

There is no magic to making your money grow; being disciplined is the key

BY SHAIKH ZOAIB SALEEM

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When Navi-Mumbai based Pravin Jha returned to India after a five-year stint abroad, he realised that his finances were not in order. Even though he had a lump-sum to begin things afresh, he felt the need to go through his finances again. This is how it usually happens. You may have decent amount of money, but don't know how to increase its value.

Money sitting idle in bank accounts will diminish over time, if not invested in a proper manner. So it is important to channelise this money and invest in products that give inflation-adjusted returns over a period of time.

"We felt a need to consult a financial planner and seek advice from him as we felt a need to put our finances in order. There was also curiosity on what a financial planner could do or not do," he said.

THE ROADBLOCK

Self-realization didn't come at once. Pravin had been reading about investing and financial planning. However, every person has his own share of mistakes and path to enlightenment.

"I was reading a lot about financial planning for a while but only with age you realize that there is no magic to make money or make it grow. You have to be disciplined, methodical and persistent in



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capital region to buy a house in Navi Mumbai.

"But then the whole money was lying idle in my bank account and I was not able to finalise anything because that money was not enough to buy the house that we really wanted," he said. That is when he met Prakash Praharaj, a SEBI Registered Investment Adviser.

COURSE CORRECTION

"Our investments were already skewed heavily towards real estate. When it came to financial instruments like mutual funds, I used to buy them and sell ad-hoc," he said.

"So we discussed a plan on how to go ahead about my finances. We did invest to buy a house but did not opt for a

MY PLAN

Name: **Pravin Jha**
Age: **43**
Profession: **Works for a private company**

Name: **Saroj Jha**
Age: **38**
Profession: **School teacher**
Financial advisor: **Prakash Praharaj**, Founder, Max Secure Financial Planners (Sebi Registered Investment Adviser)

under-insured. "We were mostly invested in endowment policies which were giving us very low returns. However, we didn't get rid of all those policies, but definitely increased the life coverage by opting for

could the needs be which I would have missed. So he suggested that we should take a vacation outside India," he said. Such things were lacking in the family's overall planning, he said.

DISCIPLINE – THE KEY

During his course of interaction and seeking advice from his financial advisor, Pravin says he realized that discipline is the key to investment and growth.

"The biggest gain has been that a whole new discipline has come. I could also see that previously my money could not get a return of over 5 or 6%. But now, the return on investment is definitely in double digits," he said.

For instance, Pravin was aware about mutual funds before meeting his advisor, but bought and sold at will without any plan, strategy or goal. "None of my investments were aligned with our short, medium and long-term goals," he said.

THE GOALS

With their financial planning improved significantly, the family has set its sight now on 2020, when Saurabh (15), Pravin and Saroj's son, turns 18. Higher education of their son Saurabh and daughter Shrishti (7) is the most important goal for the couple at present.

"Our immediate goal through planning is scheduled for 2020, which is higher education for our son when he turns 18. I can now see that

methodical and persistent in order to make your money multiply. All of that was lacking. So getting discipline in to my planning was the aim," he now says.

At that point, he wanted to buy a house in Navi Mumbai and liquidated another real estate asset in the National

a house but did not opt for a ready to move-in flat. We made a booking in a project that was still under development. So part of the money went in to paying the initial part for the construction of the house and another part went to financial assets," he said.

He also realized that he was

getting coverage by opting for a term insurance plan," he said.

Moreover, he made it a point to visit his advisor along with his family at least twice a year. "I make sure that at least twice a year we go together, so that our financial planner is also able to visualize what

turns to. I can now see that happening through proper planning," he said.

"Understanding the difference in creating an asset or a liability has definitely come to us," he said, adding that he does not plan to change his car like many people do when it is 4 or 5 years old.