A Study of Financial Planning and Investment of Individual

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Abstract: ***Financial planning is the process of assessing the financial goals of an individual, its taking money that he is owing, determine life goals, and then take necessary steps in order to achieve goals in the determining period. It is a technique of quantifying a person's requirements in terms of money. This study aims at answering these questions; Q1: how can the investor plan for his financial resources? Q2: What is the overview of the investor in short and long term goals? For data collection, the researcher has collected primary data by surveying investor's investment objectives and risk profile. The result found that the comprehensive study about each aspect of this topic has shown that the Financial Planning is a dynamic and flexible concept which involves regular and systematic analysis, proper management, judgment, and actions.***

Keywords: planning, objective, individual, investment

1. Introduction

Financial planning is not just about investments. There are many ways to use a business plan for the duration of the economic period. You agree to manage your finances to relate them to your goals and what you want to achieve. Making an independent investment in a life insurance product doesn't mean anything if you don't know the amount of coverage needed, if the expired product is adequate, or if life coverage is required.

In all the world, everyone earns money to achieve one or more of their life goals. People use the money for pure purposes, like financing their daily expenses to buy exotic luxuries for a better life. Payment can be recorded, accumulated, and increased to support various financial goals of an individual or group. Such as education, life insurance, marriage, buying a house, retirement, and even the transfer of inheritance to the next generation of power on the market. The money earned is used to finance some of the immediate expenses or a goal in the distant future. When the payment is received to support one of the future objectives, it must invest optimally to offer the maximum return and minimize costs and risks.

The individual's risk profile and time horizon of the goal and the taxation Aspects related to personal finance. Since 2012 financial Planning is increasing day by day.

Financial planning and investment of individuals are an integral part of any individual life, especially in this modern world, where the value of everything expressed in terms of money. An active working span of human life is short as compared to the life span. It means people will be spending approximately the same number of years after retirement what they have spent in their active working life.

Thus, it becomes essential to save and invest while working so that people will continue to earn money and enjoy a comfortable lifestyle.

The Financial planning enables a person to identify their goals and objective, assess the current position, and takes essential steps to achieve the goals and objectives. It helps us to understand how the financial decisions made an effect on the life for us.

Financial planning. by proper financial planning, a person can have a comfortable and secure economic life.

1.1 Significant of the study

The significant of study is to achieve higher long-term returns; you have to be prepared to accept or reject that the value of your investment may fall significantly in the short-term. This because investments that provide higher returns are usually more volatile than those producing

Low returns. There is a trade-off between risk and return.

1.2 Objective of the study

This project executed to know what is precisely the Financial Planning. How is it carried out? Who carries it out? Why is it carried out? When it will be carried out?? What is the interest of carrying it out?

- To take an overview of the investor's short and long-term goals and objectives.
- To have the current financial strengths and weaknesses and effect of the financial plan for the investor.
- To study the financial objectives anchored to current resources for the investor.
- To give a particular summation of all recommendations.
- To suggest an appropriate financial plan for mutually selected recommendation
- To also give a comprehensive economic overview of the financial plan for the investor, supported by financial statements and the other parties.
- To follow step by step enforcement and monitoring plan.

1.3 Study question

1) What is the overview of the investors in short and long term goals?
2) What is the financial strengths and weakness the investors having to implement financial planning?

3) What the financial objectives of investor's anchored to current resources?
4) What is the step for implementing and monitoring plans?

1.4 Hypotheses

1) There is no significant of long and short term goals.
2) There is no significance of financial strengths and weaknesses that the investors had to implement financial planning.
3) What the financial objectives of an investor's anchored to current resources.
4) What is the step for implementing and monitoring plans?

1.5 Scope of the Study

Individual financial planners are not just for wealthy people also for any individual wants to have their own business. Every person can benefit from objective help to create, grow, accumulate, and utilize wealth to fulfil one's personal goals, family goals, and another lifestyle objective systematically without any concern. Financial planners can lead individuals to achieve their ultimate purpose of spending retired life peacefully without compromising living standards and the other issue. An eligible financial planner will provide advice on Systematic saving Cash flow management, Debt management and Assets allocation of investment Managing risk through insurance planning.
Tax strategies to increase inventible surplus.
Distribute residual wealth through estate planning.
Systematic saving.
Cash flow management.
Debt management.
The asset allocation of investment.
We are managing risk through insurance planning.

The Financial planning is a profession for people with good communication skills combined with knowledge of how the financial service industry works and deal. As a financial planner, he could work for a bank, insurance company, or have his own practice. Most important is to understand that the suitability of products you are guiding people to purchase based on their risk appetite, age, and time frame of goals and objectives. Financial planners need to continually update themselves on new products, services, and tax laws that might be good for their clients. This field requires a lifetime of continuing education. A trusted financial planner can play an essential role in life for people, helping them to achieve dreams such as owning a home, seeing their children's education-marriage, and enjoy an active retirement.

1.6 Limitations of the Study

The project work mainly based on the mentioned sources of information.
Limitation of the investor in investing in a particular kind of asset-based on his / her age.
Time limitation.

1.7 Data Collection

The Primary Data: The primary data for the study has collected by surveying investor's investment objectives and risk profile

The Secondary Data: The secondary data includes information obtained from various sources, which provides for Books, Magazines, Newspapers, websites, etc.

2. Literature Review

Agarwal et al. (2015)
Agarwal et al. examine the relationship between financial planning & individual investment over the period of 2015. He also uses multivariate analysis to find his result. He finds in his study that the probability of getting true answers with regard to the financial literacy is high-level for male respondents than female, and it increases with education level and the aggressiveness of the individual.

Ramakrishnan (2012)
Ramakrishnan examines the relationship between financial planning & individual investment over the period of 2012.
He also uses multivariate analysis to find his result. He concludes that the financial education is essential not only for individuals but also for companies and the economy. Authorized consumers make better choices for their individual well-being, which in turn will increase overall welfare.

Dow (2009)
Dow Examine the relationship between financial decision-making & individual investment over the period of 2009. Using data from the Survey of Consumer Finances, He also uses multivariate analysis to find his result. He finds that reported investing horizons are indeed important for asset allocation. Our paper expands this literature by treating the investment horizon as growth rather than a peripheral variable. It is indefinite which the variables beyond age will make a differencein determining financial planning. We can get some conception by looking at other socioeconomic variables 140 that have been found to be significant for financial decision-making.

Campbell (2006)
Campbell Examine the relationship between individual financial management & individual investment in over the period 2006 and supply an overview of some of the major issues in a household or individual financial management. He also uses multivariate analysis to find his result. He finds that one of the centric questions is the connection between time and the behaviour of investment. Whereas little work has done on the determinants of the investing horizons, there was agreat analysis of the extent rational; forward-looking investors should behave. For example, traditional investment advice suggests that asset allocation should shift away from stocks and towards bonds as an investor gets older.

Tacchino (2004)
Tacchino examine the relationship between individual financial planning& individual investment in additional too how financial Planner is the plan in over the period 2004. He

also uses multivariate analysis to find his result. He finds that like demography of ageing, the biology of ageing, family relationships, and social support does not seem to be a concern for financial planners. It is becoming obvious that interdisciplinary learning is essential for expert service. The next phase in the discipline of retirement planning, estate, and investment planning is a comprehensive understanding of the social sciences as they are due to senior living and older Americans.

Another important insight received from demography was that of females. Knowing that women have a longer life expectancy than men has implications for family financial planning. Single women and widows have the highest poverty rates among the aged. Because widowed women are less likely to remarry than widowed men, the financial Planner must protect the client against the future with products such as join-and-survivor annuities, whole life products to insure husband's lives, and extra pre-retirement savings.

Financial planners must be prepared to deal with those clients who start to suffer from dementia, such as Alzheimer's disease. Durable powers of attorney, joint ownership of 28 property, and other products and services are only the beginning of what amounts to a complex client/planner/family-member relationship

Becker and Mulligan (1997)
Becker and Mulligan examine the relationship between financial planning & individual investment over the period of 1997.
Construct an optimal model where individuals can choose to consume now or in the future; the balance that has achieved between two desirable but incompatible features; a compromise this depending on an endogenous time discount factor (β). He also uses multivariate analysis to find his result. He discovers that the Individuals can select to spend resources to raise this value and therefore, the value of future consumption. Their model foresees that the degree of future orientation will be linked to the level of correct education,wealth and raise the standard of living. They contend that this model is harmonious with the various experimental studies, in particular, that consumption growth is fast for individuals and companies and the multinationals that are better educated and that we see the inequality of consumption across individuals and countries increasing over time. While the degree for future orientation is certainly an interesting question from a theoretical perspective, it also has practical importance, particularly in the field of financial management.

3. Discussion

Financial planning helps you give direction and meaning to your business decisions. It allows them to understand how each financial decision affects other areas of financing. For example, buying a specific investment product may help your customer pay off the mortgage faster or buy a particular investment product that may help your customer pay off the mortgage quicker or may delay his retirement considerably. By showing each financial decision as part of the whole, you can improve your client consider the long-term and short-term effects on his life

-Financial planning and investment of individuals are an integral part of any individual life, especially in this modern world, where the value of everything expressed in terms of money. The active working span of human life is short as compared to the life span. It means people will be spending approximately the same number of years after retirement what they have spent in their active working life.

Thus, it becomes essential to save and invest while working so that people will continue to earn a satisfying income and enjoy a comfortable lifestyle.

Financial planning enables a person to identify their goals, assess the current position, and takes necessary steps to achieve the goals. It helps us to understand how financial decisions made affect our life.

Financial planning is not just about investment planning, but it is about life planning. Thus, through proper financial planning, a person can have a comfortable and secure economic life.

Financial planning is the process of assessing the financial goals of an individual, taking an inventory of the money and other assets which the person has, determine life goals, and then take necessary steps to achieve goals in the stipulated period. It is a method of quantifying a person's requirements in terms of money.

Investment is the employment of funds on assets to earn income or capital appreciation. Investment has two attributes, namely, time and risk. Present consumption sacrificed to get a return in the future. The sacrifice that has to be born in particular, the recovery in the future may be uncertain. This attribute of investment indicates the risk factor—the risk undertaking to reap some return from the investment.

Financial services refer to services provided by the finance industry. The finance industry encompasses a broad range of organizations that deal with the management of money. Among these organizations are banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds, and some government-sponsored enterprises. Financial planning is one such advisory service, which is yet to get recognition from investors. Although financial planning is not a new concept, it just needs to be conducted in an organized manner. Today we avail of this service from Insurance agents, Mutual fund agents, Tax consultants, Equity Brokers, Chartered Accountants, etc. Different agents provide different services and product-oriented. Financial Planner, on the other hand, is a service provider that enables an individual to select a proper product mix for achieving their goals.

The essential things to be considered in financial planning are the time horizon to achieve life goals, identify risk tolerance of the client, liquidity need, the inflation which would affect on the standard of living, and the need for growth or income.

Financial planning has done with the six-step process. This self-assessment of the client, identify personal goals and financial goals and objectives and identify financial problems and opportunities, determining recommendations and alternative solutions, implementation appropriate strategy to achieve goals, and review and update plans periodically.

A good financial plan includes Contingency planning, Risk Planning (insurance), Tax Planning, Retirement Planning, and Investment and saving options.

Contingency planning is the basis of financial planning and is also the most ignored. Contingency planning is to be prepared for a significant unforeseen event if it occurs. These events can be illness, injury in the family, loss of regular pay due to loss of a job. Such circumstances are not sure but may have financial hardship if they occur. Thus a person should have enough money in liquid form to cover this risk.

The motive of an investor, both rational and irrational, are considered under the behaviouralfiance as defining the long-run price formation in the financial markets. Traditional finance, on the other hand, seeks to understand the financial needs by using models based on the rational behaviour of the investors.

Investments can define as the process of "sacrificing something now for the prospect of gaining something later," or acquisition is the "sacrifice of certain present value for the uncertain future reward." An Investment decision is a trade-off between risk and return. All investment choices made at points in time under the personal investment ends and in contemplation of an uncertain future. Since acquisition in securities is revocable, investment ends are transient, and the investment environment is fluid, the reliable bases for reasoned expectations become vaguer and vaguer as one conceives of the distant future. Investment in securities will, therefore, from time, re-appraise, and re-evaluate their various investment commitments in the light of new information, changed expectations, and ends.

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The problem of surplus gives rise to the question of where to invest. In the past, investment avenues limited to real estate, the scheme of the post office, and banks. At present, a wide variety of investment avenues is open to investors to suit their needs and nature. Knowledge about the different routes is available to investors to choose investment intelligently. The required level of return and the risk tolerance level decide the choice of investors. The investment alternatives range from financial securities to traditional non-security investment. The financial securities may be negotiable or non-negotiable.

The negotiable securities are financial securities that are transferable. The negotiable securities may yield variable income or fixed income. Securities, like equity shares, are variable income securities. Bonds, debentures, IndraVikasPatra, KisanVikasPatra, and money market yield a fixed income.

The non-negotiable financial investment, as itself suggests, is not transferable, also known as a non-securitized financial investment. Deposit schemes offered by the post office, banks, companies, and non-banking financial companies are of this category.

To the economist, investment is the net addition made to the nation's capital stock that consists of goods and services used in the production process. The net addition to the capital stock means an increase in the buildings, equipment, or investment. These capital stocks used to produce other goods and services.

Investing in various types of assets is an increasing activity that attracts people from all walks of life irrespective of their occupation, economic status, education, and family background. When a person has more money than he requires for current consumption, he would call as a potential customer. The investor who is having extra cash could invest in securities or any other assets like gold or real estate or could simply deposit it into I bank account. The companies that have other income may like to invest their money in the extension of the existing firm or undertake the venture. All of these activities, in a broader sense, mean as an investment.

a) Investors always expect a reasonable rate of return to form their investments. The quality of return could define as the total income the investor receives during the holding period stated as a percentage of purchasing price at the beginning of the holding period.
b) The risk of holding securities is related to the probability of the actual return becoming the expected return. The word risk is synonymous with the phrase variability of return. An investment whose rate of return varies widely from period to period is riskier than the whose return that does not change much. Every investor likes to reduce the risk of his investment by proper combination of different securities.
    - Unsystematic risk
    - Systematic risk

Unsystematic risk arises due to a short supply of raw materials, disputes in management, etc. It is uncontrollable; that is why it is known as internal risk.

Systematic risks arise due to political, economic, social factors. It is also known as controllable risks; that is why it is an External risk.

Investment planning is the process of matching your financial goals and objectives with your financial resources. Investment planning is a core component of financial planning. It is impossible to have one without the other.

Investment planning is a process that begins when you are clear on your financial goals and objectives. The Financial Planning designed to help for matching your financial resources to your financial objectives. There are thousands of different investments. The most commonly used are cash, equities, bonds, and property. Each of these has other characteristics, and a good investment plan will usually contain all of these.

By helping you set out clear and measurable goals, we can match the most suitable mixture of investments to each specific purpose in the most efficient way. From the outset, it is essential to build a strong foundation, and as your circumstance change, we can help you make any necessary adjustments to keep you on track

4. Finding and Conclusion

The comprehensive study about every aspect of this topic shows that Financial Planning is a dynamic and flexible concept which involves regular and systematic analysis, proper management, judgment, and actions.

It can also conclude that clients or Investors should start planning soon, set measurable goals, Look at the bigger picture, and should not expect unrealistic returns on the investments and value of the plan lies in its implementation. It accurately reflects what you are personally trying to accomplish.

It can also conclude that with the combination of different stocks, we can reduce the risk and increase the returns of a portfolio. By constructing a portfolio, we can only minimize the unsystematic risk, and we cannot minimize systematic risk.

A proper Fundamental & Technical Analysis should do before selecting any particular stock for the portfolio. It minimizes the risk involved.

Financial Planning Service that was not so popular earlier as other services have gained a lot of importance and popularity & will gain more reputation in the future as people now understand the importance of it.

Financial planning service is an essential and useful investment tool for meeting your life goals through the proper management of your finances.

Everyone should start financial planning at an early stage.

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