



# Your future is in your hands

Every individual aspires for the financial well-being of his / her family. Financial planning would help the individual reach his / her financial goals such as planning for an overseas vacation, children's education, retirement, etc.



**I F E Academy**

Investor Education Simplified

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ICICI Pru  
**Cash Advantage**

Non-Linked Life Insurance Plan



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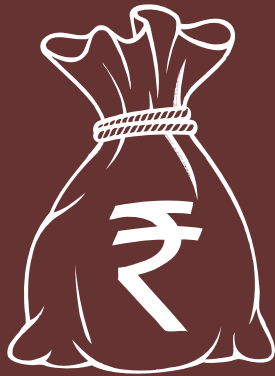
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## Bright Financial Future For you and your family members!

### 10 Things to do...

- Prepare a monthly budget.
- Set aside an emergency fund consisting of 6 months monthly expenses.
- Know your net worth (assets minus liabilities).
- Identify and plan correctly to reach your financial goals and objectives.
- Ensure you and your family members are adequately covered against risks - illness, accidents and loss of income.
- Know your PF savings expected when you retire.
- Calculate your need on retirement and start building up your retirement fund.
- Set aside some money for investments, so as to grow your wealth.
- Manage your investments wisely by opening a demat account.
- Review your financial plan regularly.



## How and where did I spend my money?

Prepare a budget to control your expenses and save money for your future needs.

### Simple Steps to Prepare a Family Budget:

- Prepare a list of all your monthly incomes (what you earn).
- Draft a comparative statement of what you intend to spend (targeted expenses) and what you actually spent (actual expenses).
- Involve your family members in budgeting so that everyone understands the importance of money and the budget.
- Develop a budget and follow it in a disciplined manner.

### Sample Budget Format

Monthly Expenses	Actual Expenses ₹	Actual Expenses (Rs.)
Saving		
Mortgage Repayments (Cash / Rental Payments)		
Insurance		
Income Tax		
Allowance for Parents/Children		
Transport		
Utilities and Household Maintenance		
Food and Necessities		
For Fun		
Total		

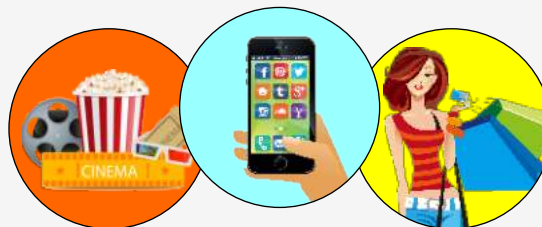
## NEEDS VS WANTS

Understanding the difference between needs and wants would help to manage our Budget wisely. Indeed, it's easy to get confused between needs and wants. We assume that comfort and convenience indicates necessity.

Buying a car can be a necessity for some people. Choosing between a Sedan or a SUV matters.



Wants are the items that make our life enjoyable. Wants are fine to have and enjoy but are not essentials: dining out, going to movies, purchasing costly clothes, or getting latest model cell phones, etc.



We can spend for our wants to improve our quality of life, ONLY when we are financially viable.



## Savings

*Don't Save what is left after Spending,  
But Spend what is left after Saving!*

-Warren Buffet

Saving money is vital for a healthy financial future. Life isn't predictable, and knowing that you have cash in hand for emergencies, education and even down payment for a home or a car can be both comforting and convenient during economic shifts.

**Make saving a regular habit...**

# Emergency Fund

Set aside a fixed amount of savings every month as emergency fund. As a guide, have savings equivalent to 6 months of your monthly expenses as emergency funds at any point of time. Emergency funds are an important part of any budget. It shall be useful for real emergencies like sudden unemployment, unexpected medical emergency, or a critical home or vehicle repair. It reduces stress and gives a peace of mind.



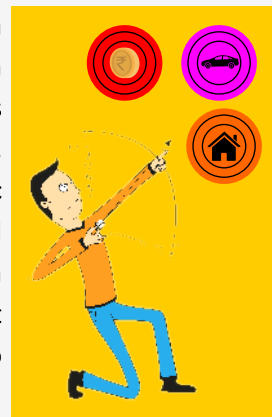
## Pay Yourself First



One of the key principles of personal finance is "pay yourself first." The phrase means that you should pay your own savings accounts first. Prioritize savings over and above all your other bills. Make savings the most important commitment that you pay. It converts saving money from a "desire" into a necessity. Savings for your retirement and emergency fund should become a practice to be followed every month.

## Set Goals

To successfully practice the first strategy of pay yourself, a person should set personal goals. Setting goals helps a person to choose the option to save rather than to spend. A goal is defined as the end result of what a person intends to acquire, achieve, do, reach, or accomplish. Financial goals are specific objectives to be accomplished through the process of financial planning which also includes savings. Setting goals help an individual to identify and focus on things that are most important to him / her and then make appropriate decisions to achieve them.





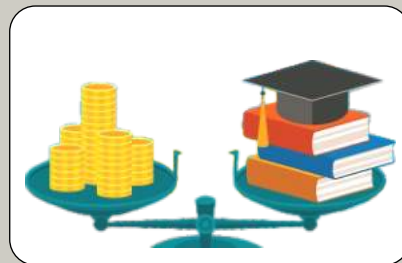
## Inflation

*Inflation is taxation  
without legislation!*

Inflation is one of the financial facts of life that is not in our control. However, we should be aware of the trends in inflation, factor a realistic expectation into thinking, and take adequate steps to protect our investments just in case the inflation rate goes up.



Let's say we can purchase 1 kg of rice for Rs. 50 today. Ten years ago, we could have purchased 1 kg of same quality of rice with Rs. 25. And 10 years from now, we might probably have to shell out Rs. 75 for 1 kg of the same quality of rice. This means that our purchasing power goes on reducing as we move forward. This reduction in purchasing power due to an increase in the price level of goods and services is called Inflation. If our income remains the same over the years, but the price level of goods and services increases, then our purchasing power automatically falls.



- Product X costing Rs. 1000 today would cost Rs. 1629 ten years later at 5% inflation.
- Value of Rs. 1000 today would drop to Rs. 614 ten years later at 5% inflation.

We should plan to invest in products that may fetch higher returns than the Inflation. Remember that investments offering higher returns carry higher risk. But investments offering fixed assured returns might not be able to outbeat the inflation.



## Insurance

*Protection of  
family's financial future!*

Life insurance is about ensuring that your family's basic needs are met, even without you.

### **How much insurance you need depends on:**

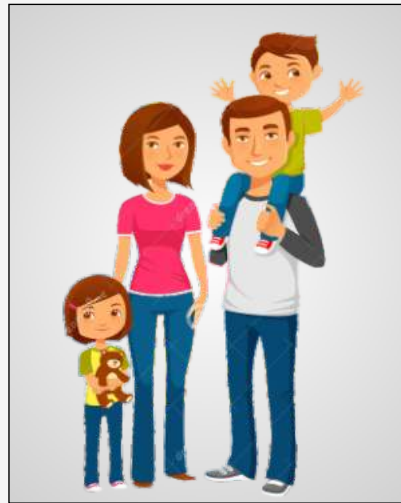
- Kid's age, their educational commitment and their time of earning.
- Age of other dependants.
- Outstanding loans to be paid off.
- Other resources to rely on.
- Monthly household living expenses.

## Life Insurance

### Require basic life insurance coverage

#### Term plan

- Provides insurance protection only.
- Allows to choose your coverage tenure.
- Costs less as no savings build up i.e., you do not receive any cash values if you terminate the policy early or outlive the policy period.



### Require insurance plus investment bundled in one product

Whole life, Endowment, Money back, Unit-Linked Plans:

- Costs more than term insurance because you build savings and buy coverage.

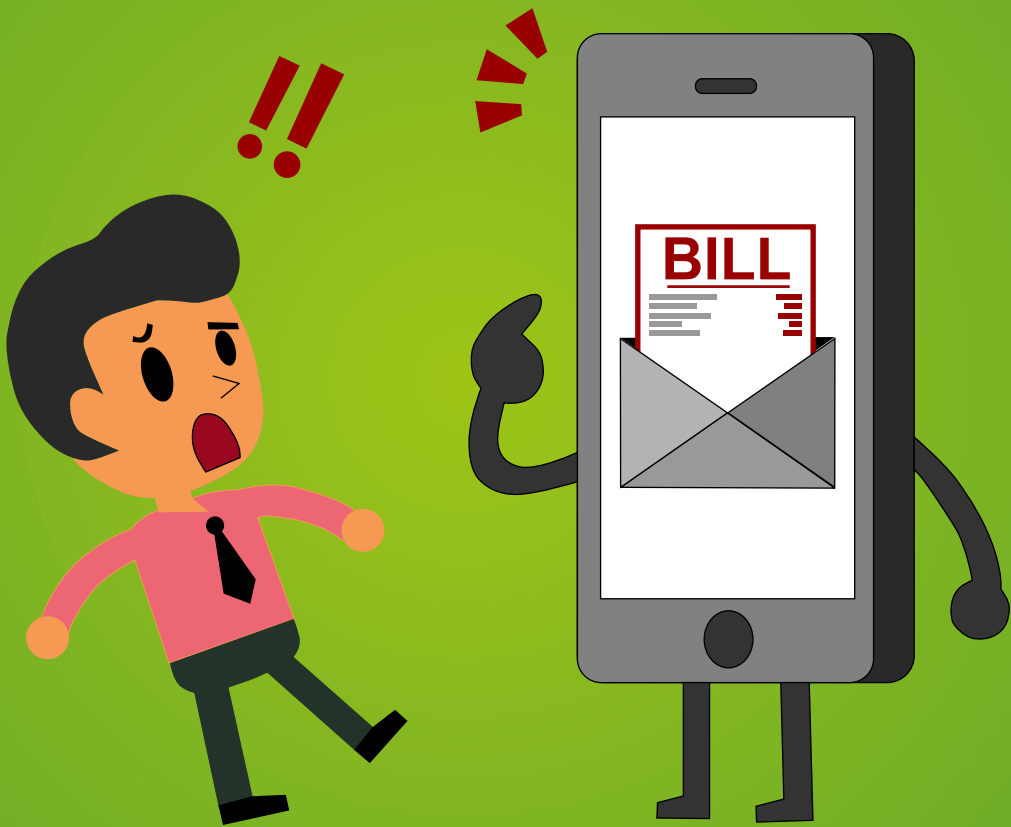
### Require insurance plus investment bundled in one product

- Term plan provides insurance protection only.
- Investments can be Shares, Bonds, Mutual funds, ETFs and Fixed Deposits.
- Note that all investments come with risks.

### Require medical protection

#### Health Insurance

- Get shielded for your healthcare costs.
- Find how Health Insurance Plans can provide you financial coverage for medical expenses.
- Some employers provide health insurance for their employees. Such health insurance schemes are usually not transferable i.e., you cannot bring them along when you change jobs.



## Manage your debts wisely

*Payoff your debts from smallest to largest, so you get quick wins!*

Most people cannot buy a home without any financial assistance, and many cannot buy a car (especially a new one) without any sort of financing. Loans provide the much required support and can be repaid in equated monthly instalments.

It is important to know that getting into a debt can become a major responsibility.

## **Tips to manage your debts wisely**

### **Don't take Loans You Cannot Afford**

Before you take a loan, work out how long it will take to clear it and whether you can manage to repay the monthly installments comfortably.

### **Understand the Interest Rate Calculations**

Knowing how interest is calculated can go a long way in making better borrowing decisions.

### **Read Before Signing Anything**

Don't sign any documents before reading and understanding your rights and obligations clearly. Once you sign, you are legally bound to the terms and conditions specified in the contract.

### **Don't Borrow to Repay a Debt**

Borrowing money to repay another debt is a sign of your inability to manage your debt.

### **Keep Track of Loans and Interest Rates**

Finding difficult to manage your debts?

Use a worksheet to keep track of your loans and their interest rates.

Pay off the ones with the highest interest rates first, considering the additional charges for early repayment.

### **Consolidate your Debts**

Having difficulty keeping up with a number of loans? Approach your lender for help to restructure your debts. Remember also to check fees, charges and other terms and conditions that could add to your costs.

### **Keeping track of your Credit Cards**

Credit cards are a convenient way to borrow, at the same time it can also become an endless pit of minimum payments that barely cover the interest amount. Many cards charge annual rates of interest @ 36% or higher. Keeping track of cards, their rates, and current balances will help in making effective use of credit cards. Delayed payments would affect your credit score maintained by CIBIL, thereby affecting sanction of bigger loans when you need.





## Investment Planning

*Wealth is not only having money,  
It's about investing them wisely!*

When setting your financial plan, the first thing you need to do is to identify both short-term and long-term goals. Identifying goals and a plan to support them can assure a sound financial future. Without proper goals, the money you earn can easily be spent, instead of being saved or earmarked for an important milestone or goal. Apart from identifying your financial goals, estimate the amount you need to accumulate for achieving each goal.

## **Portfolio Construction**

By allocating your investment among a chosen mix of asset classes, you can maximize your return potential by managing your exposure to investment risk. Asset allocation and diversification are the most important determinants of investment performance.

### **Asset Allocation and Diversification**

Asset allocation is the way in which you spread your investment portfolio among different asset classes, such as stocks and stock mutual funds, bonds and bond mutual funds, etc. When prices of different types of assets do not move in tandem, combination of investments in portfolio can help to reduce the variability of returns, commonly referred to as "market risk." The right asset allocation depends on your investment time frame, goals and tolerance for risk. As they change, your asset allocation might also change. Re-evaluate or review your asset allocation on a regular basis or whenever you experience a milestone event in your life such as marriage, the birth of a child or retirement.

Diversification is the process of helping to reduce risk by investing in different types of individual funds or securities.

When you diversify your investments among securities, you help to reduce "single-security risk," or the risk that your investment will fluctuate widely in value with the price of one holding. Diversifying among several asset classes shows that when the return of one investment is falling, the return of another in your portfolio may be rising (though no guarantee).

**Neither asset allocation nor diversification guarantees against investment risks.**



## Retirement Planning

*Make rest of your life  
as best of your life!*

Work out how much money you need when you retire to provide for your desired lifestyle and start adequate savings for it. We recommend that you aim to draw an amount of atleast two-thirds of your last drawn monthly income.



People are likely to live at least 20-25 years after retiring. Life expectancy is going up with advancement in medicine and technology. A longer life term means we have to support ourselves during those years, since the joint family system is gradually reducing and sure to disintegrate shortly.

Retirement planning can be extremely difficult as individuals are tasked with planning for an uncertain time period. In many ways, retirement planning is like trying to shoot a moving target in the wind.

- The rising cost of living would require substantially higher spending than what we spend now.
- We may have higher expenses in some things such as medical care, but lower expenses in others.
- We may need between 60% and 80% of your final working years' salary.
- Retirement income may be made up of pension benefits, personal savings and investments.

As you plan ahead for your retirement ...

- Avoid taking a home loan that stretches beyond your active working years. Aim to pay off your home loan well before you retire.
- Whenever you get a hike, allocate half of it to savings. You might not notice the change since you will be enjoying the other half of increment. Increase investment as your income grows.
- Don't dip into corpus before you retire. There is an option of withdrawing PF amount when you change jobs, when you need money for specific purposes, including child's marriage, buying / constructing a house, medical emergencies. Whenever you withdraw from PF savings, your retirement planning is at a risk.- Rely on your income and add to your PF fund.

**Make retirement years – A sunrise and not a sunset.**

ICICI Pru  
**Future Perfect**  
 Non-linked Insurance Plan

**GIVES YOUR INVESTMENT THE  
 POWER OF GROWTH & SAFETY**

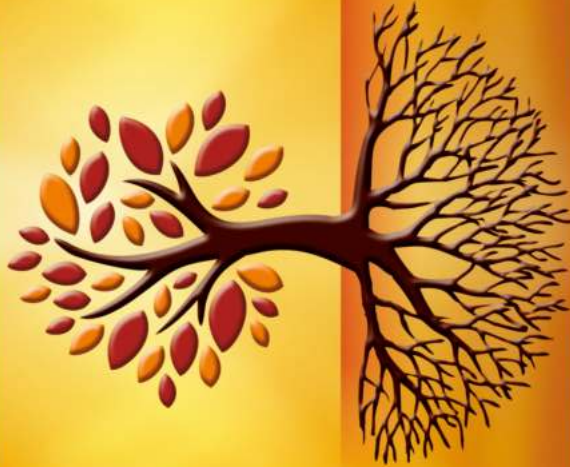
**MONEY  
 GROWTH**

Company adds benefits like GMB ^ and GA# to grow your savings








**CAPITAL  
 PROTECTION\***

Keep your investment stable and secure



**So start your safe journey towards a rising future today!  
 Along with life cover**

-  **Guaranteed Maturity Benefit (GMB) ^**
-  **Increasing Guaranteed Additions throughout the policy term**
-  **Accumulated Guaranteed Additions (GA)^\* as % of annualised premium**
-  **Life cover for entire policy term**
-  **Capital guarantee\***
-  **Tax benefit<sup>1</sup>**

The actual asset allocation of ICICI Pru Future Perfect product in Equity is 38.78% as on September 30, 2017.

\*Capital protection and Capital Guarantee are in the form of guaranteed benefits at time of Maturity. ^ GMB will be set at policy inception and will depend on age, policy term, premium, premium payment term and gender. The GMB may be lower than your Sum Assured on death. #For monthly premium frequency, 1/12th times GA will be accrued every month on premium payment. For half yearly premium frequency, 0.5 times GA will be accrued on premium payment. Guaranteed benefits are payable subject to all due premiums being paid and the policy being in force. <sup>1</sup>Tax benefits under the policy are subject to conditions under Sec. 80C, 80D and Sec. 10(10D) of the Income Tax Act, 1961. Goods and Services Tax and Cesses, if any, will be charged extra as per prevailing rates. Tax laws are subject to amendments from time to time.



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Protect your capital  
and watch it grow



Get Guaranteed Maturity Benefit (GMB) <sup>(Conditions Apply#)</sup>

+

Accrued Guaranteed Additions (GAs) <sup>(Conditions Apply#)</sup> equal to 5% of  
GMB will accrue to the policy in each of the 5 years

Non guaranteed reversionary bonuses and terminal bonus  
to boost your maturity corpus, if any

Also, get a life cover to secure your family's future

Conditions apply<sup>#</sup>: Guaranteed benefits are payable subject to all due premiums being paid and the policy being in force on the date of maturity. GMB will be set at policy inception and will depend on policy term, premium, premium payment term, Sum Assured and gender and may be lower than your Sum Assured.

ICICI Pru  
**Savings Suraksha**

Non-Linked Life Insurance Plan

 **ICICI PRUDENTIAL**  
L I F E I N S U R A N C E

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ICICI Pru Savings Suraksha is a savings and protection oriented participating life insurance plan.



\*Capital protection is in the form of guaranteed benefits subject to payment of all due premiums.

ICICI Pru  
**Future Perfect**  
 Non-linked Insurance Plan



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