

FINANCIAL PLANNING

What is Financial Planning?

Financial Planning is the process of meeting your life dreams / goals through the proper management of your finance.

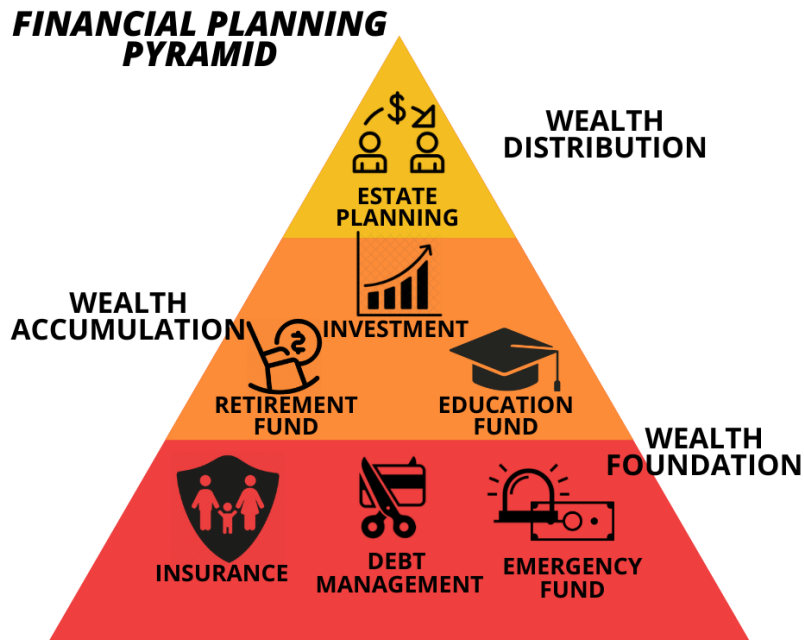


FINANCIAL PLANNING PROCESS

- ❑ Financial Planning Process: Process of getting your finance organized.
- ❑ Financial Planning Professionals use to consider all the aspects of a client's financial situation when formulating financial planning strategies and making recommendations to the Clients.



FINANCIAL PLANNING PYRAMID

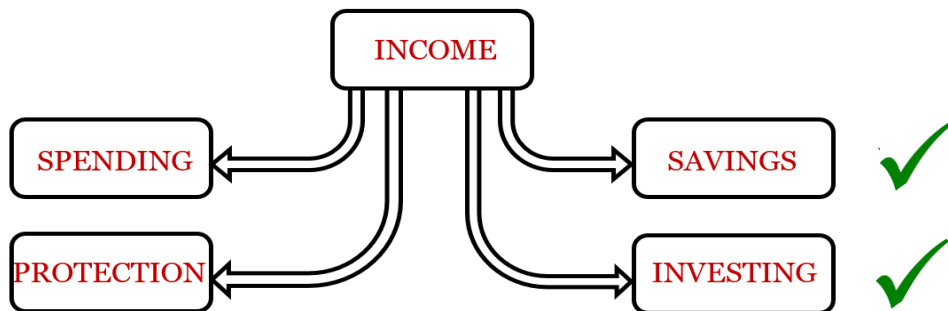


It is a road map for determining priorities today in order to achieve the ultimate financial goals.

3 STAGES OF FINANCIAL PLANNING PYRAMID

- ❖ **WEALTH FOUNDATION:** Emergency Fund, Debt Management & Insurance.
- ❖ **WEALTH ACCUMULTION:** Education Fund, Retirement Fund & Investment.
- ❖ **WEALTH DISTRIBUTION:** Estate Planning & Succession Planning.

The 5 Major Areas of Personal Finance impact the Financial Planning



Some of the important concepts to understand in financial planning are:

Goals,
Savings ✓
Asset class,
Review,
Long-term goals,
Risk

Financial goals,
Investment, ✓
Asset allocation,
Restructuring,
Short-term goals,
Return

SAVINGS vs INVESTMENT

What is Saving ?

- ✓ Savings represent that part of the person's income which is not used for consumption
- ✓ Savings are made to fulfill short term requirements
- ✓ Low Risk and Low Returns with High Liquidity



What is Investing ?

- ✓ Investing refers to buying assets with the goal of earning more returns on your investment and, ultimately, growing your wealth.
- ✓ But, when you invest money, you generally take a bit of risk in exchange for a good return on your investments.
- ✓ The best investment assets are stocks, bonds, real estate, mutual funds, and others.



Why are savings important?

Besides giving you peace of mind and expanding your options, saving money now can significantly improve what you can achieve in the present and the future.

Important Benefits of Savings.

There is no way around it: whether you are planning for your future or just want to be prepared for the unexpected, the benefits of saving money are too numerous to count.

Why saving money is so important would be the following benefits.

- For Retirement
- Job loss cushion
- Higher education
- To buy a Car
- To buy a own House
- To arrange Weddings
- Growing your family status
- To meet emergencies
- Vacation and Travel

