Investor World

EDUCATION WELFARE
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INSIDE

Message from President

Mr. Bhavesh Vora

Shri. N. L. Bhatia

President Emeritus

आर्थिक स्वतंत्रता

At the onset of 67th republic day, we need to continue reflecting on the importance of independence we got 68 years back and ensure that we make the most of the same. To make the most of the same, we need to ensure that we achieve personal financial independence. This would make our future brighter to start with and collectively progress by changing into happier people, families, teams, societies, and build a happier nation. Having said so, it is a bigger challenge for our next generation to reach financial independence; it will only become possible with sacrifice in current spending habits, careful planning, and disciplined spending. The challenge becomes bigger with addition of other complex aspects such as growing inflation, i.e. cost of living, education, and survival after retirement. It is definitely a challenge to ensure that we survive and maintain the standard of living for ourselves and our dependents. The key rules to be followed for wealth creation for financial independence are as below:

1. Start early : There is no such thing as starting from tomorrow. Start now.
2. Save regularly: As we eat regularly, exercise regularly, sleep regularly so do we need to save regularly. This will help everyone to create a very big corpus over a period of time.
3. Diversify: Diversification ensure stable growth of your portfolio, so don't chase only returns and don't keep all your eggs in one basket.
4. Savings ? Investment: We Indians are very good savers but lot of us feel savings is equal to investment which is not the case. We need to plan and invest to make our savings grow, else our savings will de-grow.
5. Income - Savings = Expense : All of us follow an habit of Income - Expense = Saving, but if we make a plan we will gradually be moving towards Income - Savings = Expense which will ensure achievement of all of our financial goals.

It is in the above background, Investor Education & Welfare Association (IEWA), an NGO took initiative to organize investor awareness programs for Mumbai Police. It is proud moment for us at IEWA that Mumbai Police has granted permission to us for conducting such awareness programs for the Mumbai Police Force. Mumbai Police Force works for citizens of Mumbai day and night without any self interest. Police Force has hardly any time to look after their savings, their investment and their financial planning as a whole. So by conducting such awareness programs we urge you to make sure that you do such investments in your present working life to live your retirement life happily.

INVESTOR PROTECTION THROUGH EDUCATION

INVEST NOW IN AN ELSS TO SHARE LESS WITH THE TAXMAN.

- Save up to Rs. 46,350* in taxes by investing Rs. 1.5 lakhs in ELSS.
- One of the lowest lock-in periods amongst other tax saving instruments.
- Wealth creation along with tax benefit under Section 80C of the Income Tax Act, 1961.

TO FIND OUT HOW MUCH YOU CAN SAVE IN TAXES, VISIT **ELSS.AXISMF.COM**

AXIS MUTUAL FUND

*Investment in ELSS falls under Sec 80C of the Income Tax Act. Now you can invest up to Rs. 1.5 lakhs and save tax upto Rs.46,350. Based on FY 15-16 for Indian residents below the age of 60, tax savings may vary depending on the applicable tax slab.

Statutory Details: Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs. 1 Lakh). **Trustee:** Axis Mutual Fund Trustee Ltd. **Investment Manager:** Axis Asset Management Co. Ltd (the AMC). **Risk Factors:** Axis Bank Ltd. is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. **Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**

सेक्शन ८०सी साठी योग्य पर्याय इएलएसएस

Particulars		Tax Saving Scheme (ELSS)			Tax Saving FD	PPF
Investment Dates	Investment Amount (Rs.)	NAV (Rs.)	Units	Dividend/ Bonus	Interest Rate	Interest Rate
Mar-93	70000.00	10.00	7000.00	--	11.00%	12%
Mar-94	70000.00	14.28	4901.96	--	10.00%	12%
Mar-95	70000.00	13.85	5054.15	--	11.00%	12%
31-03-95	--	15.05	1126.65	10	--	--
Mar-96	70000.00	10.43	6711.41	--	13.00%	12%
31-03-96	--	10.42	1903.58	8	--	--
Mar-97	70000.00	9.20	7609.61	--	13.00%	12%
Mar-98	70000.00	10.11	6927.26	--	12.00%	12%
Mar-99	70000.00	16.10	4347.10	--	11.50%	12%
15-12-99	--	36.2324	3145.09	25	--	--
Mar-00	70000.00	52.72	1327.89	--	10.50%	From 01.04.1999 to 14.01.2000
Mar-01	70000.00	14.34	4881.45	--	10.00%	From 01.04.2000 to 28.02.2001
Mar-02	70000.00	13.10	5343.51	--	8.50%	From 01.04.2001 to 28.02.2002
Mar-03	70000.00	10.67	6560.45	--	6.25%	From 01.04.2002 to 28.02.2003
29-09-03	--	17.23	5818.93	15	--	--
01-01-04	--	25.89	4209.68	15	--	--
29-03-04	--	22.03	5233.91	15	--	--
Mar-04	70000.00	22.31	3137.61	--	5.50%	8%
01-11-04	--	26.48	8691.42	27	--	--
Mar-05	70000.00	38.57	1814.88	--	6.25%	8%
13-06-05	--	37.18	26267.21	102	--	--
13-03-06	--	44.37	41248.73	150	--	--
Mar-06	70000.00	46.07	1519.43	--	7.00%	8%
02-03-07	--	42.55	42599.32	110	--	--
Mar-07	70000.00	42.42	1650.17	--	9.50%	8%
15-02-08	--	47.78	48123.60	110	--	--
Mar-08	70000.00	41.50	1686.75	--	8.75%	8%
Mar-09	70000.00	25.12	2786.62	--	8.50%	8%
29-05-09	--	34.66	21135.59	28	--	--
05-03-10	--	38.79	29158.44	40	--	--
Mar-10	70000.00	39.40	1776.65	--	7.50%	8%
18-03-11	--	34.26	36625.69	40	--	--
Mar-11	70000.00	36.67	1908.92	--	8.75%	8%
22-03-12	--	31.52	39112.24	35	--	--
Mar-12	70000.00	32.05	2184.09	--	9.25%	From 01.04.2011 to 30.11.2011
28-03-13	--	30.89	44592.20	35	--	--
Mar-13	70000.00	30.88	2266.58	--	9.00%	8.80%
28-03-14	--	34.57	44588.20	35	--	--
Mar-14	70000.00	34.65	2019.94		8.50%	8.70%
27-03-15	--	51.89	51617.78	55	--	--
Mar-15	70000.00	45.61	1534.61		8.50%	8.70%
Amount Invested:		**Rs. 16,10,000**			**Rs. 16,10,000**	**Rs. 16,10,000**
Intallment Amount		**Rs. 70000 p.a**			**Rs. 70000 p.a**	**Rs. 70000 p.a**
No Of Intallments		**23**			**23**	**23**
Total Units -		**540149.29**			**-**	**-**
NAV as on 31 -07- 2015		**46.8652**			**-**	**-**
Fund Value (As on 31/07/2015)		**Rs 2,53,14,204**			**Rs. 49,62,133**	**Rs 50,12,107**
Return		**20.26%**			**8.92%**	**9.00%**
Lock in period		**3 years**			**5 years**	**15 years**
Frequency of compounding		**Daily**			**NA**	**Monthly**

Explanation of the table above:-

The returns in the PPF has declined over the years from 12% to 11% then 9.5% to 9% and finally 8%. If you take the average inflation year by year the Consumer Price Index (CPI) from 2008 to 2013 has fluctuated between 8.32% & 12.11%. (source inflation.eu)

All in all, inflation rate has constantly beaten the rate generated by PPF. If you observe the average returns of the ELSS category over the years they are in the range of 15% to 16% CAGR. Do note that this is just the average returns and there are funds that delivered a more superior performance. E.g. SBI Magnum tax gain scheme tops the list with return of 20.26%.

THE BEST TIME TO DECIDE BETWEEN NOW OR NEVER, IS NOW.

Start investing in Mutual Funds today.

>> Wealth Creation >> Tax Saving >> Child's Future

SBI FUND GURU

When it comes to investing, the common tendency is to postpone it to another day. Waiting for that tomorrow to begin investing can be the difference between you achieving or not achieving your financial goals, be it tax saving, wealth creation or saving for your child's future. Why not start investing today? Starting to invest in mutual funds early gives your investments enough time to grow. Whether it is through a Systematic Investment Plan (SIP) or lump sum, investing is easy through mutual funds and no matter what your financial goals are, there's always a mutual fund scheme for you.

An investor education initiative by

SBI MUTUAL FUND
A PARTNER FOR LIFE

#TodayIsTheDay	Toll-free: 1800 425 5425	SMS: 'SBIFUNDGURU' to 56161	Visit: www.sbimf.com	Follow us:

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

जगातील आठवे आश्चर्य - चक्रवाढ व्याज

Particulars	Liquid Funds	Savings Bank Account
Dividend / Interest Payout	Every day	After 6 months
Taxability of Dividend / Interest	Fully exempt	Taxable
Method	Compounding (Daily)	Minimum average balance
Dividend/Interest Rate	5 % to 9%	4%
Guarantee of Principal Amount	Backed by assets (fully covered)	Backed by Govt. up to Rs.1,00,000/-
Minimum lock in period	1 day	No lock in period

Power of Compounding

Compounding is a wonder tool that lets you make the most of small investments made over a long periods of time to accumulate phenomenal wealth. It works best if you start investing early and leave the money alone. Compounding is in fact the single most important reason for you to start investing right now. Every day you are invested is a day that your money is working for you, helping to ensure a financially secure and stable future.

Illustration :-

Mr. A & Mr. B are friends and both want to invest Rs.1,00,000/- @10% pa. but Mr. A will get compounding interest rate of 10% and Mr. B will get simple interest rate of 10% on their investment.

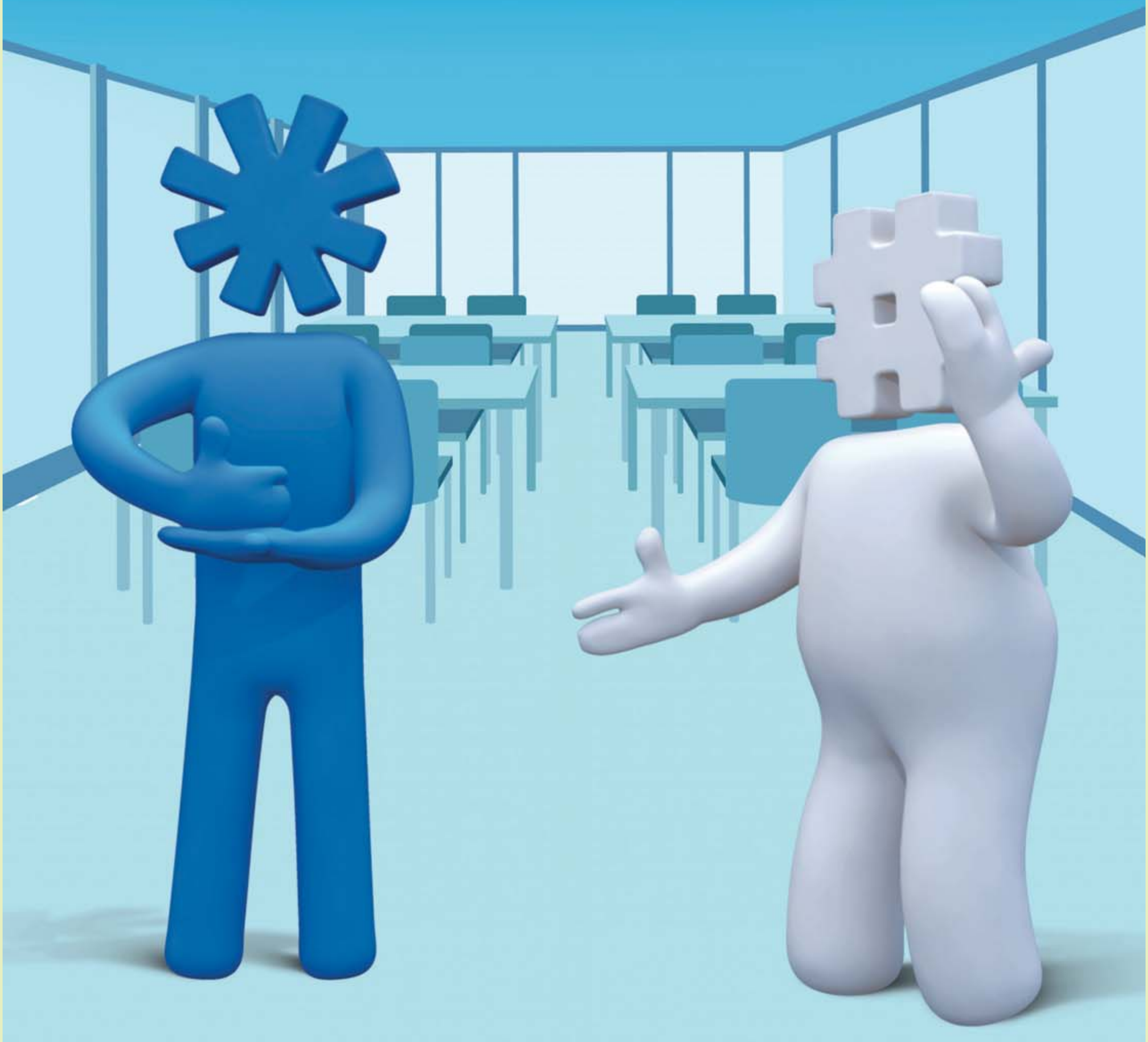
Year	Compounding @10%	Simple Interest @ 10%
1	1,10,000	1,10,000
2	1,21,000	1,20,000
3	1,33,100	1,30,000
4	1,46,410	1,40,000
5	1,61,051	1,50,000
20	6,72,750	3,00,000
25	10,83,471	3,50,000
30	17,44,940	4,00,000

Explanation :-

1. After one year both will get same amount that is Rs.1,00,000/-
2. After thirty years Mr. A will get Rs. 17,44,940 whereas Mr. B will get only Rs. 4,00,000/- that is the difference of Rs. 13,44,940/-

INVEST BASED ON SOUND
COMPANY FUNDAMENTALS.
NOT ON TIPS.

BSE
INVESTORS' PROTECTION FUND



Do your groundwork, make sure the company is reliable, the balance sheet looks good and the management is sound before investing.

Call 022 22728097 to report any market irregularity.
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The most basic rules of insurance that have never been taught to us are,

- Insurance is not investment.

- Insurance is what your family gets if you die and that's all it should be.

The only approach to buying insurance that is good for your financial health and your family's future is this,

Step 1 : - Decide how much money your family will need if you die suddenly. A good rule of thumb is ten year's income but there could be other factors influencing it. Some of these factors could be whether you own a house or other property, what kind of income your spouse or other family members have and how many children you have.

Step 2 :- Buy a low cost term insurance for 25-50 % more than the above amount. To avoid putting all your eggs in one basket, split the term insurance across two companies. As time goes by your income will increase and so will prices. Keep enhancing the insurance amount to reflect changing needs. At some point as your children start earning and become independent, the need could become static or even decline.

How to purchase a Term Plan?

When purchasing a term plan keep the following points in mind.

Sum Assured : - A common rule says that the sum assured should be at least 10 times your annual income. This is done by estimating one's outstanding liabilities, inflation adjusted expenses for short and long term goals and the amounts needed for emergencies when deciding on the sum assured.

Tenure of Policy :- Since term insurance policies are for a predefined period, it is best to opt for the long term because it is difficult to get another policy at an advanced age. Besides, the premium on a new policy may be very high at that age. Ensure that your term policy lasts at least till all your liabilities are taken care of loans and the children's education and marriage are over.

Premium : - Even when the sum assured and tenure are similar the premium, the premium charged by different insurers could be different often by a considerable margin. So do a comparison of your premium instead of buying policies blindly. Besides, study the various options available in the market properly. Some insurers charge lower premium rates from non - tobacco users. Discounts for higher sum assured are also offered and generally, lower the insured's age, lower is the premium on the policy.

To sum it up one needs to study various plans available in the market keeping in mind the above factors rather to make hasty decisions in buying insurance products.

RELIANCE
Mutual Fund

MYTH

Mutual Funds require large investments.

FACT

You can start investing in Mutual Fund schemes through an SIP of ₹500 per month.

SIP stands for Systematic Investment Plan, wherein you can regularly invest a fixed amount at periodical intervals of time in a Mutual Fund scheme. With an SIP, the small amounts you invest regularly could help achieve your financial goals eventually.

To know more about Mutual Funds, give us a missed call on

022 3359 8553

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or log on to

www.reliancemutual.com/Investor-Education

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

ध्येय नियोजन

Every one of us is used to plan right from studies, holidays, birthday celebration & many more of such events. But when we look at planning of events of life we hardly find people making any plans. These events can be termed as goals in the world of financial planning. These goals are more or less common in the life of most of us. These basic goals are as follows:

1. Education Planning of your child
2. Dream wedding gift to your child
3. Retirement Planning for yourself

It is important to note that these goals are of different time horizons ranging from 1 year to 35 years. Hence the investment pattern needed to achieve these goals. These goals need to be planned respectively.

1. Education Planning of your child

This goal is becoming very important in current environment due to two features:

i) Cost of education is rising very fast.

ii) It is becoming impossible to build a career without good education.

This goal needs to be split in 2 parts:

Ø Part 1 : Planning for School days & Graduation

Ø Part 2 : Planning for Post Graduation

One needs to plan for education keeping in mind the inflations & hence needs to provide for future value of current cost.

Example :

Current Cost of Graduation	Years to be Graduate	Future Value	SIP Needed
Rs. 3,00,000	5	Rs. 4,20,765	Rs. 4800
Rs. 3,00,000	7	Rs. 4,81,735	Rs. 3350
Rs. 3,00,000	10	Rs. 5,84,615	Rs. 2250

Assumption:-
Inflation of 7% pa. & 15% pa. return.

If you closely observe then the goal of setting aside Rs. 584615 at end of 10 years can be achieved by saving Rs. 2250/- per month same way we can also save for post graduation.

2. Dream wedding gift to your child

Every parent needs to plan for their children wedding. One needs to answer following questions & then plan for child marriage.

1. How much does it cost today?
2. What will be future value taking into amount inflation?
3. How many years does one have for child's marriage?

If one is able to answer these questions then making a plan is very easy.

Example:

Name of Child	Age	Marriage age	Current Cost	Future Value	SIP needed
A	5	20 yrs	Rs. 20 lakhs	Rs. 77.40 lakhs	Rs. 5800
B	2	25 yrs	Rs. 15 lakhs	Rs. 81.41 lakhs	Rs. 3000

Assumption :- Inflation 7% & Return 15%

3. Retirement Planning for yourself

An individual needs to plan his retirement very seriously due to following reasons:

1. Life expectancy is rising.
2. Medical costs are rising.
3. Nuclear family structure replacing joint family structure
4. One needs to maintain same standard of living after retirement

If one makes a proper financial plan then you will see highest saving will need to be channelized toward retirement goal.

Cost of delay :-

Cost of delay is the cost to bear as a result of delay in investment. Any delay in making an investment leads to a loss. The cost grows with the period of the investment, longer the investment more is the cost. In simple words, cost of delay as a result of delay in investment.

Name	Age	SIP Amount	Total Investment	Net Return	Monthly withdrawals
Mr. A	25	Rs. 10,000	Rs. 42,00,000	Rs.14,86,00,000	Rs. 9,90,000
Mr. B	30	Rs.10,000	Rs. 36,00,000	Rs. 7,00,00,000	Rs. 4,66,000
Mr. C	35	Rs.10,000	Rs. 30,00,000	Rs. 3,28,00,000	Rs. 2,18,000
Mr. D	40	Rs.10,000	Rs. 24,00,000	Rs. 1,51,00,000	Rs. 1,01,000

Assumption : - Return 15 % in pre retirement & 8% post retirement

If we refer the above table the difference of investment between Mr. A & Mr. C is Rs.12,00,000/- but the monthly pension difference is Rs.7,72,000 per month & difference in net return is Rs. 11,58,00,000/-.

If we have to make good the difference when we start late then the only option is increase monthly commitment.

12 RULES TO INVEST WISELY

(AND REAP BENEFITS IN ANY MARKET CONDITION)

Rule 1: Invest regularly

Rule 2: Start investing early in life (and get the power of compounding to work for your investments)

Rule 3: Never try and time your investments basis tips, market trends or economic outlook

Rule 4: Inflation and Taxes will eat into your returns. Therefore know your actual returns in hand

Rule 5: Diversify your investments across asset classes, to spread your risk

Rule 6: Balance and re-balance your investments as you age

Rule 7: Expect reasonable returns from your investments and sell, once you have got the returns you seek

Rule 8: Get over your mistakes and losses. Learn from them

Rule 9: Never invest or sell in haste (and regret later)

Rule 10: Avoid investing in complicated products you don't fully understand or products that offer unrealistic returns

Rule 11: Spend time on your investments (it's your hard earned money) or get a good financial advisor to do it for you

Rule 12: Keep it simple, invest in Mutual Funds

An investor education initiative from Deutsche Mutual Fund

Disclaimer : - The illustrations are merely indicative in nature which should not be construed as investment advice and neither ensure you profits nor protect you from making a loss in declining market.

INVESTOR PROTECTION THROUGH EDUCATION

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