

4 Steps to Financial Wellbeing



How's your financial health, Gen-Z? Let's find out:

The financial wellness checklist



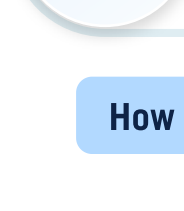
Is your day-to-day spending under control?

Are you financially independent from your parents?



Are you capable of absorbing a financial shock?

Do you have a clear idea of where you are going to spend significant money in the near future (1-3 yrs)?



Are you comfortable with your standard of living?

How to achieve financial freedom



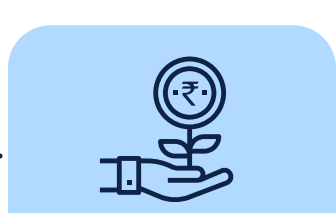
Savings



Insurance



Emergency Funds



Investments

Step 1 Start Saving

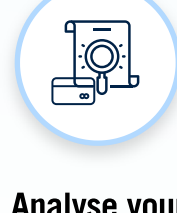
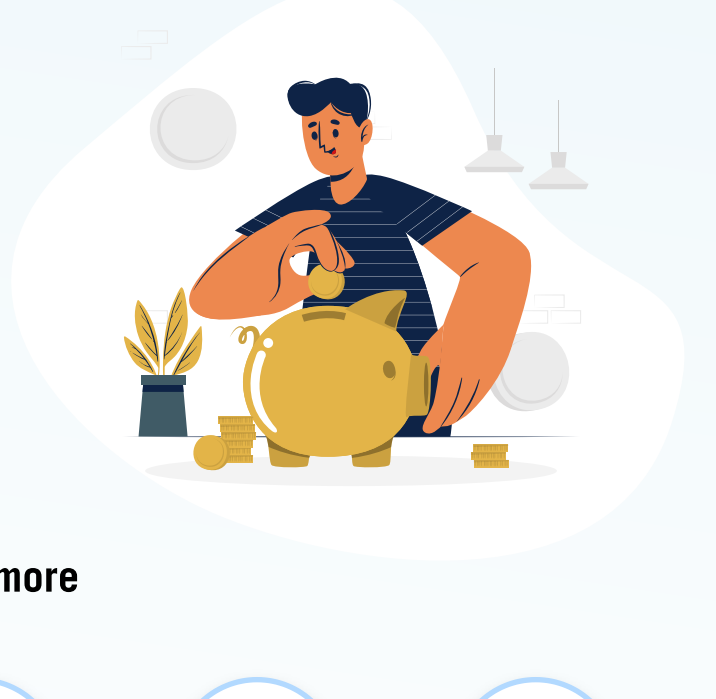
Did you know?

34%⁽²⁾ of Gen-Zers in India spend up to

15%⁽²⁾ of their income on non-essentials.

Are all your spends necessary?

How to spend wisely, so you can save more



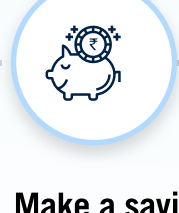
Analyse your monthly spends



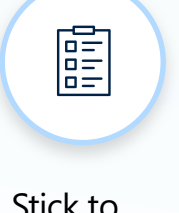
Identify the spends you could have avoided



Set a budget for yourself every month



Make a saving commitment for yourself

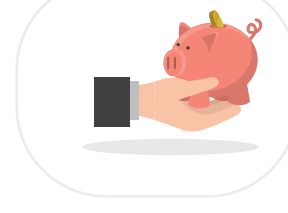


Stick to your plan

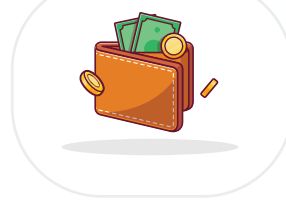
Why it helps to track your spends



Disciplined expenditure



Better savings



Control over your finances

Step 2 Get insured

Protect your savings from the worst

Just **3.69%**⁽³⁾ of Indians have insurance

– one of the lowest numbers in the world.



Don't take the risk – get insurance.

Health Insurance

Why do you need it?

- Health inflation in India has surged to **8%**⁽⁴⁾
- You will incur huge out-of-pocket expenses if you need treatment
- Your employer-provided health insurance may not be enough for you and your family

How much cover should you aim for?

- Individual Minimum Rs. 3-5 Lakh (convertible to a family-floater plan)
- Individual + Parents Minimum Rs. 10-15 Lakh

Life Insurance

Why do you need it?

If something happens to you, life insurance will:

- Provide for your family's everyday needs
- Fund your children's education and other major expenses
- Take care of any debt you owe

How much cover should you aim for?

- **10-15x**⁽⁶⁾ your annual income
- Remember to add your liabilities to the insurance cover you aim for

Think you don't need insurance in your 20s?



- ✓ It will protect your hard-earned wealth
- ✓ You will get lower premiums as a young person and enjoy benefits for life
- ✓ It will minimise your health expenses if you need treatment
- ✓ It will provide financial protection for your family's future

Step 3 Be prepared for an emergency

You never know what life can throw at you



A mistake to avoid

Don't just keep some cash aside in a safe for emergencies – it'll only sit there without providing any returns.

A better way to prepare for emergencies

Keep your money in investment options like overnight and liquid mutual funds, which give you anytime access to your money, while also offering potentially better returns than traditional savings options.

How to go about it

Invest a fixed amount every month in a mutual fund of your choice and also invest any cash gifts from friends or family as well as any incentives.

Step 4 Invest to grow

Stay ahead of inflation and achieve your ambitions



Four reasons you should invest your hard-earned money:

- To beat inflation in the long-run
- To create a corpus for retirement and other milestones
- To live comfortably and achieve your life goals
- To be debt-free and independent



Short-term goals (Less than 1 year)

Examples:
Buy a car, go on vacation, invest in a new qualification or start a side business

Where to invest?
Liquid and ultra short-term mutual funds



Short-term goals (1-3 years)

Examples:
Plan a future wedding, pay off an existing loan or amass the down-payment for a house

Where to invest?
Equity-oriented hybrid mutual funds and corporate bond funds



Short-term goals (More than 5 years)

Examples:
Build a retirement corpus or plan for children's higher education

Where to invest?
Flexi-cap and large-cap/mid-cap/small-cap funds

You're young, and the future's bright – time is on your side.

Take the first step towards financial wellness today.

Sources - 1. <https://www.businessinsider.in/international/news/heres-a-look-at-countries-with-the-worlds-youngest-population/articleshow/77485084.cms>
2. <https://www.financialexpress.com/money/how-covid-19-is-changing-gen-z-millennials-spending-and-financial-habits/2024609/>
3. <https://www.livemint.com/money/personal-finance/insurance-penetration-in-india-at-3-69-one-of-the-lowest-across-the-world-1550491451271.html>
4. <https://www.thehindubusinessline.com/economy/health-inflation-surged-to-over-8-in-may/article34933269.ece>
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