

Handbook for the
Financial Wellbeing Journey

FinShield



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:

- 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:

- Plan for Emergency Cash
- Plan for covering Risk: Life and Health Insurance
- The first goal - Retirement Planning
- Goal Planning - Child education, buying a house etc.
- Tax Planning to help you save TAX efficiently
- 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.

Finsafe Tips:

- Have at least 3-6 months of your expenses as emergency cash
- Keep your spouse/ partner informed about this fund

Learning Resources:

<https://www.youtube.com/watch?v=HT2TNgTUoIU>



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

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

Learning Resources:

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



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: VIJUL 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:

<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



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 specific, measurable, achievable, relevant and time-bound
- Use our Dreams Calculator to help know how much you need to save for financial goals

What are 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: Link to Dreams Calculator -

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

<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

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

Learning Resources:

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



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

Finsafe Tips:

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

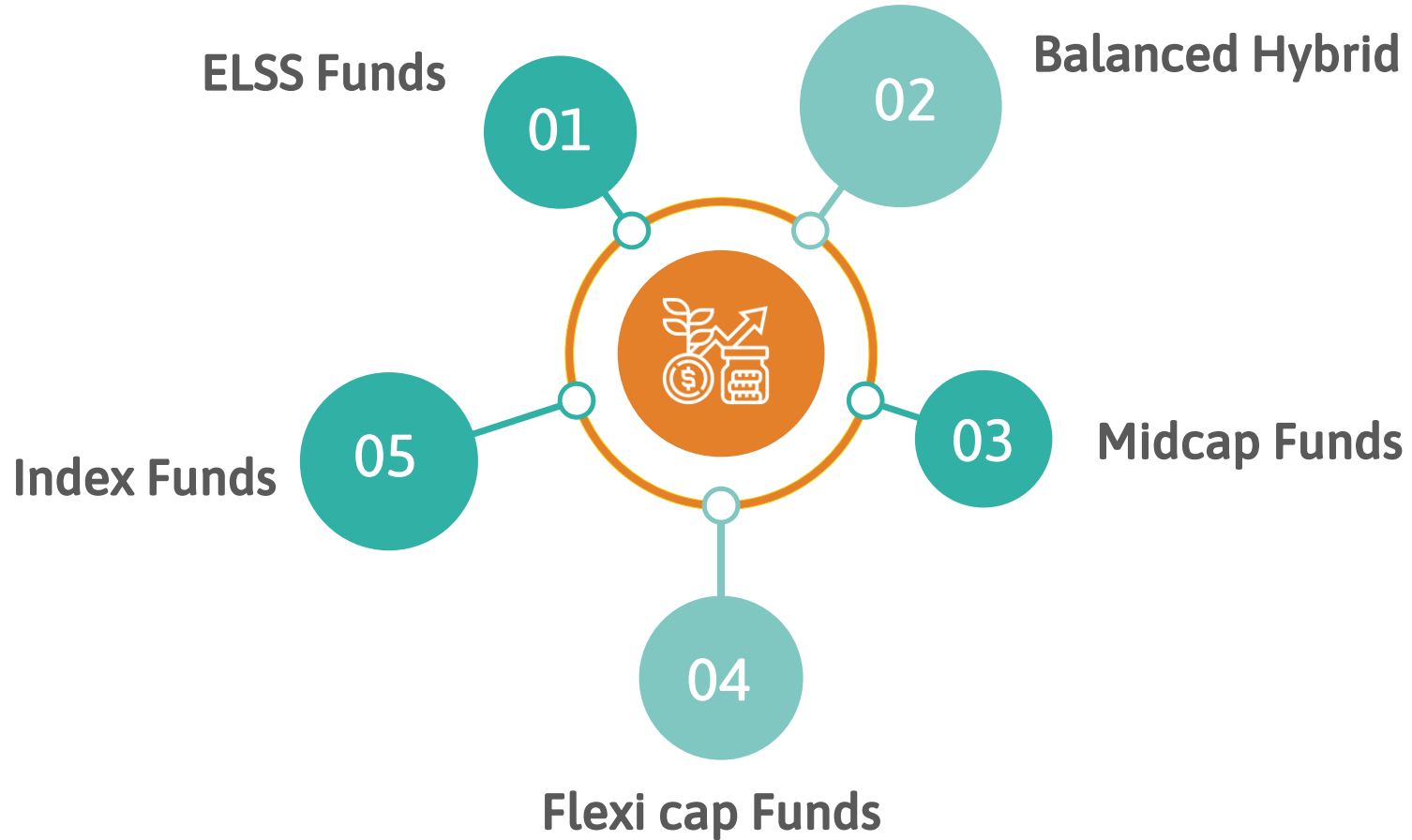


Learning Resources:

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



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	Ultrasort 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 20 Mutual Fund Schemes

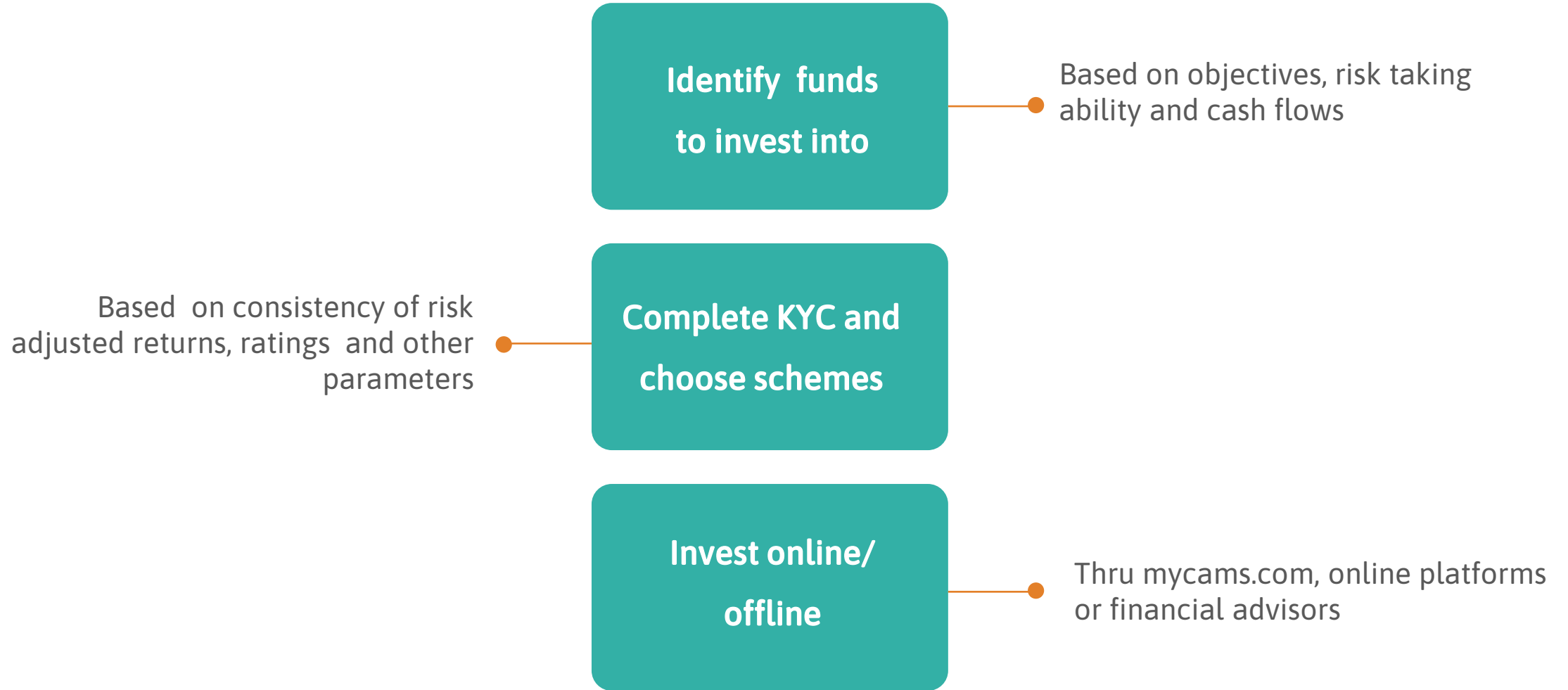
EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index	17.81	16.73	5,380
HDFC Index	17.51	16.53	4,085
Category average	17.52	16.37	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	21.67	19.23	6,143
Parag Parikh Flexi Cap	28.80	22.38	17,220
Category average	20.31	17.47	
EQUITY SMALL AND MIDCAP			
Axis Midcap	26.43	22.68	15,988
SBI Small Cap	28.57	23.56	10,626
Category average Midcap	23.67	17.47	
Category average Smallcap	27.28	19.12	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	23.78	19.96	2,893
Mirae Asset Tax Saver	23.56	21.30	10,146
Category average	18.83	16.07	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	16.23	14.12	6,331
ICICI Prudential Balanced Advantage	12.97	11.35	36,816
Category average	11.54	9.67	
ARBITRAGE			
Kotak Equity Arbitrage	4.80	5.35	24,430
Tata Arbitrage*	5.10	-	11,980
Category average	4.41	4.91	
DEBT	1-year return** (%)	3-years return (%)	Corpus (₹ cr)
SHORT TERM			
HDFC Corporate Bond	4.41	8.85	28,807
IDFC Corporate Bond	3.87	8.05	20,613
Category average	4.23	6.30	
CREDIT RISK			
HDFC Credit Risk Debt	7.44	8.94	8,757
ICICI Prudential Credit Risk	6.61	8.62	8,304
Category average	2.51	3.53	
DEBT (LESS THAN 1 YEAR)	6-month return** (%)	1-year return** (%)	Corpus (₹ cr)
HDFC Money Market	1.88	3.77	15,828
Kotak Money Market	1.86	3.68	11,454
Category average money market	5.85	6.19	
OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	4.95	23 Jul 2020	10,484
Motilal Oswal S&P 500 Index Fund	30.52	28 Apr 2020	2,398

MC 30 Funds

EQUITY	
LARGE CAP (CORE)	
Canara Robeco Bluechip Equity Fund - Regular Plan - Growth	Despite being large-cap, has managed to beat benchmark consistently
Mirae Asset Large Cap Fund - Regular - Growth	Among the largest in its category, size not an issue for performance
FLEXI CAP (CORE)	
UTI Flexi Cap Fund - Growth	Follows a growth-styled approach and managed conservatively. Stable long term performance
Parag Parikh Flexi Cap Fund - Growth	Investments in international equities and timely deploying cash, helped
Kotak Flexi Cap Fund - Growth	Large-size has pushed the fund towards large-caps, but remains adequately diversified
MID CAP (CORE)	
Kotak Emerging Equity - Growth	Size is bit large for a mid-cap fund, but so far fund has managed well.
Invesco India Mid Cap Fund - Growth	Small corpus bodes well for a midcap fund. Takes lesser risks
DSP Midcap Fund - Regular Plan - Growth	Despite a conservative portfolio, performance is good. Well-diversified.
Axis Midcap Fund - Growth	Consistent performer and manages risks well. Takes active cash calls
SMALL CAP (SATELLITE)	
Axis Small Cap Fund - Growth	Strong pedigree. Did well in 2016 and 2018, despite tough markets.
SBI Small Cap Fund - Regular Plan - Growth	Good stock picking skills. Did well in rising and falling markets.
ELSS (CORE/SATELLITE)	
Kotak Tax Saver Scheme - Growth	Same manager for over seven years now. 3-year lock-in helps in stock picking
Canara Robeco Equity Tax Saver - Regular Plan - Growth	Despite a high churn, the scheme has done well across market cycles
FOCUSED (SATELLITE)	
SBI Focused Equity Fund - Regular Plan - Growth	Invests across large, mid and small sized companies and up to 30 stocks
Axis Focused 25 Fund - Growth	Invests in up to 25 stocks. Tilted towards large-caps last year
HYBRID	
AGGRESSIVE HYBRID (CORE)	
DSP Equity & Bond Fund - Regular Plan - Growth	Ideal for first-time equity investors. Invests atleast 65% in equities. Well-diversified.
Canara Robeco Equity Hybrid Fund - Regular Plan - Growth	Atleast 65% in equities. Well-diversified, tilts towards large-caps
DEBT	
SHORT TERM (CORE)	
ICICI Prudential Short Term Fund - Growth	Actively-managed. Small portion in perpetual bonds, though monitors risks closely
HDFC Short Term Debt Fund - Growth	Despite investing 8-10% in AA-rated securities, fund has managed credit risks well.
Axis Short Term Fund - Growth	Consistent performer. Actively-managed. Does not take credit risks
CORPORATE BOND (CORE)	
Sundaram Corporate Bond Fund - Growth	Invests significantly in high-rated securities. Despite small-size, the fund is well-diversified
HDFC Corporate Bond Fund - Growth	Largest fund in this category. Invests almost entirely in AAA-rated assets.
BANKING AND PSU DEBT (CORE)	
IDFC Banking & PSU Debt Fund - Regular Plan - Growth	Fund manager's track record in avoiding credit risks, inspires confidence
Kotak Banking and PSU Debt Fund - Growth	True to label, avoids private sector firms. Uses Government securities opportunistically.
Nippon India Banking & PSU Debt Fund - Regular Plan - Growth	Ideal for investment around 3 years. Avoids AT1 bonds. Well-diversified.
OTHERS	
INDEX FUNDS/ETFs	
Nippon India ETF Nifty BEES	Oldest ETF in India. One of the most liquid.
Nippon India ETF Gold BEES	An ideal way to invest in gold, without tobering about storage
Motilal Oswal Nasdaq 100 ETF (MOIN Shares NASDAQ 100)	Invests in the US companies. Passively-managed. No fund manager risk
ICICI Prudential Nifty Next 50 Index Fund - Growth	A good way to invest in the next lot of emerging large-cap companies
UTI Nifty Index Fund - Growth	Oldest index fund in India. Low tracking error.



How to start Investing in Mutual Funds



Choosing Investment Products based on Goal period



1

0 – 3 months:
Liquid Funds

2

6 months – 3Years:
Low Duration Funds

3

> 3 Years:
Short Duration Funds

4

5-7 Years: Balanced
Hybrid Funds

5

> 7 Years:
Equity Funds

6

15 Years :
PPF

7

> 15 Years:
SSY/PPF/VPF/NPS/
Equity funds





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

- Warren Buffet



Next Steps



- 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 Active Equity
- Start saving for other goals
- Invest Early
- Do not get perturbed by volatility



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Women and Money 4:



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