

ANITHA | ARN - 56442

Retirement Solution

Plan for your second inning



AMFI Registered Mutual Fund Distributor

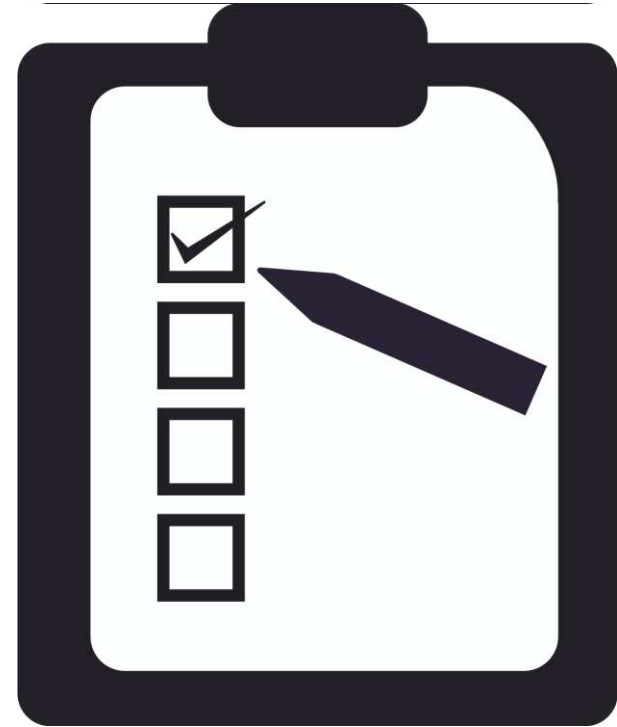
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Areas covered

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

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We plan for all our dreams



What about retirement?



Earning Age increased

1980s



18 Years

Due to focus on higher studies

Current



25 Years

Retirement Age reduced

1980s



58 Years

Change in lifestyle

Current

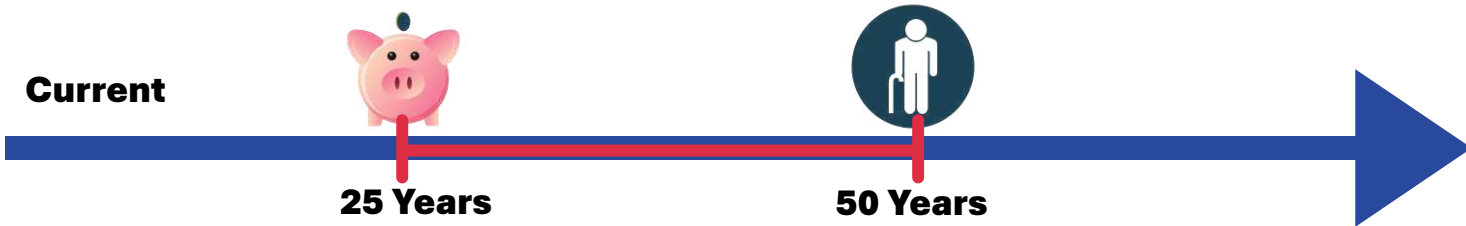


50 Years

Consequence



Earning Age reduced



Life Expectancy

2006

64.97 Yrs.



Life Expectancy is increased due to medical advancement

2024

70.62 Yrs.



Source: <https://www.macrotrends.net/global-metrics/countries/IND/india/life-expectancy>

Shift in social structure

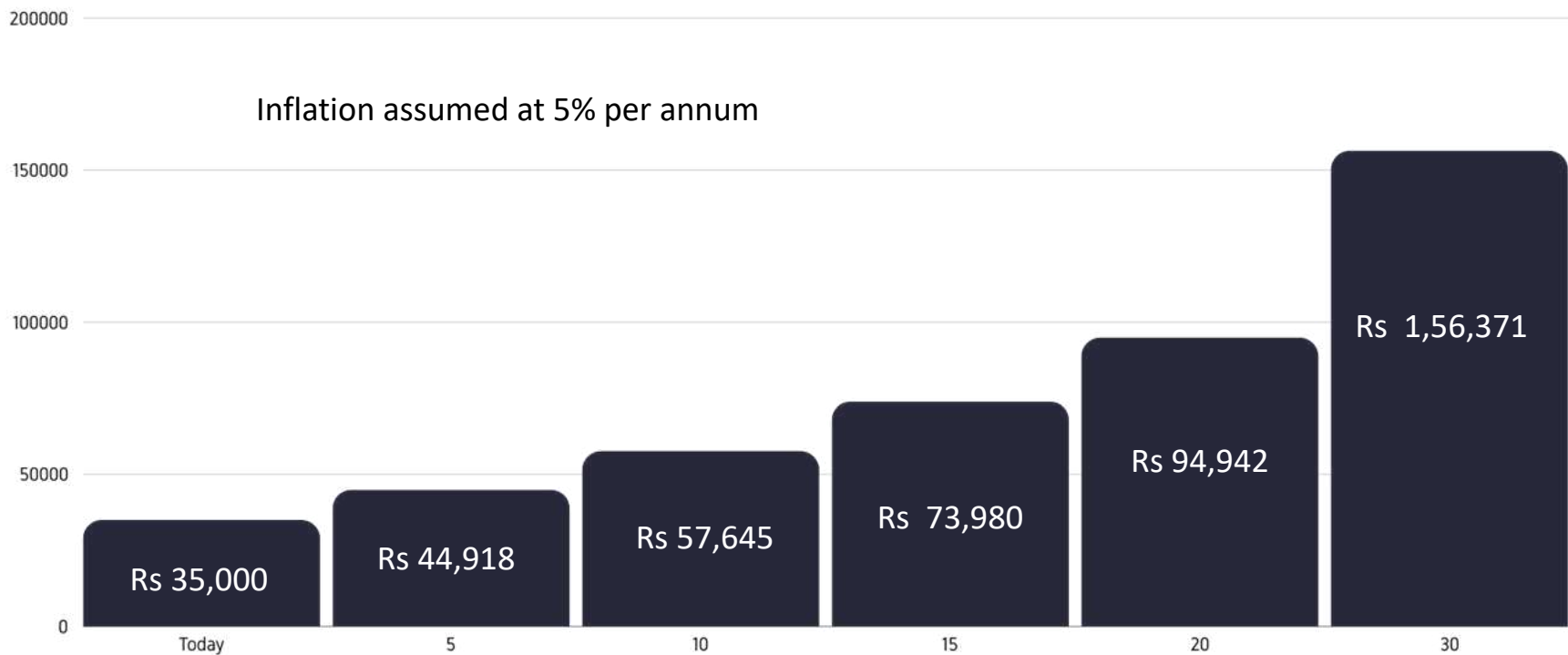


Earlier
Joint Family

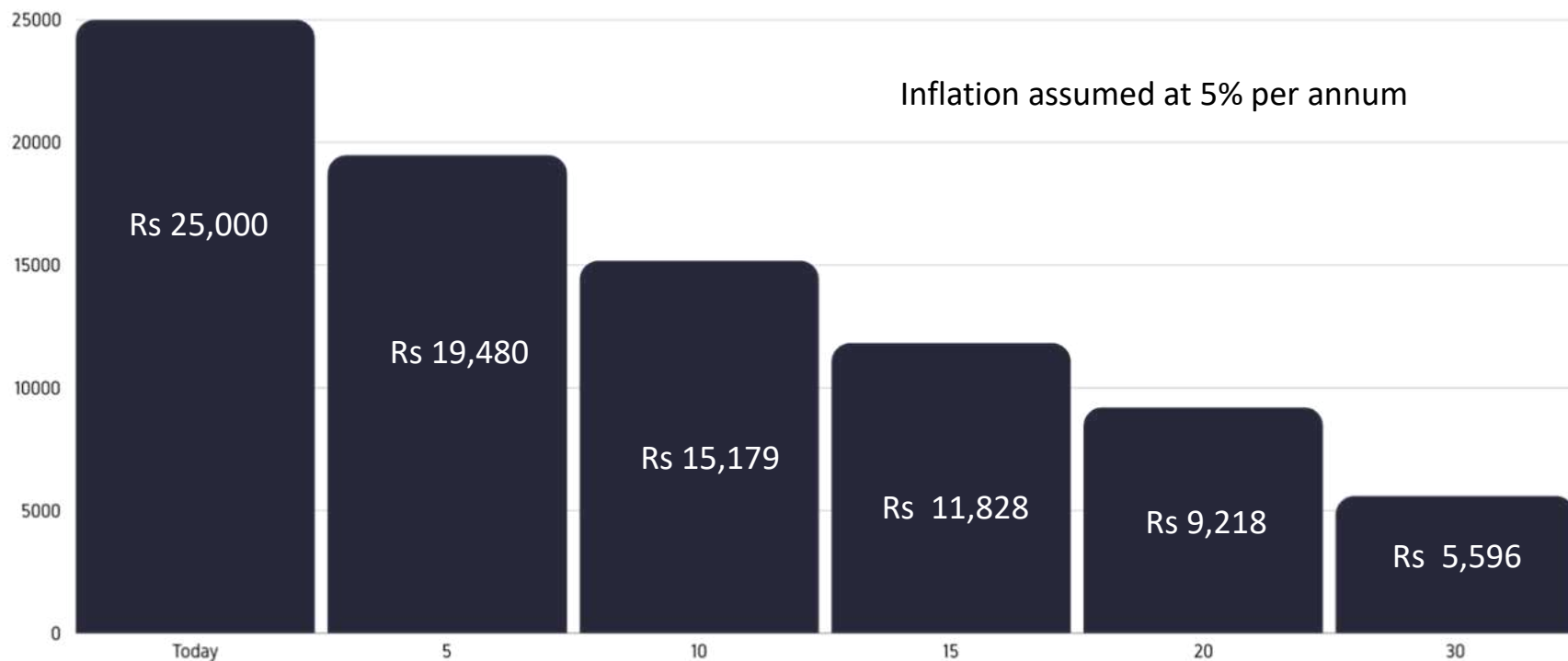


Now
Nuclear Family

Inflation - increasing expenses



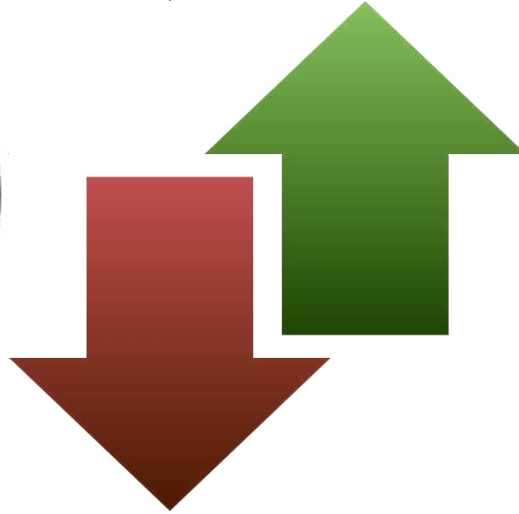
Declining value of your saving



Are you planning enough



Value of Saving



Expenses

Health Care expenses rising faster

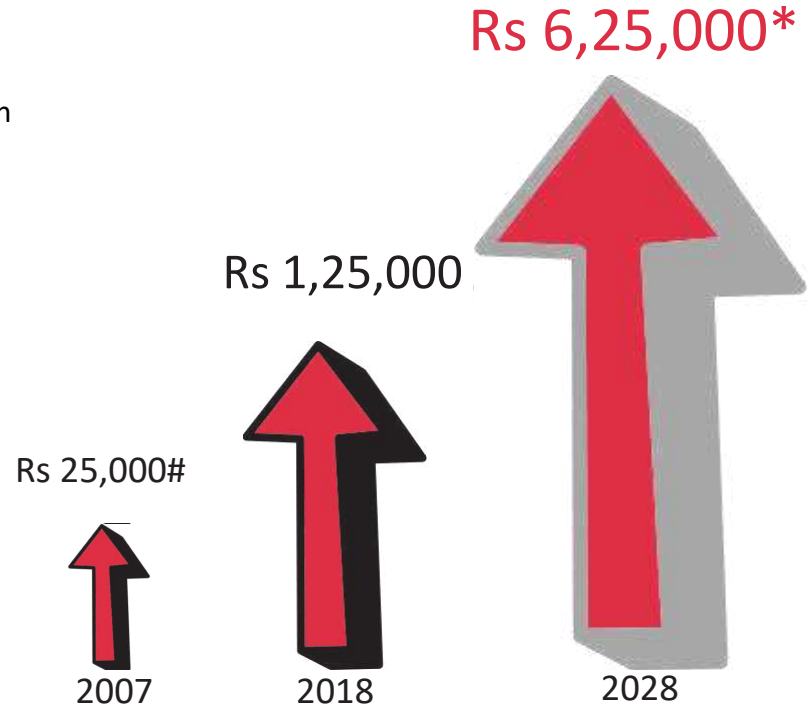
Cataract Surgery Cost

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



*Assuming cost increases at 10% every year

#Internal Research. Approx cost



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.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!

Plan your Retirement With **Mutual Funds**



Find out monthly expenses at the time to Retirement.



Find out the retirement corpus required

Retirement Corpus
Rs. 3.99 Cr.

Find out Monthly SIP required for achieving Goal.

Assuming 12% CAGR
Rs. 23,458

Assuming 15% CAGR
Rs. 14,485

Retirement Solution

SIP + SWP

Systematic Investment Plan & Systematic Withdrawal Plan

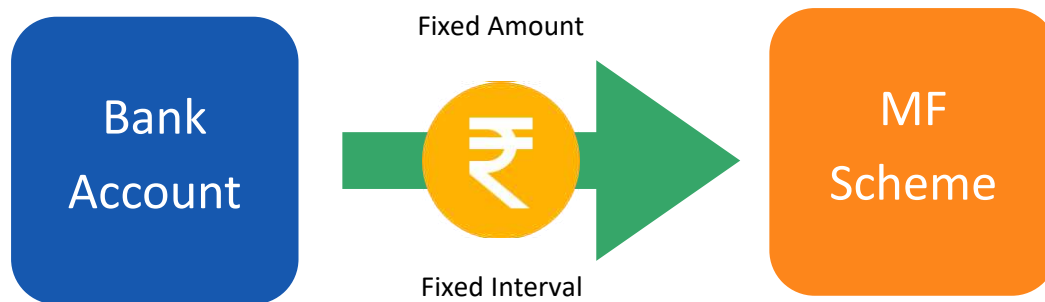
Your own retirement solution with
Monthly pension like cash-flow after retirement

Two step process

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



What is SIP?



- Systematic Investment Plan (SIP) is a smart and hassle-free way to invest in mutual funds with a predetermined amount at regular intervals (e.g., quarterly).
- It helps investors to regularly invest and accumulate wealth in a disciplined manner over the long term.
- SIP is a smart financial tool that helps build wealth gradually over time.

3 Golden rules for all investors

Starting to invest early is crucial. It gives your investments more time to grow, harnessing the power of compounding. This process accumulates both the principal and the interest or dividends earned, increasing your income year after year.

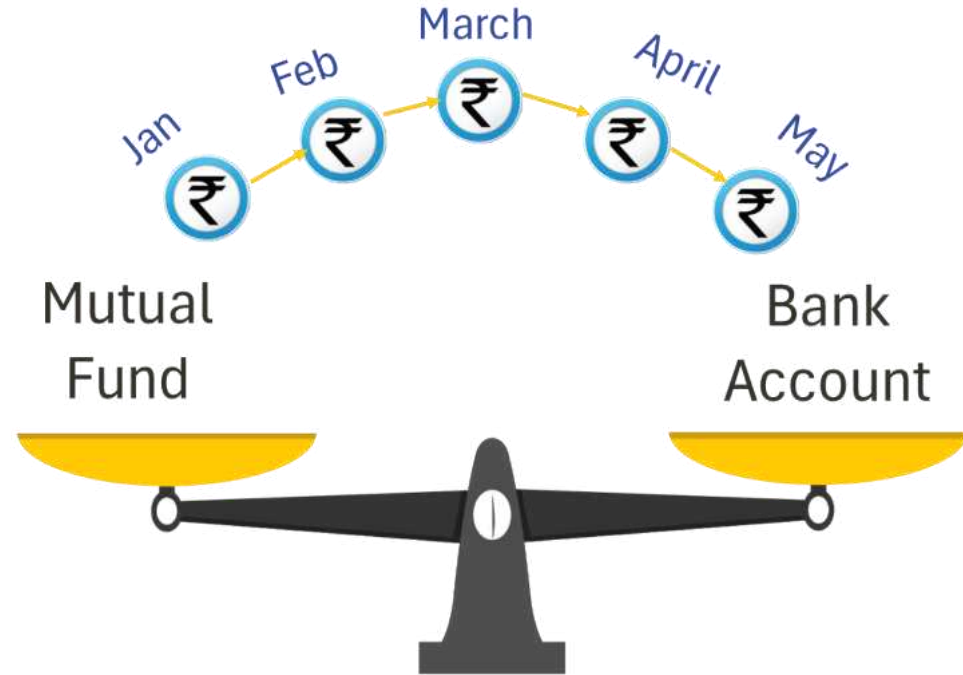


Particular	Scenario 1	Scenario 2	Scenario 3
Start Age	25	35	40
SIP amount	₹ 10,000	₹ 10,000	₹ 10,000
SIP till age	60	60	60
FV of SIP	₹ 5,51,08,311	₹ 1,70,22,066	₹ 91,98,574

Assuming CAGR of 12% for the entire period Source: Internal Analysis. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on external current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

How does SWP work?

- A Systematic Withdrawal Plan (SWP) is an option provided to investors, enabling them to regularly withdraw a predetermined amount from a mutual fund scheme.
- On the specified date, units from the investor's portfolio are sold, and the proceeds are transferred to their account.



Features of SWP

- It is a feature that allows for **regular withdrawal** of units.
- You have the flexibility to select the **withdrawal intervals**.
- You can opt to withdraw either a **fixed amount** or just the gains from your capital.



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.

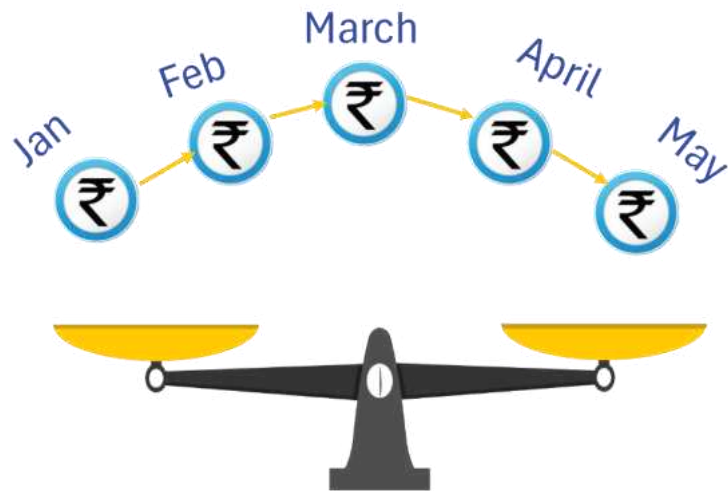


Monthly Withdrawal - SWP

- 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.

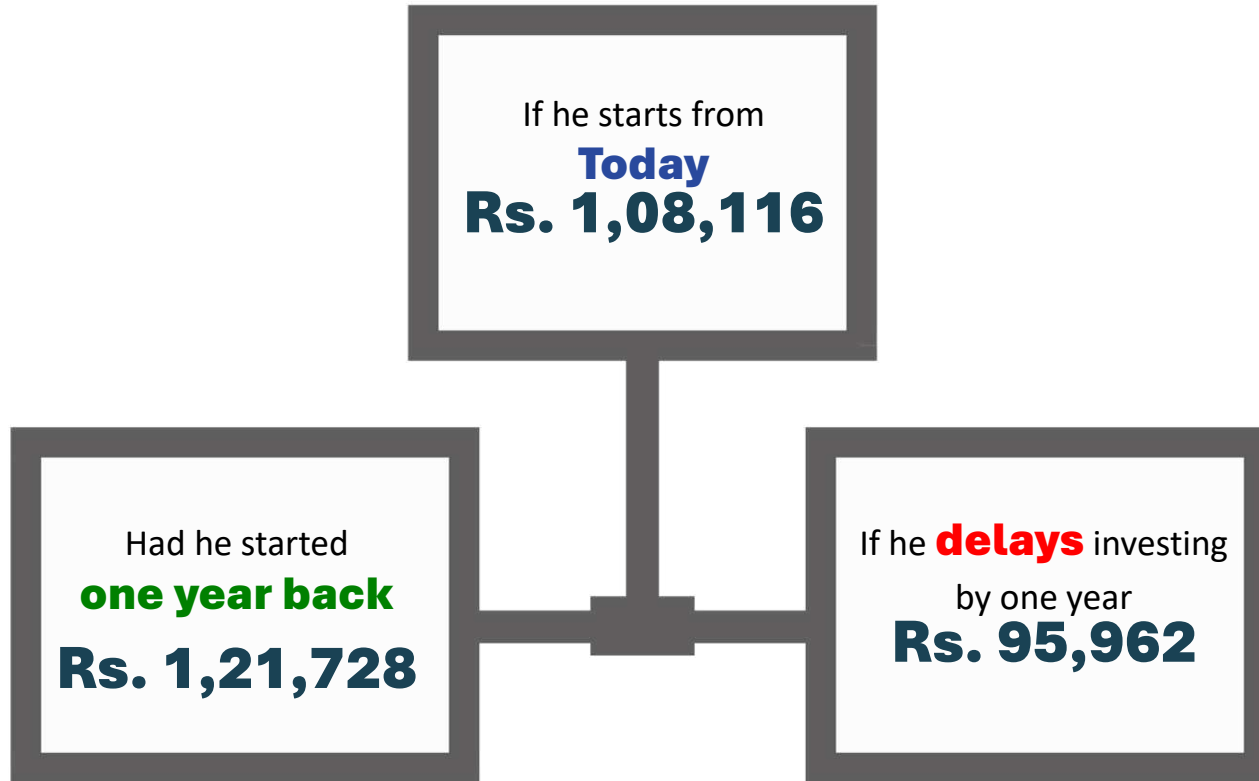
*Return from Equity fund is assumed as 12% p.a. and from debt fund for the purpose of SWP 6% p.a. is considered.



Your own pension system

Retirement Planning with SIP+SWP					
ASSUMPTION					
SIP Amount	10,000	* 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	0				
Retirement Age	55				
SIP START AGE	Period (Yrs)	No. of Installments	Amount Deposited	Returns During Accumulation	Returns During Distribution
				12%	6%
				Retirement Corpus (SIP)	Monthly Pension Amount (SWP)
28	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



Disclaimer

This presentation is only for illustrative purposes and created as part of the conceptual explanation. The scheme names are only for example purposes and not to be treated as investment advice. The selection of scheme depends on various criteria like risk profile and product suitability. We have taken due care in compiling the data and facts, but we are not liable for any error or omission due to any oversight.