ease to the customer to identify all the shortages across the life span Note that for a plan to be successful. There should be no negative value in this column.

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3.2.9.3 Assets Liquidated

This column will display the gross value of the assets liquidated (if any) to meet any shortages in the respective years.

3.2.9.4 Loans Outstanding

This column displays the total loans outstanding as of the end of each year. The loans comprise both the normal loans as well as loans intended to be taken for accomplishing the goals. It is important to understand that only the principal amounts outstanding for the loans for each year will be displayed in this column. To summarize, the outstanding principal amounts across all the unsettled loans will be computed and displayed for each year.

Loans entered in the Outflows Tab: To recap, the user will reveal the annual repayment and the interest for the loan. As we are aware, the annual repayment will comprise of both the principal and interest elements. In order to derive the principal element exclusively, it is essential for the system to exclude the interest element. This principal amount so derived will be deducted from the loan amount for each year, in order to infer the loan outstanding amount as of the end of each year.

Let us understand this with an example

Description	Loan Amount	Annual Repayment	Interest annualized %	Rest Period	Year From	Year To
House Loan	100000	10000	1%	Annual	2007	2022

This is an existing loan of the customer which was taken in the year 2007. Now, out of the annual repayment amount of 10000, 1000 comprises of interest component (1 % of 100000,) in year 2007, the loan amount being considered as of beginning of year. In other words, the customer is repaying 9000 towards principal amount for the first year, leaving a loan outstanding balance of 91000 as of end of 2007/beginning of 2008. Hence the loan outstanding as of the end of each year would be displayed as follows

Loan Outstanding = Principal at start of year – (Annual repayment – Interest component)

2008 = 81910 (= 91000 - (10000 - 910))

2009 = 72729 (= 81910 - (10000 – 819))

And so on, for the entire tenor of the loan i.e. till the year 2022.

Loans for accomplishing goals: For the customers opting for a loan against a goal, the principal loan amount will be considered to the extent of the shortfall / deficit after liquidating the assets as per order of liquidation mentioned in the assumptions tab to meet the goal. If the deficit amount exceeds the Goal amount itself, then the loan amount is capped at the cost of the goal in that year.

Based on the loan amount computed as described above and the loan factors declared by the customer, namely tenor, interest rate and rest period, the system will compute the annual repayment amount for each year. By deducting the interest component from the annual repayment amount, the system will deduce the loan outstanding amount as of the end of each year. The computation of the outstanding loan amount will commence from the year of disbursement of the loan and will continue for the tenor of the loan.

3.2.9.5 Asset Level (As Is)

As the name suggests this column displays the sum of actual asset value across all the asset classes, currently held by the customer for each year as of end of the year.

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1. The asset value for each asset class for each year will be grown at the corresponding asset growth rate as declared by the customer in the 'Assumptions' tab. The assets will be grown till the life expectancy age of the customer.

Note

It is important for us to understand that the assets will be grown from the current year itself. The analogy for this being, the system will assume that the customer has declared his asset value as the beginning of the current year.

Let us understand this with an example

The customer has declared that he holds 10000 in equity investments and he has declared the growth rate of equity as 10%.

For the current year, 2008, the asset value will be 10100

2. From this grown asset value, the cash returns received for the corresponding year will be deducted. We have already discussed on the computation methodology of cash returns. To summarize we had stated that as the cash returns are declared and issued by the issuers for the performance of the instrument in the precedent year, the cash returns will be computed as the product of the value of the asset as of the preceding year and the cash returns % as declared by the user.

3. The next to be included to the asset value are the contracted investments. To recap we had stated while discussing on the 'Expenses' tab that though the contracted investments will result in the outflow of the customer's cash, this expenditure will finally result in the increase of the asset value. For each year the amount deducted will be included in the identified asset which would start earning the compounded returns as defined in the Assumptions tab from the next year onwards. Let us understand this with the following example assuming the current year to be 2008:

Description	Year From	Year To	Annual Amount	Asset Class
SIP	2008	2009	60000	Equity

Rate of Return = 11.20%

Year	Annual Expense	Asset value
2008	60000	60000
2009	60000	(60000 x (1 + 0.1120))+60000 =126720
2010	0	(126720 x (1 + 0.1120)) = 140912.64

Thus the value of 60000 will be added to the asset value in the year 2008. As seen in the above example, the asset value will be grown from the next year onwards. For Contracted Investment outflows starting from a previous year, the inflows / outflows of previous years will not be considered and no assets will be created for the previous years. The respective assets will be built starting from the current year only. This is assuming that all such assets built from prior year contracted investments will already have been considered in the Assets as captured in the Assets Tab.

The contracted investments could either be a one-time investment or periodic investments for a time period defined by the customer. In the case of the latter, as seen in the above example,

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a constant amount will be contributed towards the asset each year. However the asset will be grown each year using the compounding methodology at the growth rate defined by the user.

As the user has also been provided with the flexibility to capture even the future contracted investments, such investments will start contributing to the increase in the asset value from the year of such outflow as defined by the user.

4. The next important factor for determining the asset value, is to consider the assets which will mature during the span of the cash flow computation. To reiterate our discussion on the table 'One Time Cash Inflows' we had stated that the table facilitates to specify the assets which will not only result in one time cash inflow at the maturity but will also result in the reduction of the asset value at maturity. The asset value for such assets will be reduced to the extent of the maturity value in the corresponding year of maturity as indicated by the user.

Please note that it is only for those one-time inflows against which the user has specifically indicated an asset that will be considered for this treatment. Clean cash inflows like say an inheritance or money back from insurance against which no assets will be specified, will have no impact on Assets As is.

Let us understand this better with the following example

Description	Amount	Time from Now (Years)	Asset Redeemed
Money back pol-icy	50000	12	
RBI Bonds	500000	20	Debt

The current year being 2008, the amount of 50000 arising from Money back policy will be considered as an inflow in the year 2020. This inflow will have no impact on the asset value. On the contrary consider the example of 'RBI Bonds'. This example indicates that the bond will mature in the year 2028. Hence while computing the cash flow for the year 2028, not only will 500000 be added as an inflow but will also be reduced from the asset value to the extent of the same maturing amount viz., 500000.

Surplus/Deficit: To recap, we have already computed the net surplus or shortage for each year by considering the inflows and outflows. Either of the situation i.e. surplus or shortage will have an impact on the asset value. Ideally the customer would not prefer to have idle cash lying in the account without investing and reaping its benefit. Hence any cash surplus will be reinvested back into the assets. Similarly, any shortage in the cash will be compensated by liquidating the assets to the extent of the shortage for that particular year. Let us now proceed to understand the computation methodology for each of these scenarios.

5. **Surplus:** The system will presume that any excess cash flow for a particular year needs to be reinvested back in to assets as defined in accordance with FCPB the field 'Client Allocation for Investable Surplus' in the tab 'Assets'.

The excess cash for any particular year will be reinvested back in to the assets in the same year at the proportion declared by the user. Let us consider the following example assuming the current year to be 2008

Current Market value of equity asset = 200000

Annual cash returns = 9%

Growth rate of asset = 10%

Client allocation of investable surplus into equity = 10%

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Assume 2008 and 2009 had a surplus of 10000 each

Year	Gross Market Value for Equity	Yearly cash inflow	Net Market value (= Grown Asset value – Cash Return + Surplus allocated)
2008	200000 x (1 + 0.1) = 220000	200000 x 0.09 = 18000	220000 - 18000 + (10000 x 0.1) = 203000
2009	203000 x (1 + 0.1) = 223300	203000 x 0.09 = 18270	223300 – 18270 + (10000 x 0.1) = 205030

In the above example 10% of the surplus 10000 was reinvested back into the closing value of the assets for the year 2008.

6. **Deficit**: In case the total outflows exceed the total inflows in a particular year, the system will try to overcome the shortage by liquidating the assets as per the liquidation order, of course subject to outstanding loans / liens. Kindly note that even if the shortage may be due to a goal fulfillment and the client had indicated his preference for taking a loan to meet the same, the system will not take a loan to meet any shortage even after the asset liquidation while calculating "Asset Level (As is)". This is because all cash-flows pertaining to future start loans in the Outflows tab and Goal related loans as specified in Goals tab will be considered only as part of a recommendation hence will be considered only in Asset Recommended

Let us now proceed to understand the various validations involved while liquidating the assets.

● Order of liquidation: To recap on our discussion on the 'order of liquidation' in the tab 'Assumptions', we had stated that the user has the flexibility to indicate the sequence of liquidation in order to meet any shortages in the cash flow. In accordance with the sequence captured, the system will liquidate the assets one by one, till the entire deficit is wiped out. It is important to understand that the liquidation will be carried out only to the extent of overcoming the cash deficit. In other words there is no restriction on the system for partial liquidation of an asset. Let us understand this with an example

The net asset value in the year 2008 for

Equity= 10000(Order of liquidation = 1)

Real Estate= 100000(Order of liquidation = 2)

In the same year there is a deficit of 15000, then the asset value at the end of the year 2008 will be as

Equity = 0

Real Estate = 95000

Please note that the value of the assets considered were the net figures post asset growth adjusted for cash returns, if any. As seen in the above example the assets will be liquidated in the same year as the deficit.

Also the assets, for which the customer has not consented for liquidating by mentioning order of liquidation as zero, will not be liquidated.

● Restriction on liquidation of assets to the extent of loan outstanding: While discussing the tab 'Outflows' we had discussed about the existing as well as loans anticipated to be taken in the future and their implication on the cash flow statement. We had also discussed that while liquidating the assets, the system will restrict the user from liquidating the asset to the extent of the outstanding principal amount as of that year. The rationale being that while taking loans against assets, the assets are pledged as a security with the Financial Institution disbursing the loan.

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The computation for the outstanding value of the loan has already been explained earlier.

Consider the following example

Description	Loan Amount	Annual Repayment	Interest % p.a.	Rest Period	Year From	Year To	Against Asset
Loan against shares	1000000	110000	10%	Annual	2008	2030	Equity

Now, the principal outstanding a of end of each year can be derived as follows

2008

Loan Amount = 1000000 (as of the start of the year)

Interest paid = 0.1 x 1000000 = 100000 (being annual rest)

Principal repaid = 110000 – 100000 = 10000

Loan outstanding = 990000 (as of the end of the year)

2009

Loan Amount = 990000 (as of the start of the year)

Interest paid = 0.1 x 990000 = 99000

Principal repaid = 110000 -99000 = 11000

Loan outstanding = 979000 (as of the end of the year)

2010

Loan Amount = 979000 (as of the start of the year)

Now consider that there is a deficit of 2000000 in the year 2009 and the customer's total investment value in Equity is worth 1500000. However, the system will allow the deficit to be adjusted against Equity only to the extent of 1500000 – 979000 = 521000.

It is important to note that this restriction will be applicable only for the period for which the loan is outstanding.

● Restriction on assets having lien associated to it: Apart from having pledged the assets for a loan it is also probable that certain investments could have a lock-in period associated to it. Such instruments cannot be liquidated prior to the conclusion of the lock-in period. Such instruments will also have been captured by the user in the same 'Loans/Liens' table in the tab 'Outflows'. Analogous to the loan against assets, for adjusting any cash deficits, the lien on assets too will restrict the system from liquidating the assets to the extent of the outstanding lien on that particular asset. For example

A customer has invested in a Tax saving Fund of asset class Debt, for 10000 and has a lock in period of 3 years. This investment was made in the year 2007. Hence the system will curtail from adjusting any deficits during this period to the extent of 10000 in the asset class 'debt'.

Please note that this restriction will be applicable only for the period for which the asset has a lock-in period associated to it.

● Deficit post adjustments: Even after having adjusted the deficit with all the existing assets in accordance with the maximum possible liquidation of assets in each asset class as per the rules, if the entire deficit could not be completely offset, it will be reflected in the cash flow statement as a negative figure in red to the extent of the unadjusted deficit amount.

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This deficit indicates that the entire cash flow of the customer requires re-planning by adjusting the underlying parameters or by taking a fresh loan.

3.2.9.6 Asset Level (Recommended)

This column displays the asset value if the investment decisions are made in accordance with the model asset allocation. In addition all future start loans and all loans against goals are considered (unlike in As Is computation). The computation methodology for this column varies according to the value of the flag "FP Asset Liquidation - Ignore Loans/Lien in Bank Parameters".

If value of the flag "FP Asset Liquidation - Ignore Loans/Lien" is set to "N":

In this case the "Asset Level recommended" for each year is computed in a similar way to the Asset level (as is) except that the f the total existing assets, as entered in Assets Tab, (net of the currently outstanding loans/liens, one-time Cash inflows against asset maturities and where the client has indicated order of liquidation as 0 for an asset)are rebalanced as per the the recommended model asset allocation in the current/first year itself. Also any surpluses generated in any year also invested according to the recommended / model asset allocation.

Step 1: Calculation of the total asset values as of the end of each year is as follows:

Asset Level as of Previous year grown based on the Annual Rates of Return for each asset class

LESS

The annual cash return already considered as inflow for the year for the respective asset class

PLUS

The Contracted Investment Outflows in the respective asset class (returns thereon will be included from next year onwards of the respective outflow)

LESS

Any one-time cash inflow for the year, if an asset class is mentioned against the corresponding inflow

PLUS

The surplus amount (inflows – outflows), if any, distributed into each asset class as per the Client's recommended asset allocation

LESS

Any assets liquidated to meet the shortage/deficit, if any, to make good the deficit in the respective year.

Step 2: Calculation of the total asset values available for rebalancing

Total Asset value as calculated in the step 1

LESS

Total Asset Value of all the asset classes for which order of liquidation is Zero.

LESS

Total value of all future one-time cash inflow against an asset class for which order of liquidation is non zero.

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LESS

Total Value of principal outstanding of all the loans taken against an asset class for which order of liquidation is non zero.

LESS

Any lien marked against any asset class for which the order of liquidation is non zero.

Step 3: Rebalancing

Total Asset value available for rebalancing as calculated in the step 2 is rebalanced according to the recommended asset allocation in the defined ratios.

Step 4: Calculation of the total asset values as of the end of the year.

Total Asset value as calculated in the step 3

PLUS

All the sums reduced in step 2.

If value of the flag "FP Asset Liquidation - Ignore Loans/Lien" is set to "Y":

The total existing assets as entered in the Assets Tab is rebalanced according to the recommended model asset allocation, _**without**_ any deductions for Loans/Liens/ Onetime Cashinflows against assets/ assets with Liquidation order 0. Also any surpluses in each year are allocated according to the recommended model asset allocation.

Step 1: Calculation of the total asset values as of the end of the year.

Asset Level as of Previous year grown based on the Annual Rates of Return for each asset class **LESS**

The annual cash return already considered as inflow for the year for the respective asset **class**

PLUS

The Contracted Investment Outflows in the respective asset class

PLUS

The surplus amount (inflows – outflows), if any, distributed into each asset class as per the Client's existing allocation for investable surpluses.

LESS

Any assets liquidated to meet the shortage/deficit, if any, to make good the deficit in the respective year.

Step 2: Rebalancing

Total Asset value as calculated in step 1 is rebalanced as per the recommended asset allocation in the defined ratios.

In the final section of the screen, the user has been displayed with a graph, representing the asset level (as is) and asset level (recommended). This graph helps the users to appreciate and analyze the difference in the asset values which can be obtained by investing in accordance with the model asset allocation as against the current investment pattern of the

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customer. The x-axis of the graph represents the age of the customer till the life expectancy age whereas the y-axis represents the amount of investment.

To recap, for those users who had opted for generation of a completely new proposal, all the subsequent tabs 'Projections', 'Rec Portfolio', 'Check Exposure', 'Update Status' and 'Generate Proposal' will all be simultaneously enabled after the click of the save button in the 'Outflows' tab. For the users who had opted for either generation of a new proposal by selecting a particular existing proposal or for modifying an existing proposal would have the tabs enabled to the extent which had been enabled for the retrieved proposal.

3.2.10   Recommended Portfolio

Description:

This screen displays the recommended existing portfolio holdings of the customer, depending on whether the financial planning is being done for a prospect or existing customer with holdings already present

Screen:

Figure 3.24: Recommended Portfolio Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Recommended Portfolio

Capturing the details on this screen:

For a prospect or a retail banking customer or even for an existing customer of FCPB who currently does not have any holdings, clicking on this tab will pop up a window asking the user to enter the investable amount. This is also applicable for the retail or prospect customers accessing the module for creating a new proposal using an existing one. A customer intending to modify an existing proposal will also be displayed with the pop up window provided that the existing proposal had not been updated with any information on this screen.

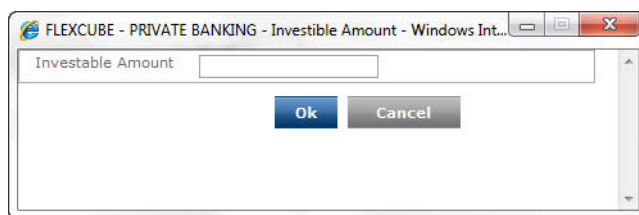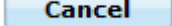The screen shot of the pop up window as displayed below

Figure 3.25: Investment Window

On entering and clicking on the ⬛ OK button, the entire intended investment amount will be allocated across the instrument level holdings of the model portfolio that is specified in the system for the chosen risk model. To recap, in accordance with the risk score of the customer, the user has the option to either opt for the default model associated to the risk score or can associate any other model associated to the risk score. Each model will not only have the default asset allocation associated to it but will also have the default instrument level holdings (i.e. the model portfolio) associated and maintained in the Master Tables by the administrator.

The ⬛ Cancel button will lead the customer to the main screen which will be a blank screen.

However for a prospect for whom an existing proposal which had already captured the investment amount is loaded for modification, the popup message will not be displayed again for capturing the investment amount, as it would have already been captured earlier. On clicking "Refresh holdings" button, the system clears the information from this table. If customer specific Model Asset allocation is selected for a prospect, then when the RM goes to the 'Rec Portfolio' tab the first time after creating the customer specific model), model portfolio mapped to the original asset allocation (the asset allocation which is defined by the bank as default allocation in FCPB for the respective risk score) get populated in the Rec portfolio. The RM can make modifications to these holdings.

The pop up window would also not appear for customers of FCPB having their existing investments updated or captured within the Portfolio Management module of the System. The existing investments of the customer and their corresponding updated market value would be displayed in this tab. It is important for us to understand that the updated information of the investments from the customer's holdings would be available only on first access to the screen for generating a new proposal. This would include for either creating a proposal afresh or using an existing one. All the subsequent access to the screen will result in the display of the last saved data as before and will not be refreshed with updated information on each access. The user has the option to "Refresh Holdings" by clicking on the appropriate button, which would result in again replacing the table with the latest holdings from the Portfolios of the customer.

The first column in the holdings table, i.e. 'Customer Name', I is relevant only for the customers who had opted for planning at the 'Household' level. For the existing customers of FCPB intending to create a new proposal for the entire household will be displayed with the

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holdings information of the household members on accessing the screen. This is applicable only for those customers and their corresponding household members whose holdings information have been maintained in the 'Portfolio Management' module. In other words, all the members whose information has not been maintained in the 'Portfolio Management' module will not be displayed in this table. However, the corresponding information of such members can be included through the maintenance part of the screen below the table. For prospects and customers intending to create a new proposal at the household level having no holdings for any member of the household, though will be displayed with the investment portfolio of their associated model portfolio on accessing the screen. They have also been provided with the flexibility of maintain the holdings information for the household members through the maintenance tab on the same screen. It is important to note, that for prospects it is only for the members identified as household members in the 'demographics' screen whose information on investments can be updated on this screen. For customers, the members identified as belonging to the household will be as maintained in the Customer Profile Maintenance-> Household definition.

The next column displays the instrument type. To recap, each 'Security' in FCPB has been categorized into different instrument types. The different instrument types to be used by the bank can be identified and maintained by the administrator in the Reference Master Table. Currently the following instrument types are supported by the system namely equity, mutual fund, structured product, bonds, commodities, pms, spl product, CASA, TD and insurance. All the miscellaneous securities which cannot be categorized into any of the above defined instrument types can be classified into the instrument category 'others'.

For a customer of FCPB, all the holdings across all the portfolios will be clubbed and displayed here. This principle is also applicable to all the household members of the customer of FCPB. For the other customers/prospects the instrument type of the holdings associated to the model portfolio will be displayed in this table.

The next column displays the instrument name. Under each instrument type, depending on the customer who is accessing the screen, either all the securities in which the customer currently has holdings or the securities in line with the associated model portfolio will be displayed. Analogous to the instrument type, for a customer of FCPB all the existing holdings across all the portfolios for a particular instrument type in a particular security will be clubbed and displayed here. This principle is also applicable to all the household members of the customer of FCPB.

The next column displays the market value. Whenever the system displays the model portfolio based on the investable amount, the amount against each security is computed as Investable amount * percentage allocation to the instrument in the model portfolio.
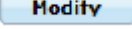
On the other hand, for the customers of FCPB whenever the holdings would be fetched from the portfolios held by the customer, the market value is computed as the product of the market price and quantity denominated in the security currency. For the securities of instrument type insurance, others & PMS (which are not unit based)the latest available market value is shown. In the absence of market price for a particular instrument, the system considers the acquisition price as the market price.

The last column displays the percentage holding. This is a non editable column and hence is computed by the system. It is computed as the market value of investment in a particular security divided by the sum total market value across all the securities. Any updates in the recommended portfolio data, through the maintenance section as described below, will result in the automatic re-computation and display of the percentage.

The last row in the table displays the total market value across all the securities and the total percentage (which will always show as 100 %).

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On selecting any of the holdings information in the table through the radio button, the corresponding information of the investment will be displayed in the maintenance section below the table. The user can then proceed to update the information of the chosen type of investment.

When the CASA/TD or amount based instruments are selected for addition or modification, the system enables the Amount option and disables the Units option with Value defaulted to 1 in the lower maintenance section.

After maintaining the relevant attributes, clicking on the ⬚ **Modify** button saves the changes.

Procedure to Build/Update Recommended Portfolio

Step 1:

From the Customer Name drop-down list, select the appropriate customer name (relevant only if planning for household, not for self).

Step 2:

From the Instrument Type drop-down list, select the appropriate Instrument type..

Step 3:

Click the ⬚ icon next to the Name field and select the appropriate Instrument name

Once the user selects the Name, the Currency, Region, Asset Class, Industry, and Market Cap fields will be auto-populated.

Note

If the user has put restrictions on the selected Instrument in the Restrictions screen, the system gives the message, 'The customer has placed a restriction on the selected Instrument. Do you still want to proceed?'

If the user chooses to overrule the restriction by clicking on 'Yes' then the selected instrument and allocation are retained in the allocation table. If the user clicks on No, the selected instrument and allocation is not added to the allocation table.

Any restrictions overruled by the user would be displayed in the financial proposal document submitted to the customer for approval.

Step 4:

Enter the appropriate unit in the Units field (this is disabled for non-unit based instruments like Others, PMS etc).

Step 5:

Enter the appropriate amount in the Amount field.

Step 6:

Click the Add button.

Step 7:

Click the Save button.

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> **Note**
>
> If the assets added match the Model Asset Allocation, selected by the user, the system displays the message, 'The holdings have been saved successfully'.

> **Note**
>
> If the assets added cause deviation from Model Asset Allocation, the system displays the message.

When the user clicks on the Clear All button, the Model Portfolio pop-up appears as shown below which allows the user to import a model portfolio into the Recommended Portfolio grid
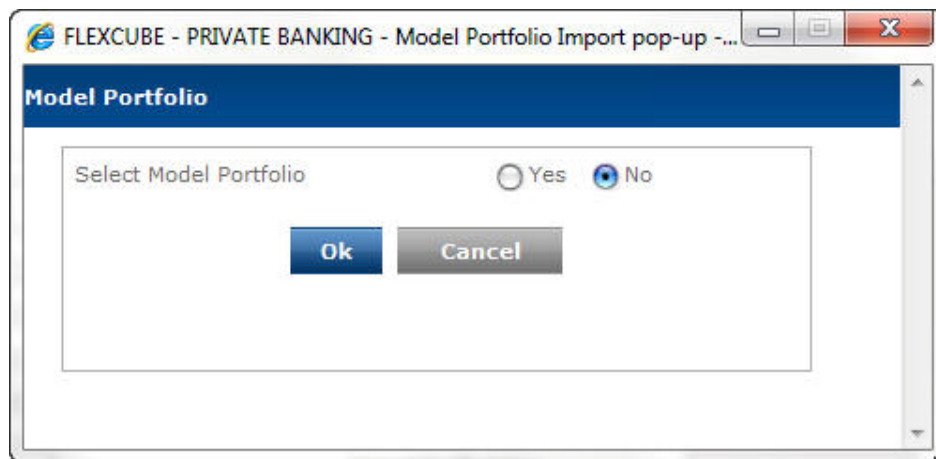

Figure 3.26: Model Portfolio pop-up

By default, the system selects the No option for the Select Model Portfolio. The user can click on the 'Ok button to close the pop-up.

If user selects the Yes option, two new fields Model Portfolio and Amount get displayed. The Model Portfolio field enables the user to select the appropriate model portfolio from the drop-down list. The drop-down displays the list of all available model portfolios associated with risk score of the selected customer.

The user can also enter the appropriate amount in the Amount field which will be then allocated into the model portfolio selected based on the asset allocation.

At any point, the user can close the pop-up by clicking on Cancel button.

The user can check the Model Asset Allocation selected by the customer by clicking on the "Check Asset Allocation button. This pop-up window compares the asset allocation between model asset allocation and the portfolio maintained by the user and shown on the Rec. portfolio screen.

At the same time, the system also checks the Asset Class Decomposition flag is Yes or No in Ref Bank Parameters screen. If the flag is Yes, then the system finds out the asset class of the sub-constituents of the Portfolio Funds and then compares their asset class with Model Asset Allocation.

For example:

Consider that the user has added the instrument Reliance Growth Fund whose Asset Class is Equity. The Reliance Growth Fund has 3 sub-constituents as mentioned below:
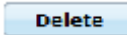
Infosys – 50% (Asset class – Equity)

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BHEL – 25% (Asset class – Equity)

Unitech Commercial Paper – 25%(Asset class – Debt)

So total allocation under Asset Class Equity is 75% and Debt is 25%

If the Asset Class Decomposition flag is Yes then the system checks whether the breakup of Equity or Debt are confirming to the Min/Max percentages in the Model Asset Allocation. If they are confirming, the system allows user to save the details and will not show any the message as 'The suggested portfolio does not meet the Asset Allocation model chosen for the customer; Please adjust the portfolio using the Check Asset Allocation button'.

The system restricts the user from capturing duplicate holdings for the same customer in the same instrument. To clear the fields either while maintaining or adding the information on the holding in the maintenance tab click on the `Clear` button. User has also been provided with the facility to delete any of the holdings information. This can be achieved by selecting the particular investment by using the radio button in the table and clicking the `Delete` button. It is important for us to understand that the modify/delete buttons will be enabled only on selection of a particular holding in the display tab where as the add button will be enabled on capturing the relevant details in all the mandatory fields.

After maintaining any data and clicking on the corresponding button, results in the display of the updated data in the display table. This also results in the re-computation and display of the percentage of holding.

The maintenance tab facilitates to maintain the value of holdings in a particular instrument and also add new holdings. The customer also has the option at any point of time to view and opt ℝ e recommended instrument associated to the model portfolio by clicking on the button.

The user can also view the Instrument Analytics details for the selected instrument.by clicking

on the 📊 icon.

If the user wishes to navigate away from the page without saving the data, the system prompts the user with the message, " All changes since the last Save would be deleted, do you wish to continue ?"; if the user clicks on the 'Yes' button, then any changes/additions/deletions done using the Add/Modify./Delete buttons would not be stored.

The attributes of the maintenance section are described below:

Field	Description
Customer Name	This field will flip between a display and selectable field depending on the action opted by the customer. While selecting the holdings information of a particular member of household or for the customer from the table of the recommended portfolio, the name of the chosen member/customer from the table will be displayed in this field.
	For the users intending to add a new recommended holding information, this field will display all the names of the household members identified and captured by the user in the preceding tab 'Demographics' (for prospects, and in Customer Profile maintenance->Household maintenance for existing Customers) in a drop down list. For the customers planning for self, the name of the customer will be displayed as a default value in the field and will be non editable.

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Instrument Type	This field will be converted into a display field on selection of a particular holding in the top table. However, this field will flip into a user selectable field for adding new holdings. All the instrument types as maintained by the administrator in the Master tables will be displayed as a drop down list. The user can opt for any instrument type
Name	Analogous to the previous fields, this field too will be converted into a display field and will display the name of the selected holding from the display table. In order to facilitate addition of new holdings, this field will flip into an editable field.
	For the securities under the instrument type's equity, mutual fund, bonds and structured products this field will display the name of the security acquired by means of the look up button displayed adjacent to this field.
	For the other remaining securities classified under the instrument type Insurance and others this field will be changed into a user enterable field.
Look Up	The enablement of the search 🔍 button requires fulfillment of two preconditions associated to it. Not only will the enablement be reliant for adding new holdings and but also on the instrument type being intended to be added. The button will be disabled for adding the instrument types insurance and others. However this button will be enabled for adding the instrument types under the category Equity, Bonds, Mutual Fund and Structured Product.
	On clicking the look up button a pop up window will appear. This pop up window aids in searching the securities under the selected instrument type. The detailed explanation of this security look up screen can be obtained from the section on Miscellaneous functionality.
Recommendations	The Ⓡ button provided adjacent to the look up button will be enabled only when the user is adding a new holding. On clicking this button, a pop up window will be displayed. This window will display the instrument name, type and the recommended percentage of investment. The section of a particular recommended holding can be accomplished by clicking on the hyperlink provided under the instrument's name. This will result in the display of the opted holdings in the maintenance tab.
	The users opting to maintain an existing holding will not be able to view all the recommended holdings by clicking on this button. The system will display a message asking the user to first clear the data populated in the lower maintenance tab and then click on this button.
Focussed List	The Ⓕ button provided adjacent to Ⓡ button will be enabled only when the user is adding a new holding. On clicking this button, a pop up window will be displayed. This window will display the instrument name, type and the focussed percentage of investment.

Model Portfolio	The button provided adjacent to the button will be enabled only when the user is adding a new holding. On clicking this button, a read only pop up window appears with model portfolio associated with the risk score.
Units	The nature of this field depends on the user selection if the user selects the units radio button, the system displays the corresponding amount depending on the market value of the particular holding in the 'Amount' field.

However if user selects the 'Amount' radio button and enters the amount for a particular holding, the system computes the appropriate corresponding units by dividing the amount entered with the last closing price of the holding.

However as we had discussed in the previous sections, the market price for holdings defined under the instrument type equity, mutual fund, traded bonds and structured product will be received as data imports from external data vendors. For the holdings classified under the category of non traded bonds the price considered will be per the last manual update. For the securities purchased under the instrument type insurance and others, the units will be defaulted to 1 by the system. |
| Amount | This field facilitates the user to suggest with the market value for an existing or for a new holding and is accessible for all the holdings across all the instrument types.

The nature of this field also depends on whether the user chooses 'Units' radio button or the 'Amount radio button as explained for the units.

To recap, maintenance of the value in this field will result in the re-computation of the holdings allocation percentage. |
Currency	Analogous to the unit's field, this is a display field. This field will display the currency of the selected holding as maintained in the Instrument Master Table by the administrator.
Region	This is also a display field. This field will display the region where the selected holding was issued. The region of the holding will be maintained in the Instrument Master Table by the administrator.
Asset Class	This field will display the asset class to which the particular holding belongs. The categorization of the holdings into the various assets will be maintained by the administrator in the Instrument Master Table.
Industry	The field 'industry' is pertinent only for securities under the instrument type Equity and Mutual Fund. This field will display the corresponding industry for the selected security as maintained by the administrator in the Instrument Master Table.
Market Cap	Analogous to the field 'Industry' this field is also pertinent only for securities of asset class Equity and will display the corresponding market cap for the selected security. The market cap for the holdings will also be maintained in the Instrument Master Table by the administrator.

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Exchange Rate	Displays the exchange rate for currency pair
Amount in Client CCY	Displays the amount in Instrument CCY Exchange Rate

If the recommended Instrument in Model portfolio has different currency than the Client currency, then the system follows the following process:

- Amount entered in the pop up is considered as amount in Client currency. Apply the percentage defined for the recommended instrument at model portfolio and the amount arrived at will be in Client CCY. Total is always shown in Client currency.

- If user selects an instrument, then 'Amount' gets displayed in the Instrument currency and units are converted using the total amount divided by the current market price.

- If user modifies the Unit, the system computes the amount in Instrument currency and displays the value in the table, in Client currency.

3.2.11 Check Exposure

Description:

The screen facilitates to analyze the holdings as recommended in 'Rec Portfolio' tab above. The holdings are analyzed in different dimensions like asset class, industry, currency, region, market capitalization and instrument type.
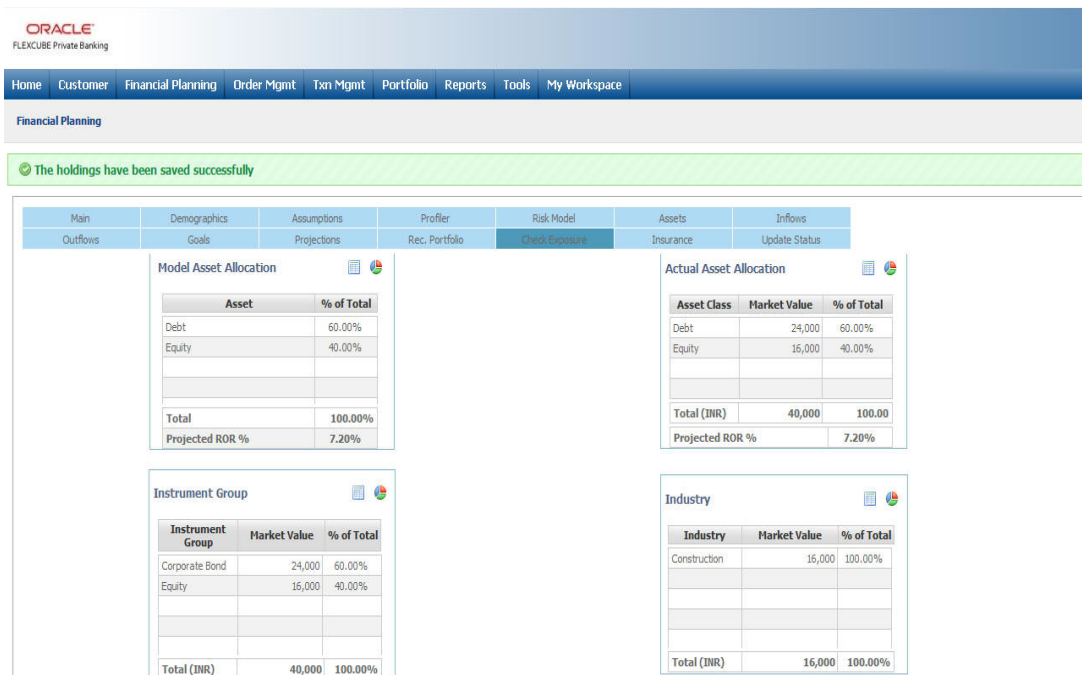

Figure 3.27: Check Exposure Screen

**Screen Navigation:**

Entry to the screen:

On the main menu

Financial Planning → Check Exposure

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How to read the screen:

On the screen the user can multiple graphs. These graphs depict the holdings across different dimensions like asset class, industry, currency, region, market capitalization and instrument type. The computation and analysis of these different dimensions have been discussed in depth in the section on Portfolio Analysis.

Along with the analysis of the holdings in different dimensions the screen also displays the Model Asset Allocation associated with the customer.

Though all the analysis dimensions are represented graphically, the user has been provided with the flexibility to alter each depiction to a tabular view independently. Thus the user can flip between the graphical and tabular view by clicking on [icon] and buttons respectively for any of the above mentioned dimensions.

For simplicity, we have the abridged the explanation of this screen into two sections. The first table clarifies the fields on the Model Asset Allocation and the second table provides the details on the fields for the various analytics of the recommended portfolio.

In the tables given below, the fields pertaining to the tabular view have been described. The corresponding figures from the tabular views have been used for generating the graphs.

Model Asset Allocation

Field	Description	Type
Asset Class	The asset classes defined in the particular recommended model asset allocation are displayed in this field.	Display only
% of Asset	This field defines the proportion allocated to each asset in the model.	Display only
Total	The total weight assigned to all the asset class would at all times sum up to 100%	Display only

Recommended Portfolio Analytics: The reader of this section needs to understand the concept of decomposition of holdings of collective investment schemes including Mutual Funds and Structured products' as envisaged in FCPB in order to interpret this screen. However, for thorough understanding of the computation methodologies of the fields, please refer to the section on Portfolio Analysis for further details.

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Actual Asset Allocation

Field	Description	Type
Asset Class	All the asset classes of all the instruments that are part of the recommended portfolio of the selected customer are displayed. If the Asset Class Decomposition flag is set to Yes then the Actual Asset Allocation tab displays the Asset Class values after considering sub-constituent values and the graph is also displayed by considering decomposed values. If the flag is set to No then system does not consider decomposed values.	Display only
Market Value	The market value as displayed in the 'Rec Portfolio' tab will be displayed in this screen.	Display only
% of Total	Is the percentage composition of the asset under consideration with respect to the total value of all the assets. The sum of the percentages across all the asset class would sum up to 100%.	Display only

Instrument Type

Field	Description	Type
Instrument Type	All the instrument types of all the instruments that are part of the recommended portfolio of the selected customer are displayed.	Display only
Market Value	The market value as displayed in the 'Rec Portfolio' tab will be displayed in this screen.	Display only
% of Total	Is the percentage composition of the instrument types under consideration with respect to the total value of all the instrument types. The sum of the percentages across all the instrument types would sum up to 100%.	Display only

Instrument Group

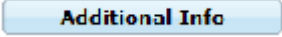| Field	Description	Type
Instrument Group	All the instrument groups of all the instruments that are part of the recommended portfolio of the selected customer are displayed.	Display only
Market Value	The market value as displayed in the 'Rec Portfolio' tab will be displayed in this screen.	Display only
% of Total	Is the percentage composition of the instrument group under consideration with respect to the total value of all the instrument groups. The sum of the percentages across all the instrument groups would sum up to 100%.	Display only

Industry

Field	Description	Type
Industry	All the industries in which the equity holdings of the Recommended Portfolio have exposures to are displayed. The industry exposure is considered for all instruments with asset class "Equity" held in the recommended portfolio,	Display only
Market Value	Is computed as mentioned in the 'Asset' class analysis as the market value of all investments covering both direct and indirect holdings in instruments of asset class Equity. The market value is denominated in customer preferred currency.	Display only
% of total	Is the percentage composition of the industry under consideration with respect to the total value of exposures to all the industries. The sum of the percentages across all the industries would sum up to 100%.	Display only

Market Cap

Field	Description	Type
Market Cap	All the segments of the market capital in which the equity holdings of the Recommended portfolio have exposures to. The Market Cap exposure is considered for all instruments with asset class "Equity" held in the recommended portfolio.	Display only
Market Value	Is computed as mentioned in the 'Asset' class analysis as the market value of all investments covering both direct and indirect holdings in instruments of asset class Equity. The market value is denominated in customer preferred currency.	Display only
% of total	Is the percentage composition of the segment of market capital under consideration with respect to the total value of all the segments. The sum of the percentages across all the segments would sum up to 100%.	Display only

The instrument type and Instrument group dimensions are self-explanatory as above.

Apart from these the user has also been provided with the flexibility to view his holdings in various other dimensions as chosen and defined by the administrator. This screen can be

accessed by clicking on the **Additional Info** button provided at the bottom of the screen.

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Note

Please note that the market prices used for the analysis are as per the last saved prices while saving the Recommended portfolio, and need not be the latest price.

3.2.12 Insurance

Description:

The screen has been provided in order to facilitate the user to calculate the quantum of life insurance cover needed by the client according to the various inputs given during the process of financial planning.

Figure 3.28: Insurance Screen

Screen Navigation:

Entry to the screen:

On the main menu:

 Financial Planning → Insurance

Capturing the details on this screen:

The first three fields namely inflation rate, risk free return and the current house hold expense (i.e. the total expenses for the current year in which the proposal is being prepared) will be pre-populated by the system and hence will be disabled. The next field i.e. 'Expense – on self' is a mandatory field which allows the user to capture the expenses incurred on self in absolute amount terms or in percentage terms for the current year. The amount captured here has to be less than the amount displayed by the system in the 'current house hold expense' field. This value is used for the calculation of insurance cover using current expense method.

The next field Insurance Need Analysis is a hyperlink on click of which the system displays the Insurance Need Analysis questionnaire as shown in the below screenshot. This hyperlink is visible only if the Insurance Recommendation flag in the Business Parameters is maintained as 'Y'.

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Figure 3.29: Insurance Need Analysis Questionnarie

Once the responses have been filled, the user needs to click on the Save button to view Insurance Recommendations suggested by the system based on the given responses. The system also displays the corresponding % weightage and the fact sheet for the Insurance instruments recommended.

Figure 3.30: Insurance Screen with Insurance Recommendations

The user can add, modify and delete these recommendations using the lower maintenance section. The % weightage for the recommended instruments should be equal to 100% in order to save it for future reference by clicking on the Save button.

Insurance recommendations already saved can be modified if the proposal is in the Open state. Once the proposal status is changed to 'Accepted by Customer' then no details of the proposal are allowed for modification.

The next table of the Insurance screen lists all the goals entered by the user in the goals tab. The user can select the goals which the client feels would be non-critical in the event of death, hence wants to exclude them for insurance calculations.

After entering all these values the user needs to click on the 'Calculate' button to calculate the insurance cover needed. The system calculates the insurance cover requirement according to following three different methodologies:

- Human life value
- Peak Liability
- Current Expenses

Calculation Methodology for the Insurance Cover Requirement:

1. Expense Method

Screen:

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Figure 3.31: Expense Method Screen

Note

User can select the Expenses that should not be considered while computing the Insurance requirement based on Expense method.

This method includes the following components of expenses and then discounts these using risk free rate of return to calculate the net present value which is the amount of insurance cover needed by the customer.

The total Current Year's inflatable expenses, net of what is attributable to the individual for whom planning is being done. These expenses as defined in the Outflows tab under table "Expenses" in Financial Planning, will be inflated upto the life expectancy of the individual.

Any EMIs on existing loans will be considered up to the respective periods

The total Current Year's Non-inflatable expenses mentioned in the Expenses Table will be considered for the period for which they have been mentioned, without inflating them.

Any specific goal related outflows to be considered in future.

Using the above data the outflows are computed till the life expectancy of the individual, and then discounted using the risk-free rate of return.

Any expenses entered with a future year start, as well as any EMIs for future dated loans will not be considered in the above computations, since the methodology looks at the current situation of the individual.

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The following table summarizes various expenses and their treatment for calculating the insurance needed by expense method.

No	Expense Component	Starting in Past Years	Starting in Current Year	Starting in Future Year
1*	Expenses-Inflatable	Yes- Current year onwards (inflated value)	Yes	No
2	Expenses-Non Inflat-able	Yes- Current year onwards	Yes	No
3	Contracted Inv o/f	No	No	No
4	Loans – Annual EMI	Yes- Current year onwards	Yes	No
5	Goals – (Total inflated value to be considered in respective year)	if chosen to be included	if chosen to be included	if chosen to be included

Insurance cover = i=0∑i=No.of.yrs [Total Expenses for the year / ((1 + Risk_free_returns %) ^ No. of yrs)]

Where the Total Expenses have been calculated as detailed above.

2. **Human Life Value Method**

Compute the yearly income for self for each year till life expectancy as defined in the Inflows Tab. Compute the Present value of Income for self based on Risk free rate of return% as given in Assumptions for each year. The present value is computed for each year as long as data is available for income of self. The Insurance cover required is the sum of present values computed for each year.

Insurance cover = i=0∑i=No.of.yrs [Income of SELF for the year/ ((1 + Risk_free_returns %)^No. of yrs)]

Where, No. of yrs = Life expectancy year – Proposal Start Year

Ex:

Current proposal start year – 2009

Current age: 35 Yrs & Life Expectancy: 75 Years

No. of years = (2009+40) - 2009 = 40

If proposal year now changes to 2010, No. of years to be used in the HLV formula will be 39 years

3. Peak Liability Method

In this method, the Projections are computed with only those goals that are valid even in the event of the customer's death. These goals are selected by customer in the main page. If the Shortage/Surplus is negative in any year, then Peak Liability cannot be computed. If Surplus is positive for all the years, the highest loan outstanding amount will be determined as "Peak Liability Insurance Coverage".

The subsequent table generated on the click of the calculate button lists the following three values for each of these insurance cover calculation methodologies:

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Insurance Required (Amount): The calculated value of the insurance cover needed by the client.

Existing Insurance Cover (Amount): the value of existing insurance covers as entered by the client in the 'Assets' tab.

Additional Cover needed (Amount): This displays the excess of insurance cover needed over the existing insurance of the client. In case the insurance cover needed is less than the existing cover zero is displayed.

The system stores the responses of the user on this screen and these are displayed when the user re-enters this screen. However these can be modified, and the insurance requirements recomputed.

Peak liability method of computing insurance requirement looks for highest loan outstanding amount in the lifetime of the customer gets impacted when there is a year roll over as the years to goal has to be resubmitted by user. If there is a loan taken to meet the goal expenditure then the loan computation too gets redone as the no. of years to goal gets changed.

3.2.13   Update Status

Description:

The screen has been provided in order to facilitate the user to update the status of the proposal as it advances through the various stages of creation and approval.

Figure 3.32: Update Status Screen

Screen Navigation:

Entry to the screen:

On the main menu

Financial Planning → Update Status

Capturing the details on this screen:

The system displays the system generated proposal no. in the Proposal No. field. The Proposal Version field determines the type of proposal to be generated for the selected client based on the flag selected at Client Segment master. The user gets to choose the version of

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proposal he/she wants either short or long only if allow version flag in Client Segment Master is set to Yes. The field 'Update Status' facilitates the user to update on the current status of the proposal. The user has the flexibility to update and track the status of the proposal right from its creation to the reception of the final consent from the customer. Each proposal created by the user will be defaulted to the status 'Work In Progress' until and unless it is updated by the user to the next status. The different statuses to be selected by the user are provided as a drop down list.

Please note, that the different statuses to be provided in this screen can be maintained as required by the bank based on its process. While defining the status of evolution of the proposal, it is possible to categorize and flag each status into either "open" or "closed" state. Once a proposal status has been updated to a state that is "Closed", it will not be possible to modify this proposal other than changing its status further to another one. It is also possible to define for each status whether the Print button should be enabled or not. The following table displays the default statuses and their corresponding flag of open/close, print/no print as currently defined in the system

Sr.No	Status	Open/Close	Print (Y/N)
1	Work In Progress	Open	Y
2	Sent To Customer	Close	Y
3	Rejected By Customer	Open	Y
4	Accepted By Customer	Close	Y

Consider the following case where the status of the proposal is updated to 'Sent To Customer'. This status has the 'close' status flag enabled and hence will restrict the user from modifying the proposal, so that, while the proposal is still being reviewed and considered by the Customer, the user should not be allowed to modify the proposal. If the customer disagrees to the proposal, the user should be allowed to review and modify in accordance with the customer's needs. Hence the status 'Rejected By Customer' will have the open flag enabled. Once the proposal is finally accepted by the customer, the system should restrict the user from modifying the proposal. Hence the close flag has been enabled for such status.

The final field in this screen is 'Notes', which has been described earlier.

After having updated the status the user will then proceed to click on the

Update button. The system generates the appropriate proposal depending on the Proposal Version specified.

The content of the proposal generated is based on the sections specified in client segment master. If a section is to be included as per master and the user has not entered any data for that section, then a blank page for that section is generated and included in the final proposal.

If the users tries to access any of the preceding tabs without clicking on the save button, the user will be prompted with a confirmation message for saving the data. Depending on the status and its associated flag of Print (Y or N), the subsequent 'Generate Report' button will be enabled.

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3.2.13.1 Generate Proposal

Description:

Clicking of this button will result in the opening of the proposal in the 'pdf' format. The proposal so generated can be either saved by the user in the local machine or can be printed using the print command.

How to read the report:

The look and feel of the report generated by the Financial Planning module can be customized in accordance with the Bank's requirements and standards. This includes the logos, font, colors and size, Disclaimer text content, header/footers, and introductory text for each section where applicable. The report has several sections, more or less in line with the tabs as explained above.

The Header in each page of the proposal displays the Logo of the Bank on the Left Hand side corner and the name of the bank on the right hand side corner. The footer includes the caption 'Confidential' in the left most corner, followed by the proposal name displayed in the middle followed by the page number on the right most corner. The Header and footer will remain unchanged throughout the proposal with only the page numbers being reflected incrementally.

At the end of each page, beginning from the 'Client Information' section to the section on 'Recommended Portfolio' the proposal will indicate a box for capturing the signature of the customer.

 Let us now proceed to understand the data displayed in each page of the proposal

Cover Page: It displays the customer name and the proposal id. The Customer name will be obtained and displayed from the tab 'Demographics'. On the other hand, the 'Proposal Id' actually reflects the Proposal name, the data of which will be obtained from the tab 'Main'.

Apart from the above data, the cover page also reflects the author of the proposal and the date of generation of the proposal. The name of the author or the Relationship Manager, under the supervision of whom this proposal was generated, will be obtained from the log in information.

The images currently displayed on the cover page can also be customized and changed in accordance with the needs of the Bank during the deployment of the module.

Disclaimer: The next page includes a Disclaimer as defined by the Bank.

Table of Contents: This section provides the complete index of the entire report, including the section headers/sub-headers and the page numbers.

1. **Introduction:** This section is again customizable by the Bank during the deployment of the module. This section provides a gist of the proposal to the reader. This section also includes the name of the Relationship manager which will be obtained from the log in information.

2. **Client Information**: This page displays the information of the customer as captured in the 'Demographics' tab. The fields displayed in this section have been enumerated below

Name: The complete name of the customer will be displayed in this field. The sequence of depiction would be as

Salutation → followed by the first name → middle name → the last name of the customer

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Address: The complete address, including the city, state, country and pin id of the customer address will be displayed.

Contact Numbers: All the three contact numbers viz, residential, office as well as the mobile number will be displayed in three separate fields.

Email id: The email address as captured in the 'Demographics' tab will be displayed in this field.

Date Of Birth: As the name states the birth date of the customer will be displayed in this field

Preferred Currency: Displays the customer preferred currency

Next Review Date: Displays next investment review date. This is applicable only for the proposals generated for FCPB customers and not for the prospects.

Dependants: The name, relationship and the date of birth of the dependant are displayed in this field.

Scope of the Financial Plan: The check boxes illustrate whether the plan is for the customer alone or considering the entire household.

The fields which had been left unfilled by the user during data capture will be displayed with 'N/A'.

3. **Key Assumptions:** The start of the section displays text which can be customized in accordance with the needs of the Bank during deployment. The remaining section depicts the data agreed upon by the customer in the tab 'Assumptions'. The data demonstrated includes:

- Life expectancy age of the customer in years
- Retirement age of the customer in years
- Retirement age of the spouse in years
- Inflation rate expressed as percentage per annum

Risk free rate of return expressed as percentage per annum
This section also includes the table defining the annual rate of return, and order of liquidation across all the asset classes. The data for these attributes will also be retrieved and displayed from the 'Assumptions' tab. The additional information displayed in this table is the percentage of allocation desired by the customer for any cash surplus, as defined by the customer in the Assets tab.

The bottom most section of this page displays the 'Advisor Comment' text box. The text displayed in this section will be retrieved from the field 'Notes' in the tab 'Assumptions'. The section will remain blank, if the user had left the field unfilled while capturing data.

4. **Risk Profile:** This section of the document displays the various risk categories currently classified and maintained by the Bank. This page also enlightens the customer about each of the risk scores and the characteristics / investment approach advisable for each of them. All the various risk scores and their corresponding descriptive details can be maintained by the administrator in the section on Risk Score in the Admin Module. Descriptions separated with inverted comma separator will be printed in separate lines.

Amongst the other risk score and their corresponding description, the risk score identified for the customer in the tab 'Risk Profiler' will be highlighted, facilitating the customer to identify the risk score as determined by the responses to the questionnaire. But if the risk profile of the customer was changed from what the system derived due to customer's wish, a note mentioning the same will be displayed at the end of this page.

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5. **Current Financials:** This section demonstrates the customer's current investments and their corresponding value. Again, the topmost section displays text which can be customized by the Bank during deployment. The text also includes the value date as of which the asset data was captured. This will default to the proposal generation date as discussed on the section 'Cover Page'.

The remaining part of this section displays a table and the 'Current Asset Allocation' and 'Current Investable Surplus Allocation' graphs.

The subsequent field will display the current insurance coverage value of the customer which will also be retrieved and displayed from the same tab 'Assets'.

The bottom most section of this page also displays the 'Advisor Comment' text box. The text displayed in this section will be retrieved from the field 'Notes' in the tab 'Assets'.

6. **Details of Income/Inflows**: The topmost section displays an income graph which will be extracted from the tab 'Inflows'. The remaining section displays three tables, demonstrating the 'Net Income for Self', 'Net Income for Spouse' and 'One Time Inflows'. The table and the corresponding data depicted will be the same as was displayed / captured in the tab 'Inflows'. The Bank has been provided with the flexibility to add explanatory text wherever required. This can be achieved during the deployment of the module.

The bottom most section of this page also displays the 'Advisor Comment' text box. The text displayed in this section will be retrieved from the field 'Notes' in the tab 'Inflows'.

Details of Expense: The start of the section displays text which can be customized in accordance with the needs of the Bank during deployment. The following section displays the graph illustrating the total expenses of the customer till the life expectancy age of the customer. This graph will be extracted and portrayed from the 'Outflows' tab. In the remaining section three tables are extracted and displayed from the 'Outflows' tab. The information captured in the table 'Expenses' in the tab 'outflows' will be displayed in the table titled 'Living Expenses' in the proposal. Similarly the information captured in the tables 'Contracted Investment Outflows' and 'Loans/Lien' will be displayed in the tables 'Contracted Investments' and 'Contracted Liabilities' respectively in the proposal. These two tables have been classified and displayed under the sub section 'Financial Outflows' in the proposal.

The bottom most section of this page also displays the 'Advisor Comment' text box as detailed before.

Financial Goals: This section displays the table from the tab 'Goals'. The information on the loans to be undertaken by the customer for fulfilling the goals will be excluded from being displayed in the proposal in this section but included in a subsequent section on recommendations.

7. **Cash Flow Projections (As Is)**: The table in this section displays the asset level and the networth of the customer till his life expectancy age. Both these attributes will display the projections as per the current investment and income/outflow conditions of the customer. The column 'Asset Level (As is)' displayed in the tab 'Projections will be included in the section. The proposal displays an additional table 'Networth', the values for which will be deduced as the difference between the asset level and the loan outstanding amount.

8. **Goals Fulfillment (As is): T**his section displays a table indicating the age at which the customer would attain maximum networth as per the existing investments and other income/outflow conditions. The table also displays the networth at the life expectancy age. The first graph displays the total income and total expenses till the life expectancy age of the customer considering the customers current conditions and investment behaviour. This graph will be displayed from the tab 'Goals'. The second graph compares the asset level as per current conditions and the asset level that could be achieved on

conforming with the recommendations of the Relationship Manager. The second graph will be displayed from the section 'Projections'.

The bottom most section of this page also displays the 'Advisor Comment' text box. The text displayed in this section will be retrieved from the field 'Notes' in the tab 'Goals'.

As mentioned in the other sections, this section too starts with a text message which can be customized in accordance with the needs of the Bank during deployment.

9. **Recommendations for Goal Fulfillment:** The first table displayed in this section displays the model asset allocation recommended for the customer. Adjacent to the table is a pie chart depicting the same distribution.

If the customer specific model is selected while creating the FP proposal, the system displays the   note in this section as "Recommended asset allocation is as per the customer specification" This is applicable for FCPB customers as well as for FP prospects. .

The second table in this section displays the asset level (recommended). The data for this table will be from the tab 'Projections'. The proposal displays an additional table 'Networth', the values for which will be deduced as the difference between the asset level and the loan outstanding amount. As mentioned for the other sections, this section too starts with a text message which can be customized in accordance with the needs of the Bank during the deployment of the module.

The next table indicates the age at which the customer would attain maximum networth on complying with the Relationship Manager's recommendations. The table also displays his networth at the life expectancy age in accordance with the recommendations.

A provision has been made to display the recommendations on the various insurance coverage options and their corresponding coverage value as calculated in the Insurance tab. The bottom most section of this page also displays the 'Advisor Comment' text box.

10. **Recommended Portfolio**: The content of this section will vary depending on the type of customer for whom the proposal is being made. All the customers will observe the recommended holdings in different dimensions such as currency, region, industry and market cap. These different dimensions of the holdings will be retrieved from the 'Check Exposure' tab.

FCPB also displays the instrument-wise recommended portfolio details, along with the current holdings for those customers who have holdings booked in the Portfolio module in FCPB. This table indicates the amount for each security that the customer should buy or sell to bring the holdings to conform with the model portfolio. This is displayed as Annexure III. The recommended asset allocation is displayed for all the customers irrespective of whether they have any holdings with FCPB or not.

For a prospect, or customer without any holdings, the inclusion of the detailed model portfolio with names of instruments and % holding recommended, will depend on the value of the flag "Print recommended portfolio in FP" Y/N in Bank Parameters.

11. **Proposal Acceptance**: This is the section of the proposal, where the customer can provide the consent and acceptance of the proposal. Provision has been made for the customer to enter name, signature, date and place for accepting the proposal.

As mentioned for the other sections, this section too has text messages which can be customized and included in accordance with the needs of the Bank during the deployment of the module.

12. **Insurance Recommendation**: This section of the proposal displays the Insurance Recommendation questionnaire along with the customer responses and the

corresponding insurance scheme recommendations saved in the insurance tab of financial planning.

13. **Annexure**: Additional essential information to be presented to the customer can be included in this section.

Annexure I: This annexure shows the risk profile questionnaire and the customer's response for the same. The information for this section will be retrieved from the tab 'Risk Profiler'.

Annexure II: A pre defined glossary is displayed in this section which can be re-defined and included during the deployment of the module.

Annexure III: This section will be displayed only for the customers having holdings in FCPB. It will display the recommended portfolio along with the customer's current holdings.

The closed financial planning proposals generated are also saved into a reporting repository for future retrieval.

3.2.14 Delete Proposal

User can view all the WIP proposals of the selected customer and can delete multiple WIP proposals. When user clicks on 'Delete' button, the system displays an override message as "Do you want to delete the selected WIP proposals". Once user clicks 'Submit' button, the system changes the status of all the checked WIP proposal as 'Delete'. If user clicks on 'Cancel' button, user has to close the window and modify the selection manually.

This function is provided for both 'Prospects' and 'Existing customer'.

Once WIP proposal is 'Deleted' then same is not shown in the drop-down of 'Create Modify Proposal > Main> Modify' tab.

User has to select a customer or prospect based on WIP proposal selection. However, if the customer is already selected, then the customer in context values gets computed. If user has to select the prospect again, then the Customer access is based on hierarchy.

Navigation

RM Login> Financial Planning > Delete Proposals

Screen:

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Figure 3.33: Delete WIP Proposals Screen

Screen:
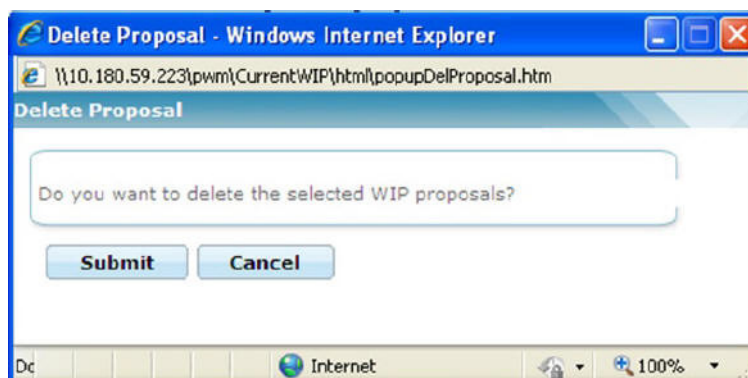
Figure 3.34: WIP Proposals PopUp Screen

Field Name	Description	Mandatory Y/N
Walk In Prospect	Enables the user to select the Walk in Prospect.	
Qualified Customer	Enables the user to select the qualified customer.	
Customer No.	Enables the use to specify the customer number	N
Customer Name	System displays the customer name	N
Prospect Id	Enables the user to specify the prospect ID	N
Prospect Name	System displays the prospect name	
WIP Proposal Details		
Proposal Name	System display the proposal name	
Creation Date	System displays the creation date.	

3.3   Link Goals to Portfolio

Description: Once the financial plan is approved and implemented by customer, financial goals are tracked against the portfolios to determine whether the investment strategy adopted is working correctly in order to achieve the goals in defined time period.

The user links the specific portfolio against a financial goal using the Link Goals to Portfolio screen and then the projected performance of the portfolio is observed to track the goals. The same portfolio can be linked to multiple goals however each goal can have only one portfolio attached to it.

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User Access Levels:

RM: The screen is accessible only by the RM user to link the goals to appropriate portfolio.

Figure 3.35: Link Goals to Portfolio Screen

Screen Navigation:

Login to the system as RM user and select Financial Planning → Link Goals to Portfolio

The user can select the appropriate portfolio from the Portfolio drop-down list and click on the Modify button to change the choice of Portfolio to which financial goal is already linked. The system also facilitates the user to select the different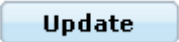 proposal to be linked to the financial goal defined earlier by clicking on the ⊞ icon located at the right hand side bottom corner.

The following pop-up window appears while clicking on the ⊞ icon.

Figure 3.36: Proposal Name pop-up Window

In order to select the appropriate proposal to be linked to the desired goal, select the proposal from drop-down list as shown above in the Proposal Name pop-up window. All the available goals will appear in the list. Click on the ⊳ icon to select the goal and update the details by

clicking on the **Update** button. This goal will now appear in the Link Goals to Portfolio screen and the user can link the desired portfolio to the same as explained earlier.

Field	Description	Mandatory
Customer Name	Displays the name of customer	
Display Section		
View	Enables the user to select the appropriate goal to be linked to the portfolio	
Linked Portfolio	Displays the name of portfolio to which the goal is linked	
Goal	Displays the name of goals defined in the system for the selected customer	
Goal Year	Displays the year in which the corresponding goal would be met	
Goal Value	Displays the value of the corresponding goal in Goal Year	
Proposal Name	Displays the name of proposal in which the goal is defined	
Modify/Edit Section		
Portfolio	Enables to select appropriate Portfolio from the drop-down list	Y
Goal	Displays the name of goal	
Goal Year	Displays the year in which the selected goal would be met	
Goal Value	Displays the value of the selected goal in Goal Year	
Proposal Name	Displays the name of proposal for the selected goal	

Click on the Save button to save the details entered.

3.4 Track Goals

Description: Once the goals are linked to portfolios, they can be tracked using the Track Goals screen. In the screen, the portfolios linked to goals are projected to future goal years to determine whether they grow up to the goal value in defined goal year. The current RoR of the linked portfolio is used to project the portfolio value in the goal year. The screen also displays the appropriate shortage/surplus in the goal year which helps the user to understand whether the customer is on right track to meet the defined financial goals.

User Access levels:

RM: The screen is accessible by the RM user to track the defined financial goals.

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Customer: The screen is also accessible by the customer to track the financial goals.
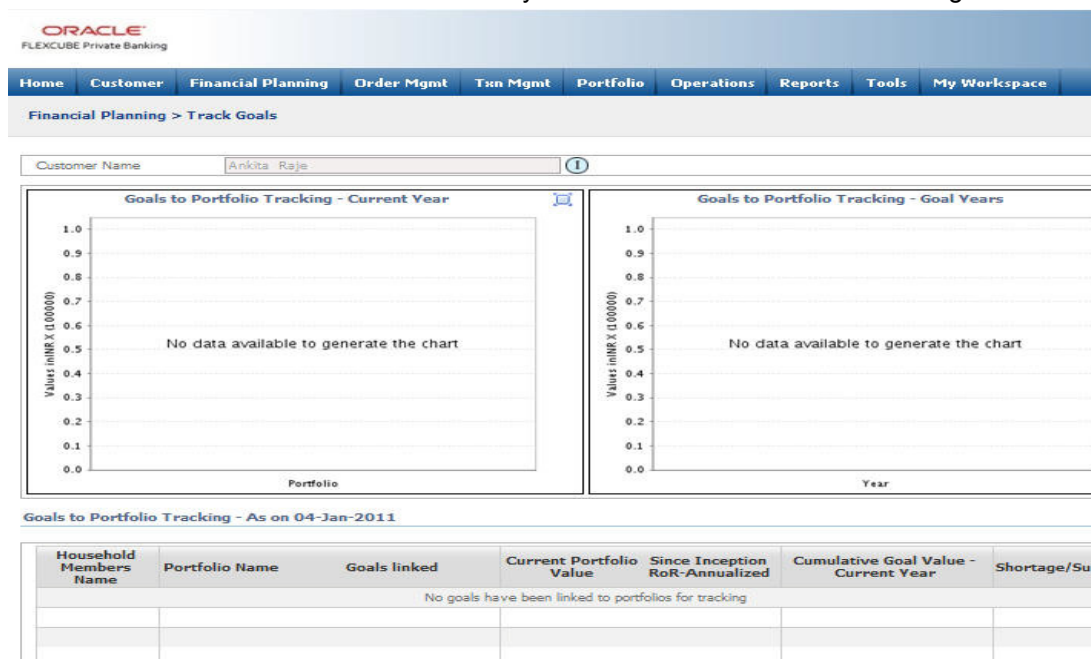

Figure 3.37: Track Goals – I Screen

Screen Navigation:

Login to the system as RM user and select Financial Planning → Track Goals and click on the

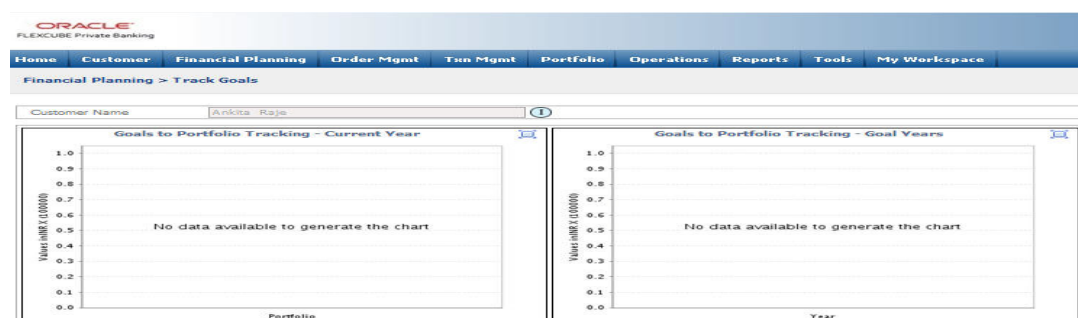icon located at top right hand side corner of Goals to Portfolio Tracking – Current Year

chart.

Figure 3.38: Track Goals – II Screen

Screen Navigation:

Login to the system as RM user and select Financial Planning → Track Goals and click on the

icon located at top right hand side corner of Goals to Portfolio Tracking – Goal Year
chart.

The Goals to Portfolio Tracking – Current Year chart displays Linked Portfolio Names on x-axis and Cumulative Goal Value – Current Year & Current Portfolio Value on y-axis respectively wherein the Goals to Portfolio Tracking – Goal Year chart displays Goal Years on x-axis and Cumulative Goal Value of Goals maturing at Goal Year & Projected Portfolio Value on y-axis respectively.

Field	Description	Mandatory
Customer Name	Displays the name of the selected customer	Y
Select Member	Enables the user to select the household member from the drop-down list	Y
Goals to Portfolio Tracking – Current Year		
Household Member's Name	Displays the name of the Household member name selected to track the goals	
Portfolio Name	Displays the name of the portfolio to which goals are linked	
Goals Linked	Displays all the goals linked to the portfolio	Y
Current Portfolio Value	Displays the latest portfolio value	Y
Since Inception RoR	Displays the since inception RoR of the portfolio	Y
Cumulative Goal Value- Current Year	Displays the sum total of all CURRENT YEAR GOAL VALUES of the goals linked	Y
Shortage/Surplus	Displays shortage/surplus for the selected goals in current year with respect to the portfolios they are linked	Y
Goals to Portfolio Tracking – Goal Years		
Portfolio Name	Displays the name of the portfolio to which goal/s are linked	
Goals Tracked	Displays all the goals linked to the portfolio	Y
Year	Displays the year in which the linked goal occurs	
Cumulative Goal Value	Displays the sum total of all CURRENT YEAR GOAL VALUES of the goals linked	Y

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Field	Description	Mandatory
Cumulative Value of Goals Maturing this year	Displays the sum total of all the goals maturing in year mentioned under Year column	Y
Projected Portfolio Value	Displays the portfolio values projected to the goal year	Y
Shortage/Surplus	Displays the shortage/surplus for the selected goals in current year with respect to the portfolio they are linked	Y

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4. Web Services

4.1 Introduction

The Financial Planning module can be configured on your hand held device (such as mobiles, tablets and so on) as well. The web services enables the flow of data from your hand held device to the FLEXCUBE Private Banking application. The flow of data and the business flow remains the same as the desktop version, however a few fields and parameters can differ from the existing desktop version, which is explained through this chapter. The following tabs relating to Financial Planning module are configured on your hand held device:

- Main Page
- Demographics
- Risk Profile Questionnaire
- Risk Model
- Market Assumptions
- Basic Financial Information
- Inflows
- Outflows
- Goals
- Projections
- Recommendations
- Insurance
- Status

Note

The entire Financial Planning module can be accessed only by the RM.

4.2 Create or Modify Plan

4.2.1 Main

Description:

This is the default tab displayed on navigating to this module. This tab provides the user with the option to select the customer as an existing Retail customer of the bank who is yet to avail the Wealth Management services or as a prospect who is yet to start any relationship with the bank. In this screen, the user can opt for creating a new proposal, copy a proposal or to modify an existing proposal of the customer.
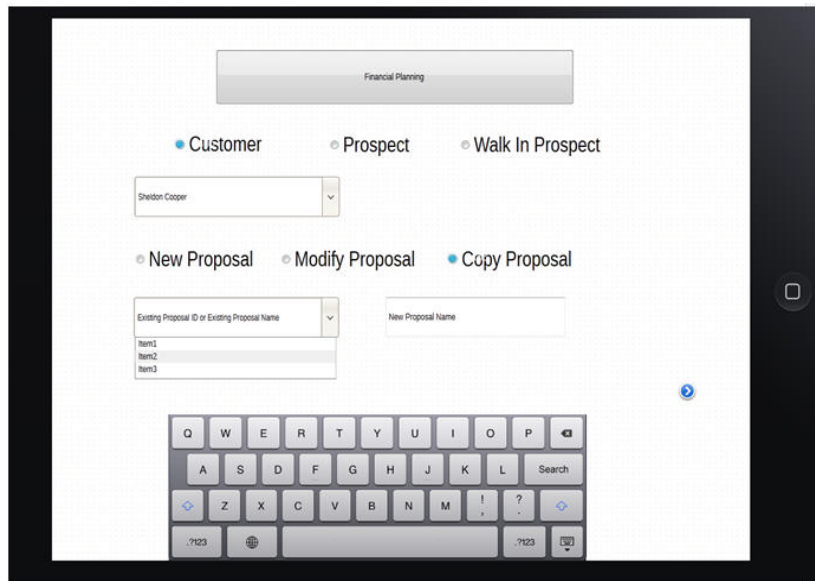
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Screen:

Figure 4.1: Main Menu

Screen Navigation:

Entry to the screen:

On the main menu select:

Financial Planning → Main

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Field Description

Field	Description	Mandatory
New Walk-in Prospect	This field enables the user to select the entity type. A new walk in prospect is a potential customer who currently does not have any existing relationship either with the bank or with wealth management.	Y
Walk-in Prospect/ Customer	This field enables the user to select the entity type. This customer has an existing association with FCPB.	Y
ID or Name	This field enables the user to specify Identification (ID) or Name of the customer/ walk-in prospect/new walk-in prospect based by selecting the appropriate radio button.	Y
Modify Proposal, Copy Proposal	This field enables the user to select the relevant action to be taken. Modify and Copy proposal is enabled only if entity type is Customer or Walk-in prospect and ID/Name is selected.	Y
New Proposal	This field is enabled if new walk-in prospect is selected.	Y
Existing Proposal Name	The customer or walk in prospect's existing proposals are defaulted in this field. Specify the ID or name of the proposal if the following action is selected: ○Modify ○Copy	Y

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Field	Description	Mandatory
New Proposal Name	This field enables the user to specify the name of the proposal. This field is enabled if the following action is selected: ○New ○Copy	Y
Next or Right-Left Swipe	Click Next button or swipe from right to left after updating all the mandatory fields.	Y

4.2.2 Demographics

Description:

As the name suggests this screen is intended for maintaining information on the customer's demographics. However, the usage of this screen differs depending up on the type of customer. For a Prospect approaching for the first time, this screen facilitates capturing and maintenance of the demographics information. With subsequent approaches by the Prospect the screen will be updated with pre-filled information. For a Retail Banking customer, the screen is already pre-filled with information irrespective of whether it is a first time or subsequent access to the module.

Figure 4.2: Demographics Screen

Screen Navigation:

Click the next button in the Main tab to view the Demographics tab.

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Field Description:

The following fields are displayed:

Field	Description	Mandatory
Plan Type	The plan type is defaulted in this field.	Y
Salutation	The field enables the user to capture the salutation of the customer. This field provides you with a list of salutations with an option to choose one of the values provided.	N
First Name	This field enables the user to enter/display the first name of the customer.	Y
Middle Name	This field enables the user to enter the middle name of the customer.	N
Last Name	This field enables the user to enter the last name of the customer.	N
DOB	This field enables the user to capture the date of birth of the customer in dd/mm/yyyy format. In order to capture the date, a calendar has been provided adjacent to this field for selecting the date. Click the 'Calendar' icon, in order to open the calendar. The system restricts the user from capturing a date greater than the current business date. The system also restricts the user from capturing the date for a minor who is less than 18 years as of the current business date.	Y
Gender	This field enables the user to capture the gender of the customer. In order to capture the gender, a radio button has been provided against each of the options which is; male and female.	N
Email	This field enables the user to capture the email address of the customer	N
Phone IDD / ISD Code	This field enables the user to capture the respective ISD/ IDD codes. Select the ISD/IDD code from the drop down list.	
Phone (Home) / (Office)	This field enables the user to capture the residential and official contact numbers of the customer. While it is mandatory for the user to capture the residential contact number, the official contact number is an optional field. Again though this field does not validate the adequacy of the number provided, it is advisable to enter the number as per the international of specifying phone numbers (with the country code followed by the area code and the final number)	N

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Field	Description	Mandatory
Mobile IDD/ ISD Code	This field enables the user to capture the respective ISD/ IDD codes. Select the ISD/IDD code from the drop down list.	N
Mobile	This field enables the user to capture the mobile number of the customer in this field. It will be specified inclusive of area code as prefix.	N
Address line 1 – Address line 3	The field has been provided with three separate text boxes to enables the user to capture the address of the customer or to display the address.	Y
City	This field enables the user to capture the City. This is a free text field.	Y
Residential State	This field enables the user to capture the residing state of the customer. The list of states provided in this field while capturing the data is based on the Country selected by the user.	Y
Residential Country	This field enables the user to capture the residing country of the customer. In order to capture the country select a country from the list of values provided in the drop down.	Y
Zip	This field enables the user to capture the PIN or the ZIP code or any other equivalent area code of the address	N
Client Segment	This field enables the user to capture the customer segment. While capturing, the user can select the category of the customer from the options provided in the drop down list. The different segments to be provided by the bank can be configured by the administrator in the database.	Y
Customer Currency	This field enables the user to select the customer's preferred currency. The currency opted in this field is utilized for all the customer computations. The default value in this field is the reporting currency of the bank.	Y
Client IT Type	This field enables the user to capture client IT Type and based on this client IT type, the system presents the appropriate Risk Profiler questionnaire in the Profiler Tab.	Y
Planning for Household	The field enables the user to capture the option opted by the customer to plan for self or for the entire household. For capturing data, two radio buttons have been provided for each of the positive and negative option.	N
Reporting Language	This field enables the user to select the language in which the reports need to be displayed from the drop down list.	N
Proposal Description	This field enables the user to enter the proposal details, if any, in the text box provided.	N

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Field	Description	Mandatory
Dependants Information		
Name	This field displays the dependent name	N
Relationship	This field displays the Relationship of the dependant with the customer	N
Birth Date	This field displays the dependant's birth date	N

The following actions in relation to dependant information can be performed:

- Add: Click this button to create a new dependant record.
- Delete: Click this button to delete a dependant record.
- Select: Click this button to select or modify a record.

4.2.3 Risk Profile Questionnaire

Description

This screen is used to assess and compute the risk taking ability of a customer. Based on the risk score attained by responses to the Risk Questionnaire presented in this tab, the user will be provided with a Risk category and the corresponding model asset allocation in the tab 'Risk Model'. The questionnaire contents can be maintained by the Administrator.

Screen Navigation:

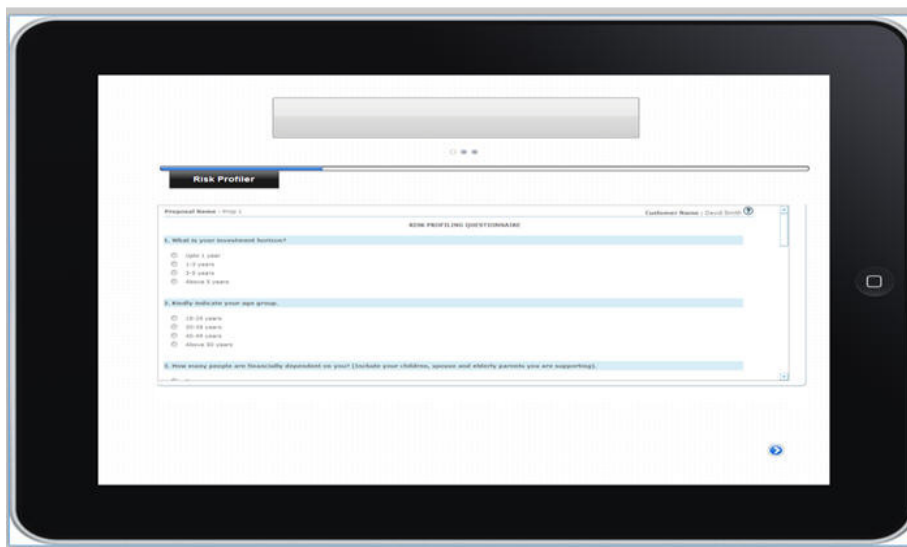Click the Next button in the Demographics tab to view the Risk Profiler Questionnaire tab.

Figure 4.3: Risk Profiler Questionnaire Screen

Screen Navigation:

Click the Next button in the Demographics tab to view the Risk Profiler Questionnaire tab

The risk profile of the customer is computed by presenting the customer with a questionnaire with multiple choice answers. Select the appropriate answer by clicking the radio button

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displayed adjacent to the answer. Each answer has a score associated with it. It is mandatory for the user to answer all the questions. The final risk score is computed by summing up the scores of all the questions. The questions, their corresponding multiple choice answers and their associated scores are all maintained by the administrator in the Master Table.

After having answered all the questions, the user can then proceed to click the 'Save' button which will enable the subsequent 'Risk Model' tab.

4.2.4   Risk Model

This screen displays the risk score resulting from the responses captured by the user for the various questions in the preceding screen. The screen also displays the default Asset Allocation model associated with the risk score. If an RM or a user wants to create a unique or different asset allocation for a specific client, other than those defined by the bank, then the customer specific model can also be defined.
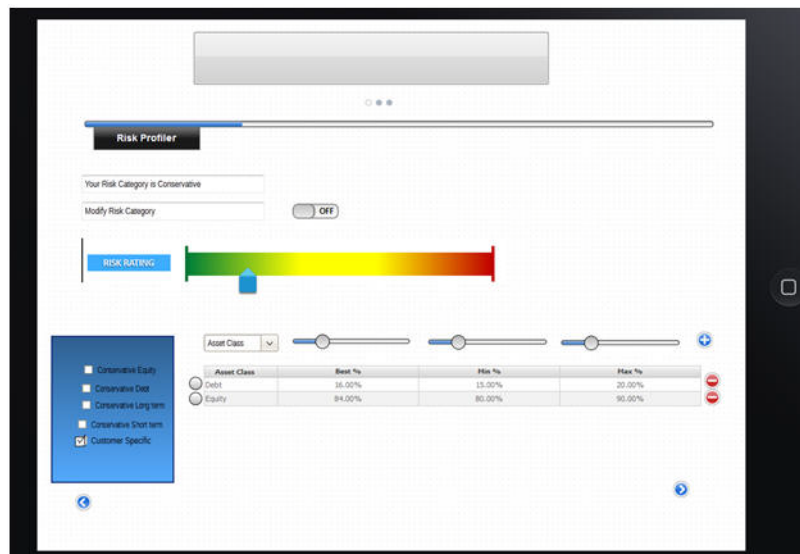
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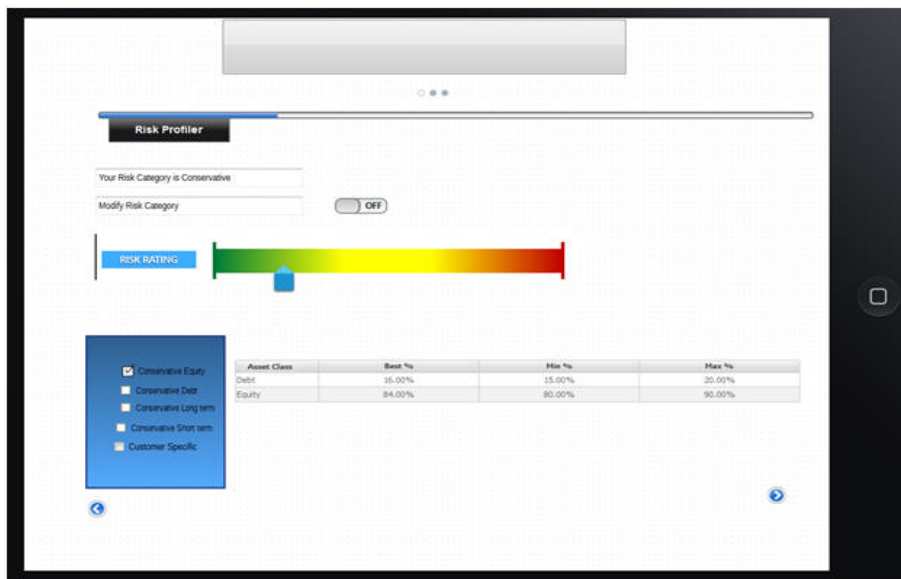
Figure 4.4: Risk Model Screen

Screen Navigation:

Click 'Next' button in the Risk Profile Questionnaire after which the Risk Model tab is displayed.

Field Description:

Field	Description	Mandatory
Your Risk Category is	Displays the Risk Category depending on the Risk Score determined by the responses to the questionnaire. In case this risk profiling was not processed in FCPB and the risk score is updated using the Customer Profile maintenance facility, then this risk score and the associated model is displayed in the Assumptions screen.	Y
Modify risk category	Enables the user to change the risk category. If the Yes option is selected a drop-down list appears and system enables the user to select the desired risk category from the list. The system also maintains the history of the risk scores modified by the user. Both the Risk Profiler based category as well as the changed Risk Category, if applicable, is included in the Proposal.	Y
Risk Rating	The user's current risk score is reported in here. If modify risk category is yes, then the slide bar is made editable. By sliding the bar the risk rating is automatically modified. The rating bar is segmented in Bands based on the Score Maintenance. By Sliding the bar. the relevant category is displayed	Y

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Field	Description	Mandatory
Models	The suggested list of models for the risk score-bank combination are available as a drop down option. The suggested model is selected by default. By selecting the model, the relevant details are populated in the adjoining table. If the customer specific item is checked, then the fields asset class, Best%, Min% and Max% are displayed for data entry. The add button, modify button and delete button is also enabled when the customer specific model is checked.	Y

If an RM / user wants to create a unique or a different asset allocation for a specific client, other than those defined by the bank, the 'Customer Specific' functionality can be used. The following fields are displayed:

Field	Description	Mandatory
Asset Class	Select the asset class from the drop down list.	Y
Best%	User should select the Best%. For the first asset class being added, the Best% shows value from 0% to 100%. For an asset that is already added and on addition of a new asset, the slide bar by default shows a value from 0 to [100% - (sum of Best% of all the assets added)]	Y
Min %	User should select the Min%. Once the Best% is chosen, the Min% slide bar is enabled only from 0 to Best%	Y
Max %	User should select the Max%. Once the Best% is chosen, the Max% slide bar enabled from Best% to 100%	Y
Add Asset Class	Click the add asset class button, for the asset class to be added into the customer specific model table	
Modify Asset Class	On click of the modify asset class button, the asset class gets populated in the editable fields to modify	
Delete Asset Class	On click of the delete asset class button, a warning window is given, on click of 'Yes', the asset class record is deleted from the model table	
Cancel button	On click of the Cancel button, the current action performed on the customer specific model is Cancelled and the changes are discarded.	

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4.2.5 Market Assumptions

Description

Assumptions in this screen are fundamental for all computations done in the Financial Planning module. A user, who had opted for either creation of a new proposal by using an existing proposal or for modification of an existing proposal, is displayed with pre filled information retrieved from the existing proposal. These default values can be changed within allowed ranges as specified by the Administrator based on a specific customer's preferences.

Screen Navigation

Click the 'Next' button in the Risk Model tab after which the Market Assumptions tab is displayed.

Field Description:

Field	Description	Mandatory
Rate of Inflation		
Predefined Period 1	Slidebar populates the % from minimum to maximum value. The user can input the value by sliding the pointer on the slide bar and selecting the value which gets stored for the proposal.	Y
Predefined Period 2	Slidebar populates the % from minimum to maximum value. The user can input the value by sliding the pointer on the slide bar and selecting the value which gets stored for the proposal.	Y
Predefined Period 3	Slidebar populates the % from minimum to maximum value. The user can input the value by sliding the pointer on the slide bar and selecting the value which gets stored for the proposal.	Y
Growth Rate of Assets		
Asset Class Name	Displays the Asset Classes. Apart from the basic asset classes like Equity, Debt, Cash other asset classes can be flexibly defined by the bank.	Y
Pre-defined Period 1 ROR%	The slidebar populates % from minimum to maximum value. The user cannot slide the pointer in the slidebar beyond minimum - maximum range.	Y
Pre-defined Period 2 ROR%	The slidebar populates % from minimum to maximum value. The user cannot slide the pointer in the slidebar beyond minimum - maximum range.	Y
Pre-defined Period 3 ROR%	The slidebar populates % from minimum to maximum value. The user cannot slide the pointer in the slidebar beyond minimum - maximum range.	Y

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Field	Description	Mandatory
Order of Liquidation	Indicates the sequence of liquidation in order to meet any shortages in the cash flow in any plan year. The user is restricted from capturing a duplicate sequence number for different assets. However, the user also has been provided with the option to define the field as zero for multiple asset classes, if the customer has revealed his/her reluctance to liquidate a particular asset. If a liquidation order is maintained as 0, then that asset is not liquidated to meet any shortfall during the plan, i.e. the asset is "treasured".	Y
Modify Asset Class	Click the modify asset class button for the asset class to be populated as editable fields for modification.	
Cancel button	Click the Cancel button to cancel the current action performed on the asset assumption and to discard the changes.	

4.2.6   Basic Financial Information

Description

Basic Financial Parameters captured in this screen are important for computation of the Financial Planning module. A user, who had opted for either creation of a new proposal by using an existing proposal or for modification of an existing proposal, is provided with pre-filled information retrieved from the existing proposal. Default values can be changed within allowed ranges as specified by the Administrator based on a specific customer's preferences.

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Figure 4.5: Basic Financial Information Screen

Screen Navigation

Click the 'Next' button in the Market Assumptions tab to display the 'Basic Financial Information' tab.

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Field Description

Field	Description	Mandatory
Retirement Age	This field enables the user to select the age at which the customer is assumed to retire, by sliding the pointer in the slidebar. This value has to be within the current age and the maximum retirement age maintained at the bank parameters level. The retirement age should also be less than or equal to the Life expectancy age of the customer.	Y
Life Expectancy	This field enables the user to select the life expectancy by sliding the pointer in the slidebar. This value has to be within the ranges 0 and the maximum life expectancy maintained at the bank parameters level.	Y
Spouse's Retirement Age	This field enables the user to select the age at which the spouse of the customer is assumed to retire. by the sliding the pointer in the slidebar. The field is a mandatory field for the users opting for planning for the household.	Y
Assets Section		
Asset Class	The default asset class is displayed in this field. You also have the option of selecting the asset class from the drop down.	Y
Market Value	This field enables the user to select the market value of the asset class by sliding the pointer in the slide bar.	N
Annual Cash Return	Specify the annual cash return value of the asset.	N
Investible Surplus Allocation	Select the % for investible surplus by sliding the pointer in the slide bar. Range is from 0 to 100% for the addition of first asset class. On addition of the next asset class, the value is [100 - (sum of investible surplus allocation already added)].	N
Add Asset Class	Click this button to add an asset class	
Modify Asset Class	Click this button to modify the details of an asset class.	
Delete Asset Class	Click this button to delete an Asset Class	
Refresh	On the click of the refresh button, if applicable, the current holdings of the existing customer are updated. The previously maintained data of the assets, market value, ACR, and Investible surplus are lost.	

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Field	Description	Mandatory
Asset Graph	The asset graph models progressively on the inputs given by the user. Based on addition, modification and deletion of assets, the graph in real time is updated. The graph is a pie graph.	N
View Asset Graph	On click of the view asset graph, the graph is zoomed in. On click of 'X' on the zoomed in graph, the graph is zoomed out.	N
Graph legend on the table	The color of the asset on the graph is linked to the asset class in the table with a slidebar.	N

4.2.7 Inflows

Description:

This screen enables the user to capture the various cash inflows expected by the customer and his/her spouse till the life expectancy of the customer. It also captures the one time scheduled cash inflows. As it is not mandatory for the user to capture information in this screen, the user can move ahead to the subsequent tab without saving any data in this tab.

Screen Navigation:

Click the 'Next' button in the Basic Financial Information tab to display the 'Inflows' tab.

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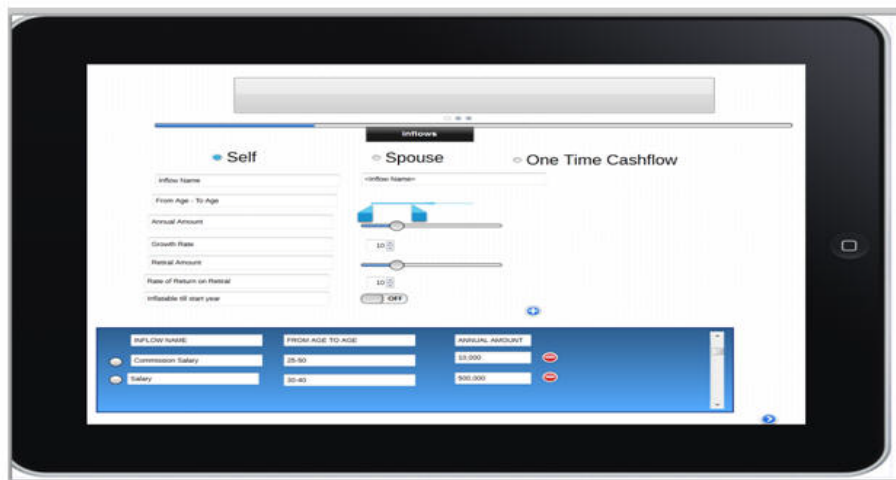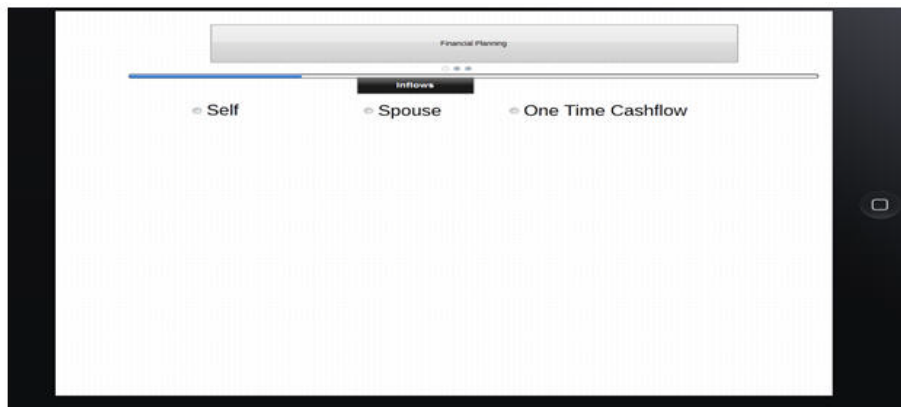
Field Description

Field	Description	Mandatory
Self, Spouse, One time Cashflow	Select a relevant record. If inflow was already entered earlier, then the Inflow table is populated. Once a selection is made the field details are displayed and the table moves to the bottom half of the screen.	Y
Inflow Name	This field enables the user to specify the name of the inflow in this field.	Y
From Age - To Age	This field enables the user to select the 'from age' and 'to age' by sliding the pointer in the slidebar. If one time cashflow is selected then the 'from age' and 'to age' values will be the same.	Y
Annual Amount	The field enables the user to select the annual amount.	
Growth Rate	This field is disabled if inflow type is One Time Cashflow. Select the growth rate of the inflow by sliding the pointer in the slidebar.	Y
Retiral Amount	This field is disabled if inflow type is One Time Cashflow.Select the retiral amount for the inflow by sliding the pointer in the slidebar. The minimum value is 0 and the maximum value will be the maximum value of the annual amount.	Y
Rate of Return on Retiral	This field is disabled if inflow type is One Time Cashflow.Select the rate of return on retiral by sliding the pointer on the slidebar.	Y
Inflatable till start year	This field is disabled if inflow type is One Time Cashflow.If the inflow is inflatable till start year, slide the pointer to Yes	Y
Asset Redeemed	This field enables the user to select the asset to be redeemed from the drop down list. The field is enabled if inflow type is One Time Cashflow.	N
Add Inflow	Click this button to add an inflow	
Modify Inflow	Click this button to modify the details of an inflow.	
Delete Asset Class	Click this button to delete an inflow.	
Inflow Graph	The inflow graph models progressively on the inputs given by the user. Based on addition, modification and deletion of inflow, the graph in real time is updated. The graph would be a line graph from current age to life expectancy.	N

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Field	Description	Mandatory
Graph legend on the table	The colour of the inflow on the graph is linked to the inflow in the table with a side bar. A total line is marked for all the years in the graph.	N

4.2.8 Outflows

This screen has been provided to facilitate the user to capture the current and anticipated expenses of the customer. Analogous to the Inflows screen, this screen allows the user to classify the various expenses across the time periods till the life expectancy of the customer. The screen also enables the user to capture contracted investment outflows that will result in building an asset. This screen also provides the users with the flexibility to capture current and future anticipated loans and liabilities. Similar to the 'Inflows' screen, it is not mandatory for the user to enter the data in this screen so as to enable the user to quickly create the investment proposal. To summarize, this screen facilitates to capture the various current and expected expenditures of the customer which in turn enables to estimate the annual gross funds required to support the customer's life style.

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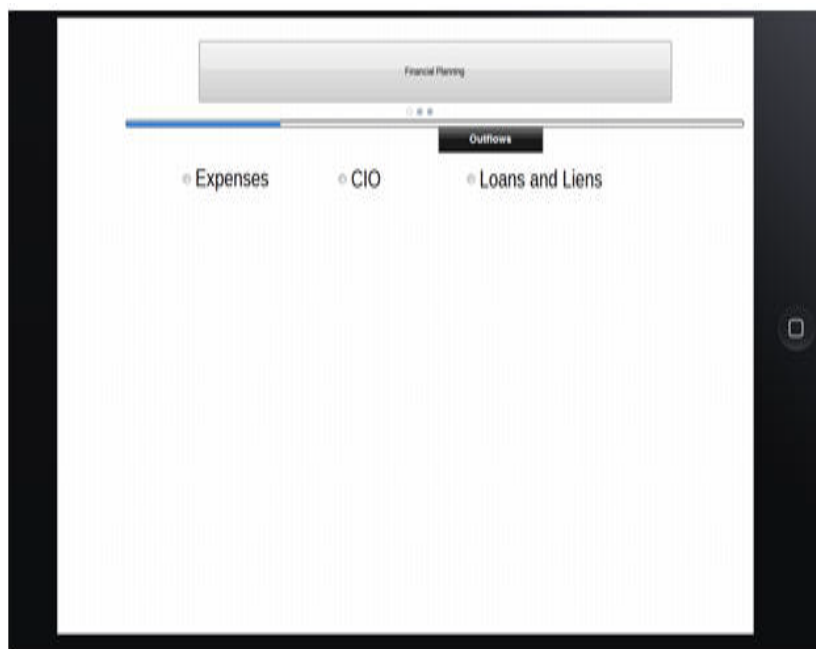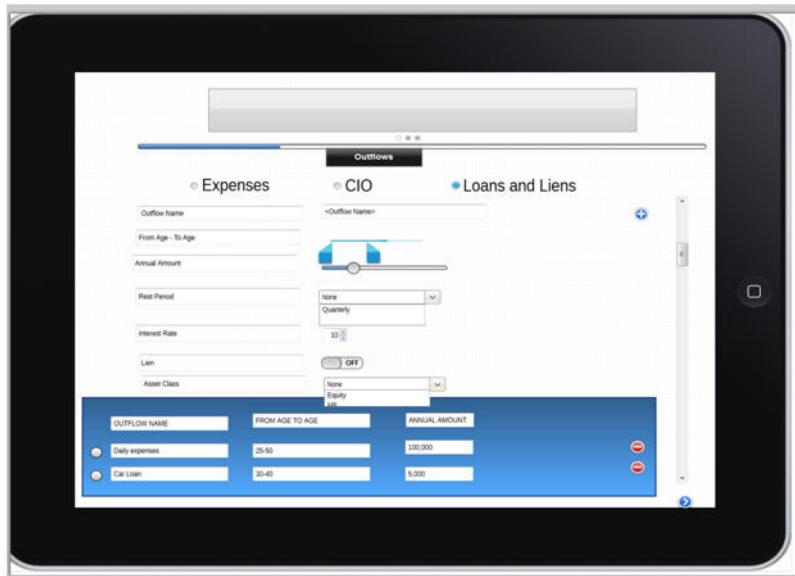
Figure 4.7: Outflows Screen

Screen Navigation

Click the 'Next' button in the Inflows tab to display the 'Outflows' tab.

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Field Description

Field	Description	Mandatory
Expenses, Contracted Investment Outflow, Loans/Liens	Select a relevant record. If outflow was already entered earlier, then the Inflow table is populated. Once a selection is made the field details are displayed and the table moves to the bottom half of the screen.	Y
Outflow Name	This field enables the user to specify the name of the outflow in this field.	Y
From Age - To Age	Select the 'from age' and 'to age' by sliding the pointer in the slidebar. If one time cashflow is selected then the 'from age' and 'to age' values will be the same.	Y
Annual Amount/Loan Amount	This field enables the user to select the annual amount for the outflow. Annual amount will be shown for Expenses and CIO type and Loan amount for loans or lien type.	
Inflatable	This field is disabled if outflow type is expense type. If the outflow is inflatable till the start year, then slide the pointer to Yes.	Y
Asset Class	This field is enabled only when outflow type is Contracted Investment outflow or Loans/Liens. Select the appropriate asset class from the drop down list.	Y
Rest Period	This field is enabled when Outflow type is Loans/Liens. Select the rest period from the drop down list.	Y
Interest Rate	This field is enabled only when outflow type is Loans/Liens.Specify the interest rate of the loan.	N
Lien	This field is enabled when outflow type is Loans/Liens. If lien is applicable, select by sliding switch as Yes	Y
Add Outflow	Click this button to add an outflow	
Modify Outflow	Click this button to modify the details of an outflow.	
Delete Asset Class	Click this button to delete an outflow.	
Outflow Graph	The outflow graph models progressively on the inputs given by the user. Based on addition, modification and deletion of inflow, the graph in real time is updated. The graph would be a line graph from current age to life expectancy.	N
Graph legend on the table	The colour of the outflow on the graph is linked to the inflow in the table with a side bar. A total line is marked for all the years in the graph.	N

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4.2.9 Goals

Once the financial plan is approved and implemented by the customer, financial goals are tracked against the portfolios to determine whether the investment strategy adopted is working correctly in order to achieve the goals in defined time period.
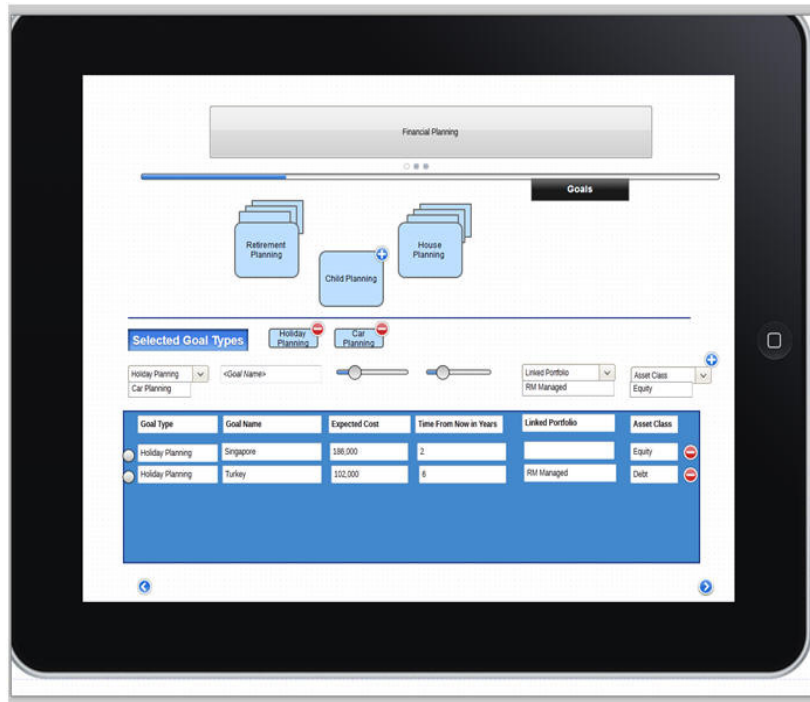
Figure 4.8: Goals Screen

Screen Navigation

Click the "Next" button in the Outflow for the 'Goals' tab to be displayed.

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Field Description

Field	Description	Mandatory
Goal Type	The field enables the user to select the image of the goal type and drags/clicks the add button to the selected goals section.	Y
Selected Goals Section	The selected goals are populated in this section. If no record of this goal type is present in the goals table then delete option is available for the goal.	
Goal Type filter	Select the goal type from the drop down list. When goal type is selected, this goal type gets added to the goal type filer.	N
Goal Name	Specify the goal name in this field.	Y
Expected Cost (at today's price)	Select goal amount by sliding the pointer in the slidebar.	Y
Years from Now	Select the 'Years fron Now' by sliding the pointer in the slidebar. The slidebar is enabled from 0 to life expectancy	Y
Linked Portfolio	Select the applicable portfolio from the drop down list.	Y
Asset Class	Select the applicable asset from the drop down list.	
Add Goal	Click this button to add a goal.	
Modify Goal	Click this button to modify the details of a goal.	
Delete Goal	Click this button to delete a goal.	
Goal Graph	The goal graph models progressively on the inputs given by the user. Based on addition, modification and deletion of inflow, the graph in real time is updated. The graph would be a line graph from current age to life expectancy.	N
Graph legend on the table	The colour of the goal on the graph is linked to the inflow in the table with a side bar. A total line is marked for all the years in the graph.	N

4.2.10 Projections

This is the most crucial screen of Financial Planning and aids in scenario analysis of various plan options to enable a scientific decision. All the facts and figures captured in the preceding tabs are evaluated and displayed in this screen as cash flows. The entire cash flow projections are displayed till the life expectancy of the customer. This screen is a display screen and to modify any data the user needs to make the modifications in the corresponding tabs. However, in order to visualize the impact of the changes in the cash flow statement, the user needs to ensure to save the modified data in the corresponding tab. Each time the user visits this tab, the cash flows are automatically recomputed based on the latest data captured in the previous tabs. Further, if the user has chosen to vary the risk profile of the customer, the same is factored in while arriving at projections. For example: if user has chosen that from

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age 40 to 50 customer will be "Moderate" and 51 to 75 "Conservative", then while computing projections the system will consider the moderate asset allocation till age 50 and conservative asset allocation thereafter.
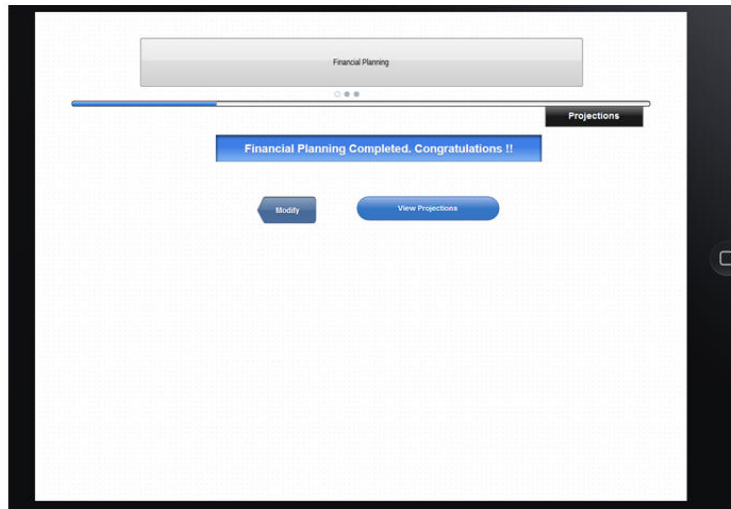

__Figure 4.9: Projections Screen__

Screen Navigation

Click 'Next' button in Goals tab for the Projections tab to be displayed.

On clicking the 'View Projections' button in the initial tab, the current Asset Level and the recommended Asset Level projections are displayed in a graph format.

__Figure 4.10: View Projections for all years Screen__

By clicking the bar graph for a particular year, the details of that particular year is displayed.

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__Figure 4.11: View Projections for a particular year Screen__

By clicking a specific inflow or outflow parameter, the details of the selected parameter is displayed.

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4.2.11 Recommendations

Description

This screen displays the recommended existing portfolio holdings of the customer, depending on whether the Financial Planning is being done for a prospect or existing customer with holdings already present.

These recommendations are based on the risk model. For the instruments present in the risk model, its term sheet is displayed with the recommended amount on top. The term sheets are ordered on instrument type. The investible amount for a walk in prospect is defaulted in this tab.

Screen Navigation

Click the Next button in the Projections tab for the Recommendations tab to be displayed.
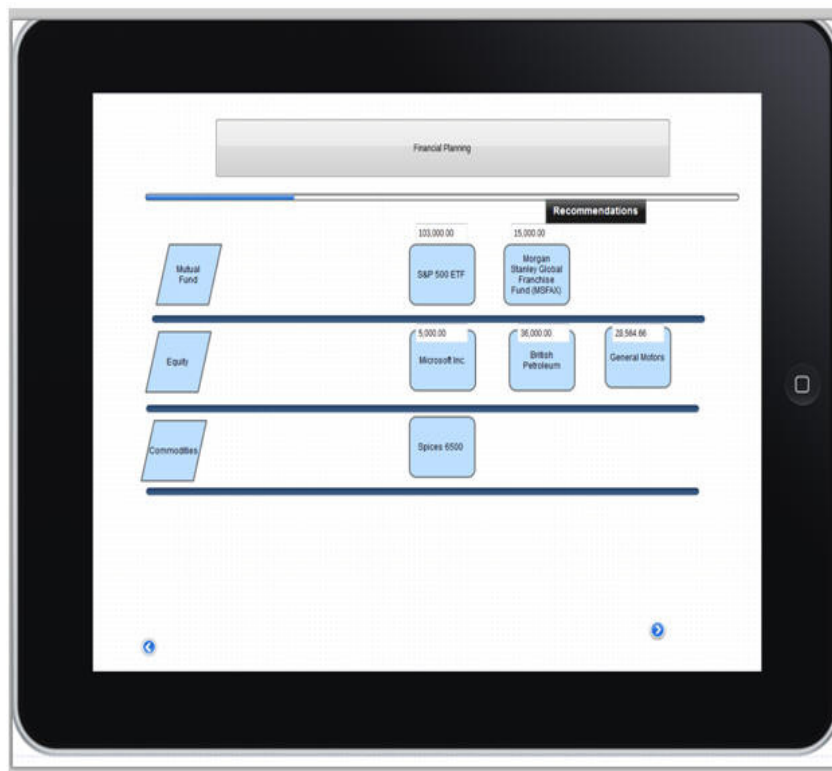
Figure 4.13: Recommendations Screen

Recommendations 2 Tab

Click the Next button in the Recommendations tab for Recommendations 2 tab to be displayed. The Recommendations 2 tab provides details on Model Asset Allocation and Actual Asset Allocation as a pie graph or a table.

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Figure 4.14: Recommendations 2 with Pie Graphs Screen

4.2.12 Insurance

Description:

This tab helps in analysing the insurance cover required.

Screen Navigation

Click the 'Next' button in the Recommendations 2 tab to view the Insurance tab.

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Figure 4.15: Insurance Screen

Field Description

Field	Description	Mandat ory
Current Household Expenses	The current household expense value is auto populated in this field.	Y
Insurance Cover Risk Value	Enables the user to select the amount value of the insurance risk cover by using the slide bar.	Y
Insurance Expense on Self	Enables the user to select the percentage of insurance expense on self by using the slide bar.	Y

Goals

This section is displayed if one or more than one goals are maintained.

Field	Description	Mandat ory
Goal Name	Enables the user to specify the goal name	Y
Expected Cost (at Today's Price)	Enables the user to select the amount for the goal by using the slide bar.	Y
Insurance	Check this box if insurance is required for this goal.	
Years from now	Enables the user to select the years from 0 to life expectancy by using the slide bar.	Y

The insurance need table is populated with the latest values by clicking the Calculate button. Insurance need is enabled if Insurance Expense on Self is selected.

Insurance Need Analysis hyperlink displays the Insurance Need Analysis questionnaire. This hyperlink is visible only if the Insurance Recommendation flag in the Business Parameters is maintained as 'Y'. Once the responses have been filled, the user needs to click on the Save button to view Insurance Recommendations suggested by the system based on the given responses

4.2.13 Status

Description

The screen has been provided in order to facilitate the user to update the status of the proposal as it advances through the various stages of creation and approval.

Screen Navigation

Click the 'Next' button in the Insurance tab to view the Status tab.

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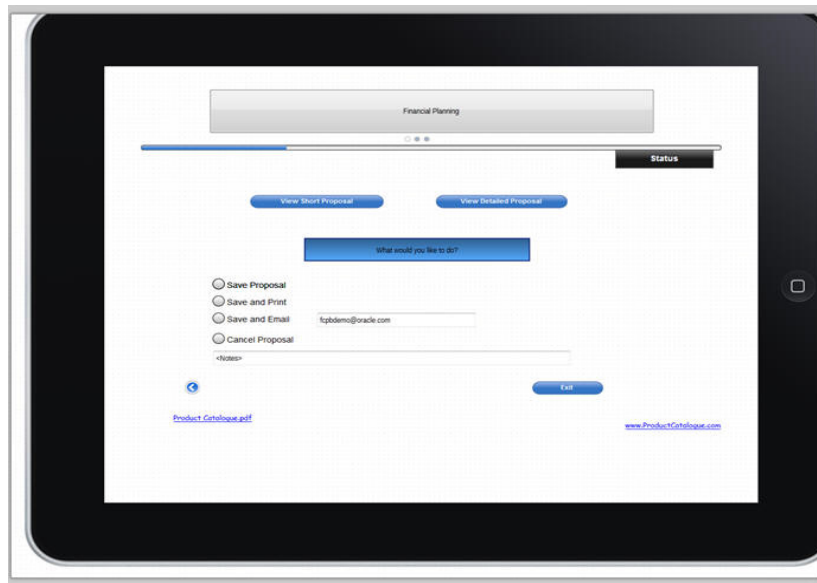
Figure 4.16: Status Screen

Initially, the proposal is generated after which the status of the proposal needs to be updated. Click 'View Short Proposal' or 'View Detailed Proposal' to generate the proposal. Update the status of the proposal and select the one of the following options to update the status of the proposal:

- Save Proposal
- Save and Print
- Save and Email

Select 'Cancel' proposal to delete the proposal.

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