

Important wealth preservation strategies you should know about

As a High-Net-Worth Individual (HNI), your journey to successful wealth generation is a testament to your dedication, hard work, business acumen, and astute investments. However, wealth creation is only the beginning. To secure a lasting legacy and safeguard your financial stability and well-being, adopting wealth preservation strategies is crucial. By protecting your assets, chalking out a strategic plan for the future, and optimising tax liabilities, you can both preserve and increase your wealth in the long run. Hence, discussed here are the crucial wealth preservation strategies every HNI should be aware of.

- **Form a comprehensive financial plan**

Creating a well-defined plan is essential for wealth preservation. Consider collaborating with a reliable wealth advisor, such as Kotak Private, to evaluate your life goals, risk appetite, and investment time frames. This plan must encompass multiple aspects such as budgeting, investment allocation, tax optimisation, retirement goals, and estate planning. Ensure to periodically review and update your plan as per your changing circumstances.

- **Save up for exigencies**

Setting aside some amount of funds for exigencies and major expenses is a necessary wealth preservation strategy. Design a contingency fund to meet at least six months of your living expenditures. Moreover, allocate funds to meet big-ticket purchases such as business expansion, children's higher education, and property acquisition. By systematically saving, you can prevent the need to liquidate your long-term investments for meeting immediate financial shortfalls or emergencies.

- **Diversify your portfolio**

Investment portfolio diversification is the key to safeguarding your wealth from market ups and downs. Disseminate your investments across distinct asset classes such as fixed-income assets, real estate, equities, and alternative investments. Adopting this approach helps in lowering your overall risk while increasing your potential returns. In case of any confusion, you can reach out to a wealth advisor or investment planner to determine an asset allocation strategy that aligns well with your risk appetite and life goals.

- **Get adequate insurance coverage**

Adequate insurance coverage plays a crucial role in protecting your wealth and offering financial assistance during unforeseen scenarios. Consider buying adequate life insurance, critical illness covers, and health insurance coverage to safeguard yourself and your family. Additionally, explore various specialised insurance products such as wealth protection plans, which offer coverage to your assets and even provide succession planning benefits.

- **Form a real estate plan**

Real estate is a valuable constituent of wealth preservation strategy, allowing you to form a legacy for future generations. Prepare a prudent real estate plan including property investments, establishment of foundations or trusts, and succession planning. Seek professional advice to navigate tax and legal implications linked with real estate transactions.

Conclusion

As an HNI, implementing an effective wealth preservation strategy is essential for protecting your finances and leaving a legacy behind. By forming a comprehensive plan, saving considerable funds for emergencies, diversifying your portfolio, investing in an insurance plan, and creating a well-defined plan for real estate, you can safeguard and grow your wealth in the long run.

Note that seeking guidance from a trustworthy wealth advisor and planner such as Kotak Private can endow you with well-planned customised strategies and invaluable insights to navigate complications linked with your wealth preservation plan.