Wealth Insignia

• MONTHLY FINANCIAL NEWSLETTER **'FOR THE FAUJIS, BY THE FAUJIS'** •

Financial Micro bytes from Team Hum Fauji Initiatives

How Inheritance in the Absence of a Will Works?

What is yours today will be someone else's tomorrow, underlines the core philosophy of the Bhagavad Gita. Religious texts apart, inheritance or passing on of legacy for both tangible and intangible assets to your chosen ones, is a stark reality of life. Dealing with the loss of a loved one can be tough. What can be equally challenging is the process of transferring the ownership of a deceased's assets to surviving family members.

If a Hindu, Jain, Buddhist or Sikh person dies without a Will, the wealth of the person will be divided on the basis of the 'Hindu Succession Act'. At the first instance, the person's property will go to Class I heirs. These include son/daughter, widow, mother, son/daughter of the predeceased daughter, widow of the predeceased son, and son/daughter of the predeceased son in a manner laid down in the law. Please note that the demised person's or family's wishes do not matter in such a case.

If Class I heirs do not exist, then the property will go to Class II heirs. These include father, son's/daughter's son, son's/daughter's daughter, brother, and sister among some others.

In the absence of Class I and II heirs, the property of the deceased goes to, and in their absence, to Cognates. Agnates are distant blood relatives of male lineage, while cognates are distant blood relatives of male or female lineage.

If these too are not there, the estate goes to the government.

Documents required in the absence of a Will

- In the case of movable property, a Succession Certificate is required.
- In the case of immovable property, a Letter of Administration is required which is issued by the court.

It is always advisable to write a will, preferably get it registered and keep it safe within the knowledge of the next kin alive to avoid any complication for the near and dear ones to whom one wants to pass on the estate.

Feel free to contact us for the free format of a WILL by contacting your financial advisor in the company if you're our existing client and filling in the drop-down form on our website otherwise.

Kritika Saini, Assistant Manager - Team Sukhoi

Stop Chasing Top-Performing Funds

A common mistake that investors make is chasing funds that are currently giving the highest returns. And then, they make the second mistake of selling funds after just a few months of underperformance.

This 'performance chasing' can be quite detrimental to an investor's portfolio. Performance chasing involves buying and selling mutual funds based on short-term performance trends, which can lead to higher transaction costs and high taxes, and thus lower overall returns. In fact, research has shown that current top-performing funds tend to underperform in the future.

Instead of solely focusing on the performance of mutual funds, it's important to take a more holistic approach to investing.

Define your financial goals

Before you start investing, it's important to have a clear idea of what you're investing for. Whether it's retirement, a down payment on a house, or your children's education, your goals will determine how much you need to save and what types of investments you should consider.

Your risk tolerance

An investor's risk tolerance is the amount of risk they feel comfortable taking or the level of uncertainty they can tolerate. Age, income, and financial objectives all normally affect risk tolerance.

Diversification

Diversification is key to managing risk in your portfolio. It is a good idea to spread your investments across multiple mutual funds and asset classes which will help you to reduce the impact of any one investment on your overall portfolio.

Stick to your plan

Diversification is key to managing risk in your portfolio. It is a good idea to spread your investments across multiple mutual funds and asset classes which will help you to reduce the impact of any one investment on your overall portfolio.

Chasing top-performing mutual funds is a common mistake made by many investors. While past performance can provide some insight into a fund's potential, it is not a reliable indicator of future performance too. Instead, choose funds which have given consistent above-average performance. Stick with them for 5-10 years even if they underperform. You will make more money than chasing the top funds.

Abhilash Rana, Financial Planner - HNI Desk

Should you buy Gold now when everybody is saying that it'll go higher?

Gold prices had peaked at about Rs 58,000 per 10 grams (a Tola, for 24 Carat Gold) in Aug 2020, reached a low of about Rs 45,500 in Mar 2021 and have risen again, all this in fits and starts. Should you buy Gold now when everybody seems to be recommending it?

Where is Gold finally headed?

Please note that Gold usually exceeds performance expectations whenever there are heightened uncertainties and volatility in the markets. That's why it is not surprising that the Covid-19 outbreak triggered the peaking of its prices and when economies stabilized, Gold retreated. Now again, Ukraine and high inflation has made gold prices rise.

In fact, if you see a long-term price chart of Gold, you would get the feeling of looking at a volatile stock price chart!
Also, Covid brought abundant cash liquidity in the world, leading to peaking of all metal and commodity prices which ultimately increased inflation to all-time highs. Even otherwise, the love for this yellow metal is not going away any time soon from our psyche.

So, it makes sense to get into a bit of Gold as an investment, typically 5-10% of your investments be in Gold. Having gold in your portfolio can also provide you with a cushion against heightened market risks and uncertainties. But nobody can predict the movement of prices of such investments.
Please never buy Gold as an investment in one go – you never know whether prices will crash immediately thereafter!

What is the best way to buy Gold then?

Buying jewellery with high making charges would be a waste of your money. Digital forms like Sovereign Gold Bonds (SGB) or Gold ETFs are better options if you're putting in bulk money and Gold Mutual Funds if you want to invest small amount regularly. Even here, beware of the peculiarities of each, like SGBs have a long lock-in period.

Top Tax Saving Options Other Than 80C

When it comes to tax-saving investments, most people are familiar with Section 80C of the Income Tax Act. However, there are several other options available that can help you save on taxes.

Here are some of the top tax-saving options other than 80C:

Health Insurance Premium:

Premiums paid towards health insurance policies for self, spouse, and dependent children are eligible for tax deductions under Section 80D. An additional deduction of ₹ 25,000 is available for parents, and if they are senior citizens, the limit is ₹ 50,000. Thus, the overall rebate ranges from ₹25,000 to ₹1 lakh, depending on the age of your family members in a given financial year.

National Pension Scheme (NPS):

The taxpayers can save an additional tax by investing up to ₹ 50,000 in NPS under Section 80CCD(1B). This is over and above the ₹ 1.5 lakh limit available under Section 80C.

Home Loan Interest:

Interest paid on an education loan is eligible for tax deductions under Section 80E. There is no limit on the amount of deduction, and it is available for a maximum of 8 years.

Donations:

Donations made to charitable organizations are eligible for tax deductions under Section 80G. The deduction amount varies depending on the type of organization and the amount donated. Eg, donations to our NGO, HFI Welfare Foundation, qualify for this deduction.

Saving Account Interest:

The interest earned up to ₹ 10,000 from savings account deposits is deductible under Section 80TTA.

However, tax savings should be done with care and should not be 'the purpose' for an investment. Investing in something like NPS should not be done just to save a small ₹15,000 of tax in a year and then have the invested amount stuck there for life for getting just a tiny and fully taxable pension.

Yogesh Gala, Financial Planner - Team Vikrant

P2P investments: **Do high returns justify the risks taken?**

Investment options like fixed deposits (FDs), stocks, mutual funds, and gold are quite popular. But of late many alternative investment options have also sparked curiosity among investors. Peer-to-peer (P2P) lending is one of them.

What is P2P Lending?

P2P lending is a form of direct lending of funds to eligible borrowers, utilizing dynamic fintech technologies. P2P provides a source of getting loans for borrowers who may not be eligible to get such loans through traditional banks or other financing companies.

Thus these platforms provide a win-win situation for borrowers and lenders – borrowers get easier access to funds and the lenders get better returns as compared to traditional investment options.

While P2P lending has many pros, there are also some cons to consider.
The credit risk associated with P2P lending is relatively high and there is no regulatory authority or government protection as of today should something go wrong.

Editorial

P2P, of course, uses its internal safeguards to minimize the risk. A common approach to minimizing risk is diversification which works as follows.

Suppose you invest Rs 10,000 in a P2P platform. On the other side, there's a small borrower who wants Rs 10,000. And there would be many such borrowers wanting different amounts of money. Your Rs 10,000 could be spread as 40 tiny loans of Rs 250 each to 40 different individuals. This means that the platform has diversified your risk by giving small loans to 40 different persons rather than to One person. On the other hand, the borrower of Rs 10,000 could also be actually getting his Rs 10,000 from 40 different individuals. In addition, diversification also could mean spreading your capital over a wide range of credit grades.

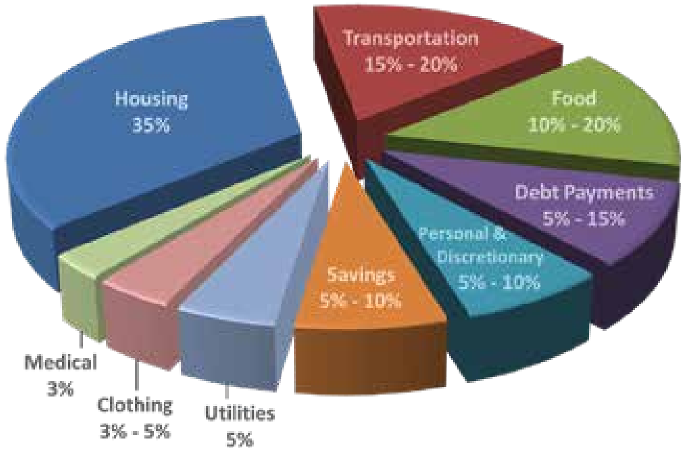
Whatever be the process of minimizing risk, the fact that P2P ventures are risky does not still go away. Hence P2P investing should be just a relatively small percentage of your total investments. While the potential for high returns is quite tempting, putting your entire portfolio in that pursuit could turn out to be quite risky.

While this model provides an opportunity to earn higher returns, it should be opted for only from surplus funds. It should never replace your other regular investments especially if they are linked to your future financial goals.

Sweta Kumari, Financial Planner - Team Arjun

Editorial

Budgeting is not restricting, It's empowering!



Earning money is easy but managing it is not the cup of tea.

Do you know that most of the salaried people in India spend their entire last month's salary before the due date of their current salary?

People often failed to manage their finance due to a lack of budgeting. While many people look at a budget as something that limits their spending, actually the opposite is true! A budget is a snapshot that tells you how much you can spend in various categories and helps you understand where your money is going and thus, puts you in the driver's seat.

Below are some best budgeting strategies to deal with your finance.

01 *The zero-based budget strategy:*

It is the most detailed budgeting method you can use. The basic idea is to give a job to every penny you earn. Whether it is going to savings, bills, household expenses or EMI, every penny that comes in gets assigned to a budget category. It is helpful for people who enjoy having a very granular view of their money and want to put the biggest focus and effort into reaching financial goals.

02 *The envelope budgeting strategy:*

This is the traditional method of budgeting used long before smartphones and budgeting apps when people used cash for every transaction. Here you withdraw cash for your monthly budget at the start of each month and allocate money to different envelopes for different purposes. Once the cash is gone, you stop spending on that category or 'borrow' it from another. If you follow it well, envelope budgeting can help you stop wasting money on frivolous purchases and focus your money on the places that matter the most to you. You can use it in the current era by using Excel in reverse deducting mode.

Editorial

03 The 50/20/30 budgeting strategy:

50/30/20 rule is formulated for those who mainly depend on a single source of income, like a monthly salary, for livelihood. As per this rule, post-tax income should have 50% allocation to needs (Roti, Kapda, and Makan), 30% to desires (Vacations, Entertainment and Indulgences) and the rest 20% to savings and investing for future goals and healthy retirement.

While the above tells you a lot many ways to do your budgeting, remember that your best strategy is the one you will actually stick to!

Ujjwal Dubey, Associate Financial Planner - Team Prithvi

Delaying Investments or Delaying Meeting Your Financial Goals?

> **"काल करे सो आज कर,**
> **आज करे सो अब!"**
>
> – Sant Kabir

Editorial

This part of the famous Doha fits perfectly when it comes to investments. People think that a few years of delay in their investments will not make any big difference and they can catch up later by investing more. But let us tell you this is just a myth!

The truth is that you'll lose out on the power of compounding for that skipped period and it could matter much more than investing more later. Moreover, the cost of investments increases with an increase in delay due to the 'time value of money'. One has to invest a much higher amount to get the same level of overall gains if they had started earlier.

Let's understand this with an example:

Let's say you invest the money immediately but in a staggered manner through SIPs with an investment horizon of 20 years. Rs 25,000 invested each month getting 11-12% annually for a period of 20 years will get you a pool of Rs 2.1- 2.5 Crores. If you delay this start of investments by 10 years you will have to shell out over Rs 1 lakh a month to reach the same corpus target of Rs 2.1-2.5 Crores in the remaining 10 years!

Thus, you have to invest FOUR times more for the same results if you delay your investment by 10 years.

Do not wait for the 'right time' to start your investments. Volatility is an inherent nature of the markets and has always remained so. The power of compounding helps us ride this volatility by averaging out the highs and lows of the market. It is important to remember that time in the market is more important than timing the market to generate long-term wealth. Therefore, it is essential to start investing early, stay disciplined, and reap the benefits of compounding gains to achieve financial goals.

So, don't miss the starting gun and say later that no one told you when to run (with full credits to Pink Floyd for their song, 'Time').

Don't wait for your retirement corpus to come or some amount to accumulate before you start. Starting gun has been fired a long time back…

Manish Kumar, Relationship Manager - Team Vikrant2

What Our Clients Asked Us in Past 7 Days

The Ongoing Story of EPF

Question asked: What is this drama going on about increased pension from EPF?

Our Answer is as below:

EPF or Employees' Provident Fund is a government scheme set up by the EPFO (Employees' Provident Fund Organisation). This scheme is meant to promote savings among corporate employees and help them build a sufficient retirement corpus for their well-being.

- **First part** where retirement benefits are accumulated, is basically the wealth generation part.

- **Second part** is the employee pension scheme (EPS) to generate pensions for employees after the age of 58 years.

- **Third part** is the Employee Deposit Linked Insurance Scheme (EDLI) which is a life insurance cover and additionally contribute to by the employer.

Here, both the employers and employees contribute 12% of the employee's basic salary and DA to EPF. Of the 12% of the employer's contribution, 8.33% of the salary is directed to the EPS account and 3.67% to the EPF scheme. The employee's contribution is directed solely to the EPF Account.

Recent Changes in Pension to be Received

Now, the EPFO subscribers can contribute more under the EPS to get a more pensionable salary which was, till now, capped at Rs 15,000 per month. But for this, the employee would have to agree to transfer more funds from the provident fund to the pension fund going back until September 2014.

Things to consider before you opt for a higher pension under EPS

Loss of benefits of compounding:

A large portion of money moving from EPF to the EPS to avail of a higher pension will deprive one of the benefits of compounding.

No interest in EPS:

The contribution to EPS does not earn interest the way it does in the EPF and you do not get the choice of getting a lump sum at retirement as you're paid a pension.

No pension too early retirees:

An EPFO member becomes eligible to receive a pension only after completing 10 years of service, or after attaining 58 years of age. So, if you take an early retirement, opting for a higher pension may not benefit you.

Reduced pension to spouse:

The nominee or the legal heir is eligible to receive the full amount invested under the EPF account at the time of death of the EPF member. However, the spouse gets only 50% of the pension in case of death under the EPS.

Financial goals:

Will you need a lump sum at the time of retirement to fulfill a specific goal? Will you be comfortable managing your money in case you receive your EPF corpus in one go? Such factors can also play a big role in deciding if you want your retirement corpus in a lump sum or a higher annuity after your retirement.

Our Recommendation:

You should not opt for enhancing the contribution towards EPS as a Systematic Withdrawal Plan (SWP) in Mutual Funds is a much more flexible alternative to serve the purpose of your pension requirements – in bulk, in regular pension mode or both – for your or your earning child's post-retirement life.

Manish Kumar, Relationship Manager - Team Vikrant2

MEDIA FEATURE

MEDIA FEATURES

Investing in equity mutual funds in the name of children has now become easier, as highlighted by our CEO Col Sanjeev Govila (Retd) during his appearance on the ZEE Business show MoneyGuru.

Mutual funds are an excellent investment option for securing a child's future and helping them achieve their financial goals. By investing in mutual funds, parents can take advantage of the potential for long-term wealth accumulation and capital appreciation.

Check out the exclusive video here,

https://www.youtube.com/watch?v=sQJWOcvvwTk

SNEAK PEAK INTO HFI

Awards & Recognition

It is with great joy and pride that we share the wonderful news of Hum Fauji Initiatives being recognized as one of the Top 25 'Future Ready 2023-24' companies by the esteemed Economic Times. This prestigious accolade is a testament to our unwavering commitment to innovation, excellence, and social impact.

Throughout our journey, we have strived to push boundaries, embrace change, and transform lives. Our focus on empowering and supporting the military community has gained widespread recognition, and being acknowledged as one of the most forward-thinking companies in the country is truly an honour.

This achievement would not have been possible without the dedication and hard work of our incredible team. Each one of you has played a vital role in our success, and we are immensely grateful for your unwavering commitment to excellence.

We would also like to express our deepest gratitude to our stakeholders, clients, and partners for their unwavering support and belief in our mission. Your trust has been instrumental in propelling us forward and making a real difference in the lives of our Fauji community.

The recognition by the esteemed Economic Times as one of the Top 25 'Future Ready 2023-24' companies across all industries is a testament to our collective brilliance, resilience, and unwavering commitment to excellence. Together, we have pushed boundaries, embraced change, and transformed lives. Our relentless pursuit of innovation and social impact has set us apart and earned us a place among the most forward-thinking companies in the country. This celebration is a testament to our team's relentless dedication and unwavering pursuit of excellence.

Celebrating the win, We are among the ***Top 25 "Most Future Ready Organisations"*** in the country.

A **‘FAUJI’** INVESTOR STORY

Mrs Priya Sankalp (Armed Forces Family Member)

From Overwhelming Grief to Financial Stability: A Transformative Financial Journey with Hum Fauji Initiatives

Mrs Priya Sankalp, the dedicated wife of a martyred officer ‘Lt Col Sankalp Kumar of 24 PUNJAB who was martyred fighting terrorists in J&K’ found herself grappling with grief and uncertainty after the loss of her husband. As a single parent to two young children, she faced the daunting task of managing their future without any substantial financial knowledge. It was during her visit to receive her husband's gallantry award in Delhi that she learned about Hum

Mrs. Sankalp was introduced to Mrs. Bindu Govila, COO and Col Sanjeev Govila (retd), CEO. They helped her gather her strength back and face the future on a strong financial footing. We feel that is where our motto of ‘For the faujis. By the faujis’ comes to work as we understand the life stages, fears and pain of armed forces families.

They reassured her that they would help and guide her, without any interruption, so that she can take the best care of her family's long-term financial needs and ensure that she doesn’t have to worry about the financial future of her family ever. This initial interaction with Mrs Bindu Govila laid the foundation for a strong partnership and Mrs Sankalp's sense of security. She was assigned a financial planner who would help her navigate the complex world of future financial goals, investments and financial planning with ease.

Then comes the most important step - Establishing Goals and Investing

With the guidance from team Hum Fauji, Mrs Sankalp identified her long-term and short-term goals related to education, healthcare, marriage, and her old age. Taking her concerns into consideration, the team diligently made long and short term financial plans consistent with her risk profile, and invested her funds safely and securely. The expertise and attention to detail which is the most evident part of our financial planning process, ensured that her investments grew steadily and remained stable.

“One of my biggest worries as a single parent was my ability to handle financial crises. The team provided unwavering support and ensured that any financial crisis I encountered did not impact my goals. Their proactive approach and timely assistance provided me with a sense of safety and financial stability” she confirms.

The next step: Assistance with Estate Planning

“Hum Fauji Initiatives also assisted me in creating my Will. This comprehensive support showcased the organization's commitment to its clients beyond financial matters. It gave me the peace of mind regarding my children's future well-being, and I am deeply grateful for their invaluable service.”

Out of the way: Personal Guidance and Institutional Support

“Throughout my journey, Mrs. Bindu Govila and Col Sanjeev Govila helped me as more than just the financial advisors. They became my guides, friends, and trusted source of advice in various aspects of my life. Hum Fauji Initiatives, in my eyes, transformed into a holistic institution that genuinely cared for me and my family's welfare, present and future.”

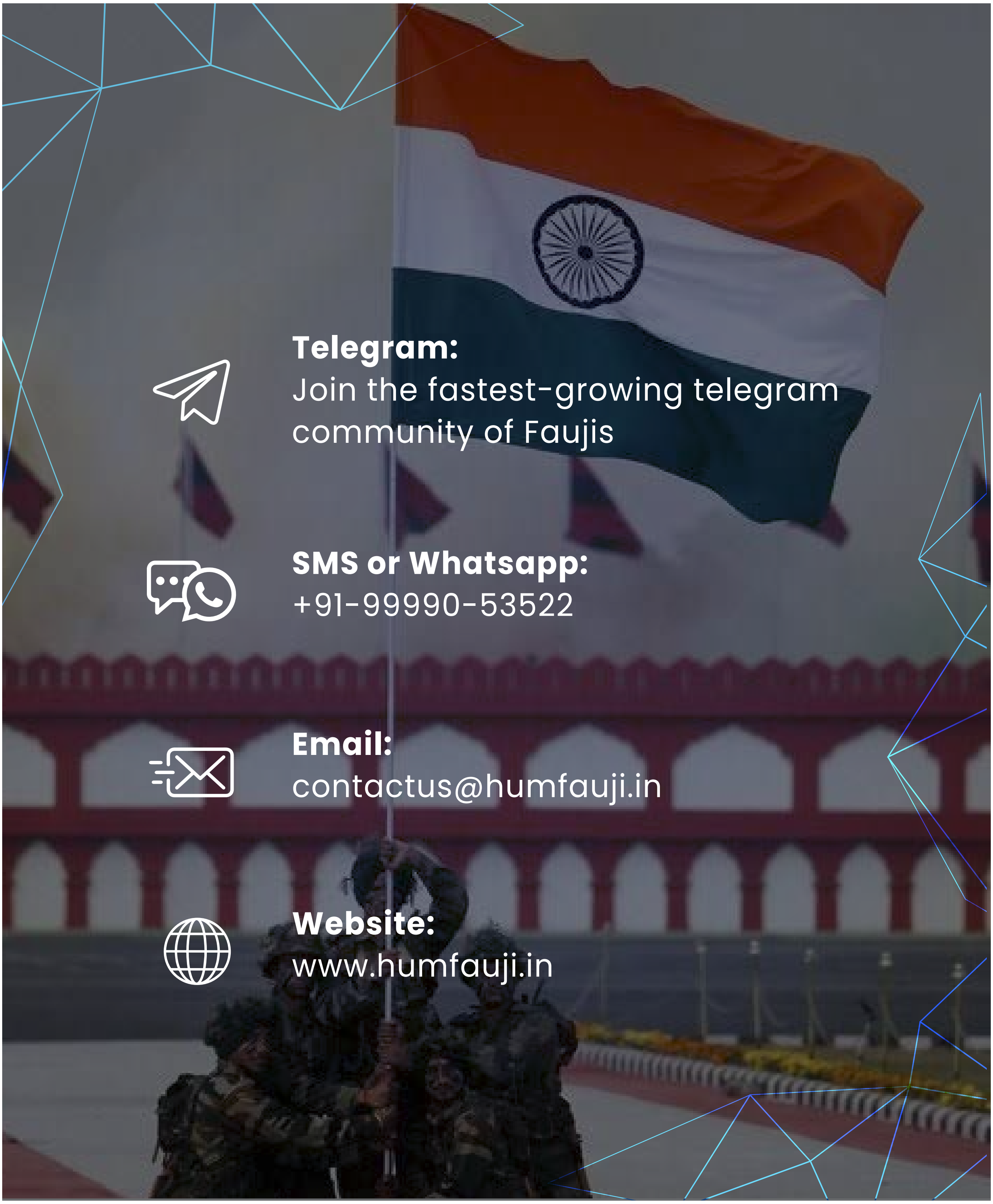
Dedicated, Supportive, and Prompt: Experienced Exceptional Service from Hum Fauji Initiatives

“When it comes to motivation, helpfulness, care, and friendliness, Hum Fauji Initiatives truly shines; they care like the armed forces and ensure you are guarded well. I have never had to wait longer than a day to have my concerns addressed and issues resolved. Their commitment to timely support is commendable and demonstrates their unwavering dedication.”

“They are proactive in their approach. They regularly reach out to me whenever the market presents better investment opportunities, ensuring my financial portfolio remains adaptable and optimized. This level of dedication showcases their commitment to maximizing my investments and securing my financial future. They are certainly the ‘prosperity managers’ for me and my family.”

While Mrs Sankalp didn't actively engage with Hum Fauji's Telegram group or extensively read the Financial Cocktail Samosas - weekly microbytes, she acknowledged that even a glimpse into these resources increased her comfort level regarding her financial situation and the broader financial landscape.

“Hum Fauji Initiatives' unwavering commitment to supporting armed forces personnel and their families during challenging and uncertain times is evident from my positive experience. She adds, "I want to express my sincere appreciation for the outstanding team and their commendable initiatives for informed and detailed advisory services."



Financial Planning, Retirement Planning, Corporate Bonds & FDs Central and State Govt Bonds, Insurance - Life & General, Wealth Creation, Tax Planning, Mutual Funds and much more...

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