

# RETIREMENT SOLUTION

PLAN FOR YOUR SECOND INNING

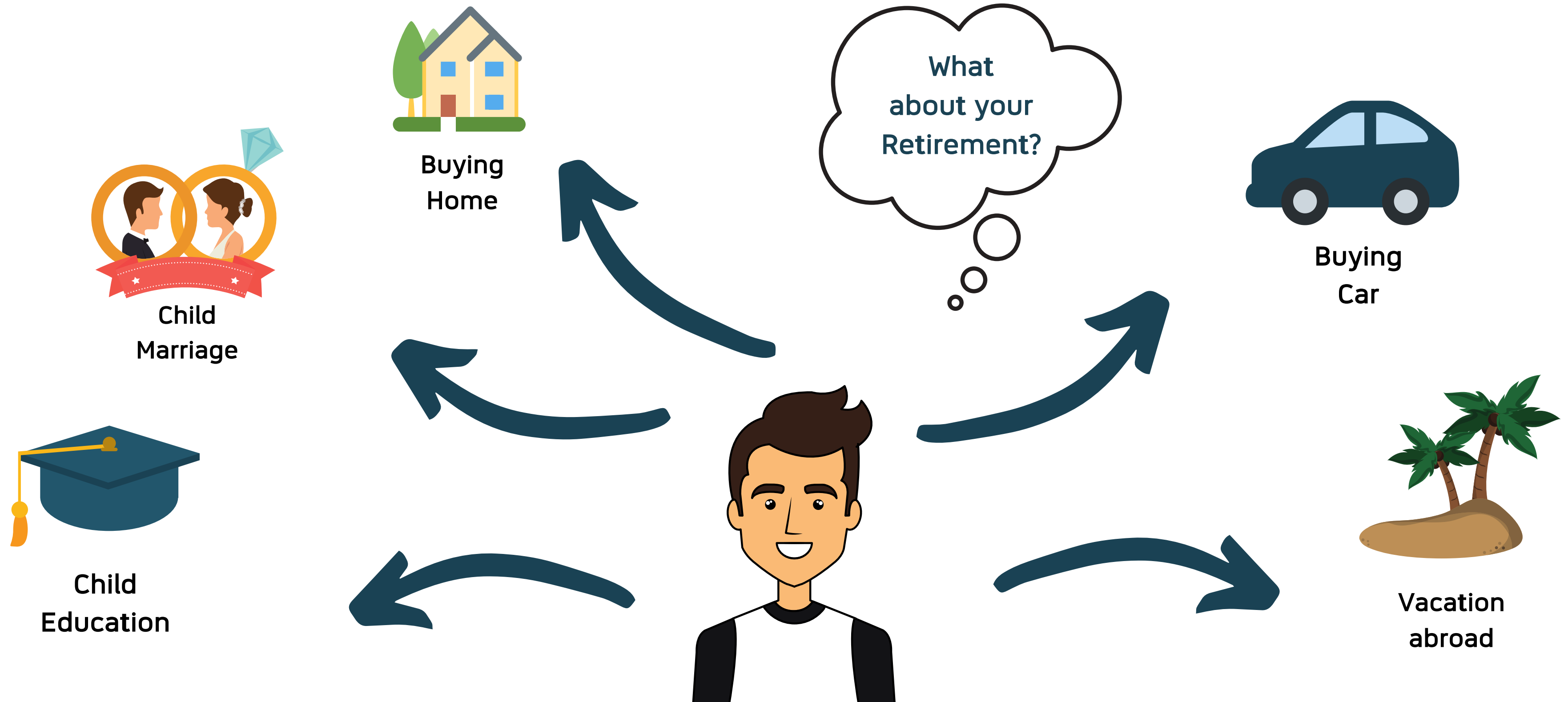


# Areas covered

- Why retirement planning?
- Social security in India
- Planning for your retirement
- Creating your own pension system through Mutual Funds

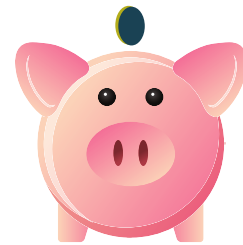


# We plan for all our dreams



# Earning Age increased

1980s



18 Years

Due to focus on higher studies

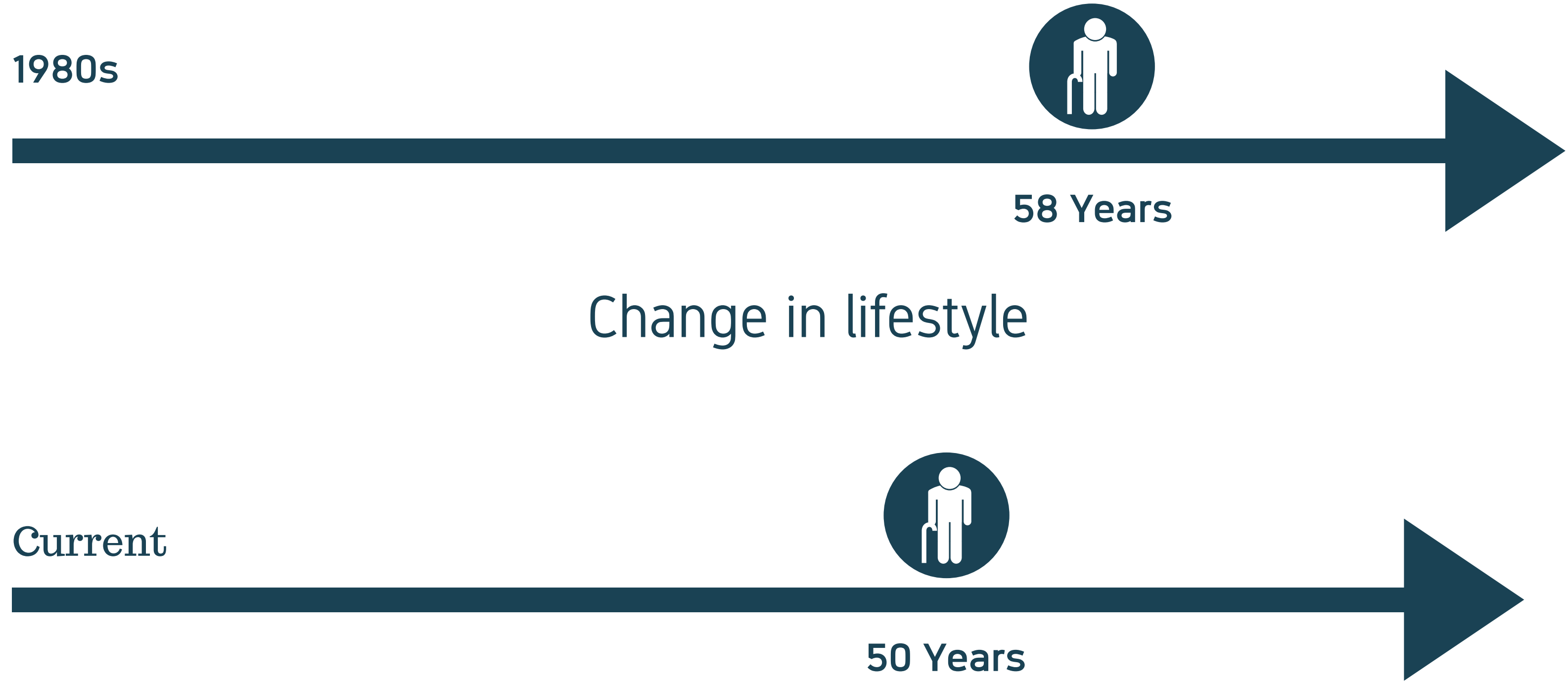
Current



25 Years



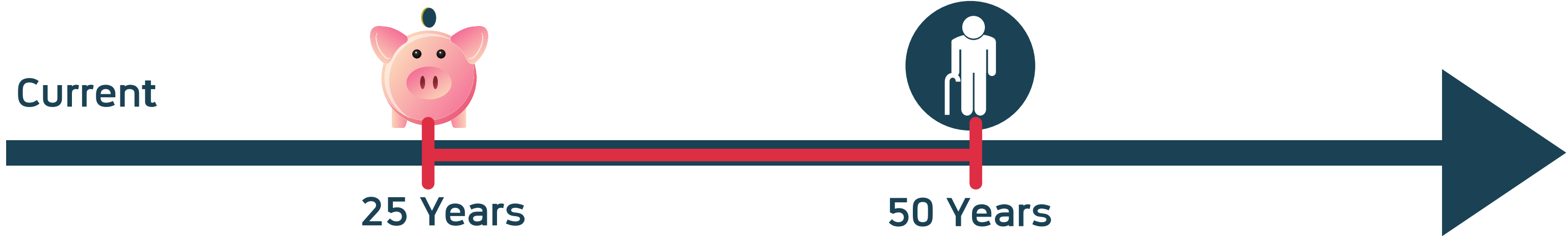
# Retirement Age reduced



# Consequence



Earning Age reduced



# Life Expectancy

2006

64.97 Yrs.



Life Expectancy is increased due to medical advancement

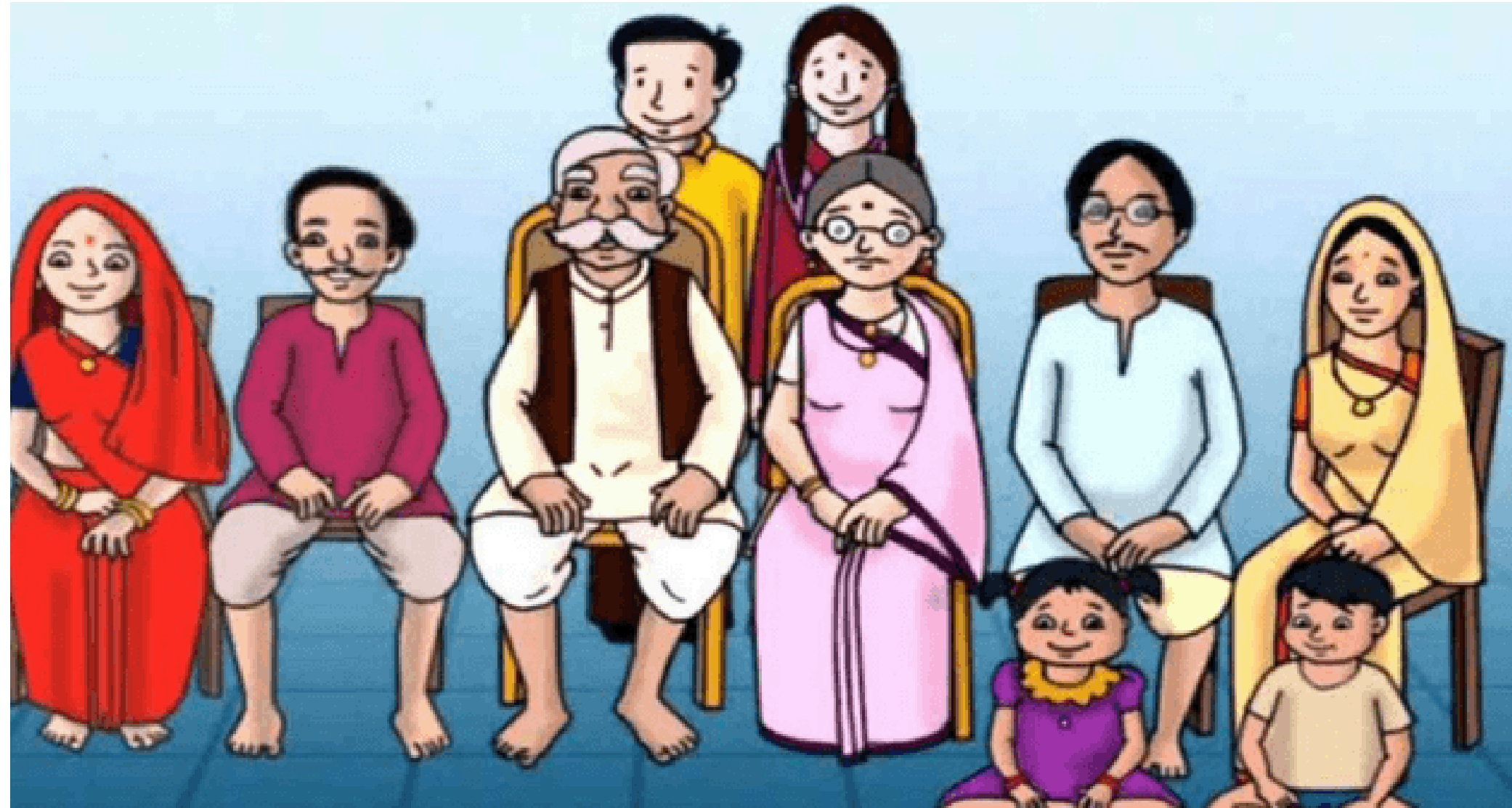
2016

68.56 Yrs.



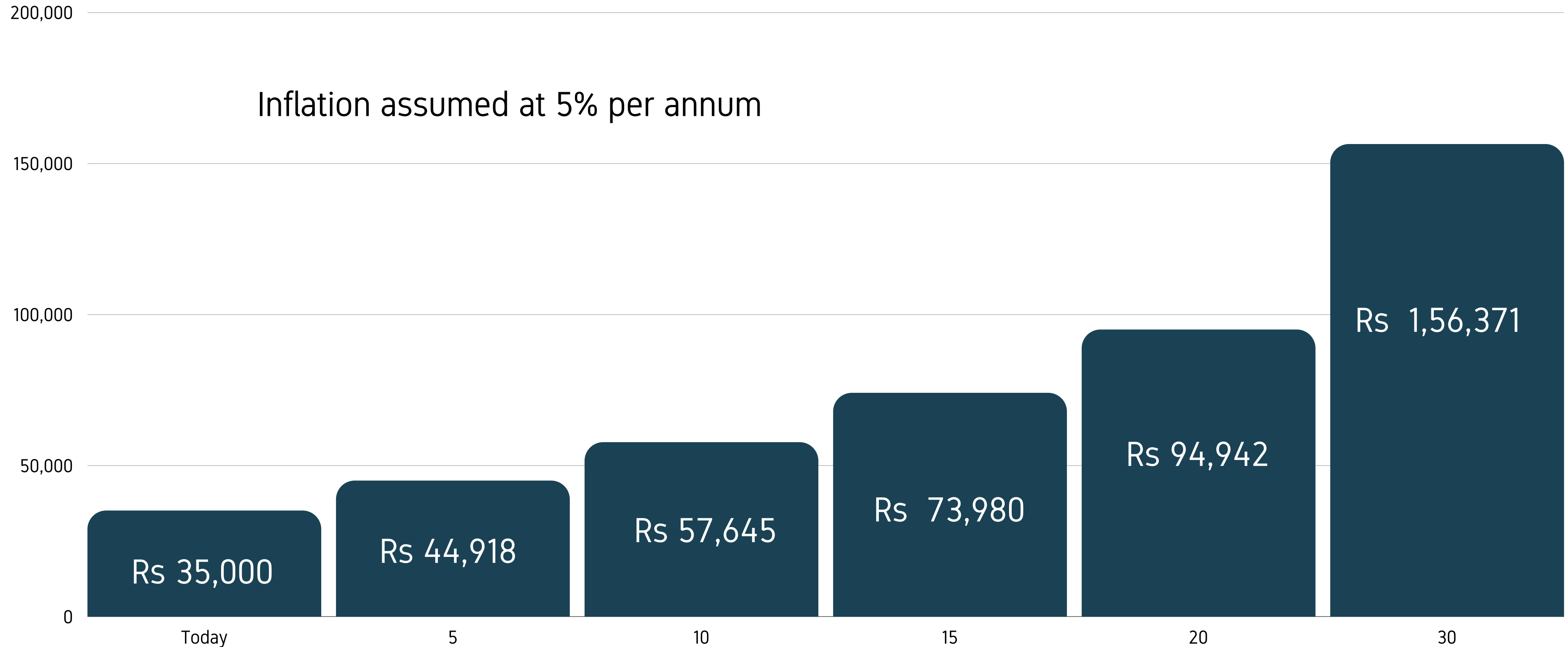
Source: <https://www.weforum.org/agenda/2018/10/life-expectancy-jumps-11-years-in-india/>

# Shift in social structure

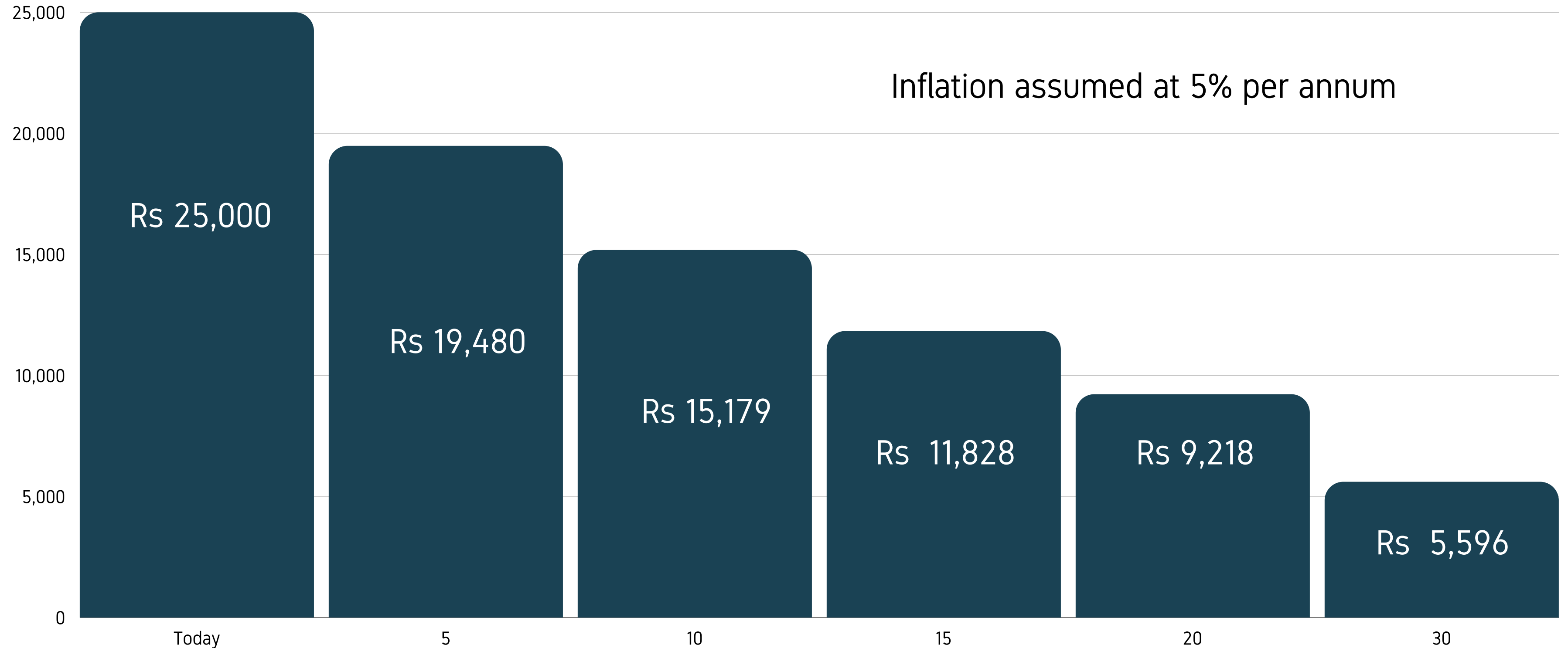


From joint family to nuclear family

# Inflation - increasing expenses



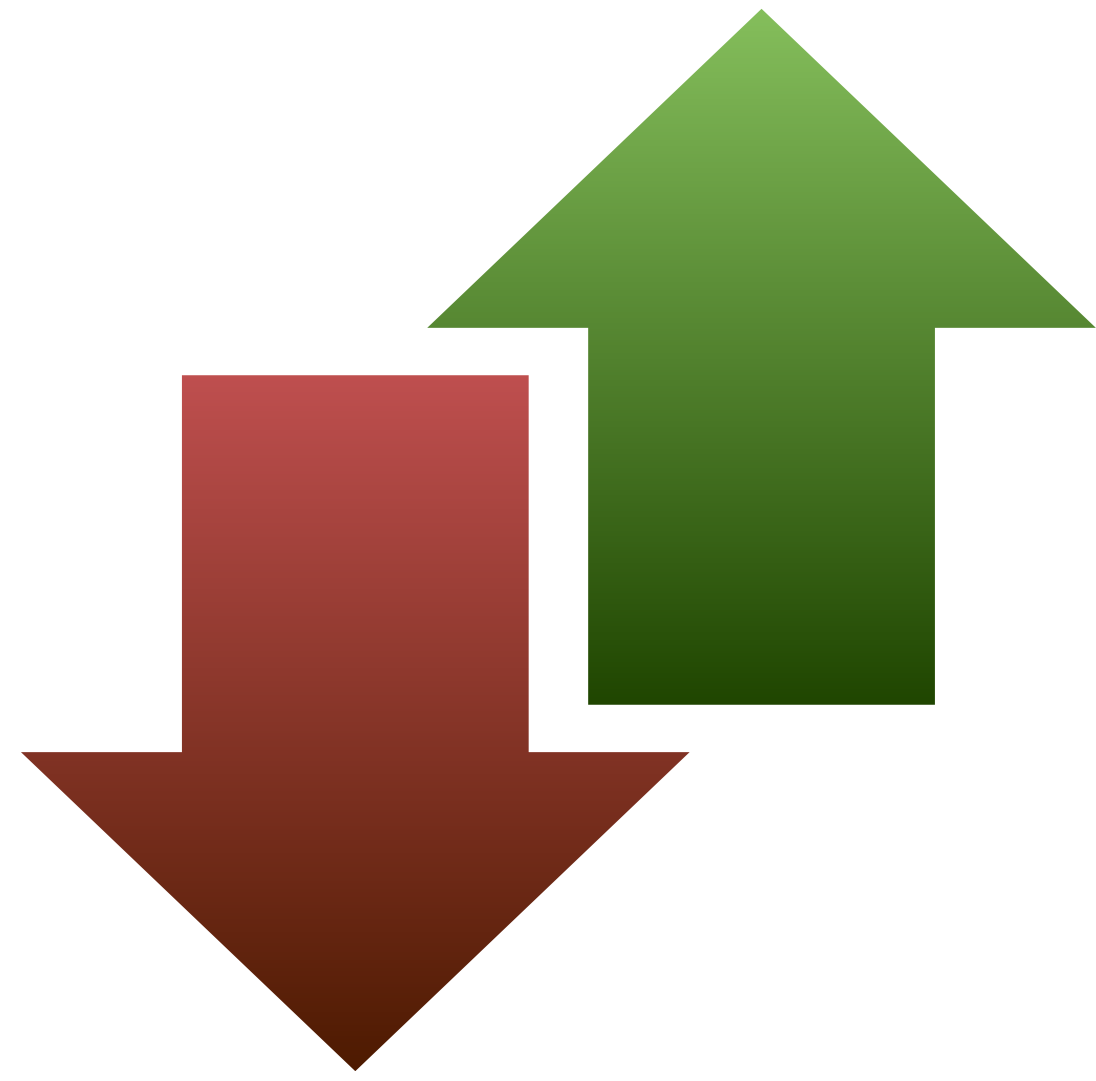
# Declining value of your saving



# Are you planning enough



Value of Saving



Expenses

# Health Care expenses rising faster

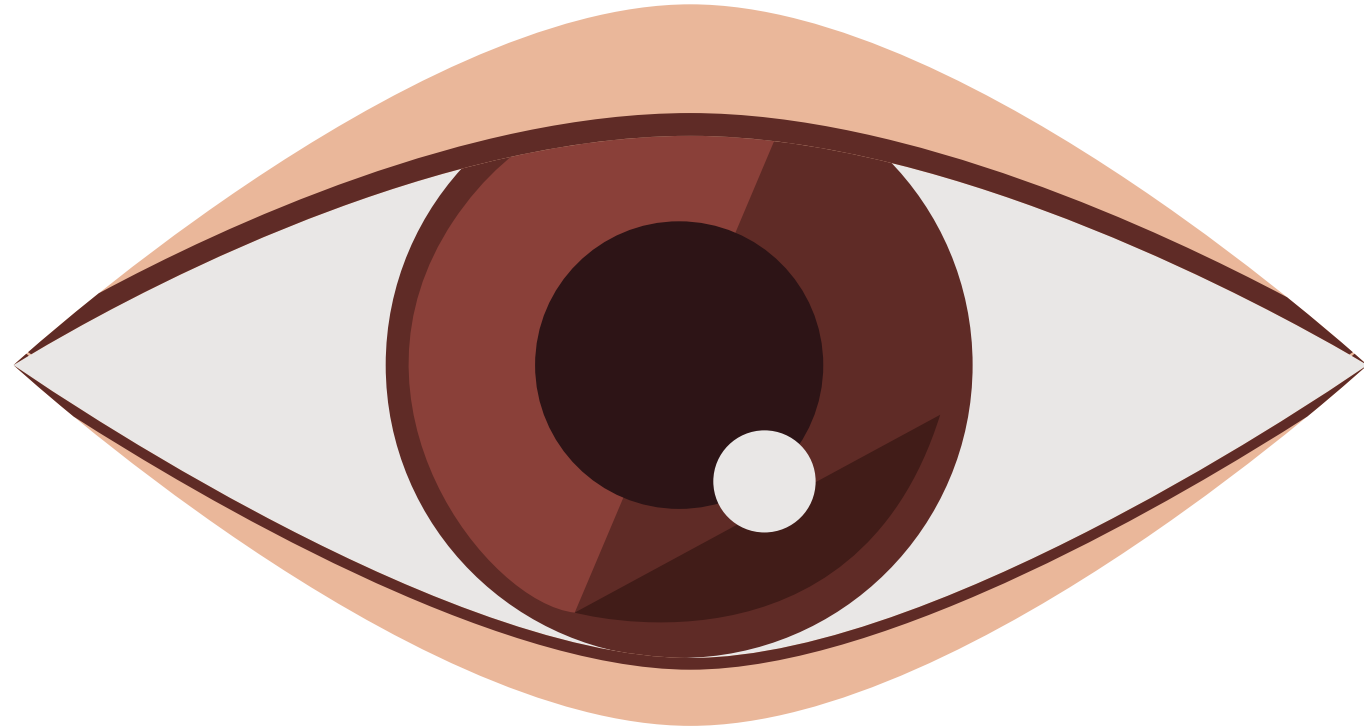
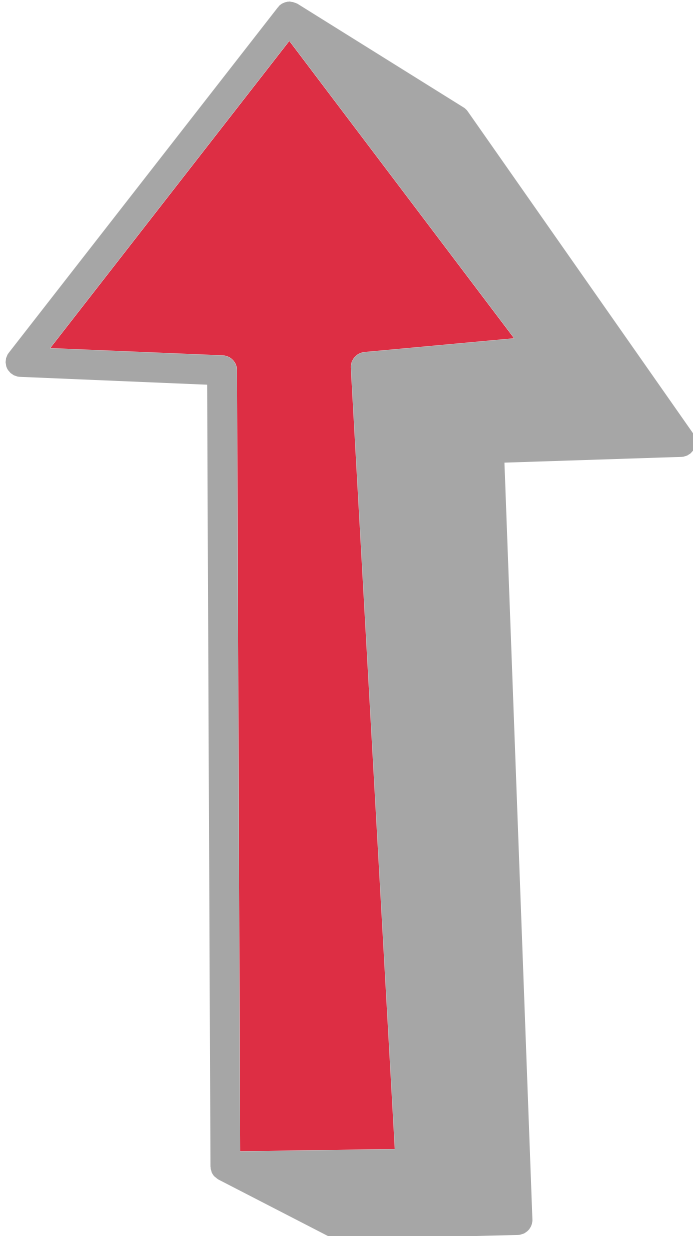
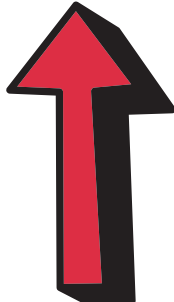
Cataract  
Surgery Cost

Rs 6,25,000\*

Health care cost in India is rising at the rate of 10% p.a. with new lifestyle diseases getting every 5 to 10 years; we need to do provision for healthy retirement

Rs 25,000#

Rs 1,25,000



\*Assuming cost increases at 10% every year  
#Internal Research. Approx cost

2007

2018

2028



# Major surgery cost

Speciality	Procedure	Cost Range in 2007 (in Rs.)	Current Cost Range (Rs.)
Cardiology	Coronary Angiogram	14,000 to 25,000	15875 to 63500
	Angioplasty (One Stent)	1,55,000 to 200000	190500 to 214750
	Bypass Surgery (CABG - Coronary artery bypass graft)	165000 to 200000	190500 to 603250
Eye	Cataract surgery with lens	16000 to 25000	50800 to 127000
General Surgery	Cholecystectomy - Laparoscopic (gall bladder removal)	30000 to 40000	98250 to 190500
	Appendectomy-Laparoscopic (Appendix removal)	25000 to 35000	76200 to 177800

[https://www.indianhealthcaretourism.com/average\\_cost\\_of\\_treatment.php](https://www.indianhealthcaretourism.com/average_cost_of_treatment.php)

<https://www.businesstoday.in/moneytoday/cover-story/rise-in-medical-cost-should-be-in-health-insurance/story/185680.html>

# Lack of social security

- India's pension system is already ranked **28 out of the 30** countries.
- **ONLY 7.4%** of the working age population in India is covered under a pension program



Source: WEF Report

# Future looks scary

- By 2050, **19% of Indians** will be **above 60 years** of age, according to the UN Population Division, but only **25% of that population** currently have some form of pension cover.
- **60% DO NOT** have any **retirement plan**. Yet 63% feel that they will have sufficient money during their retired years



# Financing not available



Most expensive financial Goal  
&  
Financing not available



Plan wisely!



# RETIREMENT WITH

Mutual Funds

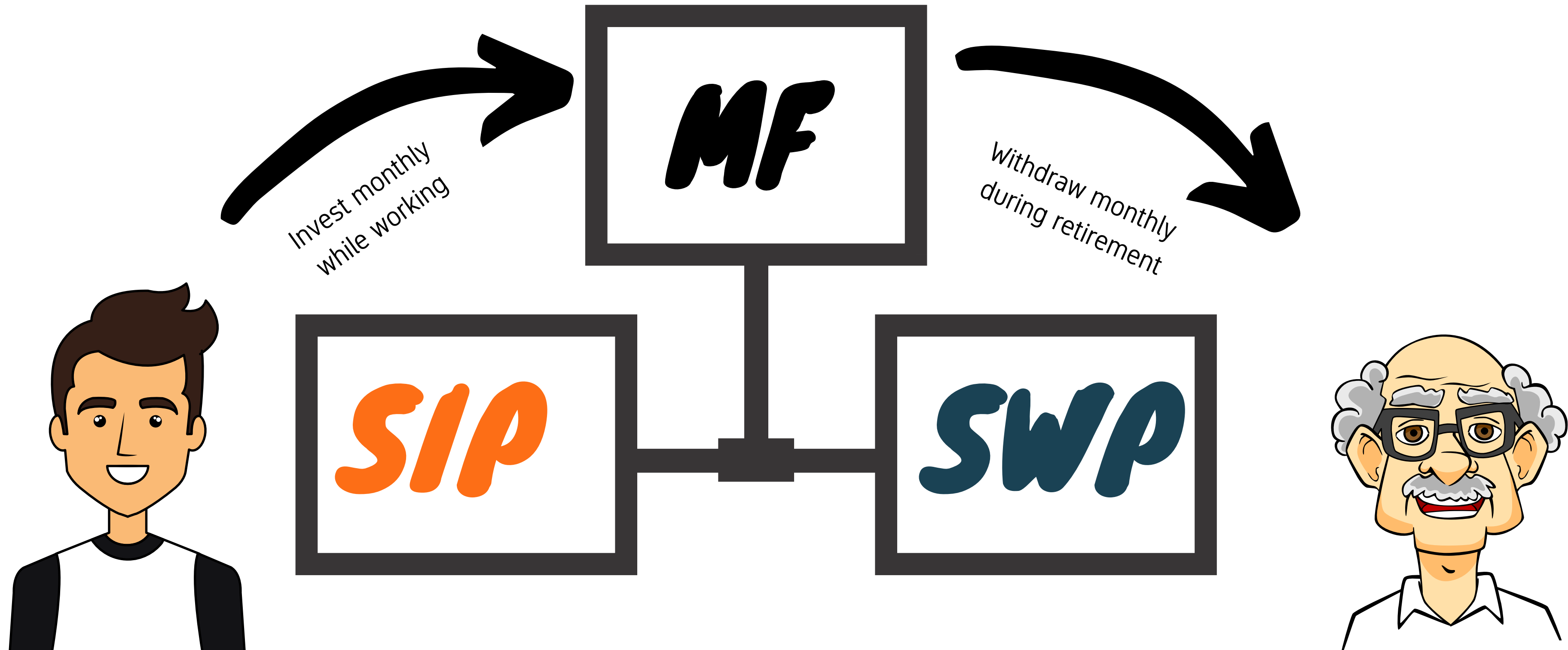


# *SIP + SWP*

## Systematic Investment Plan & Systematic Withdrawal Plan

YOUR OWN RETIREMENT SOLUTION WITH  
MONTHLY PENSION LIKE CASH-FLOW AFTER RETIREMENT

# How does it work!



# Two step process

- Step 1 - Invest through **SIP** for your retirement while you are **young**.
- Step 2 - Generate regular income through **SWP** during **retirement**.





# Case study

- Name - Mr Prashant Sharma
- Age - 28 Years
- **Monthly SIP Amount - Rs 10000/-**
- Retirement Age - 55
- Assumed return - 12%\*



# Retirement corpus - SIP

- Name - Mr Prashant Sharma
- Age - 28 Years
- **Monthly SIP Amount - Rs 10,000/-**
- Retirement Age - 55
- Assumed return - 12%\*

## Retirement Corpus

**Rs. 2,16,23,129**

\*Assumed return is only for the illustrative purpose and not to be considered as a guarantee.



# Monthly Withdrawal - SWP

- Retirement Corpus - Rs. 2,16,23,129
- Return expected from debt MF - 6%\*

## Monthly withdrawal

## Rs. 1,08,116

## (Consider this as a pension)

\*Assumed return is only for the illustrative purpose and not to be considered as a guarantee.



# Your own pension system

By investing **Rs 10000/- monthly** starting from Age 28 , Prashant can create his own 'pension like' the monthly withdrawal of **Rs. 1,08,116** after retirement.

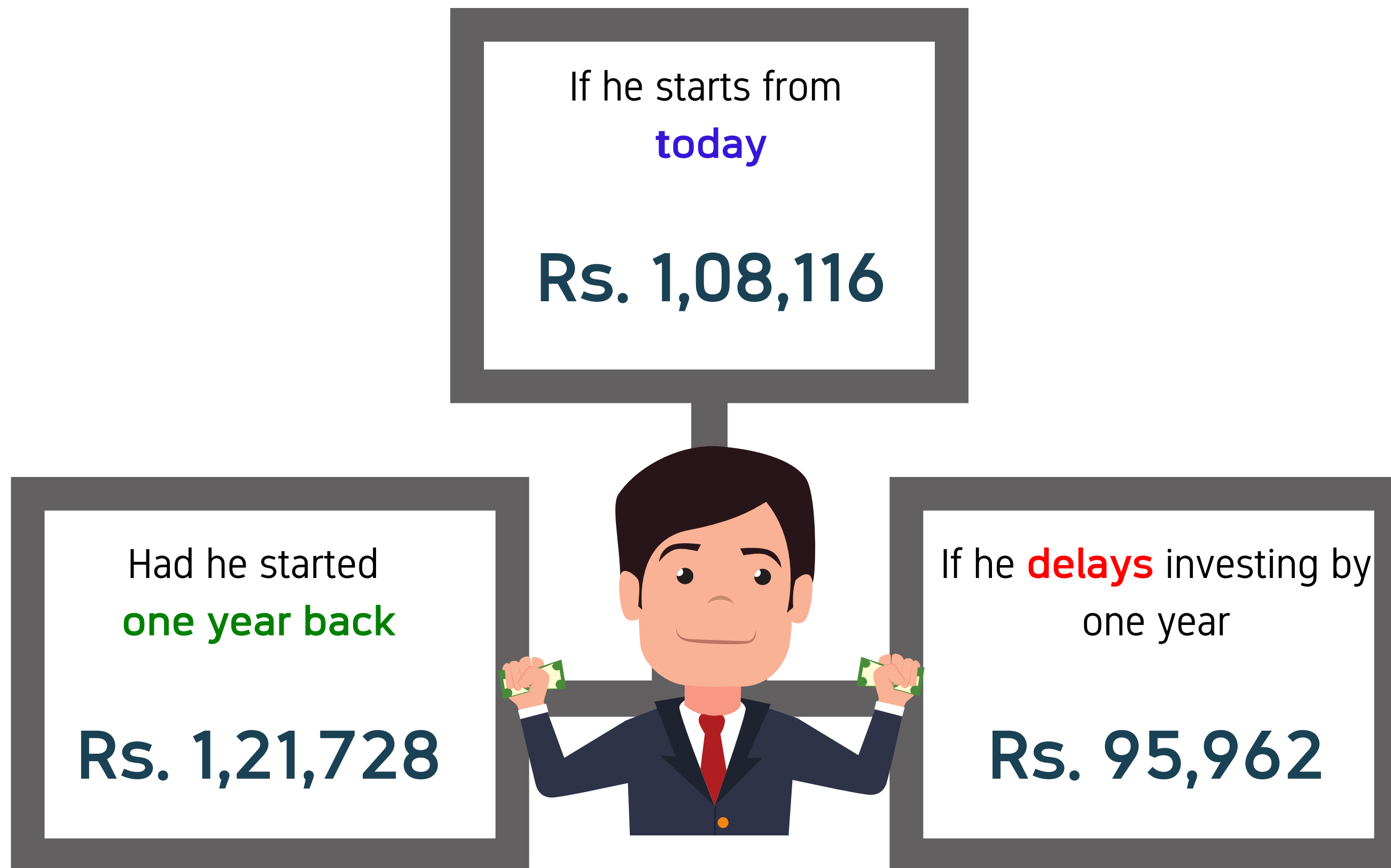


\*Return from Equity fund is assumed as 12% p.a. and from debt fund for the purpose of SWP 6% p.a. is considered.

# Your own pension system

Retirement Planning with SIP+SWP					
ASSUMPTION					
SIP Amount	<b>10,000</b>	* The returns earned on the retirement corpus is assumed to be systematically withdrawn as annuity. Hence, the principal of the retirement corpus will remain intact and the annuity will be perpetual in nature.			
Lumpsum	<b>0</b>				
Retirement Age	<b>55</b>				
SIP START AGE	Period (Yrs)	No. of Installments	Amount Deposited	Returns During Accumulation <b>12%</b> Retirement Corpus (SIP)	Returns During Distribution <b>6%</b> Monthly Pension Amount (SWP)
<b>28</b>	27	324	32,40,000	21623129	1,08,116
29	26	312	31,20,000	19192379	95,962
30	25	300	30,00,000	17022066	85,110
31	24	288	28,80,000	15084286	75,421
32	23	276	27,60,000	13354126	66,771

# Cost of delay



# In Nutshell

- Planning for your own retirement is the most crucial financial goal.
- Starting early is the key
- Create your own 'Pension like' system with the help of SIP & SWP of Mutual Funds

**SUMMARY**



