

# THINKING ABOUT RETIREMENT?



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### **About this book**

The word Retirement means different things to different people. For some, it conjures up thoughts of travel, relaxation and recreational activities. For others, it means free time to start a new hobby, volunteer or take continuing education classes.

This booklet explains the strategies and actions you can take to make the most out of your retirement Life. Apart from planning financially, you need to work on how you will spend your time and keep yourself active.

We hope that the Tips we share will be useful to improve your Financial future.

**Rs.40/-**

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# Thinking about Retirement

People look forward to retire with a mix of excitement and anxiety. When people decide on retirement they start their planning to be confident financially in order to lead a comfortable life. Anticipating and planning for both the positives and the negatives of retirement can help you take advantage of the opportunities and deal with the challenges. There is a definite relationship between good pre-retirement planning and a successful, satisfying retirement life. Pre-retirement planning is similar to our planning for other goals where we identify the steps that will get us there, to gather information to help us attain the goal, take action to get there and monitor its progress. Early planning lets us have some control over the ways change will affect our lives. For your transition to a retirement lifestyle, you will need to work out your plans in such areas as finances, legal affairs, insurance needs, health, housing, work, and leisure. The following are the basic steps that require in planning for retirement.

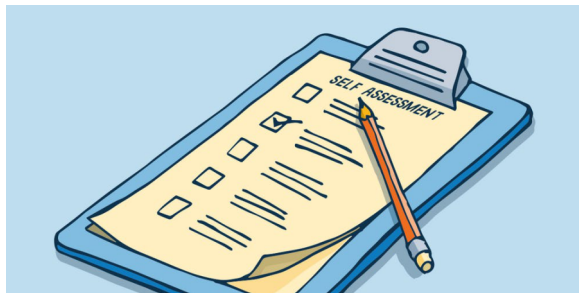


## 1. Self-assessment:

This is the first step for good personal planning. It is extremely important, and it is often overlooked. While assessing, the following questions are to be considered for retirement.

- What do one need to make them feel happy and satisfied?
- How do they want their life to be like?
- What personal and financial resources do they have?

These may seem like simple questions, yet it will take time and thoughtful work to figure out their own answers. While finding out answer for these questions one should find



their own personal answers. Planning for retirement can lead to real satisfaction that is individually tailored to their needs and desire. The result of self- assessment provides a strong base to goal setting.

## 2. Goal Setting:

After self assessing the needs and desire, one should start setting up a goal that is to be achieved after retirement. By this goal setting one would be able to mentally and financially prepare to aim in achieving it even when they are not in a salaried position.

With a clear picture of one's need and desires they are ready to identify their personal goals – things that they want to make it happen in their life. These guidelines are to be kept in mind as one does that. Their goals must be their own – based upon knowledge of their needs. They must be clear, specific, and realistic, and should be stated in positive terms that tell them how to reach it.

People who put their goals in writing are more likely to take the actions needed to carry them out. As one work through each section they will probably write down several goals. Later they can go back to decide which goals they will work on first and what specific actions they will need to take first.



### 3. Information Gathering:

For most of the planned goals, one will need additional information to know if each one is realistic and what specific actions they will need to take to reach them. For most goals, one will need more information to see if the goal can be reached. Also, they have to know exactly what actions they need to take to reach the goal. As one gather information, their goals will probably change somewhat. They may drop a goal because the information they have collected has shown it to be totally unrealistic. Or, what is more likely, they will change and restate their goals based upon that information. Once the goals are clarified, they will need to think through the steps they will be needed to take to reach them.



## 4. Action:

This is the step where in the desired goals are to be executed. Often, this is the step where planning breaks down. This breakdown is usually linked to how well the first three steps have been done. If one haven't taken the right self assessment it would end up in a mislead action. If the goals aren't their own goals, then they will not be very motivated to do the work to reach them. There can also be problems when a goal is either too vague or too ambitious and unrealistic. Unless one have made their goals clear and concrete, and unless they have done the necessary information gathering to make sure they are realistic, one won't know how to take the actions to make them happen. For each of the goals, one will need a list of each step necessary to reach that goal. When they add target dates to those action steps, they will have a clear understanding of how to accomplish this essential part of their plan.

### FOUR TIPS ON GOAL-SETTING



## 5. Reviewing and updating:

The final steps in planning for retirement is having a review and updating on the planned goals at regular intervals if required. Changes can be made in the goals by asking the following questions:

- Are the planned goals working?
- Are the target dates are being met?
- Is there any change or updation required on the desired goals?

Take a look at the calendar on a regular basis to check on how goals are doing and to see if they need to change their plans or target dates. Goals and plans will change somewhat. It would be unusual if they didn't require updating from time to time. Personal planning is after all, a dynamic, human process – changing and changeable.

Thinking of personal planning as a circular process in constant motion, with one step leading to another, can be more accurate than thinking of a list of steps. Clearly, personal planning requires work and will take your time, thought, and action, but the rewards of doing it well are so worthwhile! In the case of the personal pre-retirement planning, your time, thought, and action can pay off in a most satisfying retirement lifestyle.

## Lifestyle Changes

Usually, when people plan to retire, they spend most of their time thinking about how much money they need to survive, feeling it's unnecessary to think about other issues. After a year or less in retirement, those same



people are often worried more about all the hours they have to fill than they are about money. They also begin to worry about other changes that will happen to them. Your job gives you social contact, recognition, a daily routine, a chance to use your skills, and a way to be productive. To continue to feel good about yourself, leisure should give you many of these same things. As children, play was our work, a time when we learned skills and ways to act. Play prepared us to be active and productive adults. If you retire in your sixties you may have 25 percent of your adult life ahead of you. It is important to choose activities that will continue to give your life meaning and purpose.

There are three basic ideas to keep in mind while you are deciding how to use your free time – activity, diversity, and connection with others. Activity is a very personal issue. What may seem like a lot of activity to one person may be very little to someone else. Do you prefer group activities that are social or service in nature? Would you rather take part in recreational or educational activities? In creating your leisure plan, it's important to have diversity. Diversity also includes conditions like cost, climate, equipment, other

people, special skills, and time. For instance, you may like your job best when it has a lot of variety or change. You'll want to create lots of activities in your retirement to give you change. Or, you may like your job best when you have a chance to learn something new. A chance to learn something new in retirement will be important to you. The last idea to consider is connection;



strong ties between you and others. People play very important parts in our day-to-day lives. People share both our good and bad times. Think about the people you've worked with. Consider how many personal things you've shared with a coworker over a cup of coffee. The common interest between people is what keeps them joined to each other. If you want to stay close to coworkers after you retire, decide what common interests you share outside the workplace. If there are none, use the time before retirement to create them. This approach applies to all the people you care about – family, friends, coworkers, or neighbors. When you choose activities for retirement, find ways to include or keep in touch with those important people in your life. Boredom or loneliness can be avoided by keeping or creating contact with a wide variety of people. People who retire need to replace the social connections they enjoyed at work. Look at how much time you will have when you retire. When you're deciding how to spend your time, it's helpful to know what beliefs or standards are important to you. In addition, you'll choose more satisfying activities for your retirement if you understand what motivates you to do the things you do.

## Health and Wellness

**KEEP ACTIVE FOR A LONGER, HEALTHIER LIFE** What's the secret to a long and healthy life? While genes play a role, your lifestyle has the biggest effect on how healthy you are and how long you live. That includes

what you eat and drink, how active you are, how you handle stress, and staying connected to people. A little physical activity goes a long way. At least 30 minutes of activity, five or more days a week, can improve your overall health. Health benefits from being physically active include: • Weight control • Better sleep • More energy • Relief from depression • Reduced stress • Arthritis relief • Better ability to fight off colds and other illness • Stronger bones and muscles, which can prevent falls and bone loss disease • Lower risk of diabetes, heart disease, high cholesterol and blood pressure. People who are physically active also tend to have healthier diets, which is also very important for good health.

### WHAT IS PHYSICAL ACTIVITY?

Physical activity simply means movement of the body that uses energy. Walking, gardening, climbing the stairs, Yoga, Swimming are all good examples of being active.

### Active at Any Age

If you aren't active or haven't done any physical activity in a while, don't worry it's never

too late to start. Even people in their 70s can benefit from physical activity. The more active you are, the more health benefits you'll enjoy. Here are some tips to get you started or keep you going in the right direction:

- **Pump yourself up.** Keep reminding yourself of all the good things that come with physical activity. Make a list, post it where it's obvious, and review it every day.
- **Do what feels good.** Choose an activity you like. That way you're more likely to stick with it. Try combining exercise with another activity: lift weights or walk in place while you're watching television; take a walk with your grandchild while you're babysitting.



- **Don't sweat it.** If you're pressed for time, don't add to your stress. Divide your daily activity into small sessions. Take a 10-minute walk at lunch, another one after dinner; pull weeds for 10 or 15 minutes.
- **Ease into it.** Don't try to do too much at once, especially if you have a health problem. Start slowly. If you want to jog, start out by walking. If walking for 30 minutes seems too hard, try walking for 10 minutes first.
- **Eat well.** Good nutrition and physical activity go hand in hand. Good food gives your body the fuel it needs to stay active and function at its best. Choose foods wisely and try to pack in as many nutrients as you can.
- **Starting a walking program** is one example of a physical activity program. It's the easiest, least expensive, and most enjoyable. No special equipment or clothing is necessary, just good walking shoes. Having a walking partner will help you keep your commitment to yourself and stay with it.

There are no guarantees in life — staying active doesn't mean you'll automatically live to 100 and never be sick. But with regular physical activity, you'll increase your chances of living a longer, healthier, and more independent life.



### Build a Healthy Plate

- Make half your plate fruits and vegetables.
- Eat fruit, vegetables, or unsalted nuts as snacks—they are nature's original fast foods
- Cut Back on Foods High in Solid Fats, Added Sugars and Salt;
- Eat the Right Amount of Calories for You
- Drink water instead of sugary drinks.
- Choose 100% fruit juice instead of fruit-flavored drinks.

- Switch to Low fat milk or skim milk
- Enjoy your food but eat less. Stop eating when you are satisfied, not full.

## Prevention

Working with your doctor to stay healthy is as important as getting the right treatment when you're sick. Preventive care, or care to prevent illness and disease, includes health tests/screenings, vaccines, and health counseling. Regular preventive care can help you stay healthy and live longer. Like exercise, eating right and other things you do to keep healthy, preventive care is up to you. Talk to your doctor about which tests and vaccines you need and how often you should get them. Keep a record of all the tests you have and when, as well as the results. Mark the dates you need to get tested again on your calendar.

**Health Tests:** Some tests can help find problems or diseases before you start to have symptoms. Treating a health problem sooner rather than later improves your chances of getting better - it can even save your life.

Your doctor will recommend tests — and how often you should have them — based on your:

- (1) Age and gender (2) Current health (3) Medical history (4) Family history



# Tips for Retirement Savings

## Save your raise

Whenever you get an increase in income, redirect at least a portion of it to your retirement fund

## Channelise your surplus

When you have paid-off a loan, continue to allocate a similar amount to your Retirement Fund.

## Understand cost and fees

Understanding the fee structure can help in figuring out the real return and choosing the right product.

## Match your Employer's contribution

If your Employer contributes to a Retirement Plan such as, PF/NPS, match the contribution to have sizeable corpus.

## Focus on NPS

Open NPS a/c for additional tax savings and wealth creation.

## Choose assets that align with your retirement goals

Review asset allocation based on retirement goals. Do not ignore Equity.



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# Retired?

Continue working to  
**stay healthy**  
and active.



# Working after Retirement

A retirement investment plan is an Asset mix comprising of small saving schemes, mutual funds and Pension funds that can assure a steady monthly income for senior citizens. Individuals have started to plan for retirement in the early stage. They should be prepared in such a way that they would be able to manage their well being after paid work ends. These days working after retirement have become a new kind of strategy among some people. Many individuals, who are physically and mentally strong, don't like to sit idle and continue to work even after their retirement. It would be an extra bonus for the individual to work even after retirement and also helps them to be independent with their own source of income.

For many people, working in their 60s and beyond isn't primarily about paying the mortgage and paying down debt; it's about doing something where they can use their knowledge, skills, passion and experience

to be productively engaged.



With increased longevity, more and more people are choosing to work after retirement. Whether by choice or not, one thing is clear-it requires a lot of patience and careful planning to build a second

career.

Earning income after they reach their retirement doesn't affect their benefits, no matter how much they earn. One may have to change their lifestyle, plan finances and acquire new skills and knowledge. Ideally, most planning has to be done during the earning years, especially the finances.

## Asset Allocation during Retirement



The best asset allocation strategy for retirees isn't a one-size-fits-all formula. There are several variables that determine ideal stock/bond/cash allocation, such as age, risk tolerance, and more.

With that in mind, here's a good rule of thumb to estimate ideal asset allocation. Simply take current age and subtract it from 110 to find the percentage of assets that should be allocated to stocks, with the remainder invested in fixed-income assets. For example, if a person is 70, this implies that about 40% of investment assets should be based on equity and 60% on fixed-income investments.

It's important to understand that not all stock investments carry the same level of risk. For example, a small-cap fund or an emerging-market fund will likely be more volatile than a broad large-cap fund. Having said that, retirees should typically stick with lower-volatility stock investments.

To be clear, all investing involves risk, and markets will fluctuate. The point is that portfolio should be designed to keep volatility at a relatively low level for the amount of income and growth that is expected to achieve.

## Re-evaluation

It's important to reevaluate asset allocation periodically throughout retirement, especially if a major life change occurs. As time goes on, allocations can become



distorted due to the performance of investments, especially if stock investments have done particularly well (or poorly). For these reasons, it's a smart idea to reevaluate portfolio and make changes accordingly every few years.

## Tax Advantage

Income Tax also treats Senior Citizen in a preferential manner. They have been exempted from payment of Tax upto Rs. 3 Lakhs. From the FY 2019-20, individuals having income upto Rs.5 Lakhs can claim rebate of Rs.12500/-. To put it simply, Senior Citizens having income upto Rs.5 Lakhs need not pay tax. The limit for TDS has been enhanced to Rs.50000 for bank deposits. A deduction under section 80TTB



has been introduced, wherein deduction is allowed for Bank Interest/ Post Office Savings upto Rs.50000. Recently, amendment has been made to form 15H. Form 15H can be filed Senior Citizens claiming rebate of Rs.12,500. I.e. Income upto Rs. 5 Lakhs can file form 15H.

Working after retirement can provide a wonderful opportunity to work on own terms. Many companies appreciate senior workers' experience and provide flexible, rewarding jobs. There are many ways to leverage your passion and experience into a rewarding post-retirement career – but don't think they are too old to learn any new tricks. Retirement can provide the opportunity to train for a new, exciting job or volunteer position with minimal time investment.



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**Retirement is an important milestone in Life !**  
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Maintain a comfortable Standard of Living !

### Key to a successful retirement plan

- 1 Start Early
- 2 Diversify
- 3 Stay invested

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### About IFE Academy

IFE Academy was established in 2011 as a Not-for-Profit entity to promote Financial Education. IFE Academy conducts Investor Awareness Programs across the country with the support of other market participants. [www.ifea.in](http://www.ifea.in) is a comprehensive website on Financial Education. It has various sections such as Videos, Puzzles & Games, Financial Calculators and Library. It gives a holistic view on financial education combining various aspects such as Savings, Investments, Credit, Insurance and Pension at a single place. IFE Academy periodically publishes Investor Educational materials and distributes it to general public.

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