

# A simple guide to Credit Cards



**IFE** Academy

Education Simplified

**INVESTORS FINANCIAL EDUCATION ACADEMY**

Phone : 044 - 2814 3044    email : [bulletin@ifea.in](mailto:bulletin@ifea.in)    [www.ifea.in](http://www.ifea.in)

# 6 Questions

TO ASK BEFORE MAKING A  
**LARGE PURCHASE**



## 1 DO I HAVE CASH TO PAY FOR THIS ITEM?



Paying with a credit card means hiking up the price with interest payments unless you can pay it off immediately.

## 2 IS THIS THE BEST PRICE?

Shop around and find whether this is the Best price.



## 3 HOW MANY HOURS OF WORK WILL IT TAKE TO PAY FOR THIS PURCHASE?

Is it really worth the price after you consider the level of effort it requires?



## 4 HOW ELSE CAN I SPEND THIS MONEY?

Take time to think of other ways you can spend this money if you don't make the purchase.

## 5 HOW OFTEN WILL I USE THIS ITEM?

If you'll only use your purchase a few times a year, you may want to rethink your decision.



## 6 HOW MUCH WILL THIS MONEY BE WORTH IF I WERE TO PUT IT INTO SAVINGS?

Check out an investment calculator to get that magic number. The results might shock you.



# Family comes first.

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**e term**  
A Pure Protection Life Insurance Plan

**#LaterMaybeLate**



## Key Benefits



**Three Plan<sup>1</sup>  
Options**



**Step-Up<sup>2</sup> option to  
increase your cover**



**3 Payout<sup>3</sup>  
Options**



**Additional Protection  
with Riders**



**Tax Benefits<sup>4</sup>**

 Hum hain... hamesha

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This is a non-participating pure protection plan. For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale.

<sup>1</sup>Step-Up option can be availed only at time of inception / purchase of the policy. You may exercise the Step-Up option only up to the age of 45 years. Step-Up option shall not be applicable for policies purchased through online channel. <sup>2</sup>Plan Option and Payout Options to be selected only at inception of the policy. <sup>3</sup>Tax benefits are subject to conditions specified under section 10(10D) and section 80C of the Income Tax Act, 1961. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant. For more details on riders, please read the Rider Brochure.

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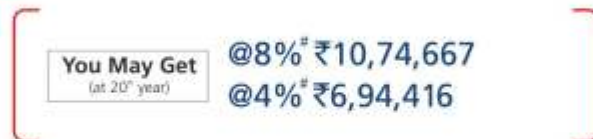
### Key Features

**5%** Guaranteed® Additions of 5% p.a. of the Basic Sum Assured for the First 5 Policy years

 Accrual of Reversionary bonus\* from 6th policy year onwards

 Structured Payout for 5/10 years as per your choice

 Comprehensive Death benefit



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This is a Savings-cum-protection oriented Participating Endowment Plan. Above example is for a 35 year old healthy male for PT/PPT of 20/15. For above illustration Sum Assured chosen is ₹4,71,190. <sup>1</sup>The above premium figures are exclusive of Goods and Services Tax and Cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums.

<sup>2</sup>The guaranteed and non-guaranteed benefits are applicable only if all due premiums are paid and policy is in-force. \*Please note that Bonuses are NOT guaranteed and may be as declared by the Company from time to time. These bonuses will be accrued from the 6<sup>th</sup> policy year onwards till the end of the policy term and will be payable either on maturity or death. For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale. <sup>3</sup>The assumed non-guaranteed rates of return chosen in the illustration are 4% p.a. and 8% p.a. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back as the value of your policy is dependent on a number of factors including future investment performance. The actual experience may be different from the illustrated. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

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email : [bulletin@ifea.in](mailto:bulletin@ifea.in) [www.ifea.in](http://www.ifea.in)

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About this book

Credit Cards provide quick loans but can pull you to quick sand of Debt, if not used wisely. We have compiled information on types of credit card, how does a card work, understanding the interest rate, its suitability, consequences of non-payment of balances, credit card frauds and how you can stay safe.

We hope you would find this book informative and useful.

Happy Reading!

Rs.40/-

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## Introduction

Credit cards are a short term credit facility provided by the Financial Institution to the card holder. The card holder can use it for purchases, online transactions, Bill payments etc. The card issuing institution provides a minimum credit period within which the money utilised to be repaid. If not repaid in full, it would carry exorbitant interest charges. The issuing company fixes the card limit based on the card holder's income and credit score.



## Types of Credit Cards

Banks and financial institutions offer a variety of cards. Their Credit limits are different and the facilities they provide are also different. While some provide cash backs, others provide reward points, then there are those that offer discounts or exclusive access to airport lounge and select dining facilities. Here are the some of the popular Credit cards:

### **Silver Credit cards:**

These credit cards are the standard cards mostly available for salaried persons. These are the entry level premium credit cards. These cards do not have benefits as that of Gold and Platinum Credit cards but has more advantage than that of a Classic credit card. These cards generally have no or low annual maintenance fees. It is available to people who have a decent Credit history.



## Types of Credit Cards



### **Gold Credit cards:**

Gold credit cards are made for higher income groups who also have higher credit rating. It is a status symbol and is considered prestigious. The cash withdrawal limit is higher in this type of cards. Also, the credit limit is higher and provides one Add-on card which can be given to either, spouse, children or parent of the credit card holder. It also provides many privileges such as travel insurance, reward points, cash back offers etc.

### **Platinum or Titanium Cards:**

Platinum or Titanium cards are similar to gold credit cards but they have few more additional benefits. The additional features may differ from bank to bank. They provide protection against credit card loss, theft and online fraud transactions. They also provide protection against sickness and injury by an accident. There is no yearly fee under this type of card.



## Types of Credit Cards

### **Rewards Credit Card**

This card has rewards attached to it on based on usage of the card, for e.g. A card may offer 5% discount on fuel, if it is used to buy fuel and gas, or a card may offer cash back facility if a certain amount is spent through it.

### **Business Credit card**

This credit card is available for businessmen who have large scale, small scale or medium scale business to look after. This card is highly useful for facilitating businessman's short term credit requirements, purchases ,travel and entertainment programs.

## Will credit cards suit you?



Credit cards aren't for everyone. But when used properly, they can provide rewards and perks that can't get anywhere else - benefits that one can get without spending any extra money. Several studies do support the notion that consumers paying with credit cards typically spend more than those using cash.

Credit card users can avoid overspending by keeping a monthly budget and tracking their spending diligently - just like people who don't use credit cards. Cyber-shopping may be convenient and some people do all of their shopping online but credit-card fraud is always a threat, both on the Internet and out in the real world. Hackers have found ways to steal credit-card numbers from Web sites.



A word of caution about those "pre-approved" card offers one get in the mail: They may get an offer for a new credit-card account with a pre-approved credit limit just slightly higher than their balance on their current card. The fine print could reveal an extremely high interest rate and also state that, by accepting the offer, one agree to transfer the entire balance of their other credit-card account to the new, high-interest account. This is a trick, since no one would consciously choose to pay more interest each month. Read everything carefully so that you don't get trapped.

**Try to avoid Late payments:** All credit-card companies report their payment record to credit-reporting agencies and even a few late payments could cause them problems when they try to buy a car or a house.



- Always be aware of all of the fees that may be associated with the credit card. Know the annual fees, current interest rates, finance charges, cash-advance fees and any other fees tied in with the card. This knowledge can help make better decisions on how to manage the card.
- Cash advances can be trouble! One should only get cash advances when it is absolutely necessary. Higher interest rates (than they are paying for card purchases) are usually charged, and most banks also charge a service fee related to how much cash they are withdrawing.



## How interest is charged?

If a person doesn't pay the bill in full, if they carry a portion of their balance over to the next month, then not only they will pay interest on that carried balance, but interest will begin accruing on new purchases immediately.

Credit card statements prominently display their minimum payment due, or the smallest amount they need to pay to keep their account in good standing. In reality, paying less now generally means paying much more later.

The minimum typically covers the past month's interest and fees (if any) and only a small amount of the underlying balance. So when they pay only the minimum, the outstanding keeps accumulating. If they continue to make purchases on the card, that can lead to an out-of-control balance.





## INTEREST RATES

Pay off the balance in full each month can be enticing to put off paying their bill for another day. Sign up for due-date reminders from credit card company and consider setting up auto-pay for the full balance of the card so that it is not missed out.

### **What are the related charges?**

- **Annual fee**, or what it charges cardholders on a yearly basis.

**APR, or annual percentage rates.** This is the interest rate that one pays on balances that carry from month to month. Some cards charge different rates on different types of balances, including purchases, balance transfers (debts moved to the card from other accounts) and cash advances (cash withdrawn with the card, usually at an ATM).



**Late fees**, which are charged when they pay late by even a day or if they don't pay at least the minimum amount due.

- Over-limit fees, imposed when the credit limit is exceeded.

Grace period- A time period, usually about 25 days, during which a person can pay their credit-card bill without paying a finance charge. Under almost all credit-card plans, the grace period only applies if they pay their balance in full each month. It does not apply if they carry a balance forward. Also, the grace period does not apply to cash advances.

**Is paying the minimum amount due on credit cards can make us fall into a debt trap?**

Many people think that paying the 'minimum amount due' on their credit card bill every month will help them



## INTEREST RATES

completely set-off their credit card bill within few months. Making the 'minimum amount due' payment on their credit card will reduce the outstanding balance of the current month but repeatedly making only minimum amount due payment will not lower their debt (outstanding amount).

Even if they have decided not to use their credit card (which is laden with outstanding amount) further until they re-pay the full bill amount, their debt will not reduce instead, it will keep on increasing. This is because of the revolving credit facility provided on their credit card. When people don't manage their credit card debts well, they will unknowingly fall into the debt trap.

## 6 things to consider before choosing a credit card:



A credit card is a bit like a chain saw it's a very handy tool, but it's capable of inflicting horrendous damage if used improperly. It applies to both of them choose the right tool for the job, and follow the safety rules. Here are six things to consider while choosing a card:

### **Spending habits:**

It is very much important to choose the card according to the spending habit of the individual. Before choosing the card one should keep in mind the following aspects:

- Are you the kind of person who will pay off the card every month without fail, or do you anticipate carrying a balance from month to month?
- Are you going to use it to pay for everything, or just for emergencies?



### **Interest Rates:**

After finalising the usage of the credit cards the individuals should select the card according to the interest rate they afford to repay back. When one doesn't pay their credit card balance in full each month by the due date, the interest may accrue on the amount they owe. Their interest rate, which is shown as an annual percentage rate or "APR," is the normal rate they will pay on the amount they owe. One should also try to pay off the balance transfer before the introductory period expires to avoid paying higher interest rates.

### **Credit Limit:**

The best card will offer enough of a credit limit to give flexibility. A low-limit card is a good option for college students who are learning to use credit for the first time. Once they graduate, they may need a higher limit for



larger monthly expenses. If the individual haven't been super responsible with credit in the past, it is not advisable to choose a high-limit credit card that will let the, take on more debt than they can pay off.

### **Annual Fees and Charges:**

Some cards charge a fee each year for use of the card. The fee is added to the amount due and one will have to pay interest on the fee as well as on their spending, unless they pay it in full. Read through the terms and conditions before signing up for credit cards of what other charges apply to the card. Usually it will be charged for going over the credit limit, for using the card abroad and for late payments.

### **Cash back Option:**

This is where one gets money refunded to their card, depending on how much they spend. It is necessary to





check that are likely to qualify for the cash back. For example, it may only apply if one pays their balance in full each month. A lower interest rate may be a better deal.

### **Customer Service:**

The credit card is something one will reach for often, meaning they will likely need to call customer service a few times a year. It is important to check whether they have a simple question or if in case they have just noticed fraudulent charges on their statement, they would want to speak to someone confident and competent who can quickly fix their issue. Good customer service, especially with something as important as the credit card, is something to look for. Skip any credit card companies with hard-to-navigate websites or that make it hard to get a human on the phone when the question is too complicated for the automated phone service.



## Consequence of non-payment of complete debt in credit card

Credit cards can be very secure and convenient methods of payment, but they aren't perfect. Credit cardholders often end up making a big mistake by not paying their outstanding on time. Not paying pending bills may lead to hefty penalties or even criminal suit.

If the cardholder pays the balance of the credit card in full each month, no interest or financing charges are levied on it. But if the total balance is not paid, banks will charge full interest on the entire outstanding balance from the date of each purchase.

Here are some common problems that would be faced by the card holders if they don't repay their debt balance on time:



**Customer would be blacklisted:** Banks and credit card companies will blacklist the cardholders who fail to make payments towards their credit card. The default will also be reported to all other credit bureaus and financial institutions. This information will become accessible to all banks, lending agencies and credit card companies which results in non-issuing of credit cards to the cardholder in the future. Not paying credit card bills on time or credit card debt can move you into a blacklist with credit rating agencies like CIBIL.

**Card will be blocked:** In case the cardholder doesn't repay their debt on time, their card would be blocked by the bank or institution due to a late payment or an exhausted credit line. But in many cases, card issuers will decline a charge pending verification because they suspect that it may be being used fraudulently.



**Legal Action would be initiated:** Generally the banks will not jump into legal action immediately to recover their dues from the card holders. Banks would usually send notices to the card holder and when the cardholder doesn't respond to those notice then as per a case under the Negotiable Instruments Act can be filed when credit card bill payment cheque bounces while a case under the Payment and Settlement Act is filed when an electronic transfer (such as an auto-debit) bounces due to insufficient funds. In both cases, the credit card company( bank) has to send a notice to cardholder asking for payment within 30 days of the cheque bouncing/auto-debit failure. If failed to make the payment within 15 days of this notice, a case under these sections can be filed.



**Access to Credit will be harder:** When one miss to pay off their credit card debts, then it would be difficult for him to get accessed to further credits in the future. The card holder names will be blacklisted and his credit score will also become low. These informations can be viewed by all banks, credit card agency while the card holder is applying for a New card.

**High-Interest Rate will be charged:** When the cardholder miss to pay off his credit debt for a month, the interest would be carried forward to the next month and when the cardholder miss to pay even for the subsequent month, the interest rates would be accumulated resulting in a higher interest rate.

The below are the following consequences the cardholder would face if he miss out his paying off credit debt:



**One or Two months of missed payment:** Late fees, Loss of introductory APR, Penalty APR. Damage to credit score.

**Three months of missed payment:** Late fees, Increased damage to credit score, Closed credit card account.

**More than Three months of missed payment:** Late fees, Substantial damage of credit score, Debt sold to collection agency, Law suit.





## Frauds done in Credit card

With the technological development and digitalization of money, credit card frauds have been increased to a larger extent. Recently, police in Mumbai busted a card cloning racket that involved waiters at bars and restaurants across the city stealing data using credit card skimmers. The accused had managed to steal the credit card and debit card data of some 1,000 unsuspecting customers over a period of two years.

Credit card cloning is a form of identity theft in which scammers create a fake credit card by using data stolen from a person's actual card. Creating a credit card clone is not rocket science. All a scammer needs to do is to swipe your card on a device known as a skimmer, which is readily available even on some popular e-commerce websites for as little as ₹1,400 . The skimmer can be



placed at ATMs, retail stores or simply be carried around in one's hand. The scammer then transfers the data to another card with a magnetic strip such as a hotel key or an old credit or debit card a reason why banks ask their customers to cut their old cards into pieces .

**Here are 5 types of credit card frauds one must know about:**

**Keystroke logging**, one of the most common frauds: Online fraudsters or keystroke loggers might trick credit card holders into unintentionally installing malicious software through emails containing contaminated links. This software can record anything the user types on their keyboard. So, whenever the cardholders use their credit cards to shop or make payments online, the software will send their passwords and credit card payment details to hackers.



**Fraudsters might steal card information by impersonating bank officials:** Some fraudsters also call credit card holders on their mobile phones and impersonate bank officials to steal their CVV numbers and PINs.

They will convince the cardholders to reveal their payment details by saying that they want to upgrade or verify the credit cards. Some scammers ask the customers to provide the OTPs they have received on their mobile to verify their cards.

**Phishing and vishing attacks:** Phishing and vishing are also common credit card frauds. Phishing involves theft of financial information through emails sent by fraudsters impersonating banks/financial institutions to trick customers into revealing passwords and PINs. Vishing is similar to phishing but it is done through mobile phones using SMSes.



**Card skimming, merchant or point-of-sale fraud:** Card skimming is one of the simplest yet effective credit card frauds that occurs at a merchant's store or points of sale (POS). In this, data skimming devices (small electronic devices) are used to read and copy card information when customers swipe their credit cards at a store. Dishonest merchants or store employees help criminals to steal the credit card details of customers.

**Pharming** is another advanced fraud technique: Fraudsters might also use "pharming" to target cardholders. In pharming attacks, customers receive emails containing deals/discounts that look like they have been sent by e-commerce websites. After clicking on provided links, customers are rerouted to genuine-looking fake websites through which credit card details are stolen.



## How do I protect myself?

- Don't let your card out of sight.
- Register your mobile number with the bank and subscribe for alerts for their transactions. Inform the bank as soon as you notice any suspicious spending and make their card blocked.
- Inspect an ATM before transacting and do not insert the card if they find any suspicious device connected to the machine. It is suggested that while entering the wrong PIN in the first attempt to ascertain if the machine is rigged or not.
- Memorise the CVV number—the three digit number at the back of the card and then scratch it from the card.



## Ideas for Living a Life without Credit Card debt

### **Save an emergency fund:**

Many people use their credit cards as a sort of emergency fund if there's an unexpected expense; the card comes out to the rescue. Instead, use the money that they aren't paying towards debt to build up a healthy emergency fund, keeping out of debt when something unexpected comes up.

### **Save for goals:**

Once the individual got the emergency fund adequately covered, they can start saving for other things. Set savings goals for themselves: do they want to travel, or buy a car, or save for college, or renovate their home etc. Decide on the highest-priority goals and start saving towards those goals.





### **Earn interest instead of paying it:**

The problem with credit card is that they waste money paying interest. It eats away the finances. Instead, make the money work for by investing it. With the magic of compound interest, the investments will grow over time, meaning that money would have been paying toward interest is now earning interest instead and multiplying.

### **Using too much of credit limit:**

The credit scores can be negatively affected if one has a high credit card utilization ratio. Credit card utilization ratio refers to how much of the available credit limit they are using. Utilization ratio is an important indicator of lending risk. Creditors believe that when one reach or exceed their credit limit, they are more likely to have trouble repaying the money than would someone with a lower utilization ratio, which makes them more of a risk to credit issuers.



### **Invest for retirement:**

This is just common sense, no matter what the credit card debt situation, but without debt payments, it makes sense to accelerate the retirement investments as one of the savings goals is to lead a debt free retirement life.



## Frequently Asked Questions

### **What is a credit card and how is it different from a debit card?**

A credit card allows one to borrow money from a credit card company, with the agreement they will pay a percentage of interest on any outstanding debt at the end of each billing cycle. A debit card pulls money directly from an associated bank account. Responsible credit card use helps build their credit history. Generally, debit cards can't do that.

### **How do I know which Credit card is best for me?**

Different banks offer different Credit cards suited to different needs of customers. You need to check the features of the cards that you are eligible for. Visit the websites of the banks you are interest in and check the Credit cards available. Once you know the cards you are eligible for, you can compare their features and decide which one works the best for your needs.



### **Which Credit card is best for a beginner?**

You must check for the eligibility criteria of each Credit card before you decide on one. Many banks offer classic Credit cards which work best for beginners. They have a low Credit limit and a lower rate of interest compared to other cards in the market. There are also rewards Credit cards and cash back Credit cards that could work for beginners.

### **I am a student. Can I get a Credit card?**

Yes. You can apply for a student Credit card. You will be eligible to get a student Credit card only if you are a college student and are at least 18 years old. You can also ask for an add-on Credit card which is attached to your parents' Credit card.

### **CVV? What's that?**

The CVV number is a 3-digit number printed on the reverse of your Credit Card, beside the signature panel. You'll need this to verify online transactions.



## Many Dreams, One Premier Solution

### Key Features



**Premier Payment Benefit - Pay for only Half the Term\***



**Premier Protection Benefit - Additional benefit of Basic Sum Assured on Accidental Death**



**Premier Payout Benefit - Guaranteed\*\* payout will range from 110% to 130% of Sum Assured**



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Kotak Premier Moneyback Plan UIN: 107N083V02, Form No. N083, Ref. No.: KLI/19-20/E-EM/555

This is a participating anticipated endowment plan. For more details on risk factors, terms and conditions please read the sales brochure carefully before concluding a sale. The above illustration is for a 35 year old healthy male. Policy Term 20 years & Premium Payment Term of 10 years and Sum Assured chosen is ₹3,31,812.

\*The Above premium figures are exclusive of Goods and Services Tax and cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums. For substandard lives, extra premium may be charged based on Kotak Life insurance underwriting policy. <sup>2</sup>Premium Paying Term & Plan Term Options: 8 years for 16 year term, 10 years for 20 year term and 12 years for 24 year term. <sup>3</sup>Total Guaranteed Payouts (for inforce policies) over the term of the policy will be 110% of Sum Assured, 120% of & Sum Assured & 130% of Sum Assured for policy terms of 16yrs, 20yrs & 24yrs respectively. <sup>4</sup>The assumed non-guaranteed rates of return chosen in the illustration are 4% p.a. and 8% p.a. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back as the value of your policy is dependent on a number of factors including future investment performance. The actual experience may be different from the illustrated. <sup>5</sup>Please note that Bonuses are NOT guaranteed and may be as declared by the Company from time to time. Benefits under this plan are dependent upon the performance of participating funds. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

<sup>6</sup>The benefits are Guaranteed only if policy is in force and all the premiums are paid.

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# Apka smart savings plan



## Benefits



Convenience of choosing Bonus<sup>^</sup> options: Paid-Up Addition or Cash Payout



Avail chosen Bonus<sup>^</sup> option from end of 1st policy year onwards



Offer Protection up to age of 75 years



Additional protection through optional riders on payment of additional premium

For example I choose the Smartlife Plan with a Premium Payment Term of 12 years and a Sum Assured of ₹10,62,249 with Paid-Up Additions



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Kotak SmartLife Plan UIN: 107N102V02, Form No: N102, Kotak Term Benefit Rider, UIN: 107B003V03, Form No.: B003; Kotak Accidental Death Benefit Rider, UIN: 107B001V03, Form No.: B001; Kotak Permanent Disability Benefit Rider, UIN: 107B002V03, Form No.: B002; Kotak Life Guardian Benefit, UIN: 107B012V02, Form No.: B012; Kotak Accidental Disability Guardian Benefit, UIN: 107B011V02, Form No.: B011; Kotak Critical Illness Plus Benefit Rider - 107B020V01, Form No.: B020, Ref. No.: KL/1/19-20/E-EM/552.

This is a Savings-cum-Protection oriented Participating Endowment plan. For sub-standard lives, extra premium may be charged based on Kotak Life Insurance's underwriting policy. For more details on risk factors, terms and conditions please read the sales brochure carefully before concluding a sale. For more details on riders please read the Rider Brochure.

Above example is for 35 year old healthy male for Sum assured of ₹10,62,249, PT/PPT of 40/12 years and Paid-Up Additions as the chosen bonus option. This is assuming policy is in force and all the premiums are paid. <sup>^</sup>The Above premium figures are exclusive of Goods and Services Tax and Cess. Goods and Services Tax and Cess thereon, shall be charged as per the prevalent tax laws over and above the said premiums. During PPT death benefit shall be Sum Assured on death + Accrued Simple Reversionary bonus (if any) + Terminal bonus (if any). <sup>^</sup>Please note that Bonuses are NOT guaranteed and may be as declared by the Company from time to time. <sup>^</sup>The assumed non-guaranteed rates of return chosen in the illustration are 4% p.a. and 8% p.a. These assumed rates of return are not guaranteed and they are not the upper or lower limits of what you might get back as the value of your policy is dependent on a number of factors including future investment performance. The actual experience may be different from the illustrated. Benefits under this plan are dependent upon the performance of the participating Funds. Tax laws are subject to amendments from time to time. Customer is advised to take an independent view from tax consultant.

**Kotak Mahindra Life Insurance Company Ltd.** Regn. No.: 107, CIN: U66030MH2000PLC128503, Regd. Office: 2nd Floor, Plot # C- 12, G- Block, BKC, Bandra (E), Mumbai - 400 051. Website: <https://insurance.kotak.com> | Email: [client.services@kotak.com](mailto:client.services@kotak.com) | Toll Free No. - 1800 209 8800.

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# 4 FINANCIAL TIPS YOU SHOULD KNOW AT AGE 25



**IFE Academy**

Education Simplified

Follow these 4 steps and you will become more wealthy than most people you know.



## **Don't compete with others**

Stop buying stuff to impress other people. Buying stuff you can't afford because others have it will put you in a bad financial situation.

## **Stay Away from Debt**

Debt is quicksand for your finances. It will slowly drag you down and it will become harder and harder to get back out of it. Eliminate any debt you have and have some money aside to avoid going into debt.



## **Buy Assets, Not Liabilities**

Assets put money into your pocket. Liabilities takes money out of your pocket. If you live in a house with a big fat mortgage, then you should consider moving into something smaller or perhaps rent it.

## **Time is your best friend.**

Learn to invest your money. Start early especially if you are planning to invest in equity. Stay invested with a long term outlook and make your wealth grow.



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## About IFE Academy

IFE Academy was established in 2011 as a Not-for-Profit entity to promote Financial Education. IFE Academy conducts Investor Awareness Programs across the country with the support of other market participants. [www.ifea.in](http://www.ifea.in) is a comprehensive website on Financial Education. It has various sections such as Videos, Puzzles & Games, Financial Calculators and Library. It gives a holistic view on financial education combining various aspects such as Savings, Investments, Credit, Insurance and Pension at a single place. IFE Academy periodically publishes Investor Educational materials and distributes it to general public.

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Investors Financial Education Academy

**Regd. office : Park View, Basement, 85/17, G.N.Chetty Road, T.Nagar, Chennai - 600 017.  
email : [bulletin@ifea.in](mailto:bulletin@ifea.in) [www.ifea.in](http://www.ifea.in)**