

With planning, overseas higher education is possible for middle-class families too

BY SHAIKH ZOAIB SALEEM

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As is true for any family, Sucharita and Anay Mahajan too wanted the best higher education opportunities for their son and daughter. However, about a decade back they did not have any road map to ensure that. But that was then. Now their son Pronay, 19, is going to the US to start his undergraduate studies in computer science engineering. The Mahajans give the entire credit for achieving this goal to their financial planner and the planning process.

The family met Prakash Praharaj around 9 years ago. "Before that I had no idea about financial planning. Since then we have been under his regular guidance and thanks to that my son is now going to the US for higher education. The credit goes to financial planning. We are a middle-class family and still we are able to afford the higher education abroad. This is only due to...our planning," Anay said.

COURSE CORRECTION

While one should start financial planning as early as possible, it is never too late to realise its importance. However, simply starting early is no enough. A common mistake that many people make is that they end up with too many low-return products at the wrong stages in their life and career. Anay was probably guilty on both counts. "I started very late. In general, though I was not facing any financial crisis, I was not (careful). Our children were very young and we were not even aware that there can be something called



ABHIJIT BHATLEKAR/MINT

MY PLAN

Name: **Anay Mahajan**

Age: **49**

Profession: **private sector**

Name: **Sucharita Mahajan**

Age: **44**

Profession: **lecturer**

Financial planner: **Prakash Praharaj, Sebi-registered Investment Adviser and Certified Financial Planner, Max Secure Financial Planners.**

monthly investments. When my financial evaluation started, Prakash advised to cancel some (insurance) policies and buy term plans instead," he said.

This led to starting systematic investments in mutual funds, and

THE GOALS

Before the Mahajans met a financial planner and embarked on their financial planning journey, they did not have any specific financial goals. That changed after they met a planner. "We discussed and set some financial goals; one of which was higher education for our son, which I am now able to achieve. The next financial goal is higher education of our daughter, and I am hopeful that we will be able to meet that goal too. And the last one is retirement planning. As we started very late, we stuck to these goals only," Anay said.

For retirement, the family is mainly investing in mutual funds through systematic investments (SIPs) and Public Provident Fund (PPF). "Whenever we have some lump sum to invest, we invest in mutual funds after discussing with Prakash," Anay said.

Apart from investing for their children's higher education, the family

financial planning. I never applied my brain till that time and would just buy (insurance) policies from here and there." Anay said.

As the Mahajans later realised, they were doing a lot of mistakes with their money: "My bank would tell me to invest in some 'lucrative' scheme, and I would agree. Now I understand that those (lucrative schemes) were unit-linked plans. They would also ask me invest in mutual funds, but with lump sum amounts, not

there was a remarkable improvement in returns. Praharaj asked them about why they had invested so heavily in policies that were offering returns of 4-5% only. "After that I surrendered some policies and invested the money in mutual funds. After this shift, my returns have gone up to 18-19%," Anay said. He also said that not just he, but most of his friends had committed the same mistake—of buying these policies without doing any due diligence.

had also invested in a second residential property—which aims to monetise for their daughter Ananya's education and marriage.

Anay now understands the value of financial planning and ensures that his son Pronay also attends the sessions with Praharaj, as he is interested in understanding financial planning. "I started very late and could not focus on other goals. I feel that one should start at an early age," Anay said.