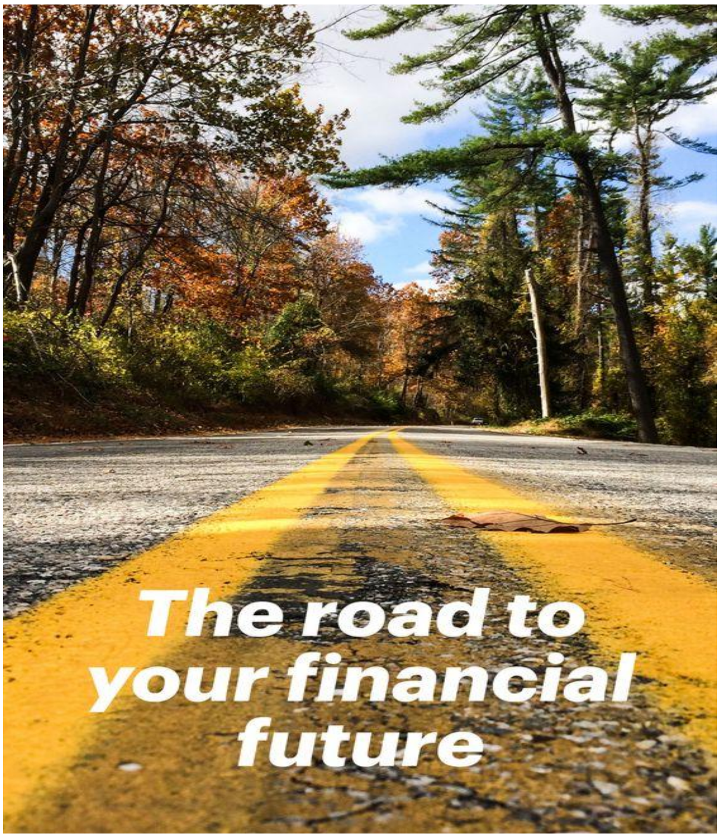
Personal Financial Plan



Prepared for:
Mr. XXX

Prepared by:
Mr. Vishal Dalal

8th Mar, 2022

Dear XXX,

We would like to thank you for choosing our financial planning services.

The enclosed plan formalizes our recent discussions on the investment of your available capital, allocation of surplus cash flows and reallocation of some of your existing portfolio.

Our objective is to accurately assess your financial needs and to provide quality recommendations and ongoing services in accordance with those needs.

The plan is based on the information provided by you on your current circumstances and objectives. Please read the plan carefully to check for accuracy of the information provided.

This plan is an important document, in accordance with the best standards of the profession. However, it needs to be regularly reviewed and updated in response to changes in your own circumstances and other factors, such as pension regulation, taxation and market movements.

All the financial data and/or information provided by you in data collection form or reply to any email thereafter and all the recommendations and advice furnished by us will be strictly kept confidential as per FPSB's code of ethics. We will not share or pass the data and/or other information given by you to any other person, firm or company without your consent. The reason we value confidentiality is that financial and life planning is a deeply personal encounter. In order to facilitate open and honest communication, you need to know that your choices, your decision-making process, and your future plans are kept confidential.

Please feel free to contact us if you have any queries.

We look forward to reviewing and implementing these recommendations with you.

Yours sincerely,

Vishal Dalal
Founder & CEO, Fin BluePrint

Sr. No.	Topic	Page No
1	Assumptions	4
2	Scope	5
3	Insurance Planning	6
4	Contingency Funding	7
5	Goal Planning & Investments	8
6	Retirement Planning	9
7	Asset Allocation & Cashflows	10
8	Tax Saving & Optimization	12
9	Analysis of existing Mut Fund investments	14
10	Specific Queries	15
11	Summary of Action Items	16
12	Disclaimer	17

Assumptions

While creating your financial plan we have based our calculations on certain assumptions.

- The financial plan & the various requirements are based on your present financial condition
- General Inflation rate assumed is 6% p.a. throughout your lifespan
- Specific rates of inflation for the following have been considered based on historical stats:
    - Real Estate: 2% p.a.
    - Vehicle Cost: 3% p.a.
    - Travel expenses: 8% p.a.
    - Education expenses: 8% p.a.
- You and your spouse are expecting a growth in salary at an average rate of 5% p.a. until retirement
- Both you and your spouse's planned retirement age are 58. Post-retirement expenses have been assumed to be 100%, i.e., no reduction or change in expenses from pre-retirement phase
- Life expectancy for both you and your spouse has been considered as 75 years each
- The expected post-tax returns from various asset classes has been considered as follows:
    - Equity: 9% p.a.
    - Debt Mutual Funds: 6.8% p.a.
    - Gold: 5% p.a.
    - Liquid Funds: 4% p.a.
    - Other Debt Instruments / Small Savings Scheme: As per prevailing rate of interest at the time of this document preparation, i.e., June 18, 2021
- The surrender value of existing traditional policies has been on the basis of an external but uncertified site: https://www.investobite.com/lic-surrender-value-calculator.html. The same has been used for planning purposes; we should not be held responsible if the values derived from here are incorrect

Scope

Per initial and subsequent discussions between us, following is the scope of the financial planning exercise carried out for you.

The plan covers guidance on the following aspects:

1. Insurance Planning
2. Contingency Funding
3. Ability to meet specific goals such as:
    a. Child's education and marriage expenses
    b. Purchase of assets such as House & Car
    c. Domestic / International Vacation; etc.
4. Retirement Planning
5. Current and Ideal Asset Allocation
6. Tax saving and tax optimization opportunities based on recent change in job
7. Analysis of existing debt and equity mutual funds

XXX also had some specific queries noted below which have been included in overall scope. All references to tabs and cell locations are with respect to the Data Collection workbook. Note that some of these queries may overlap with above scope but have been included here for the sake of completeness

#	Queries	Sheet Name	Cell Location
1	Need clarity on selecting MF based on expense ratio vs returns	Questionnaire	G105
2	Need full guidance on complete tax saving measures beyond the regular exemptions under 80C, 80D and 80CCD(1)	Questionnaire	G107
3	What is the ideal duration for holding short term/ultra short/liquid debt funds and how to account in tax returns? Need to balance asset allocation within Mutual Funds? Need to know whether some schemes should be stopped? Or diverted elsewhere within MFs	Questionnaire	G108
4	How much should retirement corpus be?	Verbal Discussion	N/A
5	Need clarity on amount of liquid fund for emergencies	Verbal Discussion	N/A

Insurance Planning

Below recommendations for XXX

Type of Insurance	Existing	Recommended
Life Insurance	• Cover provided by existing employer for 3 times gross salary • Additional cover purchased – term plan • Traditional plan – LIC Endowment Plan	• Life cover adequate for next 5 years • Term plan should be purchased @ XXX's age of 46 for 1.3 crore. Term should be for 15 years up to XXX's retirement age • Current surrender value of LIC policy is 2.42 lakhs. Surrender policy. Invest sum in Equity Mutual Fund such as Axis Bluechip or Canara Robeco Bluechip
Health Insurance	• Super Top-up as a family floater • Cover for self provided by employer • Additional insurance purchased	• Health insurance cover adequate up to retirement • Additional coverage of 15 lakhs required to be purchased immediately post retirement
Critical Illness	• No cover currently	• Purchase critical illness policy immediately of 5 lakhs up to retirement age of 58 (total term 25 years)

Below recommendations for YYY

Type of Insurance	Existing	Recommended
Life Insurance	• Cover provided by existing employer for 3 times gross salary • Additional cover purchased – term plan • Two traditional plans – LIC	• Life cover adequate for next 10 years • Term plan should be purchased @ YYY's age of 46 for 1.0 crore. Term should be for 15 years up to YYY's retirement age • Current surrender value of both LIC policies is 7.0 lakhs. Surrender both policies. Invest sum in Equity Mutual Fund such as Axis Bluechip or Canara Robeco Bluechip
Health Insurance	• Super Top-up as a family floater • Cover for self provided by employer • Additional insurance purchased	• Health insurance cover adequate up to retirement • Additional cover of 15 lakhs required to be purchased at time of retirement
Critical Illness	• Critical Illness covered as part of life insurance policy purchased from HDFC Life	• Purchase critical illness policy @ age of 59 of 20 lakhs up to expected lifespan of 75 years (total term 18 years)

Contingency Funding

- Contingency funding of six to nine months of monthly expenses is recommended
- The purpose of such a contingency fund is not to generate returns but maintain sufficient liquidity to take care of any eventualities so one should not worry too much about low returns from such a fund
- The contingency fund amount should increase in line with inflation and projected increase in monthly expenses
- Regular expenses are currently 75,000 per month. This implies that a minimum sum of approximately 4.5 lakhs should be reserved for contingency funding
- This amount can be met through balance maintained in combined savings account of 3.5 lakhs in XXX’s and YYY’s bank account. There is an additional amount of 1.08 lakhs present in XXX's account in the form of Liquid Funds
- Assuming returns from liquid funds and savings account roughly match inflation, the emergency fund value would increase automatically over time
- In case the emergency fund is utilized or falls short of the six month expense amount over time, there may be a need to transfer a minimal amount from some other asset to this category. The transfer in such a case will not dent your corpus or goals since the contingency fund is a very small proportion of total assets
- No additional action is required to be done at this time for contingency funding purposes

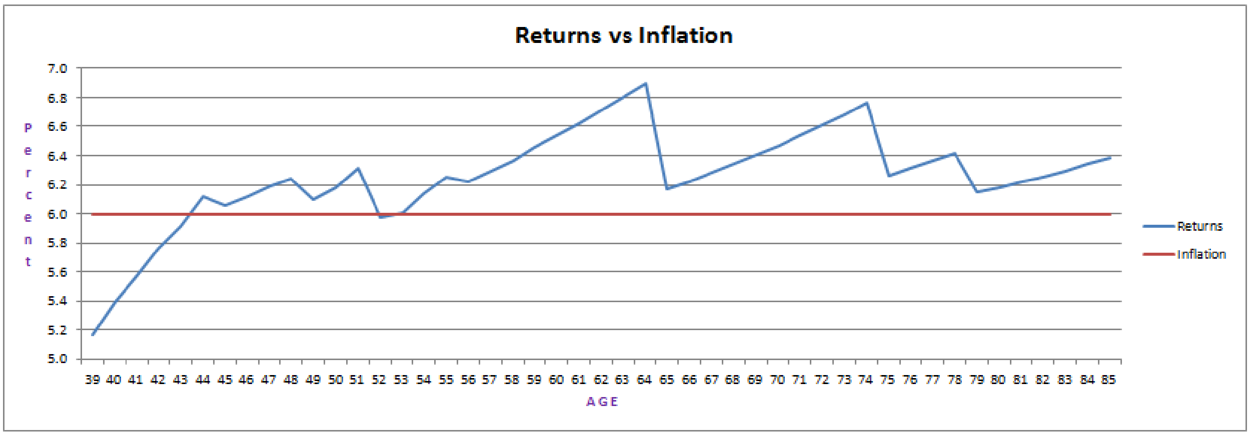
Investments & Goal Planning

Goal Name	Goal Date	Recurring?	Goal Amount	Funding Source
Vehicle Purchase	**Starting 2023**	**Every 6 years**	**20.0 lakhs***	**Debt Funds**
Travel	Starting 2025	Every 3 years	4.5 lakhs*	Debt Funds
Gifting - 1	2030	No	2.5 lakhs	XXX's salary
House Purchase	**2033**	**No**	**3.0 cr**	**Sale - existing properties: 2.0 cr Debt Funds: 0.5 cr Housing Loan: 0.5 cr**
Gifting - 2	2034	No	8.0 lakhs	Debt Funds
Home Renovation	Starting 2037	Every 7 years	5.0 lakhs*	Debt Funds
Son's Graduation	**2038**	**No**	**1.25 cr**	**Debt Funds**
Son's Post-Grad	**2041**	**No**	**1.75 cr**	**Debt Funds**
Son's Marriage	**2049**	**No**	**1.00 cr**	**Debt Funds**

** Increasing with inflation for subsequent years*

Strategy

- Increase allocation to Equity starting NOW
- Any surpluses post investment and expenses to be ploughed back into Equity Mutual Funds
- Asset re-allocation one to two years prior to bulk expense. Move funds from Equity to Debt
- Dispose of low yielding assets; at the same time, ensure optimum asset allocation is maintained. Given prevailing low interest rate regime, the current fixed deposit of both XXX & YYY post maturity should be withdrawn and re-invested in Equity or Hybrid Mutual funds
- Details in Planning Excel sheet related to goal planning & investments have been explained briefly to XXX over call. Final Planning Excel to be shared with XXX along with this plan summary sheet as part of planning process closure
- With the current and proposed investments, the yield would be close or beat the assumed inflation rate over XXX's lifespan. Currently, investment returns are lower than inflation due to higher proportion allocated to real estate



Retirement Planning

- Post-Retirement phase can be defined as cessation of ‘regular’ income by means of business income or salary. From that perspective, retirement of YYY has been considered. XXX’s retirement would be three years prior to YYY’s retirement

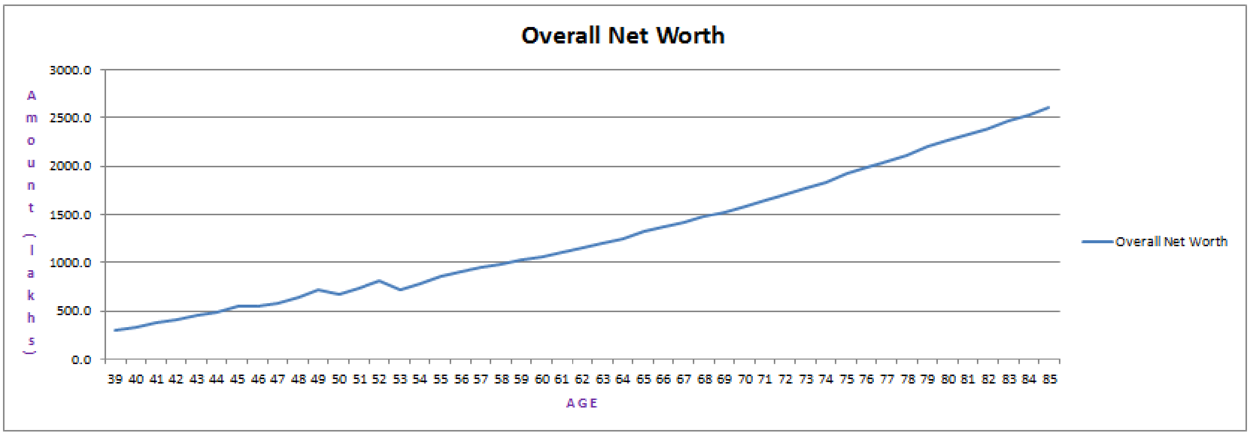
- Per projections, regular annual expenses at time of YYY’s retirement age would be approx 40.14 lakhs

- Per projections, accumulated corpus at time of YYY’s retirement would be approx 19 crore

- At an average rate of return of 6.8% from investments during the post-retirement phase, the returns exceed projected inflation of 6% comfortably

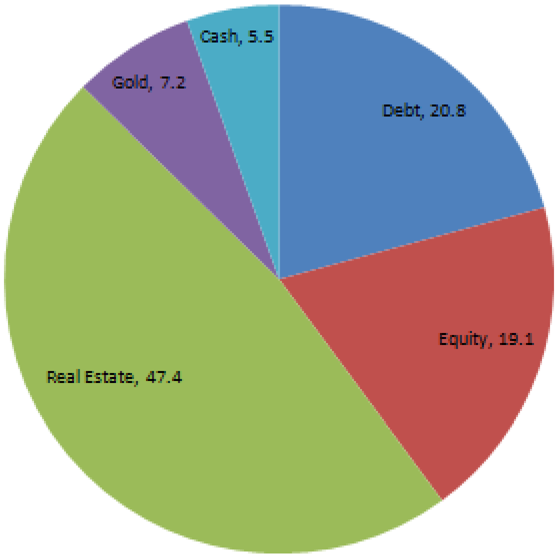
- While there is one additional bulk expense of son’s marriage post YYY’s retirement at age of 64 years, this expense should be comfortably met from equity and debt investments at that time. Combined net worth of XXX family at the time of this bulk expense would be approx 22 crore

- Projected net worth would rise to approx 27 crores during expected lifespan of XXX as the below chart shows

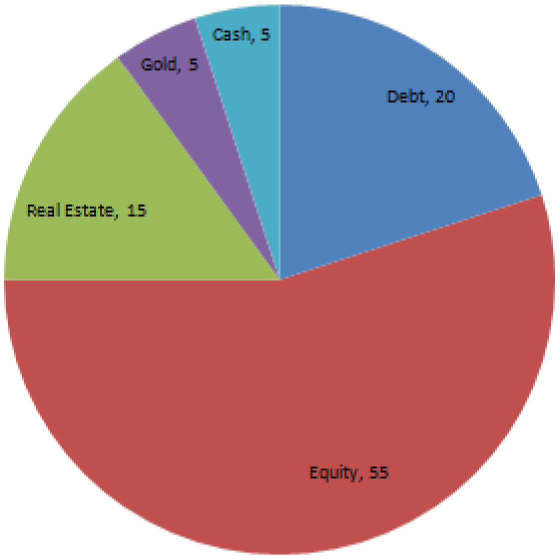


Asset Allocation & Cashflows

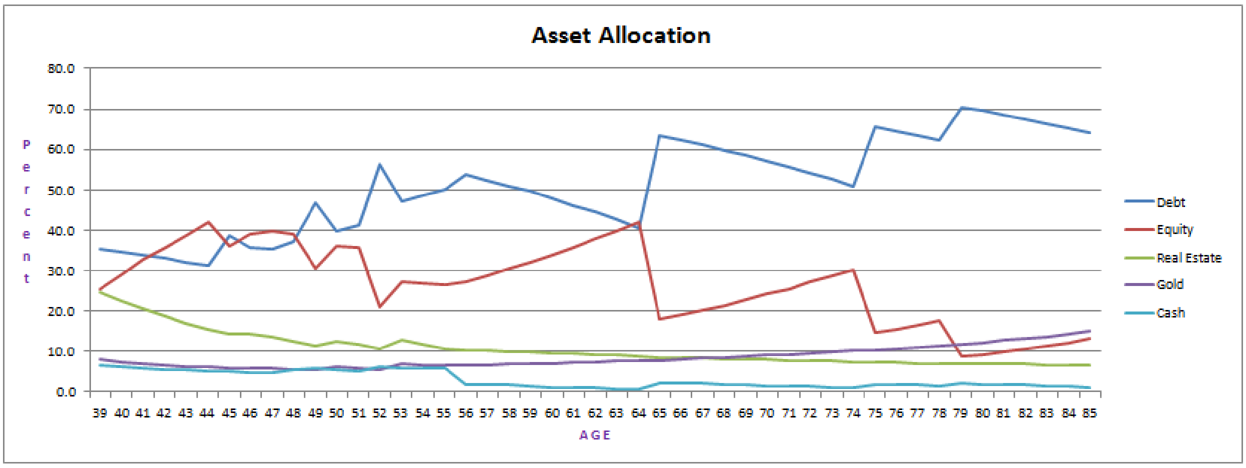
Current Asset Allocation



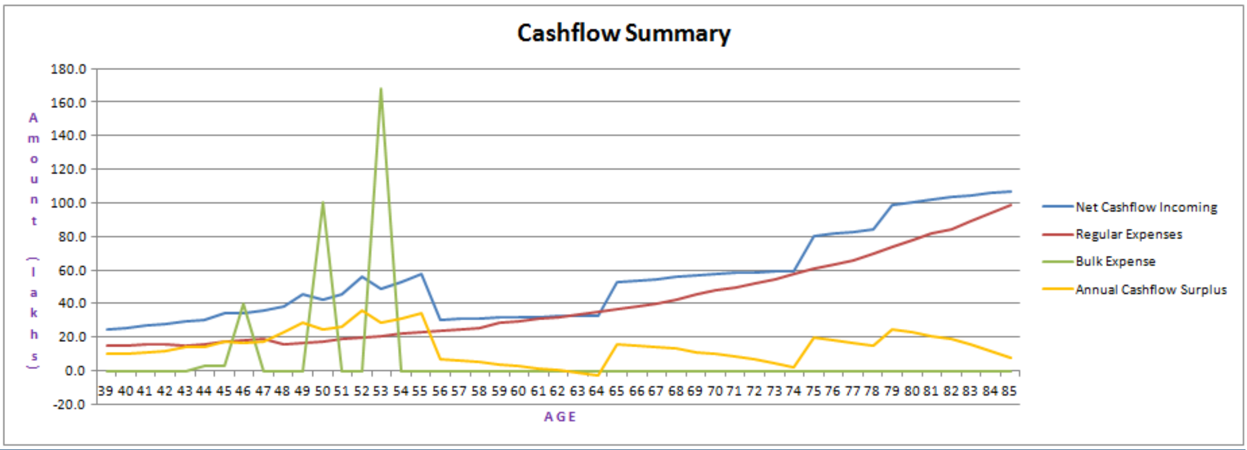
Proposed Asset Allocation



Projected Asset Allocation over time



Projected Cashflows over time



Strategy

- Gradual increase in allocation to Equity over time. This will be by way of investing annual surplus over entire lifetime into Equity Mutual Funds
- No immediate asset re-allocation for now
- Invest in Equity Mutual Funds for all stopped SIP's in traditional insurance plans and surrender values
- As expected, incoming cashflows dip at the time of retirement. Asset re-allocation from Equity to Debt is done around this time to ensure cashflows are maintained post retirement and we are net cashflow surplus (i.e., income > expenses)
- Asset re-allocation would be undertaken one to two years prior to bulk expense where funds would be moved from Equity to Debt. Another period when similar transfer would be done would be to meet regular expenses post retirement. Refer table below for specific amounts, year of transfer and reason of transfer

Asset Reallocation Details

Amount (lakhs)	Transferred From	Transferred To	Year of Transfer	Purpose
9.2	Traditional Plan	Equity MF	2023	Low yields
136.2	Equity MF	Debt MF	2026	House down payment
182.0	Equity MF	Debt MF	2031	Son's graduation
300.3	Equity MF	Debt MF	2036	Son's post-graduation
72.2	PF (XXX)	RBI Bonds	2042	XXX's retirement
572.8	Equity MF	Debt MF	2043	Meet regular expenses from Debt post retirement
42.8	PF (YYY)	RBI Bonds	2046	YYY's retirement
107.8	Debt MF	Expense	2048	Son's marriage
345.2	Equity MF, NPS	RBI Bonds	2052	Meet regular expenses

Tax Saving & Optimization

Below recommendations for XXX

Current Pay Breakup

XXX XXX	
Compensation Details	**Annual (Rs.)**
Basic	12,20,000
Flexible Pay	14,60,000
Other Allowance	1,25,200
Employer's contribution to EPF	10,600
CTC	**29,15,800**

Proposed break-up of flexible pay

Components of Flexi-Pay (Flexi-Pay amount: 1460000)	Amount	Max Allowable per year	Tax Saved
HRA	656000	1) 40% sal = 6.56 lakhs 2) Actual HRA = 24.6 lakhs 3) Actual Rent = 7.216 lakhs (6.56 + 6.56*0.1)	196800
Leave travel allowance (LTA)	150000	1.5 lakhs based on assumed domestic travel expenses. Can claim twice in a block of 4 years **Note: This amount is restricted for domestic travel only**	45000
Telephone / Broadband bills	24000	Assumed 1000 for broadband and 1000 for voice (mobile calls) per month. No max limit specified **(Allowable against actual usage and production of bills)**	7200
Food coupons	26400	50 Rs per meal allowed. 22 working days and 2 meals a day, the monthly benefit will be Rs 2,200 (Rs 50*22*2)	7920
Conveyance allowance	36000	Assumed 3000 Rs per month **(on submission of actual fuel bills)**	10800
Books/periodicals/self-learning expenses	10000	**Based on actual bills submitted** - assumed 10000 for now. No max limit specified	3000
Gifts	5000	Gifts paid by employer in cash or kind exempted up to this amount	1500
Children Education Allowance	1200	100 per month per child max	360
NPS	164000	Tax benefits i) Sec 80C - 1.5 lakhs for self-contribution ii) Sec 80CCD(1B) - Additional 0.5 lakhs for self-contribution **iii) Sec 80CCD(2) - lower of employer's contribution, 10% of Basic+DA. This comes to max of 1.64 lakhs**	49200
Computers and household gadgets required to be able to work	75000	**Examples**: Computer, Chairs, Study Table, Earphone / Headphone, Stationary	22500
Net Total	1147600		
Total Tax Saving			344280
Net Tax payable on flexi pay			93720

Other tax-saving tips

- Invest all present and future fixed income in the name of HUF. Move SGB's also to HUF
- House loan and property ownership should be in joint name
- Remove all products where income is added to tax slab since both are in 30% bracket. Move to tax-free or debt funds

Analysis of existing Mutual Fund investments

Below recommendations for XXX

S.No.	Fund Name	Type	Category	Comments	Recommendation
1	ABSL Pure Value Fund - Growth-DIRECT	Equity	Value Fund	Patchy performance	Hold for now. Cease fresh SIP's. Re-direct SIP's to Canara Robeco Bluechip or Axis Bluechip
2	HDFC Mid-Cap Opportunities Fund - Direct Plan - Growth option	Equity	Mid Cap	Performance has been average	Hold for now. Cease fresh SIP's. Re-direct SIP's to Axis Mid Cap
3	Motilal Oswal Flexi Cap Fund Growth - Direct	Equity	Flexi Cap	Performance has dropped of late	Stop SIP's and redirect them to Parag Parikh Flexi Cap. Redeem amount
4	Axis Focused 25 Fund	Equity	Flexi Cap	Good performance	Continue SIP
5	Motilal Oswal Nifty Bank Index Fund - Direct	Equity	Sectoral	In line with Bank Index. Financial services have a good future and should do well	Continue SIP
6	Kotak Emerging Equity Scheme- Direct Plan - Growth	Equity	Mid Cap	Good performance	Continue SIP
7	ICICI Prudential Bluechip Fund - Direct Plan - Growth	Equity	Large Cap	Performance has been average	Hold for now. Cease fresh SIP's. Re-direct SIP's to Canara Robeco Bluechip or Axis Bluechip
8	SBI Small Cap Fund - Direct Plan - Growth	Equity	Small Cap	Excellent performance	Continue SIP
9	Mirae Asset Emerging Bluechip Fund - Direct	Equity	Large & Midcap	Excellent performance	Continue SIP
10	Motilal Oswal S&P 500 Index Fund-Direct Growth	Equity	Index Fund	In line with Index	Continue SIP

Specific Queries

Sr #	Queries	Sheet Name	Cell Location	Comments / Answers
1	Need clarity on selecting MF based on expense ratio vs returns	Questionnaire	G105	Expense ratios are typically small and will not impact returns much. Expense ratios vary between 1% to 2% thereabouts. But abolute returns from MF's vary widely. A fund with higher expense ratio is not necessarily bad and vice-versa
2	Need full guidance on complete tax saving measures beyond the regular exemptions under 80C, 80D and 80CCD(1)	Questionnaire	G107	<Refer Tax Saving section in this document>
3	What is the ideal duration for holding short term/ultra short/liquid debt funds and how to account in tax returns? Need to balance asset allocation within Mutual Funds? Need to know whether some schemes should be stopped? Or diverted elsewhere within MFs	Questionnaire	G108	Ideal Duration: 3 to 6 months for emergency withdrawal. OR one can deposit bulk money in Liquid funds and use that as source for STP transactions. This is more advantageous to keeping money lying idle in savings account Taxation: Liquid funds are treated like Debt funds for taxation purposes. ST and added to income if held for less than 3 years. LT and taxed at 20% with idnexation if held for more than 3 years Mutual Fund Selection: <Refer separate sheet - TODO>
4	How much should retirement corpus be?	Verbal Discussion	N/A	As per projections, accumulations at retirement age would amount to ~30 crore. This should be more than sufficient to cover post-retirement expenses until expected lifetime of XXX & YYY
5	Need clarity on amount of liquid fund for emergencies	Verbal Discussion	N/A	This is typically 6 to 9 months of monthly expenses. As monthly expenses increase over time, so should the emergency fund increase proportionately

Summary of Action Items

Category	Recommended
Life Insurance	• Purchase term plan for **XXX** @ XXX's age of 46 for 1.3 crore. Term should be for 12 years up to XXX's retirement age • Surrender all LIC policies in name of XXX & YYY • Invest LIC redemption proceeds of approx 4.8 lakhs and the premium thus saved as SIP to invest in Canara Robeco Bluechip Equity Mutual Fund. Investment can be done in either XXX's or YYY's name
Health Insurance	• Purchase family floater policy of 25 lakhs covering **both YYY and XXX** @ XXX's age of 58
Critical Illness	• Purchase critical illness policy **for XXX** immediately of 5 lakhs up to retirement age of 58 (total term 25 years) • Purchase critical illness policy **for YYY** @ age of 59 of 20 lakhs up to expected lifespan of 75 years (total term 18 years)
Contingency Funding	• Maintain 3.5 lakhs in XXX's and YYY's bank account and 1.08 lakhs in XXX's liquid fund. Upon maturity, reinvest in same

Investments & Goal Planning	• Any surpluses every year post investment and expenses to be ploughed back into Equity Mutual Funds – choose from mix of recommended large-cap, mid-cap and small-cap
	• Ratio of new investments into Mut Funds should be as follows:
	  ○ Large-cap: 50% [Axis Bluechip, Canara Robeco Bluechip Equity]
	  ○ Flexi-cap / Mid-cap: 25% [Parag Parikh Flexi Cap, Axis Mid Cap]
	  ○ Small-cap / Sector: 15% [SBI Small Cap, Axis Small Cap]
	  ○ International funds: 10% [Mirae Asset FANG+, Motilal Oswal Nasdaq FOF]
	• Perform asset re-allocation one to two years prior to bulk expense. Move funds from Equity to Debt or other as indicated in Financial Plan Excel sheet
	• Except for contingency funding amount of 3.5 lakhs, remaining fixed deposit of both XXX & YYY post maturity should be withdrawn and re-invested in Equity Mutual Funds. Refer above for recommended funds to invest in

Retirement Planning	• No specific action item; action items listed under investments should suffice to build a sufficiently large corpus to sustain post-retirement expenses
Tax Savings	• There are substantial tax saving opportunities for XXX and relatively lesser for YYY. Please refer detailed section in this document for details • Open a new HUF account with XXX and YYY as coparceners. Invest all present and future fixed income in the name of HUF. Move SGB's also to HUF • House loan and property ownership for new property to be purchased should be in joint name of XXX & YYY • Re-allocate all current and future investments where income is added to tax slab since both are in 30% bracket. Invest in tax-free bonds or Debt Mutual Funds to save on tax
Analysis of existing Mutual Fund investments	• Most of the mutual funds chosen are good. Shift to others where performance has been less than optimum – please refer detailed section in this document for details • Consolidate number of mutual funds across both XXX and YYY to around 5 or 6 max. Choose from the ones listed in the Investments Summary section to help in the consolidation process

Disclaimer

Any financial plan made by us is based on information detailed by the information provided by the client in the data gathering sheet and the personal discussions with the client. A copy of the data gathering sheet is available on request. The information contained in the financial plan must be read carefully. In case any relevant information is overlooked or misinterpreted, then we request the client to contact us before proceeding with the implementation of the plan. The financial plan is completely based on the information supplied to us by the client, which we assume to be correct. No responsibility can be accepted if the information provided to us is incorrect or inaccurate. This plan is prepared solely for the use of the client to whom it is addressed.

This financial plan is a forward-looking document where we have assumed certain return on investments on various investment classes and inflation. 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.

All these forward-looking statements attributable to Vishal Dalal herein are expressly qualified in their entirety by the above-mentioned cautionary statement. Vishal Dalal does not accept any direct or indirect liability for any results, performance or achievements that differ from results, performance or achievements implied by such forward-looking statements.

We do not promise that the investments you make based on this plan will be profitable. Investments are always subject to various market, currency, and economic, political and business risks. We will not be liable for any losses that may be caused directly or indirectly by such investment decisions.

This financial plan is based on the current situation and goals, which will change with the passage of time. Any material change in the financial situation of the client 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 dependents, health condition, or the passage of time of more than 12 months or the effect of inflation or deflation.

We strongly recommend that

a) You review this plan periodically to ensure that your plan's actual performance is consistent in meeting your goals, and

b) You update your plan annually to ensure that your plan is updated for your changing situation and goals.