

# Sample Financial Plan

(All identities have been disguised)

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<h2>Financial Plan</h2> <p><b>Specially Prepared for</b> <b>Mr. Tarun Sharma</b> <b>Date prepared: ** May 2008</b></p>	<p>iTrust 345, Udyog Vihar, Phase 2, Gurgaon www.iTrust.in Relationship Manager: Mr. Vivek Sharma E-mail: vsharma@itrust.in Contact No: 9999000345</p>
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## Introduction

A personal financial assessment is designed to help you evaluate your current financial position and your ability to achieve your objectives for the future.

Your ability to maintain your lifestyle objectives for the future is determined by your investment capital and ongoing income. In analyzing your situation we need to consider what is achievable given your current position, and how we can take best advantage of the assets you have accumulated.

*This report has been prepared to assist in the analysis of your current financial position and to help you identify steps that you can take to achieve your personal financial goals and objectives. Although great care has been taken to ensure the accuracy of this report, it should be kept in mind that projections, by their very nature, are based on a variety of assumptions and as such it is likely that the actual results achieved will be somewhat different than illustrated. For this reason it is very important that you review your strategy on a regular basis to ensure its relevance to your changing financial position.*

## Personal Details

Self	Spouse	Contact Details
Name: Mr. Tarun Sharma DOB: 24-Jun-1977; Age: 31 Employer: ABC Solutions Address: 4rth Floor, DLF Phase 2, Sector 25, Gurgaon	Name: Mrs. Seema Sharma DOB: 23-Apr-1978; Age: 30	Residential Address: 1234, Sushant Lok 1 Phone number: 9999222111/ 0124-4551111

## Family Members

Name	Relationship	Date of Birth	Age (years)	Dependant
Seema	Wife	23-Apr-1978	30	Yes
Khushi	Daughter	23-Oct-2005	3	Yes
Simran	Daughter	24-Apr-2008	1 month	Yes
Sanjay Sharma	Father	-	68	Yes

## Financial Goals

The following table lists your individual goals in today's value, when you expect to meet them and the expected rate of inflation.

Description	Frequency	Goal (today's value) Rs.	Inflation rate	Start Year	End Year	Remarks
Retirement goal – Living Expenses	Monthly	30,000	5%	2027	2056	
Khushi's school education goal	Annual	30,000	10%	2009	2022	
Simran's school education goal	Annual	30,000	10%	2013	2026	
Khushi's college education	Annual	48,000	10%	2022	2025	
Simran's college education	Annual	48,000	10%	2026	2029	
Khushi's professional education	Single	10,00,000	10%	2026	2026	
Simran's professional education	Single	10,00,000	10%	2030	2030	
Khushi's marriage goal	Single	4,00,000	5%	2028	2028	
Simran's marriage goal	Single	4,00,000	5%	2032	2032	
Primary home	Single	30,00,000	5%	2008	2008	15% will be paid towards down payment of the house and 85% will be funded by bank loan
Vacation	Every 2 years	20,000	5%	2009	2047	Every 2 years till your age 70

## Assumptions

<ol style="list-style-type: none"> <li>Life expectancy for Mr. Sharma and Mrs. Sharma is age 80.</li> <li>Retirement age of Mr. Sharma is 50 years.</li> <li>An average annual inflation rate of 5% is used in the analysis.</li> <li>Savings account is expected to earn a 3.5% annual rate of return.</li> <li>Liquid fund is expected to earn 6% annual rate of return.</li> <li>Debt funds are expected to earn an 8% annual rate of return.</li> <li>Large cap equity funds are expected to earn a 12% annual rate of return.</li> <li>Mid cap equity funds are expected to earn a 14 % annual rate of return.</li> <li>Education expenses are expected to increase at 10% per annum.</li> <li>Salary income is expected to increase at 10% per annum.</li> <li>Current living expenses is expected to increase at 10% per annum.</li> </ol>	<p style="text-align: center;"><b>Your Risk Level</b></p> <p>Following our discussions regarding your investment objectives and the completion of the risk profile questionnaire, you are estimated to have a <b>Moderate Profile.</b></p>
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## Determine net worth

### Your net worth

NET WORTH			
Assets	Amount in Rs.	% of total assets	Your Net Worth
<b>Liquid Assets</b>			<p>Amount in Rs.</p> <p>800,000 700,000 600,000 500,000 400,000 300,000 200,000 100,000 0</p> <p> <span style="color: blue;">■</span> Total Assets  <span style="color: maroon;">■</span> Total Liabilities  <span style="color: yellow;">■</span> Net Worth (total assets-total liabilities)                 </p>
Savings account	121,000		
Liquid funds	0		
<b>Total</b>	<b>121,000</b>	<b>18%</b>	
<b>Financial Assets</b>			
Fixed interest investments	0		
Mutual funds	206,089		
Direct equity	60,260		
Cash value of life insurance policies	0		
Employee stock option plan (ESOP)	0		
<b>Total</b>	<b>266,349</b>	<b>39%</b>	
<b>Tangible Assets</b>			
Real estate	0		
Other assets (eg. Art, Coin and Stamp Collections)	0		
<b>Total</b>	<b>0</b>	<b>0%</b>	
<b>Personal Assets</b>			
Primary house	0		
Vacation home	0		
Car/Vehicle			
Jewellery			
Other personal assets	0		
<b>Total</b>	<b>0</b>	<b>0%</b>	
<b>Retirement Assets</b>			
Provident fund	200,000		
Superannuation	0		
Gratuity	0		
Public provident fund	100,000		
Cash value of pension plan	0		
<b>Total</b>	<b>300,000</b>	<b>44%</b>	
<b>Total Assets</b>	<b>687,349</b>	<b>100%</b>	
<b>Liabilities and Net Worth</b>			
<b>Outstanding Loan</b>			
Home loan	0	<b>0%</b>	
Vehicle loan	198,712	<b>29%</b>	
Personal/Credit card loan	163,709	<b>24%</b>	
Education loan	0	<b>0%</b>	
<b>Total Liabilities</b>	<b>362,421</b>	<b>53%</b>	
<b>Net Worth (total assets-total liabilities)</b>	<b>324,928</b>	<b>47%</b>	

## Projected cash flow-

CASH FLOW						
(Amount in Rs.)						
Current				Recommended		
Description	% of total income	Annual	Monthly	% of total income	Annual	Monthly
<b>Income</b>						
Salary- Fixed (CTC)		1,000,008	83,334		1,000,008	83,334
Salary- Variable		0	0		0	0
Income from business/profession		0	0		0	0
Pension		0	0		0	0
Rental income		0	0		0	0
Investment Income		0	0		0	0
Other income		0	0		0	0
<b>Total Income</b>	<b>100%</b>	<b>1,000,008</b>	<b>83,334</b>	<b>100%</b>	<b>1,000,008</b>	<b>83,334</b>
<b>Expenses</b>						
<b>Living Expenses</b>						
Household expenses		403,200	33,600		403,200	33,600
House rent		0	0		0	0
Education expenses		0	0		0	0
<b>Total</b>	<b>40%</b>	<b>403,200</b>	<b>33,600</b>	<b>40%</b>	<b>403,200</b>	<b>33,600</b>
<b>Loan EMIs</b>						
Home loan		0	0		0	0
Vehicle loan		76,152	6,346		76,152	6,346
Personal loan/Credit card		118,656	9,888		118,656	9,888
<b>Total</b>	<b>19%</b>	<b>194,808</b>	<b>16,234</b>	<b>19%</b>	<b>194,808</b>	<b>16,234</b>
<b>Insurance Premiums</b>						
Life insurance		26,647	2,221		49,839	4,153
Health insurance		3,575	298		3,575	298
Motor insurance		0	0		0	0
Home(content) insurance		0	0		0	0
Home(building) insurance		0	0		0	0
Other insurance		0	0		0	0
<b>Total</b>	<b>3%</b>	<b>30,222</b>	<b>2,519</b>	<b>5%</b>	<b>53,414</b>	<b>4,451</b>
<b>Other Expenses</b>						
Travel and vacation		0	0		0	0
Charity		0	0		0	0
Others		0	0		0	0
<b>Total</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>
<b>Contribution to Emergency Fund</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>
<b>Taxes</b>						
Salary- Fixed		75,822	6,319		75,822	6,319
Salary- Variable		0	0		0	0
Income from business/profession		0	0		0	0
Pension		0	0		0	0
Rental income		0	0		0	0
Investment income		0	0		0	0
Other income		0	0		0	0
<b>Total</b>	<b>8%</b>	<b>75,822</b>	<b>6,319</b>	<b>8%</b>	<b>75,822</b>	<b>6,319</b>
<b>Total Expenses</b>	<b>70%</b>	<b>704,052</b>	<b>58,671</b>	<b>73%</b>	<b>727,244</b>	<b>60,604</b>
<b>Excess (shortage) before Savings</b>	<b>30%</b>	<b>295,956</b>	<b>24,663</b>	<b>27%</b>	<b>272,764</b>	<b>22,730</b>
<b>Savings</b>						
<b>Contribution to Retirement assets</b>						
PF (employer's contribution)	4%	42,001	3,500	4%	42,001	3,500
PF (employee's contribution)	4%	42,001	3,500	4%	42,001	3,500
Superannuation	0%	0	0	0%	0	0
Gratuity	2%	16,801	1,400	2%	16,801	1,400
PPF	0%	0	0	0%	0	0
<b>Other Committed Savings</b>						
<b>Excess (shortage) after Savings</b>	<b>20%</b>	<b>195,153</b>	<b>16,263</b>	<b>17%</b>	<b>171,961</b>	<b>14,330</b>

## Create and maintain an adequate emergency fund

You must ensure that you are adequately prepared for unexpected events in the short-term by creating an emergency fund equal to three to six months of living expenses. This will enable you to pay for costs that are not covered by insurance, as well as any kind of urgent expenses.

You have Rs. 1.21 lakh in your savings account. You are advised to maintain Rs. 50,000 (approximately one month of your expenses) as an emergency fund. Though one must keep atleast 3-6 months of living and committed expenses in emergency fund. However, you have an immediate goal of house purchase in the year 2008.

You are advised to build and maintain an emergency fund gradually (after you have acquired the immediate goal – home purchase) to an equivalent amount of Rs. 1.50 lakh over time.

### Your emergency fund

Category	Amount in Rs.
<b>Total</b>	<b>1,21,000</b>
Amount transferred from savings account to investment portfolio	71,000
Savings account amount allocated to emergency fund	50,000

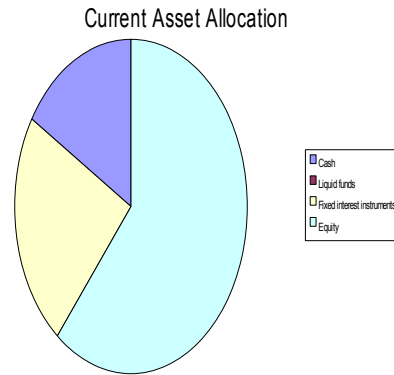
## Investment Planning

### Current Asset Allocation

Asset allocation is the cornerstone of good investing. Each investment included in your portfolio must be part of an overall asset allocation strategy. And this plan must not be generic (one-size-fits-all), but rather must be tailored to *your specific needs*.

Based on the information that you have provided, the current asset allocation of your portfolio is:

Asset Class	Amount in Rs.	% of total assets
Cash	71,000	16.23%
Liquid funds	0	0.00%
Fixed interest instruments	100,000	22.87%
Equity	266,349	60.90%
<b>Total</b>	<b>437,349</b>	<b>100.00%</b>



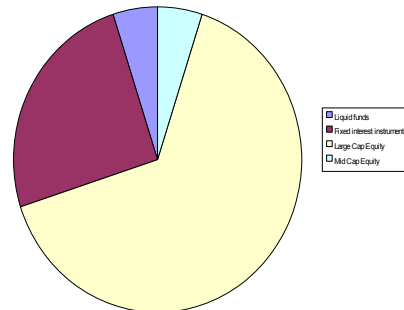
**Expected Portfolio Return: 9.71%**

### Proposed Asset Allocation

Asset allocation is the cornerstone of good investing. Each investment included in your portfolio must be part of an overall asset allocation strategy. And this plan must not be generic (one-size-fits-all), but rather must be tailored to *your specific needs*.

Based on the information that you have provided, the current asset allocation of your portfolio is:

Asset Class	%
Liquid funds	5%
Fixed interest instruments	25%
Large Cap Equity	65%
Mid Cap Equity	5%
<b>Total</b>	<b>100.00%</b>



**Expected Portfolio Return: 10.80%**

## Protection Planning

The purpose of the protection planning section is to examine existing insurance coverage and make recommendations. The goal is to determine whether there is adequate coverage and/or if any additional coverage that may be needed.

### Life Insurance

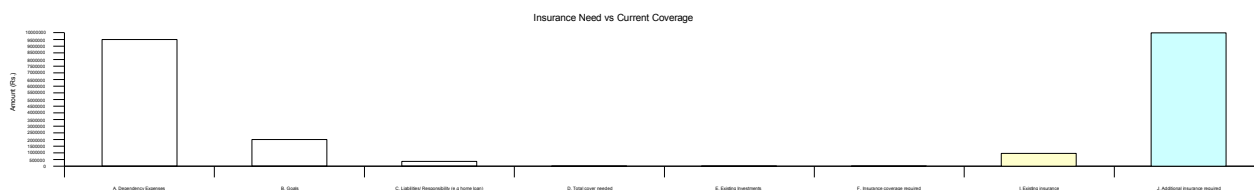
#### Observation

Currently you are covered by different life insurance policies worth sum assured of Rs. 8 lakh by LIC, Max Life and ING Vyasa. You pay an annual premium of Rs. 26,647 per annum. (See life insurance details, Annexure 1).

Life insurance need analysis requires that we look at what would happen in the event of your death. This analysis is done using information you provided to us about your income, expenditure, assets and insurance coverage.

We have computed the insurance coverage requirement for you based on a scenario that all household expenses that will need to be incurred by your family and all other financial goals and liabilities are fully met in the event of your death.

As per our analysis you are under-insured by Rs. 1 crore. (See life insurance need analysis, Annexure 2)



### Recommendation

You are advised to buy an additional term life policy worth Rs. 1 crore. The annual estimated premium is expected to be Rs. 26,192 for a term of 20 years. (Source: HDFC Term Life Insurance Policy).

### Health Insurance

#### Observation

Currently, you are not covered for health by any private health plan.

You must have adequate health insurance coverage especially because of rapidly rising health care costs. In addition to the employer provided plan, it is strongly advisable to keep a private health plan. This is especially useful if you change jobs. Also, health insurers do not accept pre-existing diseases.

### Recommendation

You must consider buying a family floater scheme worth sum assured Rs. 3 lakh. This will cover you, your spouse and your child. The estimated annual premium is Rs. 3,575. (Source: Reliance Health Silver Plan)

## Planning for Goals

### Goal : Home

#### Observation

You are planning to buy a new house of approximately Rs. 30 lakh in the year 2008.

#### Analysis

Based on your current situation, you can meet the the above mentioned goal to the extent as mentioned below:

#### Amount in Rs. (in today's value)

	Year	Goal Amount (Desired)	Goal Amount (Achievable)
Purchase of new house	End of 2008	30 lakh	30 lakh

#### Recommendation:

Funding available towards your home purchase goal

1. Down payment of 15% of the value of home through the Investment Portfolio
2. Bank loan for funding the balance of Rs. 25.50 lakh.

1. Down payment of Rs. 4.50 lakh through the Investment Portfolio as follows:
  - Savings account – Rs. 71,000 must be utilized
  - Mutual funds – Rs. 2.07 lakh
  - Surplus of year 2008 – Rs. 1.71 lakh
2. Bank loan for funding the balance Rs. 25.50 lakh.

Description	Year	Annual Estimated EMI in Rs.
Annual Income	2009-2023	3.04 lakh

Note: Please note that our analysis shows that in the year 2009, the annual income surplus is not expected to support the EMI in the year 2009 by Rs. 96,000. However, as you will get tax benefits under section 24(b) for the interest portion paid towards home loan, you will be able to meet the EMI expense by the money saved on taxes.

## Goal: Khushi's Education

### Observation

You need to plan for the following education expenses of Khushi's in today's value.

1. School education of Rs. 30,000 per annum starting in the year 2009 till the year 2021. This is expected to grow at 10% per annum.
2. College education expenses of Rs. 40,000 per annum (in today's value) between 2022 and 2025.
3. Professional education expense of Rs. 10 lakh in today's value in the year 2026.

### Analysis

Based on your current situation, you can meet the the above mentioned goal to the extent as mentioned below:

#### Amount in Rs. (in future value)

	Year	Goal Amount (Desired)	Goal Amount (Achievable)
School education expenses	2009-2021	Rs. 30,000/year	Rs. 30,000/year (grows at inflation rate of 10%)
College education expenses inflation rate	2022-2025	Rs. 1.1 crore/year	Rs. 1.1 crore/year (grows at of 10%)
Professional education expense	2026	Rs. 55.59 lakh	Rs. 55.59 lakh

### Recommendation

You should consider utilizing the following sources of cash to help you fund your goal as per our analysis.

1. Regular annual income surplus to fund the school education – We have treated the school and college expense as a regular expense and deducted this from your cash flow every year. Your annual income surplus during the years 2009-2025 is expected to support the education expenses as mentioned above.
2. Investment from the Annual surplus in the recommended portfolio to fund college and professional education expenses

Description	Year	Amount to be invested (Rs.)
Investment from annual surplus	2011-2025	1.48 lakh

Note: The Investment is expected to be made in the recommended asset allocation which is expected to generate 10.80% per annum

## Goal: Simran's education

### Observation

You need to plan for the following education expenses of Khushi's in today's value.

1. School education of Rs. 30,000 per annum starting in the year 2013 till the year 2025. This is expected to grow at 10% per annum.
2. College education expenses of Rs. 40,000 per annum (in today's value) between 2026 and 2029.
3. Professional education expense of Rs. 10 lakh in today's value in the year 2030.

### Analysis

Based on your current situation, you can meet the the above mentioned goal to the extent as mentioned below:

#### Amount in Rs. (in future value)

	Year	Goal Amount (Desired)	Goal Amount (Achievable)
School education expenses	2013-2025	Rs. 30,000/year	Rs. 30,000/year (grows at inflation rate of 10%)
College education expenses	2026-2029	Rs. 2.66 lakh/year	Rs. 2.66 lakh/year (grows at inflation rate of 10%)
Professional education expense	2030	Rs. 81 lakh	Rs. 81 lakh

### Recommendation

You should consider utilizing the following sources of cash to help you fund your goal as per our analysis.

1. Regular annual income surplus to fund the school education – We have treated the school and college expense as a regular expense and deducted this from your cash flow every year. Your annual income surplus during the years 2013-2025 is expected to support the education expenses as mentioned above.
2. Investment from the Annual surplus in the recommended portfolio to fund college and professional education expenses

Description	Year	Amount to be invested (Rs.)
Investment from annual surplus	2010	88,782
	2011	43,939
	2012	1.24 lakh
	2013	1.06 lakh
	2014-2027	1.58 lakh

Note: The Investment is expected to be made in the recommended asset allocation which is expected to generate 10.80% per annum

## Goal: Khushi's Marriage

### Observation

Khushi's is expected to get married in 2028. You need to plan for the following expenses in today's value.

1. Marriage expenses of Rs. 4 lakh (today's value) in the year 2028.

### Analysis

Based on your current situation, you can meet the the above mentioned goal to the extent as mentioned below:

#### Amount in Rs. (in future value)

	Year	Goal Amount (Desired)	Goal Amount (Achievable)
Marriage expenses	2028	Rs. 10.61 lakh	Rs. 10.61 lakh

### Recommendation

You should consider utilizing the following sources of cash to help you fund your goal as per our analysis.

#### 1. Regular annual surplus

Description	Year	Amount to be invested (Rs.)
Annual Income Surplus	2015-2027	37,035

Note: The Investment is expected to be made in the recommended asset allocation which is expected to generate 10.80% per annum

**Goal: Simran's Marriage**

**Observation**

The probable year for your expected 2<sup>nd</sup> child to get married is 2032. You need to plan for the following expenses in today's value.

- 1. Marriage expenses of Rs. 4 lakh (today's value) in the year 2032.

**Analysis**

Based on your current situation, you can meet the the above mentioned goal to the extent as mentioned below:

**Amount in Rs. (in future value)**

	<b>Year</b>	<b>Goal Amount (Desired)</b>	<b>Goal Amount (Achievable)</b>
Marriage expenses	2032	Rs. 12.90 lakh	Rs. 12.90 lakh

**Recommendation**

You should consider utilizing the following sources of cash to help you fund your goal as per our analysis.

**1. Regular annual surplus**

<b>Description</b>	<b>Year</b>	<b>Amount to be invested (Rs.)</b>
Annual Income Surplus	2014-2031	26,630

Note: The Investment is expected to be made in the recommended asset allocation which is expected to generate 10.80% per annum

**Goal: Vacation**

**Observation**

You need to plan for following expenses in today's value:

1. Domestic - You wish to spend Rs. 20,000 on vacation every 2 year.

**Analysis**

Description	Year	Amount in Rs. (in today's value)		
		Estimated Amount (Desired)	Inflation rate (Assumed)	Goal Amount (Achievable)
Domestic	2009-2047	20,000	5%	20,000

**Recommendation**

In our analysis, we have taken the above expense as an annual regular expense and your cash flow is supporting this expense from your annual income surpluses from 2009-2047.

**Goal: Retirement**

**Observation**

You intend to retire at age 50. After retirement you need to plan for the following expenses in today's value.

1. Annual household expenses of Rs. 3.60 lakh in today's value between 2027(your retirement year) and 2056 (life expectancy).

**Analysis**

Based on your current and projected financial situation you cannot meet the the above mentioned goals due to retirement at age 50.

**Amount in Rs. (in today's value)**

	<b>Year</b>	<b>Goal Amount (Desired)</b>	<b>Goal Amount (Achievable)</b>
Annual household expenses	2027-2056	Rs. 3.60 lakh/year	Rs. 3.60 lakh/year

**Amount in Rs. (in future value)**

	<b>Year</b>	<b>Goal Amount (Desired)</b>	<b>Goal Amount (Achievable)</b>
Annual household expenses	2027-2056	Rs. 9.55 lakh per annum	Rs. 9.55 lakh per annum

Note: You are contributing every month Rs. 3,500 towards to Provident Fund and Rs. 1,400 per month towards Gratuity. In our analysis, expected growth rate of PF and Gratuity is 8% per annum. Also there is a contribution from your employer of Rs. 3,500 per month towards your Provident Fund account.

**Recommendation**

You should consider utilizing the following sources of cash to fund your retirement goal as per our analysis:

1. Retiral assets
2. Insurance maturity proceeds
3. Annual income surplus to be invested in recommended asset allocation

1. Retiral assets

<b>Description</b>	<b>Year</b>	<b>Estimated accumulated amount</b>
Provident fund and Gratuity fund	2027	52.42 lakh

2. Insurance maturity proceeds

<b>Description</b>	<b>Maturity Year</b>	<b>Estimated maturity proceeds</b>
LIC Jeevan Anand	2029	5 lakh

Note: We have not taken the non-guaranteed portion i.e. bonus, we have only taken the guaranteed part.

3. Annual income surplus to be invested in recommended asset allocation to fund the balance of retirement goal:

<b>Description</b>	<b>Year</b>	<b>Amount to be invested (Rs.)</b>
Annual income surplus	2014	10,970
	2015	12,972
	2016	117,725
	2017	167,617
	2018	290,647
	2019	353,947
	2020	498,710
	2021	578,534
	2022	670,463
	2023	762,740
	2024	1,295,626
	2025	1,411,208
	2026	1,970,708
2027	17,68,991	

Note: All the above surpluses have been allocated towards your retirement goal, this is done after funding the other goals such as Khushi's marriage, education, etc.

## Tax Planning

- Section 80C – Your payments towards insurance premium, PF are eligible for benefits under section 80C of the Income Tax Act. Also, as you are planning to take a home loan, you will be able to get tax exemption under section 80C for the principal paid every year on the home loan. The maximum limit for tax exemption under section 80C is Rs. 1 lakh. Your tax projection assumes that you are taking full benefits (upto Rs. 1 lakh) under this section.
- Section 80D – As you have been suggested a health insurance plan, the estimated annual premium of Rs. 3,375 paid towards the this mediclaim policy will be eligible for tax exemption under section 80D of the Income Tax Act.
- Section 24(b) – Once you take the home loan, the interest paid on the home loan will be eligible for tax exemption upto Rs. 1.50 lakh per annum under section 24(b) of the Income Tax Act.
- Continuum Allowance – You have shared with us that the annual Continuum Allowance of Rs. 4.06 lakh received by you is fully taxable at present. You must avail benefits of the Company Car lease option and you must claim reimbursements for the fuel and maintenance of your car. Also, you are advised to check out with the HR department about reimbursements you can claim such as actual telephone expenses, food vouchers, etc in order to save taxes.

## Estate Planning

### Observation

You do not have a Will. You have 3 financial dependant.

### Analysis

- Your current net worth is Rs. 3.24 lakh. As you further build your investment portfolio, your net worth will grow. Soon, you will be acquiring a house worth Rs. 30 lakh which is an addition to your portfolio.
- You must identify who the inheritors of your assets will be in order to avoid the problems of dying intestate. Dying intestate can lead to numerous legal and financial problems as well as a lot of emotional issues for your survivors. Your survivors might end up losing control of your assets or even pay lakhs of rupees as court fees.

### Recommendation

We recommend that you start thinking about writing a Will in the next 1-2 year once you have taken the house property and built on your investment portfolio further.

### NEXT STEPS

Goals/Needs	Next Step
<b>Life Insurance</b>	You are advised to buy an additional term life insurance policy worth Rs. 1 crore. The annual estimated premium is expected to be Rs. 23,192 for a term of 20 years. (Source: HDFC Term Life Insurance Policy).
<b>Health Insurance</b>	You must consider buying a family floater scheme worth sum assured Rs. 3 lakh. This will cover you, your spouse and your child. The estimated annual premium is Rs. 3,575. (Source: Reliance Health Silver Plan)
<b>Recommendation for existing investment</b>	<p><b>Savings account to be used for maintaining an emergency fund</b></p> <p>Current savings account balance is Rs. 1.21 lakh. You need to maintain an emergency fund of Rs. 50,000 where the money is easily accessible and liquid to meet any unforeseen contingencies. Balance must be utilized towards the home goal.</p> <p><b>Fixed interest investments:</b></p> <p>Retain the PPF till its maturity date. Then, invest the maturity proceeds in the recommended portfolio. We have allocated this investment towards your retirement goal.</p> <p><b>Mutual funds:</b></p> <p>You may liquidate this and fund the downpayment of the home goal in the year 2008 . If you are not liquidating this then you have to arrange additional source of fund for the downpayment of the house goal.</p>
<b>Recommendation for current annual surplus – Year 2008</b>	Current annual surplus for year 2008 is expected to be approx. Rs. 1.71 lakh. This amount is expected to be directed towards the down payment of the home goal. You must invest the monthly surplus for the next 6 months in capital preservation funds as this is needed for downpayment within 6 months.
<b>Estate Planning</b>	We recommend that you must consider writing a Will within the next 1 year.
<b>Car goal</b>	You are advised to avail the car lease option provided by your company for a new car. You are having a car loan liability as of now. Your Relationship Manager will discuss about the car lease facility in detail vis a vis your existing car loan liability.

DISCLAIMER

This financial plan is based on information detailed in your personal Client Information and Investment Profile Questionnaire and personal discussions with you. A copy of your Questionnaire is available on request. You must read the information contained in the Questionnaire and in this financial plan carefully. If you believe that any relevant information may have been overlooked or misinterpreted, please contact us before proceeding with the implementation of the plan. We have relied on information supplied to us by you, which, we have assumed to be correct. No responsibility can be accepted if the information that you have provided is incorrect or inaccurate. This plan is prepared solely for the use of the client to whom it is addressed.

This financial plan is a forward-looking document. The words "forecast", "anticipate", "estimate", "project", "intend", "expect", "should", "believe", and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve, and are subject to known and unknown risks, uncertainties and other factors, which could cause actual results, performance or achievements to differ from the future results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements attributable to iTrust herein are expressly qualified in their entirety by the above mentioned cautionary statement. iTrust does not accept any direct or indirect liability for any results, performance or achievements that differ from results, performance or achievements implied by such forward-looking statements.

We do not promise that the investments you make based on this plan will be profitable. The investments are subject to various market, currency, economic, political and business risks. We will not be liable for any losses that may be caused directly or indirectly by circumstances beyond our reasonable control or on account of our good faith decisions or actions.

This document does not constitute an offer to sell or a solicitation of an offer to buy any security or other financial product, which may be referred to herein.

This financial plan is based on your current situation and goals, which will change with the passage of time and your age. Any material change in your financial situation will necessarily render the contents of the plan out of date. Material changes refer to change in income/salary levels, assets acquired, liabilities incurred, change in number of dependants, health condition, or the passage of time of more than 12 months or the effect of inflation or deflation.

We strongly recommend that a) you review this plan periodically to ensure that your plan's actual performance is consistent in meeting your goals, and b) you update your plan annually to ensure that your plan is updated for your changing situation and goals.

**Annexure 1**

Life Assured	Tarun Sharma	Sum Assured (Guaranteed)	950,000	Annual Premium	26,647
Date of Birth	24-Jun-77				

Company Name	Insurer	Term	Year of Commencement	Sum Assured (Guaranteed)	Annual Premium	Remarks
Type	Policy No	Premium Paying Term	Year of Maturity		Mode of Payment	
LIC – Jeevan Anand	Tarun Sharma	25	2004	500,000	20,517	
Plan 149	241268027	25	2029		Annual Premium	
MAX	Tarun Sharma	65	2003	300,000	6,130	
Whole Life	234256972	65	2068		Rs. 3,065 paid semi annually	
ING Vyasa	Tarun Sharma	10	2005	150,000	4,300	You have discontinued this policy, still the sum assured continues
ULIP	11256985	10	2015		Annually	

## Annexure 2

### Your Insurance Need Analysis

<b>A. Survivor's Living Expenses</b>	
Household expenses	9,519,875
House rent	0
Education	0
<b>B. Other Expenses</b>	
Vacation	0
Charity/Gift	0
Others	0
<b>C. Outstanding Debt to be Paid off</b>	
Home Loans	0
Vehicle Loans	198,712
Personal Loans/Credit Cards	163,709
<b>D. Protection for Goals</b>	
House/Land Purchase	0
Jewellery and Arts	0
Purchase of car	0
Education	2,000,000
Marriage	0
Other goals	0
<b>E. Total Funds Needed to Cover Expenses, Liabilities and Goals (A+B+C+D)</b>	<b>11,882,296</b>
<b>F. Assets Currently Available to Support Family</b>	
Liquid Assets	
Savings account	121,000
Liquid funds	0
Financial Assets	
Fixed interest investments	0
Mutual funds	206,089
Direct equity	60,260
Employee stock option plan (ESOP)	0
Tangible Assets	
Real estate	0
Other assets (eg. Art, Coin and Stamp Collections)	
Retirement Assets	
Provident Fund	200,000
Superannuation	0
Gratuity	
Public Provident Fund	100,000
<b>Total</b>	<b>687,349</b>
<b>G. Other Regular Income</b>	<b>0</b>
<b>H. Survivor's Estimated Annual Income from Employment</b>	<b>0</b>
<b>I. Total Available Funds to Cover Expenses, Liabilities and Goals (F+G+H)</b>	<b>687,349</b>
<b>J. Life Insurance Coverage Required (E-I)</b>	<b>11,194,948</b>
<b>K. Life Insurance Coverage Already Available</b>	<b>950,000</b>
<b>L. Additional Insurance Required (J-K)</b>	<b>10,244,948</b>



## **Why do I need a financial plan?**

A financial plan is a highly personalized roadmap to help you reach your life's financial goals and save money.

## **What are typical financial goals?**

Every major goal can be quantified in money terms. For example:

- Can I afford Rs.30L to buy a house
- Is Rs.10L enough for my kids' education
- How can I save Rs.15L for their marriage
- Do I need Rs.1Cr in savings to retire

**You cannot predict the future but you can be better prepared for it.**