

Financial Plan:

Every individual or household unit must have a financial plan specifying short term, medium term and long-term goals and strategy to achieve the targets. A diversified investment portfolio suitable for achieving the goals. The goals should be time-bound and well defined. The financial plan should work out both the aspects- income side and expenditure side. While preparing the financial plan one should ascertain the various sources of income, the intervals one is going to receive them; say monthly or quarterly or yearly. We also need to analyse whether a particular income head is going to be regular source of income with assured returns or there is going to be a variability in it. We will read about the expenditure side in the next write up.