

Handbook for the
Financial Wellbeing Journey
Financial Planning



Introduction



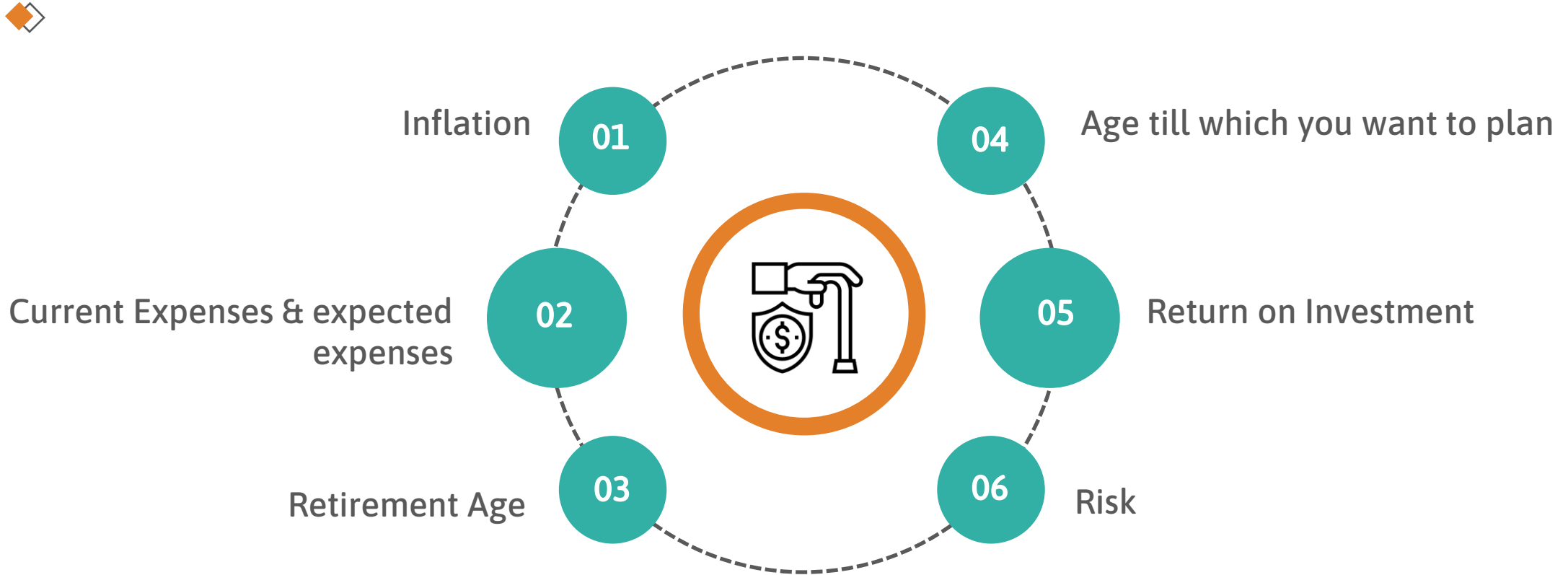
Thank you for your interest in the Financial Wellness program.
Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance:

- Planning for financial goals
- Planning post retirement cash flows
- Wills, nominations and family matters
- Useful video links to help you with further information
- Finsafe Tips



Factors affecting retirement corpus



Learning Resources:

<https://www.youtube.com/watch?v=xp4gCAfgxvl>



Factors affecting product choices



Inflation



Compounding



Risk



Post Tax Returns



Liquidity



Fixed Income Options



Particulars	Bank FD	PPF	EPF + VPF	PO Schemes	NCD/Covered Bonds	P2P
Rates – range (%’ tage)	7-8 %	7.10%	8.15%	6.8%	8-12%	11-14%
Lock-In	Yes	Yes	Yes	Yes	Yes	Yes
Time frame	1 – 5 years	15years	Upto Retirement	5-7 years	2 – 10 years	6m -3 yr
Tax	As per tax slab	Tax free	Tax Free	As per tax slab	As per tax slab	As per tax slab
Risk	Low	Low	Low	Low	Very High	Very High



Types of equity options



1

Stocks

2

NPS -Equity

3

Mutual Funds

- Equity
- Hybrid

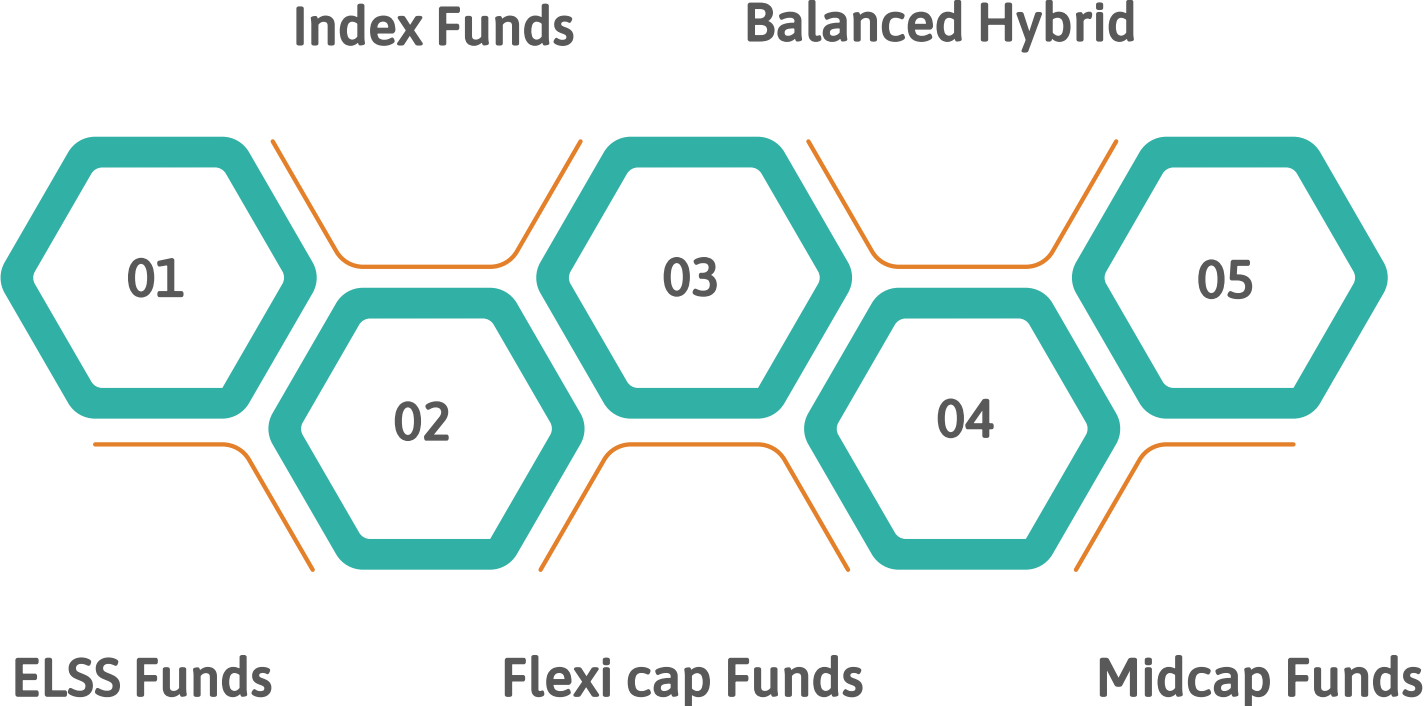
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Insurance

- ULIP



Recommended Categories Of Equity Funds



Sources for unbiased Mutual Fund recommendations



<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	EEA	-	★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review	EEA	-	★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review	EEA	-	★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review	EEA	-	★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	Gold	EEA	-	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	Gold	EEA	-	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	Gold	EEA	-	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	Gold	EEA	-	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	Gold	EEA	-	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	Gold	EEA	-	★★★★	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	EEA	-	★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	Silver	EEA	-	★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	Silver	EEA	-	★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	Silver	EEA	-	★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	Silver	EEA	-	★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	Silver	EEA	-	★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	Silver	-	EEA	★★★★	05 Jun 2017

Mint 50 Recommended Schemes

Category	Rank	Score	Assets	Assets	Assets	Assets	Assets
LARGE CAP (Core)							
Aditya Birla Sun Life Prudence Equity Fund	10.35	19.61	14.31	62,000	2.19		26,390.42
Franklin India Bluechip Fund	8.06	16.89	12.67	34.33	2.03		6,107.84
KBC Prudential Bluechip Fund (Formerly KBC Pru Prudence Bluechip Fund)	19.32	19.90	15.47	110,000	2.12		16,747.28
KBC Prudential Nifty Next 50 Index Fund ¹	12.08	23.34	N/A	—	0.85		265.36
UTI Nifty Index Fund - Regular Plan ²	11.28	16.30	9.98	—	0.20		633.94
Category Average	8.80	17.62	11.80				
Nifty 500 Total Return Index	15.99	16.04	11.99				
LARGE AND MID-CAP (Core)							
Aditya Birla Sun Life Prudence Equity Fund - Regular Plan	16.52	22.68	N/A	67,000	2.09		5,725.67
Category Average	10.63	20.81	12.50				
Nifty Large Midcap 200 Total Return Index	12.67	22.04	12.51				
MULTI-CAP (Core)							
Franklin India Equity Fund (Formerly Franklin India Prudence Plus)	9.93	21.15	14.63	27.90	2.04		1,632.01
Parag Parikh Long Term Equity Fund - Regular Plan (Formerly Parag Parikh Long Term Value Reg)	13.61	20.76	N/A	11.27	2.00		1,186.00
UTI Equity Fund (For your satellite portfolio)	11.37	20.32	15.00	32,000	2.20		6,520.72
Category Average	10.86	21.25	13.81				
Nifty 500 Total Return Index	13.51	18.66	11.50				
MID-CAP (Core)							
LSF Midcap Fund	14.73	31.44	17.87	39.34	2.01		3,008.22
Category Average	9.84	27.26	15.76				
Nifty Midcap 250 Total Return Index	14.54	27.46	15.28				
SMALL-CAP (Core)							
Franklin India Smaller Companies Fund	12.67	30.66	19.24	23.55	2.15		7,294.62
HDFC Small Cap Fund - Regular Plan	17.71	25.40	16.00	26.90	2.04		4,377.66
Category Average	10.76	26.84	15.95				
Nifty Smallcap 250 Total Return Index	9.86	26.78	13.27				
ELSS (Core)							
KBC Prudential Long Term Equity Fund (Tax Savings)	10.38	21.58	15.02	131,000	2.28		5,322.43
Investor India Tax Plan	12.27	23.87	16.98	45,000	2.47		592.56
LSF Tax Advantage Fund	12.56	21.18	15.02	33.18	1.64		3,314.70
Category Average	10.38	20.89	15.18				
Nifty 500 Total Return Index	13.91	19.33	13.63				
VALUE ORIENTED (Core)							
LSF India Value Fund	11.26	27.04	N/A	35.28	1.94		6,165.28
Category Average	13.41	23.81	14.95				
Nifty 50 Value 20 Total Return Index	13.51	18.00	N/A				
AGGRESSIVE HYBRID (Core)							
Aditya Birla Sun Life Equity Hybrid ³ 50 Fund (Formerly Aditya Birla Sun Prudence 50)	9.78	18.87	14.65	2.13	2.29		14,848.24
HDFC Hybrid Equity Fund (Formerly HDFC Prudence Multi-Cap)	10.68	21.07	16.03	N/A	2.21		22,761.80
KBC Prudential Equity & Debt Fund (Formerly KBC Pru Prudence)	10.73	19.25	13.89	3.23	2.13		10,033.93
LSF Hybrid Equity Fund (Formerly LSI India Prudence)	9.62	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 MF AS)	6.64	19.22	8.98	2.89	2.26		376.60
HDFC Hybrid Debt Fund (Formerly HDFC MF Long Series)	7.06	18.38	10.62	N/A	1.91		3,442.34
Reliance Hybrid Bond Fund (Formerly Reliance MF)	7.05	10.63	11.11	2.45	1.86		2,043.41
UTI Regular Savings Fund - Regular Plan (Formerly UTI MF - Advantage)	8.31	12.03	10.28	N/A ⁴	1.61		2,832.17
Category Average	7.67	16.97	9.34				
SHORT DURATION (Core)							
Franklin Bond	6.69	2.83	4.65	6.00	0.39		1,170.84
HDFC Short Term Debt Fund (Formerly HDFC Short Term Opportunities)	6.84	3.25	5.62	N/A	0.40		10,507.76
KBC Prudential Short Term Fund (Formerly KBC Pru Short Series)	1.62	2.55	3.87	1.68	0.31		6,163.40
LSF Short Term Debt Fund (Formerly LSI Short Term Corp)	1.82	2.95	4.87	1.41	0.70		2,725.94
UTI Short Term Debt Fund - Regular Plan	1.75	2.89	4.62	1.21	0.45		9,943.70
Category Average	1.66	2.83	4.49				
CORPORATE BOND (Stimulus)							
Franklin Corporate Bond Fund - Standard Plan	1.93	3.70	6.32	0.75	0.59		943.95
Category Average	1.72	2.71	4.43				



NPS Options-Active & Auto Choice



- Equity & related instruments
- Corporate Debt and related instruments
- Government Bonds & related instruments
- Alternative Investment Funds

Learning Resources:

https://www.youtube.com/watch?v=V_oRpfVDt4s

Under Active choice in NPS, investor gets to choose how their contribution to NPS can be invested into the various asset classes

The maximum permitted equity investment is 75% of the total asset allocation

In Auto Choice option, funds are invested across the asset classes in a predetermined manner

- Aggressive Life Cycle Fund
- Moderate Life Cycle Fund
- Conservative Life Cycle Fund



Pre- Retirement Checklist



- Plan to clear all debts by the time you retire
- Cash Flow analysis , estimated return from each source
- Consolidation of Bank accounts
- Cover all insurance needs
- Where do you want to live post retirement
- Will your spouse contribute to the income
- Look beyond retirement expenses
- Set up SWP
- Reduce equity exposure

Learning Resources:

[https://www.youtube.com/watch?v=oXE
d47HxFE0](https://www.youtube.com/watch?v=oXE
d47HxFE0)



Retirement Plan – Investment Options



Retirement in 10 years

- NPS
 - Active Equity/
Balanced
- Equity Mutual Funds
 - Index
 - Midcap
- RBI Direct Retail Bonds

Retirement in 5 years

- Balanced Mutual Funds
- Fixed Deposits

Retirement in 1-2 year

- Fixed Deposits



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
- Keep your spouse/ partner informed about this fund



Health Covers



- Port company provided cover if possible
- Check the sub limits, exclusion and waiting period in health covers before buying them
- Provide all health information correctly
- Take a super top up plan instead of Rs 1 cr cover
- Super Top up covers for Parents work out cheaper
- Health Covers for overseas treatment
 - Come with deductible



Post Retirement fixed return investment options



Features	Senior Citizen Savings Scheme	RBI floating Rate Bond	Post Office Monthly Income Scheme	Fixed Deposit
Interest Rates	8.2% payable quarterly	7.35%	7.4%, payable monthly	3 to 7.5% depending on tenure
Minimum Investment	Rs 1000/-	Rs 1000/-	Rs 1500/-	Rs 5000/-
Maximum Investment	Rs 30 lakhs	No maximum limit	Rs 9 lakhs in single name Rs 15 lakhs in joint name	No maximum limit
Tenure	5 years, can extend for 3 years after maturity	7 years	5 years	7 days to 10 years
Tax Benefits	Sec 80C, returns fully taxable	NIL	NIL	NIL



Planning post retirement expenses



Divide money into 2 buckets –

Bucket 1:

Bucket one for monthly expenditure (for around 5 to 10 years as reqd) & some money for emergency (to be set aside in FD's)

Options available:

SCSS (8.2%) , post office MIS (7.4%), FD (8%)

Bucket 2:

Bucket two will be invested into equities so that it can grow and beat inflation (Index, flexicap)

Move money from bucket 2 to bucket 1 every 7-8 years and repeat the process



Succession Laws



Hindu Succession Act, 1956

- Applicable to Hindu, Buddhist, Jain and Sikhs
- In case of death of a male member, the wealth will be passed equally between the wife, mother and children
- In case of death of a female member, the wealth will be passed equally between husband and children

The property of a Hindu lady who passes away without a Will, devolves in the following manner:

- Firstly, upon the sons and daughters (including the children of any pre-deceased son or daughter) and the husband
- Secondly, upon the heirs of the husband
- Thirdly, upon the mother and father
- Fourthly, upon the heirs of the father
- Lastly, upon the heirs of the mother



Succession Laws



Indian Succession Act, 1925

- Applicable to Christians and Parsi
- **If a Christian dies Intestate,**
 - 1/3rd of his/her assets will go to the spouse and 2/3rd to lineal descendants
- **If a Parsi dies intestate,**
 - His/her assets will be passed on to the spouse and children equally
 - However, if the parents of the deceased are alive, then each parent will receive a share equal to half the share of each child
 - Lastly, upon the heirs of the mother

Law in case of inter-religious marriages

- The wife is entitled to the inheritance of her husband's property as his personal laws dictate.



Wills



- A Will can be handwritten or typed;
 - Stamp paper is not required.
 - A Will can be in any language that suits the person making the Will.
 - 2 Witnesses required
 - Executor is the person appointed by the person making a Will to take action on all the wishes as per the Will
-
- Advisable to do a video recording of the Will being signed and keeping the recorded clip safe along with the Will

**FINSAFE
TIPS**



Wills



Wills can include

- All single/joint properties, wealth, assets including:
- Movable properties
- Immovable properties
- Ownership as a proprietor in a proprietorship firm, or shares owned in a company
- Foreign assets
- Future assets

- Advisable to get the Will registered as the authenticity of the person signing the WILL is not questionable

- Advisable to store in the safe custody of a locker, with a trusted person or with a solicitor

For Wills

- Registration is not mandatory.
- Wills can be changed as many times as one wants
- Can be stored anywhere

**FINSAFE
TIPS**



Financial Documentation



Make an inventory of all financial assets:

- All assets including listing of jewellery in bank locker and home
- All liabilities
- Details of person you are dealing with
- Details of all utility accounts
- Dos & Don'ts

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Financial Documentation



Keep a check on statements

- Bank/FD statement
- NPS /EPF
- MF/ shares/bonds/ ETF /SGB : NDSL CAS
- Insurance : electronic insurance account
- Tax statements
- Digi locker : PAN, Aadhar, Education cert, DL, Vehicle registration documents, insurance policy documents, UAN Card
- Gold : List
- Property deeds in locker

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Summary



- Structured Retirement Planning is a must
- Don't get swayed by trending investments
 - Simple, low cost investments work the best
- Try to generate an income in retirement
- Emergency Cash & Health Insurance are very important
- Make spouse aware of all financial matters



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Women and Money 4:



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