What Maheshwari learned from managing other people's money

The RIA from Tamil Nadu says it's a complicated job— especially when clients act on their greed and fear

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She is the first individual to have become a registered investment adviser (RIA) in Tamil Nadu and strongly believes that 'personal finance is more about personal than about finance'. This belief, she says, was reaffirmed during her journey as an RIA, managing money for others.

Meet Renu Maheshwari, who started out as a financial coach and corporate consultant and then co-founded Finscholarz Wealth Managers along with her husband in 2012 to provide fee-only financial planning and investment management services.

Maheshwari says money means different things to different people. "Financial planning is not just about recommending what products a client should buy. It is about being able to understand the different facets of an individual's life, advise them about the vagaries of the stock market and put them on the right path. It's a complicated job— one that gets tougher when clients act under the influence of greed and fear," she says.

Maheshwari, who manages the finances of about 120 families with assets under advisory (AUA) of more than ₹130 crore, shares her own journey as an RIA for more than a decade, in this special series commemorating a decade of Sebi's regulations for RIAs (*Mint* has been speaking to advisers who have completed or are nearing a decade in the profession).

A DECADE OF RIAs
A MINT SERIES

Edited excerpts from an interview.

Describe your career before you became an RIA?

I have always worked in finance after completing my MBA in 1988, and after a few years in corporate finance, I took a break for raising my son. I came back to the workforce with more certificates and practical experience as a coach, trainer and consultant. After doing CFP, I moved towards personal finance and started financial planning.

Around 2012, there was a buzz that Sebi is coming out with new regulations that will provide space for fiduciary advisers. With RIA regulations on the anvil, I co-founded Finscholarz along with my husband, Jagdish Maheshwari (an IITian, who created the IT infrastructure for the firm), to promote fee-only financial planning services and investment management services and also became the first individual RIA in Tamil Nadu.

What has changed in the financial advisory landscape in the last decade?

Before the RIA regulations of 2013, there was no distinction between an adviser and a distributor. Earlier, when people would walk in, we had to explain to them what we do and why we are charging them. Now they come armed with that information, which is a big difference. I remember people telling me earlier that no one in India would pay for financial advice. They have been proved wrong.

Another major difference—for which I would give credit to the regulator—is that the markets have become safer now. Investors now know that market-based investments are a way of creating wealth for themselves and for the next generation. This is a remarkable change that has happened over the last decade. Further, more women are aware of their need to invest and take charge of their finances and so do not hesitate to seek professional help for this.

What have you learned from managing someone else's money?

Money means different things to different people. In personal finance, emotions are attached to everything that we do. For instance, individuals say, "I am not willing to sell this piece of jewellery because it was bequeathed by my grandfather; not this house as my grandmother had willed it to my father and he never wanted to sell it; this was my first investment; or this LIC policy was gifted by my father." This makes financial planning more complicated because finance works on numbers, but a person's behaviour is subjective and will never be so numerically driven.

Clients may not be able to tell us what exactly they want. But, as an adviser, we need to understand their needs and then work around that.

Who was your first client?

One of our first clients was a young couple. The wife was contemplating a second break in her career and needed expert advice. We analysed their current and future earnings and expenses, assets and liabilities, family background and future aspirations. This exercise revealed that she could take a second break, but the couple would have to cut their expenses. They were, however, not ready to bring down their standard of living and so decided against going for a second child. They are now living a secured financial life.

What is it like to be a woman financial adviser?

Biases were there. But over the years, it has changed a lot. I think my life is very different than where it was 10-15 years back. On a lighter note, though, my grey hair helps me transcend these biases.

What's the hardest part of being an RIA?

A lot of investors approach us at the peak of the market. They see everyone making a lot of money from the markets. They come with expectations of making a lot of money within a short period of time.

They think that an adviser is going to pull out the magical rabbit from the hat and make a lot of money for them suddenly from somewhere. They are the hardest clients to deal with and we reject a few of them.

Is the limitation on the number of clients an individual RIA can take prompting you to apply for a corporate license?

You can service only a limited number of clients. I have about 120 families right now. Even if I have two meetings with each family a year, it would be 240 meetings per annum. This is apart from the back-office work we need to do as an adviser. Sebi's limit of 150 clients per individual adviser is reasonable.

We will go for a corporate license when we have multiple advisers in place. The process is on, and we hope to have qualified advisers in our team soon.

Clients may not be able to tell what they want. But, we need to understand their needs and work around that

What's the single most important reform that RIA rules need?

We believe RIA regulations are by themselves the single biggest reform for investors in India. They will ensure that the quality of advisory in the country will continue to improve.

Currently, an RIA should have a post-graduation in finance, with five years of experience in the advisory field, to apply for the license.

The candidate should also pass two exams—NISM X-A and NISM X-B—to get the advisory license. RIAs need to clear both these exams every three years to renew the license. But doing so is a stress point, especially for senior advisers. This threatens the continuity of business for Individual license holders. (If they do not pass the exam, they cannot conduct any business till they pass it again).

Allowing CPD (Continuous Professional Development) points for relevant courses, professional work and conferences to renew the license is an internationally accepted practice. If Sebi allows this for RIAs, that can be the one single most important reform to ensure 'ease of business'.

(For an extended version of this interview, go to livemint.com)

An RIA's journey

WHEN DID YOU BEGIN YOUR PRACTICE?
Started around 2013.

WHEN DID YOU GET THE SEBI RIA LICENCE?
In 2013.

WHAT IS YOUR CLIENT SIZE AND AUA*?
We manage about 120 families. We charge based on the value of actively managed funds, which is about ₹130 crore.

WHAT IS IT LIKE BEING A FEMALE FINANCIAL ADVISER?
I have experienced a few unintended biases, but now it is much better than before.

WHAT HAVE YOU LEARNT FROM MANAGING OTHER PEOPLE'S MONEY?
Money means different things to different people.

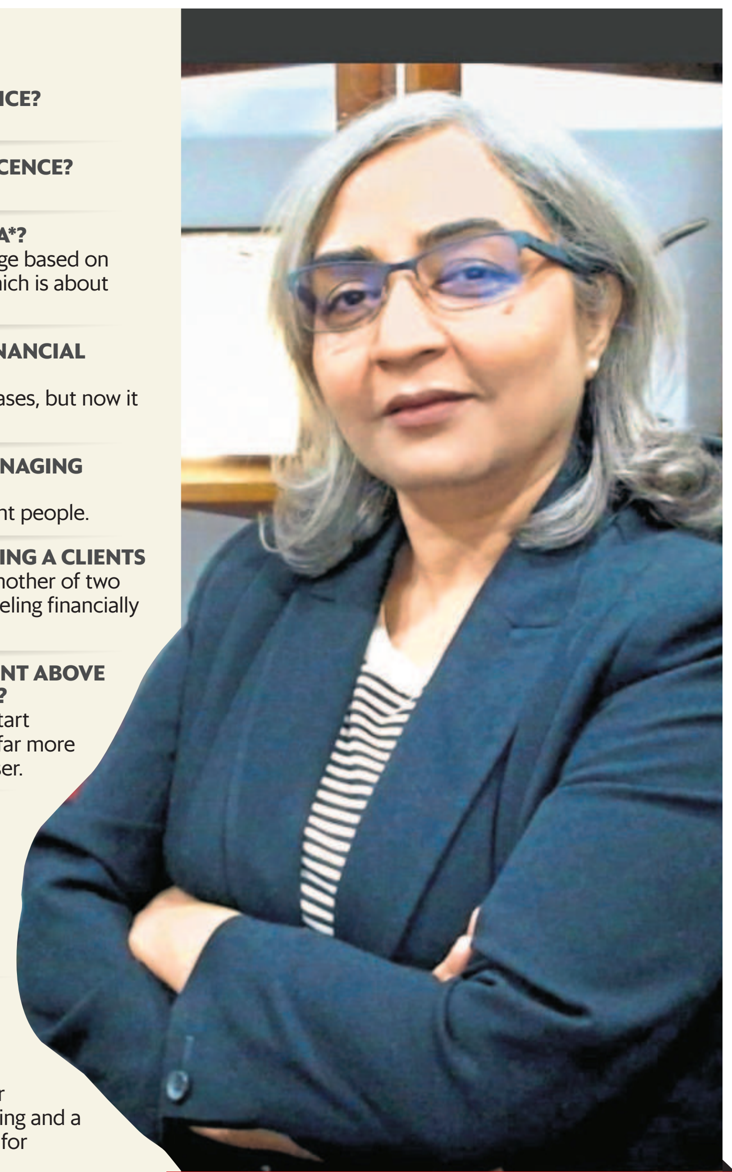
YOUR PROUDEST MOMENT OF SERVING A CLIENTS
A lot. Once, one of my clinets, a single mother of two daughters, called and thanked me for feeling financially secure in taking care of her children.

WHAT WOULD BE THE RIGHT AMOUNT ABOVE WHICH ONE SHOULD GO TO AN RIA?
Get a fiduciary adviser as soon as you start earning because the mistakes could be far more expensive than the fee you pay an adviser.

WHAT IS YOUR FEES?
For financial planning (one-time contract), we charge about ₹20,000 to ₹50,000. For the investment management and others, it is 1.25% to 1.5% of AUA in the beginning of the year.

WHICH SEBI REGULATIONS DO YOU THINK NEED TO BE CHANGED?
RIAs currently need to appear in exams every three years. Writing these 2-3 hour exams every three years can be distracting and a threat to business continuity, especially for individual licence holders.

*Assets under advisory (AUA)



RENU MAHESHWARI
Co-founder, Finscholarz Wealth Managers

POWER POINT
SONU IYER

We welcome your views and comments at
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HOW THE NEW TAX REGIME CAN BE MADE ATTRACTIVE

Lower tax rates' expectations

(in %)

Income (in ₹ lakh)	Existing rates	Proposed tax rates
Up to 2.5	Nil	Nil
2.5 to 5.0	5	
5.0 to 7.5	10	7.5
7.5 to 10.0	15	12.5
10.0 to 12.5	20	17.5
12.5 to 15.0	25	22.5
15.0 to 20.0	30	27.5
Above 20		30

Expectations for tax sops are running high ahead of the Union Budget in February as it would be the last full budget of this government before the general elections in 2024.

Simplification of the personal tax regime is one of the key expectations. Currently, individual taxpayers have the option to choose between two tax regimes—the old tax regime that uses tax slabs of 5%, 20% and 30% and allows taxpayers to avail of all eligible exemptions and deductions, and the concessional or new tax regime, introduced from financial year 2020-21, that offers reduced tax slabs but by forgoing certain exemptions and deductions. The objective of introducing the new regime was to eventually move towards a tax regime of low/moderate tax rate without exemptions and deductions to make compliance simpler for the taxpayers and reduce the administrative burden of the Income-tax authorities and employers.

It was estimated that annual revenue of ₹40,000 crore will be foregone due to the new regime.

An important point to note is that while under the old tax regime, the basic amount not chargeable to tax is increased to ₹3 lakh for resident senior citizens aged 60 or more but less than 80 and ₹5 lakh for those above 80, there is no such relaxed threshold available for resident senior citizens under the new regime.

Based on press reports, it appears that the new tax regime is not very popular and very few individual taxpayers have opted for it in the past two years. Most salaried taxpayers are paying rent or repaying housing loan, contributing towards provident fund (PF) or NPS, paying medical insurance premiums, and have interest income from the savings bank account. For such taxpayers, if they were to evaluate the new tax regime, they will find that the tax payable is higher even with lower tax rates under it, as compared to the old tax regime. Accordingly, such taxpayers would opt for the old tax regime as it is beneficial for them.

Thus, there is a need to make changes to the concessional tax regime to make it more effective and attractive for individual taxpayers. The government may propose following changes to make it attractive:

a. New slab rates and increased thresholds (*see table*)

b. Retain standard deduction of ₹50,000

c. Provide the benefit of sections 24(b), 80C/80CCC/CCD/D deduction of up to ₹2.5 lakh, but limited to contribution towards Provident Fund (including PPF), qualifying life insurance products, interest on housing loan, contribution towards NPS and medical insurance. The introduction of the above deductions under the new regime only for a selected set of benefits and for a limited time to cover necessities may make the CTR more attractive as the individuals would be able to claim tax benefits for investments/expenses which are necessary and incidental. Also, the cost of providing these tax deductions would not be significant for the government but will definitely encourage more taxpayers to move to the new regime.

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Top 15 health plans for you

mint Beshak
INSURANCE RATINGS

How do you buy a health insurance plan? With numerous products, plan options, and all the complicated fine print, comparing insurance can be quite a daunting task.

To simplify and empower quicker decision-making, *Mint* in association with *Beshak.org*, an unbiased insurance discovery platform presents Mint Beshak Insurance Ratings. This rating zooms into the most essential aspects of insurance plans blurring out the frills to present a refreshed version 2.0 of our erstwhile mediclaim rating. The full ratings can be seen at: *https://bit.ly/3ztmodF*.

In today's edition, we list the top 15 health insurance plans for people below 65.

These plans have been first stacked for two critical outcomes with respect to health insurance (a) lowest out-of-pocket expenses from hospitalization (product rating) and (b) smoothest claim settlement (claims rating) to generate the overall rating.

This overall rating can then be compared with the premium affordability rating to evaluate suitable plans, based on the individual preference of the reader.

For the purpose of ratings, we have considered indemnity-based comprehensive family floater hospitalization plans available online. The premium affordability rating is indicative. It is relatively measured on premiums of a ₹10 lakh cover for a family of two adults and one child, living in Mumbai.

—Navneet Dubey

The below table is a summary/extract of the detailed rating on livemint.com. Scan the QR code to check out the detailed Mint Beshak Insurance Rating including the scoring methodology.

	Product rating*	Claims track record rating*	Overall rating	Premium affordability rating
HDFC Ergo - Optima Secure	5.0	4.7	4.9	4.0
HDFC Ergo - Optima Restore	4.7	4.7	4.7	4.0
Reliance General - Health Gain (Power)	4.7	4.3	4.6	3.5
Manipal Cigna - ProHealth Prime (Advantage)	4.7	4.0	4.6	4.0
ICICI Lombard - Complete Health Insurance (Health Elite)	4.5	5.0	4.6	4.5
Niva Bupa - Health ReAssure	4.6	4.1	4.5	3.0
Care Insurance - Care Supreme	4.6	4.0	4.5	3.0
Magma HDI - One Health (Premium)	4.3	5.0	4.4	4.5
Aditya Birla - Activ Fit (Preferred)	4.6	3.7	4.4	3.5
Royal Sundaram - Lifeline (Supreme)	4.4	4.4	4.4	2.5
Niva Bupa - Health Companion	4.4	4.1	4.4	3.5
Aditya Birla Health - Active Assure (Diamond)	4.4	3.7	4.3	3.0
Star Health - Assure	4.4	3.7	4.3	3.5
Manipal Cigna - ProHealth (Accumulate)	4.3	4.0	4.2	4.0
Go Digit - Health Insurance (Comfort Pro)	4.1	4.0	4.1	3.0

Note: The higher the rating, the better the plan is. However, in the case of the premium affordability ratings, the higher the ratings, the more expensive the plan will be.

How can a will be executed in India if one of the heirs is unable to visit the country?

Aradhana Bhansali

ASK MINT
LEGAL

A and B are siblings. A resides in India while B lives abroad. Their father died in India mentioning his assets are to be divided between A and B. Among several assets, A and B have a joint share in a property which they plan to sell and divide the proceeds. B has a health issue and is unable to visit India. How can the siblings execute the will in such a case?

—Name withheld on request

Considering the fact that the father died in India, the will has to be acted upon by the executor named under the will. The executor is a legal representative of the deceased for his estate and is responsible for execution and implementation of the desires of the deceased as per the will.

In the given circumstances, if A and B have already inherited the property and are desirous of selling the property, B who is unwell can execute a Special Power of Attorney (which will attract stamp duty as per applicable state and the registration charges) in favour of A empowering him to deal with, negotiate, sell, receive money and deposit the sale proceeds received against sale of the property to a third party.

If a person forgets to mention some of the properties in the will, what are the legal consequences of such omissions after his death? Further, is there any difference between the treatment of forgotten assets and future assets?

—Name withheld on request

In the event if a Probate/Letter of Administration is already obtained by the executor of the will and thereafter if the executor has discovered the properties, then the executor may apply before the same Court for Letters of Administration for such assets.

Most of the times a person making will does not necessarily incorporate the entire asset holding and generally concentrates on the important assets which he wishes to bequeath after his demise and forgets adding the details of certain assets. These are forgotten assets.

At times, certain assets are included in the estate of the maker of the will only after execution of the will and therefore they are not part of the asset list at the time of making the will. These assets are known as future assets.

Can a landlord do anything to prevent a tenant or obstructionist from delaying the execution application in an ex-parte decree?

—Name withheld on request

An obstructionist is any person in possession of the subject premises. Such a person may not necessarily be a tenant but a person who is trying to stall a decree for possession.

An ex-parte decree is one where the court passes the decree after hearing only one side. If a tenant or an obstructionist refuses or fails to comply with such ex-parte decree for eviction, the competent court may order the judgment-debtor (obstructionist) to deposit reasonable mesne profits—which is akin to a person who is trespassing on the subject premises and not paying anything to the owner of the premises—with the competent court. The quantum of such mesne profits may be equivalent to the prevailing market rent required to be paid by a person occupying the property.

Additionally, the landlord may file an application before the court to use necessary force with the help of the police, to remove the obstructionist and put the owner in possession of the property.

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Do you have a personal finance query? Send in your queries at **mintmoney@livemint.com** and get them answered by industry experts.