

Valueraj Associates Pvt. Ltd.

(AMFI Registered MFD)

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Retirement Solution

[A Real-Life Example]

Family Profile:

Mr. Suresh Rao is a self-employed professional and he is currently 45 years old. His wife Mrs. Manjula Rao is a housewife and she is 42 years old.

Their current living expenses are about Rs 50,000 per month and they have a rental income of Rs 20,000 per month from a fully-owned Rental Flat.

Mr Suresh Rao would like to retire at his age 55 and the couple would like to sustain the same lifestyle as is now even after retirement.

Existing Investments For Retirement:

i) Suresh Rao has LIC Jeevan Anand policy in force. It was started 8 years ago at his age 37 and maturing after 12 years from now at his age 57. The projected maturity value is Rs 19,15,000.

ii) Manjula Rao has been investing Rs 1,50,000 per year in PPF since 5 years ago and maturing after 10 years from now at her age 52 i.e. Suresh Rao's age 55. The projected maturity value is Rs 40,85,307.

ii) As stated earlier, they have a fully-owned Rental Flat earning in a rental income of Rs 20,000 per month now. This rental income is expected to grow in tandem with inflation and they would like to retain this flat as a source of income during their retired life.

New Investments Ready To Do Now For Retirement:

As per current cash flows and surpluses, they are ready to start investing Rs 20,000 per month towards retirement corpus.

Assumptions:

- i) Life Expectancy of 80 years. To note is, 80 years for Manjula Rao becomes 83 years for Suresh Rao.
- ii) Long-term Inflation on average at 6% per annum.
- iii) Expected Returns from Equity MF at 14% per annum.
- iv) Expected Returns from Debt MF at 8.5% per annum.

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Financial Plan for Suresh Rao (age 45 years)

Retirement Income

Information about your Goal

Retirement Age	55
Income Period	Age 55 to 83
Income needed as per today's value (Living Expenses - Rental Income)	30,000 p.m (50,000 - 20,000)
Actual Income needed (@ 6.00 % Inflation) (Living Expenses - Rental Income)	53,725 growing @ 6.00% (89,542 - 35,817)
Lump sum amount needed at age 55	0
Corpus needed @ age 55 to provide income	1,37,48,347
Lump sum investment budget	0
Monthly Savings Commitment	10 Years



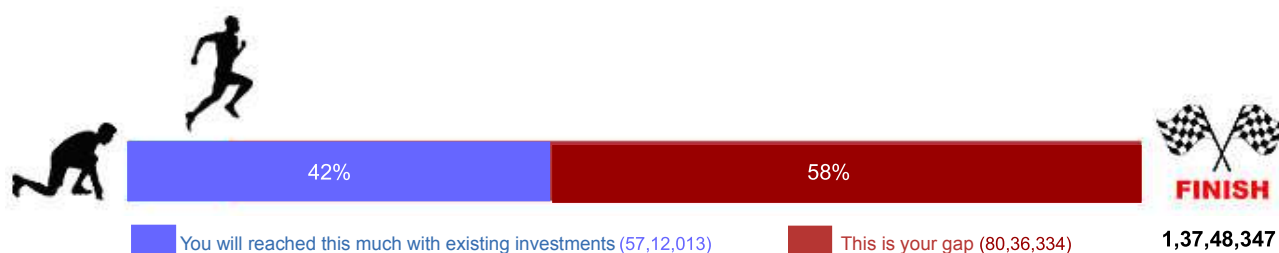
Risk Profile & Asset Allocation

	Equity MF	Debt MF
Asset Allocation for Corpus Creation	100.00 %	0.00 %
Expected Returns Assumed	14.00 %	8.50 %
Asset Allocation for Income Generation	0.00 %	100.00 %

Investments already earmarked for this Goal

Description	Equity	Debt	Other	Remarks
1 LIC Jeevan Anand	---	---	19,15,000	Projected Maturity Value
2 PPF	---	---	40,85,307	Projected Maturity Value
3 Rental Flat	---	---	35,817	Projected Monthly Rental

Where will you reach with existing investments



The following recommendation assumes that the maturity proceeds of the existing investments below will be reinvested in suitable MF schemes as per suggested asset allocation:

1. LIC Jeevan Anand Maturity value of about 19,15,000 at his age 57.
2. PPF Maturity value of about 40,85,307 at his age 55.
3. Rental Income of 20,000 per month currently to grow at 6% per annum (in tandem with inflation assumed) to 35,817 per month by his retirement age 55 and grow further at 6% per annum (in tandem with inflation assumed) in subsequent years too.

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Financial Plan for Suresh Rao (age 45 years)

Retirement Income

New Investments recommended to fill the gap

Investment Type	Equity MF	Debt MF	Total
Systematic Investment (Monthly SIP) for 10 years	32,236	---	32,236

* SIP is rounded off as it is only available in multiples of hundreds , Total SIP Required is : 32,236.59

New Investments actually ready to start now

Investment Type	Equity MF	Debt MF	Total
Systematic Investment (Monthly SIP) for 10 years	20,000	---	20,000

* SIP is rounded off as it is only available in multiples of hundreds

MF Schemes suggested for new investments

Description	Equity MF	Debt MF
SIP		
1 ICICI Prudential Value Discovery Fund-Growth	10,000	---
2 SBI Focused Equity Fund-Growth	10,000	---
	20,000	0

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Financial Plan for Suresh Rao

Retirement Income

Year By Year Passbook(As Per Recommended Investment Amount)

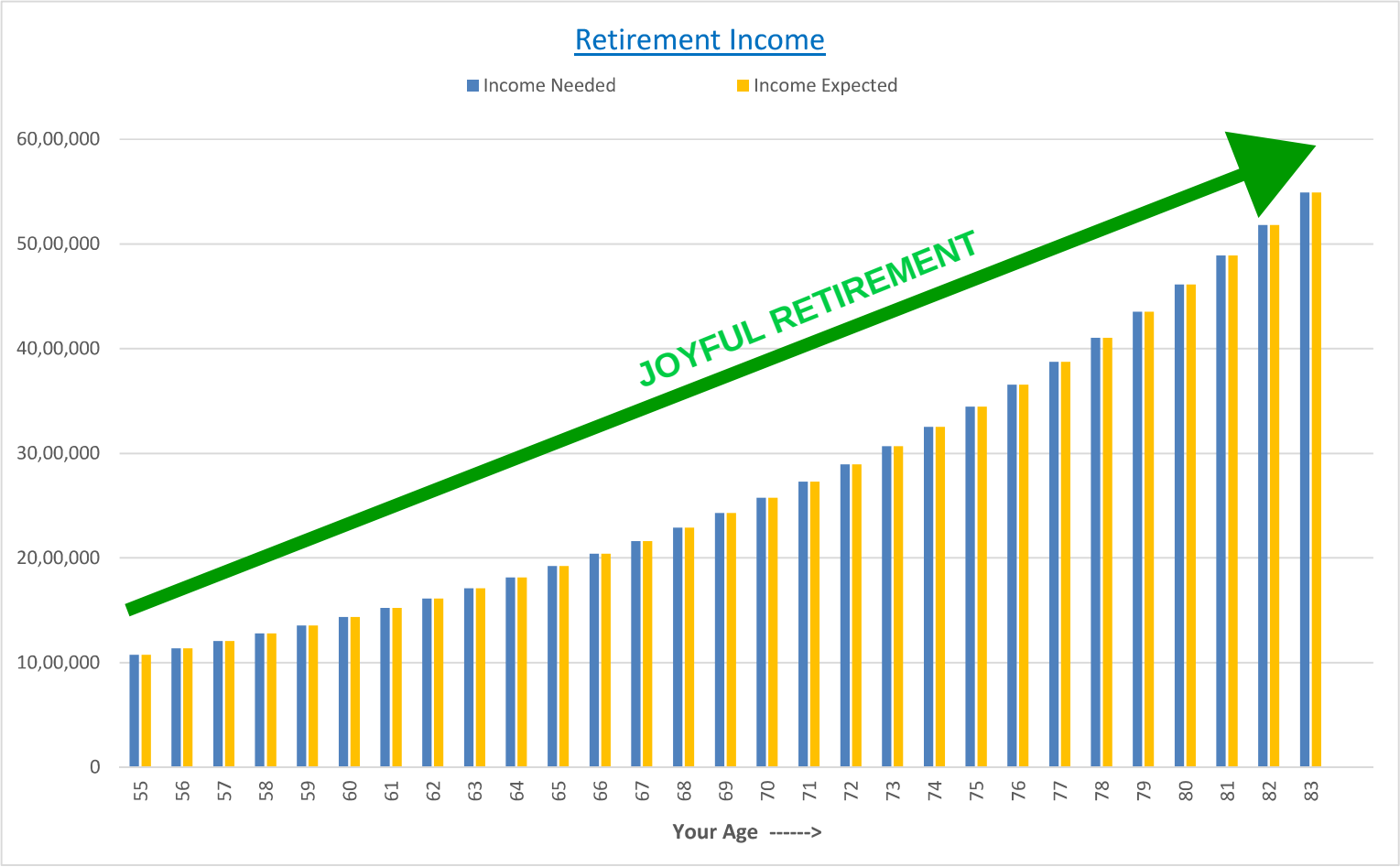
Lump Sum: 0.00

Monthly SIP: 32,236.59

Age	Opening Balance	Maturites/Sales	Reinvestment	Withdrawals	Net Balance	Investments	Growth	Closing Balance
45	0		0	0	0	3,86,839	28,748	4,15,587
46	4,15,587		0	0	4,15,587	3,86,839	86,930	8,89,357
47	8,89,357		0	0	8,89,357	3,86,839	1,53,258	14,29,454
48	14,29,454		0	0	14,29,454	3,86,839	2,28,872	20,45,165
49	20,45,165		0	0	20,45,165	3,86,839	3,15,071	27,47,075
50	27,47,075		0	0	27,47,075	3,86,839	4,13,339	35,47,253
51	35,47,253		0	0	35,47,253	3,86,839	5,25,364	44,59,456
52	44,59,456		0	0	44,59,456	3,86,839	6,53,072	54,99,367
53	54,99,367		0	0	54,99,367	3,86,839	7,98,660	66,84,865
54	66,84,865		0	0	66,84,865	3,86,839	9,64,629	80,36,334
55	80,36,334	Rental Income , PPF	45,15,110	10,74,504	1,14,76,940	0	9,75,540	1,24,52,480

56	1,24,52,480	Rental Income	4,55,592	11,38,974	1,17,69,097	0	10,00,373	1,27,69,471
57	1,27,69,471	Rental Income , LIC Jeevan Anand	23,97,927	12,07,313	1,39,60,085	0	11,86,607	1,51,46,692
58	1,51,46,692	Rental Income	5,11,903	12,79,751	1,43,78,844	0	12,22,202	1,56,01,045
59	1,56,01,045	Rental Income	5,42,617	13,56,537	1,47,87,126	0	12,56,906	1,60,44,031
60	1,60,44,031	Rental Income	5,75,174	14,37,929	1,51,81,277	0	12,90,409	1,64,71,685
61	1,64,71,685	Rental Income	6,09,684	15,24,204	1,55,57,165	0	13,22,359	1,68,79,524
62	1,68,79,524	Rental Income	6,46,265	16,15,657	1,59,10,133	0	13,52,361	1,72,62,494
63	1,72,62,494	Rental Income	6,85,041	17,12,596	1,62,34,939	0	13,79,970	1,76,14,909
64	1,76,14,909	Rental Income	7,26,144	18,15,352	1,65,25,701	0	14,04,685	1,79,30,386
65	1,79,30,386	Rental Income	7,69,713	19,24,273	1,67,75,825	0	14,25,945	1,82,01,770
66	1,82,01,770	Rental Income	8,15,895	20,39,729	1,69,77,936	0	14,43,125	1,84,21,061
67	1,84,21,061	Rental Income	8,64,849	21,62,113	1,71,23,797	0	14,55,523	1,85,79,319
68	1,85,79,319	Rental Income	9,16,740	22,91,840	1,72,04,219	0	14,62,359	1,86,66,578
69	1,86,66,578	Rental Income	9,71,744	24,29,350	1,72,08,972	0	14,62,763	1,86,71,735
70	1,86,71,735	Rental Income	10,30,049	25,75,111	1,71,26,672	0	14,55,767	1,85,82,439
71	1,85,82,439	Rental Income	10,91,852	27,29,618	1,69,44,673	0	14,40,297	1,83,84,970
72	1,83,84,970	Rental Income	11,57,363	28,93,395	1,66,48,938	0	14,15,160	1,80,64,098
73	1,80,64,098	Rental Income	12,26,805	30,66,999	1,62,23,904	0	13,79,032	1,76,02,936
74	1,76,02,936	Rental Income	13,00,413	32,51,019	1,56,52,330	0	13,30,448	1,69,82,778
75	1,69,82,778	Rental Income	13,78,438	34,46,080	1,49,15,136	0	12,67,787	1,61,82,923
76	1,61,82,923	Rental Income	14,61,144	36,52,845	1,39,91,222	0	11,89,254	1,51,80,476
77	1,51,80,476	Rental Income	15,48,813	38,72,015	1,28,57,274	0	10,92,868	1,39,50,142
78	1,39,50,142	Rental Income	16,41,742	41,04,336	1,14,87,547	0	9,76,442	1,24,63,989
79	1,24,63,989	Rental Income	17,40,246	43,50,596	98,53,638	0	8,37,559	1,06,91,198
80	1,06,91,198	Rental Income	18,44,661	46,11,632	79,24,226	0	6,73,559	85,97,785
81	85,97,785	Rental Income	19,55,340	48,88,330	56,64,796	0	4,81,508	61,46,303

82	61,46,303	Rental Income	20,72,661	51,81,630	30,37,334	0	2,58,173	32,95,508
83	32,95,508	Rental Income	21,97,021	54,92,528	0	0	0	0



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Financial Plan for Suresh Rao

Retirement Income

Year By Year Passbook
(As Per Actual Investment Amount)

Lump Sum: 0.00

Monthly SIP: 20,000.00

Age	Opening Balance	Maturities/Sales	Reinvestment	Withdrawals	Net Balance	Investments	Growth	Closing Balance
45	0		0	0	0	2,40,000	17,836	2,57,836
46	2,57,836		0	0	2,57,836	2,40,000	53,933	5,51,769
47	5,51,769		0	0	5,51,769	2,40,000	95,083	8,86,852
48	8,86,852		0	0	8,86,852	2,40,000	1,41,995	12,68,847
49	12,68,847		0	0	12,68,847	2,40,000	1,95,474	17,04,321
50	17,04,321		0	0	17,04,321	2,40,000	2,56,441	22,00,762
51	22,00,762		0	0	22,00,762	2,40,000	3,25,942	27,66,705
52	27,66,705		0	0	27,66,705	2,40,000	4,05,174	34,11,879
53	34,11,879		0	0	34,11,879	2,40,000	4,95,499	41,47,378
54	41,47,378		0	0	41,47,378	2,40,000	5,98,469	49,85,846
55	49,85,846	Rental Income , PPF	45,15,110	10,74,504	84,26,453	0	7,16,248	91,42,701
56	91,42,701	Rental Income	4,55,592	11,38,974	84,59,319	0	7,19,042	91,78,361

57	91,78,361	Rental Income, LIC Jeevan Anand	23,97,927	12,07,313	1,03,68,975	0	8,81,363	1,12,50,338
58	1,12,50,338	Rental Income	5,11,903	12,79,751	1,04,82,490	0	8,91,012	1,13,73,501
59	1,13,73,501	Rental Income	5,42,617	13,56,537	1,05,59,582	0	8,97,564	1,14,57,146
60	1,14,57,146	Rental Income	5,75,174	14,37,929	1,05,94,391	0	9,00,523	1,14,94,915
61	1,14,94,915	Rental Income	6,09,684	15,24,204	1,05,80,394	0	8,99,334	1,14,79,728
62	1,14,79,728	Rental Income	6,46,265	16,15,657	1,05,10,337	0	8,93,379	1,14,03,715
63	1,14,03,715	Rental Income	6,85,041	17,12,596	1,03,76,161	0	8,81,974	1,12,58,134
64	1,12,58,134	Rental Income	7,26,144	18,15,352	1,01,68,926	0	8,64,359	1,10,33,285
65	1,10,33,285	Rental Income	7,69,713	19,24,273	98,78,725	0	8,39,692	1,07,18,416
66	1,07,18,416	Rental Income	8,15,895	20,39,729	94,94,582	0	8,07,039	1,03,01,621
67	1,03,01,621	Rental Income	8,64,849	21,62,113	90,04,357	0	7,65,370	97,69,728
68	97,69,728	Rental Income	9,16,740	22,91,840	83,94,628	0	7,13,543	91,08,171
69	91,08,171	Rental Income	9,71,744	24,29,350	76,50,565	0	6,50,298	83,00,863
70	83,00,863	Rental Income	10,30,049	25,75,111	67,55,801	0	5,74,243	73,30,044
71	73,30,044	Rental Income	10,91,852	27,29,618	56,92,277	0	4,83,844	61,76,121
72	61,76,121	Rental Income	11,57,363	28,93,395	44,40,089	0	3,77,408	48,17,496
73	48,17,496	Rental Income	12,26,805	30,66,999	29,77,302	0	2,53,071	32,30,373
74	32,30,373	Rental Income	13,00,413	32,51,019	12,79,767	0	1,08,780	13,88,548
75	13,88,548	Rental Income	13,78,438	34,46,080	-6,79,094	0	0	0
76	0	Rental Income	14,61,144	36,52,845	-21,91,701	0	0	0
77	0	Rental Income	15,48,813	38,72,015	-23,23,203	0	0	0
78	0	Rental Income	16,41,742	41,04,336	-24,62,595	0	0	0
79	0	Rental Income	17,40,246	43,50,596	-26,10,350	0	0	0
80	0	Rental Income	18,44,661	46,11,632	-27,66,971	0	0	0
81	0	Rental Income	19,55,340	48,88,330	-29,32,990	0	0	0

82	0	Rental Income	20,72,661	51,81,630	-31,08,969	0	0	0
83	0	Rental Income	21,97,021	54,92,528	-32,95,507	0	0	0

Notes: 1. Red colored values indicate deficit for withdrawals in respective years. Do make additional investments to fill the deficits.
 2. If there are no red colored values, you are on track to withdraw Retirement Income comfortably. Congratulations!



- ❖ Plan for your joyful retirement now
- ❖ Invest recommended amount as per plan
- ❖ Avoid old-age poverty!

