



राष्ट्रीय वित्तीय शिक्षा केन्द्र

National Centre for Financial Education

एक आर्थिक रूप से जागरूक और सशक्त भारत

A financially aware and empowered India

Promoted By :

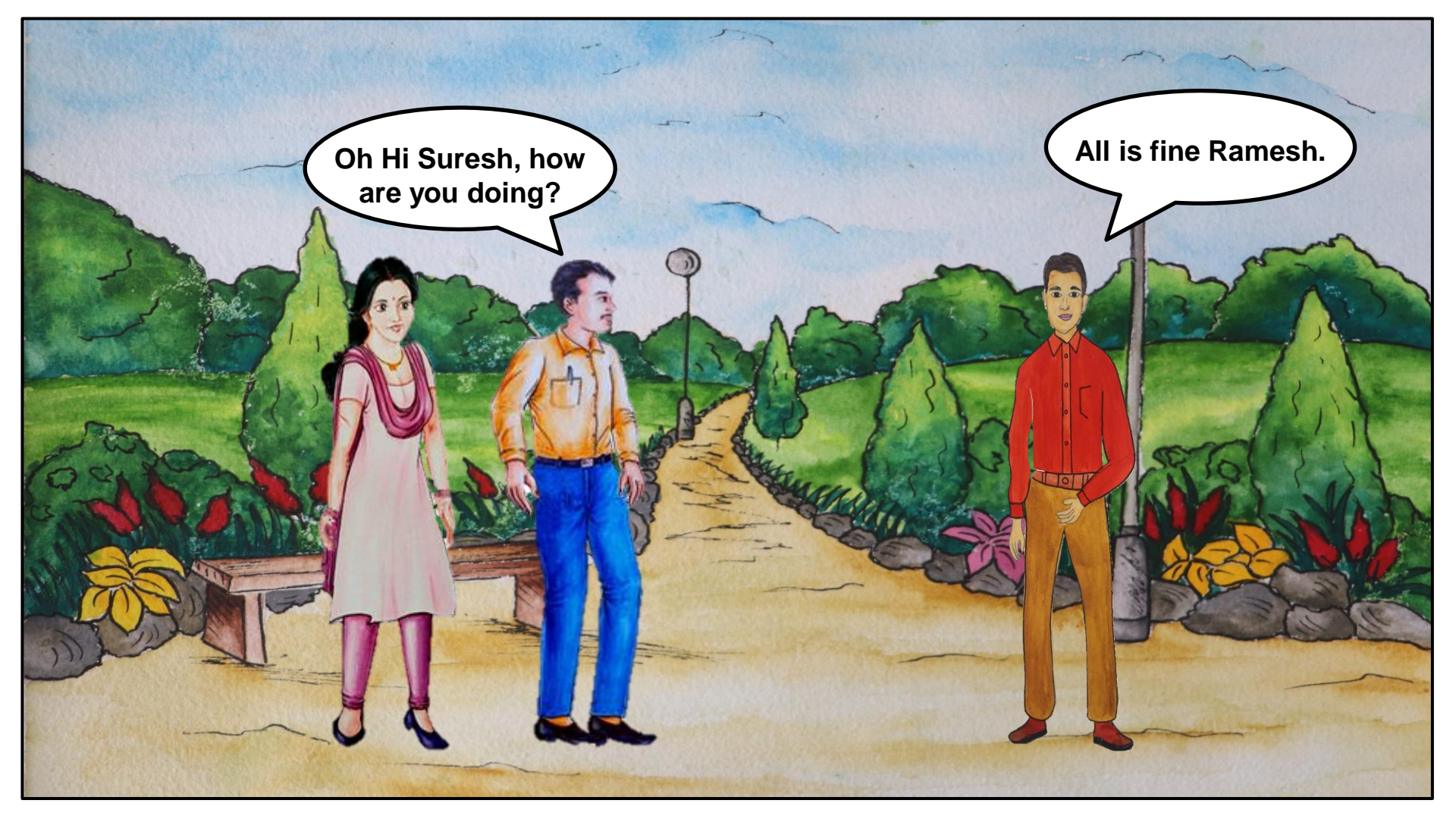


The Palace School,



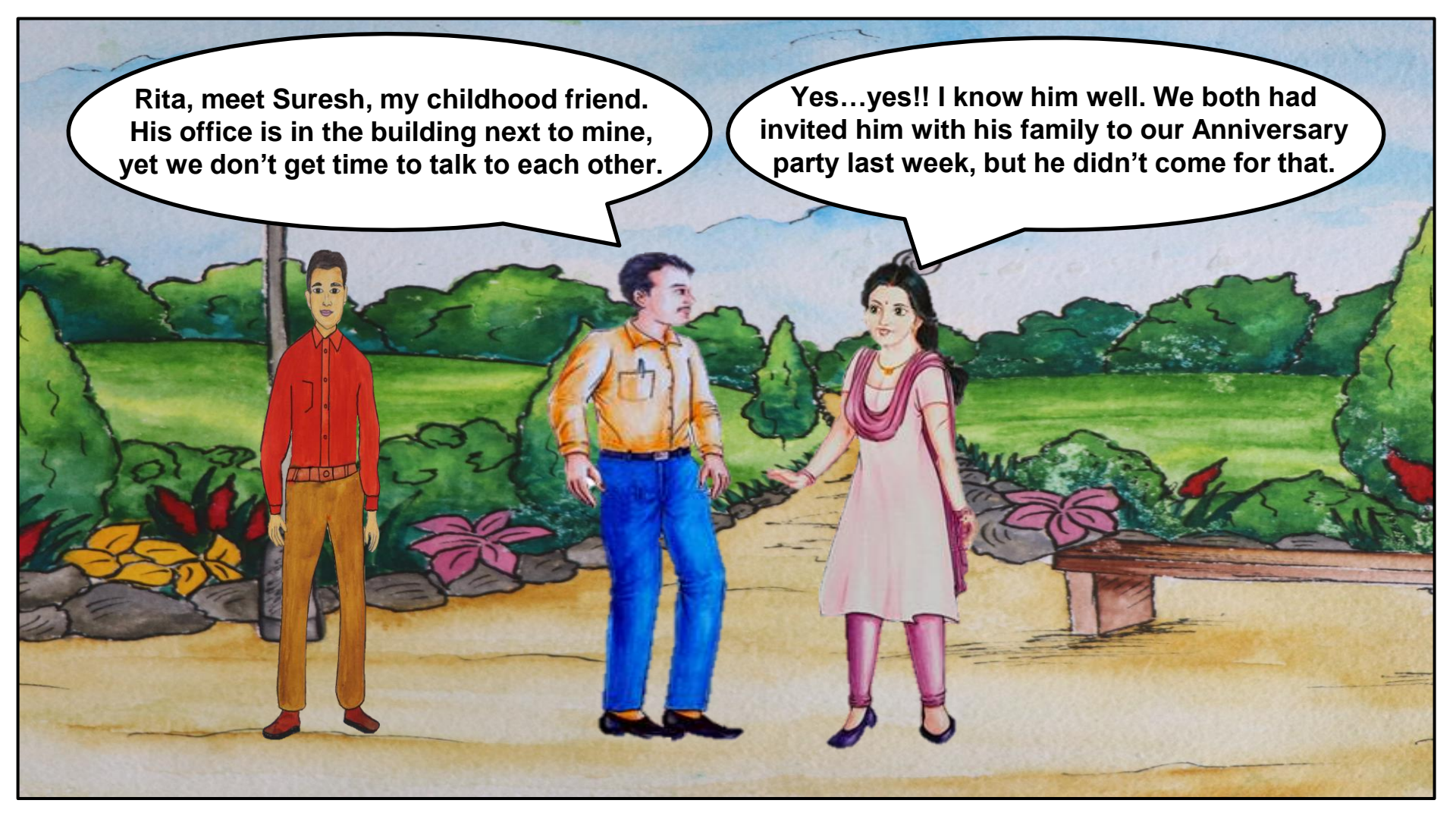
Ramesh, let's go to the market...need to buy a few things.

Ok Rita, let's go....after the shopping we will have dinner at our favorite restaurant.



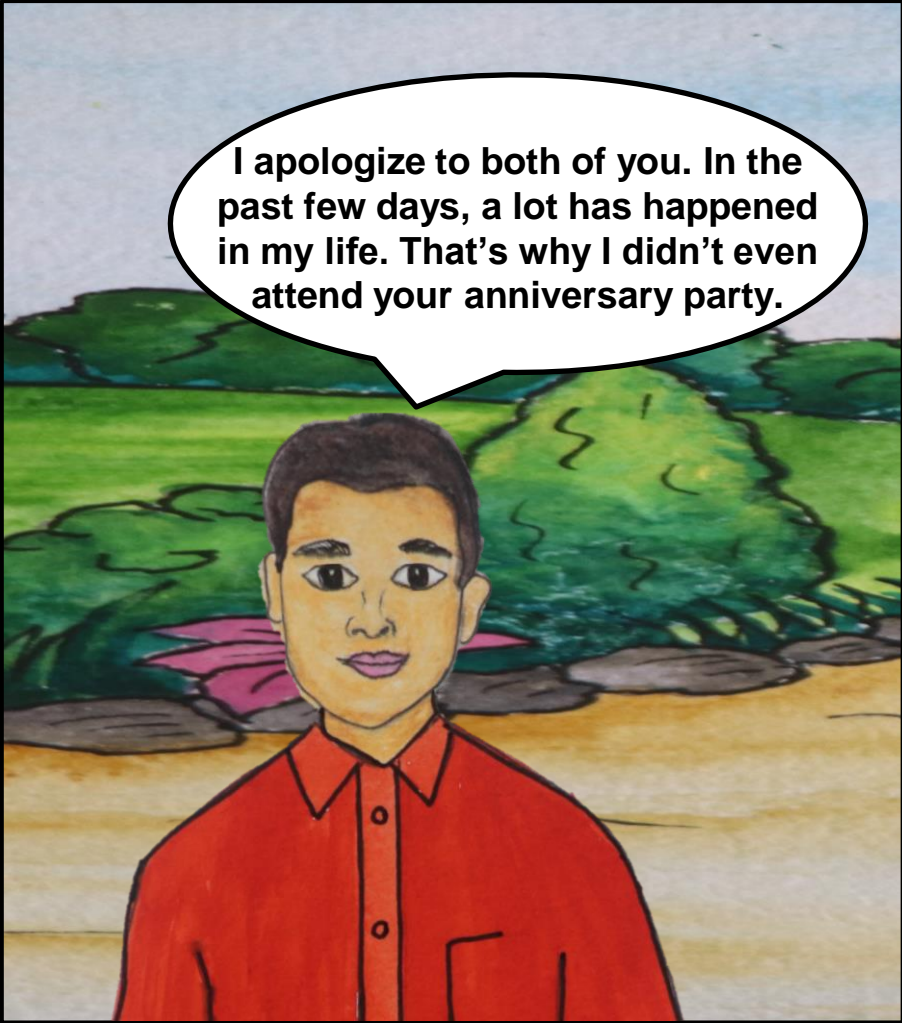
Oh Hi Suresh, how are you doing?

All is fine Ramesh.




Rita, meet Suresh, my childhood friend.  
His office is in the building next to mine,  
yet we don't get time to talk to each other.

Yes...yes!! I know him well. We both had  
invited him with his family to our Anniversary  
party last week, but he didn't come for that.

A man with dark hair, wearing a red button-down shirt, stands in a garden. The background features green bushes and a path. A speech bubble is positioned above him.

I apologize to both of you. In the past few days, a lot has happened in my life. That's why I didn't even attend your anniversary party.

A man with a mustache, wearing a yellow button-down shirt and blue pants, stands in a garden. The background features green bushes and a path. A speech bubble is positioned above him.

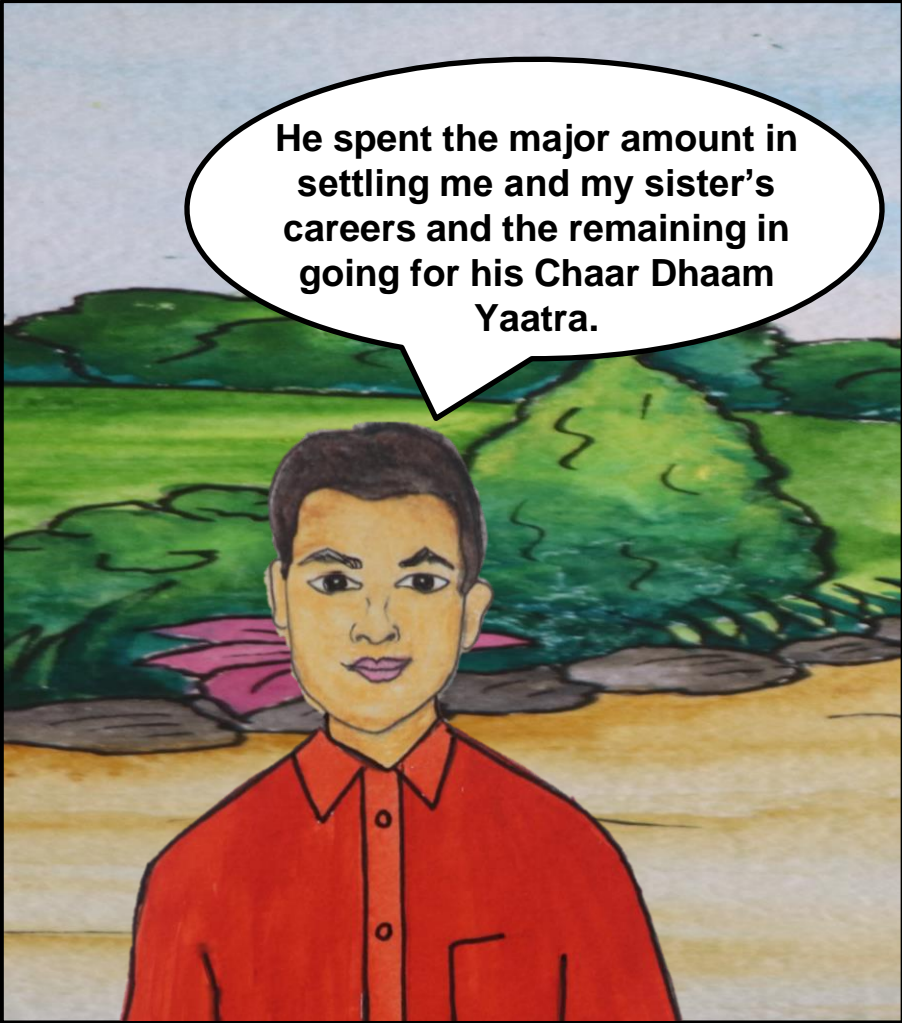
What happened Suresh? I hope things are fine at your end?




You know, my father retired 5 years ago and got Rs 15 lakh on his retirement.




Yes...yes! I remember that. We all got a big treat from you at that time.

A man with dark hair, wearing a red button-down shirt, stands in a garden. The background shows green bushes and a path. A speech bubble is positioned above him.

He spent the major amount in settling me and my sister's careers and the remaining in going for his Chaar Dhaam Yaatra.

A man with a mustache, wearing a yellow button-down shirt and blue pants, stands in a garden. The background shows green bushes and a path. A speech bubble is positioned above him.

Everyone praised him for that....he spent all the money in making you both self-reliant.

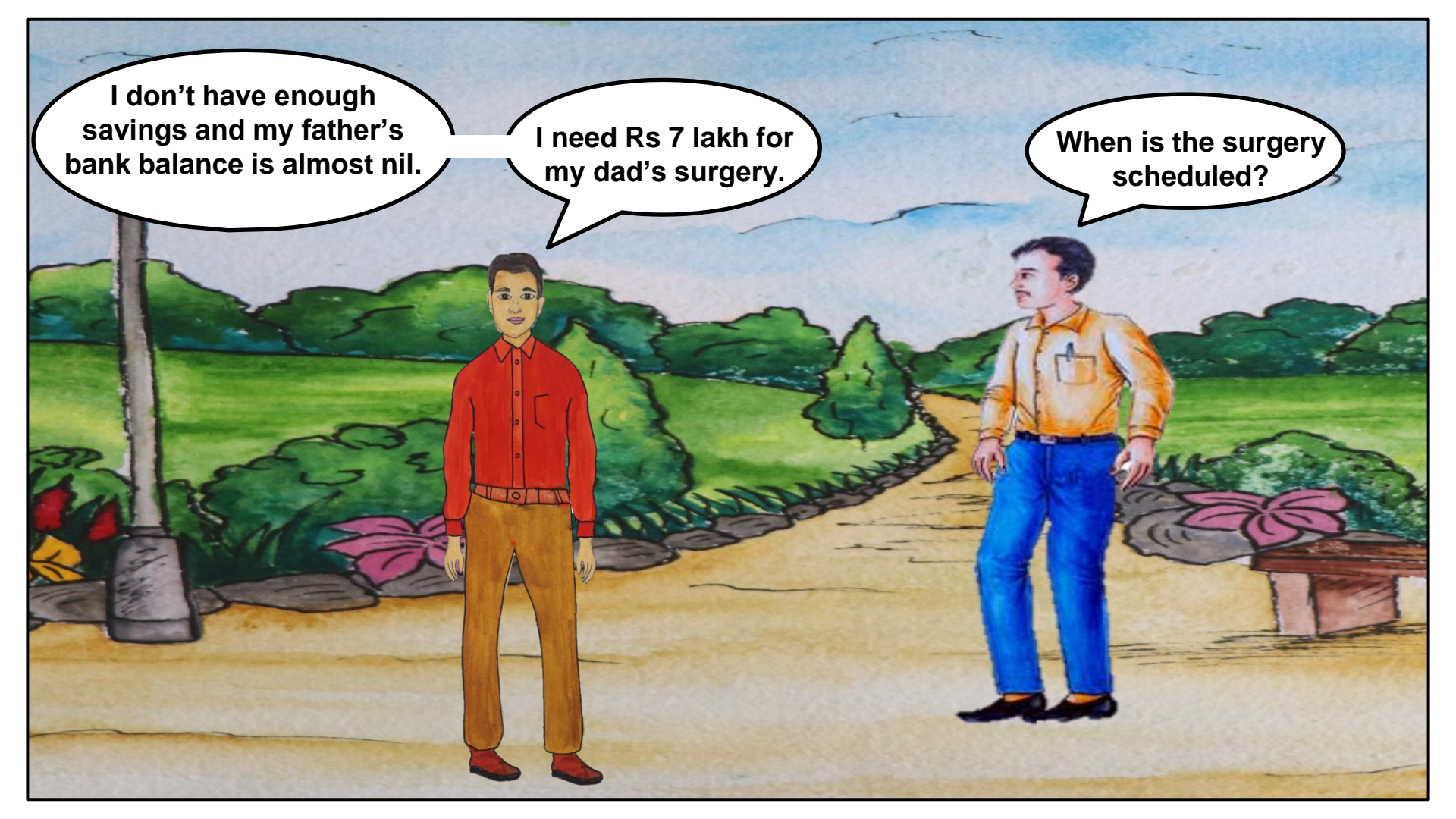


But now, he is hospitalized and the doctor has advised him for a kidney transplant. What to do Ramesh?



Oh! That's sad.

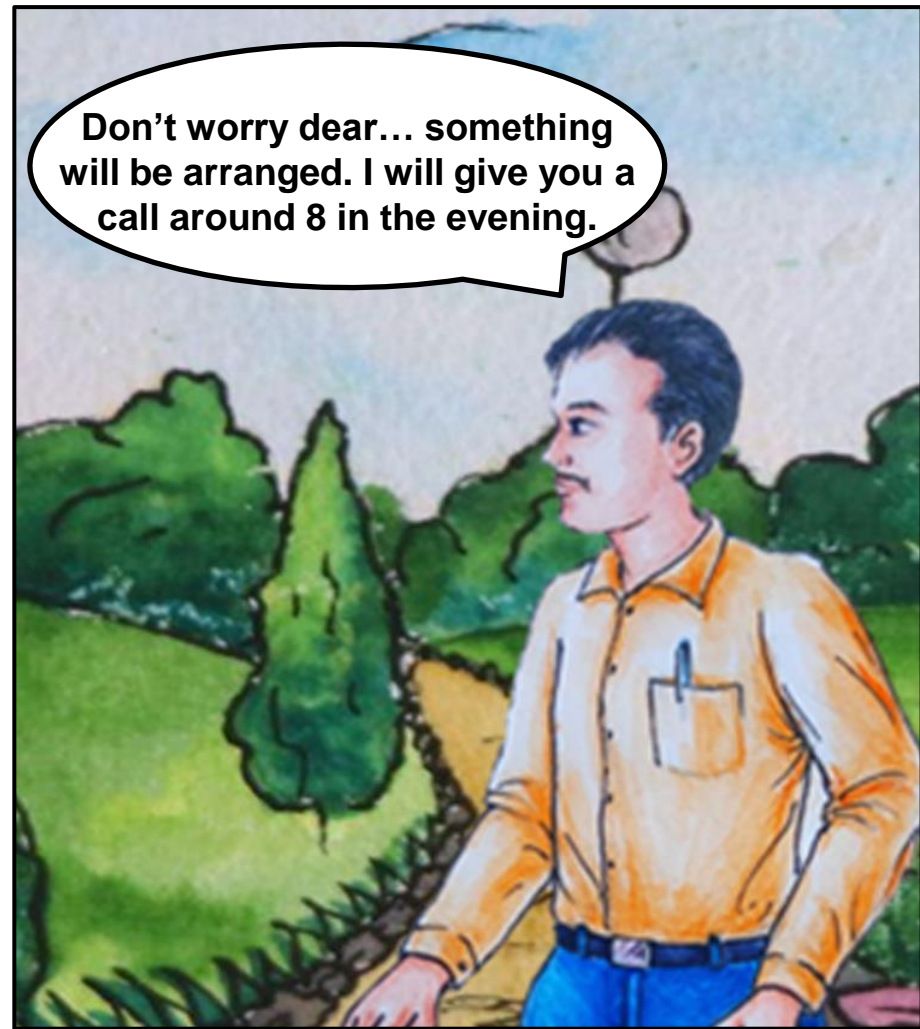
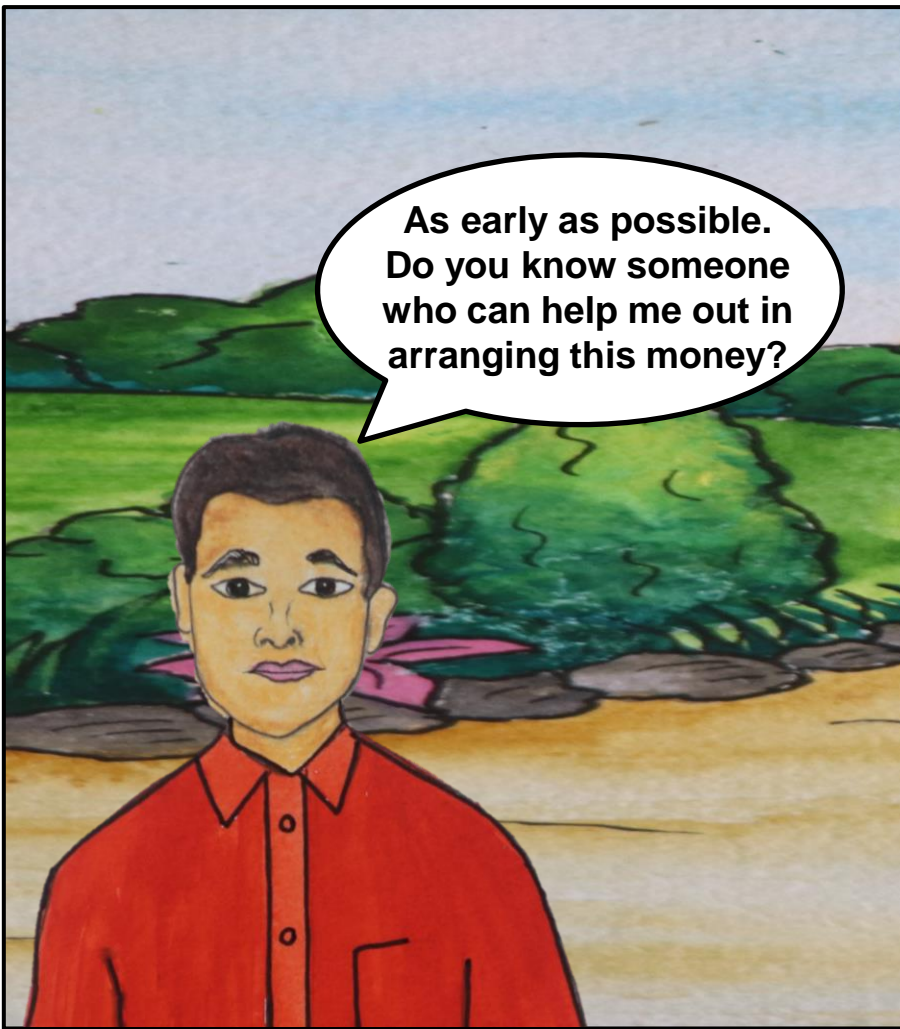




I don't have enough savings and my father's bank balance is almost nil.

I need Rs 7 lakh for my dad's surgery.

When is the surgery scheduled?






I will wait for your call Ramesh. See you!

Bye Suresh...will call you!

Don't worry bhaiya. Something will surely be arranged.




Ramesh, seeing your friend's situation....you would not want to get into the same situation.

Yes Rita, we need to start our retirement planning at the earliest. Hence, we need to regularly invest a small amount every month in financial schemes which give good returns in the future and take care of our expenses post our retirement.


A woman with dark hair, wearing a pink dress and a purple shawl, is speaking to a man. The man has a mustache and is wearing a yellow shirt and blue pants. They are standing on a dirt path in a park-like setting with green trees and a blue sky. A speech bubble is connected to the woman, and another is connected to the man.

So, without any delay, we need to plan well in advance for our retirement expenses.


You are right, dear. Suresh is in great difficulty.

A woman with dark hair, wearing a pink dress and a purple shawl, stands in a garden. She is looking towards the man on the right. The background features green foliage and a path.

But, how we will come to know how much amount will be sufficient for our retirement years?

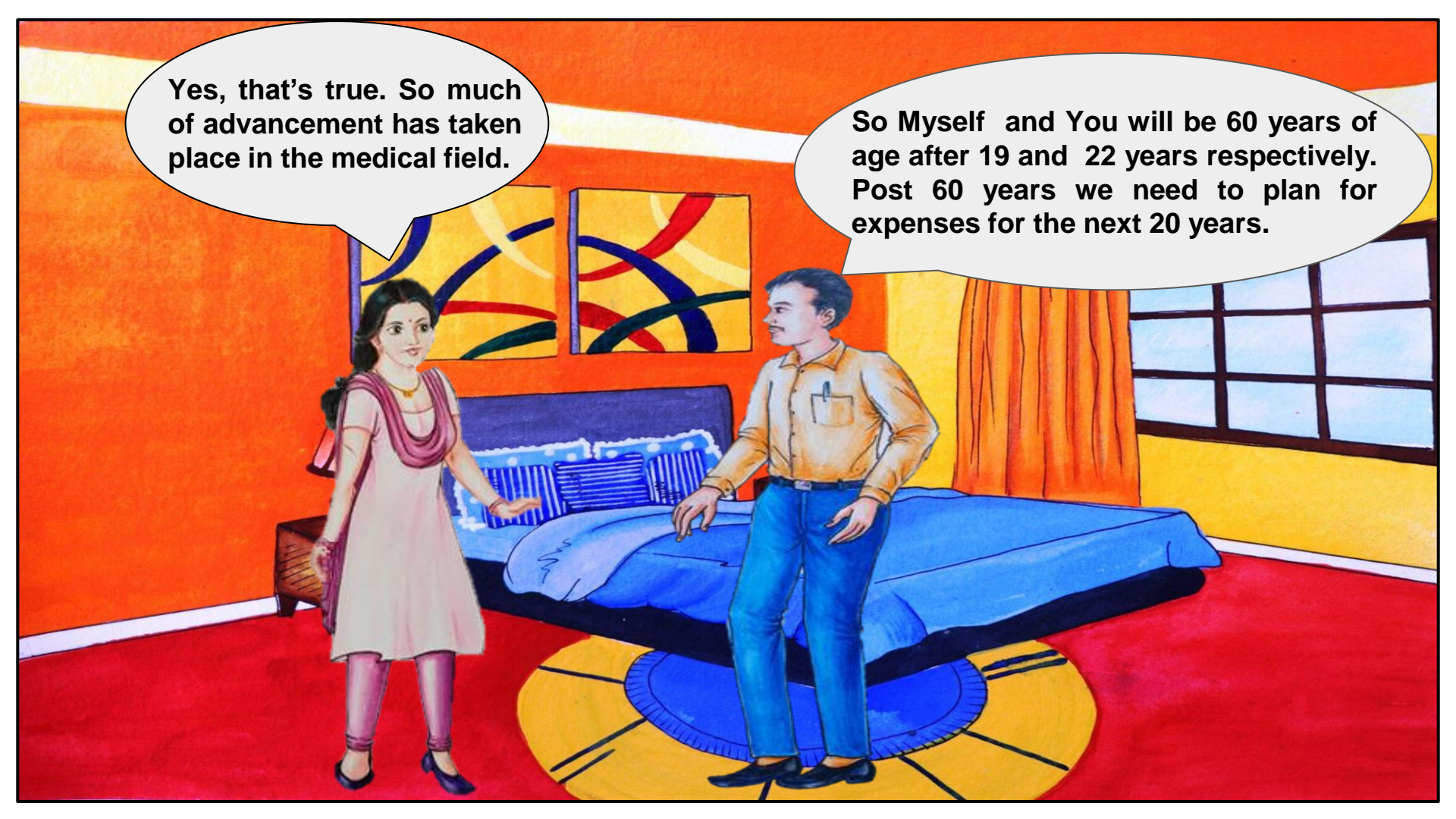
A man with a mustache, wearing a yellow shirt, stands in a garden. He is looking towards the woman on the left. The background features green foliage and a path.

Let's complete our shopping and have our dinner. Then I will explain you in detail.



Yes Ramesh, now explain me....  
How will we calculate the amount  
required for our retirement?


Just try and understand...  
My age is 41 years and  
yours is 38 years. The life  
expectancy we assume is  
80 years.




**Yes, that's true. So much of advancement has taken place in the medical field.**

**So Myself and You will be 60 years of age after 19 and 22 years respectively. Post 60 years we need to plan for expenses for the next 20 years.**

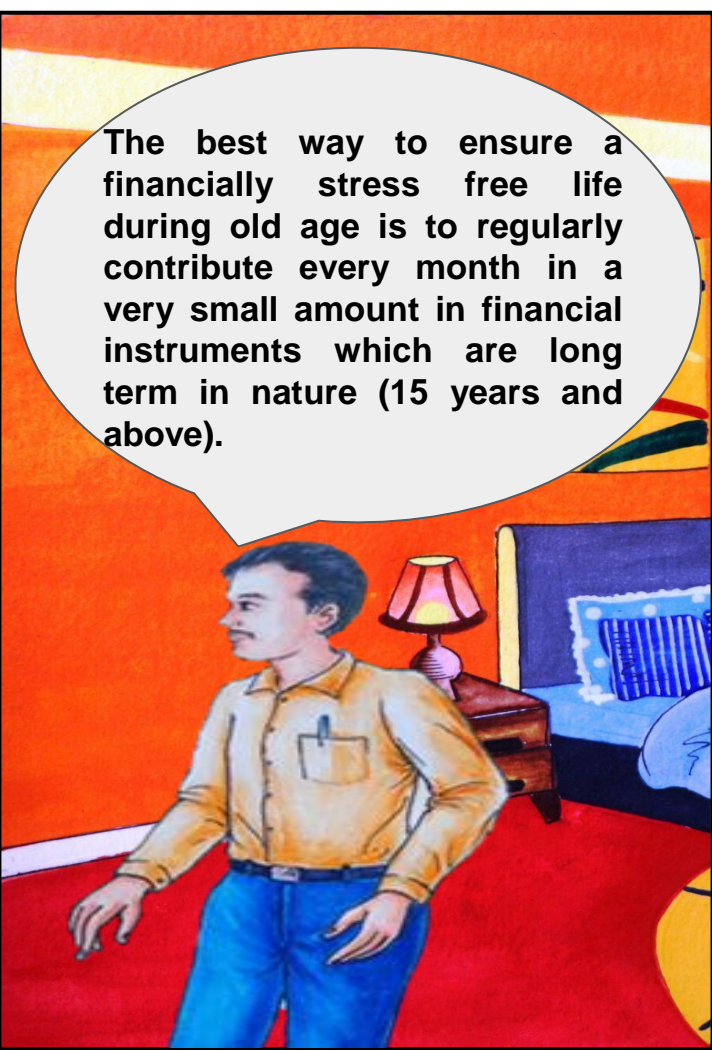


A man with a mustache, wearing a yellow button-down shirt and blue trousers, stands in a bedroom. He is looking towards the right. The room has a blue bed with a striped pillow, a nightstand with a lamp, and a window with a yellow and orange striped blind.

Current annual expenses are Rs 4,20,000 (based on the assumption that Rs. 35,000 per month is the monthly expense). So assuming that you are retiring today, total fund requirement for safe retirement will be Rs. 84,00,000 (4,20,000 X 20)

A woman with dark hair, wearing a pink dress and a purple shawl, stands in a bedroom. She is looking towards the right. The room has a blue bed with a striped pillow, a nightstand with a lamp, and a window with a yellow and orange striped blind.

That's a huge amount Ramesh. How we will arrange for it?

A man with a mustache, wearing a yellow button-down shirt and blue trousers, stands in a bedroom. He is looking towards the left. The room has a blue bed with a striped pillow, a nightstand with a lamp, and a window with a yellow and orange striped blind.

The best way to ensure a financially stress free life during old age is to regularly contribute every month in a very small amount in financial instruments which are long term in nature (15 years and above).



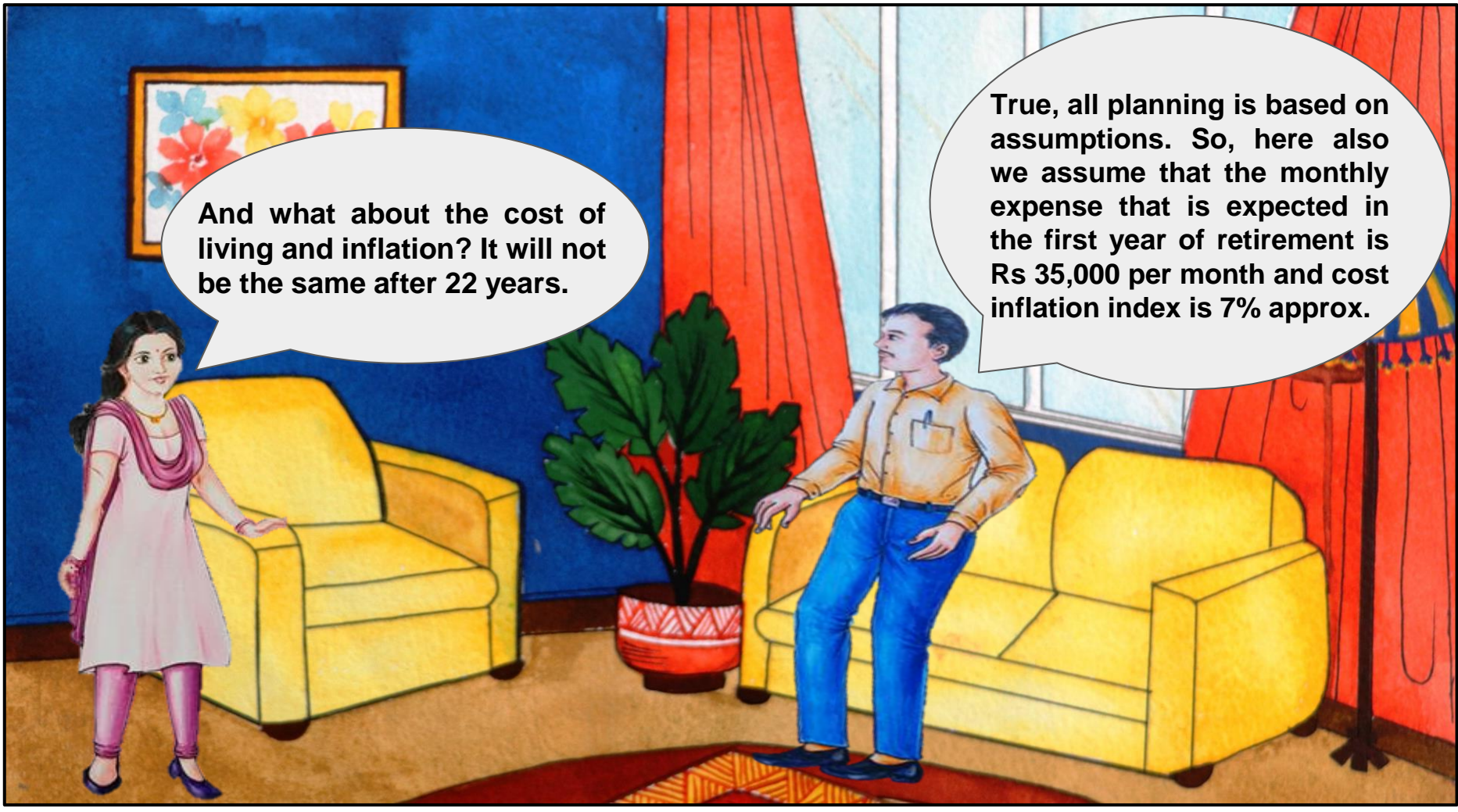
I have read about the products like PPF, NPS.




Yes, They have been created for this purpose only.



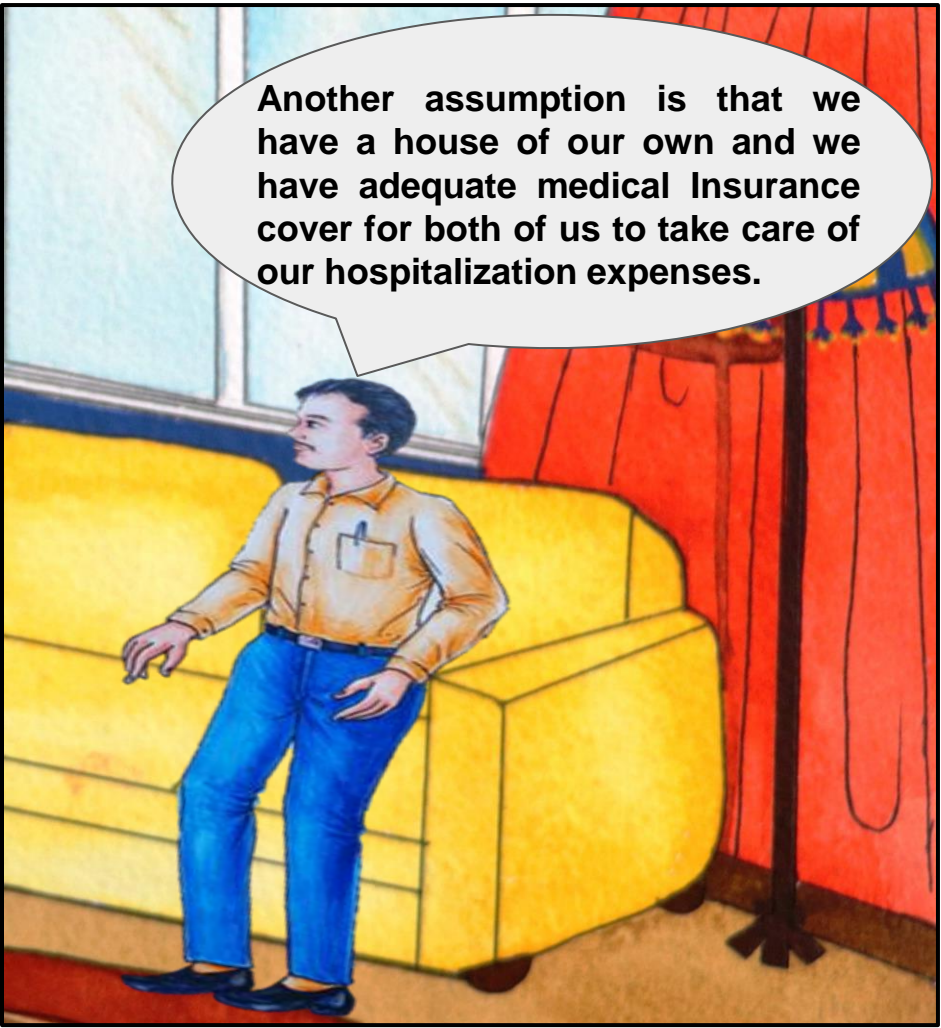
And what about the cost of living and inflation? It will not be the same after 22 years.



True, all planning is based on assumptions. So, here also we assume that the monthly expense that is expected in the first year of retirement is Rs 35,000 per month and cost inflation index is 7% approx.



What else we need to assume?




Another assumption is that we have a house of our own and we have adequate medical Insurance cover for both of us to take care of our hospitalization expenses.

With 7% increase, the Annual Expenses for the year 2035 will be Rs 15,18,941. Assuming that investment return and inflation are same, Retirement corpus required for us to manage till 80 years of age is  $15,18,941 \times 20 = 3.03 \text{ Cr.}$

Ramesh, so that means if we have this much of money with us...we can have a safe retirement.





So Ramesh, we should not delay it and let's plan and start investing so that we can have a stress free retirement.

Yes....now you have understood it.