



Handbook for the

Financial Wellbeing Journey

Goal Planning + Tax Planning



Introduction

Thank you for your interest in the Goal Planning program.
Hope the program was insightful with many implementable takeaways.

Here is a Handbook which gives a glance:

- Choosing between Old Vs New Regime
- Best investment options under Sec 80C
- Brief inputs on investment products to be chosen based on goals
- Useful video/ calculator links to help you with further information
- Finsafe Tips



Which Tax Regime to Choose?

Income Tax Slabs

NEW TAX REGIME (Revised*)

| INCOME | TAX RATE (%) |
|--------------|--------------|
| 0-3 Lakh | NIL |
| 3-6 Lakh | 5% |
| 6-9 Lakh | 10% |
| 9-12 Lakh | 15% |
| 12-15 Lakh | 20% |
| Above 15Lakh | 30% |

OLD TAX REGIME

| INCOME | TAX RATE (%) |
|---------------|--------------|
| 0-2.5 Lakh | NIL |
| 2.5-5 Lakh | 5% |
| 5-10 Lakh | 20% |
| Above 10 Lakh | 30% |

Learning Resources:

<https://www.finsafe.in/financial-wellness/old-vs-new-tax-calculator/>



Tax Hygiene

- Check your Tax Slab upon Joining the organization
- Choose Between Old Vs New Regime
- Old Regime – Submit information in April of any year or upon your joining date / Start investing
 - Failing submission, excess tax will be detected every month
- Submit the proofs to employer in Dec or Jan
 - None submission of proofs leads to excess tax
 - Resulting lower take home salary
 - If missed, invest before 31st March and file claim tax refund while filing return
- File for Income Tax returns for previous year Financial Year by July 31st.

For ex: **For Financial Year April 2023-March 2024. The last date to file tax would be on July 31st 2024**

Learning Resources:

<https://www.finsafe.in/financial-wellness/old-vs-new-tax-calculator/>



Documents to be kept ready

1 Investment proofs

- Sec 80C
- Sec 80D – premium receipt
- Sec 80E – Interest repayment certificate
- Sec 24 – principal & interest repayment certificate
- Other sections – donation receipt
- Individual NPS

2 Rent Receipt & Rent Agreement

3 Travel Proof for LTA

4 Other allowances



Sections to consider for tax saving

- Section 80C
- Section 80 CCD
- Section 24
- Section 80D
- Section 80 E
- Section 80 G
- Section 80TTA



Fixed Return Sec 80C Products

| Scheme | PPF | EPF | VPF | PO Schemes: NSC | PO Schemes: SSY |
|-----------------------|--------------|---------------------|----------------------------------|-----------------|-----------------|
| Max Investment | Rs.1.5 lakhs | 12% of (basic+DA) | 100% of (basic+DA) (incl of 12%) | Rs 1.5 lakhs | Rs 1.5 lakhs |
| Employer Contribution | No | Yes | No | No | No |
| Current Return | 7.10% p.a. | 8.15% p.a. | 8.15% p.a. | 6.8 % p.a. | 7.60% p.a |
| Taxation on Returns | Tax Free | Tax Free (>5 years) | Tax Free (>5 years) | Taxable | Tax Free |
| Lock-in | 15 years | Upto retirement | Upto retirement | 5 years | 21 years |

* Maximum of 1.5 Lakhs in a financial year under Sec 80C



Market Linked Sec 80C

| Scheme | Endowment Plans | ULIP | ELSS |
|---------------------|------------------------|------------------------|-----------------------------------|
| Max Investment | No Limit | No Limit | No Limit |
| Expected return | 3 – 4% | 4 -6% | 10 -15%. |
| Taxation on Returns | As per Insurance rules | As per Insurance rules | 10% if gains are more than 1 Lakh |
| Cost | Nil | Nil | Nil |
| Lock-in | 15 – 20 years | 5 Years | 3 Years |

* Maximum of 1.5 Lakhs in a financial year under Sec 80C



Equity Linked Savings Scheme

- Equity fund with tax saving benefit
- Lock-in period – 3 years
- Section 80 C of Income Tax Act benefit to claim up Rs. 150000 as deduction in a financial year
- Dual Benefit of tax savings and wealth creation
- Can be invested through SIP
- Minimum investment amount Rs.500 per month

Finsafe Tips:

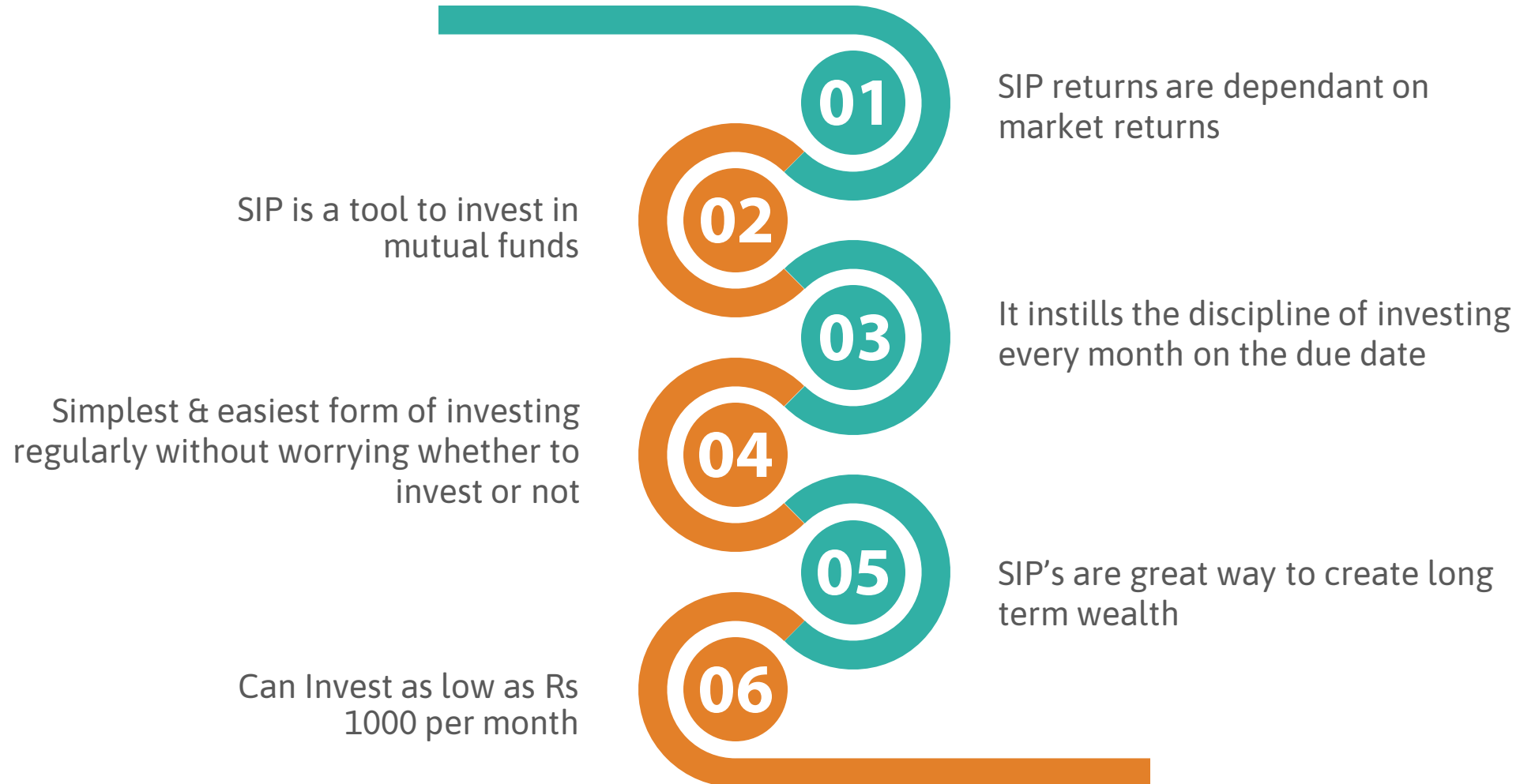
- ELSS schemes help in wealth creation as well as tax saving and hence it is advisable to invest in them under Sec 80C

Learning Resources:

<https://www.youtube.com/watch?v=J1piymZLKU>



Features of SIP



Selecting ELSS Schemes

<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 | Ultrashort 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 2021 | 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 2018 and 2019, 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 | Tries 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 FUND/SETFS | |
| 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 bothering about storage |
| Motilal Oswal Nasdaq 100 ETF (MO-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. |



Sec 80 CCD – National Pension Scheme

- Defined contribution scheme
- Minimum Rs. 1,000 per year
- Lock in- up to 60 years
- 60% of corpus can be withdrawn tax free
 - As a lumpsum
 - As regular payments till age 75
 - Withdrawals tax free
 - Remaining corpus invested
- Annuity to be purchased with balance 40%
- Annuity is taxable
- Different Investment Options

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

Finsafe Tips:

Remember 40% of corpus would be compulsorily invested into an annuity, which would not be tax free.

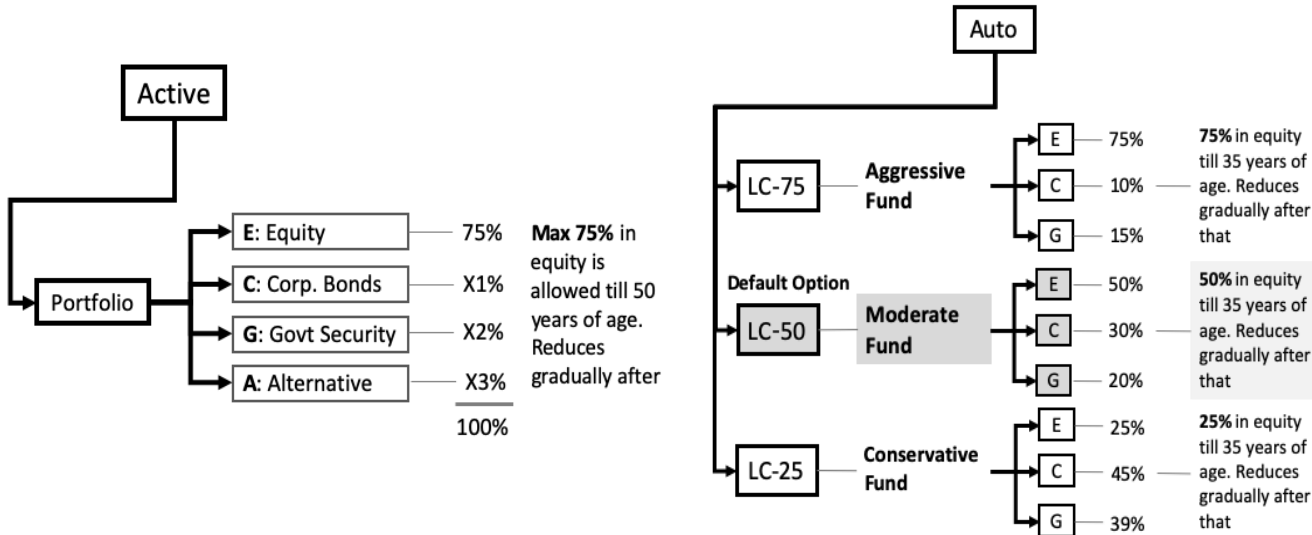


Retirement Products – National Pension Scheme

What is NPS?

- Defined contribution scheme
- Minimum Rs. 1,000 per year
- Lock in- upto 60 years
- 60% of corpus can be withdrawn tax free as lumpsum or periodically
- 40% needs to be invested into annuity plan

Investment Choices in NPS :



Learning Resources:

https://youtube.com/playlist?list=PLsRkc9JvTV2EVUk8OImwfYR44v8_2KFfg&si=IbM4GGTjsodTwnVS

Finsafe Tips:

- Invest in Active Equity Option if retirement is > 10 years away



Home Loan Deductions - 80 C & Sec 24

| Particulars | Section 24 | Section 80C |
|---|---|---|
| Tax Deduction | Interest | Principle |
| Amount allowed | Self Occupied – 2 Lakhs Non Self Occupied , but living in another city for work – 2 Lakhs Non Self Occupied – 2 lakhs | Rs.150000. |
| Purpose of the loan | Purchase/ Construction/ Repair/ Reconstruction | Purchase / Construction of new house |
| Eligibility | Purchase/ Construction/ Should complete within 5 years | No Conditions |
| Restriction on sale of property | No Restrictions | Tax Deducted claimed would be reversed if property sold within 5 years. |
| Tax Deduction can start | After completion of the property | After Completion of the property |
| Stamp Duty / Registration cost | N A | Applicable |
| Tax deduction on Land | N A | N A |
| Tax Benefits on Commercial property | N A | N A |
| Property not constructed within 5 years | Interest would be reduced from 2 Lakh to Rs. 30000 | N A |

Learning Resources

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



Other Tax Sections

Section 80 D

- Tax deduction up to Rs 100,000 for medical insurance premium

| Deductions under section 80D | | | |
|---|--|------------------------------------|---|
| Situations based on age | Eligible deduction limits (up to Rs.) | | Total eligible deduction limit under section 80D (up to Rs.) (including Rs. 5,000 on preventive health checkup) |
| | Medical Insurance Premium paid in respect of | | |
| | Medical Insurance Premium paid in respect of | Parents (whether dependent or not) | |
| No one has attained age of 60 Years | 25,000 | 25,000 | 50,000 |
| You and your family is less than 60 years & Parents are above 60 years of age | 25,000 | 50,000 | 75,000 |
| You and your parents have attained the age of 60 years and above | 50,000 | 50,000 | 100,000 |

Learning Resources

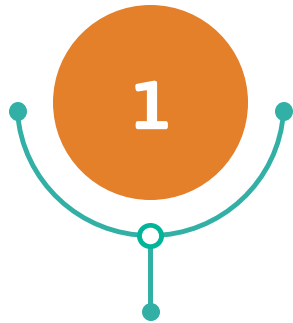
<https://www.youtube.com/watch?v=vGVynJz4S9o>

Finsafe Tips:

Buy a health cover over and above health cover provided by employer.
Don't buy only for tax benefits

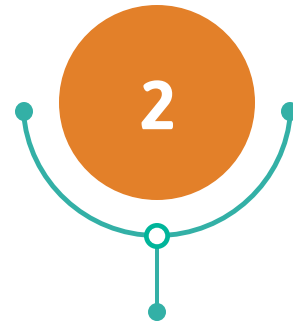


Other Tax Sections



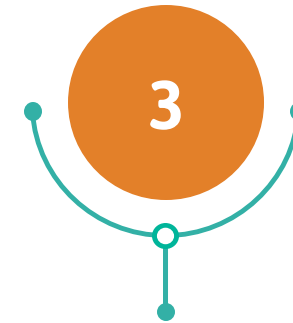
Section 80 E

- Interest paid on loan taken for higher studies is fully deductible
- Max period to claim deduction is 8 years



Section 80 G

- Donations



Section 80 TTA

- Deduction of Rs. 10,000 for interest income earned on savings accounts

Finsafe Tips:

- Claim interest paid on education loan under Sec 80E
- Remember to deduct interest earned on savings account up to Rs 10,000/- per annum under Sec TTA



House Rent Allowance

Amount exempt under HRA is the lower of the following:

- Actual HRA received
- 40-50% of the basic + DA (depending on the city)
- Rent paid less 10% of salary.

Learning Resources

https://www.youtube.com/watch?v=Ib8P6gVw_8U&t=



Income from other sources

| Instrument | Holding Period | Taxation |
|-----------------------------------|------------------------|--|
| Fixed Deposit/ SB Interest Income | Any Period | FD interest - At Slab SB interest – Above Rs 10,000/- taxed at slab |
| Dividends | Any Period | At slab |
| Property | < 2 years > 2 years | At slab 20% With indexation |
| Gold & Jewellery | < 3 years > 3years | At slab 20% With indexation |
| Listed Stocks& Equity MF | < 1 year > 1 year | 15% 10% post gain of Rs 1 lakh |
| Debt Funds | Any period | At Slab |
| Unlisted Shares | < 2 years > 2 years | At slab 20% With indexation |
| Cryptocurrency | Any Period | 30% |

Gifts

- From relatives (parents, spouse, siblings, siblings of parents) is tax free
- From others > Rs 50,000 are fully taxable except on special occasions.
- All gifts to be declared in ITR and exempt income should be mentioned in Schedule EI.



Summing up



Choosing Investment Products based on Goal period



Facebook Page:
[Finsafe India](#)

You Tube Channel:
[Finsafe India Private Ltd](#)

Twitter:
[finsafeindia/mrinagarwal](#)

Telegram:



Women and Money 4:



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