

# STORY OF AN ANT AND GRASSHOPPER

We all know the story of an ant and the grasshopper, where ants were busy saving food for winter and the grasshopper enjoying the spring and then starved in the winter.

All of us not only want to be in the position of the ant but one step further.

So let us see what options do we have when we are at the start of retirement, where can we have our retirement corpus so it would last till we live and also pass it down to next generation.



## INVESTMENT OPTIONS AVAILABLE TO RETIREE

Retirement is a phase where you have stopped working, but your money must not have stopped working. This can happen if you had parked your money efficiently.



# SENIOR CITIZENS SAVINGS SCHEME (SCSS)

Any Individual above the age of 60

ELIGIBILITY

TERM

5 years, can be extended for 3 years, once

7.4% P.A (for Q4 FY21-22) paid quarterly and is subject to periodic changes

INTEREST RATE

MINIMUM DEPOSIT

Rs1000 and in its multiples

Rs.15 lac

MAXIMUM DEPOSIT

TAX

Deduction of up to Rs.1.5 lakh p.a u/s 80C. Interest taxable as per tax slab

# PRADHAN MANTRI VAYA VANDANA YOJANA (PMVVY)

Any individual  
above age of  
60

ELIGIBILITY

TERM

10 years

7.4% P.A payable  
monthly (for FY  
21-22)

Note: we can choose  
pension interval:  
monthly, quarterly,  
half yearly or yearly

INTEREST  
RATE

MINIMUM  
DEPOSIT

Rs. 1.5 lakh (for  
yearly pension)

Rs.15 lakh ( for  
monthly  
pension)

MAXIMUM  
DEPOSIT

TAX

Deduction of  
up to Rs.1.5 lakh  
p.a u/s 80C.  
Interest taxable  
as per tax slab

# POST OFFICE MONTHLY INCOME SCHEME



- Eligibility: Account can be opened by-
  - a Single adult
  - Joint Account (up to 3 adults)
  - a guardian on behalf of Minor/ person of unsound mind
  - A minor above 10 years in his own name
- Term : 5 years
- Interest: 6.6% p.a payable monthly
- Minimum deposit: Rs. 1000 and in its multiples
- Maximum Deposit: Rs. 4.5 lakh in single account and 9 lakh in joint account
- Tax: As per investor's tax slab.

# SOVEREIGN GOLD BOND

- In India, there is still a tradition to pass down estate to next generation and gold plays an important part in passing down this legacy.
- One could opt for Sovereign Gold bond offered by RBI.
- Tenure: 8 years. Traded in the secondary market. Can be sold back after completion of 5 years.
- Interest income of 2.5% annually.
- Make investment in own name and take benefit of 2.5% interest availed on it in his/her lifetime and add nominee as legal heirs.

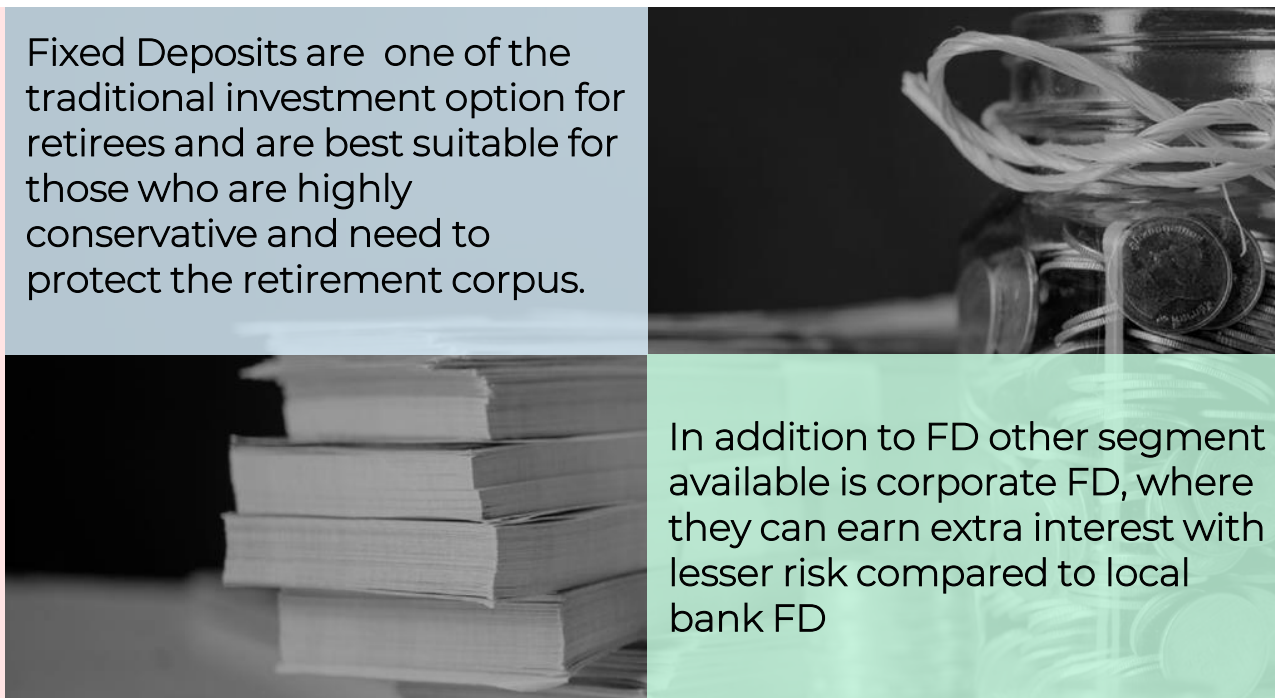


# FD

Fixed Deposits are one of the traditional investment options for retirees and are best suited for those who are highly conservative and need to protect the retirement corpus.

They are more lucrative as they offer extra 0.5-1.5% interest to senior citizens

In addition to FD, another segment available is corporate FD, where they can earn extra interest with lesser risk compared to local bank FD



If a senior already has an active PPF account, he/she may continue with the account since it offers a good rate of return which is tax-free too

# PUBLIC PROVIDENT FUND



**Current Interest:**  
7.1% p.a

**Minimum annual deposit:** Rs.500

**Maximum annual deposit:** Rs.1,50,000

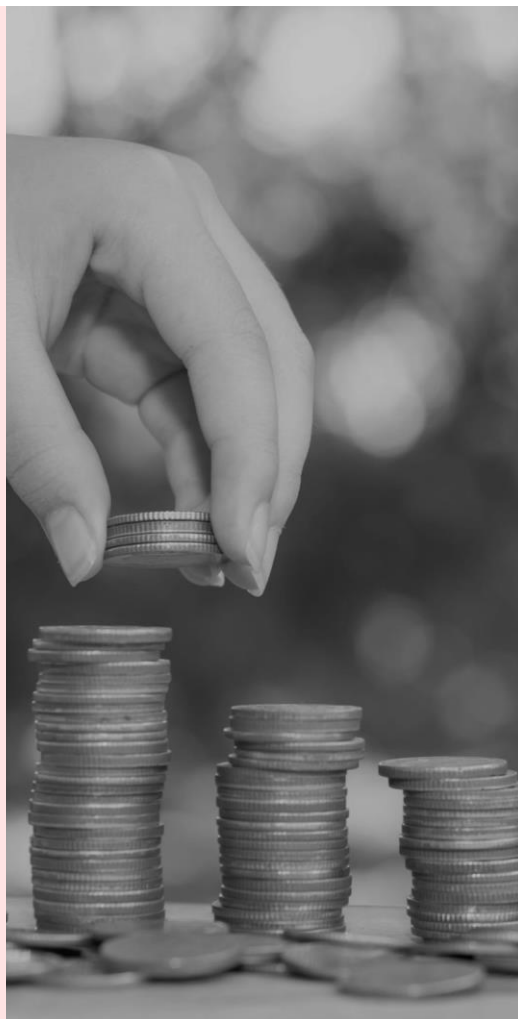
**Maximum deposits in financial year:** 12

Loan or partial withdrawal option is available after 7 years.

**Tax benefit:** Enjoys EEE status- Deposit amount (up to Rs. 1.5 lakh), interest and maturity value are all tax free.



# SYSTEMATIC TRANSFER PLAN

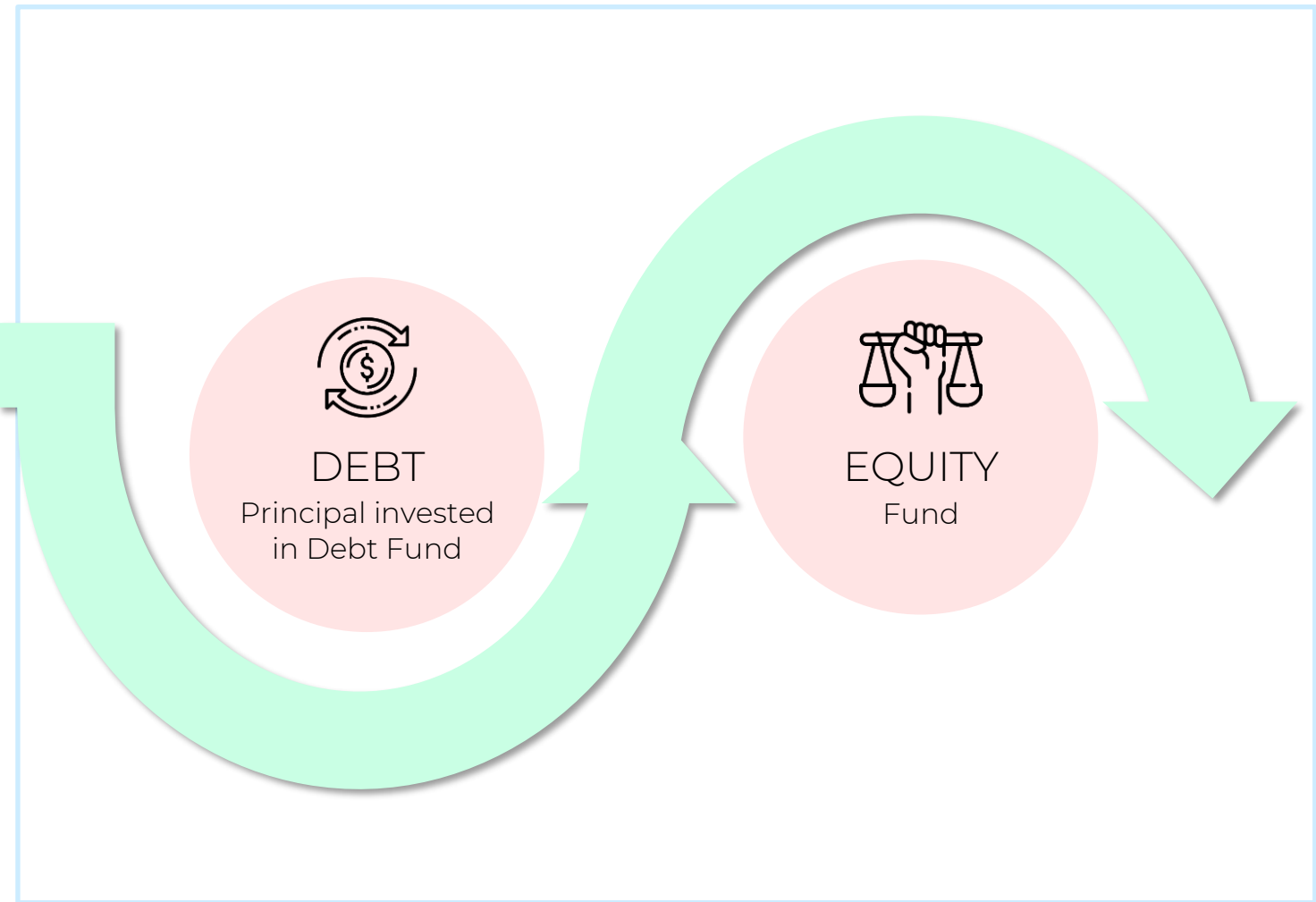


If a senior citizen has surplus amount to invest, he/she can consider investing in Systematic Transfer Plan (STP).

- This plan is suitable for investors looking for high safety of capital with potential of a little higher returns in the long term.
- High safety of principal.
- Potential of higher returns than fixed deposits.
- Lower taxes.
- Anytime liquidity of capital.
- Can top-up investment anytime.
- Can do partial withdrawal anytime.
- No maturity date. Choose your own period.

It is a smart tool offered by mutual fund which help transfer of funds from one scheme to another scheme at pre defined frequency.

Ideal for situation where lump sum amount need to be parked.



# REVERSE MORTGAGE

- Reverse Mortgage is an excellent option for those having their own house and looking for lifetime annuity. It is specially a good option for those who have inadequate retirement corpus.
  
- The scheme involves the borrower (senior Citizen) pledging the house property to the bank in return for a lump sum payment or periodic payments spread over the loan tenure.
  
- The homeowner is not obliged to repay the loan or leave the house during his lifetime.





# SYSTEMATIC WITHDRAWAL PLAN

Systematic Withdrawal Plan (SWP) offered by mutual funds can be a great tool/process to get monthly cash-flows for expenses



One can invest lump sum and withdraw at a defined frequency to generate regular income



Convenience/  
Flexibility

Possibility of  
Higher Returns

Tax Efficiency

Diversification



## BALANCED ADVANTAGE FUNDS

- A suitable option for those looking for capital appreciation with lower risk than pure equity funds.

- In these kind of funds, fund managers keeps on changing the equity/debt exposure depending upon market conditions.