Touched 60s? Make smart investment decisions with PF, gratuity money

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Your retirement day has arrived and yes, something big has happened. You will be turning your work days into worth days, changing priorities, and strategizing your financial plan, one more time.

Every decade demands a different financial plan and likewise, your retirement days will command a revised financial map.

You must have accumulated money through savings and investments and would be on the lookout on how to turn pension, PF and gratuity money into income firepower machine.

“Ideally, you should start saving for your retirement from 40s and 50s itself. You should have a figure in mind and work towards that goal. To attain this figure, you should have long-term investments in equities, health insurance, etc. Computation is important," said Vishal Dhawan, CEO& Founder, Plan Ahead Wealth Advisors.

So, how to decide how much amount would be required for retirement.

"You should figure out a percentage of pre-retirement expenses. Life expectancy is high, and for first 10 years of post-retirement time, your expenses will be similar to pre-retirement life as you will have time to travel and do lot more things," said Dhawan.

You should dwell on your plans and accordingly, plan a retirement corpus, also bearing inflation in mind.

In order to have a roadmap, it is advisable to hire a financial planner. A sound professional help will factor in inflation and accordingly suggest you how to save and invest.

"One should invest their PF and gratuity amount in several schemes that generate a fixed income. First, know your tax bracket and then invest. Several government schemes for senior citizens give a steady fixed income. People in high tax bracket can go for bonds. Bank and corporate deposits are also a good investment," said Dhawan.

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He also suggested to invest money in balanced and debt funds that have systematic withdrawal plans.

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“Equities is also a good option. People in 60s tend to exit from the stock market. It is not in pink of your financial health. You should put at least 20-25% in ETFs and diversification is the key,” said Dhawan.

For a retired person, there are a plethora of things to bear in mind. Firstly, don’t get disappointed if there is a drop in your retirement kitty, after all, you’ve been saving for these goals.

“Secondly, make investment decisions keeping inflation and tax bracket in mind. Do not copy your colleagues, everyone has a different requirement. Also, health insurance is very crucial,” said Dhawan.

Make sure your spouse is in the know-how of your financial planning and do not forget to write a will, and make nominations of your finances.

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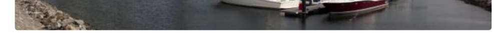

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