



Retirement Planning Solution

PRESENTATION BY :

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Financial Goal Achievers

Financial Goal Achievers, is a boutique consulting firm that specializes in Financial Planning, Risk Management, Wealth Creation and Treasury Management Solutions. We are a group of Finance Professionals committed to build a society, wherein every individual would experience Financial Freedom. We help our clients to make smart investment decisions through solid relationships founded on uncompromising integrity, trust and personalized services.



Retirement Planning

Retirement Planning is the process of building a healthy Retirement Corpus of Diversified Asset Classes for the Investor, that can generate Free Cash Flows for Whole Life of the Investor, required to lead a comfortable Retired Life at their Own Terms.

Why Retirement Planning ?

- **Increase in Life Expectancy**
- **Dependency Ratio**
- **No proper Social Security**
- **Decline in Joint Family Structure**
- **Inflationary Pressures**

Risk of Living Long

Risk of living long

Check out your monthly expense when you

RETIRE



It could be **4** times your current monthly expenses

If your current monthly expenses is ₹ **30,000**

Amount required per month



START PLANNING EARLY!

Assumption based on current inflation rate of 6%

Things which should happen at Retirement

- Retired person should be owner of her/his House
- Retired person should have adequate Health Insurance Cover
- Retired person's major liabilities should be closed
- Retired person should create an Emergency Fund to meet any contingency
- Retired Person should create a healthy Retirement Corpus for steady flow of Money for Whole Life

Retirement Planning Life Cycle

Retirement Planning Life Cycle consists of 3 phases :

- **Wealth Accumulation – During Earning Years**
- **Wealth Distribution – During Retirement Years**
- **Estate Transfer – Upon Death**

National Pension System : NPS

ET Wealth assessed 10 Tax-Saving options on eight key parameters

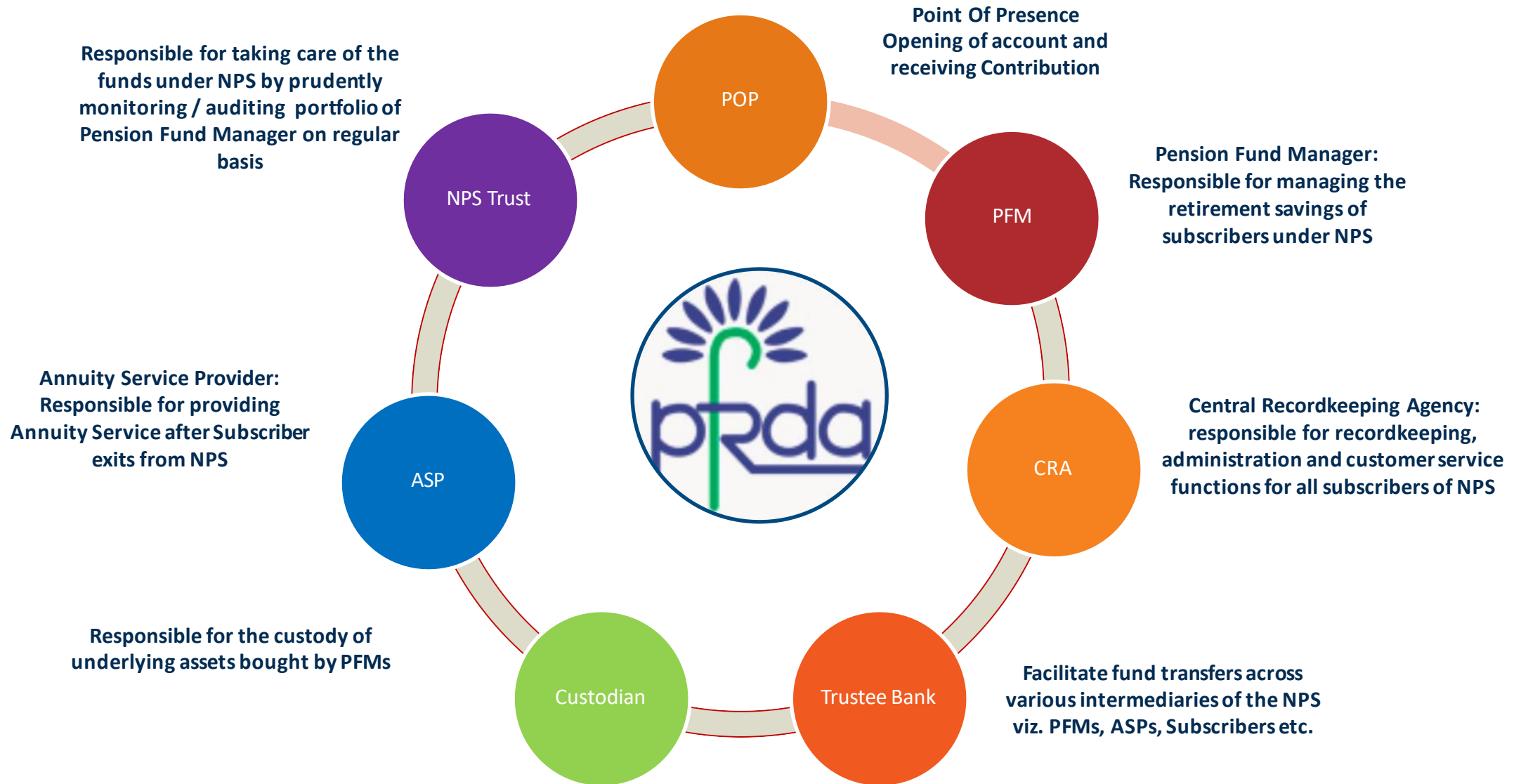
- **Returns**
- **Safety**
- **Flexibility**
- **Liquidity**
- **Costs**
- **Transparency**
- **Ease of Investing**
- **Taxability of Income**

The National Pension System (NPS) continues to be the top Tax Saver

National Pension System : NPS

- Government of India introduced NPS for Central Government Employees joining services w.e.f 1st Jan 2004. On 1st May 2009, on voluntary basis NPS was made available for All citizens of India.
- PFRDA was created as regulator for the Pension sector.
- NPS is based on Personal Retirement Accounts (PRAs) created for individual members.
- NPS accretes savings into subscribers PRA while he is working and use the accumulations at retirement to procure a pension for the rest of his life.

Understanding NPS eco-system



NPS features & benefits



Portable

Carry your account across employers, location etc.



Simple

Standard product regulated by PFRDA



Flexible

Choose your fund manager, investment option & annuity options



Economical

Lowest cost investment product currently available in the market



Tax benefits

Multiple tax benefits u/s 80CCE, 80CCD(1B) & 80CCD(2)



Regulated

PFRDA is regulator of NPS. Regular monitoring of Pension funds by NPS Trust

Single plan with Multiple benefits

Flexibility

Free switches

Select fund
strategy as per
choice

Change sectors
between
Corporate &
Individual or
Government

Select Annuity
Service provider
and Annuity
Option as per
choice

Select upto 60%
Lump Sum
withdrawal
amount at
maturity

Upto 3 partial
withdrawals
allowed
(after 3 years)

Minimum
Contribution

Rs. 1000 per year

Open Tier 1 only
or
Tier 1 & 2 both

Opt for
Systematic
withdrawal
Option at the
time of Exit

Early Exit allowed
after 5 years of
account opening

No upper limit on
Investments

Upto 75% Equity
exposure allowed
till 60 yrs of age

More than 15
ASP and over 15
annuity options

Continue NPS till
75 years of age

Types of Account in NPS

	Tier 1 (Pension a/c)	Tier 2 (Investment a/c)
Nature	Mandatory	Voluntary
Withdrawal	Restricted	Flexibility
Tax benefits	Yes	No
A/C opening	500	Rs. 1,000/-
Annual Contribution	Minimum Rs. 1000/-	Rs 250/-

Tier 2 : Investment account with low FMC of 0.06% & liquidity of funds

*that the amount deposited is not withdrawn before completion of three years from the date of deposit

Multiple tax benefits

Reduce taxable salary



NPS Contribution by Employer*

Up to 10% of Salary (Basic + DA) is deductible from taxable income

U/S 80CCD(2)

Claim tax deduction



NPS Contribution by Subscriber

Deduction up to ₹50,000

U/S 80CCD(1B)

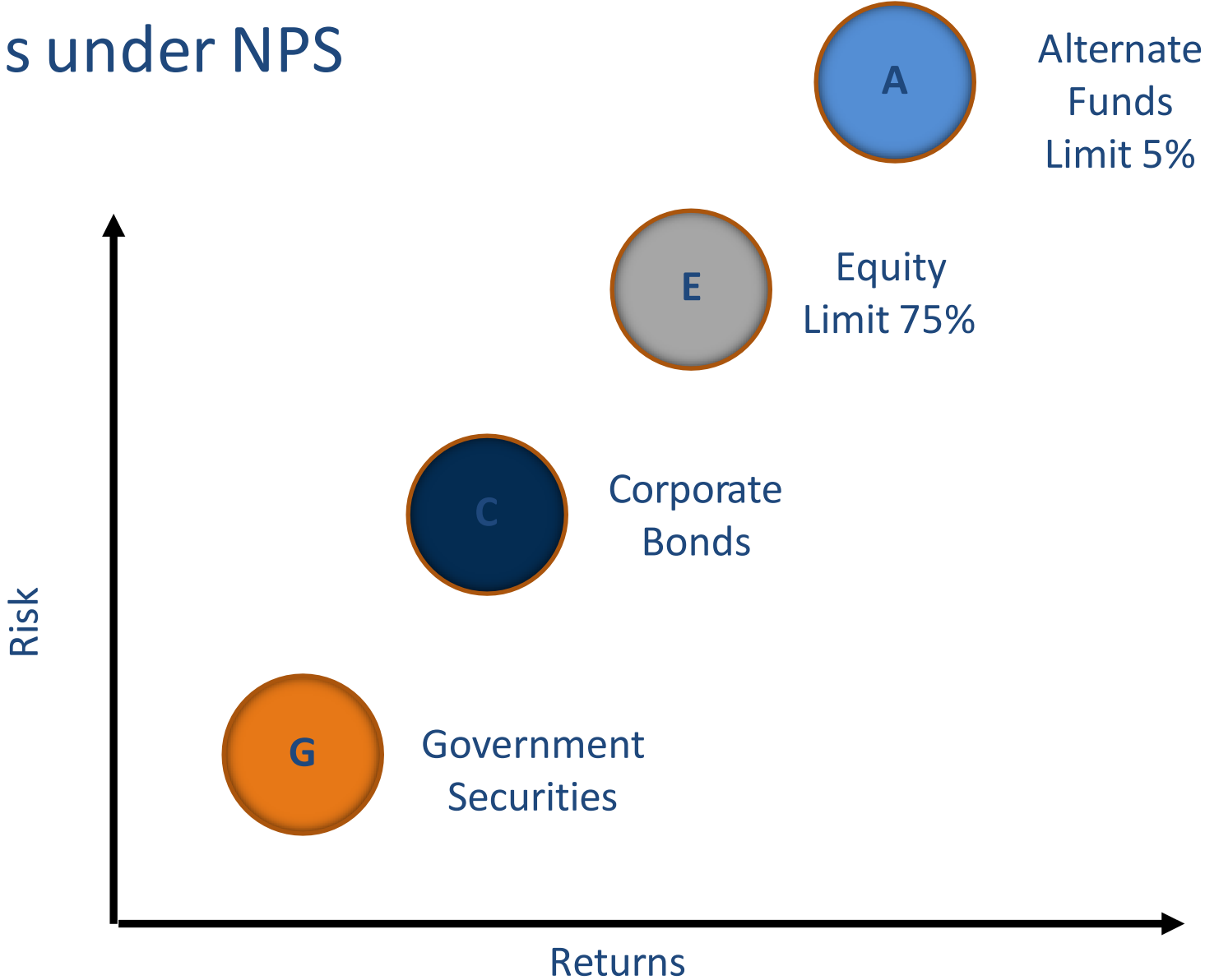
Tax Deduction up to ₹1,50,000

U/S 80CCE



Capping of 7.5L on contribution towards (NPS + SA+ PF)

Fund options under NPS



Investment choices

	Active choice	Auto choice
Fund allocation	<ul style="list-style-type: none">Subscriber decides fund allocation	<ul style="list-style-type: none">Investment choice based on life cycle (age of subscriber)
Equity exposure	<ul style="list-style-type: none">Up to 75% can be invested in Equity and 5% in alternate assets	<ul style="list-style-type: none">3 investment options are available<ul style="list-style-type: none">Aggressive (LC 75)Moderate (LC 50)Conservative (LC 25)
4 Free Switches every year	Tax efficient switches between Equity & Debt funds	
	No Short term capital gain tax	
	No Long term capital gain tax	

Exit from NPS

Vesting criteria	Benefits
Upon normal superannuation (60 year)	<ul style="list-style-type: none">• Min 40% of the NPS corpus should be annuitized.• Max 60% is paid as lump sum to the subscriber.• If the corpus is less than Rs 5 Lacs then full withdrawal is permitted.
Exit from NPS before the age of normal superannuation (e.g. Voluntary Retirement)	<ul style="list-style-type: none">• Allowed after 5 years of NPS account opening• Min 80% of the NPS corpus should be annuitized• Max 20% is paid as a lump sum to the subscriber and it is tax free• If the corpus is less than Rs 2.5 Lacs then full withdrawal is permitted.
Upon death	<ul style="list-style-type: none">• NPS corpus (100%) paid to the nominee/ legal heir of the subscriber. The nominee can choose to take the annuity as well

Partial Withdrawal

- Subscriber can now withdraw 3 times from NPS corpus after completing 3 years in the system.
- Subscriber can withdraw 25% of contribution made by them; excluding contribution made by employer & growth generated, adhering to below condition
 - Education of self & children
 - Marriage of children
 - Due to critical illness of self / spouse / children
 - Construction / purchase of residential property
 - For starting a business

Retirement Planning Portfolio

Retirement is like a Long Vacation. One should Enjoy Life to the fullest, without running out of Money. So start Planning for Retirement Today itself, while you are Earning.

Your Retirement Planning Portfolio should consist of Income generating Assets as, that largely includes :

- **Pension and Annuity Plans**
- **Government and Safe Corporate Bonds**
- **Life Insurance Plans that generates Tax-Free Cashflow**
- **Diversified Portfolio of Mutual Funds**
- **Dividend yielding Stocks**
- **Real Estate that generates Rental Income**

If your Asset does not yield Income, replace it. Such focused approach, will enable you to meet both Basic Living and Life Style Expenses in your Golden Years.



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THANK YOU

