ICICI Bank

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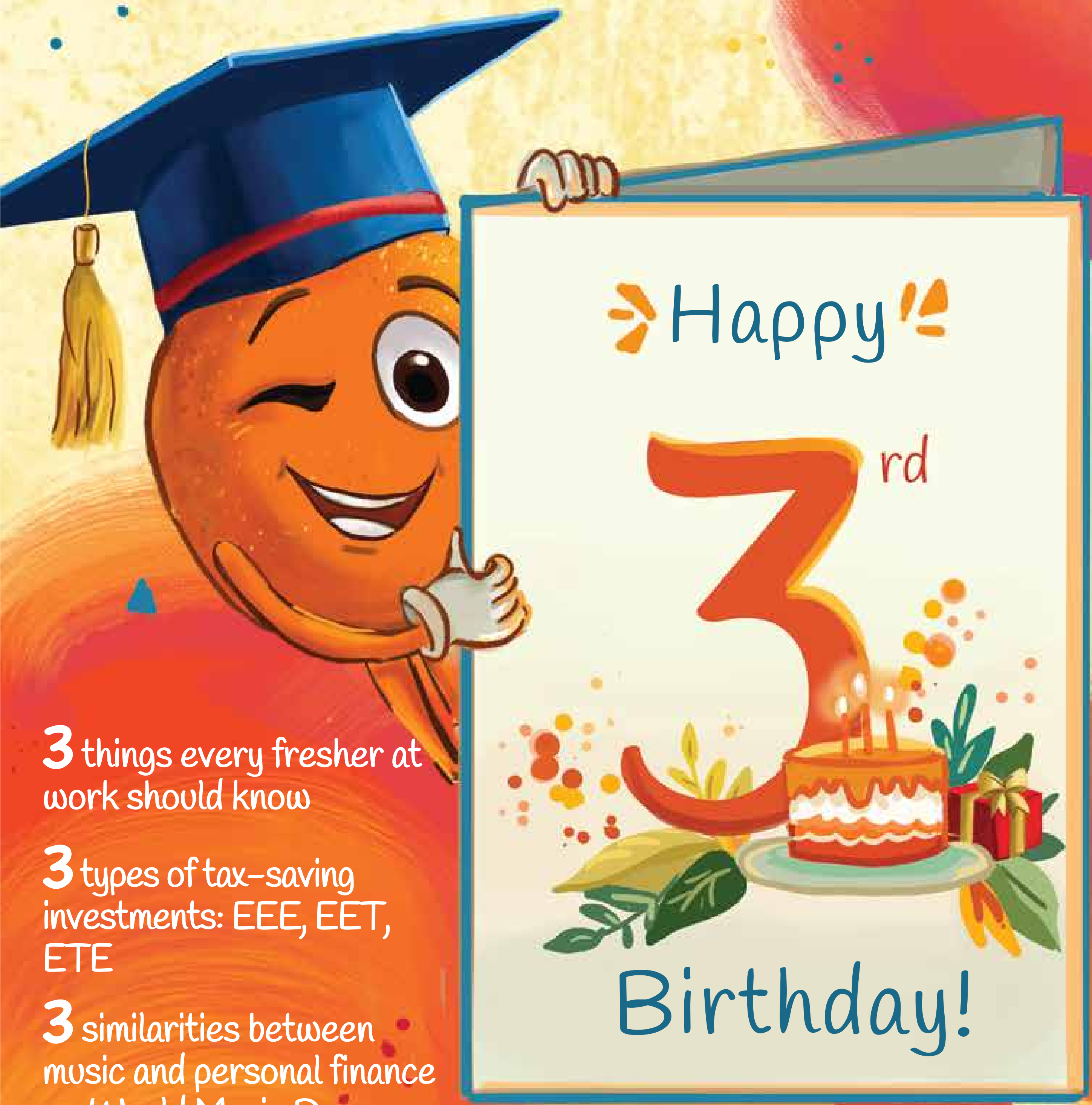
THE ORANGE BOOK



3 things every fresher at work should know

3 types of tax-saving investments: EEE, EET, ETE

3 similarities between music and personal finance on World Music Day.

Good things come in 'Threes'.

3 Years of The Orange Book

2-minute read

It is said that good things come in threes. And three years of bringing you 'The Orange Book' has been a great journey indeed!

2021-2022

- The Orange Book was launched as a monthly guide to personal finance, after the pandemic made people realise the need to be more financially aware and prepared
- It covered fundamental topics like the importance of an emergency fund, types of insurance, power of compounding etc.
- It was shared with readers as a PDF.

2022-2023

- The HTML format was introduced for easier browsing
- The scope of topics was extended to include behavioural finance, investments in stocks and Mutual Funds*, life stage-based and goal-based financial planning.

2023-2024

- A mobile-first HTML design was introduced with article-wise links for quicker navigation
- More diverse topics were included such as fraud prevention, succession planning and will writing
- Interactive quizzes and games were also introduced.

The Way Ahead

i. Interactive articles will be included so that you can choose the sections you find interesting to read

ii. Will include articles from guest writers i.e. experts and readers, as well as articles on topics suggested by readers

iii. Crisp, visual content will be added for quicker reading

iv. The scope will be increased, in the form of audio and video articles, webinars and more.

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3 things every fresher at work should know

3-minute read

Congratulations! It's June and you have finally completed your education and are ready to dive into the workforce. This milestone calls for a celebration! Whether it is treating your family, buying that long-coveted fancy mobile or taking your squad out for a treat, this special time should be commemorated.

But once the party's over, it is time to think of what to do with your salary! So here is a 3-point guide to help you kickstart this exciting new chapter in your life!

Spending

- Know the difference between needs (e.g. bills, rent, groceries) and wants (e.g. eating out, watching movies/plays, shopping etc.)

- Live by the 50-30-20 rule: Make a monthly budget where 50% of your salary is allocated for needs, 30% for entertainment or fun (wants) and 20% for savings and investments.

Saving and Investing

Starting early with saving and investing sets you up for big wins down the road

- Save before you spend: Invest and put aside money for savings before you indulge in additional expenses

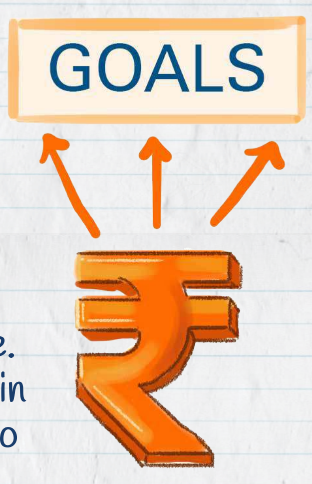
- Automate your investments: Set up standing instructions (auto debits) for your investments, e.g. RD, SIP for MF* or automated equity investments. No more stress about remembering to invest every month

OPEN AN RD | START SIP*

- Keep the date of the auto-debits shortly after your salary is credited. This ensures that money is invested before you can start spending it

- Secure your future with a Term Insurance plan. Start early to avoid hefty premiums and reap the benefits of tax advantages**

- Start goal-based investing:



  i. Jot down your financial goals

  ii. Divide them into short term goals, i.e. goals to be fulfilled in 1-2 years, e.g. a solo trip to Europe and long-term goals, i.e. goals to be fulfilled in more than 2 years, e.g. saving money for the down payment of a home

  iii. Make separate investments for every goal – e.g. monthly SIPs* or RDs for your Europe trip or an FD from your first bonus for the down payment of your car.

Borrowing

Building a good credit history and credit score is necessary for getting bigger loans or higher credit limits in future – it is like levelling up in the financial world. The steps below can help:

- Credit Cards:

  i. Get a Credit Card and use it regularly for spends that you can easily pay back every month

  APPLY FOR A CREDIT CARD

  ii. Pay your Credit Card bill on time

  iii. Pay the full amount of your Credit Card bill every month, not just the minimum amount due.

- Loans and Buy Now, Pay Later (BNPL)

  i. When taking any loan, it's essential to borrow only as much as you can comfortably repay, i.e. your total monthly EMIs should not exceed 40% of your income

  ii. If you have taken a loan, ensure you pay the EMIs every month without defaulting, as it is a no-go zone.

However, make sure you don't fall into a debt trap, i.e. when you are forced to borrow funds to pay back previous loans/bills. Borrow/ take credit for amounts that you can comfortably reply in instalments.

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**Tax Benefits are subject to amendments in tax laws from time to time.

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3 categories of tax-saving investments: EEE, EET and ETE**

3-mininute read

There are several investments that help us save taxes while earning returns. In India, these tax-saving investments** can be classified into three categories, based on the point or stage when the tax is levied: Exempt-Exempt-Exempt (EEE), Exempt-Exempt-Taxable (EET), and Exempt-Taxable-Exempt (ETE). Let's look at them in detail.

The 3 stages of investment:

Every investment option has 3 stages :

1 Investment Stage
Money is invested

2 Accumulation Stage
Interest is earned / Investment grows in value

3 Withdrawal Stage
Invested amount is withdrawn on or before maturity

Accordingly, investments are classified into 3 categories, depending on whether they get taxed or are exempted from tax:

E E E
Exempt-Exempt-Exempt

These investments are completely tax-free at all three stages, i.e. the money invested can be deducted from a taxable income up to a limit. The interest and the withdrawal amount are tax-free.

Examples

- Public Provident Fund (PPF)

INVEST NOW

- Sukanya Samriddhi Yojana
- Employees' Provident Fund (EPF) or Voluntary Provident Fund (VPF) contribution up to a certain limit.

E E T
Exempt-Exempt-Taxable

These investments are taxed only at the withdrawal stage

Examples

- Equity Linked Saving Scheme (ELSS)*
- National Pension Scheme (NPS) to an extent.

INVEST NOW

E T E
Exempt-Taxable-Exempt

These investments are taxed on the accumulation (growth) stage i.e. the accrued interest gets added to the total taxable income for the period.

Examples

- Tax Saving FD

OPEN TAX SAVER FD

- Senior Citizen Savings Scheme (SCSS).

It is important to note that these investments are designed to encourage saving and investing by offering tax incentives. However, the choice of investment should be based on individual financial goals and tax planning needs. Please consult a financial expert before investing.

You can reach your Relationship Manager on 022-4440 0000

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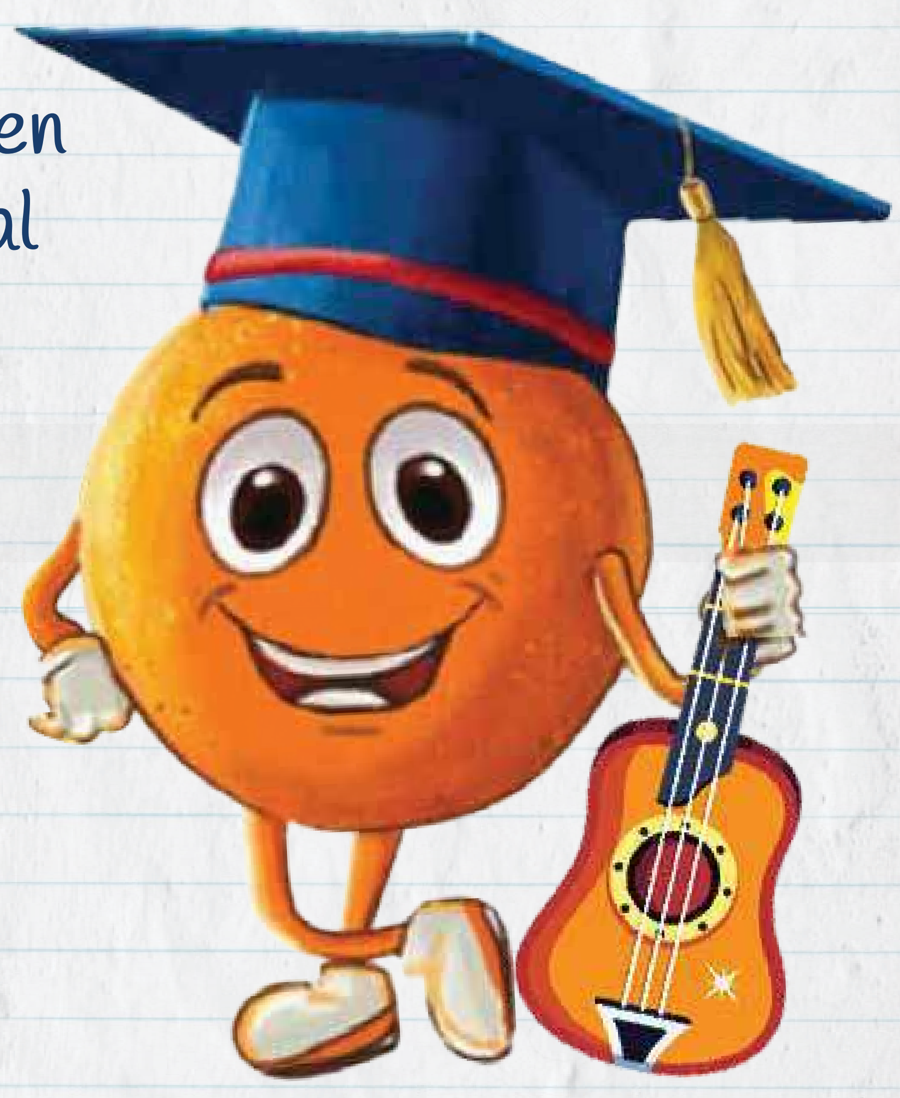
World Music Day: 3 similarities between music and personal finance

2-minute read

June 21 is World Music Day, a day to celebrate the wonder and magic of music. Would you believe it if we told you that there are similarities between music and personal finance?
Read on!



Discipline and Consistency

Creating melodious music requires daily practice, taking care of one's voice, regularly tuning one's instrument and maintaining a fixed schedule of sleep. Likewise, personal finance also stresses on regular investments and regular portfolio rebalancing to get optimum returns and reduce risk.

Diversity creates a symphony

Different instruments come together to produce a pleasing melody. Likewise, different asset classes come together to produce a diversified portfolio where risk is minimised.

Staying on Track

A metronome helps musicians stay on the right beat (taal), while a tanpura helps them stay true to the melody (sur). Likewise in personal finance, budget tracking apps help in staying within a budget, while goal trackers and portfolio rebalancing help us meet our investment goals.

We'd love to hear from you if you have more parallels to share between music and money!

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We're listening

Your feedback is essential to help us improve

FEEDBACK

Connect with us for banking solutions:

1800 1080

: WhatsApp 'Start' to 86400 86400.

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