



Handbook for the  
**Financial Wellbeing Journey**  
**Finstart**



# 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:

- Tips start your financial life
- Brief input on principles of investing
- Brief inputs on some investment products
- Useful video/ calculator links to help you with further information
- Finsafe Tips



# Money mistakes of life

## 1. Not having a budget

- Not budgeting leads to overspending on credit cards, which in turn leads to steep bills / less surplus cash.



## 2. Too Many Loans



## 3. Overspending

- I deserved / earned it, cannot be a regular affair to spend
- Using credit card limit to the maximum & not paying off bills on time

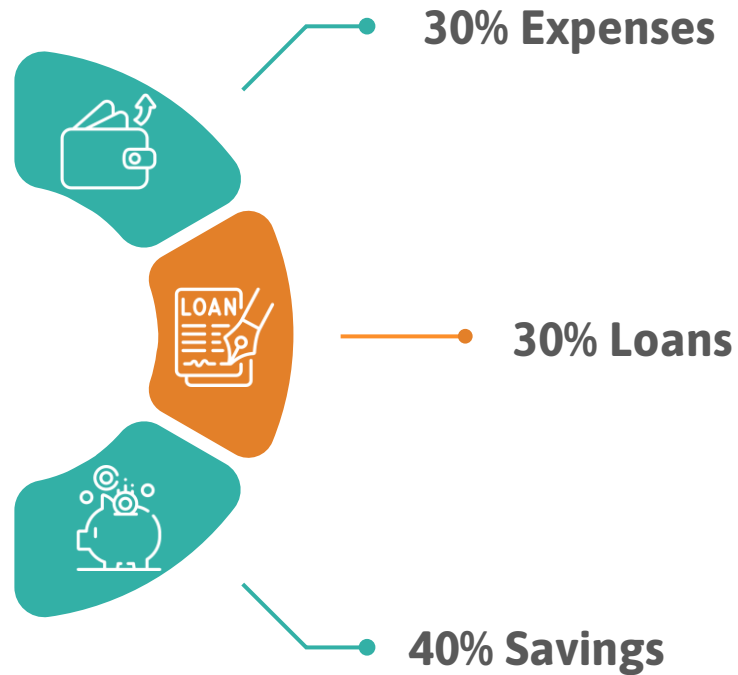


# Things to keep in mind

- Maintain Expenses Trackers
- Practice Saving and Investing
- Plan for **Emergency Cash**
- Plan for covering **Risk**: Life and Health Insurance
- Build a credit history and **Borrow Smarty**
- Save **TAX** efficiently



# The 30/30/40 Budgeting Rule



## Learning Resources:

1) **Link to Expense Calculator**  
[https://www.finsafe.in/expens  
ecalc/](https://www.finsafe.in/expens<br/>ecalc/)

2) [https://www.youtube.com/  
watch?v=QLnY769-FeA](https://www.youtube.com/<br/>watch?v=QLnY769-FeA)

## Finsafe Tips:

- Always maintain an expense tracker to keep a check on non-essential expenses
- Follow the 30/30/40 budgeting rule and save at least 40% of income



# Difference between Saving & Investing

## Saving

- Safety of cash
- Ready access to cash
- Options – Savings Account, Current Account
- Low risk to no risk

## Investing

- Investing in products / assets to get return on Investment
- Investment between short, medium to long term
- Low Liquidity
- Low risk to high risk

### Learning Resources:

<https://www.youtube.com/watch?v=0MmArmMRInk&t=>

### Finsafe Tips:

- Savings alone is not enough
- Start investing into instruments that compound to beat inflation.



# 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=HT2TNgTUoIU>



### Finsafe Tips:

- Have at least 3-6 months of your expenses as emergency cash



# Insurance is not an investment

## Life Insurance

- Taken to protect the family against uncertain situations
  - Role of an insurance company is to provide risk cover & not manage money
  - High cost structure impacts investor returns

## Medical Insurance

- Employer cover comes with minimal conditions
- This is an essential expense

## Finsafe Tips:

- Buy the right amount of insurance
  - Access a Human Life Value (HLV) calculator in any insurance website to help you get a desired amount
- Take additional top-up from employer provided insurance

### Learning Resources:

1)

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

2)

<https://www.youtube.com/watch?v=GVynJz4S9o>





# Employee Provident Fund

- It is a Compulsory saving
- EPF enables you to enjoy your retirement
- 12% of your salary and a matching contribution from employer
- Contribution has tax benefits
- Provides liquidity



# Public Provident Fund

- It is a Voluntary contribution
- 15 year lock in with 3 extensions of 5 years
- Withdrawal allowed after 5 years
  - 50% of 4<sup>th</sup> year balance
- Loan can be taken between 3-6 years
  - 25% of the second year amount
  - 2% premium
- Closure for specified purpose
  - Completion of 5 years
  - 1% penalty



# National Pension Scheme

## What is NPS?

- Defined contribution scheme
- Minimum Rs. 6,000 per year
- Lock in- up to 60 years
- Different Funds to choose – Equity, Bonds, auto choice
- 60% of corpus can be withdrawn tax free
- 40% needs to be invested into annuity else it is taxed

## Section 80CCD

- Deduction of Rs. 50,000 for contribution to NPS
  - Under Sec 80CCD (1B)
- Max deduction is 10% of the salary (Basic + DA)
  - Under Sec 80CCD (1)
  - Subject to 80 C Limit of Rs 1.5 lakhs

## Learning Resources:

[https://www.youtube.com/watch?v=\\_V\\_oRpfVDt4s](https://www.youtube.com/watch?v=_V_oRpfVDt4s)

## Finsafe Tips:

Opt for NPS Auto Choice (aggressive or moderate plan) option if you do not know what allocation to choose



# Choosing Equity Mutual Funds

Choose Equity Funds for Investment Horizon  
above 7 years

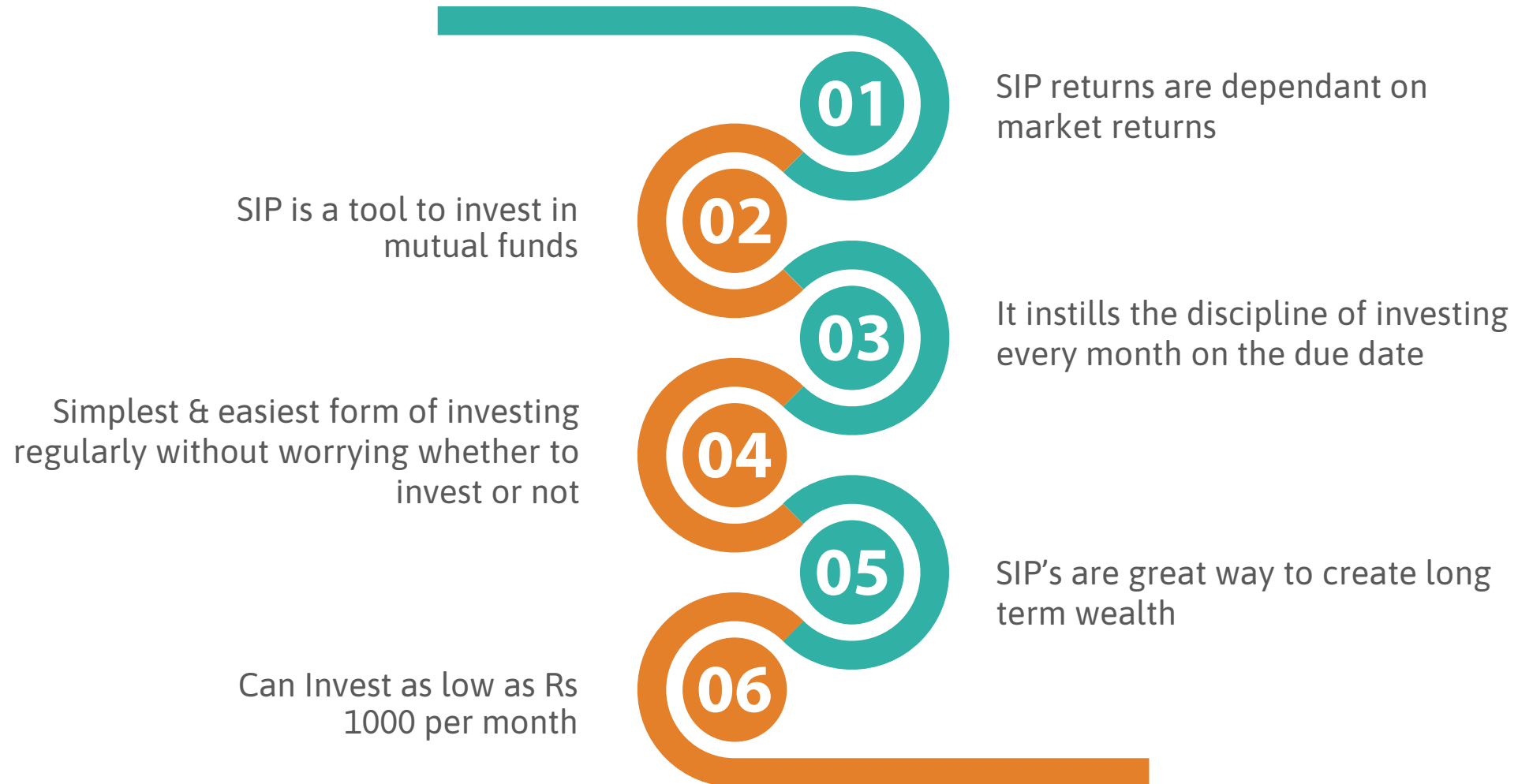


## Learning Resources:

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



# SIP



# Make SIP's work for you

- Invest Early
- Invest Regularly
- Remain Invested
- Diversify
- Do not invest based on tips/ internet

## Finsafe Tips:

- Start early and invest regularly in SIP
- Do not try to time the market

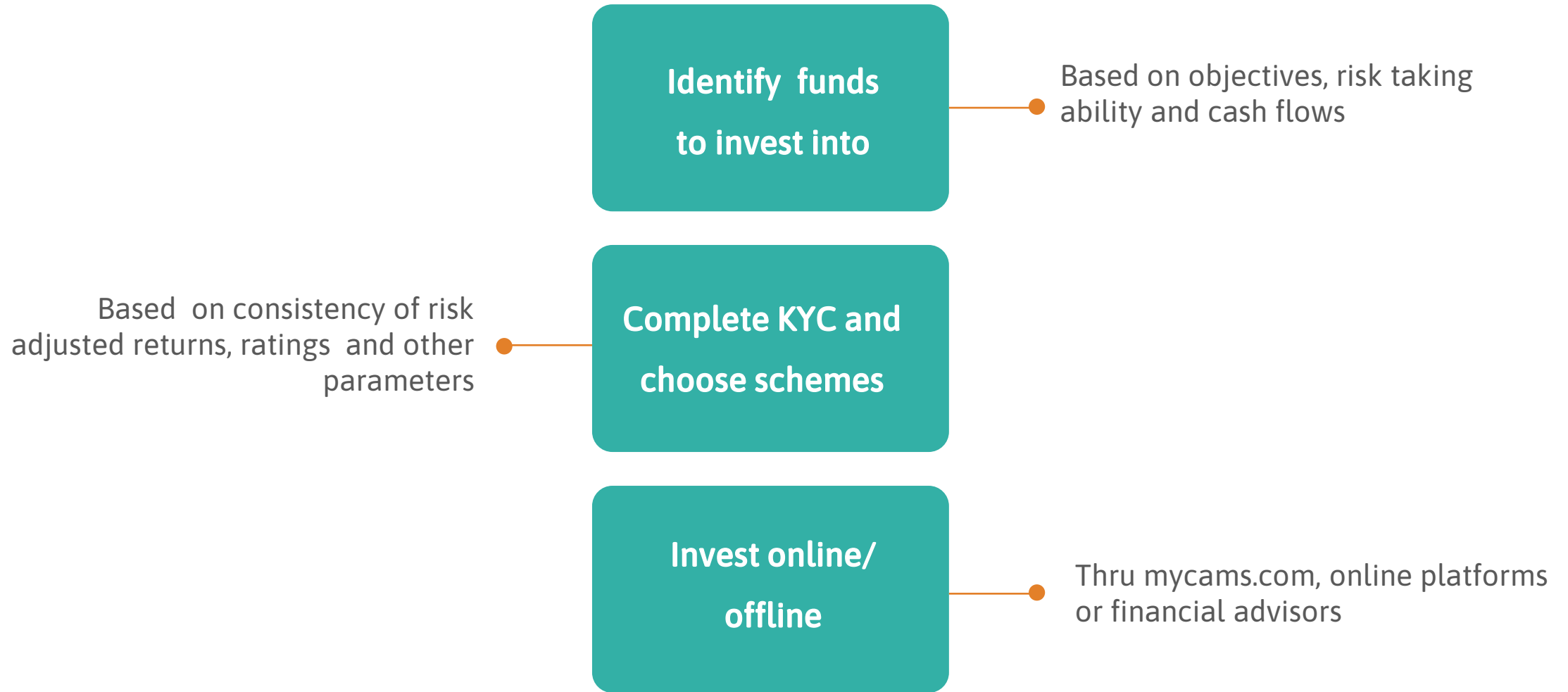


## Learning Resources:

[https://www.youtube.com/watch?v=hDdjmTdq\\_\\_U&t=](https://www.youtube.com/watch?v=hDdjmTdq__U&t=)



# How to start Investing in Mutual Funds



# 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 Multicap 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	👍 Bold	📊	—	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	👍 Bold	📊	—	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	👍 Bold	📊	—	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	👍 Bold	📊	—	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	👍 Bold	📊	—	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	👍 Bold	📊	—	★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrashort Bond	👍 Bold	—	—	★★★★	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 Starling 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	Assets	YTD	1Y	3Y	5Y	10Y	15Y	20Y
<b>LARGE CAP (Core)</b>									
Aditya Birla Sun Life Frontline Equity Fund	10.15	18.41	14.13	62.00	2.39				21,980.42
Franklin India Bluechip Fund	8.00	16.49	12.67	24.33	2.03				8,107.84
ICICI Prudential Bluechip Fund (Formerly ICICI Pru Prudence Bluechip Equity)	15.32	19.30	15.47	113.00	3.12				16,747.28
ICICI Prudential Nifty Next 50 Index Fund <sup>1</sup>	12.08	22.34	N/A	—	0.85				365.36
UTI Nifty Index Fund - Regular Plan <sup>2</sup>	11.28	16.20	9.98	—	0.20				635.94
Category average	9.89	17.62	11.89						
Nifty 100 Total Return Index	11.95	18.04	11.90						
<b>LARGE AND MID CAP (Core)</b>									
Mirae Asset Emerging Bluechip Fund - Regular Plan	16.12	22.48	N/A	87.00	2.09				5,729.87
Category average	10.43	20.48	12.90						
Nifty Large Midcap 250 Total Return Index	13.47	22.84	13.91						
<b>MULTI CAP (Core)</b>									
Franklin India Equity Fund (Formerly Franklin India Prima Plus)	8.93	21.15	14.63	27.10	3.04				11,632.01
Parag Parikh Long Term Equity Fund - Regular Plan (Formerly Parag Parikh Long Term Value Fund)	13.61	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	3.20				8,520.72
Category average	10.45	21.25	13.91						
Nifty 200 Total Return Index	12.01	18.66	11.50						
<b>MID CAP (Core)</b>									
L&T Midcap Fund	14.73	21.44	17.87	28.34	2.01				3,094.22
Category average	9.44	17.58	16.74						
Nifty Midcap 100 Total Return Index	14.54	22.44	18.26						
<b>SMALL CAP (Core)</b>									
Franklin India Smaller Companies Fund	12.47	30.46	19.24	23.53	2.11				7,294.62
HDFC Small Cap Fund - Regular Plan	17.71	25.40	16.03	26.10	2.04				4,577.55
Category average	11.75	28.44	18.45						
Nifty Smallcap 250 Total Return Index	9.95	26.78	11.27						
<b>ELSS (Core)</b>									
ICICI Prudential Long Term Equity Fund (Tax Saving)	10.18	21.58	15.02	131.00	2.28				5,522.41
Invesco India Tax Plan	12.27	23.97	16.98	41.00	3.47				592.16
L&T Tax Advantage Fund	12.56	21.18	15.02	32.18	1.84				3,334.70
Category average	10.18	20.89	13.18						
Nifty 500 Total Return Index	12.91	19.33	13.43						
<b>VALUE ORIENTED (Core)</b>									
L&T India Value Fund	11.95	27.59	N/A	35.28	1.94				8,959.28
Category average	12.41	23.41	14.96						
Nifty 50 Value 80 Total Return Index	13.61	18.00	N/A						
<b>AGGRESSIVE HYBRID (Core)</b>									
Aditya Birla Sun Life Select Hybrid 95 Fund (Formerly Aditya Birla SL Balanced 95)	8.78	18.87	14.45	3.13	2.29				14,441.24
HDFC Hybrid Equity Fund (Formerly HDFC Premier Multi-Cap)	10.68	21.07	14.03	N/A	2.21				22,761.80
ICICI Prudential Equity & Bond Fund (Formerly ICICI Pru Balanced)	10.73	19.25	13.91	2.25	2.13				16,338.55
L&T Hybrid Equity Fund (Formerly L&T India Prudence)	9.42	19.62	N/A	N/A	1.93				10,933.86
Category average	9.45	19.78	12.28						
<b>CONSERVATIVE HYBRID (Core)</b>									
Franklin India Debt Hybrid Fund (Formerly Franklin India MIP 30)	6.64	10.22	8.98	2.89	3.36				376.60
HDFC Hybrid Debt Fund (Formerly HDFC MIP Long Term)	7.06	11.38	10.52	N/A	1.81				3,443.34
Reliance Hybrid Bond Fund (Formerly Reliance MIP)	7.05	10.83	11.11	2.45	1.86				2,043.41
UTI Regular Savings Fund - Regular Plan (Formerly L&T India Advantage)	8.9	12.03	10.28	N/A <sup>1</sup>	1.61				2,432.57
Category average	3.49	10.17	9.34						
<b>SHORT DURATION (Core)</b>									
Axis Short Term Fund	1.60	2.63	4.45	1.60	0.94				1,770.84
HDFC Short Term Debt Fund (Formerly HDFC Short Term Opportunities)	1.84	3.25	5.42	N/A	0.40				10,500.76
ICICI Prudential Short Term Fund (Formerly ICICI Pru Short Term)	1.62	2.35	3.97	1.68	1.31				8,955.06
L&T Short Term Debt Fund (Formerly L&T Short Term Opp)	1.82	2.55	4.87	1.41	0.70				2,721.84
UTI Short Term Income Fund - Regular Plan	1.75	2.49	4.43	1.23	0.85				9,843.30
Category average	1.44	2.83	4.40						
<b>CORPORATE BOND (Satellite)</b>									
Kotak Corporate Bond Fund - Standard Plan	1.89	3.70	6.32	0.75	0.59				993.16
Category average	1.72	3.71	4.43						





# Borrow Smartly

- Credit scores can be better if
  - Past repayments of loans on time
  - Lower number of unsecured loans
  - Credit cards limits not used fully every month
  - Not taking too many loans
  - Not applying to multiple banks for the same loan
  - Monitor Guarantees and Add ons
- Close unused credit accounts and automate payments
- Credit scores above 750 considered good.

## Finsafe Tips:

Build a good credit score by paying all bills on time and not utilising credit card to maximum limit



# Which Tax Regime to Choose?

## Old Vs New Tax Regime

WAS TAXED AT...	ANNUAL INCOME	WILL BE TAXED AT...
<b>NII</b>	Up to ₹2.5 lakh	<b>NII</b>
<b>5%</b>	₹2.5 lakh to ₹5 lakh	<b>5%</b>
<b>20%</b>	₹5 lakh to ₹7.5 lakh	<b>10%</b>
	₹7.5 lakh to ₹10 lakh	<b>15%</b>
<b>30%</b>	₹10 lakh to ₹12.5 lakh	<b>20%</b>
	₹12.5 lakh to ₹15 lakh	<b>25%</b>
	Above ₹15 lakh	<b>30%</b>

The budget has retained the full tax exemption to those earning up to ₹5 lakh under Sec 87A. Tax surcharge rates for incomes above ₹50 lakh have also been retained.

### Learning Resources:

[https://www.youtube.com/watch?v=lb8P6gVw\\_8U&t=](https://www.youtube.com/watch?v=lb8P6gVw_8U&t=)

### Finsafe Tips:

- Use the Old Vs New tax regime calculator to check which regime suits you better



# Check List

## TAKE CHARGE

- Pay Off your Education Loan
    - High interest cost
    - Affects Credit score
  - Get out of bad debt
    - Pay credit dues on time
    - Do not get into the habit of paying only minimum due amount
  - Follow the 30/30/40 budgeting rule
    - Use an expense tracker
    - Spend after saving
    - Automate Savings
- Create an emergency savings fund
    - Minimum of 6 months of expenses
    - Invest in a Liquid Fund / FD
  - Saving for retirement is imperative
    - Do not withdraw EPF
    - Choose NPS Aggressive option
  - Start saving for other goals
    - Start a SIP in a Multi cap & Midcap Equity Funds
    - Do not get perturbed by volatility
  - Opt for old tax regime



# Mantras

- Follow the budgeting rule
- Practice Saving and Investing
- Build a credit history and Borrow smartly



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Women and Money 4:



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