

# How to plan your second innings



SUMEET  
VAID

WITH Amitabh Bachchan's birthday a few days back, all the TV channels started telecasting his movies, and while switching channels I came across his movie

*Baghban*. The movie, in addition to the acting from the lead pair, also struck me as one of the few movies to tackle the issue of financial planning, or rather the pitfalls from the lack of it.

While not all children are like the ones in *Baghban*, there are numerous people who spend their entire professional life in financially securing the lives of their loved ones. And, more often, while performing this task, people tend to miss out on planning the finances for the later stage of their own lives, which at times, disrupts the healthy balance, forcing them to compromise their lifestyle drastically, against their will. However, with judicious financial planning, the second innings can be fun sans any financial distress.

Here are a few things that one needs to consider:

## SCAN FINANCIAL STATE

Whether you have retired or you are nearing retirement, it is important for you to know the source of income that will cover your monthly expenditure post retirement. It could be pension, retirement corpus or income from investments like fixed



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deposits or real estate, etc. Also, you need to check if the retirement income will be enough to cover your monthly and medical expenditure. In case, if you are in a rented apartment then the monthly expenditure should include the rent as well.

## GET A HEALTH COVER

With the sky-rocketing medical costs it is always advisable for the elderly to get a health insurance cover of their own as opposed to solely depending on the health schemes issued by the employer. Most of the employee-funded health covers are not sufficient as they do not include many age-related ailments. If you buy a health policy you get the option of selecting a policy which is mainly designed for the senior citizens.

## UNANTICIPATED EXPENSE

Unpredicted and sudden expenditure such as hospitalisation, etc are more likely to come post retirement and it is always better to be equipped for it by keeping some money or any asset that can be easily converted into cash aside to meet a situation like that. Since after retirement the expenditure is usually much more than the regular income, this type of money allocation helps to deal with emergency situations with ease.

## ASSET MANAGEMENT

In case, if you have not created any retirement corpus or do not have any asset or fixed income to bank upon, then reverse mortgage is an option for you if you own a house. It is a loan provided to people of 60 years and

above. The amount of this kind of loan is based on the market value of the property, current rate of interest and the age of the loan taker.

## GOLD AND OTHER ASSETS

Traditionally, we tend to prefer to hold a large chunk of our investments in gold. If you do not have sufficient sources of funds then you can consider liquidating part or all of your gold based assets and investing the money in some kind of fixed income instruments.

While managing your assets, remember that post retirement you will need to maintain a steady cash flow to substitute the loss of a regular income. Also, your goal during retirement is not asset creation or higher returns, hence, focus on liquidity when investing in assets. Look for the fine balance where you have sufficient liquid assets while also parking some funds in income earning instruments that help you deal with inflation.

In addition to the above, some other pointers that you need to remember are -

1. Keep your assets as long as you live. Do not transfer it to your children right away.
2. Write a Will to distribute your assets/estate, after you are no more.
3. Ensure good health and diet and keep expectations low so that all the money doesn't go the doctors! ♦

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