WEALTH 360

OPULENCE WEALTH

BY OPULENCE WEALTH

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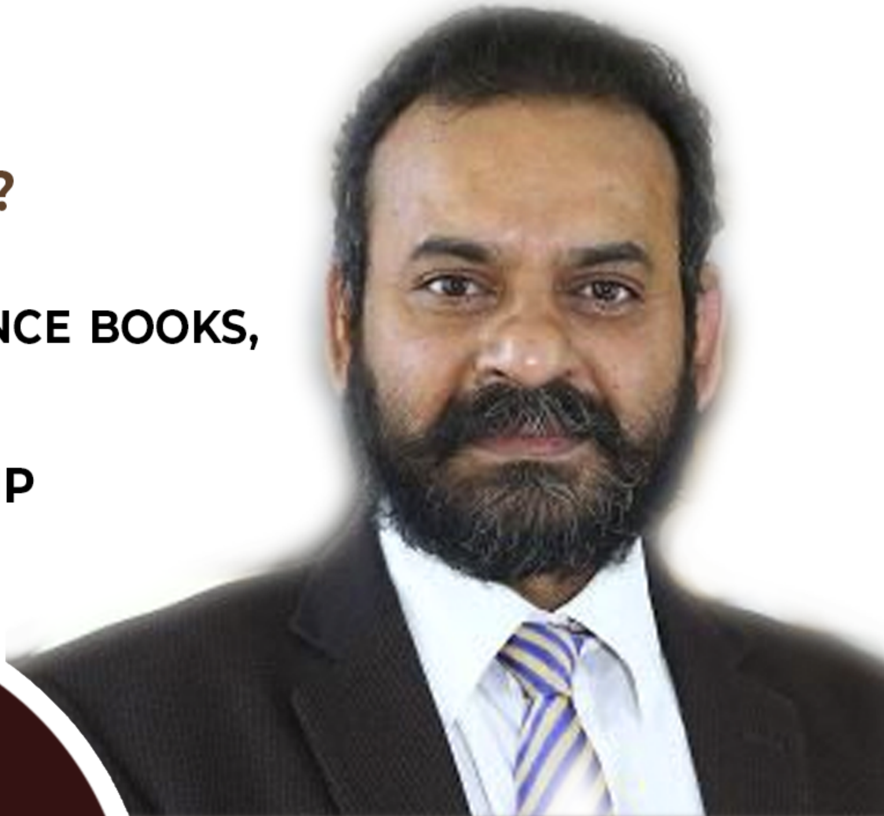
WHERE SHOULD SENIOR CITIZENS INVEST THEIR MONEY?



08 BEST PERSONAL FINANCE BOOKS, MUST READ IN 2022 »

DIFFERENCE BETWEEN SIP & MUTUAL FUND?

NEW GRATUITY RULES 2022

CLIENT CORNER

FINTALK WITH DR. V. P. SINGH

(DIRECTOR - PGDM & PROFESSOR)
GREAT LAKES INSTITUTE OF MANAGEMENT

TOP MEMES »

MONTHLY MARKET GLANCE »

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TABLE OF CONTENTS

WHERE SHOULD SENIOR CITIZENS INVEST THEIR MONEY?

Where should senior citizens invest their money?

Finding suitable investment options can be difficult for anyone, especially if you are a senior citizen. Even though the sunset years are a wonderful stage of life, it is important to understand that financial planning during this time cannot be done using the same strategy you used earlier in life. As a result, carefully selecting your investment options becomes even more crucial.

What is the investment strategy that senior citizens should follow?

A senior citizen is a person who is above the age of 60 years. Proper allocation of funds is one of the key concerns that should feature in the investment strategy for anyone above 60. Instead of going for long-term options, senior citizens are better off sticking to short and medium-term options. Avoiding speculative options that are just a way to try their luck is equally important. It is wise to adopt a conservative stance. Seniors should therefore favour debt investments over equity, according to this.

Assessing the risk factor is extremely important when senior citizens consider their investment options. While no investment is entirely risk-free, it is better to opt for safer with slightly lesser returns than venturing into extremely high-risk options even though they may promise astronomical returns.

Additionally, you should start investing a few years before you plan to retire. Instead, when you are young, your investment strategy should be focused on providing for your needs in retirement. Here's where it becomes important to consider what kind of a senior citizen you are. If you are going to receive a regular pension, then you have the liberty to add more mutual funds into your portfolio and enjoy the accumulated returns in your post-retirement life.
But if you are a self-employed individual or a salaried person who won't receive a pension, you need to settle in on an investment plan through which you can earn a regular income once you retire. You need to tweak your investment decisions accordingly and add the right options to your portfolio. Relying on an investment advisor is also a good idea if a senior citizen investor finds it overwhelming to manage multiple investments.

Lastly, senior citizens need to be aware of the tax efficiency of their investments. As a retired investor, the focus should be on investing in assets that provide maximum tax benefits instead of those where the income is fully taxable at the hand of the investor.

What are the best investment options for senior citizens?

Let us look at some of the best investment options for senior citizens available at present:

Pradhan Mantri Vaya Vandana Yojana (PMVVY) scheme: This scheme is operated by the Life Insurance Corporation (LIC). It is regarded as a low-risk investment option, best suited for senior citizen investors who don't have a huge risk appetite and can make a lump sum investment. LIC offers a 7.4% interest rate, and the term of the scheme is ten years. The minimum investment amount is INR 1.56 lakh, and the maximum amount is INR 15 lakh. The scheme is in operation till March 2023.
Depending on the amount invested, you can expect a pension between INR 1000 to INR 10,000 every month. You cannot avail of any tax deductions under Section 80C though the income is exempt from GST.

Senior Citizen Savings Scheme (SCSS)
SCSS is the perfect choice for a senior citizen who wants a long-term saving scheme that provides sufficient returns. The rate of interest is higher compared to what regular fixed deposits and savings account provides. You can also get tax benefits up to INR 1.5 lakhs under Section 80C. You can invest up to a maximum of INR 15 lakhs. The maturity period is five years, and it is extendable by three years. Adding a nominee is a must opening the SCSS account. You can open the account in any scheduled commercial bank in India or at the Post Office.

National Pension Scheme
This is a voluntary retirement savings scheme that is open to anyone between the age of 18 to 65 years. Senior citizens have the option to extend their tenure up to 70 years. Investments in NPS are directed towards corporate bonds, government bonds, equity, and alternative assets.
Till the subscriber turns 60 years, it is mandatory to invest in NPS. Premature withdrawals are permitted for limited reasons. After 60, they can withdraw 60 percent of the accumulated corpus as a tax-free

amount, but 40 percent should be used for purchasing an annuity plan. Corpus less than INR 2 lakh can be withdrawn on a lumpsum basis. Those who open an NPS account after 65 years of age can exit the scheme after three years from opening it. They should use 40% of the corpus to buy an annuity plan, and 60% can be withdrawn as a lump sum. If there is less than INR 5 lakh in the corpus, you can withdraw the entire amount on a lump sum basis.

You can also exit the account before three years if you use at least 80% of the corpus to purchase an annuity and take out the rest on a lump sum basis. But if the corpus is less than INR 2.5 lakhs, the entire amount can be withdrawn on a lump sum basis.

Anyone who opts for National Pension Scheme receives a unique Permanent Retirement Account Number (PRAN). There are two types of PRAN accounts:

Tier- I account: This is the primary account. It is mandatory for anyone who opts for National Pension Scheme.

In the case of government employees, 10% of the monthly salary gets deposited towards NPS Tier I account, and the Central Government contributes 14% of the monthly salary plus dearness allowance. Other subscribers can make a minimum contribution of INR 1000 every financial year.

Tier-II account: This is a voluntary savings account. You can open it only if you have a Tier I account.

Contributions to the **National Pension Scheme:** Subscribers can make a minimum contribution of INR 1000 every financial year to their Tier I NPS account. The minimum contribution amount is INR 250.

Contributions made to Tier I NPS account subject to a maximum of INR 1.5 lakhs are eligible for tax deduction under Section 80C. Under Section 80CCD (IB), Subscribers can also claim a deduction of up to INR 50,000 for contributions to the Tier I NPS account.

Fixed/Recurring deposits

Although traditional, these options continue to be popular among retired investors. Income up to INR 50,000 are completely tax-free under Section 80TTB. On average, banks offer between 3 to 7 percent interest rates, and senior citizens can get 0.5 percent more. A benefit of holding FD is that you can borrow a loan from the bank up to 90% of the FD amount. So it is a safe option for senior citizens who may be suddenly in need of a large sum of money.

Mutual funds

Opting for a mix of short-term debt and equity mutual funds is another option senior citizens can consider. Equity Linked Savings Scheme or ELSS is an equity tax-saving mutual fund where you can enjoy tax deductions up to INR 1.5 lakh under Section 80C annually. ELSS is also beneficial as it provides you inflation-beating returns. ELSS has a lock-in period of three years, and you cannot make a premature exit. The minimum investment amount varies depending on which fund house you choose with.

Debt mutual funds are another category of mutual funds you can consider investing in. Here the underlying securities are a variety of corporate and government bonds, corporate debt securities, and money market instruments. Investment in these mutual funds offers capital appreciation and is perfect for those who want a regular income but don't have a huge risk appetite. Debt funds are less volatile and comparatively less risky than equity funds.

Tax-Free Bonds

Infrastructure bonds issued by companies such as NHAI, IRFC, IRCON, and REC are also an option for senior citizen investors. These bonds are issued to raise money from the market. The interest is tax-free, and returns are without any TDS. These bonds offer around 6 percent interest.

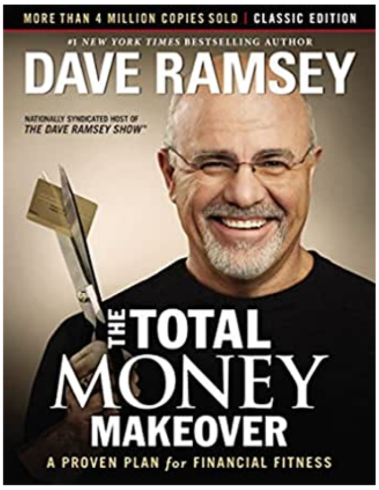
The maturity is ten years, and no liquidity is provided in the interim. However, you are entitled to annual interest during this period. Usually, the minimum investment amount is INR 5,000 and multiples of INR 5,000 after that.

Conclusion

Regardless of your current income, it's crucial to plan for your post-retirement life. The above-discussed investment options are some of the most well-liked ones available. Consider your options carefully and choose the one that best fits your risk tolerance. Our professionals at Opulence Wealth are happy to help if you need assistance choosing the best mutual fund. Contact us today to begin making plans for a comfortable retirement.

08 BEST PERSONAL FINANCE BOOKS, MUST READ IN 2022

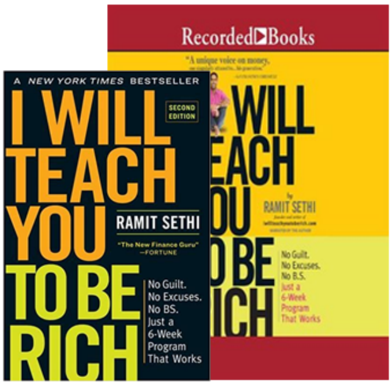
This article lists the 08 best personal finance books that can help you achieve Your financial goals.



1. The Total Money Makeover (Author: Dave Ramsey)

The Total Money Makeover is a self-help book with many real-life examples of people who followed Dave's baby steps and experienced results. The book is one of the best finance books that contain a
Lot of motivating aid, suggestions and guidance.

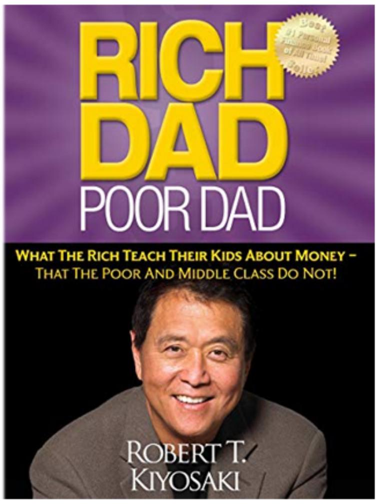
Lack of motivation and support to make the necessary lifestyle changes is one of the biggest obstacles to gaining total financial control. You can benefit from this book by getting a new perspective on your objectives and the benefits you stand to gain from reaching them.



2. I Will Teach You to Be Rich (Author: Ramit Sethi)

For those between the ages of 20 and 35, this is one of the best books on personal finance and a must-read. It focuses on wealth-creation strategies for personal entrepreneurship.

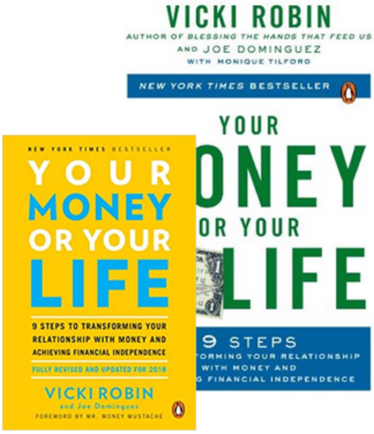
The book mainly focuses on the 4 foundations of personal finance- banking, saving, investing & budgeting. It is a practical, step-by-step manual for achieving financial success. Choose this book if you are a millennial.



3. Rich Dad Poor Dad (Author: Robert Kiyosaki)

Almost all topics related to personal finance are covered in this book. The story revolves around two fathers, one of whom is a school dropout and the other is a well-educated man with a long list of credentials. When the well-educated father passed away, all he left his son with was debt.

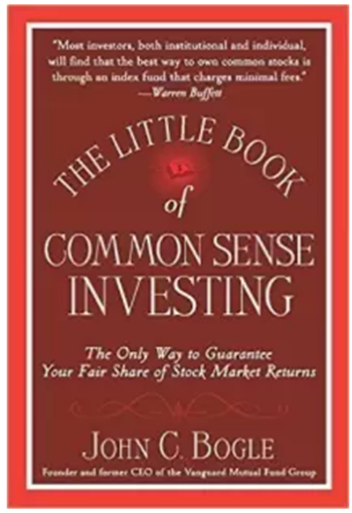
On the other hand, the school dropout quit by giving his son control of a vast business empire. This book provides invaluable lessons about money by throwing light on how one can think like his school dropout rich dad and earn riches along the way.



4. Your Money or Your Life (Author: Vicki Robin)

This book covers more than just personal finance. It is a guide to living your life in a way that reflects your values. It aims to combat materialism, which devastates both our money and the planet's limited resources.

Overall, the book conveys the concept that inexpensiveness is superior and that living a frugal life will make you much happier. The nine-step approach inside this book can be your way to achieving financial freedom.

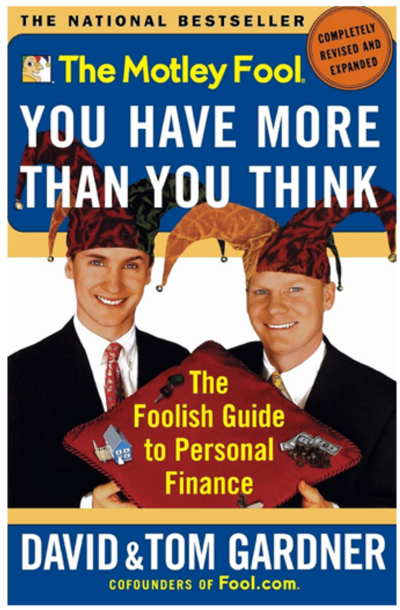


5. The Little Book of Common Sense Investing (Author: John C. Bogle)
This book is written by John C. Bogle, the creator of the Vanguard Group, the world's largest ETF business. The fundamentals of investing, stock selection techniques, and index investing are highlighted by the author.

This book provides helpful guidance on how to add tried-and-true investing techniques to your portfolio.

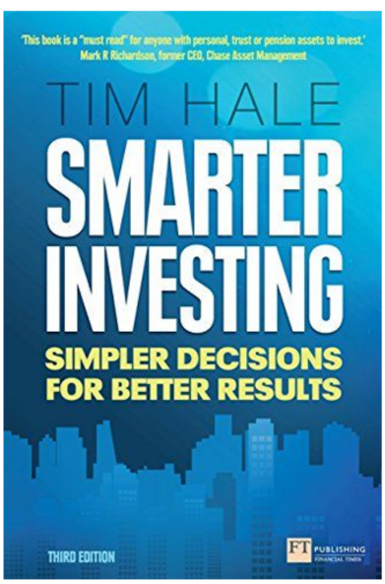
6. You Need a Budget (Author: Jesse Meacham)
The method described in this book makes it possible to live a little more idly while also reducing financial anxiety. The tried-and-true method of the author's four fundamental rules aims to transform money management from a crippling burden to a potent tool that puts one in total control of one's life.

The book explains how to get out of debt and break free from a life of living paycheck to paycheck.



7. The Motley Fool. You Have More Than You Think
(Author: David Gardner and Tom Gardner)
Anyone attempting to strike a balance between lifestyle objectives and financial realities can use this book as a guide. The author of this book uses a humorous style to convince the reader that investing is not particularly challenging.

The book begins by encouraging readers to save money and pay off their credit card debt. Then it rapidly discusses several fundamental investment concepts, such as the fact that mutual funds do not outperform the market average, etc.



8. Smarter Investing: Simpler Decisions for Better Results (Author: Tim Hale)
Complex investing strategies are best left to the full time professionals. If, like me, you'd prefer to stick to a set of simpler investing rules that will lead to successful investing, then make sure you read this book.

It'll help you build an investment portfolio that truly benefits you and will even help you ride out a tough financial market.

The goal of this book is to help you learn a few relatively simple rules, that you can then carry out forevermore and get the best out of your investment experience.

NEW GRATUITY RULES IN INDIA: ALL YOU NEED TO KNOW

How Does Gratuity Work in 2022?

What is gratuity?

Gratuity is a monetary benefit paid by the employer under the Payment of Gratuity Act 1972 to their employees for services rendered in the company. It is part of the salary. However, gratuity is only given to workers who have worked for a company for at least five years.

What is the Payment of Gratuity Act, 1972?

The Payment of Gratuity Act, 1972, governs gratuity payments in India. As per this act, a company is liable to pay a one-time gratuity payment to its retired employees. The act applies to ports, railways, oilfields, shops, factories, and mines. The act is enforced to provide financial security to employees after retirement. It acts as security for employees who provide services to a company for a long time.

What are the gratuity eligibility criteria?

1. An employee has to complete 5 yrs of continuous service in a company.
2. Gratuity is paid at the time of retirement except for certain conditions.
3. The employee should be eligible for superannuation.
4. Legal heir or nominee of an employee is eligible for gratuity in case of their passing or due to a disease or accident.

How is gratuity calculated?

Gratuity is a part of the cost to the company (CTC) of an employee. It is calculated based on the last drawn salary and years of service rendered by the employee. Following is the formula to calculate gratuity:

Gratuity = (15 × last drawn salary × working tenure)/30

New gratuity rules 2022

The new labour law went into effect for all businesses and organisations on July 1st, 2022. The provident fund, working hours, and in-hand salary have all been decreased in accordance with the new labour law.

Take note of the highlights below:

1. Organisations must ensure that 50% of employees' Cost to the Company (CTC) is basic pay, and the rest consists of allowances, overtime, and house rent. Allowances or exemptions paid in excess of 50% of the CTC will be treated as remuneration.
2. The restriction of the maximum basic pay to 50% of CTC increases the gratuity bonus to be paid to employees. The gratuity amount is calculated on a large salary base comprising basic pay and allowances.
3. Employees should be paid for working overtime for 15 minutes or more.
4. The work capacity is a maximum of 48 hours.

Latest developments regarding gratuity

For private-sector employees, the ceiling tax exemption of gratuity amount has been raised to Rs. 20 lakh from Rs. 10 lakh. The same was implemented for central government employees after the implementation of the 7th Central Pay Commission.

Income tax and gratuity

1. Gratuity received by public sector employees apart from statutory corporations is exempt from tax.
2. For employees getting gratuity from an employer not covered under the Payment of Gratuity Act, the least of the below is exempted from the tax:
- Rs. 10 lakh
- Actual gratuity got by an employee
- Half-month salary of every year that an employee has completed.
3. For employees getting gratuity from an employer covered by the Payment of Gratuity Act, the salary of 15 days as per the last drawn salary is exempt.

FAQ: What can you do if gratuity is not paid?

You can send a legal notice to your employer to pay the gratuity amount. If you still don't receive it, you can approach the labour commissioner's office.

WHAT IS THE DIFFERENCE BETWEEN SIP & MUTUAL FUND?

Let us see the difference between SIP and mutual fund investment through lump sum method.

What is SIP?

The Systematic Investment Plan, or SIP, is a tool that permits periodic, small investments in a mutual fund scheme. Periodically, a fixed sum is withdrawn from the investor's bank account and invested in the mutual fund of their choosing via SIP. Choosing a mutual fund scheme is the first step in the SIP process. Then, a predetermined, fixed amount will be invested periodically into the fund scheme. This amount enables the investor to acquire a specified number of fund units.

Mutual Fund Vs SIP

Investment Mode

Using SIP as a method of investment, you make recurring payments to purchase mutual fund units. This encourages regular investment behaviour.

The Impact of Compound Interest on SIP Investments

In SIP, an investor invests regularly and in a disciplined manner to generate wealth over time. SIP can be viewed as a superior method for achieving the financial plan and investing objectives.

An investor in mutual funds has the option to either reinvest earnings or returns. If an investor reinvests in the same plan instead of withdrawing, he can reap the benefits of compounding.

-Flexibility: With SIP investing, you have greater freedom, as you can invest small sums on a weekly, biweekly, or monthly basis according to your convenience. Therefore, SIP is optimal for salaried individuals or those with consistent financial flows. SIPs enable you to invest in mutual funds without disrupting your current lifestyle or spending habits. A lump-sum investment in a mutual fund plan is normally possible for those with spare funds.

-Reduced cost: Investing in SIP allows you to benefit from cost averaging. This means that you can reduce your overall purchase cost by purchasing more units when the market is down and fewer units when it is high. This allows you to minimize your average purchase price.

In contrast, when investing with a lump payment, you end up purchasing all the units at a price that may be greater because you do not receive the benefit of averaging.

-Volatility: Frequently, investors, especially novices, are unsure about the optimal timing to enter the market. If you invest in a lump sum, there is always the question ofwhen to buy, exposing you to periods of high volatility. With a SIP, the purchase is spread out over time, and only a portion of your investment will be exposed to greater-than-average market volatility.

SIP vs Mutual Fund – How They Work?

The Systematic Investment Plan has three phases of operation. This is how it functions;

The SIP Mandate- To invest in mutual funds, investors must provide a mandate (permission to invest via SIPs). This can be accomplished online by selecting the "Systematic Investment Plan" option during the investment process. For the offline procedure, however, you must submit a mandate form together with your application. In addition, you must select the date (on which the fund will be invested) and the amount on the form. The mandate forms can be filed online using your MF account if completed thereafter.

Auto Debit/ ECS- When you provide a mandate, the fund house automatically deducts the specified Investment amount from your bank account using a standing instruction. The amount is then transmitted via ECS to a mutual fund scheme for investment. Likewise, successive investment amounts will be automatically deducted at the Systematic Investment Plan period you specify. Consequently, you will not have to worry about missing any payments.

Mutual Fund Unit Allocation-The sum deducted from your bank account is used to acquire mutual fund units. In addition, you are granted MF units at the closing NAV on the day of the money transfer or check realization. By way of illustration, let us comprehend how it functions. Suppose you initiate an Rs. 1,000 Systematic Investment Plan on the fifth of a certain month. Then, on the 5th of every month, Rs. 1000 will be automatically deducted from your nominated bank account and used to purchase units of the MF. In addition, the MF units will be purchased at the NAV at the day's end. You will receive mutual fund units with each payment, which will be deposited into your mutual fund account. Indicating "How Much" and "How Often" you would invest in a mutual fund scheme is equivalent to utilizing a Systematic Investment Plan.

TOP MEMES

The top finance memes of Aug 2022

#01

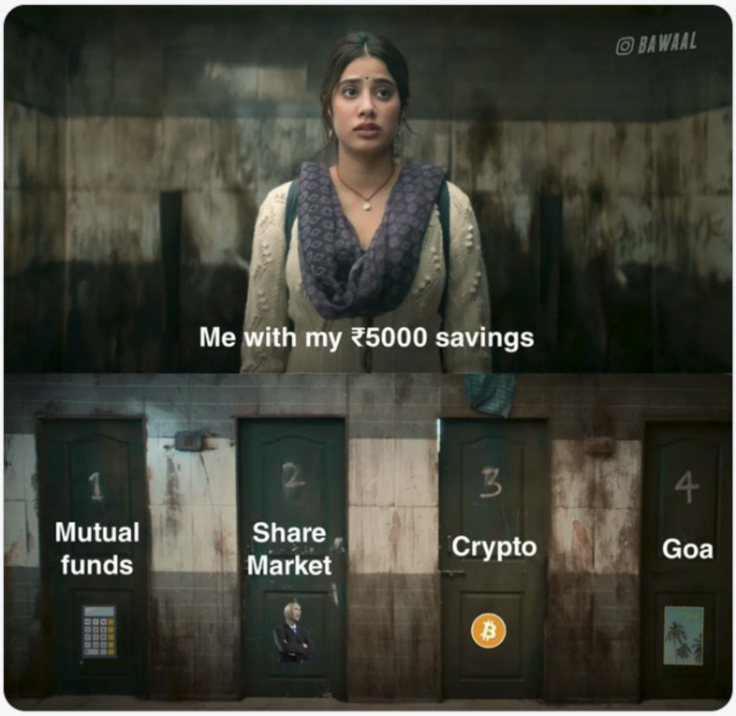
Just a day in the life of Adani 😂

#02

😂

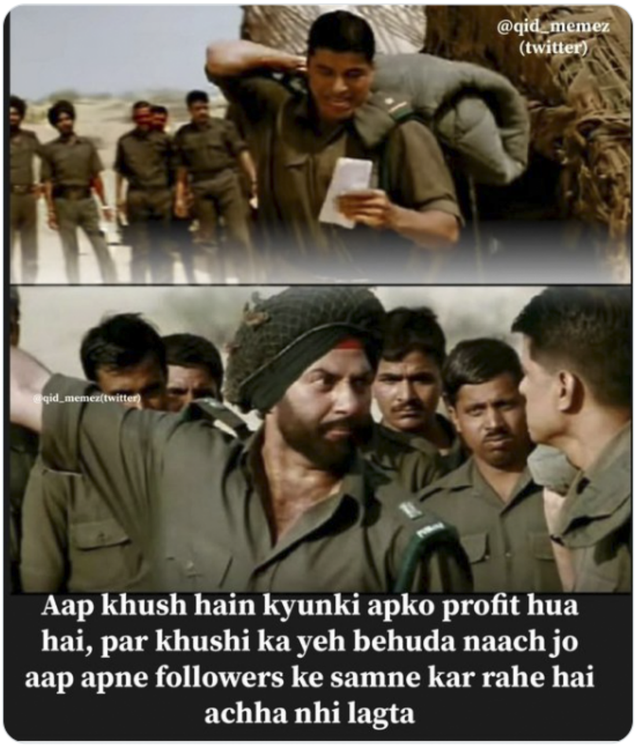
#03

😂



#04

When someone posts profit screenshot on Twitter 😂
#BorderMovie #IndependenceDay



#05

#06

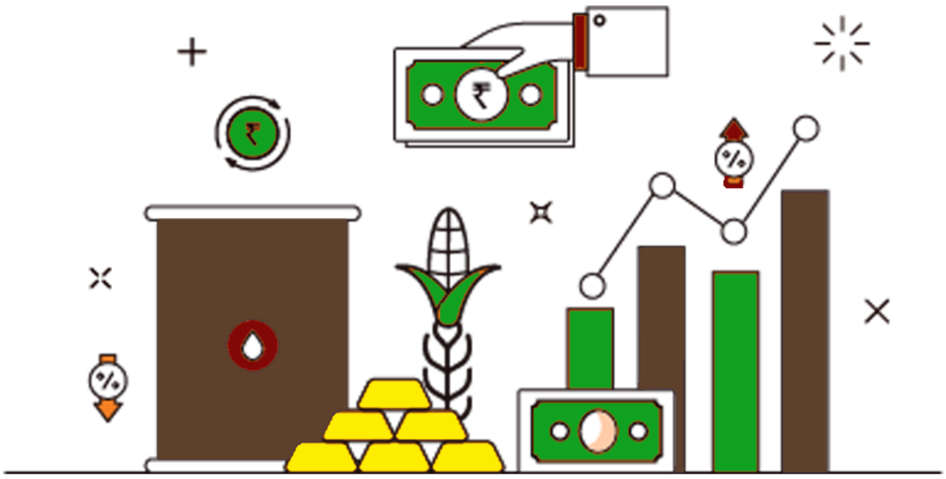
Adani to Prannoy Roy
#NDTV

HISTORICAL DATA & CHANGES

Month- August 2022

INDEXES & COMMODITIES	VALUE/PRICE 01 AUG 2022	VALUE/PRICE 30 AUG 2022	CHANGE%
BSE SENSEX	58115.50	59537.07	+2.41%
NIFTY 50	17340.00	17759.30	+2.38%
BSE MID CAP	24413.45	25408.49	+3.99%
BSE SMALL CAP	27455.38	28650.88	+4.26%
GOLD ₹/10GM	51,443.00	50,900.00	-1.06%
SILVER ₹/01KG	58,640.00	53,911.00	-8.40%
USD/INR	1/79.02	1/79.46	+0.55%
BRENT CRUDE (₹/BARREL)	7,680.00	7,540.00	-1.83%

Note: For general information only and not meant to serve as a professional guide/ investment advice / intended to be an offer or solicitation for the purchase or sale of any financial product or instrument or mutual fund units.



OPULENCE CORNER

Meet-and-greet with the CIO of Bajaj Allianz (Mr. Sampath Reddy)

Left to right: Mr. Amit Manral (Co-Founder & Director -Opulence Wealth), Mr. Sampath Reddy (Chief Investment Officer, Bajaj Allianz Life Insurance) & Mr. Ankush Madan (Co-Founder & Director -Opulence Wealth),

FINTALK

Dr. V. P. Singh (Director - PGDM & Professor-Great Lakes Institute of Management)

Q1. What are some things outside of work that you're irrationally passionate about?

Since I teach economics and the basic assumption of economics is that consumer is rational, therefore I am not permitted to have irrational passions😁😁Jokes apart, I love playing table tennis and badminton. Like being forthright and provide clarity to the world.

Q2. What are you really good at but never want to do anymore?

I am really good at calling spade a spade. But, will never like to do it. 😁

Q3. What are the benefits of being an economics professor?

Consciously or subconsciously, economics is a concern of everyone. Being an economics Professor gives me the opportunity to interact with large audiences nationally and internationally. During these interactions we probe complex economic phenomena and unravel layers of intricate relationships of variables. Joy flows among the audience as clarity dawns upon them. That's a great sense of fulfilment to me. Moreover, listening to so many different perspectives from these audiences enriches me further.

Dr. V. P. Singh
Director - PGDM & Professor
(Great Lakes Institute of Management)

"In this interview, he has told about the principles of economics which he applies to himself."

Q4. Principles of economics that you follow in your daily life? Any why?

Regarding Principles of economics that I follow, I most influenced by the law of diminishing marginal utility. It has multidimensional implications. Simply stated it implies that even the most precious possession or investment cannot provide sustained happiness for long. It prompts people to change. It guides me to diversify in order to maximise returns and minimise risk.

Q5. Have you ever been asked a question that you didn't know the answer to? If yes, how did you deal with it?

No one in this world has answers to all questions and I don't consider myself to be exception. Being a knowledge driven person... I welcome situations that nudge me to probe further; to think and explore. Real joy lays in discovering new perspectives and interpretations.

If I can't answer a question then the question and the seeker need to be appreciated. I assure the person that I will come back to him or her with more research.

FINTALK

Dr. V. P. Singh (Director - PGDM & Professor-Great Lakes Institute of Management)

Q6. What's one misconception your students have about you?

My knowledge entertains students in the class. They believe I will be a great entertainer on the stage too. With this misconception they often invite me to sing or dance. They should not as I am pathetic at singing or dancing.

Q7. Do you find yourself applying the principles that you teach to others?

Sustainability is the main agenda these days. It applies in context of the planet, countries, companies and individuals. We've been trained to earn more. What is important is how do you pace your innings. With age energy level may diminish so sources of generating income should increase.

We need to stay in the wealth creation mode. Creating wealth and maintaining health for ourselves as well as the ecosystem around us. We can be happy if people around us are happy. Not just the people around us but all living beings around us. Balance the three Es- Economy, Environment and Ethics.

I am able apply these principles, exhibit these and expect these from all learners and other stakeholders

Q8. Your Go-to investment mantra?

Invest with reason. 'Reason' has multiple aspects here. Some of these are like answering questions

a) Find the reason why are we investing. The different milestones at different stages of life need to be identified on basis of your priorities. Remember it's your priorities hence it has to be your strategy. No one else can make that for you. While you are making this strategy seek help of professionals. It brings lot more clarity.

b) Reason also pertains to patience and rationality embedded in investing. There can't be linear growth. There will be ups and downs. Global financial crises brought the stocks down but there was a magnificent bounce back. We saw the same happening after the COVID pandemic.

c) Reason in terms of diversification of your investments.

d) The journey of investment becomes pleasurable when we take learning and understanding as one of the payouts apart from the financial returns.

Q9.Your first investment? Gold/MF/House/Car or something else?

My first investment was in house. There has been lot of reason behind it. In fact the initial part of my investment journey has been dominated by real estate investments. There could have been more intelligent investing criteria but unfortunately things can not be changed now.

Q10. Any advice to young investors/ students?

There can't be one solution fitting all. Plan the major activities of your life. Create visible milestones and path. Plan the cash flows accordingly. Balance your risk and returns as per your individual risk appetite. Each one of us have unique investment journey.

CONTACT US

Details & More

Being intentional about improving your financial situation is the beginning of financial success. Focus on your financial goals and take the necessary action to achieve them.

#OPULENCEWEALTH

Do you know anyone who could benefit from our services?
Your trust and REFERRALS are greatly appreciated!

Click to Share

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Submit Enquiry

Our App

Tech that matters, Service you deserve.

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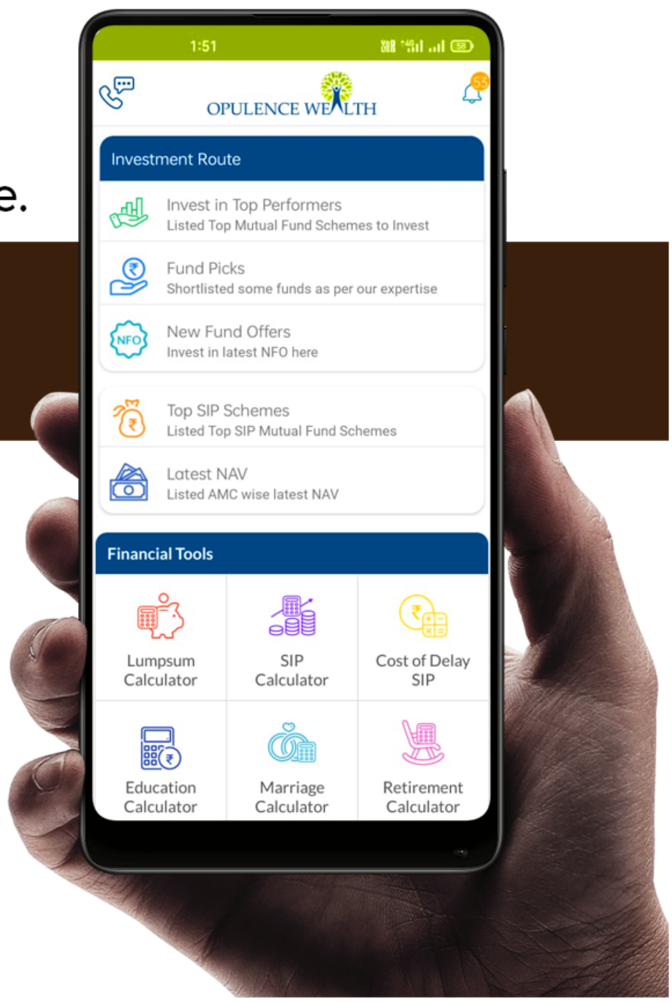

OPULENCE WEALTH

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