TheWealthWisher

Financial Plan
Sample

Prepared for: Mr XXXX

Prepared by: Madhupam Krishna

16-Aug-2016

Introduction

We are pleased to submit this financial plan for your records. We urge you to keep this safely and privately to avoid any leakage of your confidential financial information.

A full financial plan would cover Cash Management, Risk Management, Retirement Planning, Investment Planning and Estate and Tax Planning. The sections covered in this plan are outlined on the contents page.

The following plan will document your Goals and Resources and make recommendations in line with your Goals based on the information you have provided. The solutions adopted in this plan need to be regularly reviewed. The projected outcomes are provisional and should be treated as indicative rather than as guaranteed. It is vital that the plan is reviewed regularly and the assumptions tested against actual outcomes. Life is dynamic and your financial plan must reflect changes in your personal situation!

We urge you to study these recommendations carefully and we will respond to any questions you may have. You may need to make important decisions on the urgency and timing of the issues dealt within this plan. The effort you have taken to reach this point is well worth the effort to secure your financial future.

Please see the Appendices for details of the underlying assumptions related to your financial future used in building your plan, our Disclosures / Disclaimers and a Glossary to assist you with the terminology used herein.

We trust the experience will be rewarding for a sound financial future and help you reach your goals. We endeavour to respect your privacy and maintain client confidentiality.

Madhupam Krishna

WealthWisher Financial Advisors

Executive Summary

Risk Profile

Your risk profile has been assessed as ***Aggressive***. The most common risk profile is Balanced. This suggests that you will be comfortable with accepting some risk in the arrangements for your finances. In particular you will be comfortable with including relatively higher risk higher return investments in your portfolio. Currently, an Aggressive investment portfolio could be expected to receive a return, after tax and fees, of around 11.3% per annum. For more information see ***Your Risk Personality*** on page 5

Statement of Position

Currently, your total assets are ***Rs. 11,50,665*** and you have liabilities of ***Rs. 4,75,988***. Subtracting your liabilities from your total assets gives your net worth of ***Rs. 6,74,677***. Your major assets are XXXX's Employee Provident Scheme, your Portfolio (Mutual Fund), your Cash in Hand (Saving Accounts), your Life Insurance/ULIP (Premiums), and XXXX's Public Provident Fund. Your major liabilities are XXXX's Education Loan , and XXXX's Personal Loan . ***The ratio of debt to assets is 0.41; which is comfortable*** . For more information see ***Where You are Now*** on page 6.

Cash Flow

Your cash flow analysis shows a large cash flow ***surplus*** (Since you are young, double-income family and many years to go before retirement) To apply this surplus to your goals you should save it, starting with Rs. 3,14,680 this year. For more information see ***Cash Flow Management*** on page 9.

Personal Details

Your Information

This plan is based on the following information that you have provided:

Name: **XXXX Singh** Age: **29** (Date of Birth: 30-Apr-1987).

XXXX has a current annual income of Rs. 7,20,000.

Name: **XXXX Sharma** Age: **29** (Date of Birth: 12-Jul-1987).

XXXX has a current annual income of Rs. 2,50,000.

You have savings of Rs. 10,17,282 and are currently saving Rs. 1,20,000 per year.

You have Rs. 1,33,383 in your Public Provident Fund account.

You have other debt of Rs. 2,21,629.

You have an education loan of Rs. 2,54,359 and your annual repayments are Rs. 2,00,064..

Assumptions

This plan uses the following basic assumptions when calculating the projections:

XXXX's preferred retirement age is 60 with a life expectancy of 80.

XXXX's life expectancy is 85.

Investments receive a future return consistent with the historical performance of an Aggressive risk profile (11.33% net of fees and taxes).

General Inflation of 7.00%.

Risk Profile

While the focus of your plan is your goals, it is important that the planned course of action remains within your risk comfort zone. Financial planning is about empowering you to achieve your goals but it should never be at the cost of having you constantly worried about the level of risk you are taking. For this reason we assess your risk personality and use this assessment to guide our recommendations for you.

Your risk personality covers a range of financial matters, including:

- Making Financial Decisions
- Financial Disappointments
- Financial Past
- Investment
- Borrowing
- Government Benefits and Tax Advantages

Your Result

The amount of risk you are comfortable being exposed to has been rated as ***Aggressive*** which means you will be comfortable with taking considered risks in the arrangements for your finances in the expectation of higher returns.

What does this mean for you?

It means you will want to invest much of your funds in investments that are likely to achieve higher than average returns. These investments will almost always have a higher level of risk. So the effect is that your money will be exposed to value fluctuations in the short term but are likely to perform much better over the longer term than if you took less risk.

Limitations

Your risk score is only an indicator of your risk tolerance, it cannot completely describe how you will or should feel about any particular financial matter. Your choice on the level of risk to take in your financial matters should also take into account:

- Your timeframes - how much time do you have until your bigger goals? Longer time frames allow you to take greater levels of risk because the fluctuations even out over time.
- Life Stage - various seasons in life have an impact on the level of risk that is appropriate. When there are others dependant on you, the level of risk taken will need to be lower.
- Partner's risk profile - where a partner is involved the level of risk should reflect both partners' risk tolerances rather than just one.

Your risk personality assessment should be viewed as information for you to include in your decisions on financial matters, not as a constraint on what you should do.

Where You are Now

A Statement of Position, or Net Worth Statement, defines what you have after your debts have been subtracted from your assets. It is a measure of your personal economic position. This analysis is often used by third parties to assess your credit worthiness. Used over time it is a valuable measure of how successful you are in securing your financial health, and increasing wealth overtime.

Statement of Position

Your Statement of Position as at 11-Aug-2016 is:

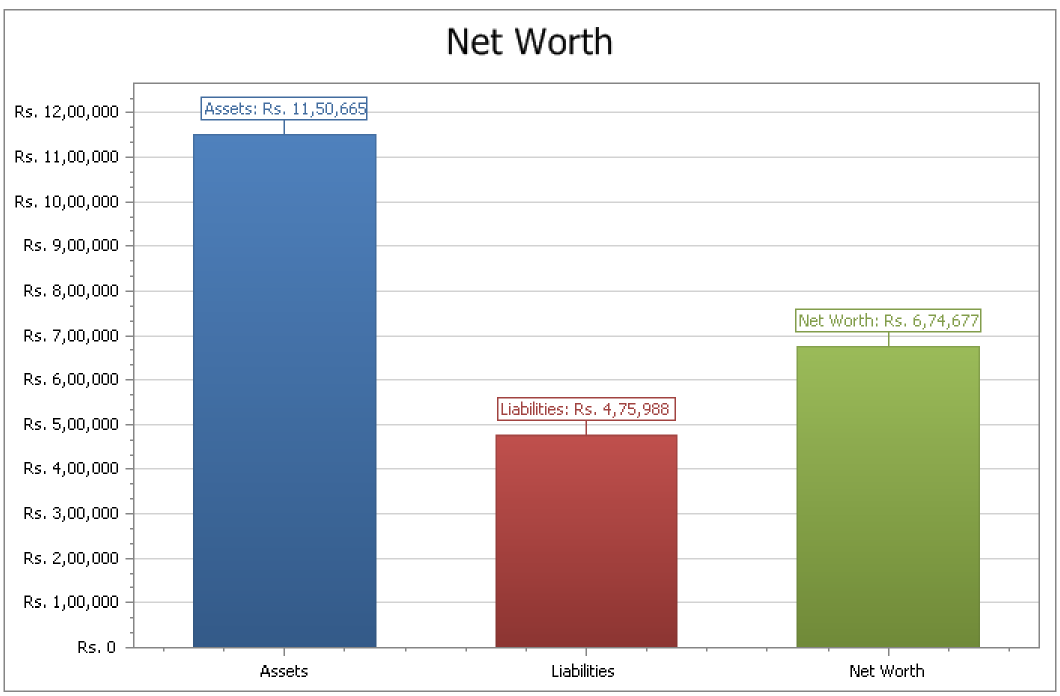
	Investments	Current Valuation
	Cash in Hand (Saving Accounts)	Rs. 1,40,000
	XXXX's Public Provident Fund	Rs. 1,33,383
	XXXX's Employee Provident Scheme	Rs. 3,00,000
	Portfolio (Mutual Fund)	Rs. 2,09,282
	Portfolio (Direct Equities)	Rs. 25,000
	Life Insurance/ULIP (Premiums)	Rs. 1,38,000
	Total Investments:	Rs. 9,45,665
	Other Assets	Current Valuation
	Other (Gold)	Rs. 1,00,000
	Other (Silver)	Rs. 50,000
	Other (Two Wheeler)	Rs. 55,000

	Total Other Assets:	Rs. 2,05,000
	Liabilities	Current Valuation
	XXXX's Personal Loan	Rs. 2,21,629
	XXXX's Education Loan	Rs. 2,54,359
	Total Liabilities:	Rs. 4,75,988
	Total Assets:	Rs. 11,50,665
	Net Worth:	Rs. 6,74,677

Net Worth

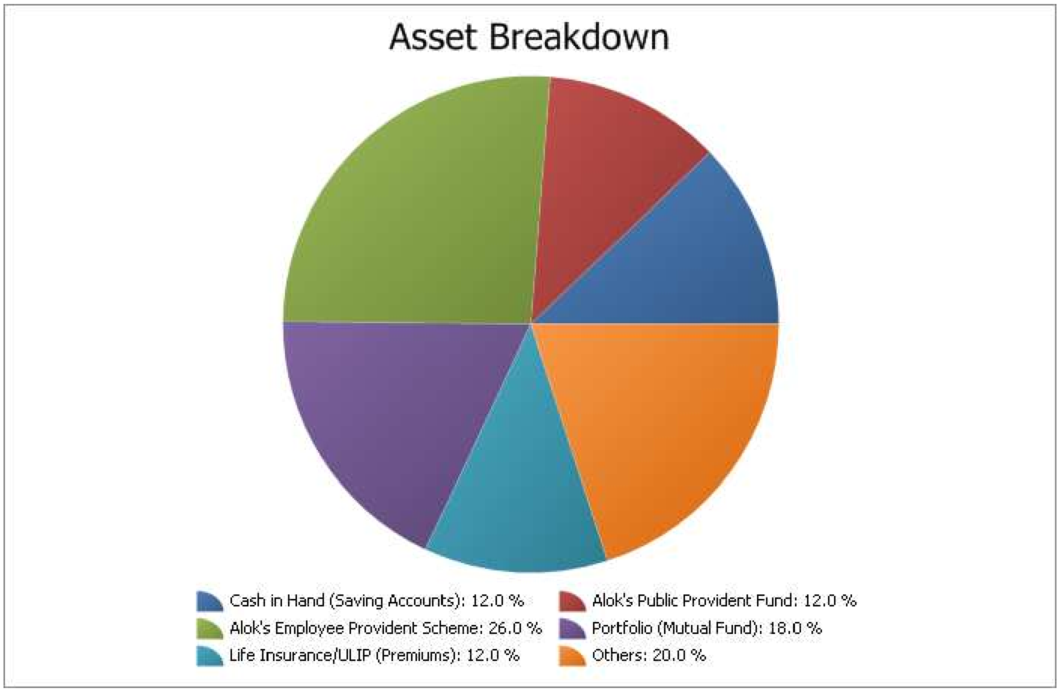
Currently, your total assets are ***Rs. 11,50,665*** and you have liabilities of ***Rs. 4,75,988***. Subtracting your liabilities from your total assets gives your net worth of ***Rs. 6,74,677***.

Your ratio of debt to assets is 0.41; which is comfortable.



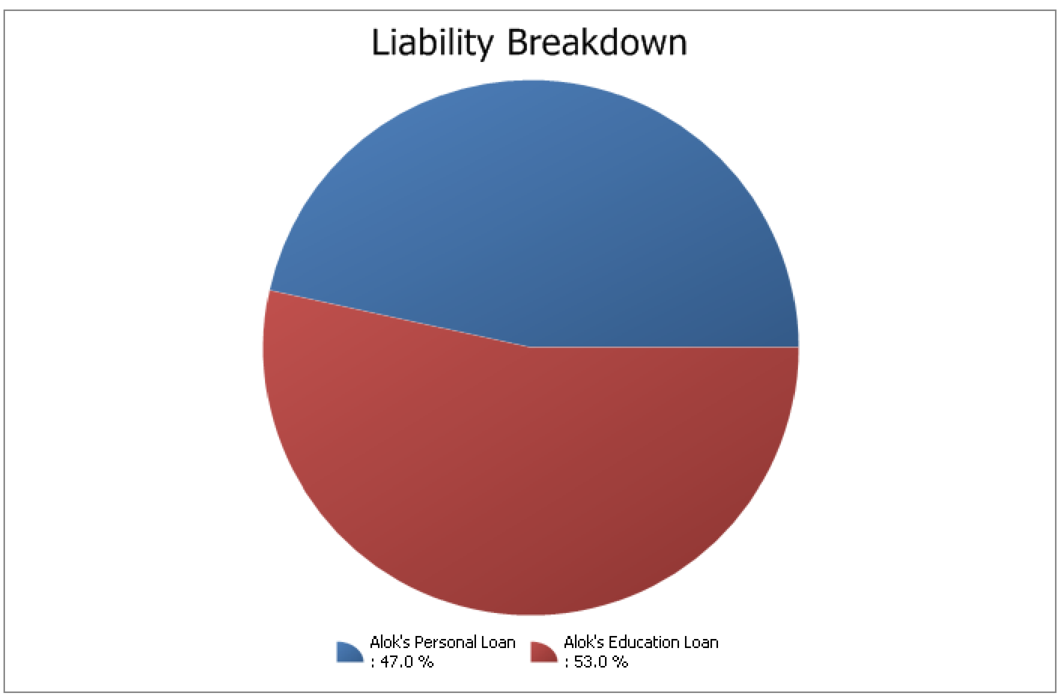
What You Own

Your major assets are XXXX's Employee Provident Scheme, your Portfolio (Mutual Fund), your Cash in Hand (Saving Accounts), your Life Insurance/ULIP (Premiums), and XXXX's Public Provident Fund.



What You Owe

Your major liabilities are XXXX's Education Loan , and XXXX's Personal Loan .



Cash Flow Management

Monitoring your Cash Flow is a dynamic way of taking your financial pulse

For most people, the ability to earn is their greatest asset and its careful management should be a high priority. This section details how your cash flow surplus was calculated. We examine your current income and expenditure and then project forward based on the changes to incomes and expenditures likely over time.

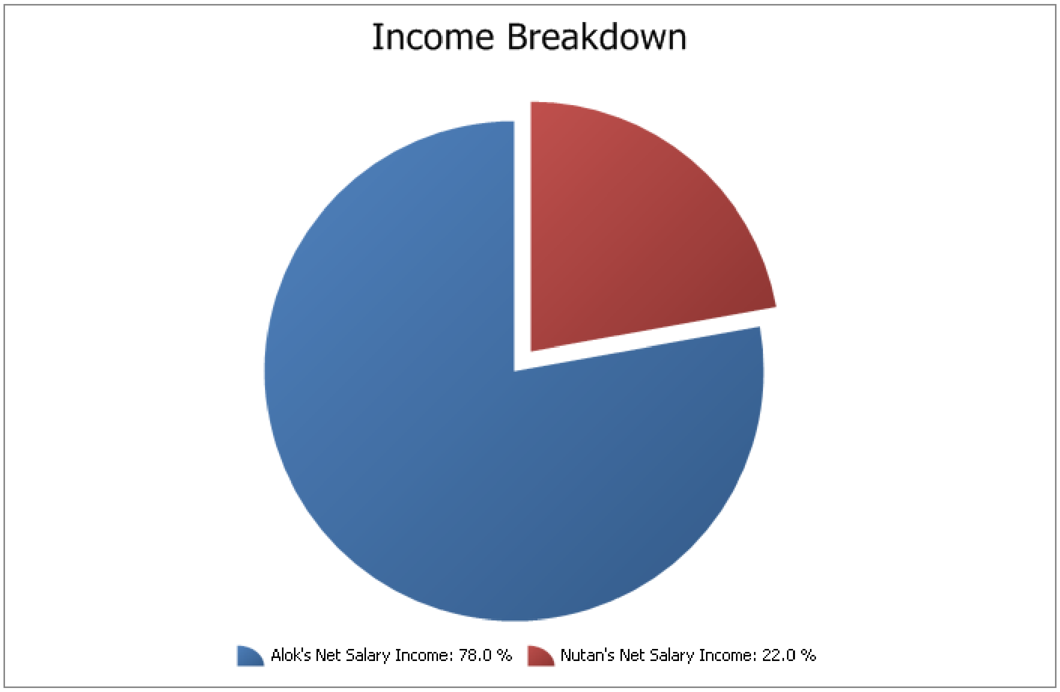
Income and Expenditure Statement for Current Year

In this table, your outgoings are subtracted from your after tax incomes. Outgoings are divided into Fixed Expenses, Discretionary Expenses, Committed Savings and Repayments. From this analysis we can determine your Net Cash Flow.

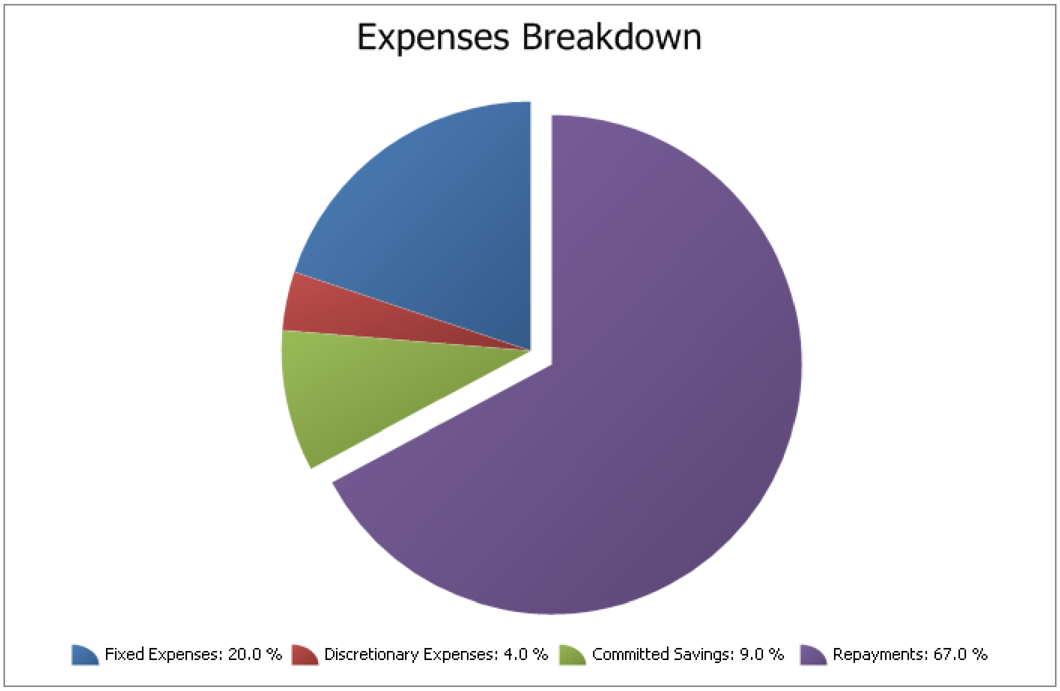
	Incomes	
	XXXX's Net Salary Income	Rs. 7,20,000 p.a.
	XXXX's Net Salary Income	Rs. 2,50,000 p.a.
	Total Income:	Rs. 9,70,000 p.a.
	Fixed Expenses	
	Housing Expenses	Rs. 93,000 p.a.
	Utilities	Rs. 18,100 p.a.
	Life Insurance Premium	Rs. 11,665 p.a.
	Health Insurance Premium	Rs. 7,342 p.a.
	Total Fixed Expenses:	Rs. 1,30,107 p.a.
	Discretionary Expenses	

	Vacation	Rs. 25,000 p.a.
	Total Discretionary Expenses:	Rs. 25,000 p.a.
	Committed Savings	
	Regular Savings (by XXXX) into XXXX's Employee Provident Scheme	Rs. 60,000 p.a.
	Total Committed Savings:	Rs. 60,000 p.a.
	Repayments	
	Regular Repayment into XXXX's Education Loan	Rs. 2,00,064 p.a.
	Repayment into XXXX's Personal Loan	Rs. 2,40,149 p.a.
	Total Repayments:	Rs. 4,40,213 p.a.
	Total Income:	Rs. 9,70,000 p.a.
	Total Expenses:	Rs. 6,55,320 p.a.
	Net Cash Flow:	Rs. 3,14,680 p.a.

Income



Expenses

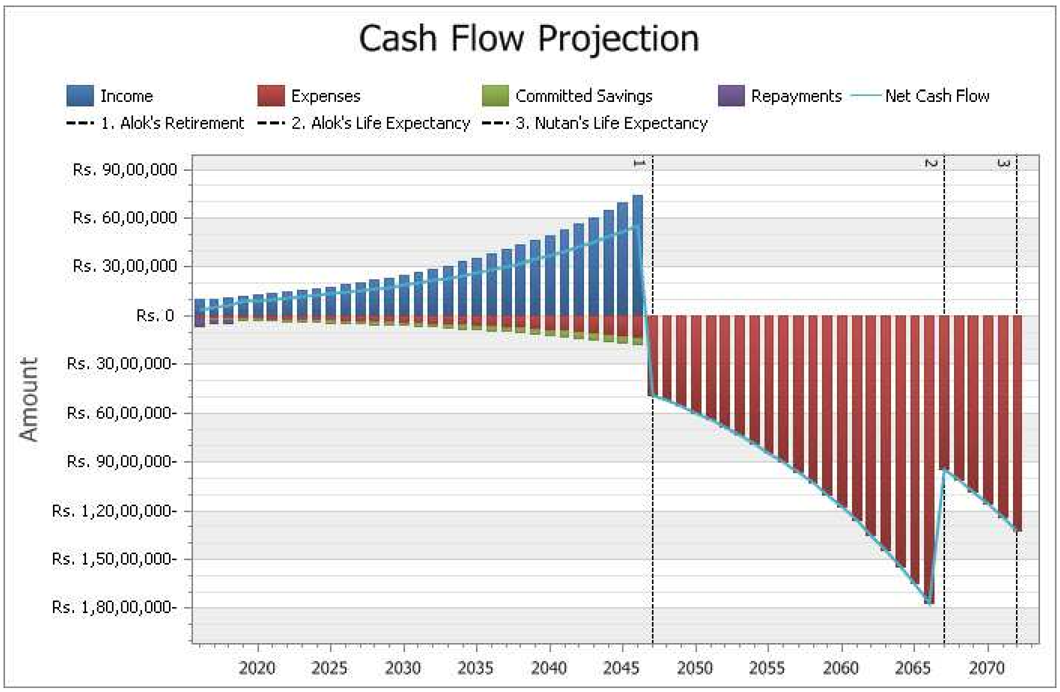


Cash Flow Projections

This section maps out the inflows and outflows of cash over your lifetime. The changes in your incomes and expenses over time are shown and the net cash flow at each stage of your life is calculated.

The following graph summarises a lot of information and is worth careful study. Your incomes are shown as positive amounts (above the line) and your outgoings (expenses, debt repayments and committed savings) are shown as negative amounts (below the line).

The Net Cash Flow, your income less outgoings is shown by the line on the graph. Prior to retirement, you should aim to have a positive net cash flow - you make more than you spend - as this will allow you to apply that surplus towards your goals. After retirement you are likely to have a negative cash flow indicating that you will need to use capital to fund your retirement lifestyle.



Details of the data used to create the above graph are in the table below so use this to enhance your understanding of the graph.

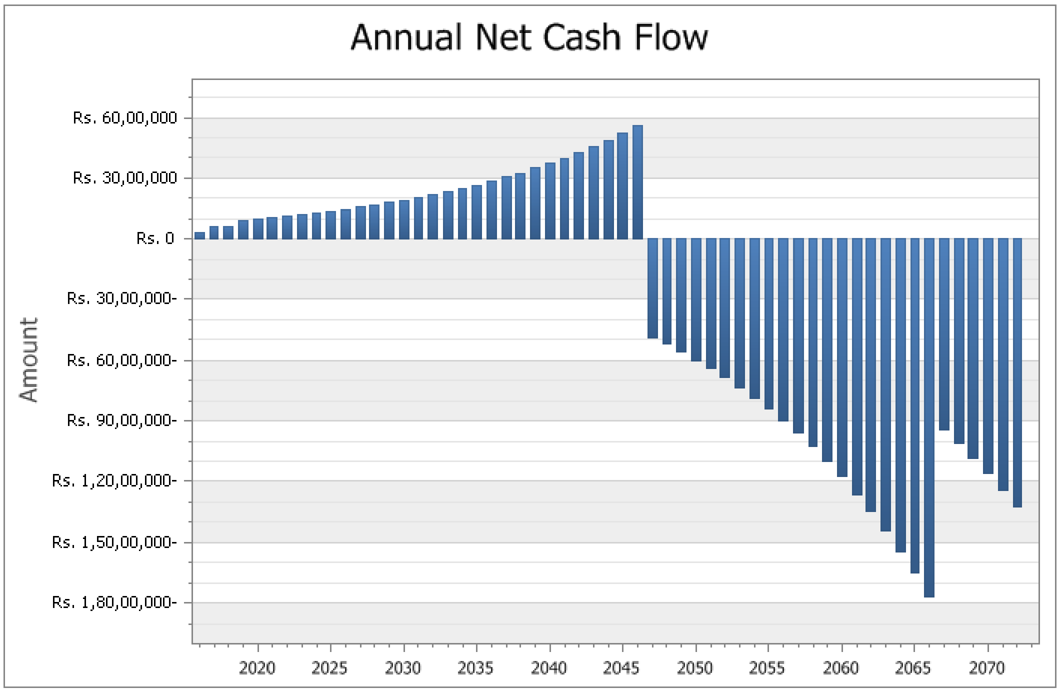
	Incomes	Amount
	XXXX's Net Salary Income	**Rs. 7,20,000 p.a.** 2016 to 2046
	XXXX's Net Salary Income	**Rs. 2,50,000 p.a.** 2016 to 2046

	Expenses	Amount
	Current Living Expenses	**from Rs. 1,55,107 p.a.** 2016 to 2046
	Retirement Living Expenses	**Rs. 6,00,000 p.a.** 2047 to 2066
	Retirement Living Expenses - Sole Survivor	**Rs. 3,00,000 p.a.** 2067 to 2072
	Committed Savings	Amount
	Regular Savings (by XXXX) into XXXX's Employee Provident Scheme	**Rs. 60,000 p.a.** 2016 to 2046
	Repayments	Amount
	Regular Repayment into XXXX's Education Loan	**Rs. 16,672 Monthly** 2016 to 2018
	Repayment into XXXX's Personal Loan	**Rs. 2,40,149** 2016 to 2017

Cash Flow Surplus

The following graph shows the annual cash flow surplus between now and when you retire (it is the same as the line in the Cash Flow Projection graph shown earlier but without the income and outgoings information).

This is the cash flow available to save for your goals.



Value of Invested Surplus

Your cash surplus can either be spent immediately or saved to be put towards achieving your goals. We have assumed that all of your Cash Flow surplus will be saved and invested to meet your goals. This makes a major contribution to meeting your goals.

Withdrawals in the above table are applied to your goals as set out in the following table.

Goal	Year/Period	Cash Flow Funding Used
Emergency Fund	2016	Rs. 10,000
Car	2020	Rs. 3,07,318
Retirement Cashflow	2052 - 2072	Rs. 23,62,83,762

Your Goals

Goals are dreams with deadlines. ~ ***Diana Scharf Hunt***

A review of your Goals enables you clarify where you want to get to and why. It will assist you in determining if your Goals are achievable and what you have to do to make them happen. Having clear achievable Goals is motivational.

Obstacles are those frightful things you see when you take your eyes off your goal. ~ ***Henry Ford***

Goal based planning works by using your financial resources, such as your Investment Portfolio, and aligning them on a priority basis against your chosen goals.

Basic Assumptions

This plan uses the following basic assumption when doing the analysis: -

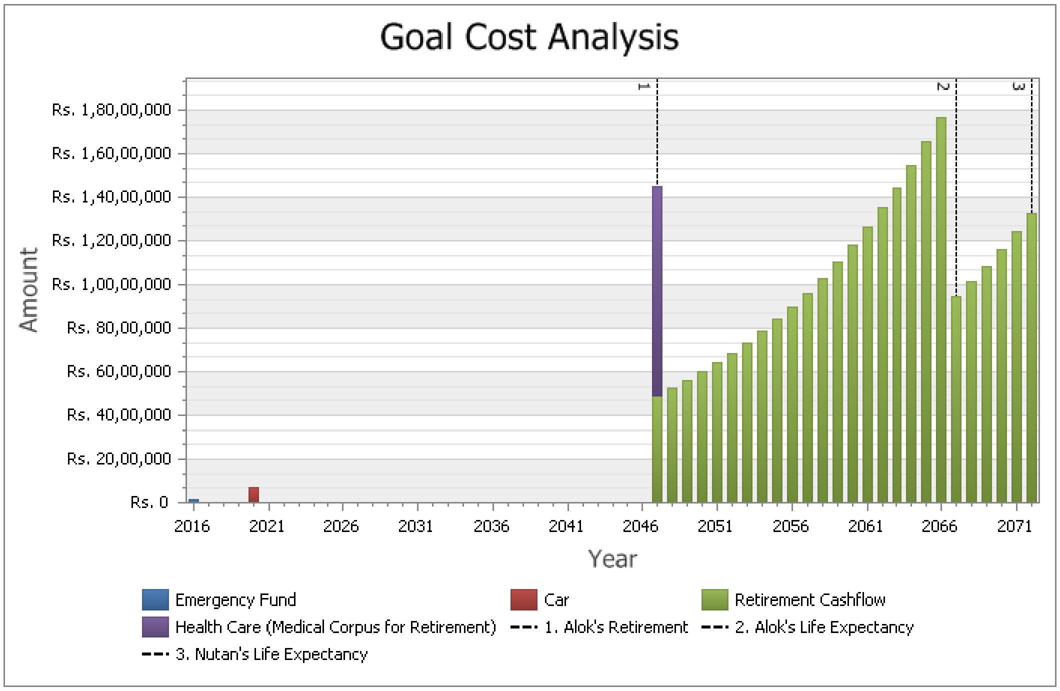
- XXXX's preferred retirement age is 60 with a life expectancy of 80.
- XXXX's life expectancy is 85.

Your Current Goals

Your current goals are shown in the table below along with which financial resource is available to fund the goal.

Priority	Goal Name	Goal Description	Amount Needed Today	Available Resources
1	Emergency Fund	Rs. 1,50,000 in 2016	Rs. 1,50,000	Cashflow Surplus Cash in Hand (Saving Accounts) XXXX's Employee Provident Scheme
2	Car	Rs. 5,00,000 in 2020 at 7.00 % inflation.	Rs. 4,26,711	Cashflow Surplus Portfolio (Mutual Fund) Portfolio (Direct Equities)
3	Retirement Cashflow	Provide for retirement living expenses	Rs. 33,98,720	Cashflow Surplus XXXX's Public Provident Fund Portfolio (Mutual Fund) Life Insurance/ULIP (Premiums)
4	Health Care (Medical Corpus for Retirement)	Rs. 5,00,000 when XXXX retires (2047) at 10.00 % inflation.	Rs. 3,44,961	Cashflow Surplus Portfolio (Mutual Fund) Life Insurance/ULIP (Premiums)

The following chart illustrations the cost of your goals over time. The cost of your goals will increase over time due to inflation.


Goal Cost Analysis
Amount
Rs. 1,80,00,000
Rs. 1,60,00,000
Rs. 1,40,00,000
Rs. 1,20,00,000
Rs. 1,00,00,000
Rs. 80,00,000
Rs. 60,00,000
Rs. 40,00,000
Rs. 20,00,000
Rs. 0
2016
2021
2026
2031
2036
2041
2046
2051
2056
2061
2066
2071
Year
1
2
3
Emergency Fund
Car
Retirement Cashflow
Health Care (Medical Corpus for Retirement)
1. Alok's Retirement
2. Alok's Life Expectancy
3. Nutan's Life Expectancy

Goal Analysis

The following analysis is based on the chosen priority order of your goals. This means that a lower priority goal that happens next year will not take priority over a longer term higher priority goal. For example a purchase of a car now may compromise the deposit of a house in 5 years time.

Remember the power of compounding investment returns. A small change in your portfolio today will make a significant difference in 20 years time!

The current analysis indicates that you will be able to fund all your goals and have a surplus asset value of Rs. 2,97,17,58,374 at the end of your plan in 2073.

Priority	Goal Name	Amount Required During Goal Period	Projected Amount available	% Goal Funded	Additional Deposit	Additional Regular Savings
1	Emergency Fund	Rs. 1,50,000	Rs. 1,50,000	100%	-	-
2	Car	Rs. 6,55,398	Rs. 6,55,398	100%	-	-
3	Retirement Cashflow	Rs. 26,79,87,154	Rs. 26,79,87,154	100%	-	-
4	Health Care (Medical Corpus for Retirement)	Rs. 95,97,171	Rs. 95,97,171	100%	-	-

Goal Funding Analysis for Your Goals

Emergency Fund

	Assumptions
Goal Objective	Rs. 1,50,000 in 2016
Number of years to reach goal	0
Estimated amount required during goal period	Rs. 1,50,000
Inflation Rate	0.00 %
Total Amount Funded	Rs. 1,50,000
Short fall	Rs. 0
% Goal funded	100 %
Potential Funding Sources	Cashflow Surplus. Amount used Rs. 10,000. Cash in Hand (Saving Accounts). Amount used Rs. 1,40,000.

Car

	Assumptions
Goal Objective	Rs. 5,00,000 in 2020
Number of years to reach goal	4
Estimated amount required during goal period	Rs. 6,55,398
Inflation Rate	7.00 %
Total Amount Funded	Rs. 6,55,398
Short fall	Rs. 0
% Goal funded	100 %
Potential Funding Sources	Cashflow Surplus. Amount used Rs. 3,07,318. Investments

Retirement

	XXXX	XXXX
Retirement Age/Year	60 / 2047	-
Life Expectancy/Year	80 / 2067	85 / 2072
Goal Objective	Provide for living expenses during retirement starting at Rs. 6,00,000.00	
Number of years to reach goal	31	
Estimated amount required during goal period	Rs. 26,79,87,154	
Total Amount Funded	Rs. 26,79,87,154	
Short fall	Rs. 0	
% Goal funded	100 %	
Potential Funding Sources	Cashflow Surplus. Amount used Rs. 25,34,05,382.	

Medical Corpus

	Assumptions
Goal Objective	Rs. 5,00,000 when XXXX retires (2047)
Number of years to reach goal	31
Estimated amount required during goal period	Rs. 95,97,171
Inflation Rate	10.00 %
Total Amount Funded	Rs. 95,97,171
Short fall	Rs. 0
% Goal funded	100 %
Potential Funding Sources	XXXX's Employee Provident Scheme. Amount used Rs. 95,97,171.

Advice

You currently have sufficient assets and savings available to fund your all goals. It is recommended that you: -

- Review your Asset Allocation

Investment Asset Allocation

"Do not put all your eggs into one basket"

Diversification over Asset Sectors.

This maxim can be applied to both Asset Allocation and the underlying investments used in each of your Asset Sectors.

It is beneficial to spread your investments over a range of assets. In different years often a different asset is the best-performing one. It is difficult to predict which Asset Sector will perform best in any given year. Trying to pick the best Assets Sector and knowing when to move to another is speculative.

It is prudent to following a consistent plan which weights your exposure to a range of Asset Sectors in line with your Investor Profile. Historical analysis of each Asset Sectors behaviour determines how much exposure you should have to each sector. Your Investor Profile has been aligned with a Strategic Asset Allocation (the long term view) and this can be modified by Tactical adjustments (what happening now). A mixture of Asset Sectors is more likely to maximize returns and minimize risk providing with you the best opportunity to reach your Goals. The past is not a guarantee of the future but it can be a guide.

Diversification over / within Investments.

Investment diversification within your Asset Sector compliments Asset Allocation. While a portfolio can be diversified over a range of Asset types it can also be diversified over the range of investments types. The intent is to reduce your exposure to the specific risk of one investment.

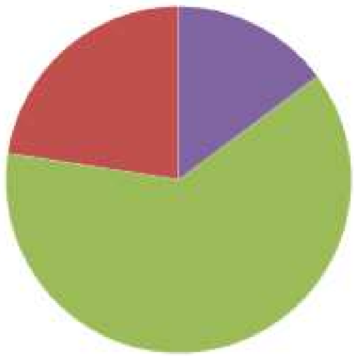
The results from your risk profile assessment indicate that you are a **Aggressive** investor:

WealthWisher Financial Advisors (TW2) seeks to manage your portfolio within the criteria set and will seek to give you exposure to Funds that are performing in the top quartile and to adjust your assets allocation to meet current economic conditions whilst maintaining your Investment Profile. Most investments are medium to long-term. Fixed interest is medium to long-term. Fixed Interest Trusts 1-3 years; shares 5 years; property 5-7 years.

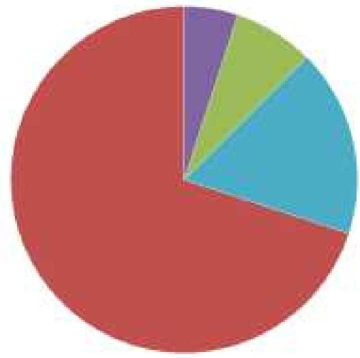
Returns will always be dependent on current economic conditions and no absolute guarantee is possible.

At each review you are confirming the strategy adopted as detailed above. If this is no longer appropriate you should notify your advisor.

Current Asset Allocation



Recommended Aggressive Asset Allocation



Asset Sector	Current Percentage	Recommended Percentage	Difference
Cash	14.8 %	5.0 %	-9.8 %
Debt	62.6 %	7.5 %	-55.1 %
Gilt	0.0 %	17.5 %	17.5 %
Property	0.0 %	0.0 %	0.0 %
Equity	22.6 %	70.0 %	47.4 %
International Equity	0.0 %	0.0 %	0.0 %
Alternative Assets	0.0 %	0.0 %	0.0 %

Recommendations

1) We suggest 95% of your surplus to be invested as per the recommended portfolio.
2) PPF contribution to continue in the same range.
3) Life cover is adequate, but NEED to increase as income & family grow in future. An additional 50 lakh cover with PA is recommended.
4) Critical Illness Cover for Rs 10 lakhs each for XXXX & XXXX. You may compare plan from ICICI Lombard Or Aviva.
5) Life cover for XXXX also recommended for 1 Cr after she joins permanent services and she has a track of income.
6) Your home expenses is lower then average and is bound to grow in future once the family grows, hence we have made calculations on increased amount Rs 50000/-.
7) Present Mediclaim- Adequate.
8) Investment Recommendations:

   Portfolio: Equity 70% Debt 30%

   Investment Options

Equity	**Debt**

9) For Emergency Fund you can invest 60% in xxxxxx Fund.