Hum Fauji Initiatives
July 2026

WEALTH INSIGNIA

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

Dear Friends

*I hope you've been following our **5-part Income Tax Series** across our social media platforms over the past few weeks.*

Through the series, we covered some of the most common tax filing oversights, whether it's preserving renovation bills that can help reduce tax liability, understanding how capital losses from mutual funds can be used efficiently, or identifying deductions and reporting requirements that are often missed.

Our objective is simple: to help you file your taxes with greater awareness and confidence.

Even a small oversight during tax filing can sometimes result in paying more tax than necessary. If you have any questions or would like guidance on your specific tax situation, our tax experts are always available to assist you.

*As a token of appreciation for your continued trust in Hum Fauji Initiatives, we are also pleased to extend an **exclusive ITR Filing Benefit** to our eligible investors this year like in the past. Depending on your Assets Under Management (AUM) with HFI, you and your immediate family may be eligible for subsidised ITR filing benefits. Team HFI is happy to guide you on your eligibility and the process for availing this benefit.*

At Hum Fauji Initiatives, we believe wealth creation doesn't end with investing, it also means preserving more of what you earn through informed financial and tax planning.

As always, thank you for your continued trust.

Warm regards,

Col Sanjeev Govila (retd)

CEO, Hum Fauji Initiatives

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Retiring Soon? Understand Your Retirement Corpus Taxation

For Armed Forces personnel, retirement is not just the end of service - it is the beginning of a completely new financial phase.

After years of disciplined service to the nation, managing retirement benefits wisely becomes equally important. While many focus on building a retirement corpus during service, taxation on retirement benefits is often overlooked.

Defence retirees generally receive multiple components such as:

- Gratuity
- Commuted pension
- Leave encashment
- Provident Fund (DSOPF) corpus
- Insurance (AGIF/NGIS/AFGIS) accumulation
- Monthly pension
- NPS corpus (if applicable)

But the important part is:
Every component is taxed differently.

Key Tax Components to Understand

- **Gratuity, Commuted Pension, Leave Encashment, PF, and Insurance accumulation:** Fully tax-exempt for government employees, helping preserve a larger share of retirement savings.
- **Monthly Pension:** Taxable under 'Income from Salary', though deductions and rebates may reduce liability. Disability pension holders and gallantry award winners have their entire pension tax-free.
- **NPS Withdrawals:** Up to 60% of the maturity corpus can currently be withdrawn tax-free, while annuity income remains taxable.

Common Mistakes Retirees Make

- Keeping excess funds idle in savings accounts
- Ignoring post-retirement cash flow planning
- Investing large retirement amounts without proper allocation strategy

Retirement planning is not only about receiving benefits but rather more about managing them efficiently so that regular income, taxation, liquidity, and long-term financial security remain balanced.

After serving the nation for decades, your retirement corpus should continue serving you wisely for years ahead which requires a thoughtful balancing, investing and preservation.

(Contributed by Riya Bhandari, Relationship Manager, Team Arjun, Hum Fauji Initiatives)

WHEN SAFE RETURNS RISE, WHY DO EQUITIES SHAKE?

Back in 2020, many investors were unhappy with Fixed Deposit (FD) rates. With banks offering around 5-5.5%, people started looking elsewhere for better returns, and equities became the preferred choice.

Now imagine the situation changes.

A bank offers an FD at 8%, or a government bond offers a similar return with relatively lower risk. At the same time, equities are expected to generate around 11–12% over the long term.

Suddenly, the decision doesn't look as obvious.

Think of it like choosing between two roads. One road is smooth and predictable, while the other is bumpy and uncertain but may get you slightly further. If the difference in the destination becomes smaller, many people will choose the safer route.

That's exactly what happens in financial markets.

When safer investments start offering attractive returns, some investors shift money away from equities. As more people make this choice, demand for stocks can reduce, causing valuations to cool down - especially in high-growth sectors.

The interesting part? Companies may not have done anything wrong; they may be working exactly like before.

Markets simply keep asking one question: “Where can I earn the best return for the least uncertainty?"

Sometimes markets fall not because investors become fearful, but because safer alternatives become too attractive to ignore.

(Contributed by Shruti Goyal, Relationship Manager, Team Vikrant, Hum Fauji Initiatives)

TRANSFERRING ASSETS TO SPOUSE TO SAVE TAX?

Many people think they've found a smart tax-saving trick: transfer money or investments to their spouse and let the income be taxed in the spouse's lower tax bracket. Sounds simple, right?

Not quite.

The Income Tax Act has a provision called the **Clubbing of Income Rules** (Section 64 of the Income Tax Act), specifically designed to prevent this kind of tax avoidance.

Here's How It Works

Imagine Raj gifts ₹10 lakh to his wife, Priya. Priya invests the money in a fixed deposit that earns ₹70,000 annually as interest.

Most people would assume that since the FD is in Priya's name, she will pay tax on the interest.

However, the Income Tax Department sees it differently.

Since the original money came from Raj without any consideration, the ₹70,000 interest will be added to **Raj's taxable income**, not Priya's. This is known as **clubbing of income**.

Does That Mean Gifting Is Useless? Not at all.

The gift itself is completely tax-free between spouses. The catch lies in the income generated from the gifted asset. Interestingly, if Priya reinvests the ₹70,000 interest and earns additional income from that reinvestment, the subsequent income is generally taxable in her hands, not Raj's.

The clubbing provisions may not apply if:

- ☑ The spouse invests from their own income or savings
- ☑ The asset is purchased by paying fair market value
- ☑ Income arises from reinvestment of previously earned income

Changing the ownership of an investment does not always change the tax liability. The Income Tax Department looks beyond the name on the asset and focuses on the source of the funds.

Before implementing any family tax-planning strategy, understand the clubbing provisions carefully. What appears to be a tax-saving move may provide no tax benefit at all but rather a tax return filing headache where the interest is shown in one spouse's AIS but the tax payment is not due there but in the other spouse's tax account.

(Contributed by Abhilash Rana, Relationship Manager, HNI Desk, Hum Fauji Initiatives)

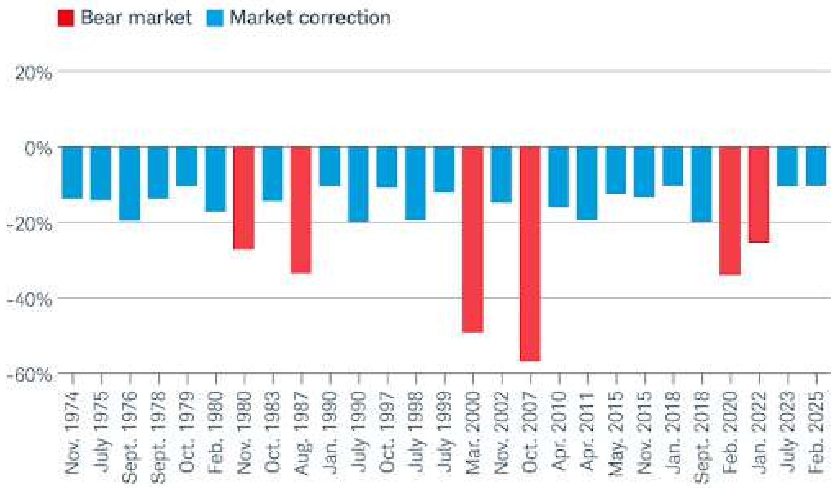
MARKET CRASH OR JUST A CORRECTION? KNOW THE DIFFERENCE BEFORE YOU PANIC

A client recently asked: **"Markets are falling every day. Should we stop investing until things become clearer?"**

It's a fair question. When a portfolio falls by 10%, it doesn't feel like a "correction" - it feels like a crisis. But not every market decline is a crash.

What History Tells Us

Since 1974, markets have experienced many corrections of roughly 10-20%, but only a minority evolved into full-fledged bear markets. Corrections are a normal feature of investing; bear markets are less frequent and are typically associated with deeper economic stress or major global events.



Source: Schwab Center for Financial Research

Type	Typical decline	Common driver
Market correction	~10-20% from recent highs	Valuation resets, profit booking, interest-rate concerns, short-term uncertainty
Bear market/crisis	20%+ and often prolonged	Economic stress, financial instability, major global shocks

The important distinction is that **most corrections do not become bear markets**. Yet investor behaviour often flips from "I should invest more" when markets rise to "Maybe I should stop" when markets fall.

The better question is not "How much has my portfolio fallen?" It is:

"Has the long-term story changed, or has sentiment simply changed?"

Corrections test patience. Crises test conviction. Long-term wealth is often built by investors who understand the difference and avoid making emotional decisions during temporary declines.

(Contributed by Abhilash Jha, Financial Planner, Team Sukhoi, Hum Fauji Initiatives)

TOP CLIENT QUERIES OF THE MONTH

WHAT DID OUR CLIENTS ASK US?

QUESTION

How to make my portfolio crash-resistant in the current market scenario?

OUR REVERT

Market uncertainty is unavoidable. But preparation can make a significant difference.

Many investors believe a “crash-resistant” portfolio means a portfolio that never falls. In reality, it means building a portfolio that can absorb volatility to a good extent, recover steadily, and protect long-term financial goals during difficult market phases.

Where investors usually go wrong

During bull markets, portfolios often become heavily concentrated in:

- ★ One sector
- ★ One theme
- ★ Only high-growth investments

It feels rewarding when markets rise rapidly. But when volatility comes, concentrated portfolios usually experience much sharper corrections.

The real challenge is not the market fall itself.

It is whether your portfolio is prepared to handle uncertainty without disturbing your financial journey.

What should investors focus on?

- ★ **Diversification matters –** A healthy mix of equity, debt, gold, and cash cushion helps reduce overall risk.
- ★ **Quality over excitement –** Strong businesses and stable asset allocation generally perform better during stressful periods.
- ★ **Keep liquidity available –** Emergency funds prevent forced selling during market falls.
- ★ **Continue disciplined investing –** SIPs during corrections can help accumulate more units at lower valuations.
- ★ **Avoid emotional decisions –** Frequent reactions to headlines often damage long-term returns more than volatility itself.

Simple way to think about it?

A crash-resistant portfolio is not designed to avoid every market fall.

It is built to ensure that temporary market turbulence does not permanently damage your long-term financial goals.

(Contributed by Team Dhruv, Hum Fauji Initiatives)

QUESTION

My financial goal, originally planned for two years from now, has now been advanced to the next 2-4 months. Given the current market downturn, should I wait for a recovery or redeem my investments now?

OUR REPLY

This is a very relevant question, especially when unexpected life events shift our carefully planned financial timelines.

The key principle is simple - when a goal moves from two years away to just 2-4 months away, your focus should shift from wealth creation to capital protection. Markets recover eventually, but they do not always recover within our required timelines.

When your timeline suddenly shrinks:

- ★ **Prioritize certainty over recovery.** If the money is required within the next few months, protecting the amount already accumulated is generally more important than hoping for a short-term market rebound.
- ★ **Avoid trying to predict the market.** Market corrections can sometimes last longer than expected. Decisions based on future market movements are often speculative.
- ★ **Review alternative sources.** If you have emergency funds, liquid investments, or access to a **loan against your investments,** these may help meet the requirement without disturbing long-term investments.

In simple terms:

- ★ **Goal within 2–4 months:** Prioritize capital protection.
- ★ **Amount needed immediately:** Consider redeeming, staggering withdrawals or looking at alternatives like loan against your investments.
- ★ **Amount not required now:** Allow it to remain invested for future growth.

When the goal date moves closer, certainty becomes more valuable than chasing a market recovery.
Remember: your goal timeline should drive your investment decision, not the market's direction.

(Contributed by Team Prithvi, Hum Fauji Initiatives)

REVOLUTIONIZING DEFENCE

Building financially resilient armed forces families begins with awareness, and our Investor Awareness Programs (IAPs) continue to equip soldiers with the knowledge needed to make informed financial decisions throughout their service and beyond.

During **June**, interactive sessions were conducted across multiple military stations, focusing on practical financial planning, disciplined investing, risk management, and wealth creation. The discussions encouraged personnel to adopt a goal-based approach to managing their finances and securing their families' future.

June Outreach at a Glance

- **Locations:** Ahmednagar, Kamptee, Jabalpur & Wellington
- **IAP Sessions Conducted:** 7
- **Jawans Reached in May:** 709
- **Cumulative Impact:** 93,500 jawans educated through 753 Investor Awareness Programs conducted so far.

Every session reflects our continued commitment to strengthening financial preparedness within the armed forces community. The enthusiastic participation and engaging discussions reaffirm the growing importance of financial literacy among soldiers and their families.

Would you like to organize an IAP for your unit?

Connect with us to conduct practical, need-based financial awareness sessions designed specifically for armed forces personnel and their families.

EXPLORE OUR DIVERSE RANGE OF OFFERINGS

YOUR GUIDE TO TAX PLANNING

THE INCOME TAX CALENDAR HAS CHANGED. HAS YOURS?

Most taxpayers focus on **filing** their Income Tax Return. Smart taxpayers also know **when they can revise it**. With the revised ITR filing calendar for **AY 2026–27**, taxpayers now have greater flexibility.

Key Deadlines

Salaried Individuals (ITR-1 & ITR-2)

- Due Date: **31 July 2026**

Business Owners & Professionals (ITR-3 & ITR-4 – Non-Audit Cases)

- Due Date: **31 August 2026**

Bigger Relief: More Time to Revise

The deadline to file a **Revised Return** has been extended to **31 March 2027**, giving taxpayers additional time to:

- Correct errors or omissions
- Claim missed deductions
- Resolve mismatches in AIS or Form 26AS
- Update income details, if required

But Don't Rely on It

A revised return is a **safety net—not a tax planning strategy**. Before filing, always:

- Reconcile your AIS and Form 26AS
- Report all income accurately
- Use the revised return option only if a genuine error is discovered later

Remember: The goal isn't to file later—it's to file right the first time. Accurate tax compliance is always the smartest financial decision.

(Contributed by Gagandeep Kaur, Deputy Manager, Financial Planner, Hum Fauji Initiatives)

SNEAK PEEK
INTO HUM FAUJI INITIATIVES

BECAUSE GREAT TEAMS DESERVE GREAT CELEBRATIONS

Success isn't built on hard work alone, it's built on the people behind it.

At Hum Fauji Initiatives, our monthly team gatherings are a way to pause, celebrate our achievements, appreciate each other's efforts, and simply enjoy time together beyond work.

After all, the team that gives its best every day deserves moments to unwind, laugh, and create memories together.

Here's a glimpse of our **June Monthly Party,** celebrating milestones, camaraderie, and the people who make Hum Fauji what it is.

BIRTHDAY TIME AT HUM FAUJI INITIATIVES

Birthdays are more than just cake, they're about celebrating the people who make Hum Fauji Initiatives stronger every day.

This June, we celebrated **Girl Power**, filling the day with wishes, laughter, and moments that made our team members feel truly special.

Here's a glimpse of our June birthday celebrations!

MEDIA FEATURES

SBI Funds Management IPO Gets SEBI Nod: What Investors Should

The upcoming SBI Funds Management IPO has attracted considerable attention, but as Col. Sanjeev Govila (Retd.), CEO, Hum Fauji Initiatives, notes, investors should focus on valuation rather than the brand alone. Since it is a 100% Offer for Sale (OFS), the proceeds will go to existing shareholders, not the company. A reasonable valuation could make it a strong long-term investment, while an expensive pricing may make waiting after listing the better choice.

Read the full article:
https://shorturl.at/MTBY7

ETNOW

Can You Start Investing With a Limited Income?

Building wealth isn't about starting big, it's about starting early and staying consistent. As Col. Sanjeev Govila (Retd.), CEO, Hum Fauji Initiatives, explains, even a modest SIP can help build financial discipline. Focus on creating an emergency fund, avoid unnecessary spending and credit card debt, and increase your investments as your income grows.

Read the Q&A here:
https://shorturl.at/zSU2P

Outlook MONEY

COL SANJEEV GOVILA (RETD.)

CEO,
Hum Fauji Initiatives

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