



EVERYTHING YOU SHOULD KNOW ABOUT

Financial Planning

What, why & How?

Areas covered

- What is financial planning
- Why Financial planning
- How to protect from uncertainty
- How to protect from contingency
- Goal based investing



What is financial planning?

Logical process of managing your money in a way that can help you to achieve all your financial goals with ease and also protect you from uncertainty and contingency.



Planning for
uncertainty



Contingency
planning



Goal based
investing

What is financial planning?

Failing to
plan is
planning to
fail.

Allen Lakein

QuotePixel.com



Benefits of planning

- Helps in reducing financial uncertainty
- Protects you from financial contingencies
- Reduces the stress and anxiety
- Helps to you set financial goals
- Increases the chances of attaining goals



Step 1 – plan for uncertainty



To protect
Your family's
future
From
uncertainty



To protect your family,
Buy sufficient Life
insurance cover

Term Plan

Go for it!

Benefits of Term Plan





To protect your financial
freedom from medical
contingencies

Family Floater

Go for it!

How to ensure **sufficient** cover

Family Floater **Basic** plan + Family Floater **Super Top-up** plan



What is super topup?



Option of buying top-up insurance along with your current health insurance policy.

Comparison

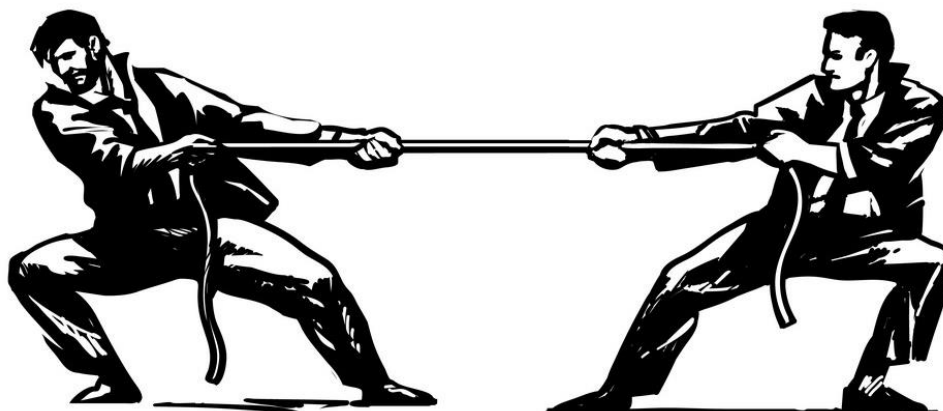
Family of 4 people including 2 adults (Age 36 & 37) and 2 children (Age 5 & 10 years)

Basic Plan

Basic Family Floater	
Sum Assured	25 Lacs
Premium	Rs 36000*

Basic + Super

Basic + SuperTopup	
Sum Assured	Rs (5+20) Lacs
Premium	Rs 20,400*





To protect financial loss
arising due to accident

Personal Accidental Insurance



Go for it!



To protect financial loss arising due to damage to property due to fire & other natural calamities

Fire & Burglary Insurance

Go for it!

Step 2 – plan for contingency



To protect
Your family's
future
From
contingency

Create contingency fund



Build the contingency corpus to
protect your finance from sudden
job loss or recession

**Create
contingency
fund**

How much contingency fund

Depends on nature of your job/business



Where to invest

- Liquid assets
- With low risk
- Flexibility to withdraw anytime



Investing without setting clear goals, is just like playing a foot ball without having a goalpost, you shall run and kick a lot but shall not score anything.



Step 3 – Set financial goals

Buying home



Buying a car



Child's education



Marriage



Family Vacation



Your retirement

Set **smart** goals

Specific

S
G

What
do you want
to do?

Measurable

M
O

How will you
know when
you've
reached it?

Achievable

A
A

Is it in your
power to
accomplish it?

Realistic

R
L

Can you
realistically
achieve it?

Timely

T
S

When exactly
do you want to
accomplish it?

Ask these **questions** to yourself

Why

- Why do I need money?

When

- When will I need money?

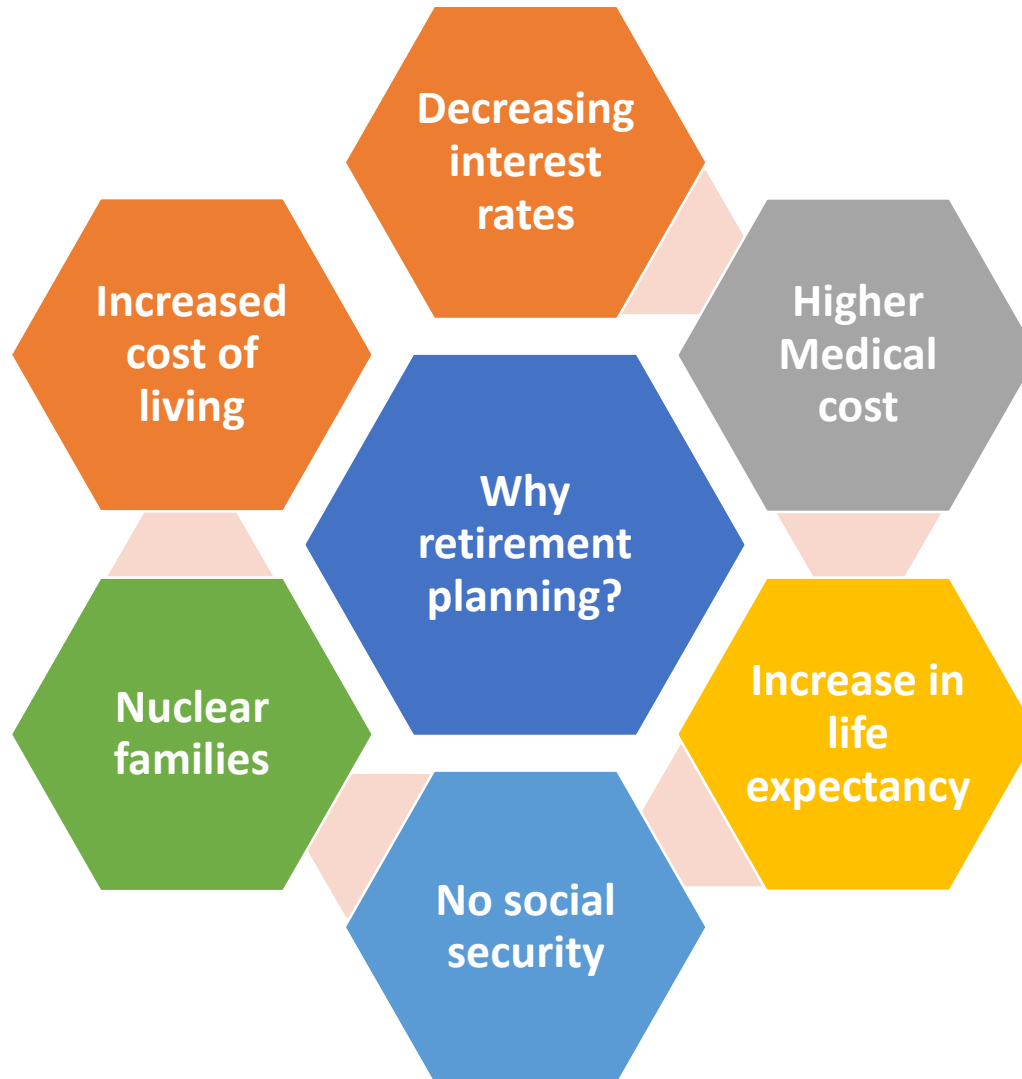
What

- What the exact amount will I need?

How

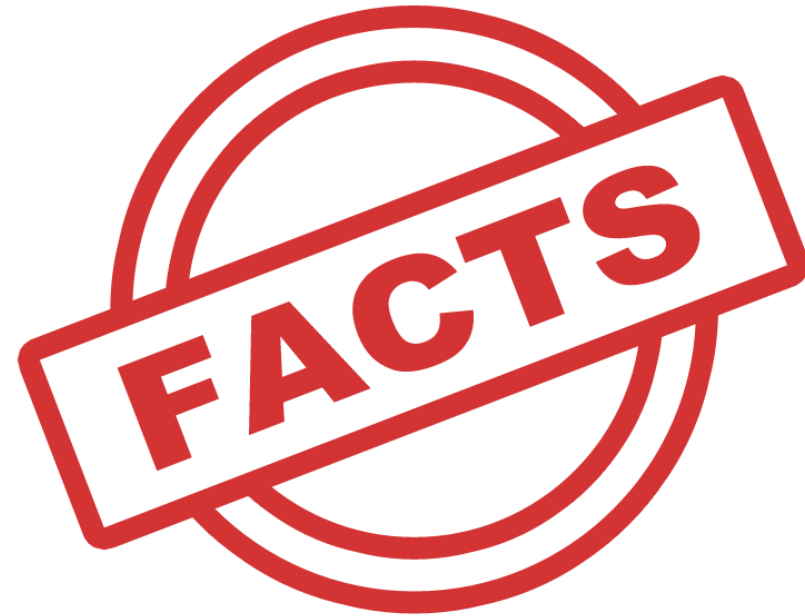
- How will I achieve that amount?

Pay yourself **first**



Some **shocking** facts

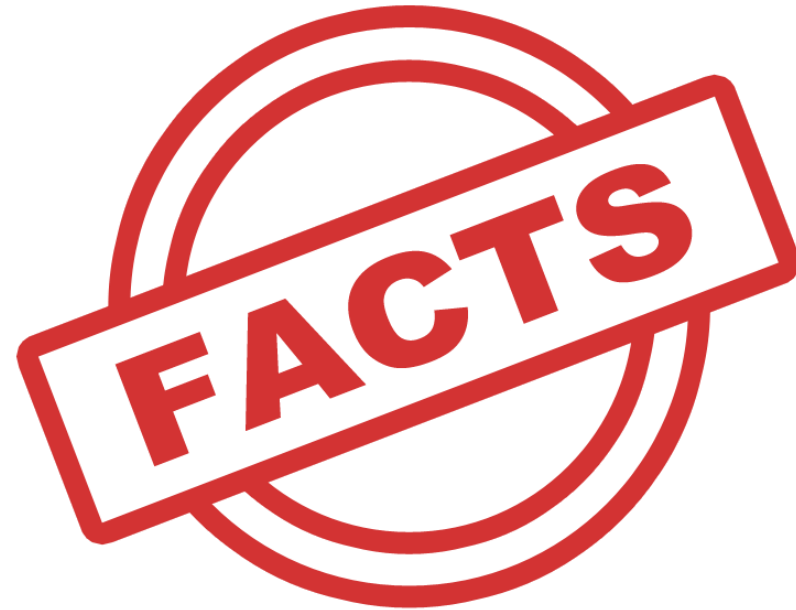
- Life expectancy in India will touch at 74 years and above by year 2050
- Less than 7% of Indians are financially independent post retirement



Source: Various sources

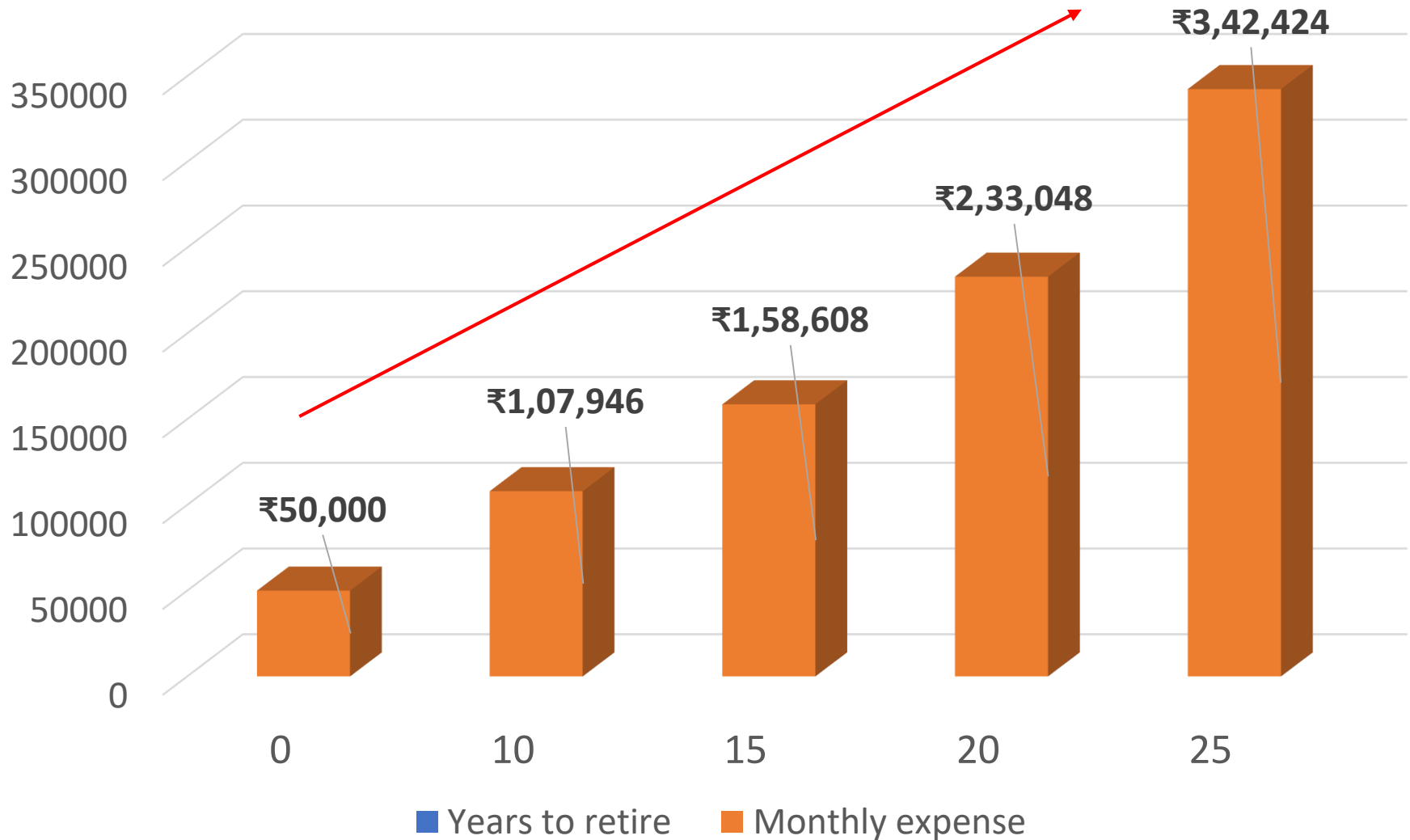
More facts

- 87% of Indians have no committed saving plan for retirement.
- 7 out of 10 people expect the financial support from their kids after retirement



Source: Various sources

Monthly expense at your retirement



Retirement corpus – case study

Your Age	30	Pre retirement return	15%
Retirement Age	60	Post retirement return	10%
Life Expectancy	75	Inflation	8%
Current Monthly Expense	₹ 35,000	Monthly expense after retirement	₹ 3,52,193
Retirement Corpus required			₹ 5,59,28,683
Lumpsum investment required	₹ 8,44,694	SIP amount required	₹ 9,931

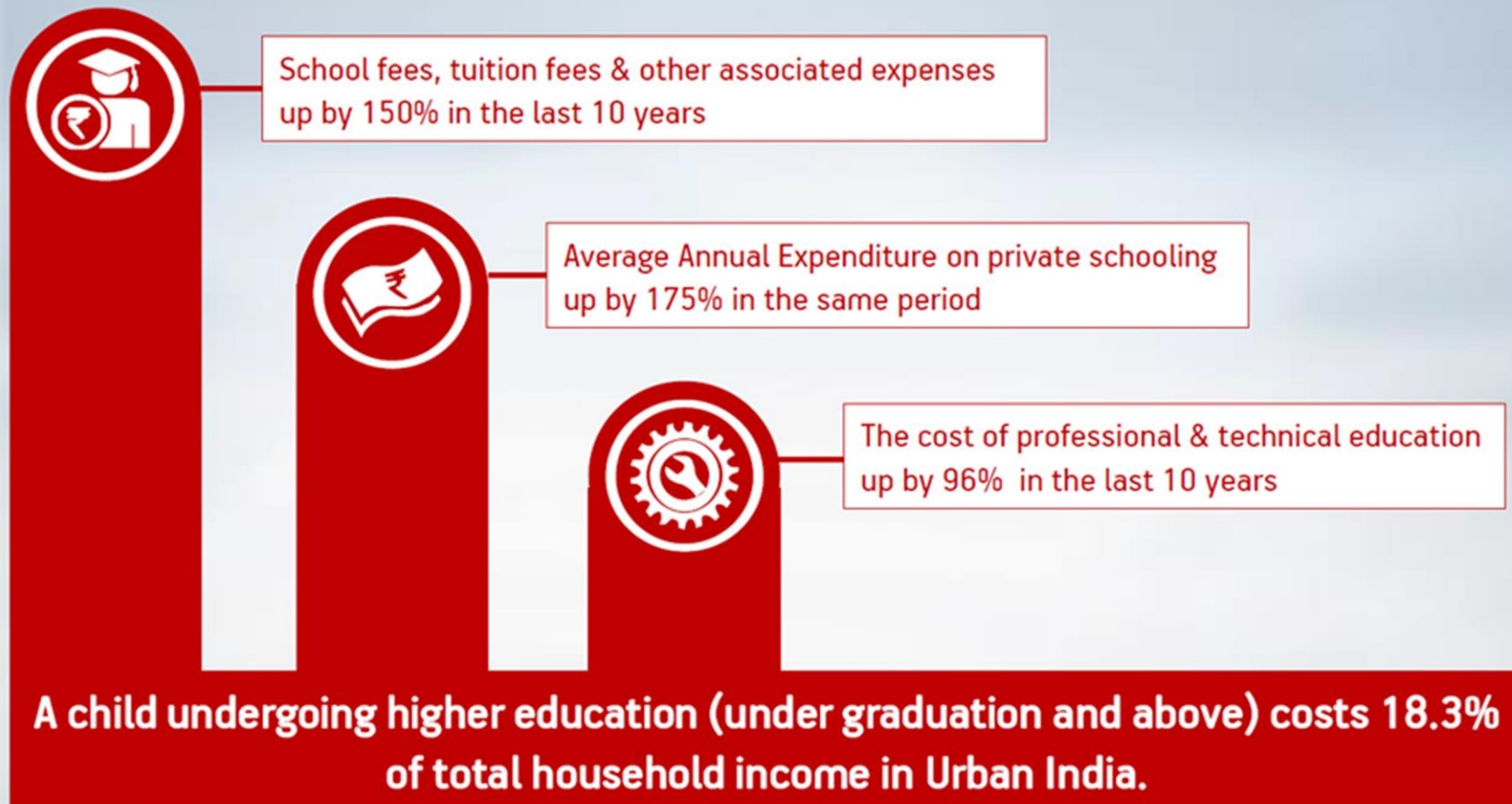
Retirement corpus – case study

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Life Expectancy	75	Inflation	8%

Retirement Corpus required			₹ 5,59,28,683
Expected return	8%	12%	15%
Monthly Investment required	₹ 39,453	₹ 18,153	₹ 9,931

Higher education for your child

Are we prepared to meet the rising educational costs?



Source: ABSL AMC

To give you an **idea**

Expected fees of MBA after 20 years considering 10% inflation

MBA course	Current Cost	Expected fees
Domestic Premium B School	Rs 22 Lacs	Rs1.49 Cr
Domestic Top Management Institute	Rs 40 Lacs	Rs 2.69 Cr
International Premium Business school	Rs 52 Lacs	Rs 3.49 cr

*MBA fees in top institute has risen from Rs 5.5 Lacs in 2008-09 to Rs 22 Lacs in 2018-19, a hike of **15% per annum***

Source: ABSL AMC

Kids education planning

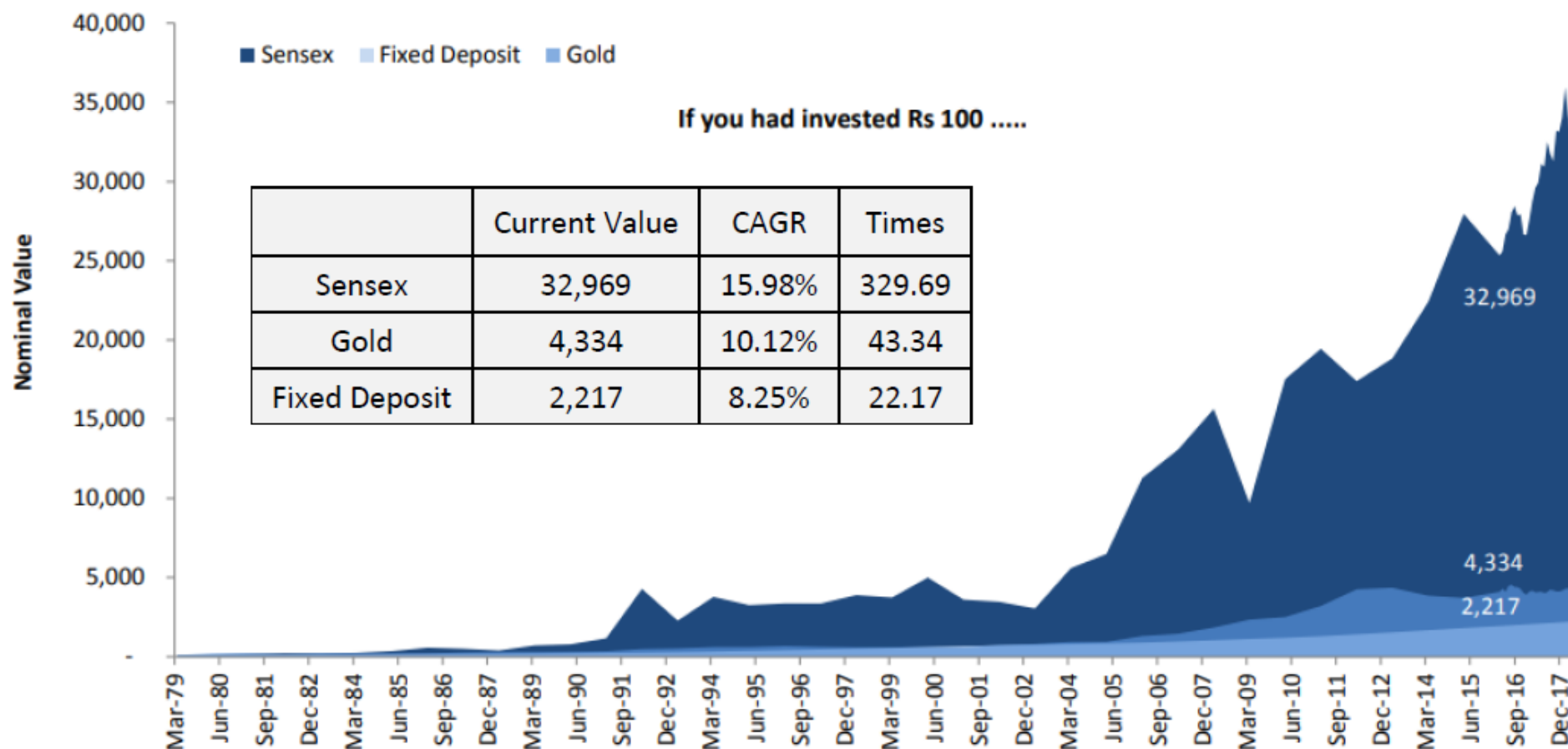
Kids Age	8	Hig Edu. After years	13	Inflation	10%
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Current cost of Education	Future Cost	Monthly investment required @ 15%
₹ 10,00,000	₹ 34,52,271	₹ 7,758

Expected return	8%	10%	12%	15%	18%
Monthly Inve. Required	₹ 12,834	₹ 11,137	₹ 9,648	₹ 7,758	₹ 6,223

Choose **right** asset class



Source: Bloomberg, MOAMC internal analysis, Data as on 31st March 2018

Note: The information herein is used for comparison purpose and is illustrative and is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future.

Investing fixed amount every month in **Mutual Fund**



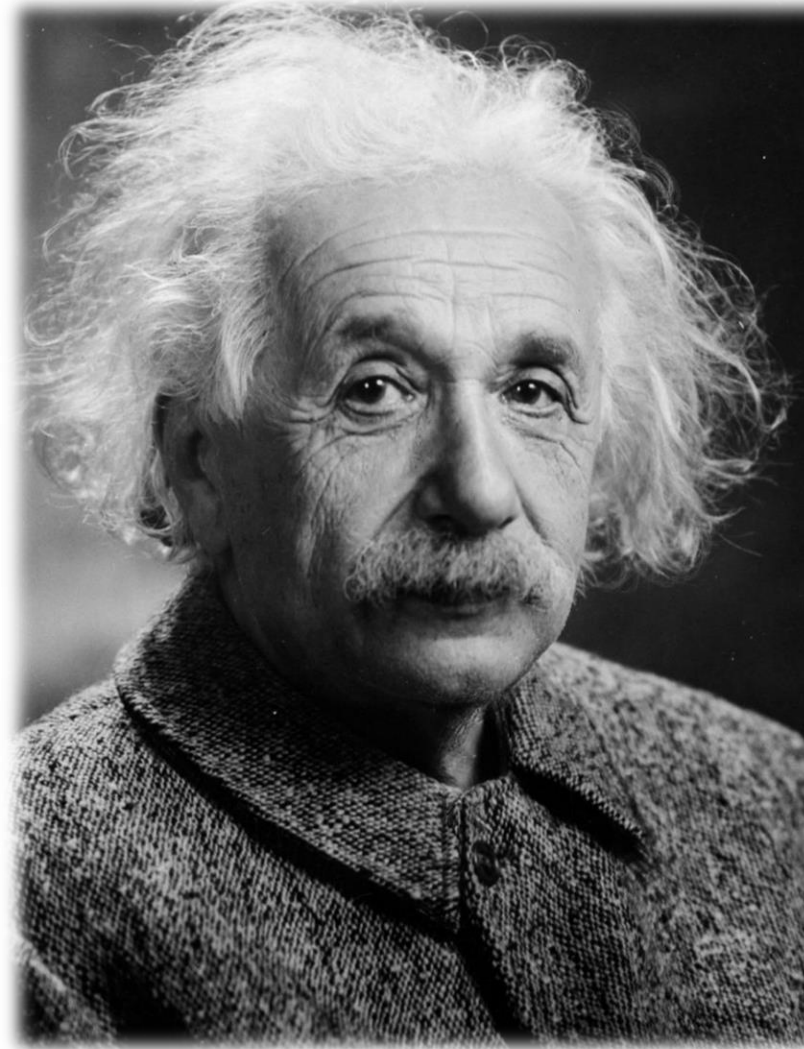
Discipline is the key



I fear not the man who has practiced
10,000 kicks once, but I fear the man
who has practiced one kick 10,000
times.

— *Bruce Lee* —

AZ QUOTES



"COMPOUND INTEREST IS THE EIGHTH
WONDER OF THE WORLD.
HE WHO UNDERSTANDS IT EARN'S IT, HE
WHO DOESN'T, PAYS IT."

- ALBERT EINSTEIN

FENIUS

Long term track record

Particulars	15 Years	20 Years
Total no. of schemes	67	29
Highest Return (%)	22.96	24.21
Lowest Return (%)	10.13	12.53
Average Return (%)	16.19	18.63
Schemes with 20% + CAGR	4	10
Schemes with 15% + CAGR	48	24
Schemes with 12% + CAGR	63	29
Schemes with 8% + CAGR	67	29

All diversified equity funds which has completed 15 years and 20 years respectively as on 30th April, 2018

Summary

- ✓ Plan for uncertainty
- ✓ Save for contingency
- ✓ Set SMART goals
- ✓ Start investing early



Thank You