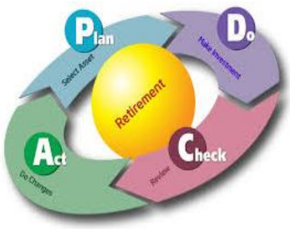
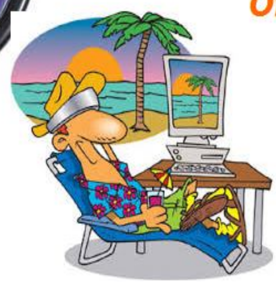


Retirement Planning
Is A Pertinent Goal

To Make Retirement
The Best Years
Of Your Life



Index

Why Retirement Planning Is Pertinent ?

A 30-30 rule of thumb says an individual earns for 30 years, to provide for 30 years of post-retirement life where the individual's income would have stopped,

Yet the need to maintain similar life style exists:

- An expense of Rs. **1 Lakh would be nearly 7 times more** in 30 years due to inflation, assuming inflation rate of 7%
- Indian demographics depicts trend of
  - Higher life expectancy
  - Increasing trend of nuclear family
  - Absence of comprehensive social security system
- Yet, Retirement funds account for **only 12% of one's total savings**
- Also, **78% Indians don't save enough** for a comfortable retirement
- **Need For Retirement Planning**


Pay Cheques STOP coming


BREAK UP of Joint Family system


ABSENCE OF Universal Social Security System


INFLATION – the silent devil


60 is not OLD anymore


SKYROCKETING Medical Expenses


No-one likes to be DEPENDENT


Retirement – SECOND INNING OF LIFE

Hence, it is important to SAVE & ACCUMULATE prudently for ENJOYING your post retirement life

Source: RCAM Research, Towers Watson Report, HSBC Survey - 'The Future of Retirement-It's time to prepare'

Why It Is Important To Save?

- **Perils of Inflation – The Silent DEVIL –** Inflation not only reduces the current purchasing power but also increases the savings requirement for future

Table 1: Value of Rs. 1 Lakh over a period of time due to inflation

Inflation Rate	5 years	10 years	15 years	20 years	25 years	30 years
6.0%	1,33,823	1,79,085	2,39,656	3,20,714	4,29,187	5,74,349
7.0%	1,40,255	1,96,715	2,75,903	3,86,968	5,42,743	7,61,226
8.0%	1,46,933	2,15,892	3,17,217	4,66,096	6,84,848	10,06,266
9.0%	1,53,862	2,36,736	3,64,248	5,60,441	8,62,308	13,26,768

Bottom-line: The current expense will go up by approximately 7 times over next 30 yrs

- **It is not only important to 'SAVE' but to 'INVEST'**

Different investment options give different rate of returns depending upon the risk return characteristics. Thus, a small difference in rate of return results in a huge difference in the resultant earnings

Regular Investment

Table 2: Retirement Corpus with a Monthly SIP of Rs.5, 000

Assumed Rate of Return	No. of Years for Retirement					
	5	10	15	20	25	30
7.0%	3,57,965	8,65,424	15,84,811	26,04,633	40,50,358	60,99,855
9.0%	3,77,121	9,67,571	18,92,029	33,39,434	56,05,610	91,53,717
12.0%	4,08,348	11,50,193	24,97,901	49,46,277	93,94,233	1,74,74,821
15.0%	4,42,873	13,76,085	33,42,534	74,86,197	1,62,17,648	3,46,16,398
8% Rate Differential (15%-7%) leads to extra earnings of	**84,908**	**5,10,661**	**17,57,722**	**48,81,564**	**1,21,67,290**	**2,85,16,543**

Note: The above table is only for illustration purposes, purely to explain the concept of SIP and power of compounding and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc Investors are advised to refer to financial advisor / tax advisor independently before investment.

Lump sum Investment

Table 3: Retirement Corpus with One Time Investment of Rs. 10 Lakhs

Assumed Rate of Return	No. of Years for Retirement					
	5	10	15	20	25	30
7.0%	14,02,552	19,67,151	27,59,032	38,69,684	54,27,433	76,12,255
9.0%	15,38,624	23,67,364	36,42,482	56,04,411	86,23,081	1,32,67,678
12.0%	17,62,342	31,05,848	54,73,566	96,46,293	1,70,00,064	2,99,59,922
15.0%	20,11,357	40,45,558	81,37,062	1,63,66,537	3,29,18,953	6,62,11,772
8% Rate Differential (15%-7%) leads to extra earnings of	6,08,805	20,78,406	53,78,030	1,24,96,853	2,74,91,520	5,85,99,517

Note : The above table is only for illustration purposes, purely to explain the concept of power of compounding and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc. Investors are advised to refer to financial advisor / tax advisor independently before investment.

Bottom-line (Table 2 & 3): A difference in rate of returns could lead to a manifold effect to growth of your investments due to Power of Compounding. **Instead of investments growing at 7%, if it could grow at 15%, your retirement corpus would have grown more by ~2.85 – 5.85 Crs over a period of 30 yrs**

- **Catch the Missed Bus by a Combination of Lumpsum +SIP**

If an investor starts investing for fulfilling its retirement goal **at a later age** during their working years, but still wants to accumulate the desired retirement corpus at the retirement age of 60, then the desired corpus can be achieved by a **combination of Lumpsum + SIP**

The above mentioned concept can be explained with the below illustration:

- **With reference to Table 2**, if an investor would have started investing **Rs.5000 per month at the age of 30,** then he/she would have accumulated **retirement corpus of Rs.~3.5 Crs @15% at the age of 60.**
- Assuming the same investor did not start early and at an age of 45, **has only 15 yrs for accumulating the desired retirement corpus (Rs.3.5 Crs) at age of 60.**
- Assuming the investor invests **Rs.5000 per month for 15 years**, then retirement corpus would be **only ~Rs.33 lakhs instead of ~Rs.3.5 Crs** at age of 60.
- Hence, **the differential amount of Rs ~3.12 Crs could be achieved at age of 60**, by investing a **lumpsum amount of ~Rs.33 lakhs today for 15 years along with a Monthly SIP of Rs.5000 per month (Assumed rate of return is 15%)**

Table 4: Lumpsum amount to be invested today along with Monthly SIP of Rs.5000 to achieve retirement corpus at age of 60 (Refer Table 2)

Catch Up By Way of Lump sum

Assumed Rate of Return	No. of Years for Retirement				
	5	10	15	20	25
7.0%	40,50,358	26,04,633	15,84,811	8,65,424	3,57,965
9.0%	56,05,610	33,39,434	18,92,029	9,67,571	3,77,121
12.0%	93,94,233	49,46,277	24,97,901	11,50,193	4,08,348
15.0%	1,62,17,648	74,86,197	33,42,534	13,76,085	4,42,873

Note : The above table is only for illustration purposes, purely to explain the concept of power of compounding and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc. Investors are advised to refer to financial advisor / tax advisor independently before investment.

Accumulate A Healthy Retirement Corpus

- It is **pertinent to aim for accumulating a healthy retirement corpus** that will help meet retirement goals effectively

Table 5: How much do you need to invest per month to have a retirement corpus of Rs.1 Cr

Assumed Rate of Return	No. of Years for Retirement					
	5	**10**	**15**	**20**	**25**	**30**
7.0%	1,39,679	57,775	31,549	19,197	12,345	8,197
9.0%	1,32,584	51,676	26,427	14,973	8,920	5,462
12.0%	1,22,444	43,471	20,017	10,109	5,322	2,861
15.0%	1,12,899	36,335	14,959	6,679	3,083	1,444

Note – Though the above table illustrates the Annual Amount required to accumulate retirement corpus, SIP can be made in Monthly, Quarterly and Annual frequencies. The above table is only for illustration purposes, purely to explain the concept of power of compounding and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc. Investors are advised to refer to financial advisor / tax advisor independently before investment.

Bottom-line: Notice what a difference in rates makes a big difference to your investment requirements. Instead of investments growing at 7%, if it could grow at 15%, the **investment amount may be lesser by almost Rs. 6,700 per month**, and yet achieve the retirement corpus.

Enjoy Your Retirement

- **Importance of earning potentially higher returns**

Table 6: Annuity receivable per month for an investment of retirement corpus of Rs. 1 Cr

Assumed Rate of Return per annum	No. of Years				
	10	**15**	**20**	**25**	**30**
7%	1,16,108	89,883	77,530	70,678	66,530
8%	1,21,328	95,565	83,644	77,182	73,376
9%	1,26,676	1,01,427	89,973	83,920	80,462
10%	1,32,151	1,07,461	96,502	90,870	87,757
12%	1,43,471	1,20,017	1,10,109	1,05,322	1,02,861

Note –The above table is only for illustration purposes, purely to explain the concept of annuity and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc. Investors are advised to refer to financial advisor / tax advisor independently before investment.

How to effectively use the tables explained above to figure out your actual retirement requirements:

Note – All Tables are made with base input values (like 1 Lakh / 1 Cr, etc). You could multiply the output based on your actual requirement. For instance, Table 2 tells you how much you need to save per year (or month) to accumulate a retirement corpus of Rs. 1 Cr. If you are interested to find out the result to accumulate a retirement corpus of Rs. 5 Crs, you multiply by 5.

- **Table 1:** Lets you know the Future Value of your current expenses
- **Table 2 & 3:** Lets you know how much retirement corpus would be accumulated at different rates of return (Regular Investment and Lumpsum)
- **Table 4:** Lets you know how much you need to invest as Lumpsum today along with Monthly/Yearly SIP, if you have started late to invest yet want to achieve a desirable corpus at retirement age of 60.
- **Table 5:** Lets you know how much you need to save per month (or year) to accumulate a retirement corpus of Rs. 1 Cr
- **Table 6:** Shows the annuity receivable per month (or year) for an investment of Rs. 1 Cr

Combination of Accumulation & Withdrawal

Combination of Pre - Retirement and Post - Retirement						
Assumed Rate of Return For Accumulation for 30 Yrs	Monthly SIP	Assumed Rate of Return for Annuity Per Month For Post Retirement Yrs				
		10%				
		10	15	20	25	30
15%	5,000	4,57,458	3,71,990	3,34,056	3,14,559	3,03,784
	10,000	9,14,917	7,43,979	6,68,111	6,29,119	6,07,567
Assumed Rate of Return For Accumulation for 30 Yrs	Monthly SIP	Assumed Rate of Return for Annuity Per Month For Post Retirement Yrs				
		8%				
		10	15	20	25	30
12%	5,000	2,12,018	1,66,998	1,46,166	1,34,874	1,28,224
	10,000	4,24,036	3,33,997	2,92,333	2,69,747	2,56,448

Note –The above table is only for illustration purposes, purely to explain the concept of annuity and should not be taken as any indication of correlation with the scheme either by way of capital protection or equity market returns. RCAM does not recommend any action based on the above illustration. The investment decision of RCAM is based on several factors including research, market potential, future outlook etc. Investors are advised to refer to financial advisor / tax advisor independently before investment.

Bottom-line: If you save Rs.5000 per month for 30 yrs, you can accumulate a retirement corpus of ~Rs.3.5 crs at age of 60 and enjoy a post-retirement pension of ~Rs.3 Lakhs per month for 30 yrs!!

Assumptions – Save at 15% for 30 years, and enjoy post-retirement withdrawal at 10% for 30 years.

Thus, with an aim to SAVE & ACCUMULATE prudently for ENJOYING a happy retirement life,
RCAM launches Reliance Retirement Fund

(An open end notified tax savings cum pension scheme with no assured returns)

One Stop Equity & Debt Oriented Retirement Solution
with an aim to
Save & Accumulate for Enjoying
Post Retirement Life

NFO Period: 22nd Jan – 05th Feb 2015

Offer for Sale of Units at Rs.10/- per unit during the new fund offer period and Continuous offer for Units at NAV based prices

Reliance Retirement Fund – Wealth Creation Scheme

This product is suitable for investors who are seeking*:					
· Long term growth and capital appreciation					
. Investing primarily in Equity and equity related instruments and balance in fixed income securities so as to help the investor in achieving the retirement goals					
· High risk		(BROWN)			
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.					
Note: Risk may be represented as:					
	(BLUE) investors understand that their principal will be at low risk		**(YELLOW)** investors understand that their principal will be at medium risk		**(BROWN)** investors understand that their principal will be at high risk

Reliance Retirement Fund – Income Generation Scheme

This product is suitable for investors who are seeking*:					
· Income over long term with capital growth					
. Investing primarily in fixed income securities and balance in equity and equity related instruments so as to help the investor in achieving the retirement goals					
· Medium risk		(YELLOW)			
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.					
Note: Risk may be represented as:					
	(BLUE) investors understand that their principal will be at low risk		**(YELLOW)** investors understand that their principal will be at medium risk		**(BROWN)** investors understand that their principal will be at high risk

Reliance Retirement Fund
Provides One Stop Retirement Solution

- Take advantage of **equity oriented scheme** with an aim create **long term wealth** for post retirement
- **Liquidity** and **flexibility** - Withdrawal option after 5-year lock-in
- Option to construct **investment allocations between Equity/Debt**, as per risk/return profile
- Offering **tax deductions** for investments up to **Rs. 1.5 Lakhs** u/s clause (xiv) of sub-section (2) of section 80C of the Income Tax Act, 1961
- **Auto-withdrawal through Auto – SWP Facility** – Regular pension through automatic redemption of units, on or after 60 years of age
- **Step Up Facility** – Option to increase investments systematically across life-cycle

Note: Step UP Facility is available only during ongoing basis and not during NFO

Step 1

To SAVE prudently, Reliance Retirement Fund offers the flexibility to choose asset class, depending on the actual requirement

- **The Fund will have 2 Schemes: (Both the Schemes will have different portfolios)**

  - Wealth Creation Scheme **- Equity Oriented** (65%-100% in Equities)
  - Income Generation Scheme - **Debt Oriented** (5%-30% in Equities)

Note - The Fund allows unlimited switches between the two schemes, without any exit load but subject to the applicable cut off timing requirements.

Note: Switch of investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.

Bottom-line: Save by choosing to invest into Wealth Creation Scheme (lumpsum + SIP) during your working years

Step 2

To ACCUMULATE a healthy retirement corpus, Reliance Retirement Fund offers an option to increase SIP through STEP UP Facility in the underlying schemes (Wealth Creation & Income Generation Scheme)

- **STEP UP Facility:** A facility wherein an investor who has enrolled for SIP, has an option to increase the amount of the SIP Installment by a fixed amount at pre-defined intervals. This will enhance the flexibility of the investor to invest higher amounts during the tenure of the SIP, thus aligning an increase in investor's earnings with the SIP installment over the tenure of SIP.

  Note: Step UP Facility is available only during ongoing basis and not during NFO

- **Auto Transfer Facility from Wealth Creation Plan to Income Generation Plan:** Auto Transfer is an optional facility wherein investors' entire investment (Lumpsum/SIP) shall be switched automatically from Wealth Creation Plan to Income Generation Plan (with nil exit load) at any date as specified by the investor (which is within or after the lock-in period) or upon completion of 50 years of age.

Bottom-line: Accumulate a healthy Retirement Corpus:

- Increase SIP through STEP – UP Facility
- Choose Auto Transfer Facility / manual Transfer Facility to shift your assets to Income Generation Scheme, closer to your retirement age

Step 3

To ENJOY post retirement life, Reliance Retirement Fund offers AUTO SWP Facility and other Liquidity Benefits

- **Auto SWP Facility:** This optional facility aims to provide a regular inflow of money to investors (monthly/quarterly/annual) by automatic redemption of units on or after 60 years of age. The SWP amount could be chosen basis investor's actual pension requirements, subject to minimum SWP amount for each frequency.

- **Liquidity:** The Fund also offers liquidity and flexibility to withdraw amounts, which investors could use during times of emergency. The fund provides repurchase /switch-out facility on all Business Days at NAV based prices after an initial lock-in-period of five years in the scheme from the date of allotment of units.

Lock - in Period: 5 years in the fund from the date of allotment of units. (Note: 5 years lock in period is in respect to the fund and not with respect to switch between Wealth Creation Scheme and Income Generation Scheme. Auto transfer from Wealth Creation Scheme to Income Generation Scheme is applicable during 5 year lock – in period).

The Fund has an exit load of 1%, if investments are redeemed before 60 years of age. However, the load will not be applicable for intra-fund switches (even during the lock-in period of 5 years). i.e., Investors can do unlimited switches between the two schemes, without any exit load.

Note: Switch of investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.

Bottom-line: Enjoy Post-Retirement: Choose Auto SWP / manual SWP to withdraw regular pension.

Scheme Attributes (Wealth Creation & Income Generation Schemes)

Attribute	Details
Asset Allocation	**Wealth Creation Scheme** Diversified Equities & Equity Related Securities - 65% - 100% Debt & Money Market Securities – 0% - 35% **Income Generation Scheme** Diversified Equities & Equity Related Securities - 5% - 30% Debt & Money Market Securities – 70% - 95%
Benchmark	❖ Wealth Creation Scheme : S&P BSE 100 Index ❖ Income Generation Scheme : Crisil MIP Blended Index
Exit Load (Exit Load If charged to the scheme shall be credited to the scheme immediately net of service tax, if any)	❖ 1% if redeemed/switched out from Reliance Retirement Fund before attainment of 60 years of age. ❖ Nil in case of Auto SWP/Redemption/Switch out from Reliance Retirement Fund on or after attainment of 60 years of age or after completion of 5 year lock in period, whichever is later. ❖ Nil in case of switch made from Wealth Creation Scheme to Income Generation Scheme or vice versa ❖ Nil in case of Auto Transfer from Wealth Creation Scheme to Income Generation Scheme Note: Age will be computed with reference to years completed on the date of transaction) The Fund allows unlimited switches from Wealth Creation Scheme to Income Generation Scheme or vice versa, within and after the lockin period, without any exit load subject to (point no a). However, investors should note that taxes (such as Capital Gains tax, STT, etc.) would be applicable for such transactions as per the prevailing Income Tax Laws.
Plans and Options	❖ Growth Plan : Growth Option & Bonus Option ❖ Dividend Plan : Dividend Payout Option ❖ Direct Plan - Growth Plan: Growth Option & Bonus Option ❖ Direct Plan - Dividend Plan: Dividend Payout Option
Minimum Application Amount	❖ Lumpsum – Rs.5,000 & in multiples of Rs. 500 thereafter ❖ Monthly SIP – Rs. 500 & in multiples of Rs.500 thereafter for minimum of 12 months ❖ Quarterly SIP – Rs.1,500 & in multiples of Rs.500 thereafter for minimum of 4 quarters ❖ Annual SIP – Rs. 5,000 & in multiples of Rs.500 thereafter for minimum of 2 years ❖ Additional Minimum Application Amount (Lumpsum) – Rs. 1,000 & in multiples of Rs.500 thereafter
Minimum Amount for Auto SWP	❖ Monthly Frequency – Rs. 500 & in multiples of Rs.500 thereafter ❖ Quarterly Frequency – Rs.1,500 & in multiples of Rs.500 thereafter ❖ Annual Frequency – Rs. 5,000 & in multiples of Rs.500 thereafter
Fund Managers	Sanjay Parekh (Equity), Anju Chajjer (Debt), Jahnvee Shah (Overseas Investments)
Additional Tax Benefit	The Central Government specifies Reliance Retirement Fund as a pension fund for the purpose of clause (xiv) of sub-section (2) of section 80C of the Income Tax Act, 1961 (43 of 1961) for the assessment year 2015-16 and subsequent assessment years. The units under the present Scheme are offered to the Investors for enabling them to avail the benefits under clause (xiv) of Sub-section (2) of Section 80C of the Income-tax Act, 1961 (the “Act”) read with notification No. 90/214/F.No.178/63/2012-ITA-I dated 23/12/2014. **Thus, Investment made in the scheme will qualify for a deduction from Gross Total Income upto Rs.150,000/- (along with other prescribed investments) under section 80C of the Income Tax Act, 1961**.
Who Can Invest	The following persons (subject, wherever relevant, to purchase of units being permitted under their respective constitutions and relevant State Regulations) are eligible to subscribe to the units: ❖ Adult Resident Indian Individuals, either single or jointly (not exceeding three). ❖ Non – resident Indians and persons of Indian origin residing abroad, on a full repatriation basis ❖ Parents / Lawful guardians on behalf of Minors The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Schemes, subject to SEBI Regulations and other prevailing statutory regulations, if any. Currently, Individuals qualify for tax benefits U/S 80C of Income Tax Act, 1961. **Kindly refer SID for further details**

Point No a: Switch of investments made with ARN code, from Other than Direct Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any.

Disclaimers:

Scheme Specific Risk Factors: Trading volumes and settlement periods may restrict liquidity in equity and debt investments. Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The NAV may also be subjected to risk associated with investment in derivatives, foreign securities or script lending as may be permissible by the Scheme Information Document.

The views being expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers. Before making any investments, the readers are advised to seek independent professional advice, verify the contents in order to arrive at an informed investment decision. None of the Sponsor, the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable in any way for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including on account of lost profits arising from the information contained in this material.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.