

• WEALTH PRIMER

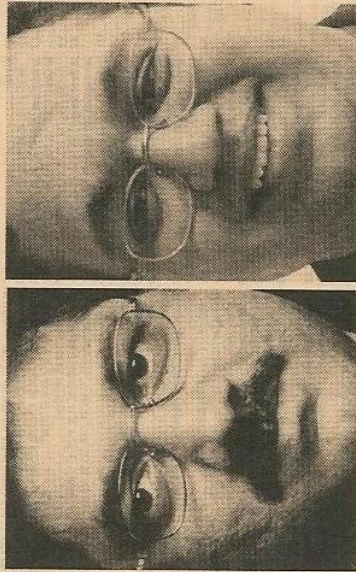
The rules to play with your money

OUR BUREAU

It is one thing wanting to invest. Quite another to actually make your investments work. How does one ensure your wealth is growing the way you want it to be? According to Hemant Rustagi, chief executive officer, Wiseinvest Advisors Pvt Ltd, investors should understand that they need to show concern for their money. "Everybody has dreams, dreams for themselves, dreams for their families. To fulfill these dreams one needs to back up his/her earnings by investing wisely.

For that you need to put in place a proper investment plan. The fact is most people do the first part - working hard and earning money for his rewards - very diligently. But when it comes to investment planning and actually going ahead with it, they don't care much."

He says that even if one spends one per cent of the time that he or she spends earning money to the investing part, it will be worth the effort. "But



Hemant Rustagi (left), chief executive officer, Wiseinvest Advisors Pvt Ltd and Ranjeet S Mudholkar, CEO of Association of Financial Planners

having said that one needs to educate oneself about the options available. That will make him/her make an informed decision," Rustagi adds. He offers some suggestions to keep in mind before you decide to invest.

- You don't have to wait till you have a large chunk of money to start investing.
- The sooner you start, the bet-

ter it is.

- Invest in a regular and systematic manner.
- Consider selecting the right financial advisor/planner for your investments.
- Actively participate in the decision-making process along with your advisor.
- One should take the trouble to educate oneself. After all, it is a question of your own hard-

earned money.

- Be interested in how money is performing. If you are not interested, how can you expect others to be?
- Choosing the financial advisor: Care must be taken before you entrust your money with an advisor/planner. "When you buy a TV, you consult your friends, go to various shops to check out the products available, check the prices etc. You have to carry that attitude to investing as well. You also need to discuss your investment needs in detail with your advisor. It is important that the client also understands what his financial planner or advisor has to offer," says Rustagi.
- Meet the advisor in person Before you decide, meet the investor. Review the contract and discuss your needs and expectations with the adviser to be sure you are getting the right plan. Also keep in mind the fact that academic and professional qualifications apart, there is no substitute for experience. Ask prospective advisers about

their areas of expertise and the types of clients and investments they handle.

- Understand the services that you are getting. "The main thing about investment advice is that asset allocation comes first. Product selling is only secondary," says Ranjeet S Mudholkar, CEO of Association of Financial Planners. See if your advisor can help you attain the ideal asset allocation, based on your needs, goals and risk profile.

Every customer's need is different. So if you are advisor is offering the same plan to all his clients, you are in the wrong place.

Also check, if the advisor has the necessary infrastructure to provide you with prompt and reliable after sales support, apart from constantly advising you to rebalance your portfolio as per changing market conditions.

- Understand what you will pay. It is important to understand what you are going to pay for an advisory service. Finan-

cial advisers usually get paid in one of the following ways: with a fee, by commission or a combination of both.

While fee-only advisers typically charge a flat fee, hourly rates or a percentage of the assets they manage, commission-based advisers earn their money by selling stocks, bonds, mutual funds, life insurance etc. It is important to keep in mind that commission - earning advisers may be tempted to steer you towards investments that pay them the biggest commissions.

▶ Parting Wisdom

Money, which represents the prose of life, and is hardly spoken of in parlors without apology, is, in its effects and laws, as beautiful as roses. -

—Ralph Waldo Emerson