

With the increase of private jobs and high lifestyle, now people are worried about the post retirement life. Private jobs usually give high salaries but do not guarantee pension throughout the life. High salary leads to high lifestyle but it looks difficult for most of them beyond retirement. This problem eventually comes forward and people force to think about retirement planning.

There are few options for retirement planning. I am trying to show an overview of all the options.

1. Direct Equity: it is a less preferred options by the investors. Most of the investors consider it risky and try to avoid it. But with proper guidance and understanding, it can be considered as one of the best options.
2. Insurance: Most preferred option but experts give a thumb down. It does not give the expected return and in the long run it eventually fades out. In an insurance product it typically gives 5-6% pa return.
3. PPF and Bonds: All time favorite option. Our grandfathers believe in low risk products implicitly.
4. Fixed Deposits: Again a favorite option but rate of returns is much lower than the inflation rate. New generation investors understand the disadvantages of the fixed deposit as a retirement tools.
5. Mutual Funds: It was never an option until late 90s. Now with increase of investor awareness, current generations prefer to mutual funds as a retirement tools. Experts prefer MFs as best tool for retirement planning though the penetration in India is quite less.
6. Property: Ever appreciating asset. But not liquid. Liquidity and affordability are biggest concerns. And primary residence never considers as an asset.

This article is written by Mr. Soumya Sarkar. Mr. Soumya Sarkar is a MBA and worked with various international banks like HSBC, Standard Chartered in different assignments. He founded “Wealth Redefine” in 2013. He can be contacted at soumya@wealthredefine.in