



FIFA

FOUNDATION OF INDEPENDENT FINANCIAL ADVISORS



Saarthi Zaroori Hai®

FIFA April 2023

We are proud to announce
new members of FIFA



LITESH N KHONA

Litesh N Khona

General | Ind | Mumbai | O2488



MITUL LAXMIDAS DASANI

Mitul Laxmidas Dasani

General | Ind | Porbandar | O2489

FIFA April 2023

In conversation with
Ms. Roopa Venkatkrishnan



 **Saarthi Zaroori Hai®**



On **25th April 2023**, Wealth Builders had organized knowledge sharing session in Navi Mumbai.

Speaker : Ms. Roopa Venkatkrishnan

Topic : **Client Segmentation and Client Acquisition**

There were more than **88 MFDs** who attended the session



WATCH OUT FOR THESE EIGHT MISTAKES AS FINANCIAL YEAR 2023-24 UNFOLDS

Some seemingly simple financial mistakes can negatively impact your life and financial security. Listed here are some of these errors of commission and omission that need to be avoided in FY24.

Having a safety net in the form of an emergency fund not only adds to financial stability, but also leads to peace of mind.

As we step into the new financial year 2023-24 (FY24), it's important to be aware of the common financial mistakes that can cost you dearly. From overspending via credit cards to not investing enough to tackle emergencies, procrastinating tax planning, not reviewing your credit report, and more, here is a quick rundown on the pitfalls to avoid.

Mistake #1: Inadequate emergency fund

Not having an emergency fund can put you in a difficult financial situation in case of any uncertainty, such as hospitalisation of a family member, job loss, etc. So, aim to save at least six months' worth of living expenses in an emergency fund that you can access quickly.



Having a safety net in the form of an emergency fund not only adds to financial stability, but also leads to peace of mind.

“In the event of unexpected job losses, having at least six months to one year of living expenses saved up can help you bounce back quickly and get through financial turmoil without much stress,” says Varun Girilal, Managing Partner at Scripbox.

Mistake #2: Leaving insurance out of your financial planning

It is crucial to focus on comprehensive healthcare planning and not just during unforeseen incidents and critical illnesses. A good healthcare plan acts as a safeguard against emergencies and chronic illnesses that can potentially result in disastrous financial losses. “Hence, one should prioritise healthcare plans over other investments when doing financial planning,” says Aniruddha Sen, Co-founder, Kenko Health. He adds, when considering a healthcare plan, it is equally important to evaluate and plan for primary healthcare and other related expenses, such as doctor consults, lab/diagnostics tests, medicines and healthcare products.

With ever-increasing inflation, the cost of medical and hospitalisation products and services has also increased significantly. Therefore, thorough planning for both primary and critical healthcare will help manage expenses and avoid impact on savings or long-term financial planning.

Review your health insurance plan at least once in five years. “This ensures that any changes in your lifestyle, life stage, income, medical conditions, and so on, are reflected in your health plan coverage, too,” says Sen. Also, take into account the cost of healthcare in the city of your residence.

A term insurance policy is critical to protect your loved ones in the event of your untimely death. “Life insurance can provide financial support to your beneficiaries and help cover expenses such as future financial goals, outstanding debts and living expenses,” says Colonel Sanjeev Govila (retd), CEO of Hum Fauji Initiatives, a financial planning firm. While you should factor in your income, future goals and dependents’ needs, among other things, as a thumb rule, make sure you have a term cover of at least 10-15 times your annual income.



Mistake #3: Procrastinating tax planning

Procrastinating is essentially failing to plan ahead, which results in missed deadlines, penalties, and lost opportunities to minimise your tax liability. “While waiting until the last minute to plan for your taxes you will end up investing in sub-optimal tax solutions and you may not take an informed decision,” says Govila.

He adds, to avoid these potential dangers, it's essential to plan ahead and start your tax planning at the start of a new financial year. This includes keeping accurate records throughout the year, staying up-to-date on changes to tax rules, and working with a qualified tax professional who can help you identify opportunities to minimise your tax liability and avoid costly mistakes.

Mistake #4: Investing without a financial goal

When you don't have a set financial goal or plan, you may be more likely to make impulsive investment decisions based on short-term market trends or rumours, which can result in significant losses. “Investing without a financial goal can be a recipe for financial disaster, since you may not know why you're investing in a particular asset or a scheme,” says Govila.

To begin with, determine a financial goal and your risk appetite. “Then create a summary of your existing investments, including details such as initial investment value, current value, and returns. Track the objective and time horizon with which you made each investment,” says Girilal. By doing this consistently over three to five years, you will gain valuable insights into how your net worth is growing and how your portfolio is performing. This can help you map your savings and investments to specific goals.



Mistake #5: Not upskilling for uncertain time

The recent layoffs from globally renowned companies serve as a stark reminder that there is no job security despite spending many years with an organisation, and it's essential to be prepared for the worst.

“Continuous learning and skill enhancement are equally vital for personal and professional growth,” says Girilal of Scripbox. This will add to building a financial cushion, he added.

Mistake #6: Making a retirement plan without accounting for inflation. Inflation erodes the purchasing power of money over time. When you're making retirement plans, it's important to consider how inflation will affect the amount of money you'll need to cover your expenses in the future. For example, if you plan to retire in 20 years and you currently need Rs 50,000 per month to cover your expenses, you'll need to factor in the rate of inflation over those 20 years to determine how much money you'll actually need. “By accounting for inflation, you can estimate how much your retirement savings will need to grow over time to keep pace with the rising cost of living,” says Adhil Shetty, CEO, BankBazaar.com. Shetty explains with an illustration.

Assuming an average inflation rate of 6 percent, the value of Rs 50,000 in 20 years will be around Rs 1.22 lakh in today's rupees. This means that if you don't factor in inflation, you may underestimate the amount of money you'll need at the time of retirement and may not have enough to cover your expenses.



“Not accounting for inflation in your retirement plans can be a costly mistake that could significantly affect your standard of living in retirement,” says Govila.

Mistake #7: Defaulting on loan EMIs and credit card dues

Every open line of credit, regardless of whether it is a credit card, home loan, personal loan or a short-term pay day loan from a fintech lender, has to be mandatorily reported to the credit bureaus.

This means every payment towards these loans gets tracked. “On-time payments have a big weightage in calculating your credit score, and every default on loan EMIs and credit card dues can have a significant negative impact on your credit score,” says Shetty.

“Failing to make timely payments for dues can affect a person’s credit score,” says Sanjeet Dawar, Managing Director, CRIF High Mark, a credit bureau. He adds, the borrower's creditworthiness is negatively affected, and the person may face difficulty in getting credit in the future. The borrower may even be denied loans in certain circumstances.

Mistake #8: Not reviewing your credit report

Vigilant monitoring of credit reports is critical to detect unintended missed payments, loans, credit inaccuracies, identity fraud, or unknown transactions.

“This financial habit allows users to take timely corrective action and swiftly resolve any discrepancies found in the credit report,” says Dawar. Your credit report should always be accurate and up-to-date.

Proportion of B-30 assets to the total MF assets grows by 2% in 4 years

The proportion of B30 assets to the overall AUM has grown from 16% to 18% since the data is available.

An analysis of MF assets done by Cafemutual based on AMFI data shows that the proportion of B30 assets to the total industry AUM grew by 2% in 4 years. The data shows that the proportion of B30 cities to the total MF AUM has moved from 16% in March 2019 to 18% in March 2023, a growth of 2% in 4 years. B15 became B30 in April 1, 2018.

G Pradeepkumar of Union MF attributes this to rise in assets of T30 assets in absolute terms. He said "The MF industry witnessed huge interest of people during pandemic from T30 cities who saved a lot of money when things moved to work from home working style."

Ajit Menon of PGIM India MF feels that investors from B-30 cities are more conservative. He said "Many investors take conservative approach in B30 cities and are comfortable investing in traditional products like bank FDs."

Overall, B30 assets increased from Rs.4 lakh crore in March 2019 to Rs.7 lakh crore in March 2023, a growth of 75% in four years. On the other hand, the growth of T30 assets was largely in line with the industry AUM growth of over 65% during the corresponding period.

Year	T-30 AUM	B-30 AUM	Total (in Rs. lakh crore)	B30 to total ratio
2019	19.89	3.91	23.8	16%
2020	18.71	3.55	22.26	16%
2021	26.07	5.36	31.43	17%
2022	30.85	6.72	37.57	18%
2023	32.3	7.12	39.42	18%

WE ARE OPEN TO CONTRIBUTIONS FROM OUR VALUED MEMBERS!

! The editor is open for interesting contributions from our members. It can range from IAP programme snapshots or pictures/snippets of fun events conducted for investors, to fun anecdotes as well as any valuable inputs you would like to share! Please write to nisreen@moneyworks.co.in to get featured in our next edition.



FIFA April 2023



Saarthi Zaroori Hai®

CONTACT DETAILS

Contact Person:

Ronald Mendonca

Contact number: 98675 08393

📍 Address:

Foundation Of Independent Financial Advisors,
Rahimtoola House, 3rd Floor, 7, Homji Street,
Fort, Mumbai 400 001

🌐 Website:

www.fifaindia.org

YOU CAN NOW FOLLOW US ON

in @fifaindia

🐦 @fifaindiaorg

f Foundation of Independent Financial
Advisors-FIFA

📷 @fifaindia