

TAKING CHARGE OF FINANCIAL LIFE.

*There are two times in a man's life when he should not speculate:
when he can't afford it,
and when he can.
-Mark Twain*

WHAT IS WEALTH MANAGEMENT?

- Channeling "YOUR" financial resources towards "YOUR" financial goals.

WEALTH.

- Protection
- Accumulation
- Distribution

THREE MOST IMPORTANT TABLES.

- List of Financial Goals
 - Cash Flow Statement
 - Statement of Net Worth
- Also relationship with money*

WEALTH PROTECTION.

CONTINGENCIES

- Sudden increase in expense
- Sudden loss of income
- Both
- Examples
- Sudden/abrupt relocation
- Job loss
- Usually no formal insurance available

CONTINGENCY PLANNING.

- About 3 month's provision.
- Cash
- Saving bank linked FD or Liquid Fund.

INSURANCE.

SPREADING OF RISK AND SHARING OF LOSSES

PERSONAL RISK

- Health
- Disability
- Life
- Risk of dying too young and risk of living too long.

PROPERTY RISK

- Home
- Auto

LIABILITY RISK

WEALTH ACCUMULATION.

PLANNING FOR FINANCIAL GOALS.

- BORROWING
- Basic Needs v/s Luxury
- Appreciating Assets v/s Depreciating Assets
- Debt Service Ratio
- Liability to Asset Ratio

PLANNING FOR FINANCIAL GOALS.

INVESTING

- No one is risk averse, everyone is loss averse
- Systematic Risk
- Rupee Cost Avge
- Unsystematic Risk
- Diversification
- Trade off -
- Inflation v/s Security
- Taxation v/s Liquidity
- Volatility v/s Time Horizon
- Efficient v/s Inefficient markets

ASSET CLASS - Debt.

ASSET CLASS - Equity

ASSET CLASS - Property

INVESTMENT VEHICLES.

- Direct
- Mutual Fund
- Portfolio Management Services
- Insurance

WHILE INVESTING...

- Focus on goals not on market....
- Timing v/s Time-In
- Real life long term returns is not what portfolio does, it is what investor does...
- Don't blame your wealth level to destiny – if you do not nurture, it will not grow...
- Equity market is place to earn higher returns – ‘slowly’
- If part of your portfolio is not giving negative returns, then you are not diversified enough
- Basic is beautiful

RETIREMENT PLANNING.

- Defined Benefit v/s Defined Contribution
- People live longer
- Number of years into retirement is more
- Lesser adults to retiree ratio (except India)
- Start as early as possible. People who lead healthy financial life are disciplined and early starters.

How Early Is Ok?

- Tom and Harry are 22 year olds
- Tom puts Rs.20000/- every year in an investment earning 12% for 7 years
- Harry then starts doing the same thing i.e. at age 29 for 36 years
- At age 65
- Harry – Rs 96.8 Lakh
- Tom – Rs 119.3 Lakh

WEALTH DISTRIBUTION.

RETIRMENT PLANNING.

- Nomination is right to receive and NOT right to own.
- WILL prevails
- Hand written WILL accepted by law

MONITORING.

- Review
- Once every quarter
- Change in endogenous conditions
- Birth, Marriage, Death
- Change in career
- Financial gain
- Dream/Aspirations
- Change in exogenous conditions

GURU MANTRA

- EARN – SAVE – SPEND
- DON'T CREATE WRONG ASSETS
- WEALTHY DON'T WORK FOR MONEY
- ENSURE YOUR LIFESTYLE ISN'T YOUR BIGGEST LIABILITY
- SAVING AND SPLURGING GIVES YOU SAME FEELING ONLY THE ORDER CHANGES
- DONATE GENERAOUSLY

THANK YOU.

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