

PLANNING ISN'T ALL ABOUT MEN ALONE

Women have failed to do sufficient financial strategy for over 53% of their life goals. Time has come for them to take control of funds and make their dreams come true



By Himali Patel

She can participate in budgeting for the family's expenses, she is also welcome to voice her views on various financial matters but, when it comes to decision making, he calls the shots. And, her goals remain elusive, more often than not.

Over 53 per cent of life goals remain unfulfilled for most of the women in India even today because financial planning is still a man-thing, shows a recent Bajaj Allianz Life Goals Preparedness Survey.

Such goals may be her own marriage, education and marriage for her children, savings and investments for the family, medical expenses and emergencies and contingencies, and so on. The goals may vary across women, depending on their age, and hence, the investments should be in consonance with factors such as the time horizon, premium or periodic savings and the funds requirement. But,

44%

is the difference between women, who wish to stay fit, and men

ASNA KHAN

Software Engineer and Mother

Takes care of son's financial security and future education expenses

"I create a budget that covers our expenses. I calculate how much we earn and spend. This gives an idea how much money can be invested or saved to meet our long-term goals"

nothing falls in line. Thier goals remain muted. "Financial planning should be at the top of the list for a woman, regardless of whether she is single, married, divorced or widowed," says the study. "As a matter of fact, it is crucial for every individual, including a woman, to achieve their financial goals in life." The women, who succeed reaching most of their financial goals, meticulously do the research, budgeting and

planning. When Asna Khan, a 30-year-old mother and a software engineer by profession, goes into her financial planning, she considers both immediate and long-term investments and plans. As a mother, she takes care to ensure her son's financial security, and his future expenses, especially for education. "I create a budget which covers all our expenses. I calculate how much we earn and how much is spent. This gives me an idea how much money can be invested or saved to meet our goals, especially future expenses for my kid's education," says the resident of Mumbai.

Budgeting of the monthly cash flow from all sources is the first step towards a solid plan. The budget is to be mapped against the expenses. This provides an estimate of the available funds.

The second consideration is to allocate a certain amount towards emergency funds for exigencies like medical expenditure, cash crunch due to unemployment, COVID-like situation, and contingent expenses such as property renovation .

To secure our tomorrow, we must save today, believes Purva Kulle. The 29-year-old research analyst feels that as a single woman, it is crucial to take care of the present and make plans for the future. "I make sure to invest my money in mutual funds to secure my future. I believe in smart savings. I prepare a monthly budget and restrict the expenditure. It also helps avoid unwanted splurging and increases my savings that can be used in uncertain times," she says.

Purva's primary life goal is to stay fit mentally and physically, and to travel and gain experiences that would enrich her life. Her objective finds a resonance in every third woman in the Bajaj Allianz study. One in every three women want to explore new places, and aspire to travel to exotic locations. On this score, women outnumber men by 26 per cent, according to the survey. It also shows that physical and mental fitness features among the top-five life goals for women. One in every four females want to stay physically and mentally fit, which is 44 per cent higher compared to men, it says.

"Single women are more interested in experimental travel and would like to allocate funds for solo vacations or holidays with friends. They would sometimes like to take sabbaticals and help their aging parents. Therefore, sufficient contingency planning

is a must," says Dilshad Billimoria, Director and Certified Financial Planner at Dilzer Consultants. The third step of financial planning is about exploring investment opportunities on a monthly basis through systematic investment plans (SIPs) or deposits or equities or mutual funds or any other instruments, depending on the individual's risk appetite and understanding of the financial markets. Some of the investment avenues that need to be factored into any plan

Dr MINU AGARWAL

Medical Practitioner

Invests 25% of income; aims to raise it to 40%

"The key to long-term planning is to grab the benefit of interest compounding which requires continued investment for 30 years"



include investments or allocations towards life insurance, medical insurance, National Pension Scheme (NPS), Public Provident Fund (PPF), National Savings Certificate (NSC), fixed deposits, unit-linked insurance plans (ULIPs), residential properties, equity-linked savings scheme (ELSS), Sukanya Samriddhi Scheme and so on.

Health insurance and term life insurance are essential for women. Irrespective of the situation, the woman should consider taking an insurance cover for herself and her parents if her company covers them in a group insurance. Advice from a financial planner might come handy to better plan her finances. Care should be taken to avoid investment in any instrument that may not provide reasonable returns over a period of time.

"Women tend to invest more in gold. But other financial instruments usually generate higher returns. A woman must consider this aspect while planning her investments," says Suresh Surana, Founder of RSM India.

The ideal financial planner always craves for a bigger slice for her investments in the funds pie. Dr Minu Agarwal is such a planner who parks at least 25 per cent of her income into investments but wants to raise it to 40 per cent. While allocating her funds, she weighs the risks of market fluctuation and inflation and,

accordingly, does not keep more than 60 per cent of the investment in mutual funds or equities. "The key to long-term planning is to grab the benefit of interest compounding which requires a continued investment of approximately 30 years," says the Mumbai resident.

The decisions should be based on prudent evaluation of comparative options and there should be an analysis of risk and reward for each such instrument. The investment basket should have a diversified spread of instruments so that even if returns on investments vary, the average rate of return does not suffer any major impact. "Heavy investments in equities or highly volatile instruments such as derivative instruments, and futures and options should be avoided, unless one does extensive research, gathers knowledge, and dedicates time to monitor," says Surana.

An early start of financial planning creates a higher corpus by systematic savings over a period of time and the power of compounding. If a woman starts saving early, say by the age 28, with around ₹1 lakh per annum and continues the investment of a similar amount, say for 30 years, then the total corpus by the time she will turn 58, would reach approximately ₹1.03 crore, assuming the annual rate of return at 7.5 per cent. Thus, the sum accumulated from the savings of the initial years when compounded

₹1.03Cr

is the compounded savings at 58, if you put aside ₹1 lakh a year from the age 28

GEETA KHOBREKAR

Retired Govt Employee

Manages all monthly expenses

"Proper planning, measured spending and perfect budgeting helped me overcome the monetary challenges. You must spend on the things that are essential and the rest can wait"





PURVA KULLE

Research Analyst

Wants to stay fit and travel

"I make sure to invest money in mutual funds to secure my future. I believe in smart savings. I prepare a monthly budget and restrict the expenditure. It helps avoid splurging and increases my savings that can be used during uncertain times"

over a period of time, results in considerable savings closer to the retirement age. "Planning at an early stage of life can help you to secure your future against any financial uncertainties. The longer your money stays invested, the more will it compound exponentially to reap you higher benefits," says Juzer Gabajiwala, Director at Ventura Securities.

Saving from an early age helped Geeta Khobrekar. Ever since she retired from her services and became a homemaker, she managed the monthly expenses, children's education, and instalments for the house. Thanks to her savings, planning, measured spending and perfect budgeting, she could overcome the monetary challenges. Khobrekar started working in a state-run organisation at the age 21 and superannuated after a 39-year career. "Spend on the things which are essential and the rest can wait," she says.

One of the biggest challenges to financial planning is to obtain information about

where the savings and investments are to be made. Sometimes there is a mismatch in the return potential of existing investments and financial objectives.

"The power of compounding and discipline and their power to beat inflation are simple concepts but difficult to comprehend as it takes time to blossom. It doesn't happen overnight. The basics of investing are simple, stick to it. Events in life are uncertain and proper planning should take care of uncertain times," says Omkeshwar Singh, Head of RankMF at Samco Group. "When women are doing everything that a man does, then why not financial planning to save their future?"

As the world celebrates International Women's Day, let's choose to challenge the male monopoly in financial planning and let women earn their rights to reach their dreams. □

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33%

women want to explore new places and travel to exotic destinations