

Building Your Financial Pyramid-Series-III (Level 2 Regular Savings)

In the earlier article, I explained to you the significance of laying a strong foundation of “Financial Pyramid”. Now let’s dig deeper on how we need to take each step in order, before moving on to other levels.

Now, as you have understood the aspects of Protection and how it helps you create a shield through which you can save your family through financial uncertainties, the next step of the Financial Pyramid is “**Regular Savings**”. Your solid foundation protects you against uncertainties and eventualities, which mean all possible leakages have been sealed before you start building your pipeline. Now you can build another level of your financial pyramid and place your regular savings in place.

Regular savings are also your non-negotiable financial goals – irrespective of markets, interest rates or gold rates these goals have to be provided for no matter what!



maximizing your wealth. Just by parking Rs: 6500 per month in an equity-oriented fund from the birth of a child can help you generate a corpus of 49-50 lakhs for your child’s education when he/she turns 18* years of age.

i) Children’s Education Planning –The most important advantage of starting your regular savings early is that it provides you ample of time and a large scope of growth. Time is the most important ingredient in

ii) Retirement Planning –

Risk of living too long, is also a risk which many of us don't think about. You should make a point to at least invest 20% of your income for your retirement. Retirement is the only thing in the world for which no bank or institution gives a loan.



Compounding is the 8th wonder of the world and he who understands it enjoys it, and he who doesn't, pays for it. If you start your retirement plan early, compounding can create magic for you, starting a SIP of Rs: 20,000 for 25 years in an Equity oriented fund (From your age of 30-55yrs) can create a corpus of Rs.3.75-4.00 crores.

iii) Home Ownership Planning –

Buying your first home comes with a big responsibility and especially in a country like ours, it is considered very important to own a house. Even, if due to all this you plan to buy a house on loan then



you might have to undergo the pressure of heavy EMI's. Modern-day slaves are not in chains, they are in debts. Always remember, your first home is a liability and never an asset, just because your monthly salary/ income makes you eligible for higher loans don't

fall in the trap of buying more comfort than what is required. Keep in mind what you are trading for the next 20 years *in lieu* of that bigger or luxurious home! Have a plan in place, to repay the loan in 10 years.

By ensuring regular savings and laying a strong financial foundation, you will have less anxiety in Life. Money should not be your goal, it should be financial freedom that you should aim for. In turn, this will be your biggest asset in

future and will help you live a life of your choice. Planning your finances right – is not just about securing your future, but it is about ensuring to strike a right balance between the present and the future both, which in turn will help you and your family live a fulfilling and peaceful life.

****Assumed rate of return is @12%.***