

Fundamental messages in

# Financial Literacy

Pension



NATIONAL CENTRE FOR FINANCIAL EDUCATION

# Will you have enough money for your retirement?

After a full and productive working life, you look forward to a healthy, active and secure retirement. Whether you retire early or work well into your senior years, you want to know that you will be financially secure in your later life. Will you have enough money for your retirement?

If you're like most Indians, your younger and middle years are filled with numerous demands on your time and finances: raising children, buying and maintaining a home, enjoying festivities. You may be too busy to think about retirement, or you may find it hard to put money aside now for later.

# Retirement needs

It is important to know how much money you will need for retirement. It can vary with your individual circumstances. Life expectancy, inflation and your retirement age are some of the key factors to be taken into consideration while calculating your retirement needs.

Inflation is the rising cost of consumer goods and services. It affects your retirement needs in two ways. First the cost of goods that you buy increases which means for buying the same amount of good you need to pay more. Second, due to inflation your retirement savings also lose value. All this must be taken into account when you are creating your retirement fund.



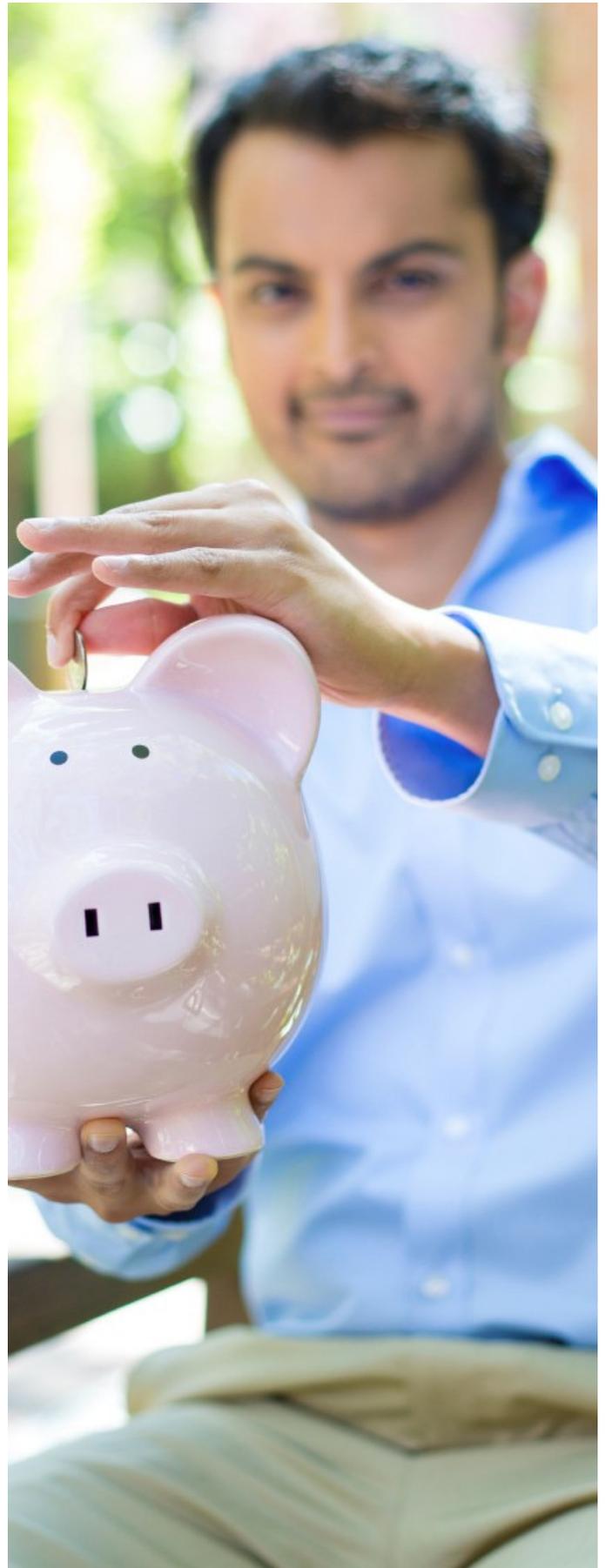
## National Pension System (NPS)

The national pension system is a pension plan by the Government of India to provide financial security and stability during old age when people don't have a regular source of income. It is open to all citizens of the country between the ages of 18 and 60 on a voluntary basis. You can subscribe to NPS through which you will be able to save and invest systematically during your working life. A minimum saving of 500 rupees per year is required to subscribe the scheme. When you retire, normally at age 60, you will get a part of your money and the remaining can be withdrawn on monthly basis. Your savings in NPS, up to a certain limit are also tax exempted.

When it comes to thinking about your retirement, do you plan ahead? Or do you tend to put it off? One thing is clear; to ensure that you have enough to meet your retirement needs, it's essential to start planning early - at the beginning of your working life. It is important to start saving regularly, even if it's just a small amount every month.

## Start planning for your retirement now

Start saving and investing some of your income as early as possible. If you are in a pension plan, this will be a useful addition to your retirement or pension income. If you are not, these savings and investments will be your security for old age.





## Your family can benefit from your pension

If you are on a pension plan, you are sure of a regular income to take care of you in your old age or disability. Your family will also benefit in case of your death. You should ensure that you provide information about your next of kin on your pension form so that your pension is given to the right person. Also make sure your spouse or family members are informed about your expected benefits and the procedures to access them should you die.

## Use your benefits wisely

Even if you are on a pension plan, you still need to make a plan for your retirement, which should include plans for an investment which gives you an income after the pension benefits have been used up.

The retirement package you receive from the Government (if you are a govt employee) or from any of your pension funds (if you are a private sector employee) may not be enough to enable you meet all your needs during retirement. Therefore plan early, save and invest to be able to supplement your retirement or pension income.



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