FINANCIAL PLANNING FUNDAS FOR THE EARLY YEARS

(EASY TO USE ADVICE FOR THE BINDAAS GENERATION)

AXIS MUTUAL FUND

Introduction

When you're 20 something, the biggest question in your life is "When's the next party?" Savings, investments, finance – all that's boring stuff for your dad to worry about. Right? Wrong.

Financial planning is probably one of the most important things you'll ever learn about. And guess what? It's not all that complicated!

Not earning all that much? Never mind. Learn some basic rules of financial planning now, and it will hopefully make you lots of money in the future!

Start saving early! Time is your buddy!

Why? The simple answer is the magic of compound interest! Now what does that mean in plain English? Well, it's like multiplication. You start with a small amount today and it multiplies into a larger amount tomorrow. The earlier you start, the faster the money multiplies. Over a period of time, the impact of this is massive.

Save a little bit of what you earn (but yes, do save!)

This is the age where you earn perhaps the least in all your earning years. So the temptation to postpone saving is the greatest. But that could be a big mistake. Save just 5% of your income now. You can increase that to 10% whenever you feel like it.

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Small stuff that will make a big difference!

Did you know that cutting down on just 1 outing a month starting from age 25 could get you Rs 38,28,277 odd lakhs by age 60!

Did you know that cutting down on just 2 cigarettes a day from age 25 could get you Rs 11,48,483 by age 60!

Visit www.axismf.com to know more.

How much will all of this save me?

Assuming that you are about 25 years old, by age 40 you could:

- Have an extra Rs 21,13,723 in your bank provided you start saving from age 25 instead of age 30^
- Have an extra Rs 2,50,755 if you cut down on four cigarettes a day starting now*
- Have an extra Rs 4,17,924 if you cut down on one meal out every month**

^Assuming your rate of return on investments is 10% and monthly investment amount is Rs 10,000.
**Cost per cigarette stick is assumed to be Rs 5 and rate of return on investments is assumed to be 10%.*
***Cost of one meal outing is assumed to be Rs 1000 and rate of return on investments is assumed to be 10*

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Now is the time to take risk

Okay. First things first. Let's assume you've decided to save up a bit. What do you do now?

You're probably about 25-30 years old. If you don't take your chances now, when will you? After two kids and a wife? The best time to take risks is when you have the least amount of money at stake and not too many family responsibilities. Consider investing in the equity markets. Statistics have proven that the longer you remain invested in equity markets the greater are the chances of making some serious money. There are a multitude of options available even for sums of as little as Rs 1000 like Systematic Investment Plans (SIPs).

Make sense of Section 80 C

How often have you heard your friends (usually the ones who are CAs) talk endlessly about section 80C? And how many times have you wondered what in the world this mysterious section was about?
Well, there's a good reason why everyone's talking about section 80C. It forms part of the Income Tax Act, 1961 and helps save a lot of money through tax benefits. Yet it’s very simple. Go search the internet or visit www.axismf.com to learn more about it.

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5 things that you need to do to get started

1. Speak to your financial advisor to plan your 80C investments. Remember, wherever possible take greater exposure to equity instruments such as Equity Linked Savings Schemes. **Axis Tax Saver Fund is one such scheme offered by Axis Mutual Fund.**

2. Visit the nearest bank that offers PPF account services. Most public sector banks open Public Provident Fund (PPF) accounts for citizens. Open an account immediately if you don't already have one. Invest about 10-20% of your annual savings in PPF.

3. Give yourself a realistic savings target. Even that extra Rs 1000 saved is worth a lot in the long run. It might seem like a small amount now but 20 years later you will see the massive impact compound interest has had even on these small savings.

4. Speak to your advisor about mutual fund SIPs. **Axis Equity Fund and Axis Tax Saver Fund are equity schemes that offer SIPs for amounts as low as Rs 1000.**

5. Take active interest in your own financial planning. It's not that complicated! Don't leave everything to your advisor.

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Risk Factors

Statutory Details: Axis Mutual Fund, sponsored by Axis Bank Ltd., has been established as a Trust under the Indian Trusts Act, 1882 (liability restricted to Rs. 1 Lakh). **Trustee:** Axis Mutual Fund Trustee Ltd. **Investment Manager**: Axis Asset Management Co. Ltd. (the AMC). **Risk Factors: All Mutual funds and securities investments are subject to market risks and there is no guarantee that the investment objective of the schemes will be achieved. The NAV of the units issued by the Mutual Fund under the schemes can go up or down depending on various factors and forces affecting securities markets. Past performance of the Sponsor or its affiliates/the AMC/the mutual fund or its schemes does not indicate the future performance of the schemes. The sponsor is not liable or responsible for any loss or shortfall resulting from the operation of the schemes. Investments in the schemes are subject to various investment risks such as trading volumes, settlement risk, liquidity risk, default risk, risk of possible loss of principal, etc. Equity and equity related instruments are volatile by nature. Due to the lock in requirements under ELSS Guidelines, the ability of investors to realize returns under Axis Tax Saver Fund is restricted for the first three years. For detailed risk factors, please refer to the SID. Axis Tax Saver Fund** (**an open-ended equity-linked savings scheme**) **and Axis Equity Fund (an open ended growth scheme) are only the names of the Schemes and do not in any manner indicate the quality of the Schemes, their future prospects or returns. Investment objective - Axis Tax Saver Fund:** To generate income and long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities. **Axis Equity Fund**: To achieve long term capital appreciation by investing in a diversified portfolio predominantly consisting of equity and equity related securities including derivatives. However, there can be no assurance that the investment objective of the Schemes will be achieved.
Mutual Fund Investments are subject to market risks. Read the Scheme Information Documents and Statement of Additional Information (SID & SAI) carefully before investing.

This document is only to assist you with your financial planning and is for indicative purposes only. Assessment of an individual's risk bearing capacity involves assessment of objective and subjective parameters. The data contained herein including your age group should not be used in isolation to assess your risk bearing capacity. Please consult your financial and tax advisor before making any investment decision on the basis of the given data. Axis Asset Management Company Limited, Axis Mutual Fund Trustee Limited or any of its directors, employees, associates, the sponsor or its affiliates are not liable for any financial decisions taken on the basis of information given herein.

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