



The Ten Point Action Plan !

Your Action Plan For Ultimate Financial Wellbeing



What is Financial Wellbeing?

Financial Wellbeing is that state of being wherein a person is making the most efficient use of financial resources, is in a position to manage any unexpected financial event, is on track for meeting current & future financial goals, and has a feeling of peace & satisfaction about financial life.



10 Point Action Plan for Financial Wellbeing

1. **Save before you spend**
2. Park aside an emergency fund
3. Buy a Term Insurance Policy
4. Buy a Health Insurance Policy
5. Diversify your assets classes
6. Start Investing for Retirement
7. Go for Goal based investing
8. Try to avoid debt
9. Don't Fall for alluring returns or unregulated instruments
10. Don't leave your tax planning at the last minute



Are you a Spender or a Saver or an Investor?

SPENDER

- INCOME **minus** EXPENSES = SAVINGS

SAVER

- INCOME **minus** SAVINGS = EXPENSES

INVESTOR

- SAVINGS **plus** GROWTH = INVESTMENTS



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- **Why** – job loss, business downturn, medical emergencies, unplanned & non-negotiable expenses
- **How much** – Ideally 6 -12 months of expenses
- **Where to park the money** – Savings Bank / FDs or Liquid Mutual Funds



Options for Emergency Fund

Sr.No.	Parameter	Savings Account / FD	Liquid Funds
1	Returns	4-6%	5-6% *
2	Risk	Low	Low
3	Taxation	Interest earned is exempt up to Rs.10,000 & further amount is taxable as per slab rates	The gains are taxable depending on the holding period: < 3 yrs: STCG – as per Tax slab; >=3 yrs: LTCG – 20% with indexation
4	Liquidity	You can withdraw at any time of the day	You can get your money credited to your bank account on next working day
5	Suitable for	Money required for monthly expenses	Money parked for emergency funding / idle money which needs to be channelized later

* - Returns are not guaranteed



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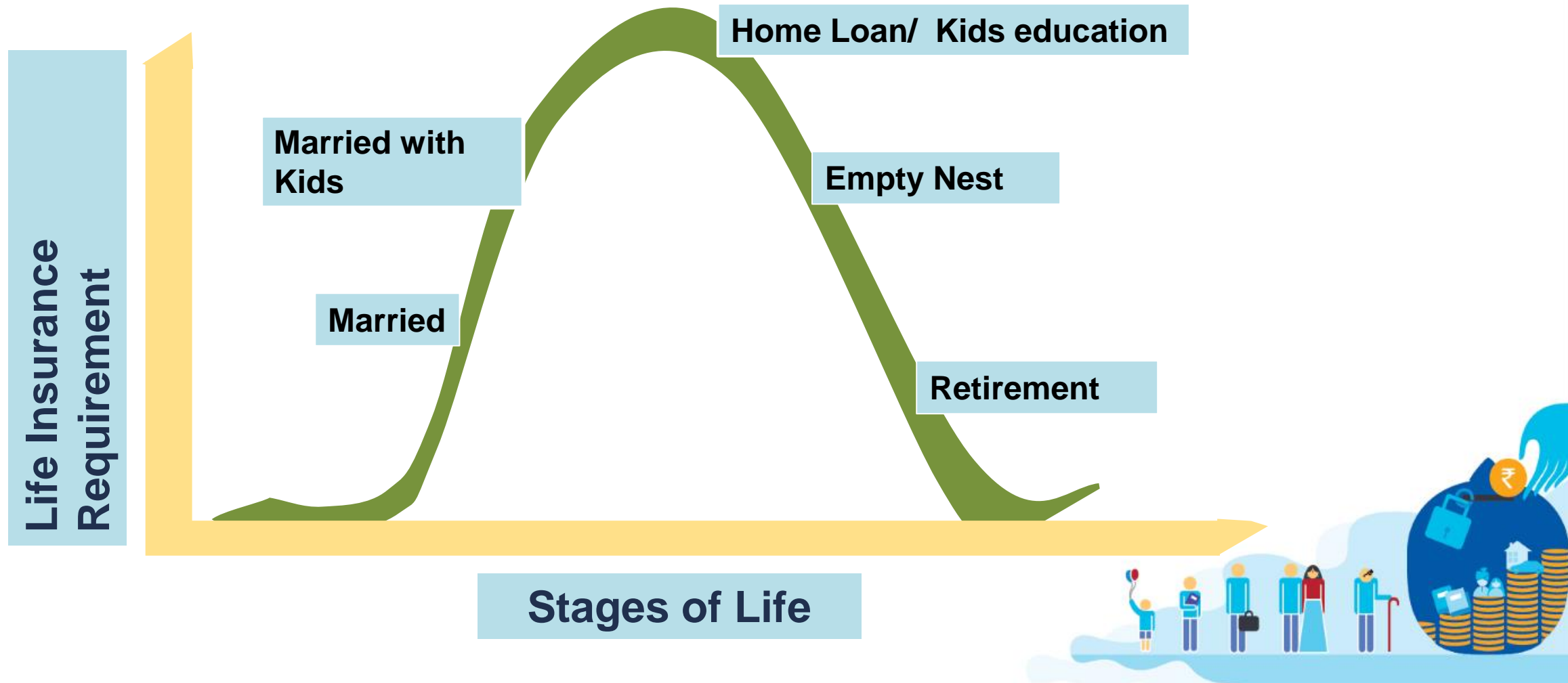


Life Insurance – Do's & Don'ts

- **Why** – Nobody thinks about your family as much as you do
- **For whom** – Spouse, Kids & Parents
- **When** – as soon as someone is dependent on you – spouse, kids & parents
- **How much** – should take care of all future expenses and goals
- **Thumb rule** – At least 10 times of your annual income. Ideally 20 times of your annual income
- **What type** – Pure Term insurance policies
- **Tip** – Don't buy Life Insurance as investments or for tax saving only



When do you need insurance?



Insurance schemes from Government

The infographic is divided into two main sections by a double-headed arrow. The left section, titled 'Pradhan Mantri Suraksha Bima Yojana', features a blue background and a family under an umbrella. The right section, titled 'Pradhan Mantri Jeevan Jyoti Bima Yojana', features a yellow background and a farmer watering a plant. A red-bordered box at the bottom of the infographic contains the insurance period and additional details.

Pradhan Mantri Suraksha Bima Yojana

Accident insurance worth ₹ 2 lacs at just ₹ 12 per annum

- For all Bank account holders whose age is between 18 to 70 years
- Insurance also covers permanent disablement due to accident

Pradhan Mantri Jeevan Jyoti Bima Yojana

Life insurance worth ₹ 2 lacs at just ₹ 330 per annum

- For all Bank account holders whose age is between 18 to 50 years
- Life Insurance amount for your family, in your absence

Period of Insurance, Annual : 1st June – 31st May

- The premium will be deducted from the account holder's savings bank account through 'auto debit' facility
- The person would be eligible to join the scheme through one savings bank account only



How much does it cost for a 1 crore cover?

Name of the insurer	Plan	Premium in ₹ as per age (yrs) of policyholder			Claim settled (% , FY17)
		30	35	40	
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,827	97.78%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	96.29%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	95.26%
AEGON Life Insurance	iterm	7,497	9,512	12,717	94.56%
Life Insurance Corporation of India	e-Term	17,044	21,061	26,597	94.45%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,732	10,974	15,104	94.00%
Aviva Life Insurance	i Term Smart	7,886	9,662	12,409	92.25%
SBI Life Insurance	eShield	11,092	13,228	16,154	92.13%
Canara HSBC Oriental Bank of Comm. Life Ins.	iSelect Term Plan	7,379	8,849	11,464	92.03%
ICICI Prudential Life Insurance	iprotect smart	9,740	11,919	15,252	92.03%
Aditya Birla SunLife Insurance Co. Ltd.	Online Term Plan	9,522	11,516	14,578	90.51%
Exide Life Insurance	Elite Term	9,809	11,680	14,343	89.61%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	89.39%
Kotak Mahindra Life Insurance	Kotak e-term Plan	8,968	11,092	14,986	88.88%
DHFL Pramerica Life Insurance Co. Ltd.	Flexi E-term	7,734	9,482	12,201	88.68%

These premiums are for a non-smoker healthy individual. The max age for the cover taken is 60 years. i.e a 30 year old person will pay premiums for 30 years whereas the 40 year old person will pay for 20 years.

Pls note the premiums are indicative. Actual premiums will depend on the health and other demographics data of the individual.

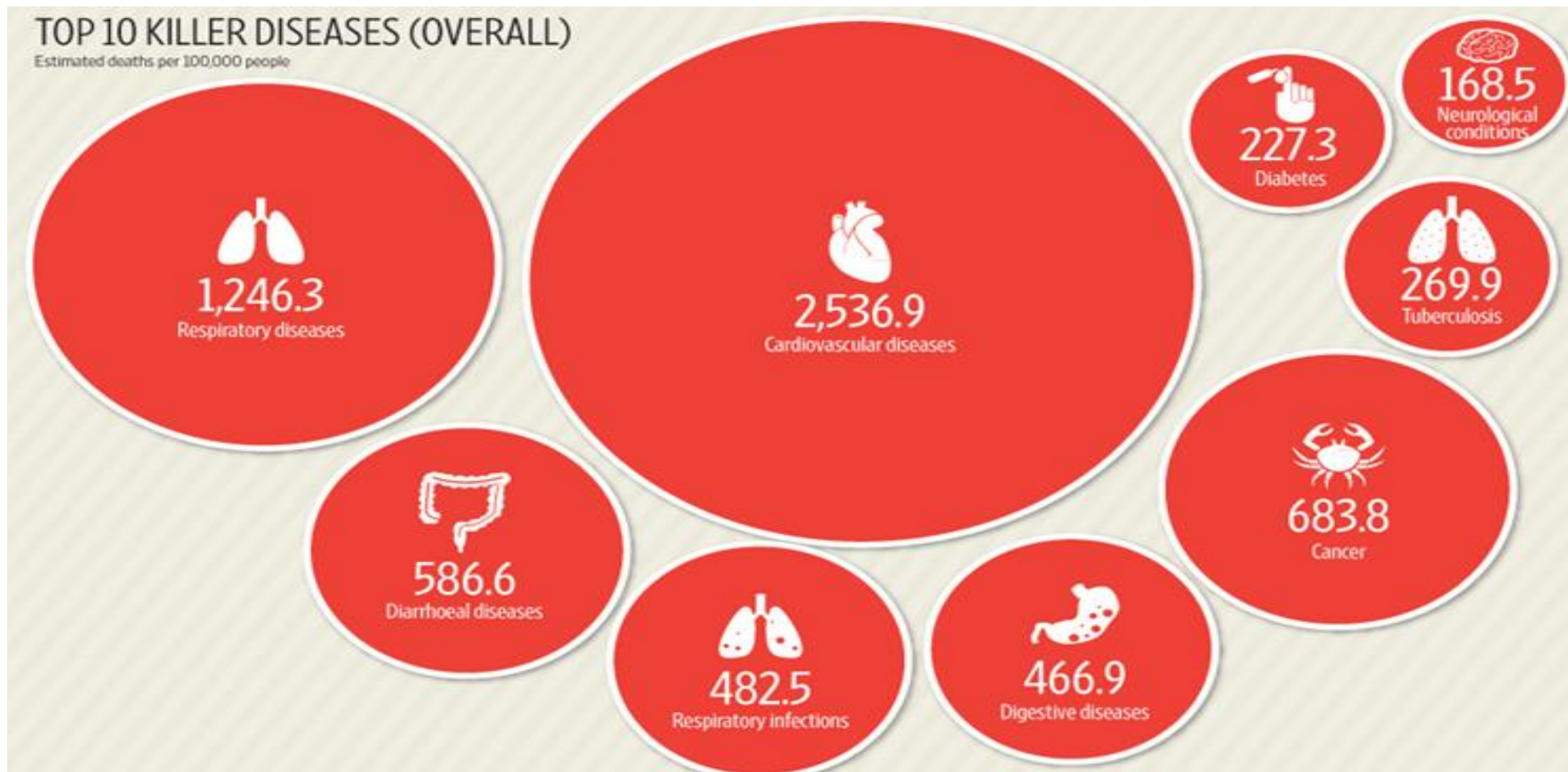
Source: Mint Newspaper (Updated June 23, 2019)



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Source link: <http://drmopennow.com/blogs/heart-disease-no-1-killer/>



Health Insurance

Why is Health Insurance important?

- Rising medical costs
- Uncertain hospital bills
- Expensive / quality health care services
- Benefit - Family health insurance at a lesser premium
- Tax benefit u/s 80D of IT act, 1961
- **Types – Mediclaim, Critical Illness, Personal Accident**



Health Insurance- Cost

2 Adult + 2 Child	Sum Assured 5 Lacs	Sum Assured 10 Lacs
Company 1	14,532	20,395
Company 2	17,627	20,535
Company 3	19,249	24,633

Apart from premium, it's important to compare features & claim settlement record



Health Insurance- PMJAY



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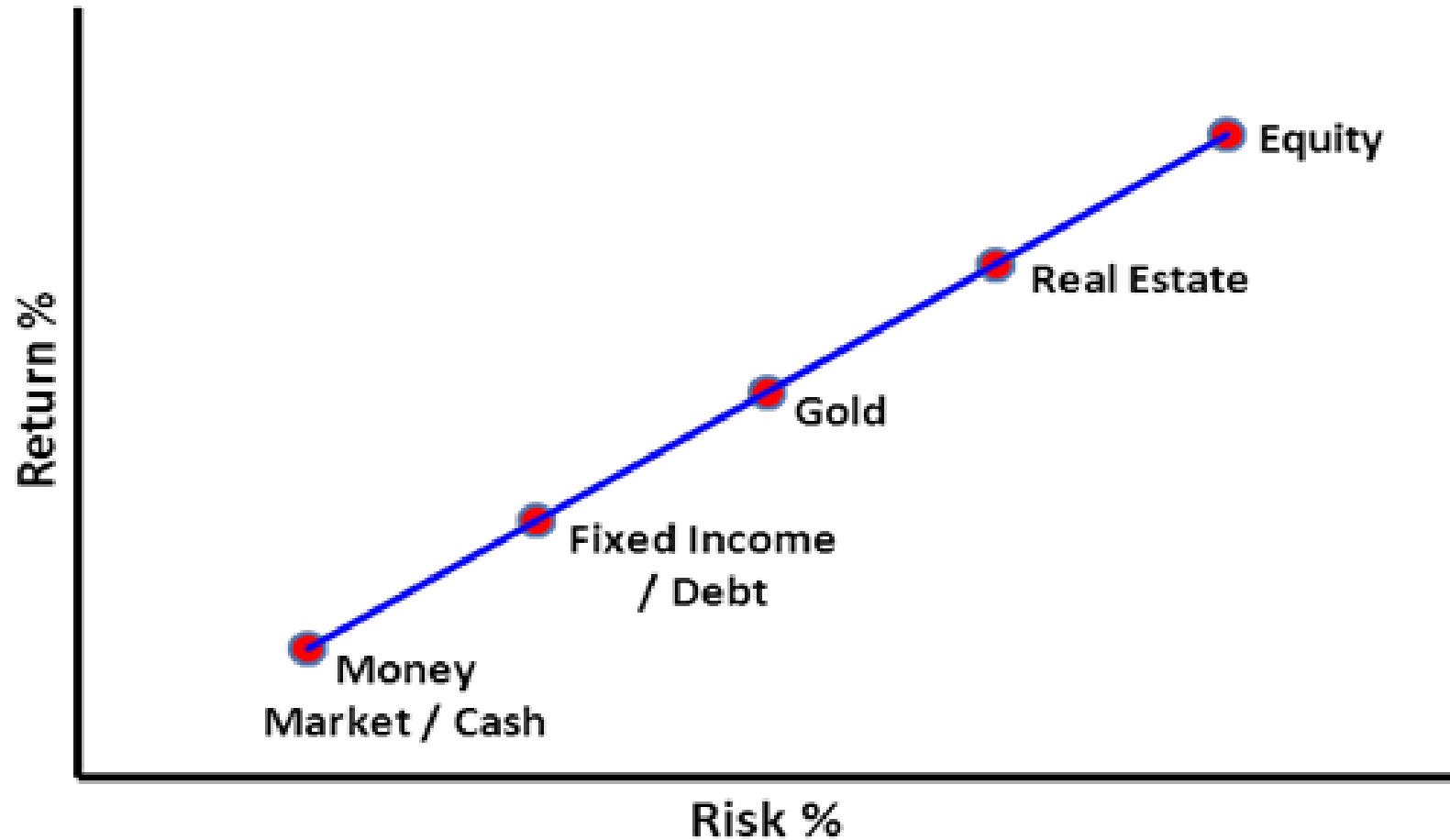
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Risk Vs. Return tradeoff



Risk Vs. Return trade-off



No. 1 Enemy of Investing - Inflation

- Inflation is the No. 1 Enemy of your Investments
- Eats into your savings and investments
- Purchasing Power of money reduces with time
- Your Investments have to beat inflation to grow else no use
- Government Inflation (Economic Inflation) Vs. Your Inflation (Lifestyle Inflation)



Your investments should beat your lifestyle inflation

Few years Back	Today
Ordinary Shoes – Rs. 500	Branded Shoes – Rs 3000
Domestic Brand Watch – Rs. 1500	International Brands – Rs. 7500
Restaurant – Rs. 1000	Fine Dining – Rs. 5000
Medicine – Rs. 500	Healthcare Products – 3000
School fees – Rs. 5000	DPS fees – Rs. 100000
Normal Mobile – Rs. 3000	Branded Phone – Rs. 50000
Scooter – Rs. 50000	Low-end Car – Rs. 5 Lakhs
Movies in Single Screen – Rs. 50	Movies in Multiplexes – Rs. 250
Vacation – Domestic – Rs. 50000	Vacation – International - Rs. 5 Lakhs

Economic Inflation: 4-5% (CII – Government published Cost of Inflation Index)

Lifestyle Inflation: 10-12 % and upwards

Beware, your lifestyle inflation can be higher than the Economic Inflation



No. 2 Enemy of Investing - Taxes

**IN THIS WORLD
NOTHING CAN BE SAID
TO BE CERTAIN, EXCEPT
DEATH AND TAXES.**

Benjamin Franklin

While choosing an investment product, choose tax efficient product



Fixed Deposits

- Impact of Inflation
- Impact of Taxes
- Negative Real Rate of Return



Real Estate

- Overstretch your financials to own a piece of real estate
- Liquidity related problems
- Maintenance costs of real estate
- Unregulated market – artificial pricing
- Stagnation problem

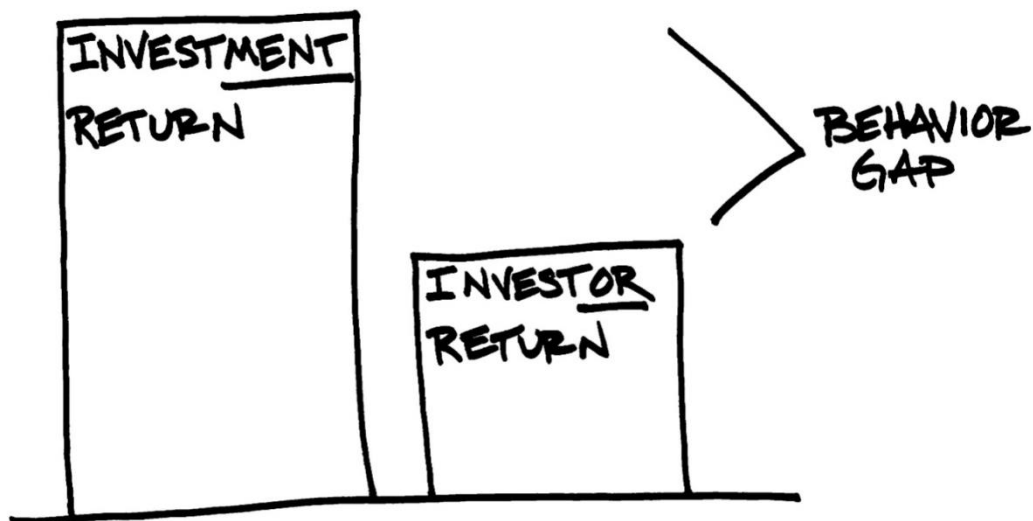


Gold

- Best for Lifestyle related usage - Jewellery
- Some exposure to Gold as a inflation hedge is fine
- Best way to investing in Gold is to buy Sovereign Gold Bonds



Direct Equity



BEHAVIORGAP.COM

Over a period of time, the equities give very good returns, but the investors behaviour of churning the portfolio, doesn't allow him to get the same returns from it.

BSE Sensex Rolling Returns

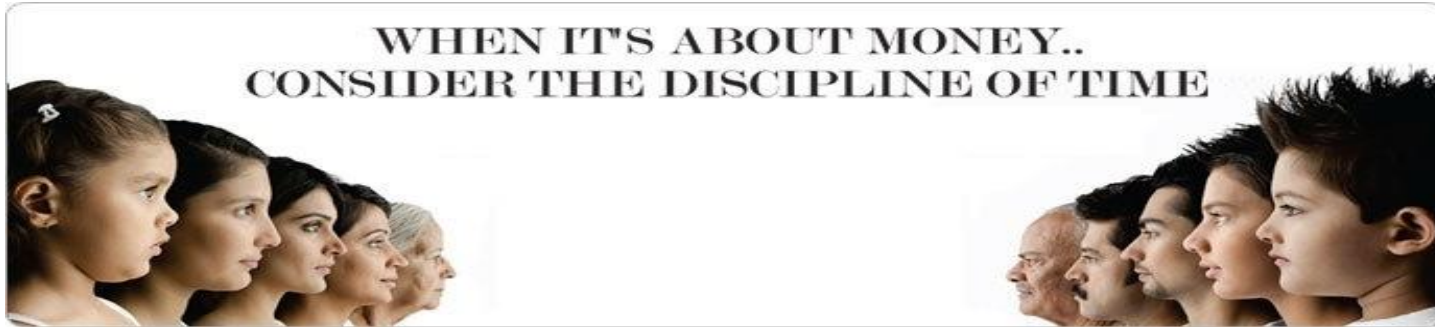
Year	Value on 31st Dec	ROLLING RETURNS %						
		1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
1980	148							
1981	228	53.6%						
1982	236	3.6%						
1983	253	7.2%	19.5%					
1984	272	7.5%	6.1%					
1985	527	94.0%	30.8%	28.9%				
1986	524	-0.6%	27.5%	18.2%				
1987	442	-15.7%	17.6%	13.4%	16.9%			
1988	666	50.7%	8.1%	21.4%	16.6%			
1989	779	16.9%	14.1%	23.4%	18.6%			
1990	1,048	34.6%	33.3%	14.7%	22.5%	21.6%		
1991	1,909	82.1%	42.0%	29.5%	32.1%	23.7%		
1992	2,615	37.0%	49.8%	42.7%	25.7%	27.2%		
1993	3,346	27.9%	47.2%	38.1%	30.3%	29.5%		
1994	3,927	17.4%	27.2%	38.2%	36.6%	30.6%		
1995	3,110	-20.8%	5.9%	24.3%	24.6%	19.4%	22.5%	
1996	3,085	-0.8%	-2.7%	10.1%	21.7%	19.4%	19.0%	
1997	3,659	18.6%	-2.3%	6.9%	19.6%	23.5%	20.1%	
1998	3,055	-16.5%	-0.6%	-1.8%	7.0%	16.5%	18.1%	
1999	5,006	63.8%	17.5%	5.0%	9.7%	20.5%	21.4%	
2000	3,972	-20.6%	2.8%	5.0%	2.5%	14.2%	14.4%	17.9%
2001	3,262	-17.9%	2.2%	1.1%	-2.6%	5.5%	13.0%	14.2%
2002	3,377	3.5%	-12.3%	-1.6%	1.2%	2.6%	14.5%	14.2%
2003	5,839	72.9%	13.7%	13.8%	9.5%	5.7%	15.6%	17.0%
2004	6,603	13.1%	26.5%	5.7%	8.8%	5.3%	15.3%	17.3%
2005	9,398	42.3%	40.7%	18.8%	17.4%	11.7%	15.7%	15.5%
2006	13,787	46.7%	33.2%	33.4%	15.6%	16.1%	14.1%	17.8%
2007	20,287	47.1%	45.4%	43.1%	26.2%	18.7%	14.6%	21.1%
2008	9,647	-52.4%	0.9%	10.6%	16.8%	12.2%	7.3%	14.3%
2009	17,465	81.0%	8.2%	21.5%	26.5%	13.3%	10.5%	16.8%
2010	20,509	17.4%	0.4%	16.9%	19.7%	17.8%	13.4%	16.0%
2011	15,455	-24.6%	17.0%	2.3%	12.9%	16.8%	11.3%	11.0%
2012	19,427	25.7%	3.6%	-0.9%	10.9%	19.1%	11.8%	10.5%
2013	21,171	9.0%	1.1%	17.0%	6.3%	13.7%	13.8%	9.7%
2014	27,499	29.9%	21.2%	9.5%	4.4%	15.3%	12.0%	10.2%
2015	26,118	-5.0%	10.4%	5.0%	15.3%	10.8%	13.4%	11.2%
2016	26,626	1.9%	7.9%	11.5%	6.2%	6.8%	15.0%	11.4%
2017	34,057	27.9%	7.4%	11.9%	7.5%	5.3%	16.7%	11.8%
2018	36,068	5.9%	11.4%	11.2%	12.9%	14.1%	12.9%	13.1%

	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
Lowest	-52.4%	-12.3%	-1.8%	-2.6%	2.6%	7.3%	9.7%
Highest	94.0%	49.8%	43.1%	36.6%	30.6%	22.5%	21.1%
Median	17.1%	12.5%	13.6%	16.1%	16.1%	14.5%	14.2%
Mean	20.1%	16.2%	16.1%	15.6%	15.8%	14.8%	14.3%

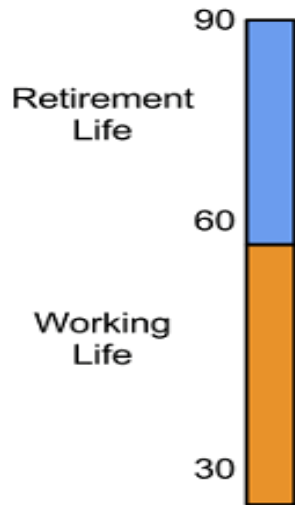
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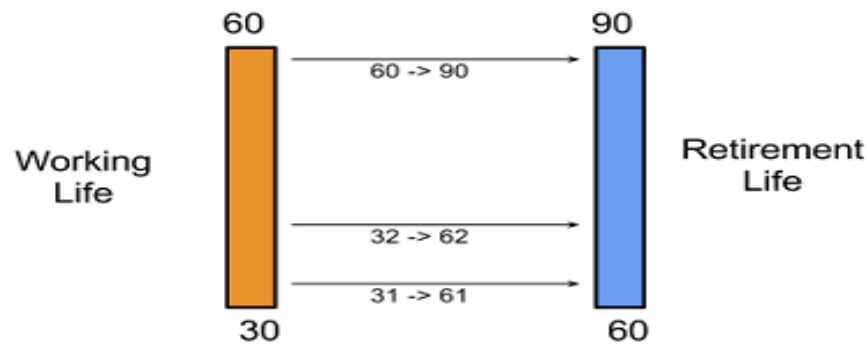




How People look at it



How People should look at it



Each year of earning should contribute to each year of retirement. Failing to save in some year would affect your retirement by some margin.

Each year of invested amount in the earning phase of life, will contribute towards each year of retirement phase of life due to the compounding effect of the invested amount



What to do?

- Start Early
- Invest in Equities
- Invest Regularly
- Contribute and hold on to your EPF / PPF / NPS Investments
- Don't depend on others



Atal Pension Yojana

AtalPensionYojana.net

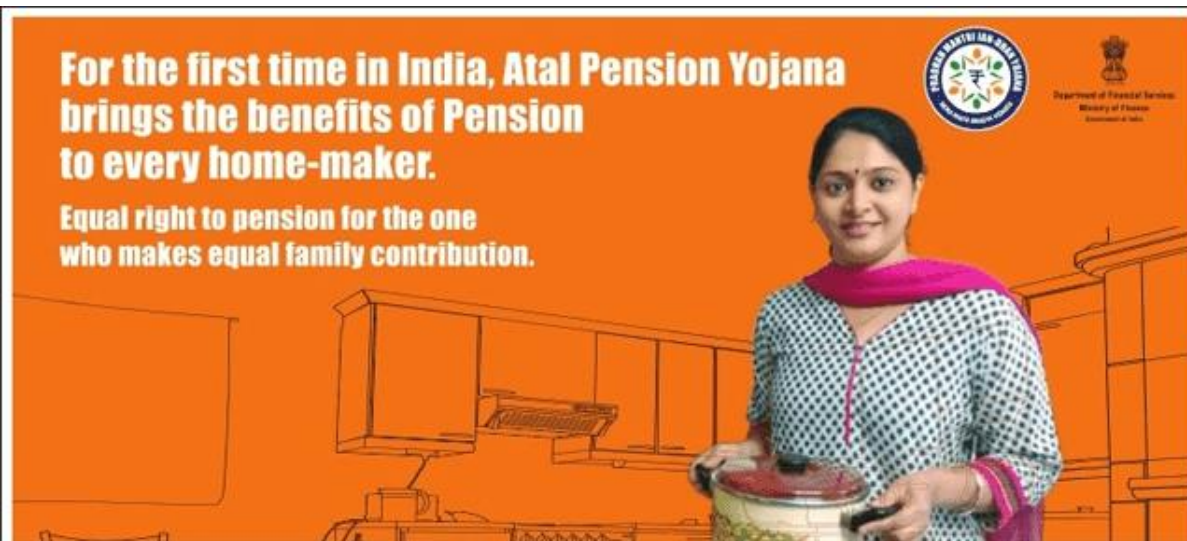
Minimum Investment, Maximum Benefits during old-age

Age of joining	Years of Contribution	Indicative Monthly Contribution (in Rs.)	Monthly Pension to the subscribers and his spouse (in Rs.)	Indicative Return Corpus to the nominee of the subscribers (in Rs.)
18	42	210	5,000	8.5 Lakh
20	40	248	5,000	8.5 Lakh
25	35	376	5,000	8.5 Lakh
30	30	577	5,000	8.5 Lakh
35	25	902	5,000	8.5 Lakh
40	20	1,454	5,000	8.5 Lakh

Fixed monthly pension from Rs.1000 to Rs.5000 depending on the contributions

For the first time in India, Atal Pension Yojana brings the benefits of Pension to every home-maker.

Equal right to pension for the one who makes equal family contribution.



Get your name registered for Atal Pension Yojana, today.

Atal Pension Yojana

For all Bank Account Holders aged between 18 and 40 years

Monthly pension will be based on the contribution, when one joins at the age of 18 by contributing

₹42 to ₹210 per month

One can avail of life long pension

₹1,000 to ₹5,000

from the age of 60 years

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Goals of Life

- Retirement Corpus
- Children's Education
- House Purchase
- Annual Vacations
- Car Purchase
- Children's Marriage
- Others – Sabbatical, Charity, Vacation Home, House Renovation, etc



"COMPOUND INTEREST
IS THE 8TH WONDER
OF THE WORLD...



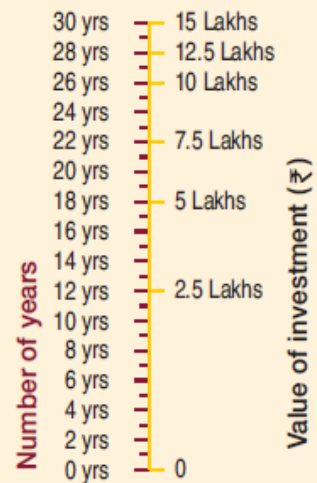
HE WHO UNDERSTANDS
IT, EARNS IT ...
HE WHO DOESN'T ...
PAYS IT"--ALBERT EINSTEIN



₹ 1000 invested regularly, every month,
over 30 years (a total of ₹ 3.6 Lakhs) has
the potential to become ₹ 15 Lakhs!

(assuming a growth of 8% p.a.)

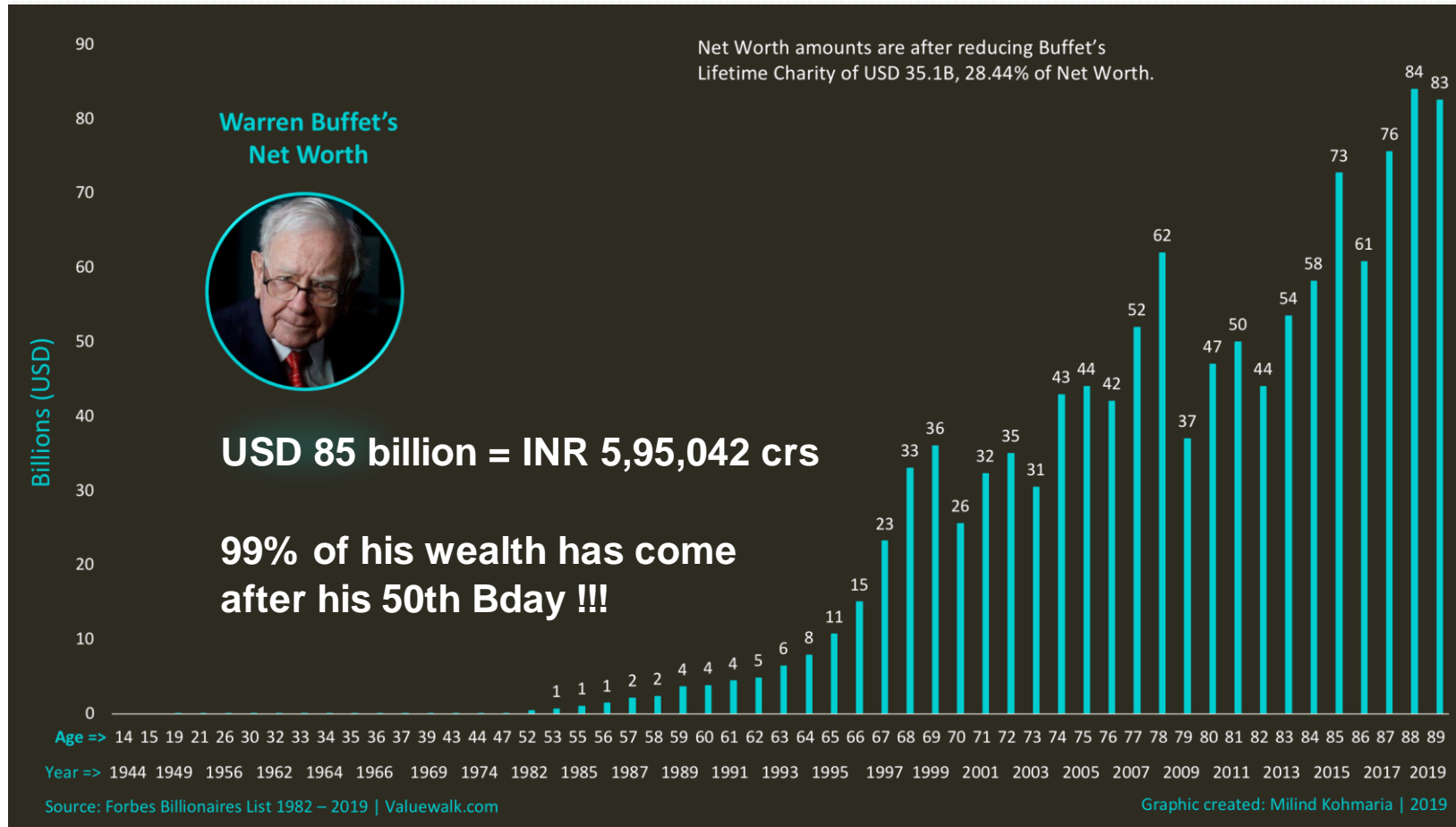
Example of Power
of Compounding



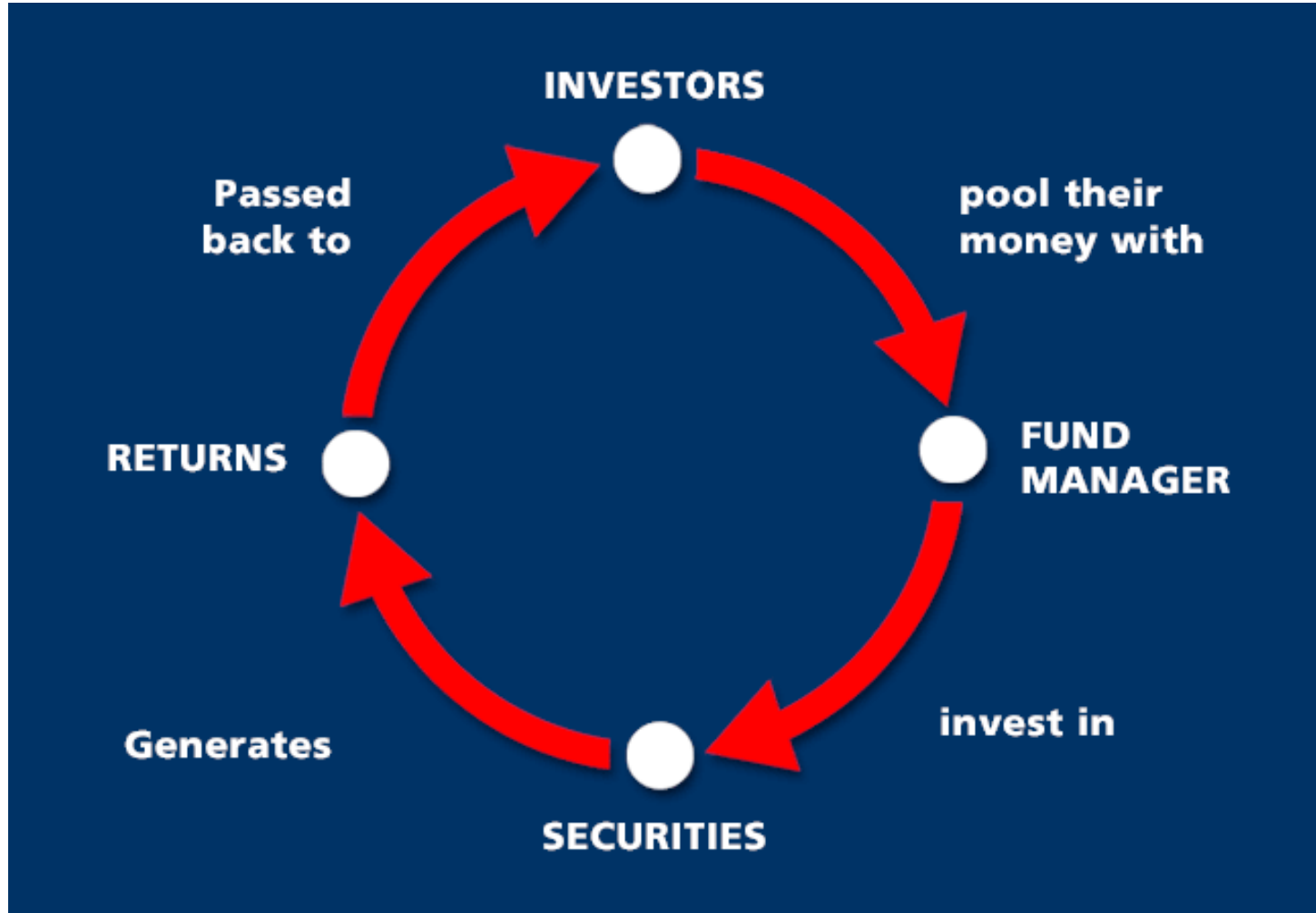
Those who
understand,
earn. Those
who don't,
pay.



True power of compounding



Mutual Fund Operation Flow Chart



Advantages of Mutual Funds

- Professional Management
- Diversification
- Convenient Administration
- Return potential
- Low cost
- Liquidity
- Transparency
- Flexibility
- Choice of schemes
- Well regulated
- Qualified Advisors
- Tax benefits

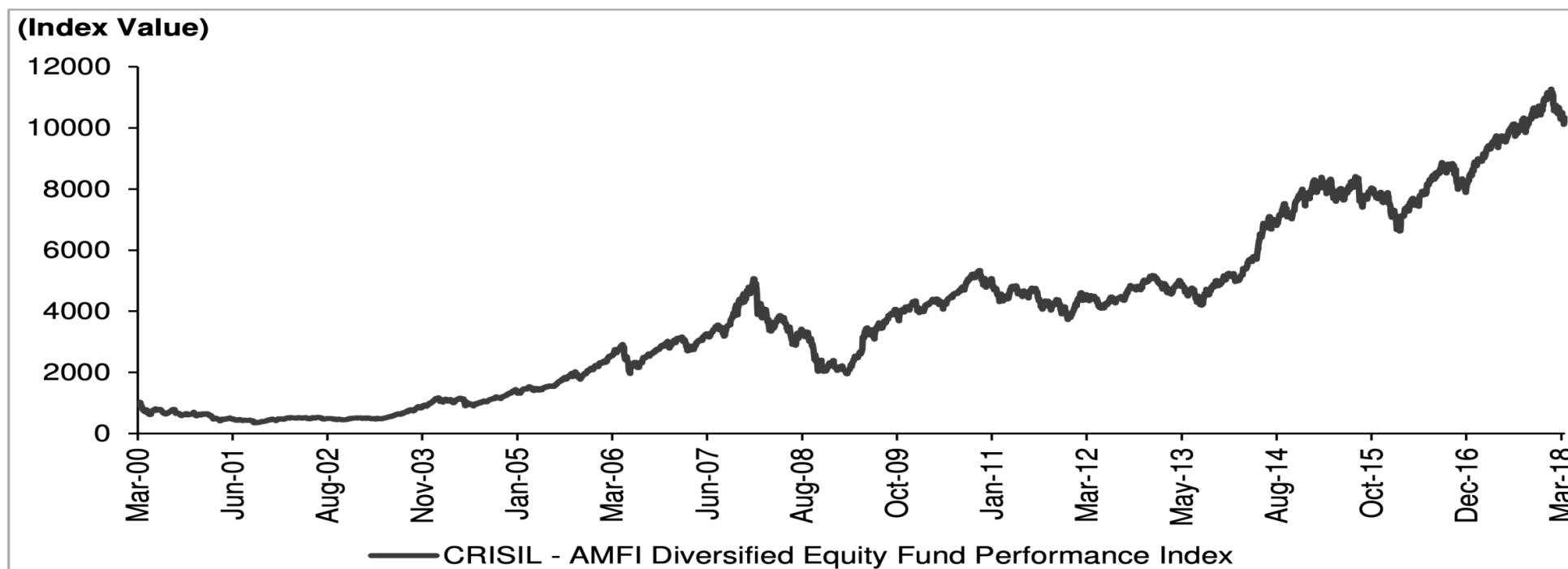


Dis-advantages of Mutual Funds

- Management Fees
- Exit Loads
- Poor Performance
- No Guarantee
- Taxation confusing
- Mis-selling



CRISIL - AMFI Diversified Equity Fund Performance Index: Performance Details – March 2018



Index	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	7 Years (%)	10 Years (%)
CRISIL - AMFI Diversified Equity Fund Performance Index	10.93	17.85	8.57	16.34	17.15	11.78	11.25

Returns as on March 28, 2018

Returns for period greater than one year are annualised returns

What are SIPs – Drops of Water make an Ocean

- Invest on a Monthly basis
- Directly gets debited from bank account
- Brings in discipline to investing
- Rupee Cost Averaging
- Power of Compounding at Work
- Excellent for achieving Medium Term & Long term goals in life



Map Your Investments to Your Goals

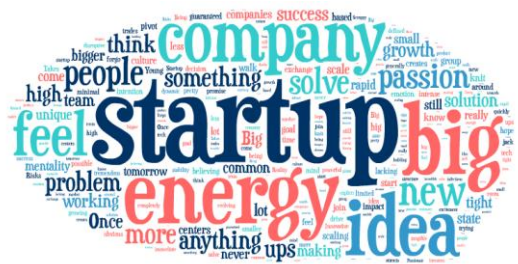
Objective	Horizon	Mapped Products (Sample)	Possible Goals
Very Short Term	<1 Year	Liquid Mutual Funds	Contingency Funding, Park Your Bonuses & Windfalls
Short Term	1-3 Years	Debt Mutual Funds	Vacations, Car Purchase, Park Retirement Corpus for Fixed Income
Medium Term	3-6 years	Balanced Mutual Funds	House Purchase, Car Purchase, Start Up Funding
Long Term	6-10 Years	Diversified Equity Mutual Funds	Children's Education, Children's Marriage, Dream House
Very Long Term	10 + Years	Diversified, MidCap, SmallCap & Sectoral MFs	Retirement. Children's Future, Wealth Creation for Next Generation

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Good Liabilities



Bad Liabilities



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TIPS TO AVOID SCAMS & PONZI SCHEMES:

Most scams & ponzi schemes seem to be legitimate to start with. Unfortunately by the time one realizes, it's too late.

These are some ways to avoid falling into traps:

1. Avoid taking impulsive decisions
2. When a return is promised, find out who's backing it. Only Govt can give guarantees
3. If an instrument is too complex for one's understanding; avoid
4. Don't respond to spam calls, messages or Emails
5. If the salesperson is too persistent on a product, avoid
6. If you're too busy or you find financial markets too complicated, appoint an advisor
7. Check the background, experience & qualification of the advisor
8. Invest only in regulated instruments
9. Don't bundle investment & protection
10. Understand there's no such thing as free lunch

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80C Qualified Tax Saving Investments

Instrument	Returns	Lock In Period (in Years)
EPF	8.55%	Until Retirement
Sukanya Samriddhi Scheme	8.4%	Until the child turns 18
PPF	7.90%	15
FD's – Banks & Post office	6.50 to 8.00%	5
Senior Citizen Savings Scheme	8.60%	5
Life Insurance Policies	5 to 6%	3
ELSS	Market Linked	3
ULIP	Market Linked	3 - 5
Home Loan Principal Payment	NA	NA

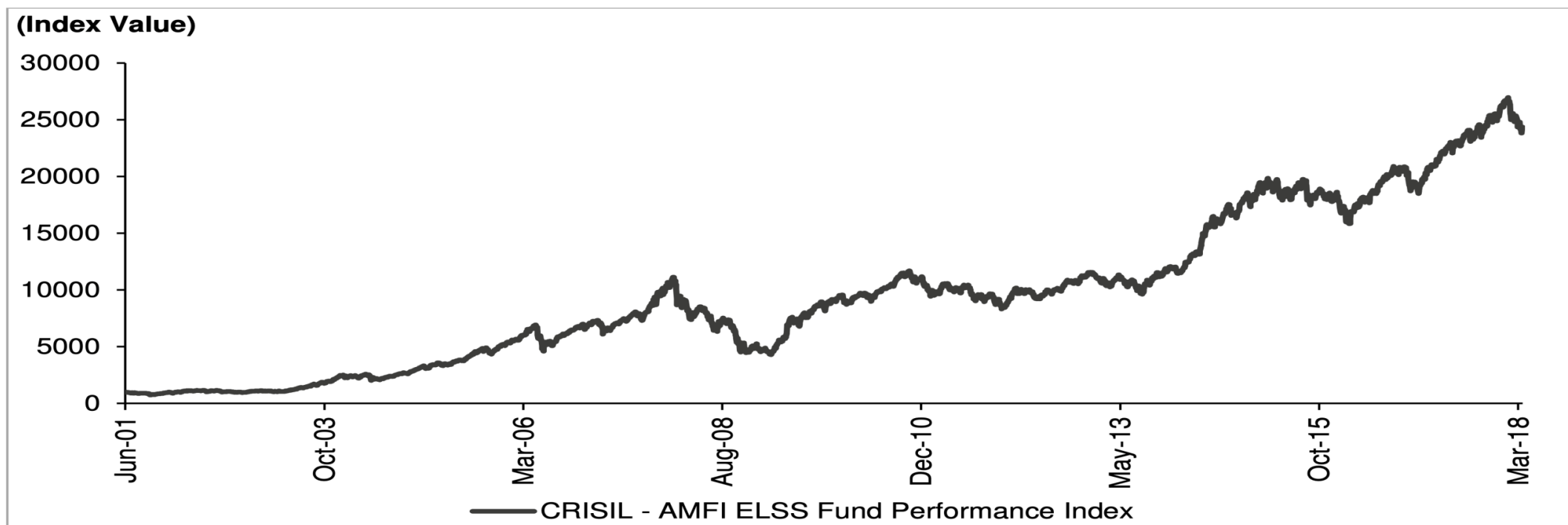
Note: A direct comparison may not be possible between the products due to their respective nature

ELSS Advantage over other tax saving instruments

1. Low Lock in period
2. Earn market linked return
3. Tax free returns



CRISIL - AMFI ELSS Fund Performance Index: Performance Details – March 2018



Index	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	7 Years (%)	10 Years (%)
CRISIL - AMFI ELSS Fund Performance Index	10.94	17.53	8.41	16.89	18.24	12.98	11.95

Returns as on March 28, 2018

Returns for period greater than one year are annualised returns

Other Tax Benefits

Deductions u/s 80C	Investments in PF, PPF, Life Ins., ELSS, etc	Upto Rs. 1,50,000
Deductions u/s 80CCD	Investments in NPS	Upto Rs. 50,000
Deductions u/s 80D	Medical Insurance Premium (Self, Parents)	Upto Rs. 25,000
Deductions u/s 80G	Eligible Donations upto specified percentage	Upto 50% / 100%
Deductions u/s 80E	Interest Paid on Education Loan	All Interest Paid
Deductions u/s 80TTA	Interest Received on Savings Bank A/C	Upto Rs. 10,000
Tax Benefit u/s 24	Interest Paid On Home Loan	Upto Rs. 2,00,000



Investors do unplanned & ad-hoc investments

- Tax Season investments
- Relatives / Friends as agents
- Fall for Aggressive Sales pitches
- Flavour of the Season
- Herd Mentality



What to do with existing Investments

- Cross-check Nominations
- Cross-check Bank Details
- Cross-check Addresses
- Assign it to one of your Goal
- Put all documents together
- Consolidate Passwords and Online Logins
- Make a simple Will



Importance of a Financial Advisor in Your Life

- Helps You Avoid Investment & Financial Mistakes
- Helps you develop a bigger and clearer picture about your financial life
- Helps you articulate goals and clear investment objectives
- Helps you stay invested, avoid panicking and sleep in peace even in Volatile Markets
- Stays with you till your Goals and Investment Objectives are met
- Educates and Empowers you & your family members to always stay in control
- Provides unbiased recommendations, second opinions & address blindspots

