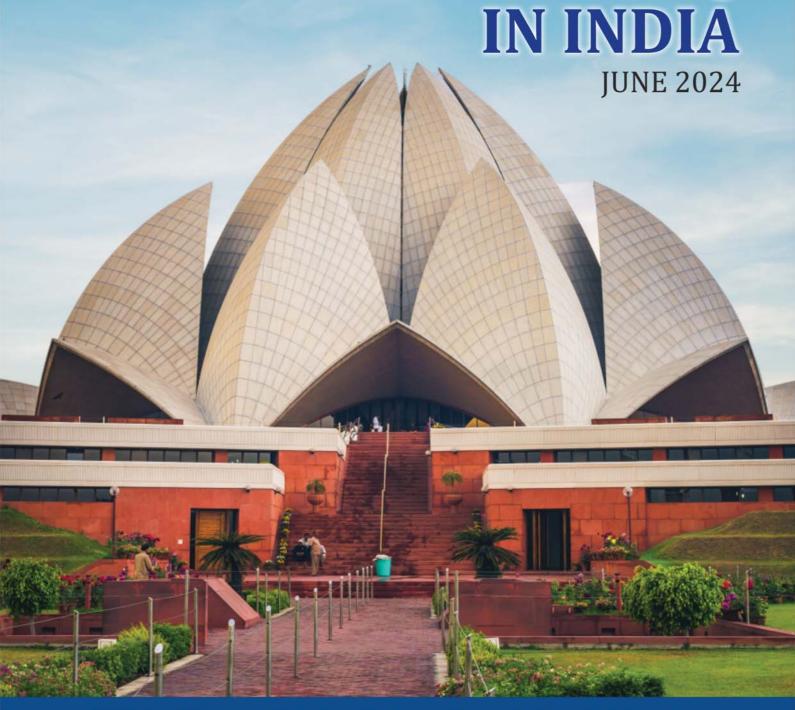


Earn QUIZ INSIDE

JOURNAL of Financial Planning



CFP Certification Global symbol of excellence in financial planning

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Editor's Note

In today's world, where financial decisions shape our daily lives, understanding one's finances has become crucial, more than ever.

Financial literacy goes beyond mere budgeting. It encompasses a range of skills and knowledge necessary for managing money effectively. Furthermore, it helps us understand financial products and services much better, thereby playing a pivotal role in long-term economic stability, wealth accumulation, and protection from financial pitfalls. Overall, it empowers us to make informed decisions about our finances.

Consider this.

In its April 2024 note, RBI directed lenders to comply with fair lending practices. It was pointed out that some lenders charged interest on loans from the date of sanctioning or execution of the loan agreement rather than from the date of disbursement. There were also cases where loans were disbursed by cheque, and the customers were charged interest from the cheque date, while the cheque was handed over to them several days later.

IRDAI in its May 2024 convention titled 'Bima Vitarak Manthan' also deliberated on measures to address misselling along with having an effective grievance redressal mechanism in place.

Take the case of 'Unclaimed Deposits' - the balances in savings/current accounts or the term deposits not operated for 10 years and above. This amount is ever increasing mainly due to non-closure of bank accounts which depositors do not intend to operate anymore or due to non- submission of redemption claims for

matured fixed deposits or accounts belonging to deceased depositors, where the nominees/legal heirs have not come forward to make a claim.

These are just a few snippets of the prevalent financial awareness and apathy, rolled in one. Financially literate individuals can not only challenge unworthy products and offerings by the commercial financial institutions but can also save a lot of their hard-earned money by considering financial products most suitable for their set of requirements.

In times of economic uncertainty, this knowledge becomes even more critical for all of us to weather financial storms and bounce back from setbacks. Access to financial education ensures that everyone, regardless of background, has the tools they need to build a secure financial future.

The articles included in this edition aim to provide content that is not only informative but also accessible and actionable, and we hope you will find value in the pages of this Journal. We also hope it will help you in your conversations with the clients as you educate and guide them in meeting their financial goals.

We invite you to engage with our articles, share your feedback, and continue the conversation surrounding personal finance.

Your thoughts and suggestions are welcome at akumar.india@fpsb.org.

Best Regards!

Alok Kumar, CFP



CEO's Note Krishan Mishra

This edition of the Journal marks the dawn of a new era. We are not just sharing insights but forging the future of financial planning in India. Your unwavering dedication and boundless innovation are the wind beneath our wings, propelling us to new heights.

We have been busy building bridges! We partnered with International Financial Services Centres Authority (IFSCA) at the GIFT City to tap into new markets and foster innovation. We also partnered with the Insurance Institute of India (III) to streamline CFP professionals' entry and boost insurance expertise for our members. Additionally, our latest webinar "She Plans, She Leads, We prosper" webinar, featuring Prableen Bajpai CFP® and Founder Finfix® Research and Swati Kumari BWealthy-Youtuber (Financial Coach & Ex anchor CNBC Awaaz) - attracted over 190 attendees which in turn highlighted our focus on empowering women financially.

The map ahead is vast, filled with uncharted territories. We are gearing up to explore new markets, forging strategic alliances to expand our influence and sharpen our expertise. Partnering with the illustrious IIM Bengaluru, we are hosting this exclusive Boot Camp titled "Setting Up Your Own Practice". This isn't just a learning experience, it's a collaborative think tank where you will strategize and build your dream practice alongside industry leaders.

Consider this just the first wave. We are partnering with leading institutions to unleash a tidal wave of Continuing Professional Development (CPD) opportunities. These dynamic programs will equip you with the knowledge and skills to not just navigate but dominate the everevolving financial landscape.

Your unwavering spirit is the bedrock of our success. As we embark on this journey, let's continue to be each other's champions.

I am confident about the what the future beckons, and together, we will not just reach new heights, we will define them!



CFP® CERTIFICATION PROGRAM IN INDIA

FPSB India offers the globally recognized CFP® certification, which represents excellence in financial planning through rigorous competency and ethical standards.

FPSB India is the Indian subsidiary of Financial Planning Standards Board Ltd., the global standards-setting body for the financial planning profession and owner of the international CERTIFIED FINANCIAL PLANNER® certification program. It is the leading financial planning body in India and is dedicated to establishing, upholding, and promoting professional standards in financial planning throughout India.

FPSB Ltd. owns the CFP, CERTIFIED FINANCIAL PLANNER and the CFP® outside the United States. FPSB Ltd. licenses these marks to FPSB Institute India Pvt. Ltd (FPSB India) to administer CFP certification in India. For more information, visit india.fpsb.org

It is home to over 2,730+ CFP® professionals in India and part of a global network of organizations representing 223,770+ CFP professionals worldwide.

Count Of CFP Professionals

For the calendar year 2023, FPSB India Ranked 4th in the world for net growth in the number of CFP professionals, and Ranked 3rd in Asia.

223,770+ CFP Professionals Globally (as on 31st Dec 2023)

2,730+ CFP Professionals in India (as on 31st Dec 2023)

8.5% Growth in the No. of CFP Professionals in India for the year 2023 over 2022

Value of CFP Certification

- PUBLIC: Consumers rely on the CERTIFIED FINANCIAL PLANNER marks to help them identify competent, ethical financial planners who have committed to placing their clients' interests first.
- FIRMS: Financial services firms value CERTIFIED
 FINANCIAL PLANNER professionals for their

contributions to productivity and profitability, as well as for lowering firms' compliance risks and increasing client satisfaction.

- PRACTIONERS: Financial services firms value CERTIFIED FINANCIAL PLANNER professionals for their contributions to productivity and profitability, as well as for lowering firms' compliance risks and increasing client satisfaction.
- REGULATORS: CERTIFIED FINANCIAL PLANNER professionals rate compliance with relevant laws and regulations, adherence to an ethical code and acting in the best interest of clients as most important when providing financial planning advice to clients.

Why should students and industry professionals pursue CFP certification?

- The CERTIFIED FINANCIAL PLANNER® is the Global Symbol of Excellence in Financial Planning and the most desired and respected global certification for those seeking to demonstrate their commitment to competent and ethical financial planning practice.
- Join a global network of 223,770+ CERTIFIED FINANCIAL PLANNER professionals who prioritize the client's interests and are recognized in 27 countries/territories worldwide.
- Enhanced career and employment opportunities with financial services companies. Widely sought by banks, MNCs, distribution houses, AMC, insurance companies, equity brokerage and financial planning firms.
- More revenue streams by increasing product and service offerings for clients.
- Candidates are prepared to fulfil the professional expectations of the financial services companies through the CFP certification program.
- Due to the vast array of economic opportunities present on the global and Indian market, financial planning and investment are the two industries experiencing the fastest growth.

Career Opportunities For CFP® Professionals



Guarding the Integrity of the CFP ® Mark

At FPSB India, maintaining the integrity and reputation of the CERTIFIED FINANCIAL PLANNER mark is of utmost importance. FPSB India takes this opportunity to remind all its members and stakeholders about the significance of upholding the ethical use of the CFP mark.

Misusing or misrepresenting the CFP mark not only undermines its value but also reflects poorly on the entire financial planning community.

FPSB India urges all CFP professionals to diligently follow the guidelines provided when using the CFP mark in any communication or promotional material. Let us work collectively to preserve the credibility of the CFP mark and continue to elevate the standards of financial planning in India.

Continuing Professional Development (CPD) Requirements - Importance and Ways to Achieve CPD Points

Ongoing professional development is a necessary criterion to be fulfilled by a CFP® certificant for renewing his/her certification annually. FPSB India recognizes the importance of its certificants staying proficient in an ever-changing and developing industry. Also, it is in the best interest of the clients that a CFP professional is updated on the information, knowledge, and skill set required to service them in the best possible manner.

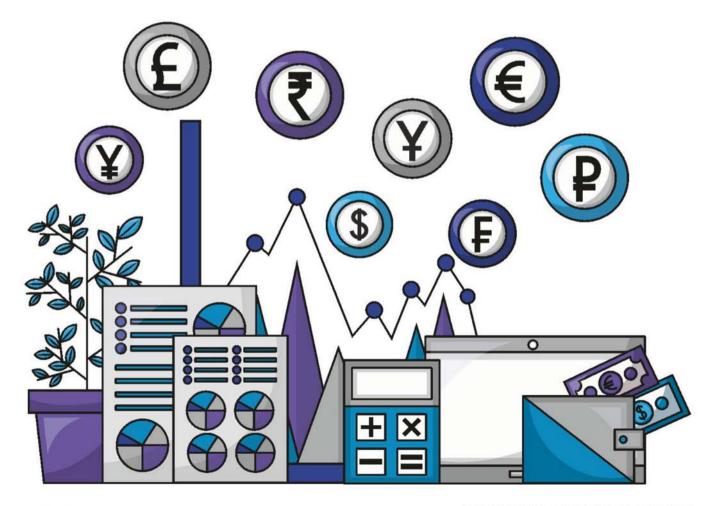
Criteria: The criterion of Continuous Education (CE) requires a certificant to accumulate 15 (Fifteen) Continuing Professional Development (CPD) points every year, from the day of initial certification/renewal until the day the certification period comes to an end, by completing various activities as approved by FPSB India from time to time.

Important Points

- One hour of qualifying learning activity is at best equal to one CPD point.
- The requirement of acquiring 15 CPD points for every CFP professional during the year is immediately after the issue of initial certification and falls due when the CFP professional renews his/her certification at annual intervals.
- The CPD points are to be acquired in the certification period and any excess points accumulated in the period are not carried forward in the next certification period.
- Failure to renew on the due date requires earning of extra CPD points (if beyond 6 months of the due date of renewal).
- Failure to fulfil the CPD criterion within the prescribed period results in non-renewal of CFP® certification and precludes any use of the CFP marks by the CFP professional.
- Unsupported, misstated, or fraudulent reporting of CPD points is viewed seriously and may call for action by FPSB India leading to the revocation of CFP certification.

Allocation of CPD points for various Learning Activities

Sr. No.	Activity Domain	CPD Points
1	Participation to Events/Webinars (of FPSB India or external firms)	As specified for each event
2	Authorship of Book on Finance or related domain	10
3	Articles in Print Media / Interviews / Panel Discussion in electronic media	Maximum 5
4	Certifications (IRDA, NISM, etc)	2
5	Pro-Bono Work (Voluntary Contribution to the community by helping the deprived people)	Maximum 5 to each specified work activity / area
6	Additional Qualifications (MBA (Full Time), Doctorate in Finance or Equivalent/Postgraduate in Finance, Economics, Econometrics, Maths/Statistics, Law)	Maximum 10 per qualification
7	Professional Courses and Certifications (Actuary, CA, CFA, CAIIB, JAIIB, ICWA, CS)	Maximum 10 per course certification
8	Speakership (Mentorship/Seminar, Convention, Investment Awareness Program etc)	Maximum 5 to each event/session
9	Teaching (Workshops, Institutes, Classroom teaching, etc)	Maximum 5 to each course/semester
10	Online Blogs and YouTube Channels	Maximum 2 per activity/session





About Journal The Journal

The purpose of the Journal of Financial Planning in India is to expand the knowledge base of CERTIFIED FINANCIAL PLANNER 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 professionals and their work on behalf of their clients.

Journal of Financial Planning in India is published by Financial Planning Standards Board India (FPSB India). The opinions, beliefs and viewpoints expressed by the various authors in this Journal do not necessarily reflect the opinions, beliefs and viewpoints of FPSB India, its employees or its affiliated organizations. The information provided in the Journal is for informational purposes. It should not be considered legal or financial advice. You assume the sole responsibility of evaluating the merits and risks associated with the use of any information or other Journal content and should consult with an independent professional to determine what may be best for your situation.

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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 1200-1500 words in length, including all photos and graphics. Articles must be written in English and be relevant to Indian CFP professionals and/or the global CFP community.
- **Audience:** You are writing for people like you other CFP professionals! Please provide timely and accurate information that has practical implications.
- **Style:** The Journal of Financial Planning in India is focused on providing and promoting easy-to comprehend, professional written work. A contributor's thoughts, comments, ideas, and graphics should be easy to understand and structured for flow.

Elements to be included for submission:

- Publication date, Sep 2024.
 Article due date: 15 Aug 2024.
- Publication date, Dec 2024.
 Article due date: 15 Nov 2024.
- · Send to: IndiaCFPCertification@fpsb.org
- Format: When submitting an article, please include author name(s), email address, phone number, author(s) picture, and a brief profile of the author(s).
- 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 4 CPD POINTS

- · Author Release: By submitting this article (the Article) and in consideration of having the Article reviewed and evaluated for publication, I hereby grant FPSB India, and its agents and assigns (FPSB) the royalty-free, worldwide right and permission (but not the obligation) to reproduce, publish, sublicense, create derivative works of, transmit and distribute the Article (or any portion thereof) in one or more volumes of the Journal of Financial Planning in India (the Journal) to be published in any media now known or created in the future. I verify that the Article is an original work of authorship and that I own all rights in and to the Article and have secured permission, to the extent necessary, to publish any third-party content included in the Article (such as a diagram, illustration, or extended quotation). I understand that at no time will I be paid, compensated, or reimbursed by FPSB India. I also grant to FPSB India for purposes of marketing and publicizing the Journal the right to:
- Create, reproduce, publish, and distribute excerpts or summaries of the Article.
- 2. Use my name and likeness, including without limitation, pictures, and photos of me.
- 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 affect the agreements contained herein and to indemnify FPSB India for any claims, demands, or causes of action related to the licenses I have granted, and all matters waived or released herein.

MARKS USAGE GUIDELINES FOR CFP PROFESSIONALS



Proper use of the CFP, CERTIFIED FINANCIAL PLANNER and FP, marks ("CFP Marks") is important to protecting their integrity and legal status. FPSB Ltd. has provided the basic rules for proper use of the marks by CFP certification holders in India which are listed below for your ready reference.

General Rules and Acknowledgements

- CFP professionals acknowledge, and will not challenge, that FPSB Ltd. is the sole, absolute and exclusive owner of all rights, title and interest in, and to, the CFP®, CERTIFIED FINANCIAL PLANNER® or CFP® (the CFP Marks) outside the United States, including in India.
- CFP professionals will not challenge the validity of the CFP Marks.
- CFP professionals will not adopt, use or promote any mark that is confusingly similar to any of the CFP Marks.
- CFP professionals will not take, encourage or promote any action that could or does impair the rights of FPSB Ltd. in the CFP Marks or use the CFP Marks in a way that would make it difficult for FPSB to assert its ownership of them.
- The CFP marks may only be used to truthfully represent the certified status of an individual and may not be used as part of the name of a business or company.

CFP Mark

- ✓ Always use capital letters and without periods in between the letters, CFP.
- ✓ Always use the appropriate trademark symbol ("®").
- Never use as a parenthetical abbreviation for the CERTIFIED FINANCIAL PLANNER designation.

- Always use as a descriptive adjective, not as a noun or verb, except when used following your name (for example in a signature block).
- Always use with one of FPSB Ltd.'s eight approved nouns: certificant, certification, credential, designation, exam/examination, mark, practitioner and professional (except if used following your name).
- X Never use as a plural or possessive word (i.e. Never: CFPs).

Correct Use Example(s): Raj Patel is a CFP® professional. Nishi Gupta, CFP®, Raj Patel is a CERTIFIED FINANCIAL PLANNER® professional, Nishi Gupta and Raj Patel are CERTIFIED FINANCIAL PLANNER® practitioners.

CFP Logo Mark

- Always use the three components of the logo flame, "CFP" and appropriate trademark symbol ("®") – together as one unit to protect the visual integrity of the mark.
- Always use original artwork provided by FPSB Ltd. To ensure optimum legibility, a minimum reproduction size of 6 mm is recommended.
- Always associate with the individual certified by FPSB Ltd.
- Never alter or modify the logo (for example by using different colours).

Correct Use Example(s): Raj Patel.

FPSB Ltd.'s Trademark Tagline

If you use the CFP Marks on your website or in promotional materials include the following trademark ownership tagline:

"Financial Planning Standards Board Ltd. (FPSB Ltd.) is the proprietor of the CFP®, CERTIFIED FINANCIAL PLANNER® and marks outside the United States, including in India, and permits qualified individuals to use these marks to indicate that they have met FPSB Ltd.'s initial and ongoing certification requirements."

Social/Electronic Media

- The CFP Marks may not be used as part of your domain name, website URL, email address or social media handle, but you may display your CFP certification (and your digital credential) within your social media profile.
- The CFP and CERTIFIED FINANCIAL PLANNER marks may be used as website hyperlinks only if they link directly to FPSB Ltd.'s website india.fpsb.org

If you have any questions about trademark usage guidelines, correct use for social media platforms, need to obtain images of the CFP Logo Mark, would like FPSB India/FPSB Ltd. to review your website for proper use or materials that you are developing which feature the CFP Marks, please contact Certifications@fpsb.in









FPSB INDIA SUMMIT 2024

This event at the India Habitat Centre featured three dynamic panels, each packed with profound insights and cutting-edge strategies. Industry leaders shared valuable expertise that is set to shape the financial planning landscape. Attendees gained invaluable knowledge and networked with peers, making this an essential milestone in our journey towards financial empowerment.





INAUGURAL SPEECH

Mr. Krishan Mishra (CEO of FPSB India)



In his speech, he discussed the promising future for CFP® professionals, highlighting the increasing number of job opportunities in the field. He emphasized that this is the ideal time to pursue CFP® certification.



The company is not here to merely sell a product and disappear; its commitment is to accompany its clients throughout their lives. It strives to provide them with the right perspective and the tools necessary to navigate their financial journey effectively.



LAUNCH OF JOINT PROGRAM

PGDM in Financial Planning with CFP ® Certification

Rajendra Shrivastava

Executive Director - Indian School of Business Innovation & EFPM, brings a wealth of knowledge in marketing strategy and innovation.

Dr. Rohit Singh

Director - Centre for Management Education at AIMA

Dr. Anuja Pandey

Professor of Marketing at AIMA Case Author, Academic Researcher, Head India Case Research Centre



PANEL 1

Skill Sets Shaping The Future Of Financial Planning

This included topics such as finance, accounting, navigating economic climates, improving communication, deeply understanding client priorities, and mastering counseling techniques.

During this panel, the issue of mis-selling was discussed, which affects clients from various sectors. This often happens because financial professionals make assumptions about client needs without thorough consultation. It's crucial for financial planners, to explain every detail to the clients, ensuring full understanding and transparency.



PANEL 2

Impact Of AI & New Technology In Financial Planning Profession

Amidst discussions on data theft and employability, it was emphasized that individuals who pursue CFP® certification are likely to experience sustained employability. Unlike certain roles susceptible to automation, CFPs bring a unique skill set and domain expertise that is challenging to replicate through AI. This certification not only enhances their professional competence but also safeguards their career against technological displacement.

Panelists underscored that tools such as Firefly are designed to complement the expertise of CFPs, not supplant them. These technological aids are meant to streamline processes, increase productivity, and mitigate the risk of data theft. The consensus was that while AI can augment certain tasks, it cannot fully replace the nuanced judgment and interpersonal skills that CFP® professional bring to the table.



PANEL 3

Breaking The Mold - Unconventional Career Opportunities After CFP® certification

The panel discussed that financial planning is more than just saving on taxes or managing what you leave behind when you die. It's like a big-picture plan that's really important for making sure you're okay in the future. Financial planners help by looking at lots of things like how to invest your money wisely. Recognizing that financial planning covers many areas shows how important it is for keeping you financially safe and stable.

The panel discussed that the kids should learn about managing money in school so they can be smart about it when they grow up. They talked about how important it is for students to learn how to handle money well. They also talked about jobs in financial planning and how getting certified can teach you a lot. They pointed out that more and more women are becoming financial planners and they expect that trend to keep growing.







Let us remain relevant, not complacent!

Krishan Mishra CEO, FPSB India

There is a thin line between remaining relevant and complacency, manging complacency does not come naturally for everybody, but it is often simple with the right tools in place. Once we get experienced, we feel that we have arrived, reached our goals, whether they were about giving the best education to our children's, getting a promotion, buying a new house/car etc.

Its natural for us to keep our decision-making basis our experience, which is important. But it is more important for us to learn new things and take decisions basis the new scenarios. Knowing more about complacency and why people fall into it is the key to overcoming complacency and optimizing our quality of life.

I met a schoolteacher who teaches mathematics in a school, and he told me that he is very comfortable and contended with the work he is doing, as he has full control on what he is teaching. In fact, he knows the typo error on page 41 in the class IX mathematics textbook, or all the theorems and formulas. I am sure he is doing a great job through this noble profession. However, not trying new ways of teaching, and thinking that I know everything results into complacency and slowly makes us irrelevant in the work sphere.

One of my friends who works for an MNC bank as a Vice President in internal audit is a perfectionist. In fact, I remember him to be the best orators in our MBA class. When I met him recently, I felt that he has got the syndrome of "I know everything" and no one can beat me in the field of audit. Which is correct considering his 15+ years of experience in the same field. However, he is worried about losing his job to technology/digital. I told him that to remain relevant it is important for him to keep

on learning and using the technology to his advantage as technology is bound to change continuously and continuous development is the key to our growth in the long term. He is the technology audit champion in his organisation today and training people on how to embrace technology for future.

One of the CEO's of a large organisation always wanted to stay at the same position and never wanted to plan for his successor. Whenever he saw someone better then him, he felt that person to be a threat to his position and ensured that he/she had is moved to a role wherein they do not have further opportunities grow. The CEO felt that he is the best and whatever he does is best for the organisation. He also never thought of moving with the changing times and learn new things, which impacted the organisations performance.

I remember my school days, when due to my father's service in Indian Army we used to get transferred from one location to another. We used to write letters to friends which used to reach after 15-20 days or sometimes after a month, then came landline phones and we started talking to people on phone, moved to pager, to emails, to mobile phones and today all of us are using smart phones. This technology might change again; however, I am sure all of us will embrace the change and stay relevant.

Complacency is about getting disconnected or disengaged and later becomes arrogance and affects our attitudes too. I have seen people getting into arguments and saying no to every new thing proposed thinking that whatever they say is the best for the organisation. However, getting into healthy discussions

helps in coming out with better solutions. Arguably, this happens with most of us who are in the midterm of our career.

How do we stay focused and relevant?

- **1. Know why complacency happens -** One might lose motivation to work in your work sphere if you suffer from stress. Drastic life changes like having a new baby, adopting a child, getting married or divorced, job loss, bereavement, no career growth/promotions are all reasons you might fall off the wagon at least temporarily. Knowing more about what causes complacency is one of the best ways to overcome it and make changes to get your life back on track.
- 2. Focus on Continuous learning and development-Learning is lifelong we need to ensure that we keep on learning and sharing. Also, remember that we need to unlearn and relearn for our future growth. Developing self by going back to business schools, talking to professors/experts, going through blogs/books will help us remain focussed and relevant always. Never have the "know it all" syndrome, as we learn new things from our seniors as well as from our peers.
- **3. Set New career goals -** Set new goals for overcoming complacency and preventing irrelevance. I remember a friend of mine said that he would like to see himself as Head of Sales for an organisation in 15 years' time and yes, he did that in 15 years. This was moment of pride for me too, however when I met him two years later, I could see that he is not happy and said that he does not know where his career is moving and what to do now. If you get such signals time for you to rethink and rebuild a new career goal for you.
- · Define your vision for life.
- Prepare a personalised learning and development plan.
- · Redefine your career chart, objectives, and timelines.
- · To reduce stress, sleep at least 7 hours per night.
- · Save for the rainy days and plan for retirement.
- Focus on family (personal life), wealth and above all health for the long term.

Reward yourself for meeting these and other goals you set for yourself. Once you can reach set targets on a regular basis, set additional goals to avoid getting complacent!

I am sure if you apply the above strategies, you will be able to fight with complacency and stay relevant. It is time to move all the people working along with us forward. Break free from complacency to help our business, brand and employees drive growth in the workplace and above all our life. It is more important to ask someone we trust to support us when we are settling or showing signs of complacency.

Remember, a child never fears while asking questions or saying that I do not know the answer. When we grow up, we have a fear in telling people that we do not know the answer to a particular question. Let us pick up a page from our children's textbook and stay curious and open to explore your potential.

Whatever we do, let us decide that we will stay relevant, to ensure that we will not let complacency takeover our minds and bodies.

Let us remain relevant and happy!

Krishan is CEO at FPSB India and can be reached at kmishra@fpsb.in



OUR WORK WITH

Clients





Income Tax Filing - Important Aspects to Guide Your Clients

Balwant Jain, CFP

The due date for filing of Income Tax Returns (ITR) for this year is fast approaching. It is high time we understand everything about filing of ITR: from preparation to understanding what happens if the ITR is not filed by the due date or is not filed at all and then help our clients in understanding the ITR filing.

Preparation before the filing of ITR

Before you sit down to file the ITR there are certain tasks which you should complete beforehand. This will help smooth the filing of ITR.

a) Verify details from AIS and Form 26AS: Earlier the income tax department used to provide online form No. 26AS containing details about Tax Deducted at Source (TDS), taxes paid, and refund issued. The Income tax department had introduced Annual Information Statement (AIS) through budget of 2021 which has widely expanded the scope of data made available to help in filing ITR. The AIS contains data about various specified financial transaction carried out by the assessee during the year like property purchase and sale, transaction in shares, mutual funds, bank fixed deposits etc.

It is strongly advised that you verify the details of tax credits as reflected in form no. 26AS as well as information about the specified financial transaction reflected in AIS. Both these can be viewed through client's login to the Income Tax department web site. In case you find any discrepancy in the AIS, you can submit the feedback online. This exercise will ensure that the correct information is available with the tax department when the return is processed.

b) Verify form number 16 /16A: Please verify that the PAN is correctly mentioned on the form no. 16 issued to the employee by the employer. Please also verify that all the exempt allowances like HRA, LTA etc. claimed are correctly shown as exempt in the form 16 in case the client has opted for old tax regime. It is also advised to verify the amount of deductions available for payments like life and health insurance premium, home loan repayment, interest on education loan, school fee etc, and that they are properly mentioned in the form no 16. In case of any discrepancy in form no. 16 bring it to the notice of the employer immediately with a request to get it corrected.

Similarly verify the form no. 16A received particularly from bank for correctness of PAN number, amount of income shown, and amount of TDS mentioned on it.

c) Open the capital gains account before 31st July 2024: In respect of taxable long term capital gains the assessee can avail tax exemption either under section 54 or 54 F by investing in a residential house. Though the law allows a period extending beyond the due date of ITR for investing in a residential house, it requires the assessee to deposit the unutilized money in a capital gains account to be opened with specified banks by due date of ITR.

Incomes which are generally not included in the ITR due to oversight:

a) Saving Bank account and Fixed Deposit interest: While filing the ITR, the salaried people generally disclose their salary income only or provide form No. 16 presuming that interest on saving account is fully

exempt and as TDS has already been deducted on fixed deposits interest, and there is no need to include them in the ITR again. Though interest on saving account is eligible for tax deduction under Section 80TTA/80TTB but even if the amount of interest on saving bank account is less than the amount of deduction available the assessee is still required to first include it in the income and then claim deduction u/s 80 TTA/80TTB. The details of interest credited during the year on the saving bank account are now available in the AIS.

Similarly, though the banks deduct tax on fixed deposit interest but the TDS rate and the tax slab rate applicable in each case may be different, and so the assessee needs to include it in his income and discharge the balance tax liability or claim refund as the case may be. For example, though the tax is deducted @ 10% but the slab rate applicable may be lower or higher than this. It is the assessee's liability to discharge the differential tax liability. Even in case the assessee is entitled to a refund, he is still required to include the fixed deposit interest in his income.

For the fixed deposits which have been automatically renewed on maturity during the year and thus are not reflected in the bank account, the assessee might omit to show the interest on such renewed FD, which is not correct. One should also include the accrued income on NSC purchased in the earlier years as well as accrued interest on fixed deposits of longer tenure in the ITR.

b) Capital gains in respect of units of mutual funds switched during the year. Any switching of units from one scheme to another scheme of the same fund house is treated as transfer under the tax laws. Such direct switching between the schemes of the same fund house does not get reflected in the bank statement and thus any profit or loss made on such switching may get unreported. The profit/loss on switching of units may be short-term or long-term entailing different tax rates. Even tax treatment for debt fund is different from equity-oriented funds. Ensure to disclose profits/loss on such switching transaction for proper and correct treatment. Please also verify the details of the mutual fund transactions with AIS and submit modification request if there is discrepancy.

c) Income of minor child: All passive incomes earned by a minor child are required to be clubbed with the income of the parent who has higher income. As income upto

Rs. 1500 per child is exempt per year, and the amount more than Rs. 1500 for each of the minor child is to be clubbed as required. Please note that the income received by minor due to his own skills or efforts is not required to be so included and gets taxed in the hands of the child.

d) Gifts or other benefits received in case of carrying on business: This is the age of promotion of business by discounts and gifts not only to the customer but also to the business partners. In case the assessee has benefited by tangible and valuable gifts received from his business associates, or enjoyed foreign trips as incentives, although such items are taxable, but they are not reflected in the books of accounts and thus may go unreported. Please disclose this to be fully compliant.

Who is required to file ITR?

Let us understand who is required to file the income tax return. This discussion is restricted to provisions applicable to an Individual and does not cover other taxpayers.

a) Gross Total Exceeding basic exemption Limit: You are required to file ITR if aggregate of all your income before deduction under various sections of chapter VIA like 80 C, 80 CCC, 80 CCD, 80 D, 80E, 80G, 80 GGA, 80 TTA/80TTB exceeds the basic exemption limit. These sections deal with deductions available for various investments/payments made like PPF, NPS, ELSS, NSC, repayment of home loan principal, school fee, life insurance premiums, Mediclaim premiums, donations, interest on education loan, rent paid by self-employed etc. Section 80 TTA/80TTB allow you deduction for interest earned on your saving bank account. The basic exemption limit for the year ended 31st March 2024 is Rs. 2.50 lakhs for an ordinary individual, Rs. 3 lakhs for a resident individual of over 60 years, and Rs. 5 lakhs for a resident Individual above 80 years. If you opt for new tax regime the basic exemption limit is Rs. 3 lakhs for everyone irrespective of the age. While arriving at the basic exemption limit for this limited purpose of filing of your ITR, you must include the long-term capital gains on which you are claiming exemption.

b) Assets or signing authority outside India by resident taxpayers: You are also required to file your ITR in case you are resident in India for tax purposes and have any asset outside India in your name as beneficial owner or have interest in any asset outside India. You are also required to file your ITR even when you are an authorized signatory for any account maintained outside India. The assets owned by you outside India may be immovable or movable. For example, if you had gone outside India on deputation or employment and had opened a bank account and forgot to close it while returning you are still required to file your ITR even if no money is left in the bank account. Likewise, if you have invested in shares, bonds or mutual fund schemes of foreign companies or have Employee Stock Options (ESOPS) of foreign company, you are covered here.

c) Expenditure on specified items beyond certain limits
You are required to file an ITR if you have paid for
electricity charges over Rs. 1 lakh during the year. It is not
necessary that the electricity connection is in your
name. Likewise, you have to file an ITR if you have
expenditure of more than Rs 2 lakh towards foreign
travels, whether the expenditure is incurred for your
travel or for any other person.

d) Deposit beyond specified limits in your bank accounts.

The law requires you to file an ITR if you have made deposits in your bank account beyond prescribed limit. In case of current account, this limit is Rs. 1 crore in aggregate for one or more current account and for a saving bank account the limit is Rs. 50 lakhs in one or more saving bank accounts taken together. Please note that the deposits to be considered for this purpose are not only cash deposits but also all the amounts deposited in your banks account through cheques, bank drafts or even bank transfers.

e) Turnover/gross receipts and TDS beyond certain limits

In addition to the above criteria, the law also has prescribed that you must file an ITR irrespective of your income level if value of all your sales exceeds Rs. 60 lakhs in case you are engaged in business and Rs 10 lakhs in case you are carrying on the business. You also must file an ITR if the aggregate of tax deducted or tax collected from you exceeds Rs 25,000 in the year. However, in case you are over 60 years of age a higher amount of Rs 50,000 of TDS/TCS is applicable in your case.

Due date and what happens if one fails to file the ITR by the due date

Let us see what a due date is and what is the last date.

- a) Last date for filing of income tax return: For general category of taxpayers which covers all the salaried persons, the due date for filing of the income tax return is 31st July 2024. However, in case you are engaged in any business or profession and your accounts are required to be audited, the due date gets extended till 31st October 2024. Even for a working partner in a partnership firm, the due date would be 31st October 2024 if the accounts of the partnership firm are subject to tax audit. The business persons for whom the provisions of transfer pricing are applicable, the due date is 30th November 2024.
- b) What happens if you miss the deadline: If you fail to file your ITR by 31st July 2024 you can still file it by 31st December 2024 but not beyond that. If you fail to file your ITR by the due date, and you have any loss in the current year, you will not be able to claim carry forward of such losses which you want to set off against profits of subsequent years. Likewise, if you are entitled for income tax refund, you will lose the interest on refund for the period of delay attributable to you. Please note that you must pay penal interest on the amount of tax for the period of delay in case aggregate of TDS and advance tax falls short of your tax liability. In case you miss the due date of 31st July 2024 you will have to pay a late fee of Rs 5,000 for delayed filing of such return. There is relief for small taxpayers with income upto Rs. 5 lakhs, for whom the amount of such late fee is restricted to Rs. 1,000 only.
- c) What happens if you fail to file your ITR even by 31st December 2024: The income tax department can levy a penalty of either 50% or 200% of the tax sought to be avoided depending on whether it is case of under reporting or misreporting of income. Additionally, the income tax department can also launch prosecution for failure to file ITR in case the tax sought of be evaded is more than Rs. 10,000. If you miss the last date, you can file an updated ITR within twenty-four months from end of the assessment year subject to certain conditions but will have to pay penal tax depending on when you file your updated ITR.

Disclosure of assets in the ITR

To detect cases of disproportionate assets owned by a taxpayer as compared to his known sources of income, the income tax department wants taxpayer with income over Rs 50 lakh to report various assets and liabilities in the ITR. The requirement was implemented in 2016 and has since been modified from time to time. Let us discuss the latest requirements in detail.

- a) To whom this requirement is applicable: The requirement to report the assets and liabilities is only applicable in case your taxable income exceeds Rs. 50 lakhs for the year. So, the people who are eligible to file the ITR 1 (Sahaj) or ITR 4 (Sugam) do not have to furnish these details. Moreover, in case you are engaged in a business and thus furnishing your business balance sheet in the ITR, you are required to furnish only the details of the assets which are not already disclosed in the balance sheet.
- b) What assets are required to be reported: The format of disclosure of assets and liabilities is the same for all the ITR forms except that in ITR 3 and 4 form you are required to submit the details of interest in the firm where you are a partner. You are required to furnish details of your assets and liabilities as on 31st March 2024 under the AL schedule and any asset disposed of during the year will not form part of the schedule.
- c) Disclosure for immovable properties: You have to disclose details of immovable properties i.e. land and building owned by you in schedule AL. Please note that you also have to disclose the details of any immovable asset received as gift or inherited by you. Even if you are a joint owner of a property, you still have to furnish the details in cases where you have inherited a house jointly with your relatives or bought any property jointly. In case any money is borrowed for the immovable property or is borrowed on security of the asset, the same also needs to be disclosed in the schedule.
- d) Disclosure of movable assets: Under the movable properties the assets to be disclosed include financial assets like cash in hand, bank balances, shares and securities, loans and advances, and other movable asset like jewellery, bullion, vehicles, yachts, boats and aircraft, work of art etc. as on 31st March 2024. In case of

inherited assets, the same principle as discussed above would apply. In case of shares and securities received by as gift or inheritance and where you do not know the cost, the market price as on 1st April 2001 may be furnished as a safeguard.

The traditional Insurance policies may be treated as investments, but the term insurance plans, where you do not get any money back if you survive the policy term, cannot be treated as investment.

Which ITR form to be used

Different forms are required to be used for filing ITR depending on whether the assessee is a resident or not and what are the sources of income.

- a) ITR 1 (popularly known as Sahaj.): This form can only be filed by an individual who is a resident in India and the total income does not exceed Rs. 50 lakhs. This form can be used only if you have income under the heads "Salaries", "Income from House Property" and "Income From other sources". For those you have income from other sources, you can use this form only if you do not wish to claim any deduction against the other income except prescribed deduction against family pension. This form can only be used if you own only one house property whether self-occupied or let out.
- b) Who cannot use ITR 1: Since this ITR can only be used by an Individual, any other taxpayer including an HUF cannot use it. Likewise, anyone having income under "Profits and gains of business or profession" or "Capital gains" cannot use ITR 1. For those whose taxable income exceeds Rs. 50 lakhs or own more than one house or have any income from a source outside India or have agricultural income over Rs. 5,000 cannot use this form. Residents who own any asset outside India or have any interest in an entity outside India or have authority to sign for any account outside India, also cannot use ITR 1. In case you have any brought forward losses or have losses in current year which you wish to carry forward, you still cannot use ITR 1. If you have won any lottery or have any income from a horse race in the last year, you cannot use ITR 1. For the taxpayers who wish to claim relief in respect of double taxation under Section 90 or 91 also cannot use ITR 1. You cannot use ITR 1 if you are director in a company own unlisted shares.

c) ITR 2: This form can be used by individuals as well as an HUF. ITR 2 can be used in case you have income taxable under the head "capital gains" in addition to the income under the head "salaries", "income from House Property" and "Income from other sources". You can use ITR 2 if you do not have any business income and are not eligible to use ITR 1.

d) Who cannot use ITR 2: Individuals and HUF who have income under the head "Profit and Gains of Business or Profession" cannot use this form.

e) ITR 3: ITR 3 can be used by any Individual or HUF who has any income taxable under the head 'Profits and gains of Business or Profession". This form however cannot be used in the cases of business or profession where taxes are required to be paid on presumptive basis and their taxable income does not exceed Rs. 50 lakhs during the year for which a separate form is prescribed.

f) ITR 4: This form is commonly called Sugam and can be used by any Individual, HUF or a firm but not an LLP, who are engaged in a business or profession on which tax is required to be paid at presumptive basis: business income which is taxable at certain predefined basis either as percentage of gross receipt/sales or your income is presumed at fixed amount per income yielding asset owned by you such as commercial vehicles etc. The form can also be used by a person whose total turnover in business during the year does not exceed an amount of Rs. 2 Crore and is willing to pay tax on net profit @ 8% of the total turnover under Section 44AD. Even if you are engaged in specified professions covered under Section 44ADA, you can use this form if your gross receipts do not exceed Rs. 50 lakhs in the year and you are willing to offer 50% of your gross professional receipts as your profits and pay tax on it. In case your income is lower than that what is presumed by law, you must get your accounts audited and get the audit report submitted before submission of the ITR or have taxable income over Rs 50 lakhs, you cannot use this form. The persons who cannot use ITR 1 on the non-income criteria are also ineligible to use ITR4.

How is ITR filed

There are two ways in which the assessee can file his ITR. One is the traditional way of submitting the paper

returns; and the other is the new age online filing called electronic filing. All the persons must file their ITR online. Individual taxpayers who have completed 80 years of age and are filing either ITR 1 or ITR 4 have an option to file paper return. There is no bar for all these taxpayers from filing their ITR electronically.

How is the ITR verified

The ITR filed by you must be verified in the prescribed manner. In case of physical paper ITR you just need to physically sign the ITR. But in case the ITR is filed electronically and cannot be signed physically, you must verify them in the manner prescribed under the law. There are different methods for verifying the ITR filed by you.

a) Through Digital Signature; The ITR filed by you electronically can be verifying by signing the same with your digital signature. For some class of taxpayer verification of ITR by digitally signing is mandatory. This category includes all the Companies. Even all Individuals, HUF, Partnership firms and Limited Liability Partnerships engaged in any business or profession and whose accounts are subject to tax audit by virtue of its turnover exceeding specified limits are required to verify the ITR through a digital signature.

b) Through modes other than digital signatures: All the taxpayers who have filed their ITR electronically and are not required to verify their ITR by digital signature can verify the ITR by various other modes. The oldest such form of verification is by way of sending the copy of signed ITR V to the Central Processing Centre Bangalore within 30 days from date of submitting it electronically. Even the taxpayers who have filed their ITR electronically and do not have digital signature and also do not want to send the physical copy of ITR V to CPC can verify their ITR by way of electronic code generated through various means including based on your Aadhaar or net banking.

Hopefully, the above narration will be helpful to our community of financial planners as they engage with their clients at the time of their filing the ITR this year.

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Are your clients vigilant enough from the cyber fraudsters?

B. Srinivasan, CFP

In today's wild webby world, where your smartphone is smarter than your pet parrot, the danger of getting digitally duped is real. Picture this: you're sipping your morning coffee and bam! You get an email from "FedEx" saying you've won a lifetime supply of bubble wrap. But wait, there's a catch—they need your bank details to send you the prize. And just like that, your dreams of popping bliss could pop into your bank account instead!

Gone are the days when a scammer had to work hard for a few thousand rupees. Now, they're after your crores, and they've got more tricks up their sleeve than a magician at a kids' party. But fear not, my financially savvy friends, for you can be the superhero in this story. You can fend off these virtual villains with the power of vigilance and the shield of awareness.

The most dastardly deed they do is the "Phishing Fiasco" – sending you sneaky links or messages about fake loans or financial fairy tales that make you as curious as a cat with a laser pointer. And sometimes, they're sneakier than a ninja on a silent retreat, popping up as the first link on Google, masquerading as the website you wanted. So, remember, the next time you're about to click on something fishier than a sushi platter, think twice, or you might find your wallet on a phishing hook!

"CURIOSITY" is often known in English proverbial history to have killed the CAT. This emotion makes us click on unknown links, leading to a downward spiral where our sensitive information could get leaked. The other emotion that outplays us is "GREED," which draws us to adverts that promise to double our money within an impossible time frame. Still, a more famous challenge is usually "DOUBLE or NOTHING"; we often end up with the untold latter.

In the grand digital bazaar of 2023, a whopping 1.13 million financial fraud fiestas were thrown, and the party poopers made off with a staggering Rs. 7,488.6 Cr. It's like every cyber crook had their own Diwali celebration with our bank accounts.

Avoiding cyberfraud requires a combination of vigilance, knowledge, and security tools. Here are some key steps you can take to protect yourself:

Update Your Devices: Keep your computer and mobile devices updated to patch security flaws and reduce the risk of cyberattacks.

Antivirus Protection: Install reputable antivirus and antimalware software on your devices and keep them updated with the latest virus definitions 1.

Strong Passwords: Use complex passwords that include a mix of uppercase and lowercase letters, numbers, and symbols. Avoid using personal information and never reuse passwords across different accounts.

Two-Factor Authentication: Add an extra layer of security by enabling two-factor authentication on your accounts.

Secure Connections: Ensure websites use HTTPS, especially when making financial transactions or entering personal information. Look for 'https://' and a padlock symbol in the address bar, indicating a secure connection. This knowledge empowers us to make informed decisions and protect our financial interests. Additionally, research the website's legitimacy and read reviews from other users using websites such as Scam Advisor. For business owners who have their own

websites, ensure that the SSL (Secure Sockets Layer) certificates are valid. Only when a website has an SSL certificate installed does it enable HTTPS (Hypertext Transfer Protocol Secure) instead of HTTP in its URL. This indicates that the connection between the user's browser and the website's server is encrypted and secure.

Be Wary of Phishing: Learn to recognise phishing attempts, such as suspicious links or emails, and avoid interacting with them.

Regular Credit Checks: Review your credit report regularly to catch any unauthorised activities early. In a recent case, my friend found out, to his horror, that his tenant had forged the signature to make him a guarantor to a loan, defaulted, and scooted. My friend found out about it when he checked his credit score, which had drastically fallen.

Educate Yourself: Stay informed about the latest cyber fraud tactics and how to prevent them.

By following these steps, you can significantly reduce your risk of falling victim to cyber fraud and safeguard your personal and financial information.

Cyberlaw in India is primarily governed by the Information Technology Act of 2000 (IT Act 2000), amended in 2008 to address the evolving nature of internet technology and cybercrime. This comprehensive legal framework recognises electronic documents, supports e-filing and e-commerce transactions, and outlines measures to mitigate and check cybercrimes. It also includes provisions for electronic signatures, data protection, and privacy. The

IT Act, along with relevant sections of the Indian Penal Code, protects individuals and businesses in cyberspace by establishing rules for digital conduct and consequences for cyber offences.

As advisors, we play a crucial role in safeguarding our clients' hard-earned money. We encourage all our clients to ensure their advisors (those having multiple) are SEBI registered and qualified. Unqualified Finfluencers' telegram channels or WhatsApp groups hold no responsibility towards their advice or clients' money. We are their confidant regarding financial matters, always acting as a sounding board to our clients regarding anything related to money. We explain to our clients any articles we might have come across regarding any recent scams (UPI frauds, lottery scams or OTP cons) to ensure they do not fall into the same traps, educate them about how markets work and why make rich schemes, and fast money is a ploy to deceive a naive person. We emphasise that there is nothing called "free food" in this world.

We also ensure they have the discipline to track their investments and bank accounts regularly, flag any discrepancies they find immediately with us or their respective service provider, and promptly escalate them to the right authorities (such as NPCI, Cyber Crime or Ombudsman).

Remember, curiosity might have killed the cat, and satisfaction might have brought it back, but metaphorically, it works because cats have nine lives; we do not. Be Vigilant.

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Our Changing Market Place





Retirement Planning in Digital Age

Himanshu Mayne, CFP

India is at its demographic peak, currently the world's most populous young country with over 1.4 billion people. As the fastest-growing large economy, our youthful population is a key driver of this growth, poised to continue propelling India towards becoming a high-income country by the middle of the century.

However, India is also projected to age rapidly in the coming decades. According to the India Ageing Report 2023, released by UNFPA (United Nations Population Fund) and IIPS (International Institute for Population Sciences), there is significant variation in absolute levels and growth of the elderly population across states. Most of the states in southern India and some northern states such as Himachal Pradesh and Punjab reported a higher share of the elderly population than the national average in 2021. But this gap, the report says, is expected to widen by 2036.

India is also going through rapid social and cultural churn impacting post-retirement life. Traditionally, in India, multigenerational households were the norm, with elders living with their children and grandchildren in a joint family system. However, with changing lifestyles, urbanization, and evolving family structures, the concept of retirement homes or senior living communities is gaining popularity.

The rise of the gig economy and digital platforms has transformed the nature of work in India. Freelancing, online marketplaces, and app-based services have provided new avenues for employment, especially for young people and those seeking flexible work arrangements. However, in this work there is no employer-led social security. So, unless we prepare for old age social security now, it will be increasingly challenging.

Retirement Planning

Retirement planning relates to the various preparations of the population in anticipation of post-retirement life. This requires financial knowledge, which facilitates the understanding of key retirement planning concepts, including informed decision-making. It is well asserted that personal retirement planning behaviour is influenced by the availability of investment information, particularly sourced through digital literacy channels.

Retirement Planning in the digital age

Financial illiteracy may stunt people's ability to save and invest for retirement, undermining their well-being in old age. Financial education prioritizes advancement and achievement regarding retirement preparations. Through information, instruction, and objective advice, people develop the skills and confidence to recognize financial risks and opportunities, make informed decisions, seek appropriate assistance, and take effective actions to improve their financial well-being and protection. Retirement planning in the digital age has both advantages and challenges compared to traditional methods. Here are some key considerations:

- 1. Access to Information: Digital platforms provide easy access to a wealth of information about retirement planning options, investment strategies, and tools for financial management. This allows individuals to educate themselves and make informed decisions about their retirement savings.
- 2. Online Tools and Calculators: There are numerous online tools and calculators available to help people estimate how much they need to save for retirement, determine the best investment strategies, and track their progress over time. These tools can provide personalized recommendations based on individual goals, risk tolerance, and financial situation.

- **3. Robo Advisors:** Robo-advisors are automated investment platforms that use algorithms to create and manage investment portfolios for clients. They offer low-cost investment management services and can be particularly useful for those who prefer a hands-off approach to investing.
- **4. Mobile Apps:** Mobile apps make it easy for individuals to manage their retirement accounts on the go. They can track account balances, monitor investment performance, and adjust their portfolio from their smartphone or tablet.
- 5. Online Retirement Accounts: Many retirement account providers now offer online account management platforms where individuals can view their account statements, make contributions, and update their investment allocations without having to visit a physical branch.
- **6. Cybersecurity Concerns:** With the increasing digitization of financial services, cybersecurity has become a major concern. It's important for individuals to take steps to protect their personal and financial information when using online retirement planning tools and platforms.
- 7. Digital Advice and Education: The internet provides access to a wealth of educational resources on retirement planning, including articles, videos, webinars, and online courses. Individuals can learn about topics such as asset allocation, tax-efficient investing, and retirement income strategies from the comfort of their own home.
- **8.** Social Security and Government Benefits: Many government agencies now offer online services for managing Social Security benefits, Medicare enrollment, and other retirement-related programs. This makes it easier for individuals to access information and services without having to visit a government office in person.
- **9. Online Banking and Budgeting Tools:** Digital banking platforms offer features like automatic bill payment, expense tracking, and budgeting tools, which can help individuals better manage their finances and save for retirement.
- 10. Remote Work and Flexible Retirement: The rise of remote work and the gig economy has led to more flexible retirement options for some individuals. Digital technology enables people to work part-time or freelance well into their retirement years, supplementing their income and allowing them to delay full retirement if desired.

- 11. Social media and Networking: Social media platforms provide opportunities for networking and knowledge sharing among retirees and pre-retirees. Online communities and forums allow individuals to connect with others who are facing similar retirement planning challenges and share advice and experiences.
- **12. Healthcare Technology:** Advances in healthcare technology, such as telemedicine and health monitoring apps, can help individuals manage their health and healthcare costs in retirement more effectively. These tools allow for remote consultations with healthcare providers and enable individuals to track their health metrics from home.
- 13. Long-Term Care Planning: Digital platforms can assist with long-term care planning by providing information about different types of care facilities, cost comparison tools, and resources for caregivers. Online communities and support groups can also offer emotional support and practical advice for those navigating long-term care decisions.
- 14. Retirement Lifestyle Planning: Digital tools and resources can help individuals plan for their desired retirement lifestyle, whether that involves travel, hobbies, volunteering, or spending time with family and friends. Online retirement calculators can help individuals estimate the cost of their desired lifestyle and adjust their savings goals accordingly.
- **15. Continuing Education:** The internet offers a wealth of opportunities for continuing education and personal development in retirement. Online courses, webinars, and tutorials allow individuals to learn new skills, pursue hobbies, and stay intellectually engaged throughout their retirement years.

In India, there are several digital tools and resources available to assist with retirement planning. Some of the popular ones are:

- 1. National Pension System (NPS) Website: The NPS website (https://www.npscra.nsdl.co.in/) provides information about the government-sponsored pension scheme, including details about NPS accounts, investment options, and tax benefits. Users can use the website to open and manage their NPS accounts, make contributions, and track their investment performance.
- 2. Retirement Calculators: Several financial institutions and online platforms in India offer retirement calculators that help users estimate their retirement needs and plan their savings accordingly. For example, websites like HDFC Life (https://www.hdfclife.com/insurance-knowledge-centre/financial-tools-calculators/retirement-planning-calculator) offer retirement planning calculators tailored to the Indian context.

- 3. Mutual Fund Investment Platforms: Mutual fund investment platforms such as Groww (https://groww.in/), Zerodha Coin (https://coin.zerodha.com/), and Scripbox (https://scripbox.com/) allow users to invest in mutual funds online. These platforms offer a range of mutual fund schemes suitable for retirement planning, along with tools and resources to help users select the right investment options based on their risk tolerance and investment goals.
- 4. Employee Provident Fund Organization (EPFO) Portal: The EPFO portal (https://www.epfindia.gov.in/site_en/index.php) provides online services for employees covered under the EPF scheme, including access to their EPF account, viewing contribution details, updating personal information, and checking the status of EPF claims. Users can use the portal to track their retirement savings and plan for their post-retirement financial needs.
- 5. Tax Planning Tools: Websites like ClearTax (https://cleartax.in/) and Taxmann (https://www.taxmann.com/) offer tax planning tools and resources to help users optimize their tax-saving strategies, including investments that qualify for tax deductions under Section 80C of the Income Tax Act, such as Public Provident Fund (PPF), Equity Linked Savings Scheme (ELSS), and National Savings Certificate (NSC).
- **6. Insurance Planning Tools:** Insurance companies such as LIC (https://www.licindia.in/) and SBI Life (https://www.sbilife.co.in/) offer online calculators and tools to help users assess their insurance needs and determine the right insurance coverage for retirement planning, including life insurance, health insurance, and pension plans.

These are just a few examples of the digital tools and resources available for retirement planning in India. It's important for individuals to research and compare different options to find the tools and strategies that best suit their financial goals and preferences.

Additionally, consulting with a financial advisor or planner can provide personalized guidance and recommendations based on individual circumstances.

Here is a basic roadmap to get started:

1. Set Goals: Determine your retirement age and lifestyle goals. Consider factors like where you want to live, activities you want to pursue, and any potential healthcare needs.

- 2. Assess Current Finances: Calculate your current expenses, assets, and debts. Understand your sources of income, such as pensions, Social Security, and investments.
- **3.** Create a Budget: Develop a budget that includes saving for retirement. Allocate a portion of your income to retirement savings, aiming for at least 10-15% of your pre-tax income.
- 4. Employer-Sponsored Plans: If available, contribute to employer-sponsored retirement plans like a PF, NPS etc. Take advantage of any employer matching contributions, as they provide "free money" towards your retirement.
- **5. Diversify Investments:** Spread your retirement savings across different asset classes to reduce risk. Consider a mix of stocks, bonds, real estate, and other investments based on your risk tolerance and timeline.
- **6. Monitor and Adjust:** Regularly review your retirement plan to track progress and adjust as needed. Life circumstances, market conditions, and goals may change over time, so flexibility is the key.
- 7. Healthcare Planning: Factor in healthcare costs, including insurance premiums, deductibles, and potential long-term care expenses. Consider purchasing long-term care insurance to protect against significant healthcare costs in retirement.
- **8. Social Security:** Understand your Social Security benefits and the best time to start claiming them. Delaying benefits can increase your monthly payments, but the optimal strategy depends on your individual circumstances.

In summary, the digital age has transformed the landscape of retirement planning, offering new tools, resources, and opportunities for individuals to achieve their financial goals and enjoy a fulfilling retirement lifestyle. However, it's important for individuals to stay informed, remain vigilant about cybersecurity, and adapt to changes in technology and financial regulations as they plan for their retirement.

Himanshu Mayne, CFP, is Director and Founder of Edufincpact Labs Pvt. Ltd. which is FPSB India's Authorized Education Provider, Finance Lab & Gyaan



Enabling a Change in Risk Profile of your Client

Viresh Patel, CFP

Taking risks doesn't mean shirking responsibility but embracing possibilities - Vick Hope

Let me walk you through a situation. As a financial planner, I recently onboarded a client, followed all the processes, did risk profiling, and identified that he is of Conservative Risk profile, at age 31. Out of all the financial goals, he had one high priority goal, 7 years away, for which he has a regular predictable monthly surplus available.

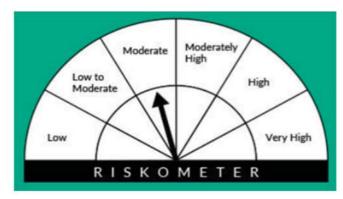
I analysed that if this client took some risk with the available monthly surplus, he could reach very close to his goal. However, if he followed the conservative approach, as per his risk profile, there is a high probability that he might not be able to achieve even 50% of the goal amount.

This situation was communicated to the client. Still, he was not ready to take the additional risk. Most importantly, he was confident that I will be able to provide him clarity and help achieve his goals. However, with the kind of risk profile, if followed, it will take more years to achieve the said goal.

I am sure many of us would have encountered similar situations in the past. The question is - How can we still assist the client effectively?

Let's start with some basics. As practitioners, we are aware that the RISK-O-METER reflects the level of risk inherent in a scheme or an asset.

We are also aware of the risk profiles and what it means for an investor. We also know and understand that Risk is a factor driven from or by-



Effective January 01, 2021, level of risk depicted by a pictorial meter (known as a riskometer) as under:

- . Low Principal at low risk
- . Low to Moderate Principal at moderately low risk
- · Moderate Principal at moderate risk
- · Moderately High Principal at moderately high risk
- · High Principal at high risk
- · Very High Principle at a very high risk

A. NEED

B. ABILITY

C. WILLINGNESS

Identifying the WHY of the Client's Risk Profile

In the situation we just walked through, we saw that there was a need for the client to take a little higher risk. There was also the ability to take little risk as regular surplus was predictably available. But the client showed lack of willingness to take some level of risk.

This compelled me to explore WHY the client showed a lack of willingness.

I met the client once again and had an open conversation using the insights I got while risk profiling the client. It was evident that the client was not feeling comfortable

taking risks as he had once invested in an ELSS and made a loss on withdrawal.

This is the crux that I understood. From behaviour and experience questions, the client also responded in a manner where I got the feeling that he did not have a good experience in equity investing and lacked proper understanding. I then dug deeper and came to know that as per him ELSS is a 3-year tax-saving equity investment that gives a 10% tax-free return and it needs to be withdrawn at the end of 3 years. Due to a lack of understanding and poor experience with equity investing, he lost trust in the same.

It was evident that:

- 1. I will have to share with him some basic know-how and approaches to equity investing.
- 2. I will have to make him comfortable and make his experience with equity investing better.

As a beginning, I suggested he enrol himself in some online course to understand the very basics of Mutual Funds. I then shared with him some data points based on historical NAV movements and various scenarios. Slowly he got interested in this subject, watched various videos online, researched about Mutual Funds, and one day called me and said "I want to meet you and understand how we can start with 10% equity exposure as you had explained to me last time".

That was the 'aha' moment for me. We met online and decided that he would have 10% exposure in Large Cap Mutual funds and 90% into Debt Mutual funds from the monthly surplus available and the full lumpsum amount that he had accumulated would be invested in Debt funds and then we would meet again after 3 months.

After 3 months his investment was down 3% and markets were also down more than 3%, but the client informed me to increase the equity proportion to 20% and we did the same.

Again after 3 months, we met and now his investments were slightly positive, even when the markets were down. The client now showed greater confidence and at the end of 1 year 50% of his SIPs were into equity and his equity exposure in the accumulated amount was then at 45%.

What I did was to identify why his risk profile was the way it was, understood that his ability and need were to take higher risks to meet the goal, and then slowly helped him gain knowledge, slowly and gradually upped his experience of higher exposure into equity and most importantly remained in touch and that is why he gained trust and committed what I requested him to follow.

Connecting all this back to basics - there was a need to take higher risk, the ability to take risk was already there, and I helped him grow his willingness to take a fair amount of risk. It has been 5 ½ years now and the client is prepared for his goal. Yes, earlier then his targeted goal year. We have now started rebalancing and moving towards a higher debt proportion with an equity portion of 25%.

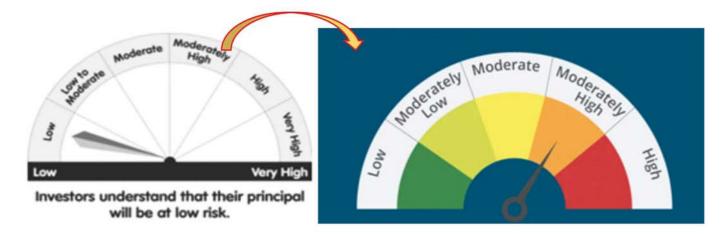
As practising financial planners, we all understand the importance of Risk Profiling. While we all follow some or the other process for doing this, what we can also do and be aware of while doing the first risk profiling of a new prospect or between 2nd review of the risk profiling of an existing client, is to help them transition quickly to their optimal required risk profile.

What do I mean by this? Let me explain by giving you another example.

Sumit, 31, just lost his father in a car accident. Being the only son of his parents, he received all that his father owned. When he was onboarded as a client, his risk profile was identified as Conservative.

Sumit suddenly found himself with all the wealth, and on top of it, all the family decisions were on his shoulders. During discussions with him, it was understood that his father had told him not to trust anyone with his money. He had seen his father research and then consult friends or known advisors before taking any decisions. Never having done this, Sumit wanted to learn about investing and gain some experience before taking any risk, let alone taking important money management or investing decisions.

His financial planner sat with him for multiple meetings to understand the WHY of his Risk Profile outcome, facilitated various meetings to make Sumit comfortable with the concept, the ideal process to evaluate and to arrive at a decision, and implementation, and to encourage him to ask a lot of questions. This took about 9 months of patience and guidance and understanding the situation he was going through without much of risky investments. Sometime later, Sumit's risk profile was re-initiated by the planner. Sumit was surprised with the result as his risk profile now turned to Moderately High from Conservative.



The lack of willingness to take risks, or in the opposite case, higher willingness to take risks can be explained by 3 major reasons.

- 1. Education / Literacy about Investing and Risk
- 2. Experience or Lack of Experience
- 3. Current Situation Mental / Non-Monetary or Monetary

If the WHY of the Risk Profile is explored keeping these 3 factors or drivers in mind while risk profiling the client, it would help Financial Planners achieve an optimal risk profile for their client.

For this, I would suggest 4 steps (that works like a magic tool for me) in this same sequence:

- Listen
- · Aware and Educate
- Identify the WHY
- Facilitate the Change

Once you follow these steps, you will realise that the client's understanding and his trust in you have increased. More importantly, the client's goals are in a better position to be achieved.

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CPD Quiz for Journal of Financial Planning in India (June 2024 Edition)

Welcome to the CPD Quiz!

This quiz is 5 questions long, and you need to answer 4 questions correctly to earn 4 CPD points. Your quiz results will be displayed after you complete all the questions.

Current CFP professionals are required to take the CPD Quiz by logging into their MyFPSBLearning portal. CPD points earned shall be reflected directly in their LMS online.



You will be able to take the CPD Quiz up to two times.

Good Luck!

Let us remain relevant, not complacent!

- 1. In the examples shared by the author, complacency in individuals breeds from ____
- a. Past success
- b. External validation
- c. Fear of failure
- d. All of the above

Income Tax Filing - Important Aspects to Guide Your Clients

- 2. As per the current provisions of Income Tax, the due date for filing of the income tax returns for an assessee engaged in any business or profession, and where accounts are required to be audited, is _____.
- a. 31st July
- b. 31st October
- c. 30th November
- d. 31st December



Are your clients vigilant enough from the cyber fraudsters

- 3. The author cautions that in today's web world the danger of getting digitally duped is real and so each one of us must be _____ to avoid getting trapped in cyberfraud.
- a. vigilant
- b. knowledgeable
- c. have access to security tools in the gadgets
- d. A combination of all three above

Retirement Planning in Digital Age

- 4. The author is of the view that compared to the traditional methods the digital age is helpful to the population for their retirement planning as it_____
- a. gives better return on investments
- b. minimizes risk of invested capital
- c. provides numerous online tools and calculators
- d. helps in saving tax

Enabling a Change in Risk Profile of your Client

- 5. The author explains that _____ is one of the major reasons for the client's lack of willingness to take risks.
- a. Low investment returns
- b. Education/Literacy about investing and risk
- c. Market volatility
- d. Trust factor with advisors



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