A hand in a dark suit sleeve is dropping a gold coin into a clear glass jar filled with various coins. The background is a blurred office setting. The image is framed by a thin orange border.

Handbook for the  
Financial Wellbeing Journey

# 5 Steps to Financial Freedom



# Introduction

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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

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## 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

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## 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

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## 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

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## 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%

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### 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

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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

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## 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

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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

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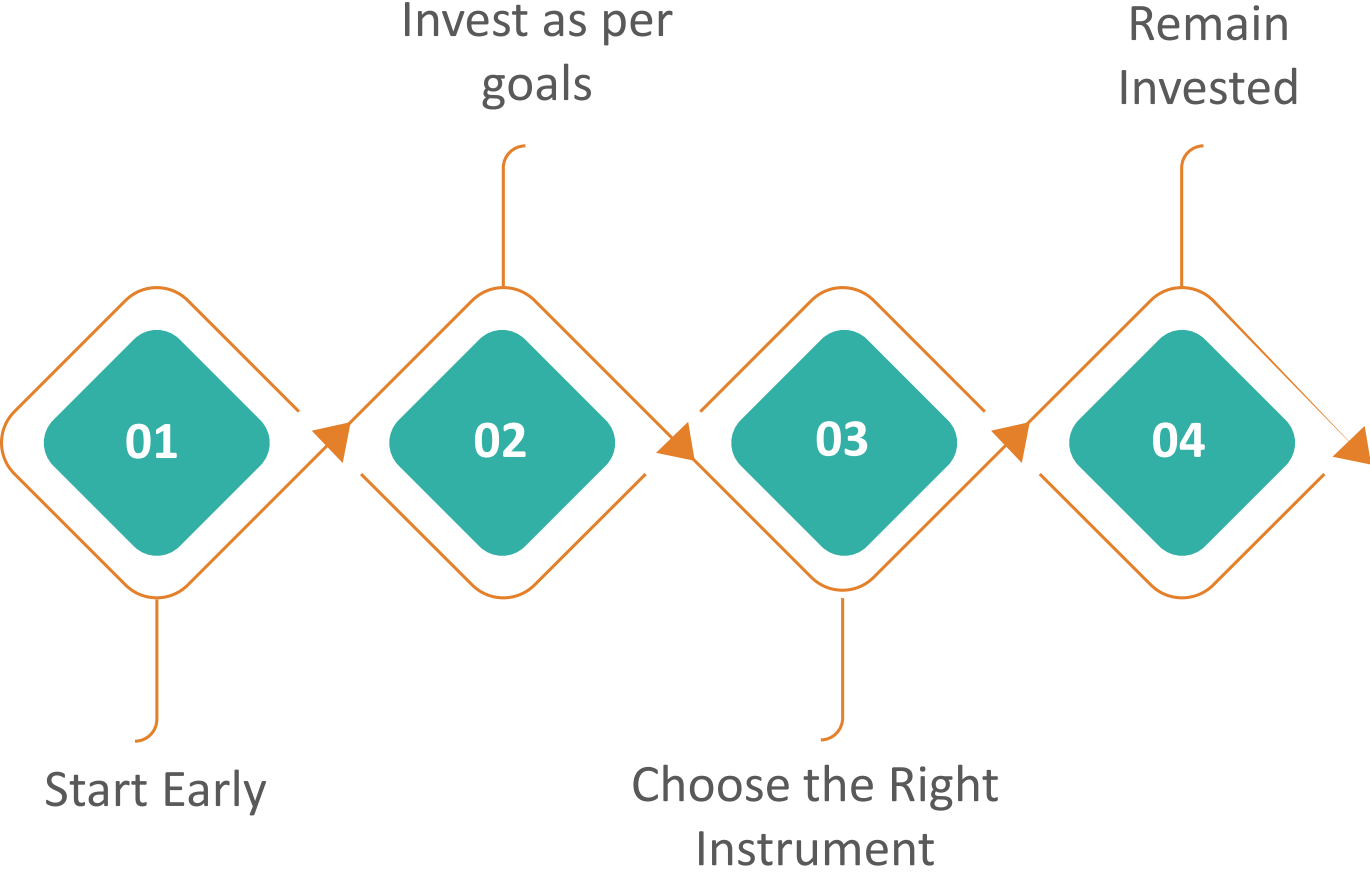
## Finsafe tips:

- 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

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