

Planning for those Sunset Years

Do you remember the story of the ant and the grasshopper? While the ant sang the summer away, the grasshopper planned meticulously for those long and cold winter days. So, while you are still young and energetic you need to think of the time when you will not have a steady job, maybe not be as healthy as you are now but still be able to live a worry-free life during your halcyon years. There's a simple way to avoid a painful transition from active working life to retirement- you need to plan your retirement.

While planning for your retirement you have to keep in mind the silent demon of inflation. Your goal may not be so easy to achieve as it is something like trying to hit a moving target. If today, you can run your house at Rs.25, 000 a month, fifteen or twenty years later, it will cost you approximately 12 times more to get the same basket of goods. So primarily, you need to figure out what your own goals are and create an overall financial and investment plan that fits your needs. Your retirement account should fit into that plan.

Thus, you should-

- Look for a financial planner who can help you create an asset allocation with the right mix for your individual situation
- Look for funds that have long-term staying power
- Look for schemes that are taxed only in the year of maturity and not year after year or what is commonly known as a tax-deferred investment
- Think of re-investing these funds after maturity to avoid paying tax
- Go for growth schemes of Mutual Funds which are tax efficient for long-term investment

A proper retirement plan provides you with a steady income once you retire from active service. Only 4% of India's working population gets a pension, the rest have to plan meticulously years in advance to ensure a proper flow of funds in later years. In earlier times, the joint family ensured proper care and support of its aged members. But today, the breakdown of this system into nuclear families makes individual planning a necessity.

To plan for your retirement, you can create a portfolio which is quite diversified, the portfolio being rebalanced at regular intervals to be in tune with one's changing risk-returns profile. As one advances in age, one would like the portfolio to progressively get skewed towards debt, which is relatively less risky than equity. One can on one's own manage your funds.

Mutual funds offer products with specific goals like pension Plans which one can use for retirement planning or Children Plans which help you in planning for your child's education and career.

In the final analysis, wisdom of past experience tells us that you don't need a fortune to invest in your future. The amount is not important; it's the regularity and perseverance that counts. Thus, the simple magic formula is – make a start, start small, and build it up as you travel along life's highway!

(510 words)

<h1>SIMPLY INVEST KARO</h1> <p>Toll-Free: 1800 22 1230 SMS: INVEST to 5676756</p>	<p>An Investor Education Initiative</p>  <p>uti UTI Mutual Fund</p>
<p>Mutual fund investments are subject to market risks. Please read the scheme information document carefully before investing.</p>	