Handbook for the **Financial Wellbeing Journey** 

**Retirement Planning** 





## 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:

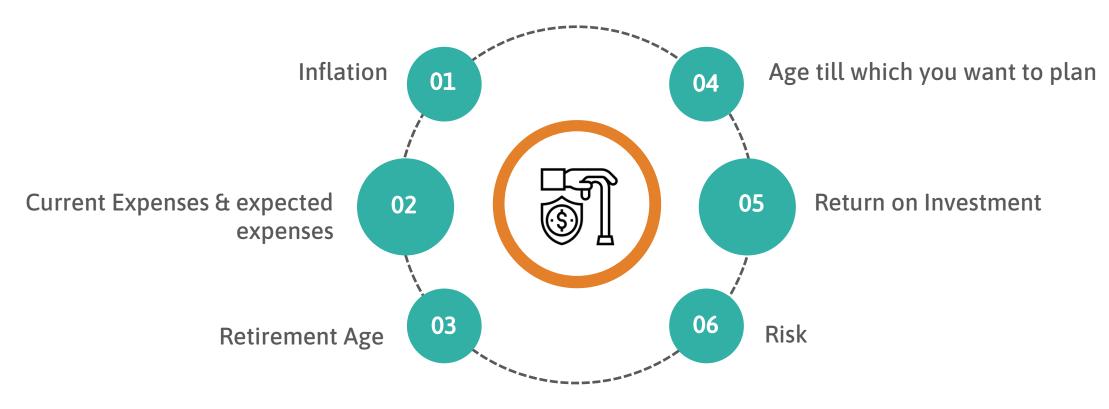
- Factors affecting retirement corpus
- How much risk to take
- Various investment options for retirement
- Useful video links to help you with further information
- Finsafe Tips





# Factors affecting retirement corpus





### **Learning Resources:**

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





# Factors affecting product choices











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	





# Types of equity options







### **Mutual Funds**

- Equity
- Hybrid





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

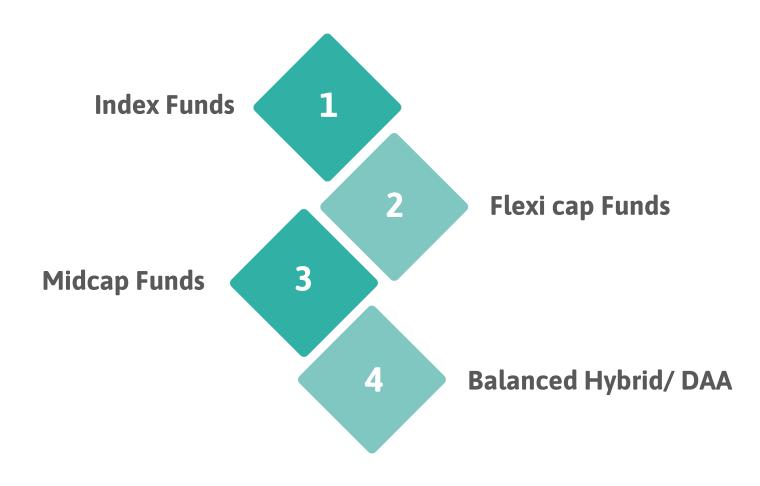
Conservative Life Cycle Fund





# Recommended Categories Of Equity Funds







## Sources for unbiased Mutual Fund recommendations



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

L&T Ultra Short Term Fund(G)

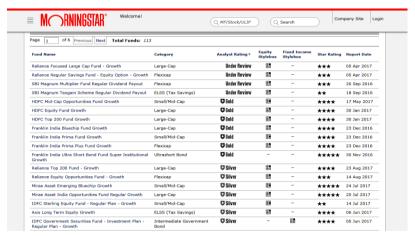
#### **EQUITY FUNDS** Multi Cap Mid & Small Cap Index & Large Cap Quantum LT Equity Fund Mirae Asset Emerging BlueChip Franklin India Tax Shield UTI Nifty Index Fund DSP Small & Midcap Fund Most Focused Multi Cap 35 ICICI Pru Top 100 HDEC Balanced Fund FIXED INCOME FUNDS FOR SPECIFIC INVESTMENT HORIZON 0 - 3 Months 3 Months- 1.5 Years 1.5 - 3 Years BSL Cash Plus ICICI Pru Flexible Income Plan Birla SL Short Term Fund ICICI Pru Short Term Plan IDFC Ultra Short Term Fund HDEC Medium Term Opportunities Fund L&T Resurgent India Corp Bond Fund

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

Birla SL Treasury Optimizer Plan

SRI Short Term

TATA Short Term



#### **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			1		
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	1		1		
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	
	1-year	return**	3-year	s return	Corpus
DEBT		(%)	(	%)	(₹ 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	Г	2.51	-	3.53	1,265,510
DEBT (LESS THAN 1 YEAR)		nonth m** (%)		l-year urn** (%)	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 Iaunch		Date of launch		Corpus (₹ cr)
BHARAT Bond ETF - April 2031		4.95	2	3 Jul 2020	10,484
Motilal Oswal S&P 500 Index Fund		30.52	28	Apr 2020	2,398

#### MC 30 Funds

EQUITY

E Q U I T Y 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)			
SRI 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. Titled 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 we		
Axis Short Term Fund - Growth	Consistent performer. Actively-managed. Does not take credit risks		
CORPORATE BOND (CORE)			
	Invests significantly in high-rated securities. Despite small-size, the fund is well-		
Sundaram Corporate Bond Fund - Growth	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.		
O T H E R S			
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		
	Invests in the US companies. Passively-managed. No fund manager risk  A good way to invest in the next lot of emerging large-cap companies		



## 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=oXEd 47HxFE0



# **Summary**



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





Facebook Page: Finsafe India

You Tube Channel: Finsafe India Private Ltd

Twitter: <a href="mailto:finsafeindia/mrinagarwal">finsafeindia/mrinagarwal</a>

## Telegram:



Women and Money 4:







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