Hum Fauji Initiatives

February 2025

HUM FAUJI

OUR VALUES. YOUR TRUST.

By the Faujis. For the Faujis.

WEALTH INSIGNIA

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

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Dear Friends

It's that time of year again—tax season is here!

Tax planning often feels like a daunting task, especially as the financial year-end approaches. However, it's never too late to take control and optimise your taxes. Effective tax planning through the year isn't just about meeting compliance requirements—it's a strategic way to reduce liabilities, maximise savings, and ultimately strengthen your financial future. Even last-minute reviews can uncover valuable opportunities, ensuring you make the most of available benefits.

For instance, there is confusion between what is the best way for you to file your Income Tax Return - the new regime or the old regime. This question should be confronted at the earliest for the simple reason that tax-saving may be prompting you to invest in PPF, Life Insurance, PO MIS (Post Office Monthly Income Scheme), NPS, or even take a home loan.

But even after getting into these investment instruments, it may turn out that the New Tax Regime is still better for you, making your laborious investment in these instruments through the year seem like an effort gone to waste.

At Hum Fauji Initiatives, we specialise in helping our clients navigate these complexities. We don't just focus on tax compliance—we focus on tax strategy. Our approach ensures that every rupee is optimised for growth, savings, and long-term financial health.

As the financial year-end approaches, now is the time to act. Whether you're on the new tax regime or considering its benefits, a well-thought-out plan can make all the difference.

Remember, every rupee saved is a step closer to achieving your financial goals.

Warm regards,

Col Sanjeev Govila (retd)
CEO, Hum Fauji Initiatives

FINANCIAL MICRO BYTES FROM TEAM HUM FAUJI INITIATIVES

WHY YOUR NEIGHBOUR'S PORTFOLIO ISN'T YOUR TICKET TO RICHES

01

You're at a lively dinner party. Your neighbour is passionately recounting how their portfolio 'doubled in a year' thanks to a hot stock tip which they dutifully followed. Tempting, right?

But before you chase their success story, here's something to think about—what works for them might pull you into financial quicksand.

The Hidden Truths Behind the Bragging

- **Selective Storytelling:** Wins are shared, but losses are conveniently left out.
- **Different Risk Appetite:** Their tolerance for risk might not match yours.
- **Luck Vs Strategy:** What they call 'genius' could just be blind luck or maybe the 'beginner's luck'.

Why Copying Could Cost You

- **It's Personal:** Your financial plan should reflect your life—whether that's buying a house, funding education, or retiring early.
- **No Two Journeys Are Alike:** Their destination might be quick riches; yours could be steady wealth building. Both need different roadmaps.
- **Comparisons Kill Confidence:** Constantly measuring yourself against others can lead to poor decisions driven by envy or FOMO (fear of missing out).

Your Blueprint for Success

- Diversify your portfolio to cushion risks.
- Align investments with your timeline and goals.
- Consult a financial expert to keep emotions out of the equation.

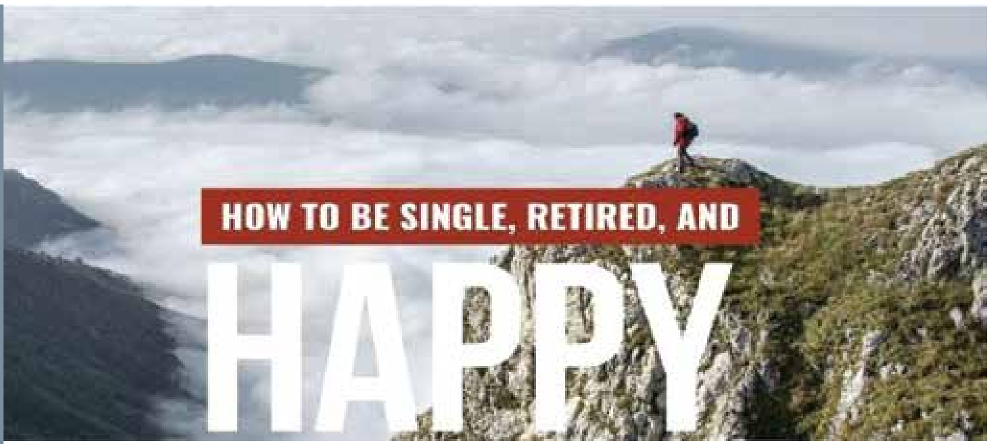
So, next time your neighbour boasts, smile and think: "I'm crafting my own success story." The real secret to wealth?

Staying true to your financial plan—not theirs.

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

SOLO BUT STRONG
FINANCIAL FREEDOM IN RETIREMENT FOR SINGLE WOMEN!

Planning for retirement is essential, especially for single women who shoulder financial responsibilities independently. With no partner to share the load, it becomes even more crucial to prepare for a secure and fulfilling future.



Think about your desired lifestyle in retirement—whether it's traveling, pursuing hobbies, or enjoying time at home. Consider any potential financial obligations, like supporting your loved ones. Defining these goals gives you clarity on how much to save and which strategies to adopt.

Here are some key tips for single women planning for retirement

- **Start early:** Save as soon as you start earning. Even small contributions grow significantly over time.
- **Set clear goals:** Decide what matters most in retirement. Clear goals keep you focused and motivated.
- **Choose the right plans:** Research pension plans or retirement funds tailored to your needs for a steady income. Since this is a crucial part for your life, having the right financial planner guide you could make all the difference.
- **Secure with insurance:** Life insurance is a must right from the start! It protects your loved ones and secures your future.
- **Budget Wisely:** Plan current expenses without neglecting savings. Stick to your retirement goals.
- **Live within your means:** Cut unnecessary expenses and prioritize long-term wealth creation.

By taking charge Single women can enjoy a comfortable, secure retirement free without financial worry.

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

MYTH-BUSTING

COMMON MYTHS ABOUT CHILDREN'S INVESTMENTS

03

"I'll start saving for my child soon—maybe next year!"
Sound familiar? The truth is,the earlier you start, the brighter your child's future will be.

Let's break some common myths that stop parents from investing smartly!

Myth 1: It's Too Early to Start

- **Reality:** The earlier you begin, the more your money grows with the **magic of compounding.** Conversely, the earlier you start, the lesser you have to invest to get the same corpus later.

  "We don't dig the well when we're thirsty; we prepare well in advance!"

Example: Daughter's Marriage Goal (Marriage visualised at 25 years)

Start Age	Monthly Contribution (SIP)	Expected Rate of Return	Annual SIP Top-Up	Investment Horizon	Investment Amount	Final Amount	Cost of Delay
Birth	Rs. 5,000/- Month	10%	10%	25 Years	₹ 59,00,824	₹ 1,55,63,238	-
Age 5				20 Years	₹ 34,36,500	₹ 77,30,837	₹ 78,32,401
Age 10				15 Years	₹ 19,06,349	₹ 36,00,181	₹ 1,19,63,057
Age 15				10 Years	₹ 9,56,245	₹ 14,90,286	₹ 1,40,72,952

Myth 2: One needs a lot of money to Start

- **Reality:** Many investment options, like Systematic Investment Plans (SIPs), allow you to invest small, regular amounts, even as low as just a few thousand rupees per month. This makes investing accessible to everyone, regardless of their income level.

The losing equation: *Investments = Income – Expenses (Invest what is left after expenses)*

The winning equation: *Expenses = Income – Investments (Spend what is left after catering for the future)*

Mathematically, both equations are same but actually both are different approaches towards our money. Investments should never be the residual amount after taking into account the expenses from the income. Rather invest ments should be treated as our first expense. Following the 2nd approach will make you a disciplined investor and help you achieve your life goals comfortably.

Myth 3: I Can Handle It Myself

- **Reality:** Would you treat a fever with just a paracetamol when a doctor could diagnose the real issue? Likewise, a **financial planner** ensures your child's future is backed by **expert guidance.**

By busting these myths, you take the first real step towards securing a bright and worry-free future for your child.

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

FINANCIAL DETOX

START FRESH IN 2025 – CLEANSE YOUR FINANCES LIKE YOU CLEANSE YOUR BODY

04

Ready to reset your finances for 2025? Like a body detox revitalizes your health, a financial detox can clear the clutter and put you in control of your money. Follow these six steps to simplify, save, and achieve your goals:

1. Consolidate Accounts

Too many bank accounts or investment portfolios? Simplify by closing or merging unused accounts. With fewer to track, you'll reduce stress and unnecessary fees while focusing on what truly matters.

2. Cancel Unused Subscriptions

Forgotten gym memberships or streaming services are like junk in your fridge—useless and costly. Review your subscriptions and cut what no longer serves you.

3. Organise Financial Paperwork

A clutter-free space leads to a clutter-free mind. Organise both physical and digital documents to save time and stress when you need them most.

4. Revise Your Budget

Your budget evolves with your life. Assess your spending and adjust to match your current priorities. Use apps or spreadsheets to categorize expenses, cut unnecessary costs, and reallocate to savings or debt repayment.

5. Build an Emergency Fund

Prepare for life's surprises with a safety net. Start small by saving a bit each month until you reach three to six months of living expenses in a separate, accessible account.

6. Set SMART Goals

Dream big but plan smart. Write goals that are **Specific, Measurable, Achievable, Relevant, and Time-bound.** Break them into smaller steps and track progress to stay motivated.

Contributed by Neeraj Singh, Relationship Manager, HNI Desk, Hum Fauji Initiatives)

TOP CLIENT QUERIES OF THE MONTH

WHAT DID OUR CLIENTS ASK US?

QUESTION

Why do I keep getting asked to fill out risk profile questionnaires by my financial advisor at Hum Fauji? How does my risk tolerance really impact my investment strategy?

OUR REPLY

Imagine stepping onto a roller coaster without knowing how thrilling—or terrifying—the ride might be. That's what investing without risk profiling feels like!

To keep your financial ride smooth and enjoyable, regulatory bodies like SEBI mandate investors to update their risk profiles every two years.

Your Personal Investment GPS

Risk profiling acts as your financial compass, guiding your investments based on your comfort level with market ups and downs. Here's why it's a big deal:

- **Customized Game Plan:** Your risk profile shapes a strategy that aligns with your financial goals, ensuring a balanced approach between returns and risks.
- **No Nasty Surprises:** Knowing your risk tolerance sets realistic expectations. Whether the market soars or dips, you're prepared.
- **Better Decisions, Even in Chaos:** In tough times, your risk profile equips your advisor to steer your investments with confidence.

How Does It Work?

Think of the questionnaire as a personality quiz for your money! It factors in:

- **Your financial goals:** Are you saving for a dream vacation or your child's education?
- **Time horizon:** Is this a sprint or a marathon?
- **Risk tolerance:** How much market turbulence can you handle?

Your answers determine a risk score, which helps craft an investment mix that suits you.

The Takeaway

Next time you're handed a risk profile questionnaire, embrace it as your ticket to a safer and smarter financial journey. After all, every great adventure starts with a little preparation!

Contributed by Team Vikrant, Hum Fauji Initiatives

QUESTION

What financial milestones should I achieve before considering retirement?

OUR REPLY

Before considering retirement, achieving key financial milestones is essential to ensure financial stability, independence, and peace of mind during your golden years. These milestones provide the foundation for a secure future, allowing you to focus on your goals and passions without worrying about money:

Own a Residential Property

Secure your dream house to stay before retirement to avoid rent-related expenses. This provides security and eliminates the need to spend on rent. However, avoid over-investing in real estate to maintain liquidity for other financial goals including having a life of your choice.

Eliminate Debt

Clear all debts, including home loans, personal loans, and car loans. Starting retirement debt-free reduces financial strain on your pension or passive income. A good financial planner will be able to guide you on how to liquidate the debts with utmost tax efficiency and without jeopardising your future life's requirements.

Build a Retirement Corpus to Sustain Your Lifestyle and Goals

Funds like DSOPF, AGIF/NGIS/AFGIS, Leave Encashment, Gratuity, and Commuted Pension will form your financial base. Invest in mutual funds, some fixed deposits and others during your service to build additional wealth. This corpus should cover critical goals such as your children's education, weddings, travel, and lifestyle needs.

Achieve Financial Independence

Ensure that your pension and passive income sources—like SWPs (Systematic Withdrawal Plans), interest income, or rental income—exceed your monthly and lifestyle expenses. This independence safeguards your family and provides freedom from financial worries.

By focusing on these tailored milestones, you can step into retirement with confidence, knowing you have a plan that supports your dreams and the well-being of your family, enabling you to enjoy the life you've dedicated to serving your country.

Contributed by Team Arjun, Hum Fauji Initiatives

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REVOLUTIONIZING DEFENCE

FINANCIAL LITERACY LECTURES

This year, our mission to empower our nation's Jawans with financial knowledge gained even greater momentum. From the snow-clad terrains of Rajouri to the vibrant cities of New Delhi and Ahmednagar, we brought financial literacy closer to our heroes.

KEY HIGHLIGHTS FOR DECEMBER 2024

- 9 impactful sessions conducted across Jabalpur, Rajouri, Ahmednagar, New Delhi, and more.
- Jawans educated in December: 1,029.
- Total Jawans empowered to date: 71,012 and growing strong!

Our unwavering mission: to ensure every Jawan is financially equipped for a secure and prosperous future.

YOUR GUIDE TO TAX PLANNING

"Gift the Gain, Retain the Love!"

What if you could combine generosity with smart tax savings? Gifting investments to your family members isn't just an act of love—it's a savvy financial strategy too!

Why Gifting Investments Makes Sense
The Income Tax Act allows you to gift assets to specific family members without clubbing their income with yours. This means:

Parents: Ideal if they're retired or in a lower tax bracket.
Major Children: Perfect if they're students or earning below the taxable limit.

How Does It Work?

Gift Income-Producing Assets to Parents: Let's say you gift ₹5,00,000 to your retired mother. She invests it in a Fixed Deposit earning 6% annual interest. The ₹30,000 interest will be taxed in her hands, not yours. If her total income is below the tax exemption limit, she pays zero tax, and you save on higher tax rates!
Invest in the Name of Major Children: When your children turn 18, any income from gifted assets belongs to them. They can use their tax exemptions to reduce or eliminate tax liability, while you retain your savings.

A Win-Win Strategy!
By gifting wisely, you're not just sharing wealth—you're creating tax-smart opportunities for your loved ones.

💡 **Tip:** Always document gifts with a simple gift deed to avoid confusion later.

Spread the Joy, Save Smartly!

This season, turn your gifts into financial blessings. Gift investments, save taxes, and nurture love that lasts a lifetime!

SNEAK PEAK INTO HUM FAUJI INITIATIVES

Sweet Celebrations at HFI

December birthdays called for cake, laughter, and a little extra cheer! At Hum Fauji Initiative, our monthly birthday ritual adds a sweet touch to our team spirit—because every milestone deserves to be celebrated.

HUM FAUJI INITIATIVES
MEDIA FEATURES

COL SANJEEV GOVILA (Retd.)

CEO,
Hum Fauji Initiatives

The growing ease of accessing personal loans through banking apps has created a financial pandemic, trapping individuals—especially soldiers—into cycles of debt at exorbitant interest rates. As Col Sanjeev Govila (Retd.) observes, many soldiers have been ensnared in this web, with some carrying debts as high as ₹30 lakhs. The availability of instant credit, while convenient, has led to unchecked borrowing, creating financial stress and long-term consequences for borrowers.

To combat this rising menace, proactive financial literacy and leadership interventions are crucial. Steps such as promoting responsible borrowing, enhancing awareness about high-interest loans, and encouraging better financial habits can help mitigate the impact of this crisis.

For more on how to address this issue, read the full article here:

https://tinyurl.com/2cxj6pkp

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Visit at : 1st & 2nd Floor, Bimla Plaza, Sector-11, Dwarka, New Delhi-110075