



註 冊 財 務 策 劃 師 協 會  
**Society of Registered Financial Planners**

**“HONG KONG UNDERGRADUATE FINANCIAL PLANNERS  
OF THE YEAR AWARD 2012”**

**(香港傑出大學生財務策劃師比賽)**

**Cases Study**

For university participating teams in  
**First Round – Written financial proposal in English.**

Each participating team should choose one case from three cases provided and they are required to submit a detailed financial proposal of their chosen case. The proposal must be written in English and no more than **15** single-sided, single-spaced pages, with 12-point Times Roman font size, including cover pages and appendices.

The top 12 teams will move on to the second round.

Dear Candidates,

Welcome to the real world.

These are the cases of real people, in real life. You as the thoughtful financial planner will choose one of the cases and go from there. Of course there are hidden tricks here and there, and in many occasions, you have to make assumptions. The key, as usual in practical economics as well as finance, is about how to set conditions, which should be based on (a) your vision of the future, (b) what happens in the world today, (c) the historic record, and (d) the route to shy away from contingency.

It will be hard work in preparing the case, but the gain will be phenomenal. Vincent van Gogh: "The fishermen know that the sea is dangerous and storm terrible, but they have never found these dangers sufficient reason for remaining ashore."

Good luck, and enjoy your time of being afloat.

Dr. Sidney Sze  
President  
HKRFP

## **CASE 1 THE WELL-OFF MIDDLE CLASS**

Mr. W.A. Chan is 56 years old, married to Jenny Ma, and has two children, one 16-year old Tom, and 14-year old Jacqueline.

After barely passed the secondary school exam, Mr. Chan worked in a plastic trading firm and worked his way up to a manager. He married at 24 to his wife, who was 22 at the time and worked as an accounting clerk in a small firm. Mr. Chan was very focused in his job and learnt the trade pretty well. The two saved up a little money and at 30 Mr. Chan started his own business in resin trading. Jenny quitted her job when Tom was born. In due course he cooperated with a friend and invested in a small plastic film manufacturing plant in Shenzhen of China.

Mr. Chan and his wife now own under joint names an apartment of about 1200 square feet at Tai Koo Shing, and invest through 3 different companies three apartments, an 800 square feet one at Whampoa Garden of monthly rental income of HK\$24,000, a 650 square feet apartment at Bonham Road of rental income HK\$ 18,000, and a 560 square feet apartment of rental HK\$9,000 at Tseung Kwan O. Mortgages for all apartments have already been paid up. W.A. and Jenny never speculate, they acquire stocks for long term holding and on hand now hold 20,000 shares of HSBC, 200,000 shares of Cathay Pacific, 10,000 shares of Cheung Kong, and a portfolio of blue chips of market value HK\$4,000,000. The resin trading firm in Hong Kong has been making little profit of about HK\$300,000 annually in recent years as China trading firms now take care of their own imports, and Mr. Chan has little intention to continue on when his children become independent. His plastic film company in China, among keen competition from local factories, has been idled for three years. The land and factory building under his name but 50% owned by his partner now has a market value of RMB8M. W.A. drives a BMW 7 series and Jenny has a 7-seat Toyota. They are non-smokers, work out Tai-chi in the mornings, and seldom go to doctors. Mr. Chan's mom lives with a maid in public housing supported by him, his dad had long gone. Jenny's parents passed away some ten years ago.

His son Tom is studying in an international school and two more years he shall graduate. As he is not really that hard working and enjoys too much trendy items like his friends, the only choice for further studying will be going aboard, either to UK or Australia. W.A. and Jenny worry a lot for Tom because he is spoiled and knows little about the difficulties in life. Jacqueline studies at a band one secondary school and does very good in class. She is fond of music and architecture and intends to continue her course in that direction. She is well dressed and has an elegant taste on consumer items.

The household expenditure is about HK\$70,000 a month, inclusive employment of a maid. They go vacation twice a year, each trip costs around HK\$200,000. As a conservative pair, they have not had any complicated insurance portfolio except a life insurance of HK\$4M for each, and a healthcare plan of annual HK\$100,000 for the family.

Mr. Chan plans to retire at 65, when his children graduate from university and become independent. W.A. and Jenny want to maintain their lifestyle and their children's. They really like traveling and would like to take 4 overseas trips a year after retirement. Although healthy, they worry a bit about aging, what if something happens accidentally and medical charges surge beyond their comprehension. Moreover, with the turbulent global economy and a never-ending depreciation of the US Dollar – and Hong Kong Dollar, they are not too sure if their investment will go down the drain someday. As such, they consult a trustworthy friend on what they should do.

Their friend introduces you to them, to solve their financial planning problems of (a) comfortable retirement, (b) children tuition, room and board, etc. (c) allocation of assets for preserving value and beating inflation, (d) succession, (e) healthcare and medical contingency plan.

## CASE 2 THE PONDERING MIDDLE CLASS

Jimmy and Laura, age 35 and 30 respectively, have a young daughter Sandy, age 3. He works as a physiotherapist in the Hospital Authority with an annual income of HK\$700,000, and she works a part-time job as music teacher of annual revenue about HK\$200,000. They live in a rented apartment of size 700 square feet at Happy Valley of monthly lease HK\$25,000. The lease will be up in half a year. Jimmy and Laura are not smokers, but she has a chronic respiratory problem which needs medical attention and costs about HK\$2,000 a month. They have cash saving in the bank under a joint account of HK\$80,000 in term deposit, revolving every three months. They hire a maid in order to lessen Laura's housework. Jimmy's parents are retired of age 68 and 66, both are healthy and live in public housing in Tai Po. They depend on his contribution of HK\$7,000 a month and another HK\$3,000 from Jimmy's younger sister. Laura's dad passed away when she was young and her mom, now lives in public housing in Tuen Mun, works as a part-time cashier at a close-by Park-N-Shop. As the only daughter, Laura gives her mom HK\$3,500 a month as living allowance. Jimmy has a 5-seat Honda and the family goes out sight-seeing and visit family members and friends on weekends. As Jimmy is a government employee and enjoys free medical for his whole family, they did not care so much about financial planning and spent quite freely, took everything for granted as it came by, and travels to Japan, Korea, S.E. Asia and China three times a year. Each trip costs about HK\$25,000.

It is now about time for Sandy to go kindergarten, suddenly Jimmy and Laura wake up in horror that there will be huge expenses coming up. The lease of their apartment will be up in half a year, and definitely it will go up by at least 20%. Moreover, inflation seems to be going up forever in these few years. Even a simple dinner at home costs over HK\$200 now. Jimmy and Laura are very nervous about the situation, and a trustworthy friend introduces you, the prestige financial planner, to them.

These are what you have found out from them, about what they want to have:

- (a) An apartment of their own, in 5 years, with 3 rooms, 2 bathrooms of 800 square feet in a band-1 school-net area.
- (b) Education reserve for Sandy all the way till she finishes university. They intend to have her enroll in brand name kindergarten and government primary and secondary schools, and higher education in Hong Kong.
- (c) They intend to maintain their traveling frequency.
- (d) They intend to have 2 quality overseas vacation two times a year after retirement.
- (e) They need to be ready for the expenses for the medical or decease of their parents.
- (f) There may be a need for medical reserve for Laura's chronic respiratory problem.

### CASE 3 THE CONFUSING TWO

He is twenty-six with a master degree in Social Science, she is twenty two and into her final year of bachelor degree in English. He loves her and she loves him. They will get marry. Not yet, not until when he turns permanent in his contract job in the government. It pays good at HK\$35,000 monthly now but in regular he would only get HK\$32,000. He has high hope that he will be able to make it a formal job. If she graduates in the fall, she will look for a job as a teacher or work in a bank.

But then he is not in much worry about feeding a family of his own. He lives by himself in a 600 square feet apartment, mortgage paid up and of present value about HK\$4.8M, in Wanchai, thanks to his retired parents, who gives him his share of family assets when he graduated, just like his other two elder brothers and elder sister. He has little savings in bank, and owns a life-insurance policy of HK\$1M. Medical is covered by government, no thrill there.

Her parents expect to have a big wedding, at least 20 tables for the bride's side at a 5-star hotel. Even after marriage, they expect her to give a living allowance of HK\$5,000 a month. Although not a material girl, she does have hope that some day they will live in a 1,200 square feet apartment in a prestige location, two babies, a car, a maid, and two foreign vacations a year.

His father left an on-going business in healthcare nutrients to his elder brother. His brother is good buddy with him and always asks him to join the growing company, promising him a COO job which pays at least HK\$500,000 a year with bonus shares. Competition is keen these days and market is unstable because China import fluctuates. He hesitates. He does not like the idea of being a family dependent and he does not like his sister-in-law either. Moreover, he is not an aggressive guy, at least commerce is not his cup of tea. A government job offers stability, and he can progress steadily without too much calculation. And, there will be more time for love and his own family.

Luckily he and she are both very healthy, like hiking, and enjoy movies and trendy funs. He and she are very much bothered by what to do about future.

He is John and she is Mary.

A trustworthy friend of his introduces him to you, the prestige financial planner, are you able to help John and Mary out in :

- (a) Career planning
- (b) Marriage planning
- (c) Family planning
- (d) Retirement planning
- (e) Vacation planning