



# FINANCE AFTER RETIREMENT

*What & How?*

# RETIREMENT – WHAT CHANGED?

MONTHLY INCOME REDUCED SUBSTANTIALLY

RECEIVING A LUMPSOM

# RETIREMENT – WHAT’S NOT CHANGED?

- YOUR EXPENSES
- YOUR ASSETS
- YOUR CURRENT LIABILITIES
- YOUR POTENTIAL LIABILITIES

# EXPENSES (ചെലവ്)

- MOST EXPENSES LIKELY REMAIN SAME
- LONG RETIRED LIFE – DRASTIC INCREASE IN EXPENSES OVER TIME DUE TO INFLATION
- INFLATION INDEXED PENSION HELPS
- HEALTHCARE EXPENSE INCREASES – HEALTH INSURANCE OR HEALTH CORPUS ESSENTIAL

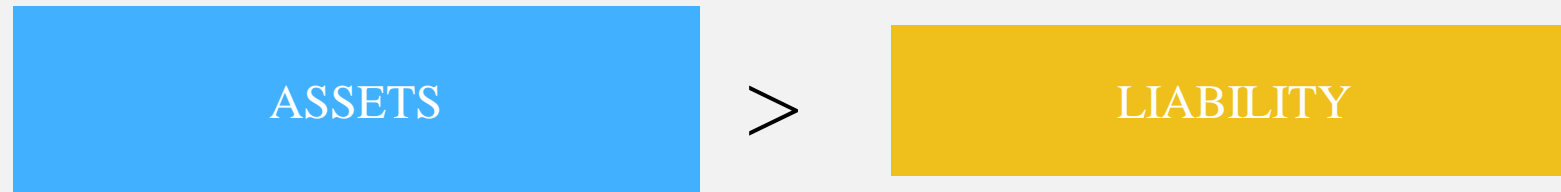
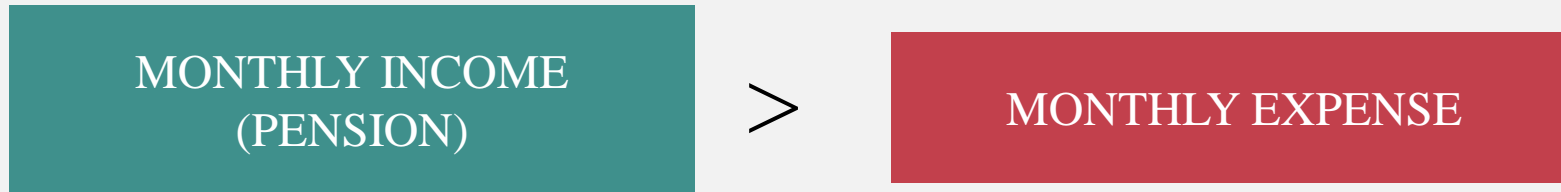
Exercise 1: List out your monthly expense

# ASSETS & LIABILITIES

- ASSETS (ആസ്തി)
  - BANK DEPOSITS
  - SHARE VALUES
  - REAL ESTATE SECOND HOMES (DO NOT INCLUDE PRIMARY HOME)
  - GOLD
  - RETIREMENT CORPUS
- LIABILITIES (ബാധ്യത)
  - HOME LOAN
  - CAR LOAN
  - EDUCATION LOAN
  - KIDS HIGHER EDUCATION / WEDDING

Exercise 2: Calculate net worth = Assets - Liability

# SCENARIO - 1



# SCENARIO - 1

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ചെലവ്

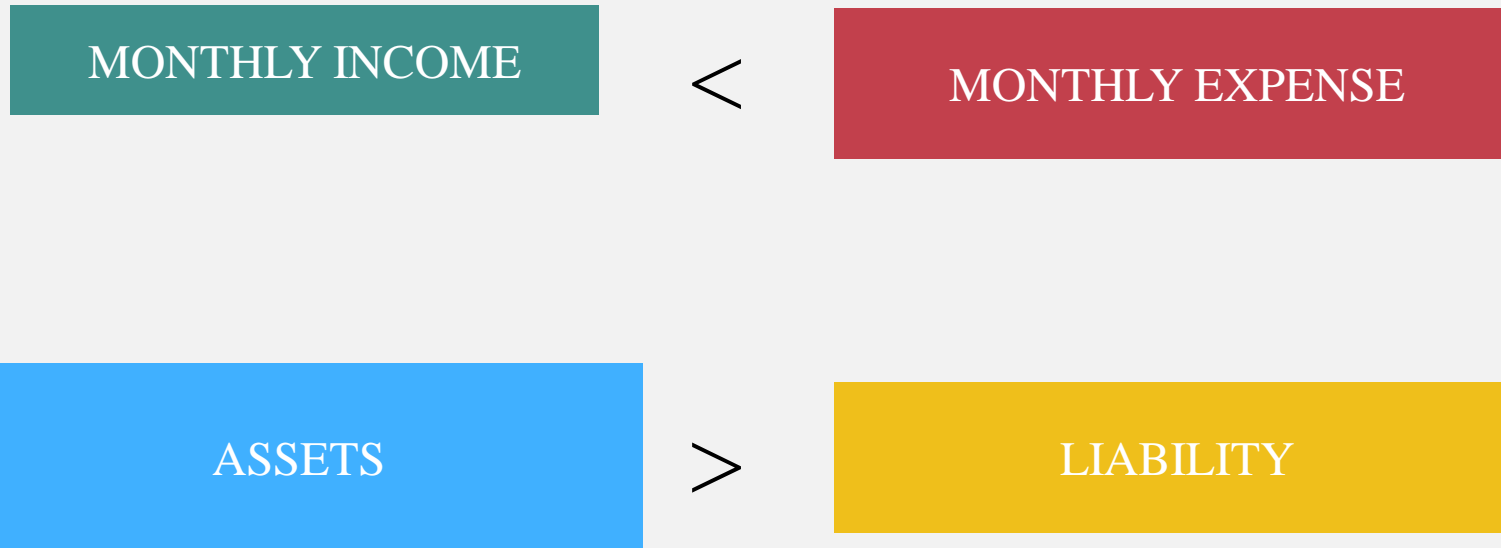
ആസ്തി

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ബാധ്യത



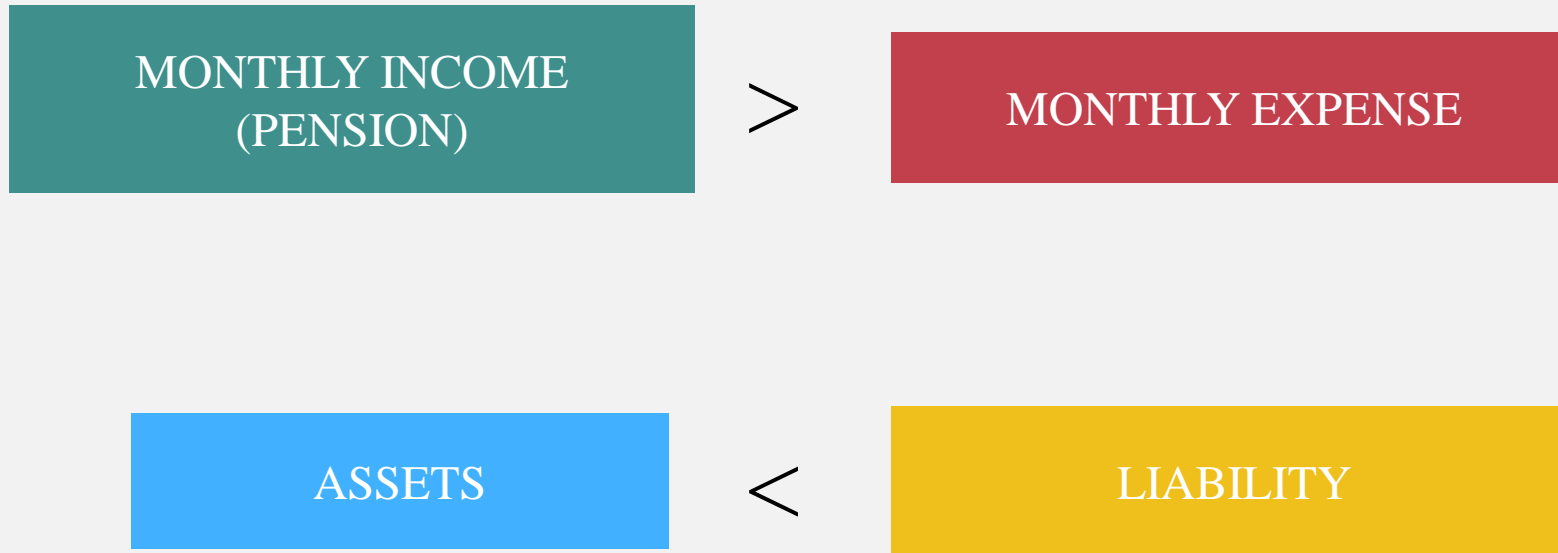
# SCENARIO - 2



Earn additional income from assets (Interest, Dividend, Rent, Withdrawal etc..). Need investment planning.



# SCENARIO - 3



Reduce Liability with extra income. Manageable if liability is not too big.

# SCENARIO - 4

MONTHLY INCOME

<

MONTHLY EXPENSE

ASSETS

<

LIABILITY



# FINANCIAL SITUATION

1

INCOME > EXPENSE

ASSETS > LIABILITY

2

INCOME < EXPENSE

ASSETS > LIABILITY

3

INCOME > EXPENSE

ASSETS < LIABILITY

4

INCOME < EXPENSE

ASSETS < LIABILITY

# സാമ്പത്തിക സ്ഥിതി

1

വരുമാനം > ചെലവ്

ആസ്തി > ബാധ്യത

3

വരുമാനം > ചെലവ്

ആസ്തി < ബാധ്യത

2

വരുമാനം < ചെലവ്

ആസ്തി > ബാധ്യത

4

വരുമാനം < ചെലവ്

ആസ്തി < ബാധ്യത

# FINANCIAL SITUATION

1

INCOME > EXPENSE

ASSETS > LIABILITY

What are your plans and goals:

International Travel

Gifts to grandkids

Charities

Inheritance/Legacy

**Good situation. Invest money based on goals**

# FIXED INCOME INVESTMENT

- Returns a fixed amount as coupon (Interest)
- Income is paid periodically or cumulative
- Relatively safe. Small risk exists (Default risk, Interest rate risk)
- Ideal for short term (less than 5 year)

# INVESTMENT AVENUES: FIXED INCOME

- BANK FIXED DEPOSIT - Safe, Easy and Flexible
- TREASURY BONDS – Long period
- SENIOR SAVINGS SCHEME – Slightly better return
- CORPORATE FD / CORPORATE BONDS (DEBENTURES) – Better Return with Some Risk
- BOND FUNDS / NPS
- TAX-FREE BONDS

HIGH TAX  
BRACKET

# CORPORATE FD

The image shows a screenshot of the ICICI Direct website's Corporate FD (Fixed Deposit) trading page. The browser tabs include 'The New York Times - Breaking', 'Welcome to Central Record Kee...', 'FINANCE After Retirement.pdf', and 'ICICI Direct'. The URL is 'https://secure.icicidirect.com/trading/fdbonds/bondlist'. The page features a navigation menu with options like 'Sovereign Gold Bond', 'ICICI Bank FD', 'Corporate FD', 'GOI issuances', 'Other', and 'Capital Gain Bond'. The 'Corporate Bonds' section is active, displaying a table of various bonds with columns for Security Name, Coupon %, YTM %, Indicative Offer Rate, Maturity Date, and Action. A large red watermark 'REPRESENTATION PURPOSE ONLY. NOT INVESTMENT ADVICE' is overlaid on the table. To the right, there are 'QUICK LINKS' for 'Cash Buy', 'Order Book (Equity)', 'Cash Flow', 'Buy Mutual Funds', and 'Order Book (MF)'. Below these are promotional banners for 'Get risk free regular returns with 7.15% RBI floating rate savings bonds' and 'Extra tax saving now possible with National Pension System'. A 'Need Help?' section with 'IPOs' and 'Statements' buttons is also visible. The Windows taskbar at the bottom shows the search bar, system tray with weather (27°C Partly sunny), date (17-03-2022), and the 'noufal capital' logo.

Security Name	Coupon %	YTM %	Indicative Offer Rate	Maturity Date	Action
HINDUJA LEYLAND FIN 9.2 13SP24	9.20	8.76	1,008,347.00	13-Sep-2024	Buy
BANK OF BARODA XVIII 8 FVRS1CR	8.00	7.44	10,217,000.00	31-Dec-2099	Buy
INDIA GRID TRUST 7.32 27JN31	7.32	7.38	1,008,600.00	27-Jun-2031	Buy
INDIA GRID TRUST 8.20 06MY31	8.20	7.36	1,053,800.00	06-May-2031	Buy
MAHINDRA RURAL HOUSING LTD 9.5	9.50	7.24	1,060,500.00	29-Apr-2025	Buy
HERO FINCORP 7.35 07MY31	7.35	7.20	1,009,200.00	07-May-2031	Buy
TATA CAP FIN 7.60 NCD 17SP30	7.60	7.20	1,023,900.00	17-Sep-2030	Buy
ICICI HOME FINANCE COM 12AG31	7.25	7.15	1,005,700.00	12-Aug-2031	Buy
ICICI HOME FIN 8.02 10JU30	8.02	7.12	527,000.00	10-Jun-2030	Buy
STATE BANK OF INDIA 7.72 PERP	7.72	7.09	10,225,000.00	31-Dec-2099	Buy
HOUSING FIN 7.007 7.10 12NV31	7.10	7.05	1,002,700.00	12-Nov-2031	Buy

REPRESENTATION PURPOSE ONLY.  
NOT INVESTMENT ADVICE



# CORPORATE BONDS

The New York Times - Breaking News | Welcome to Central Record Keeping | FINANCE After Retirement.pdf | ICICI Direct

https://secure.icicidirect.com/trading/fdbonds/bondlist

Set Default

Sovereign Gold Bond **New** ICICI Bank FD Corporate FD GOI issuances Other Capital Gain Bond **Corporate Bonds**

NCD/Bond

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QUICK LINKS

- Cash Buy
- Order Book (Equity)
- Cash Flow
- Buy Mutual Funds
- Order Book (MF)

Get risk free regular returns with 7.15% RBI floating rate savings bonds

Extra tax saving now possible with National Pension System

Up to ₹46,800  
With 1,50,000 investment in a BIC

+  
Up to ₹15,600  
With 50,000 investment in a BICCD (BIC)

=  
Up to ₹62,400  
Tax Savings with NPS

Invest Now

Need Help ?

IPOs

Statements

noufal capital

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# GOVT BONDS / TAXFREE BONDS

Browser tabs: The New York Times - Breaking, Welcome to Central Record Kee, FINANCE After Retirement.pdf, ICICI Direct, advice meaning - Google Search

URL: https://secure.icicidirect.com/trading/equity/stockmflist/NCDList

Navigation: Invest | **Invest In NCD/Bond** | Allocate Funds | Portfolio | Order Book | Corporate Bonds Trade Book | Corporate Bonds Order Book | FD Renewals | Download Forms [+]

Filters: Product: All | Credit Rating: AAA & AA+ | YTM: All | Payment Frequency: All | Issuer Name: ALL | View | Pricing | New to NCD/Bonds?- Learn More

OR

Issuer Name	NCD Type	Credit Rating	Coupon (%)	Maturity Date	LTP NSE	Indicative YTM NSE (%)	Ex-Date	Coupon payout date	Turnover (NSE+BSE)	Action	
			Frequency		LTP BSE	Indicative YTM BSE (%)	Record Date				
GOVERNMENT OF INDIA	Gold Bonds	CRISIL AAA	2.5	11-Aug-2028	4,754.78	2.78	-	11Aug 11Feb	13663761.81	Buy	Sell
			Half-Yearly		4,747.65	2.78	-				
RURAL ELECTRIFICATION CORP LTD	Bonds	CRISIL AAA	8.46	29-Aug-2028	0.00	-	-	29Aug	10009704	Buy	Sell
NATIONAL HIGHWAYS AUTHORITY OF INDIA	Tax Free Bonds	CRISIL AAA	7.39	11-Jan-2026	1,106.90	4.22	16-Mar-2022	01Apr	8230873.95	Buy	Sell
			Yearly		1,100.14	4.4	17-Mar-2022				
GOVERNMENT OF INDIA	Gold Bonds	CRISIL AAA	2.5	01-Jun-2029	4,730.48	2.53	-	01Jun 01Dec	6594289.12	Buy	Sell
			Half-Yearly		5,347.83	2.24	-				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	Tax Free Bonds	CRISIL AAA	7.35	11-Jan-2031	1,200.25	4.51	16-Mar-2022	01Apr	6540162.25	Buy	Sell
			Yearly		1,255.05	3.84	17-Mar-2022				
NATIONAL HIGHWAYS AUTHORITY OF INDIA	Tax Free Bonds	CRISIL AAA	7.6	11-Jan-2031	1,218.11	4.50	16-Mar-2022	01Apr	5968619.51	Buy	Sell

REPRESENTATION PURPOSE ONLY.  
NOT INVESTMENT ADVICE

Need Help ?  
IPOs  
Statements

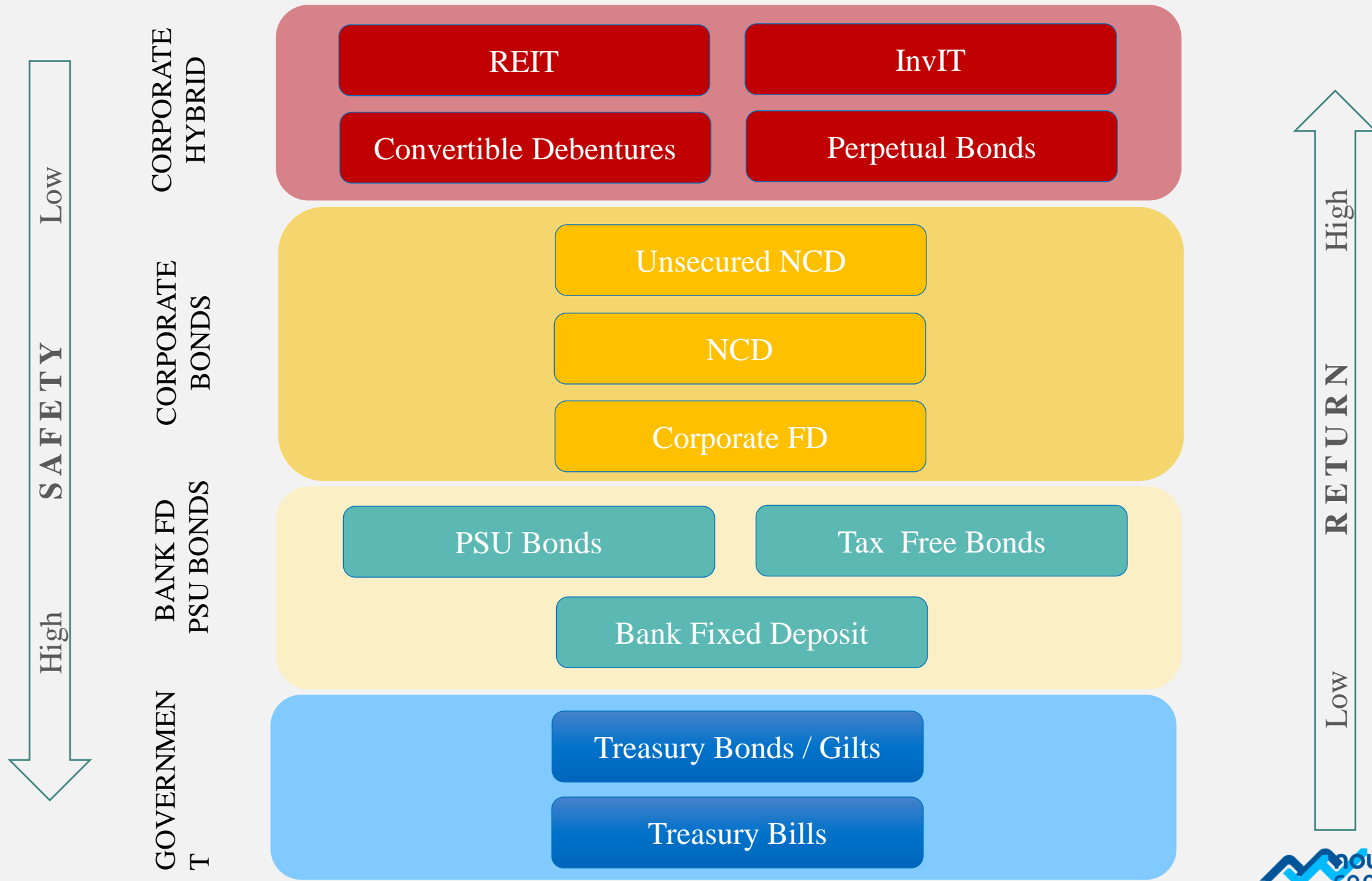
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17-03-2022

27°C Partly sunny

houfal capital

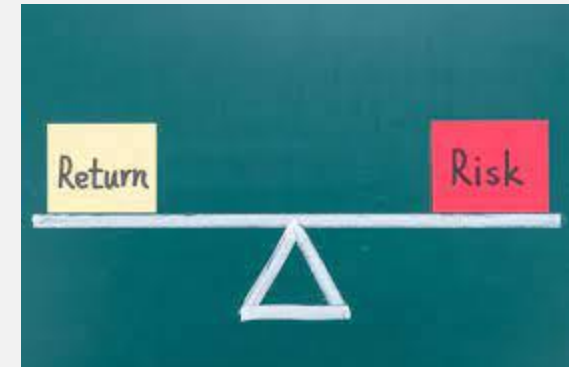
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# FIXED INCOME INSTRUMENTS



# FIXED INCOME INVESTMENT – KEY POINTS

- RISK high RETURN low , RETURN low RETURN high
- Prefer Scheduled Banks, Large private banks. Avoid Cooperative banks
- Rating matters in case of corporate FD/bonds. Don't go buy return (yield) alone
- Tax erodes return, especially on higher brackets



# CORROSIVE EFFECT OF INFLATION - EXPENSE

₹50,000

6% Inflation  
25 Years

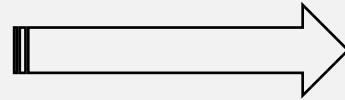
₹2,14,000

# CORROSIVE EFFECT OF INFLATION - ASSET

## Bank FD/Govt bond



5% yield after Tax



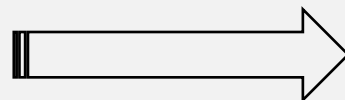
25 Years



## Inflation



6% Inflation



25 Years

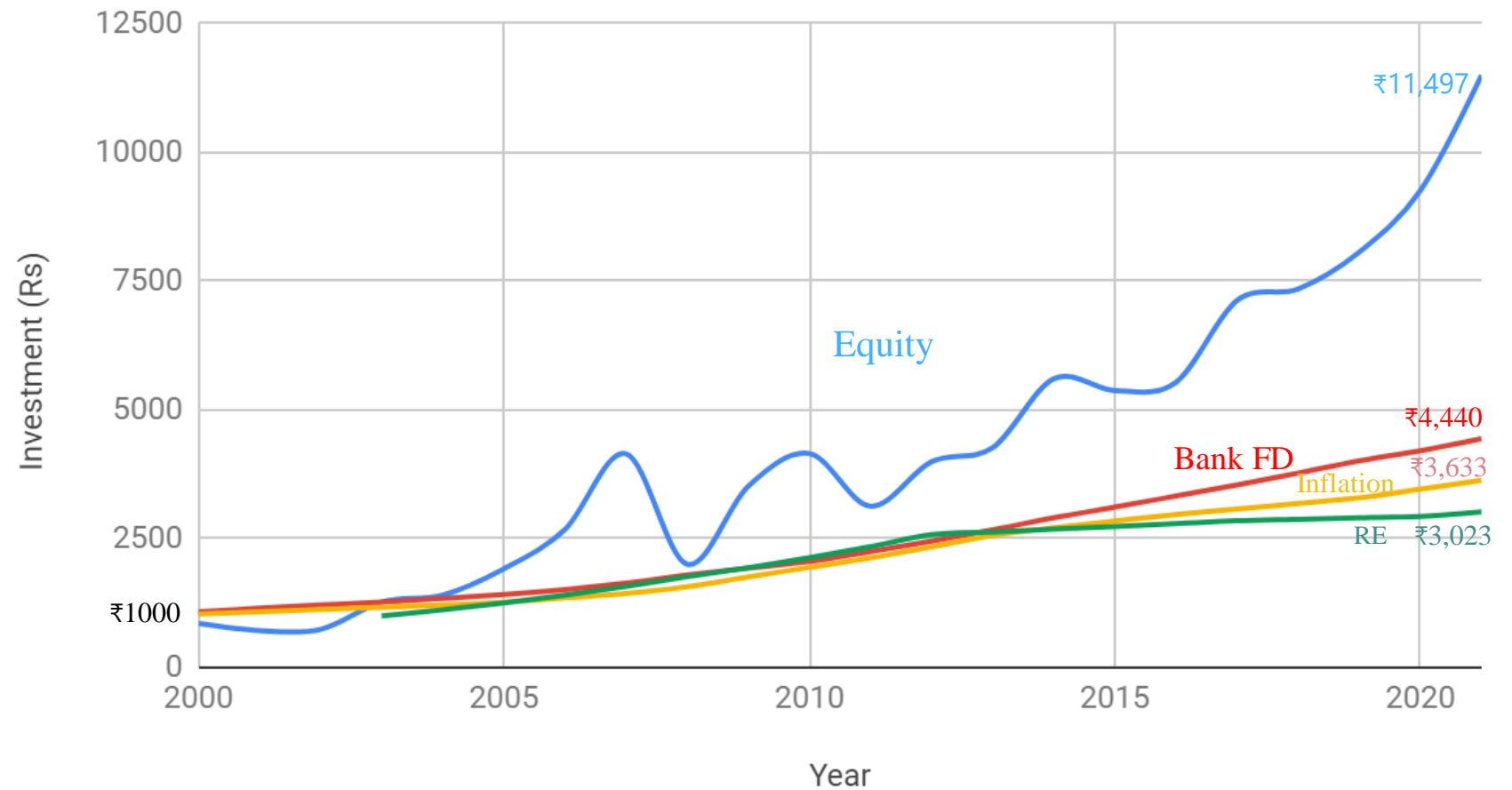


# WHY INVEST IN EQUITIES

Comparison to other Assets – last 21 years

- NIFTY
- Bank FD
- RE
- Inflation

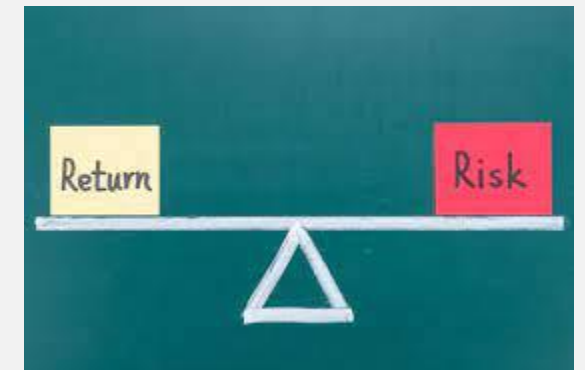
## Equity Vs Bank FD Vs Inflation 2000 - 2021



₹1000 invested in Equity becomes ₹11,497 in 21 years, beating Bank FD (₹4440), Real Estate (₹3023) & Inflation !

# EQUITY INVESTMENT – AVENUES

- Stick to high quality mutual funds. Large cap funds with 10 years plus record
- Buy only 'Direct' funds. Not "Regular"
- Index funds / ETF are cheaper. Mirrors market. No constant monitoring needed
- Direct purchase of stocks - only if you are experienced



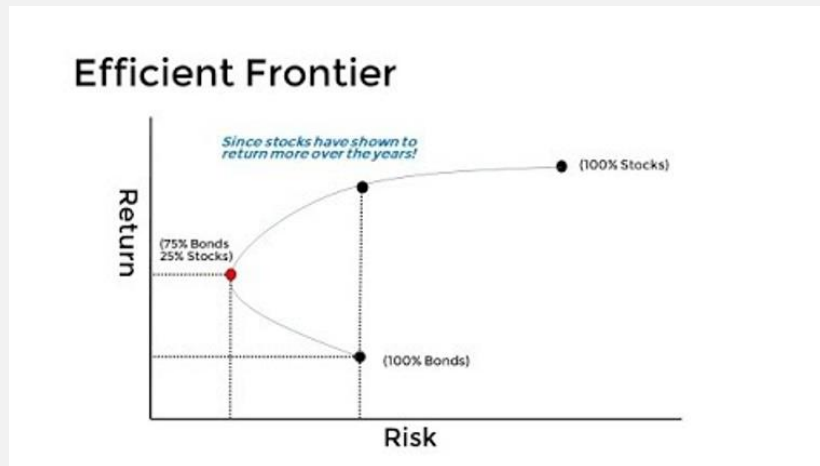


# EQUITY INVESTMENTS – RULES

- Plan with disciplined execution
- Monitor the investment
- Do not follow ‘Tips’
- Diversify
- Long term focus

# EQUITY- FI MIX : PORTFOLIO THEORY

- Fixed Income provides safety. Equity provides return
- 100-Age rule in Equity. If 60 years old, 40% in Equity and 60% in Fixed Income
- Never 100% either on equity of fixed Income.



# CHARACTERISTICS OF ASSET CLASSES

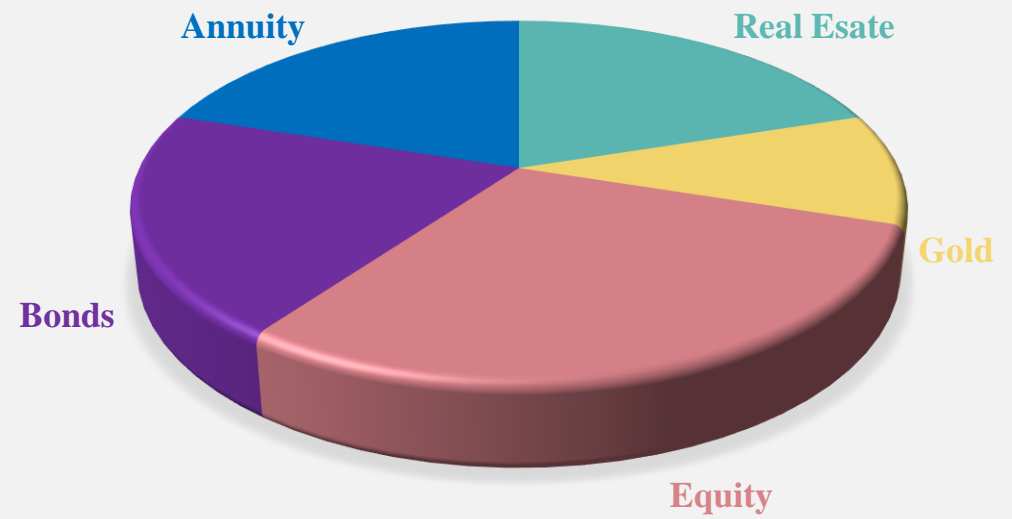
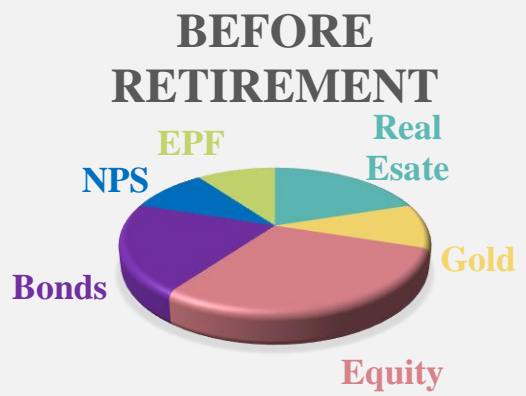
Assets	Return	Risk	Liquidity	Maintenance/ Tax	Salient Feature
Equity	High	High	High	Low	Inflation beating return potential but risky in short term. Ideal for long term goals
Bond	Medium	Low - Medium	High	High	Provides stability and balance to the Portfolio
Real Estate	Low – Medium	Medium	Low	High	Tangible but illiquid. Return potential is in line with inflation but can provide high return in certain circumstances.
Gold	Low	Low - Medium	Medium - High	Medium	Act as safe haven assets, during the time of great distress. Portfolio insurance.
Cash	Zero	Zero	High	Low	Inflation will erode value. Ideal to meet short term financial needs

INCOME < EXPENSE

ASSETS > LIABILITY

# INCOME DURING RETIREMENT

## IN RETIREMENT



# 4% RULE

It states that you can comfortably withdraw 4% of your savings in your first year of retirement and adjust that amount for inflation for every subsequent year without risking running out of money for at least 30 years

# SCENARIO - 4

MONTHLY INCOME

<

MONTHLY EXPENSE

ASSETS

<

LIABILITY

- Additional Income through jobs
- Reverse Mortgage
- Seek help

# WILL, INSURANCE

Prepare a will immediately. Ensure your assets reach to right persons you intended

Unless you have dependence, life insurance is no longer needed

# THANK YOU FOR YOUR SERVICE



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