

'Jadoo ki jhappi' for investment

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Jadoo ki Jhappi' gained popularity after its clever use and depiction in the



blockbuster *Munnabhai MBBS*. Medically, the benefits of a hug have been well known for a

long time. A simple hug helps lower blood pressure, reduce heart rates and improve blood circulation, among other benefits. Just like a hug, some of the simplest things are likely to be the most beneficial for your health too — eating well-balanced meals in moderation, eating on time, getting adequate sleep, daily exercise and a daily dose of meditation.

In much the same way, your financial health can also be well taken care of through the use of some simple steps. These include:

- ▶ Having a contingency/emergency fund of at least three months of expenses to take care of unforeseen job losses/medical emergencies
- ▶ A well-controlled expense-to-income ratio (ideally less than 65%) and loan-to-income ratio (ideally less than 40%)
- ▶ Adequate life insurance to protect your family's lifestyle in case something was to happen to the primary bread earner
- ▶ Health coverage for yourself and your dependents so that a medical emergency does not derail both physical health and financial health
- ▶ Insurance for your home

that is likely to be your most valuable asset

- ▶ A well-diversified portfolio that consists of a combination of investments that have traditionally beaten inflation like real estate and equities, and assets that have fairly predictable rates of return like deposits and bonds
- ▶ A small portion of your portfolio in gold to act as a protection for the rest of your portfolio
- ▶ Clearly defined goals for what you want your money to do for you -education for your children, an independent retirement for yourself and your spouse, a larger home, etc
- ▶ A well thought out tax-saving plan that is aligned to your financial goals
- ▶ Undertaking an annual financial health check-up. If

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you believe you need professional help for this, do not hesitate to seek it

- ▶ Avoid using products that are too complex and you do not understand
- ▶ Avoid putting all your money into a single investment type or asset class just because it has given the best rate of return in the recent past

To conclude, the simple things in life are often the most effective and make the most difference. So, keep your finances simple and your hug handy. Simplicity should keep you in great physical and financial health.

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