

# YOUR FINANCIAL PLAN

**Mr. YOGESH RAI**

Prepared On: 15 Nov 2016

Next Review: 16 Feb 2017

For further questions, please mail us on [info@yfinadvisor.com](mailto:info@yfinadvisor.com)

## We are glad you are here!

Dear Mr. Rai

Congratulations on taking a huge step towards Your Richest Life! Your Yfin Financial Plan will show you how to take control of your money and give you a complete to-do list to get there. Financial Planning may sound intimidating, but it is really just **four simple things**.



### YOUR FINANCIAL SNAPSHOT

<b>Age</b>	<b>39</b>
<b>Monthly Take home Pay</b>	<b>40,000</b>
<b>Monthly Spending</b>	<b>20,000</b>
<b>CIBIL Credit Score</b>	<b>N/A</b>
<b>Savings</b>	
Bank Savings Accounts	0
Other Savings	500,000
<b>Non Retirement Investments</b>	
Mutual Funds	0
Direct Equity	0
<b>Retirement Investments</b>	
PPF	125,000
NPF	0
<b>Property</b>	<b>0</b>
<b>Gold</b>	<b>0</b>
<b>Others</b>	<b>0</b>
<b>Mortgage</b>	<b>0</b>
<b>Credit Cards debt</b>	<b>0</b>
<b>Other Loans</b>	<b>0</b>

TOTAL ASSETS	minus	TOTAL LIABILITIES	equals	NET WORTH
625,000	-	0	=	625,000

**Note:** Your net worth is one measure of your financial health. It changes as you pay down debts, make investments, or take new loans. There's no "right" number, but it should grow each year.

## YOUR INCOME

You told us that your take-home- pay is 40,000. Remember, this will differ a lot from what is your "CTC"- we are talking of all the deductions, including taxes and other contributions you have before the salary comes to you.

Take-home Salary	=	40,000
Other Income	=	0
Total Income	=	40,000

## YOUR EXPENSES

Nobody likes to budget, so to make this important process a bit easier, we split spending into two camps and provide rules of thumb about how much is too much.

### ESSENTIALS

+

### CHOICES

=

### TOTAL SPENDING

Housing  
Utilities  
Groceries  
Transportation

Shopping  
Eating Out  
Personal Care  
Everything Else

#### RULE OF THUMB

NO MORE THAN **50%** OF YOUR  
NET INCOME

#### RULE OF THUMB

NO MORE THAN **30%** OF YOUR  
NET INCOME

#### RULE OF THUMB

NO MORE THAN **80%** OF YOUR  
NET INCOME

We like these rules of thumb because people typically need to set aside at least 20% of their income to achieve their Financial Priorities.

But these guidelines are still pretty general- let's take a look at what your spending looks like.

How you spend your money is honestly up to you but we are here to help you understand how much you need to put aside to achieve your most important financial priorities.

### ESSENTIALS ARE 35.0% OF YOUR NET INCOME

Housing	0
Utilities	0
Groceries	8,000
Transportation	2,000
Other Essentials	4,000
Total	14,000

### CHOICES ARE 15.0% OF YOUR NET INCOME

Shopping	2,000
Eating Out	1,000
Personal Care	0
Others	3,000
Total	6,000

**Total Expenditure is 50.0% of your Net Income- 20,000**

## ACHIEVING FINANCIAL SECURITY

Now that we know where you stand, we can talk about your Financial Priorities. YfinAdvisoR places three Priorities above the rest:

- Emergency Fund
- Retirement
- Paying off debts

These define your financial security and make it possible to accomplish other goals down the road. To make sure you're fully protected, we emphasize hitting certain targets for these goals before moving on to anything else.

# YOUR KEY STATS

WE ADVISE YOU TO  
SAVE

20,000

PER  
MONTH

TO YOUR FINANCIAL  
PRIORITIES

## HOW THAT'S GOING TO HAPPEN

### WHERE YOUR MONEY GOES TODAY

INCOME	40,000
SAVINGS	20,000
SPENDING	20,000

### WHAT IT NEEDS TO LOOK LIKE

INCOME	40,000
SAVINGS	20,000
SPENDING	20,000

## BOTTOM LINE

Changes in your day-to-day spending will make sure that you don't spend more than you earn and that you build the funding required to achieve your financial priorities in timeframe that makes sense for you.

20,000

**MUST BE REALLOCATED TOWARD FINANCIAL PRIORITIES  
IN ORDER TO ACHIEVE YOUR GOALS**

We're not here to micromanage your lifestyle. We know that making budget changes is both a tough and personal process. If you ever have specific questions about a way that you want to cut your spending, we can always discuss it on a follow-up call or via email. Believe me, these cuts may be hard at first, but they will be worth it you make fabulous progress on your Financial Priorities!

## YOUR GOALS

**Monthly Savings: 20,000**

Order	Goal	Achieved
1	Emergency Fund	Not Met
2	Retirement	Not Met
3	Higher Education	Not Met
4	Down Payment for 2BHK Flat	Not Met
5	Daughter's Wedding	Not Met
6	Holiday	Not Met
7	Down Payment for Car	Not Met

## GOAL 1: EMERGENCY FUND

We believe that everyone should have an Emergency Fund equal to 6 months of their net income, and it should only be used in emergencies like Job loss, medical emergency, etc.

You should not use this fund for leisure purposes like vacation, shopping etc and once you break this fund for some emergency, it should again be funded ASAP.

<b>Your Net Income per month</b>	-	<b>40,000</b>
<b>Your Emergency Fund should have</b>	-	<b>240,000</b>
<b>Funds you already have</b>	-	<b>0</b>
<b>Funds required to be added</b>	-	<b>240,000</b>



## GOAL 2: RETIREMENT

### WHY RETIREMENT SHOULD BE YOUR PRIORITY?

#### INFLATION

Put simply, inflation means higher prices. By the time you retire, prices will likely be higher than they are today, which means a rupee will not go as far tomorrow as it does today. Since each dollar will buy slightly less in the future, the answer is simply to save more.

#### HEALTHCARE

On one hand, advances in health care mean that we're living longer. On the other hand, that means caring for ourselves in old age is more expensive.

#### INDEPENDENCE

Unlike old generations, who could count on Social Security and large pensions, we're largely on our own to fund our retirement.

### Am I On Track?

Current Status		
I Save <b>INR 0</b> Per Month	My Post- Retirement Income Is* <b>INR 0</b> Per Year (In Today's Rupees)	Which Is <b>0.0%</b> Of My Current Salary

YfinAdvisor Recommends		
I Should Save <b>INR 16,896</b> Per Month	My Post- Retirement Income Is* <b>INR 336,000</b> Per Year (In Today's Rupees)	Which Is <b>70%</b> Of My Current Salary

### GOAL 3: HIGHER EDUCATION

Cost of Education has increased between 10-20% per annum for last 2 decades. This is much more than retail inflation and much higher than interest on Fixed Deposits. One must invest in Equity funds to get higher returns in order to sustain the high Education Inflation.

School fees in India has risen by more than 150% in 10 years from 2005 to 2015. This means 13% rise annually.

IIT fees has gone up from Rs 50,000 for the 4 year course to Rs 8 lac in 20 years. This means a 15% rise in fee annually.

IIM-A fees have jumped significantly from Rs 1.5 Lacs in 2002 to Rs 19.5 Lacs in 2016. This means 20% rise in fees annually.

**Amount required- 1,000,000**

**Target- 31 Dec 2027**

PLAN	Aggressive	Balanced	Low Risk	Zero Risk
EMI	7,319	9,363	10,968	15,933

## GOAL 4: DOWN PAYMENT FOR 2BHK FLAT

Every one of us wants to have his own house to live in and for that one should at least plan to save for the down payment of the house at the earliest. When planning for the down payment, rise in the property prices should be accounted for as your dream house today might not be of the same value in the future.

**Amount required- 900,000**

**Target- 31 Dec 2021**

PLAN	Aggressive	Balanced	Low Risk	Zero Risk
EMI	11,759	13,003	13,885	16,286

## GOAL 5: DAUGHTER'S WEDDING

Budget of a wedding varies for everyone, but whatever the budget one should start saving for the big day as soon as possible.

**Amount required- 700,000**

**Target- 31 Dec 2031**

PLAN	Aggressive	Balanced	Low Risk	Zero Risk
EMI	2,005	2,865	3,599	6,118

## GOAL 6: HOLIDAY

You need Rs 50,000 by 31 Dec 2017 for your goal 'HOLIDAY'.

**Amount required- 50,000**

**Target- 31 Dec 2017**

**PLAN**  
**EMI**

**Aggressive**  
**3,254**

**Balanced**  
**3,318**

**Low Risk**  
**3,362**

**Zero Risk**  
**3,472**

## GOAL 7: DOWN PAYMENT FOR CAR

You need Rs 100,000 by 31 Dec 2018 for your goal 'DOWN PAYMENT FOR CAR'.

**Amount required- 100,000**

**Target- 31 Dec 2018**

PLAN	Aggressive	Balanced	Low Risk	Zero Risk
EMI	3,208	3,334	3,420	3,642