



Let's Talk Money.

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What is Financial Wellbeing?

Is when a person is:

- ✓ Making the most efficient use of financial resources,
 - ✓ Is in a position to absorb any financial shocks,
 - ✓ Is on track for meeting current & future financial goals, and
 - ✓ Has a feeling of satisfaction & peace about financial life.
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THE 9-POINT ACTION PLAN FOR FINANCIAL WELLBEING

- 1) Save before you Spend
 - 2) Park aside an Emergency Fund
 - 3) Buy a Term Insurance Policy
 - 4) Buy a Health Insurance Policy
 - 5) Diversify your Assets
 - 6) Start investing for Retirement
 - 7) Make SIPs in MFs for future goals
 - 8) Plan your taxes in April every year
 - 9) Participate and take charge of money matters
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1. Save Before You Spend





Are you a Saver or a Saver or an Investor?

SPENDTHRIFT

- Expenses $>$ Income

SAVER

- Saving but not investing

INVESTOR

- Returns $>$ Inflation
-



2. Park aside an Emergency Fund



Creating an Emergency Fund

- Why?

For circumstances such as: Loss of Job, Medical emergencies,
Unplanned, Non-negotiable expenses

- How much?

Ideally 6 -12 months of Expenses

- Where to park this Fund?

Savings Bank account or FDs or Liquid Mutual Funds





3. Buy a Term Insurance Policy



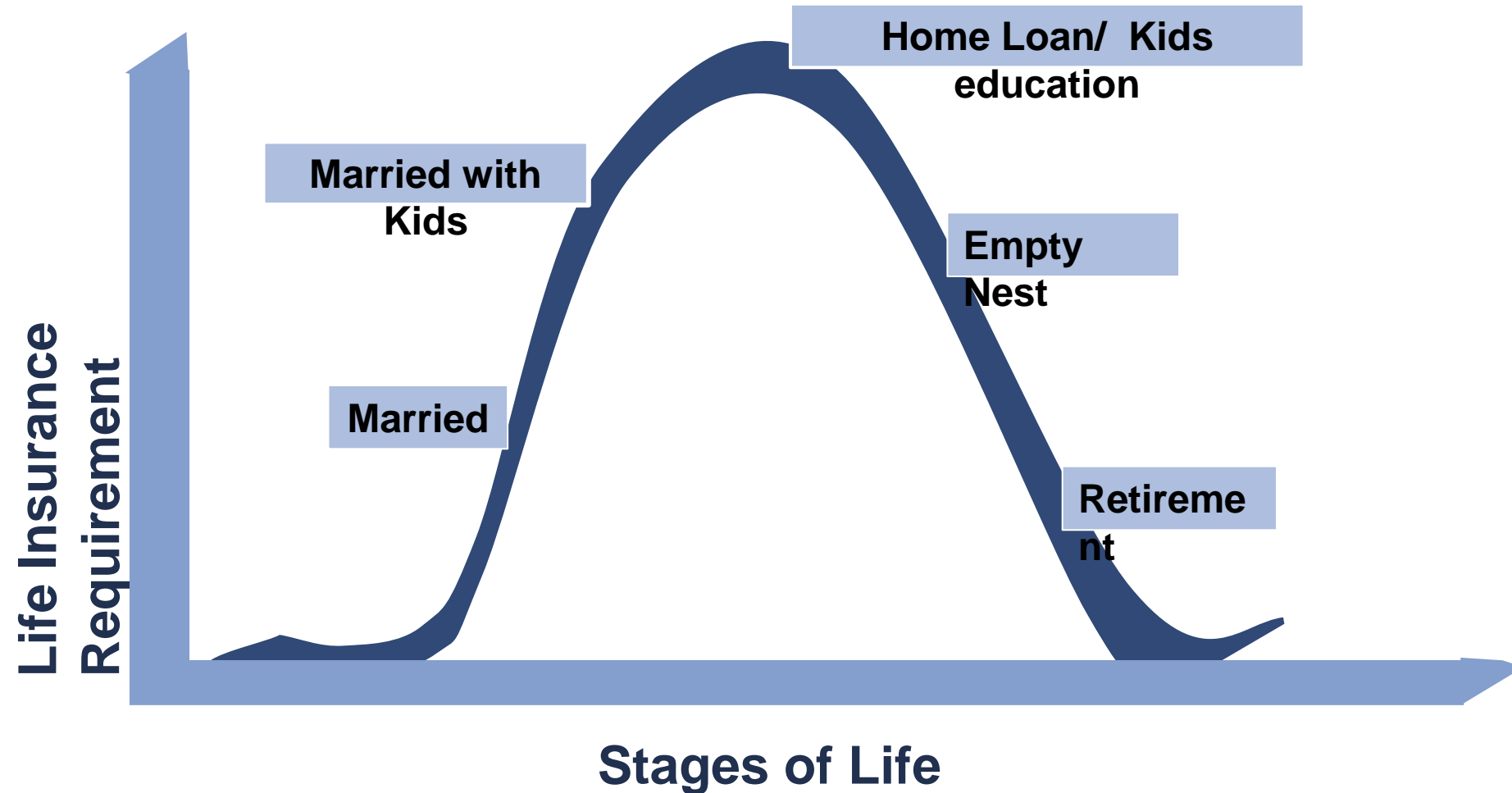


How to buy a Life Insurance Policy?

- **For whom:** Husband & Wife (whoever is an earning member)
 - **How much:** It should be sufficient to take care of all future expenses, loans, & goals
 - **Thumb rule:** It should be around 10-15 times your annual income
 - **What type:** Term Insurance Policy (online is cheaper)
 - **Warning:** Don't buy Life Insurance as Investments or for Tax saving purpose only
 - **Tax Benefits:** Premium paid qualifies under section 80C
-



When should you get Life Insurance?





4. Buy a Health Insurance Policy



Critical Illnesses in India

Estimated Deaths Per Year and Average Cost of Treatment

Cardiovascular
Diseases

24,00,000



3.5 Lakhs

Lung
Diseases

1,160,092



20 Lakhs

Cancer

5,56,400



10 Lakhs

Liver
Diseases

2,16,865



18 Lakhs

Kidney
Diseases

2,00,000



4 Lakhs

Source: Tomorrow Makers, WHO, World Life Expectancy



How to select & buy Health Insurance?

- **How Much:** 10 to 20 lakhs of Family Floater – Husband, Wife & Kids
 - **For Parents:** Health Insurance plus must consider creating an independent medical emergency fund for them
 - **Benefits:** Tax Benefit under Sec 80D up to Rs.25,000/50,000
 - **Types:** Mediclaim, Critical Illness, Personal Accident
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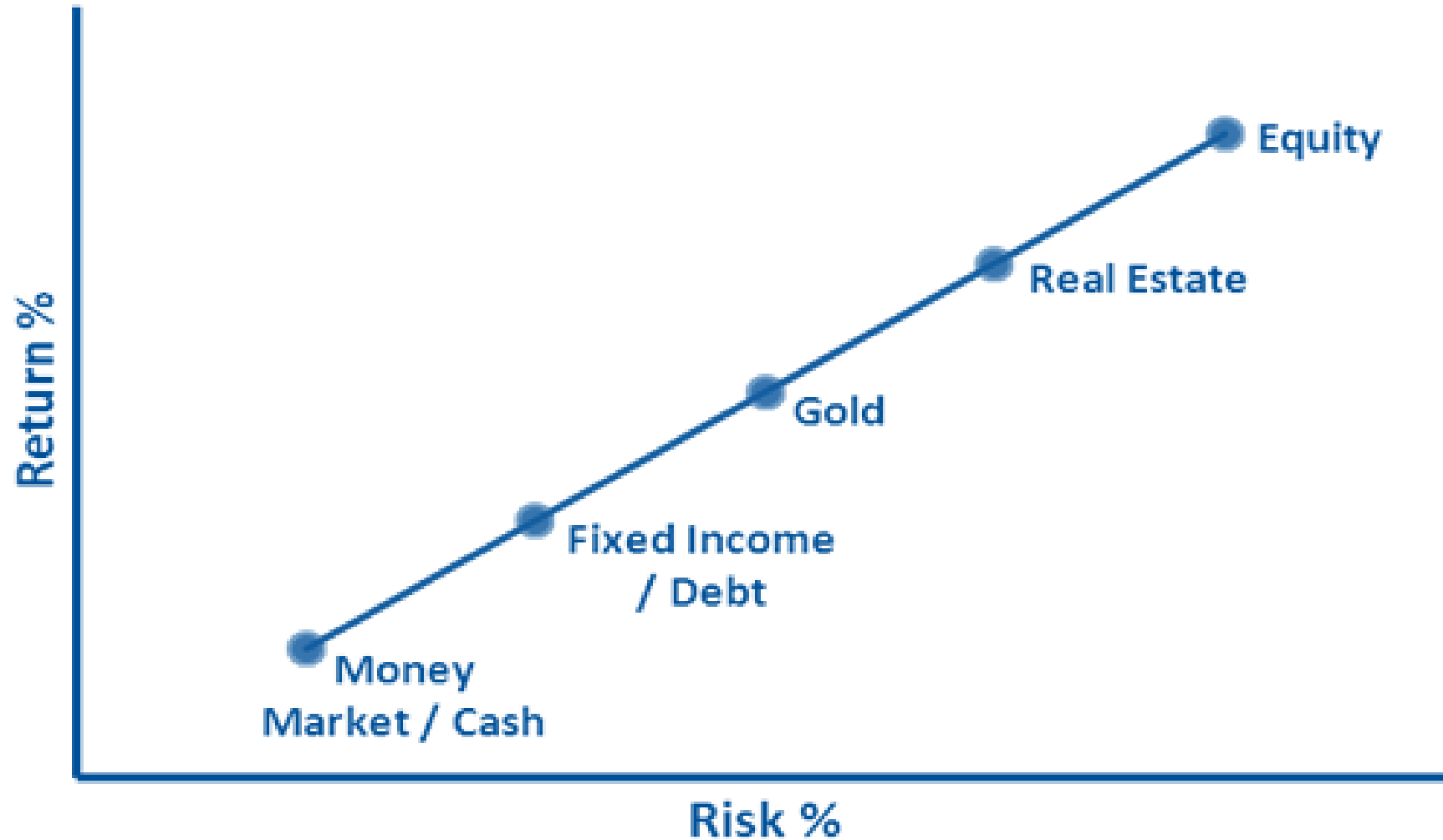
5. Diversify your Assets

Risk vs Return Tradeoff





Risk vs Return Tradeoff





No. 1 enemy of Investments - Inflation

- Inflation is the No. 1 Enemy of your Investments
 - Eats into your savings and investments
 - Purchasing Power of money reduces with time
 - Your Investments have to beat inflation to grow
 - Government Inflation (Economic Inflation) Vs. Your Inflation (Lifestyle Inflation)
-



Your investments should beat your lifestyle inflation

Few years Back	Today	% Increase
Ordinary Shoes – Rs. 500	Branded Shoes – Rs 3000	500%
Domestic Brand Watch – Rs. 1500	International Brands – Rs. 7500	400%
Restaurant – Rs. 1000	Fine Dining – Rs. 5000	400%
Medicine – Rs. 500	Healthcare Products – 3000	500%
School fees – Rs. 5000	DPS fees – Rs. 140000	1800%
Normal Mobile – Rs. 3000	Branded Phone – Rs. 50000	900%
Scooter – Rs. 50000	Low-end Car – Rs. 5 Lakhs	900%
Movies in Single Screen – Rs. 50	Movies in Multiplexes – Rs. 250	400%
Vacation – Domestic – Rs. 50000	Vacation – International - Rs. 5 Lakhs	900%

Economic Inflation: 7 % (CII – Government published Cost of Inflation Index)

Lifestyle Inflation: 10-12 % and upwards



No. 2 Enemy of Investing - Taxes

**IN THIS WORLD
NOTHING CAN BE SAID
TO BE CERTAIN, EXCEPT
DEATH AND TAXES.**

Benjamin Franklin

While choosing an investment product, choose tax efficient product



Fixed Deposits

- Impact of Inflation
- Impact of Taxes
- Negative Real Rate of Return

**Ideal for short-term investments*

Real Estate

- Overstretching your financials
- Liquidity related problems
- Maintenance costs of real estate
- Unregulated market – artificial pricing
- Stagnation problem



Gold

- Does not grow, neither does it give dividends
- Best for Lifestyle related usage - Jewellery
- Some exposure to Gold as a inflation hedge is fine
- As per an article in Feb-18, Indians are the 2nd highest consumer for Gold





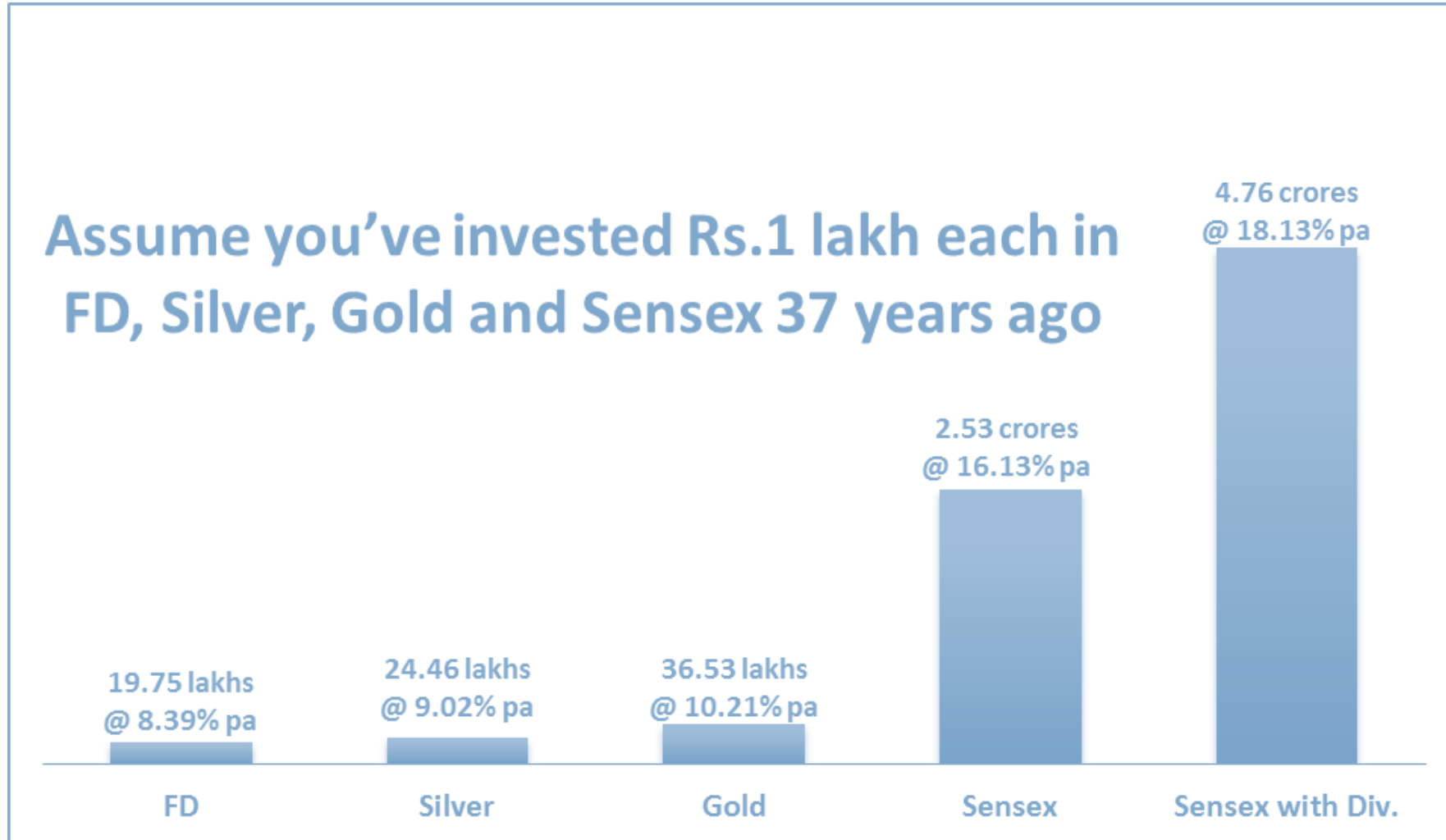
What is equity and why it gives maximum returns?

EQUITY IS OWNERSHIP

- Owner Vs. Lender
 - Owner Vs. Employee
 - Owner Vs. Consumer
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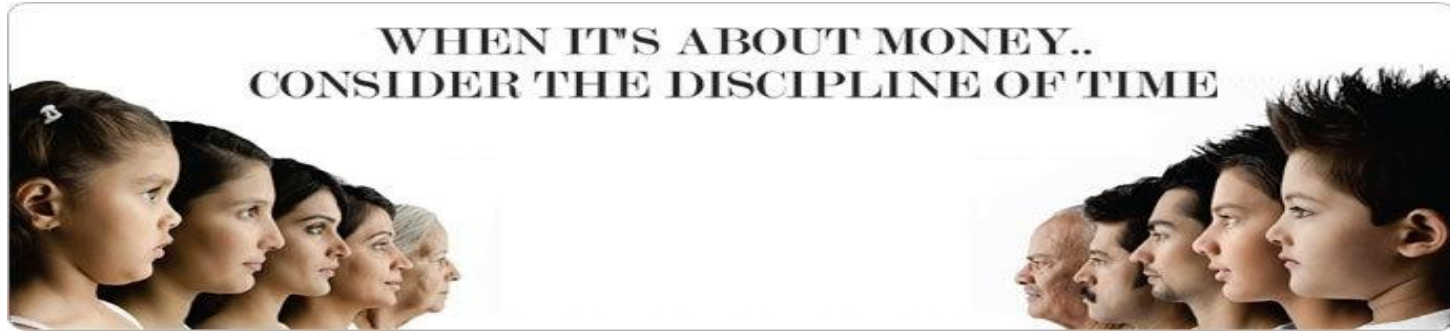


37 years of performance: Sensex, Fixed Deposits, Gold and Silver

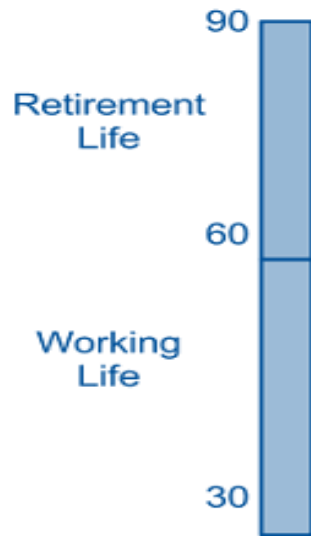




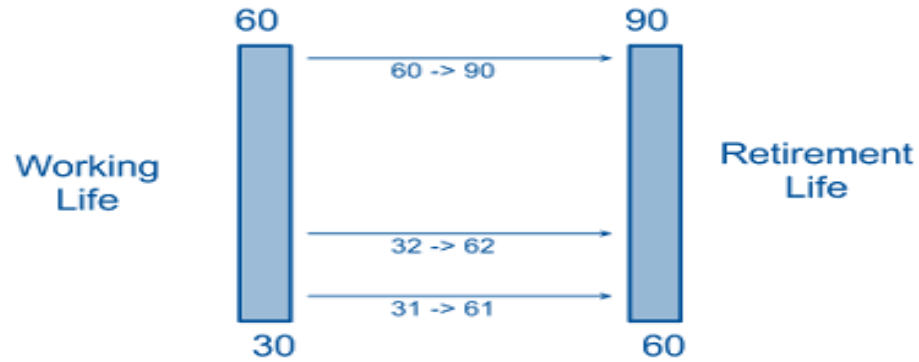
6. Start investing for Retirement



How People look at it



How People should look at it



Each year of earning should contribute to each year of retirement. Failing to save in some year would affect your retirement by some margin.

Each year of invested amount in the earning phase of life, will contribute towards each year of retirement phase of life due to the compounding effect of the invested amount



How and What to do?

- Start Early
 - Invest in Equities
 - Invest Regularly
 - Contribute and hold on to your NPS/EPF/PPF Investments
 - Don't depend on others
-



7. Make SIPs in MFs for future goals

Goals of Life

- Retirement Corpus
- Children's Education
- House Purchase
- Annual Vacations
- Car Purchase
- Children's Marriage
- Others – Sabbatical, Charity, Vacation Home, House Renovation, etc.



What are SIPs?

- Invest on a Monthly basis
- Directly gets debited from bank account
- Brings in discipline to investing
- Rupee Cost Averaging at Work
- Power of Compounding at Work
- Excellent tool for achieving Medium Term & Long term goals in life





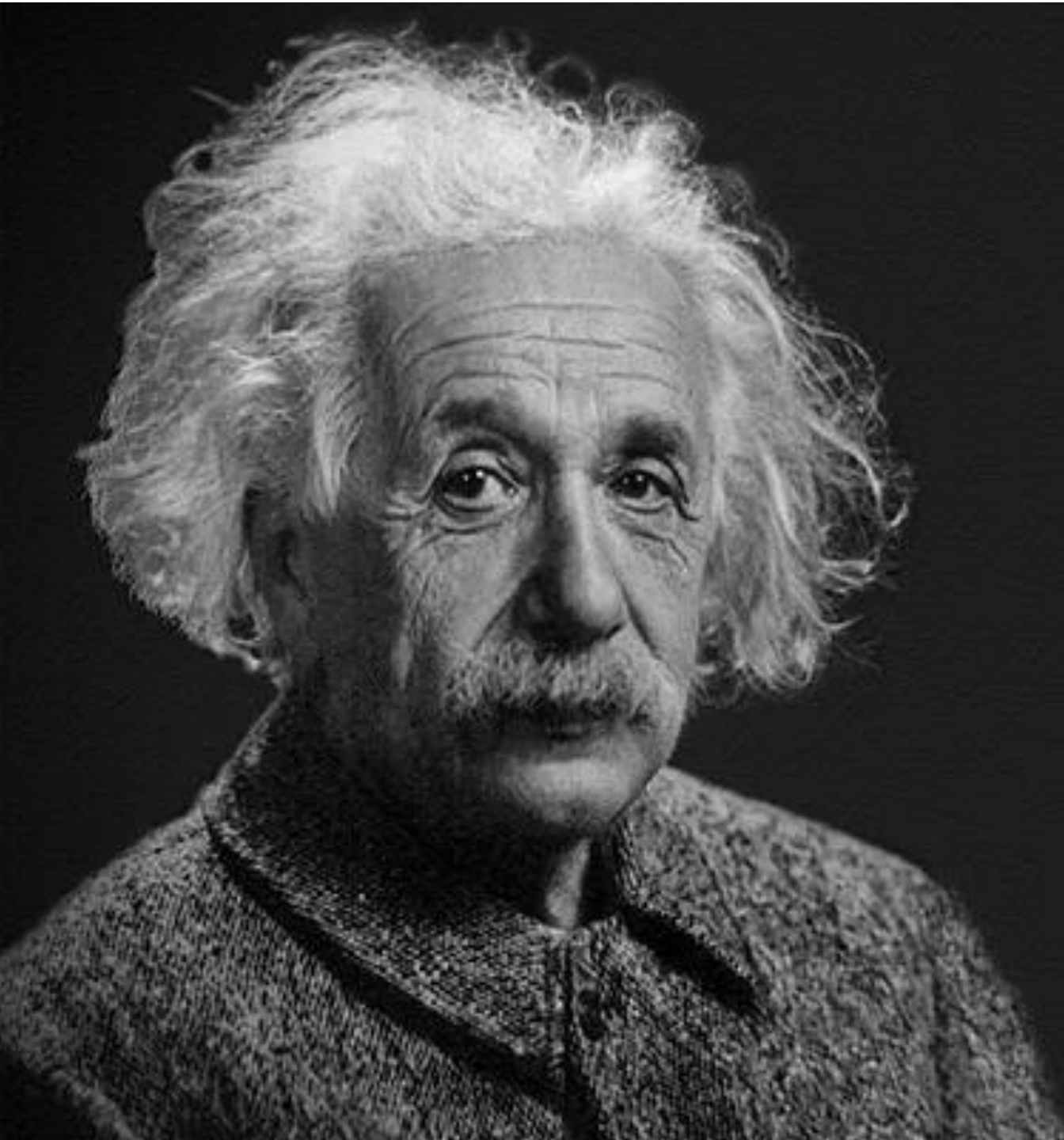
SIP performance

Report As of Date	Start Date	Investment Amount	Start Date	Investment Amount	Start Date	Investment Amount
19/09/2022	1/1/1997	18,00,000	1/1/2002	12,00,000	1/1/2007	6,00,000
Fund	XIRR %	SIP Mode	XIRR %	SIP Mode	XIRR %	SIP Mode
Nippon India Growth Gr	22.52	10,50,62,412.8	20.74	2,69,37,850.86	14.88	38,42,595.27
HDFC Flexi Cap Gr	21.06	8,12,48,458.52	18.54	1,96,33,841.99	14.35	36,08,018.11
Franklin India Flexi Cap Gr	19.95	6,66,62,738.72	17.9	1,79,02,392.92	14.2	35,46,147.98



SIP performance

Fund Name	Since Inception		15 Years of Inv		10 Years of Inv		5 Years of Inv	
	Investment	Valuation	Investment	Valuation	Investment	Valuation	Investment	Valuation
Nippon India Growth	3210000	12,80,73,939	18 Lakhs	62,77,641	12 Lakhs	28,96,601	6 Lakhs	9,73,514
HDFC Flexicap Fund	3320000	11,99,06,860	18 Lakhs	60,20,350	12 Lakhs	26,81,350	6 Lakhs	9,57,460
Franklin India Flexi Cap	3340000	10,16,38,561	18 Lakhs	59,52,074	12 Lakhs	26,17,898	6 Lakhs	9,24,405



COMPOUND INTEREST IS
THE 8TH WONDER IN THE
WORLD

HE WHO UNDERSTANDS
IT, EARNS IT ...
HE WHO DOESN'T
PAYS IT ...

- Albert Einstien



Advantages of Mutual Funds

- Professional Management
 - Diversification
 - Convenient Administration
 - Return potential
 - Low cost
 - Liquidity
 - Transparency
 - Flexibility
 - Choice of schemes
 - Well regulated
 - Qualified Advisors
 - Tax benefits
-



Map your Investments to your Goals

Objective	Horizon	Mapped Products (Sample)	Possible Goals
Very Short Term	<1 Year	Liquid Mutual Funds	Contingency Funding, Park Your Bonuses & Windfalls
Short Term	1-3 Years	Debt Mutual Funds	Vacations, Car Purchase, Park Retirement Corpus for Fixed Income
Medium Term	3-6 years	Balanced Mutual Funds	House Purchase, Car Purchase, Start Up Funding
Long Term	6-10 Years	Diversified Equity Mutual Funds	Children's Education, Children's Marriage, Dream House
Very Long Term	10 + Years	Diversified, MidCap, SmallCap & Sectoral MFs	Retirement. Children's Future, Wealth Creation for Next Generation



8. Plan your taxes in April every year



80C Qualified Tax Saving Investments

Instrument	Returns	Lock In Period (in Years)
EPF	8.55%	Until Retirement
PPF	7.10%	15
FD's – Banks & Post office	6.00 to 7.00%	5
Senior Citizen Savings Scheme	7.40%	5
Life Insurance Policies	5 to 6%	3
ELSS	Market Linked	3
ULIP	Market Linked	5
Home Loan Principal Payment	NA	NA
Children Tuition Fees		
National Pension Scheme	Market Linked	Until Retirement
NSC & Sukanya Samriddhi Yojana	6.80%/7.60%	5 Years/ Till age 18

Note: A direct comparison may not be possible between the products due to their respective nature



ELSS Advantage

- Low Lock in period: 3 years Only
- Earn market-linked return: 12 to 15 Percent historical returns
- Tax Efficient returns: Under Section 80C up to 1.5 Lakhs



Other Tax Benefits

Deductions u/s 80C	Investments in PF, PPF, Life Ins., ELSS, NPS etc	Upto Rs. 1,50,000
Deductions u/s 80CCD	Investments in NPS	Upto Rs. 50,000
Deductions u/s 80 D	Medical Insurance Premium (Self, Parents)	Upto Rs. 25,000/50,000
Deductions u/s 80 G	Eligible Donations up to specified percentage	Upto 50% / 100%
Deductions u/s 80 E	Interest Paid on Education Loan	All Interest Paid
Deductions u/s 80 TTA	Interest Received on Savings Bank A/C	Upto Rs. 10,000
Tax Benefit u/s 24	Interest Paid On Home Loan	Upto Rs. 2,00,000
Deductions u/s 80EEB	Deduction in respect of purchase of electric vehicle	Upto Rs. 1,50,000



Other Tax Savings Options

- HRA
 - Leave Travel Allowance
 - Books and Periodicals
 - Food coupons
 - Company leased car
 - NPS
-

NPS vs EPF



			Tax Benefit				
	Contribution	Returns	Personal Contribution	Employer Contribution	Taxation at withdrawal	Liquidity	Sec 80 C Limit
NPS	10%	Market Linked	Yes under Sec 80C	Yes Under Sec 80CCD (2)	60% Tax Free	after age 55	2 Lakhs
EPF	12%	8.55%	Yes under Sec 80C	Yes	Tax Free	Flexibile	1.50 Lakhs



NPF vs EPF – Tax Efficiency

Case study: Mr. A is earning a basic salary of 10 lakhs per annum

	Employee Contribution	Employers Contribution	Tax Benefit for employee contribution	Tax Benefit for employer's contribution	Total Tax Benefit	Limit Under Sec 80C	Limit Under sec 80CCD (2)
EPF	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,50,000	Not Applicable
NPS	1,00,000	1,00,000	1,00,000	1,00,000	2,00,000	2,00,000	No Limit



9. Participate & take charge of your own money matters



Investors make unplanned & ad-hoc investments

- Husbands make all money / investments related decisions
- Tax season investments
- Relying on advice from relatives/friends, they act as agents
- Falling for Sales pitches from Bank RMs
- Giving into herd mentality



What should we do with current/existing Investments?

- Cross Check Nominations
- Cross Check Bank Details
- Cross Check Addresses
- Assign it to one of your Goal
- Put all documents together
- Consolidate Passwords and Online Logins



Thank You

Any Questions?



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