

Altering Narratives: From Making Moolahs to Managing Money

From Sportswomen To Working Professionals, Many Women Rely On Men While Making Financial Decisions

By Deepika Asthana

Desires and dreams when accompanied by meticulous training and discipline tend to yield results. On July 12, 2018, Hima Das created history by becoming the first Indian woman to win a gold medal at an international track event. Having run a slower first half, Das accelerated on the last 100-meter stretch, overtaking three competitors to win gold at the World U-20 Championships 2018, held at Tampere, Finland.

On April 7, 2014, Heena Sidhu became the first Indian pistol shooter to become the world number one. Saikhom Mirabai Chanu, an Indian weightlifter, won gold medal at World Weightlifting Championships held in Anaheim, in the US, in 2017. Rani Rampal, captain of the Indian women's hockey team, has powered India to win at various international events. These are not just mere numbers or dates. They are a

testament to the strides that the women of our country have made. Indian women are breaking boundaries every day. Be it in sports, culture or business.

However, when it comes to financial decision-making, they often rely on their partners or men that they know and trust. "I come from a place of scarcity. Now that I have some money, I would like to give back to the game by sponsoring equipment for the local women players," said Rampal. Investing judiciously will not only help Rampal achieve her goal but also empower thousands of other women to achieve theirs. Das comes from a joint family where only two members were earning. "A double income was not sufficient to take care of the entire family," she shares. In such circumstances, most women wonder how they can add to the family income. The usual answer is by taking up a job.



However, investing can be a great way of adding to the family income and creating a buffer for lean times. Unfortunately, not many women are aware of the multiple investment options available to them or are simply not interested in investing. Priti Rathi Gupta, Founder and MD, LXME, a financial planning app and community for women investors, said "Less than five per cent working women invest their money while less than one per cent are actively into it."

The next stage of empowerment will come through financial freedom and decision-making. Giving money is taking the easy path. "We decided to help these amazing sportswomen invest their prize money so that they can achieve true financial freedom," shared Shabnam Panjwani, Chief Marketing Officer, Edelweiss Group. The onus really lies with the industry to not only educate but also hand-hold women investors so that they can truly harness the value of investing," she further added.

Do What You Know Best – Start With Budgeting

Women have been managing household finances for the longest time. Historically, gender roles have been defined in such a way that the man brings home the "money" and the woman manages the household. Decisions related to how much to spend on basic necessities, how much to splurge on a treat, keeping aside money for family vacations and cutting down on expenses in order to save up for a house - all falls upon the woman of the house. Hence, it follows that women today are well equipped to take the first step towards managing personal finances and budgeting. According to Zohra Hajiani, Managing Partner, Private Client Group, WGC Wealth, "Women with regular income could ideally follow a 50-30-20 philosophy. While the numbers may vary, one should strive to allocate roughly 50



RANI RAMPAL
Profession: Hockey
Team Captain

At the age of 15, she was the youngest player in the national team that participated in the 2010 world cup

Photos: GETTY IMAGES

Not many women are aware of the multiple investment options available

per cent of the income to your basic needs like food, rent, mortgage and utilities. Around 30 per cent should be dedicated to self-care. Lastly, 20 per cent should be invested. Investments should be goal-linked hence asset class will depend on the tenure and the risk-taking ability."

Know The Basics

Investing does not require you to be an expert. However, it is imperative that women understand the basics of personal finance so that they can ably communicate their goal and understand what is happening with their money. The first and foremost thing that women should be cognisant of is that while earning money is the first step towards financial independence, the ultimate goal is to be financially free. And this can be obtained only

Preferred Asset Classes



Stocks

Company stocks represent a part ownership in a company or corporation, also known as business equity. Basically, when a company performs well, an equity investor might receive dividend as share of profits or might see an increase in the value of the stock or probably both. However, cash flows from stocks are uncertain in nature thus making them more volatile investments in the short-term.



Bonds

Also known as fixed-income investments, bonds are one of the most popular assets for conservative portfolios. Cash flows from bonds are certain and are returned in the form of interest payments. While they tend to be more stable than stocks or other volatile investments, they also have a lower return potential.



Ultra short-term liquid funds

These are mutual fund schemes that invest in money market instruments like commercial papers, certificate of deposits and short-term corporate bonds. They are fairly liquid and generally offer higher returns than usual bank deposits.



Real Estate

Property has a tendency to rise in value over time, and there is a subset of investors who specialise in transforming real estate investments into high returns.

through investing wisely. "Above all, financial literacy for a woman is imperative and then, the execution. An understanding of how mutual funds work could help them take the first step by investing in SIP (Systematic Investment Plan). Law of averaging has tremendous power to give long-term double digit returns if the monthly SIP is done for 15 to 20 years. As for example, assuming a 12 per cent return, a monthly investment of ₹5,000 for 15 years will fetch ₹23 lakh. In order to make a sound decision, Indian women need to increase their financial literacy and hence the need to understand the various options," said Hajiani.

Know Your Investment Options

It is easy to get lost in the plethora of investment options that are currently available to the average investor. "Savings and investing for most women means keeping cash or parking money in gold, savings accounts or fixed deposits," added

Gupta. While having the power to choose can be a boon, it is also a huge responsibility. One must start with the goals and then determine the assets that would help her achieve her goals, while at the same time adhere to risk requirement.

Asset Allocation Strategy

Asset allocation basically entails dividing your investable income across asset classes such as equity, debt, gold, real estate, cash or alternatives. Diversification is the cornerstone of asset allocation as investable asset classes are decided based on goals and risks, with an ultimate aim to mitigate portfolio volatility and achieve financial goals. Asset allocation starts with assessing your risk or return profile and then investing in a certain proportion in multiple asset categories. "Risk is an inevitable factor in investing. Instead of letting 100 per cent of their money sleep in the bank, women should spread it out to manage risks and maximise gains. Many women think

that buying gold is investing. It's a hedging asset and has a limited exposure. Fixed deposit is another easier option, but the rate of return could be a single digit post tax as per one's income tax slab and does not necessarily give better return than inflation," suggested Hajiani. Since individual assets have their own risk or return profile and respond differently to the same developments, asset allocation ensures that a certain portion of your portfolio is insulated from external shocks, at most times. Asset allocation will vary from one investor to another.

Save For Retirement

Many people perceive retirement as something that happens at the end of the journey. Consequently, very few people give any heed to retirement planning at the beginning of the journey. With a larger number of women joining the workforce, they are able to meet their current as well as future goals. However, the career path of women is decidedly different from that of men. Due to various reasons such as marriage and children, women often take a sabbatical of eight to ten years into their careers. This impacts their total earnings. Even for those who do not take a sabbatical, their salaries tend to peak at 40s while men's salaries peak at 55 years. Considering that on an average women are likely to live longer than men, but earn lesser than them, it is only logical that retirement planning takes priority. After all, if she is going to live longer, then she has to ensure that she has enough money for her retired life.

Create An Emergency Fund

As the name suggests, an "Emergency Fund" is an account for funds set aside in case of an emergency or uncertain events. As women, we often find ourselves dependent on the male members of

Photos: PTI



HIMA DAS

Profession: Athlete

First Indian woman to win a gold medal in an international track event

the family for our basic necessities. Even though more and more women are now working and are able to meet their basic requirements, there is still some amount of dependence on the family. Which is why, all women should keep aside some amount of money for unforeseen events. This will reduce their dependencies. In personal life, the purpose of an emergency fund is to keep things in line during uncertain times. A woman can stay relaxed once she has an emergency fund set up for contingencies. In today's fast-changing world, uncertainties are certainly ubiquitous. In bad conditions, an emergency fund could be your good friend and would preclude the need to depend on parents, friends, and relatives. An emergency fund should be big enough to solve your problems during an emergency without affecting your lifestyle. Building

an emergency fund is one of the primary steps that can be taken to reduce your financial vulnerability.

Stop Fearing The Markets

Most women avoid investing in the stock markets as equities are portrayed as the "big, bad wolf" of investing. While stocks tend to be erratic and volatile in the short-term, over the long-term they have exhibited an ability to generate relatively higher returns. As per Hajiani, "Often women want to save for their children's education, marriage, home, which is with 10 to 15-years time horizon. Hence, investment in equity keeping in mind the risk appetite and with right advice is a good option. Buying good blue-chip stocks or subscribing to a good equity mutual fund are two options. Both options require understanding of the volatility of the asset class." The takeaway here is that women should not shun the stock markets due to the fear of losing money. Investing in equities, if done judiciously, can help women reach their long-term goals. ■

Unlike men who reach the prime at 50, a woman's salary peaks at 40s

asthanad@gmail.com; CFA, Strategic Consultant in Financial Markets



HEENA SIDHU

Profession: Pistol Shooter

First Indian woman to become world champion in pistol shooting

Photos: PTI