

A hand in a dark suit sleeve is dropping a gold coin into a clear glass jar. The jar is already filled with many silver coins. The background is dark and out of focus. A teal banner is overlaid on the left side of the image.

Handbook for the Financial Wellbeing Journey 5 Steps to Financial Freedom



Introduction

Thank you for your interest in the Financial Wellness program.

Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance:

- Current Financial Situation
- Step by Step Planning on Expenses, Protection, Investments, Retirement & Loans
- Tips on achieving financial freedom
- Finsafe Tips



5 Areas of Focus



Expense Management

HOW TO PLAN EXPENSES

- 30/30/40
- Create a spending plan
 - Don't deny yourself
 - $\text{Income} - \text{essential expenses} - \text{saving for goals} = \text{Spending}$
 - Reduce Non essential expenses
 - Have penalties in place
 - Automate Savings and bills

FINSAFE TIPS:

- Balance out spending decisions
- Tools : Budgeting calculator



Emergency

Particulars	Fixed Deposit	Liquid Funds	Ultra Short Duration
Rates	2.90% – 5%	3% - 5%	3% - 6%
Lock-In	Yes	None	None
Penalty	Typically 1 %	None	None
Tax	As per tax slab	As per tax slab	As per tax slab
Risk	Low	Low	Low to medium



Protection

Life Insurance

- Stay away from investment-linked insurance
- Stick with Term Plans
 - Only covers the risk of death
- Use HLV calculator to determine the right amount of insurance cover



Protection

Health insurance:

- Health cover of Rs 10-20 lakhs
- Combination of employer & external covers
- Do not forget critical illness rider

Finsafe tips:

- Paying for protection from uncertainties is an essential expense
- Right amount of protection is important – Check your plan for exclusions, sublimit and co payment



Planning for Retirement

Particulars	PPF	EPF/VPF	NPS
Returns (% p.a)	7.1	8.1	6 – 12
Guaranteed returns	Yes	Yes	Market Linked
Time frame	15 years	Till Retirement	Upto 60 years of age
Tax	Nil	Nil	Partially taxable
Risk	Low	Low	Medium



Planning for Retirement

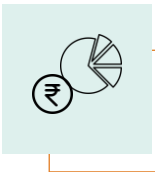
National Pension Scheme



Lock-in Period
Matures at 60



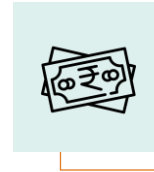
Partial Withdrawal
Upto 25% after 3 years of account opening



Asset Classes
Equity (E), Government Bond (G), Corporate Bond (C), Alternative Investment (A)



Investment Choice
Active (Subscriber allocates),
Auto (As per life cycle fund)



Cost
Low Cost, Fund Management
Fee capped at 0.01%

FINSAFE TIPS:

- Start investing early & stay invested
- Equity exposure is a must
- Use a retirement calculator estimate the amount to be invested
- Do not withdraw EPF



Impact of Loans

Factors impacting credit scores:

1

Late payment of loans /
credit card bills

2

Maximising credit card limit,
increasing credit card limit

3

Applying for too many credit
cards / unsecured loans

Finsafe tips:

- Limit unsecured loans
- Refinance higher-priced loans
- Try to make at least 40% down payment



Investments - Non Risky Options

Particulars	Bank FD	Debt Funds	Gold
Rates – range (%' tage)	5 – 7% p.a.	5-7% p.a.	6-8% p.a.
Lock-In	Yes	No	Depends on the product
Tax	As per tax slab	Capital Gains	Capital Gains
Risk	Low	Low	Low



Investments - Risky Products

Particulars	Stocks/Baskets	Equity Funds
Lock-In	No	No
Tax	Capital gains	Capital gains
Risk	Very High	Very High



Next Steps

Goals

- Use the goal calculator to fund out how much to save for each goal

<https://www.finsafe.in/financial-wellness/dream-calculator/>

- Earmark existing investments to Goals
- Choose right products
 - Use the product allocator tool to find out which category & fund to invest into

How far away is the goal	< 3 yrs	3 -4yrs	5 -7yrs	8-15 yrs	>15yrs
Products which you can consider	FD/UST/LD fund	ST Fund	Eq hyd/BAF/Debt/FD	Eq hyd/BAF/Debt/FD/Equity	Eq hyd/BAF/Debt/FD/Equity/PPF
Conservative risk investment	FD/Liquid	FD	FD	ST Debt Funds	PPF/SSY/ST Debt Funds/NPS(aggressive)
Moderate risk investment	UST	UST/LD Debt Fund	ST debt Fund	Eq Hyd/BAF	Eq Hyd/BAF/ NPS(Balanced)
Aggressive Risk investment	LD	ST Debt Fund	Eq hyd/BAF	Equity Funds (Flexicap, midcap, index)	Equity Funds/NPS active equity



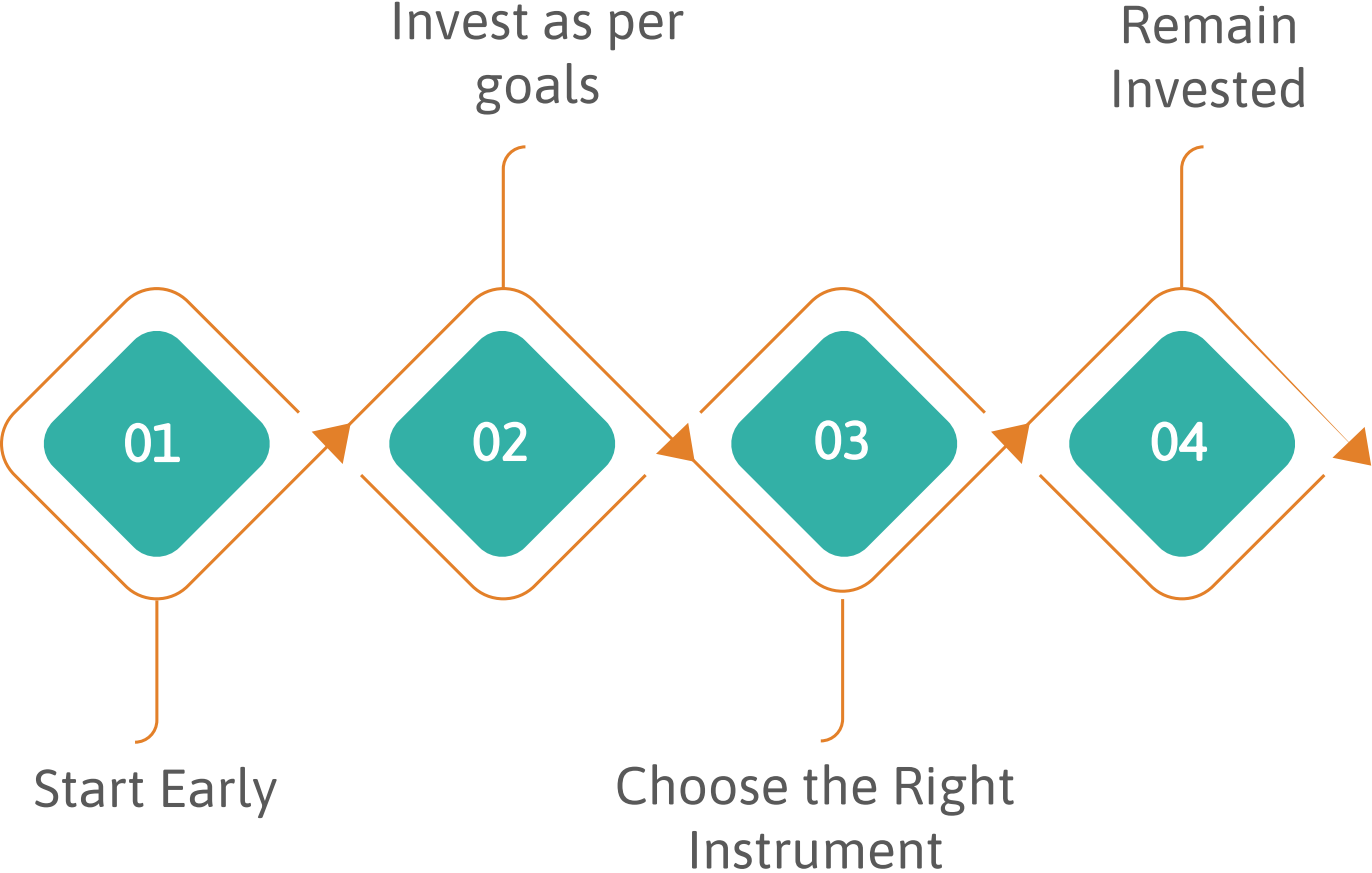
Investment Planning

Finsafe tips:

- Asset Allocation & Diversification
 - Equity, Debt, Gold
 - 6-7 funds
- Choose as per risk
- Right information sources
 - <https://www.finsafe.in/schemes/>
 - <http://www.morningstar.in/featured-reports.aspx>
- Stay invested



Summary



Facebook Page:
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You Tube Channel:
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Women and Money 4:



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