

# Basic Financial Plan for you & your family

Prepared for

Your Name



Prepared by  
**SHREE INVESTMENTS**



## Goals & Objectives - A Summary

### Krutagna's Higher Education

Future value of funding Krutagna's HIGHER SECONDARY expenses is 600,000. Present value of the goal is Rs.3,00,000. To accumulate this amount you need to invest Rs.2,800/month from now till goal year.

Future value of funding Krutagna's GRADUATION studies' expenses is Rs.2,332,000. Present value of the goal is Rs.10,00,000. To achieve this goal you need to invest Rs.7,400/month from now till goal year.

To fund expenses for Krutagna's POST GRADUATION studies you need to target to accumulate Rs.3,055,000. Present value of the goal is Rs.10,00,000. To accumulate this amount you need to invest Rs.5,400/month from now till goal year. ASSUMPTIONS:- Rate of Inflation: 8% and Post Tax Return from new investments: 15%.

### Krutagna's Marriage

If I assume that Krutagna is expected to get married at age 26 and current cost for the same is Rs.10,00,000, then inflated cost would be Rs.4,316,000. To accumulate this amount you need to invest Rs.3,800/month from now till goal year. I have assumed here average annual return of 15% post tax from your investment.

### Poonam's Higher Education

Future value of funding Poonam's HIGHER SECONDARY expenses is 1,360,000. Present value of the goal is Rs.5,00,000. To accumulate this amount you need to invest Rs.3,500/month from now till goal year.

Future value of funding Poonam's GRADUATION studies' expenses is Rs.3,172,000. Present value of the goal is Rs.10,00,000. To achieve this goal you need to invest Rs.6,100/month from now till goal year.

To fund expenses for Poonam's POST GRADUATION studies you need to target to accumulate Rs.4,156,000. Present value of the goal is Rs.10,00,000. To accumulate this amount you need to invest Rs.4,900/month from now till goal year. ASSUMPTIONS:- Rate of Inflation: 8% and Post Tax Return from new investments: 13%.

### Poonam's Marriage

If I assume that Poonam is expected to get married at age 26 and current cost for the same is Rs.10,00,000, then inflated cost would be Rs.5,871,000. To accumulate this amount you need to invest Rs.3,800/month from now till goal year. I have assumed here average annual return of 13% post tax from your investment.

### Retirement

To continue with the current lifestyle till your age of 75, you need to have Rs.39,100,000 by the time when you retire i.e. at the age of 60. To accumulate this amount you need to save Rs.14,000/month in an investment product that generates post-tax 13% return for you. Or if you increase your contribution by 10% every year in monthly investment, then you can start with an investment of Rs.5,000/month from now.

## Summary of Investments & Insurance

Sl. No.	Goal	Lump Sum	SIP
1	<b>Krutagna's Higher Education &amp; Marriage</b>		
	Higher Secondary (PV: 3.00L; FV: 6.00L)	1,70,473	2,758
	Graduation (PV: 10.00L; FV: 23.32L)	5,01,170	7,392
	<b>Recommendation</b>		
2	Post Graduation (PV: 10.00L; FV: 30.55L)	4,02,476	5,372
	<b>Recommendation</b>		
3	Marriage (PV: 10.00L; FV: 43.16L)	3,03,244	3,777
	<b>Recommendation</b>		
4	<b>Poonam's Higher Education &amp; Marriage</b>		
	Higher Secondary (PV: 5.00L; FV: 13.60L)	2,77,625	3,535
	Graduation (PV: 10.00L; FV: 31.72L)	5,07,201	6,118
	<b>Recommendation</b>		
5	Post Graduation (PV: 10.00L; FV: 41.56L)	4,33,012	4,900
	<b>Recommendation</b>		
6	Marriage (PV: 10.00L; FV: 58.71L)	3,53,136	3,807
	<b>Recommendation</b>		
7	<b>Retirement (Target Corpus: 3.91 Cr)</b>	12,76,039	13,503
	<b>Recommendation</b>		
	<b>TOTAL REQUIRED</b>	<b>42,24,375</b>	<b>51,163</b>
	<b>TOTAL RECOMMENDED</b>	<b>0</b>	<b>0</b>
	<b>SURPLUS AVAILABLE</b>		
A	<b>Contingency Fund</b>		
B	<b>Health Insurance Cover</b>	<b>10,00,000</b>	
	<b>Health Insurance Premium</b>		
C	<b>Life Insurance Cover</b>	<b>1,25,49,556</b>	
	<b>Life Insurance Cover (Recommended)</b>		
	<b>Life Insurance Premium</b>		

## Krutagna's Higher Education & Marriage

Assumed rate of return	15%
Inflation of Education & Marriage	8%
<b>Krutagna's Age (+)</b>	<b>7</b>

GOAL	Age	Current Cost	Future Value	Lump-Sum	SIP
Class 11	16	3,00,000	5,99,701	1,70,473	2,758
Class 12	17		0	0	0
Graduation	18	10,00,000	23,31,639	5,01,170	7,392
	19		0	0	0
	20		0	0	0
Post Graduation	21	5,00,000	14,68,597	2,07,555	2,799
	22	5,00,000	15,86,085	1,94,921	2,573
Marriage	23		0	0	0
	24		0	0	0
	25		0	0	0
	26	10,00,000	43,15,701	3,03,244	3,777
	27		0	0	0
	28		0	0	0
	29		0	0	0
	30		0	0	0
<b>TOTAL</b>				<b>13,77,363</b>	<b>19,299</b>

## Poonam's Higher Education & Marriage

Assumed rate of return	13%
Inflation of Education & Marriage	8%
<b>Poonam's Age (+)</b>	<b>3</b>

GOAL	Age	Current Cost	Future Value	Lump-Sum	SIP
Class 11	16	5,00,000	13,59,812	2,77,625	3,535
Class 12	17		0	0	0
Graduation	18	10,00,000	31,72,169	5,07,201	6,118
	19		0	0	0
	20		0	0	0
Post Graduation	21	5,00,000	19,98,010	2,21,404	2,523
	22	5,00,000	21,57,851	2,11,607	2,377
Marriage	23		0	0	0
	24		0	0	0
	25		0	0	0
	26	10,00,000	58,71,464	3,53,136	3,807
	27		0	0	0
	28		0	0	0
	29		0	0	0
	30		0	0	0
<b>TOTAL</b>				<b>15,70,973</b>	<b>18,360</b>



# Insurance

## Contingency



I strongly recommend you to keep sufficient amount (generally amount equivalent to 3 to 6 months' of your all regular expenses) in investment instruments where your money remains liquid (i.e. any time you can withdraw money) and safe.

## Health



To safeguard your financial assets and future goals against any medical emergency I recommend you to take family floater health cover of amount:

**10,00,000**

## Life



To make sure your children's higher education and marriage goals are achieved, your spouse will need this amount now

**29,48,336**

To be able to continue with current lifestyle & household expenses till life expectancy, your spouse will need this amount now

**96,01,220**

**Total Life Insurance Cover Required**

**1,25,49,556**



# RETIREMENT PLANNING

## DATA INPUT & ASSUMPTIONS

Current Age	32
Retirement Age	60
Life expectancy	75

<b>Household &amp; Lifestyle</b> Expenses (Today's value)	30,000
Inflation per annum	7%
Tax slab you will be falling into post retirement	10%

Expected return on investments (from now till retirement age)	13%
Expected return on investments (from retirement age till life expectancy)	10%

## OUTPUT / RESULTS

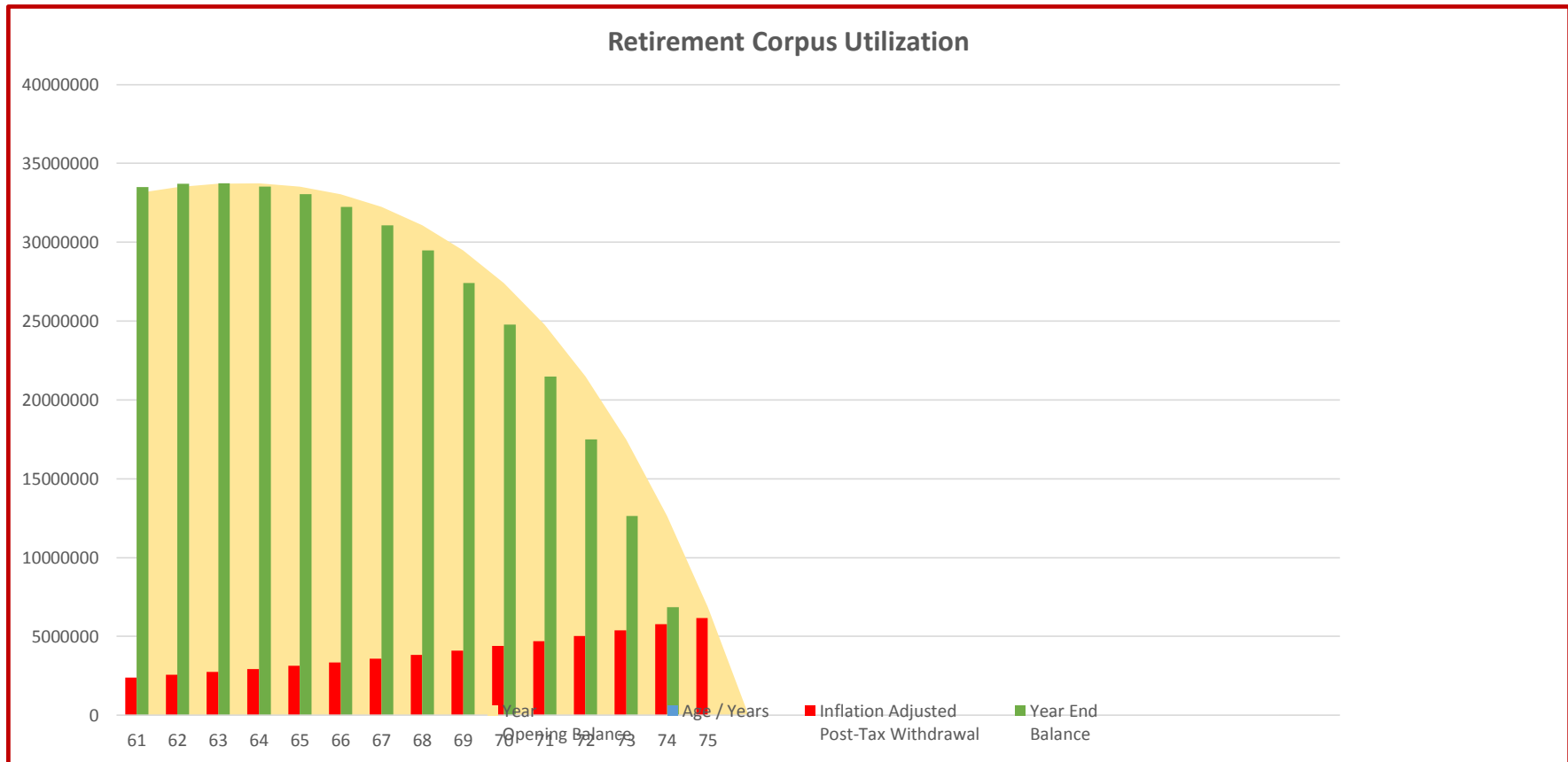
No of years left for retirement	28
Years after retirement	15

1st Month Expense Post Retirement	1,99,465
1st Year Expense Post Retirement (Inflation adjusted post-tax value)	23,93,582
1st Year Expense Post Retirement (Inflation adjusted pre-tax value)	26,59,535

Retirement Corpus required	3,31,07,737
Fund you must set aside at retirement age to get your capital back	59,81,792

<b>Total Retirement Corpus required</b>	<b>3,90,89,528</b>
<b>Lump-Sum Savings required</b>	<b>12,76,039</b>
<b>Monthly Savings required (Fixed SIP)</b>	<b>13,503</b>
<b>Monthly Savings required (Growing SIP @10%)</b>	<b>5,334</b>

<b>Post Retirement Cashflows</b>					
<b>Age / Years</b>	<b>Year Opening Balance</b>	<b>Inflation Adjusted Pre-Tax Withdrawal</b>	<b>Inflation Adjusted Post-Tax Withdrawal</b>	<b>Year End Balance</b>	<b>Capital Protection Amount</b>
61	3,31,07,737	26,59,535	23,93,582	3,34,93,021	59,81,792
62	3,34,93,021	28,45,703	25,61,133	3,37,12,051	67,59,425
63	3,37,12,051	30,44,902	27,40,412	3,37,33,863	76,38,150
64	3,37,33,863	32,58,045	29,32,241	3,35,23,400	86,31,109
65	3,35,23,400	34,86,108	31,37,497	3,30,41,021	97,53,153
66	3,30,41,021	37,30,136	33,57,122	3,22,41,973	1,10,21,063
67	3,22,41,973	39,91,245	35,92,121	3,10,75,801	1,24,53,802
68	3,10,75,801	42,70,633	38,43,569	2,94,85,685	1,40,72,796
69	2,94,85,685	45,69,577	41,12,619	2,74,07,719	1,59,02,259
70	2,74,07,719	48,89,447	44,00,503	2,47,70,099	1,79,69,553
71	2,47,70,099	52,31,709	47,08,538	2,14,92,229	2,03,05,595
72	2,14,92,229	55,97,928	50,38,135	1,74,83,731	2,29,45,322
73	1,74,83,731	59,89,783	53,90,805	1,26,43,343	2,59,28,214
74	1,26,43,343	64,09,068	57,68,161	68,57,703	2,92,98,882
75	68,57,703	68,57,703	61,71,932	0	3,31,07,737



## Last but not the least...

### Implementation

This financial plan, which is a basic one and not comprehensive, is of no use if it is not implemented or followed up with utmost sincerity and discipline. This plan report is prepared with certain assumed data and rates - it can only be called 'your' report once you check all these assumptions - understand - and approve. Ask questions, give your inputs and suggestions - then only it can be called 'your' plan. Implement this plan, maximum within a month's time, otherwise the recommendations mentioned in this plan report will not hold appropriate anymore.

### Review

As mentioned, this plan report is created with help of certain assumptions. Some of these assumptions can change in accordance with macro-economic changes, others can change with changes in your family's preferences, concerns, cashflow and networth. So REVIEW is a must. Investment Review should be done at least once in every 6 months and Plan Review once in every year - lifelong.

### Legacy Planning

Write a WILL. This simple act can save lot of time and harassment in future for your near and dear ones. A WILL written now can be changed 'n' number of times in future. So there is only one right time to prepare a WILL and that is 'now'. Make a list of all your assets - movable as well as immovable. Also make sure that in every asset you mentioned nominees and wherever possible you kept a second holder.

### Documentation

Make sure that all your financial documents - policy papers, certificates etc. - are kept properly in a safe place. Ideally you should maintain separate folders for storing similar type of documents. Keep your spouse and grown-up children informed and aware about everything which they may feel need of in your absence. It is a good practice to scan certain important documents and store digitally also.

### Guide to Investment - I

While making any investment it is really important to understand the product first. Read objective of the scheme carefully (it is just few lines of text!). Have a look at the past returns, preferably over a long term (5 years or more). All investments should be linked to a goal. Wealth accumulation itself can be a goal. Whatever the goal is fix your horizon of investments; put your expectations in order. It really helps if your overall portfolio of investments and insurance is kept small but appropriate.

### Guide to Investment - II

There are various ratios that you will find in mutual fund factsheet. It is recommended that you ask right question and take effort to understand those ratios. CAGR, IRR or XIRR talks about average annualised compound return. 'Beta' talks about return expectation with respect to a scheme's benchmark index. 'Alpha' talks about scheme's performance as per expectation. 'Standard Deviation' talks about volatility in return and 'Sharpe Ratio' reflects scheme's return potential vis-a-vis risk taken.