80% spouses not aware of assets, liabilities of their partners: Report

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The report highlights the importance of financial consolidation and the need for getting one's family involved in financial matters.

Looking forward to 2021, the first and foremost focus on the domestic front will be distribution of COVID-19 vaccine, and second thing on the Budget for FY22.

80 per cent of spouses are not aware of the detailed assets and liabilities of their partners, reveals the latest survey by Mudra Portfolio Managers, a global leading NRI and HNI financial service management company headquartered in Mumbai. The survey was conducted for around 900 High Networth Individuals (HNIs), Non-Resident Indians (NRIs) and Retail clients from India, Africa (Kenya, Nigeria), Singapore, Malaysia and Middle East (Dubai, Abu Dhabi, Kuwait).

consolidation of their finances, while 73 per cent of the respondents had not done a detailed income expense evaluation ever.

This survey was a part of Mudra's Investor Awareness Program, where the company conducted a 'Consolidation Activity' to help its associates get financially organized. The survey covered four important aspects covering a detailed analysis of income & expenses, financial risk assessment, assets & liabilities to analyze asset allocation & liquidity and lastly, ease of access and consolidation of finances. The activity was carried out for a period of 10 weeks.

"Lockdown and the associated uncertainties during Covid left people greatly concerned but on the other hand made them relook into their financial portfolios, something they had never cared for. The idea behind this consolidation activity was to make them aware of the criticality of doing a self-analysis of their finances, the importance of financial consolidation and the need of getting one's family involved in financial matters," said Nishant Kohli, Founder, Director and Business Head-Wealth, Mudra Portfolio Managers.

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"This activity was done to help them find answers to some unanswered questions like 'are my savings enough', 'do I have a contingency plan!' or 'are my expenses overboard' or even, 'where my current investments are and what do I do with them!' etc." he added.

Interestingly, 65 per cent of the respondents were saving less than 20 per cent of their salary and out of these, 80 per cent of them had their miscellaneous expenses as much as 15 per cent-20 per cent of their salary, which could have been curbed and saved. This trend was higher in people earning less than 50 lakhs p.a. The monthly Investment to Savings ratio in the earning group of 30 lakhs and below was found out to be 0.65 which for the earning group of 30 lakhs and above stood at only 0.38 as they prefer to keep more money in the accounts. This shows that the higher income groups usually do not optimally invest on a regular basis in comparison to lower-income groups.

Under Financial Risk Assessment the survey also shows that 71 per cent of the respondents have no health insurance except one provided by their company. Shockingly, the parents of as many as 88 per cent of respondents did not have health insurance while the families of 80 per cent of respondents were not aware of the details of their insurance cover.

term plan, and 32 per cent wrongly believed that they had their lives insured but their insurance cover was less than 30 lakhs. Families of as many as 75 per cent of respondents were not aware of the details of the insurance cover.

An assessment of Assets and Liabilities under the program revealed that 90 per cent of the respondents had a contingency fund equal to 6 months of their salary. 70 per cent of the respondents, who had purchased the property in last 2-3 years, had overstretched themselves resulting in having less than 9 months of annual income as liquidity. Although loan ROIs have come down to the lowest, still 70 per cent were more inclined towards repaying loans instead of maintaining liquidity or making an investment. 78 per cent of the respondents had no proper assets allocation. They were overweight in one type of asset.

When it came to the Consolidation of Finances, 89 per cent of the respondents had never done their financial consolidation. 80 per cent of the spouses were not aware of the detailed assets and liabilities including the account details, while a proper nomination was missing in 54 per cent cases. Through this activity, 35 per cent of the clients had forgotten about small chunks of investments done long back.

“I believe that knowing the problem is half as good as solving it. This program allowed people to reflect on their existing financial standings and proved to be an eye-opener for most of them. We feel excited to have done this exercise as our clients really liked our initiative, especially the spouses as it ensured a productive communication with their partners towards sharing the financial responsibilities and maintaining healthy finances of their household,” added Nishant.

“Having one’s investments skewed towards one asset class is not a good sign for a healthy investment portfolio. Sometimes it is extremely critical to self-analyze one’s financial standing, especially for those whose jobs keep them too occupied. For instance, I never knew that I was highly underinsured until I undertook this assessment. This consolidation exercise has shown me key areas of improvement and has been quite helpful for me and my family and I would recommend this to everyone,” said Sameer Balakrishnan, Assistant Vice President at Mashreq Bank, Dubai who recently undertook the consolidation activity by Mudra Portfolio Managers.

The activity was carried out with a respondent mix of 40 per cent HNIs, 35 per cent NRIs and 25 per cent retail with 60 per cent of people with an annual earning of over INR 30 lakhs, 30 per cent people of annual earnings between INR 10 and 30 lakhs and 10 per cent with salary up-to INR 10 Lakhs.

time, there arise various what-if scenarios for instance, what if I'm not there tomorrow, my family should know our financial worth as well as have a clear picture of the investments," said Pankaj Agrawal, Managing Partner at Leela Fincare Group about the Consolidation Activity. "Such an exercise, though time-consuming at first, becomes a ready reckoner of the areas we need to work upon to be financially sound. It's worth it," he added.

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