

## Overview of Financial Investment Planning.

<b>1.0</b>	<b>Introduction:</b>
1.1	The word investment has a very wide/ macro meaning. We have to make investment in various categories for leading a happy life. At present I wish to concentrate on Financial investment.
1.2	Financial investment is call of the day.
1.3	The topic is very complicated but I will try to simplify the same for you.
1.4	We must first understand the difference between saving & investment.
1.5	Saving is the starting point. Investment is made out of saving. Purpose / intention of saving & investment are slightly different.
1.6	You can look at saving from two angles as outlined below.
	➤ Income Less Expenses = Saving
	➤ Income Less Saving = Expenses.
1.7	Saving can be increased by earning more income or by reducing excessive and unwarranted expenses or by combination of both methods.
1.8	Saving is a habit and it needs to be cultivated.

<b>2.0</b>	<b>Why we should save money?</b>
❖	We should save money according to our capacity for following reasons.
2.1	For investment for future/ old age.
2.2	To take care of short term needs. E.g. Festival expenses, periodic expenses such as education expenses etc.
2.3	To meet unexpected expenses such as medical expenses.
2.4	To purchase / replace household requirements such as kitchen utensils which would save our energy / entertainment articles such as TV, Radio, Transistor/utility articles such as fan, furniture etc.
2.5	To keep certain portion of saving to meet emergencies.

<b>3.0</b>	<b>Which factors should be considered while making Financial Investment?</b>
3.1	Safety of Investment should be the prime consideration. Investment should not be lost.
3.2	Liquidity: Investment should be easily available in case of need.
3.3	Returns: Investment should not remain idle but should also earn reasonable income.
3.4	Spread: Investment should be made in different forms to minimize risk.
3.5	Purpose: Investment should be made according to purpose.

<b>4.0</b>	<b>Types of Investment:</b>
4.1	Investment can be made in Immovable property or in movable property.
4.2	Immovable Property: Agricultural land, Farm house, Bungalow, Flat etc.
4.2	Movable Property: Gold, Bank deposits, Postal schemes, shares etc.

<b>5.0</b>	<b>Security should meet the following criteria: (MASTDAY)</b>	
5.1	M	Marketability.
5.2	A	Easy to ascertain its title, value, quantity and quality.
5.3	S	Stability of value.
5.4	T	Transferability of title.
5.5	D	Durability - not perishable.
5.6	A	Absence of contingent liability. i.e. You may not have to spend more money on the security to make it marketable or even to maintain it.
5.7	Y	Yield. The security should provide some on-going income.

<b>6.0</b>	<b>Risks associated with holding Financial Investment:</b>	
6.1	Physical risks such as Fire, flood loss, theft etc.	
6.2	Inflation. Decrease in purchasing power of money. Our income does not grow in same proportion as increase in inflation rate.	
6.3	Remedies to overcome physical risks: Household insurance, Mediclaim policy, Personal accident policy, hiring of safe deposit locker to keep investment.	

<b>7.0</b>	<b>What precautions should be taken in respect of Investment?</b>	
7.1	Investment should be made in joint name.	
7.2	Investment should be payable to either or survivor.	
7.3	Nomination facility should be availed of.	
7.4	Proper record of investment held should be kept.	
7.5	Your spouse should be aware of all your investment matter.	
7.6	Excessive faith should not be kept on relatives, friends.	
7.7	Necessary secrecy should be kept. The investment matters should not be discussed with strangers.	

<b>8.0</b>	<b>Investment in Macro Terminology:</b>			
	To lead a Happy life, we should not only invest in financial security but also in the following:			
8.1	Education	8.5	Positive Attitude	8.9
8.2	Health	8.6		8.10
8.3	Family	8.7		8.11
8.4	Good Friends	8.8		8.12