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Vinita Idnani, Partner at NCR based Capital [League](#), talks to BW Businessworld about the rising importance of financial planning, on how men and women tend to approach investing differently, and on why retirement planning is emerging as a top priority financial goal for Indians.

You run a very successful advisory practice for several years now. What is the specific value proposition that Capital League offers to its clients?

At Capital League, we have a singular passion - to be client-centric - and that guides everything we do. Capital League functions as a 'Family CFO' to its clients. We help our clients understand the big picture and [offer](#) unbiased advice within the unique context of each client's circumstances and goals. We are a team of seasoned private bankers with complementary skill sets and we believe that our combined 65 years of wealth management experience gives us the expertise to help our clients achieve their wealth protection and wealth creation objectives.

There's a whole lot of buzz on the importance of proper Financial Planning nowadays. In your opinion, why has Financial Planning become critical in today's day and age?

Financial Planning is an age-old concept and has been used historically, albeit in more traditional ways. Earlier, financial goals encompassed planning to [buy](#) a house, getting children married and creating a retirement kitty with life expectancy of 65-70 years. Over the years, level of income, aspirations and more importantly the cost of meeting these aspirations has gone up. Today, people aspire to send their kids to expensive private institutions in India and overseas for education. Overseas holidays, buying a vacation home, an expensive car and early retirement also feature very prominently as financial goals. With life expectancy going up to 90-95 years, the risk of outliving your savings is a lurking danger that also needs to be addressed. Hence, it is very important to have a structured financial plan in place. Financial planning not only takes you closer to your goals, it also gives comfort and peace of mind during turbulent market conditions.

Have you observed any specific differences in the attitudes of women versus men, with respect to their investments and Financial Planning?

Till a few years back, even working, professional women did not like to take charge of their investments and this responsibility was happily delegated to the men of the household. We see this trend changing off late. Women, nowadays, are taking charge of their finances and investment decisions. While we cannot make a generic statement, women mostly like to follow a more structured approach to investments, are more process driven, take [time](#) to understand the implications of their financial decisions and stick to a financial plan. They are also less prone to make ad-hoc investments.

How would you go about determining the ideal mix of investments for a client?

Ideal mix of investments is unique to each client and it is not a one-size-fits-all. It takes in account a client's specific goals, risk profile, time horizon, financial situation and the resultant asset allocation. Asset allocation is the key factor and it determines the percentage of investments across each asset [class](#) viz. equity, fixed income, real estate, etc. Overall portfolio returns are impacted more by the choice of asset class than by the choice of specific products within each asset class. For example, investments made in A equity fund or B equity fund, over a long term, will have more or less similar return. However, investments made in an equity fund vs. a debt fund or a fixed deposit will have a bigger difference in returns due to the compounding effect over long periods of time.

Do your clients consider Retirement Planning to be an important goal? What would you advise a client who is considering planning for his or her retirement?

Retirement planning is one of the most important financial goals. While it figures in most investors financial requirements, many of them under-estimate the quantum required for this goal. As life spans have gone up to 90-95 years, typically the retirement corpus needs to provide for 30-35 years of living expenses and associated [medical](#) costs. Additionally, inflation eats up into the purchasing power of the retirement corpus. The break-up of the joint family system in the Indian context also brings with it new challenges that need to be addressed by oneself only.

In view of the above, an investor needs to recognize that to continue the desired standard of living, one needs to provide a sizeable corpus. To achieve this goal, one needs to start planning and providing for it as early as possible. Investing in a mix of growth assets and tax efficient fixed income assets over a long term is a must. One also needs to secure this plan with a good life cover, [medical](#) insurance and pension and annuity plans.

In our experience, we have seen many retired, wealthy individuals end up being asset rich and cash poor being heavily invested in non-liquid physical investments. Hence, diversification in financial assets in addition to physical assets is also very important.

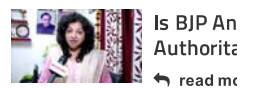
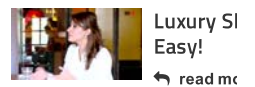
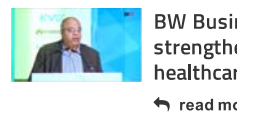
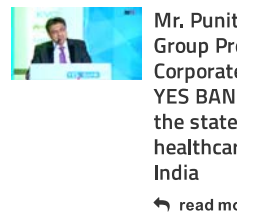
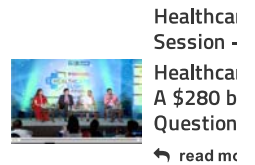
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