

## [ JAGOINVESTOR EBOOK ]

**Manish Chauhan / Nandish Desai**

This eBook contains 12 must read articles on [jagoinvestor.com](http://jagoinvestor.com).

Please SHARE these article pdf with everyone you know so that we can SPREAD financial awareness in the world. We would love to share financial insights with your family members, your clients, your friends and your partners at work

### **Chapters** (click on the chapters)

---

1. Are you suffering from Mental Accounting ?
  2. Journey of an imaginary investor
  3. How I can fool you and run away with your money
  4. Goal Visualisation or Goal Setting?
  5. Personal Finance Emergency kit: A gift to your Family
  6. How Instant Gratification affects your Financial Life
  7. Will your Nominee get the money on your death?
  8. The EMI disease
  9. "Papa Kehte Hain" problem in Personal Finance
  10. Ability to take Risk vs. Willingness to take Risk
  11. Common mistakes in Personal Finance
  12. Can you live with 90% of your Salary ?
- => *Our Love Letters*
-

# 1. Are you suffering from Mental Accounting?

---

Do you know that majority of the problems in your financial life are purely because of psychological reasons? We are all humans and are prone to think irrationally at times, due to which, a lot many wrong decisions are taken in our personal finance. Behavioural Finance is the area of finance that combines psychology and finance together and gives you an insight as to how a common man makes mistakes in his decisions. Today, I am going to talk about on its concept called 'Mental Accounting'.



Let's imagine a scenario, which will give you a brief idea on mental accounting.

**Scenario 1:** You and your wife visit an electronics showroom with the intention to buy a Laptop. After browsing various products you finalize a nice laptop with the price tag of Rs. 40,000. Just when you were to [swipe your credit card](#), the couple behind you mentioned that another showroom about 3 blocks away (15 min drive max) is selling the same laptop for Rs. 39,800. Will you consider driving 15 mins to save Rs.200? Majority of us will not do so!

**Scenario 2:** You and your wife visit the same electronics showroom to buy 4 GB Pendrive costing Rs.400. However, you come to know that this product is available for Rs.200 at another showroom which is 15 mins drive. So will you now choose to drive another 15 mins to buy this Pendrive? Most of us will happily choose to drive 15 mins to the second showroom.

If you look at both the scenarios, you will notice that both scenario 1 and scenario 2 are exactly the same, they both will save you Rs. 200 and both requires you to drive 15 min.

Exactly same, no difference. But most of the people will choose the first showroom only in scenario 1 and will choose second showroom in scenario 2.

### **Why does this happen?**

Truly speaking, this happens because of Mental Accounting which makes Rs. 200 saved on laptop not a significant amount because its just 0.5% of the original price. Whereas, Rs. 200 saved on Pendrive looks attractive and substantial bargain because its 50% of the original cost.

### **What is Mental Accounting?**

Mental Accounting is very simple to understand. What makes is a crucial aspect to understand is the different ways we treat money depending on situation and its source. We often concentrate on the situation and the source of money in terms of the amount of hard work we put to get that money and all these points makes us human to fall prey to treat same amount of money in different ways. But coming back to the facts, Money is Money and it doesn't matter where it comes from!

So, if you earn Rs. 100 from 3 different sources- Lottery, Salary or Tax Refund, all of them should mean the same as they all have the same purchasing power. Forget how you got it; all of that Rs.100 is valuable equally!

### **Personal Experience of Mental Accounting**

Let me share on how I myself was a victim of Mental Accounting. Some 2 years back, when I did my first stock market trade in [F&O](#). I made Rs. 2000 as profit on an investment of Rs. 6000 in the matter of 2 hours (options trading). This increase of Rs. 2000 actually increased my overall wealth, but to me it was 'Cheap Money'. Naturally, I had made plans to spend this money and I had no 2nd thoughts on NOT spending. The decision to spend money was not at all rational, but it was fast money which came from stock market and it came without any hard work. Mental Accounting was doing its job in my mind!! Carefully evaluating the situation, all what happened here was that my networth went up by Rs. 2000 and I took out Rs. 2000 and SPENT it!

## 6 Examples of how our personal finance decisions are based on Mental Accounting

### 1. Treating some money as “Free-Money” or “Loose-money”

Most of us label money based on where it comes from, by doing so the value of that money appears to be less. E.g. if you get food coupons from your company, you will not consider it as cash! At the last company I worked at, it was amazing to see that people didn't mind paying up to Rs.50 for Food Coupons for friends, but if the same person had to spend Rs. 10 hard cash, he will not be willing to do so. Food coupons have same [purchasing power](#) (at least in limited environment) as cash, so one should be treating it in the same way and not being bias just because it's not in the form of currency. What I really want to know is that what will happen if companies start providing cash equivalent of these food coupons???

Another example can be with the money that we get from tax refunds, cash gifts on events etc...etc... We all in our heads label these as 'Cash, but not as valuable'. Imagine that you got Rs. 2000 as your tax refund and you are more likely to be spending this money rather than the willingness you would have to spend from your salary. Also imagine that some friend gave you Rs. 1000 as gift voucher, will you even bother researching on what products can this voucher buy??? In the same way, if you earn yourself a bonus of Rs. 50,000; you will be more inclined to spend it on a holiday or for buying some item for the house. Would you do the same thing with the money from your salary??

So the message is clear, don't label money as 'salary money', 'tax refund money', 'bonus money' or 'Gift money'. It's just MONEY!

### 2. Holding Stocks and Mutual funds with Loss

Mental Accounting is visible in buying and selling of equity products like stocks and mutual funds. Consider a person who bought shares at Rs. 100 each and the current price drops to Rs. 80. He does not consider this as loss until he books it, loss is not existent for him, and it's just a possibility. But in real terms, that person is actually suffering loss already. The person in this case labels the loss as 'potential' and not 'real'. On the other hand, if the same stock went up from Rs. 100 to Rs. 120, he will be happy and will be telling everybody that how he is in 'profit' even though he has not booked as yet. Profits have already happened according to this person's thinking and this is exactly [why many people fail in stock investments](#).

### **3. Size of the decision/money involved**

A lot of times the size of the transaction also influences our thinking. Imagine that you went to buy a Plasma TV which costs Rs 20,000. You bargain with the vendor and successfully get a discount of Rs 500; it makes you happy and you feel as if you saved something. But do you put any big effort to find out how you can save much on groceries or vegetables? As the transaction size is bigger and bigger money is involved in case of Plasma TV, it clicks your mind that you should try to bargain the price and save as much as you can, but this thinking is not the same in case of small purchases. Even if we are able to save Rs 5 on small transactions, it would amount to Rs 1700 (approx) in saving in whole year and that would be bigger than Rs 500 saved in case of Plasma TV.

While there can be repetitive headache involved in saving that small amount, the whole idea is to communicate that we tend to think differently when there is a big decision and very different when in smaller ones.

### **4. Earn less interest and pay more interest**

Many investors do the common mistake of earning less interest on their FD's, PPF or Cash in their Savings account, but pay huge interest on their personal loan or credit card interests. For investors, money in FD's and PPF is 'safe' and not to be touched, but in true sense you are earning less on a part of your portfolio and from that same portfolio you are paying huge interest for loans. If you see your whole portfolio as one and single element without labelling parts of it, your perspective will change. Ideally one should clear a liability whose interest rates are higher than the part of portfolio earning lesser interest. But due to mental accounting, this idea does not look fine to many people.

### **5. Labelling money into safe money and risky money, losing any money is just loosing**

Ajay has Rs 1,00,000 in Bank FD, Rs 2,00,000 in his PPF account and 5 lacs in Balanced Mutual funds. All these investments are for his daughter's education down the line and he has mentally labelled it as 'safe'. However Ajay has also separated out Rs 50,000 to try out stock trading which is his passion and what he loves to do. He has mentally labelled this Rs 50,000 as 'Risky'. You can see his total worth is 8.5 lacs.

**Case A:** Now imagine he is in loss of Rs 25,000 in his stock trading. This will not hurt him so much as he had accepted from start that it's for stock trading and loss was a possibility. He is fine with this loss, as nothing has happened to his 'safe' investments.

**Case B:** Suppose market is down and he faces a loss of Rs 25,000 on his mutual funds. As the loss has happened in his mutual funds which was initially labelled as 'safe' and "for-his-daughter's-education", the level of disappointment and worry would be much bigger than Case A.

Even though the reaction of Ajay was different in both case A and case B, it's purely because of mental accounting and the way he had unconsciously labelled both investments of his portfolio, but in both the cases the reality is that his total net worth went down from 8.5 lacs to 8.3 lacs, It's as simple as that.

## **6. Paying for Financial advice**

We recently encountered a very funny situation, one of the readers contacted us for our [Financial Coaching](#) service, he was very clear that he needs it (For readers who are not aware about financial coaching, it's a paid program where we coach people in their financial life just like Garry Kirsten coaches Indian cricket team and transformed their performance). He was very much interested in being coached on his finances and what MONEY means to him, but was very uncomfortable paying the fee out of his wealth, as for him there were other important things in life; he said he would get back to us once he makes the decision. But he didn't communicate for weeks, then just last week he told us that now he is ready for Financial Coaching. After we started his work, we asked him, what had happened in his life which motivated him to take our service. To our surprise, he had sold his old car and got price way beyond he expected, and he was fine to use that extra money to improve his financial life.

If you look at this incident closely, even the money which he got by selling his old car become the part of his overall wealth, the moment he sold it, in fact it was always part of his wealth even when he didn't sold it. You must be thinking what was our first coaching lesson for him? Yes, it was the way he looks at different aspects of his financial life and not fall prey to these kinds of behavioural patterns.

## **7. Treating unexpected money in a different way**

There are lot of unexpected money at times coming in our life, it can be money in form of Bonus from your company, it can be money received from an old friend who took it from you, didn't give back to you and you also forgot about it. It can be some money you find in old book which you had secretly kept long back. All these are examples of "unexpected" money and hence there is no mental account for it, that money looks more of pocket money to you and you tend to spend it without thinking much. However money is money, no matter from where it came. It's just different in your mind.

## 2. Journey of an imaginary investor

---

What's the worst that can happen? A lot of my friends and readers ask me this question. What if I'm not disciplined? What if I buy a house beyond my means? Or invest money based on what my trusted family & friends tell me (even if I don't have a clue)? What's the worst that can happen?

Well, rather than sitting here and crunching numbers and showing you my results with incomprehensible tables and then trying to convince you, let me tell you a story. Remember Arush? Akshay Kumar's 'panauti' character from Houseful? Let's play God with Aarush's life. No more strokes of good luck for him, unlike the movie, no good / rich friends or acquaintances. No exotic locations or countries either. Instead, let's put him into our shoes, – our average, Indian, everyday-Joe, shoes. And let his panauti streak run its course. Let's see what happens when life becomes brutal and how he pays for his ignorance and bad luck.



## Year 2011

Arush is a happy-go-lucky 28 years old. Perfect education, close knit family and a great job, with a salary that's better than 95% of other people in our country take home. Newly married to Sandy! Great job! DINKy income! Life's great! The sky's the limit! . He has just taken a home loan for a spanking new 3 BHK in a cushy, lifestyle complex! A house is obviously needed! He needs to keep up with his cousin Ajay's lifestyle too! Ajay has a duplex, damn it! And to think, his old friend and classmate Manish suggested he rent a smaller house... Damn you Chauhan! What do you know?

"Renting is so beneath me! And it's not the one thing either! Such a cheap idea! What would people think? Forget people, what would Sandy think? Forget Sandy, what would her Anna think?! I'd be laughing-stock, I tell you, laughing-stock! Nothing wrong with a big house. Nothing has gone wrong yet! Nothing can go wrong! Everybody does it!"

Harish mama's sold him a few money back policies. OK, a lot! Arush doesn't quite want to invest. He doesn't understand the fundas. But, his pappa made sure Arush bought them & helped his mama out in his bad times. Akhir apne hi apno ke kaam aate hain!, and come on man, everyone has invested in money back plans. They are "safe". They provide the "best returns" (Agent mama's words obviously). Pappa's bought it, Pappa's pappa bought it, Kaka bought it, heck even Nana has it part of his portfolio! All of them obviously cannot be wrong! And Mama obviously won't commissions on it, will he? It's a gift for Arush, he's family after all!

## Is his Insurance Cover enough?

Arush feels his jaw drop, when Manish tells him; his insurance cover should be worth 1.5 crores because his family expenses are 40k/month. (It can be reduced to 30,000/month if he really tries, but who cares? The salary is going to increase yearly, & he is the top performer of the team). It hurts sometimes, that he hasn't built a good corpus yet, but that's fine! Anyways he is going to "invest systematically" next year onwards. It's his New Year resolution! (This incidentally was last year's resolution too). Listening to Manish for once, Arush goes enquiring about the term life insurance plans. Guess what he finds... He has to pay only Rs. 20,000/year as premium for Rs.1.5 crores!, *find your premium* .

"Wow! & Double Wow! My family will not have a single worry! So much security! But wait! What if, God blesses me with a long life and doesn't kill me before the tenure ends? What happens to all my hard-earned money, I paid as premiums at the end of tenure? I don't get the money at the end if I don't die? Ridiculous! What's the use of the product then? Total waste! Better save 100% of my money then! Best ROI". Suddenly his probability of dying has



come down, I am not sure HOW! Arush doesn't want to lose 6 lacs in these 30 years. But he doesn't realize that 6 lacs won't amount to anything at all by 2040! "Health Insurance? What's that? My company already provides cover to me and my family! 2 lacs for everyone! Combined! OK, I know it's not much, but I am so healthy, I go to gym and I drive safely, almost no chances of accident"

What about other people's driving skills? Arush will feel smug & smart as long as nothing untoward happens. All it takes is one minor illness, one small accident... to turn the whole thing upside-down! What if the expenses run to 6 or 8 lacs? (It very easily could!) Every one of Arush's '*plans*' for his family & himself will be really messed up! And guess what? To top these hijinks, he goes out and buys the "Best Mutual funds" How does he know? He did a lot of '*research!*' Research consisted to looking at bright shiny ads on billboards & on TV & in the paper, googling it, and checking out its performance over 6 months. (56 %) Arush is so happy! He's already making vacation plans!

But wait? What about actual, boneheaded mistakes? He recently bought Reliance shares a couple of days back at Rs. 2000... & now it's at Rs. 1959. "Oh man! I feel so bad! I'm such a loser! Darn, all this tension has made me skip lunch! Think I should sell them tomorrow itself!" Arush doesn't need the money tomorrow. He *knows* that equity gives good returns in the long run. Yet, he will still sell his shares tomorrow, because he doesn't want to be a loser! "Ugh! Still feel so bad! How could I have bought something like this? I've been a winner all my life! In studies, job interviews, work... I have always won! I cannot make mistakes! So this is how Arush is! Confused, yet unable to listen to good advice, to ask for help, a little too lazy when it comes to his own future, too impulsive, always wanting to be instantly gratified, a little too proud! Let's leave Arush now, & play catch up with him at some time in the future..."

## **Year 2014**

Boo-yeah! The markets are zooming... The Sensex has crossed 40000+!!! . "I always knew this 'Sensex' company would rock! Just look at it! See its performance! Wow! I'm so good! I'd like to see the look on Manish's face now! Calling my decisions, '*unplanned!*', '*with no understanding!*', '*random!*' & what not! There! I showed you Chauhan! Investments have *tripled!* Just one more week now, and I will sell everything, and cash out!" Oops! Something bad has happened! Markets are crashing!

15% down in a day! "It's just 'profit booking'", Arush justifies to himself. "India is bound to shine in the long run!" 1% up next day! , "See! I told you!" 10% down again next day! , "Chinese real estate markets are the reason! Our markets are de-coupled! It's FII!" (That's Arush talking through his hat, trying to show off!) . He tries to justify to himself and others

around, that things will so be better! But, his investments are now down *50%*! Arush wakes up and scrambles wildly. Arush is in a blue funk!

## Denial Mode

“I can’t sell right now, damn it, but I want my money back!” (Your money?) “It was 10 lacs some months back and today its just 5.1 lacs! Manish says even now, my investments are have given more than 25% return on a CAGR basis... But, I won’t take it! I am a ‘winner’! I won’t take less than what it has touched previously!” Markets tank another 5% after that.

“Oops! I should have taken that 4.9 lac loss earlier, now its 5.1 lacs down the hole! Anyway, what’s the use of selling now? Whatever could have happened has already happened! Let it run its course. I know it will come back to its earlier level! And anyway, I am a long-term investor! Manish also says I should invest for the [long term](#)! (Feels so nice somewhere in my heart, when I said that)”

A few months down the road... Arush suddenly needs the money for some reason in the next month or two. He decides to surrender get his endowment/ moneyback plan money back now, since the matter’s urgent! Finding the agent is like tracking a lost animal in the forest... in the dark! He finds Agent Akhiri Pasta after nearly a week of persistent hunting and calling...

**Arush:** Hi Pasta, remember me, Arush here, where are you man?

**Pasta:** (Obviously, I remember you, you dolt! You were my 1000th policy buyer which helped me win the Bahamas trip)

Of course Saar! How can I forget you saar?

**Arush :** Hey Pasta, I need a favour yaar, I have a financial crunch right now, so I’m wondering If I can surrender my policy and get my money back .

**Pasta :** Oh, why not saar? We are always there to help you saar! You can take your money back... Come to my office in a week and let’s surrender your policies (the initial years of high commissions have already passed, so I’ve already made my money! Hehe!)

**Arush:** Wow! You guys rock! Uh, how much will I get back?

**Pasta :** 60,000 saar!

**Arush:** No no no, hehehe! I am not taking about the interest part yaar. What is the total amount I get?

**Pasta:** (Sigh... Yes you idiot!) Its 60,000 only saar, Total amount saar! You *are* aware of surrender value before maturity, right saar?

**Arush:** Hey man! But, but, I paid 1.5 lacs in premium in last 5 yrs, what are you talking about?

**Pasta:** Saar, didn't you sign on those documents where we clearly mentioned that surrender charges will be blah blah blah... Have a look at your Documents Saar. We are not doing anything against our rules. It is as per our policy Saar, which we believe that you have cleared read and then took the policy!

**Arush:** Hmm, let me go look at those documents! (While wondering which part of the world are those documents in now)

Let's just hope Arush copes with this panauti and catch him 10 years down the road

## Year 2024

Aarush's life is going on as usual, chal raha hai, lots of expenses now! Children have grown up, career which was "awesome" around joining and then "great" after few years have turned "ok ok" right now. After about 4 yrs into his 'awesome job', he finally realized that he was at a wrong place and couldn't truly excel, but then it was too late. Can't take any risk now, can't rock the boat! Who will pay the Home EMI, the Car EMI, the jeans EMI and the EMI for the vacation they took last year? So... chal raha hai, chalne do! He drags year after year in the [same job](#), which is now drab and uninteresting.

His home loan interest has gone to its highest level (which he never thought about, while taking the loan) and hence EMI's have crossed their budget (the one he had originally planned.) While all these issues are haunting him, with all that tension, another serious incident happens!

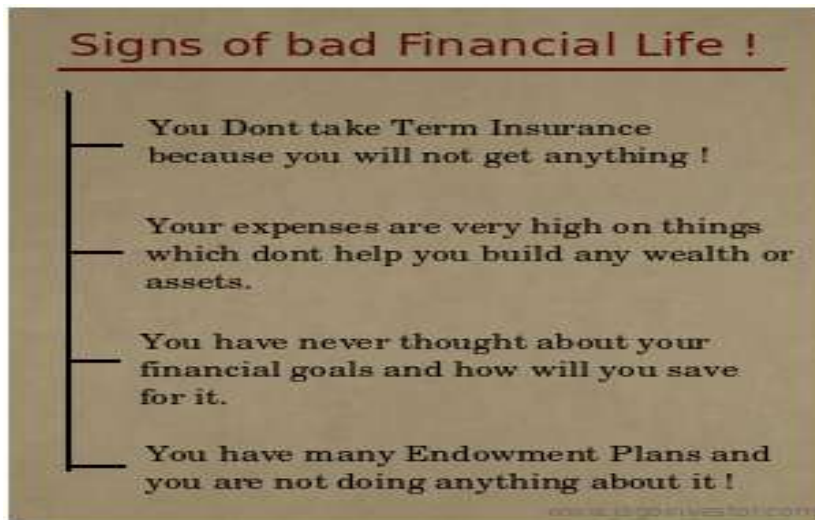
An auto hits him while coming home. He's critical! Arush is rushed to Hospital, there's a month of rona dhona, 9 lakhs of expenses, (come on guys, we are in 2024 now, not 2011). The company pays 2 lacs (doesn't seem like a lot now, does it?), and Sandy organizes 7 lacs from his own wealth by breaking a Fixed deposit and selling some mutual funds.

But hey, look at the brighter side too! He saved 1.5 Lacs in Health Insurance premiums all these years... Did he not? ([17 most asked questions in Health Insurance](#))

## Year 2034

Life is really cruel to Arush, He never returns to home one day, He dies in another accident, a victim of a mishap! . His insurance policies come to rescue. The company settles the claim of 10 lacs very fast. His Family is in a deep problem though, Sandy cannot work, 1 Child is in 7th class and other one is ready to go to college! There are 20 lacs fixed bank deposits, but wait, the home loan still runs for 10 more years! All the money in Fixed deposit goes

towards paying off that debt. There are other investments, worth 30 lacs. Let's use that money now! The family life-style has sky-rocketed like anything in the last decade, & monthly expenses are around 80k per month. How will they manage?



I personally see just one solution. Let's them eat once a day and stop the kid's education, if they want to survive with that leftover money!. 30 lacs in the Bank generating a monthly income of 25k per month (Only if interest rates offered on FD's are 8% in year 2034 ! , which is very rare ! ) , all they just have to lower their standard of living, such an easy thing to do! . But hey, look at the brighter side too! Arush did a very good thing, He saved so much in his premiums by not taking Term Insurance! Smart Husband, I wish every woman gets a husband like this and every child should get a Father like Arush. It's called being **mean**, who will suffer now, Arush? NO!

### **Year 2044 (alternative scenario)**

Imagine if Arush didn't die! That panauti didn't happen and he just grew old like the rest. Its Retirement time, the time to reap benefits of one's investments throughout life! Arush hasn't actually accumulated a lot of wealth for his retirement! He didn't take it seriously all his life.

Overall investments in mutual funds were never left to rest so that they could compound well, major investments in Insurance Policies and Fixed Income instruments never actually gave better return than inflation! . Even though his wealth has grown to close to 1 crore, it's actually peanuts now, in 2045! His expenses are Rs. 2 lacs/month! How did he forget about Purchasing Power? Even though this 1 crore looks big enough all those years ago, this will not give him more than 80k per month. Even if he lower's his standard of living, he can't live comfortably! He is retired now. Too late worry about these things! Everybody wants to enjoy their life after their working years!

But for poor Arush, there are few choices! None of them, good! He can be dependent on his children, or he could lower his standard of living or cut off a big part of his desires after retirement or worst case, convince himself that he is interested in some part-time job which he can do comfortably. God forbid, if there's an unforeseen medical problem which he didn't account for, at this stage in life!

### **Conclusion**

With this article, I have tried to show you how things can go wrong at each point in life and what your financial life can look like if you mess up with your money. It's the time to take care of your finances and plan for it well! . **Yes!** Situations are exaggerated in this article. It was just to show you the worst that could happen! . Beware! Be Prepared! Be Wise!

### 3. How I can fool you and run away with your money

---

Let me declare something – “After years of study and hard work, I have come up with a strategy which can [predict stock markets movement](#) with almost 100% accuracy. Each month I can tell you which way market will move in next 30 days, it can be UP or DOWN and I can guarantee that. If someone needs to see the performance, I can give a free 6 tips trial.” Now what will be someone’s reaction on hearing this? Most probably, some of you will get excited and interested in getting these free tips, at least to check if I am saying truth or not!. Right now I have a big subscriber base with more than 10,000 people (11.5k to be precise) whom I can reach by email. Let’s see how I can create a stock tip scam -



Here is how we will build a scenario wherein you are Ajay who is extremely interested in knowing about the tips which are almost 100% accurate. Ajay is bearing some disbelief in his mind, but due to the trust factor in the given tips he thinks ‘*Let’s see what tips Manish gives, they are free anyway and by reading his tips I am not losing anything*’.

I start sending you exactly one tip each month and it starts this way:

### **Tip #1 (May): Markets are headed UP**

**Reaction:** Markets really went UP in the month of May. Ajay feels good, but still he is confused if it's just luck or did it really went up based on my tip. Ajay anyways wanted to just check the tip and how it turns out. He is a bit impressed and he has made up his mind to act upon the tips if 3 consecutive tips work.

### **Tip #2 (June): Markets are headed UP**

**Reaction:** Markets after a bit of volatility finally went up and the tip was a success again! Markets are up by great extent, but Ajay feels like a fool to be so fearful and not act on it. But his confidence has started building up. If the next tip also works, Ajay will invest some money for sure based on the tip!

### **Tip #3 (July): Markets are headed DOWN**

**Reaction:** Crash! A huge sell off came in the month of July and the 3rd tip in a row was correct. Ajay starts feeling "Oh my god! Looks like Manish really have come up with something amazing which can predict markets" Ajay makes up his mind to "try" next 3 tips and see how it performs!

### **Tip #4 (Aug): Markets are headed UP**

**Reaction:** With all the excitement, Ajay has invested Rs 10,000 in the markets to see if he can make some quick bucks! However, Markets are headed down in the starting of the month and all the TV channels are confirming that next Crash is on the way. Ajay is a bit nervous and secretly praying for the tip to work somehow. He wants market to go UP as per the tip. Everybody around him has already sold off and decided to sell of all the stocks, but you are on the other side. You are praying, literally! And here it comes, markets make a turn up side and it makes one of the sharpest come back in 1 week. Ajay is now in profit and he feels like a winner. Ajay's confidence in my tips is becoming stronger, but still he is not ready to take BIG risks, he needs to solid confirmation that the tips will fall true no matter what, which is about to come .He will invest 40k in the next tip of mine.

## Tip #5 (Sept): Markets are headed DOWN

**Reaction:** Ajay thinks that he should liquidate all the investments in direct stocks and even his mutual funds. His friends do not think alike and suggest him that he should not go with the tip, but Ajay wants to confirm the tips and wants to see the affect on his investments in real time Markets move downside and he is now confirmed that there is really some kind of mega-research done by Manish to come up with the tips using his secret-strategy. Ajay can now visualize how he can become a millionaire soon by subscribing to the tips for next 1-2 yrs. He is just can't wait for the last tip to show its magic!

## Tip #6 (Oct): Markets are headed DOWN

**Reaction :** Ajay is totally with the tips now and has decided to use this last one to make some quick bucks, he does some short selling and buys some puts options by finding out how to make money in falling markets. With his confidence in the free tips, he does not lose focus and waits for the tips to turn correct. Markets fall as per the tip and due to his decisions, Ajay has made some amazing money this time. He is clear that he wants these tips at any cost now!

## Taking money from the targets

Tips are over now, Ajay and many others like Ajay have experienced the amazing tips which really worked. They all get a mail after few days from me.

Hi, you might have already got 6 free tips from me each month, we give only one tip each month, but it's bound to work. It's based on our strategy which is based on years of research. If you want to continue getting the tips further. It would cost Rs 50,000 for 1 year subscription. You can expect the same accuracy like you saw in last 6 months.

**Disclaimer:** The tips are highly accurate and we make sure they are accurate, but we can't promise it and can't guarantee it legally. Risk is yours

Ajay is so much impressed with my tips performance and so much drowned in greed, that he subscribes to my offer and pays 2 lacs for the secret tips subscription. The tips start coming from next month. But there is some issue this time! Somehow, not all the tips are working this time. Some tips work, some does not. It's not at all accurate like it was before. In reality all the tips are just random tips and Ajay is totally frustrated. He has lost a lot of money because he invested big money each time, thinking it would work!. The truth is Ajay fall prey to a stock scam. Now let me share how all this works.

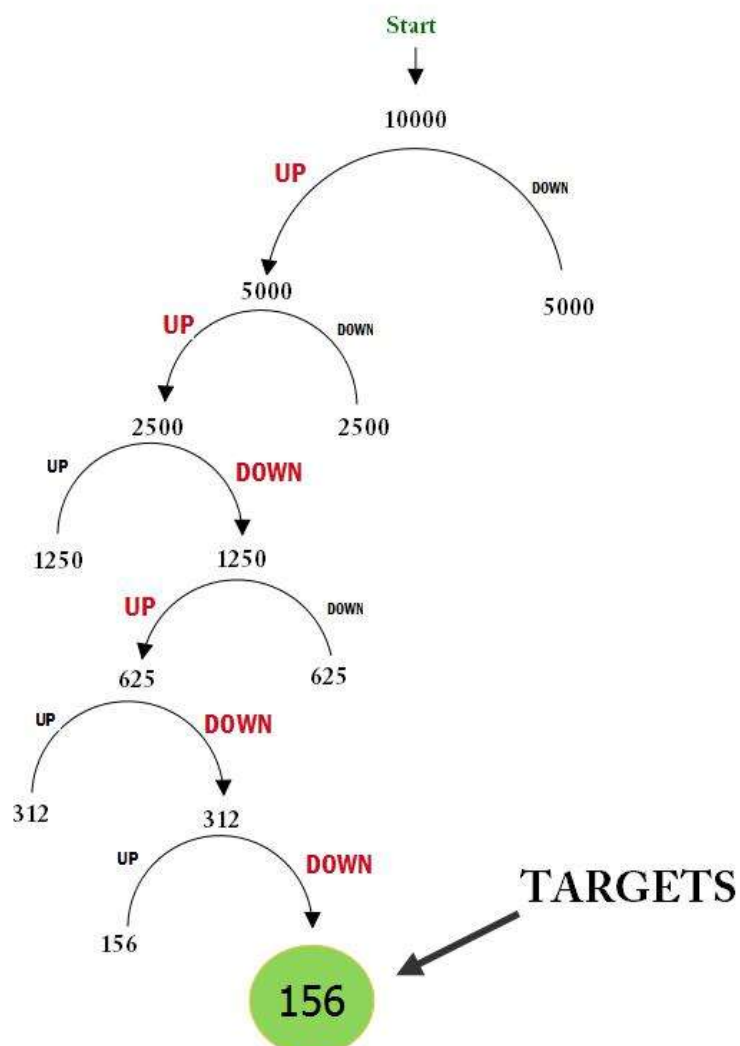


## How these scams work?

At this moment I have around 10k or more email subscribers and I can send emails to this 10,000 group. I divide this group of 10,000 readers into 2 parts A and B, I send a tip "BUY" to A group and tip "SELL" to B group. One of them will be true for sure. After month is over, I see which tip was correct. If A group was correct, I discard group B and only have people in group A as my final group. This group will be the group which got "correct" tip.

Now I do the same thing again, I divide them in group A and B with 2,500 members each and send "BUY" and "SELL" tip to them. Now again, markets will move UP or DOWN, and one of those groups will be right at the end of the month. I again discard the group which got wrong tip. This way I continue doing it for 6 times and at the end I have small group of 156 people who was right all the 6 times and Ajay accidently belonged to his group.

How 156 out of 10000 people  
can get 100% right tips



## Targets paying for the subscription

Now you can imagine how many people will fall prey to these scams? Even if 20% of the people fall in the trap and are ready to pay Rs 50,000, it would be Rs 10 lacs in total! Here you can clearly see that out of 10,000 there will always be a group of 156 people who will always get “accurate” tips and the beauty of this strategy is that people who were discarded only get one wrong tip, and after that wrong tip, they don’t get any more tips.

There are many tip providers in real life who claim to give you 90-95% accurate tips with free 1 week trial, if you are getting a lot of right tips, you might be that lucky small group which is their “**TARGET**” as seen above in the chart. Don’t fall prey to it. Beware!

## 4. Goal Visualisation or Goal Setting?

---

Do you know how to write your financial goals? How many lines or words does it take? Think about your retirement goal for a moment. Now if you thought, “I have to generate a corpus of 5 crores in next 30 yrs” is a goal, you are mistaken... to a really large extent! While this way of defining goals is better than not defining a goal at all, this is not how you’d do it if you want to be inspired each moment as you work towards that goal. After a point, you’d just be lost again in your daily life. There is another way of writing financial goals and today, I show you how to do just that.



Let me ask you a simple question. When are you excited about watching a new upcoming movie? What if I tell you that there is a new movie out soon, called “Kuch Log”? Will this tiny bit of information do anything in your mind? Does it excite you any? Does it inspire you to go to theatre and watch the movie? **No!**

But what if I show you a trailer? Some exciting snapshots of the actual movie that give you a feeling of how will it look like? The best tantalising glimpses? Won't it then, create a shift in your mind and motivate you to actually consider watching the whole movie? I'd say **Yes!** In the same way your financial goals defined in just one dry, boring line, with a target amount & date cannot motivate you enough. It can motivate only those people who really are disciplined and committed in life.

In this article, I'll share something very personal about us at Jagoinvestor. This process is what we do with our clients. The way we work with them, goes way beyond traditional financial planning. Instead of just goal setting in the traditional way, we do something additional called **Goal Visualization!** Goal Visualization is converting your target amount and target date into a more descriptive paragraph and see how your life will be in future. It gives you more clarity and what you actually want your goal to look like.

Here's an example...

### **Year: 2040**

I am retired now, and living in my native town of Bangalore. My house is a little far away from the city because I like to spend most of time in nature related activities like hobby farming and some social causes like consulting with poor farmers on how can they use today's technology in their work.

I am trying to get back to my routine work, these days, as I've just returned from Australia, where I spent a month-long holiday. Next year's destination is South Africa which recently got added to my list as the next world cup is there! I have all the time now, to go watch my country win there. It will also give my wife a chance to explore various historical sites of that country, which she loves a lot. It's part of my "30 countries I visit before I die" target that I had set for myself.

It gives me immense pleasure and satisfaction, when I teach mathematics to a group of 30 poor students who can't afford a fee! That's exactly I am doing these days. As I am retired now and really love the subject, I want to help in sharing my knowledge any way I can.

Me and my wife go for a daily walk in the morning; we have been doing it for years now, the last 20-25 years in fact. We have made sure that we won't be victim of deteriorating health which will make all the money we have saved, all our lives fruitless! We have always done our best to keep ourselves on the move and now we have joined one the biggest health clubs in the city. It's cost us more than 70 lacs for a lifetime membership, but it's been

worth the cost and it gives us all the time and resources we need from it, whenever we visit it.

I have generated enough wealth in my life which takes care of my basic needs **and** luxuries in life. I never have to think twice, before buying something important. Money does not come in the way of my leading the kind life which I always dreamt of! I have achieved this! While I like to live simply, I have created a situation where money is the last thing which I have to worry about, as far as my life is concerned.

I have spent most of the time working for software giants across India and US, and I never felt as if “This is exactly what I want to do!” Now I am free of those worries, which came in the way of my desired life. I feel I am really spending each day of my life the way I always wanted to, not the way I am forced to because of various reasons in life. I am happy!”

## **Goal Visualization is not Dreaming**

Goal visualization is not dreaming! . You need to have visions in life and this goal visualization is looking at how your vision will look like in future. Remember that Dhirubhai Ambani never had a goal of have 5 crore in retirement, He had a vision and that vision inspired him each moment in his life to move forward. To do anything which makes his vision true?

Goal Visualization gives you the power, it inspires you! It makes you crave for your financial goal which you create for yourself. You will not believe but most of our clients discover themselves and are amazed to find out how they themselves wanted their future life to be, and it happens only after they approach us to work on their financial life. There is less of number crunching here and more of human activities which connect to a person motivates them and fills them with energy.

## **Your Action today after doing Goal visualisation**

When you do goal visualization, go into the future and see yourself – Are you are happy? Excited to see yourself getting what you really want? Then, come back to reality (come back to NOW). The next step is to answer a bigger and important question. You now, have to write what commitments are you willing to make, what efforts are ready to do today which can lead you to the goals you want for yourself.

It goes a little like this...

## Year: 2011 (Today)

I was actually thinking of upgrading my car from Santro to Honda as my salary has gone up by 100% in last 3 yrs, but if I look closely now, I feel that it was a “wish” created out of nothing. It’s not actually a “need”! If I ask myself whether it’s really required, I see myself answering “Not Really”. I can actually continue with same Santro for next 3-4 years. Better that I, use my increased income to reach my retirement goal at the earliest.

My wife has subscribed to a gym membership but her trips to the gym are very limited. On second thoughts, we will stop paying 3,000 per month fees and better use Rs 150 per day pass every time she goes. Anyway she goes about twice a week, so it would save 1,800 bucks without compromising what we are doing right now. It’s just that we have to relook things and restructure them.

I save around Rs 5,000 a month, but after doing the goal visualization exercise, now I am committed to achieve it at any cost. I am not just committed; reaching my financial goals is my sole focus now. I will car-pool, I will cut on my smoking, I will limit my outings (at least the ones that do not matter), & I will cut down wherever I really can. I will not compromise on things which I love or add to my family lifestyle and happiness, but I will be really merciless when it will come to things which I truly don’t want in my life. I will be now committed, on finding a better opportunity to work, I will get out of my comfort zone and take some hard decisions in life to make things happen now. I am going to start my SIP next week, Wait... why next week? What’s stopping me from doing it today? What’s keeping me from doing right now? I will call someone right now and find out how it’s done! I will not let “I don’t know” kind of excuses come on my way! I’ll use “I just want it at any cost, no matter what” kind of energy to reach it.

This is the new mantra of goal setting which we are trying to incorporate in each person we meet or each person we encounter at Jagoinvestor. We give them food for thought, we make them connect to their own financial life and show them the power of doing Goal Visualization and not just scribble some numbers. If we were just computers, it would have worked!

We make them write these things down. We do more of listening and less of instructing, because we make people instruct them!

## Goal Visualization is not a replacement of Goal Setting

Note that, goal visualization is not an alternate to traditional goal setting, rather it's a supplement and additional exercise in making your vision stronger; making your commitment more strong and giving a reason for you to look at your goal with high priority and seriousness.

I hope you appreciate the fact that this way of goal visualization is better than fooling yourself with something like "I want to create 5 crores in 30 yrs for my retirement?" It only gives you a short-term orgasmic happiness and then you start your day next week in the same manner as if nothing happened! Unless you are high on discipline to save for that goal. Only then it can work! If you mix goal visualization with traditional way of goal setting, it can be much better than just goal setting and finding a number which you need to save monthly.

If you don't take action after reading this post, it would be a waste of your time truly speaking. So **now**, is the time you start writing down your goals in detail and visualize it. Do it right now! Not later, not after dinner today, not on the weekend and definitely not when you are free!

It has to be today, **right now** at this moment.

### Send your goals visualization to me (A strong exercise)

What about this? Download the Goal visualization sheet, Take two prints, you fill one of them and let your wife fill another (in case you have). Goal visualization is a joint family exercise, not just yours. It has to be taken by your spouse separately. You will be amazed to see how much it differs for you and your partner even if the target amount and date was same. You two, might visualize it very differently.

Once you are done with the goal visualization, send the filled sheets to me at Manish [at] Jagoinvestor [dot] com. I'll do my level best to look at them and give my comments if they are of any help to you. I don't guarantee that I will get back the next hour, but I will try to get back as soon as possible. This exercise alone however, will give you some power to take action which you are missing till now in your life!

Disclaimer: The examples given in this article for goal visualization are created just for article and it's not a real example of some person.

## 5. Personal Finance Emergency kit: A gift to your Family

---

How many different types of information, do you have stored in your head, relating to your financial life? Your PAN? Your policy details and where they are stored? That fixed deposit, which you opened up some years back? Maybe, you've kept the documents in the top cabinet of the red almirah, but no one has any clue about it! And if someday, God forbid, you die suddenly, and your family needs information in a hurry, where do they look? Where do they go? Yeah, eventually, they will figure it all out, but only after a whole lot of time wasted (weeks, months, even a year!) and a lot of heartburn! Why not create a better situation for them?



How about spending a few hours to make an emergency kit which has all the info, they might need at any point of time, so that they don't have to get frustrated every time, they figure each investment / insurance policy, home legacy? Isn't that a great idea? Here's an example. Just to find out how to get the insurance claim settled, they have to start from scratch. They will start enquiring with others, search the internet (if they know how), and various other means. They might not have a clue that whom to contact and what



options they have. Won't it be the better, if they can find everything directly from you? TODAY? The kit is a kind of ready-to-use first aid box, only it relates to your overall financial life. Handy dandy for your family, if you're disabled or immobilized or... dead! What normally, would take many months for them to find out – by playing connect the dots – can be given to them before hand, readymade & beautifully packaged! 😊 This might seem embarrassing to many, but bluntly out, you choose! Minor shyness / embarrassment now, or huge problems & inconveniences to your family later. Note that this whole emergency kit making will not help you today much, but a lot to your family at some later stage, read this article

### **What all details you can have in that kit?**

- Important Details of your life
- List of important documents and their locations, e.g., Passport, Driving licence, PAN Etc.
- Important instructions for them to carry out, once you are dead. E.g., insurance claim process, steps to selling off some property, claiming the bank account, investments etc.
- Important contacts, like the CA, lawyer, your stock broker and their details.
- List of all assets and liabilities you have
- All your investment and bank details

Following is the sample of how you can store that information in a tabular form.

## 1. Important Documents

Document	Number	Location	Expiry date
Passport	-	-	-
Driving Licence	-	-	-
PAN Card	-	-	-
Voter ID Card	-	-	-

## 2. Important Contacts

Contact Type	Name	Phone	Email
Lawyer	Ramesh Gupta	9874566363	ramesh@in.com
Stock Broker	-	-	-
CA	-	-	-
Insurance Agent (SBI)	-	-	-
Insurance Agent (LIC)	-	-	-

## 3. Critical Documents

Document	Location	Contact for Help
Will	-	Ramesh Gupta ( 9874566363)
Birth Certificate	-	-
Important Keys	-	-
Insurance Policies	Bottom corner of Black Almirah	-
Property Papers	-	-
Home Loan documents	-	-
EPF	-	-
PPF	-	-

## Who should make this kind of Document?

If your spouse and parents are financially literate and are from this generation who surf internet, know how to find out information somehow, you won't fully appreciate the beauty of this whole exercise. I'll bet my hat however, that that isn't the case. Most of the spouse does not take much interest in these financial matters. Ergo, you can see how important this document can be for your family! This can turn out to be one of the best gifts you ever make them.

Ideally, you should make your spouse aware of this. However many wives/parents don't want to hear about death and deliberately don't pay attention. This document is especially for those situations. We must print it out and give one copy each to wife and one to your most trusted friend or relative. Also you can have this document stored in a Bank locker and tell a trusted friend about this fact that there is a location which has all the information which your family might need some day.

## Important Instructions in the Document

Make sure, you mention all the things which you wish your spouse/parents/children to do or carry out.

It can be things like:

### 1. Life Insurance claim procedure

Give them detailed instructions on what they should do to claim your Insurance amount from the Life Insurance Company. It can start from contacting the agent, filling up the forms, making sure all the documents are in place, constant follow-up with company etc.

### 2. How to use your life Insurance money for future

Once they get money from your Life Insurance, suggest how they can channelize it into different instruments based on their understanding, risk-taking capability and the amount of ease you want them to have in dealing with those.

### 3. How to Break FD's or redeem Mutual funds in case of emergencies

Put some details in, on how they can break the FDs or redeem the mutual funds, in your name, in case of emergencies.

## Sample of an Instruction for Life Insurance Claim

Ajay has taken Amulya Jeevan Term Insurance policy for Rs 50 lacs cover. Ajay lives in Mumbai. He would write something like this.

### Steps you should follow for claiming the Life Insurance cover money in case of my death.

I have a life insurance policy "Amulya Jeevan" with Sum assured of Rs 50,00,000. In case of my death, you should follow this procedure.

1. Meet our Agent named Mr. Funsuk Bangdu and ask him for the claim settlement forms , incase he is not able to give it to you , you can download it from here : [http://www.licindia.in/download\\_forms.htm](http://www.licindia.in/download_forms.htm)
2. You should make sure you also have original policy document which I have kept at \_\_\_\_\_.
3. Make sure you have you proof of title like PAN, Driving Licence etc AND marriage certificate copy.
4. Make sure you have taken my death certificate from \_\_\_\_\_ which will act like my proof of death, this is Important!
5. Incase I die in accident; also have a proof of accident, this you can get from police station or hospital.
6. I have stored all the Medical treatment at \_\_\_\_\_ , also keep with you just incase its required.
7. Incase LIC asks for my employer's certificate, I have kept it at \_\_\_\_\_ or you can also ask my friend Robert who works with me and can help you on this , See article to understand how someone you trust can help you .
8. Incase you face any issue in getting claim settlement; take help of Ombudsman whose address is as follows.

**Shri S Viswanathan**

**Insurance Ombudsman, Office of the Insurance Ombudsman,**

**3rd Floor, Jeevan Seva Annexe, S.V. Road, Santacruz (W),**

**MUMBAI-400054      Tel:      022-26106928,      Fax:      022-26106052**

**Email : [ombudsmanmumbai@gmail.com](mailto:ombudsmanmumbai@gmail.com)**

**Note:** Worst case scenario — try to get help at [jagoinvestor.com](http://jagoinvestor.com) or contact [Moneylife.com](http://Moneylife.com) who can help you further in this regard!

This was just an example! You too, can mention detailed instructions for key things, which you feel can create issues for your family or where you feel they might get stuck because of lack of knowledge.

### **Download a Template**

Now, this whole kit & caboodle won't take more than a day, and it'll be *extremely helpful* to your family and loved ones. And, to save your time and as my small New Years gift to you, I have created a template for you, to use 😊  
Just download it in any format ([pdf](#) , [doc](#) or [image](#) ) and fill it up.

Take Action today! Unless you take action, reading this article is worthless!. Share what you feel about this idea of creating a master document which would help your family in case of crisis. Do you want to add some more points which you feel I have left out? How much value do you feel one will add to his/her financial life by doing this? And aah... one more thing. Don't forget to update this document every year 😊

## 6. How Instant Gratification affects your Financial Life

---

How did we become a generation that “wants things now!” no matter what? Think about this – both, our parent’s generation and ours, save, invest and spend. What then, is the difference between them and us? It’s mainly that they used to *first earn* money, save & invest that money and *then spend* it on things they needed. They got ‘delayed gratification’; this quality of waiting before they are able to buy. However, we have reversed the equation. We first buy, and then pay for it later; without having a clue if we will be able to earn that money in the future or not! And that’s where the problem lies — once we buy something, the deal is done! We then, have to live with it. We can’t change our minds about it later.



We love *‘the thing!’* We need *‘the thing!’* Our life is not complete / not possible without *‘the thing!’* *‘The thing!’* can be a home (debate on buying vs. renting), a car, some household item, the latest gadget or 3 pairs of jeans from the big Sale! I’m not talking about the planned and carefully thought out spending we do in life, rather I’m referring to the spending which ‘just happens’, the spending that does not add much value to our lives. Even if it adds any value, it’s mostly short-lived and makes us feel happy for just a while. This ultimately, weakens our financial life, since we do not concentrate on our major and important financial goals, chasing the smaller and futile wants in life. A lot of these phenomena are result of the impulse called *“Instant gratification!”* which is what; we will look at in this article.

It’s important to realise, that the more we give in to Instant Gratification, the more we sink into the dal-dal of debt & misery. Sooner or later we’re in up to our neck and it gets too late to fix things. The biggest example of this was the recent sub-prime crisis in the US. “BUY NOW! Pay later” was the attitude! Let me tell you a short story to give you an idea of what I am talking about.

Two small children Anita and Ramesh lived in a small village with their parents. Their father gave Rs 5 to each of them to eat a watermelon. Both of them visited a farm and asked the farm owner for a large watermelon. “A big one will cost Rs 20 and a small one would cost Rs 5”, said the farm owner pointing to the watermelons in the field. With the irresistible urge of having the sweet and juicy fruit, Ramesh bought the smaller watermelon and started eating it. Anita however, wanted the big watermelon.

*“Ok, I too will buy a smaller watermelon”, she told the owner. “But can you please leave my watermelon in the field itself, I will be back in a month and take it at that time!”* The little girl knew that her patience would be rewarded. By waiting one month, she could have a big, ripe watermelon for the price of a little green one. She got the bigger fruit, because she *controlled* her “*Instant gratification*” and waited patiently!

## **What is Instant Gratification?**

Instant Gratification is the habit, of always wanting to enjoy *now*, and not having the patience to wait for future benefits (an experiment). Anything which gives us temporary happiness or excitement, but is not actually a good thing for your life, can be put in this category. For example...

- When you sleep till late in morning and do not take pain of getting up and exercising.
- When you eat those unlimited sweets in your office cafeteria.
- When you eat that burger with EXTRA cheese!

These were some examples to just give you an idea about what Instant Gratification is; – mainly concentrating on the immediate result and not thinking about its outcome in future or how it will affect us later in life. If you can control yourself and concentrate on “delayed gratification”, your life can change! Like anything, But we just are not bothered about it and do not have motivation. Do you know why this is? Let me be straight & blunt! The challenge is that most of us do not have to face life or death situations, or seek food and shelter and defend our territory everyday anymore! (Like these people) The result is that we can’t see the impact of our spending in the future. Think about a poor person who struggles daily for food. If he has to spend Rs 100 on something, how will he think? If you offer him a burger, he will instead ask for the same amount in cash, because he knows that the money will help him get food for next 3 days. He’s not focussed on taste in this case

We however, are privileged, blessed even. If something bad happens once in a while, our next meal or next place to sleep isn’t in danger. Hence some of us have just lost that attitude of looking at things without instant gratification. If you have seen bad times in your life financially, you will know what I am talking about.

## 6 Examples of How Instant Gratification affects our Financial Life

Many a time, what we do in our financial life makes our future, dismal and weak, and we have no idea about it. We aren't even aware!

### #1 Not surrendering Endowment/ULIPs:

This one is my favourite. "What should I do with my Policy? Should I Surrender it or make it Paid up?" Is one of the top most queries I come across. It feels bad, accepting and acknowledging that you've made a mistake, and it hurts psychologically when you lose by not continuing the policy. But what is the effect, long-term? You still continue paying huge premiums and it earns you very, very little.

So you don't take any decision on your junk policies, ergo you do not have to face a tough situation! It's Instant gratification in a way! But for your own good though, you should take action and take that loss *now* because right now it's a whole lot smaller than if you stick with the policy and try to quit later!

### #2 Keep losing Shares and selling your winners

Have you ever bought a share which gave you instant profits? What was your reaction? Most of the people want to sell it off and take that profit right now, otherwise the profits can vanish! But what happens in most of the cases? The same stock or portfolio gives huge returns in future if it was left untouched and that feeling of instant happiness is so powerful sometimes that so many can't control it. It also happens, if one does not have proper understanding of how equity works. (Many people who understand also fall for instant gratification though!)

In the same way, you might be holding some stocks which is not performing well, but instead of getting rid of it and investing in better stocks, we keep on holding on to the loser in the hope that someday it will go up! . (Read 5 mistakes I did in my first stock investment). It's another case of instant gratification as you seek temporary comfort. You don't taking the tough decision of selling the loser, because the moment you sell it, it gives you a feeling of loss, but if you just keep it as it is, it's a case of "I still have some hope!" *Don't do it!*

### 3# Getting into wrong products for Tax saving

When we talk to lot of our paid clients on why they bought the Endowment/Money back policies or even ULIPs, the only reason turns out to be "Tax Saving". Millions of people, get



into the wrong products which they don't need, & don't understand, has no power to meet their financial goals in future, just to save tax! I sometimes feel how much tax saving one does! If one invests with a premium of Rs 50,000 in a ULIP for instance, and if that person is in the 30% tax bracket, he will save 15,000 in tax. But if that was a ULIP with 50% premium allocation charges (as so often happens), 25,000 is lost the moment you sign the documents! So you save 15k and lose 25k as charges! And yet, these are the same people who say "20k for a financial planner—too costly!"

#### **#4 Not Paying a Financial Planner or a counsellor**

Now you know what stops you from paying for advice? Do you immediately get any instant results from advice which you can see? Does your portfolio return suddenly become higher than earlier? Do you immediately see the results which you wanted in your financial life? No! , and that the reason most of the people are not excited about it. But now you would realise that, if years before you had paid some advisor and taken right advice, you could have saved a lot by not getting into wrong products , you might have got better results or same results with lesser risk than what you have got at without right advice! . The benefits of financial planning are always "delayed" as the planning will show the results years later. We get a lot of enquiries for our paid services from readers who want more personalised service and paid guidance from us.

We talk to them and they are very excited when they hear how their financial lives will get transformed working with us, however when we talk about the fee part, some of them just don't come back! Price is not a barrier for them as they are well earning, but the problem lies somewhere else which even they are not aware of, and that's Instant gratification! They can't see the immediate results from it and hence they choose to live with their messed up financial lives instead of getting out of it. I am sure they will lose 10 times more than what they tried to save in fees by not have proper advice over the next couple of years. What do you think?

#### **#5 Shopping for things you don't need**

How many times, have you bought things which you don't need? But you still buy it, because it feels good! For example, you might buy another jazzy mobile phone even though your current phone is working well. You buy a nice new shirt – It was on display, which can be your 24th shirt but you actually don't need it. Women know very well what I am talking about here and if you are married, even you know what I am saying.

Most of the instant gratification happens at "Sale". **Resist Sales**. Sales tend to our minds into buying more than we need. We start justifying to ourselves, that we really do. If the "Sale" decides what you need in your life, then there is a problem!

## 6# Spending due to Peer Pressure

Suppose there was no one in this world except you and your family, would your life still be same? I am sure not! People around us affect our mind and make us feel that we are lagging behind. If they buy House or car , we start feeling the need for it. Peer pressure is one of the top reasons why people spend a lot of money. You are persuaded to join or pay for an activity that your friends are participating in. Whether you are interested or not, you go with the flow because they tell you to. There are occasions where you have to join them and you should! But not always, and not in everything.

### Develop a “Need Mentality” to save yourself from Instant Gratification

Here are 3 solutions which can help you reduce or avoid instant gratification in your financial life.

**Do your Financial Planning:** You should do your financial planning and have a full plan on how you will invest your money for your future financial goals. Once your Insurance, child related goals and retirement are planned, you will have to commit the investment for these goals which are more important in life than other things which come along the way. You will be more responsible and think twice before you spend on other unimportant things.

**Slow down :** Don't be impulsive, whenever you have to spend your money on anything, call some family member and tell them 4-5 reasons why it's a good investment and is worth buying for, tell them enough reasons why it makes sense to buy it. If you are able to pass this process, then you can buy it else, reconsider. What happens when you do this is that you slow down and take a logical approach in deciding if you really want to want something. I will give you a personal example. I recently did this for myself, when I wanted to buy a high-end Nokia phone. I started counted the reasons why I should buy it and how it will add value to my life, I was very convinced that it's an important and a valid expense for me .

**Try to pay cash for your purchases:** When we don't feel bad about paying, we tend to buy unimportant things and credit card is the main culprit here. You buy and you swipe your card, you don't see the cash going out, so at the end you just make a single payment. It doesn't hurt much. Try paying with cash, and when every time you see those cash notes go out, you become more concerned and more logical in thinking about your expenses.

## 7. Will your Nominee get the money on your death?

---

Did you think that your nominee is the person, who will get all the money legally from your Life Insurance Policy and Mutual funds investments? Ha! That is exactly what you'd think if you aren't aware of the legal aspects. We assume a lot of things which sounds like they're obvious, but are not true from the legal point of view. Today, we'll concentrate on nominations in financial products.



For whom are we earning? For whom are we investing? Who, do we want to leave all our wealth to, in case something happens to us? It might be your children, your spouse, parents, siblings etc., or just a subset of these. You also might want to exclude some people from your list of beneficiaries! So you think you will nominate person X in your Insurance policy, and when you are dead and gone, all the money goes to person X and he/she becomes the sole owner? You're wrong, dude! It doesn't work that way. Let's see how it actually does!

### **What is a nominee?**

According to law, a nominee is a trustee not the owner of the assets. In other words, he is only a caretaker of your assets. The nominee will only hold your money/asset as a trustee and will be legally bound to transfer it to the legal heirs. For most investments, a legal heir is entitled to the deceased's assets. For instance, Section 39 of the Insurance Act says the appointed nominee will be paid, though he may not be the legal heir. The nominee, in turn, is supposed to hold the proceeds in trust and the legal heir can claim the money.

A legal heir will be the one whose is mentioned in the will. However, if a will is not made, then the legal heirs of the assets are decided according to the succession laws, where the

structure is predefined on who gets how much. For example, if a man during his lifetime executes a will. In the will, he mentions his wife and children as legal heirs, then after his death, his wife and children are the legal owners of his assets. It is essential that one needs to execute a will. It is the ultimate source of truth and replaces the succession law. Nominee can also be one of the legal heirs.

## **Important**

- ❖ Mention the Full Name, Address, age, relationship to yourself of the nominee.
- ❖ Do not write the nomination in favour of “wife” and “children” as a class. Give their specific names and particulars existing at that moment.
- ❖ If the nominee is a minor, appoint a person who is a major as an appointee giving his Full name, age, address and relationship to the nominee.

## **Why is the concept of nominee?**

So you might be wondering, if the nominee does not become the sole owner, why does such a concept of “nominee” exist at all? It’s pretty simple. When you die, you want to make sure that the Insurance company, Mutual fund or your shares should at least get out of the companies and go to someone you trust, and who can further help, in process of passing it to your legal heirs.

Otherwise, if a person dies and hasn’t nominated anyone, your legal heirs will have to go through the process of producing all kind of certificates like death certificates, proof of relation etc., not to mention that the whole process is really cumbersome! (For each legal entity! The insurance company, the mutual funds, for the shares, for the real estate...) so, to simplify, if a nominee exists, these hassles don’t happen, since the company is bound to transfer all your money or assets to the nominee. The company then goes out of scene & then, it’s between nominee and legal heirs.

## **Example of Nomination**

Ajay was 58 years old who died recently in an accident. As his children were settled, he wanted to make sure that his wife is the sole owner of all the monetary assets. This includes his insurance policy and mutual funds. So during his lifetime, he nominated his wife as a nominee in his term insurance policy and mutual funds investments. However, after Ajay’s death things didn’t turn up the way he wanted. The reason being Ajay did not leave a will. Though his wife was the nominee in all his movable assets, as per the law, his wife, along with children, was the legal heirs and all of them had equal right to Ajay’s assets.

One simple step which could have saved the situation was that Ajay should have made a will which clearly stated that only his wife was entitled to get all the money and not his children.

## **Nomination in Life Insurance**

A policyholder can appoint multiple nominees and can also specify their shares in the policy proceeds. Nomination in life insurance has one limitation, as insurance policies are bought to secure your financial dependents; your first choice of nominee has to be your family members. In case you want to nominate a non-family member like a friend or third party, you will have to show/PROVE the insurance company that there is some insurable interest for the person. This happens because of a Clause called PRINCIPAL OF INSURABLE INTEREST in insurance. Note that provision of nomination in life insurance is related to Section 39 of the Insurance Act. Note that as per [LIC website](#)

***Nomination is a right conferred on the holder of a Policy of Life Assurance on his own life to appoint a person/s to receive policy moneys in the event of the policy becoming a claim by the assured's death. The Nominee does not get any other benefit except to receive the policy moneys on the death of the Life Assured. A nomination may be changed or cancelled by the life assured whenever he likes without the consent of the Nominee.***

Make sure, you have a nominee for your policy for easy settlement of the claim, if you do not have any nominee mentioned in the policy, it can turn out to be a disaster for your dependents to get a claim.

## **Nomination in Mutual funds**

In case of mutual funds, you can nominate up to three people, who can be registered at the time of purchasing the units. While filling in the application form, there is a provision to fill in the nomination details. Even a minor can be a nominee, provided the guardian is specified in the nomination form. You can also change nomination later by filling up a form which is available on the mutual fund company website. Nomination in mutual funds is at folio level and all units in the folio will be transferred to the nominee(s). If an investor makes a further investment in the same folio, the nomination is applicable to the new units also. A non-resident Indian can be a nominee, subject to the exchange control regulations in force from time to time.

## **Nomination in Shares**

Quiz for you. Now you know what a nominee means and who actually gets the money. So if there is a husband H, with wife W and nephew N, and he has nominated his nephew N to be

the nominee of his shares in demat account, who will have the legal right to own the shares after husband's death? If you answer is wife, you are wrong in this case! In case of stocks, it does not work the usual way, if a will does not exist.

**In the verdict, Justice Roshan Dalvi struck down a petition filed by Harsha Nitin Kokate, who was seeking permission to sell some shares held by her late husband. The Court noted that as she was not the nominee, she had no ownership rights over the shares. Ms Kokate's lawyer had argued that as she was the heir of her husband who had died intestate (without a will), she should have ownership rights of the shares, and be able to do anything with them as she wished. In this case, Ms Kokate's husband had nominated his nephew in favour of the shares. Justice Dalvi however noted that under the provisions of the Companies Act and the Depositories Act, Acts which govern the transfer of shares, the role of a nominee was different.**

**"A reading of Section 109(A) of the Companies Act and 9.11 of the Depositories Act makes it abundantly clear that the intent of the nomination is to vest the property in the shares which includes the ownership rights there under in the nominee upon nomination validly made as per the procedure prescribed, as has been done in this case."**

**Source: Moneylife**

It means that if you have not written a will, anyone who has been nominated by you for your shares will be the ultimate owner of those stocks, the succession laws on inheritance will not be applicable but in case, you have made a will that will be the source of truth.

## **Nomination in PPF**

Let me give you some shock first. If you have Rs 10 lakh in your public provident fund (PPF) account and you have not nominated anyone for your PPF account, your legal heirs will get maximum of Rs1 lakh only! Yes, it's so important to have a nominee, now you get it. You can nominate one or more persons as nominee in PPF. Form F can be used to change or cancel a nomination for PPF. Also note that you cannot nominate anyone if you open an account for a minor.

## **Nomination in Saving/Current/FD/RD Account in Banks**

FD's also come with nomination facility. While opening a new account, there is a column for nomination in the same form and you should fill it. You can nominate two persons with first

and second option. Note that in case you have not done any nomination till now, you should request Form No DA-1 from your Bank which is used to assign a nominee in future. (Examples of [ICICI Bank](#) , [HDFC Bank](#) , [Canara Bank](#)). In the same way to change/cancel the nomination you need to fill up Form no DA-2. Read about Corporate Fixed Deposits

As per a famous case, A Bench of Justices Aftab Alam and R M Lodha in an order said that the money lying deposited in the account of the original depositor should be distributed among the claimants in accordance with the Succession Act of the respective community and the nominee cannot claim any absolute right over it.

***Section 45ZA (2)(Banking Regulation Act) merely put the nominee in the shoes of the depositor after his death and clothes him with the exclusive right to receive the money lying in the account. It gives him all the rights of the depositors so far as the depositors' account is concerned. But it by no stretch of imagination make the nominee the owner of the money lying in the account," the Bench observed.***

## Conclusion

Now you know! Taking Personal finance for granted can be fatal 😬 just investing knowledge isn't enough to have a great financial life. You also need to be well versed with basic legal aspects and make sure you carry out all due arrangement. Nomination is one important aspect you should seriously consider, when checking for the financial products you have bought or plan to buy in future. [Mistakes in Personal Finance](#)

It's important to make sure that your loved one's do not face legal issues and only say and think lovely thoughts about you when you are not around, rather than crib & grumble 😬

## 8. The EMI disease

---

*“A dog held a juicy bone in his jaws, as he crossed a bridge over a brook. When he looked down into the water he saw another dog below with what appeared to be a bigger juicier bone. He jumped into the brook to snatch the bigger bone, and he let go, of his own bone. He quickly learned, of course, that the bigger bone was just a reflection, and so he ended up with nothing!”*

### **What do we learn from this short story?**

Something, really similar to this story is happening in our lives – where the bridge which we are crossing is our life, the bone is our home (or car or anything we own) and the “other dog” is none other, than the people around us, our friends at work, neighbours, relatives etc., who might have a bigger home than us, a better car or a more expensive LCD.

Does that mean that we also need to run towards that bigger bone? Yes? No? There is no harm in fulfilling our needs. As our families grow, and our need for comfort increases, we are bound to buy bigger homes, better cars (read more expensive) et al... And while we are at it, why not buy that much bigger LCD or enjoy that international holiday with the family? The EMI system changes our “wants” into “needs”.

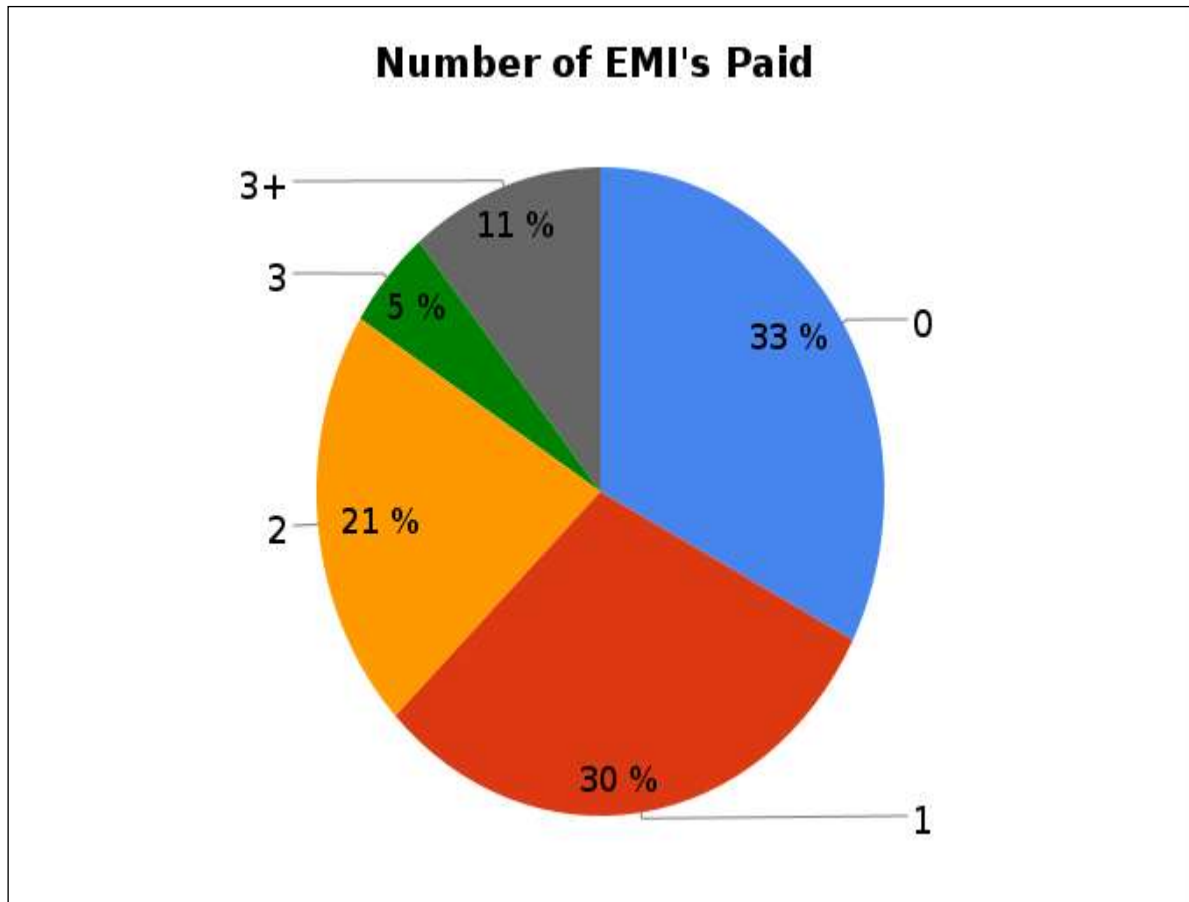
### **Is Instalment system of payment bad?**

Definitely NOT! It’s a very convenient way of buying things, but the problem is that, the EMI way of buying, gives a lot of people the feeling that they can afford anything which comes their way. And there lies the problem! A sizable chunk of people believe that they need a bigger bone (when they actually don’t) and the easy availability of everything in EMIs plays a large role in said belief. The EMI is such a beautiful concept, that even a person with salary of 30k can buy a helicopter! Why not? Just Rs. 9999 per month, for next 200 years! Does he need it? Who cares? He can afford it! The problem is not the EMI concept in itself. The problem is us – losing our control on our spending and extending our affordability horizon to such great extent, that we have everything in our life; but most of it is under debt.

Our home and our car are the two classic examples of this. Let’s talk about the home. I don’t have much data, but my instinct says that most of the people, who have taken a home loan, are living in a much bigger home than they need. As per an in-house study, (through a poll,) I found out that as much as 67% of the readers on this blog or urban net savvy people are



paying at least 1 EMI, which would mostly be a house or car loan EMI. It was astonishing to see that 11% of readers here pay more than 3 EMIs! That's too much! Make sure that your EMIs are not more than 50% of your total, in hand (net), salary.



### Affordability of EMI vs. Affordability of Loan

If you tell a person, the EMI of a product, chances are that they will believe that he/she can afford it, as compared to when you tell them the actual price of the product. The problem lies in the numbers. The lower the number, the more affordable it becomes! However this is not true! Actually, the more you reduce the EMI figure, the longer the tenure, and hence the total cost for you over a long period of time increases drastically!. Let's take some products.

### Home Loan

A classic example is the Home Loan. When a person plans for a loan, he makes sure that the EMI figure is affordable to him and does not concentrate much on the final value. For example, consider a person earning 50k per month. The EMI for a home worth 30

lacs @10% will be Rs 39,645. This may look unaffordable to him, so he increases the tenure to 20 years instead of 10 years, and brings down the EMI to 28,951/- Magically, this same home starts looking affordable to him! What they concentrate upon, is the initial years, and not the big picture. They might not be considering some important points... like what if interest rates increase to 14%? In which case, the EMI will go up to 37000/- ! These are young people, recently married individuals, who have no idea of where they will be working in next 5 yrs. Will they be in the same job or same Industry? What will be their liabilities then? A close look at Real Estate Returns in India

I am not sure, if a 3 BHK is the right choice for a recently married couple who has no one else with them, to live with. The justification can be that in future they may require it, however if that's going to happen in next 15-20 years, a 1 BHK or 2 BHK is a better choice. Its better to live in a 1 BHK and breathe easy, rather than a 3 BHK and suffocate every day from the burden of the heavy EMI. Here's a good article on [Home Loan EMI calculation](#) .

## **Car Loan**

A lot of people buy a car before a home, as the EMI is affordable and the car adds to their comfort. I know a lot of people who can easily manage their life with a motor-bike or without a vehicle, but have bought a car for reasons only known to them. There are just 2 people in the family, both have company transport, aren't really outgoing, but they have a car. Not exactly sure why!

A car is a depreciating asset. This means, that when you buy a car on loan, you are paying more money for something, whose value is coming down day by day, unlike your home. So buy a car, only when it's really important or your comfort gets bigger than your simplicity, when commuting is a problem.

The problem again, is people buy cars that are much bigger and costlier than what they can afford and need. If you are in the starting phase of your career and have no more than 4 people in the family, why take anything beyond a Santro or Zen? You can always buy that dream car when you are more stable in your career and the other important things in life are taken care of. My views may be biased because I am not a car or vehicle lover, so all car experts might disagree with me here

## **Holiday/LCD/Camera/Air Tickets**

IRCTC has started giving air tickets on 6 equal EMIs! There is no catch! You can buy a ticket worth 3k today and pay 500 a month over 6 months. The only catch is that this makes many

people feel that they can afford it now. A student who was earlier travelling second class in train or at most, 3rd AC will not just be tempted, but will believe that he can afford air travel now, which he couldn't, if he had to shell out 3k in one go.

Just because it's a smaller chunk, we tend to buy things which we don't need and can't afford. Holidays are a perfect example! We Indians are earning very well in this new decade, thanks to the opening up of our economy and IT sector especially. Our future earnings are more predictable now, compared to the past and this is the reason why most of the products are available on EMI; which makes us buy today and then pay for it for next couple of years.

## **Conclusion**

There is nothing wrong in buying things on EMI, as long as you know what you are doing, and then only if you really need it. Don't run after everything you can get on EMI, and don't drown yourself in so much debt, that it gets tough to come out. Save a good amount for down payment and take debt only when buying something becomes inevitable. An early Start in Saving today will make you wealthy overtime.

## 9. “Papa Kehte Hain” problem in Personal Finance

---

So I was talking to this reader and came to know that her husband’s investments are done by his father. I was curious to know the reason for this and the reason that came up was that he has no interest in Investments and personal finance and hence he has outsourced this decision-making part to his Father. So this guy’s father does all his mutual funds, LIC policies, PPF and other tax saving instruments, apart from that he does his non-tax saving part too. He has bought some Child ULIP’s to “secure” his grand children’s future. Let us see this serious disease which is killing our country slowly.

### Problems which can arise due to “Papa Kehte Hain” kind of situation

- 1) Unsuitable Psychology:** As we discussed earlier, today’s world needs better way of handling investing decisions and a better psychology, A person has to be more updated these days than what our Fathers were in their days. So today’s fathers generally do not handle money in right way as it should be because of lack of knowledge and a different attitude.
- 2) No Idea of Investments and Documents:** You may also not be aware of where your parents are investing money on your behalf, they might not tell you about it, may forget to tell you where the documents are kept, when is the maturity of some products? And issue like these, which looks like a small issue but can become very major when some bad things happens.
- 3) No Self-dependency and hence lack of knowledge:** It might look rude, but believe me, your parents will go some day and all of it is going to come at you some day and not knowing a lot of things that time will be a horrible situation. You don’t know how to do things, you don’t know the rules of investing, you don’t know where you took insurance from, when it’s maturing, etc etc... It’s like starting all over. It can be painful, if you were always dependent on your parents then. It’s a bad thing.

## **An Important question you have to ask**

In today's world most of the fathers and Uncles have no idea how to take investing decisions. It's a new and different world now compared to their days, they have not much idea of how things should happen in today's world. Our fathers, grandfathers and Uncles have come from a very different time when there were no choices other than LIC policies and FD's. The education was cheap, every one desire was limited and people were happy with their limited environment. Things have changed today and now we are in a different world which has added pressure, high expectations from life, Education needs lacs today, the costliest one is for the kids these days, forget adults. People are eating out more, people are spending more, want more (not need more) and to achieve all that we need to grow our money more smartly. Buying simple FD's and Endowment policies will Kill you some day without letting you know.

Most Parents today do not understand how to take investing decisions in today's world and environment. Trusting them with lack of this skill can be very costly in today's world. There is no harm in evaluating if they should take it in their hand or not. Be bold!!

Why are you letting your Father take the decisions? What's the reason for it? Is it respect and just because he is the oldest one you know in your family and he has seen more life than you? Do you think it makes him better investor and decision taker than you or someone else? It's not right!! May be he is totally not suitable, Respect and "experience" is fine, but you can't just let them take decisions just knowing these two criteria's. It's dangerous.

## **Counter Scenario**

On the other hand, we have Father or elderly relatives who are really good, they are experts in field of direct stock investing, understanding financial planning and have good experience of investing within today's environment, and it's always advisable to take their help or at least the guidance in many cases. At the end you have to decide if your parents are the right ones to take decisions for your money or not? It's a personal evaluation to be done.

## 10. Ability to take Risk vs. Willingness to take Risk

---

**A reader tells me:** “I invested 4 lacs in Sectoral Funds and now it’s down by almost 45% in one year. Now I need the money for my Sister’s Education in next 1 month, Should I withdraw it or wait for 1 month? Manish, please advice”

**I asked** “But why did you invest in Sectoral Funds or even in Equity”?

**Reader:** “Because I am a High risk Taker, that’s why”

I call it breach of trust with your common sense. My hands were literally itching to slap this idiot when I heard this. We have to re-look “Risk Taking” all together again. I have already talked about Risk here at How much risk you should take and Understanding your Risk Appetite .

### What are the two elements on Risk Taking?

In our country most of the people are willing to take risk. They will say that they are risk takers, they have high Risk appetite, they love challenge, and all kind of nonsense. But they forget to consider their “Ability to take risk”. It’s not important enough whether you are willing to take risk or not, your situation should also allow you to take risk. Ignoring your “Ability to take risk” can lead to situations like above example.

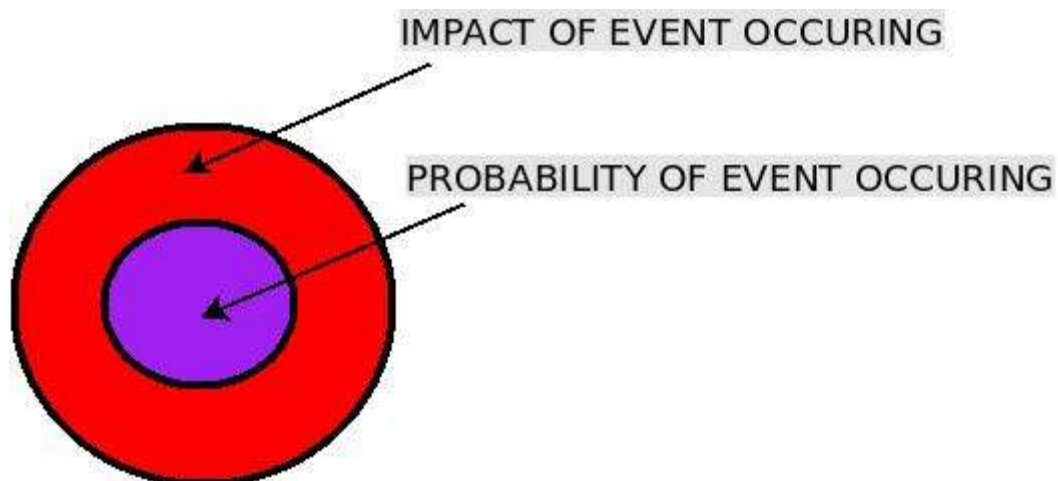
### So mostly there are two components of taking risk .

- 1) Willingness to Take Risk:** This depends on our inherent nature, our attitude towards life, finance domain, Knowledge of financial products etc. Our upbringing will contribute towards this, because our willingness to take risk will depend on our inherent self, who we are from inside. So you can either be extra cautious by nature and may not be willing to take risks or you can be a big risk taker who is willing to sell his pants and bet money on anything. This is answer to “Can you take risk ?”
- 2) Ability to Take Risk:** This is the next Important part in Risk taking. Does your situation allow you to take risk or not? It has nothing to do with your willingness to take risk, you can be very much a risk taker and die-ing to bet on the next multi-bagger or invest in that 100% return a year mutual fund, but you have to consider the worst case scenario at the end. You have to visualize the worst case as if it has happened after you take that risky decision . This is answer to “Shall you take the risk? “

Let us have a close look at definition of **RISK** .

$$\text{Risk} = (\text{probability of event occurring}) \times (\text{impact of event occurring}).$$

**Boom!!..** So Risk is composed of two parts. Probability of Event occurring should be the secondary thing one should look at and Impact of event occurring, primarily. See the picture below to understand it visually.



### **Probability of Event occurring**

Most of the people unconsciously think about this. It happens a lot in case of Life Insurance , a general argument is that the probability is very less for them to die and hence they take the risk of not taking adequate risk cover through Term Insurance because they lose money if they don't die, idiots!!!

Same case with buying a mutual fund which has no credit to itself apart from a 100% return in last 1 yr even though its 8 yrs old fund and have a return of 8.7% since inception. The probability of these mutual funds giving return may be high, but in-case they fail, the impact it can have on your investments can be fatal, especially if you have not considered its impact on your short term goals. So the person in the example above never thought of the impact on his short term goal of Sister's Education.

He only considered that chances of event happening, which was low (mutual funds going in losses) and if he is a risk taker or not, but he never considered how it will impact his goal. Even though the chances of something bad happening are low and he is personally fine with it mentally by taking risk, the right decision was to better not take that risk because the goal associated with it was very important and the impact is severe overall.

## **Impact of Event occurring**

This is the primary thing one should look at and then take a decision. Until an event happens it's very tough to imagine it, that's the reason you should literally close your eyes and try to visualise a situation and try to feel about it. So if you want to avoid a Term Insurance just because you never get your money back and you want to settle down with a money back policy (Like Jeevan Tarang from LIC) which gives you 10% of the insurance cover you actually require for a premium you can really afford, try to visualise a situation that you died and now your family needs the money after you are gone. Visualise how are they managing, visualise how your dependents are already emotionally terrified and how they will fulfil their financial goals without you?

## **Does it mean we should not take Risk?**

I am not against taking Risk. I love risk taking personally (but my ability to take risk is limited). We are only talking about taking calculated risk here and being aware of what is the outcome of that we do. Risk comes from not knowing what you are doing. So take calculated risks. Know what can be the impact of taking a decision and be ready to face it when it happens. If you are not happy with the impact, don't do it. "Not taking any risk" is another very severe risk people do. "Not taking a risk in your life if you are ok with the impact" is equally bad. So not taking risk can also have a drastic impact on your life.

## **Conclusion**

Recently I came to know that one friend of mine met with an accident while crossing road in Bangalore. He used to cross roads in hurry, because waiting wastes time and meeting with a small accident was not a high probability event ever. Though he was a probability genius, he forgot the impact part of this event. He is safe after this accident but impact could be much worse. Mathematics can never win over logic.

## **Finally at the end**

I would like to summarize this article in short. We take all sort of decisions in life regarding money, relationship, marriage, health and all of those decision have two parts, First- is our willingness and how we feel about it and Second- is the impact it is going to have on our life. This post is to build your FPQ (Financial Planning Quotient, I coined this term 😊) and that's the most important thing. Taking a decision is last thing, understanding what you are doing



is of utmost importance. So now there are some questions unanswered, which I will leave with you if it's applicable to you.

- If you have an Endowment policy , it's totally safe and secure, but have you thought of its impact on our life when they mature at the end?
- If you are avoiding Health Insurance of your elder parents because of high Insurance premium, do you also understand that the Probability of them getting some health problem is very high and the Impact is pretty severe? So when it actually happens you will wonder why you were foolish earlier.
- Is the travel Insurance of around Rs 110 worth when you go for air travel within India from one city to another or for that matter from one country to another (charges are not Rs 110 in this case)?
- So if a mutual fund has given 150% return in last 1 yrs, has it happened without taking any risk? And are you ready to face the other side of coin?

# Testimonials (We call it Love Letters)

---

I was very impressed with the articles of Jagoinvestor.com and the language used by Manish Chauhan is very basic. There was nothing technical about it and that is the reason why he is able to connect with everyone. Also the group discussion under every article is highly educative and interesting. Goes on to prove that a good section of people are associated with the blog and the participation is very healthy.

Association with Nandish Desai is like talking to a friend. His approach towards money is unique and he does not proclaim being a financial wizard, which actually he is !!! The approach of educating on financial issues is what lured me into the Financial coaching programme. Apart from being guided on my financial future, I would really like to get trained on various financial features and understand the magic of money management. Nandish has guided me well and I hope to achieve financial freedom with his innovative approach.

**J. Raju ,**

**Vice President at shipping Corporation**

**Dubai**



---

First of all I would like to congratulate Jagoinvestor team for coming up with such an awesome blog which not only informs you but also teaches you about financial planning in a very simple language. I thank god that I came across this blog and had a great start in financial life and was saved of making bad financial decisions (which was referred by relatives and friends of relative who seem to show that they care but actually they don't and just want their share of profit). I learned a lot about financial planning and a lot other stuff from the blog. I also learned how wise people make decisions in their life. I would like to say that I became wiser in my financial and personal life and started looking at things in other ways as well. I had never thought about financial planning earlier in my life and would have never thought about it or understood it's importance, if it weren't for the JagoInvestor team and their blog.

I took a step further in financial planning and took financial advise from JagoInvestor team. It helped me a lot, as I understood some things in life which makes a big difference which earlier I did not pay heed to. There are some things in life for which you need to have a coach besides you to guide you. Thanks Manish and Nandish for coming up with the idea of Jagoinvestor and for your financial guidance. You guys rock !

**Sahil Bhatia**

**Server Administrator**

**New Delhi**



JagoInvestor – A blog which i came across while surfing for some of the products on web, and also few of my friends sent couple of articles as forwards in email. After spending some time on the web, and comparing the articles with mistakes which i did or user comments where i can relate to my situation, it made me realise i was in need of a financial planner. What made me choose jago investor, i mean Manish and Nandish as planner, was, i was impressed by the amount of time & effort they had put to make us realise, our money should work for us, and harder each day.

After speaking to Nandish, for the first time, i knew, i will go ahead with the Financial Coaching plan which they had developed for the person like me, who has spent time spending and practically with zero assets. I spoke to Nandish on more than couple of occasion. He explained me, insurance not to be taken as investment product and as per the risk appetite, how and where money needs to be invested. Best part was, he never sold me any product, he just advised me with the reasons as why to go for that product. And it was up to me to go for it or not. To be honest, its just a month before i started my financial coaching with JagoInvestor team, and i feel my self more responsible towards wealth creation instead of retirement planning.

They also sent me 2 documents, which was developed after my cashflow inputs and i was surprised to see the available surplus which can be utilised for the investment.

As per my opinion of the first month spent with team jago investor and couple of calls after it, i can say, they just dont devise a plain plan for you to execute but makes us more aware towards better finance management and makes us responsible for our investments, and helps to climb the success ladder by making us realise each financial year has to be the better than previous one.

## **Sunil Mandaliya**

**Software Professionals**

**Mumbai**



Since the day I came across the Jago Inevstor website, I have seen a positive change in my financial life. The insight that Manish provides through his articles are easy to understand and apply in one's financial life. It did not take much time for me to decide to avail the paid service lauched by Jago Investor. I like the no nonsense approach by Nandish.

He lays out the facts in front of your eyes and puts the ball into your court. It's upto to us to take 'action' if you want some 'reaction' from your money. This is what I have learned from the first few days with the Jago investor team and I am certain this journey is going to be beneficial for me and Jago investor. As Nandish said, whenever we discuss something, both of us have opportunities to learn something new. For me, that's a great attitude! Wishing the Jago Investor team all success!

## **Abhilash Rajan**

**Software Engineer**

**Bengaluru**



Dear Manish and Nandish,

It's been great being associated with your service from the last couple of weeks. Last many years my financial life was not on track or rather never been action-oriented despite many things known to me. Your financial coaching service is really an eye-opening exercise. I see a major change in my financial perception and thinking. I can now understand and sense the importance of savings and investments. The coaching service is designed and prepared with a clear-cut road-map and met my expectations up to a great extent. I would like to appreciate Nandish who has very good financial acumen. My actual financial freedom will start once I will follow continuously suggested plans without break and I am confident on that.

Needless to mention about Manish here, but my actual learning and wisdom started once I started to read and learn from his [jagoinvestor](#) blog. I must compliment him on this. The way he writes that's simply amazing and exceptional even a layman can understand. We don't need to hunt anywhere to get more information about said topic or discussion. I really learned a lot from his blog and his research.

Very Best of Luck of Their future endeavors.

**Navin Maheshwari**

**Software Engineer**

**Pune**



---

I have always been grateful to my teachers in my school and my college right from my childhood because they were the one who opened me up to a sea of possibilities and an ocean of knowledge. I am educated 'formally' because of them. But was I financially literate? No. I wasn't. I, then, went in search of a quest for financial freedom through Education and subsequently Action. As the maxim goes if you ask the Universe gives, I came across [Jagoinvestor](#) blog and took a decision to pursue it seriously. You were my teacher encouraging me to learn about the most important aspect of our life, Money, which others 'choose' not to talk about either because of ignorance or because they don't want to project themselves as running behind money.

Today (PRESENT), I can say, I am a lot better in my knowledge of money than I was a few months ago (PAST). Importantly, I am more confident of my FUTURE.

And all this is possible because of the awareness created by you guys. In short the most vital thing I learnt is Education combined with Action will lead to your Dream Destination.

Thanks a ton for that!!

**Srinidhi Rajshekhar**

**Software Engineer**

**Bangaluru**



We , like most other earning people , have tried to create corpus for our financial goals like retirement , children's marriage , education , by saving in instruments as advised by our local agent's , buying endowment policies , ulips , money backs ,investing in shares etc .But we were never sure whether this would really create the corpus we wanted .More often than not we realized that we were sold policies to meet sales agendas and not the one that fitted our needs

At this time Manish' site jagoinvestor.com was a real eye opener that LIC policies , ULIPS would not generate this corpus for our goals . He also gave us vital information in an unbiased manner about good investments . We were excited about jago investor and kept following it's articles .Somehow even though we read and gained lot of knowledge from jagoinvestor we were not completely sure which investments we should discontinue , which to keep or which to start new to create the required corpus .So when Jago investor introduced paid services we decided to go for it , to help us take the correct decisions and when there was still good time

And it was indeed a very good decision we had taken . Jagoinvestor analysed our present financial situation and gave us a clear picture of our present standing in terms of our savings and investments . It gave us a plan and the rationale behind the plan. This included stopping some investments , starting new ones , taking the adequate life cover , taking proper health insurances and then creating corpus for our financial goals in right amount in the right investments .Also one to one discussion after the planning helped answer our concerns and queries .It has helped us overcome the indecisiveness and get into motion .And finally it is based on complete statistical data which gives us more confidence that we will reach there . Thank you Nandish /Manish for the wonderful services you have provided .Wish you all the best so that you can use your knowledge and expertise to help other people take good and timely decisions

**Sudipta Chowdhury**

**Telecom Professional**

**Kolkata**



---

"I wish I had gotten to know Manish and Nandish 5 years back when I started my professional career. My personal finance status would have been much more organized. I have known tAmihem for 6 months now and they have been singularly responsible for correcting my last 5 years of mistakes. They not just guide but more importantly educate their readers and clients. And that to me is their biggest contribution. Nandish has gone beyond the role of financial advisor to actually become sort of a personal mentor to me and I owe to him for bringing to my notice the most important SIP we all should make but usually don't - "Health SIP" - investing every month in ensuring we stay healthy and fit.

I hope we will continue to engage for a long time and I wish them all the best in their future endeavors"

**Brij Bhushan**

**Management Consultant**

**Gurgaon**



Jago Investor, "...a team which really enables you to know what you are, where you are and what you can do in your financial life for future..."

I wont flatter and say it has changed my life , etc ... but it has definitely gave me "Right direction towards financial life, which is really really important as indirectly it is related to your personal life." and I am sure.. this knowledge which is like an Asset shall help a lot in future.....

during association with JAGO, i came to know many new things,..like there are also some terms like "Short/long term GOALS".. "NET WORTH" etc in Personal Finance... and how one should look into it and decide strategy to tackle it efficiently with available resources. perhaps they make you look into finance as a PROJECT and then work on it... its a fantastic thing and as time goes you get more involved and ultimately become confident about achieving your Goals.

this team is taking lot of efforts in gathering such huge amount of data in market and then segregating and making it simple for their readers/Clients ... Also I have to appreciate the patience shown by Nandish in answering all (stupid) question and also Professional approach in providing services while dealing with their client.

believe me, till the time you get involve in this Personal finance stuff "...you wont understand how important it is for your financial life and then inturn for your dependent and all other stuffs".. Great JOB by Manish, Nandish and Team, I wish your BLOG shall reach more and more people ...!!

**Amit Wani**

**Software Engineer**

**Germany**

---

# Jagoinvestor Services

<http://jagoinvestor.org/>

<b>Service</b> (Click on service name for details)	<b>Description</b>
<a href="#"><u>Financial Coaching</u></a>	Changes your relationship with money and helps you bring a new change in your financial life
<a href="#"><u>Financial Planning</u></a>	Helps you in planning for your financial goals and analyzing your financial life to help you take better decisions

## **Start Taking Action**

Register for a free consultation call  
(<http://jagoinvestor.org/schedule-appointment/>)

**OR**

## **Contact**

**Nandish Desai** : [nandish@jagoinvestor.com](mailto:nandish@jagoinvestor.com)

**Manish Chauhan** : [manish@jagoinvestor.com](mailto:manish@jagoinvestor.com)

