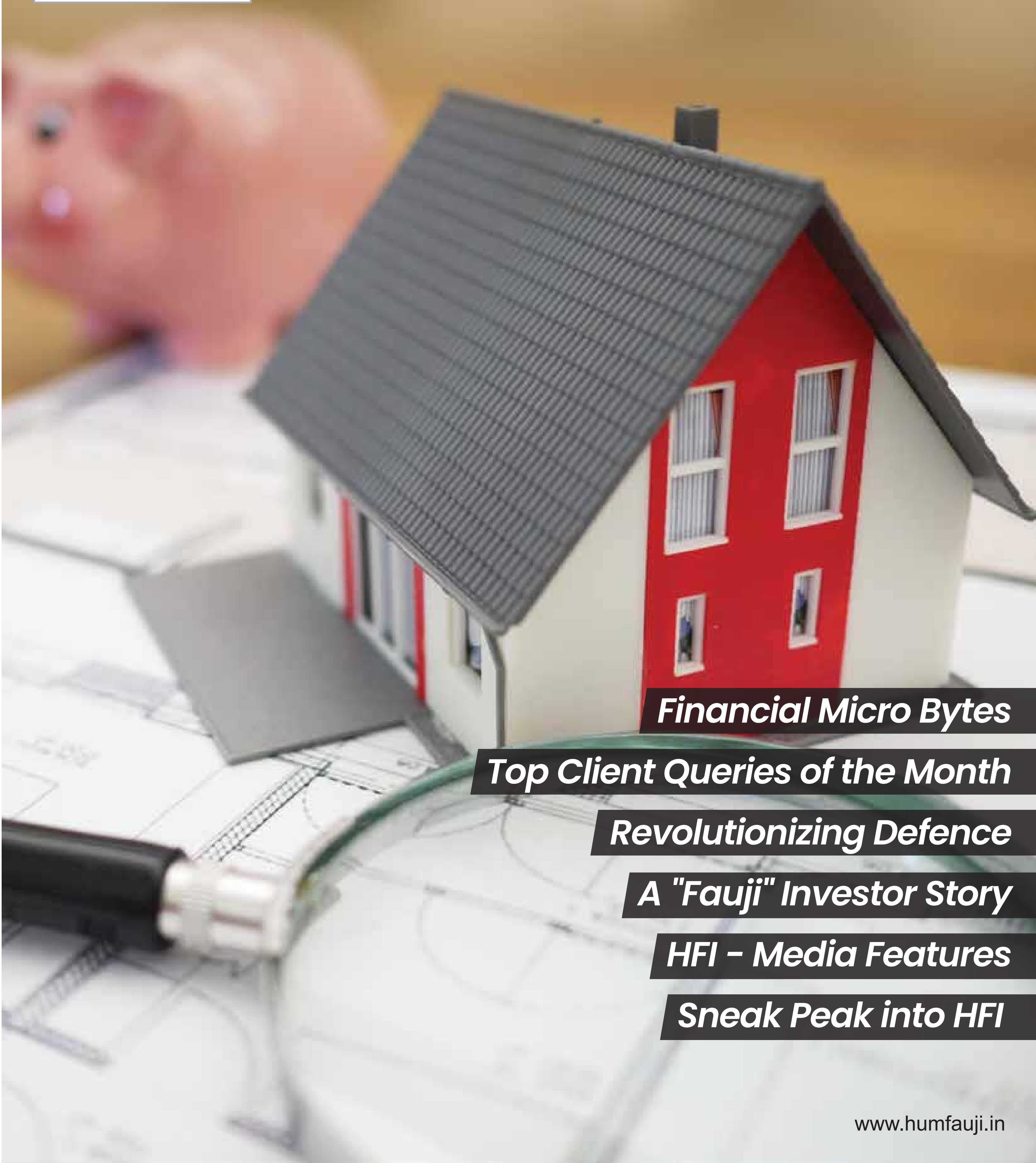
Hum Fauji Initiatives

July 2024

WEALTH INSIGNIA

MONTHLY FINANCIAL NEWSLETTER 'BY THE FAUJIS. FOR THE FAUJIS.'



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www.humfauji.in

Dear Friends

Hope you are enjoying the monsoons.

This month, my Newsletter team asked me to do the editorial. As the COO, I thought it would be fitting to talk about our greatest asset: the people at Hum Fauji Initiatives (HFI).

People are always our greatest asset, with the clients as our external stakeholders and the employees as our internal stakeholders. As we navigate the path to excellence amid great growth, we are not just shaping careers but fostering a culture deeply rooted in the values of the armed forces.

We strive to embrace a culture that mirrors the discipline, sincerity of purpose and unwavering dedication of our beloved armed forces. We believe in cultivating an environment where every individual is empowered to thrive, driven by values of resilience, integrity, and collective achievement.

Upskilling is the core of our strategy, ensuring that each team member embodies these values in their professional journey. By instilling a mindset of knowledge enhancement, adaptability and teamwork, we foster a culture where challenges are opportunities for growth, and success is a shared endeavor.

Our commitment to integrating these principles not only enhances individual capabilities but also strengthens our organizational resilience. This holistic approach upholds a legacy of excellence, reflecting our collective dedication to service and camaraderie.

As an organization, we honor a legacy that guides us in every endeavor and inspires us to reach new heights. And of course, a professional, honest and high standard of customer service for our clients is the central core theme of our existence.

With regards,
Bindu Govila, Chief Operations Officer

FINANCIAL MICRO BYTES
FROM TEAM HUM FAUJI INITIATIVES

DREAM, PLAN, GO
JUST A BIT OF PLANNING CAN TAKE YOU PLACES!

The sweltering heat of summer signals one sure thing: **It's vacation time!**

Making sure that you have this vacation time every year (or even twice a year!) seems a daunting task, given so many demands on your budget and what you earn.

But let us tell you, just a bit of planning can ensure that you and your family get to all those exotic places in India and abroad which you only see on Facebook, travel company brochures and Instagram.

And what is that bit of planning that you can do with our help?

01 *Create a Budget Plan*

Start by estimating your vacation expenses for the year, including travel, accommodation, food, and activities for domestic and international travel and even the cruises. This rough plan will give you a clear idea of the amount you need to save for future travel. This will be the benchmark for further planning.

02 *Include a Financial Buffer*

Always add a buffer to your budget. Unexpected expenses can arise, and prices can be higher than anticipated. A buffer ensures you're prepared for surprises, making your vacation stress-free.

And how can small droplets make the big ocean that your multi-year travel planrequires?

The amount you need to save depends on your travel goals and the time you have toaccumulate. Here's a simple guide on how your SIPs (small monthly investments) of travel bucket can help you save over the years:

No of Years	Return on Investment	Monthly saving (SIP)	Portfolio Value
1	7%	₹ 25,000	₹ 3,11,622
3	9%	₹ 25,000	₹ 10,36,534
5	12%	₹ 25,000	₹ 20,62,159
5	12%	₹ 50,000	₹ 41,24,318
10	12%	₹ 50,000	₹ 1,16,16,954

You see how small amounts have the power to compound and get you to your dream destinations?

And now the right instrument for creating those Travel buckets...

Through SIPs, you can put aside a bit of your paycheck specifically for vacations. The type of investment instrument you choose depends on how long you plan to save before your trip and your comfort level.

Choose The Right Tool For Your Travel Corpus			
	Planning for the Current Year	Planning for 1-3 years	Planning for travel after 3 years
Instruments	Arbitrage Funds / Ultra Short-term Funds	Equity Savings Fund / Low to medium duration debt funds	Equity Funds / Asset Allocator Funds / Long-term Debt Funds

Make your summer vacation a blissful escape by planning your finances wisely. Enjoy the sun and fun without any financial worries with just a wee-bit of planning using our expertise to create those separate Travel Buckets in your investment portfolio!

Contributed by Vishakha, Relationship Manager, Team Arjun, Hum Fauji Initiatives

DECLUTTER YOUR FINANCES

YOUR 30s CHECKLIST FOR A HEALTHIER WALLET

Stuck in your thirties and freaking out about money? Chill, you're not alone. A study says a whopping 72% of millennials feel pressure to get their financial act together by this point. But before you panic, let's break it down with four questions that'll help you assess your financial fitness.

01 *Where does your money go?*

We all love a good latte or a burger, but where else is your hard-earned cash disappearing to? Track your expenses for a month. There are tons of free budgeting apps that can help. Are you surprised by the amount you spend on impulse buys? Knowledge is power, friend. Once you see where your money goes, you can make informed decisions about your spending.

02 *Do you avoid your credit card bill like the plague?*

Ugh, credit card debt. The struggle is real. But listen up, paying your bills on time and keeping your credit card utilization rate low (ideally below 30%) is key to building a good credit score. That magic number can save you big bucks on loans later on.

03 *Big purchases*

Planned a party or impulsive frenzy? Reflect on those recent splurges. Did you agonize over that new gadget for weeks or just hit "buy" on a whim? Think about whether these purchases brought you lasting happiness or just a fleeting thrill. Align your spending with your goals. If that dream vacation is what truly sets your soul on fire, maybe hold off on the new phone upgrade.

04 *Saving*

Trick or treat? Saving doesn't have to be scary. Even small amounts consistently saved can grow into a significant sum over time. Are you contributing to your retirement fund? There are tons of options out there. If you're overwhelmed, don't be afraid to consult us as your trusted financial advisor.

Remember, your financial journey is a marathon, not a sprint. By taking control of your finances and making smart choices, you'll be well on your way to a secure and prosperous future.

Contributed by Gautam Arora, Relationship Manager, Team Vikrant, Hum Fauji Initiatives

ESTATE PLANNING

SECURING YOUR LEGACY IN THE DIGITAL AGE

In today's digital era, estate planning has evolved beyond traditional wills and trusts. As retirement approaches, securing your legacy and ensuring your wishes are honoured is essential. Here's how you can effectively plan your estate:

01 *Digital Assets*

Include your digital assets such as online bank accounts, social media profiles, and digital subscriptions. Document your digital credentials and designate a trusted person to manage these assets after your passing.

02 *Create a Comprehensive Will*

Draft a will that outlines how your physical and digital assets should be distributed. This legal document is crucial for preventing disputes and ensuring that your estate is handled according to your wishes.

03 *Set Up Trusts*

Establishing trusts can help manage and distribute your assets efficiently. It can minimize taxes, avoid probate, and provide for beneficiaries over time.

04 *Regular Updates*

Keep your estate plan updated. Life events such as marriages, births, and changes in financial status can impact your planning. Regularly review and adjust your plan to reflect your current wishes.

05 *Professional Guidance*

Consult an estate planning lawyer to navigate the complexities of modern estate planning. Professional advice ensures that your plan is comprehensive and legally sound.

By above simple actions, you can secure your legacy and provide peace of mind for your loved ones in this digital age.

Contributed by Ankit Kumar Singh, Financial Planner, Team Sukhoi, Hum Fauji Initiatives

IRDAI'S LATEST HEALTH INSURANCE REFORMS

WHAT THEY MEAN FOR YOU

The Insurance Regulatory and Development Authority of India (IRDAI) has introduced significant changes in health insurance regulations, aiming to make policies more accessible and beneficial for everyone. Here's how these changes can help you:

01 *Wider Coverage*

Age No Bar: Health insurance companies can no longer deny coverage based on age, allowing individuals over 65 also to obtain insurance more easily. This is especially beneficial for senior citizens, who often face higher medical occurrences.

Shorter Waiting Period for Pre-existing Conditions: The maximum waiting period for pre-existing conditions has been reduced from 4 years to 3 years. This means that if you have a pre-existing condition, you'll get coverage sooner, and no claims can be denied due to pre-existing conditions after 3 years.

02 *Improved Service Standards*

Faster Cashless Claims: Insurers are now required to process cashless claim approvals within 3 hours. This speeds up the discharge process and lessens the financial burden during hospital stays. These rules take effect on July 31 this year.

Reduced Moratorium Period: The moratorium period has been shortened from 8 years to 5 years. After 5 years of continuous coverage, insurers can't reject your claim due to honest mistakes in your medical history disclosure.

03 *Rewards for Responsible Policyholders*

Insurers are encouraged to reward policyholders who maintain a healthy lifestyle and don't make claims. These rewards can include discounts on premiums or additional benefits.

By expanding coverage, speeding up claims, and rewarding healthy habits, these reforms help you manage health risks more effectively.

Contributed by Yogesh, Relationship Manager, Advisory Desk, Hum Fauji Initiatives

UNDERSTANDING GOOD VS BAD LIABILITIES

A KEY TO FINANCIAL SUCCESS

Liabilities are obligations you owe to others. While the term 'liability' often sounds negative, not all liabilities harm your financial health. In personal finance, not all liabilities are the same. Knowing the difference between good and bad liabilities is essential for making smart financial choices and building a secure future.

01 *Good liabilities*

They typically have the characteristics of Low-interest rate, Long-term horizon and Asset-generating capacity. Examples:

Home Loans: Real estate often appreciates over time, building equity. Plus, loan interest is tax-deductible, offering additional financial perks.

Student Loans: Investing in education can significantly boost your earning potential. Properly managed student loans are good liabilities because they are an investment in your future career and income growth.

02 *Bad Liabilities: Avoiding Financial Pitfalls*

Bad liabilities don't offer potential financial gain and often come with high interest rates or unfavourable terms, such as:

Credit Card Debt: With typically high interest rates, credit card debt can quickly become costly and spiral out of control if not managed properly.

Auto Loans: Cars depreciate in value over time, making auto loans a bad liability.

High-Interest Personal Loans: Unless used for income-generating or cost-reducing purposes, high-interest personal loans can be financially draining.

03 *Strategies to Manage and Reduce Bad Liabilities*

Prioritize High-Interest Debt: Focus on paying off high-interest debt first, like credit cards and personal loans.

Create a Budget: Track your income and expenses to identify areas where you can cut costs and allocate more funds toward paying down bad liabilities.

Build an Emergency Fund: Save 3-6 months' worth of living expenses in an easily accessible account. This can prevent you from relying on high-interest loans during financial crises.

By distinguishing between good and bad liabilities and managing your debt wisely, you can make informed financial decisions and pave the way for a more secure financial future.

Contributed by Neeraj Kumar, Financial Planner, Team Arjun, Hum Fauji Initiatives

Milestone Moment of the Month

*We're thrilled to announce that our book club, "**The Page Turners,"** has just celebrated its one-year anniversary.*

Over the past year, we've shared countless stories, insights, and discussions that have enriched our minds and brought us closer together. Here's to many more years of reading and growing together!

TOP CLIENT QUERIES OF THE MONTH

WHAT DID OUR CLIENTS ASK US IN THE LAST 7 DAYS?

Question ***What is the comparison of tax incurred on income generated from investments in FDs and DebtMutual Funds? How are SWPs of Mutual Funds more tax efficient?***

Our Reply When planning for retirement, it's important to ensure your investments provide stable and reliable income. Many people consider Fixed Deposits (FDs) or government-backed schemes like the Senior Citizens Savings Scheme (SCSS), Post Office Monthly Income Schemes (PO MIS), or Pradhan Mantri Vaya Vandana Yojana (PMVVY) for this purpose. However, we have a few questions to help you think about your options:

Accessibility:

Have you considered the practical aspects of these traditional options? They often lock your funds for a certain period, and returns are distributed on a fixed schedule. What if you suddenly need access to a significant portion of your investment?

Taxation:

How familiar are you with the tax implications? While some schemes offer tax benefits under Section 80C of the Income Tax Act, the income generated from these investments is fully taxed according to your tax slab. For example, suppose you invest Rs 15 Lakhs in either FDs or Debt Mutual Funds, both offering a 7% annual interest rate. Did you know there's a significant difference in taxation between these two options?

Flexibility:

Have you heard about the benefits of Systematic Withdrawal Plans (SWPs) from Mutual Funds? SWPs can provide regular income based on the amount and frequency you choose, with much lower taxes compared to other options. Plus, you have the flexibility to withdraw a lump sum if needed.

Particular	Mutual Funds	Fixed Deposits
Illustration		
Initial Investment	₹15,00,000	₹15,00,000
Annual Return /Interest Rate (%)	7%	7%
Withdrawal Amount (PM)	50,000	50,000

SWP From Mutual Funds						
Date	Market Value	Monthly Withdrawal	Balance after Withdrawal	Principal Withdrawn	Gain Withdrawn	Appreciated Value (Rs)
24-Jan	15,00,000	50,000	14,50,000	47,537	2,463	14,58,458
24-Feb	14,58,458	50,000	14,08,458	47,261	2,739	14,16,674
24-Mar	14,16,674	50,000	13,66,674	46,987	3,013	13,74,647
24-Apr	13,74,647	50,000	13,24,647	46,715	3,285	13,32,374
		Rs. 2,00,000		1,88,500	11,500	
				Tax	3,588	

Fixed Deposits or Post Office Schemes							
Sr. No	Amount Invested	Interest Rate	Total Interest Value	Total Taxable Amount	Total Tax (30% including Cess)	Interest (Jan to Apr)	Tax
1	15,00,000	7%	1,05,000	1,05,000	32,760	26,250	8,190

In the analysis, mutual funds incur tax liability of about Rs 3,588 in a quarter, while fixed deposits incur tax liability of around Rs 8,190. This shows a difference of about Rs 4,600 in tax just within 4 months, highlighting that SWPs from mutual funds are more tax-efficient compared to fixed deposits or post office schemes.

Understanding these factors can help you make a more informed decision. After all, saving on taxes means earning more money, right?

Contributed by Team Vikrant, Hum Fauji Initiatives

WHAT DID OUR CLIENTS ASK US IN THE LAST 7 DAYS?

Question ***I am retiring in the next few months. Where and how should I invest my retirement corpus?***

Our Reply Retirement is a significant milestone, marking the beginning of a new chapter in life. It is like carving a new life altogether!

As you prepare to retire in the coming months, making smart choices with your retirement savings is crucial to enjoying financial security and peace of mind. Here are some friendly tips to help you get started:

Mix It Up with a Diversified Portfolio

Don't put all your eggs in one basket! Spread your money across different types of investments like stocks, bonds, and safe investments. Stocks can help your money grow, while bonds can provide the much-needed stability with fair returns.

Get Enough Insurance

Make sure you have enough life and general insurance to protect your family and future goals. It's important to do this before you retire because getting term insurance is harder once your pension starts.

Inflation Beating Instrument

Choose investments that grow faster than inflation, so that your money doesn't lose its buying power. This way, you can keep up with the rising prices and maintain your lifestyle that you're accustomed to.

Stay Flexible with Your Money

Avoid investments that lock up your money for too long. Keep your savings accessible so you can get to it when you need it. This way, you can handle any unexpected expenses without worry.

Emergency Fund

Set aside some money in a safe and easy-to-access account for unexpected expenses. This fund will protect you from having to dip into your investments during tough times.

Remember, retirement is your time to shine! By managing your money wisely with these simple strategies, you can enjoy a worry-free and fun-filled retirement.

For extra peace of mind, consider talking to a trusted financial advisor like Hum Fauji Initiatives. We can give you personalized advice to make sure you're on the right track. By planning carefully and diversifying your investments, you can enjoy a secure and fulfilling golden retirement.

Contributed by Team Sukhoi, Hum Fauji Initiatives

REVOLUTIONIZING DEFENCE

FINANCIAL LITERACY LECTURES FOR THE MONTH OF JUNE 2024

Wehave successfully conducted 22 lectures at various locations, including Dimapur, Jorhat, Mhow, Bengaluru, and Sagar.

Throughout the month, we have educated 2,784 Jawans, bringing our overall total to 58,284.

A 'FAUJI' INVESTOR STORY

PROUD MOMENTS AND NEW BEGINNINGS

*Brig Nitin Khare's Dream Home Realized Within 4 Years, a story of pursuing financial abundance with Hum Fauji Initiatives (**HFI**)*

Building a dream home is a significant milestone in anyone's life, symbolizing stability, achievement, and the fulfillment of a cherished aspiration. For Brig Nitin Khare, this dream began to take shape in 2020, when he embarked on his financial planning journey with Hum Fauji Initiatives (HFI). Seeking a reliable partner for sustainable investment and wealth management and credible guidance, Brig Khare found HFI to be the perfect match for his needs, driven by their customer-centric and value-based ethical approach.

01 *Financial Challenges and Constraints*

The primary challenge for Brig Khare was to establish a robust financial strategy that would generate the necessary predictable and unpredictable cash flow for building his dream home. This required careful planning and a reliable financial partner who could provide personalized advice and support, ensuring alignment with his long-term goals and while mitigating risk for other financial goals.

02 *Introduction to Hum Fauji Initiatives*

Attracted by HFI's reputation for customer-centric and ethical financial planning, Brig Khare engaged their services. The initial engagement included a comprehensive questionnaire and assessment of risk profiling, which enabled HFI to design a tailored investment strategy specifically for his needs including the construction of the house in Mhow. He was clear that he would need to maintain ample liquidity for his dream home project.

03 *Experience with Hum Fauji Initiatives*

Brig Khare's experience with HFI has been exceptionally positive. The combination of Systematic Investment Plans (SIPs) and debt funds recommended by HFI was specifically aimed at gearing up for the substantial cash flow requirements associated with building a home at various timelines and in precise amounts. The responsiveness and professionalism of HFI were consistently highlighted as key factors in managing his investments.

Additionally, he noted that the Sensex journeyed from **47,000 to 78,000 during his investment period,** a time dimension that added complexity and opportunity to his financial planning. "Investing is like windsurfing; ride the wave and cash in before it crashes. And when the chips are down, you wait for the winds/markets to pick up," he said. This analogy captures his interpretation of the journey. **Liquidity was possible if redemptions were timed well, which is where HFI played the most crucial part. They ensured minimal tax burden and exit load while framing the requirements well and realizing growth by the correct mix of debt and equity.**

He Underlines,

- HFI acted as his financial pathfinder, guiding him through the complexities of investment and cash flow management.
- The team played a crucial role in navigating the financial turbulence associated with building a home.
- If there was a need to change-over his financial advisor to another one within the company, each transition was smooth and seamless.
- Every dealing team member at HFI was fully aware of his financial goals and consistently provided professional advice in continuity.
- The timely and accurate responses, whether on phone, mail, WhatsApp or video interfaces, were key in ensuring the success of his investment journey.

Brig Nitin Khare's journey with Hum Fauji Initiatives culminated in the successful realization of his cherished dream home within just four years. The strategic investment plan, continuous mentorship, and statistical professional advice provided by HFI were instrumental in this achievement.

In his own words, HFI proved to be more than just a financial advisor; they became true partners in his journey, embodying the spirit of ***"Zindagi ka Humsafar"*** *(Companion for Life)****.***

His story is a testament to the importance of personalized financial planning and the value of having a reliable partner who guides you and prepares you for navigating significant financial milestones, transforming dreams into reality, and creating moments of profound personal fulfillment.

SNEAKPEAK

INTO HUMFAUJI INITIATIVES

A NOTE FROM A HUM-FAUJIIAN!

As I reflect on my ten years at Hum Fauji Initiatives, I'm filled with immense gratitude for the incredible journey I've had with this organization. The company culture of recognizing and rewarding dedication has been truly motivating.

Receiving a car as a loyalty bonus after eight years was a remarkable gesture that demonstrated the company's appreciation for my long-term commitment. The two promotions I received, after five and seven years respectively, were a testament to the opportunities for growth and development that Hum Fauji Initiatives fosters.

Beyond the tangible rewards, the most valuable aspect of my experience has been the supportive and collaborative work environment. The recognition and appreciation I've received over the years have fueled my passion and dedication to contributing to the company's success.

Lakshmi

Sr. Coordinator, Operations Team

Looking ahead, I'm incredibly excited to continue being a part of Hum Fauji Initiatives' journey and contribute even more in the years to come.

HFI MEDIA FEATURES

To address readers' queries about investing in gold, our CEO, Col Sanjeev Govila (Retd), explained how Gold ETFs could be a better option since they offer liquidity, ease of trading, and no maturity period. For more insights on this and other related questions, check out the Q&A article in Outlook Money.

https://www.outlookmoney.com/magazine/story/invest-in-liquid-mfs-for-emergencies-1709

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