ICICI Bank

AUGUST 2024 | VOL. 39

THE ORANGE BOOK

Living the dream in your senior years

ICICI Bank

Planning your dream retirement

4-minute read

A meticulous financial retirement plan can ensure a fulfilling, secure, stable and happy future.

Let us meet Rachna Sharma, a 51-year-old government employee.

Rachna is at a critical juncture in her life with two children (19 & 17years old), financial responsibilities and retirement that is due in the next few years.

Rachna's financial checklist

- Retirement planning
- Higher education of her children
- Debt management
- Inheritance planning

Here are a few things she could consider to ensure financial stability as she transitions into her senior years.

Retirement Planning

As a government employee, Rachna will draw a pension her retiring salary so that is not a promising idea. Here is what she should also do:

Retirement Planning

Pension plan review
Understand the benefits and the gap between expenses and income

Supplementary Retirement Accounts
National Pension Scheme (NPS)* to build a corpus and avail tax benefits*
INVEST NOW

Portfolio diversification
Lean towards risk instruments like Fixed Deposits, Bonds and Mutual Funds
FIXED DEPOSITS | MUTUAL FUNDS

Consult an advisor for a customised portfolio tailored to her needs and risk appetite.

Education of her children

Karan and Tanya will soon need funds for their higher education.

Children's Education

Sukanya Samriddhi Yojana (SSY) for Tanya
With attractive interest rates and tax benefits*
OPEN A SSY ACCOUNT | COMPARE INTEREST RATES

Public Provident Fund (PPF) Accounts for Karan & Tanya
For savings & tax benefits
OPEN A PPF ACCOUNT

Mutual Funds* through SIPs
Higher returns in the long term
START SIP

Education Loan for Karan & Tanya
To reduce immediate burden
GET AN EDUCATION LOAN

Encourage children to apply for scholarships.

Debt Management

Debt Management

Housing Loan
Review interest rates & prepayment penalties
REFINANCE LOAN

High interest debts
Prioritise paying them off

Structured repayment plan
It will reduce debt systematically

Limit new debts and unnecessary expenses.

Inheritance Planning

An inheritance plan is essential to ensure that her assets are distributed according to her wishes.

Inheritance Planning

Will Drafting
It will minimise legal complications for her children
CREATE A WILL | COMPARE WILL

Nomination update
Update bank accounts, insurance policies and investments
UPDATE NOMINEES

Update all family members about all the financial details.

By taking all these proactive steps, Rachna will not only be able to secure a future for her children but will also enjoy a worry-free retirement.

Binoy Das is a 62-year-old business owner who loves to cook.

(With a daughter, Pooja (31), who has been married for two years and a son Siddharth (25), who has recently joined the family business, Binoy's financial journey is a rather unique one.

Binoy's financial checklist

- Emergency fund for contingencies
- Sufficient funds to support his lifestyle
- Succession plan for his business
- Supporting adult children

Emergency Fund

Binoy is worried that he may not have a dedicated fund for an emergency so here is what he could do:

Emergency Fund

Living expenses for 6-12 months
Allocate a portion of his savings for an emergency fund

Quick access
Keep the funds in liquid assets like a Savings account or a short-term Fixed Deposit
OPEN A SAVINGS ACCOUNT

Retirement Planning

As a business owner, Binoy may not have a traditional pension plan and might rely heavily on his business for retirement income. This is what he could consider:

Retirement Planning

Investments beyond business
Invest in Mutual Funds*, FD's & Gold for a steady income stream
START INVESTING FUNDS
PLAN YOUR RETIREMENT WITH ICICI BANK

Salary/profit share from the business
He should be actively involved and have a plan for a business loss scenario

Succession Planning

Siddharth has just joined the business and a clear succession plan is crucial for business continuity.

Succession Planning

OPEN A SUCCESSION ACCOUNT

Business transition plan
It will outline Siddharth's role and responsibilities
Allocate timelines for leadership transition

Mentoring
Training Siddharth to take over

Legal & financial advice
Minimise tax implications
Overcome legal hurdles

Maintain clear records

Supporting Adult Children

Binoy is also concerned about providing financial support to Pooja and to Siddharth, who is about to take over the business.

Supporting Adult Children

Establishing financial boundaries
He should ensure that both Pooja & Siddharth are self-sufficient

Providing financial support
Deploy structured loans / gifts

Minimise tax implications

Maintain clear records

Like Rachna & Binoy, you too can take charge of your finances to enjoy your retirement to the fullest.

OPEN YOUR RETIREMENT TODAY

*Tax Benefits are subject to amendment laws from time to time.

*For banking needs + insurance, call 1800 1080. ICICI Bank Limited is an RPSS Registered Mutual Fund Distributor. Mutual Fund investments are subject to market risks. Read all scheme related documents carefully. T&Cs apply.

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A Money Management Plan for your Senior Years

2-minute read

As you transition into your senior years, it is important to chalk out a prudent money management plan.

Your Cash Flow Statement

Creating a cash flow statement based on your existing & proposed investments, liabilities, living standards and future needs is important.

Cash Inflows

Begin with listing down the income streams that you will have post-retirement.

Cash Outflows

Forecasting future expenses is not an easy task, but is not an impossible one.

Cash Inflows

- Lumpsum payments (Gratuity, PPF, Bonds)
- Interest income
- Rental income
- Systematic Withdrawal Plan
- Dividend income
- Pension (If entitled to)
- Other income from investments (For example: Sale proceeds)

OPEN A PPF ACCOUNT

Cash Outflows

- Regular living expenses (Adjusted for inflation)
- New expenses (Home improvements, additional domestic support)
- Periodic expenses (Car upgrade, appliance replacement, insurance premiums, holidays, hobbies)
- Health and medical expenses

  Remember:
  - Cost of Health Insurance rises as one ages
  - Emergency funds to supplement the health insurance cover may be needed
  - In-house paramedical support may be needed

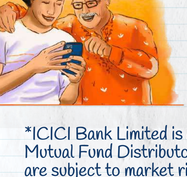
Your Investment Plan

Once you retire, your existing investment plan needs to be realigned based on your cash flow requirements in your senior years.
Some of the options that you may consider are mentioned below.

- **Senior Citizen Fixed Deposits** (Predictable returns, ease of liquidation, relatively safe.)
- **Senior Citizens' Savings Scheme (SCSS)** (Regular stream of income, fixed rate of return)

- **Mutual Funds*** (Risk profile dependent with Systematic Withdrawal Plan for regular cash flows)

  INVEST IN MUTUAL FUNDS
- **Government of India Bonds and annuity plans** (Offered by life insurance companies)



Your money management plan is inherently dynamic. Revisiting it from time to time will ensure that your senior years are worry-free.

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Pick of the month

Rooted in financial wisdom, growing with grace.

This Senior Citizen's Day, let us all aim to age gracefully by making wise financial decisions like:-

- Investing in liquid assets
- Consolidating assets
- Reducing liabilities
- Refining stock investments
- Diversifying the portfolio
- Streamlining tax planning
- Allocating emergency funds
- Enhancing insurance coverage
- Building an inheritance plan

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Pick of the month

Let's celebrate Senior Citizen's Day!!

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The 4 tenets of "Smart Credit Planning"

1-minute read

Powered by CIBIL Part of TransUnion

1. Enquire when you require

- Weigh your available credit options before submitting your loan application.
- Research about the alternatives including evaluating the loan terms like interest rate and tenure carefully to secure the best and most favourable offer for yourself.

2. Timely repayment of EMIs /Credit Card dues

- Prevent financial setbacks by making repayment of EMIs and Credit Card dues on time, a habit.
- Avoid defaults as it can push the duration of repayment and additional charges associated with it.
- You can make timely payments by opting for auto-debit options, creating a repayment plan and budgeting to allocate funds for debt repayment in advance.

3. Utilise credit 'smartly'

- Responsible credit utilisation is key to preventing debt from spilling over even further.
- Keep an eye on your credit limit while spending to make sure you do not go overboard.
- Use your Credit Cards and loans judiciously to avoid overutilisation.

4. Monitoring and maintaining a good credit profile

- Build your credit profile over time with a good CIBIL score and healthy credit behaviour, which will reflect in your CIBIL report.
- Monitoring your CIBIL score and report regularly will help you identify opportunities to course correct and improve your chances to avail credit when needed the most.

Remember

The path to smart retirement is always through prudent financial planning!

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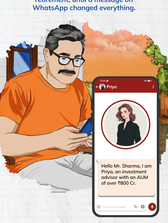
The WhatsApp Wealth Illusion

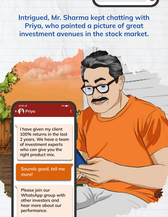
2-minute read

Away from bustling Mumbai, retired Mr. Sharma had settled into a quiet routine at his farmhouse.

He was enjoying a well-earned retirement, until a message on WhatsApp changed everything.



Intrigued, Mr. Sharma kept chatting with Priya, who painted a picture of great investment avenues in the stock market.



Priya asked Mr. Sharma to join a WhatsApp group and download an app that would give him investment tips.

Mr. Sharma invested a significant amount and received a fake statement showing returns of ₹9 crores!

But when Mr. Sharma, wanted to withdraw a portion of his earnings, Priya said that he would need to pay taxes, upfront!

When Priya remained unreachable, Mr. Sharma knew something was not right.

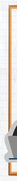
With a heavy heart, Mr. Sharma reported the fraud to the authorities.

The investigation uncovered a gang that only targeted senior citizens.

The Bait

- Fake IPOs with bumper returns
- A sudden surge in stock prices, only to crash later.

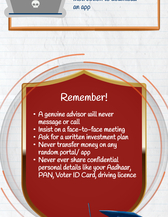
The Modus Operandi



- A WhatsApp message about a big investment opportunity
- Invitation to join a WhatsApp group
- Fake client testimonials about huge profits
- Instruction to download an app

Remember!

- A genuine advisor will never message or call
- Insist on a face-to-face meeting
- Ask for a written investment plan
- Never transfer money on any random portal/ app
- Never ever share confidential personal details like your Aadhaar, PAN, Voter ID Card, driving licence



Reach out to National Cyber Crime at cybercrime.gov.in or call the helpline on 1930 and call ICICI Bank helpline 18002662.

For banking needs / resolutions, call 1800 1080. AUGUST 2024 CMO

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Budget 2024 Highlights

4-minute read

Old Tax Regime: No change

New Tax Regime

₹50,000 ₹75,000

Standard deduction limit increased for salaried employees.

₹15,000 ₹25,000

Family pension deduction limit increased for pensioners.

How much income tax will you pay under the new tax regime?

Your Income	
0 – ₹3 lakh (No Change)	No Income Tax
₹3 lakh – ₹7 lakh	5% of the amount exceeding ₹3 lakh
₹7 lakh – ₹10 lakh	₹20,000 + 10% of the amount exceeding ₹7 lakh
₹10 lakh – ₹12 lakh	₹50,000 + 15% of the amount exceeding ₹10 lakh
₹12 lakh – ₹15 lakh	₹80,000 + 20% of the amount exceeding ₹12 lakh
₹15 lakh – (No Change)	₹1,40,000 + 30% of the amount exceeding ₹15 lakh

Capital Gains

20% (15%)

Short-Term Capital Gains (STCG) on listed equity shares, units of Equity oriented Mutual Funds***, units of Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs)

SLAB RATES

Short-Term Capital Gains (STCG) on all other assets

₹1.25 Lakh

Exemption limit for Long-Term Capital Gains (LTCG) on listed Equity shares, units of Equity oriented Mutual Funds***, units of Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs)

12.5%

Long-Term Capital Gains (LTCG) on all assets except unlisted Bonds, Debentures, Debt MFs, Market-linked Debentures

Indexation Benefit removed

Changes in capital gain taxation are proposed for transfers on or after July 23, 2024

Asset-wise LTCG:

Listed shares**

Holding Period (months)	Rate of tax
Earlier	
12	10%
Now	
12	12.50%

Unlisted shares

Holding Period (months)	Rate of tax
Earlier	
24	20% *
Now	
24	12.50%

Listed Debentures, Bonds

Holding Period (months)	Rate of tax
Earlier	
12	20%
Now	
12	12.50%

Unlisted Debentures, Bonds

Holding Period (months)	Rate of tax
Earlier	
36	20%*
Now	
Not Applicable	Slab Rate

Units of Equity oriented Mutual Fund***

Holding Period (months)	Rate of tax
Earlier	
12	10%
Now	
12	12.50%

Units of REIT/ InvIT**

Holding Period (months)	Rate of tax
Earlier	
36	10%
Now	
12	12.50%

Real Estate

Holding Period (months)	Rate of tax
Earlier	
24	20% *
Now	
24	12.50%

Gold/ Silver

Holding Period (months)	Rate of tax
Earlier	
36	20% *
Now	
24	12.50%

*With indexation

** Securities Transaction tax (STT) paid

NPS

10% 14% of employee's salary contributed by employer towards NPS under the new tax regime.

→ Cap on total contribution by employer towards any recognised fund, NPS and an approved superannuation fund taken together is same, i.e. ₹7.5 lakh.

New Launch!

NPS Vatsalya

- Opened by parents/guardians for kids
- Becomes full-fledged NPS Account when the child turns 18

TCS can now be offset against TDS on salary:

Salaried individuals who have paid Tax Collected at Source (TCS) on foreign remittances, foreign travel, purchase of car, etc. will now be able to inform their employers to adjust the same from the TDS deductible on salary. This provision will help mitigate cash-flow issues.

Angel Tax

NO TAX

Angel Tax abolished for all classes of investors on investments in startups.

Review of IT Act

6 months:

The Budget has proposed a review of the Income Tax Act of 1961 in 6 months.

Source: Budget 2024 document

Click here to view the disclaimer.

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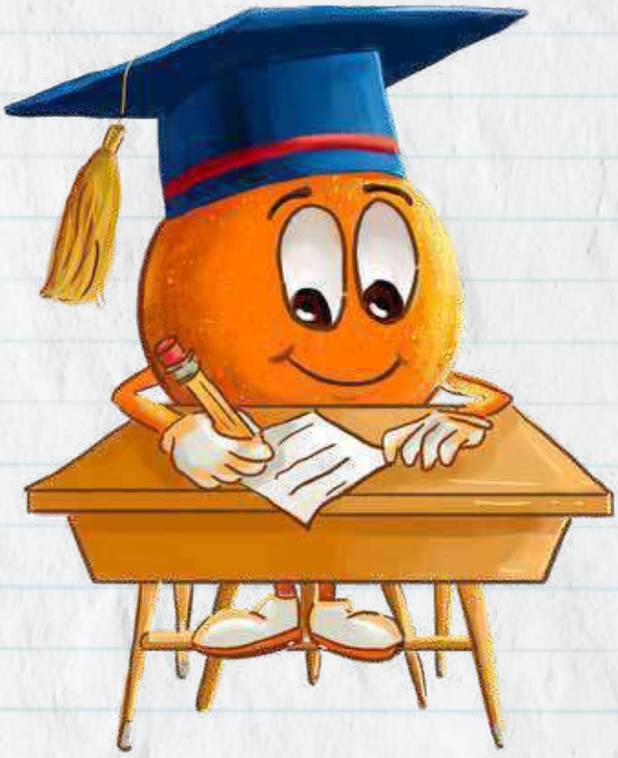

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Your feedback is essential
to help us improve

FEEDBACK

Connect with us for banking solutions:

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