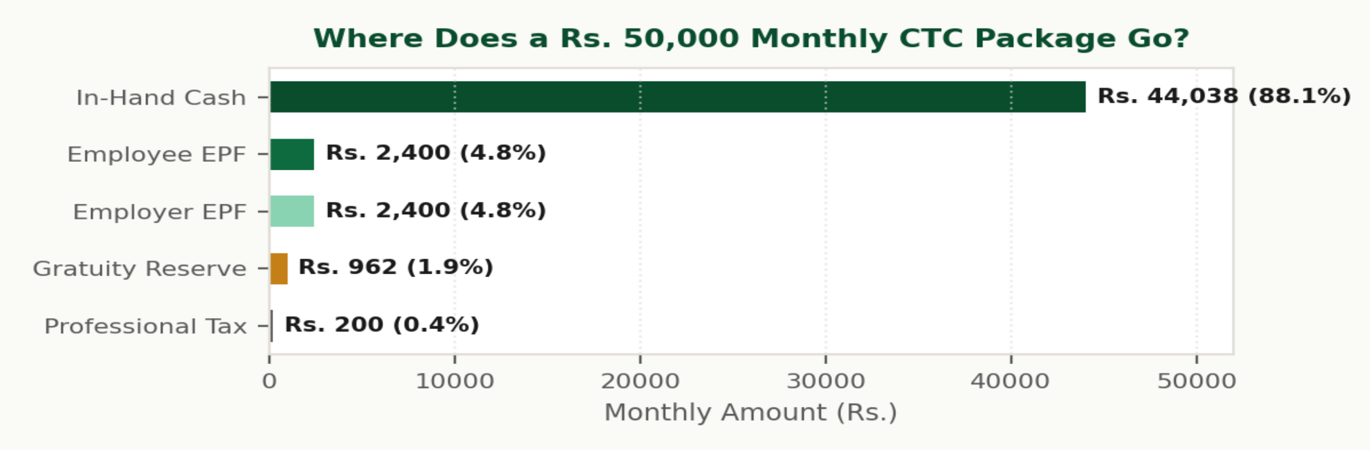
Your First Salary Playbook: Sitting Down With Your First Paycheck

A personal guide from PlanMyReturns.com to walk you through your salary slip, early tax choices, and first investments without the usual mistakes.

Your Real In-Hand Cash Expect 75% to 85% of your gross offer in your bank account	**Zero Tax Up to Rs. 7.75 Lakh** New Tax Regime rebate means zero tax for most freshers
Your Emergency Defense Fund Keep 3 to 6 months of living expenses safe in liquid cash	**Health Insurance Comes First** Buy personal medical cover before buying a single stock
Your Simple Wealth Engine One low-cost Nifty 50 index fund SIP on salary day	**The Cost of Waiting 6 Years** Starting at 28 instead of 22 loses you Rs. 1.33 Crore by age 55

1. Sit Down With Your Pay Slip: Where Did the Money Go?

Congratulations on landing your job. Seeing your first salary text message feels great. Then you look at your pay slip and wonder why only Rs. 44,038 showed up when your offer letter said Rs. 50,000 a month. Nobody took your money without reason. Let us look at where the missing Rs. 6,000 went together.



Salary Component	Monthly	Type	What This Means for You (PlanMyReturns Tools)
Basic Salary (40% of CTC)	Rs. 20,000	Earnings	Your core pay. Used to calculate EPF, Gratuity, and HRA limits.
House Rent Allowance (HRA)	Rs. 10,000	Earnings	If you pay rent for a PG or flat, this saves tax in the Old Regime.
Special Allowance	Rs. 15,238	Earnings	Fully taxable cash used by employers to balance your total CTC.
Employee EPF Share (12%)	-Rs. 2,400	Deduction	Your retirement fund earning 8.25%. Track it with our EPF Calculator.
Employer EPF Share (12%)	-Rs. 2,400	Deduction	Your employer matches your EPF, but they count it inside your CTC.
Gratuity Reserve (4.81%)	-Rs. 962	Deduction	Retirement bonus payable after 5 years. Check our Gratuity Calculator.
Professional Tax (PT)	-Rs. 200	Deduction	Standard state tax. You cannot avoid this in major employment states.
Income Tax (TDS)	Rs. 0	Deduction	Zero tax under the New Tax Regime if earning below Rs. 7.75 lakh.
Your Real In-Hand Cash	**Rs. 44,038**	**Bank Cash**	**This is your actual money. Audit yours on the Take Home Salary Calculator.**

2. Old vs New Tax Regime: Which One Should You Pick?

Within your first month, HR will ask you to submit a tax declaration. As a fresher earning under Rs. 10 lakh to Rs. 12 lakh, choose the New Tax Regime. Under current rules, income up to Rs. 7,00,000 gets a full tax rebate under Section 87A. With the flat Rs. 75,000 standard deduction, you pay zero income tax on earnings up to Rs. 7,75,000. You do not need to lock your early money into 3-year ELSS mutual funds or 15-year PPF accounts just to avoid tax. Keep your money free.

What You Need to Know	New Tax Regime (Pick This One)	Old Tax Regime
Zero-Tax Salary Ceiling	Up to Rs. 7,75,000 (standard deduction included)	Up to Rs. 5,50,000
Standard Deduction	Rs. 75,000 flat reduction in taxable income	Rs. 50,000 flat reduction
Lock-in Investments Needed	None. You keep 100% control of your savings	Must lock up to Rs. 1.5 lakh under Section 80C
Who It Benefits Most	Freshers earning below Rs. 10-12 lakh per year	People paying heavy home loans and high HRA
Test Your Numbers on PlanMyReturns	**Try Old vs New Tax Calculator →**	**Try Income Tax Calculator →**

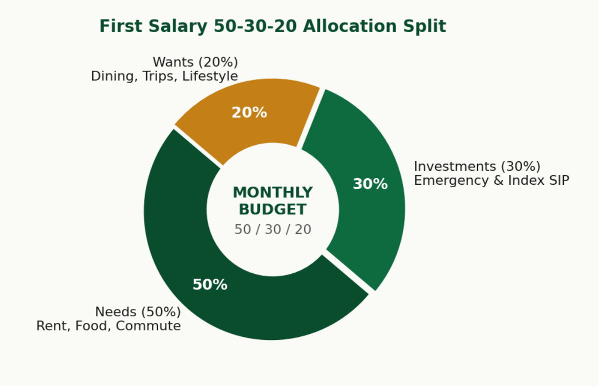
3. Protect Yourself First: The 4 Steps Before Investing

Do not download trading apps or put your first paycheck into stocks. Wealth building works like constructing a house: you need a solid foundation before building the top floors. Follow these four steps in order:

Step 1: Your Emergency Cash Shield	Figure out your bare minimum monthly survival cost: rent, groceries, travel, and utility bills. Keep three months of that cash in a separate bank account or sweep-in FD. If you lose your job or face an emergency, this money keeps you safe. Find your exact target with the Emergency Fund Calculator.
Step 2: Get Personal Health Insurance	Your company health card is fine, but it ends the day you leave your job or during layoffs. Buy a personal Rs. 10 lakh base policy now while you are in your 20s with zero illnesses. It costs very little and completes your pre-existing disease waiting periods early.
Step 3: Skip Life Insurance (Unless Family Relies on You)	If your parents are financially independent and nobody relies on your salary to eat or clear debts, you do not need term insurance yet. If someone relies on you, buy pure term insurance equal to 15 times annual pay via our Term Insurance Calculator. Never buy ULIPs or endowment policies.
Step 4: Put One Index SIP on Autopilot	Do not wait for month-end to invest what is left over, because you will spend it. Schedule an auto-debit on the 2nd or 3rd of every month into a low-cost Nifty 50 index mutual fund right after your salary arrives. Test growth with our SIP Calculator.

4. The 50 / 30 / 20 Budget: Spend Freely Without Worry

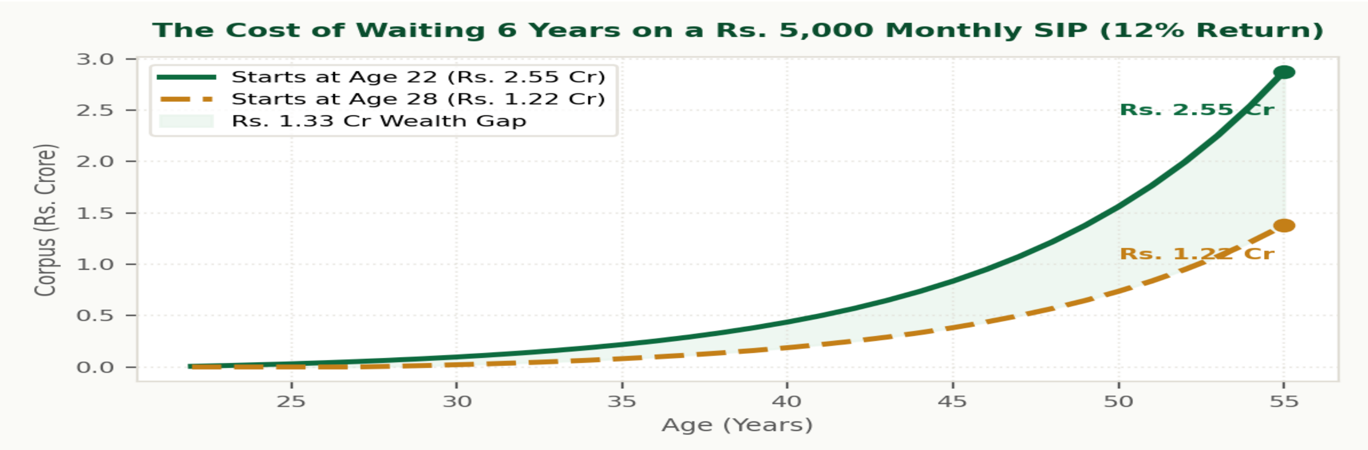
You worked hard through college to earn this money. You should celebrate, buy clothes, and take trips. The key is knowing your boundaries so you never go broke before month-end. Use this visual guide:



Spending Bucket	%	On Rs. 45K Pay
Needs (Essentials)	50%	Rs. 22,500
Rent, food, PG, bills, commute		
Wants (Guilt-Free Fun)	20%	Rs. 9,000
Dining out, trips, gadgets, movies		
Future You (Investing)	30%	Rs. 13,500
Emergency fund first, then SIP		

5. The Truth About Compounding: Age 22 vs Age 28

Friends might tell you: relax, you have plenty of time, start investing when you turn 28. Look at this chart. Waiting just six years costs you more than half of your potential wealth on the exact same Rs. 5,000 monthly investment compounding at 12%:



Real Compounding Comparison	Person A (Starts at Age 22)	Person B (Waits Till Age 28)	The Cost of Waiting
Monthly Investment Amount	Rs. 5,000	Rs. 5,000	Same monthly commitment
Time Given to Compound	33 years (to age 55)	27 years (to age 55)	Person B loses 6 compounding years
Total Out-of-Pocket Money Put In	Rs. 19.80 lakh	Rs. 16.20 lakh	Difference of only Rs. 3.6 lakh
Final Corpus at Age 55 (12% Return)	**Rs. 2.55 Crore**	**Rs. 1.22 Crore**	**-Rs. 1.33 Crore Lost**
Plan Your Own Journey	**Try Crorepati Calculator →**	**Try SIP Calculator →**	Calculate your exact date

6. Credit Cards & Traps: How to Stay Out of Trouble

A credit card helps you build a solid CIBIL score so banks give you low interest rates when you buy a home later. But if you treat it like free money, credit cards will eat your salary alive. Follow these rules:

Golden Credit Rules	The Mistake People Make	What You Must Do Instead
1. Total Bill Payment	Paying the 'Minimum Amount Due'	Always pay the full Total Amount Due before the due date. Minimum due triggers 36% to 42% interest charges.
2. The 30% Rule	Maxing out your full credit limit on gadgets	Keep monthly card spends below 30% of your total limit to maintain a CIBIL score above 750.
3. Skip Heavy Vehicle EMIs	Buying a car or bike on EMI right after probation	Use public transport or rideshares in year one until your 3-month emergency buffer is full.
4. Avoid Mixed Policies	Bank staff selling ULIPs or endowment plans	Keep insurance and investments separate. Buy pure term and low-cost index mutual funds.

7. Your Month-by-Month Action Plan on PlanMyReturns

Month 1: Audit your salary slip with the Take Home Salary Calculator. Submit your New Tax Regime choice to HR.

Month 2: Open a separate bank account or sweep-in FD for your emergency buffer. Calculate your target on the Emergency Fund Calculator.

Month 3: Buy a standalone personal health insurance policy (Rs. 10L to 15L cover) while you are young and healthy.

Month 4: Set up an automated salary-day SIP into a direct Nifty 50 index fund, scheduled for the 2nd of each month.

Month 6: Review your CIBIL score after paying 5 credit card bills in full. Track your progress with our Net Worth Calculator.

8. Free Interactive Calculators on PlanMyReturns.com

Planning Tool	Direct Link	What It Helps You Do
Take Home Salary Calculator	planmyreturns.com/take-home-salary-calculator/	Calculates your actual spendable cash from CTC
Emergency Fund Calculator	planmyreturns.com/emergency-fund-calculator/	Works out your 3 to 6 month cash reserve target
Old vs New Tax Calculator	planmyreturns.com/old-vs-new-tax-regime-calculator/	Compares your tax across both regimes side by side
SIP Calculator	planmyreturns.com/sip-calculator/	Models compound interest and annual step-up SIPs
Crorepati Calculator	planmyreturns.com/crorepati-calculator/	Calculates the exact year you reach 1 Crore
Term Insurance Calculator	planmyreturns.com/term-insurance-calculator/	Calculates true family protection needs
Net Worth Calculator	planmyreturns.com/net-worth-calculator/	Tracks what you own minus what you owe over time

Please Note: This guide is provided by PlanMyReturns.com for financial education and does not constitute formal advisory. Mutual fund investments carry market risks. Always review scheme documents and consult a SEBI-registered financial advisor for personal planning.