

# Handbook- Tackling Money Biases



# Introduction

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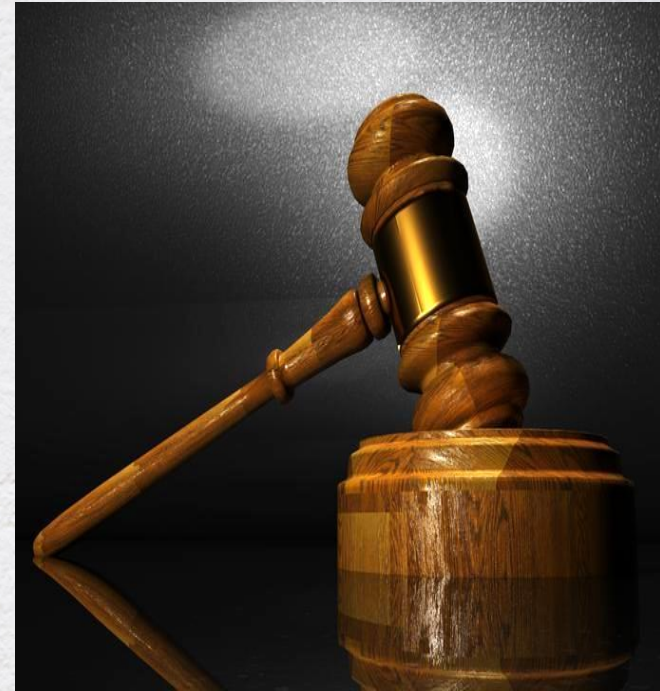
**Thank you for your interest in the Money Biases program. Hope the program was insightful with many implementable take-aways.**

Here is a Handbook which gives a glance into:

- Women's Financial Rights
- Important financial habits
- Investment Biases
- Various Product Biases
- Useful video links to help you with further information
- Finsafe Tips

# Women's Financial Rights

- ✔ **Right to father's property**
- ✔ **Right to Streedhan**
  - Movable & immovable property received before during and after marriage from either side
  - For Hindu women
- ✔ **Right to residence**
  - The right to stay in matrimonial household
- ✔ **Right to Maintenance by husband**
- ✔ **Right to child maintenance**
- ✔ **Right to committed relationship**
- ✔ **Right to live with dignity & self respect**



## FinSafe Tips:

- Be aware. Know your rights

# Important Financial Habits

- Maintain economic independence
- Separate bank accounts – joint bank accounts for expenses
- Have access to all relevant documents
- Be joint owner in all assets and investments
- Do not invest money in others name
- Do not take loan for others in your name
- Keep track of all accounts, passwords and nominees
- Do not liquidate pre wedding assets
- Take charge of the bank locker if it mainly consists of your jewellery
- Read all documents before signing & fill up forms yourself

## Learning Resources:

<https://www.youtube.com/watch?v=ub7j5EzfYHs&t=13s>

## FinSafe Tips:

- Work towards building good financial habits
- Plan well to fulfil your goals

# Investment Biases

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## Familiarity Bias

- Investing in FD and Gold only



## Loss Aversion Bias

- Staying away from possibility of losing money



## Present Bias

- Short sightedness
- Focussing more on short term gains than long term ones

# Product Biases - Gold

## Points to note:

- **Physical Gold**
  - ✓ 30% overhead charges
  - ✓ Storage
  - ✓ Usage
- **Jewellery Schemes**
  - ✓ Not regulated or audited
  - ✓ No grievance redressal
  - ✓ Restrictions on purchase
  - ✓ Family may not like the jewellery

## If you still want to invest:

- Limit gold exposure to 15%
- In form of Gold ETF or SGB
- Jewellery Scheme
  - ✓ Only if you have an event for which you need gold happening soon
  - ✓ Be mindful of the risks

# Product Biases

## Fixed Deposits

### Points to note:

- Not tax efficient
- Does not beat inflation
- Money does not grow

### If you still want to invest:

- Limit only for short term investments

## Insurance

### Points to note:

- Returns are very low @3-4% p.a.
- Does not beat inflation
- Insurance companies also invest in equity markets
- High price for fixed returns

### If you still want to invest:

- Don't!
- Choose Term plans only

## Real Estate

### Points to note:

- Low Rental yields

### If you still want to invest:

- Limit to self-occupied house
- Be the co-owner of the property
- Equal contribution from both partners

# Product Biases

## Retirement

### Points to note:

- Do not premature withdraw EPF
- Atleast 30 – 40% exposure to equity
  - Mutual Funds – Mid Cap
  - NPS – Active / Auto choice option

### Beware

- Avoid Pension funds from insurance companies

## Equities

### Points to note:

- Volatile in the short term but a compound in the long term
- Choose right & stay invested
  - Mutual Funds

## Tax

### Points to note:

- Do not invest/borrow only for tax purposes
- Tax Efficiency over Tax deductions
- Be aware and involved in tax filing process
  - ✓ Use a CA if filing ITR2

### Beware

- File taxes on time & correctly



# Steps to Financial Freedom

## Step 1 – Save to Splurge



- **Maintain an expense tracker**
- **Stick to budgeting rule**
  - 30/30/40 vs lesser saving
  - Create a spending plan
    - ✓ Check Non essential expenses
    - ✓ Automate Savings & bills
- **Plan for big ticket expense**
  - Save monthly for school fees, vacation, etc.

# Steps to Financial Freedom

## Step 2 – Financial Security

### Emergency Cash

- 6 months of expenses
- Keep in FDs
- Can be used as an unexpected expenses fund



### Life Insurance

- Only term plan
- Children as nominee



### Health Insurance

- At least Rs 15lakhs health cover by the age of 40
- Annual Checkups



# Steps to Financial Freedom

## Step 3 – Grow Wealth

- Financial Advisor
- DIY
  - ✓ Risk
  - ✓ Cost
  - ✓ Liquidity
  - ✓ Return
- Asset allocation :
  - ✓ Equities : Min 30%
  - ✓ Gold : Max 15%

### Beware of

- Unregulated products like crypto
- Complex products
  - Stocks, baskets
  - Covered Bonds

# Staying Committed

- Read Read Read
- Dream a bigger dream
- Be committed
- Focus on Financial security, retirement and goal planning
- Set mini goals as part of long term goals
- Don't churn portfolio frequently. Review once a quarter
- Don't get influenced by others/ financial celebs/ bloggers
- Keep loans in check

## Learning Resources:

[https://www.youtube.com/watch?v=d1MA\\_jgJill&t=](https://www.youtube.com/watch?v=d1MA_jgJill&t=)

Facebook Page:

**[Finsafe India](#)**

You Tube Channel:

**[Finsafe India Private Ltd](#)**

Twitter:

**[finsafeindia/mrinagarwal](#)**

Telegram :

**<https://t.me/finsafe>**



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