

So, what's your plan of action?

If the answer is, I don't have one, then it's time to change the situation. Everyone needs a money plan. Here's why

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In 2012, a survey conducted by HDFC Standard Life Insurance Co. Ltd and research firm ValueNotes, showed that financial freedom was low among the surveyed Indian urban women and that only a quarter sought professional financial help. Things don't seem to have improved much since. An S&P Ratings Services Global Financial Literacy Survey in December 2015 showed that in India, 80% of the women surveyed were not financially literate. The survey stated that while women were less likely to provide correct answers to the financial literacy questions, they were also more likely to indicate that they "don't know" the answer.

If you, too, don't know the right answers to financial planning questions, you don't have to worry. Qualified financial advisers are there to address such questions and hand-hold you through the process of planning, and finding products and long-term solutions. What is important, however, is that you recognize the need for financial planning. Having a disciplined approach to money management helps you deal with eventualities.

Why have a plan?

Whether you are working or not, single or married, and have children or not, financial planning remains important. Not only does it mean securing your financial future, it also means building financial security and confidence. Here's a look at how having a plan can help in different conditions.

Have a family: If you are married and have children, the need for planning is easier to understand. Ideally, the topic should be jointly addressed with your spouse. "It is the financial planner's job to ensure that both spouses get involved in the planning process from the start. It not only helps to be aware, both can, in fact, add to the nuancing of the plan," said Dilshad Billimoria, director, Dilzer Consultants Pvt. Ltd.

Single women: Single women, especially single mothers, need to plan their money. It is not easy to do if daily expenses are high. "With the cost of parenting so high, single women with children may find it financially difficult to achieve goals. So, prioritising and strategising is important," said Rohit Shah, founder and chief executive officer, GettingYouRich.com, a financial advisory firm. If you have dependent parents, then there is that much extra planning to do.

Divorce and widowhood, for instance, are events that cannot be predicted but steps can be taken so that the situation is at least financially stable. "There are risks for both working and non-working women—divorce or widowhood at an early age, or even significantly outliving husbands. It's important for a woman to have a financial plan, and get comfortable with money management. A complete inventory of all holdings and having a Will is a step in this direction," said Vishal Dhawan, a certified financial planner, and founder, Plan Ahead Wealth Advisors.

Career break: While the exact timing is not fixed, these are events that most women know lie in the future. Planning ahead can build confidence to communicate openly about financial matters. "In many Indian households, women still find it difficult to talk on the subject of money. A woman's career is, often, not stable, as it may be linked to family priorities. A financial plan can address these possible issues and help resolve the concerns," said Shah.

Old age: Experts suggest that planning assumes greater importance as you grow older, especially if you don't have dependents who will be in line to inherit your estate. "Women need to know who is going to look after finances once they reach an age of, say, 70, when complicated decision making becomes difficult for many people. At that stage, a simplified portfolio is needed. A written-down financial plan allows you

to know the path to travel and there are no distractions,” said P.V. Subramanyam, a chartered accountant and financial trainer.

What's an ideal plan?

Well, there isn't one. Every woman's circumstances are different. For instance, a 30-year-old married woman might have two children, while another might be single and have no children. It is essential to take into consideration all aspects—short-term and long-term financial needs, number of dependents, income flow, assets and liabilities, and other such—when drawing up a financial plan.

“Ideally, a plan should cover a cash flow strategy, budget setting and tracking, financial goal definition, risk management through life and general insurance covers. Investors should also focus on regular investment strategy, contingency fund, well-defined asset allocation plan, debt management strategy (if needed) and succession planning,” said Dhawan.

Of the various aspects, “for single women, emergency corpus, cash flows and goal planning would be critical,” said Shah.

Financial planning is not just about investments; it also looks into cash flow solutions and ways to achieve your goals within the resources you have.

What to do?

As a first step, list your goals, and then make a plan. Take professional help if needed.

While many women tend to shy away from the subject of finance, more and more are seeking expert advice to get better returns on their money. Take the case of Priyanka Thaker, a 43-year-old mother of two who freelances in the fields of education and human resources in Pune. “Finance is a complicated subject and it is not always possible to research on your own. So, we decided to hire a financial planner who advised us on lifestyle goals, taught us a disciplined approach to investing, told us what we can and cannot afford, and also showed us what we might be subtracting from the future if we make certain expenses today,” said Thaker.

It is important to research thoroughly before choosing a financial adviser so that there is synergy between the two sides. “I took a few months to find out about planners and which types of clients they handle. I also tried to find out the complexity of clients' needs that the planner handles,” said Thaker. Such research would help you ensure that the expert is unbiased and knows what she is doing.

The next step, once you have made a choice, is to listen to and understand the advice being given. Ask questions and understand the logic behind why a certain strategy or investments are chosen. Ask for statistics and past reports if you want to. Don't avoid seeking more information or clarity. For example, said Shah, “women are known for their love for physical assets such as gold and real estate. So, a financial plan can include relevant data points that can help explain the asset allocation rationale.”

If you are making and following a plan on your own, make sure details are not missed out. While it's important to choose goal-based products, it's also important to ensure that all investments have nominees and defined beneficiaries in place. Also work towards putting down a Will. You can do this on your own, through your adviser or a legal expert, or even online.

Whichever path you choose don't do anything that you are not comfortable with. At the end of the day, it is your money and you should be mindful of the strategy you pick to grow it for the future.