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RETIREMENT CORPUS

Investment Strategy Proposal

Prepared for:

Sri XXXX

Prepared by:

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Investor Profile: Level 4 | Age 60 | Pension-Backed

Client Profile & Existing Portfolio

Client Snapshot

Age: 60 years (Retired)

Employer: XXXX

Designation: XXXX

Risk Profile: Level 4 – Advanced Investor

Pension Status: Pension-Backed (De-risks corpus)

Monthly Expenses: ₹1,20,000 (₹20,000 gap met from SCSS+FRB)

Net Monthly Surplus (SIP): ₹20,625 reinvested into equity funds

Investment Horizon: 25–30 years

Existing Fixed-Income Portfolio

Instrument	Amount	Annual Income
SCSS (8.2% p.a.)	₹30 Lakh	₹2,46,000 / yr ₹20,500 / mo
RBI-FRB (8.05% p.a.)	₹30 Lakh	₹2,41,500 / yr ₹20,125 / mo
Total	₹60 Lakh	₹4,87,500 / yr ₹40,625 / mo

Pension Income Note

Monthly expenses ₹1,20,000 exceed pension (₹1,00,000) by ₹20,000 — met from SCSS+FRB. Balance SCSS+FRB of ₹20,625/mo is reinvested as SIP. No withdrawal from equity corpus needed. Total income: ₹1,40,625/mo.

Three-Bucket Strategy

BUCKET 1

Liquidity

0 – 2 Years

~₹30L

- 12–18 months of SWP gap
- Emergency buffer (medical, home repair)
- Instruments: Liquid / Overnight Funds
- Never disturbed; refilled annually



BUCKET 2

Income / Stability

3 – 7 Years

~₹60L

- SCSS + RBI-FRB (₹60L already invested)
- MF: Short Duration Debt
- Balanced Advantage Fund
- Tops up liquidity bucket as needed



BUCKET 3

Growth

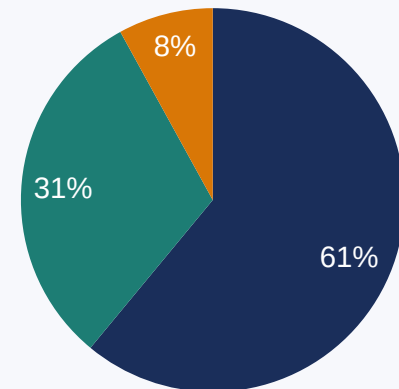
8+ Years

~Remaining

- Core compounding engine
- Equity-heavy: Flexi Cap, Index, Midcap
- International equity (optional hedge)
- Legacy building & inflation-beating

Asset Allocation Across Full Corpus

Asset Allocation	Amount	% Share
Equity (MF)	~₹2.07 Cr	61%
Debt (SCSS+FRB+MF Debt)	~₹1.05 Cr	31%
Cash / Liquid	~₹0.27 Cr	8%
TOTAL	~₹3.4 Crore	100%



■ Equity (MF) 61% ■ Debt 31% ■ Cash/Liquid 8%

Pension de-risks the portfolio – Regular pension income replaces bond-like stability, enabling higher equity allocation vs typical retiree.

Level 4 investor capability – Comfortable with volatility; can stay invested through market corrections without panic-selling.

Long runway (25–30 yrs) – Extended horizon allows equity compounding to do its work and recover from any short-term drawdowns.

Recommended Mutual Fund Portfolio (6–7 Funds)

Bucket Purpose	Fund Category	% of allocation of Corpus	Rationale
Liquidity	Liquid / Overnight Fund	8.8%	Instant access, capital preservation; parking for SWP and emergency needs
Stability	Short Duration Debt Fund	8.8%	Low volatility, 1–3 yr maturity; post-2023 taxed at slab rate – hold in growth option
Stability	Balanced Advantage Fund (BAF)	11.8%	Dynamic equity-debt mix; smoothens volatility; qualifies for equity LTCG treatment
Growth	Flexi Cap Fund (Core equity)	35.3%	Diversified across market caps; fund manager selects best opportunities across cycles
Growth	Nifty 50 Index Fund	20.6%	Low-cost passive exposure to India's 50 largest companies; reliable large-cap anchor
Growth	Midcap Fund	10.3%	Higher return potential over 8+ years; complements flexi-cap without large-cap overlap
Growth (Opt.)	Nasdaq 100 FoF	4.4%	USD-denominated hedge; international diversification via US tech; optional but recommended

SWP Strategy & Monthly Cash Flow

Pension Income

₹1,00,000/mo

Govt/EPFO –
fully inflation-linked

SCSS + RBI-FRB Interest

₹40,625/mo

SCSS 8.2% + FRB 8.05% =
₹4,87,500/yr

Monthly Expenses

₹1,20,000

₹20,000 gap topped up
from SCSS+FRB

Net Monthly Surplus (SIP)

₹20,625

₹40,625 – ₹20,000 gap =
reinvested as SIP

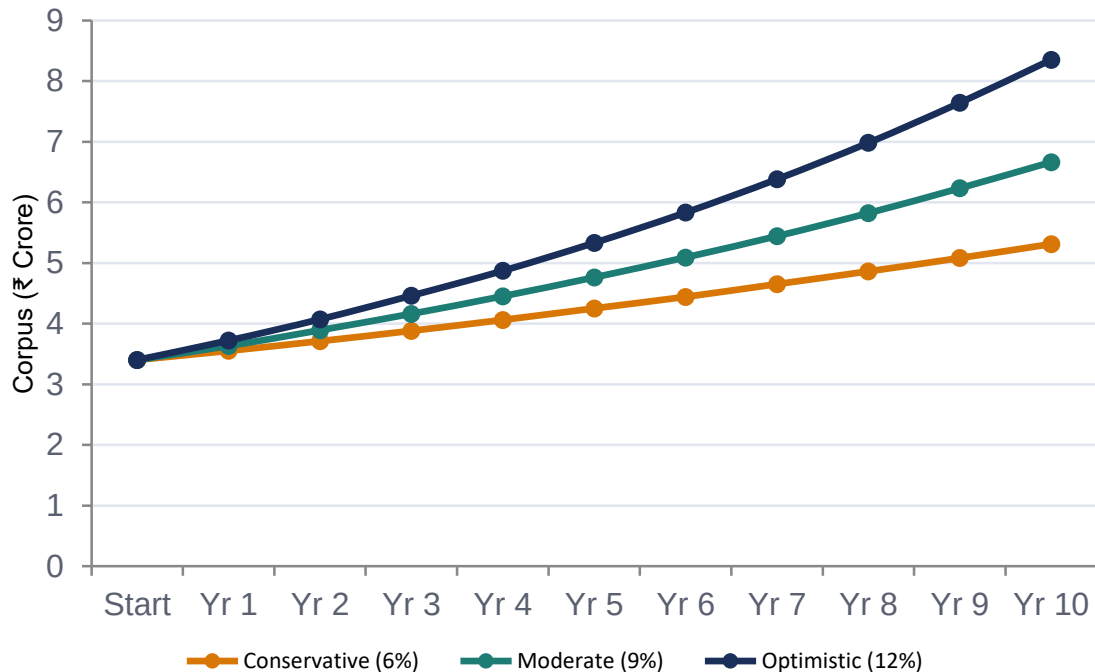
Recommended SWP Approach

Phase 1 (Years 1–5): Pension (₹1,00,000) covers most expenses. ₹20,000/mo gap is met from SCSS+FRB income. Remaining ₹20,625/mo reinvested as SIP into equity funds — zero SWP from corpus needed.

Phase 2 (Years 6+): If expenses rise beyond ₹1,40,625/mo total income, activate SWP from Liquid/Balanced Advantage funds only. Step up 6% annually.

Year Range	Monthly Gap	Source
Years 1–2	₹20,000	SCSS / FRB
Years 3–5	₹22,000–25,000	SCSS/FRB + Liquid (if needed)
Years 6–10	₹25,000–32,000	Liquid + Balanced Advantage
Years 11+	As needed	Equity (last resort only)

10-Year Corpus Longevity Projection



Conservative (6%)

10-yr Corpus: ₹5.3 Cr

Corpus still grows in nominal terms

Moderate (9%)

10-yr Corpus: ₹6.7 Cr

Real growth; inflation comfortably beaten

Optimistic (12%)

10-yr Corpus: ₹8.4 Cr

Strong legacy + flexibility

Starting corpus ₹3.4 Cr | Net SIP of ₹20,625/mo reinvested after meeting ₹20,000 expense gap | 6% annual step-up when SWP activated

Pension Risk Assessment & Buffer Sizing

Government / EPFO Pension

Security Level: VERY SECURE

- Backed by government guarantee – virtually default-proof
- DA-linked; real purchasing power largely preserved
- Liquidity bucket can be lean: ₹20–25L sufficient
- Higher equity tilt justified (60–65% equity comfortable)
- Stability bucket can be minimal; SCSS/FRB already covers it

Private Annuity

Security Level: MODERATELY SECURE

- Insurance company counterparty risk exists
- Fixed payout; no inflation-linkage (real value erodes)
- Larger liquidity buffer recommended: ₹35–40L
- Reduce equity tilt slightly: 55–60% more prudent
- Larger stability bucket to cover 3–4 yrs of expenses

This proposal assumes a Government / EPFO pension. Confirm pension type with client before finalising allocation.

Rebalancing Rules & Tax Efficiency

Rebalancing (Annual)

Trigger	Action
Equity > 67%	Shift excess to debt / liquid
Equity < 57%	Buy equity from surplus cash
SCSS maturity (Yr 5)	Reinvest – reassess rates first
Market falls 30–40%	Do NOT sell; use liquid bucket
Equity step-up needed	Use new SIP/interest surplus

Review frequency: Once per year (not quarterly). Trigger-based, not calendar-based for mid-year events.

Tax Efficiency Strategy

Tax Harvesting (Annual – March)

Sell equity units with up to ₹1.25L LTCG gain (tax-free threshold). Immediately repurchase same fund. Cost base resets; future liability shrinks. Over 10–15 yrs, this can save several lakhs.

Debt Fund Tax (Post-2023)

Short-duration and liquid funds taxed at income slab rate. Hold in Growth option. Defer redemptions to keep taxable income low.

Current Tax Profile (FY26)

Pension ₹12L/yr + SCSS ₹2.46L + RBI-FRB ₹2.415L = Total taxable income ~₹16.87L. Effective rate ~17% under New Tax Regime. Annual tax harvesting critical at this income bracket.

Equity Advantage

No SWP in Phase 1 = zero LTCG realisation. BAF qualifies for equity tax treatment (1-yr holding, ₹1.25L exempt). Flexi-cap/Index gains harvested annually tax-free.

Behavioural Guardrails & Implementation Plan

Behavioural Guardrails

⚠ **Over-equitising:** Hard cap: equity never exceeds 65% of portfolio

⚠ **Lifestyle inflation:** Annual expense review; pension surplus earmarked for SIP, not spending

⚠ **Panic selling:** Bucket structure creates a psychological firewall; equities untouched during corrections

⚠ **Over-diversification:** 6–7 funds maximum; avoid adding schemes after annual review

⚠ **Short-term tinkering:** Review once a year only; no action on quarterly performance

⚠ **Ignoring SCSS maturity:** Year 5 is a critical trigger – plan reinvestment 6 months in advance

Implementation Plan

- 1 **Immediate Lumpsum (40%):** Deploy into Liquid, Short Debt, and BAF first. Do NOT invest 100% in one go.
- 2 **Phased STP (60% over 4–6 months):** Park balance in Liquid Fund. Run STP monthly into Flexi Cap, Index, Midcap.
- 3 **SIP from surplus:** ₹20,625/mo reinvested as SIP into equity funds (Flexi Cap + Index).
- 4 **Year 5 – SCSS Review:** Reassess interest rates. Reinvest in SCSS (if rates high) or shift to equity (if rates low).
- 5 **Annual Rebalancing:** Every March: rebalance + tax harvest. Use new money and interest surplus first.

Portfolio Success Formula

Your plan succeeds not because of fund selection, but because of:



Bucketed Structure

Prevents panic; each bucket has a defined job



Right Allocation

61% equity justified by pension security and Level 4 profile



Rebalancing Discipline

Annual, rule-based; use new money first



Behavioural Calm

Never break the system in bear markets



Tax Harvesting

Annual ₹1.25L LTCG exemption optimised every March



Simplicity

6–7 funds, once-a-year review, no over-trading

Thank You

for trusting us with your financial future

“ *Do not save what is left after spending;
instead, spend what is left after saving.* **”**

— Warren Buffett

Your Advisor

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*Prepared exclusively for
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