Handbook for the

Financial Wellbeing Journey

Retirement Planning

Finsafe™
Make your money do more

Introduction

Thank you for your interest in the Financial Wellness program.

Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance:

- Factors affecting retirement corpus
- How much risk to take
- Various investment options for retirement
- Useful video links to help you with further information
- Finsafe Tips

Factors affecting retirement corpus

01 Inflation

02 Current Expenses & expected expenses

03 Retirement Age

04 Age till which you want to plan

05 Return on Investment

06 Risk

Learning Resources:
https://www.youtube.com/watch?v=xp4gCAfgxvI

Factors affecting product choices

Inflation

Compounding

Risk

Post Tax Returns

Liquidity

Investment Options

Particulars	PPF	EPF/ VPF	NPS
Returns (% p.a)	7.1	8.1 (as per EPF)	6 – 12
Guaranteed returns	Yes	Yes	Market Linked
Time frame	15 years	Till Retirement	Upto 60 years of age
Tax	Nil	Nil	Partially taxable
Risk	Low	Low	Medium

Finsafe™ Make your money do more

Types of equity options

1. **Stocks**
2. **NPS -Equity**
3. **Mutual Funds**
   - Equity
   - Hybrid
4. **Insurance**
   - ULIP

NPS Options-Active & Auto Choice

- Equity & related instruments
- Corporate Debt and related instruments
- Government Bonds & related instruments
- Alternative Investment Funds

Learning Resources:
https://www.youtube.com/watch?v=V_oRpfVDt4s

Under Active choice in NPS, investor gets to choose how their contribution to NPS can be invested into the various asset classes

The maximum permitted equity investment is 75% of the total asset allocation

In Auto Choice option, funds are invested across the asset classes in a predetermined manner

- **Aggressive Life Cycle Fund**
- **Moderate Life Cycle Fund**
- **Conservative Life Cycle Fund**

Recommended Categories Of Equity Funds

1. Index Funds
2. Flexi cap Funds
3. Midcap Funds
4. Balanced Hybrid/ DAA

Sources for unbiased Mutual Fund recommendations

https://www.finsafe.in/schemes/

EQUITY FUNDS

Index & Large Cap	Multi Cap	Mid & Small Cap	ELSS	Balanced Fund
UTI Nifty Index Fund	Quantum LT Equity Fund	Mirae Asset Emerging BlueChip	Franklin India Tax Shield	L&T India Prudence Fund
SBI BlueChip Fund	BSL Equity Fund	SBI Magnum Mid Cap Fund	DSPBR Tax Saver Fund	Tata Balanced Fund
BSL Advantage Fund	Kotak Select Focus	DSP Small & Midcap Fund	Reliance Tax Saver Fund	ICICI Pru Balanced Advantage Fund
ICICI Pru Top 100	Most Focused Multi Cap 35 Fund			HDFC Balanced Fund

FIXED INCOME FUNDS FOR SPECIFIC INVESTMENT HORIZON

0 - 3 Months	3 Months- 1.5 Years	1.5 - 3 Years	> 3 Years
BSL Cash Plus	ICICI Pru Flexible Income Plan	Birla SL Short Term Fund	ICICI Pru Short Term Plan
HDFC Liquid	IDFC Ultra Short Term Fund	HDFC Medium Term Opportunities Fund	L&T Resurgent India Corp Bond Fund
	L&T Ultra Short Term Fund(G)	SBI Short Term	Birla SL Treasury Optimizer Plan
		TATA Short Term	

http://www.morningstar.in/featured-reports.aspx

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Fund Name	Category	Analyst Rating	Equity Stylebox	Fixed Income Stylebox	Star Rating	Report Date
Reliance Focused Large Cap Fund - Growth	Large-Cap	Under Review		–	★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review		–	★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review		–	★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review		–	★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	Gold		–	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	Gold		–	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	Gold		–	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	Gold		–	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	Gold		–	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	Gold		–	★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrashort Bond	Gold	–	–	★★★★★	30 Nov 2016
Reliance Top 200 Fund - Growth	Large-Cap	Silver		–	★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	Silver		–	★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	Silver		–	★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	Silver		–	★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	Silver		–	★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	Silver		–	★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	Silver	–		★★★★	05 Jun 2017

Mint 20 Mutual Fund Schemes

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index	17.81	16.73	5,380
HDFC Index	17.51	16.53	4,085
Category average	17.52	16.37	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	21.67	19.23	6,143
Parag Parikh Flexi Cap	28.80	22.38	17,220
Category average	20.31	17.47	
EQUITY SMALL AND MIDCAP			
Axis Midcap	26.43	22.68	15,988
SBI Small Cap	28.57	23.56	10,626
Category average Midcap	23.67	17.47	
Category average Smallcap	27.28	19.12	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	23.78	19.96	2,893
Mirae Asset Tax Saver	23.56	21.30	10,146
Category average	18.83	16.07	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	16.23	14.12	6,331
ICICI Prudential Balanced Advantage	12.97	11.35	36,816
Category average	11.54	9.67	
ARBITRAGE			
Kotak Equity Arbitrage	4.80	5.35	24,430
Tata Arbitrage*	5.10	-	11,980
Category average	4.41	4.91	

DEBT	1-year return** (%)	3-years return (%)	Corpus (₹ cr)
SHORT TERM			
HDFC Corporate Bond	4.41	8.85	28,807
IDFC Corporate Bond	3.87	8.05	20,613
Category average	4.23	6.30	
CREDIT RISK			
HDFC Credit Risk Debt	7.44	8.94	8,757
ICICI Prudential Credit Risk	6.61	8.62	8,304
Category average	2.51	3.53	

DEBT (LESS THAN 1 YEAR)	6-month return** (%)	1-year return** (%)	Corpus (₹ cr)
HDFC Money Market	1.88	3.77	15,828
Kotak Money Market	1.86	3.68	11,454
Category average money market	5.85	6.19	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	4.95	23 Jul 2020	10,484
Motilal Oswal S&P 500 Index Fund	30.52	28 Apr 2020	2,398

MC 30 Funds

EQUITY	
LARGE CAP (CORE)	
Canara Robeco Bluechip Equity Fund - Regular Plan - Growth	Despite being large-cap, has managed to beat benchmark consistently
Mirae Asset Large Cap Fund - Regular - Growth	Among the largest in its category; size not an issue for performance
FLEXI CAP (CORE)	
UTI Flexi Cap Fund - Growth	Follows a growth-styled approach and managed conservatively. Stable long-term performance
Parag Parikh Flexi Cap Fund - Growth	Investments in international equities and timely deploying cash, helped
Kotak Flexi Cap Fund - Growth	Large-size has pushed the fund towards large-caps, but remains adequately diversified
MID CAP (CORE)	
Kotak Emerging Equity - Growth	Size is bit large for a mid-cap fund, but so far fund has managed well.
Invesco India Mid Cap Fund - Growth	Small corpus bodes well for a midcap fund. Takes lesser risks
DSP Midcap Fund - Regular Plan - Growth	Despite a conservative portfolio, performance is good. Well-diversified.
Axis Midcap Fund - Growth	Consistent performer and manages risks well. Takes active cash calls
SMALL CAP (SATELLITE)	
Axis Small Cap Fund - Growth	Strong pedigreed. Did well in 2018 and 2019, despite tough markets.
SBI Small Cap Fund - Regular Plan - Growth	Good stock picking skills. Did well in rising and falling markets.
ELSS (CORE/SATELLITE)	
Kotak Tax Saver Scheme - Growth	Same manager for over seven years now. 3-year lock-in helps in stock picking
Canara Robeco Equity Tax Saver - Regular Plan - Growth	Despite a high churn, the scheme has done well across market cycles
FOCUSED (SATELLITE)	
SBI Focused Equity Fund - Regular Plan - Growth	Invests across large, mid and small sized companies and up to 30 stocks
Axis Focused 25 Fund - Growth	Invests in up to 25 stocks. Tilted towards large-caps last year
HYBRID	
AGGRESSIVE HYBRID (CORE)	
DSP Equity & Bond Fund - Regular Plan - Growth	Ideal for first-time equity investors. Invests atleast 65% in equities. Well-diversified.
Canara Robeco Equity Hybrid Fund - Regular Plan - Growth	Atleast 65% in equities. Well-diversified, tilts towards large-caps
DEBT	
SHORT TERM (CORE)	
ICICI Prudential Short Term Fund - Growth	Actively-managed. Small portion in perpetual bonds, though monitors risks closely
HDFC Short Term Debt Fund - Growth	Despite investing 8-10% in AA-rated securities, fund has managed credit risks well.
Axis Short Term Fund - Growth	Consistent performer. Actively-managed. Does not take credit risks
CORPORATE BOND (CORE)	
Sundaram Corporate Bond Fund - Growth	Invests significantly in high-rated securities. Despite small-size, the fund is well-diversified
HDFC Corporate Bond Fund - Growth	Largest fund in this category. Invests almost entirely in AAA-rated assets.
BANKING AND PSU DEBT (CORE)	
IDFC Banking & PSU Debt Fund - Regular Plan - Growth	Fund manager's track record in avoiding credit risks, inspires confidence
Kotak Banking and PSU Debt Fund - Growth	True to label, avoids private sector firms. Uses Government securities opportunistically.
Nippon India Banking & PSU Debt Fund - Regular Plan - Growth	Ideal for investment around 3 years. Avoids AT1 bonds. Well-diversified.
OTHERS	
INDEX FUNDS/ETFS	
Nippon India ETF Nifty BeES	Oldest ETF in India. One of the most liquid.
Nippon India ETF Gold BeES	An ideal way to invest in gold, without bothering about storage
Motilal Oswal Nasdaq 100 ETF (MOSt Shares NASDAQ 100)	Invests in the US companies. Passively-managed. No fund manager risk
ICICI Prudential Nifty Next 50 Index Fund - Growth	A good way to invest in the next lot of emerging large-cap companies
UTI Nifty Index Fund - Growth	Oldest index fund in India. Low tracking error.

Sample Retirement Plans

In 20s

- NPS
  - Aggressive auto choice option
- Equity Mutual Funds
  - Midcap
  - Smallcap
- PPF
- EPF plus VPF if not over 2.5 lacs per year

In 30s

- NPS
  - Aggressive auto choice option
- Equity Mutual Funds
  - Flexicap
  - Midcap
- PPF
- EPF plus VPF if not over 2.5 lacs per year

In 40s

- NPS
  - Aggressive or moderate auto choice option
- Equity Mutual Funds
  - Flexicap
  - Midcap
- PPF
- EPF plus VPF if not over 2.5 lacs per year

In 50s

- NPS
  - Moderate or conservative auto choice option
- Hybrid Balanced Fund
  - Aggressive Hybrid
  - Balanced Advantage Fund
- Short Duration Debt Fund
- EPF plus VPF if not over 2.5 lacs/yr

Pre- Retirement Checklist

- Plan to clear all debts by the time you retire
- Cash Flow analysis , estimated return from each source
- Consolidation of Bank accounts
- Cover all insurance needs
- Where do you want to live post retirement
- Will your spouse contribute to the income
- Look beyond retirement expenses
- Set up SWP
- Reduce equity exposure

Learning Resources:

https://www.youtube.com/watch?v=oXEd47HxFE0

Summary

- Start investing early on
- Have the required amount of equity exposure
- Remain invested

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