

Personal Financial Management for Group I Officers



Presented by

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Overview of the Session

- Personal Financial Management
- Income & Expenditure
- Investment & Tax Planning
- A P Civil Services (Conduct) Rules, 1964 - Financial Issues
- 13(1)(e) Of Prevention of Corruption Act, 1988
- Annual Property Returns/IT Returns
- How to safeguard your hard earned money & **how you are being cheated** by Financial Institutions & Others without your knowledge
- Personal Financial Folders

Personal Financial Management

- Effective Utilization of available resources for attaining objectives.
- **Objectives**
 - Become financially comfortable and enjoy good living & enough savings for basic comforts, children's education
 - Retirement Planning
 - Decent financial goals and devote your life to honorable public service
 - All or combination of above

Why Personal Financial Planning?

- Need a financial plan because it's easier to spend than to save.
- Want a financial plan since it helps you achieve financial goals.
- Use financial planning, not only to use money efficiently, but also to safe guard your hard earned money & achieve goals.
- **Control your finances otherwise they will control you**

Why Financial Planning is needed ?

Inflation

Future cost of important goals would be much higher than present

Changing Life Stages & Life Style Needs

Vacation, Private Car, Manpower Cost Children Education

Financial Planning

Traditional investments **not as attractive due to non consideration of Tax & Inflation effect**
Ex. FDs

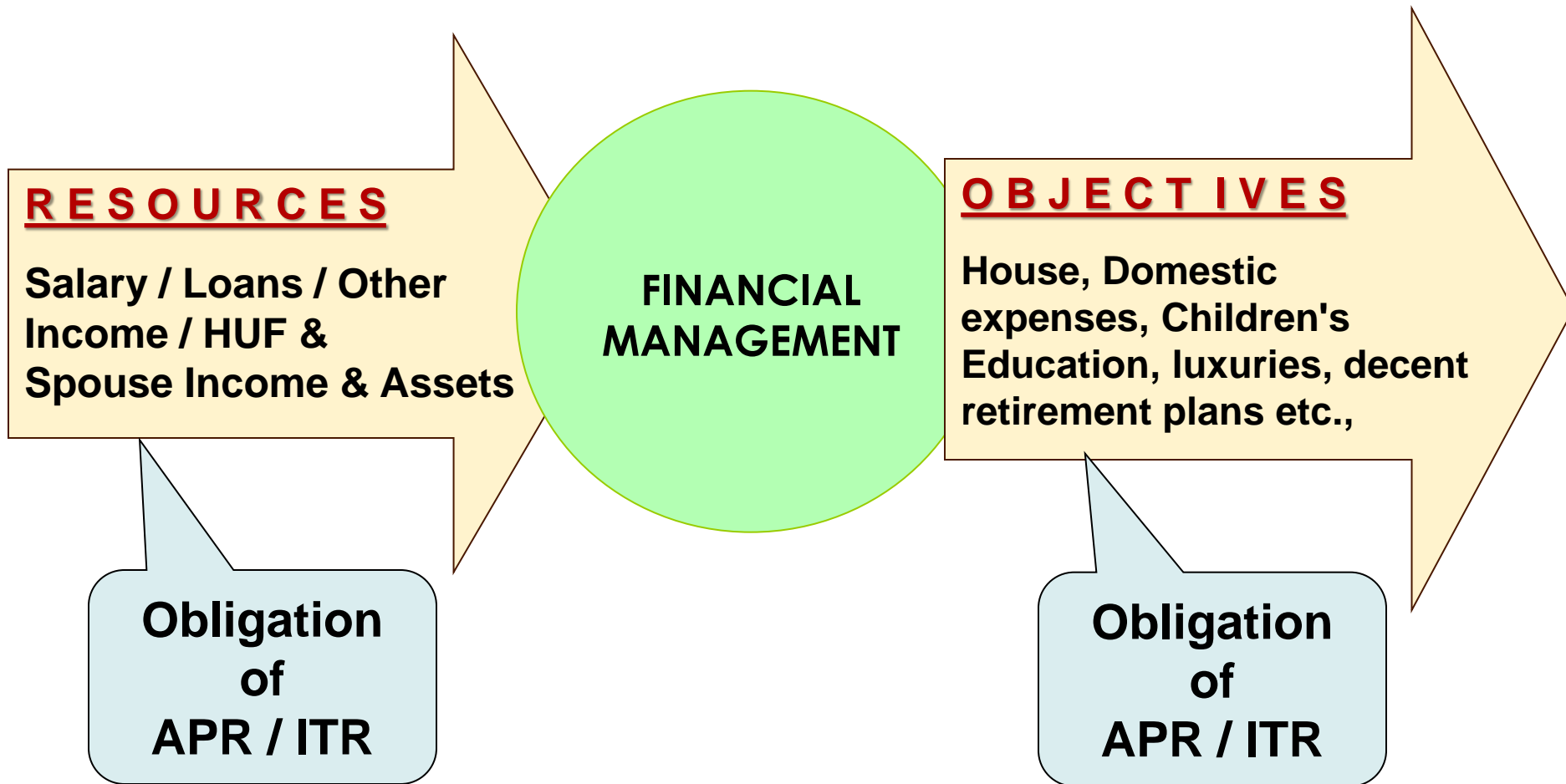
Lack of Planning or Presumptive approach **is the biggest cause of financial stress**

Note – Inflation is the decrease of Purchase Power of Money. If you expect inflation to be at 7%, the goods you can buy today for Rs. 5,084 will cost you Rs. 10,000 after 10 years

The process of Personal Financial Planning

- Financial planning is an ongoing process – it changes as your financial situation and position in life changes.
- 5 basic steps towards personal financial planning:
 - Evaluating your financial health
 - Defining your financial goals
 - Developing a Plan of Action
 - Implementing your Plan
 - Reviewing your progress, re-evaluate and revise your Plan accordingly

Financial Management Process



Personal Financial Management

- **Areas of endeavor (Resources)**
 - Financial Health
 - Spending wisely
 - Home and Other real estate
 - Insurance
 - Diversified Investment portfolio
 - Retirement and Estate Planning

Personal Financial Management

Financial Health	Managing Your Money
	Budget Process
	Short Term Loans
	Long Term Loans

Personal Financial Management

Spending Your Money Wisely	Food
	Clothing and Personal needs
	Car / computer / Mobile – <i>essentiality & utility should rule decision</i>
	Major Appliances and Other Large Expenditures
	Taxes : Income tax and Others
Home and Other Real Estate	Home: Rent or Purchase
	Other Real Estate

Spending on Clothing / Gadgets

- **Only purchase what you actually need**
 - Don't purchase clothes / gadgets by comparison, buy only what you really need and what suits you.
 - Avoid buying just because it's on Sale / Discount Offer
- **Know when to spend more for quality**
 - Remember that price doesn't guarantee quality.
 - Don't presume that most expensive option is always best.
 - Remember not to use 'Sale/Offer' as an excuse to purchase items you don't require or use actually
- **Be prudent while buying costly branded / designer clothes or Gadgets / iPhones**
 - Buy clothes / gadgets as per your Budget. It is not below stature to buy branded apparel in deep discount offers. The margins in the branded apparel are around 300 to 400%
 - A designer logo does not always indicate a higher quality
 - Same holds good for costly gadgets / iPhones

Personal Financial Management

Insurance Program	Car, Property, Health
	Life Insurance & medical insurance for family, Equity Linked policies
	Principles of Insurance – Nomination, Accident Riders
Diversified Investment Portfolio	Mutual Funds – Open end, Closed End Funds, Debt / Equity Funds
	The Stock Market - Primary & Secondary
	Bonds, Systematic Investment Plans/ ELSS
	Bank Savings- SB / Fixed / Flexi / Auto Sweep / Deposits

Insurance and Health Planning

Insurance Planning is the first step to cover against the **Risk**

Types of Life Insurance Policies

- Term Insurance Policy
- Whole Life Policy
- Endowment Policy
- Money Back Policy
- Annuities and Pension
- Unit Linked Insurance Plan
- Riders: Comprehensive Coverage and various Health Insurance Policies based on Age and Need.

Health Insurance / Accident Riders

- Riders are additional benefits in Insurance Policy and are purely optional
- They provide financial cover over and above the basic sum assured
- By paying little more premium, policy holders can avail *very high coverage* towards areas covered under Riders, for diseases not fully covered under CGHS

Types of Insurance Riders

RIDER TYPE	FEATURES
Accidental Death Benefit Rider	<i>Covers Accidental Death instances</i>
Accident Disability Benefit Rider	<i>Covers disability due to Accident cases</i>
Waiver of Premium Rider (WOP)	<i>Waiver of Premium in case of disablement</i>
WOP on Critical illness	<i>Covers WOP in case of Critical illness</i>
Women Critical illness Rider	<i>Covers women specific illnesses cases</i>
Income Benefit on Accident	<i>Covers earnings impacted due to accident</i>
Critical illness Rider	<i>Covers additional cover for Critical illness cases such as Cancer, Heart Attacks, Bypass, Kidney/renal failure, major Organ transplant , paralytic stroke etc.,</i>

Personal Financial Management

Estate Planning	Wills and Trusts
	Nominations

Plan for Retirement Corpus needed	Consider Inflationary effect & choose suitable Asset
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Necessity for a WILL

A **will or testament** is a Legal Declaration which authorizes the testator to name the people who would inherit his/her estate after their death.

- A **WILL** is so essential that it should be the important step taken towards financial matters.
- Will should be clearly written so that the intention of the testator is brought out unequivocally, duly witnessed by 2 independent persons who are not beneficiaries.
- One should not shy away from writing a will in fear of DEATH.
- People are very reluctant to bring up the topic of will, as they either feel that the person asking about the **WILL is hinting towards their imminent death or is eyeing their property.**
- Such inhibitions should be done away with

Nomination

in your Bank Account, other Investments & its Importance

Nomination of Bank Accounts/Other Investments

It is the right conferred upon the account holder to appoint one or more persons who will be entitled to receive monies upon the death of the account holder.

Subsequent Nomination

If the account holder has not made any nomination till date, or has cancelled an existing nomination, he can subsequently make another nomination.

Deletion of Nominee

An existing nominee can also be deleted from the records subsequently.

Multiple Nominations

Only one nominee can be appointed in case of bank accounts. However, banks allow appointment of different nominees for different accounts in the same bank. Separate nomination forms are required to be submitted in this case for each account.

Points to note –

1. The nominee holds the funds in trust for the benefit of the legal heirs of the deceased person and not as a legal right of inheritance.
2. Payment to the nominee acts as a valid discharge to the bank.

General Terms & Concepts in Financial Planning

- ◆ Long / Short Term Returns
- ◆ Liquidity
- ◆ Risk Vs Reward
- ◆ Fixed & Floating Interest Rates
- ◆ Capital Appreciation, Ex. Real Estate, Gold, etc.
- ◆ Tax Planning
 - Loans to spouse, Interest, Repayment of loans
 - Tax Savings, FD's, Bonds, Shares (Exempt from LTCG taxes)
- ◆ Savings Bank Account **Vs Flexi Account / Auto Sweep**
- ◆ Inflation and Value of Money
- ◆ Nominations & their importance

HINDU UNDIVIDED FAMILY (HUF)

- ◆ All persons lineally descending from a common ancestor including their wives, sons and unmarried daughters.
- ◆ One Male Member essential to form a HUF.
- ◆ The proof of inheritance is essential.
- ◆ HUF is a separate taxable entity and basic IT exemption also available. **Many Officers are not aware and losing advantage of the same by paying higher Income Tax**
- ◆ Should include in APRs & also disclose in regular Income Tax Returns and file separate IT Return if HUF comes under Tax Bracket.
- ◆ *Agricultural Income – Tax Free ?*

Mutual Funds

- ◆ A mutual fund is generally a professionally managed pool of money from a group of Investors to be invested in Shares & Securities.
- ◆ A mutual fund manager invests your funds in securities, including stocks and bonds, money market instruments or some combination of these, based upon the fund's investment objectives.
- ◆ By investing in a mutual fund you can diversify & get professional investment support, thereby sharply reducing your risk.
- ◆ Mutual funds can be classified on the basis of structure.
 - **Open-Ended Scheme** sells and repurchases units at all times. When fund sells, investor buys and when the investor redeems, the fund repurchases the units. Buying or redeeming is at a price based on the NAV. (Net Asset Value)
 - **Close-Ended Schemes** are for a certain period of time, viz. 3 / 5 years and after the offer closes, investors are not allowed to buy or redeem units from the fund. Close-ended funds are listed on stock exchanges to enable investors to buy or sell units.

Mutual Fund Investments

Investment Objective	Investment horizon	Ideal Instruments
Short-term Investment	1- 6 months	Liquid/Short-term plans
Capital Appreciation	Over 3 years	Diversified Equity/ Balanced Funds
Regular Income	Flexible	Monthly Income Plans / Income Funds
Tax Saving	3 yrs lock-in	Equity-Linked Saving Schemes (ELSS)

Systematic Investment plan – Mutual Funds

This is a simple, disciplined strategy of investing your money in a mutual fund highly suited to start before 5 to 8 years of retirement.

- ◆ It is a long term strategy for accumulation of wealth.
- ◆ SIP investor gets good rate of returns compared to a one time investor.
- ◆ In an SIP a specific amount should be invested in regular intervals in a mutual fund for a specific period, which is very similar to a recurring deposit.
- ◆ It allows you to buy units of the fund each month, ignoring the volatility in the market.
- ◆ While your investment remains the same, more number of units can be bought in a declining market and less number of units in a rising market. Thus you automatically participate in the market swings once the option for SIP is made.
- ◆ SIP generally starts at minimum amounts of Rs 1,000 per month.
- ◆ **Latest trend is NAV Guarantee Schemes in Mutual Funds.**

Equity Linked Savings Scheme

This is a diversified Equity Fund, with additional Tax Benefit u/s 80C

- ◆ These Funds have lock in period of 3 years
- ◆ Investments upto Rs.1,50,000 could be claimed u/s 80C of Income Tax Act
- ◆ These are invested into equity markets, which are subject to market volatility. Naturally, returns of the fund also fluctuate depending on volatility
- ◆ Historically, in the long run, equities are known to perform better than fixed income instruments and known to create wealth for investors
- ◆ At present, the Top ELSS schemes are Axis Long Term Equity Fund, Tata India Tax Saving Fund, Franklin India Tax Shield, IDFC Tax Advantage (ELSS) and ICICI Pru Long Term Equity (Tax Saving)

A P Civil Services (Conduct) Rules, 1964

Financial issues (*applicable to TS also*)

Rule 6

Gifts, Service Entertainment addresses and other forms of felicitation

Rule 8

Lending, Borrowing & Insolvency

Rule 9

Acquiring or Disposing of Immovable Property

Rule 10

Private Trade Business and as Investment

Rule 11

Promoting & Management of Companies in private capacity

Rule 6 – Gifts, Service Entertainment addresses and other forms of felicitation

6. (1) No Government employee shall :-

- (i) accept, or permit any member of his family to accept from any person any gift, the receipt of which, or any service the performance of which will place such employee under any kind of official obligation or embarrassment in relation to any person if, however, the offer of a gift cannot be refused without giving undue offence to the donor, it may be accepted and the matter reported to the Government for decision as not its disposal; or
- (ii) receive any address or accept any felicitation or entertainment held in his honour

Exceptions :-

- (a) gifts of flowers or fruits of trifling value.
- (b) gifts of a value, reasonable in all circumstances of the case, from relations, and gifts of a value of less than two hundred rupees from personal friends presented to a Government employee or to any member of his family on ceremonial occasions such as weddings

- 6. (2)** If any question arises whether the receipt of a gift or the performance of a service places the Government employee under any kind of official obligation or embarrassment, the decision of Government thereon shall be final.

Rule 6 – Continued

6-A

Every Government Employee shall intimate to the Competent Authority within fifteen days from the date of receipt of any foreign currency or foreign goods of value of more than Rs.10,000/- from any person by him or by any person of his family or by any person on their behalf, in the form given in the Annexure III to these rules.

Rule 8 – Lending, Borrowing & Insolvency

8 (1) No Government employee shall, save in ordinary course of business with a bank or a public limited company, himself or through any member of his family or any person acting on his behalf:

- (a) lend or borrow or deposit money as a principal or agent, to, or from, or with any person or firm or private limited company within the local limits of his authority or with whom he is likely to have official dealings or otherwise place himself, under pecuniary obligation to such person or firm; or**
- (b) lend money to any person at interest or in manner whereby return in money or kind is charged or paid ;**

Provided that a Government employee may give to, or accept from a relative or a personal friend a purely temporary loan of small amount free of interest or operate a credit account with a bonafide tradesman or make an advance of pay to his private employee;

Provided further that nothing in this sub-rule shall apply in respect of any transaction entered into by a Government employee with the previous sanction of the Government.

Rule 8 - Continued

8(2) The prohibition in sub-rule (1) shall not apply to :-

- (i) any transaction of a Government employee with a co-operative society registered or deemed to have been registered under the law relating to co-operative societies for the time being in force in the State;
- (ii) a Government Employee who lends money while acting as an executor, administrator or a trustee without profit or advantage to himself;
- (iii) a Government employee who belongs to a Joint Hindu Family carrying on the business of money lending as a ancestral profession, provided he takes no active share in that business and is not employed in the district in which the said business of the family is carried on.

8(3) A Government Employee shall so manage his private affairs **as to avoid habitual indebtedness or insolvency**. A Government employee who is involved in legal proceedings for insolvency shall forthwith report the full facts to Government.

Rule 9 – Acquiring or Disposing of Immovable Property

9(1)

No Government employee shall, except after previous intimation to Government, acquire or dispose of or permit any member of his family to acquire or dispose of, any immovable property by exchange, purchase, sale, gift or otherwise either by himself or through others.

Rule 9 - Continued

The Government employee shall submit the particulars giving prior intimation or seeking prior sanction, in the following format :-

- 1) Name and Designation
- 2) Scale of Pay and Present Pay
- 3) Purpose of application – sanction for transaction / prior intimation or transaction
- 4) Whether property is being acquired or disposed of.
- 5) Probable date of acquisition / disposal of property
- 6) Mode of acquisition/ disposal
- 7)
 - (a) Full details about location Viz., Municipal No., Street/ Village, Mandal, District and State in which situated.
 - (b) Description of the property in the case of cultivable land, dry or irrigated land.
 - (c) Whether free hold or leasehold
 - (d) Whether the applicants interest in the property is in full or part (in case of partial interest, the extent of such interest must indicated)
 - (e) in case the transaction is not exclusively in the name of the Government servant particulars of ownership and share of each member.
- 8) Sale/ purchase price of the property (Market value in the case of gifts)

Rule 9 – Continued

- 9(2)** A Government employee who enters into any transaction concerning any movable property **exceeding rupees fifty thousand in value**, whether by way of purchase, sale or otherwise, shall forth with report such transaction to Government
- 9(3)** Nothing in sub-rule (2) shall apply to any purchases made by a Government employee for the performance of weddings, religious or special functions.
- 9(4)** No Government employee shall engage in any transaction **which is of a speculative character** relating to the purchase, sale or exchange of any immovable or movable property.

Rule 9 – Continued

9(7)

Every Government Employee, other than member of the Andhra Pradesh Last Grade Service and a Record Assistant in the Andhra Pradesh General Sub-ordinate Service, **shall on first appointment to the Government Service submit to Government a statement of all immovable property/ properties irrespective of its value and movable property/ properties whose value exceeds Rs.50,000/- owned, acquired or inherited by him or held by him on lease or mortgage either in his own name or in the name of any member of his family**, in the forms prescribed in **Annexure-I and II separately**.

He shall also submit to Government before 15 January of each year, through the proper channel, a declaration in the forms given in the Annexure-I and II of all immovable/movable property/properties owned, acquired or inherited by him or held by him on lease or mortgage, either in his own name or in the name of any member of his family.

If in any year, a Government employee has not acquired or disposed of any immovable or movable property or any interest therein, he shall submit declaration to that effect.

9(8)

The Government, or any authority empowered by them in this behalf may, at any time, by general or special order, require a Government employee to submit, within a specified period, a full and complete statement of all immovable property and movable property, of the specified value, held or acquired by him or by any member of his family. **Such statement shall, if so required by Government or by the authority so empowered, include particulars of the means by which or the sources from which, such property was acquired.**

Rule 10 – Private Trade Business and as Investment

10(1)

No Government employee shall engage directly or indirectly in any trade or business save in the course of his official duties.

10(2)

No Government employee shall speculate in any investment.

Rule 11 – Promotions & Management of Companies in private capacity

No Government employee shall in his private capacity, except with the previous sanction of Government, take part in the promotion, registration or management of any bank or other company registered under the relevant law for the time being in force.

ANNEXURE - I

Statement of immovable property possessed, acquired and disposed of by Sri ----- or any other person on his behalf or any member of his family during year ending ----- (Sub-rule (7) of rule 9 of APCS (Conduct) Rules 1964)-

	Nature of property	Situation of property (Survey Municipal No. with extent	Held in whose name	Date and mode of acquisition / disposal	Price paid/ obtained	source of Payment	Whether information given or sanction obtained (with ref. no .&date	Annual income from property
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	House							
2	Flat							
3	Shop							
4	House Plot							
5	Agricultural land (dry or wet)							
6	Any other immovable property.							

Note - Details of acquisition of properties standing in the name of Hindu undivided family or partnership in which the officer holds a claim or share should be separately shown in the statement.

ANNEXURE – II

Statement of movable property possessed, acquired and disposed of by Srior any another person on his behalf or by any member of his family during year ending.....

(Sub-rule (7) of rule 9 of APCS (Conduct) Rules 1964)

	Nature of property	Held in whose name	date & mode of acquisition / disposal	Name and address of person from whom acquired/ to whom disposed of	Whether transaction done within the limits of Jurisdiction	Price paid / obtained	Source of payment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Movables (whose value exceeds Rs. 50,000/-)						
1	Vehicles: Motor Car, Motor Cycle / Scooter any other vehicle.						
2	Electrical Goods: Air Conditioner, V.C.R. / Television. Refrigerator, Any other goods.						
3	Jewellery: Ornaments, Vessels etc.						
4	Investment & Cash: Bank deposits/Debentures/ Shares/Bank Balances etc						
5	Furniture:						
6	Live stock						
7	Any other goods						

Note : Details of acquisition of properties standing in the name of Hind undivided family or partnership in which the officer holds a claim or share should be separately shown in the statement.

RATES OF TAX for Financial Year 2018-19

Income Slab (Rs.)	Current Tax Rates (2018-19)
Upto 2,50,000	Nil
2,50,000 to 5,00,000	5%
5,00,000 to 10,00,000	Rs.12,500 + 20% above Rs.5,00,000
Above 10,00,000	Rs.1,12,500 + 30% above Rs.10,00,000
Health & Education Cess on Tax Liability - 4%	

- ❖ **Basic Tax Exemption Limits (*other than above*)**
- ❖ **Senior Citizens (Age 60 years & above) – Rs. 3,00,000**
- ❖ **Super Senior Citizens (Age above 80 Years) – Rs. 5,00,000**

FINANCIAL MANAGEMENT

Personal Financial Management for a Group I Officer

- A typical case is provided based on revised Scales of pay for a Entry Level Officer (with a Saving of Rs. 50,000)

<u>Computation of Total Income</u>	Name	: XYZ
	Status	: Individual
	PAN	: ABCD E 1234 F

Income from Salary (A)

Gross salary	6,73,200
Less : Professional Tax (wherever applicable)	<u>2,400</u>
Income from Salary	6,70,800
Any other Income (B)	NIL
Gross Total Income (A + B)	6,70,800
Less :Ded. U/s. 80C (GPF/Pension/Tuition Fee)	<u>50,000</u>
Taxable Income	<u>6,20,800</u>
INCOME TAX ON ABOVE	36,660
Education Cess (4%)	<u>1,466</u>
Total Tax Payable	38,126

FINANCIAL MANAGEMENT

- **The Officer has to pay the Tax of Rs. 38,126 for the Financial Year 2018-19.**
- **To reduce the same, the following saving Schemes can be utilized for a further amount of Rs. 1,00,000 U/s 80 C :-**
 - LIC
 - NSC
 - Pension Fund
 - Public Provident Fund, Addl. Contribution to GPF
 - Investment in Infrastructure Bonds
 - Housing Loan principle repayment / HL Deposit Scheme (NHB)
 - Payment of Tuition Fees for children
 - Other notified deposits/schemes

FINANCIAL MANAGEMENT

- Continuing the same example, **if the Officer saves Rs.1,50,000**, full benefit under Section 80C could be obtained. Following illustration shows the tax liability, if full saving is made

<u>Computation of Total Income</u>	Name	: XYZ
	Status	: Individual
	PAN	: ABCD E 1234 F

Income from Salary (A)

Gross salary	6,73,200
Less : Professional Tax (wherever applicable)	2,400
Income from Salary	6,70,800
Any other Income (B)	NIL
Gross Total Income (A + B)	6,70,800
Less : Dedns. U/s. 80C (Savings)	1,50,000
Taxable Income	5,20,800
INCOME TAX ON ABOVE	16,660
Health & Ed Cess (4%)	666
Total Tax Payable	17,326

Section 13(1)(e) of PC Act, 1988

If he or **any person on his behalf**, is in possession or has, at any time during the period of his office, been in possession for which the public servant cannot satisfactorily account, of pecuniary resources or property **disproportionate** to his **known sources of income**

Complied / Intimated as per provisions of any law, rules or orders as applicable to officer

DISPROPORTIONATE ASSETS

DISPROPORTIONATE ASSETS

**KNOW SOURCES OF
INCOME**

Depicted in
APR/ITR

***NOT
EQUAL
TO***

**ASSETS/
EXPENDITURE / LOSSES**

Depicted in APR/ITR

Known Sources of Income

- Attached to his office or post commonly known as remuneration or salary
- Income by itself, is classic and has a wide connotation including receipts like Interest free /Non repayable loans
- Every receipt would not partake into the character of income. Ex. TRAVELLING ALLOWANCES
- Other income (as intimated to Govt. from time to time & complied with respective Tax Laws)
 - **On his property**
 - **On his investments**
 - **HUF INCOME / STREE DHAN**
 - **Surplus in allowances is not to be treated as income**

Annual Property Return Filings

- **Precautions**

- Filing of Annual Property Returns promptly

- Depicting correct data is essential after matching with the relevant Income Tax Returns
- Full details of Savings effected till date and also any additions to immovable and movable assets should be mentioned
- Share of HUF Income received if any should also be clearly mentioned both in IT Return, (*share of HUF Income is exempt from Income Tax*) exemption claimed and APR should also reflect the same
- Please note that **Legal Income and Known Source of Income as defined under PC Act are NOT the same**

Financial Institution / Retail Frauds

(How you are being Cheated)

INSTITUTION	FRADULENT PRACTICES
Housing Loan Finance Companies	<ul style="list-style-type: none"> ▪ Multiple/Compound charges ▪ Pre-payment Charges ▪ Wrong rate of interest application using technology
Credit Card Companies	<ul style="list-style-type: none"> ▪ Intentional late deposit of cheques ▪ Hidden Charges ▪ Charging additional rate of interest than agreed upon on the loans. ▪ Charging adhoc sums
Commercial/Nationalized/ Private Sector Banks	<ul style="list-style-type: none"> ▪ Charging additional expenses / collection charges ▪ Wrong interest application than what is committed in HL/CC.

Cheating in Gold - Hallmarking

- Many consumers in India are being cheated by jewellers, according to a survey conducted by the Bureau of Indian Standards (BIS).
- In the market survey of gold jewellers in 8 Indian Metro Cities conducted, **BIS** had questioned the very basis on which gold jewellery is sold and bought in India.
- Survey results showed that 88% of the jewellers surveyed didn't stick to the purity levels of gold articles sold by them; these were 28%-37% less purity than that was claimed
- While buying golden ornaments, one should always look for third party authentication of gold quality - thus go for only **Hallmarked jewellery with a supporting BILL.**
- In the survey conducted in Kolkata, Delhi, Chennai, Mumbai, Bangalore, Ahmedabad, Hyderabad & Jaipur, it was found that in **Kolkata, Hyderabad and Jaipur, not even a single piece of jewellery purchased was found to be of 22-carat as claimed and charged.**

Cheating in Gold - Hallmarking

- With most jewellers giving about 12.5 per cent less gold than quoted, they are estimated to have made a **phenomenal additional profit of Rs. 36,000** crores off the consumers in the last couple of years.
- If jewellers sell you jewellery made of say 16.5 carat gold, claiming it to be of 22 carat purity, you stand to lose as much as Rs **1000-1200** for every 10 gm. of jewellery bought.
- A hallmarked product consists of the BIS mark, purity mark, the hallmarking centre logo, the mark of the jeweller and the year of making which is indicated by an alphabet.
- **Buying pure Gold or Biscuits / Gold Bonds which will give Annual Return of 2.5% (approx) , is one of the best options.**


Facts to know before buying Gold



**All that Glitters...
may not be Gold
Be Sure, it is Pure !**



REMEMBER before you buy Hallmarked Gold Jewellery:

- Like  Mark, the Hallmark on Gold Jewellery is given by Bureau of Indian Standards (BIS)
- The Jewellery is NOT Hallmarked by the Jewellers; it is Hallmarked by specialized laboratories known as Assaying & Hallmarking Centres after elaborate testing.
- Only the Jewellers licenced by BIS can get the jewellery Hallmarked for purity from BIS recognized Assaying & Hallmarking Centres .
- Hallmarking does not add to the cost of Gold Jewellery because Hallmarking charges for Gold Jewellery are Rs 25/- per article only.
- The Hallmarked Jewellery does not necessarily mean that it is of 22 Carat purity. The Hallmarked Jewellery is available in different caratage as given below :

*Purity	958	916	875	750	708	585	375
Carat	23 Carat	22 Carat	21 Carat	18 Carat	17 Carat	14 Carat	9 Carat

e.g. 916 will be marked for 22 Carat
and 750 for 18 Carat

Before buying

always use Magnifying Glass to check the following 5 marks of Hallmark:



* Purity/
Fineness Grade

Assaying &
Hallmarking
Centre's Mark

Year of Marking
e.g. A for 2000
N for 2011
P for 2012

Jeweller's
Identification
Mark

CAUTION !

- There is nothing like instant Hallmarking. REMEMBER it takes time to check the purity of Gold.
- KDM Jewellery is not Hallmarked Jewellery.
- Always insist on Cash receipt.

Cheating in Gold - How not to get duped

- It is mandatory for a jeweller to mention the purity of the gold in the bill. If he has not mentioned the same, a case can be booked against him.
- All the jewellers certified by BIS get a Hallmark mentioning the purity of gold on every ornament they sell.
- Using magnifying glass, a customer can see whether gold used in an ornament is of 22 carat (91.6% purity) or 18 carat (75%) and compare it with what the jeweller has mentioned in the bill.
- When stone-studded gold jewellery is purchased, see if the shopkeeper has deducted stone weight from the total ornament's weight. If not, it is illegal.
- In case a customer has some doubt about the carat weight of a diamond (1 carat = 200 mg) and if he or she is willing to allow the stones to be pulled out for weighing, a case can be made against the jeweller even if the weight is less by a few milligrams.
- Each jeweller should maintain scales capable of weighing up to 1 mg accurately and if it is not there, they can be booked under the Legal Metrology Act.

Identity Theft

Identity theft occurs when someone else uses your personally identifying information, without your knowledge or permission to obtain credit cards, products and services, loans and mortgages, a job and commit various types of fraudulent or even criminal acts, in your name, leaving you responsible/proving your innocence.

Identity Theft – How Done?

There are many ways that criminals can obtain your personal information.

For example they –

- Steal your 3 digit PIN number on the reverse of Credit Card and use for online purchases
- Steal your mail, including your bank and credit card statements
- Find personal information in your home innocuously
- Use personal information you share on the Internet/Social Media
- Scam you, often by email phishing, by posing as legitimate companies
- Steal files or bribe employees who have access to files with your information
- Obtain your credit report by posing as a lender or employer or agency facilitating loans

Identity Theft

– Precautions to be taken

- **Is it safe to give Xerox copies of IT Returns, Property Documents etc or handle them casually?**
- **Only carry essential documents with you and never carry spare copies like that of passports etc., outside the house**
- **Be careful while giving personal information over Telephone**
- ***Your trash is their treasure* – so always shred identity details, bank statements, returned cheques and other sensitive information before throwing it away**
- **Keep list of account numbers, Card expiration dates and telephone numbers filed away**
- **Follow your Credit Card billing cycles closely**
- **Create passwords or PIN Numbers out of random mix of letters and numbers**
- **Make sure others who are handling your affairs are also keeping you safe (*where your personal data is available with them*)**



Tips to Prevent IDENTITY THEFT



Be aware of your surroundings when you're doing things like typing in, writing down, or voicing your PINs, passwords, and social security number.



Review your financial statements and accounts frequently so you can catch any unauthorized or suspicious charges or activity.



Check your credit report once a year — this will allow you to become aware of any unknown accounts that have been opened in your name.



Trust your instincts. Exit out of any fishy e-mails and hang up on any questionable phone calls requesting personal information.



Change your passwords frequently — making sure they're creative and varied.



Stay in touch. Let your financial institution know so they can mark your account and update your contact information to report any suspicious activity.



Go paperless. Have statements sent via e-mail or access them in your online accounts.



Report lost plastic. Immediately cancel any lost credit cards, debit cards, checks, or ID cards, and have them re-issued.



Shred away. Thoroughly destroy all documents, forms, and pieces of mail containing your name and information before you throw them out.



WANT TO LEARN MORE? See our complete guide to protecting your identity at 3riversfcu.org/blog

ATM Safety Tips

- ◆ Always keep your ATM card in a safe place.
- ◆ Keep your PIN (Personal Identification Number) a secret. ***People usually write down the same on the ATM Card Cover.*** Don't write it down anywhere; memorize it.
- ◆ Always check the card reader before using the device. If you notice anything suspicious, do not use it and contact Police immediately.
- ◆ Be aware of your surroundings and whether anyone is watching you entering your PIN. Cover typing finger with other hand or body;
- ◆ 'Shoulder Surfer' can peep your PIN as you enter it; so stand close to ATM machine. In such a case, it is better to stop the transaction and inform bank staff, security staff or Police.

ATM Safety Tips ... Contd.

- ◆ Always take your receipt. Immediately shred the transaction slip after the usage, count money later.
- ◆ Take a trusted person with you when essential. Do not take help from strangers for using the ATM card or handling your cash
- ◆ If your card gets stuck in the ATM, or if cash is not dispensed after you having keyed in a transaction, call your bank/call centre immediately
- ◆ Check for any additions/fixations to the machine that appear out of place. Do not attempt to remove a suspicious device as the criminals may be nearby and watching the machine.
- ◆ Check your account regularly and inform your bank immediately if your account shows any transactions you did not make.

Be Vigilant at ATM's for Skimming Devices

Card Skimming devices often feature a skimming mechanism and a small camera which records the key strokes. This allows the criminal to clone the card and, having obtained the PIN, use them to withdraw cash at any ATM.

Such devices have been found at many ATMs.

Withdrawals from these cloned Credit Cards often remain undiscovered until customers check their account transactions.

A skimming device being 'piggy-backed' onto the Card Reader



Internet / Online Banking Frauds

- ◆ Internet Banking Fraud is a fraud or theft committed using online technology to illegally remove money from a Bank Account and/or transfer money to an account in a different Bank.
- ◆ Internet Banking Fraud is a form of identity theft and is usually made possible through techniques such as phishing.
- ◆ At present Internet Banking is widely used to check account details, make purchases, pay bills, transfer funds, print statements etc.
- ◆ Generally, the User Id is the Customer Identity Number (CIN) and password is provided to secure transactions
- ◆ You have to be very careful in choosing the passwords in the core banking environment due to rampant hacking these days

Due to some ignorance or silly mistakes you can easily fall into the trap of cyber criminals

A simple ignorance or oversight can make a huge dent in your hard-earned savings.

Internet / Online Banking Frauds... Contd.

- **Cyber space is increasingly used by organized criminal groups to target CC/bank account/other financial instruments for fraudulent transactions.**
- **Online Fraud is considered to be third amongst economic crimes prevalent in India.**
- **The major forms of Cyber Fraud includes Online Auctions, Internet Access Services, Work at Home Plans, payment methods using Debit/Credit Card, Phishing etc.**

Banking Frauds Methods

- **Most of the Online Banking Frauds are conducted either through Phishing, Stealing of Banking Information or through Cloning of Credit/Debit Cards.**
- **Tactics applied by fraudsters to defraud innocent people –**
 - **Stealing of the original Credit / Debit cards and using the cards at POS purchases**
 - **Cloning/Duplication of Credit / Debit Card**
 - **Phishing scams where the information has been revealed by the customer himself**
 - **Usage of Stolen / Duplicate / Cloned mobile SIM card to receive one time password (OTP) of Mobile / Net banking and transaction made using such information**

SECURING YOUR INTERNET BANKING ACCOUNT

- ◆ Avoid online banking on unsecured Wi-Fi systems.
- ◆ Never reveal password to anyone. Do not even write it on a piece of paper/mobile. Just memorize it.
- ◆ Passwords should be alphanumeric and change it frequently. Maintain Fool-proof Password (*avoid easy-to-guess passwords, like first names, birthdays, kid's or spouse's name and telephone numbers*).
- ◆ Never reply to queries from bank online about account or personal details.
- ◆ The personal information should not be kept in a public computer or in emails
- ◆ Always check the URL of your bank's web site. **Don't click on the LINKS received in MAIL.** Fraudsters can lure you to enter your user ID and password at a fake website that resembles your bank.
- ◆ Most banks have a 'last logged in' panel on their websites. If your bank has it, cheque the panel whenever you log in.
- ◆ Regularly cheque for security updates for your computer operating system. Most security updates are aimed at reducing risks to your computer
- ◆ *Maintain normal balance in your internet accessible bank account, which should preferably be a separate one*

Precautions for Online Money Transfer

Precautions to be taken while transferring money from your Bank account to a Third Party of another Bank Account

- Double check the Account Number and IFSC Code entered
- Cross check the Account Number by reading from RIGHT to LEFT side
- It is better to transfer a small amount like Re.1 on test basis to check whether the amount reached the intended beneficiary

If the amount is already transferred to a wrong account

- Then immediately inform the concerned Bank of wrong transfer.
- Bank in turn will inform the beneficiary the fact of wrong transfer and takes the concurrence for reverting back the money wrongly transferred.
- If the Paying Bank does not listen to us then we can approach the Payee bank with the following to get convinced and revert back the money wrongly transferred.
 - Account Statement
 - Pass Book
 - ID & Address Proof

Frauds at Super Markets & Retail Outlets

- Programmed Multiplication and Totaling frauds. This is observed in **5% to 15%** of cases causing burden to customers pocket.
- Excess billing in case of bulk purchases & Pricing beyond MRP.
- Charging GST at a higher rate on all the items including on those, where it is to be charged at a lesser rate.
- Selling items post-expiry date by offering huge discounts on them, by **sticking additional labels on old labels.**
- Not packing all the items after the billing if the number count is more.
- Wrong discount offers. For example, one Pan India Stores had offered 15% discount on certain Cosmetic Products. ***Product cost tag shows Rs. 245 and after that offered for Rs. 208. Actually, the original price mentioned on the product is Rs. 205 MRP,*** which is made invisible by adding another price label.
- Stealing the Credit Card data of a Customer by the employees for onward sale

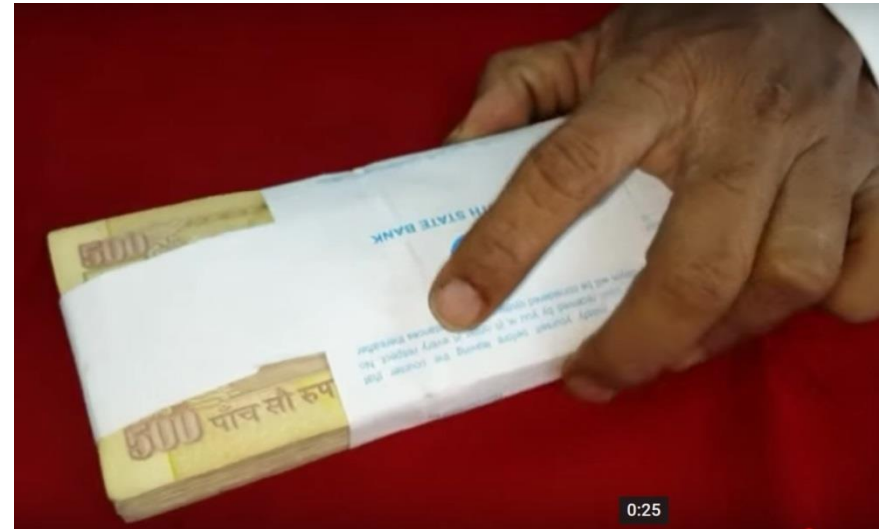
Frauds at Petrol Bunks

- Not setting the meter at '0' before filling the petrol unless it is checked by you. **GET DOWN FROM THE CAR AND ENSURE.**
- Tampering the Meters which at times are remotely controlled also, resulting in 5% to 10% of less filling than the actual filling for the amount billed.
- Charging for Speed Petrol and filling the Normal Petrol.
- While one person filling the petrol, other guy talks about the various offers by showing the hoardings at the petrol bunk or gives a free newspaper which in turn leads to lesser filling than the amount billed.
- Adulteration with kerosene etc is rampant. This results in 10% to 20% of loss to the money of genuine Customers.
- About 250 Petrol Pumps in Twin Cities of HYD/SEC are making additional profit of about Rs. 35 lakhs per day or Rs. 125 cr. per year.

Frauds at Restaurants

- ◆ Excess Billing/Wrong Billing in group Dinners/lunches.
- ◆ Excess charge of GST/Other Taxes through Computer programming; however, filing correct return with concerned authorities, duly siphoning off excess amount charged
- ◆ Collecting Service Charges (*which itself is a tip*) on the Total Billing and also demanding separate tips
- ◆ Wrong totaling of the bills.
- ◆ Wrong Multiplication of the amount.
- ◆ Charging an amount more than MRP on certain items where compulsory price controls are in force.
- ◆ Stealing the Credit Card Information.

Which one do you trust ?



Your Sealed Bundle Of Money May Have Less Notes – Ensure before leaving the COUNTER.



How To Steal Single Note From Sealed Bank Note.mp4

Personal Financial Folders

- ◆ Annual Property Returns - all copies
- ◆ Income Tax Return copies - 6 years
- ◆ Approvals from Govt. - Purchase of Movable & Immovable Assets
- ◆ Bank & Credit Card Statements - for 3 Years
- ◆ Documentation relating to Gold & Silver etc., - Sources
- ◆ Other Investments, Shares, NSC's - Maturity wise
- ◆ Immovable Property Documents
- ◆ Gift Deed Documents

- **Spare two hours every month to monitor your financial status and review decisions**
- **Maintain personal financial folders to keep track of your investments including maturity details**
- **Compare your APRs and Income Tax Returns because the due dates for both are different and file them regularly before due dates**
- **Don't go by presumptive approach that everything is alright or all is well**
- **Comply with Service Conduct Rules very strictly**
- **You are welcome to email me your personal queries**

Any Questions / Clarifications ??

THANK YOU

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