



**FIFA**

Foundation of Independent Financial Associates  
formerly known as Foundation of Independent Financial Advisors

# FOUNDATION OF INDEPENDENT FINANCIAL ASSOCIATES

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## ARTICLE

### 1. Preserving & Growing Wealth in India: Beyond Gold, Fixed Deposits and Real Estate

In India, traditional investments like gold, fixed deposits (FDs), and real estate have long been the preferred choices for wealth preservation. While these assets provide stability, they may not be enough to sustain long-term purchasing power due to inflation, taxes, and changing economic conditions.

If you have built a corpus of ₹8-10 crore (approx. \$1 million), the key challenge is not just preserving but also growing its real value so that your wealth remains sufficient for the future. To achieve this, you must consider a well-balanced investment strategy that includes equities, bonds, and other financial instruments.



## **Why Traditional Investments Alone May Not Be Enough**

### **1. Fixed Deposits (FDs) – Safe but Not Wealth-Creating**

Many Indians rely on fixed deposits for security and predictable returns. However, FDs offer post-tax returns of 5-6%, while inflation in India averages 6-7%. This means that in real terms, your purchasing power is eroding over time.

**Taxation Impact:** Interest from FDs is fully taxable as per your income tax slab, which can reduce real returns significantly.

**Inflation Risk:** If inflation is higher than your FD returns, your money loses value.

### **2. Gold – A Store of Value but Not a Growth Asset**

Gold is deeply rooted in Indian culture as a safe-haven asset. While gold prices do rise over time, they are not consistent or predictable, and they do not generate cash flow like equities or bonds.

**Historical Returns:** Gold has delivered around 8-10% annualized returns, but this fluctuates significantly.

**Lack of Passive Income:** Unlike stocks or bonds, gold does not generate dividends or interest.

**Liquidity Concerns:** Selling physical gold involves making charges, purity concerns, and price fluctuations.

### 3. Real Estate – Good for Stability, but Not Always Liquid

Indians have a strong preference for real estate, considering it a tangible and appreciating asset. While real estate can provide good returns, it has its own challenges:

**High Entry and Exit Costs:** Registration fees, stamp duty, and brokerage costs make it less liquid.

**Rental Yields Are Low:** In major cities, rental yields are only 2-3%, which barely beats inflation.

**Illiquidity:** Unlike stocks, selling real estate quickly is challenging.

### How to Sustain and Grow Wealth in India?

To maintain and grow purchasing power, you need a diversified investment strategy that includes growth assets like equities and mutual funds along with traditional investments.



## **1. Equities – The Best Long-Term Wealth Builder**

Historically, the Indian stock market has delivered 12-15% annualized returns over 20+ years, making it the best asset class to beat inflation and taxes.

**Compounding Growth:** ₹1 crore invested in equities today can grow to ₹ 8-9 crore in 20 years, @ 12 % CAGR thanks to compounding.

**Diversification Through Mutual Funds:** Instead of picking stocks, investors can invest in equity mutual funds, which are professionally managed and offer exposure to large, mid, and small-cap companies.

**SIP as a Vehicle:** The Systematic Investment Plan is a wonderful vehicle for all to invest small and create huge amount of wealth in the long run.

**Tax Efficiency:** Long-term capital gains (LTCG) tax on equities is 12.50% after ₹1 lakh in profits, which is lower than tax on FDs.

### **Where to Invest in Equities?**

**Index Funds / ETFs:** Nifty 50, Sensex ETFs

**Mutual Funds Active:** Large-cap, mid-cap, flexi-cap funds, Multicap funds

**Blue-Chip Stocks:** Companies with a strong history of growth and stability

## **2. Bonds & Debt Funds – Better Alternative to FDs**

Instead of FDs, investors can consider:

**Corporate Bonds & Government Bonds – Higher interest than FDs, lower risk**

**Debt Mutual Funds**

**Secondary Market Tax-Free Bonds – No tax on interest income, suitable for high-net-worth individuals**

## **Where to Invest in Equities?**

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## **3. Alternative Investments – REITs & International Exposure**

**REITs (Real Estate Investment Trusts): Earn rental income without owning property.**

**International Funds: Exposure to US markets (S&P 500) can hedge against rupee depreciation.**

## **4. Passive Income & Withdrawal Strategy**

**Dividend Stocks & Mutual Funds:** Generate passive income while capital grows.

**Systematic Withdrawal Plan (SWP):** Instead of withdrawing lump sums, use SWP from mutual funds for steady income.

## **Conclusion**

To sustain a million-dollar corpus (~₹8-10 crore) in India, one must diversify beyond gold, FDs, and real estate. While traditional assets provide stability, they do not offer inflation-beating growth.

A balanced portfolio should include:

- ✓ 50-60% in equities (stocks, mutual funds, ETFs)
- ✓ 20-30% in bonds, debt funds, and fixed income
- ✓ 10-15% in gold and real estate
- ✓ 5-10% in international investments or alternative assets

By following a disciplined investment approach, optimizing for growth, tax efficiency, you can ensure that your wealth not only remains intact but also grows for future generations.

## ARTICLE

### **2. The Power of Bucketing Your Income: A Pathway to Financial Discipline and Long-Term Wealth Creation**

Financial discipline and long-term wealth creation are built on a foundation of careful planning, organizing, and goal setting. One of the most effective ways to achieve this is through a technique known as "bucketing" your income. By allocating your money into distinct categories—each with its specific purpose—you can ensure that you're not only meeting your short-term needs but also setting yourself up for future financial success.

#### **What is Bucketing Your Income?**

Bucketing your income involves dividing your earnings into separate "buckets," each dedicated to a particular financial goal or purpose. These goals can range from immediate needs like daily expenses to more distant aspirations like retirement or investing in future projects. The beauty of this system lies in its simplicity and flexibility: each bucket has a defined purpose, which helps maintain focus, discipline, and financial clarity.





## **How Bucketing Helps with Financial Discipline**

- 1. Prevents Overspending:** When income is allocated to specific buckets for savings, investments, and expenditures, it encourages a more mindful approach to spending. Knowing that a portion of your income is already earmarked for essential goals reduces the temptation to overspend.
- 2. Clearer Financial Priorities:** By organizing money into categories such as "emergency fund," "short-term goals," and "long-term savings," bucketing forces you to make your financial priorities explicit. This clarity helps in reducing financial stress, allowing you to track your progress and ensure you're focusing on the right objectives at the right time.
- 3. Encourages Consistent Saving:** With predetermined buckets for savings and investments, you're more likely to consistently put aside money for your future, making it easier to build long-term wealth over time. Instead of saving whatever's left at the end of the month, you're actively committing to your future wealth by setting aside money first.

## **Common Buckets to Consider**

**By bucketing your expenses, you create a clear, structured approach to your finances. Each bucket has a specific purpose, which helps you allocate your resources more effectively. This system not only improves financial discipline but also ensures that you're prepared for both the present and the future.**

Ultimately, bucketing is about prioritizing your financial goals and staying on track. Whether it's securing your retirement, sending your children to school, paying off debt, or traveling the world, every dollar you earn can be intentionally directed toward fulfilling a purpose. The key is regular monitoring and consistency. Over time, this method will cultivate a sense of financial organization, helping you to live within your means and create lasting wealth.



The bucketing strategy involves organizing your income or cash flow into specific categories or "buckets," each serving a particular financial purpose. This structured approach helps manage expenses, save for future goals, and ensure financial discipline. Here's a short note on how to implement bucketing for key financial areas:

**1. Retirement:** Set aside a portion of your income into retirement savings accounts each month via SIP. This ensures long-term financial security once you stop working. Automate contributions to ensure consistency.

**2. Child Education:** Allocate money to an education savings fund, via SIP each month to cover future education costs. This bucket helps reduce reliance on loans and eases the burden of tuition fees.

- 3. Home:** Save for your home purchase (down payment) and ongoing expenses like mortgage payments, property taxes, and maintenance. Setting aside funds ensures that you are financially prepared for homeownership and its responsibilities.
- 4. Living Expenses:** Budget for daily essentials like rent/mortgage, utilities, groceries, and transportation. This bucket keeps your basic needs covered and helps you avoid overspending in other areas.
- 5. Loans:** Dedicate a portion of your income to paying off debts (e.g., student loans, credit cards, car loans). Prioritizing this bucket ensures that you manage debt efficiently and reduce financial strain over time.
- 6. Insurance Premiums:** Set aside funds for regular insurance premiums (health, life, auto, home). This bucket ensures you are financially protected from unexpected risks without disrupting your other financial goals.
- 7. Travel:** Save for vacations and trips, making travel a manageable expense. By planning ahead, you can enjoy leisure time without financial stress.
- 8. Entertainment:** Allocate a portion of your income to entertainment (e.g., dining out, hobbies, movies). This bucket allows you to enjoy leisure activities while staying within your budget.
- 9. Business/Investments:** If you're an entrepreneur or investor, dedicate funds for business expansion, investments, or opportunities like stocks or real estate. This bucket helps you grow your wealth over time.

**10. Car: Set aside funds for car payments, insurance, maintenance, and repairs. This bucket ensures that your vehicle-related costs are managed without straining your finances.**

By dividing your income into clear, goal-oriented buckets, you maintain focus on both short-term and long-term financial objectives. This strategy promotes discipline, enhances savings, and helps you avoid financial pitfalls, allowing you to balance present needs with future goals.

### **Bucketing for Long-Term Wealth Creation**

One of the most powerful aspects of bucketing is its ability to facilitate long-term wealth creation. Here's how:

- 1. Automated Investing:** Once you've allocated money to your long-term investment bucket, you can automate contributions to retirement accounts via SIP in Equity Funds or investment accounts (stocks, bonds, real estate). Automation removes the temptation to "skip" saving or investing for the future.
- 2. Wealth Accumulation Through Consistency:** Regular contributions to investment accounts or savings buckets, even if small, can snowball over time through the power of compound interest. The earlier you start, the more wealth you can create.
- 3. Reduced Financial Anxiety:** When your income is allocated properly, you create peace of mind, knowing you have money set aside for emergencies, retirement, and even leisure. Financial anxiety is reduced because you're proactively managing your money.

**4. Deliberate Financial Choices:** With clearly defined buckets, you are more likely to make deliberate decisions rather than reactive ones. Instead of impulsive spending on things that don't align with your goals, you will approach each spending decision with a clear sense of purpose.

### **How Bucketing Cultivates Discipline**

The act of bucketing is a form of self-discipline. It requires you to be intentional with your income and thoughtful about your financial goals. The regular process of allocating your money into specific categories helps develop a habit of budgeting and financial planning. As time goes on, this habit becomes second nature, and you'll find it easier to stick to your financial commitments.

It's a powerful strategy for those who want to be proactive about their financial future, helping them stay disciplined, organized, and focused on the bigger picture of wealth creation. When done consistently, bucketing can unlock the path to financial security, freedom, and ultimately, lasting wealth.

**TEAM FIFA**

On 2<sup>nd</sup> Jan 2025, FIFA Life member, Mr. Prasad Fadnavis from Nagpur organised Blood Donation Camp to celebrate New Year 2025 where 112 persons donated blood. This is the eighth year of this camp.

Blood Donation gives life to another one and it's our social responsibility with this moto VED Fortune Vision Pvt Ltd started this initiative. In 2018, blood donation camp was started to celebrate new year by the MFD. Now it becomes movement for investors. In last 8 years we have conducted 10 camps and collected more than 500 bags of blood.

It is organised every year on 2nd January. Investors & Mutual Fund AMC staff members are participating every year enthusiastically. Every year the graph of blood donation persons are increasing.

This year we have conducted 3 camps where 112 bags of blood were collected. Interesting thing is this year around 25 woman also participated in this initiative and donated their blood for a noble cause. This program is completely owned by VED Fortune Vision Pvt Ltd, a Nagpur based MFD. Shreeved Foundation, Nagpur based NGO and Dr Hedgewar Blood Center supported for related arrangements.



### Upgradation of membership in January 2025

		Upgraded	
Members Name	City	From	To
JAYESHKUMAR PATTANI	PORBANDAR	GENERAL	FOUNDER
RAVI KALARIYA	RAJKOT	GENERAL	FOUNDER
Members Name	City	From	To
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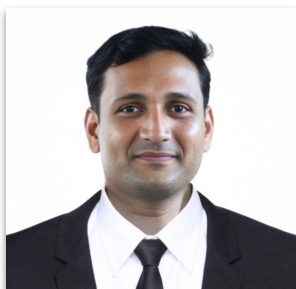
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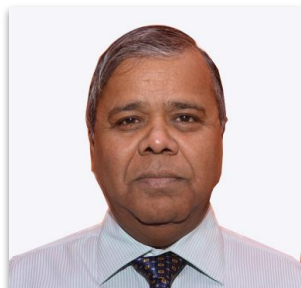
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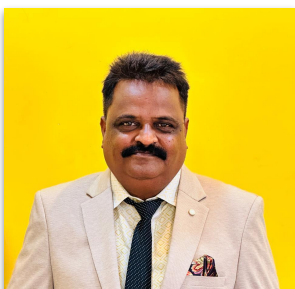
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*Epsilon Money Mart Pvt Ltd*

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## **CONTACT DETAILS**

### **Contact Person:**

Ronald Mendonca

Contact number: 98675 08393

### **📍 Address:**

Foundation Of Independent Financial  
Associates, Rahimtoola House, 3rd Floor, 7,  
Homji Street, Fort, Mumbai 400 001

### **🌐 Website:**

[www.fifaIndia.org](http://www.fifaIndia.org)

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