



Life Goal 3 – How to Plan your Retirement

An Investor Education and Awareness Initiative
by Franklin Templeton Mutual Fund



Questions You Need to Ask Yourself While Planning for Your Retirement

- When do I want to Retire?
- How Long will I Live?

Average Life Expectancy in India (Age wise)							
Age	Life Expectancy	Age	Life Expectancy	Age	Life Expectancy	Age	Life Expectancy
5	69.7	30	71.7	55	75.4	80	86.8
10	70.1	35	72.2	60	76.7	85	90.3
15	70.3	40	72.8	65	78.5	90	93.9
20	70.7	45	73.5	70	80.7	95	97.8
25	71.2	50	74.3	75	83.7	100	102

(Source: www.worldlifeexpectancy.com)

Questions You Need to Ask Yourself While Planning for Your Retirement (Contd.)

- What is My Monthly Basic Expenditure?
- What will be My Cost of Expenditure in the Future?

If Inflation grows @ 8% p.a.		
	Current	After 25 Years
Monthly Expenditure (INR)	1,00,000	6,84,848
Value of Money (INR)	1,00,000	14,600

This is for illustration purpose only.
(Source: PersonalFN Research)

Questions You Need to Ask Yourself While Planning for Your Retirement (Contd.)

- Do I have enough Contingency Corpus?
- How much should I provide for My Health Care and Medical Needs?

If inflation on Medical grows @ 10% p.a.

	Current	After 25 Years
Annual Expenditure (INR)	1,00,000	10,83,471

This is for illustration purpose only.
(Source: PersonalFN Research)

Questions You Need to Ask Yourself While Planning for Your Retirement (Contd.)

- What do I Own and Owe?

	Assets	Liabilities
Self-Occupied House	N.A.	N.A.
Second House	Yes	-
Housing Loan	-	Yes
Stocks / Mutual Funds	Yes	-
Fixed Deposits / Bonds / PPF	Yes	-
Credit Card Dues	-	Yes
Gold Bars / Jewellery	Yes	-
Borrowings from Friends	-	Yes
Ancestral Property / Land	Yes	-

This is for illustration purpose only.
(Source: PersonalFN Research)

Questions You Need to Ask Yourself While Planning for Your Retirement (Contd.)

- Can I Generate Cash Inflows during Retirement?
- What do I Desire to Do During Retirement?

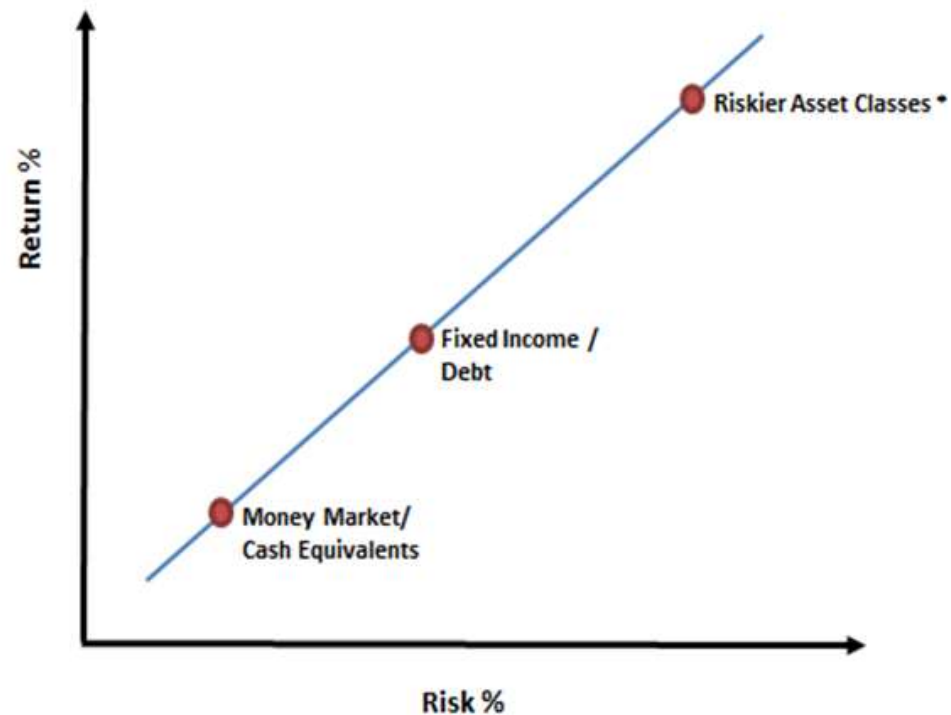
If inflation on Vacation grows @ 10% p.a.

	Current	After 20 Years
Annual Expenditure (INR)	1,00,000	6,72,750

This is for illustration purpose only.
(Source: PersonalFN Research)

Suitability of Asset Classes

Risk Return Trade off

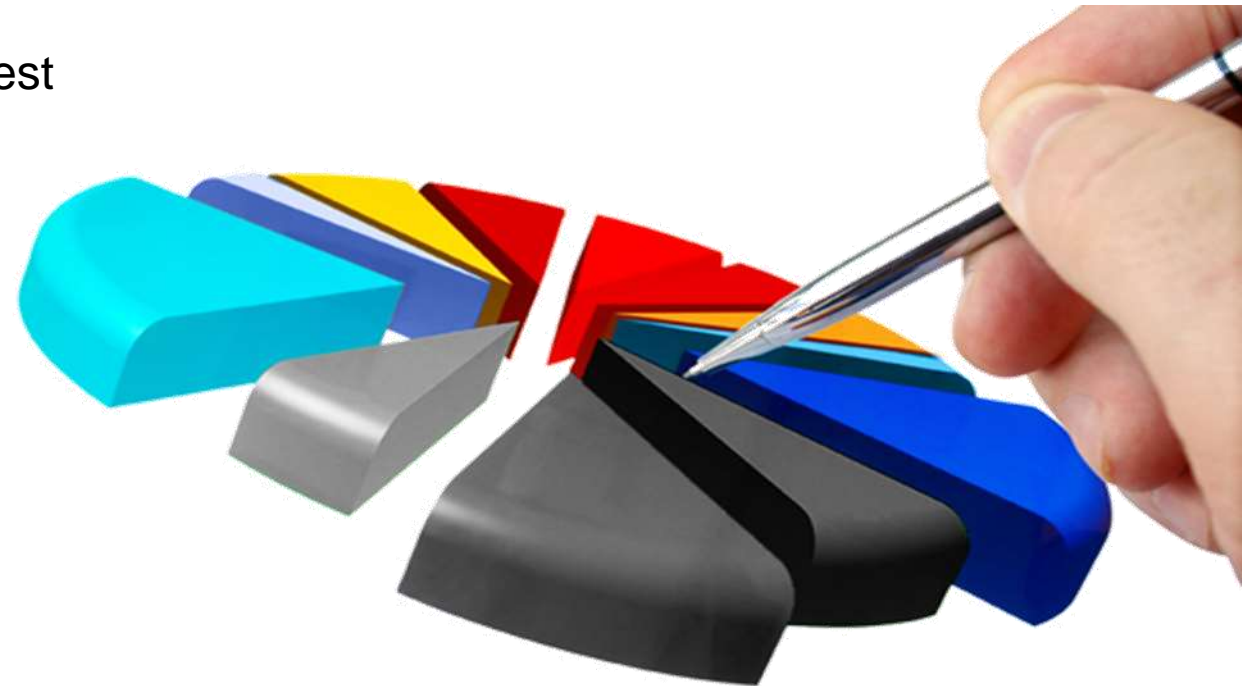


* Equity, Real Estate, Gold
(Source: PersonalFN Research)

The aforesaid chart is for illustration purposes only and should not be construed as investment strategies / investment advice. Investors should consult their investment advisor and construct their portfolios based on their risk appetite, time horizon, investment goals, etc.

Suitability of Asset Classes (Contd.)

- Risk-Return Trade Off = Potential of Returns Correlated with the Risk of Respective Asset Classes
- The Potential of a Return Rises with the Rise in the Level of Risk
- Relate each Asset Class to Your Own Risk Appetite and Investment Time Horizon
- Do Not Forget to Allocate Your Assets to Minimise the Level of Risk for a Certain Level of Return Expectation
- Maintain a Fair Level of Diversification while You Invest



Building a Retirement Corpus

- Start Early
- Do Not Hesitate to Cut on Unnecessary Expenses
- Create An Ideal Investment Portfolio
- Invest Regularly
- When You are Already Retired, Look for Regular Cash Inflows
 - Liquidity will be the key concern for you
 - It may not be very wise to hold high exposure into equities
 - You should be invested in instruments offering a regular interest



Lets Do A Short Quiz!



**We now invite you to test your learning by taking up this simple quiz
(And Win Exciting Prizes!)**

Quick Quiz

- 1) If you wish to enjoy the standard of living that you are enjoying at present even during retirement, you cannot ignore planning for retirement.
 - A. True
 - C. False

- 2) To calculate the cost of expenditure in the future, it is vital to take _____ into account.
 - A. Inflation
 - B. Average inflation rate
 - C. Low rate of inflation
 - D. Income

- 3) While planning for your retirement, having a contingency fund is necessary and you should ideally set aside _____ of your monthly expenditure (including EMI).
 - A. 1 to 3 months
 - B. 3 to 6 months
 - C. 6 to 12 months
 - D. 6 to 24 months

Quick Quiz



- 4) Making an assessment of how much you own and owe, refers to recognising the _____ in the process of retirement planning.
- A. Income & Expenditure
 - B. Contingency funds
 - C. Assets & Liabilities
 - D. Cash flows
- 5) _____ refers to the potential of returns correlated with the risk of respective asset classes which is necessary to evaluate while selecting investment instruments for planning your retirement.
- A. Risk-Return Trade Off
 - B. Cash flows
 - C. Returns
 - D. Risk



Thank You For Participating!

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