

RETIREMENT PLANNING CONCEPT



RETIREMENT PLANNING SOLUTION

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Quality Retirement – A Fresh Beginning

WHAT IS RETIREMENT PLANNING?

Retirement is when you stop living at work and start working at living. This living comes with some sustainable planning and having a broad understanding of your retirement goals. Thus, it becomes crucial to understand the retirement planning as a process; as it includes both accumulation phase and distribution phase.

ACCUMULATION PHASE:

Retirement planning process includes both accumulation phase and distribution phase. The accumulation phase requires us to save right & sit tight, which is investing in an organized manner to meet the investment goals and having the discipline & patience to wealth creation during the invested period.

DISTRIBUTION PHASE:

Retirement is said to be a new beginning where you start with second innings of your life. This stage begins with the distribution phase where you need to plan your regular sources of income, estimating expenses & plan for contingent fund and simultaneously managing assets & risks involved.

Financial Goals And Expenses

Accumulation Phase (Age: 20-55 Yrs)

- First Home , Second Home
- Maintain Quality Lifestyle Expenses
- First Car, Second car, Third Car
- Travelling (Domestic, International)
- Children Education
- Children's Marriage
- Paid out Loan Before Retirement
- Create Contingent Fund(Emergency Fund)
- Others Expenses

Distribution phase (Age: 50 to 85+ Yrs)

- Dream Retirement Home / New Home
- Retirement Income Planning for supporting Quality Retirement Lifestyle
- Health Care / Long-term Care Expenses
- New Car
- Traveling
- Social Activity
- Charity and Spiritual Expenses
- Support to Ageing Parent Expenses
- Support to dependents family members
- Legacy and Estate planning (Wealth transfer)

RETIREMENT PHASE (Financial & Emotional stages)

(Accumulation Phase : Age: 20-50 Yrs)

FINANCIAL STAGE :

One of the crucial phases of our life cycle is when you earn and start to save & invest for a bigger goal. This accumulation phase spans around 30 years which enables us to grow our investments multifold over the long term horizon.

Must Know:

The standard of living you wish to maintain at your retirement highly depends on the proportion of savings you do at your accumulation phase.

EMOTIONAL STAGE :

Spending habits are changing drastically which leads to risk of financial security. The increasing standard of living and managing family often leads to missing out on long term wealth creation goals for retirement.



(Transition Phase : Age: 50-60 Yrs)

FINANCIAL STAGE :

At this phase, one must not only solidify retirement savings but also estimate retirement income and expenses.

The investments in this phase must be reviewed with your risk taking ability and we must keep a check whether they are working right to meet the retirement and lifestyle requirements.

EMOTIONAL STAGE :

During this phase the busy years of career building and child rearing slow down, it starts becoming possible to start envisioning life after work.

(Distribution Phase : Age: 60-80+Yrs)

FINANCIAL STAGE :

The Distribution Phase starts when your earned income ends and you begin receiving your Retirement income / Pension.

At this time you begin receiving your monthly income supplements from your investments and insurance products to meet your monthly cost of living requirements.

EMOTIONAL STAGE :

Retirement has its own distinct stages where we have more time and limited resources to manage our new lifestyle, discovering interests, addressing aging, health and doing charity.



Retirement planning is done to create powerful income distribution that lasts a lifetime. At retirement we end up spending more to fulfill our desire and dreams hence it becomes extremely important to plan for the same we end up spending more time.

Case Study of financial & Retirement planning and goal seating's MR RAJESH KHANNA

Age: 35Yrs	Inflation: 7%	Weighted	Retirement Age: 60	Life Expectancy: 80	Weighted
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Financial Planning Worksheet

Goal	Cost of Today		Need after (Year to Goal)	Future Value	
Emergency Fund	300000		2	343470	
Home	5000000		5	7012759	
Buying a Car	500000		3	612522	
Travelling	600000		6	900438	
Child Education	2000000		12	4504383	
Child Marriage	1000000		18	3379932	
Others	600000		10	1180291	
TOTAL-A	10000000	40%		17933795	18%
Retirement Fund @50000/- (Besic+ Utlity)+12500/- (Health+Travel)=PM (62500/-*240 Months)	15000000		25	81411490	
TOTAL-B	15000000	60%		81411490	81%
GR TOTAL:(A+B)= C	25000000			99345285	

There are two types of financial goals in the above case study...

- One is before retirement goals and its **(A) Total future requirement fund of Rs : 1,79,33,795.** and its weighted as **18%** of **(C) the total fund required (9,93,45,285)**

- Second goal is After Retirement goal and **(B)Retirement fund requirement is RS. 8,14,11,490.** and its weighted as **82%** of **(C) total fund required (9,93,45,285)**

Summary:

As you can see, there are some goals which needs to be fulfilled before retirement (age of retirement assumed 60 years). These goals are as follows- Emergency fund, buying a car, travelling, child education, child's marriage, new house. Depending on the goal, time taken to achieve these goals vary. However to fulfill retirement goal one has to plan from the start preferably when one starts earning. Have a look at the percentage allocation that retirement takes, it is a whopping **82%** !

To add to the worry- inflation increases during accumulation & distribution phase and if not taken seriously the amount multiples multifold and it becomes extremely difficult to fulfill the same. Thus, we come to a conclusion that out of the total financial corpus, retirement planning constitutes a whopping **82%** which is the maximum amount total financial goals and if there is any delay in fulfilling goals, then the cost paid is very high of!

Thus, Retirement planning is the most crucial financial goal for an individual and it **must start from the age of 20 onwards**. Today's scenario shows that goals like Car, Home, Child's Education& Marriage and Travelling, can be funded by personal loans/home loans, but there is no substitute for retirement goal which as you can see from the above case study- holds the highest weight.

Do you fulfill your investment goal with EMIs?

Our investment goals may vary from buying a Mini Hatchback to a Luxurious SUV, from buying small house to building a Mansion, from a child's education to their marriage and from traveling around to seeing the world. These goals require a lot of funds and it's important to know that these goals can be funded by two ways. First, save and invest to fulfill your goals later. Second, take a loan to meet these goals and pay later in EMIs. The second option might seem feasible in some cases but, **when it comes to meeting your retirement goals you won't get a loan to fulfill the same. In reality, there is no plan B or any other alternative to create a retirement corpus.**

A look at retirement planning across the world:













Retirement Planning is one of the most important components of financial planning process for all of us. As the maximum corpus of your portfolio forms a part of it.

Observe the statistics shared below, it shows that investment goals are prioritized/ ranked first by 10% or more of investors across geography. India ranks poorly in this aspect.



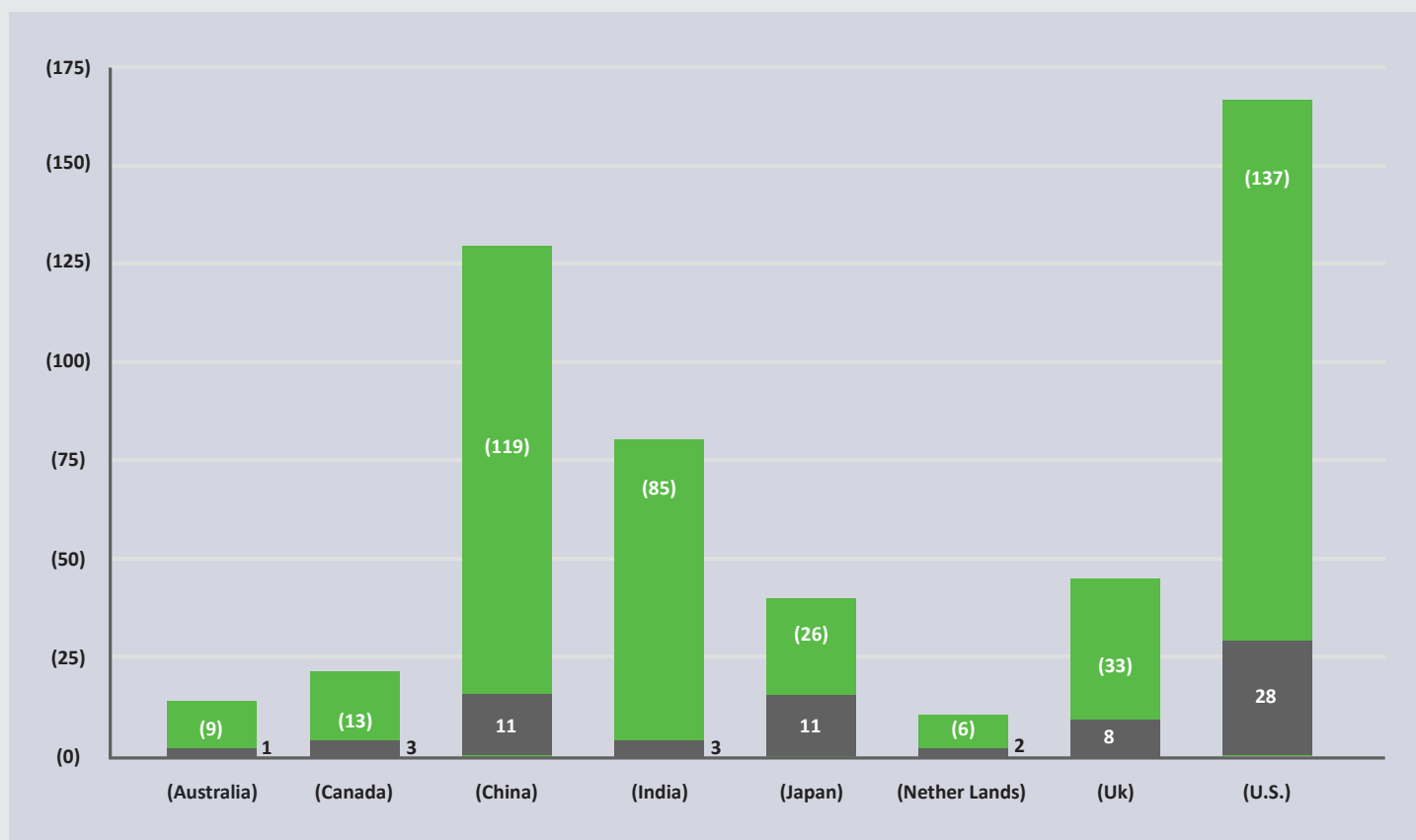
Investment Goals Vary With Geography

Percentage Of Goals Ranked First by 10 Per Cent Or More Of Investors

		Retirement	Saving For Large Purchase	Emergency Funds	Saving For Education	Beneficiaries Estate Planing	Saving To Start A Business
	Canada	78%	0%	0%	0%	0%	0%
	Australia	74%	10%	0%	0%	0%	0%
	United States	71%	0%	0%	0%	0%	0%
	UK	71%	0%	0%	0%	0%	0%
	Singapore	57%	0%	0%	0%	12%	0%
	Brazil	50%	12%	0%	0%	13%	0%
	Hong Kong	48%	17%	10%	0%	0%	0%
	Germany	40%	16%	27%	0%	0%	0%
	France	27%	21%	26%	0%	0%	0%
	India	22%	20%	10%	12%	14%	16%
	United Arab Emirates	12%	21%	0%	16%	0%	31%
	China	0%	18%	0%	12%	42%	12%
	Total	56%	11%	10%	0%	0%	0%

Have you saved enough for your retirement?

According to World Economic Forum Report, Retirement savings gap in India is USD 3 trillion in 2015 and is expected to increase to USD 85 trillion by 2050. This is expected to be largely due to longer lifespan and reduced levels of savings.



While achieving quality retirement might seem like a far away dream, but it is very much possible with the right help. So stop worrying about your retirement when you are at the accumulation stage, just leave it to the experts,

Carefree Retirement solution is Ahmedabad's first specialized financial planner for retirement planning. Our goal is to provide you best possible solutions to create wealth on retirement and at the same time to make the post retirement transition as smooth and as enjoyable as possible. We work dedicatedly to ensure that your family can maintain an optimum lifestyle in this high inflationary environment and also meet regular financial goals as and when they come; without affecting most important financial goal of retirement planning.

Chetan Upadhyay is a brain-child behind this venture. He is a certified financial planner and possess masters degree in commerce. He is in this field since march 2005 and in these past 14 years, he has witnessed an urgent need of robust financial planning for each and every citizen of India for their own retirement. He fears that in few decades India will be standing at the edge of being considered as an old age country without financial support for their citizen.



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