

# FPA

CERTIFICATE IN FINANCIAL PLANNING & ADVISORY

## Session 6- Investment Planning



# Content

- **Bank Products**
- **Mutual Funds**
- **Post Office**
- **Government Scheme**

# Bank Products

## Running Balance

### Savings Account

Personal Use 3-7%  
Interest

Interest exempt from tax up to

- INR 10,000 for Citizens (80TTA)
- INR 50,000 for Sr. Citizens (80TTB)

### Current Account

Business Use  
0% Interest

# Deposits

## Fixed Deposits

- Available with maturities 7 days to 20 years
- Auto-renewal facility
- What if, auto-renewal not selected? Interest compounded quarterly

## Recurring Deposits

- Monthly deposits 6 Months to 10 years
- Can start with INR 100
- Suitable for salaried individuals
- Interest compounded quarterly

# Advances (Credit)

## Bank Overdraft

- Secured or Unsecured
- Savings / Salary / Current / Deposit
- Account Security
- Interest only on overdraft amount
- Borrowing limit

## Cash Credit

- Secured
- Stocks or inventory
- Different Account
- Interest rate lower

# Loans

## Home Loans

- Tax Benefits
- Principal payment u/s 80C – limit up to INR 1.5 Lakhs
- Interest payment u/s 24 – limit up to INR 2 Lakhs for self-occupied property, no upper limit on let out property

## Other Loans

- Vehicle Loans
- Small Business Loans
- Personal Loans
- Loan against Assets – Gold, Property, Shares, Mutual Funds, Insurance, Fixed Deposits

# Other Products

## Credit Cards

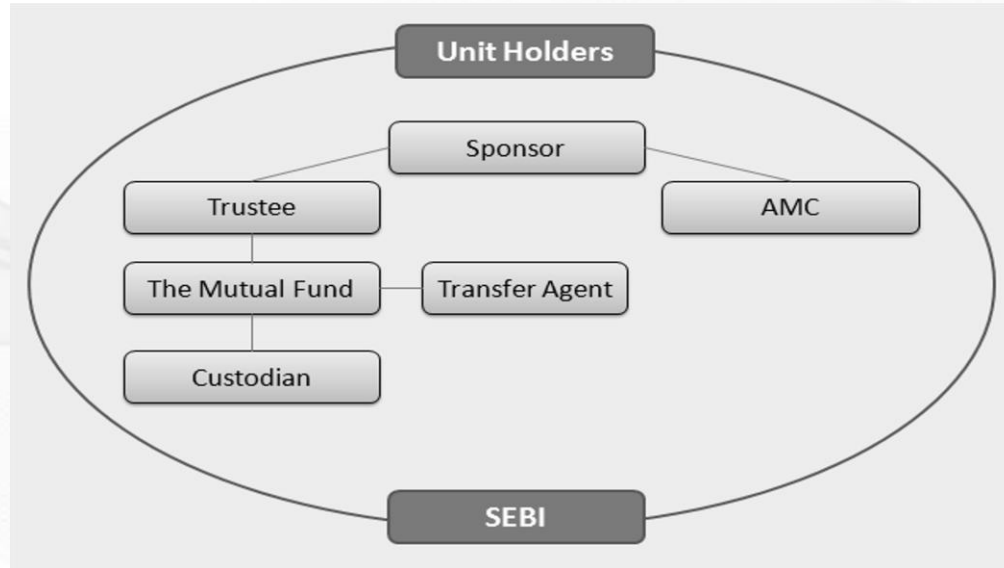
- Interest ranges – 24% to 48%
- 40-45 days free credit
- Reward points, discounts, cash back

## Third Party Products

- Insurance
- Mutual Funds
- Forex

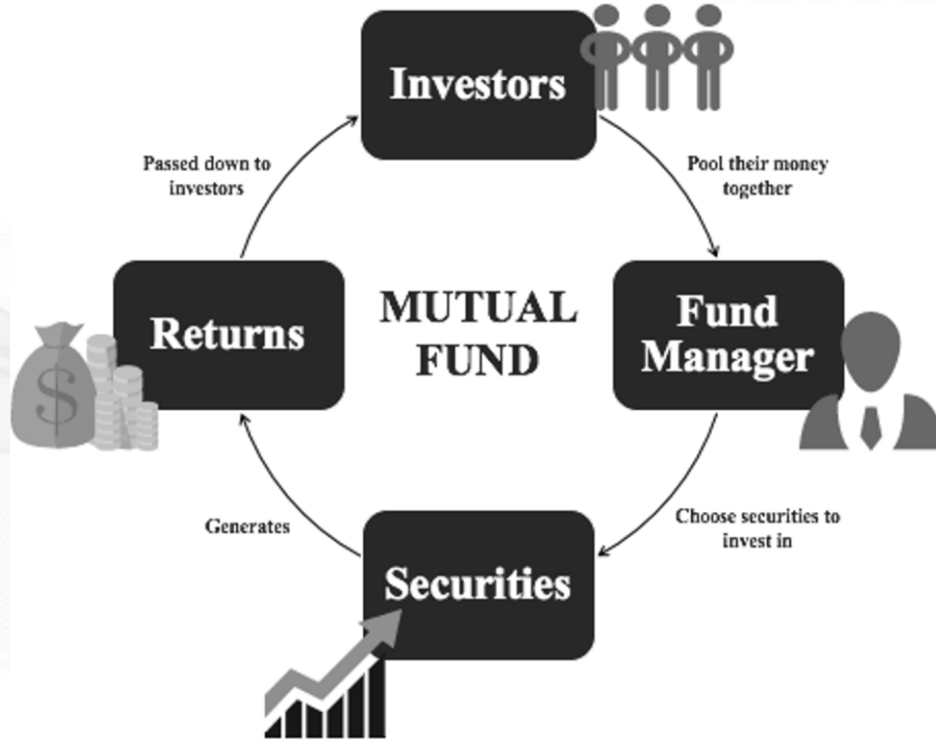
# Mutual Funds

## Structure of Mutual Funds in India

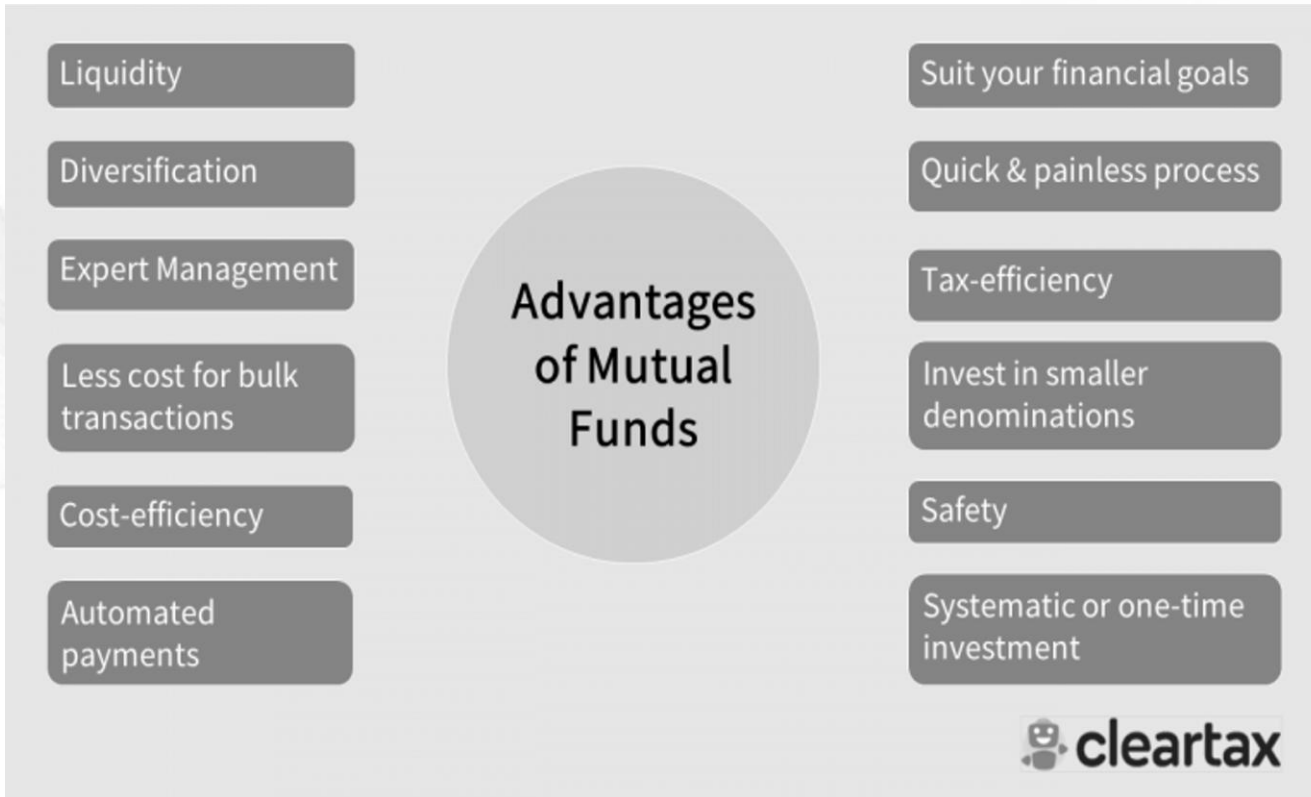




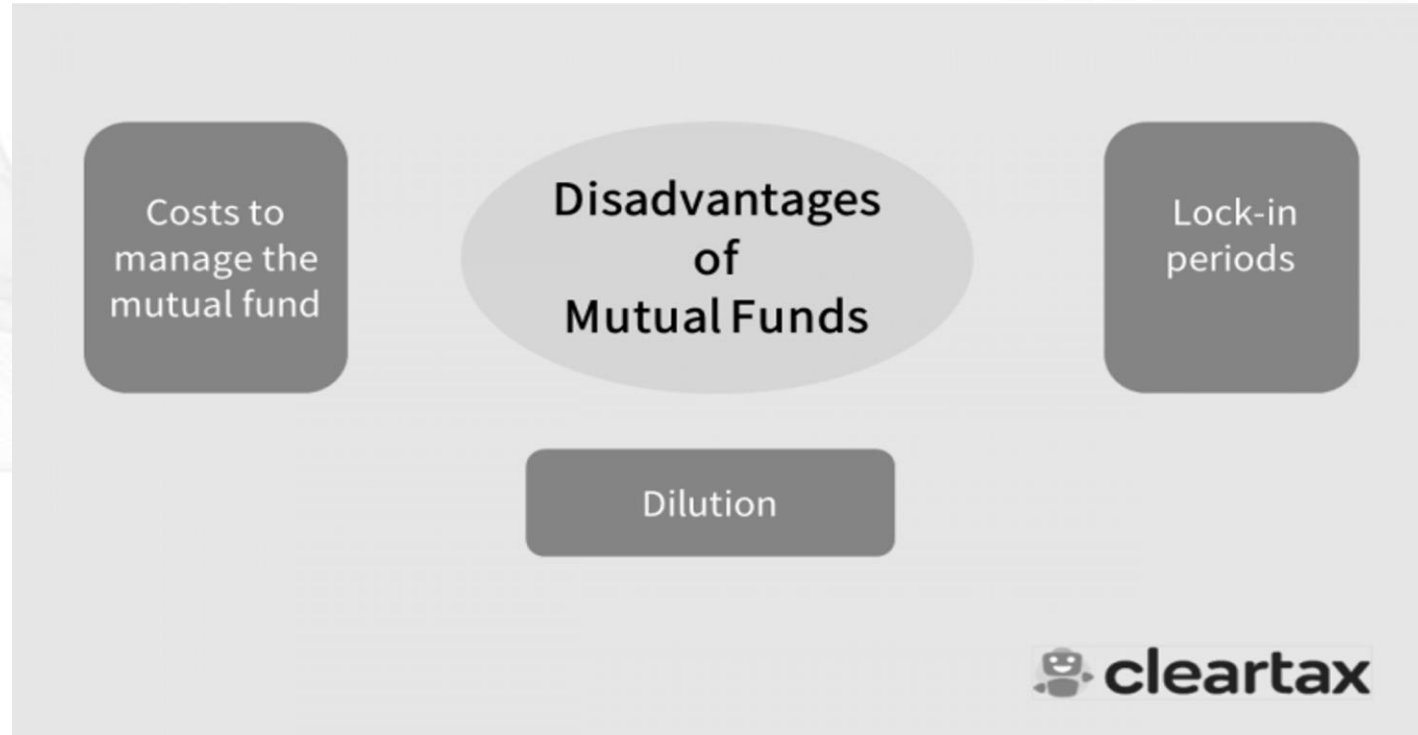
# How Mutual Funds work?



# Advantage of Mutual Funds



# Disadvantages of Mutual Funds



# Types of Funds

## Asset Class

- Equity
- Debt
- Gold
- Real Estate

## Structure

- Open Ended
- Closed Ended
- Interval Funds

## SEBI Categories

- Equity
- Debt
- Hybrid
- Solution Oriented
- Other

# **Taxation - Long Term & Short Term**

Fund Type	Short-term capital gains	Long-term capital gains
Equity funds	Shorter than 12 months	12 months and longer
Debt funds	Shorter than 36 months	36 months and longer
Hybrid equity-oriented funds	Shorter than 12 months	12 months and longer
Hybrid debt-oriented funds	Shorter than 36 months	36 months and longer

# Taxation - Rates

Fund type	Short-term capital gains	Long-term capital gains
Equity funds	15% + cess + surcharge	Up to Rs 1 lakh a year is tax-exempt. Any gains above Rs 1 lakh are taxed at 10% + cess + surcharge
Debt funds	Taxed at the investor's income tax slab rate	20% + cess + surcharge

# ✓ Categorization – Equity & Debt

## Equity Funds

- Multi Cap/Flexi Cap Fund
- Large Cap Fund
- Large & Mid Cap Fund
- Mid Cap Fund
- Small Cap Fund
- Dividend Fund
- Value/Contra Fund
- Focused Fund
- Sector/Thematic Fund
- ELSS Fund

## Debt Funds- Duration

- Overnight Fund
- Liquid Fund
- Ultra Short Term
- Low Duration
- Money Market
- Short Duration
- Medium Duration
- Medium to Long Duration
- Long Duration
- Dynamic Bond

## Debt Funds- Credit

- Corporate Bond
- Credit Risk
- Banking & PSU
- Gilt Fund
- Gilt Fund with 10 Yr. Maturity
- Floating Rate Fund

# ✓ Categorization – Hybrid, Sol<sup>n</sup>, Others

## Hybrid

- Conservative Hybrid
- Balanced Hybrid
- Aggressive Hybrid
- Dynamic Asset
- Allocation Multi Asset
- Allocation Arbitrage
- Equity Savings

## Solution

- Retirement
- Children

## Others

- Index/ETF
- Fund of Funds



# Post Office Savings

## Deposits

- Savings Account
- Recurring Deposit
- Time Deposit (5 Yr, 80C)
- Monthly Income Scheme

## Investments

- Senior Citizen Savings Scheme (80C)
- Public Provident Fund (80C) Sukanya
- Samriddhi Account (80C) National
- Savings Scheme (80C) Kisan Vikas Patra

# Government Savings

## Government Schemes

### PM Jeevan Jyoti Bima Yojana

- Life Insurance Policy. Age 18 to 50, cover up to 55
- Premium INR 330 per year  
Cover INR 2 Lakhs through Bank Account

### PM Suraksha Bima Yojana

- Personal Accident Policy. Age 18 to 70
- Premium INR 12 per year  
Cover INR 2 Lakhs Through Bank Account

# Government Schemes

## PM Awas Yojana

- Interest Subsidy on Home Loan  
Subject to max. loan tenure of 20 yrs  
Depending on Family Income.
- Max. subsidy amount 2.30L to 2.67L

## PM Jan Aarogya Yojana

- Health Cover for Economically Backward Class
- Cover INR 2 Lakhs per family per year  
No limit on age or size of family

**Thank You**