

How NRIs Can Select a Financial Planner in India

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Managing wealth and investments in India can be a complex task for Non-Resident Indians (NRIs). Factors like geographical distance, differing regulations, and India's dynamic market conditions can create challenges. Whether you plan to return to India or diversify your portfolio while living abroad, a skilled financial planner based in India can help you sail through these complexities and achieve your financial goals.

For NRIs, particularly those intending to retire in India or stay abroad for a limited period, having a qualified financial planner is essential. “The absence of a financial planner in India could adversely impact NRIs in multiple ways,” says Vishal Dhawan, CEO and founder of Plan Ahead Wealth Advisor and a Sebi-registered advisor. “A financial planner who works holistically can help NRIs set critical goals, such as deciding whether to retire in India or overseas, estimating expenses in different geographies, and exploring scenarios to cover emergencies or contingencies. They can also provide guidance on how the Indian Rupee may appreciate or depreciate, aligning the investment portfolio accordingly to safeguard financial interests,” he says.

Dhawan further explains that a competent planner can connect NRIs with tax advisors familiar with cross-border taxation, professionals versed in succession laws across geographies, and assist with asset allocation decisions. “They can share insights on appropriate investment vehicles, monitor the impact of macroeconomic changes on the portfolio, and recommend necessary adjustments. Additionally, they play a crucial role in risk mitigation, whether through life and health insurance or other measures, ensuring a well-rounded financial strategy.”

Here's how you can select the right financial planner in India:

Look For a Fiduciary Planner

“The term “fiduciary” implies a relationship of trust and commitment to act in your best interest. In India, planners with a Security and Exchange Board of India (Sebi) registered investment advisor (RIA) license are bound by fiduciary duty. RIAs are regulated for their qualifications, fee structures, and processes, ensuring fair practices. You can search for licensed RIAs on the SEBI website. These advisors are less likely to be influenced by commissions and offer advice tailored to your needs,” says Renu Maheshwari, chief executive officer and principal advisor, Finzschorlz Wealth Manager, and a Sebi-registered investment advisor.

Verify Their Qualifications

“A financial planner's expertise is reflected in their credentials. The certified financial planner (CFP) certification, awarded by the Financial Planning Standards Board (FPSB), is recognized globally as the gold standard in financial planning. Check the financial planner's qualifications on their website or request proof. CFP professionals are trained to take a holistic approach to financial planning, making them suitable for NRIs who require comprehensive advice,” says Maheshwari.

Understand Their Deliverables

Financial planners vary in the services they offer. While some provide only investment advice, others take a holistic approach covering tax planning, estate planning, and risk management. To ensure alignment, fix appointments with shortlisted planners. During these discussions: Inquire about their financial planning process. Assess their understanding of cross-border taxation and succession laws, especially relevant for NRIs. Evaluate their team structure, payment model (commission-based vs. fee-only), and data protection practices.

Look For Compatibility

Your financial planner should resonate with your goals, lifestyle, and concerns. They should focus on you rather than pushing specific products or making speculative market calls.

A planner with a holistic approach will help you address key questions:

- Should you retire in India or abroad
- How do exchange rate fluctuations impact your wealth
- What emergency or contingency plans are necessary across borders
- Choose someone who prioritizes your financial well-being and avoids conflicts of interest

Build A Long-Term Relationship

“A financial planner’s value unfolds over time as they guide you through different life and market phases. After thorough due diligence, stick with your chosen advisor and maintain regular communication. Schedule periodic video calls or in-person meetings to stay updated on your financial plan, tax obligations, and evolving goals. Long-term collaboration ensures a tailored approach to your needs,” adds Maheshwari.

Key Considerations When Choosing A Financial Planner

Licensing And Compensation: Licensed intermediaries in India fall under two categories:

a. Product Distribution Licenses: Advisors earn commissions from product manufacturers like mutual funds.

b. Fee-Only Advisors: Advisors charge fees directly from clients and earn no commissions, often recommending cost-effective products.

Experience: Choose an advisor familiar with different market cycles and cross-border financial scenarios.

Infrastructure And Support: Evaluate the advisor’s team and resources to ensure prompt and efficient service.

Comprehensive Advice: Opt for multi-product advisors who provide a range of solutions for your needs.