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JOURNAL of Financial Planning IN INDIA

April 2022

INSIDE:

Investing with purpose:
going beyond financial returns

Future-Proofing
The Profession

Crypto: Is it an
Emerging Asset?



CERTIFIED FINANCIAL PLANNER

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Message from Noel Maye

Dear CFP professionals,

As the world starts to, albeit unevenly, emerge from the COVID-19 pandemic, I've begun to resume international travel and look forward to the opportunity to visit India later this month to engage in planning with our India team and in person with many of our stakeholders in meetups around India. Look out for invitations to one of our events being planned in Bengaluru, Delhi, Hyderabad, Kolkata and Mumbai; I appreciate some of you may not be in those cities or ready for in-person gatherings, so we'll build in a Zoom meeting option as well so that we can hear from each other.



As many of you know, FPSB joined the International Organization of Securities Commissions (IOSCO) to ensure that the voice of the global financial planning community is represented when policies affecting financial advice delivery are being debated at the global level. This month, FPSB will provide input on IOSCO's consultation on the impacts of technology innovations, social media influencers (aka fin-fluencers) and gamification on retail investor wellbeing; thank you to those who completed our survey on this topic so we can include views of the Indian CFP professional community in our comments to IOSCO, which we'll also share with the Securities and Exchange Board of India.

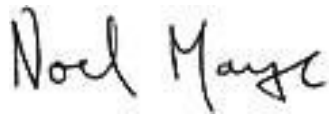
At both the global and Indian levels, FPSB has embarked on a project to future-proof the financial planning profession and CFP certification. Using findings from last year's global Job Analysis Survey and Future of Financial Planning Practice research, which included input from over 350 participants in India, FPSB is

updating our global financial planning standards (2022) and CFP certification requirements (2023) to address technology innovations, changes in client expectations and advice delivery, and attract new entrants to the profession and CFP certification. We'll be working with our team in India, our CFP Professional Advisory Panel, education providers and other subject matter experts to ensure our program in India remains relevant and effective in training the next generation of financial planners and enhancing the practice capabilities and professionalism of existing CFP professionals.

On a regular basis, FPSB leverages the power of our international community to conduct global research among key stakeholders, including: firms' perspectives on CFP certification and hiring CFP professionals (2012); consumer attitudes towards financial planning (2015); and the practice of financial planning and CFP professional's views on the future of the profession (2016, 2021). With shifting client expectations, technology advancements and increased global economic uncertainty, FPSB looks forward to updating our global consumer research to provide content and campaigns to promote the value of financial planning and of working with a financial planner who has committed to standards of competency and ethics, like a CFP professional.

FPSB could not achieve our success in India without your support, the guidance of our CFP Professional Advisory Council, and our team that works so hard on your behalf and behalf of the profession. I'm pleased to introduce you to the newest member of our team, Chandrakant Sureka, who has joined as Head of Operations to oversee the systems, processes and procedures of our program in India. Chandra has over 30 years of experience in developing corporate financial strategies and leading operations across diverse firms and industry sectors in the Middle East and India. I'm sure you'll start to hear more from Chandra as he digs into our data, technology platform and processes to ensure we're operating efficiently and effectively, and I hope that you'll welcome him to our program.

Until I see you next in person or on Zoom, thanks again for all you do to support FPSB and our mission to establish financial planning as a recognized profession, with CFP certification its symbol of excellence – in India and around the world.

A handwritten signature in black ink that reads "Noel Maye". The signature is written in a cursive, slightly slanted style.

Noel Maye

Chief Executive Officer

Financial Planning Standards Board Ltd.

About the Journal



The purpose of the *Journal of Financial Planning in India* is to expand the knowledge base of CERTIFIED FINANCIAL PLANNER^{CM} professionals and those interested in the profession.

Future contributions will span a variety of areas including industry interviews, viewpoint columns, insightful articles and peer-reviewed technical papers. We wish to provide content that is interesting, original and, most importantly, beneficial to CFP^{CM} professionals and their work on behalf of their clients.

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Writing Guidelines for Contributions



Articles:

We welcome previously written work and ideas that pertain to one of the areas of financial planning: tax planning, debt management, cash flow management, ethics and legal and regulatory environment, education planning, retirement planning, investment planning, insurance planning, and estate planning.

The articles should be of about 1500-3000 words in length with the goal of having an article between 6-8 pages long within the Journal, including all photos and graphics. Articles must be written in English and be relevant to Indian CFP^{CM} professionals and/or the global CFP community.



Audience:

You are writing for people like you – other CFP^{CM} professionals! Please provide timely and accurate information that has practical implications.



Style:

The Journal of Financial Planning

Call for Articles

Elements to be included for submission:

Publication date, August 2022.

Article due date: 30 June 2022.

Publication date, December 2022.

Article due date: 31 October 2022.

Send to: IndiaCFPCertification@fpsb.org

Format: When submitting an article, please include: author name(s), mailing address, email address, phone number, author picture, brief biographies of the author(s), and an executive summary.

Executive Summary: The executive summary is not a sales pitch for the article, but instead, a summary telling the reader what to expect, the purpose, the topic, the why, and the important practitioner implications. Executive summaries should be no more than 250 words.

Graphics: No more than 5 photos and graphics per article.

Endnotes/References: Please be sure to use APA formatting for references and endnotes.

Authors of published articles will get 5 CPD POINTS



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- Make edits to the Article, including its title, that may be necessary to meet publication requirements, including without limitation size, layout and format requirements.

I agree to execute any documents that may be required to effect the agreements contained herein and to indemnify FPSB Ltd. for any claims, demands, or causes of action related to the licenses I have granted and all matters waived or released herein.

Our Work With Clients

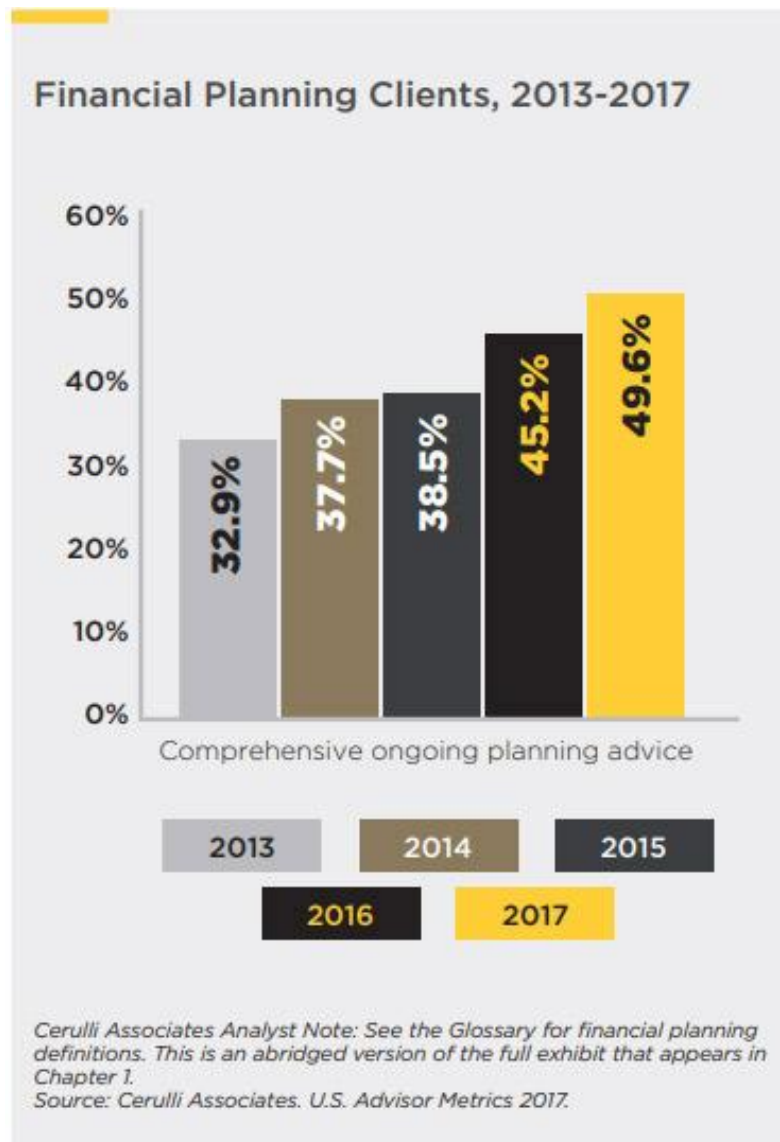


- **CFP Certification:** The must-have credential for advisors as firms increase focus on financial planning
- **Investing with purpose;** going beyond financial returns
- **Objection handling of clients** under "fee-only" financial planning practice

CFP® Certification: the must-have credential for advisors as firms increase focus on financial planning

The shift in wealth management toward financial advice and financial planning is undeniable. From managing the change in consumer expectations to recognizing the significant value that financial planners offer, many financial firms have accelerated their adoption of business models that place a greater focus on financial planning services.

Dubbed “The Advice Revolution” by CFP Board in a [2020 report](#) that synthesized industry data from Cerulli Advisors and Aite Group, the movement toward financial planning has been a growing wave. In 2013, financial advisors offered financial planning services to just 32.9% of their clients. By 2017, that figure increased to 49.6% — a significant jump in the number of financial plans developed.

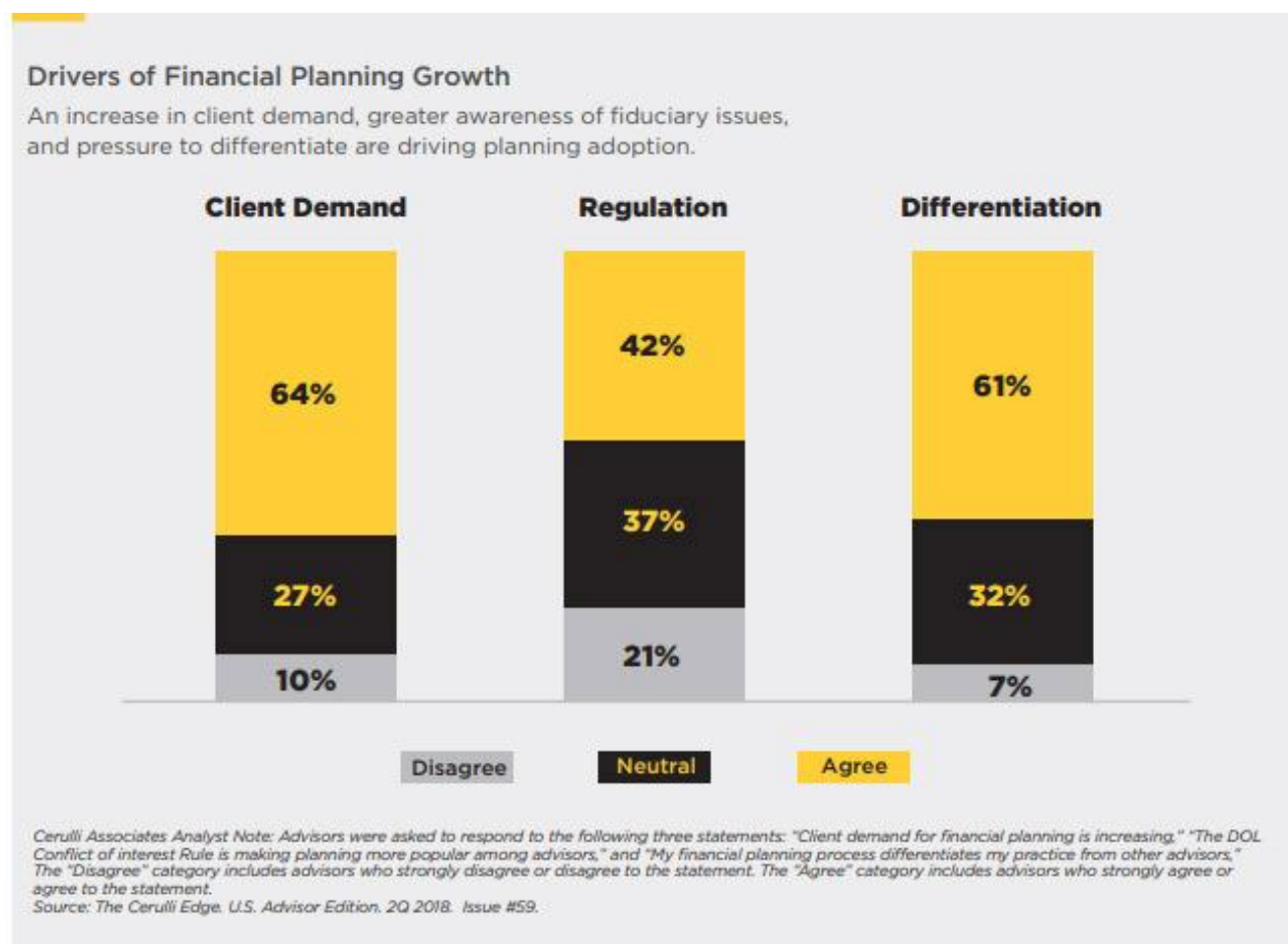


The pandemic only increased this shift, as the [financial planning profession met the COVID-19](#) moment by responding to a surge of inquiries from new prospects. To meet this demand, financial services firms are hiring more financial planners. Citing one example, Fidelity Investments [announced](#) in April that it planned to hire 1,000 financial planners over the next year.

As the players within the financial advice industry continue to lead their businesses with financial planning to answer the demands of a changing client base, they face questions of expertise and efficiency in hiring as they try to scale up their offerings to bring in more planning-focused clients. For financial advisors looking to fill these gaps for current and prospective employers, CFP® certification is worth considering as a must-have credential to achieve in the next step on their career path

INGREDIENTS OF THE ADVICE REVOLUTION: CLIENT DEMAND, DIFFERENTIATION AND REGULATION

Like all tectonic shifts in industry business models, the advice revolution emerged due to several factors. Chief among them are increased client demand, differentiation and regulation.



THE CHANGING FACE OF CLIENT EXPECTATIONS

According to the Cerulli study¹ referenced in CFP Board's report, more than half of investors (55%) believe advisors must take the time to fully understand their needs, goals and risk tolerance. In that same study, 64% of advisors reported that client demand for financial planning is increasing.

This trend should only continue in the current economic environment. With rising [inflationary pressure](#), the prospect of a [stock market correction](#), the return of [student loan payments](#) and an increase in spending that has begun to [erode](#)

[record-high savings rates](#), having a financial plan will be even more important in the upcoming year, and consumer demand for having one is likely to increase.

The types of financial services needed by Millennials, who are coming of age facing these challenges and operating from a [different financial lens](#) than their parents, go far beyond stock market tips. This next generation clientele is much more likely to have accumulated student debt, changed careers and missed out on workplace benefits such as retirement savings matching. The face of new clients is also much more likely to be [female](#) and diverse.

Advisors must anticipate that clients will not only expect expert and ethical financial planning advice, but also an understanding of the client's motivation and the psychology driving their financial goals — and an ability to relate to the client's own personal mindset.

FINANCIAL PLANNING BRINGS DIFFERENTIATION AND CLIENT SATISFACTION

Crucially, financial planning represents a way for financial advisors to differentiate their practices in an investment management space that has become increasingly commoditized. More than 60% of advisors in the Cerulli study thought that their financial planning process differentiates their practice from other advisors.

Against the backdrop of robo-advisors, commission-free trading, auto-balancing and investing, sound financial planning stands out from the pack — and the results speak for themselves. [Consumer research conducted](#) by Heart + Mind Strategies in 2020 found that 84% of those working with a CFP® professional are extremely or very satisfied with their advisor's financial advice competency, compared to 72% of those working with a non-certified advisor.

REGULATORY PRESSURES PUSH ADVISORS AND FIRMS TOWARD FINANCIAL PLANNING

On the regulatory side, the increased focus on the fiduciary standard as a result of the public discourse around the Department of Labor's (DOL) dropped fiduciary

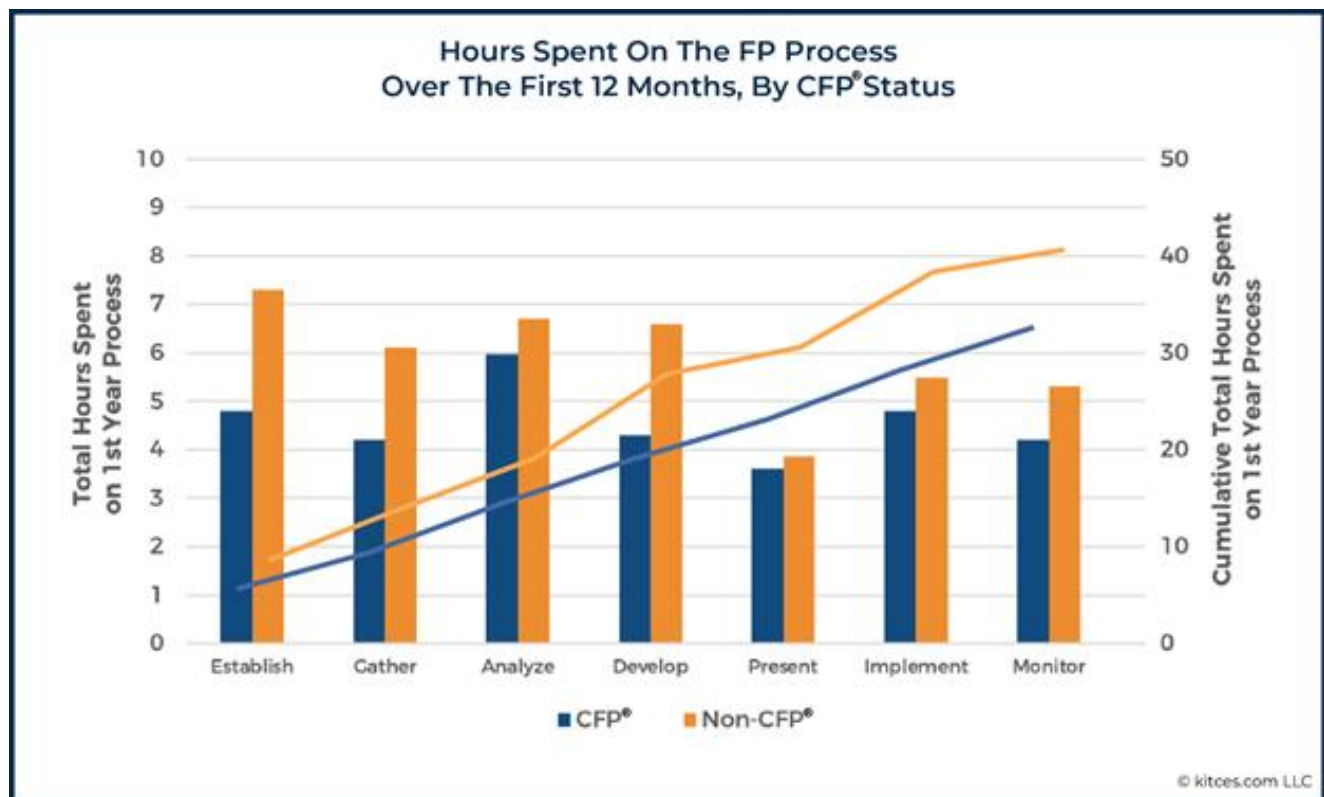
rule and the more recently implemented Regulation Best Interest have led firms down the road of financial planning. According to the same study from Cerulli, 42% of advisors agreed that the DOL Conflict of Interest Rule is making financial planning more popular among advisors. Per the report, “Financial planning that demonstrates a clear strategy for overall financial success, strong analysis and thorough documentation of every step can be an effective way for advisors to demonstrate that they are acting in their clients’ best interest.”

MEETING THE MOMENT: CFP® CERTIFICATION UNLOCKS FINANCIAL PLANNING AT SCALE

Crafting a financial plan for a client requires expertise, experience and attention — there’s no cookie cutter approach, as each client has their own needs and priorities. Advisors looking to scale up their financial planning services will want to ensure their clients receive plans that have been given the utmost care, while also remaining timely and efficient to produce.

In a [recent blog post discussing](#) scaling the delivery of financial advice to address client demand, Michael Kitces, CFP®, Head of Planning Strategy at Buckingham Wealth Partners, perfectly explains the value proposition of the knowledge embedded in CFP® certification to firms: “Expertise that is learned once, definitively, provides ongoing time savings for every client thereafter.”

Within his research, Kitces and his team specifically examine the difference in productivity between CFP® professionals and financial advisors without the CFP® certification. In a top-line analysis, the research revealed that the average CFP® professional needs just 32 hours to construct a financial plan, while the average advisor without CFP® certification takes more than 41 hours to engage in the same process.



Clearly, CFP® certification enables financial planners to serve clients effectively and efficiently at scale. As the wealth management industry continues to focus on financial planning to address client needs, it stands to reason that demand for CFP® professionals will increase to support firm growth. As a result, firms will be looking to hire CFP® professionals to meet their goals, further reinforcing why the CFP® certification is the must-have credential for financial advisors.

CONSIDERING A CAREER PATH IN FINANCIAL PLANNING

If you are considering a career path in financial planning and in pursuing CFP® certification, CFP Board offers information and resources on [CFP.net](https://www.cfp.net) to help you get certified.

[GET CERTIFIED: THE CFP® CERTIFICATION PROCESS](#)

1. *The Cerulli Edge. U.S. Advisor Edition. 2Q 2018. Issue #59.*

Article Credit: [CFP Board](#)



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Number of CERTIFIED FINANCIAL PLANNER^{CM} Professionals in India Increased By 17% Over Previous Year

Top 3 CFP^{CM} Professional Growth Rates by Territory

Brazil: 36.4%

Indonesia: 22.2%

India: 17.6%

2021: Year of growth for India
2,338* CFP Professionals

+349

Net increase in the number of India CFP Professionals in 2021

*as of 31st Dec 2021

The number of CFP professionals worldwide grew 5.5% in 2021, reaching a total of 203,312*.

“Since FPSB was formed in 2004, the number of #CFP professionals in the world has more than doubled.”

- Noel Maye, CEO of FPSB



Investing with purpose: going beyond financial returns

**Motlatsi Mutlanyane, Head of Alternative Investments,
Momentum Investments**



An integrated approach to any investing is critical, if you are to invest responsibly, explains Mike Adsetts, deputy chief investment officer at Momentum Investments. “What means is that we disaggregate environmental, social and governance factors, and we think about every single type of investment we make from multiple perspectives.



“You need to be mindful of what the implications are for employees if you decommission a fire station or close down a coal mine, for example. What are the alternative career paths in the new renewable energy place that you can put them into?

That’s an example of what we consider from the environmental and social sides.”

Broadly, Momentum Investments’ impact investment portfolios focus on three areas – alternative energy, social infrastructure and diversified infrastructure.

“Sometimes this means investing in the unlisted space, which can be disconcerting to more traditional investors, but we believe there is real value to be found there.”

Importantly for Adsetts, these investments are closely linked to very specific United Nations sustainable development goals, to which Momentum Investments subscribes. “This is a level of commitment we think is unique – not only in how

we're investing, but in how we're matching these investments specifically with common, international goals for a better, more inclusive world."

In practice: responsible investing, with great returns

Leading the charge on this is Motlatsi Mutlanyane, head of alternative investments at Momentum Investments. Mutlanyane has the complex responsibility of identifying these purposeful investments, while being sure they are not only right from a responsibility perspective, but that they will generate good returns on investors' money.

"Finding purposeful investments may not be as hard as it used to be but finding ones that will also generate a strong return becomes more complex," explains Mutlanyane. "This kind of strategic, goal-orientated investing means that our investors can hold us accountable at the end of the day. I believe it makes for better decision-making, and better-quality conversations with our investors."

So far, Momentum Investments has constructed four local portfolios, which are all generating strong returns, despite the Covid-19 pandemic that has negatively affected many other investments:

- Momentum Alternative Energy Fund. The portfolio is predominantly invested in unlisted equity instruments but can also hold unlisted debt instruments of sustainable energy companies and projects. Equity positions can only be minority positions. Finance is provided to alternative energy initiatives, renewable energy and energy-efficient projects in South Africa.
- Momentum Diversified Infrastructure Fund. The portfolio is invested in unlisted debt-like and equity instruments. It is predominantly invested in South African as well as Southern African Development Community opportunities with positive social and environmental delivery objectives. Underlying assets have stable and predictable cash flows as well as strong environmental, social and governance features.
- Momentum Social Infrastructure Fund. The portfolio is invested in debt and equity

instruments related to social infrastructure.

Social infrastructure refers to student accommodation, quality affordable housing and non-urban shopping centres.

- Momentum Impact Fund. This is a multi-asset-class portfolio with an impact focus. The portfolio gains its exposure through the Momentum Alternative Energy Fund, the Momentum Social Infrastructure Fund and the Momentum Diversified Infrastructure Fund. Like the underlying portfolios, the portfolio targets underlying assets that have a positive societal impact through addressing social and environmental challenges.

“These portfolios are not only setting the bar, but they are beating it and exceeding even our own expectations,” explains Mutlanyane. “The lack of infrastructure development in South Africa specifically – due to long-standing inequality – is in dire need of investment. Investing in such economic infrastructure certainly makes sense, because we’re able to see significant ripple effects, their job creation at scale. That’s good for our investors, and good for South Africans in areas where these developments are.

“Government seems to want to work with the private sector to fund this kind of development. They’ve identified about 276 projects that they’re trying to get to a stage where they are bankable, and can be converted into projects that the private sector would be able to invest in. We’re already involved in this – and we’re actually hoping that more of our competitors will also get involved, so we can leverage this for everyone.”

The role of the individual investor While the positioning of many of these investments does come across as institutional in nature, individual investors may believe that infrastructure investments are of less concern to them.

However, this is not the case, as there is a myriad of ways in which individual investors can influence and gain exposure to these types of investments. Below are three:

Firstly, it is important to raise the profile and intent with responsible investments. As advocacy grows, the extent of integration and availability of responsible-based

investments will grow.

Secondly, individuals can exercise choice in the case of retirement funds with member choice and also engage with trustees to bring these issues on the agenda as well as influence which investments the principal officers and trustees of retirement funds choose.

Thirdly, there is a wealth of investment types available that can have exposure to less liquid investments, which include preservation funds, endowment policies and retirement annuities – areas where retail investors can exercise their own discretion.

As the trend and demand for responsible investments grow and expand, the availability of the types of portfolios that can be invested in will expand. This is something that Momentum Investments is excited by and an area in which the company will actively expand into as investment managers.

Article Credit : [Financial Planning Institute of Southern Africa - Investing with purpose - going beyond financial returns](#)

Objection Handling of Clients under “fee-only” Financial Planning Practice

By Amit V Kachalia, CFP^{CM}



.Any businessmen or professional must deal with objections, doubts, queries, and apprehensions from the prospects of the product / service being sold or offered by the professional. The way such objections are being handled, decides the transition of relationship from “being prospect” to “becoming customer/client”.

The story doesn’t end here. The objections and doubts continue from client’s end even at the later stages of a relationship and the process of evolution continues.

Let me share the way I handled such objections in my journey as a “fee-only” financial planner and how the same is still evolving by applying dynamism in my approach. The way an objection was handled a few years ago is not relevant or appropriate in the current scenario. Hence, I have curated the list of objections and doubts coming from prospects and converted clients who are relevant and faced by fee-only financial planners under the current scenario. But, before we deep dive into the topic, I need to share some personal information.

My journey:

Entering a “fee-only” financial planning practice in 2008 was uncomplicated for me as I was a blank slate with no pre-conceived notion, no networking, and “zero” AUM. Also, generating respect in the eyes of the clients was undemanding due to transparency, accountability and an unbiased approach with no vested strings attached.

Time to redefine the definition of “Success”

Instead of giving a number, like AUM to be achieved, number of clients to be targeted and so on, which will always be a never-ending story, I had to redefine the success for myself.

Rise in professional responsibility has an inverse relationship with the degree of freedom – aligning this principle with my “Family’s Financial Plan”, living “today” stress-free became a cakewalk.

I am sharing my experiences as I feel it will help provide an insight to my way of handling the troubleshooting and objections of prospects and clients with due respect to all other ways and means.

Objection handling: Prospects

All objections / troubleshooting needs to be done with full determination, conviction, commitment, ecstatic energy, and positive vibes. The underlying topic is not about any data analysis or any technical knowledge upgradation. I am just mentioning the summarized replies to the objections. The conversations between the planner and the prospect/client needs a professional touch and customization on case-to-case basis.

Objection 1: Do my finances require an expert?

Reply 1 Analogical reply: If your health issues are very easy to tackle then a doctor can take care of it. But, after going through a comprehensive pathological report and analysis, its outcome will decide whether the diagnosis can be handled

by a doctor or a Specialist. So, putting in place a comprehensive financial plan is the first step to come to conclusion about the same.

Reply 2 If you, as a prospect, hold 100% domain knowledge of your personal finance, then, to be frank, you don't require us. But, if you are short of it, say, by 30%, then we are here to bridge that gap for a fee. Without this 30%, there cannot be 100%.

Reply 3 Financial goals of your family can be achieved in two ways:

1) Hard work – DIY, compromising, taking stress of your own finance, self-disciplined

2) Smart work – Expert, work-life balance, financially stress-free life

Reply 4 Appointing a financial planner is similar to putting on a helmet or seat belt. Both do not guarantee accident-free driving. But, safety is reasonably assured. Calculated risks are risks with a plan.

Objection 2: Fee is high!!

Reply 1 A serious patient has two choices –

1) Civil/Government Hospital

2) Corporate Hospital

If a corporate wellness hospital starts admitting every person irrespective of their paying capacity, then how will it make profits for its shareholders?

Reply 2 Our Fees vs Other Family Expenses

Example –

Gross Income = Rs.28,00,000

House Maid = Rs.36,000 (with due respect to work profile)

(Physical convenience to the family, 1.29% of family income)

Dining Out, etc = Rs.48,000

(Temporary sense gratification, 1.71% of family income)

Our Fees (Say) = Rs.42,000 (Financial and social security, 1.50% of family income)

So, for your own financial wellbeing, paying 1% to 2% of your income makes sense.

These analogies will make the prospect re-look and rethink about their personal finances.

Objection 3: If we are charging fees on Assets under Advice (AUA)

Prospect – If our workload is not proportionate to the AUA, then why are we charging fees on the AUA?

Planner – With rise in AUA, our risk of managing the AUA is also rising, which requires its due respect and compensation.

Objection 4: What if the financial planning advice backfires?

Possible, quite possible. We are not GOD.

Under DIY Model: The chances of backfiring are more.

Under a Professional Service: The probability is less, but not “zero”.

Now, let us focus on handling objections and queries of the converted clients.

OBJECTION HANDLING: CLIENTS

Objection 1: Limited data shared by client

Analogy – A heart surgeon would need to know the current medications and health history of the patient and his/her family. So, if a patient, diagnosed with heart-related issues, is already having kidney-related issues and medications are being taken, which are intentionally or unintentionally not informed to the heart surgeon, his prescription might result into damaging the kidneys further.

Who is to be blamed then? The heart surgeon or the patient.

Objection 2: Client ignoring our advice

Caution the client and if he/she does not listen then get a signed disclaimer just like the one from a hospital (discharge against medical advice).

Objection 3: Unrealistic Expectations about Returns

Under the post-covid scenario, the expectation bar of all clients from the financial markets has gone up many times. Hence, we need to bring their unrealistic expectations to some sanctity and reality. A client who is in a job generally gets an increment of 5% to 15% per annum, same for businessmen or professionals.

The jackpot is hit occasionally, just like equity returns of 2020-22, double promotion, big business opportunity, and so on, but not every now and then.

Objection 4: Polygamy Client

A client is free to take advice beyond our service agreement. The world is now a global village connected on social media, online platforms, news channels, friend-colleague-cum-financial advisor (unofficial) and so on. This carries the risk of dilution of our paid advice. The client will, every now and then, counter our advice with market noises and whims and surmises. I call such clients as “polygamy” clients.

Since the objections raised are from the above forces, they need to be settled down quickly to avoid confusion and to enlighten the clients with a sense of clarity and unambiguity. Delay in this step results in clients executing their finances based

on the above factors. Hence, a sense of urgency needs to be established at our end.

Objection 5: Hypocrite Client

The default version of human species is “Being Hypocrite”.

Example –

1) Family – Goes Wrong – Fault of Luck

Goes Well – Credit to “Self”

2) Education – Goes Wrong – Fault of Trainer

Goes Well – Credit goes to Own Efforts

3) Employer – Goes Wrong – Fault of employee

Goes Well – Credit to leadership / decisions

4) Financial Planner – Goes Wrong – Fault of Planner

Goes Well – Markets Performed

Keep one thing in mind – The client is paying us for our services and efforts and not for giving us any credit or appreciation. Hence, a financial planner with detached approach and not keeping expectations beyond the timely payment of fees always retain the joyfulness and bliss within himself/herself.

Conclusion - Handling objections is an art and science. As a professional, we must treat every objection or query from the prospects and clients with due respect and troubleshoot the same with utmost diligence and professional competence. We can follow these steps to handle the objections –

1) Listen and understand to acknowledge the objection

2) Respond and ask the right questions to address the same

2) Respond and ask the right questions to address the same

3) Confirm and provide Solution + Example or at least provide a relatable analogy

4) Continue and move forward

Amit is a fee-only practicing CERTIFIED FINANCIAL PLANNER professional from Nashik, practicing since 2008 and can be reached at amitkachalia.india@gmail.com

Our Changing Market Place



- Future-proofing the profession
- Public demand for financial planning will increase, driven by retirement needs

Future-Proofing The Profession

by Dennis Lau, CFP, AEPP



“With the rapid pace of development in the financial services industry, consumer needs, and the impact of technology, financial planners have to be up-to-speed with the demands of the profession. To ensure that practitioners around the world meet the required standards of practice, the FPSB of the US conducts periodic global job analysis surveys to find out what competencies and skills are required. Here we share some key points about the FPSB’s global job analysis survey 2021, and what implications it has”, says Dennis Lau, Chief Executive Officer of the IFPHK.

The primary goal of the global job analysis survey 2021 is to identify the applicability, importance, and frequency of the tasks and skills required for financial planners. To this end, 11,867 CFP professionals from 16 FPSB territories including Hong Kong conducted the survey to assess the current practice of financial planning. Using the FPSB’s Financial Planner Competency Profile as the basis

which describes the abilities, skills, attitudes, judgments, and knowledge that a financial planning professional draws on when working with clients in financial planning engagements, the survey defined financial planning tasks, skills, and areas of knowledge and competence necessary for the practice of financial planning, and tested their degree of importance and frequency to CFP professionals.

Summary of High-level Findings of FPSB's Global Job Analysis Survey 2021

The four most important skills for the practice of financial planning for the nearly 12,000 CFP professionals surveyed around the world are the following:

- Building trust: Being able to show through words and actions that a financial planner will be fair and professional when dealing with a client;
- Effective communication: Being able to use active listening and nonverbal skills when engaging with a client;
- Professionalism: Being able to demonstrate personal accountability and effective work habits; and
- Regulatory compliance: Being able to understand and adhere to laws, regulations, and corporate compliance policies.

Among these, CFP professionals from the 16 territories surveyed rated "Building Trust with Clients" as the single most important professional skill for financial planners.

The results show that CFP professionals embrace the importance of the various tasks that support the financial planning process. They also acknowledge the need for a more collaborative approach towards financial planning with clients. This includes a call for increased emphasis on skills relating to the "psychology of financial planning", such as client advocacy, coaching, and clients' financial literacy.

Apart from evaluating the importance of technical skills, such as critical thinking as it relates to financial planning domains and financial needs analysis, the FPSB also evaluated another hitherto untested skill set, namely, “soft skills” such as coaching and emotional intelligence, and how important these are in relation to financial planning.

The overwhelming response from the CFP professionals surveyed is that both technical and interpersonal skills are important to the practice of financial planning. This shows that increased emphasis is being placed by the global community of CFP professionals on the human element of financial planning.

Through the global job analysis survey, the FPSB has also been able to validate the standards and requirements of the current global CFP certification program.

Application of the Results

The FPSB will work closely with a psychometrician to analyze data from the global job analysis survey. The results of the analyses will be used by the FPSB and its network organizations to do the following:

- Develop global and territory-specific CFP examination specifications;
- Link pass / fail decisions for CFP certification examinations to the job analysis data to confirm that individuals awarded with CFP certification have been assessed for competency in the practice of financial planning;

and

- Guide the development of financial planning education content and training programs.

Moreover, to future-proof the financial planning profession and CFP certification requirements, the FPSB will work with its network using the global job analysis survey and other research results to do the following:

Enhancement of the Certification Program

1. Update its Financial Planner Competency Framework and Competency Profile in 2021.
2. Update its CFP certification examination specifications, including additional assessment methodologies, in 2021.
3. Update its Financial Planning Education Framework in 2021 and 2022, including:
 - a) the Global Financial Planning Education Content;
 - b) a mechanism to conduct regular reviews and/or updates of education content; and
 - c) a mechanism to support the creation of parallel and/or supportive local education content.
4. Update its global standards of practice and ethics for financial planners, as well as CFP certification requirements, in 2022.
5. Update the mechanism for FPSB affiliates to map existing territory-specific education programs to the FPSB's framework or content to support cross-border activity among CFP professionals in 2022.
6. Develop Practice Guidance Notes for CFP professionals that enhance and support the application of the FPSB's Financial Planner Competency Profile and Financial Planning Body of Knowledge in 2022.
7. Develop, in partnership with the FPSB's network, an international Continuing Professional Development (CPD) program that is supportive of CFP professionals' needs for further education in 2022.

8. Identify opportunities for ancillary programs on education, certifications, or specialisations that underpin and develop the global profession in 2022.

Awareness of Financial Planning and Financial Literacy

9. Develop one or more financial literacy programs for different consumer segments and categories, for instance, the retired, those preparing for retirement, those with family dependency, those who are early in their career, those with children, in 2023.

10. Advance efforts to raise the awareness of the value of financial planning and the CFP certification globally, to future-proof the strength of the FPSB and CFP certification brands. (These efforts will be largely driven by the FPSB Network's Content Strategy (2021+), Brand Architecture Project (2022), and Consumer Awareness Research (2023).)

Financial Planning and Competency Frameworks of the Financial Services Industry in Hong Kong

The IFPHK has always applauded regulators' drive to enhance the knowledge and standards of financial services industry practitioners.

We have been supportive of the Insurance Authority's GL24 Guideline on Continuing Professional Development in September 2019, and recently backed the Securities and Futures Commission's proposal to upgrade practitioners' competencies, to take effect in 2022.

Nonetheless, it is unclear how far the latest study materials and examination curricula for financial services intermediaries inculcate financial planning as a discipline, and how financial planning skills have permeated the various financial services domains.

As the premier professional body for financial planners in Hong Kong, the IFPHK is rightly concerned that licensed financial services intermediaries must be

competent in financial planning as it relates to their areas of practice.

The swelling consumer demand for financial planning services means that financial planning skills are an essential competence that financial services intermediaries must possess. In an attempt to resolve the above uncertainty, the IFPHK had, several years ago, advocated for regulators to undertake job analysis surveys to find out what their licensed intermediaries need to do in their everyday practice.

A job analysis exercise would help regulators identify the gaps that exist not only in terms of the financial planning practices relevant to their respective financial services domains, but also in terms of whether new skill sets have become essential for licensed intermediaries to function in their specific industry milieu.

Apart from informing the curriculum and examination syllabuses for licensed practitioners, the research from the job analysis surveys could also be applied to the existing qualifications framework, making qualifications more relevant and practical for the real world.

Going Forward

The results from the FPSB global job analysis survey 2021 will help the IFPHK understand the prevailing practices and expectations of financial planning practitioners, which will guide our efforts in relation to our CFP certification education programs, certification examinations, and professional development. Finetuning of the CFP certification education and examination curriculum is likely necessary, so that CFP professionals are competent enough to meet the current and new challenges in their areas of practice.

We hope that regulators will take note of our drive to periodically study and update the competencies and skills required of financial planners, and follow suit in our efforts to use job analysis surveys to update and upgrade all financial services industry practitioners.



National Institute of Securities Markets (NISM),
has renewed accreditation of FPSB Ltd.'s
CERTIFIED FINANCIAL PLANNER certification



Press release

Public demand for financial planning will increase, driven by retirement need

By B.Srinivasan, CFP^{CM}



The middle class has been the key driver of the global economy in the last century. During the past several decades, world economic growth has occurred, primarily because of increased consumption in the middle class of the United States, Europe, and other advanced countries. This class has been considered a thriving and vibrant catalyst for economic growth. It provides a strong base that drives productive investments. It is critical in encouraging other social developments that stimulate growth and foster the expansion of elements that contribute to a healthy society¹. The middle-class aspirations in India will make a household define its financial goals and priorities sooner than later.

Among the various goals of the people, outside of retirement planning for other goals, there is peer and family pressure. Such a focus will lead to the fulfillment of the goals ultimately. Unfortunately, when it comes to planning for retirement, there is not much awareness of the real needs of retirement planning nor the focus. To add more woes, this is the only goal of an individual, for which no borrowing is

possible.

Employment in the formal economic sector is rising slowly and steadily, automatically leading to higher demand for retirement planning². We regularly see that many of the employees in the organized sector have started worrying about the post-retirement standard of living. We have begun emphasizing retirement planning more in the last decade or so.

The people of the current generation are clear in their goals and expectations. They surely understand their commitment to their children and are ready to go to any extent to meet their children's needs. At the same time, they are sure they would not like to depend on their children for their retirement lives. Even if there is a requirement of moral dependency, they do not want to be financially dependent. This attitude will generate tremendous scope for retirement planning for all the existing planners.

India has the youngest population in the whole world as a country³. We need to create awareness for this younger generation and their cardinal retirement requirements. The well-established theory of "Power of Compounding" needs to be instilled in young people's minds by drawing their attention to the fact that the required savings will be much lower if one starts early. It is also imperative to bring to the attention of the young generation the judicious need of today vs. tomorrow. The fact is one can't live today at the cost of tomorrow and save for tomorrow at the expense of today.

Another important fact that is not given enough attention is the increasing life expectancy. There is a saying that the person who will live more than one hundred years is already born. In fact, as a planner, even we are not aware of the exact number of post-retirement years we need to plan⁴. Hence, it is

essential to understand and explain the importance of longevity issues. Living longer also means more emphasis on an extensive corpus than anything suggested so far.

The impact of inflation on retired people is not well understood. The fact is retirees can't escape the wrath of inflation. The lack of indexed income and wrong priorities/asset allocation hurts retired people the most

priorities/asset allocation hurts retired people the most.

Finally, the most crucial aspect that needs to be highlighted is that India is one of the few countries that lacks a credible social security system, which means we need to help ourselves. It further aggravates when you start understanding the change in the ecosystem, like, an increase of nuclear families, increased standard of living, the incremental cost of the health system as one gets old, etc. Most of the time, the insurance coverage to the medical requirements is not sufficient. The cost of medical insurance in old age is prohibitively high. Still, the copay system is steadily gaining importance, and most importantly, no insurance covers “assisted care requirements” whose demand is increasing.

Thus, the increased awareness for all the above factors will generate the public demand for retirement planning. All the above factors will cause a much higher need for financial planning. When the public starts observing people around them have started suffering due to the lack of proper retirement planning, the demand for financial planners specializing in retirement planning will grow exponentially.

Unfortunately, there is a lack of financial planners who focus exclusively on retirement planning. I hope and wish the public demand and awareness of all the above factors will create niche retirement planners among our financial planners who will be thriving professionals of the future. FPSB India is creating consumer awareness and preparing financial planners through CFP certification to meet the rising demand.

1 <https://www.asianstudies.org/publications/eaa/archives/the-middle-class-in-india-from-1947-to-the-present-and-beyond/>

2 (https://sbi.co.in/documents/13958/10990811/281021-Ecowrap_20211029.pdf/b0625dda-46bf-1f1e-2998-3c58c94dd156?t=1635409920832).

3 <https://india.unfpa.org/en/topics/young-people-12>

4 <https://www.thehindu.com/news/national/india-gained-decade-of-life-expectancy-since-1990-says-lancet-study/article32869093.ece>

Our Shared Wisdom



- 21st century financial advisory in the post-covid era
- Will substitutes for Estate Planning
- Crypto: Is it an Emerging Asset?

21st Century Financial Advisory in the Post-Covid Era

By Kee Siew Poh, CFP®



Covid-19 pandemic has hit several sectors harder than others, particularly the aviation and tourism industry. The financial sector on the other hand, had been quite resilient in the face of the pandemic. In fact, it even grew by about 6% in the first half of 2021. This pace was even faster than 2019, before the onset of Covid-19 outbreak.

Growth is possible because although traditionally the financial services industry relies on face-to-face interactions, it is now possible to leverage on technology to build a virtual practice.

Virtual Practice vs Traditional Face to Face Meeting

While it may not be clear at the onset of the pandemic, the benefits of having virtual meetings are now a lot more evident.

1. Save Time – clients do not need to travel to our office to meet us, they can meet us during their lunch break, from the comfort of their home or even when they are on vacation.
2. Shorter & More Productive Meeting – traditionally when meeting in person, there is often the sense of needing to have a longer meeting to make it worthwhile especially if someone has taken time to travel. In a virtual practice, meetings can be kept short, focused & more productive. Duration of meeting can be set upfront & desired outcome defined before the start of the meeting.
3. Greater Collaboration – for face-to-face meetings, it is often difficult to pick a time & place that suits everyone. With virtual meetings, everyone can connect wherever they are, or they may at least be able to check in for a few important minutes.

Robo-Advisors vs Human Advisors

Robo-Advisors often use a computer algorithm that invests your money based on your answers to a few questions, such as when you need the money, your risk tolerance and how much you have to invest. They often incorporate good investment practices such as asset allocation & diversification, tend to be relatively cheap and come with the convenience of online account opening. In short, when it comes to tedious and mundane tasks, where automation makes investing easier, this is where the Robo-Advisors excel.

But for tasks that require specialized or unique expertise, it is important to pick the right adviser with sufficient experience and specialized skill set. Robo-Advisors aren't 100% personalized. There could be some issues and concerns which can only be uncovered from a chat with an experienced financial advisor. For many people, as their wealth increases over the years, ignorance is not bliss. Lack of planning (leaving everything to default) can potentially lead to much conflict, confusion & cost. When enlightened by an experienced human adviser with specialized skill set, they would be able to better appreciate following:

- Transfer of real estate in a meaningful manner without resulting in unnecessary conflict, confusion & cost
- Protection of assets from creditors
- Protection of inheritance from divorce
- Identifying “leakages” in estate planning & how to plan ahead
- Issues related to generational wealth succession & transfer

The other big advantage of a human advisor may be more apparent during times of market turmoil such as in 2008 and 2020. A great adviser keeps you to the long-term plan that makes you money and also helps motivate you to do the right thing, even if you don't always feel like doing it.

The Bottom Line

A robo-advisor can be an excellent choice to manage your money, especially as you're just getting started on your investing journey and your needs are relatively simple and straightforward. But as your needs evolve and become more complex, it makes a lot of sense to consult a human advisor with sufficient experience and specialized skill set. More importantly this person needs to have your best interest at heart!

And with rapid adoption of technology in the post-Covid era, it is now possible to receive such personalized financial advice without leaving the comfort of the living room. As pandemic eases and face to face meetings resume, hybrid meetings may just be the way to go in forging stronger relationships, deeper connections, and long-term trust.

[*Singapore financial sector grew an estimated 6% in first half of 2021: MAS chief Ravi Menon, Banking News & Top Stories - The Straits Times*](#)

[*The Rise of Virtual Financial Robo-Advisors for Your Investments - Types, Pros & Cons \(moneycrashers.com\)*](#)

<http://moneybusiness.com/>.

Article Credit: [Financial Planning Association of Singapore](#)



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Will Substitutes for Estate Planning

By Harminder Garg, CFP^{CM}

Simplifying transfer of assets where possible without making a Will

Succession Planning or estate planning is a subject that is often left not discussed. However, in the past two years, succession planning has come to the forefront in these times of Covid which has left many people exposed to circumstances that either required or requires them to consider estate and succession planning.



Estate planning is to provide instructions stating to whom you want to receive something of yours, what you want them to receive, and when they are to receive it. You will, of course, want this to happen with the least of complications and any fees and charges that may be applicable.

Many people, including financial advisors assume that the best way to address estate planning is to draw up a Will, and they are not wrong about it. However, Will substitutes are legal instruments for transfer of assets from owner to beneficiary upon the owner's death.

Joint Tenancy, living trust and beneficial nominee in life Insurance policies are considered an instrument of a Will substitute. These instruments have inherent features that act as a clear estate transfer option.

Joint Tenancy

When more than one person holds an immovable property, the ownership

arrangement could have several forms. Each form of ownership will have a different result when it comes to estate distribution. The concept of joint ownership (also co-ownership, shared ownership, or concurrent ownership) typically has two primary forms – joint tenancy and tenancy in common.

Joint tenancy is an arrangement that defines the ownership rights among the two co-owners of a property. Under joint tenancy, if one tenant dies, his or her share in the immovable property goes to the other tenant, or the survivor. It is not necessary that a co-owner should be a relative; even two or more friends can be co-owners of a property.

Under joint tenancy, the right of survivorship states that on the death of one joint tenant, his or her interest immediately passes to the surviving joint tenants and not to the decedent's estate. At the same time, it is important to note that there are four conditions that are required in order for formation of a joint tenancy: time, title, interest and possession.

Unity of Time: This element requires that each joint tenant take his or her share at the exact same time. For instance, Amit conveys a one-half interest of his apartment to Rahul. After one month, he conveys his remaining one-half interest of his apartment to Renu. Even if Amit intended that Rahul and Renu be joint tenants, it will not be possible because they received the title to the apartment at different times. Instead, Rahul and Renu share a tenancy-in-common in the apartment.

Unity of Title: This element requires that all joint tenants acquire title by the same instrument. This could be a deed, a Will, a trust or any other document that can convey property. For instance, Ravi gifts Suresh, one-half interest in his bakery shop through a gift deed. Ravi leaves the other one-half interest in the bakery shop to Raj in his Will, which will come into effect after his death. Since Raj and Suresh will not take the title via the same instrument, they will not be considered as joint tenants.

Unity of Interest: This element requires that each tenant must have an equal interest in the property. For example, Sundar conveys 60% share to Sahil and 40% share to Sudha of his apartment as joint tenants with rights of survivorship. This

language is ineffective. Since Sahil and Sudha are not each given the same percentage of the house, they cannot be joint tenants.

Unity of Possession: This requires that each joint tenant has the right to possess the entire property. For example, Ravi transfers equal ownership rights of the bakery shop to Suresh and Raj as joint tenants with rights of survivorship. Ravi specifically writes that Raj has no rights on profits from bakery business in the initial five years. Since Raj and Suresh will not have equal rights to possess the asset, they will be considered as tenants-in-common.

In Joint tenancy, along with the above four unities there must be a specific language in an instrument reflecting the intent to create a joint tenancy like “Joint tenancy with right of survivorship”. Often people overlook the aspect of tenancy at the time of purchasing the property, but it is an important factor. For instance, many couples assume that their joint ownership in a property is by default joint tenancy, but that is not the case. One should mention joint tenancy in the property title at the time of purchase.

In case of tenancy in common, on demise of one co-owner, the ownership of the property does not automatically pass on to the surviving co-owner. Depending on the terms mentioned in the Will of the deceased, the property will be divided in the future. In the absence of a Will, the rights are distributed in line with intestacy laws. In case of a property owned by two siblings; on demise of one of them, the property would not automatically pass to the surviving sibling. Hence, at the time of purchasing, especially in case of a co-owner, like between spouses, they should properly disclose the nature of ownership and their respective shares, in the title document or sale deed, so that it's easier to pass on a property to the next generation without any dispute.

Life insurance beneficial nominee

The primary objective of purchasing a life insurance is to create a financial cushion for one's family members which they could rely upon in case of one's demise. But to ensure that our loved ones are actually able to utilize the policy benefits, one should be very careful at the time of choosing a nominee to the policy.

should be very careful at the time of choosing a nominee to the policy.

The amendment to Insurance Act in 2015 introduced the concept of Beneficial Nominees, which include the policyholder's spouse, children or parents, individually or in combination as mentioned in the nomination form are the beneficial nominees. In this way, anyone other than the stated beneficial nominees could be nominee but not the beneficial nominee. So, when you have a clear mentioned about beneficial nominee in your life insurance policy; the beneficial nominee is the actual rightful owner of the claim proceeds.

If nominee is other than stated beneficial nominee, then the nominee is just a receiver of claim proceeds and legally it is the legal heirs who are entitled to receive the money from the nominee. All legal heirs who are entitled to the assets of the deceased including the insurance money have a right to receive the same from the nominee. So, in case of a sibling being mentioned as nominee in case of a policy, s/he is actually duty-bound to pay the policy proceeds to the legal heirs of the deceased.

Ideally, if a policyholder has mentioned beneficial nominee details in the insurance policy then the claim on this insurance should be excluded from asset list mentioned in the Will document. In case the policyholder wants to change nomination he can change nomination any time before his death. The policyholder has the choice to appoint more than one nominee with specific policy benefits. For instance, one may wish to leave 50% of the policy proceeds with spouse and 25% each to two children. There is also a provision to appoint successive nominees, which means if A is a nominee and in case A dies, then B will become a nominee after the demise of A.

However, if a policyholder has written a Will and in such document he clearly defines as to who will be the beneficiary for insurance policy proceeds then in such cases, policy proceeds will go to the person(s) named in the Will and the Will supersede nominee/beneficial nominee's mentioned in the insurance policy. For a large section of people, beneficial nomination can work as a good Will substitute and limit the complications arising out of life insurance policy proceeds.

Living Trusts

A living trust, also known as 'inter vivos' trust, is a written legal document through which one's assets are placed into a trust for their benefit during their lifetime and then transferred to their designated beneficiaries on their death. Such a trust is a revocable trust and is created during the lifetime of the settlor so that it can be altered, changed, modified or revoked entirely.

Private Trust is more appropriate where the Settlor would want to transfer moveable assets like Shares, Bank Fixed deposits and other financial instruments. In case of immovable property, stamp duty will be payable on the property that is transferred to the trust during the lifetime of Settlor and transfer would also be required to be registered under the Indian Registration Act, 1908.

This type of family trust or private trust is created to benefit persons who are related to one another by blood, affinity, or law. It has to be established by a family member for the benefit of the members of the family group and is an instrument to pass on the assets to future generations. This is yet another effective estate planning tool which can bypass the Will route to estate planning. It is effective, less expensive and has the advantage of preserving the privacy of the estate while transferring the estate.

Although useful to avoid probate, a revocable trust is not an asset protection technique as the assets transferred to the trust during the settlor's lifetime will remain available to the settlor's creditors. However, a revocable trust evolves into an irrevocable trust upon the death of the settlor, which in many ways ring fences the assets held by the trust from creditors on the death of the settlor.

A living trust deed lays down the basic terms and objectives of the Trust with the rights and obligation of the Settlor, Trustee's and Beneficiaries. Generally, during the lifetime of the Settlor, full control of the trust remains with the Settlor and only upon demise or incapacitation of the Settlor, the role of the Trustee's comes into force.

A Living trust is also useful when the Settlor does not wish to pass the estate to his children or heir and wishes to earmark the proceeds to charity or other causes.

The upside of a Living Trust is that unlike a Will which can be challenged in the

The upside of a living trust is that unlike a will, which can be challenged in the

Court by any heir who is unhappy with the asset distribution, the possibility of a Trust being challenged are lesser. Moreover, a Will becomes active only on a Will-drawer's death, but a Trust can be created when the person is alive.

To conclude, the three Will substitutes are meant to do away with a Will and are easy ways to transfer one's estate. Joint tenancy covers bequest of immoveable properties, living trust is recommended for bequest of financial assets and testamentary trusts are suitable for bequest of immoveable properties.

Importantly, bequest of assets through Will substitutes lead to less litigation at the time of distribution of estate. These are also cost-effective ways to transfer one's estate in a manner that causes least hindrance to the beneficiaries for whom these are intended. To a large extent, for most people, these alternates to a Will would solve many of their estate planning concerns.

Like other aspects in life, estate and succession planning requires careful consideration when planning the mode of transfer. Will does supersede many of the other forms of estate transfer, but in the absence of a Will, its substitute can come into play and do the needful for the desired outcome. Do evaluate Will substitute for some of your estate to ensure simple and hassle-free transfer process for your loved ones to whom you wish to pass your estate to.

Crypto: Is it an Emerging Asset?

By Sandeep Manohar Tahilramaney, CFP^{CM}



Preface:

One thing is clear: the cryptocurrency industry is here to stay. Don't get me wrong. I am not forecasting Bitcoin's future price, whether it will be \$1 million, \$10 million, or \$1. Although no one knows how many cryptocurrencies and crypto exchanges will exist in a decade, however, this market has seen a massive expansion at a rapid pace. Even though there is a lot of price speculation going on, there is currently no way to access the true worth or value of any cryptocurrency.

After an approximately 60% slump in May-June 2021, Bitcoin has recovered and appears unstoppable. A stock market correction of more than 20% is often seen as the start of a bear phase. Although the steep drop of 40% in the Sensex in March 2020 and subsequent rebound to the ATH (all-time high) was an exception. In the Crypto market, even a free fall of 75% - 90% from the peak might kick-start the next bull trend in a matter of days or weeks.

Many people are unsure whether or not to invest in cryptocurrencies. Fund managers and experts are currently divided on the subject. Previously, the vast majority of fund managers were strongly opposed to blockchain and cryptocurrency. Some of them have now softened their stance, although still not advocating openly for investment, but have begun to discuss the growing acceptance of cryptocurrency. However, the majority of them continued to use the wait and watch strategy.

wait and watch strategy.

Most investors nowadays desire to get involved with cryptocurrency. After seeing a year return of 10X in Bitcoin (BTC) and more than 100X or even 1000X in some Alternative Coins (ALTC), everyone wants to participate and eat their cake.

What is Crypto & Blockchain:

Before we go, it is important to note that Cryptocurrency and Blockchain are not the same things.

Whereas crypto, such as BTC or any other ALT coins, is not a typical fiat currency that can be used to buy or sell items through a physical transfer of money. Crypto is a virtual digital decentralized currency that operates on a system known as a Blockchain. This means that no central bank has control or monitoring over the system. Nobody can alter the transaction. A transaction can be viewed by anybody, but the identity of the users remains confidential. Because the entire cryptosystem is based on anonymity, you will never know with whom you are transacting.

Blockchain, on the other hand, is a database platform. It collects, records, validates, and verifies transactions in the same way that any other database does, but what distinguishes cryptocurrency is that its very existence is dependent on this digital encryption technology. It is a systemically distributed ledger with a diverse network of computers that ensures the safety and verifiability of transactions in a few seconds.

The entire crypto market is primarily dominated by Bitcoin (BTC), which has a 42% market share currently, down from a previous stake of 75% due to the emergence of alternative coins (ALTC) in the crypto segment.

Like the stock market, we may divide all cryptocurrencies into three categories based on market capitalization.

- Large Cap — BTC ranks #1 in this category (market share 42%)
- Mid Cap – Ranks #2 - #10 (market share 40%)

- Small Cap – Ranks #11 - #35 (market share 10%)

Following that, the remaining 18000+ ALT coins, which account for only 8% of the market valuation, are micro or penny coins and tokens. For the most recent updates, go to www.coinmarketcap.com.

What is NFT:

Another recent breakthrough utilizing Ether Blockchain technology is the introduction of NFT. Non-Fungible Tokens (NFTs) are cryptocurrency tokens that are indivisible, unique, and digital.

- NFT cannot be exchanged for another NFT or Cryptocurrency.
- Unlike crypto, a single NFT cannot be broken down into smaller bits.
- Each token has a distinct value and is backed by an asset, art, project, idea, or collectable.
- Owning NFT does not imply ownership of the underlying asset.
- There is no way to determine the correct valuation. Price is subject to speculation.
- Over 2000 NFTs have been launched in the last five years.
- It is best avoided unless you know the promoter personally.
- More suited to the HNI category

The NFT craze continues, with new projects being launched on a daily basis, and the concepts behind them may be so abstract that it is difficult to explain their pricing.

BTC vs Gold:

BTC arose as an alternative for gold, as well as a potential replacement for the US dollar (\$). Let's look at the facts.

Similarity:

- Nonperishable till perpetuity
- Limited supplies
- Hedge against inflation
- Transit in fraction units

Difference:

- Age difference
- Market cap and valuation
- Owners and holders
- Physical vs. Virtual

Nonperishable till perpetuity

Many Indians adore gold and have a strong emotional attachment to it. Gold has traditionally been seen as a "safe haven" asset because it cannot be demonetized, although fiat currency can. It is also an excellent "store of value" due to its shelf lives being virtually infinite. Gold cannot vanish from the earth.

BTC is also here to stay for at least a century, if not longer. According to the blockchain-backed software program, it cannot be removed, erased, or altered. BTC prices can range from zero to sky high, depending on demand and supply, and are more influenced by people's faith and belief.

Limited supplies

Both gold and bitcoin have limited and finite supplies

Both gold and Bitcoin have limited and finite supplies.

The overall supply of gold is expected to be between 1.75 and 2 lacs tons. According to the US Geological Survey, the below-ground stock of gold reserves is currently estimated to be around 50,000 tons. Experts estimate that 75% of the gold obtained has been mined. That indicates that around 25% of all gold is yet to be mined. Every year, approximately 2,500 to 3,500 tons of gold are extracted.

By 2050, gold mining may have become economically unsustainable. However, new technologies may enable the extraction of some known/unknown reserves that are currently uneconomic to reach.

Whereas the maximum supply of BTC is set at 21 million coins, 18.8 million have already been mined and the remaining 2.2 million are expected to be produced by the year 2140, more than a century later.

Why would it take another 118 years to mine the remaining 10% of BTC since 90% has already been mined in the last decade? This is how its Algo software is programmed because BTC mining is decreased to half (50% reduction) every four years.

It is also worth noting that approximately 20% of BTC has already been lost permanently due to carelessness, forgetting the password, death of the holder, and so on, and cannot be recovered.

Hedge against inflation

Gold is good inflation and currency hedge.

The scarcity of any commodity raises its price, as we have learned in the economy. The same reasoning applies to BTC as well. Furthermore, the value of each crypto is determined by the laws of supply and demand.

BTC has been projected as digital gold, and its golden logo plays an important part in developing a brand and has had a profound impact on human psychology.

Transit in fraction units

1 bitcoin can be divided into smaller fractions with up to 8 decimal places. Satoshi refers to each component. 1 BTC = 10,000,000,000 Satoshi. BTC can be purchased and sold in fractions of a Satoshi. ALT coins are also divided into tiny units.

Age difference

Gold has been a magnificent asset for millennia. Gold is around 3 billion years old, but Bitcoin is only 13 – 14 years old.

Market cap & valuation

As of April, 1st, 2022, the total market cap of crypto is \$2.15 trillion, with BTC alone having a market cap of \$900 billion at \$47,000 per BTC.

The total worth of gold, on the other hand, is \$12.25 trillion at the current rate of \$1925 per ounce (oz).

Will the entire valuation of Bitcoin surpass that of gold in the future? It's entirely possible.

Owners & holders

It appears highly unlikely that Bitcoin would ever replace gold, as gold is held and used by a far larger population and central banks. Every asset class is distinct in its way and will continue to exist.

Physical vs Virtual

Gold can be purchased in physical, paper, or digital form. You can store gold in a locker or a d'mat. BTC, on the other hand, is a digital, virtual, and invisible currency.

BTC vs Dollar:

What about the BTC-to-Dollar replacement theory?

It's too early to predict since we need a stable currency, not one that fluctuates +/- 75% in a week or month.

Assume you went to a shop and bought bread for Rs. 50/-. The following week, you go and discover a price adjustment due to currency volatility. You now have to pay Rs. 100/- for the same bread. The next week, you discover that the same bread is now available for Rs. 25/-. What would your reaction be?

Let's look at another example. A car can be purchased for 1 BTC. If the price of BTC increases by 100% next month, it will cost you 0.5 BTC, and if the crypto market drops by 50%, it will cost you 2 BTC this time because the underlying conversion currency is still a dollar.

Furthermore, it is anticipated that there is around the US \$40 trillion in circulation. Bitcoin has just kissed the \$1 trillion mark. If Bitcoin is to be replaced by the dollar, its price volatility must be eliminated. The answer can only be found in the future. Enjoy the rising and falling game till the party is on.

Classification of Assets:

We already have six different asset types in which to invest:

- Equity
- Debt
- Bullion – Gold, Silver
- Cash
- Real Estate
- Insurance

Now add one more – 'Cryptocurrency'

Commodity and Currency are also available in the F&O segments for traders.

We also have alternative asset classes, mostly for the affluent and HNI groups, such as art, painting, antiques, collectables, PE / VC funds, and so on. This is unusual for retail investors.

These assets are not mutually exclusive; rather, one must have a well-balanced portfolio based on their needs, time horizon, risk tolerance, and expected return.

The million-dollar question now is whether you should invest in cryptocurrency or avoid it entirely. Before we draw any conclusions, let's conduct a SWOT analysis.

SWOT analysis:

Strength:

- Using blockchain technology, crypto provides decentralized finance (DeFi) for peer-to-peer financial services.
- No third-party or intermediary interference.
- User autonomy entails the absence of a governing board and the ability to exercise control.
- For a very little fee, the transaction is completed in seconds.
- The cryptocurrency market is open 24 x 7.
- Unlike stock exchange orders, which expire when the market closes each day, you can leave your buy or sell order open for an indefinite amount of time. That means I may set a buy order at \$1 and a sell order at \$1 lakh (if already held) for BTC, which is currently trading at \$47,000.
- o There are no annual or monthly charges, and transaction costs are minimum.
- o There will be no tracking of your purchase because it is unanimous.

Weakness:

- One must be technologically savvy and a technical chartist.
- This market is prone to a great deal of speculation.
- Your crypto can move from zero to sky-high in a matter of seconds, and vice versa. In contrast to the stock market, there is no such thing as a downside or an upside circuit. Crypto tends to collapse dramatically, sometimes by as much as 90% in a week, and then rebound.
- Cryptocurrency is a significantly more volatile asset class than stock. A 10% to 25% correction for every week is considered normal. There is a considerable risk of capital loss because the market is highly volatile.
- Crypto market is also prone to flash crashes. Means drop in price 25% - 50% with your eye blinking and recovered back in the next hours/days. This is a game of Whales (gigantic investors and influencers) who use the dump & pump strategy.
- Liquidity is also a problem in many of the crypto.
- Those who are masters of chart reading will fare better because there are no fundamental values attached to this market other than networking for transactions, brand image, and frenzy demand generated by some big influencers.
- The market is constantly changing, and it is impossible to foresee the moves.
- Risk of black-market trade, terrorist funding, illicit activities, etc. using cryptocurrency
- No restrictions or rules are governing the launching of new crypto or crypto exchanges.
- Loss of data or passwords can result in financial loss.
- Unlike other asset classes, there is no nomination facility.

Opportunity:

- The cryptocurrency market has introduced investors to a new asset class.

- The entire system is based on the "think outside the box" philosophy.
- It is, however, designed for high-risk takers and is best suited for HNI investors.
- A class that will instantly make you rich as well as bankrupt. As a result, your current investment allocation to this market should not exceed 5%.
- Good opportunity for very aggressive investors/traders/speculators who believe in the high risk – high gain concept.

Threat:

- There is no regulatory or governmental body involved, and the majority of crypto's success is doubtful in the absence of a foolproof system.
- An increase in the number of Cryptocurrencies (> 18,000) and Crypto Exchanges (>500) is also a risk, as the vast majority are not authenticated.
- Not all cryptocurrencies are backed by blockchain technology, nor are they completely decentralized. These are like operator-driven penny stocks with the potential to burst at any time. Some are also having the risk of concentrated holdings only to a few people, primarily promoters.
- There is always the risk of exchange and wallet hacking.
- If someone forgets the password, misplaces the barcode, or loses the key to your wallet, there is no way to retrieve your money back, and your entire asset will be lost forever.
- Once a transaction is completed, it cannot be reversed, which means that any wrong transactions cannot be reclaimed.
- Any crypto delisting at any time results in a zero valuation for your portfolio.
- There is no grievance process, ombudsman, or arbitration system, and you cannot seek redress in a court of law for any wrongdoing.

A Word of Caution:

We have six stock exchanges in India, with over 5,000 listed stocks and commodities. The entire system is well regulated by the apex authority SEBI, which has extraordinary powers. Despite this, only about 10% of companies are part of the investible corpus. Because SEBI has no access to any promoter's attitude, motive, or morale who has listed with exchanges. Furthermore, the SEBI does not actively regulate the price of any stock or commodity, instead leaving it to market forces. Despite all compliance, regulation, and watertight systems, we witnessed numerous scams, price manipulations, penny stock movement by operator lobby supported by few promoters, and so on. Many people were convicted, barred from the market, fined heavily, and even imprisoned by SEBI. Even though the system got considerably more transparent and cleaner, nothing on the market can claim to be 100% genuine.

There is a lot of price speculation going on in the crypto world. As a result, it is not advised for retail investors with low-risk tolerance. To be cautious, if a person does not understand the equity market, stocks, commodities, currencies, derivatives, F&O, MF, SIP, insurance, and so on, crypto is probably not their cup of tea.

If someone panicked during the March 2020 or earlier equity market crisis, abandoned their investment, and even halted SIP, they should be aware that Bitcoin alone has a history of more than 15 deep corrections in the last 10 years, ranging from -30% to -90% within a month to a year time frame. The majority of folks do not even have an escape window.

In the event of ambiguity, always adhere to a few basic rules.

Dos and Don'ts:

Dos:

- a) When creating a portfolio, always choose just the top 10-20 cryptos.
- b) Choose one or two of the top ten crypto exchange sites to trade on.
- c) Buy crypto having at least three years of history and performance.

- d) Acquire crypto Coins rather than Tokens.
- e) Use Tether or Dollar Coin to park your money in the short term after you book a profit from crypto and until you have another opportunity to invest. It's the same as having liquid funds but with no interest. These dollar coins have a fixed value pegged at \$1 (+/- 0.2%).
- f) Invest only the portion of your money that you will forget if you lose it.
- g) Book a portion of the profit, from time to time.
- h) Begin by working on your risk profiling first.
- i) The key to success is asset allocation, diversification, and rebalancing.
- j) It is recommended to rebalance your portfolio once a month, as opposed to once a year in the equities market.

Don'ts:

- a) Do not invest more than 1% to 5% of your investible surplus.
- b) Don't put all your money in one go. Spread it out across time or if possible, adopt the SIP technique. Invest a tiny amount each month.
- c) Never put all your money into single crypto; instead, construct a diverse portfolio.
- d) Stay away from Tokens and Initial Coin Offerings (ICO).
- e) Don't be misled by a so-called technical expert who promises a guaranteed return of 5% to 10% per month via Algo-based software.
- f) Do not enrol in any chain membership or network marketing scheme.
- g) Don't get duped by any free offer of cryptocurrency, how lucrative it seems to be. No one is there for charity.

h) Avoid Dabba trading, which is more popular in commodities trading. This means giving your money to someone, and he will create a pool account with the investor's money to trade in.

i) Unless you are a technical chartist, avoid chasing sudden falls or rises.

j) Avoid trading with your mobile phone. Passwords and bar codes should not be saved in the mobile gallery. You may not be aware that another installed app has access to all your mobile data. Instead, use a desktop with a robust antivirus and firewall installed.

k) Never buy or sell crypto based on a tip or expert comments on its over or undervaluation.

You should be tech-savvy, have access to online banking, and understand how to safeguard your digital assets using strong passwords and two-factor authentication. Remember that around 20% of people lost their entire crypto asset because they forgot their password or, in the case of a death, their legal heir was unable to retrieve it.

Human Behavior & Mindset:

The actual threat isn't that you'll lose whatever you've invested. You've mentally prepared yourself to see it at zero, so there's no pain. Let's look at the following different scenarios to see where the real pain points are.

What if your X amount investment grows 10x, 100x, or 1000x?

Scenario 1:

You invested one lakh and redeemed ten lakhs, and the price of this cryptocurrency then soared to one crore or ten crores? Your accomplishments and happiness have all been snatched away from you forever. This is the exact site of your anguish, which you will never forget in your life.

You start feeling looser. You rush back in and re-join the rally. Sooner or later, you get into a trap and become a victim.

Scenario 2:

You put in one lakh, it grew to nine lakhs, and you were expecting to be able to redeem it for ten lakhs when the market plummeted. Because you didn't have enough time to redeem it, it eventually devalues to 50,000. You've never been able to deal with this kind of pain in your life.

Scenario 3:

Someone now claims that I am a long-term investor who can hold crypto for the next 10-20 years. Just as BTC has grown from 10 cents to \$50,000 in a decade, I can hold from now on.

It's quite simple to commit after seeing past returns, but how many people have held stocks or mutual funds for more than a decade? People even discontinue their SIP if they do not receive a return within the first five years, or if the stock market crashes or enters a bear market.

How many of us have owned Reliance, TCS, Infosys, Eicher, MRF, HDFC, Page, and other companies from their IPOs or for at least the last one to two decades? How many of us now have 600 crores after participating in the Wipro IPO? How many of us have become millionaires by investing in these wealth-creating stocks?

Most of us had undoubtedly invested in some or other blue-chip stocks that went on to become multi-baggers. However, we withdrew at a profit of 10% - 20% - 50% - 100% rather than waiting for it to grow to 10x, 20x or 100x.

The million-dollar question is when to sell, not when to acquire. The answer is simple, but difficult to understand. When you feel your stomach is full, sell.

Your discipline and emotions will determine which category you fall into.

Acknowledge that you will never be able to finish the entire cake. Always be satisfied with your stake.

Even if you want to gain experience, stick to the top 10 - 20 cryptos in terms of market capitalization. Spread your investment out over time, much like a SIP. SIP is a tried-and-true method for reducing volatility while still reaping the benefits of purchasing at a low cost. Be mindful that SIP works best when the underlying asset has the ability to recover after a decline. If something is about to burst, even SIP won't be able to help. As if you had bought RCOM, Kingfisher, Unitech, Jet Airways, JP, Silverline, and so on at around Rs. 600 and now the stock is trading in the single digits even after a decade.

How much you are going to lose in case of loss – is to the extent of your capital deployed. But remember, the crypto market operates 24 hours and you will get engaged almost full time. This will take out your 90% peace of mind irrespective of you make a profit or loss.

One thing to note is that the psychology of investing always remains the same whether it's Equity or Crypto. People don't like when the market got crashed, prices are available at a dust cheap level, the margin of safety becomes very high, and everyone is in fear. People are more comfortable buying in a standing queue when there is

already a sharp rally resumed, prices are now touching sky high, the margin of safety becomes very low, and everyone suffers from FOMO & euphoria.

Always remember, letting emotions of greed and fear can cost you huge each time.

Legality & Taxation:

Cryptocurrency does NOT have legal tender status in India, unlike currency. That is, you cannot swap crypto for any item or service, such as cash notes. However, after complying with KYC requirements, you can invest / trade in crypto from your bank account legally.

There have been several snags in the GOI's adaptation process.

- How can money laundering and illegal activities be monitored and controlled?
- Is Crypto classified as a currency, commodity, or security?
- How will the tax be collected if the government cannot trace your transactions unless you declare them?

However, in terms of taxation, according to the Union Budget 2022-23:

- Profits from trading in Crypto, other virtual digital assets (VDA), and NFTs will be taxed at a flat 30% rate.
- TDS will be imposed at 1% and deducted from the total transaction value, whether the investor makes a profit or a loss.
- Tax will be levied on the profit. If an investor loses money with no earnings after accounting for all transactions in the respective coin for the year, no tax is to be paid. The tax will be levied on realized gains and not on notional profits.
- When calculating taxes, losses from one type of VDA cannot be offset by gains from another type of VDA transaction. This means that investors will have to pay a 30% tax on any gains they make, and losses will not be deducted from the final taxation amount when trading other tokens. As a result, even if you profit on one token but lose on another, you must still pay 30% on the profitable token.
- Business owners will be unable to set off gains/losses from their main source of income or any cryptocurrency revenue.

Conclusion:

Although some crypto coins supported by blockchain technology are good and will exist in the future. The issue now is how many people will be able to earn from the crypto investment.

According to analysts, only about 10% make a profit in equity trading, while the rest become trapped, causing them to sell at a loss. Less than 5% of the F&O equity derivative & commodity segment makes a profit, while the rest suffers

massive losses. In crypto, where speculation is rife, it is estimated that only 1% of the crowd will profit in the long run.

There are no highs or lows in crypto, nor upper or lower circuits. There is no regulatory authority, unlike in the stock market. In the same day or week, any crypto can climb to 1,000% or even more, and then plummet to zero. As of now, it appears to be a gamble and only time will tell whether or not crypto-mania is a hoax. However, it cannot be ruled out that a number of speculative forces are at play, influencing the price outcome.

Most investors are unable to sustain such price fluctuations and volatility on a daily basis. As of today, this market caters primarily to traders and speculators. There is no straightforward answer to the question of whether a person should invest immediately or wait. A simple strategy for buying crypto in a staggered way at different times, similar to the SIP approach, and selling crypto following the SWP approach.

Bottom line, if you are a risk-taker who wants to experience the excitement of cryptocurrency, go ahead. Stay away if you are risk-averse and believe in the drawbacks more than the rewards.

BITCOIN'S HISTORICAL CORRECTIONS

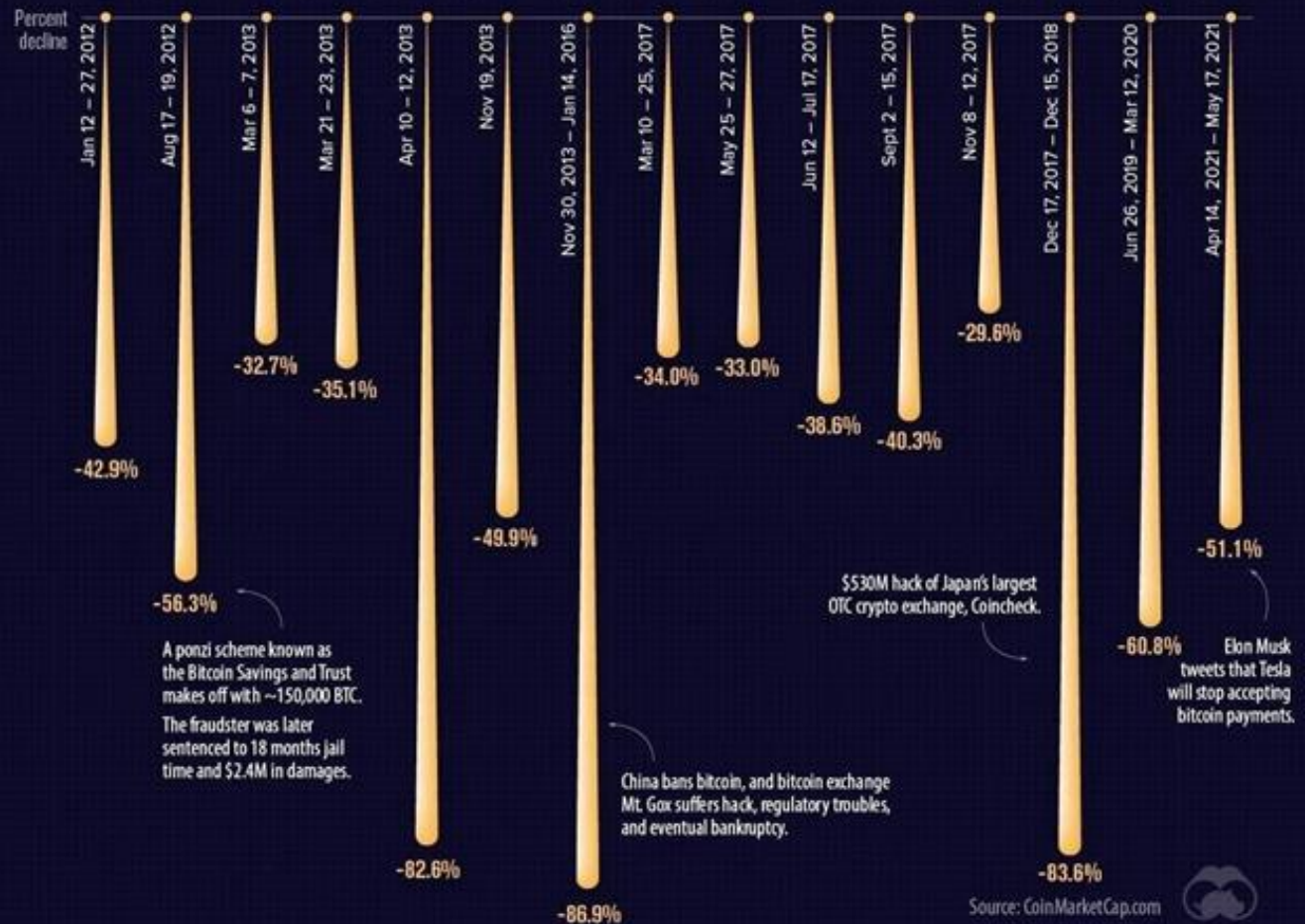
FROM ALL-TIME HIGHS

Despite being one of the world's best performing assets, bitcoin has suffered plenty of massive price drops.

From government bans to hack-induced crashes, here's how these corrections compare.

Bitcoin's Price

| | | | | | | | | | | | | | | | |
|------------|-------|--------|--------|--------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| High price | • \$7 | • \$16 | • \$49 | • \$77 | • \$259 | • \$755 | • \$1,163 | • \$1,350 | • \$2,760 | • \$2,980 | • \$4,980 | • \$7,688 | • \$19,666 | • \$12,867 | • \$64,706 |
| Low price | • \$4 | • \$7 | • \$33 | • \$50 | • \$50 | • \$378 | • \$152 | • \$891 | • \$1,850 | • \$1,830 | • \$2,972 | • \$5,555 | • \$3,220 | • \$5,040 | • \$31,663 |





Continuing Professional Development (CPD)

Welcome to the CPD quiz!

This quiz is 8 questions long, and you need to answer 6 out of 8 correctly to earn 4 CPD credits. Your quiz results will be displayed after you complete all the questions.

You will be able to take the quiz up to two times.

Good luck!



Objection handling of clients under “fee-only” Financial Planning practice

1. The author opines that the prospective clients are not sure of the process of financial planning and in their initial interactions often raise queries related to the following domain/s:

- a. Whether financial planning really requires the services of an expert
- b. Whether the fee being demanded is really justified
- c. What if the advice does not yield desired results
- d. All of the above

Will substitutes for Estate Planning

2. The right of survivorship under joint tenancy of a property provides that on the death of one of the joint tenants, his or her interest immediately passes to the:

- a. immediate family member of the decedent
- b. legal heir/s of the decedent
- c. surviving joint tenant/s
- d. Honbl'e Court for distribution of such property

Public demand for Financial Planning will increase, driven by Retirement needs

3. In the view of the author, the public demand for retirement planning is bound to increase on account of which of the following factors:

- a. Absence of a credible social security system
- b. Increasing life expectancy
- c. Rising cost of living due to inflation
- d. All of the above

Crypto: Is it an emerging asset

4. The author explains many features of the Cryptocurrency. Which one of the following is the correct description of a Cryptocurrency?

- a. It is a virtual digital decentralized currency mostly operating on a blockchain.
- b. Any wrong transaction can be reversed and reclaimed.
- c. Like NFT, each crypto has a distinct value and is backed by an asset, art, project, idea or collectible.
- d. Similar to stock exchange orders, which expire when the market closes each day, you can leave your buy or sell order open for a definite amount of time.

CFP Certification: The must-have credential for advisors

5. The Cerulli study revealed that majority of clients wanted financial advisors to prioritize which one of the following aspects while interacting with them:

- a. Prospect of a stock market correction
- b. Understanding their needs, goals and risk tolerance
- c. Increase in spending on account of inflation
- d. Erosion in savings

Future-proofing the profession

6. The response of the CFP Professionals to the FPSB's Global Job Analysis Survey 2021 overwhelmingly pointed that _____ was important to their practice of financial planning.

- a. Technical skills
- b. Interpersonal skills
- c. Soft skills
- d. Both technical and interpersonal skills

21st century financial advisory in the post-covid era

7. The author opines that for the financial services industry the virtual meetings have many advantages which include:

- a. Saving time
- b. Improved productivity and focus
- c. Higher collaboration
- d. All of the above

Investing with purpose; going beyond financial returns

8. The author believes that purposeful and responsible investment for the client is crucial for the financial planners since _____

- a. it is mandated by the Regulators
- b. it leads to higher returns for the clients
- c. it leads to better decision-making and better-quality conversations with clients
- d. clients can exercise their own discretion

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