

Basics of Financial Planning

- What is Financial Planning?
- Benefits of Financial Planning
- Who is financial planner?
- How to make financial planning work for you?
- Financial Planning misconceptions

Introduction to Financial Planning

- All of us have some dreams in life – be it buying a dream home, a car, children’s education, retirement, amongst host of others.
- In order to convert one’s dream into reality there’s no other alternative but to have effective financial planning in place.

Financial planning help us to:

1. Define and prioritize our financial goals
2. Analyze sources of earnings & expenditures and
Invest across asset class which help meet goal.



3. Provide a clear road map on how to achieve our financial goals.

- One should write out goals, should have knowledge of sources of earnings, have clear understanding of various sources of investments – their merits and demerits and should plan investing across various investment options, keeping in view the priority of life and achieving the same. The keys to investment success are;
 - Start investing early
 - Invest regularly
 - Give investment time to grow.

Benefits of Financial Planning

- A comprehensive financial plan is one that covers tax and retirement planning, children's education & marriages, emergencies, insurance, major purchases and other financial goals and thus, enable better-informed financial decision making which result into efficient use of money.
- Financial planning helps in ensuring reasonable balance between inflow and outflow of funds so that financial stability is maintained.
- Financial planning reduces financial uncertainty.
- Financial planning helps in financial stability and profitability.

Who is Financial Planner

- A Financial Planner is someone who uses the financial planning process to help figure out how to meet life goals.
- The Planner can take a 'big picture' view of one's financial situation and make financial planning recommendations that suits him/her most.
- The Planner can look at one's all needs including budgeting and saving, taxes, investments, insurance and retirement planning.

The following are some of the common mistakes made by consumers in their approach towards Financial Planning:

1. Not setting measurable goals.
2. Confuse financial planning with investing.
3. Make a financial decision without understanding its affect on other financial issues.
4. Wait until a money crisis to begin financial planning.
5. Expect unrealistic returns on investments.
6. Think that financial planning is the same as retirement planning.
7. Think that financial planning is only for the wealthy.

You are the focus of the financial planning process. As such, the results you get from working with a financial planner are as much your responsibility as they are of the planner. To achieve the best results from your Financial Planning engagement, you will need to be prepared to avoid some of the common mistakes by considering the following advice:

1. Set measurable goals
2. Understand the effect of each financial decisions
3. Re-evaluate your financial situation periodically
4. Start planning as soon as you can
5. Be realistic in your expectations
6. Realize that you are in charge

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