

COMPREHENSIVE FINANCIAL PLAN

for
Rohit Sharma & family

JULY 2020

INTRODUCTION

We are pleased to submit this financial plan for your records. We urge you to keep this safely and privately to avoid any leakage of your confidential financial information.

The following plan will document your Goals and Resources and make recommendations in line with your Goals based on the information you have provided. The solutions adopted in this financial plan need to be regularly reviewed. The projected outcomes are provisional and should be treated as indicative rather than as guaranteed. It is vital that you regularly review your financial situation and the assumptions are tested against actual results. Life is dynamic and your financial plan must reflect changes in your personal situation!

We urge you to study these recommendations carefully and we will respond to any questions you may have. You may need to make important decisions on the urgency and timing of the issues dealt within this plan. The effort you have taken to reach this point is well worth the effort to secure your financial future.

Please see the Appendices for details of the underlying assumptions related to your financial future used in building your plan. Also, our Disclosures / Disclaimers and a Glossary are included here to assist you with the terminology used herein.

We trust the experience will be rewarding for a sound financial future and help you reach your goals. We endeavour to respect your privacy and maintain client confidentiality.

Narayan Kamath

Finplifi Financial Planners and Consultants

AT A GLANCE

Basic details

	Client	Spouse	Daughter
Name	Rohit Sharma	Ritika Sajdeh	Samaira Sharma
DOB	30/04/1987	21/12/1987	30/12/2018
Age	33	32	1
Status	Salaried	Housewife	New born

Your cash flow

	Total annual income	Annual expenses	Annual commitments	Annual repayments
Amount (Rs.)	5,139,548	2291400	969,334	987,600

Your assets & liabilities

	Total Assets	Total loans
Amount (Rs.)	60,934,751	8,882,000

Your Financial goals

Goal Name	Priority	Type	Start year	End year	Per year cost in current valuation	Frequency
Daughter's Graduation Cost	TOP	Recurring	April-2036	March-2039	500,000	Yearly
Daughter's Post Graduation	High	Recurring	January-2040	January-2041	1,500,000	Yearly
Villa	Low	One time	December-2024		22,000,000	
Vacation Fund	Medium	Recurring	January-2022	January-2032	500,000	Yearly
Retirement	High	One time	April-2037	March-2072	**	Yearly

RISK PROFILE

While the focus of your plan is your goals, it is important that the planned course of action remains within your risk comfort zone. Risk profiling is done to check your attitude and tolerance towards risk. But it is just an indicator, and thus cannot completely describe how you will react to any particular financial situation.

Your risk profile is

Balanced

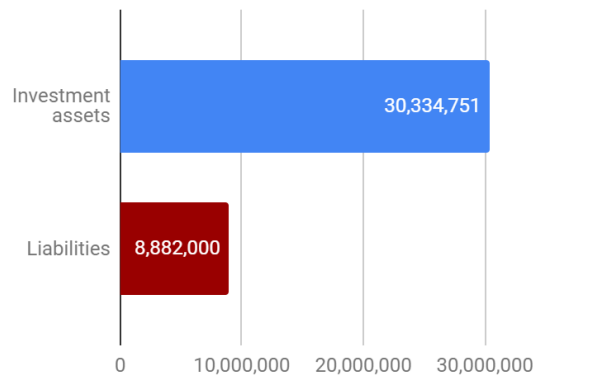
What does it mean?

You are an investor who would like to invest proportionately in Income and Growth assets, you will be comfortable with calculated risks to achieve good returns. You might expect your portfolio to be allocated upto 50% in Growth assets

Ideal Asset Allocation					
Risk Profile	Debt	Equity	Real Estate	Alternatives	Total
Conservative	70%	20%	5%	5%	100%
Moderately conservative	50%	35%	10%	5%	100%
Balanced	45%	45%	5%	5%	100%
Moderately aggressive	30%	55%	10%	5%	100%
Aggressive	20%	60%	10%	10%	100%

OVERVIEW

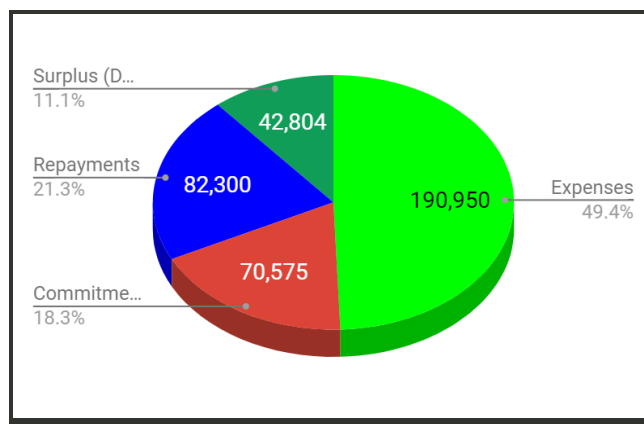
Networth



Rs. 21,452,751

Comments : You have accumulated a generous amount of assets through investment. The home loan is pulling down the network figure

Monthly surplus



Rs. 42,804

Comments : Even after expenditure, EMI payment and reg. Investments, there is surplus available in your hands



You're good at

- You have maintained a simple lifestyle
- You have a healthy cashflow surplus every month
- Debt to Equity ratio is healthy



You need improvements in

- Low life insurance cover
- The asset allocation is aggressively inclined towards Real Estate



Suggested Action Plan

Category	Points	Priority
Insurance	Take a Life insurance cover for Rohit sharma	Top
Contingency fund	Start accumulating remaining funds on a low risk liquid mutual fund via regular monthly investment	High
Goals	Start monthly regular investment for Samaira's Education from September 2020	High
Goals	Start monthly regular investment for Retirement from September 2020	High
Goals	For vacation, start with a small investment in a low risk fund	Medium
Will	A preliminary will can be prepared after consulting with a lawyer	Medium
Tax	Advance tax needs to be calculated and paid quarterly in a year to avoid unnecessary charges	Medium

DETAILED ANALYSIS

Financial Goal Projection

This section will help you understand where you stand in terms of achieving your financial goals. The available assets which we allocate for individual goals are based on priority and suitability. There are some assumptions which we used while projecting the figures which are mentioned in Annexures.

Samaira's graduation					Top
Year	Present Cost	Amount Required	Assets	Projected value	Achievability %
2036	500,000	1,712,971	Mutual Fund portfolio	1,712,971	100%
2037	500,000	1,850,009	Mutual Fund portfolio	1,850,009	100%
2038	500,000	1,998,010	Mutual Fund portfolio	1,165,707	58%
2039	500,000	2,157,851			0%

Comments:

Considering inflation we estimated the future value of the goal every year. We have extrapolated your current Mutual Fund portfolio balance. The estimated figures are reflecting that you should be able to meet first 2 years of graduation cost

Samaira's post graduation					High
Year	Present Cost	Amount Required	Assets	Projected value	Achievability %
2040	1,500,000	6,991,436			0%
2041	1,500,000	7,550,751			0%

Comments:

As it is too soon to decide the cost for her PG expenses, we did not allocate any resources. But we highly recommend clients to consider taking an Education loan.

Retirement					High
Year	Present exp (p.a) **	Corpus required	Assets	Projected value	Achievability %
2037	1,200,000	26,635,154	EPF (Partly)	26,635,154	100%
2047	960,000	38,159,603	EPF (Partly) + Right shares + Equity Shares	37,722,798	99%
2057	720,000	51,253,528			0%
2067	360,000	26,632,934			0%

Comments:

Retirement corpus requirement has been divided into 4 Phases. 3 Phases of 10 years each and the Final phase of 3 years where only Ritika stays alive. The expenses required in present terms have been gradually decreased from Phase to phase. These are estimated figures as we assume that your expenses will be quite low at 70 years of age as compared to 50 years.

Vacation Fund					Medium
Year	Present Cost (p.a)	Amount Required	Assets	Projected value	Achievability %
2022	500,000	1,934,554			0%
2027	500,000	1,973,993			0%

Comments:

The Vacation Fund can be created in 2 blocks of 5 years each. First block of funds can be accumulated by 2022 and the next by 2027. But we did not find any suitable asset to link it with this goal.

Purchase of Villa					Low
Year	Present Cost	Amount Required	Assets	Projected value	Achievability %
2025	22,000,000	28,078,194	<i>Vizag land + FDs</i>	14,196,618	51%

Comments:

There are not enough resources allocated for this goal. The land you got from inheritance can be utilized with one FD. In case of not availability of cashflow in the coming years, you have to tune down the cost.

Meeting the shortfall

Though there might not be enough resources now to allocate for your financial goals, the silver lining is that you can accumulate the remaining funds via various investments and your future savings.

Year	Goal name	Deficit	Strategy	Inv Amount
2038	Samaira's graduation	832,303	<i>Yearly investment in Sukanya Samriddhi Scheme</i>	25,000
2039	Samaira's graduation	2,157,851	<i>Yearly investment in Sukanya Samriddhi Scheme</i>	25,000
			<i>Monthly investment from Sep 2020 till Jan 2037</i>	2,857
2040	Samaira's post graduation	6,991,436	<i>Education Loan can be considered</i>	-
2041	Samaira's post graduation	7,550,751	<i>Education Loan can be considered</i>	-
2057	Retirement	51,253,528	<i>Monthly investment from Sep 2020 till Jan 2037</i>	22,107



2067	Retirement	26,632,934	<i>Monthly investment from Sep 2020 till Jan 2037</i>	5,128
2022	Vacation Fund	1,934,554	<i>Start with low monthly investment, then windfall gains and bonus money can be utilized</i>	2500
2027	Vacation Fund	1,973,993	<i>This can be funded with the bonus amount received at the end of every year.</i>	-
2025	Purchase of Villa	28,078,194	<i>It will be best to tune down the cost or push the goal to later years.</i>	-

Risk Management

It is true that not all risk can be avoided and should not be too. But unnecessary risks can be mitigated with a robust plan in place. The three pillars of risk management are Contingency fund, Life insurance cover and Health insurance cover.

Contingency Fund	
6 months worth of expenses	1,145,700
(Less) Fixed deposit in HDFC Bank	510,751
Remaining amount to be accumulated	634,949

Life insurance needs analysis		
Meeting important goals		
1	Immediate Needs	1,000,000
2	Daughter's Graduation	3,212,971
3	Daughter's Post graduation	3,000,000
TOTAL		7,212,971
Your Outstanding Loans		
1	Home Loan	8,882,000
TOTAL		8,882,000
Survival Expenses		
1	Total annual expenses	2,276,400
2	Discount (Due to unavailability of one person)	25%
Corpus needed today to take care for the family for the rest of Spouse's life		57,788,134
Total Life insurance cover		73,883,105
Current Resources		
1	Investment Assets	17,784,751
2	Existing life insurance	11,000,000
TOTAL		28,784,751
Additional Life Insurance Cover Needed		38,885,383

Health Insurance	
Existing	
Family floater cover - Max Bupa	1,000,000
Required	
Continue with the current policy	-
<i>The current cover is reasonable as of now for Tier 1 city. As medical inflation increases year by year, it is best to review it every year and take a decision.</i>	

Utilization of excess cashflow

The surplus which remains after regular expenditure, investments and repayments can be utilized in an optimal manner.

Excess Cashflow Utilization for the current year			
#	Purpose	Mode	Amount
Goals			
1	Samaira's graduation	Monthly	2,500
2	Samaira's graduation	Yearly	50,000
3	Retirement	Monthly	27,000
4	Vacation	Monthly	2,500
Others			
1	Emergency Fund	Monthly	6,000
2	Life insurance premium (Est.)	Yearly	30,000

Note: Detailed investment plan with Product name will be sent via email.

Overall Financial Management

Debt Management	
% of total income which goes for EMI payment is	21%
when your monthly income is	386,629
We would like to suggest making part prepayment when you receive any windfall funds like corporate bonus etc.	
Keep a close watch on the loan interest rate of different banks.	

Income Tax
Though there will always be some tax on your income, government gives us way to optimize it also.
Most of your 80C component will be covered by EPF and Insurance Premiums
Others deductions which can be availed are 24B (Interest on Home Loan upto Rs. 2 lacs a year) , 80G (Donations either full or 50% deduction is available) , 80E (for interest paid on Education Loan)



Budget

Your total monthly spend is

190,950

The above figure includes income tax

We found that the expenses are on the lower side, which is good.

Estate

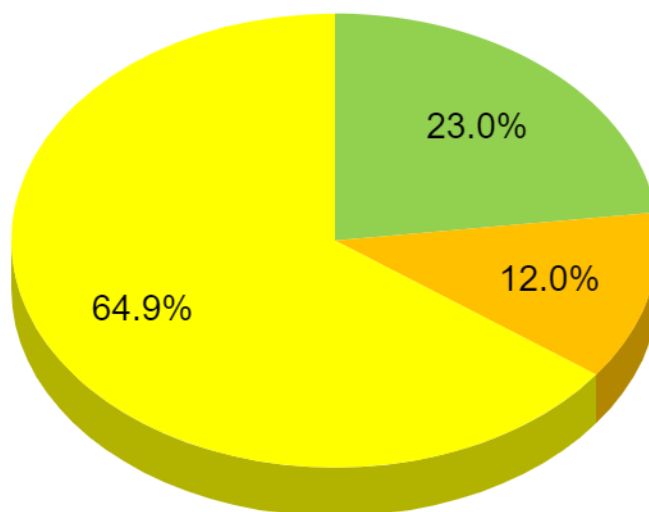
It is very important to start arranging your Estate as per your desire.
A good foundation could be a WILL

We can connect you with our Legal Advisor for assistance regarding creation of a Will

Your Asset allocation

Asset Allocation means the mix of different asset categories like **Debt** (FD, EPF, PPF etc), **Equity** (Shares etc), **Property** (land, flats etc) and **Alternatives** (gold, crypto etc), All the financial products come under the ambit of these four Asset classes. It is always better to maintain an adequate proportion of all these assets based on your Financial goals and Risk Profile.

	Debt	Equity	Property	Alternatives
Amount	6,984,751	3,650,000	19,700,000	0



● Debt ● Equity ● Property

Comments:

Your total asset base is inclined towards Real Estate. Property investment could yield cashflow as well as handsome Sales proceeds, but it is a highly illiquid asset. If liquidating your properties is not a favorable option for you, we recommend that you start investing in other asset categories like debt or equity to diversify the portfolio.

ANNEXURES

Part 1 - Your Fact Finder

Income					
#	Income Type	Year	Earner	Mode	Amount
1	Gross Salary - Maxim Sports Ltd	2020	Rohit	Yearly	4,099,548
2	Rental Income	2020	Ritika	Monthly	45,000
4	Bonus - Maxim Sports Ltd	2020	Rohit	One time	500,000

Expenses					
#	Expenses Type	Year	Category	Mode	Amount
1	Professional tax	2020	Non-discretionary	Monthly	250
2	Donation	2020	Non-discretionary	Monthly	200
3	Income Tax	2020	Non-discretionary	Monthly	80,000
4	Household Expenses	2020	Non-discretionary	Monthly	30,000
5	Utilities	2020	Non-discretionary	Monthly	12,000
6	Daughter's expenses	2020	Non-discretionary	Monthly	15,000
7	Transport	2020	Discretionary	Monthly	3,500
8	Health Care	2020	Non-discretionary	Monthly	2,000
9	Recreational	2020	Discretionary	Monthly	10,000
10	Family Care	2020	Discretionary	Monthly	
11	Staff's salary	2020	Discretionary	Monthly	15,000
12	Car Lease	2020	Discretionary	Monthly	23,000

Regular Commitments					
#	Type	Year	Holder	Mode	Amount
1	EPF (incl employer)	2020	Rohit	Monthly	32,242
2	Right Shares	2020	Rohit	Monthly	30,000
3	Mutual Fund - Outside	2020	Rohit	Monthly	8,333
4	Life Insurance premium	2020	Rohit	One time	122,434

Repayments					
#	Loan name	Year	Holder	Mode	EMI
1	Home Loan - HDFC	2019	Rohit	Monthly	82,300

Your Assets Bucket						
#	Asset Name	Year of addition	Cost Value	Market Value	Status	Ownership
Investment Assets						
1	Land	2011	1,200,000	8,000,000	Owned	Single
2	Fixed Deposit - HDFC Bank	2019	500,000	510,751	Owned	Single
3	Fixed Deposit - ICICI Bank	2018	2,000,000	2,274,000	Owned	Single
4	EPF Balance	2010	-	4,200,000	Blocked	Single
5	Right Shares	2013	-	1,800,000	Locked	Single
6	Mutual Fund portfolio	2020	-	1,000,000	Owned	Single
8	Direct Equity shares	2020	-	850,000	Owned	Single
9	Bangalore House	2020	11,700,000	11,700,000	On Loan	Joint
Your Personal assets						

1	Residential Home	2020	6,000,000	Owned
2	Gold	2020	24,000,000	Owned
3	Car	2020	600,000	On lease

Your Loans box

#	Asset Name	Year of addition	Current Outstanding	Start year	Int. %	Tenure (Remaining)
1	Home Loan - HDFC	2020	8,882,000	2019	8.24%	18

Life Insurances

#	Policy Name	Insured	Premium	Sum Assured	Mode	Start	End	PPT
1	ICICI Pru Future Perfect - Endowment	Rohit	100,000	1,000,000	Yearly	22/12/2016	22/12/2036	10
2	ICICI Pru iPROTECT Smart - Term Ins	Rohit	22,434	10,000,000	Yearly	29/12/2016	29/12/2046	25

General Insurances

#	Policy Name	Insured	Premium	Sum Assured	Mode	Start date	End date
1	Health Insurance - Max Bupa	Rohit	27,300	1,000,000	Once in 2 years	27/12/2019	26/12/2021

Part 2 - Assumptions

Investment returns

Risk Profile	Balanced
Time Frame	Expected Return
<=1 year	6.00%
<=3 years	8.40%
<=6 years	8.95%
<=10 years	9.60%
>10 years	9.85%

Other assumptions

General Inflation	6.00%
Education Inflation	8.00%
Medical Inflation	12.00%
Home Loan Rate	9.00%
Car Loan Rate	11.00%
Retirement Return	8.40%
Real Estate Growth	6.00%
EPF Return	8.00%
Post Office schemes	7.00%

Part 3 - Other plan workings

Utilization of current resources towards financial goals							
Asset Name	Asset Category	Year	Value	Goal name	Exp Return %	Amount Utilized	Remaining amount
Land - Vizag	Property	2020	8,000,000				
		2025	10,705,805	Purchase of Villa	6.00%	10,705,805	0
Fixed Deposit - HDFC Bank	Debt	2020	510,751	Emergency Fund	-%	510,751	0
Fixed Deposit - ICICI Bank	Debt	2020	2,274,000				
		2025	3,490,813	Purchase of Villa	8.95%	3,490,813	0
EPF Balance	Debt	2020	4,200,000				
		2037	28,598,173	Retirement	8.00%	26,635,154	1,963,019
		2047	4,238,012	Retirement	8.00%	4,238,012	0
Right Shares	Equity	2020	1,800,000				
		2037	8,889,422		9.85%		
		2047	22,744,383	Retirement	9.85%	22,744,383	0
Mutual Fund portfolio	Equity	2020	1,000,000				
		2036	4,495,738	Daughter's graduation - 1st year	9.85%	1,712,971	2,782,767
		2037	2,949,733	Daughter's graduation - 2nd year	6.00%	1,850,009	1,099,724
		2038	1,165,707	Daughter's graduation - 3rd year	6.00%	1,165,707	0
Direct Equity shares	Equity	2020	850,000				
		2047	10,740,403	Retirement	9.85%	10,740,403	0

RISK DISCLOSURE

Mutual Funds -

- A. Market risk - Market risk is a risk which may result in losses for any investor due to the poor performance of the market.
- B. Concentration risk - Concentrating and investing heavily in one sector is also risky. It can be described as the situation when investors tend to put all their money into a single investment scheme or in one sector.
- C. Lack of Control - As much as mutual funds offer the convenience of investing, the investors cannot determine the exact composition of a fund's portfolio, nor can they directly influence which securities the fund manager can buy.
- D. Inflation Risk - It can be best described as the risk of losing one's purchasing power, mainly due to the rising inflation rate.
- E. Rebalancing Risk - Mutual fund investments are rebalanced frequently by the fund managers and are closely monitored. However, regular reinvestments are often accompanied by the risk of losing out on growth opportunities in their investments.
- F. Liquidity risk - Liquidity risk refers to the difficulty to redeem an investment without incurring a loss in the value of the instrument.
- G. Regulatory Risk- Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector, or market.

Stocks -

- A. Market risk - Market risk is a risk which may result in losses for any investor due to the poor performance of the market.
- B. Inflation Risk - It can be best described as the risk of losing one's purchasing power, mainly due to the rising inflation rate.
- C. Liquidity risk - Liquidity risk refers to the difficulty to redeem an investment without incurring a loss in the value of the instrument especially Midcap and Smallcap stocks.

Exchange traded fund (ETF) -

- A. Tracking error risk - Tracking risk occurs when an ETF does not mimic or follow the index it is tracking due to a combination of management fees, tax treatment and dividend timing.
- B. Counterparty Risk - Counterparty risk is present when there's a possibility the other party in an agreement will default or fail to live up to their obligations.
- C. Trading Risk - International ETFs may also suffer from crowded trade risks, given the sheer number of market participants involved in this market. Like other assets, ETFs also carry opportunity costs, creation and redemption fees and taxes on interest income and capital gains.

These fees must be factored into overall trading costs so there aren't any surprises down the road.

D. Composition Risk - Composition risk refers to the fact that indices, and the ETFs that track them, aren't interchangeable. While two ETFs may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket. For example, two ETFs may track the healthcare industry, but rely on a completely different basket of companies or segments.

Bonds -

A. Interest rate risk - Increase in the interest rates during the investment period may result in a reduction of the price of securities.

B. Duration risk - Duration risk is the risk associated with the sensitivity of a bond's price to a one percent change in interest rates. The higher a bond's duration, the greater its sensitivity to interest rates changes.

C. Liquidity risk - Liquidity risk refers to the difficulty to redeem an investment without incurring a loss in the value of the instrument.

D. Credit risk - Credit risk means that the issuer of the scheme is unable to pay what was promised as interest

Equity Portfolio Management Services (PMS) -

A. Market risk - Market risk is a risk which may result in losses for any investor due to the poor performance of the market.

B. Concentration risk - Concentrating and investing heavily in one sector is also risky. It can be described as the situation when investors tend to put all their money into a single investment scheme or in one sector.

C. Rebalancing Risk - Mutual fund investments are rebalanced frequently by the fund managers and are closely monitored. However, regular reinvestments are often accompanied by the risk of losing out on growth opportunities in their investments.

Gold Exchange Traded Funds (ETFs) -

A. Tracking error - Tracking risk occurs when an ETF does not mimic or follow the index it is tracking due to a combination of management fees, tax treatment and dividend timing.

B. Price Risk - If the price of gold goes up then the price of the gold ETF also goes up and vice versa.

International Equity -

- A. Currency risk - The said risk pertains to the fear that a decrease in the exchange rate will decrease the investment returns.
- B. Market risk - Market risk is a risk which may result in losses for any investor due to the poor performance of the market.
- C. Liquidity risk - Liquidity risk refers to the difficulty to redeem an investment without incurring a loss in the value of the instrument.
- D. Regulatory Risk- Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector, or market.

DISCLAIMER

Whilst every care has been exercised and the advice and the statements made are based on information believed to be accurate, no liability is accepted by us or our employees or officers or outside suppliers of information for any error or omission contained herein. It is strongly recommended that this qualification be borne in mind when making any decisions in reliance upon any of the advice contained herein. You are exclusively responsible for all such decisions. Further, our responsibility in connection with any materials or advice given by us to you is supplied to you alone and neither we nor our employees either directly or indirectly accept any responsibility howsoever arising on any grounds whatsoever to any other party.

Any report, product information, goods, services or advice ("advice") given to you has been prepared from the information supplied to us from you. Any decisions made by you in reliance upon or in relation to such advice are to be made by you and not by us. You are therefore exclusively responsible for all acts and decisions in reliance on any advice or materials supplied to you by us.

Any calculated projections or any predictions given by us to you are not guaranteed and are merely an expression of opinion only and are not intended for other than illustration purposes only.