

Sample Financial Plan
(All identities have been masked)

Welcome to the world of Financial Planning!

Personal Financial Plan



Introduction

A personal financial plan is designed in order to evaluate your current financial position and your ability to achieve the financial objective in future.

Financial Plan has been prepared to assist in the analysis of your current financial position and help you to understand how the financial milestone of life can be achieved.

We would suggest you to review the performance of plan on a regular basis to ensure its relevance to your changing financial position. It should be kept in mind that projections are made on the basis on certain assumptions and it is likely that the actual result achieved will be somewhat different as compare to the projected plan.

Personal details:

Name # Mr. Deepak Verma (Name has been changed)
Address # Hided
Email: Hided
(M): Hided
DOB # 10-Nov-1978
Age # 32
Marital Status # Married
Kinds # 2 daughters

Family details:

Name	DOB	Age	Relationship	Working Status	Dependant
Neha Verma	05-Feb-82	28	Spouse	Not Working	YES
Shruti Verma	03-Jun-07	3	Daughter	Not Working	YES
Sakshi Verma	18-May-09	1	Daughter	Not Working	YES



Financial goals/Future Aspirations

The below table lists your financial goals in today's term and their respective future value considering the inflation.

Future Goals	Years	Present Value (INR)	Inflation (%)	Future Value (INR)
Residential Home	12	5,000,000	6%	10,060,982
Shruti higher education	17	600,000	8%	2,220,011
Shruti marriage	22	2,500,000	6%	9,008,844
Sakshi higher education	19	600,000	8%	2,589,421
Sakshi marriage	24	2,500,000	6%	10,122,337
Retirement Expenses (Yearly)	23	480,000	6%	1,833,480
		11,680,000		35,835,074

Assumption: The plan will be developed and prepared based on the following assumptions.

Average Inflation	6%
Inflation (Cost of Education)	8%
Debt Mutual Fund return	7%
Equity Mutual Fund return (Large Cap)	12%
Equity Mutual Fund return (Mid Cap)	14%
Direct Equity return	18%
Retirement Age	55
Life Expectancy	70
Salary Income	10%
Expenses to be increased on a yearly basis	9%

Risk Profile: *We have observed that your risk profile is Moderate.*



Net worth Analysis:

Your net worth is Inr. 4,359,710/-

Liabilities	Amount (INR)	Assets	Amount (INR)
Home Loan	1,217,500	Mutual Funds	82,985
Car Loan	125,776	Direct Equities	452,570
Credit Card O/S	34,268	Monthly Income Plan (MIP)	61,699
		Cash (Saving Bank A/C)	450,000
		Fixed Deposits (FD)	200,000
		Jewellery	300,000
		Provident Fund (PF)	150,000
		Public Provident Fund (PPF)	40,000
		House Property	4,000,000
	1,377,544		5,737,254

Cash Flow Analysis:

Monthly Income – 165,000/-

Monthly Expenditure – 40,000/-

Monthly Surplus – 125,000/-

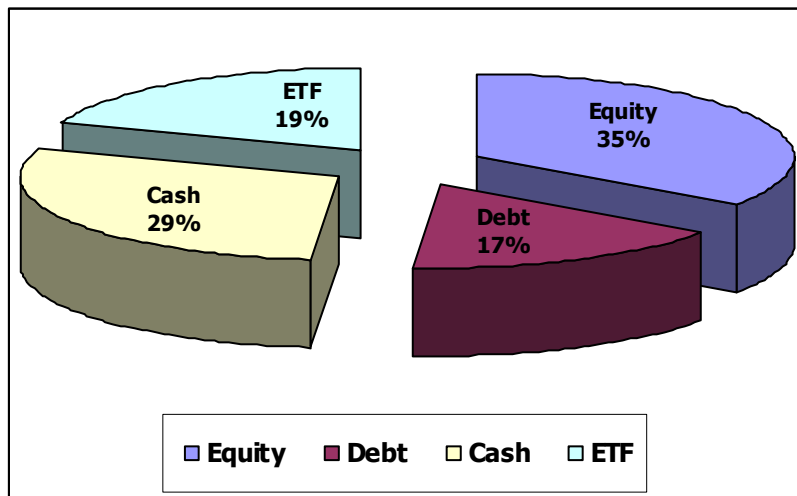
Observation: *We have observed that you are maintaining a very high balance in your saving bank account. We would suggest you to keep Rs. 120,000/- in your bank account as an emergency fund (3 times of your monthly expenses) and excess of Rs. 330,000/- need to be invested immediately in **HDFC Cash Management Fund – Treasury Advantage Plan** and subsequently money will be transferred to **HDFC Prudence fund** through STP option.
(Debt to Equity)*

Investment Planning



Current Asset Allocation

Assets	Asset Category	Amount (INR)	Asset Category (%)
Mutual Funds	Equity	82,985	5%
Direct Equities	Equity	452,570	30%
Monthly Income Plan (MIP)	Debt	61,699	4%
Cash (Saving Bank A/C)	Cash	450,000	29%
Fixed Deposits (FD)	Debt	200,000	13%
GOLD - ETF	ETF	300,000	19%
		1,547,254	100%

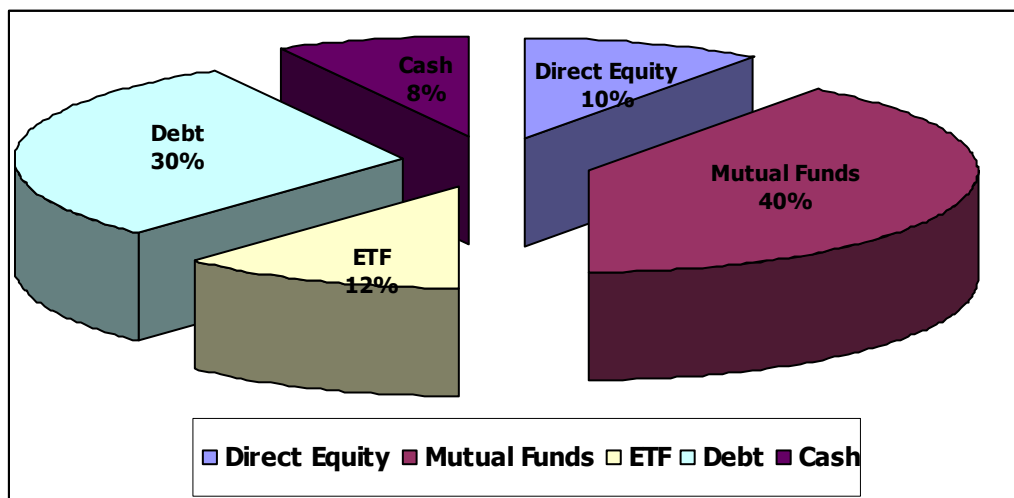


Expected return on your current portfolio would be 9.39%

Proposed Asset Allocation



Asset Category	Amount (INR)	Asset Category (%)
Direct Equity	154,725	10%
Mutual Funds	618,902	40%
ETF	185,670	12%
Debt	464,176	30%
Cash	123,780	8%
	1,547,254	100%



Expected return on your proposed portfolio would be 9.90%

Return on your proposed portfolio has been increased to 9.90% as compared to your current portfolio return of 9.39%

Considering your risk profile and risk appetite, we have reduced your direct equity exposure significantly and would suggest you to invest in diversified equity oriented Mutual Funds in order to reduce the overall risk of your portfolio.

Insurance Planning:



The intent is to determine whether you are adequate covered or not?

Life Insurance Analysis

Your current life insurance coverage with various companies is as follows:

- LIC – Sum Assured worth of 200,000/-
- SBI Life – Sum Assured worth of 250,000/-
- Birla Sun Life – Sum Assured worth of 1,550,000

Hence your current life insurance coverage is 20 lacs.

We have computed the total insurance coverage of 1.10CR based upon the need analysis and financial dependency of your family on you.

As per our analysis you are under-insured by 90 lacs (Proposed Life Insurance Cover)

Recommendation: You are advised to buy an additional term insurance plan (Pure term insurance plan without return of premium) worth 90 lacs. The annual estimated premium is expected to be Rs. 21,994/- for a term of 25 years.

(Source: ICICI Prudential Online Term Plan).

Health Insurance Analysis

At present you have only one health insurance coverage of 5 lacs of Sum Assured through your employer and you don't have any health coverage by any private company.

Recommendation: We would suggest you to buy an additional policy of 5 lacs of Sum Assured through private insurance company. This is over & above your current health coverage.

It is advisable to keep a health policy from private insurer other than your current employer as you may the change the job and because of rising medical expenses.

Please note that pre-existing diseases are generally not covered by insurance company.

Planning for future financial goals:



Goal 1: Residential house to be purchased after 12 years:

- *Current Value # 50 lacs*
- *Value after 12 years with the effect of 6% inflation # 1 Cr*

Action Plan:

Target amount after 12 years # 1 Cr

Action Plan	Expected Return	Future Value after 12 yrs
Invest in ICICI Prudential Focused Bluechip Fund, HDFC Mid Cap Opp. Fund, DSPBR Equity Fund & Birla Dividend Yield Plus of Rs. 500,000 from your existing portfolio of direct equity & mutual funds.	12%	1,947,988
Monthly SIP of Rs. 16,000/- in Equity diversified Funds (Large Cap)	12%	5,156,035
Monthly SIP of Rs. 8,000/- in Equity diversified Funds (Mid Cap)	14%	2,992,428
Goal can be achieved subject to expected return		10,096,451

You are advised to take 30% exposure in Equity Diversified – Mid Cap Fund (HDFC Mid Cap Opp. Fund & ICICI Prudential Discovery Fund)

&

remaining 70% need to be invested in Equity Diversified – Large Cap Funds.

(ICICI Prudential Focused Bluechip Fund, HDFC TOP 200 Fund & DSP Top 100 Equity Fund)

Goal 2: Retirement Planning



- Current Annual Expenses # 480,000/- (Rs. 40,000 pm)
- Value after 23 years with the effect of 6% inflation # 1,833,480
- No of years post retirement # 15 years (70-55)
- You would be required a corpus of 19,240,237/- ** at retirement age of 55 which will give you Rs. 1,833,480 annually for 15 years

** (We have calculated the corpus of 19,240,237/- @ 5.66%)

Action Plan:

Target amount after 23 years # 19,240,237/-

Action Plan	Expected Return	Future Value after 23 yrs
Invest in DSPBR TOP 100 Equity Fund of Rs. 200,000 (One Time)	12%	2,710,469
Monthly SIP of Rs. 7800/- in Large Cap Funds	12%	11,489,847
Monthly SIP of Rs. 2500/- in balanced Fund	14%	5,108,762
Goal will be achieved subject to expected return		19,309,079

You are advised to take 26% exposure in Equity Diversified – Mid Cap Fund (HDFC Mid Cap Opp. & ICICI Prudential Discovery Fund)

&

remaining 74% need to be invested in Equity Diversified – Large Cap Funds (Hdfc Top 200 Fund & ICICI Prudential Focused Bluechip Fund)

Goal 3: Shruti's higher education and her marriage.

(A). Higher Education:

- Current Value # 600,000
- Value after 17 years with a effect of 8% inflation # 2,220,011/-

Action Plan:

Target amount after 17 years # 2,220,011/-

Action Plan	Expected Return	Future Value after 17 yrs
Monthly SIP of Rs. 2350/- in Large Cap Fund.	12%	1,569,614
Monthly SIP of Rs. 800/- in Mid Cap Fund.	14%	669,925
Goal will be achieved subject to expected return		2,239,539

(B). Marriage:

- Current Value # 2,500,000
- Value after 22 years with a effect of 6% inflation # 9,008,844/-

Action Plan:

Target amount after 22 years # 9,008,844/-

Action Plan	Expected Return	Future Value after 22 yrs
Monthly SIP of Rs. 5000/- in ICICI Prudential Focused Bluechip Fund	12%	6,479,480
Monthly SIP of Rs. 1500/- in HDFC Mid Cap Opportunities Fund	14%	2,650,066
Goal will be achieved subject to expected return		9,129,546

You are advised to take 30% exposure in Equity Diversified – Mid Cap Fund (HDFC Mid Cap Opp. Fund)

&

remaining 70% need to be invested in Equity Diversified – Large Cap Funds (ICICI Prudential Focused Bluechip Fund)

Goal 4: Sakshi's higher education and her marriage.

(A). Higher Education:

- Current Value # 600,000
- Value after 19 years with a effect of 8% inflation # 2,589,421/-

Action Plan:

Target amount after 19 years # 2,589,421/-

Action Plan	Expected Return	Future Value after 19 yrs
Monthly SIP of Rs. 2000/- in Large Cap Fund	12%	1,750,651
Monthly SIP of Rs. 750/- in Mid Cap Fund	14%	850,528
Goal will be achieved subject to expected return		2,601,178

(B). Marriage:

- Current Value # 2,500,000
- Value after 24 years with a effect of 6% inflation # 10,122,337/-

Action Plan:

Target amount after 24 years # 10,122,337/-

Action Plan	Expected Return	Future Value after 24 yrs
Monthly SIP of Rs. 4200/- in Large Cap Fund	12%	7,025,286
Monthly SIP of Rs. 1350/- in Mid Cap Fund.	14%	3,188,209
Goal will be achieved subject to expected return		10,213,495

You are advised to take 32% exposure in Equity Diversified – Mid Cap Fund (ICICI Prudential Discovery Fund)

&

remaining 68% need to be invested in Equity Diversified – Large Cap Funds (DSP Top 100 Equity Fund)

SERVICE POLICY AND DISCLAIMER

Financial Café has designed the plan in accordance with your goals and information provided by you. A checklist is required to be filled by you with details such as Income, Expenses, Assets, Liabilities, Investments, Insurance and Goals etc. On submission the said check list planning will be started.

We will discuss the draft version of the plan with you and post your inputs and confirmation; we will get the plan finalized.

If you believe that any relevant information may have been overlooked or misinterpreted, please contact us before proceeding with the implementation of the plan. We have relied on information supplied to us by you, which, we have assumed to be correct. No responsibility can be accepted if the information that you have provided is incorrect or inaccurate. This plan is prepared solely for the use of the client to whom it is addressed. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of the financial plan.

This service agreement is not enforceable by law and is a document of trust and faith.

This financial plan is a forward-looking document. The words "forecast", "anticipate", "estimate", "project", "intend", "expect", "should", "believe", and similar expressions are intended to identify forward-looking statements. These forward looking statements involve, and are subject to known and unknown risks, uncertainties and other factors, which could cause actual results, performance or achievements to differ from the future results, performance or achievements expressed or implied by such forward-looking statements.

We do not promise that the investments you make based on this plan will be profitable. The investments are subject to various market, currency, economic, political and business risks. We will not be liable for any losses that may be caused directly or indirectly by circumstances beyond our reasonable control or on account of our good faith decisions or actions.

This document does not constitute an offer to sell or a solicitation of an offer to buy any security or other financial product, which may be referred to herein.

This financial plan is based on your current situation and goals, which will change with the passage of time and your age. Any material change in your financial situation will necessarily render the contents of the plan out of date. Material changes refer to change in income/salary levels, assets acquired, liabilities incurred, change in number of dependants, health condition, or the passage of time of more than 12 months or the effect of inflation or deflation.

We strongly recommend that you review this plan periodically in order to see the performance of projected plan Vs the actual results.