



Looking for a Regular Income!

Explore SWP from Mutual Funds

July, 2024

For consumption of AssetPlus partners only



What are the options for a regular income?



Bank FDs



Rental
Income



RBI Floating
Rate
Savings
Bonds



Annuities
from
Insurance
Companies



Senior
Citizen
Savings
Scheme



Systematic
Withdrawal
Plans from
Mutual Funds

Quick comparison

Parameters	Bank FDs	Rental Income	Annuity Payments	Senior Citizen Savings Scheme	RBI Floating Rate Savings Bond	SWP from Mutual Funds
Flexibility	High	Low	Medium	Low	Low	High
Liquidity	Anytime	Low	Low	5 years lock-in	7 years lock-in	Anytime
Returns	~7%	~3%	~6%	8.20%	8.05%	Market-Linked
Limit On Investment	No	No	No	15 Lakhs	No	No
Taxation	30%	Rental Income	30%*	30%*	30%*	**12.5% after 1 year

*Assuming the highest slab rate

**LTCG - 12.5% on gains more than 1,25,000 STCG(less than one year) - 20%



How does SWP work?

A Systematic Withdrawal Plan is an effective way to create regular cash flows or income from your mutual fund investments.



Income



**MUTUAL FUND
SCHEME**

BANK



SWP Benefits



**Regular Cash
Flows**

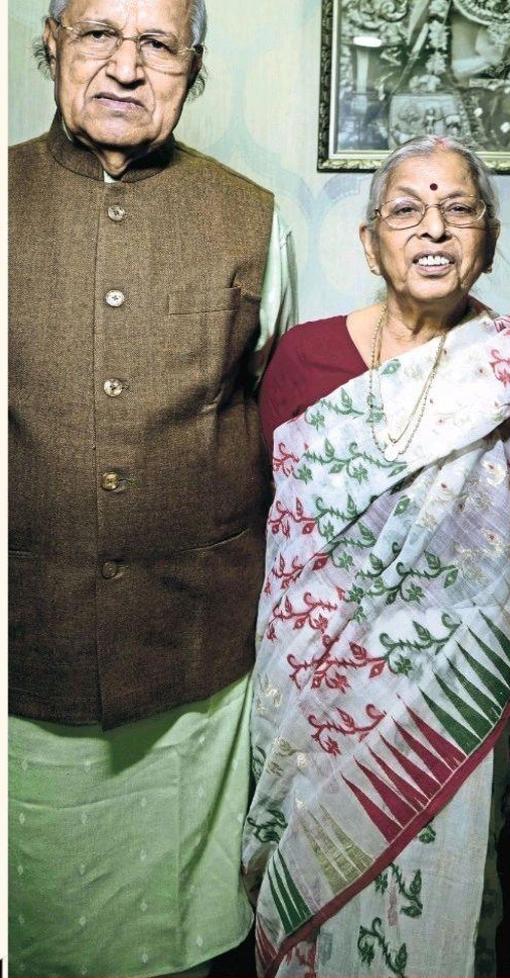


Tax Efficient Returns

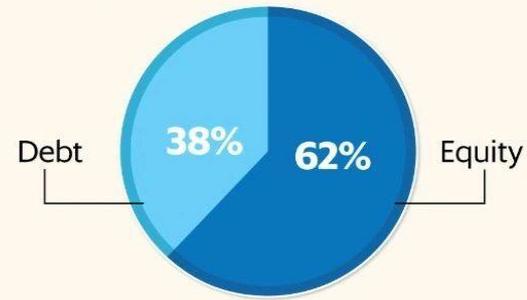


**Long-term Wealth
Creation Opportunity**

**SWP solution used
by elderly couple**
(As appeared in Mint
Newspaper)



**Ram Mohan Pandey, 86, with his wife
Shanti Pandey, 81, at their house in
Banaras.**



What are your post-retirement goals?

- ▶ Doing charity work and visiting sites of pilgrimage.

How do you manage your expenses?

- ▶ Systematic withdrawal plans (SWPs) from mutual funds.
- ▶ Get pension from Banaras Hindu University (BHU).

How do you take care of medical needs?

- ▶ **13%** of investment corpus is kept for medical care.

How do you provide for charity?

- ▶ **7%** of corpus is marked for annual charity.

How is debt:equity re-balanced?

- ▶ Aim to keep it at **40:60**
- ▶ Oldest equity money is replaced to debt if there is large withdrawal.

SWP Features

FLEXIBILITY

Start, stop, increase, and decrease withdrawals at any time

01

LIQUIDITY

Withdraw the corpus any time, if required

02

CHOICES

Invest in any asset class, depending upon the horizon, and risk appetite

03



Tax benefit illustration of SWP

Investment: 50,00,000

Annual Withdrawal: 3,00,000

Assumed FD Tax Slab: 30%

Fixed Deposit		
Year	Tax Payable	Net in Hand
1	90,000	2,10,000
2	90,000	2,10,000
3	90,000	2,10,000
4	90,000	2,10,000
5	90,000	2,10,000
6	90,000	2,10,000
7	90,000	2,10,000
8	90,000	2,10,000
9	90,000	2,10,000
10	90,000	2,10,000
Total	9,00,000	21,00,000

SWP from Mutual Funds*		
Capital Gains	Tax Payable	Net In Hand
39,334	7,867	2,92,133
64,042	8,005	2,91,995
86,408	10,801	2,89,199
1,06,654	13,332	2,86,668
1,24,981	15,623	2,84,377
1,41,570	17,696	2,82,304
1,56,587	19,573	2,80,427
1,70,181	21,273	2,78,727
1,82,486	22,811	2,77,189
1,93,625	24,203	2,75,797
12,65,869	1,61,184	28,28,816

*STCG is taxed@20%; LTCG is taxed@12.5%; Tax Slab of the investor is assumed to be 30%

Tax paid in FD is ₹9 Lakhs in 10 Years whereas it's only ₹1.61 Lakhs in an SWP

The above shown calculations are for illustration purpose only.



SWP Tax Calculation - Example

LTCG

Monthly withdrawal (a)	Current NAV (b)	Purchase NAV (c)	No of units withdrawn (a/b)=(d)	Gains per unit (b-c)=(e)	Gains on Withdrawal (d*e)=(f)	Long term Capital Gain tax applicable ((f)*12.5%)	Net in Hand (a-f)
₹ 25,000	₹11	₹10	2,272	₹1	₹ 2,272	₹ 284	₹ 24,716

Please note: We assume exemption of 1.25 Lakh has been fully exhausted

STCG

Monthly withdrawal (a)	Current NAV (b)	Purchase NAV (c)	No of units withdrawn (a/b)=(d)	Gains per unit (b-c)=(e)	Gains on Withdrawal (d*e)=(f)	Short term Capital Gain tax applicable ((f)*20%)	Net in Hand (a-f)
₹ 25,000	₹ 11	₹10	2,272	₹ 1	₹ 2,272	₹ 455	₹ 24,545

The above shown calculations are for illustration purpose only.



Track Record of SWPs – Fund Examples

Investment Amount: INR 50,00,000

Investment Start Date: August, 2013

SWP Start Date: August, 2014 | SWP End Date: July, 2024

- Monthly Withdrawal: INR 25,000
- Annual Withdrawal: INR 3,00,000
- Total Withdrawal: INR 30,00,000

Scheme Name	Category	Current Value (INR)	XIRR	Total Withdrawal + Current Value (INR)
ICICI Prudential Balanced Advantage Fund	Balanced Advantage	1,49,00,260	13.96%	1,79,00,260
ICICI Prudential Multi-Asset Fund	Multi-Asset	2,43,67,794	18.44%	2,73,67,794
CANARA ROBECO Equity Hybrid Fund	Aggressive Hybrid	1,98,12,997	16.51%	2,28,12,997
HDFC Equity Savings	Equity Savings	99,62,583	10.58%	1,29,62,583

Source: AdvisorKhoj

Data as on 31/07/2024

Mutual Fund investments are subject to market risk. Read all scheme related documents carefully. The past performance is not an indicative of future returns



Use Cases of SWPs



SWP Use Case 1

Purpose

Post-Retirement Expense

Initial Investment

₹50,00,000

Monthly Withdrawal

₹25,000

Annual Withdrawal Rate

6%

Expected RoR

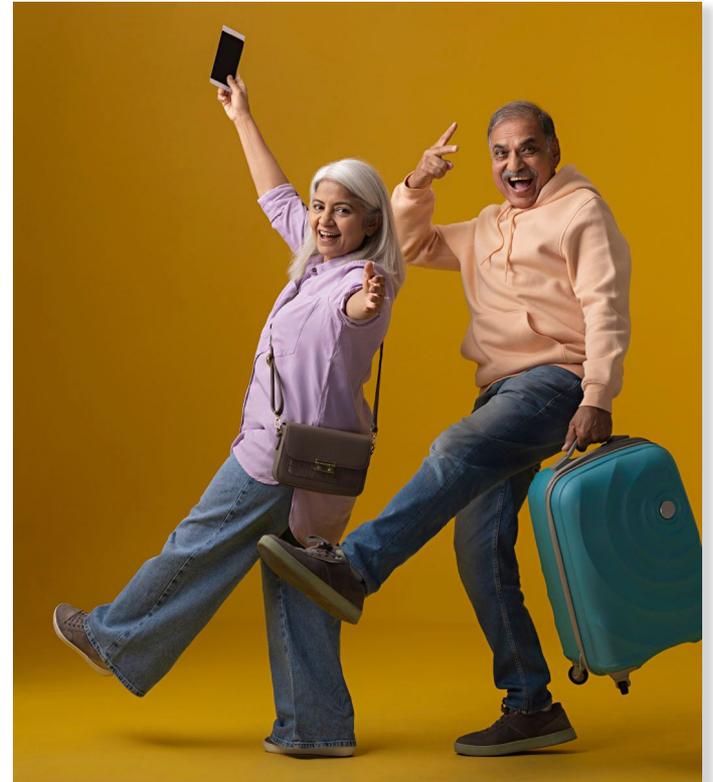
10% in Balanced
Advantage Fund

No of Years Withdrawn

20 years

Corpus post 20 Years

₹1.75Cr



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SWP Use Case 2

Purpose
School Fees

Initial Investment
₹25,00,000

Monthly Withdrawal
₹12,500

Annual Withdrawal Rate
6%

Expected RoR
**10% in a Balanced
Advantage Fund**

No of Years Withdrawn
10 years

Corpus post 10 years
₹41 L



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SWP Use Case 3

Purpose

Fixed Monthly Expenses

Initial Investment

₹10,00,000

Monthly Withdrawal

₹5,000

Annual Withdrawal Rate

6%

Expected RoR

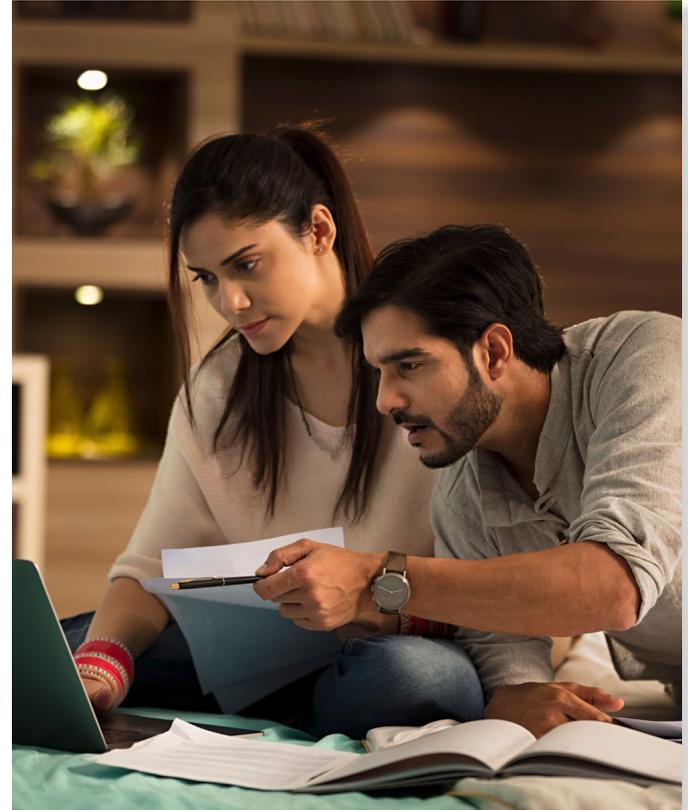
10% in a Balanced Advantage Fund

No of Years Withdrawn

10 years

Corpus post 10 years

₹16 L



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SWP Calculator in AssetPlus App

Dashboard

Resources

Calculator

SWP

Calculators / SWP

SWP Calculator

Take Snapshot

TOTAL INVESTMENT

₹ 5000000



WITHDRAWAL PER MONTH

₹ 25000



EXPECTED RETURNS

12 %

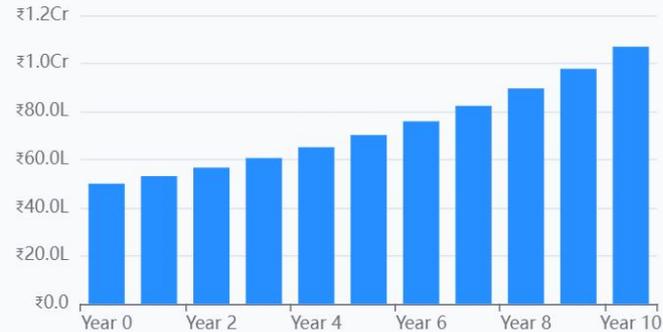


HOW LONG YOU WANT TO WITHDRAW

10 Yrs



Portfolio Balance Left



Total Invested

₹50.00L

Total Withdrawal

₹30.00L

Final Portfolio Balance

₹1.07Cr



SWP Ideas



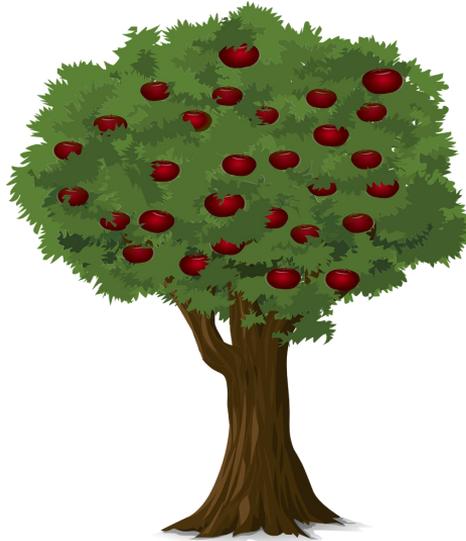
SIP + SWP Strategy

Build wealth with SIP, enjoy monthly income with SWP

Monthly SIP Of
₹10,000

SIP Tenure
20 Years

Expected Return
12%



Monthly Withdrawal
after 20 Years
₹50,000

SWP Period Return
6%

Withdrawal Period
For Life

Despite regular monthly withdrawals, portfolio balance remains above
90 Lacs at all points in time with anytime liquidity

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Regular Income Calculator in AssetPlus App

Plan Income By

< NO. OF YEARS >

SIP

₹ 10000

LUMP SUM

₹ 2500000

INVESTMENT PERIOD

20 Yrs

EXPECTED RETURNS

12 %

WAITING PERIOD BEFORE WITHDRAWAL

10 Yrs

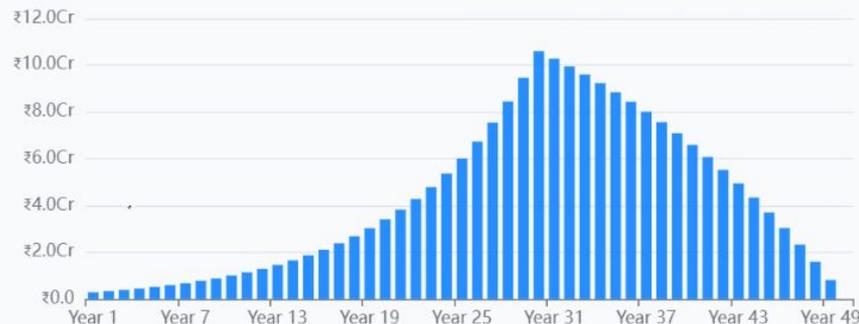
HOW LONG YOU WANT TO WITHDRAW

20 Yrs

EXP RETURNS IN WITHDRAWAL PERIOD

5 %

Portfolio Value



Portfolio Value at the end of 20th Year

₹3.41Cr

Portfolio Value before withdrawal Begins

₹10.59Cr

Monthly Withdrawal for 20 Years

₹6.96L

With a total investment of ₹49.00L over 20 years, you will be able to withdraw ₹6.96L every month for approximately 20 years



How much should I withdraw every month?

Objective	Annual Withdrawal of Invested Amount*
Conservative Withdrawal Rate	4%
Monthly income from return & some growth potential	6%
Monthly income from most of the return generated	8%
Monthly income from both return and invested amount	10% or More

Safe Withdrawal Rate



Safe Withdrawal Rate minimizes the risk of depleting initial investment while allowing growth, ensuring long-term sustainability

*This is assuming investment is made in funds like Balanced Advantage or Multi Asset Fund that can potentially generate 10% returns



Recommended Fund Categories for SWPs

	Risk Appetite	Conservative	Medium	High
Tenure				
1 to 3 Years		Conservative Hybrid	Equity Savings	BAF / Multi-Asset
3+ Years		Equity Savings	BAF / Multi-Asset	Aggressive Hybrid

Invest in **Hybrid Categories for SWP** to benefit from diversification, balanced risk-return & consistent income



SWP Tips



Delay the SWP for tax efficiency & higher corpus before starting withdrawals



Be moderate in choosing monthly withdrawal amount



Consider adjusting withdrawal rates periodically to account for inflation



Consider impact of taxation on withdrawal



Seek professional help while setting up a withdrawal plan



Goal-Based Systematic Withdrawal

Steps to Goal-Based Systematic Withdrawal

1. **Identify Goals:** Define financial goals (e.g., retirement, education), time horizon & amount needed for each goal
2. **Determine Withdrawal Amounts:** Calculate a sustainable withdrawal rate and frequency (monthly, quarterly, annually)
3. **Create Withdrawal Schedule:** Align withdrawals with goal timelines
4. **Tax Considerations:** Understand tax implications of withdrawals & optimize for tax efficiency
5. **Implement the Plan:** Invest and Set up automatic withdrawals
6. **Monitor and Adjust:** Regularly review portfolio, adjust withdrawals basis inflation & other considerations, if any



SWP Ready Reckoner



SWP Ready Reckoner for 10L Investment

Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
7%	4%	3,333	4L	14.29L	8L	22.92L	10L	30.10L
7%	6%	5,000	6L	11.39L	12L	14.19L	15L	16.51L
7%	8%	6,667	8L	8.49L	16L	5.46L	20L	2.93L
7%	10%	8,333	10L	5.59L	20L	Corpus depletes in 17 Years	25L	Corpus depletes in 17 Years
7%	12%	10,000	12L	2.69L	24L	Corpus depletes in 12 Years and 5 Months	30L	Corpus depletes in 12 Years and 5 Months
Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
10%	4%	3,333	4L	20.19L	8L	47.76L	10L	75.98L
10%	6%	5,000	6L	16.74L	12L	35L	15L	53.67L
10%	8%	6,667	8L	13.30L	16L	22.23L	20L	31.37L
10%	10%	8,333	10L	9.86L	20L	48L	25L	9.08L
10%	12%	10,000	12L	6.42L	24L	Corpus depletes in 17 Years and 7 Months	30L	Corpus depletes in 17 Years and 7 Months

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SWP Ready Reckoner for 25 L Investment

Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
7%	4%	8,333	10L	35.73L	20L	57.30L	25L	75.24L
7%	6%	12,500	15L	28.48L	30L	35.47L	37.5L	41.29L
7%	8%	16,667	20L	21.23L	40L	13.64L	50L	7.34L
7%	10%	20,833	25L	13.97L	50L	Corpus Depletes in 17 Years	62.5L	Corpus Depletes in 17 Years
7%	12%	25,000	30L	6.72L	60L	Corpus Depletes in 12 Years and 5 Months	75L	Corpus Depletes in 12 Years and 5 Months
Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
10%	4%	8,333	10L	50.46L	20L	1.19Cr	25L	1.90Cr
10%	6%	12,500	15L	41.86L	30L	87.49L	37.5L	1.34Cr
10%	8%	16,667	20L	33.25L	40L	55.58L	50L	78.44L
10%	10%	20,833	25L	24.65L	50L	23.86L	62.5L	22.70L
10%	12%	25,000	30L	16.04L	60L	Corpus Depletes in 17 Years and 7 Months	75L	Corpus Depletes in 17 Years and 7 Months

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SWP Ready Reckoner for 50 L Investment

Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
7%	4%	16,667	20L	71.47L	40L	1.15Cr	50L	1.50Cr
7%	6%	25,000	30L	56.96L	60L	70.95L	75L	82.57L
7%	8%	33,333	40L	42.45L	80L	27.28L	1Cr	14.67L
7%	10%	41,667	50L	27.94L	1Cr	Corpus depletes in 17 Years	1.25Cr	Corpus depletes in 17 Years
7%	12%	50,000	60L	13.44L	1.2Cr	Corpus depletes in 12 Years and 5 Months	1.5Cr	Corpus depletes in 12 Years and 5 Months
Expected Return	Annual Withdrawal %	Monthly Withdrawal	Total Withdrawal in 10 Years	Value at the end of 10 Years	Total Withdrawal in 20 Years	Value at the end of 20 Years	Total Withdrawal in 25 Years	Value at the end of 25 Years
10%	4%	16,667	20L	1.01Cr	40L	2.39Cr	50L	3.80Cr
10%	6%	25,000	30L	83.71L	60L	1.75Cr	75L	2.68Cr
10%	8%	33,333	40L	66.50L	80L	1.11Cr	1Cr	1.57Cr
10%	10%	41,667	50L	49.29L	1Cr	47.36L	1.25Cr	45.39L
10%	12%	50,000	60L	32.08L	1.2Cr	Corpus depletes in 17 Years and 7 Months	1.5Cr	Corpus depletes in 17 Years and 7 Months

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FAQs

Is there any guarantee?

The returns can't be guaranteed, however the past track-record have been stellar

Can I increase, decrease, pause or stop the withdrawals?

The withdrawal amount can be modified, paused, or stopped based on an investor's needs and requirements.

Can I change the funds?

Yes, you can at any time.

Is exit load applicable?

Not on the withdrawals made after one year. For withdrawals before one year, there may or may not be an exit load depending upon the scheme

Can I customize the frequency of withdrawals?

Yes, you can choose monthly, quarterly, half-yearly, or yearly. You can stop or increase the withdrawals also at any time.



Disclaimer:

- ✓ The information/analysis and estimates contained herein are based on research assessments and have been obtained from sources believed to be reliable.
- ✓ This document is for private consumption of AssetPlus registered Mutual Fund Distributors only.
- ✓ Mutual fund investment are subject to market risk. Read all fund related document carefully.
- ✓ Past performance is not a indicative of future returns.



A close-up photograph of two people shaking hands in a business setting. The person on the left is wearing a white long-sleeved shirt, and the person on the right is wearing a blue long-sleeved shirt. The background is a bright, out-of-focus office environment with a desk and a laptop visible. The text 'THANK YOU' is overlaid in the center of the image, with a red horizontal line underneath it.

THANK YOU

ASSETPLUS
PARTNER. GROW. SUCCEED.