

# Plan your financial goals for safe future

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PERSONAL

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THE WORLD has become a much smaller place in the past few years as we now have more access to media — internet and television in addition to print.

This exposure has also meant that our dreams have also become bigger — a foreign education for a child, a dream home or a summer vacation. As the Indian economy grows, we have started to believe that nothing is impossible.

However, a reality check is always a good idea to see if your beliefs are in line with the reality. If you are newly married or are planning to start a family, a relook at your financial goals and a reassessment of your priorities is crucial — to see if your finances are aligned to the big changes in your life.

Balance short term and long term goals — When you were younger, you had the option of saving without any particular goal in mind. After your marriage, there are now a whole new lot of financial goals to think about — education for your children, their marriages, asset purchases like homes, and cars, parental support, annual holidays, and of course regular day to day expenses. Make a list of your goals.

Put numbers to each of these goals — since each of these goals could have different meanings for differ-

## to-do list



It is important to have a long term vision for spending in the areas of concern such as home, children's education, retirement. The key aspects to consider before taking an investment decision are:

- ▶ Know your financial goals in life.
- ▶ Prioritise them.
- ▶ Calculate your risks.
- ▶ Be prepared for emergencies.
- ▶ Investing in different portfolios.

ent individuals. For example buying a house in Mumbai may be different from buying a similar house in Hyderabad, hence it is critical to put a number on each of these goals based on your expectations.

You may need to seek help from a financial planner to get a better idea of some of these numbers and the impact of inflation on each of these costs.

Prioritise your goals — You will probably find that achieving all your goals may not be possible at the same time, so you need to know which goals figure at the top of your priority list.

Try to achieve a balance between short term and long term goals. Too often excessive focus on short term goals or any one of the goals tends to compromise on your overall financial wellbeing.

For example, over stretching yourself on your residential home purchase and its interiors could result in a compromise in your child's education or your own retirement.

Don't forget the risks — Current lifestyles could expose you to health risks. Ensure that you have adequate life and health cover to insure yourself.

Buying them early and when you are in a good state of health increases the chances of getting the policies at a cheaper cost. The gap between needs and funds can always be funded by insurance.

Diversify your portfolio — use a combination of financial instruments — stocks/ equity mutual funds, bonds, precious metals, real estate and bank deposits in line with your financial goal requirements and risk appetite.

Put the plan into action — Ensure that you put your financial plan into action and monitor and review it regularly.

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