

KNOWLEDGE INITIATIVE



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Dear Patrons,
Season's Greetings!

We are pleased to share our monthly newsletter "Knowledge Initiative" for December 2022.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bringing to you more educative and informative articles.



1. Cost of Delay in Investing:

The secret to being 'wealthy' is not always making big decisions but also making small decisions like not delaying your investments and starting right now. A few years delay in making your first investment can cause a crore worth of harm to your financial status.

The sooner you start, the lower the amount of savings you need to create the required corpus.



2. Term Plan:

Life is short and one can never foretell what the future holds. To make sure that your family is financially secure even after you are gone, opt for a term insurance. Besides choosing the right term insurance plan, having adequate coverage is a must as it should be able to provide the family with adequate income.

Term insurance plans secure your family's financial future even when you are not around.



3. LIST OF TOP MUTUAL FUNDS:

Check the best performing mutual funds in their respective categories.



1. Cost of Delay in Investing:

If you delay your investments, whether through SIP or in lump sum, and invest a higher amount at a future date, still you will not be able to catch up with someone who started investing say five or 10 years before you. People tend to delay their investment each day to the following day with a mindset that it hardly makes any difference. A delay of even a few years could cost you crores of rupees.

Surprisingly, people think the cost of delaying investing is not as significant of a figure as what it truly is.

Key consequences of delayed investments:



Lower wealth creation:

- Investments grow over time. When one starts investing early, one gets a considerable head start over others in similar situations who start late
- Apart from giving a head start, early investing also brings with itself the wondrous compounding effect.



Comparatively higher investments:

- Delay in investment could cause lower returns as you lose on the magic of compounding.
- If you start late you have to invest a larger sum of money to achieve your financial goals.



Risk appetite & its implications:

- Generally, you have a higher risk appetite at a young age when you have a longer period to stay invested as there are fewer responsibilities.
- It is recommended to invest at a young age so that the returns could be higher at the time of requirements.



Mr. A

**30 years With
Rs 25,000/Month**

His Corpus?

Rs 8.8 crores

**A delay Of 5
Years =
Almost
Halve
Corpus**



Mr. B

**25 years With
Rs 25,000/Month**

His Corpus?

Rs 4.7 Crores

*Assuming 12% CAGR in Equity Funds

We advise you to start your SIP 'now' as there is no good or bad time to do it.



2. Term Plan:

Term insurance is a type of life insurance that provides coverage for a specific period i.e., a term. This type of life insurance provides a financial benefit to the nominee in case of the unfortunate demise of the insured during the policy term.

Term Insurance policies provide high life cover at lower premiums. These plans are considered by many as one of the basic financial necessities of life, especially in today's times.

Factors Determining Your Term Insurance Cover

Ideally, your term insurance cover should be 10 times your annual income. Anything below this might not be sufficient to take care of your nominee in your absence. Any amount above this is a good option, however, it's not advisable to take a higher sum, as the extra premium paid towards the plan can be diverted to better investment avenues that are profitable.

Listed below are certain factors that you need to check before selecting a sum assured amount:

- **Your Annual Income:** In the event of the policyholder's death, the nominee will be provided the death benefit payout. This payout can act as income replacement for your family until they are able to get back on their feet. Thus, it is essential to consider your annual income and opt for a sum assured that amounts to at least 10 times your annual income, if not more.
- **Your expenses:** Before you opt for the sum assured, it is necessary to calculate your monthly expenses in order to determine how much you can pay as the premium. Since the premium payable is linked to the sum assured, you will need to first determine your premium payment ability.
- **Your liabilities:** If you have several loans and debts to clear, it is advisable to opt for a large sum assured since it will ensure that your nominee is able to pay off your debts without any hassle in the event of your death. However, if you are relatively debt-free, you can get away with opting for a lower sum assured.
- **Your investments and savings:** Since the point of opting for a life insurance policy is to provide financial security to your dependents, it is essential to first assess the value of your assets, investments, and savings. This will, in turn, help you determine how much you need to opt for as the sum assured in order to provide sufficient financial security to your loved ones.

Evaluate your financial needs and family expenses when you finalize the best insurance plan for you. Remember, the period of coverage should be available till all your liabilities are over. Once you retire, you may not need a term Plan.

For your retirement planning, you may choose a mutual fund via the SIP route.

Get in touch with us at mail@netbrokers.co.in to learn more about available Term Insurance plans.

3. LIST OF TOP MUTUAL FUNDS

Check the best performing funds in their respective categories.

CATEGORY	NAME OF SCHEME
LARGE CAP	ICICI Pru Bluechip Fund Nippon India Large Cap Fund
LARGE AND MID CAP	SBI Large & Midcap Fund HDFC Large & Midcap Fund
FLEXI CAP	PGIM India Flexi Cap Fund Parag Parikh Flexi Cap Fund
FOCUSED	SBI Focused Equity Fund Nippon India Focused Equity Fund
MID CAP	SBI Magnum Midcap Fund PGIM India Midcap Opportunities Fund
SMALL CAP	SBI Small Cap Fund Nippon India Small Cap Fund
ELSS	Parag Parikh Tax Saver Fund PGIM India ELSS Tax Saver Fund
HYRBID AGGRESSIVE	ICICI Pru Equity & Debt Fund Kotak Equity Hybrid Fund
BALANCED ADVANTAGE FUND	Tata Balanced Advantage Fund Edelweiss Balanced Advantage Fund
TECHNOLOGY	ICICI Prudential Technology Fund Tata Digital India Fund
GLOBAL	PGIM Global Equity Opportunities Fund Edelweiss Greater China Equity Off-shore Fund
HEALTHCARE	Mirae Asset Healthcare Fund DSP Healthcare Fund
DEBT - MEDIUM DURATION	Kotak Medium Term Fund ICICI Prudential Medium Term Bond

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