

## Path to financial freedom from youthful era

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Every parent wishes their child to be an independent decision maker and nurture importance of earning, saving and investing money. But, they don't know how to develop these skills from child's early age. Well here are few easy ways for parents to make child learn this art: by giving child a task at home and earn a prize such as chocolates, toys after completing. Also, it can be practised while they are studying in school. They need to be motivated for studying firmly and pass with better grades to earn surprise gifts. In school days they understand importance of money to buy things. This is the period parents should educate child importance of saving on a daily basis in their piggy bank. Saving small amounts from prize money, daily expenses by their own will develop the habit in them of using this amount in future as per needs. Child will learn to respect hard earned money and will use it accurately as per requirements.

This are the children's who will develop the skills to earn from their early age for staying independent in monetary decisions and take care of own expenses in higher education, marriage expenses, buying 2 wheelers or car, starting own business, etc. Let's analyse the case given below to see how a student savings and investments will grow in future.

### Case:

Mr. A is a college student saving from his part time job or monthly pocket-money mere **Rs. 50 per day** (assuming 30 days in a month). He **will save Rs.1500** at the end of **every month** on a regular basis to invest from such young age. This amount should be invested by discussing with their parents and financial planner in investment products by considering risk appetite and requirement of amount for his future goals. The amount earned will be important for him in mid age. Let's, see the returns in below given table:

Age of investor = 18 years

Tenure = 15 years

Interest (%)	Years of investment			
	7	10	12	15
8	Rs. 1,68,170	Rs. 2,74,419	Rs. 3,60,763	Rs. 5,19,057
10	Rs. 1,81,426	Rs. 3,07,267	Rs. 4,14,657	Rs. 6,21,706
12	Rs. 1,96,008	Rs. 3,45,058	Rs. 4,78,592	Rs. 7,49,370
15	Rs. 2,20,694	Rs. 4,12,826	Rs. 5,97,903	Rs. 10,02,760

As, the above table conveys an investor of student age starts saving with a mere amount on a daily basis will have sufficient amount to meet his mid age expenses as discussed earlier. The guy will also be free from liability of loans such as vehicle loan, education loan, personal loan, etc. for monetary assistance in that age.

Warren Buffet has always advised to start investing into equities from early age for better returns in future. In this case as investor is of young age he has the opportunity to get outperforming returns in future considering long term horizon and high risks capability. As an investor he needs to consider

time frame of investment and returns before investing as per his goals. The investment product should be equity stocks, mutual funds 100% investment into equities, gold (ETFs), etc. The greed should not overtake young investor in the stock market trap while investing. The art of churning portfolio and booking profit needs to be learnt from financial planners on a regular basis while reviewing to achieve set goals on a timely basis.

The parents will be proud and glad in their elderly age to see the discipline in their child towards savings and investments on a regular basis from the exercises which they had taught.

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