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Personal Financial Planning

Financial Planning is …

- To Identify SMART financial goals
- divide the goals into short term and long term goals
- Analysis of Current financial position
- Apply well defined strategies to turn the dreams into reality

Six Step Financial Planning process

Establishing and Defining the client-Planner relationship	• Discuss the services available • Clarify responsibilities and time frame • Finalize the scope of the engagement • Determine the fee/compensation arrangement • Discuss his objectives & expectations
Gathering Client Data & Goals	• Obtain information & documents • Help your client "refine" or crystallize goals • Help your client develop an understanding of his/ her values & attitudes

Analysing and Evaluating Financial Status	• Analyse information
	• Identify problems & opportunities across
	  ◦ Finance – Asset & Liability Structure, Cash Flows
	  ◦ Investment Taxation – Ordinary and Income
	  ◦ Risk Management – Insurances & Asset Protection
	  ◦ Law – Estate, Charitable & Legacy Planning

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Six Step Financial Planning process

Developing and Presenting Financial Planning Recommendations/ Alternatives	• Prepare & present a personalized financial plan • Establish a review cycle
Implementing the Financial plan recommendations	• Assist the Client in implementing the solutions to achieve his financial goals
Monitoring the recommendations	• Review changes in personal circumstances • Review and evaluate impact of changing tax laws • Review and Discuss changing life circumstances • Make periodic adjustments or recommendations as necessary

Planning and Setting Goals….

Importance of planning in Personal Finance

Planning for a Trip vs. Personal Finance

- How long is the trip? (What is the investors "**time horizon**"?)
- What should one pack? (What type of investments will the investor make?)
- How much petrol is required for the trip? (How much money will the investor need to invest to reach his goals?)
- Will the trip require a stop over along the way? (Does the investor have short-term financial needs?)
- How long is the stay? (Will the investor need to live off the investment in later years?)

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Planning and Setting Goals....

Running out of gas, stopping frequently to visit restrooms, and driving without sleep can ruin the trip. So can saving too little money or investing erratically

An investor must answer the following questions before he can successfully set about the savings / investing journey:

What are the investors goals?

Is the investment for retirement? A down payment on a house?

Child's education? A second home? ....

How much money can the investor devote to a regular investing plan?

The more specific the investor can be, the more likely he is to set and achieve reasonable goals.

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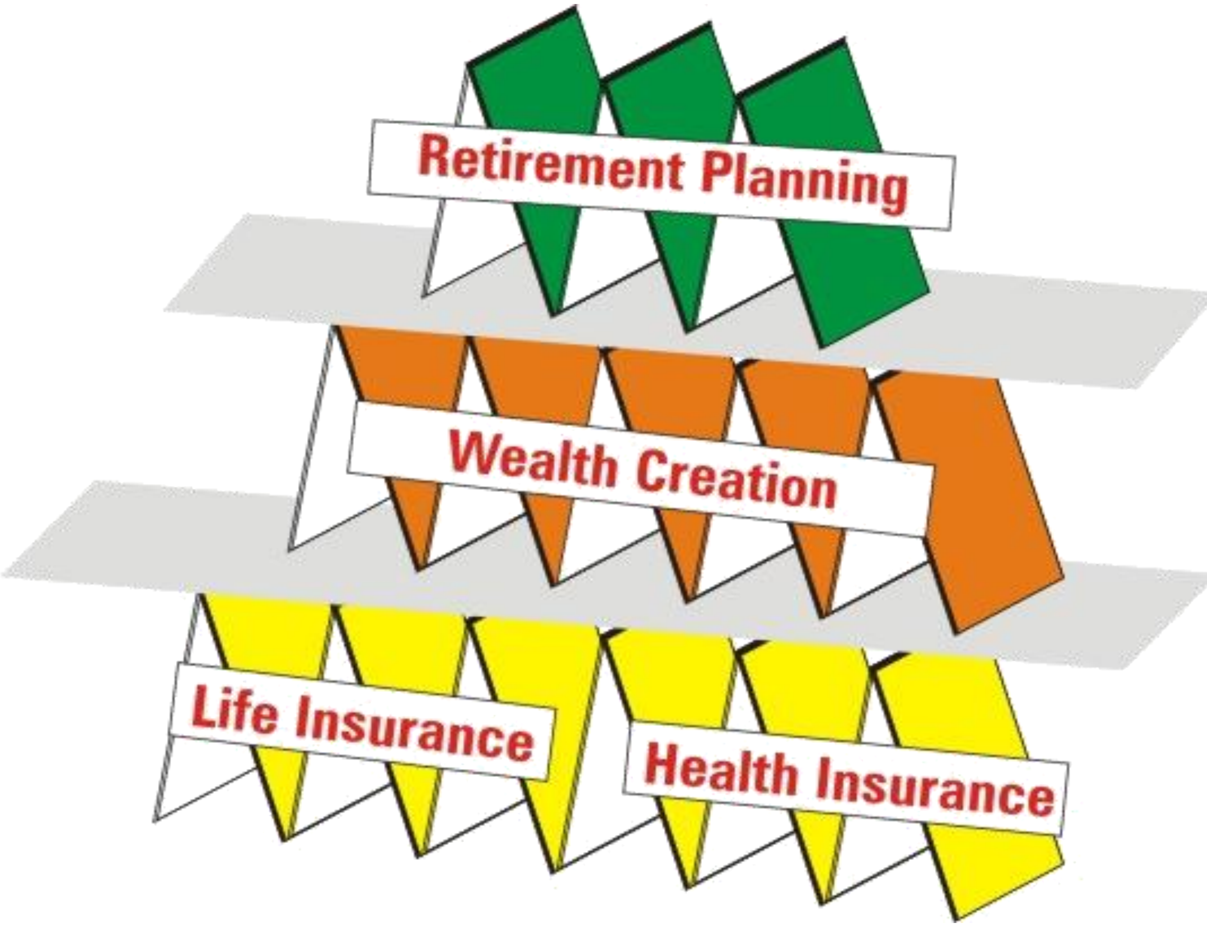
Financial Planning Pyramid



Need for Financial Planning

- Investment Options available with the individuals are increasing
  - Equities, Bonds, MF’s, Derivatives, real estate
- Complex Investment products
  - Structured products, private equity, derivative
- Increasing Income & savings level
- Increased level of borrowings
- Higher aspirations & goals
- Nuclear families
- Tax Planning requires an experts knowledge
- High volatility in the debt and equity markets

Scope of Financial Planning

- Insurance planning
- Retirement planning
- Investment planning
- Tax planning
- Estate planning

Types of Financial Advisory Services

- Fee basis Advisory Services
- Transaction based services
- Mix of Fee based & transaction based

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Thank You

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