Women's Day SPECIAL

Investment planning for WOMEN

SHALINI DHAWAN lists areas which first time investors can consider

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In the last decade or so, India has witnessed a lot of younger Indians joining the workforce and the percentage of women joining the workforce is also on the rise. With increasing disposable income the young Indian women investor has lots of avenues for discretionary spending. And of course lots of avenues to save as well. But does she save?

In conversations with young women, one common comment I have heard is that "finance is for men, why should we bother about money?" To which my response is that "If you work so hard to earn your money, why would you not spend some time to understand how to make your money work for you?" In fact even today a lot of women leave this very important task of understanding their money to their spouses or their family members.

As money does materially affect a lot of our lives' decisions, it is very crucial that every young woman does delve into money matters and plans ahead for her life and her finances. So where does she begin?

1 Move out of your comfort zone and understand money - As a woman you need to be comfortable talking and discussing money – what are your assets, liabilities, income and expenses. Remember all conversations around money are not necessarily about numbers but mostly about what you would like your money to do for you. Understanding money is not something that you should worry about. You are not expected to be a finance whiz kid,
but need to spend time understanding your own and your family's finances.

2 Understand income and make expense budgets –. As a young woman, you may be earning and/or may be the manager of the family income. Understand what comes in (income / cash inflow) and what goes out (expenses/outflow). Women are usually the ones who have a good sense of the household expenses. This trait helps when you set out to make a monthly budget. Track how you are doing against this budget each month. Keep tracking for many months till you have agood sense of what is the cash surplus you generate. Remember what's important is not how much money you make, but how much you keep. The important point is to understand ways to increase the cash surplus that you generate and save that each month.

3 Understand saving is not equal to investing – Remember that just because you save some money each month, doesn't mean that you would have enough of it for all your goals. It is important to invest these savings so that they grow to a meaningful corpus. Just saving the money each month by leaving it idle in your bank account is not going to help you.

4 Understand your current and ideal asset mix – Investing by itself would also not guarantee funding your dreams. It is important to understand how near or far you are to your goal years. Accordingly set up an investment plan to invest in equities and/or fixed income depending on your time horizon and risk appetite. Consult a SEBI Registered Investment advisor if you need guidance. Spend time to understand your existing investments. Do remember to consider employee provident fund contributions as well. For new investments, remember that equity investments are made for five years plus horizons at least. For dreams that are to be funded within three years, fixed income investments are better suited.

5 Understand investment avenues and make a plan – As today's young woman, you are exposed to many emotional advertisements of investments and/or insurance products promising everything under the sun. Be aware of what the product is – is it an insurance plan or a mutual fund or an unit linked plan that you are investing in. Ask your advisor to provide you a in depth understanding of the investment product before signing on the dotted line. Make separate buckets of investments for important dreams and goals.

6 Track your finances and investments at regular intervals – Once you have made a plan and executed it, track every six months so check if your investments are healthy or need any course correction.

7 Consult advisors for tax and legal matters on a case to case basis – Once you have embarked on the investment journey, having trustworthy tax advisors would be advisable as your corpus grows. Consulting a legal advisor may also be advisable for making a will in the later years when you have a family.

Being young has its advantages. Learning something new such as your managing your finances and money is easier when you are young, and there cannot be a better time than now to start this journey. So dive right in today.

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TIME HORIZON FOR INVESTMENT	LESS THAN ONE YEAR	ONE TO THREE YEARS	FIVE YEARS PLUS
Investment Options* (*depending on time horizon and risk profile)	Bank Fixed Deposits, Recurring Deposits, Liquid mutual funds, Ultra short term debt funds	Short term debt funds, Medium term debt funds, National Savings Certificate, Bank Fixed Deposits, Recurring Deposits	Diversified equity mutual funds, balanced mutual funds, Stocks, Public Provident Fund, KVP, Sukanya Samriddhi Yojana

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