
SBI
RETIREMENT BENEFIT FUND
An open ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier)
YOU'VE PLANNED OUT YOUR CAREER. NOW START PLANNING YOUR RETIREMENT.
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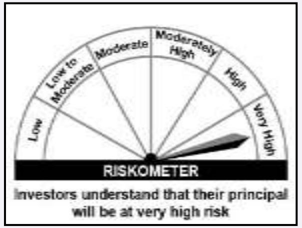
Investments at Your Fingertips
SBI MUTUAL FUND
A PARTNER FOR LIFE

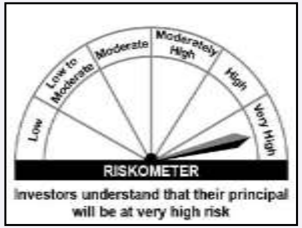
Product Label

SBI MUTUAL FUND
A PARTNER FOR LIFE

This product is suitable for investors who are seeking*:

SBI Retirement Benefit Fund – Aggressive Plan	SBI Retirement Benefit Fund – Aggressive Hybrid Plan	SBI Retirement Benefit Fund – Conservative Hybrid Plan	SBI Retirement Benefit Fund – Conservative Plan
• Long term capital appreciation • Investment predominantly in equity and equity related instruments	• Long term capital appreciation • Investment predominantly in equity and equity related instruments & balance in debt and money market instruments	• Long term capital appreciation • Investment predominantly in debt and money market instruments & balance in equity and equity related instruments	• Long term capital appreciation • Investment predominantly in debt and money market instruments & remaining in equity and equity related instruments





*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

On a lighter note, the 'Problems' that young people face…

- No 'Likes' on social media posts
- Typing out the entire password, without selecting the text box
- Auto-rotate in the opposite direction of the smartphone while lying on the other side
- Software update requires one to restart the laptop now, which can't be postponed
- Mobile charger cable not long enough
- Trying to find something to watch on popular OTT platforms
- Accidentally waking up at 6 A.M on a Sunday
- Tangled earphones wire

and the biggest problem…..no WiFi

Retirement Planning is not a 'Problem' for Millennials

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A Complex Problem

Sizeable corpus –
needs serious thought and planning to accumulate a sizeable corpus

Unpredictable - lot of variables which are not in our control

Compromised Lifestyle –
lack of planning can mean compromise in lifestyle during the sunset years

Medical inflation and emergencies

Most people give any serious thought to retirement planning only after they cross age 40

Society Structure contributing to complexity of problem

Modern Indian society has changed structurally. Joint families earlier supported senior citizens during their retirement years

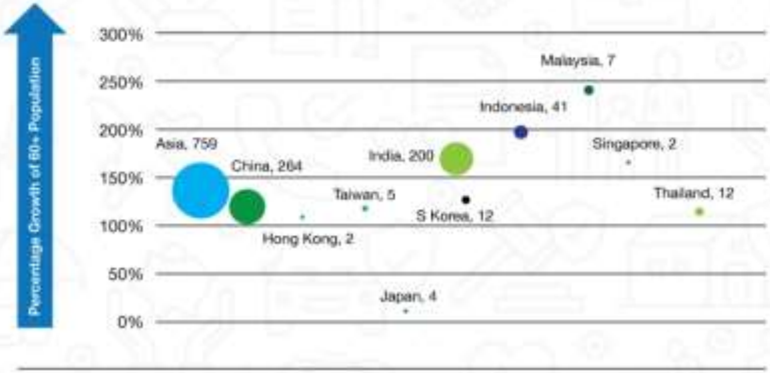
However, society moving towards more complex structures

- Nuclear families,
- ‘Joint’ family where both parents are working and want one set of their parents to stay with them to take care of kids
- Rising number of single parents
- People opting to stay single / marry late

Retirement Planning is best done during the younger years

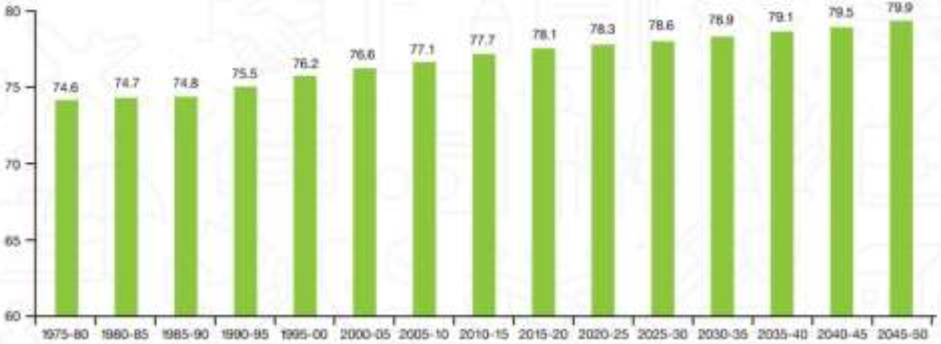
Ageing Population and Life Expectancy

Additional Age 60+ Population in 2050 vs. 2015



Size of bubble represents absolute increase in age 60+ population (in millions).
UN Population Division, 2017 data, LIMRA International Research.

Life Expectancy (in Years)



UN Population Division - 2017 data, LIMRA International Research.

India is expected to move from a predominantly young population to an aging population in the next 30 years

The elderly population of India will rise from 117 million in 2015 to 317 million in 2050, which is an increase of almost 200 million in just 35 years

Medical advances, improved lifestyle, and the ability to afford healthcare has increased life expectancy

Life expectancy in1975 – 80 was 74.6 years. It is likely to reach 79.9 years by 2045 – 2050 from 77.7 years in 2010 – 2015

Ageing Population and Life Expectancy contd…

Likely fallout of ageing of population and increase in life expectancy

- Inflation in medical cost
- Increase in pension cost would mean government will have to look for alternative
- Move towards defined contribution (DC) from defined benefit (DB)

Unpredictability adds to complexity in retirement planning

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Inflation – both country's general inflation and individual's specific lifestyle inflation

Remaining years left for retirement – traditional vs aspirational

Life expectancy post retirement – risk of living longer than your finances

Medical corpus pre/post retirement – rising medical cost, new threats, emergencies

Monthly corpus post retirement – change in lifestyle

Rate of returns expected on your investment pre / post retirement

Layoffs / pause in earnings / start-up plunge / sabbatical / different profession demand different planning e.g., cricketers retire at 40 years

Lavish expenditure / lifestyle change / EMIs leaving little room for savings – dilemma as House also provides security in retirement and saves on rent later and leaves a legacy

Attitude towards Retirement – Sunset years nowadays seen as second innings to enjoy life

The 'Simple' Solution

1st STEP: Understand the simple Math

+ − × =

How different components are linked and can have a bearing on the final retirement kitty

2nd STEP: Make informed estimates for all the variables

{x}

Based on the unique situation and lifestyle choice

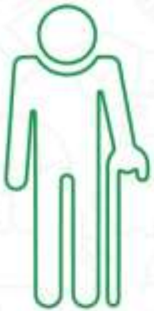
3rd STEP: Leaving room for error in judgement

Adjust the estimated retirement corpus upwards by 10%-20%, to allow for life's uncertainties and unpredictability

Variable No. 1 - Age and Number of Years

Number of years left before Retirement

- Current age – 30 years
- Traditional retirement age – 58 years
- Aspirational retirement age – 55 years
- Forced retirement age (due to automation, robots taking our jobs, not re-skilled enough for new tech, work culture shift, economy in depression, layoffs, VRS etc) – 50 years



Number of years left after Retirement

- Average Life expectancy – 80 years
- Medical history of family, hereditary diseases – e.g., diabetes
- What if you live longer?

Variable No. 2 - Monthly Expenses and Lifestyle

Pre-Retirement

- Monthly expenses based on current lifestyle – Rs. 40,000

  (school fees, maid salary, clothes and online shopping, mobile bills, electricity bills, car loan EMI, petrol bills, Travel Expense through cab hailing services, expenses on expensive hobby e.g., photography, entertainment expenses for movies, OTT platforms subscription, dining out, grocery, term and health insurance premium)

- Inflation of your consumption basket – 6% p.a

Rent – Rs 50,000 per month

- Associated expenses – Rs. 50,000 p.a
- Inflation – 5% p.a

Medical expenses for family of four – Rs. 5,000 per month on an average

- Inflation – 10% p.a

Post Retirement

Expected monthly expenses after retirement

- After purchase of house property, rent or EMI outflow may cease
- Medical expenses likely to increase

Major expenses like Annual Foreign Travel, Child's Education, Child's Marriage, Buying a Property etc. not included in above as it requires a separate planning

Variable No. 3 - Your Ability to Save

Ability to Save

✓ Automatic retirement planning through payroll deduction like Provident Fund. people often dip into this corpus for home purchase

✓ Amount of monthly savings which can be earmarked for retirement corpus. This ability keeps changing over the working life

- Young professional don't save more as they want instant gratification
- 'Double Income No Kids' couple can save more and invest more
- Couple with Kids may see income rising, but propensity to save declining
- A matured couple may see income growth outpacing expense growth and thus can save more again

✓ Lumpsum amount already collected for retirement purpose

✓ Endowment Insurance policy which can provide lumpsum corpus at the end of maturity period. Annuities purchased from this policies

Variable No. 4 - Rate of Return

Rate of Return

- High yielding, guaranteed products have slowly been phased out in India
- Yields on guaranteed products have shown a declining trend recently
- Returns can be enhanced by adding risky asset classes like equities
- Equities over an extended period of time can yield better inflation-adjusted returns but can be also be extremely volatile and unnerving in the short term
- Focus shifts from wealth generation to capital preservation
- Inflation needs to be factored in i.e., real returns to be estimated

The Variables - Putting it all together…

- Number of years left before Retirement ----------------
- Number of years left after Retirement ----------------
- Monthly expenses and lifestyle ----------------
- Ability to save ----------------
- Rate of return before retirement ----------------
- Rate of return after retirement ----------------

Estimated retirement corpus ________________

+ Life's Uncertainty Premium (10%-15%) ________________

Putting it all together…

Current Age	Age 30
Life expectancy	Age 80
Monthly expenses and lifestyle	Rs. 40,000
Expected rate of return before retirement	12.00%
Expected rate of return after retirement	7.50%
Average Inflation	6.00%
Retirement Age	Age 55
Estimated retirement corpus:	Rs. 4.34 crores
+ Life's Uncertainty Premium (10%-15%) Final corpus required:	Rs. 4.7 to 5 crores
Monthly SIP required to achieve target retirement corpus of Rs. 5 crores	**Rs. 29, 374**

✓ **However, for retirement at Age 60, monthly SIP required is Rs. 16,229**

Source : Internal. The figures mentioned above are hypothetical in nature and shown for illustrative and understanding purpose only and should not be construed as any indication/assurance for future performance in any manner. Mutual Fund schemes do not have a fixed rate of return and it is not possible to predict the rate of return. Recipient should seek advice from financial / tax experts before arriving at any investment decision.

The cost of delaying Retirement Planning

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- In the previous case study, if at Age 30 you calculated that you need to accumulate Rs. 5 crores as retirement corpus, then you need to start a SIP for Rs. 29,374
- However, if you delayed the decision by 5 years and instead started investing at age 35, then you need to invest Rs. 54,356 per month to accumulate Rs. 5 crores by retirement age

Source : Internal. The figures mentioned above are hypothetical in nature and shown for illustrative and understanding purpose only and should not be construed as any indication/assurance for future performance in any manner. Mutual Fund schemes do not have a fixed rate of return and it is not possible to predict the rate of return. Recipient should seek advice from financial / tax experts before arriving at any investment decision.

Presenting

SBI RETIREMENT BENEFIT FUND

An open ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier)

Product Details

SBI Retirement Benefit Fund is an open-ended, retirement solution-oriented scheme

The investment amount is locked in for five years or until retirement (i.e., completion of 65 years), whichever is earlier

No investor above the age of 65 years will be allowed to subscribe to the scheme

The Scheme offers four investment plans –

- Aggressive (Equity oriented)
- Aggressive Hybrid (Equity oriented)
- Conservative Hybrid (Debt oriented)
- Conservative (Debt oriented)

Asset Allocation through different plans for various life stages

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Instruments	Allocation		Risk
	Min	Max	
Aggressive Plan			
Equity Instruments*	80%	100%	High
Debt Instruments^	0%	20%	Low to Moderate
Aggressive Hybrid Plan			
Equity Instruments	65%	80%	High
Debt Instruments	0%	35%	Low to Moderate
Conservative Hybrid Plan			
Debt instruments	60%	90%	Low to Moderate
Equity instruments	10%	40%	High
Conservative Plan			
Debt instruments	80%	100%	Low to Moderate
Equity instruments	0%	20%	High

- *Equity Instruments include all equity and equity-related instruments ^Debt Instruments include all debt, debt-related, and money market instruments
- Every plan can take up to 20% exposure to Gold ETFs and up to 10% exposure to REITs/InVITs
- The plans can also invest in foreign securities including overseas ETF to the tune of up to 35% in Aggressive Plan, up to 15% in Aggressive Hybrid Plan and Conservative Hybrid Plan and up to 10% in Conservative Plan
- Please read Scheme Information Document for more details

Scheme features

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Asset Allocation — **Auto Transfer Plan**

Age based transfer to an investment plan. Invested assets will be automatically switched to the Investment Plan of immediate lower risk as the investor crosses the maximum age associated to their current Investment Plan

Insurance benefits with SIP — **SIP Insure**

SIP registered under this with a tenure of 3 years plus, has insurance benefits wherein in case of an unfortunate event the nominee stand to get the benefits as mentioned below

Year 1: 20 times the monthly SIP installment
Year 2: 50 times the monthly SIP installment
Year 3: 100 times the monthly SIP installment
Year 4 onwards: 100 times the monthly SIP

Manage your cashflows — **SWP (A)**

Investors can opt for this facility* and withdraw their investments systematically on a Quarterly basis (applicable quarters are end of December, March, June, September). Withdrawals will be made/ effected on the 25th of every month of that particular quarter and would be treated as redemptions.

(*Available only in the Income Distribution cum Capital Withdrawal option (IDCW) of the scheme)

How can one decide which plan is suitable?

The suitability will be a function of one's age, investment horizon and risk appetite. Under 'My investment plan' there are two facilities:

- **Auto Transfer:** Under the 'Auto Transfer' facility, the investment plan is chosen based on the investor's age at the time of the investment. Each investment plan corresponds to a certain age group as is explained in the table below:

Plan	Age Range (in years)	Risk
Aggressive	Upto 40	Aggressive
Aggressive Hybrid	40 to 50	Moderate
Conservative Hybrid	50 to 60	Conservative
Conservative	Above 60	Low

In this facility, the investor does not choose a plan but is allotted one based on their age at the time of investment. As the investor advances in age, the invested assets get automatically transferred to the next low risk investment plan corresponding to the investor's age. No exit load is applicable in case of this switching of assets between plans. However, tax will be applicable as per prevailing taxation laws.

- **My Choice:** Under the 'My Choice' facility, the initial investment plan chosen by the investor will continue even as the investor advances in age and crosses over to the next age low-risk age bracket. Incremental investment made will also be added to the initial investment plan. If the investor does not opt for auto transfer, then existing and incremental investments will continue in the plan chosen at the time of initial investment. Further, any number of switches are allowed between the four plans of the scheme.

For e.g.: An investor can move from Aggressive Plan to Conservative Plan or vice versa.

Fund Facts

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Type of Scheme	An open-ended retirement solution-oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier)
Fund Manager	• Mr. Gaurav Mehta for Equity portion and Mr. Dinesh Ahuja for Fixed Income portion • Mr. Mohit Jain is the dedicated fund manager for managing overseas investments
Benchmark Index	• Aggressive Plan: BSE 500 TRI • Aggressive Hybrid Plan: Crisil Hybrid 35+65 - Aggressive Index • Conservative Hybrid Plan: Crisil Hybrid 65+35 - Conservative Index • Conservative Plan: Nifty Composite Debt Index
Exit Load	• For redemption/switch out: Nil • No Exit Load in case of switch is made from one plan to another
Application amount	• Rs. 5000/- and in multiples of Rs. 1 thereafter • Additional Purchase: Rs. 1000/- and in multiples of Rs. 1 thereafter
SIP	The Scheme offers Daily, Weekly, Monthly, Quarterly, Semi-Annual & Annual Systematic Investment Plan

Disclaimer

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