

Handbook for the Financial Wellbeing Journey



Introduction

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

Here is a Handbook which gives a glance:

- To the Financial steps to be followed
- Brief inputs on investment products
- Useful video/ calculator links to help you with further information
- Finsafe Tips

Planning your Financial Life

The journey begins with :

1. Plan for **Emergency Cash**
2. Plan for covering **Risk** : Life and Health Insurance
3. The first goal - **Retirement Planning**
4. **Goal Planning** -Child education, buying a house etc.
5. Tax Planning to help you save **TAX** efficiently
6. Smart **Borrowing**

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
- Keep your spouse/ partner informed about this fund

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

Comparing different Life Insurance Policies

Name of the Insurer	Plan	Premium in Rs as per age of policyholder			Claim settled (% FY16)
		30	35	40	
Life Insurance Corporation of India	e-Term	17,145	21,122	26,550	99%
Max Life Insurance	Online Term Plan Plus	8,378	10,384	13,334	97%
Tata AIA Life Insurance	Life Insurance iRaksha Supreme	8,510	10,695	14,720	97%
AEGON Life Insurance	item	7,497	9,512	12,717	96%
HDFC Standard Life Insurance	Click2Protect 3D Plus	9,717	11,891	15,209	96%
ICICI Prudential Life Insurance	iprotect smart	10,798	13,214	16,907	96%
Reliance Nippon Life Insurance	Online Term	7,686	10,948	16,483	95%
SBI Life Insurance	eShield	13,794	16,862	21,039	95%
Canara HSBC Oriental Bank of Comm. Life Insurance	iSelect Term Plan	7,379	8,849	11,464	94%
Bajaj Allianz Life Insurance	e touch	10,371	12,531	15,895	94%
Star Union Dai-ichi Life Insurance	Life Premier Protection Plan	18,700	22,600	28,100	94%
Kotak Mahindra Old Mutual Life Insurance	Preferred e-term Plan	8,702	10,826	14,838	92%
Birla Sun Life Insurance	Protect@Ease	9,328	11,363	14,266	92%
Future Generali India Life Insurance	Flexi Online Term Plan(Basic Life Cover)	7,682	10,023	12,801	91%
Edelweiss Tokio Life Insurance	mylife+ : term	8,496	10,042	12,826	87%
Bharti AXA Life Insurance	FlexiTerm	8,260	10,384	13,570	86%
PNB Metlife India Insurance	Met Mera Term	8,756	10,776	13,611	86%
DHFL Pramerica Life Insurance	U-Protect	15,812	20,178	25,960	86%
IDBI Federal Life Insurance	iSurance FlexiTerm	9,251	11,257	14,089	86%
Aviva Life Insurance	i Life	8,695	11,473	16,287	83%
IndiaFirst Life Insurance	India First Life Plan	12,036	15,340	20,532	74%
Shriram Life Insurance	Life Family Protection Plan	NA	37,406	47,436	68%

Date of birth has been assumed to be April 1 in the respective year for each age group
 Rates are for a male, non-smoker, Delhi-based.
 DHFL Pramerica, Star Union Dai-ichi Insurance Co Ltd, are offline plans
 Claims information is for FY2015-16 for individual deaths as per Irdai's Annual Report
 In HDFC Standard, ICICI Prudential and Bajaj Allianz, waiver of premium of disability is included
 Claim settlement = Claims settled/(claims settled + claims rejected+ claims repudiated)
 Exide Life and Sahara Life do not offer pure term plans
 Premium includes GST of 18%

GRAPHIC BY: VIPUL SHARMA/MINT

Source: Source: SecureNow.in

Need to plan for Risk (Cont'd)

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 10-15 lakhs
- Critical Illness Rider for Rs 5-10 lakh
- Separate policy for parents

Financial Goals

What are Financial Goals?

Setting SMART goals is the first step towards achieving your dreams. Goals can be short term, like going for a holiday, buying a car or medium term like buying your dream house, sending your kids for higher education or long-term like retirement.

How to set up SMART Goals?

- List down your Financial Goals
- Goals should be specific, measurable, achievable, relevant and time-bound
- Use our Dreams Calculator to help know how much you need to save for financial goals

FinSafe Tips:

- Retirement is an essential goal which needs to be planned for before other financial goals
- Always keep the cost of the goal as today's cost and arrive at the future cost including inflation.

Learning Resources:

- 1) **Link to Dreams Calculator -**
<https://www.finsafe.in/dreamcalc/>
- 2) <https://www.youtube.com/watch?v=ub7j5EzfYHs>

Investment Products - Retirement

What are the products available for retirement?

- Employee Provident Fund (EPF)
- Voluntary Provident Fund (VPF)
- Public Provident Fund (PPF)
- National Pension Scheme (NPS)
- Equity Mutual Funds/ Hybrid and Debt Funds

Learning Resources:

- 1) <https://www.youtube.com/watch?v=xp4gCAfgxvI&t=7s>

FinSafe Tips:

- Avoid pension schemes from insurance companies, as the returns are very low and taxable.
- NPS works better for pension
- Traditional insurance schemes like ULIP/ Whole Life/ Endowment should be avoided as the returns are very low and charges are very high

Some of the Retiral Products

Scheme	PPF	EPF	VPF	NPS	Pension Schemes from Insurance companies
Max Investment	Rs.1.5 lakhs	12% of (basic+DA)	100% of (basic+DA)	10% of (basic+DA) & additional upto Rs.50000	10% of (basic+DA)
Employer Contribution	No	Yes	No	Not Mandatory	No
Return	Guaranteed	Guaranteed	Guaranteed	Not Guaranteed	Not Guaranteed
Past Return	7.1% p.a.	8.5% p.a.	8.5% p.a.	6% - 15% p.a.	4 – 11% p.a. on invested amount
Tax benefit on contribution	Sec 80C	Sec 80C	Sec 80C	Sec 80CCD	Sec 80C
Taxation on Returns	Tax Free	Tax Free (>5 years)	Tax Free (>5 years)	Partially Taxable	Taxable
Cost	Nil	Nil	Nil	Low	High
Lock-in	15 years	Upto retirement	Upto retirement	Upto retirement	Upto retirement

Investment Products – Mutual Funds

What are Mutual Funds?

A mutual fund is a professionally managed trust, which pools the investors' money and invests them into stocks, bonds, commodities, money market instruments and other securities. A mutual fund is like a basket of investments and your investment in the fund is a part of that basket.

Different Types Of Mutual Funds

- Equity Funds
- Debt Funds
- Hybrid or Balanced Funds
- Gold Funds
- International Funds

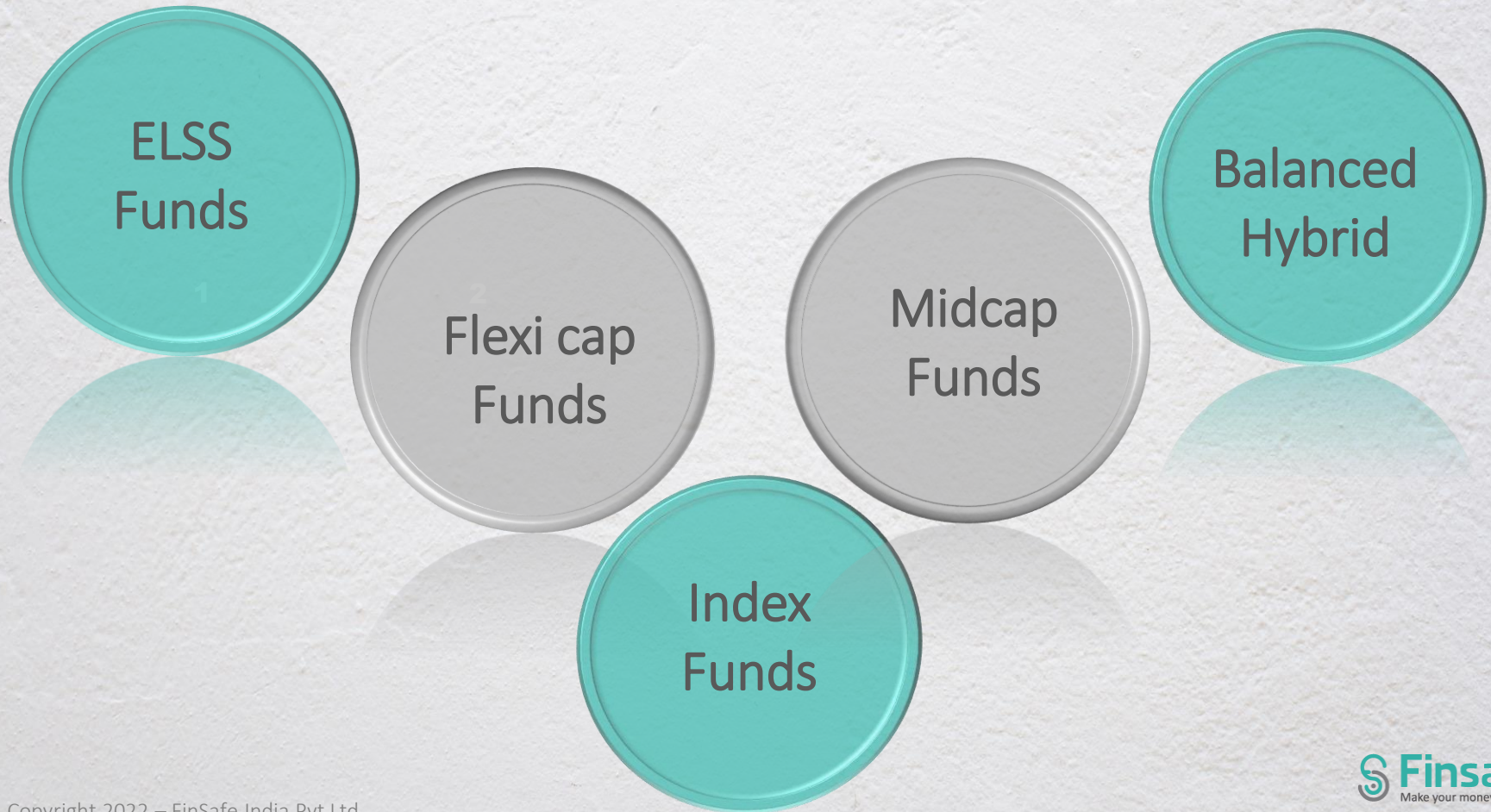
Learning Resources:

- 1) https://www.youtube.com/watch?v=HlhNhsqWP_E&t=

FinSafe Tips:

- Invest in debt funds for short term period
- Invest in Equity Funds for longer term goals (above 7 years)

Recommended Categories Of Equity Funds



Recommended Categories Of Debt Funds

Liquid
Funds

Ultra Short
Duration and
Low Duration
Funds

Short
Duration
Funds

Features of SIP

SIP returns are dependant on market returns.

SIP is a tool to invest in mutual funds

It instills the discipline of investing every month on the due date

Simplest & easiest form of investing regularly without worrying whether to invest or not

SIPS are great way to create long term wealth

Can Invest as low as Rs 1000 per month

Sources for unbiased Mutual Fund recommendations

<https://www.finsafe.in/schemes/>

EQUITY FUNDS

Index & Large Cap	Multi Cap	Mid & Small Cap	ELSS	Balanced Fund
UTI Nifty Index Fund	Quantum LT Equity Fund	Mirae Asset Emerging BlueChip	Franklin India Tax Shield	L&T India Prudence Fund
SBI BlueChip Fund	BSL Equity Fund	SBI Magnum Mid Cap Fund	DSPBR Tax Saver Fund	Tata Balanced Fund
BSL Advantage Fund	Kotak Select Focus	DSP Small & Midcap Fund	Reliance Tax Saver Fund	ICICI Pru Balanced Advantage Fund
ICICI Pru Top 100	Most Focused Multi Cap 35 Fund			HDFC Balanced Fund

FIXED INCOME FUNDS FOR SPECIFIC INVESTMENT HORIZON

0 - 3 Months	3 Months-1.5 Years	1.5 - 3 Years	> 3 Years
BSL Cash Plus	ICICI Pru Flexible Income Plan	Birla SL Short Term Fund	ICICI Pru Short Term Plan
HDFC Liquid	IDFC Ultra Short Term Fund	HDFC Medium Term Opportunities Fund	L&T Resurgent India Corp Bond Fund
	L&T Ultra Short Term Fund(G)	SBI Short Term	Birla SL Treasury Optimizer Plan
		TATA Short Term	

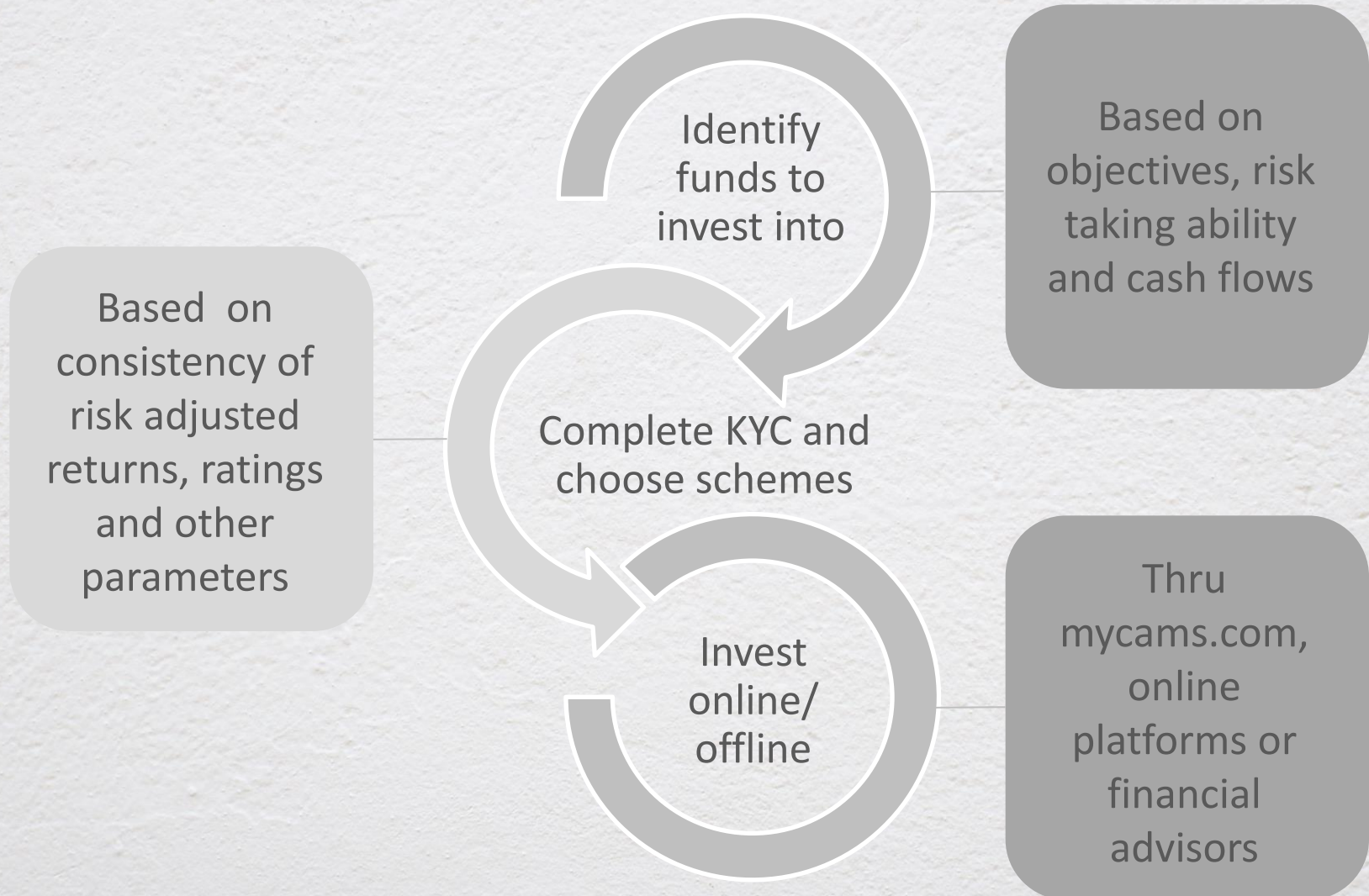
<http://www.morningstar.in/featured-reports.aspx>

Fund Name	Category	Analyst Rating	Equity Stylebox	Fixed Income Stylebox	Star Rating	Report Date
Reliance Focused Large Cap Fund - Growth	Large-Cap	Under Review	---	---	★★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review	---	---	★★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review	---	---	★★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review	---	---	★★★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	Gold	---	---	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	Gold	---	---	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	Gold	---	---	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrashort Bond	Gold	---	---	★★★★★	30 Nov 2016
Reliance Top 200 Fund - Growth	Large-Cap	Silver	---	---	★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	Silver	---	---	★★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	Silver	---	---	★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	Silver	---	---	★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	Silver	---	---	★★★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	Silver	---	---	★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	Silver	---	---	★★★★	05 Jun 2017

Mint 50 Recommended Schemes

Category	Rank	1Y	3Y	5Y	10Y	15Y	20Y
LARGE CAP (Core)							
Aditya Birla Sun Life Frontline Equity Fund	10.15	19.43	14.13	42.00	2.18		25,980.42
Franklin India Bluechip Fund	8.06	16.59	12.67	24.33	2.03		4,307.94
ICICI Prudential Bluechip Fund (Formerly ICICI Pru Focused Bluechip Equity)	19.32	19.30	15.47	10.00	2.12		16,747.28
ICICI Prudential Nifty Next 50 Index Fund ¹	12.68	23.34	N/A	---	0.85		265.36
UTI Nifty Index Fund - Regular Plan ³	11.28	16.30	9.98	---	0.20		935.94
Category Average	9.80	17.62	11.89				
Nifty 500 Total Return Index	11.98	18.21	13.28				
LARGE AND MID-CAP (Core)							
Mirae Asset Emerging Bluechip Fund - Regular Plan	16.13	33.45	N/A	87.00	2.09		5,729.87
Category Average	10.43	20.41	13.30				
Nifty Large Midcap 250 Total Return Index	13.47	23.94	13.51				
MULTI-CAP (Core)							
Franklin India Equity Fund (Formerly Franklin India Prima Plus)	8.93	21.15	14.63	27.70	2.04		11,832.01
Parag Parikh Long Term Equity Fund - Regular Plan (Formerly Parag Parikh Long Term Value Reg)	13.41	20.78	N/A	11.37	2.00		1,986.00
UTI Equity Fund (For your satellite portfolio)	11.37	20.32	15.00	32.00	2.20		6,530.32
Category Average	10.65	21.25	13.91				
Nifty 200 Total Return Index	12.01	18.64	13.50				
MID-CAP (Core)							
L&T Midcap Fund	14.73	31.44	17.87	39.34	2.01		3,066.22
Category Average	8.84	27.56	16.76				
Nifty Midcap 100 Total Return Index	14.54	27.48	16.28				
SMALL-CAP (Core)							
Franklin India Smaller Companies Fund	12.67	30.65	19.24	23.55	2.15		7,284.82
HDFC Small Cap Fund - Regular Plan	17.71	21.40	16.45	26.90	2.04		4,377.95
Category Average	11.25	28.24	16.85				
Nifty Smallcap 250 Total Return Index	9.85	26.78	15.27				
ELSS (Core)							
ICICI Prudential Long Term Equity Fund (Tax Savings)	10.18	31.58	15.02	131.00	2.28		5,522.41
Investec India Tax Plan	12.27	23.87	16.98	41.00	2.47		590.36
L&T Tax Advantage Fund	12.56	31.88	15.02	33.18	1.94		3,324.70
Category Average	10.58	26.99	13.18				
Nifty 500 Total Return Index	12.11	19.32	13.63				
VALUE ORIENTED (Core)							
L&T India Value Fund	11.95	27.59	N/A	35.28	1.94		8,560.28
Category Average	12.41	23.81	14.95				
Nifty 50 Value 20 Total Return Index	13.41	18.00	N/A				
AGGRESSIVE HYBRID (Core)							
Aditya Birla Sun Life Equity Hybrid 50 Fund (Formerly Aditya Birla SL Balanced 50)	9.78	18.87	14.03	2.33	2.29		14,844.34
IDFC Hybrid Equity Fund (Formerly IDFC Premier Multi-Cap)	10.68	21.07	16.03	N/A	2.21		22,761.80
ICICI Prudential Equity & Debt Fund (Formerly ICICI Pru Balanced)	10.73	19.25	13.01	3.21	2.13		10,253.83
L&T Hybrid Equity Fund (Formerly L&T India Prudence)	3.62	19.62	N/A	N/A	1.93		10,935.86
Category Average	9.45	18.78	12.28				
CONSERVATIVE HYBRID (Core)							
Franklin India Debt Hybrid Fund (Formerly Franklin India MIP-A)	6.64	10.22	6.96	2.88	2.36		3,761.60
IDFC Hybrid Debt Fund (Formerly IDFC MIP Long Term)	7.06	11.38	10.32	N/A	1.81		3,442.34
Reliance Hybrid Bond Fund (Formerly Reliance MF9)	7.05	10.83	11.31	2.45	1.95		2,043.41
UTI Regular Savings Fund - Regular Plan (Formerly UTI MIP - Advantage)	8.19	12.05	10.28	N/A ¹	1.61		2,832.37
Category Average	7.67	10.37	9.34				
SHORT DURATION (Core)							
Axis Short Term Fund	1.69	2.83	4.65	1.60	0.99		5,370.94
IDFC Short Term Debt Fund (Formerly IDFC Short Term Opportunities)	1.94	3.25	5.62	N/A	0.40		10,504.76
ICICI Prudential Short Term Fund (Formerly ICICI Pru Short Term)	1.62	2.55	3.87	1.68	1.35		6,105.06
L&T Short Term Bond Fund (Formerly L&T Short Term Bond)	1.82	2.95	4.87	1.41	0.70		2,725.94
UTI Short Term Income Fund - Regular Plan	1.75	2.88	4.63	1.21	0.85		9,361.30
Category Average	1.64	2.83	4.60				
CORPORATE BOND (Satellite)							
Kotak Corporate Bond Fund - Standard Plan	1.90	3.70	6.32	0.75	0.59		993.36
Category Average	1.72	2.71	4.43				

How to start Investing in Mutual Funds



Choosing Investment Products based on Goal period



0 – 3 months :
Liquid Funds

1



3 – 3 years:
**Ultra Short
Term Funds**

2



6 months –
3 Years :
**Low Duration
Funds**

3



> 3 Years:
**Short
Duration
Funds**

4



5-7 Years :
**Balanced
Hybrid Funds**

5

Choosing Investment Products based on Goal period



> 7 Years:
Equity Funds

5



15 Years :
PPF

6



> 15 Years:
**SSY/PPF/VPF/N
PS/Equity
funds**

7



TIME IS

MONEY

*Time spent in the
markets is more
important than
timing the market.*

- Warren Buffet

Next Steps

DO IT YOURSELF

- Follow the 30/30/40 budgeting rule
- Create an emergency savings fund
 - Minimum of 6 months of expenses
 - Invest in a Liquid Fund / FD
 - Your spouse should be able to access this fund
- Take health and term insurance
 - Investments & insurance to be kept separate
- Saving for retirement is imperative
 - Do not withdraw your EPF
 - Choose NPS Aggressive/moderate option
- Start saving for other goals
 - Invest Early
 - Do not get perturbed by volatility
- Opt for old tax regime

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