

Handbook for the Financial Wellbeing Journey



Introduction

Thank you for your interest in the Financial Security program. Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance about:

- Planning for Emergency
- Quick Access to funds in case of emergencies
- Life and Health insurance
- Useful video links to help you with further information
- Finsafe Tips

Planning for Emergency

- Emergency Cash
- Planning for Risk :
 - Life Insurance
 - Health Insurance

Emergency Cash

What is Emergency Cash?

Is an essential amount to be kept aside to fall back during emergencies/ uncertainties that might arise in future.

How to set up Emergency Cash?

Invest small amounts of money into a Fixed Deposit/ Overnight Debt Funds/ Liquid Debt Funds/ Ultra Short Duration Debt Funds.

Learning Resources:

<https://www.youtube.com/watch?v=HT2TNqTUoIU>

FinSafe Tips:

- Have at least 3-6 months of your expenses as emergency cash
- Start rebuilding the fund immediately, if used

Quick access to funds in case of emergencies



- Withdraw your emergency Corpus
- Exit existing investments like Fixed Deposits, Gold, or Mutual Funds
- Withdraw cash using credit cash or use credit card for emergency
- Loans

Loan options for emergency



Loans against Fixed Deposit:

- Loans up to 90-95% of deposit amount
- Not eligible on FD in name of minor or FD on 5 year tax saving term deposits
- Loan Interest rates are 0.5% to 2% above



Loans against Gold:

- Secured loans against gold ornaments
- Lender sanctions loan amount based on amount of gold
- Loan to value of almost 75% of pledged loan's market value
- Rates vary between 7.5% to 13% p.a.

EPF withdrawal options

Withdraw from
EPF corpus

- Possible for specified medical emergency for member/ spouse/ parent/ children
 1. Employee's share plus interest

or

 2. 6 times of the monthly salary.
(Lower of the two)

- Covid -19 EPF withdrawal
 1. 3 months of basic and dearness allowance or
 2. 75% of EPF balance
(Lower of the two)

Need to plan for Risk of Life

What is Risk Of Life?

Protecting your loved one's financial future and help them maintain their lifestyle/achieve all financial goals, in case of uncertainty to your life.

How to buy a Life Cover?

- Term insurance provides higher Sum Assured with lower premiums.
- Compare policies online:
 - Premium amount
 - Claims Ratio

Learning Resources:

<https://www.youtube.com/watch?v=J1piiymZLKU>

FinSafe Tips:

- Buy the right amount of insurance
 - At least 10 times of your annual gross salary
 - Access a Human Life Value (HLV) calculator in any insurance website to help you get a desired amount

Other access to Life Insurance

Employees Deposit Linked Insurance

EPF has in built insurance cover of Rs 7 lakhs.
0.5% from employer's contribution goes towards EDLI

National Pension Scheme, Mutual Funds & other investments

Nominee can claim accumulated corpus

Savings account & Credit Cards

Offer Personal
Accident Insurance
cover

Health Insurance

What is Health Insurance?

Covers cost on medical bills that may be incurred due to illness.

How to buy a Health Cover?

- Employer provided health cover for self and family
- External covers : Compare policies on:
 - Premium amount
 - Claims Ratio
 - Exclusions
 - Sub limits

Learning Resources:

- 1) <https://www.youtube.com/watch?v=vGVynJz4S9o>

FinSafe Tips:

- Take additional top-up from office provided insurance
- Plan for a health cover of Rs 10-20 lakhs
- Critical Illness Rider for Rs 5-10 lakh
- Separate policy for parents
- Increase cover amount based on income, health condition and medical inflation

Standard Insurance Cover & Corona Kavach

Arogya Sanjeevani Policy

- IRDAI has mandated uniform standard health insurance cover. Available across Insurers
- Sum assured vary from Rs.50,000 to 10 Lakhs
- Room rent sub-limit up to 2% of sum insured , max up to Rs.5,000 per day
- ICU charges up to 5% of sum insured, max up to Rs.10,000 per day
- Only hospitalisation cover or day procedures are covered and does not cover OPD charges
- Can take top up plans

Corona Kavach Policy

- Indemnity type policy
- Only for Covid-19
- Sum assured vary from Rs.50,000 to 5 Lakhs
- Cover upto 1 year
- Waiting period of 15 days
- Coverage :
 - Covid Hospitalisation expenses
 - Home care treatment
 - Medical expenses towards Ayush treatment
 - Pre and post hospitalisation costs

Learning Resources:

<https://www.youtube.com/watch?v=CVTIT5WSAbo>

Corona Rakshak Policy

- 100% sum insured in lumpsum paid if tested positive for covid-19 and hospitalised for 72 hours or more.
- Maximum sum assured up to 2.5 lakhs

Health Cover for Parents

Features of Super top up covers

Super top up cheaper than Base cover

Super top comes with deductible

- Offers day procedures,
- Critical illness covers,
- can be taken as family floaters

Learning Resources:

<https://www.youtube.com/watch?v=OYidlf7axMA&t=>

FinSafe Tips:

- Take up additional insurance through company provided insurance.
- Use super top up policy instead of base cover
- Use employer cover to cover deductibles and for remaining, use super top up policies
- Super top up policy instead of base cover
- Read necessary exclusions, waiting periods, pre-existing diseases, sub limit before choosing health covers

Pre and Post hospitalisation expenses Covid -19

➤ Pre hospitalisation expenses

- Most of the diagnostics tests linked to hospitalisation can be claimed , like RTPCR costs , CT scan etc
- Costs incurred up to 30 days before hospitalisation
- Only in case the patient test positive for Covid-19

➤ Post hospitalisation expenses

- Certain expenses post discharge upto 60 days can be claimed
- Expenses like nurse care, physiotherapy etc

➤ Check your policy clauses to check on the above

How to avoid rejection of Health Insurance

- Correct Information
 - ✓ While filling the Health insurance application
 - ✓ Provide Correct age, occupation, lifestyle habits like smoking, drinking etc.
- Disclosure of pre-existing disease
 - ✓ Disclose during the initial application
 - ✓ Cardiovascular ailments, BP, diabetes, etc
- Check for exclusions and waiting period clause
 - ✓ Check for Maternity, pre-existing disease waiting period
 - ✓ Check for Exclusion list
- Submitting / intimating claims on time
 - ✓ Emergency admission usually has 24 hour time to intimate
 - ✓ Advisable to fill accurate claim forms through Insurance company's TPAs.

Steps to follow if claim rejected

- Approach service quality team
- Ask for Insurance company to give in writing
- IRDA has set a limit of 15 days response time
- If no response, approach IRDAI's integrated grievance management system
- Further not resolved, approach Insurance Ombudsman

SUMMING UP

- Start with building 3 months of Emergency Fund
 - If no emergency fund, divert investments to Fixed deposits, Liquid Funds
 - Gold holding
 - Loan & EPF withdrawal should be the last option
- Term Plans are the best for life cover
 - Take the right amount of cover
 - Stick with vanilla term plan
 - Increase cover as per goals
- Health Insurance
 - Family floater with Critical Illness
 - Super Top up Plans
 - Check exclusions, sub limits & deductibles
 - Do not rely only on employer cover

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