



Work from home is liberating, but rethink goals and investments

Investors should be conscious of the changes that covid-19 has brought about in terms of returns on investments

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When the covid-19 pandemic broke out, many service-economy workers moved from offices to homes. The trend is a global one with companies such as Google and Facebook extending [work from home](#) (WFH) for employees to July 2021. The change in the mode of work raises the possibility of a new kind of freedom for workers in India: freedom from the 9-to-5 life in a big metro.

Financial planners have noted several lifestyle changes after the covid-19 crisis that are positive for an individual's financial freedom.

Vishal Dhawan, founder, Plan Ahead Wealth Advisors, sees three big resets in people's financial goals. "First, in terms of children's education, clients are re-evaluating the need for expensive foreign education. Second, the need for multiple vehicles has reduced," said Dhawan. Finally, marriage ceremonies may become smaller and [less expensive](#), he said. "Even if some of these trends persist for just a few years and then revert to the pre-covid era, they can still lead to substantial savings," he added.

Other expenses have also come down and that is resulting in more savings, especially for people who haven't had a pay cut. "Expenses have come down for a lot of people with no more commutes or eating out. Incomes have come down in some cases, but, for instance, there have been no salary cuts this year among MNC professionals who are my clients," said Deepali Sen, founder, Srujan Financial Advisors LLP.

Ganesh Jha, 37, a financial services professional, who left a job after the covid-19 outbreak to relocate to Chandigarh, echoed this sentiment. "Now there is a clear cut segregation between need and want. Our discretionary expenses on things like eating out and impulsive purchases has stopped and I don't think will come back," he said.

The biggest [financial goal](#), housing, is directly linked to the choice of office versus WFH. Other goals such as children's education too tend to be large in size in the big cities. Workers who have moved to WFH for the long term may see a major drop in the targeted corpus for these goals.

"I moved with my family from Bengaluru to my home town Vijayawada after my company gave me WFH. The move has saved me a hefty 60% of my monthly expenses. My company later extended WFH from December 2020 to June 2021," said Kartheek Varanasi, 30, an electronics engineer based in Bengaluru, who is happy to stay in Vijayawada permanently if WFH gets extended indefinitely.

In some cases, fall in rents in cities has benefited even those who have chosen not to move.

"Financial goals such as home buying and children's education can come down with relocation," said Nishith Baldevdas, founder, Shree Financial. In many cases this relief might be long-term as WFH gets more integrated in corporate and business cultures.

However, there is a flip side to this freedom. Interest rates on bank FDs and yields on bonds have gone down dramatically due the monetary stimulus initiatives of the Reserve Bank of India. Financial planners also warn that lower interest rates will affect the ability to achieve financial goals. "Investors should resign themselves to lower returns in the post covid-19 world. FD rates and debt MF returns are now in the 4-6% range, pre-tax," said Kalpesh Ashar, founder, Full Circle Financial Planners and Advisors. Ashar also noted a wide divergence between the stock market and the ground reality of the

economy, adding that investing in equities on optimism is not suggested at present.

Investors should take advantage of their new-found freedom from big city life, where they can. However, they should also be conscious of the changes that covid-19 has brought about in terms of returns on their investments.