

Involving entire family in money matters can help

Consulting a financial planner has made all the difference for the Kunthes

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Navi Mumbai-based Deepanjali and Chaitanya Kunthe were saving money, but at one point they felt they needed to put some more thought into their personal finances. This was sometime after Chaitanya started his cyber security start-up in 2011. Accordingly, in 2013-14, they got in touch with Prakash Praharaj, a Sebi-registered investment advisor and founder of Max Secure Financial Planners.

“There was no specific stress or trigger,” Chaitanya said. The couple thought that the way they themselves were handling their money was probably not the best way to do it. “So an internal discussion among ourselves led us to meeting our financial planner. It has greatly changed the way we look at things now. We are able to plan so many things like vacations, and our son’s future already. We have a clear picture of where we want to be on specific goals. We now know how we will respond to an emergency or any other situation,” Deepanjali said.

THE MISTAKE

As is true for many others, the Kunthes were also saving money but the savings were going into inappropriate financial products. “Before our goal-based planning started, we would just typically call up someone and invest. Our money was all over the place. A very small portion was in mutual funds and a lot of it was in traditional insurance policies and fixed deposits. The planner made us reverse a lot of that and we are really grateful for that,” Chaitanya said.

CHANGE IN OUTLOOK

The couple’s approach towards investments has changed significantly since then. “We have cancelled most of the (traditional and money-back) insurance policies. Our money has now moved out to a mix of debt and equity mutual funds. Most of our FDs have also slowly moved out,” Chaitanya said.

The family has moved to a better



ABHIJIT BHATLEKAR/MINT

enhanced his term insurance coverage.

Unlike many other families where only the men of the family manage finances, Deepanjali is also fully involved in the discussions around money and financial goals. “I also had that point of view that I do not understand finances. But that changed over the years, even before we started consulting a planner. The planner only made me more actively involved with the process,” Deepanjali said.

It isn’t just Chaitanya and Deepanjali who consult the planner. The entire family, along with Chaitanya’s retired parents, are actively involved in their discussions with

Asset allocation

Equity 70%

Debt 30%

the financial planner. The parents’ views on particular issues have also changed.

Normally, we wouldn’t discuss money with our parents, Chaitanya said. “All of us sitting with the planner and discussing made a major difference. The planner also helped my parents work on their Will, which would have been an awkward conversation otherwise. This is true despite the fact that we consider our family to be much more open about discussing things in comparison to others. It would have been very uncomfortable for us to broach the topic,” he said.

THE GOALS

The couple have their own cyber security venture and, hence, the cash flow is somewhat irregular, unlike salaried individuals. However, Chaitanya said, they have now made it a habit to treat their SIPs just like EMIs. “We take care of the SIPs before our expenses,” he said.

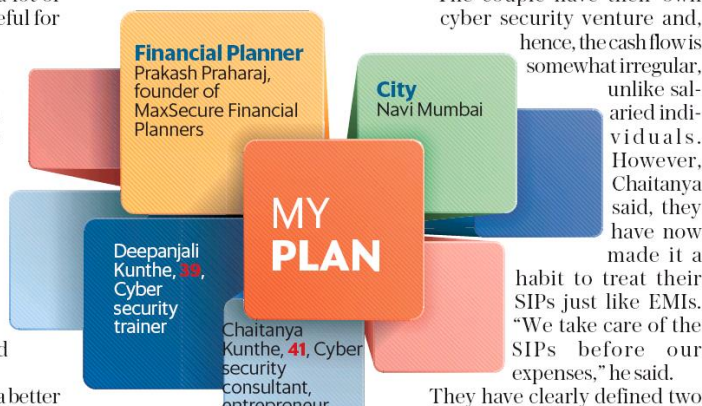
They have clearly defined two

WHAT I learnt

1. Don’t confuse investments with insurance
2. Don’t invest in traditional life insurance policies
3. Don’t have too many FDs

their 10-year-old son Tanush. A periodic short-term goal is taking an international vacation once every two years. While the family feels comfortable with these goals, they also have another target: to not be dependent on work for money by the time Chaitanya turns 50. “It is not exactly an early retirement, it’s more about not depending on work for a living. That’s a target we would like to achieve,” Chaitanya said. Accordingly, the family’s investments are aggressive towards equity, with 70% of their investments going into equity mutual funds.

The family’s planner is optimistic about them. “They have had some issues like starting or stopping an SIP frequently due to irregular cash flow as they have their own venture. But they have a strong commitment towards their goals, which is a good sign,” said



family health policy with a higher coverage and Chaitanya has



long-term goals of retirement planning and the higher education of

Praharaj. Overall, he is happy with the financial path the family is on.