Hum Fauji Initiatives

October 2024

HUM FAUJI
OUR VALUES. YOUR TRUST.
By the Faujis. For the Faujis.

WEALTH INSIGNIA

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

- Financial Micro Bytes
- Top Client Queries of the Month
- Milestone of the month
- Revolutionizing Defence
- Sneak Peak into HFI
- HFI - Media Features

www.humfauji.in

Dear Friends

We are in times of global uncertainty. With political conflicts, elections and war in the west, financial markets are experiencing increased volatility, and recent geopolitical events in the Middle East have reminded us how quickly things can change. Whether it's the surge in oil prices or fluctuations in equity and debt markets, investors are navigating a landscape marked by unpredictability. As we've seen in the past, markets may initially react sharply, but they tend to stabilize over time.

For equity markets, volatility is ever-present, especially during periods like this. While the appeal of safe havens such as gold is natural, it's essential to remember that these initial shocks often give way to recovery. On the debt side, the focus on rate cuts offers both opportunities and challenges, requiring careful consideration of the broader economic outlook.

Impulse should be avoided in times like these. If you feel anxious, ***adopting a low-risk and flexible strategy becomes essential.*** *Rather than reacting to headlines, it's crucial to* ***position your portfolio for both short-term volatility and long-term growth.*** *Geopolitical risks are a reality we must accept, but with thoughtful planning, we can manage them effectively.*

We have festivals around. Patience is the way to celebrate these precious moments with family and friends. I strongly advise ***maintaining a diversified portfolio—across equities, bonds, and alternative assets—to mitigate risk.*** *Staying committed to your long-term goals and avoiding impulsive decisions based on short-term market movements will serve you well.*

Safe-haven assets like gold or bonds can provide a buffer during these turbulent times, and with rate cuts in focus, bondholders should be mindful of inflation and other macroeconomic factors that could impact future returns.

While we can't predict global events, we can prepare for them. And like always we are there to handhold, guide and ensure your investments are right. So reach out in case of concerns and team Hum Fauji Initiatives is happy to help as always.

Warm regards,

Col Sanjeev Govila (retd)
CEO, Hum Fauji Initiatives

FINANCIAL MICRO BYTES FROM TEAM HUM FAUJI INITIATIVES

CHOOSING THE RIGHT HEALTH INSURANCE

A QUICK GUIDE

When it comes to protecting your health and finances, health insurance is an absolute game-changer! But with so many options, what should you look for in a policy?

Here's a quick guide to help you choose the right plan, packed with all the must-have features to keep you covered.

Key Features to Look For

- **No Co-Payment Hassles:** Avoid policies that make you split medical bills! Look for plans that cover the full cost so you don't have to dig into your savings.
- **No Room Rent Limits:** Some policies cap your room rent, leading to unexpected expenses. Choose a plan that doesn't restrict your comfort during hospital stays.
- **No Disease-Specific Limits:** Illnesses can be expensive. Pick a policy without caps on treatments for specific diseases to avoid hefty bills.
- **Short Waiting Period for Pre-Existing Conditions:** Got a pre-existing condition? Find a policy that reduces the waiting time before you're covered.
- **Pre & Post Hospitalization Coverage:** Medical costs don't start or stop at the hospital door. Ensure your plan covers at least 30 days before and 60 days after your hospital visit.
- **Restoration Benefits:** If you claim, you want your coverage back quickly, especially with family plans. Restoration benefits reset your coverage!
- **Daycare Treatment:** Even short procedures can be pricey. Make sure your policy covers these, no 24-hour stay required.

Bonus Features That Add Value

- **Home Care Coverage** 🏡
- **Annual Health Check-Ups**
- **Alternative Medicine** 🌿 **(Ayurveda, Yoga, etc.)**
- **Loyalty & Wellness Bonuses** 🎁

Choosing the Right Insurer

- **Track Record** 📊**:** Stick with insurers who have been around for over a decade.
- **Claim Settlement Ratio** ✔️**:** Look for companies with a 90% or higher claim settlement ratio.
- **Network Hospitals** 🏥 **:** Ensure access to 8,000+ hospitals for stress-free care.

By keeping these factors in mind, you'll secure a plan that offers peace of mind when you need it most!

Contributed by MF Alam, Sr. Research Analyst, Hum Fauji Initiatives

UNIFIED PENSION SCHEME AND NPS
WHAT YOU NEED TO KNOW FOR YOUR RETIREMENT

Starting April 2025, the Unified Pension Scheme (UPS) will be introduced as an alternative to the National Pension System (NPS) for Central Government Employees. If you are one affected, how do you know which one is right for you? Let's break it down in a way that's easy to understand.

UPS Vs NPS: Quick Comparison

Feature	Unified Pension Scheme (UPS)	National Pension System (NPS)
Eligibility	Central Government employees	All Indian citizens
Type	Defined Benefit (Assured pension)	Defined Contribution (variable pension)
Pension Calculation	Fixed amount based on salary and service	Depends on contributions and returns
Investment Risk	None; guaranteed benefits	Investment risk affects returns
Portability	For government employees only	Portable across jobs and sectors
Government Contribution	18.5%	14%

Why Choose UPS?

- Guaranteed pension of 50% of your last drawn salary after 25 years of service.
- Family pension at 60% in case of unfortunate events.
- Even with 10 years of service, you are assured a pension of ₹10,000.
- Your pension grows with inflation, ensuring you stay financially secure.
- Along with gratuity, you'll receive a lump sum payout for your service.

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

FAMILY FINANCE TALKS

DISCUSS FINANCES WITH FAMILY OR KEEP IT PRIVATE?

When it comes to managing personal finances, one of the most debated topics is whether to involve family in financial discussions or keep financial matters private. This decision can impact family relationships, financial planning, and overall financial health of the family. Let's explore the pros and cons of discussing finances with family vs keeping them private, and let's find the right balance for you.

Discussing Finances with Family

- **Transparency and Trust:** Open discussions build trust and reduce misunderstandings, ensuring everyone understands the family's financial situation.
- **Unified Goals:** Sharing goals helps family members work together on things like saving for education or retirement.
- **Support and Accountability:** Involving family members encourages budgeting, debt management, and provides mutual support.
- **Financial Education:** Talking about finances teaches younger family members how to save, budget, and invest, helping them build strong financial habits.

Keeping Finances Private

- **Privacy Concerns:** Some may feel uncomfortable sharing financial details, fearing judgment or criticism.
- **Avoiding Conflict:** Privacy can help avoid family arguments over money, maintaining harmony.
- **Focusing on Personal Goals:** Keeping finances private lets individuals focus on their own financial goals without outside pressure.

Finding the Right Balance

- **Set Boundaries:** Decide what you're comfortable sharing and communicate these limits clearly.
- **Regular Check-Ins:** Schedule family meetings to discuss goals and updates while protecting personal details. Schedule discussions about shared goals while keeping personal details private.
- **Seek Professional Advice:** Consult a financial advisor for guidance when needed.

Striking a balance between financial transparency and privacy depends on your family's dynamics and personal preferences. Weigh the pros and cons to find an approach that supports both your financial health and family harmony.

Contributed by Anjali Tomar, Financial Planner, Team Prithvi, Hum Fauji Initiatives

BEYOND THE PIGGY BANK

SMART INVESTMENT OPTIONS FOR KIDs

Securing your child's future is every parent's top priority, and with so many investment options available in India, it can be challenging to choose the right one.

Here are five smart choices to help build a solid financial foundation for your child:

- **Mutual Funds (MF)-** Investments for children is typically for the long term. And for the long term, nothing to beat Mutual Funds, especially the equity and Hybrid funds, whether for flexibility of investments, returns, or taxation. There is no age bar to start investments in mutual funds. Anyone under the age of 18 (minor) can invest with the help of parents/legal guardians until the age of 18, after which the funds get transferred in their sole names. It's important to have clear investment goals, like investing for higher education, marriage, start-ups etc.

- **Sukanya Samriddhi Yojana (SSY)-** Tailored for the financial security of girl children, SSY is a govern ment-backed savings scheme offering fair interest rates and tax benefits. It's a great long-term savings option under the ***"Beti Bachao, Beti Padhao Yojana".***

- **National Savings Certificates (NSC)-** Available at any post office, NSC is a fixed-income investment scheme perfect for small to mid-income investors who wish to take no risk at all. It provides a safe way to invest while saving on income tax though returns are quite muted.

- **Public Provident Fund (PPF)-** PPF is ideal for risk-averse investors, offering safety and stability. A PPF account can be opened for your child, and once they turn 18, they can manage the account, making it a great long-term investment.
- **NPS Vatsalya Scheme -** Introduced in Budget 2024, this scheme allows parents to open a National Pension Scheme account for their children. Contributions can be made until the child turns 18, ensuring long-term financial security.

Particulars	SSY	NSC	PPF	MFs	NPS Vatsalya
Interest rate/ Returns	8.20%	7.70%	7.10%	Market Linked. Typically 12% for equity funds	Market Linked
Minimum Investment	Rs 250	Rs 1,000	Rs 500	Varies fund wise	Rs 1,000
Maximum Investment	Rs 1,50,000	No Limit	Rs 1,50,000	No Limit	No Limit
Lock In Period	When child attains age of 18	5 Years	15 Years	5 years of investments or child attains age of 18 (whichever is earlier)	Till retirement
Tax Benefit	Yes	Yes	Yes	Yes (ELSS)	Yes

Choosing the right investment isn't just about securing your child's finances—it's about empowering their dreams. With these smart options, you're not just building a financial foundation; you're creating a future where your child can thrive. Start today, and give them the strong start they deserve.

Contributed by Prerna Pattanayak, Financial Planner, Team Vikrant, Hum Fauji Initiatives

DECODING THE HINDENBURG GAMBIT
A NEW ERA OF ECONOMIC INTERFERENCE IN INDIA?

Hindenburg Research is a company known for investigating businesses to find out if their stock prices are too high. They often bet against these companies' stocks, hoping the prices will drop so they can make a profit.

In early 2023, Hindenburg put the spotlight on the Adani Group, one of India's biggest business groups. This move led some people to think Hindenburg might have been trying to attack both the Adani Group and the Indian government for political reasons. Hindenburg reportedly made a lot of money by betting against Adani's stocks.

Recently, Hindenburg turned its attention to the Securities and Exchange Board of India (SEBI), a key regulator in the Indian financial markets. They criticized SEBI's chairperson and made claims about possible connections between her and the Adani Group due which, as they claim, SEBI did not do an impartial investigation against Adani group. Hindenburg's actions seemed to aim at damaging SEBI's credibility while profiting from a drop in the Indian market.

Initially, some saw Hindenburg as a defender of democracy, but opinions are changing now. Their recent report and refusal to respond to SEBI's concerns suggest they might be trying to influence public opinion and weaken SEBI's authority or worse still, undermine the country's financial system.

This situation highlights how global finance, politics, and national integrity are interconnected. It's important for everyone, including investors, to carefully consider all the information available before making any judgements.

Contributed by Avantika Agarwal, Financial Planner, Team Sukhoi, Hum Fauji Initiatives

HOW TO GET FULLY PAID EVEN WHEN YOU HAVE EXHAUSTED ALL YOUR SICK LEAVES?

Get fully paid even if you have exhausted sick leaves. A patient might lose weeks' worth of income due to hospitalization, which might add to the already existing financial burden. This is where the ***Convalescence benefit*** *in health insurance policy saves the day.*

This benefit acts as a financial cushion, covering the income you might lose due to hospitalization. While many health insurance plans include it, if yours doesn't, you can often add it on—because who wouldn't want that extra peace of mind?

Here's how it works: if you're hospitalized for 7-10 days, the convalescence benefit kicks in, allowing you to claim for lost income. Plus, it might even cover the travel costs for your family members to visit you in the hospital.

Before choosing this benefit in health insurance, consider these key points:

- **Hospitalization Period:** You must stay in the hospital for a minimum period, as specified in your policy, to qualify.
- **Availability:** This benefit is available with both individual and group health insurance plans.
- **Add-On Option:** If not included in your policy, in most cases you can add this benefit separately.
- **Additional Coverage:** The convalescence benefit, also known as a 'Recuperating Benefit,' is extra and can be claimed alongside your regular medical coverage.

Remember, you can only claim this benefit once you've met the required hospital stay. If you're discharged earlier, it won't apply, so be sure to review your policy details to understand what's covered.

By understanding and utilizing the convalescence benefit, you can protect your income and ease the financial strain of recovery, making your health journey a little smoother.

Contributed by Aman Goyal, Relationship Manager, Team Vikrant, Hum Fauji Initiatives

TOP CLIENT QUERIES OF THE MONTH

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

QUESTION

I have some extra money to invest. Should I wait for a possible market drop before investing, or should I invest now to take advantage of current opportunities?

OUR REPLY

Timing the market is incredibly challenging. Historical data suggests that missing key market days can significantly reduce your overall returns.

Time Period	Continuous Investment	Missed Best 10 Days Per Year	Missed Best 20 Days Per Year	Missed Best 30 Days Per Year
5 Years	13% - 15% CAGR	7% - 8% CAGR	2% - 3% CAGR	Negative (-5% to -7% CAGR)
10 Years	11% - 12% CAGR	5% - 6% CAGR	0% CAGR	Negative (-6% to -8% CAGR)
15 Years	12% - 13% CAGR	4% - 5% CAGR	Negative (-1% to -2% CAGR)	Negative (-8% to -10% CAGR)
20 Years	14% - 16% CAGR	6% CAGR	0% CAGR	Negative (-5% to -7% CAGR)

This data highlights that attempting to time the market could lead to missed opportunities. Instead of waiting for the "perfect" time, a more effective strategy is regular, consistent investing through **Systematic Investment Plans (SIPs). With SIPs,** you benefit from rupee cost averaging, where you buy more units when prices are low and fewer when prices are high, reducing the impact of market volatility over time.

Waiting for a market drop means you might miss out on current opportunities. Historically, markets recover after downturns and reward long-term investors who remain invested through market cycles.

For example, if you had invested ₹1 lakh in a broad market index 10 years ago, your investment could now be worth approximately ₹3-4 lakh, despite experiencing multiple market corrections along the way.

Lastly, consult a financial professional to create a tailored plan that aligns with your risk tolerance and financial goals. They can guide you on balancing your investments while keeping an emergency fund for unexpected expenses.

Contributed by Team Sukhoi, Hum Fauji Initiatives

QUESTION

Should I invest all my funds in equity funds if I do not need them for the next 3-5-7 years?

OUR REPLY

Investing all your funds in equity funds for the next 3-5 years, if you do not need them, can be a potentially rewarding strategy, but it is also considered a risky or volatile move. Here are a few points to consider before moving ahead:-

1. **Risk Tolerance:** Equity funds can go up and down in value. If you're okay with seeing your investment fluctuate and can stay calm especially during dips, equity funds might be right for you.

2. **Diversification:** Don't put all your money in one place. Even if you choose equity funds, spreading your investment across different funds can reduce risk.

3. **Financial Goals:** Make sure equity funds fit your overall financial goals. Think about whether you're comfort able with the potential ups and downs of the market while looking at when you need the money for your next goals.

4. **Asset Allocation:** Check if investing in equity funds balances well with your other investments. A mix of different types of investments can help manage risk and volatility.

5. **Liquidity:** Ensure you have cash on hand. Sometimes, selling equity funds quickly in a volatile market might result in a loss.

6. **Emergency Funds:** Keep some money aside for emergencies, so you don't have to sell your investments at a bad time.

While investing in equity funds for 3-5 years can be appealing especially when the markets are in a bull frenzy, it's crucial to consider your comfort with risk and your overall financial goals. A balanced approach, including a mix of equity funds, debt funds, and other investments, can help you achieve your goals while managing risk.

Contributed by Team Prithvi, Hum Fauji Initiatives

We've

EARNED THE LIFETIME ACHIEVERS AWARD

We are thrilled to announce that Hum Fauji Initiatives has received the prestigious Lifetime Achievers Award, presented by the esteemed Financial Freedom Fraternity Professional (FFFP) in collaboration with The Economic Times. Out of approximately 1.13 lakh financial entities across the nation, only 14 companies have been recognized for this honor.

We are proud to be recognized as one of the leading firms in the country and dedicate this award to the entire Indian Armed Forces Community. Your trust and support over the past 14 years have propelled us to the forefront of this competitive industry. Thank you for being a vitalpart of our journey!

REVOLUTIONIZING DEFENCE

FINANCIAL LITERACY LECTURES FOR THE MONTH OF SEPTEMBER 2024

We have successfully conducted 19 lectures across various locations, including **Panchkula, Dehradun, and Faridkot.** Throughout the month, we've educated **2,177** Jawans, bringing the total number of those empowered through our initiatives to **66,663.**

SNEAK PEAK
INTO HUM FAUJI INITIATIVES

Sweet Celebrations
MONTHLY BIRTHDAYS AT HFI

Birthdays are special moments, especially when there's cake! At HFI, we make it a point to celebrate our team members every month, creating joyful memories together.

MONTHLY BASH AT HFI

Celebrating Togetherness

Our monthly parties are a vibrant blend of games, creativity, and team spirit! Together, we celebrate victories, cherish special moments, and craft unforgettable memories, all while embracing the joy of fun and camaraderie.

Driving Success, Shifting Gears

We're celebrating the champions who drive our success, pushing boundaries and turning challenges into achievements. Their dedication keeps us moving forward, and this recognition honors their unwavering commitment. Here's to shifting gears and accelerating ahead!

HUM FAUJI INITIATIVES
MEDIA FEATURES

SANJEEV GOVILA
Certified Financial Planner (CM), CEO, Hum Fauji Initiatives.

How should soldiers plan for their children's future? What makes the right investment strategy, and how does NPS Vatsalya fit in?

In an exclusive interview with The Economic Times, our CEO, Col. Sanjeev Govila (Retd.), shares his expert opinion on why NPS Vatsalya may not be the most suitable option for long-term goals like a child's education or marriage. With its capped equity allocation at 75%, it may not provide the same growth potential as other 100% equity options.

For more detailed insights, read his interview on The Economic Times.

https://tinyurl.com/yamjv2w4

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