Hum Fauji Initiatives
November 2026

WEALTH INSIGNIA

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

Financial Micro Bytes
Top Client Queries of the Month
Revolutionizing Defence
Explore Our Diverse Range of Offerings
Sneak Peek into HFI
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Dear Friends



November is a special month for all of us at Hum Fauji Initiatives. This month, we celebrated our 17th Raising Day - 17 years of being part of thousands of financial journeys, built on the trust and affection of the armed forces community since 2009.

When we started HFI, our purpose was simple: to ensure that Fauji families had access to ethical and value-based financial guidance from people who understood their lives, responsibilities and aspirations. Seventeen years later, that purpose continues to guide everything we do.

Over the years, we have supported families through important milestones and life goals like a dream home, giving the best children's education, building abundance and not just wealth and preparing for life after the uniform. Retirement, in particular, calls for careful financial planning. A pension provides a foundation, but decisions around commutation, retirement corpus, inflation and income security play an equally important role in shaping this next chapter.

In this edition of Wealth Insignia, we explore these aspects alongside other important financial questions - from whether playing it too safe can affect retirement readiness to why multiple investments may not always add up to a sound financial strategy. We also look at the challenge of being asset-rich but cash-poor and address practical queries raised by our clients.

Taking this conversation further, we are hosting a special online webinar on ***22 November - Retirement Planning for Armed Forces Officers*** *to make you explore the theme -* ***'Is Your Financial Plan Ready for Life After the Uniform?'***

We will discuss pension and commutation, deployment of retirement corpus, inflation and securing your family's financial future. I invite officers approaching retirement, as well as those who wish to prepare early, to join us. If you are keen on joining the upcoming or next webinar, fill the form and drop your interest.

As we enter our 18th year, our commitment remains unchanged: to help Fauji families make informed financial decisions at every stage of life. Thank you for being an integral part of this journey.

Warm regards,
Col Sanjeev Govila (retd)
CEO, Hum Fauji Initiatives

MONTHLY FINANCIAL NEWSLETTER BY THE FAUJIS. FOR THE FAUJIS.

Before You Commute Your Pension, Know the Numbers

For a Defence officer, retirement pension is a lifelong income stream. Commuting a portion of it provides a substantial lump sum today - but reduces the monthly pension for the next 15 years, until the commuted portion is restored.



How Does Commutation Work?

Retiring pension is generally 50% of the last-drawn reckonable emoluments or the average reckonable emoluments of the last 10 months, whichever is more beneficial, subject to applicable rules. A Defence officer may commute up to 50% of the pension admissible, as per applicable rules.

Formula: Commuted Value = Commuted Pension × 12 × Commutation Factor

The commutation factor depends on the officer's age on the next birthday. Table annexed to the CCS (Commutation of Pension) Rules, 1981 provides the commutation factor and is also available on the official website of the Principal Controller of Defence Accounts (PCDA) Pension.

A Realistic Example

Lt Col XYZ, aged 54, wants to commute 50% of the pension.

- Basic Pay: ₹1,32,400
- DA: ₹85,782
- MSP: ₹15,500
- Retiring Pension: ₹1,16,841
- Commuted Pension: ₹58,420
- Commutation Factor: 8.627 for age 55 years ('age next birthday').

Commuted Value = ₹58,420 × 12 × 8.627 = ₹60.48 lakh approx.

The commuted portion is restored after 15 years, subject to applicable rules.

For a government employee, the commuted pension received is exempt under Section 10(10A), while regular pension is taxable subject to the applicable tax rules.

Before You Commute, Ask:

- Do I actually need the lump sum?
- How much do I require?
- Can I use it to repay liabilities?
- How will I invest the amount?
- Can the investment compensate for the reduced monthly pension?
- What will I receive if I commute versus retaining the full pension?

The decision is not only about the lump sum received today, but also about the regular income you give up for the next 15 years.

(Contributed by Aditya Bhola, Relationship Manager, Team Sukhoi, Hum Fauji Initiatives)

15 MUTUAL FUNDS, 3 ADVISORS, 3 APPS – BUT WHO OWNS YOUR FINANCIAL STRATEGY?



Having multiple mutual funds, investment apps and even different advisors can give you a comforting feeling: **'I'm diversified.'** But diversification isn't simply about having more investments, **more advisors and more platforms.**

Imagine a family with 15 mutual funds spread across different platforms. Each fund looks good individually. But when someone reviews the complete portfolio, they discover that several funds own many of the things.

Now imagine that the family has a child's education goal five years away, a home loan to manage and retirement still 15 years away. The question isn't whether they have enough investments. **The question is whether the right money is positioned for the right goal.**

This is where financial planning becomes different from simply buying financial products.

A coordinated financial plan looks at your:

Goals | Time horizons | Risk | Cash flows | Existing investments

It then connects these pieces into one strategy - and reviews them as your life changes.

Think of it like a cricket team. Having 11 good players doesn't guarantee a winning team. **Each player needs a role, and someone needs to ensure they are playing towards the same objective.**

Don't ask: 'How many investments or advisors or platforms do I have?'

Ask: 'Does every investment have a purpose and do they work together?'

More products create a portfolio. A coordinated strategy creates a financial life plan.

(Contributed by Ankit Kumar Singh, Relationship Manager, Team Prithvi, Hum Fauji Initiatives)

CAN PLAYING IT TOO SAFE HURT YOUR RETIREMENT?

You saved for decades. You avoided unnecessary risks. You chose FDs, SCSS and other fixed-income investments because you wanted your retirement money to be safe.



But could being too safe create another risk? **Inflation-hit.**

For many retirees, these familiar investments provide stability and predictable income. However, protecting your money's value is equally important.

Consider these indicative annual returns:

Investment	Annual return	Return after tax (25% bracket)	Return after Inflation of 6.5%*
SCSS	8.20%	6.15%	0.35%
PPF	7.10%	5.33%	-1.17%
Post Office MIS	7.40%	5.55%	-0.95%
Post Office Time Deposits	6.9% - 7.5%	5.18% - 5.63%	-1.32% - 0.87%
Bank FDs	Varies by bank and tenure	Varies by bank and tenure	Varies by bank and tenure

*Inflation of about 6.5% is what is the actual ground-level inflation faced by us.

If your household spends **₹1 lakh monthly today**, maintaining the same lifestyle could cost approximately ₹1.88 lakh per month after 10 years and ₹3.52 lakh after 20 years.

An investment earning 7-8% may look attractive, but after tax and inflation, the value of your money may actually be depleting.

Does this mean retirees should invest everything in equity? Certainly not.

A balanced approach can give different investments different roles:

- **Debt and fixed income:** Stability and regular income (if required).
- **Hybrid investments:** Balance between stability and growth.
- **Equity-oriented investments:** Potential long-term growth, with higher market risk.

The right mix depends on your pension, expenses, age, risk capacity and retirement horizon.

Retirement can last 20-30 years. Protecting your corpus is not just about preserving the amount you have; it is about ensuring it continues to support your lifestyle and gets passed on as your legacy if that is your goal too.

The real question isn't just, "How safe is my money?" It's, "Will my money remain sufficient for the life I want for myself and my spouse?"

(Contributed by Harsh, Senior Products Executive, Hum Fauji Initiatives)

ASSET-RICH BUT CASH-POOR: A RETIREMENT DILEMMA FOR FAUJI FAMILIES



You have served the nation, secured your pension, bought a home and built investments over the years. Yet, after retirement, an unexpected medical bill, major home repair or family commitment can still put pressure on your finances. How?

Because owning wealth and having money readily available are two different things.

Consider a retired officer with a pension, a house worth ₹1.5 crore and investments worth ₹50 lakh. The family may be financially well-established, but if most wealth is tied up in property, meeting a large expense without disturbing long-term investments can be challenging.

Where Does the Challenge Arise?

- **Property is not monthly income:** Your home may appreciate, but it does not automatically pay your bills.
- **Pension has limits:** It can support regular expenses, but larger one-time commitments may require additional funds.
- **Investments need planning:** Selling investments at the wrong time or exiting before maturity may affect financial goals or involve costs.

How Can You Stay Prepared?

Keep adequate accessible funds for emergencies and near-term expenses. Map your pension against monthly household costs, then identify how investments will fund any shortfall or major future commitment.

Also, review whether your property and investments are aligned with your family's needs. Any decision to sell, rent out or monetise property should be planned carefully.

For Fauji families, a pension provides a valuable foundation. The next step is ensuring that the rest of your wealth remains accessible when life demands it.

(Contributed by Anjeeta, Relationship Manager, Team Prithvi, Hum Fauji Initiatives)

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

LIFE AFTER THE UNIFORM. IS YOUR FINANCIAL PLAN READY?

Retirement Planning
Webinar
With Col. Sanjeev Govila (Retd.)

22nd Nov 2026 | **11 AM** On Zoom



7 STEPS TO A FINANCIALLY SECURE RETIREMENT

REGISTER FREE

Get your complimentary **Retirement Planning eBook!**

TOP CLIENT QUERIES OF THE MONTH
WHAT DID OUR CLIENTS ASK US?

QUERY

I am 38 years old and planning to fund my child's higher education, for which approximately ₹35 lakhs will be required for a private medical college. I have been investing for the past 15 years and have accumulated around ₹40 lakhs in mutual funds. Should I redeem my mutual fund investments to fund the education expense, or would it be more appropriate to take an education loan and continue with my investments?

OUR REVERT

This isn't simply a choice between **'loan Vs investments.'** It is about funding an important goal while protecting your family's long-term financial security.

Let's look at three possible approaches:



- ★ **Use your investments:** Redeem ₹35 lakhs and retain ₹5 lakhs invested. This avoids any EMI or interest burden. However, ₹35 lakhs could potentially grow to around ₹86.7 lakhs in 8 years if it remained invested at 12%.
- ★ **Take the entire Education loan:** Borrow ₹35 lakhs and keep the ₹40 lakhs invested. At an assumed **9% interest for 8 years**, the EMI would be approximately **₹51,276 per month**, with total interest of around **₹14.2 lakhs**.
- ★ **Use a combination:** Use ₹20 lakhs from the portfolio and borrow ₹15 lakhs. The EMI would be approximately **₹21,900 per month**, with total interest of around **₹6.1 lakhs**. The remaining ₹20 lakhs could potentially grow to around **₹49.5 lakhs** in 8 years at an assumed 12% return.

So, what could be the right path?

Taking out almost all the money for one goal and leaving others in a lurch may not be the right way to handle a financial plan.

If the EMIs of ₹51,000 can be managed and investments are earning more than the loan interest, education loan for the entire amount makes sense.

A combination of investments + a manageable loan may help balance education funding, EMI burden and continued wealth creation - depending on your cash flow, risk capacity and other financial goals.

Please note that the objective isn't simply to minimise interest or maximise investment returns. It is to fund your child's education without compromising your family's long-term financial security. Depending on your life's situation, there could be a give-and-take either way to handle the situation – it will be good to discuss this with your financial planner to come to the best solution for you.

(Contributed by Team Arjun, Hum Fauji Initiatives)



QUERY

Can I withdraw my Provident Fund to repay my home loan principal? Will I have to pay taxes on PF withdrawal?

OUR REVERT

Yes, you may be able to use your Employees' Provident Fund (EPF) savings to repay your home loan, subject to the applicable EPFO rules and eligibility conditions.

Eligibility: The required service period and withdrawal limit depend on the type of withdrawal. Certain housing-related schemes allow eligible members to withdraw up to 90% of their PF savings after three years of membership, but this facility applies only under specific conditions.

Tax on Withdrawal: The tax treatment depends on your total continuous service across employers and the type of withdrawal. Generally, a final PF withdrawal after five years of continuous service is tax-exempt. If the withdrawal is made before completing five years, it may be taxable, and TDS may apply depending on the amount and applicable rules.

Should You Withdraw? Using your PF savings to repay the home loan can reduce your outstanding loan and future interest burden. However, it also reduces your retirement savings and the benefit of long-term compounding.

Before making a decision, it is advisable to compare the home loan interest rate with the expected growth of your PF savings and assess the impact on your retirement goals.

(Contributed by Team Vikrant, Hum Fauji Initiatives)

REVOLUTIONIZING DEFENCE

Financial literacy is an essential part of building a secure future for soldiers and their families. Through our **Investor Awareness Programs (IAPs)**, we continue to take practical financial knowledge to military stations, encouraging informed decisions, disciplined investing and better financial planning.

During **October**, our outreach continued at Jabalpur and Wellington, where interactive sessions engaged personnel on important aspects of personal finance and long-term financial well-being.



October IAP Impact at a Glance

- **2 Locations** | Jabalpur • Wellington
- **4 Lectures** | Conducted during the month
- **441 Jawans** | Reached in October
- **787 IAPs** | Conducted so far
- **96,948 Jawans** | Educated till date



With every session, we move closer to our goal of making financial awareness accessible and actionable for soldiers and their families. The continued outreach reflects our commitment to strengthening financial confidence at the unit level and beyond.

Planning an IAP for your unit?

Connect with us to organise practical, need-based financial awareness sessions for your personnel and their families.





EXPLORE OUR DIVERSE RANGE OF OFFERINGS



SNEAK PEEK INTO HUM FAUJI INITIATIVES

17 YEARS. THOUSANDS OF JOURNEYS. ONE PURPOSE.





Seventeen years of building relationships, creating impact and growing together called for a celebration with the people who have been part of this journey.

Our 17th Raising Day brought the HFI team together for a day of fun, games, poolside moments, laughter, cake-cutting and well-deserved appreciation. It was a celebration not just of how far we have come, but of the people, bonds and shared spirit behind every milestone.







A special acknowledgement to Col Sanjeev Govila (Retd.) and Bindu Ma'am for their vision, leadership and constant encouragement.

Here's a glimpse of the celebrations, the smiles and the moments that made the day memorable!

MEDIA FEATURES

Your House Is Worth ₹2 Crore, But Are You Really Retirement Ready?

Owning a valuable home is a significant achievement, but does it guarantee financial independence after retirement? Not necessarily.

As **Col. (Retd.) Sanjeev Govila, our CEO**, explains in his latest article for The Economic Times, a home may appreciate in value, but it doesn't necessarily generate the income you need to sustain your lifestyle. A retirement-ready plan needs more than property wealth — it needs dependable cash flow, adequate liquidity and investments that can support your needs over the long term.

Because **being wealthy on paper and being financially ready for retirement are two very different things.**



Read the full article here:
https://shorturl.at/TD35C



COL SANJEEV GOVILA (RETD.)

CEO,
Hum Fauji Initiatives

EPF Wage Ceiling Hike: Lesser Take-Home Salary for Employees?

A higher EPF contribution can mean better retirement savings, but it may also mean a lower monthly take-home salary. So, how will the proposed change affect employees and employers?

As **Col. (Retd.) Sanjeev Govila, our CEO,** explains in his latest interaction with The Economic Times, employers may restructure salary components within the existing CTC to accommodate higher PF contributions rather than increase the overall compensation. This could have implications for monthly earnings, retirement savings and how organisations structure salaries.

Because **what matters is not just how much you earn, but how your salary is structured and where it goes.**

Read the full article on Mint:
https://shorturl.at/bSsyy

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