Building a Post-Retirement Investment Corpus

77% of Indians don't save for retirement[1], and even fewer are in a position to invest after retirement. What many people don't realise is that continuing to invest post-retirement will give you much greater freedom and prosperity in your retired life.

Why should you invest after retirement?

- You'll retire, but inflation won't – stay ahead of inflation
- You can still get tax benefits on some investments
- You'll have more money to meet your post-retirement goals

How to begin your post-retirement investment

Step 1 Calculate your retirement corpus

- **Calculating based on Last Drawn Annual Income (Rule of Thumb):** Take 80% of your last-drawn annual pre-retirement income and multiply it by the number of years to live post-retirement, based on average life expectancy[2]

- **Calculating using a Retirement Calculator:** Online retirement calculators help you quickly identify the retirement corpus you need, based on your age, income, savings, expenses, expected returns and life expectancy.

Step 2 Budget for key post-retirement expenses

- Housing
- Insurance premiums
- Hobbies
- Child's wedding and/or higher education
- Financial support for your family
- Entrepreneurial ventures

Step 3 Secure yourself against risks

- **Inflation:** Inflation reduces the buying power of the money you hold[2]. Invest in instruments that come with inflation-beating return potential.

- **Healthcare:** Healthcare expenses tend to rise exponentially post-retirement. Invest in a health insurance plan to protect your savings from rising medical costs.

- **Liquidity:** Investing in assets that take a long time to liquidate can put undue stress on your finances. Invest in liquid assets such as mutual funds, bank deposits etc. so you can access them quickly when needed.

Step 4 Calculate the post-retirement investment corpus you'll need

Ideally, your post-retirement investment corpus should be a sum over and above your retirement corpus, after accounting for key expenses and securing your risks. Your post-retirement investment corpus will depend on your:

- Financial goals
- Return potential
- Time horizon
- Risk appetite

Post-retirement investment options

Pros		Cons
Diversification, Inflation-beating return potential	Mutual Funds	Market and economic risks
Inflation-beating return potential	Equity	Market and economic risks
Wealth-generating potential	Real Estate	High capital investment
Fixed returns and highly liquid	Fixed Income Investments	Low return potential

What to remember when investing after retirement

- Break your goals down into short-term and long-term objectives
- Assign a budget and timeline to each goal
- Choose investment products that suit your objectives, age and risk appetite
- Take advantage of the additional tax benefits available to seniors
- Regularly track investments and make adjustments when needed
- Consult an investment advisor for professional assistance

Retirement should not be the end of your investment journey, just the beginning of a new chapter. Build your retirement corpus diligently so that you are left with enough money for post-retirement investments, and you can live a secure and comfortable retired life.

Sources: 1. https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=877#C2F1
2. https://economictimes.indiatimes.com/news/economy/indicators/retail-inflation-rises-to-6-01-per-cent-in-january/articleshow/89567758.cms