

## **Do What Do You Love!**

Everyone has some kind of interest in life and no matter what it is, you can probably figure out a way to make money.

Do you...

Build model trains? Could you host kid birthday parties or workshops?

Play tennis? What about offering lessons? Start a tournament?

Watch TV? How about starting a blog reviewing favorite shows?

Love baseball? Have you considered organizing tours to games or ballparks?

Reading and cooking? Maybe you could cater a pop up restaurant in your home based on a different book each month

**How to Get Started:** Start small by offering services to friends for a small fee. See where it takes you!

## **Be a Financial Advisor**

Have you ever met a “financial advisor” that was 22 years old and was supposedly going to teach you – a 50 year old that has actually lived life and experienced the swings in the market – how to retire comfortably?

You know who can properly sell themselves as a financial advisor?

You – the well-seasoned veteran of life and money.

If you’ve done well for yourself financially, if you’ve already earned your bachelor’s degree, and if you love to help people, then this small business idea for the over 50s is probably a slam-dunk for you.

## **Business Ideas for the Over 50s: Consulting**

There are some benefits to being older — with age comes wisdom. One of the best business ideas for the over 50s is consulting!

Are you an expert in your field? Could other companies benefit from your wisdom? There are plenty of consulting opportunities for more unique fields. Areas like home office design, organization, and even color consulting!

## **Starting a Business After Retirement: Marketing, Bookkeeping & Administration**

If you come from a business background with skills in administration, marketing, accounting or finance and know how to organize a business, properly categorize expenses and make payments, you could probably handle this work in your sleep – and have a blast doing it for exciting new startup companies.

Better yet, many of these activities can be done almost anytime anywhere. This kind of flexibility makes it a best business idea for the over 50s. And, according to [Robert Half](#), the most in-demand consultant areas are: finance/accounting, business systems, tax, risk mitigation and optimization.

And there is a huge need for administration, marketing and bookkeeping services. This is the day and age of small business – mainly, online business but many entrepreneurs don't necessarily have experience with running a business.

### **Landlord/Bed and Breakfast Owner**

If you find yourself talking to a millionaire in the near-future, chances are that they own (and rent out) some property. Real estate is an excellent investment, plain and simple. It always has been and it probably always will be.

Don't consider yourself hard-nosed enough to deal with those inevitable tenants from hell? Then maybe a B&B is more up your alley. Buy a home in a touristy area, serve a decent breakfast, and enjoy interacting with couples from all around the world!

Bed and breakfasts obviously aren't as passive as rentals, but if you like interacting with and serving others, then this might just be the fun business idea you've been looking for.

### **Buy a Business**

Building a business from nothing is no easy task. I'm sure you've heard the well-known statistic that 4 out of 5 businesses fail within the first five years. If you're not willing to struggle for years while getting your business off the ground, then perhaps you'd do better just buying one that already has some clientele!

Of course, "buying a business" is about as broad a statement as one can make, but while you're reading through this list and thinking about what you might like to do for your encore career, consider what might already be available for the taking.

And, if you have the financial means to do it, it might actually be the more profitable move when you consider the potential for immediate earnings!

### **Become a Franchisee**

Of all the small retirement business ideas to start after 50, this one regularly captures the most attention. It's attainable, understandable, and someone out there is willing to walk you through the process (because of course, it's in their best interest to do so as the franchisor).

No, McDonald's is not the only wicked-awesome franchise out there (in fact, strike it off your list if you don't already own one – they're not looking for newbie franchisees). There are dozens of other franchises with fantastic track records (and they're not all restaurants either)!

### **Become an Angel Investor**

You've worked hard at your career and you've done well for yourself. Congratulations!

Money isn't an issue for you, and in fact, you've got more of it than you know what to do with. None of the above or below options really appeal to you, but you love the idea of helping someone take their passion main-stream, and they'll even pay you handsome royalties as it succeeds!

Sound like fun to you? I can't see why it wouldn't!

### **Buy and Sell**

Have you always had a knack for finding products for well-below market price?

Maybe you find them on the clearance rack,

perhaps you nab them off the web, or

it might be that you just love perusing garage/estate sales and find your deals under layers of junk!

Whatever the case may be, if you're used to buying low, then it's probably time to try your hand at buying and selling for a profit.

**The concept is really simple** (in fact, we basically already covered it in the generic intro...) – find ways to buy super cheap products, and then sell them through a medium where you can earn more (typically Amazon, Facebook, Craigslist or eBay).

That's it.

Are you doubting that this small business idea can actually earn some money? Check out the link below. This option is for real.

### **House Painting, Home Repairs and Gardening**

There's just something serene and fulfilling about painting the interiors of houses. Maybe it's the calming strokes of the brush, or perhaps it's the sense of accomplishment and pride that you get once the job's done. Whatever it is, it's oddly fun to do...**AND you can make some pretty good money at it too!**

Maybe you like the idea of working with your hands...but you'd really rather be outside soaking up the sun — consider landscaping and gardening and a retirement business idea.

Entry into this market is pretty much as easy as it gets. All you need is a mower and a means to get it from place to place. Call up some neighbors, leave a few flyers on people's front doors with your steal-of-a-deal introductory price, and wait for a few gigs to come in.

Do a good job and you'll not only keep those lawns, but you'll probably start getting referrals as your clients talk to their friends about your great work (offer referral discounts and they'll be even MORE likely to spread the word).

I've known plenty of people that took up handy man type careers. They loved talking about the work they did (and for who – sometimes local celebrities) and it allowed them to pseudo-retire without ever touching their retirement nest-egg.

### **Life Coach/Mentor**

If, in the beginning paragraphs of this article, your eyes lit up at the thought of impacting someone's life and making a true difference in this world, then this is likely the small business option for you.

Today's world is an interesting one – especially for those that are early in their careers.

### **CAREER/LIFE COACH**

If you like counseling people and helping them help themselves, being a life or career coach may be your calling. Get training and certification through organizations accredited by the International Coach Foundation. Rather than being vague about your expertise, refine your area of coaching to attract a certain group of clients – whether that's leadership coaching or career transitions coaching. Startup needs: Coach training and certification

### **PHOTOGRAPHER**

Enthusiastic shutterbugs can turn their pastime into a paycheck. While some college courses on photography and photo editing can help, they aren't required. The important thing is to build a portfolio full of amazing shots, even if you have to practically give away your services initially to do it.

Interning or apprenticing with an established professional photographer can help you learn the business. Avoid a common trap while starting a photography business: buying a ton of expensive equipment and photo-editing software. Instead, buy used and slowly build your equipment inventory based on your needs. You should know your camera, lenses and other tools so well that they seem like an extra part of your body. As with other businesses, finding a niche can help, too. Are you interested in shooting sports events,

weddings, family portraits, or something else? Startup needs: An impressive portfolio; photography equipment; editing software that you understand; a computer

### **TRAVEL AGENCY**

Dreaming of a job where “research” involves traveling to exotic destinations? A travel agency could be the business for you. You’ll need to take some travel planning courses, such as those offered by the International Air Transport Association, or even get a degree in travel and tourism. A handful of states, including California and Florida, also require travel agents to register. It doesn’t hurt to use a specific niche – perhaps a geographical one, like becoming the go-to person for Disney trips, Costa Rica trips or Central America trips. Or maybe you channel your inner Rick Steves and become a European vacation expert. Startup needs: Travel and business courses; registration (in a few states); a computer

### **NUTRITION COACH**

You may need a license to start a nutrition business, depending on the state. Whether or not you must be licensed, you still need deep knowledge in nutrition to provide safe, effective advice. In terms of gaining clients, word of mouth can be key. Also, it’s important that you’re willing to work odd hours, and that you have the patience to allow others to grow your business and generate new clients. Startup needs: College courses or training on nutrition; licensing, depending on the state; strong marketing knowledge

### **PROFESSIONAL ORGANIZER**

Being a “neat freak” could make you a natural fit for this type of startup. But you’ll want to stay abreast of trends in home and office organization and be savvy about how you market your services. Industry groups such as the National Association of Professional Organizers offer training and certification and provide pointers on how to launch a business and network with prospective clients.

Many professional organizers use social media to share organizational tips and meet potential clients. Startup needs: Certification and professional website

### **TUTOR**

Do you have strong expertise in a field that children are studying in school? Setting yourself up as a tutor could be a great business idea. Make sure to check with a lawyer about the local legal requirements associated with

teaching children in their homes. Tutoring inside school settings will require actual tutoring classes and certification. Keep in mind that it could take time to build a roster of clients, but if you have success with the first children you teach, word of mouth among parents could soon bring more opportunities your way. Startup needs: An area of expertise; ability to instruct based on a set syllabus; good skills communicating with children; meeting local legal requirements; training and certification if you're teaching in school settings

### **JEWELRY REPAIR BUSINESS**

This trade can be truly rewarding because it often involves fixing some of the most sentimental items a person can own, such as a wedding ring, a class graduation ring or a cherished anniversary present. On-the-job training is a must, and some vocational classes could help. As you establish your own business, you might consider seeking one of the four certification levels offered by Jewelers of America. Startup needs: On-the-job experience, and perhaps Jewelers of America certification

### **TAX RETURN PREPARER**

This is a business someone with math skills can build without necessarily needing a college degree. All you need to take are necessary training courses. Obtain a Preparer Tax Identification Number with the IRS and complete the registration requirements in your state. You might even get some training for free by working at someone else's tax return preparation business first. To add credibility to your qualifications, participate in the IRS's voluntary Annual Filing Season Program, which is meant to encourage continuing education among non-credentialed tax return preparers. Success as a tax preparer could perhaps encourage you to make a major educational investment and become an actual CPA. Startup needs: Training courses; Preparer Tax Identification Number with IRS; registration with state

### **MEDICAL LAB**

Medical lab testing in the U.S. is dominated by major corporations. So the big question for anyone looking to start a new medical lab testing company is whether there's something new to bring to the space. Perhaps network with health provider administrators, physicians and their staffs and find out what is lacking in the medical labs already out there. Is there something that could be done better? Startup needs: CLIA Certificate from the Centers for Medicare and Medicaid Services; lab testing industry knowledge and experience; large upfront capital infusion for location and equipment; equipment calibration and quality control program

## INFORMATIONAL WEBSITE

An increasing number of businesses are turning to content marketing. Can you get in on the game yourself with an informational website that caters to their needs? The big question to ask is whether there is a particular area of expertise or industry that's not well represented online when it comes to obtaining useful information. Can you fill that gap, selling online advertising and targeted advertising along the way? Startup needs: Content creation expertise such as journalism; website creation expertise; experience in multiple mediums including photography and video; sales instincts

## E-commerce

The COVID pandemic has accelerated a shift in consumer behaviour from buying offline to online. This, along with the increasing penetration of internet in the country, has led to an increase in the volume of purchases online.

Selling through online platforms can provide you additional income during retirement. You can choose to sell through established e-commerce platforms or build your own. You can choose to sell handmade products like soaps, candles, toys, paintings and more, or can purchase products from various brands and sell them online. You do not need an offline store to sell online. Selling online requires low investment and can be done easily.

## Author/blogger

Writing can be an interesting business idea after retirement for creative minds. Writing can also help you to create an outlet for your thoughts and be more at peace. You can start writing blogs on any blogging platform of your choice and share your work on social media for people to read. As more and more people read and engage with your blogs, you can start earning money through advertisements on your blogs. You can also publish this into a book and sell it online and offline.

## Life coach/mentor

You have decades of experience, both in your personal and professional life. You can become a life coach/mentor and help others achieve their personal and professional goals. For example, if you are an ex-athlete, you can set up a business after retirement in which you coach current or aspiring athletes and help them with the nuances of a particular sport. Moreover, this business requires minimal set-up costs.

## Tutor for students

You can pick a subject of your interest and consider offering personalised tuition to students. You may need to brush up your knowledge in the subject

that you choose. You can tutor students in your neighbourhood and gradually grow with time. You can also choose to tutor offline and online, both. With your experience, identifying the right approach to tutor any student can come easily. You will also be able to impart various skills amongst your students that will help them later in their career.

### **Investment advisor**

After years of [financial planning](#), you can share your valuable learnings with people that need your guidance with their investments. You can offer your insights in investing through various instruments, such as mutual funds, stocks, bonds, [life insurance plans](#), real estate and more. With the right advice, you can help people meet their financial goals.

The average retirement age in the U.S. sits at around 63 for women and 65 for men, according to Boston College's Center for Retirement Research.

But a growing number of Americans continue to work well past the average retirement age. The U.S. Bureau of Labor Statistics estimates that the number of workers between the ages of 65 and 74 will grow 4.5% each year between 2014 and 2024, compared to an annual growth rate of less than 1% in all age groups younger than 65.

Many Americans who retire even choose to [unretire](#). The nonprofit RAND Corporation found that roughly 40% of workers over 65 had previously retired but decided to return to the labor force.

If you want to continue working into your retirement years, but you've had enough of working for someone else, you might try starting a business. We've put together several unique retirement business ideas and outlined how much they might cost to start and what level of involvement you might need to sustain your business. Why start a business in retirement?

Emerging [entrepreneur statistics](#) show that the landscape is changing. A good chunk of Americans between the ages of 55 and 64 (13%) and between the ages of 65 and 74 (6%) started new businesses in 2019, according to the Global Entrepreneurship Monitor.

They did so for various reasons. Among those between the ages of 55 and 64, most (64%) formed businesses to make a difference in the world. Among those between the ages of 65 and 74, most (55%) did so to build wealth. Many Americans in each age bracket also formed businesses to make a living because jobs were scarce or to continue a family tradition.

Let's explore some of the best retirement business ideas, whether you want to work from home or get out into your community.

### Home businesses for retirees

In many cases, all you need is a good website and a lot of passion to launch an online business from home. Whether you want to sell handmade goods or ship other people's goods, there are plenty of fulfilling and potentially lucrative business ideas for retirees.

#### **Dropship goods**

Dropshipping is an online business model—commonly run as a **sole proprietorship**—that involves selling products to customers online without actually holding onto the products. You're responsible for creating a website, selecting products to sell, marketing your products, and choosing your prices. Once a customer orders from your online store, you send the order to a dropshipping supplier that prepares the order and ships it to your customers.

You can find dropshipping suppliers through online platforms like Oberlo. The key in dropshipping is to find products that are in high demand or might be in the future and to choose sustainable profit margins. If you've always wanted to run an online store but don't want to handle the fulfillment logistics, you might want to explore dropshipping further.

#### **Write a newsletter**

Personal email newsletters have exploded in popularity in recent years. For example, Substack—a startup that allows you to build, distribute, and monetize newsletters—**doubled its readership** and its total number of newsletters since the COVID-19 pandemic began.

The concept is pretty simple: You choose a topic that you're interested in and think others might enjoy as well—maybe it's bird watching or knitting—and you write a newsletter about it. Generally, people distribute their newsletters for free for a couple of months, build up an audience, and switch to a subscription model with a monthly fee (typically anywhere from \$5 to \$25 or more). Platforms like Substack will claim a 10% slice of your revenue after you monetize.

#### **Become a virtual assistant**

Many small business owners and entrepreneurs rely on virtual assistants to keep their costs down. Virtual assistants might schedule meetings or projects, make phone calls, input data, create spreadsheets, or even help with writing or graphic design tasks—all from their homes.

You might connect with people who need virtual assistants through freelancing platforms like Upwork, or you might form your own virtual assistant business and market yourself based on your specific skills.

### Offer freelance services from home

For those who worked in industries with services that can easily be freelanced, such as graphic designers, programmers, or writers, offering freelance services is an easy way to continue to work within the industry you built a career in. Join online communities of freelancers, such as [Upwork](#), to offer services such as blog or website writing. Or, start a website for in-demand services you can do online, such as bookkeeping or graphic design.

### Create online courses

If you have knowledge to share from your previous work experience but don't want to work closely with clients, creating and selling online books or courses is a good way to impart knowledge and earn an extra income. Build a website and map your knowledge to information products, such as ebooks and training videos.

### Longevity economy business ideas

The so-called "Longevity Economy" includes all of the goods and services geared toward Americans over 50. And it's pretty massive. Oxford Economics and AARP estimate that it's responsible for more than \$7 trillion in economic activity each year in the U.S. That number's expected to grow to \$13.5 trillion by 2032—more than half of America's GDP—as the proportion of adults over 50 continues to increase year over year.

This presents many interesting ideas for retirees looking to form businesses and solve problems for their peers.

#### Specialize in aging-in-place consulting

As the population continues to age, many Americans have turned to experts to help them redesign their homes with safety and functionality in mind and make recommendations on how to live more independently.

There are various certifications you can receive to become an aging in place specialist, and you can focus on the design and remodeling aspects of the job or the life coaching and independent living aspects.

#### Become a senior concierge

Senior concierges might help with scheduling appointments, grocery shopping, planning an event, going to the post office, mowing the lawn, walking a dog, waiting at someone's home for a scheduled service appointment, or really any everyday task. Some senior concierges also complete home wellness checks.

#### Offer senior-specific nutrition consulting

For those retiring from the health field, such as nutritionists, nurses, or physical therapists, specializing in senior-specific nutrition consulting is an easy way to draw upon your knowledge and help your peers. Partner with gyms

and fitness centers near your home to offer specialized services to those 60 and older, or set up a website and market your services to individual seniors looking for advice. You may need to go through a program to become a certified nutritionist.

### **Other retirement business ideas**

Retirees as a whole are an enterprising bunch. According to the Bureau of Labor Statistics, the unincorporated self-employment rate for Americans who are 65 and older is 16%. That's significantly higher than the rate for all other age groups, which rests below 10%. Here are some additional retirement business ideas.

#### **Lease plants**

If you've always had a green thumb, you might try tapping into the robust network of businesses and homeowners that lease plants instead of owning them. Under this business model, you select appropriate plants for different spaces and collect a monthly fee for watering and pruning the plants and responding to any plant emergencies.

#### **Become a life coach**

As a senior, you have wisdom to share. Make money by drawing upon your experiences as a life coach. In this role, you can help guide members of the younger generation with advice you've gained throughout your life. Use knowledge from your previous job by becoming a business coach, or share insight in broad strokes as a more general life guide.

#### **Start a tutoring business**

If you're a retired teacher or educator, a tutoring business is a perfect way to use your skills to make a side income. Start a business from your home or work through online tutoring companies, such as [Tutor.com](#) and [Care.com](#). Since you can create your own schedule, tutoring is perfect for retirees looking to make additional income while keeping the flexibility of retirement. Depending on your skill set, you can tutor a specific subject or help students prep for college entrance exams.

#### **Be an independent consultant**

Consulting is another way to use your previous experience to make extra income in retirement. As a consultant, you can share the knowledge you've gained within your specific industry with individuals looking for mentors, or businesses looking for help. The time commitment for this job varies depending on the scale of the consulting business you want to start; you can work on the weekends, or as a more full-time position.

#### **Sell goods online**

Monetize new hobbies you've picked up in retirement by selling goods online. Are you crafting or baking? Perhaps you've taken up woodworking in retirement, or you're making jewelry. You can earn money online by selling your pieces on sites like [Etsy](#). This side hustle is perfect for retirees who want to earn extra cash without pivoting too far back into the working world.

Once you've left the workforce, there are a number of ways to continue making an income. From monetizing your new retirement hobbies as a side hustle to creating a full-time consulting business, there's no shortage of retirement business ideas that allow you to generate income and draw upon your skill sets.

If you want to start a business in retirement, we're here to help. No matter what business structure you're looking at—from a [sole proprietorship](#) to an [LLC](#)—our [business formation resources](#) are here to guide you through.

### Start a dog walking business

Do you love dogs? If yes, you can turn your love for animals into a lucrative side hustle that can help you pay extra toward your mortgage, save for a vacation, or even clear that student loan.

If you offer dog walking services as a side hustle, you could earn an average income of between \$10,000 and \$30,000 per year. As a dog walker, sitter or boarder, you offer your services to dog owners looking for a caregiver for their puppy. Register on a legitimate dog-walking app and create a compelling profile to get started.

### Become a financial advisor

Financial advisors advise individuals and businesses, helping them reach their financial goals sooner. To become a certified financial advisor, you must complete a degree course and an internship. Then, go beyond the education and work experience, and find a job where you can practice the skills and knowledge. Financial advisors can work in several places, including banks, brokerage firms, insurance companies, and wealth management firms.

Pursue finance-related certifications and licensure examinations to help you become certified specialists and differentiate yourself from the competition.

### Start a podcast

Do you have knowledge and passion that you'd love to share with other people? Or perhaps you are a content creator and looking for ways to expand your revenue streams? If you match any of these criteria, then becoming a podcast host could be the perfect opportunity for you.

Podcasts are the new radio. Podcasting is one of the fastest-growing mediums for online audio, and it's not expected to slow down any time soon. But unlike

traditional radio, podcasts are driven by content creators who have a passion for sharing stories with their listeners.

One of the main benefits that come with starting a podcast is the minimal investment needed to get started. All you need is a computer or phone with a microphone and a way to host it online. You can even create one on your own website if you want.

## **6. Start a tax service business**

A tax service business helps individuals and businesses prepare and file their tax returns accurately and efficiently. This business typically offers tax preparation, tax planning, and consulting on tax-related matters.

To run a successful tax service business, it is essential to stay up-to-date on the latest tax laws and regulations and any changes that may affect your clients. You should also invest in reliable tax preparation software and thoroughly understand how to use it.

Another key to success in this business is building strong relationships with your clients. This may involve offering personalized services and being available to answer questions and provide guidance throughout the tax preparation process.

Marketing and networking are also crucial for attracting new clients. This may involve utilizing social media, creating a website, and attending local business events.

Overall, a tax service business can be a rewarding and lucrative opportunity for entrepreneurs with a strong understanding of tax laws and a dedication to providing excellent customer service.

## **Start a book club**

A book club consists of several people who read and talk about the books based on the topic or an agreed reading list. Setting up your book club can be a great way to enjoy books and meet new people. More importantly, a book club is a well-paying side hustle idea. Therefore, figure out who you invite to your book club and define the purpose. Do you want to learn something new, or do you just want to bond with other book lovers? Having a defined purpose helps you reach like-minded people to keep the book club close-knit.

## **Start a freelance writing business**

Freelance writing can be a good career choice for professional writers for offering writing services to different clients via online platforms. Working as a freelancer gives you the flexibility to define your work schedule. You can

work from home at any time. Freelance writers work across various niches, writing about various topics assigned by the client,

To earn good money as a freelance writer, you need the following personal qualities:

Strong writing skills

Ability to meet deadlines

Stay on the cutting edge

Be a self-starter

Be up-to-date with the current writing tools & writing trends

## **12. Start a niche blog**

Growing a niche blog can be an incredible way to build an income on the Internet. You can start blogging in any niche that you find interesting with a few easy steps. You simply need a domain, hosting, and WordPress to start blogging. The hard part comes when you try to monetize your website traffic. Making income from your blog, and making a blog that actually pays you the money takes time, work, and effort.

There are more than 500 million blogs out of 1.7 billion websites. Over 409 million people view more than 20 billion pages each month. Users produce around 70 million new posts and 77 million new comments each month. Content marketing is predicted to be an industry worth

## **14. Start a career coaching business**

A career coach is an experienced professional who helps people adjust and improve their career paths through one-on-one guidance and advice. The career coach guides people on:

Goal-setting

Resume building

Interview practices

Overcoming career anxiety

Starting a business.

To become a career coach, decide the industry you want to serve, and earn relevant qualifications. It would help if you gain professional experience in

that career line and develop the skills you need to run the business. Earning a professional certification will help you in attracting clients.

### **15. Start an etsy business**

If you are an artist looking for ways to turn your skills into revenue, Etsy is your platform. Etsy is a marketplace for artists and can bring in extra income or even replace your current job. You can create art pieces and create a successful Etsy shop. Once your Etsy shop is online, consider joining a team to help you learn Etsy's basics and how to market stuff on Etsy.

### **16. Become a landlord**

One of the most common ways to make money in the real estate industry is by becoming a landlord. You can purchase one or more rental properties and then lease them out to tenants. As a landlord, you'll be responsible for maintaining the property and collecting rent from your tenants.

Landlords are in the perfect position to build their own legacy. The cash flow that comes from being a landlord offers you both freedom and stability, while also providing an investment asset with potential for growth - all without sacrificing too much of your hard-earned money!

With mortgage payments to contend with and the tough competition, you may be able profit \$200-\$400 per month on your property.

The current popularity of renting rather than buying is making the landlord business model more popular than ever. More and more people are choosing to rent properties instead of buying them, which means that there is a high demand for rental properties. This trend is only expected to continue, so now is a great time to get involved in the landlord business!

This real estate business is a great way to build long-term wealth, while also enjoying the benefits of being your own boss. And, it's a perfect option for those who want to be involved in the real estate industry without having to deal with the day-to-day grind of property management.

### **17. Become a bookkeeper**

If you're interested in starting a bookkeeping business, you're in luck! This type of business is in high demand and can be quite lucrative. Here's what you need to know to get started.

A bookkeeper is responsible for managing the financial records of a business or organization. This includes recording financial transactions, reconciling bank statements, and preparing financial reports. Bookkeepers work with various financial documents, including invoices, receipts, and bank statements, to ensure that all financial transactions are accurately recorded.

To start a bookkeeping business, you'll need a few key things. First and foremost, you'll need a strong understanding of accounting principles and bookkeeping practices. This can typically be obtained through a combination of education and experience. You'll also need to be organized and detail-oriented, as accuracy is critical in this field.

In terms of equipment, you'll need a computer, software (such as QuickBooks), and a way to securely store financial documents. You may also need to invest in additional tools and resources, such as office supplies, business cards, and marketing materials, to help you get your business off the ground.

To find clients, you'll need to network and market your services. This can be done through word of mouth, social media, or local business networking events. You may also want to consider joining professional organizations or associations, as these can be great resources for finding clients and staying up-to-date on industry trends.

Overall, starting a bookkeeping business can be a rewarding and lucrative venture. You can build a successful business by helping clients manage their financial records with the right skills, equipment, and marketing efforts.

## **18. Become a bed and breakfast owner**

Bed and breakfast is a sort of hybrid between a luxury hotel and a private home. The host offers the guests affordable accommodation featuring a bed and breakfast at the room's price. B&Bs offer affordable accommodations and are becoming popular among travelers who prefer a private setting.

If you have realistic expectations, B&B can be a profitable and enjoyable business. To start, you can renovate and turn your home into an inn. Alternatively, you can build or buy a ready house and convert it into a modern B&B.

## **19. Start a gardening business**

A gardening business makes money by planting trees, growing specific produce, maintaining landscapes, and more.

Gardening companies work with homeowners to install, maintain and repair their landscaping areas. For instance, a typical gardening business provides all-inclusive services to create and maintain a lawn, such as mowing, fertilizing, and edging.

Owning a gardening business can be a very flexible and profitable business venture.

## **20. Become an Airbnb host**

Short-term rentals like Airbnb hosting can be a profitable side hustle if you have an extra room that is not in use. You can list your room on Airbnb for \$40 per night and generate enough income to pay your recurring bills. To start an Airbnb host side hustle, decide the rental arrangement you want, set up the space, create your Airbnb listing, and market the space.

### **Make and Sell Crafts**

Retirees often take up a hobby to fill the time and quickly find that it's a great way to make extra money. The craft business is a perfect example.

The rise of Etsy has shown that handmade crafts can be big business. Many types of crafts sell well, including:

Home decor

Jewelry

Art

Toys

Dolls

Embroidery and quilts

Usually, the cost of the materials is quite low, which makes for a nice profit margin on the products sold. The main investment is the time, creativity, and expertise in making them. If you're already a crafty person, this can be an ideal small business.

Items can be sold at a farmer's market, flea market, festival, or small shop. If you feel comfortable selling online, you can open an Etsy shop or sell on Facebook Marketplace or Craigslist.

You can advertise your business through word of mouth at events or through social media.

You don't need a website or a graphic designer to have an effective internet presence. This is because social networks like Instagram and Pinterest enable you to draw a lot of attention to visually appealing products like arts and crafts.

### **Tutor**

Having navigated through half a century of life or more, you'll have collected quite a lot of knowledge, which you can put to good use by guiding the next generation through their studies. As a tutor, you can work with students at a primary, secondary or tertiary level, although you should note that the further up the educational ladder you climb, the deeper and more specialised your tutoring skill set will need to be!

### **Life coach**

In life, as in business, experience counts for a lot. If you're known for your ability to lend a kind ear and offer up sage advice, your post-retirement calling could be as a life coach. It's important to point out that a life coach isn't a professional calling, and that your advice shouldn't wander into territory reserved for therapists and psychologists, but you can nonetheless offer valuable guidance to those who need it.

### **Business mentor**

Do you have a long and successful track record in business? As a business mentor you'll offer much the same support as a life coach does, only this time it will be business-specific. There's something truly rewarding in using your knowledge and experience to help someone else succeed, and you can even be paid for the pleasure!

### **Celebrant/MC**

Have you always had a passion for performing? While making it big on Broadway or in Hollywood might be a long shot, there are other ways to put your talents to use - and make some money in the process! As a marriage celebrant or a professional master of ceremonies (MC), your job is to put smiles on faces, and perhaps an occasional happy tear in the eye. You also get to enjoy yourself at an endless succession of fun events!

### **Industry/project consultant**

For those who spent their pre-retirement lives building up a deep and specialised skill set, [working as a consultant](#) can prove an incredibly lucrative opportunity. Consultants are in-demand in every industry imaginable, offering their services in general or project-specific capacities. If you choose this route it's wise to use a tool like [Square Appointments](#) to ensure you're never double-booked.

### **Franchisee**

Business ideas for retired people needn't be limited to guiding others. As the mature founders mentioned at the top have proven, you can start a business at any age. Becoming a franchisee does offer a more comfortable journey into business ownership, however, as you get an almost IKEA-style set of instructions for establishing the foundation of your business.

### **Bookkeeper**

Another option for those who are good with numbers is bookkeeping is the sort of work that will never go out of style. No matter how clever and automated accounting tools get, there will always be work to do in generating quotes and invoices, reconciling accounts and ensuring tax obligations are met. There is a fantastic freelance opportunity for those who know how to balance the books.

### **Blogger/podcaster**

Who said business ideas for the retired couldn't be fun? If you're a more gregarious retiree who isn't shy in front of a microphone, and who can capture the attention of an audience, you might consider starting a podcast. If your talents lie more in the written than the spoken word, you may be able to [carve out a niche in the blog space](#). If you build an audience, these opportunities can eventually be monetised through sponsorships.

### **Real estate investor/landlord**

Shares and real estate are considered the two safest investments for a reason. Sure, the market can dip from time to time, but ultimately these are investments that have always outpaced inflation. If you've built a nice nest egg over your professional life, you might consider becoming a real estate investor and landlord who enjoys a steady stream of income from tenants.

### **Ecommerce retailer**

Thanks to the emergence of a wealth of smart tools, it has never been easier to start an [online store](#) than it is right now. The average person can now build a website, set up payment systems and get selling. Exactly what you sell is up to you, but it's wise to find products that are in-demand and easy to source, in an area that has minimal competition but that you have a passion for. If you choose to become a [dropshipper](#), you also won't find yourself burdened with inventory!

### **House painter**

If you're someone who doesn't mind getting active, and who enjoys the sense of achievement and satisfaction that comes from making something old look new again, you might consider becoming a house painter. A profession forever in demand, but that doesn't require any licences or qualifications, painting can be a great way to earn a bit of extra dough.

### **Landscaper/gardener**

Another opportunity for those who aren't afraid of hard work, lawn mowing, landscaping and gardening grant you the chance to spend your workdays outdoors making backyards look beautiful. One of the best parts of this job – apart from the hours spent in the sunshine – is the fact that the grass always grows (in Australia at least.) Once you build up a solid client base you'll enjoy a steady flow of work.

### **Home handyperson**

Are you talented with the tools? Are you known for your ability to fix doors, mount pictures and grout tiles? As a home handyperson, you'll be tasked with all manner of odd jobs, meaning the work never gets old – there will always be a new challenge to tackle. You also get to meet new people and see new places!

### **Pet sitter**

The opportunity to spend long days with furry friends and get paid for the pleasure. If you're excited by this thought, you might be a prospective pet sitter. Pet sitting can take many forms, from visiting a pet a couple of times a day to ensure they're fed and watered, to taking them home for weeks at a time while their owners are away.

### **Bed and breakfast owner**

Calling all hosts with the most: if you enjoy making guests feel at home, you might consider [becoming the proud owner of a B&B](#). Happily, this is easier than ever – you no longer need to purchase a purpose-built building as your bed and breakfast, but can instead use any old property thanks to websites like Airbnb and Stayz. What's more, the level of hosting you offer is entirely up to you!

### **Restaurateurs**

As Ray Kroc and Harland Sanders so ably demonstrated, the food business doesn't discriminate by age. As long as you bring the requisite passion and skill, you've every chance of becoming a success no matter what age you start. As a restaurateur, you'll be tasked with commanding both the front and back of the house, while ensuring your guests are well treated and well-fed. It's a rewarding game but be warned that it can also be a rather exhausting one.

### **Tour guide**

Another opportunity in the hospitality game, guiding tourists around your part of the world can be another of the more rewarding business ideas after retirement. It combines opportunities to perform, to share something you're passionate about, and meet friendly people. You could offer a tips-only walking tour of your city, or a multi-day trek through your state – the extent of your tour is entirely up to you!

### **Event planner**

If you're the sort of person who gets a thrill from bringing an event together, and has a knack for ensuring that Is are dotted and Ts are crossed, [event planning might be the business for you](#). Whether you offer your services for birthdays, weddings or commercial events, as a planner you'll need to be on the ball, constantly communicating with your clients, suppliers and other relevant parties.

### **Goods trader**

Do you have a talent for negotiating and an eye for a bargain? Many retirees manage to turn a passion for collecting into a fully-fledged business, buying goods – antiques, clothing, paintings, collectibles – at cheap prices, then selling them for a profit. If you choose to go this route you might consider investing in a [Square Reader](#), which plugs into your phone and allows your customers to pay for your products on a card.

It's often said that life begins at 50, and looking at the business opportunities a retiree has at their disposal, that adage seems to hold true. For those who have the necessary desire, business ideas after retirement are almost as plentiful as business ideas before retirement.

And for those who do choose to go into business at an older age than most, you can trust that Square will be there to help you on your journey, with a complete suite of payment and business tools.

Best investment options for senior citizens who want regular income after retirement:

**Senior Citizens' Savings Scheme (SCSS):** Senior citizens aged 60 and above can choose to invest in this scheme to earn regular income in the form of interest. The interest would be payable on a quarterly basis and the lock-in period for this scheme is just five years, which is less than other potential investment options. Moreover, premature withdrawal is allowed but it comes with a penalty. The minimum deposit is Rs. 1,000 and the deposit should be made in multiples of 1,000 while the upper limit is set at Rs. 30 lakhs.

**Bank Fixed Deposits:** Senior citizens are generally entitled to a 0.50% interest rate for Bank FDs, therefore, it can be a safe and reliable source of income for them. They can invest some of their savings and opt for monthly returns to ensure monthly earnings.

**Guaranteed Income Plan:** Under this insurance scheme, one is entitled to a fixed payout at set intervals after the maturity of the policy. The policy tenure ranges from 10 years to 30 years and can be a good source for monthly earnings after retirement. However, one has to ensure that all premiums are paid before maturity as they wouldn't be entitled to any returns if they fail to do so.

**RBI Floating Rate Savings Bonds:** The rate of interest for RBI's savings bonds is based on the National Savings Certificate (NSC), a small savings scheme. The RBI floating rate savings bonds witness a spread of 0.35% above the interest rate of NSC. Therefore, every change in the NSC interest rates would impact RBI floating savings bonds' rates.

These bonds have a fixed maturity tenure of seven years and allow premature withdrawal for people aged over 60 years, which can be an appealing feature for senior citizens. Moreover, the interest earned on them is paid on a half-yearly basis on January 1 and July 1 each year.

**Mutual Funds:** After retirement, equity-backed investments can prove to be a game-changer as they offer lucrative returns compared to other investment options. Since income from these sources, such as interests and dividends, would be affected by inflation even during the retirement years, you might get good returns with each passing year while other investment options would continue providing a fixed return irrespective of inflation. However, mutual funds are subject to market volatility and serve a risky avenue, therefore, a well-researched investment would be encouraged.

## Recurring Deposits and Fixed Deposits

Fixed deposits (FD) and recurring deposits (RD) are one of the most common types of investments for retired individuals. Banks also offer a comparatively higher interest rate on FDs and RDs for pensioners.

Under Section 80TTB of the IT Act, an interest income up to Rs 50,000 for senior citizens during a financial year is completely tax-free.

You can also consider investing in the Post Office Monthly Income Scheme (POMIS), which offers a regular monthly income. Though you can avail of tax benefits on investments up to Rs.1.5 lakh on tax-saver FDs that have a five-year maturity period, the interest income from the same is liable for taxation.

### **Pradhan Mantri Vaya Vandana Yojana**

The Pradhan Mantri Vaya Vandana Yojana (PMVVY) scheme operated by the Life Insurance Corporation (LIC) is a low-risk investment pension plan. It has a tenure of 10 years and it offered an interest rate of 7.4% in the previous year. However, only senior citizens above 60 years can invest in the plan on making a lump-sum investment.

The pension receivable under the scheme ranges from Rs 1,000 to Rs 10,000 per month depending on the amount you have invested. To avail of the scheme, you will have to make a minimum investment of Rs 1.56 lakh and not more than Rs 15 lakh on or before 31 March 2020.

However, the scheme has been modified and extended up to 31 March 2023.

Keep in mind that investment made towards this scheme will not be eligible for tax deductions under Section 80C. However, the PMVVY scheme is exempted under Goods and Services Tax (GST). Moreover, it offers an interest rate comparable with the senior citizen savings scheme (SCSS).

### **Senior Citizen Savings Scheme (SCSS)**

SCSS is an excellent investment option for senior citizens looking for long-term saving schemes which offer security with additional benefits. You can avail of the scheme from post offices and recognised banks around the country.

Not only is the rate of interest offered on this scheme comparatively higher than that of the regular savings and fixed deposit bank accounts, but you also get tax benefits up to Rs 1.5 lakh per year under Section 80C of the IT Act, 1961.

SCSS has a maturity period of five years with an extension of three years. It offers an interest rate of 7.4% for Q1 FY 2021-22. You have SCSS offering one of the highest interest rates among fixed-income investments. Moreover, you can invest a maximum amount of Rs 15 lakhs. You must provide your nominee when opening the SCSS account.

## Investment Options for Growth

There are various types of investments through which senior citizens can orient their portfolios towards growth and wealth accumulation. Here are some of the best investments through which retirees and pensioners can enjoy inflation-beating returns:

### Mutual Funds

Investing in mutual funds is by far the best decision you can make to build wealth over some time. Start investing in mutual funds and enjoy the twin benefits of – Inflation-beating returns and tax savings.

You can invest in ELSS, a tax-saving mutual fund that qualifies for Section 80C tax deduction, up to Rs 1.5 lakh per year. ClearTax offers a wide array of mutual fund plans catering to different needs. Invest in top-performing mutual funds handpicked by our experts and enjoy inflation-beating returns from the comfort of home.

### National Pension System (NPS)

The [National Pension Scheme](#) can be availed by individuals between the ages of 18 and 65 years. Senior citizens can extend the tenure up to 70 years of age as well. Under Section 80C, taxpayers are eligible for deductions up to Rs 1.50 lakh per year on the investment made towards NPS.

Similarly, under Section 80CCD, individuals are also eligible for additional tax benefits up to Rs 50,000 a year. The investment made towards the NPS can be directed towards equity, corporate and government securities, depending on the individuals choice under the active option. However, you can opt for the auto choice where asset allocation happens depending on your age.

Though NPS does not offer a steady interest income, the scheme generates excellent returns and your investment can grow at a faster rate by orienting your NPS towards equity funds. However, the maximum NPS investment in equity is capped at 75%.

# Top 10 Ways to Prepare for Retirement



## TOP 10 WAYS TO PREPARE FOR RETIREMENT



Financial security in retirement doesn't just happen. It takes planning and commitment and, yes, money.

### Facts

- Only half of Americans have calculated how much they need to save for retirement.
- In 2020, more than a quarter of private industry workers with access to a defined contribution plan (such as a 401(k) plan) did not participate.
- The average American spends roughly 20 years in retirement.

Putting money away for retirement is a habit we can all live with.

### Remember...Saving Matters!

#### 1. Start saving, keep saving, and stick to your goals

If you are already saving, whether for retirement or another goal, keep going! You know that saving is a rewarding habit. If you're not saving, it's time to get started. Start small if you have to and try to increase the amount you save each month. The sooner you start saving, the more time your money has to grow (see the chart below). Make saving for retirement a priority. Devise a plan, stick to it, and set goals. Remember, it's never too early or too late to start saving.

#### 2. Know your retirement needs

Retirement is expensive. Experts estimate that you will need 70 to 90 percent of your preretirement income to maintain your standard of living when you stop working. Take charge of your financial future. The key to a secure retirement is to plan ahead. Start by requesting *Savings Fitness: A Guide to Your Money and Your Financial Future* and, for those near

retirement, *Taking the Mystery Out of Retirement Planning*. (See back panel to order a copy.)

#### 3. Contribute to your employer's retirement savings plan

If your employer offers a retirement savings plan, such as a 401(k) plan, sign up and contribute all you can. Your taxes will be lower, your company may kick in more, and automatic deductions make it easy. Over time, compound interest and tax deferrals make a big difference in the amount you will accumulate. Find out about your plan. For example, how much would you need to contribute to get the full employer contribution and how long would you need to stay in the plan to get that money.

#### THE ADVANTAGE OF STARTING EARLY

Start now! This chart shows what you would accumulate at 5, 15, 25 and 35 years if you saved \$6,000 each year and your money earned 7% annually.



#### **4. Learn about your employer's pension plan**

If your employer has a traditional pension plan, check to see if you are covered by the plan and understand how it works. Ask for an individual benefit statement to see what your benefit is worth. Before you change jobs, find out what will happen to your pension benefit. Learn what benefits you may have from a previous employer. Find out if you will be entitled to benefits from your spouse's plan. For more information, request *What You Should Know about Your Retirement Plan*. (See back panel for more information.)

#### **5. Consider basic investment principles**

How you save can be as important as how much you save. Inflation and the type of investments you make play important roles in how much you'll have saved at retirement. Know how your savings or pension plan is invested. Learn about your plan's investment options and ask questions. Put your savings in different types of investments. By diversifying this way, you are more likely to reduce risk and improve return. Your investment mix may change over time depending on a number of factors such as your age, goals, and financial circumstances. Financial security and knowledge go hand in hand.

#### **6. Don't touch your retirement savings**

If you withdraw your retirement savings now, you'll lose principal and interest and you may lose tax benefits or have to pay withdrawal penalties. If you change jobs, leave your savings invested in your current retirement plan, or roll them over to an IRA or your new employer's plan.

#### **7. Ask your employer to start a plan**

If your employer doesn't offer a retirement plan, suggest that it start one. There are a number of saving plan options available. Your employer may be able to set up a simplified plan that can help both you and your employer.

For more information, request a copy of *Choosing a Retirement Solution for Your Small Business*. (See back panel for more information.)

#### **8. Put money into an Individual Retirement Account**

You can put up to \$6,000 a year into an Individual Retirement Account (IRA); you can contribute even more if you are 50 or older. You can also start with much less. IRAs also provide tax advantages.

When you open an IRA, you have two options – a traditional IRA or a Roth IRA. The tax treatment of your contributions and withdrawals will depend on which option you select. Also, the after-tax value of your withdrawal will depend on inflation and the type of IRA you choose. IRAs can provide an easy way to save. You can set it up so that an amount is automatically deducted from your checking or savings account and deposited in the IRA.

#### **9. Find out about your Social Security benefits**

On average, Social Security retirement benefits replace 40 percent of pre-retirement income for retirement beneficiaries. You may be able to estimate your benefit by using the retirement estimator on the [Social Security Administration's website](#). For more information, visit their website or call **1-800-772-1213**.

#### **10. Ask Questions**

While these tips are meant to point you in the right direction, you'll need more information. Read our publications listed on the back panel. Talk to your employer, your bank, your union, or a financial adviser. Ask questions and make sure you understand the answers. Get practical advice and act now.

### **For More Information:**

Visit the [Employee Benefits Security Administration's website](#) to view the following publications:

- Savings Fitness: A Guide to Your Money and Your Financial Future
- Taking the Mystery Out Of Retirement Planning
- What You Should Know About Your Retirement Plan
- Filing a Claim for Your Retirement Benefits
- Women and Retirement Savings
- Retirement Toolkit
- Choosing a Retirement Solution for Your Small Business

To order copies, contact EBSA [electronically](#) or by calling toll free **1-866-444-3272**.

The following websites can also be helpful:

[AARP](#)

[American Savings Education Council](#)

[Certified Financial Planner Board of Standards](#)

[Consumer Federation of America](#)

[The Actuarial Foundation](#)

[U.S. Department of the Treasury](#)

[U.S. Securities and Exchange Commission](#)



EMPLOYEE BENEFITS SECURITY ADMINISTRATION  
UNITED STATES DEPARTMENT OF LABOR

- **What is a retirement plan?**

The human life cycle has three financial stages.

The first stage is childhood, when you earn nothing. This is when you build a foundation for the next stage, complete your education, and acquire new skills.

The second stage is the youth and adulthood stage, when your energy is at its peak, and your career kicks off. The focus is on generating wealth and saving enough for the last stage.

The final stage is old age or retired life, where you have a lot of wisdom but you don't work to earn a living, and hence you no longer have a source of earned income.

For most people, the only source of money at the final stage is passive income generated from the wealth and assets collected during the earlier stages of life. However, apart from wealth and assets, life insurance plays a vital role in ensuring a peaceful retired life.

The goal should be to retire as early as possible with as much income and wealth-generating assets, that can take care of your financial needs for rest of your life, without any compromises.

Just like a term insurance policies support the family of the insured after their demise or Health insurance protects the insured against health-related and medical expenses, Pension plans and annuities can support you with a regular income for golden years post retirement.

- **What is a pension plan? or What is a retirement plan?**

Pension Plan or Retirement Plan offered by a life insurance company is something that helps you build a fund through your earning years to ensure that you have a steady source of income after you retire.

So, when you plan for your retirement at an early stage in life - it is critical to explore [the best pension plan in India](#).

You can also find Life Insurance plans that pay income for long term or even lifetime and hence may serve as a pseudo retirement plan.

Why is retirement planning important?

In today's ultra-stressful lifestyle, we hardly have time to plan for the future or even think about retirement.

Having said that, let's pause for a moment, take a look at our lifestyle, understand the current and possible future expenses, and then check the readiness.

If you are prepared great. If not, it's time to action so as to relieve ourselves of retirement worries.

The following are a few reasons why retirement planning is important:

A retirement plan is a **disciplined, affordable, and secure** way to save for retirement.

When you already have a retirement plan in place, you know that you will have a fixed and stable monthly income to take care of your needs post-retirement. When your future is taken care of, it leads to **reduced anxiety and better mental health**.

- **Financial independence** is one of the major reasons why retirement planning is important. A retirement plan will enable you to make decisions even after retirement, without worrying about depending on anyone else for finances.

How to plan for retirement?

Planned retirement involves a number of steps, such as:

- **Step 1: Decide When You Want to Retire**

Most people in India retire at 60 years of age, but it may vary from person to person. Note that years to retirement is also the time you have to plan for retirement.

For example, if you are 35 years old and you plan to retire at 55, then your years to retirement are =  $55 - 35 = 20$  years. This means you have only 20 years left to plan your retirement.

- **Step 2: Estimate Your Life Expectancy**

Life expectancy is an important factor to consider when determining your retirement age. It is the approximate number of years you are expected to live based on your age, medical condition, family history, and other demographic factors.

- **Step 3: Calculate Your Retirement Fund**

Retirement Fund is the amount you require post retirement to meet your expenses and continue with the same lifestyle and maybe pursue your other personal goals.

For this, first ascertain your annual expenses at present.

Then factor in inflation to calculate how much your present expenses will amount to at the time of retirement. This is referred to as the future value of money. This is the amount you will need every year to meet your post-retirement expenses.

For example, Mr. X is 32 years old. He wants to retire at the age of 60. Currently, he spends ₹ 75,000 every month for household and other expenses. In addition he spends ₹ 5 lakhs in a year for medical and travel expenses.

Pre and post retirement - he assumes household inflation is 7% per year; travel and medical expenses will increase by 10%; and his retirement fund will earn 6% per year after it is built post retirement.

To maintain his current standard of living, how much will he need when he retires assuming he wants to meet expenses from the earning from retirement fund?

Answer - Approximately 22 Crores to meet expenses at age 60.

Can this be achieved?

Absolutely. A trusted financial expert can help you determine your financial goal. To connect with a financial expert, fill in your details!

- **Step 4: Calculate the Future Value of Your Current Savings**

Saving a certain amount of money each year alongside paying all your expenses is crucial to building a retirement fund.

The best way to save for retirement is to designate a portion of your savings. You should keep this part of your savings sacred and shouldn't disturb it unless it's extremely critical.

In order to calculate this, you have to assume an expected rate of return on your investment. This is the rate at which your savings or investments will grow till you retire.

For example, if you can save Rs 100,000 per year for retirement and invest that amount in a financial instrument, which gives you a 7% rate of return annually. When you reach retirement age, say in 30 years, you will have a corpus of approximately Rs. 1 Crore.

- **Step 5: Create an Ideal Portfolio with the Help of a Financial Planner**

Your standard allocation to each asset class should be determined by your age and the amount of risk you are willing to take. Investment portfolios should be diversified across a variety of asset classes.

- **Step 6: Start Saving/Investing Early to Retire Peacefully**

Start planning your retirement as soon as possible. As you have several years in your pocket, you can take advantage of the power of compounding.

For example, if you want to create a corpus of Rs. 1 Crore for retirement, assuming the rate of return is 7%, here is the amount of annual saving you need to achieve the target fund depending upon number of years to retirement when you start:

Avoid delaying retirement planning at all costs. In the worst case, you might have to rely on your children or family if you do not have enough funds by retirement. Therefore, begin early - start now.

- **Step 7: Keep Track of Your Plan and Review it Regularly**

You should monitor your retirement plan regularly (at least once a year) to make sure you are on track to meet your goals. The retirement plan must reflect any changes in income, expenses, retirement age, etc. Additionally, in a changing market, ensure that your retirement plan meets your investment objectives.

Pension plans offered by Life Insurance companies are often considered to be a reliable way to retirement planning.

How do pension plans work?

Pension plans are primarily designed to provide a steady income after retirement, as well as a fallback option if your savings fall short during emergencies. But how do pension plans work in India? Let's take a closer look:

To receive a certain amount of fund by retirement, you must pay premium(s). Your premiums are invested depending upon the plan chosen. You may get to choose a fund of your choice if you have chosen a ULIP pension. Once the pension plan reaches maturity, you will be able to receive the vesting benefits, which can be utilised in the following two ways:

Buy an annuity plan using the entire maturity value of your pension plan

You can withdraw a portion of your pension benefits and invest the remaining amount in an annuity plan.

If you choose a Life Insurance saving plan to create the retirement fund, you can get a third option, which is to decide at retirement about where to invest the maturity value to generate a regular income. You may also choose from the life insurance plans that pay you a regular income for life and this could be the fourth option.

Let's Look at some examples:

### Using Life Insurance Pension Plan and an Annuity for Retirement Planning

Mohit had purchased a Pension Plan from Future Generali India Life Insurance in December 2011, when he was 50 years old. His policy matures and the maturity value (or vesting value) is Rs. 15,00,000.

It is mandatory to use the maturity proceeds of pension plan to buy an annuity after commutation (withdrawal of part of the proceeds).

- **Scenario-1: Mohit uses entire maturity value of his pension plan to buy an annuity**

Mohit purchases Future Generali Saral Pension plan – Option 1: Life annuity with Return of 100% of Purchase price (ROP) using the maturity proceeds of Rs. 15 Lakh + applicable taxes

He will receive an annuity of Rs.75,262 every year as long as he survives.

Upon Mohit's death, his nominees will receive Rs. 15 Lakh (Purchase Price, excluding Taxes).

- **Scenario-2: Mohit withdraws 1/3<sup>rd</sup> of the maturity proceeds of his Future Generali Saral Pension plan and uses the balance to buy an annuity**

Mohit withdraws Rs. 5 Lakh immediately

Mohit purchases Future Generali Saral Pension – Option 1: Life annuity with Return of 100% of Purchase price (ROP) using the balance maturity proceeds of Rs. 10 Lakh + applicable taxes

He will receive an annuity of Rs.50,175 every year as long as he survives.

Upon Mohit's death, his nominees will receive Rs. 10 Lakh (Purchase Price, excluding Taxes).

Lets look at a scenario when Life Insurance Saving Plans are used for retirement planning as an alternative:

Using Life Insurance Saving Plan for Retirement Planning

- **Scenario-1: Amit uses a life insurance saving plan to create fund for post-retirement years.**

He has not decided how the income should be generated post retirement.

Amit had purchased a Future Generali New Assured Wealth Plan when he was 40 years old. His policy matures when he is 60 years old, and the maturity value is Rs. 15,00,000.

Amit is free to decide where to invest this 15 Lakh to generate an income. He can buy an Annuity from a Life Insurance Company or income plans offered by other financial institutions including post office.

- **Scenario-2: Amit chooses a life insurance income plan that pays income for lifetime.**

Amit is a healthy 40-year old male and has purchased the Future Generali Lifetime Partner Plan – Option 1: Immediate Income. He has opted for an Annual Premium of Rs. 50,000 per year (excluding applicable taxes) for a Premium Payment Term of 10 years and

Annual Survival Benefit frequency. His Policy Term is 60 years and his Sum Assured is Rs. 2,53,485.

**What Amit Pays?** Premium Amount x Premium Paying Term =  
50,000 x 10 = Rs. 5,00,000 plus applicable taxes

## **What Benefits Does Amit Get?**

Amit starts getting a regular income right from year-1. The income is mix of Guaranteed Income and a cash bonus, as declared by the Company from time to time. The income keeps increasing as shown in the illustration below:

As per the current Bonus Rate (applicable as on 1 April 2022), the total survival benefit receivable by Amit will be Rs. 12,801, which is Guaranteed Income of Rs. 7,605 + Cash Bonus of Rs. 5,196.

By this way, Amit successfully secured his retirement. Just like Amit, if you are looking for lifelong support, the Future Generali Lifetime Partner Plan is an excellent choice.

**How much do I need to save for retirement?**

To determine the amount you need to save for retirement, the following factors should be considered:

**Day-to-day Expenses** – Your retirement fund should be adequate to generate an income that you will need to maintain your lifestyle even after retirement.

**Events and Milestones During Retirement** – Even after retirement, there may be financial responsibilities, such as taking care of the dependent partner's expenses, child's weddings, and more. Including these costs in a retirement plan is crucial.

**Post-retirement Dreams** – After retirement, you may have dreams you wish to fulfil, such as travelling, starting your own business, etc. In order to calculate the fund you would require after retirement, you need to include these costs.

**Unforeseen Costs** – When planning for retirement, be sure to set aside some money for any unexpected costs, such as medical expenses or financial emergencies.

**Inflation** – Prices will rise for goods and services and you will have to pay more to consume the same items at a later date.

For example, currently, at the age of 45 - your expenses amount to ₹ 6 lakh a year. In order to maintain the same lifestyle after retirement at the age of 60, you would need ₹14.38 lakh every year (taking 6% yearly inflation into account). It is therefore important to factor in inflation when calculating the amount you would need for retirement.

What are the benefits of pension plans?

Among the benefits you can get from pension plans are the following:

**Continuity of Income** – With a pension plan, you can obtain a fixed and steady income following retirement (deferred pension plan) or directly after investing (immediate annuity plan). As a result, you are financially independent after retirement.

**Flexibility to Choose Vesting Age** – Participant's vesting age, or the point at which they will begin receiving a pension, is known as the vesting age. Pension plans in India typically have a minimum vesting age of 40-50 years and a maximum age of 70 years. Depending on your chosen age range, you can begin earning a monthly pension at any time between the minimum and maximum limit.

**Death Benefit** – A pension plan may also provide a death benefit for the financial security of your family in the event of your death. In the event of your untimely death, the nominee will receive the death benefit or sum assured.

**Flexible Premium Payment Terms** – With retirement plans and pensions, you can also choose how long you want to pay premiums. Based on your financial goals, you can choose your premium payment term.

**Tax Benefits** – You may be eligible for tax benefits on the premium(s) you pay and benefit proceeds, according to the provisions of Income Tax laws. These benefits are subject to change as per the current tax laws. Please consult your tax advisor for more details.

## 6 Tips for Choosing the Right Retirement Plan

*Do something today that your future self will thank you for.*

- Sean Patrick Flanery

Retirement planning is one of those things that you must start today so that your future self will thank you for! The few who ignore it may regret it later in life. Moreover, with rising life expectancy and housing & healthcare costs, retirement planning should be a priority.

So, here are some tips to help you select suitable retirement account plans:

### **The Inflation Rate Should Be Lower than the Return on Investment (ROI)**

Retirement planning may be viewed as a long-term monetary objective if the inflation rate is less than the ROI. Many consumers face the significant challenge of safeguarding the invested amount from capital loss caused by changing inflation rates while investing for the long term. It is because inflation can occasionally harm the value of your corpus and long-term investments. As a result, it is critical to remember that the overall ROI should ideally be higher than the inflation rate.

### **Look for Plans that Provide Regular Income**

Upon retirement, you will no longer receive a regular income. This is when annuity plans come into play. It is a good idea to invest in retirement plans or annuity plans as they provide regular income after retirement or from the time you choose. Additionally, retirement plans provide financial security to your loved ones after your death.

You may also consider other Life Insurance plans that pay an income for long term or even whole of life.

### **Reduce Risks while Ensuring a Guaranteed Return**

A person can take certain risks to diversify their wealth. Nevertheless, as you get older and closer to retirement, you should strive to reduce your risk and search for instruments that give you fully or at least partly guaranteed returns. Thereby, you can be sure that the benefits you receive will have higher probability to last for your entire lifetime.

### **Period of Vesting**

Vesting age is the age from which you start getting income from your investment/retirement plan. Thus, if you wish to start receiving income from your retirement plan at the age of 55, choose a plan with a 55-year vesting age. If you plan to retire late, you may choose a plan with a higher vesting age.

### **A Suitable Annuity Option**

You should select an annuity option that is the best for you. For example, you can choose a life annuity that pays a guaranteed amount of annuity as long as you live but nothing is payable to your survivors after you OR you can choose a life annuity with return of purchase price, that pays a guaranteed amount of annuity as long as you live and returns the fund back to your nominees after you. The later would have a little lower annuity rate.

You also have an option to secure your spouse by choosing joint life annuity option, which pays as long as at least one of you and your spouse is surviving.

## Commitment

*No one's ever achieved financial fitness with a January resolution that's abandoned by February. – Suze Orman*

It can be tough to choose a retirement plan, and even harder to stick to it. However, if you want to accomplish your goal, you must stick to the plan you bought. Do not break the plan before it is mature.

Watch it grow until it eventually pays you out the money you need to retire.

## Conclusion

Planning for retirement is a crucial step towards ensuring a peaceful life and is the best gift you can give yourself at any stage. Depending on someone for your retirement may be a risky proposition. **Retirement planning** only requires allocating appropriate amount of money out of the total earnings you earn in your adult stage to secure your old age. Your contribution will be lower if you start early.

Ramesh, 50, does not have many years left to retire. He has been diligently planning for his retirement, saving a part of his income and investing in various savings schemes and financial instruments. On the advice of a friend, he had invested in an equity fund, but the returns have been dismal for a long time. Additionally, a sustained inflationary economic environment may affect the real returns from his investments. Market and inflation risks to retirement plans are common and can be managed efficiently.

## Market Risks

Nearly all financial products are prone to market risks. You can have exposure to the equity markets through mutual funds or government-backed savings schemes like the [National Pension Scheme](#). Though funds invest in bonds and fixed-income instruments also, equity markets are the most turbulent. Equity-linked schemes tend to perform better in the long run, but you should not be solely dependent on equity markets. The key to managing market risks is to [diversify your portfolio](#). If you have invested in equities to have a substantial sum after retirement, balance the risk with investments in relatively stable debt .

### Inflation Risks

The risks associated with price rise can never be ignored when planning for retirement. Inflation is the rate at which prices of products and services rise in a country. One should always look for the real rate of return when investing for retirement. When you deduct the inflation rate from returns, you get the real rate of return, which provides a clearer picture. For instance, if you are receiving 7 percent from a savings scheme, and the inflation rate is 5 percent, then you are actually earning just 2 percent on your investments. If the withdrawal is taxable, the returns may diminish further, turning the real return negative in the long run.

### Health Risks

With the rise in pollution, health ailments in the country are rising. Simultaneously, the cost of healthcare is also rising, creating a dangerous predicament for retirees. Most people avoid purchasing health insurance when they are young. Delaying could prove to be costly. As the age increases, the chances of health problems rises and so do health insurance premiums. A health insurance policy bought at a young age will cost substantially less than one taken at an advanced age. People tend to rely on group health insurance policies provided

by employers. But that may rob you of certain accumulated benefits like waiver of waiting period as employers keep changing the insurer. To avoid spending from the retirement corpus for a costly hospitalisation, buy individual health insurance at the earliest.

### Inadequate Insurance

The family of an earning individual is the biggest sufferer in the case of his/her tragic death. People often fail to plan for unforeseen circumstances like death. Having adequate [life insurance](#) can help in allaying the difficulties to an extent. The quantum of the required cover confuses many people. The thumb rule is to have a life insurance policy equal to at least ten times the annual salary. It is also important to take into account existing liabilities like a home or car loan and plan accordingly. Having life insurance after retirement gains greater importance as your children may be dependent on you for a few years even after your retirement. [Future Generali Care Plus](#) term plan can provide you with a cover of Rs 1 crore starting at just Rs 618 per month<sup>1</sup>. You can buy the policy online and save on monthly premiums.

### Tax Obligations

While [planning for retirement](#), many people fail to plan for the tax obligations that may arise from the current investments. A heavy tax burden has the potential to derail your retirement planning as it may make a serious dent to your monthly income or the retirement corpus. To manage tax obligations, you should plan carefully and invest in tax-efficient instruments like various [life insurance products](#).

### Conclusion

Having a clear idea of your post-retirement expenses and liabilities can help you plan efficiently for retirement. Map your

potential post-retirement expenses and add inflation, which will give you an accurate estimate for retirement planning. [Retirement plans](#) may have various planned and unplanned risks, but active planning can help you avoid and manage them.

### Importance of a Retirement Plan in India

Having a considerable amount of money to draw from assumes greater significance for the following reasons:

#### **No Government Support**

The need for a retirement plan hinges on a crucial reason: the lack of social security and pension systems in India. It is the single most significant reason necessitating the need for a retirement plan. Unlike the U.S. or the U.K., the elderly or unemployed are not guaranteed a minimum monthly income in India, nor does the state sponsor the post-retirement years of the citizens.

The establishments that were formerly covered by pension have also come under the 'Defined Contribution' system. Not everyone gets retirement benefits like pensions or gratuities on superannuation, and for those who receive them, the amount is insufficient to cover all expenses.

All these facts indicate that when your earning age comes to a close, the government will not support you. You are on your own. The lack of social security and pension systems in India leads to a void that must be filled.

#### **Soaring Healthcare Costs**

The post-retirement age is when your visits to the healthcare provider likely increase. A major chunk of your savings goes towards meeting these expenses. Further, healthcare costs are on the rise, like all other expenses. More critically, they are not

uniform. Your savings can be depleted by a single major illness. Even in countries with social security systems, citizens cover healthcare expenses to make provision for emergencies. So, since India does not have this system, it is all the more essential to opt for a retirement plan.

## Rising Inflation

Inflation is on the rise, diminishing the value of money. Coupled with increased life expectancy due to advancements in medicine and technology, we will require additional income. It can be possible only if we have retirement funds in place, backed by a high-performing retirement plan.

## Maintaining a Comfortable Lifestyle

Financial independence is one of the most crucial reasons why a retirement plan is important. You are accustomed to a certain lifestyle and standard of living during your work life. You cannot let go of all those comforts in your old age, and therefore, need to ensure you enjoy the same lifestyle once your post-retirement life begins. It is also the time to take up hobbies and interests you wanted to pursue but could not due to your responsibilities. A retirement plan will enable you to make decisions without worrying about depending on anyone for finances.

## Conclusion

If there is one reason you must plan on your own for your retired life, it is **the lack of social security and pension system in India**; hence, **a retirement plan** is the only way to ensure a comfortable lifestyle post-retirement.

## Dual Retirement – Your One and Only Safety Net after 60

Dual retirement involves two people planning for their retirement. Even if they do not retire at the same time, they can

enjoy dual benefits of two different insurance plans. If you and your spouse have the same life goals and objectives after retirement, a dual retirement plan can help you live a comfortable life.

With India's average life span reaching 80-85 years, saving for retirement has taken on a different meaning. While the earlier generations were only required to manage their money until the age of 70, the present generation is required to prepare finances for at least 20-25 years beyond retirement.

Let's take a look at some numbers:

Michael retired in 1998, at a time when the age of retirement was 60 years and the average lifespan was 70 years. Mr. D resigned in 2018, when the age of retirement was also set at 60, but the average lifespan has averaged 80 years. This is 10 years longer than it used to be 20 years ago.

Mr. D now has 20 years of a non-earning life ahead of him. When Mr. Z retires in 2038, the age of retirement will most likely remain at 60 years, although the average life span will be about 90 years. Mr. G would then have 25-30 years of non-earning opportunities ahead of him.

These examples may seem disconcerting but not for everyone. If you and your spouse haven't begun to plan for your retirement yet, it is essential that you do not waste any more time.

**Increasing average lifespans and what it means for retirement**

When the retirement age of 60 was established, an Indian's average lifespan was 67-70 years. The average lifespan grows by 5 years every 10 years as a result of new medical technology that is efficient in prolonging life. Without an appropriate financial preparation, you will have insufficient cash to spend your retirement years in luxury.

Do you believe your current retirement entitlements and assets will be sufficient to support you for the next 20-25 years with similar life and pleasures as you have now?

### Making dual retirement work for you

Preparation for the very first retirement at the age of 60 is vital but planning for a second retirement at the age of 70-75 is equally essential. EPF and other assets will not last for 20–25 years, and relying on others (including family) in retirement should be avoided.

That's why it is crucial to plan with your spouse ahead of time for a security net. Various market strategies enable you to invest money methodically for a certain time and maturity when you are nearing 70. Let us look at some real-world instances (numbers from major proposals):

Krishna, 40, chooses a contributing investment plan and continues contributing Rs 8,000 per month till he reaches the age of 50. When he reaches the age of 70, he will receive INR 39,87,272 with an 8% return on investment. Not only that, if he dies during the insurance period, his family would just get INR 8,39,179 in death benefits.

Krishna's wife Gauri, 45, selects a participant saving plus security plan and begins spending Rs 10,000 per month for 18 years. She will earn INR 55, 92,847 when she reaches the age of 75. Her nominations would amount to approximately 14, 26,200 if she dies prematurely.



भारतीय प्रतिभूति और विनियमय बोर्ड  
Securities and Exchange Board of India

## INVESTMENT PLANNING FOR RETIREMENT





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### Key Learning Objectives:

After reading this booklet, you will be able to understand the following:

- Need for an investment plan
- Financial implications of your investment decision
- Various investment avenues in the Indian financial market
- Investment strategies to achieve your financial goals
- Calculation of personal networth and annual personal budget

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# 1. INTRODUCTION

You have successfully passed through the many phases of life, overcame many hurdles in your long career, seen its ups and downs. Now it's the time to enter a new phase—Retirement. It means retiring from work, not life. Like changing from the fast lane to the slower lane where the drive is far more relaxed, scenic and full of pleasure. It's just another phase in one's life. However, don't forget that retirement is a state of mind as well as a financial issue.

For most people, the regular income comes in the form of a salary, which is paid monthly. Because of the regularity of income during our working life, we usually adapt our spending to fit in with our income patterns. By the time retirement comes around we usually have our income and spending patterns well practised, although these may change a little in retirement. During retirement, or at some stage before, we also need to plan what we are going to do with our retirement savings. Usually this will involve looking at what to do with our superannuation money and any other savings that we may have accumulated along the way. In view of the above facts, it falls on the concerned person to do financial planning in a way he/she not only maintains the lifestyle but also has financial independence as well.

# 2. RETIREMENT PLAN

There are many factors related to retirement planning and it is never too early to begin. You may define your retirement goals and need to start a retirement savings plan before considering actual retirement.

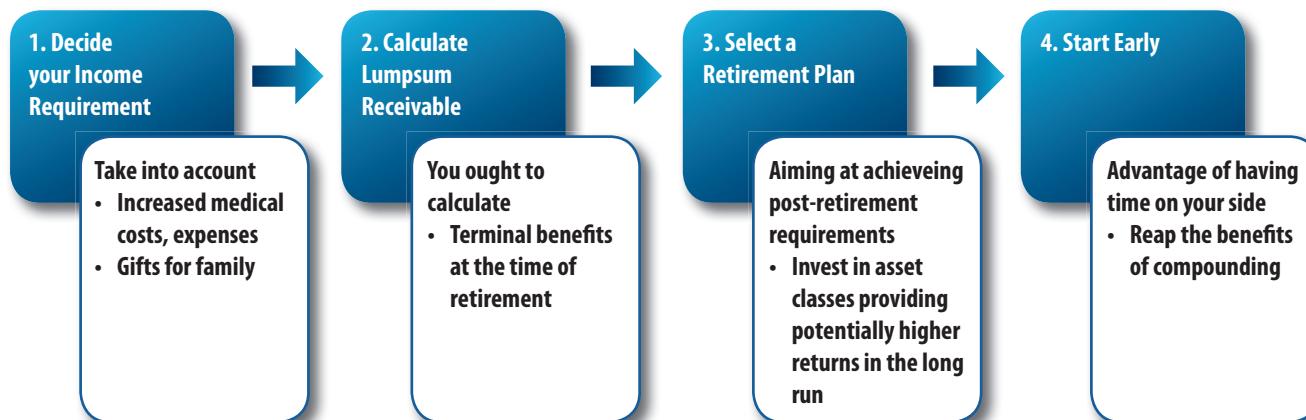
Follow the following four simple steps to arrive at an ideal retirement plan.

Step 1: Decide how much income you require to live comfortably in your post-retirement years. Remember to take into account aspects like increased medical costs, expenses and gifts for family.

Step 2: Calculate the amount to be received in lump sum (terminal benefits) at the time of retirement.

Step 3: Select the right retirement plan that enables you to meet your post-retirement requirements. Preferably, choose to invest in asset classes , which can provide you with potentially higher returns in the long run.

Step 4: Start investing early so that you have time on your side and can enjoy the power of compounding.



## How much retirement income will I need?

An easy rule of thumb is that you'll need to replace 70 to 90 percent of your pre-retirement income. If you're earning ₹ 20,000 a month (before taxes), you might need ₹ 15,000 to ₹ 18,000 a month in retirement income to enjoy the same standard of living you had before retirement.

The following example illustrates the amount needed as retirement corpus to ensure a steady flow of monthly income.

### Calculation of retirement corpus:

Retirement Age	60
Current Age	58
Life expectancy	83
Years after retirement	23
Current Annual Expenses	₹ 1.80 lacs
Average Return on investment	12%
Inflation	5%
Inflation adjusted return	7%
Total retirement corpus required	₹ 15 lacs*

### Action Points: How to Prepare for Retirement?

1. It's never too late to start. It's only too late if you don't start at all.
2. Deposit everything you can into your retirement plans and personal savings.
3. Reduce expenses and funnel the savings into your kitty.
4. Aim for higher returns and tax savings. Don't invest in anything you are not comfortable with.
5. Refine your goals. You may have to live a less expensive lifestyle in retirement.
6. Sell assets that are not producing income or growth and invest in income-producing assets.

\* While a corpus of ₹ 15 lacs may be adequate at the beginning of your retirement, it would not be enough in later part of your retired life due to inflation that would increase your expenses for the same goods and services.

### 3. FINANCIAL PLANNING

**"The best time to plant a tree was yesterday. The second best time to plant a tree is today."**

Financial planning is the process of meeting your financial goals through the proper management of your finances. Financial planning helps you make advance provision for financial needs that will arise in the future. The objective of financial planning is to ensure that the right amount of money is available at the right point in time in the future to achieve an individual's goals.

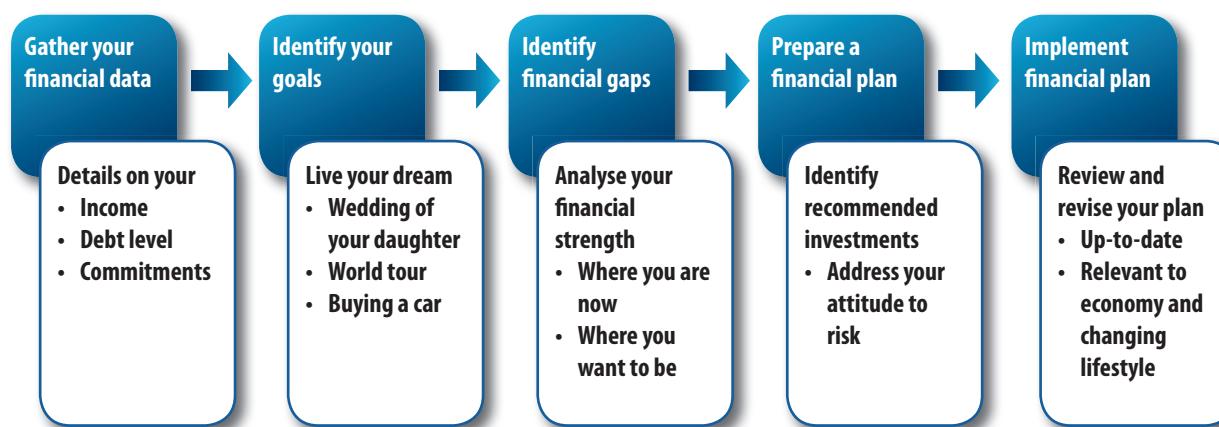
#### Investment Planning

Financial and investment planning are terms that are interchangeably used in personal finance parlance. To understand the difference between the two concepts, we first have to understand them well. Investment Planning (IP) has the "rate of interest" factor at its core. The Investment Planning process involves several steps, ranging from setting investment goals and understanding the risk appetite to designing an investment portfolio after evaluating the markets and the investment landscape. Investment Planning refers to a commitment of funds to one or more assets that will be held over a specific period. Anything not consumed today and saved for future use can be considered an investment.

#### Planning Process

The five steps of the financial planning process are:

- Gathering your financial data such as details on your income, debt level, commitments, etc.
- Identifying your goals
- Identifying any financial issues or gaps between where you are now financially and where you want to be
- Preparing your financial plan, which will identify recommended investments and will address your attitude to risk
- Implementing financial plan—review and revise your plan—to ensure it stays up-to-date and relevant to the economy and changing lifestyle



**FINANCIAL PLANNING PROCESS**

## 4. SMART GOALS

A financial plan helps drive your financial decisions to a defined goal. It helps you determine how much to save today for the future you planned for, how much returns to expect on your savings and where to invest your savings to ensure that you get the returns you desire.

Thus, planning your finances is a type of management that involves setting a mission and having a vision for your future. This is very crucial in the planning process as it allows you to design a path as to how you plan on achieving your objectives within a stipulated time frame.

A critical first step in managing your finances is to be able to set up SMART financial objectives. Your goals have to be S (specific), M (measurable, motivated), A (Achievable), R (realistic, resource-based), and T (time-bound, trackable). Many people make the mistake of stating general goals, which, more often than not, will not materialize.



		Incorrect Approach	Right Approach
Specific	You need to know exactly what you want to achieve and when you want it.	I need to set aside money for my grand daughter's birthday next year.	I need to set aside ₹ 10,000 for my grand daughter's birthday next year.
Measurable	A goal should be measurable so that you know when you will achieve it.	I will pay off most of my credit card debt soon.	In the next six months, I will pay three of my two credit card bills in full.
Achievable	Your goal should be within reasonable reach.	I will save money.	I will save ₹ 48,000 each year by putting aside ₹ 4,000 a month.
Realistic	Your goals need to be based on resources and tasks that you can reasonably accomplish.	By saving regularly, I will become a millionaire.	By saving regularly, I will be debt free by next year and will have a savings kitty equal to six months of my living expenses by next December.
Time-bound	Goals with timelines allow you to track your progress and encourage you to keep going until you reach your goal.	I will save money for my daughter's marriage.	I will save ₹ 50,000 a year for the next 10 years for my daughter's marriage.

## Activity

(The activity below is designed to help you in setting a financial mission and a vision.)  
Activity: read the questions carefully and answer them honestly.

**Your present:** What is your current financial position? Where do you stand today?


**Your future:** What is your financial plan for the future? Say 10 years from now.


**Your reality:** Do you have the skills to help you get there? How do you plan to get there?


### Planning for the future involves setting goals and objectives.

For each goal, be sure to consider two very important aspects, your risk tolerance and the time frame within which you wish to achieve these objectives. Your personal level of risk tolerance will give you an idea in which securities you need to invest in and for how long in order to achieve the set objectives. The duration of a financial plan depends on the goals that it sets out to achieve. It can cover short-term, medium-term and long-term goals. Short-term goals are normally targeted in a one to three year framework; for example a vacation abroad, medium-term goals fit into a three to five year horizon; for example, buying a vehicle and long-term goals are achieved in a period of five years or more; for example, buying a house, retirement planning.

It is also important to consider your income per year and your level of savings. For example, you earn ₹ 180,000 a year and save 20% of it (₹ 36,000). You plan to send your child to Mumbai to complete his/her education and approximate a budget of ₹ 200,000. Your child is to complete his Higher Secondary Examination in four years. Thus, based on your risk tolerance you allocate money towards his education. If your risk tolerance is low, it may be difficult to fulfill your goal of sending your son to Mumbai to complete his education. But if you are someone who is not afraid to take risks, it is possible to make your dreams come true. Investing money in funds higher on the risk return scale is one possible solution. One should study the product well before investing to understand both risks and reward.

Suppose you invest ₹ 36,000 in the first year, ₹ 25,000 in the second year, ₹ 30,000 each in the third and fourth year respectively, your total investment at the end of the four year is ₹ 121,000.

This would mean investing in securities that yield an average of 22% rate of return, can only enable you to fulfill your goal of sending your child to Mumbai for his education.

### How did we arrive at this answer?

Using the future value formula, we can estimate the required rate of return (RROR), you do this on a trial and error basis, where ideally Left Hand Side = Right Hand Side.

$$FV = \sum [PV(1+r)^n] = PV(1+r)^4 + PV(1+r)^3 + PV(1+r)^2 + PV(1+r)^1$$

Where, FV= future value      PV= present value      R= rate of return      N= number of years

$$200,000 = 36000(1.22)^4 + 25000(1.22)^3 + 30000(1.22)^2 + 30000(1.22)^1$$

$$200,000 = 79752.044 + 45396.2 + 44652 + 36600$$

$$200,000 = 206,400.244$$

Thus an investment of ₹ 121,000 in four years for an interest rate of approximately 22% will yield ₹ 206400.244. Being practical is the most crucial factor in financial planning; ask yourself whether you are able to tolerate such risk that will yield you return of 22%. Therefore, instead of putting your money at very risky product, it is advisable to select safer product or increase your saving amount or start saving early.

**Table 1:** Typical long-term goals for Mr Prasanna

Age: 50 Years

Profession: Company Executive

Goals	Name	Target Date from today	Amount (₹ in lakh)
Education-doctor	Raja (son)	6 years	20.00
Marriage	Ramba (daughter)	10 years	35.00
House	Self	12 years	60.00

**Table 2:** Typical short-term goals for Mr Prasanna

Age: 50 Years

Profession: Company Executive

Goals	Name	Target Date from today	Amount (₹)
Visit to Holy Place	Self	6 months	20,000
Purchase of a AC unit	Self	2 months	28,000

### Activity

Goals	Your income P.Y.	Your savings P.Y.	Time frame	Estimated Budget for achievement of goal	Risk tolerance
Education					
Marriage					
Buy a house					
Buy a car					
Children's education					
World tour					
Retirement					
Children's marriage					

Based on these aspects please construct a financial plan as to which investments you need to invest in and at what amount and duration in order to achieve your said targets.

## 5. SAVINGS AND INVESTMENT

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### Finding the Right Balance between Saving and Investing

Saving and investing are two related, but independent, processes. Saving is the process of putting hard cash aside and parking it in extremely safe and liquid accounts such as Bank savings accounts. Investing is the process of using money (called capital) to buy an asset that you think will generate a safe and acceptable return over time, making you wealthier with each passing year. When you save, you're preserving your money for a later time. When you invest, you're taking some risk that you believe will make it possible for your investment to grow in value over time. While investing can help you achieve your long-term goals, saving is an effective way of managing your money to meet short-term needs and to provide a safety net for emergency expenses. When saving money, the primary emphasis is on the stability of the principal rather than return potential. On the other hand, investment means willing to take some risk and putting your money in instruments with potential of higher returns.

## 6. LOANS vs. INVESTMENT

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There is a general confusion among people whether they should avail a loan or build investments to achieve their financial goal (for example, buying a house). There is no rule which says that either of the option is good, because it differs for each person's capacity and the nature of debt or investment. The following points are worth remembering:

- It purely depends on your financial strength and other factors.
- Credit card debts and personal loans are very costly.
- If you have a loan with a low interest rate and tax benefits as in the case of home loans, it is advantageous to go for a loan. If you have an investment plan where you can make good return, then you may opt for investment.
- You have to be sure that the investment is not risky and will not affect your family if you lose the money. For example, if you are investing huge sums in share market from borrowed money that is very risky.

## 7. PERSONAL BUDGET CALCULATOR

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Have a budget. Determine what you actually spend each month. There are fixed expenses like rent, loan repayments, etc. every month about which we can do little. The variable items such as food, clothing and entertainment are often, what takes money away from us. Use your discretion to contain these variable expenses to start saving.

A Personal Budget is simple to prepare.

**Income.** Add up your monthly income: salary and investment income.

**Expenses.** Add up monthly expenses: rent, loan payments, average food bills, medical expenses, entertainment and so on. Determine an average for expenses that vary each month, such as clothing, or that don't occur every month, such as car insurance. You will need to track how you spend cash for a month or two. Most of us are surprised to find out where and how much cash "disappears" each month.

**Subtract expenses from income.** What if you have more expenses than you have income? Not an uncommon problem. You have three choices: cut expenses, increase income, or both.

**Cut expenses.** There are ways to reduce expenses, from reducing grocery consumption to shopping for low-cost items without compromising quality. Compare monthly variances between actual expenditure and budgeted expenditure

**Increase income.** Improve your job skills or education to get a better paying job, or make money from a hobby. It is hard to apply a rule of thumb toward savings, because it varies with age and income level. Ten percent is a good start. If you find that is too high for you, don't let that deter you. You can start by putting a little aside each month and then slowly increasing it.

### Activity

Prepare a monthly budget by specifying your income in terms of all inflows of cash from whatever sources, after which you need to deduct all possible expenses you think will arise during the month. It is important to do this exercise before the start of the month so that you can anticipate what can be the likely level of investments. Rule of thumb ideally says that you need to save 20% of your income. Complete this exercise to see whether you really are!

Your monthly budget	
<b>A: Income</b>	
Salary	
Rent	
Interest per month	
Capital gains	
Business	
Other sources	
<b>TOTAL INCOME</b>	
<b>B: Expenses</b>	
Travel and transport	
Food and utilities	
Rent	
Leisure	
Insurance premium	
Children's education	
Holidays	
Other	
<b>TOTAL EXPENSES</b>	
<b>C: Savings = income – expenditure</b>	

To find out whether you are saving 20% of your income, you just need to multiply your savings by 100 and divide it by your total income. If the value is below 20, it means you are spending your money recklessly giving you an indication to start saving ... it's never too late!

#### Typical Monthly Budget

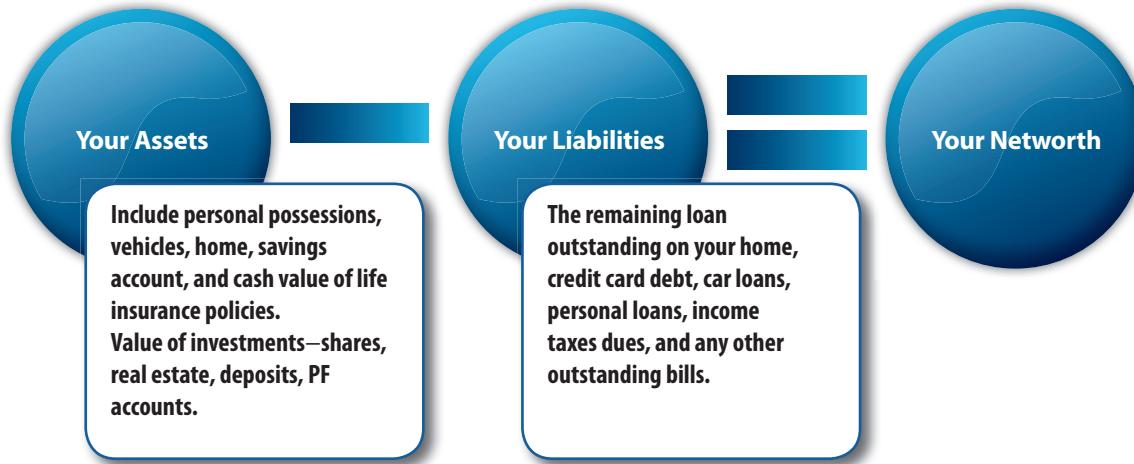
January

Name: Krishnan, Age 59 Company Executive

Income	Amount (₹)	Expenses	Amount (₹)
Salary	75,500	Committed (EMI)	32,500
Investment Income	6,000	Living Expenses	28,700
Pension		Other expenses	
Others		PF/LIC	10,500
Income	81,500	Total Expenses	71,700
Net Surplus	9,800		

## 8. PERSONAL NETWORTH CALCULATOR

Your networth is simply the total value of what you own (assets) minus what you owe (liabilities). It's a snapshot of your financial health. The first step in planning your finances is to know where you financially stand today, i.e., ascertaining your networth.



Calculate your networth periodically, say quarterly and keep track of changes. An increasing networth means you are financially doing well financially.

Keep in mind the following points while calculating your networth

1. Use current market value/realizable value.
2. Estimate if you can't be accurate.
3. Be conservative.
4. Avoid insignificant detail.

### Model Networth Statement

Name: Raja  
Professional in a company      Age: 58  
Networth as on 31 January

Assets	Rs (in lakhs)	Liabilities	₹ (Lakhs)
House	56.00	Home loan	17.50
Savings a/s	00.32	Car loan	05.20
Equities	03.50	Credit card	02.40
Fixed Deposit	05.00	Personal loan	06.10
Car	06.20	Total	31.20
NSC	04.30		
Total	75.32	Networth	44.12

## 9. RISK vs. RETURN

Risk and investing go hand in hand. Risk can be defined as the chance one takes that all or part of the money put into an investment can be lost. The good news is that investing risk comes with the potential for investing reward – which is what makes the whole process worthwhile.

The basic thing to remember about risk is that it increases as the potential return increases. Essentially the bigger the risk is, the bigger the potential payoff. (Don't forget the two words - "potential payoff". **There are no guarantees**)

Even seemingly "no-risk" products such as savings accounts and government bonds carry the risk of earning less than the inflation rate. If the return is less than the rate of inflation, the investment has actually lost ground. This means your earnings aren't being maximised as they could have been with a different investment vehicle.

While you stay invested it is crucial that you take necessary measures to manage your risk. Once you invest in any asset class you should monitor your investments and keep yourself updated about various market happenings to avoid any pitfalls. Always check the potential risks when quoted returns are unusually high.

Here's an example of some of the asset allocation models for different stages in your investing life. What they show is a gradual movement from aggressive to conservative style of investment.

### Asset Mix

Years to retirement	Stocks	Bonds	Cash
20	80%	10%	10%
15	60%	30%	10%
10	40%	50%	10%
5	30%	60%	10%

Remember that models such as these aren't designed to predict a particular level of return. While allocating assets can help you moderate risk, it doesn't eliminate the possibility of accumulating less than you'd like. Also, remember that an asset allocation isn't fixed—as time passes and you near retirement, you may want to consider shifting some of your stock holdings into more conservative choices to avoid the impact of short-term drops in the market. It is better to understand the product well before investing.

# 10. COMPOUNDING

Time exerts the greatest influence on your investment portfolio than any other force. Through the power of compounding, a small amount of money over time can grow into a substantial sum. Compounding is an investor's best friend. Investments can increase in value over time, and the longer the time frame, the greater the value. This is achieved through returns that are earned, but not spent. When the return is reinvested, you earn a return on the return and a return on that return and so on. Therefore, it is important to start saving early in order to benefit from the power of compounding returns.

The time value of money is the value of money that has earned an interest over a given amount of time. For example: ₹ 100 invested today for one year at 5% interest will be ₹ 105. Thus, to the investor ₹ 100 paid now is no different than ₹ 105 paid one year from now.

The valuation of a likely stream of income in the future, in such a way that the annual incomes are discounted and then added together, thus providing a lump-sum "present value" of the entire income stream that is likely in the future. Thus PV is the present value of future money. For example, a sum of FV to be received in one year is discounted at a rate of interest to give a sum of PV at present:

$$PV = FV / (1+r)$$

Future cash flows are discounted at the discount rate, the higher the discount rate, the lower the present value of the future cash flows. The importance of time value of money in investment and conserving the value of your money is crucial. You need to invest in order to protect the value of your money

Activity: List down the various items you often use and write down their value today and their value 10 years back. Compare the two values and observe how the value of money has changed over time.

**Table: The time value of money**

	Assets	Price 10 years ago (-10)	Price now (0)	Price 10 years from now (+10)
1	Property/ house			
2	Gold (10 gms)			
3	Investments : • Sensex/ Nifty • Bonds • Fixed deposits interest rate			
4	Rice			
5	College Education			
6				
7				

## Power of Compounding

Let's compare two friends Raman and Prasad. Raman starts saving ₹ 2,000 per year from the age of 19. After eight years, he stops investing money. On the other hand, Prasad starts investing ₹ 2,000 per year when he is 27 and continues investing this amount every year till he is 65. Raman invested ₹ 16,000 and Prasad ₹ 74,000.

If both earn 10% post-tax return per annum on their investments, who will have more wealth when they retire at age 65?

Raman. His ₹ 2,000 annual savings between age 19 and 27 will aggregate to ₹ 1,035,160 by age 65, whereas, Prasad's ₹ 2,000 annual savings between age 27 and 65 will aggregate ₹ 8,00,896 lakhs. There is a 64 - fold increase in Raman's investment whereas it is a 10 - fold increase for Prasad.

To summarize, the power of compounding is the single most important reason for you to start investing right now. Remember, every day that your money is invested, is a day that your money is working for you.

Here's how much your money would grow if you make a lump - sum (one - time) investment and leave it untouched. The interest rate has been assumed to be 10%.

Amount lump-sum payment (₹)					
Years	100,000	200,000	300,000	400,000	500,000
5	161,051	322,102	483,153	644,204	805,255
10	259,374	518,748	778,123	1,037,497	1,296,871
15	417,725	835,450	1,253,174	1,670,899	2,088,624
20	672,750	1,345,500	2,018,250	2,691,000	3,363,750
25	1,083,471	2,166,941	3,250,412	4,333,882	5,417,353
30	1,744,940	3,489,880	5,234,821	6,979,761	8,724,701

Reading the table: if you plan on investing money for a period of say 30 years and have a corpus of ₹ 1 lacs compounded, you would get a return of ₹ 17,44,940.

### Activity

If Ram, aged 60 years, would like to gift ₹ 20 lacs to his son after 20 years, how much he has to invest now? Use the table given above

## 11. Inflation effects on investments

If your investment portfolio includes a big portion of fixed income securities, you should pay attention to inflation rates.

Most susceptible to rising inflation rates are retirees that have fixed income. This is because inflation decreases the purchasing power of money and retirees will be able to purchase less with their money than before.

Inflation eats away your purchasing power. For instance, if the average rate of inflation is 8%, you need to make sure that your investments are earning a minimum of 8% or more, post-tax. Let us assume an investment portfolio of ₹ 1,00,000, earning returns at 10% and inflation at 8%. The returns in this case would be Rs 10,000 gross annually, with the net after income tax ₹ 7,000 (Assuming you are in the highest tax bracket of 30%). Now, if you account for the 8% inflation specified (8000, or 8% of ₹ 1,00,000), you are left with ₹ (- ve) 1000 (Return of 7000 minus inflation of 8000). It means you are not earning any money in real terms.

## 12. Retirement Planning

The conversion into retirement is a very unique and dramatic step in life. Yet, the transition into retirement is rarely given the planning or thought it deserves. Everyone wants to lead a comfortable retirement. Without adequate planning it probably won't happen. People are living longer than ever before, which is obviously good news, but that means retirement is becoming more expensive. So it is important to plan ahead and be financially prepared once you reach retirement age.

Retirement planning means setting aside of money or assets for the purpose of deriving some income during old age. This is to be done before reaching retirement age.

Remember, your aim is to make decisions that will be most effective in helping you realize your future financial goals, based on your current personal financial situation

**1) Start Early and Retire Peacefully:-** For example, if you start saving for retirement at the age of 25, so that you wish to retire by 60, you have an investment horizon of 35 years. If at the age of 25, you start investing ₹ 1,000 per month at the rate of 6% compounding then the maturity amount will be ₹ 13,80,290. Alternatively if you commence the same investment at the age of 35, then the maturity value at the age of 60 will be ₹ 6,79,580.

With a 10 year lag, the retirement savings at 60 years is more than halved.

**2) Plan Wisely:-** Set aside some money for medical expenditure and emergency needs after retirement. Allocate your resources towards necessary ends like children's education and marriage that you will incur in the future course of time.

**3) Track and Review your Plan:-** The financial plan has to be reviewed at regular intervals to make sure whether the plan meets the objectives. Also, understand and get comfortable with the risks, costs and liquidity of your investments.

**4) Don't Dip into your Retirement Savings:-** Don't touch this pool of savings pre- retirement. If you spend money from your retirement kitty to fulfil your present needs, you will lose out big in the long run. The corpus for your retirement will be much lower.

**List down the five ways in which retirement planning was being done 30 years back**

- 1.
- 2.
- 3.
- 4.
- 5.

**What are the 5 things that you need to do for your retirement planning?**

- 1.
- 2.
- 3.
- 4.
- 5.

**How much you should invest to create your retirement fund?**

Let suppose Ram at the age of 30 with monthly expenses of ₹ 10,000 wants to retire at the age of 60 (Life expectancy of 75). What is the corpus he requires for his retirement assuming that he will require 80% of his present expenses? And how much amount should he save every month to build his retirement corpus?

To find the corpus and monthly investment , first of all we have to find that how much he will be spending every month at the age of his retirement , because his current expenses in money value are going to increase in future because of Inflation.

**Step 1:** Value of his expenses at the time of retirement with 5% Inflation?

No. of year after which you will retire	5	10	15	20	25	30
Amount for expenses you need every month at the time of Retirement	(12,762.82)	(16,288.95)	(20,789.28)	(26,532.98)	(33,863.55)	(43,219.42)
Amount for expenses you need every month at the time of Retirement (80% of the requirement)	(10,210.82)	(13,031.16)	(16,631.43)	(21,226.38)	(27,090.84)	(34,575.54)

**Note: Growth in current expenses after 30 years due to inflation**

**Why expenses are less at retirement? (80% in above scenario)**

- 1.
- 2.
- 3.

Answer: Ram is retiring after 30 years from now, so his monthly expenses would be ₹ 43,219 and with 80% it will be ₹ 34,575.

**Step 2:** How much corpus he requires at his retirement to get continuous flow of cash for his monthly expense requirement?

Assumption: Return on Corpus or investment is 7%.

No. of years of retirement	For expenses of ₹ 10,210.25	For expenses of ₹ 13,031.16	For expenses of ₹ 16,631.43	For expenses of ₹ 21,226.38	For expenses of ₹ 27,090.84	For expenses of ₹ 34,575.54
5	585,130.95	746,791.84	953,116.66	1,216,445.22	1,552,526.61	1,981,461.08
10	1,117,707.64	1,426,509.65	1,820,627.96	2,323,633.90	2,965,611.10	3,784,954.77
15	1,602,450.28	2,045,177.75	2,610,222.66	3,331,379.05	4,251,777.66	5,426,465.43
20	2,043,655.17	2,608,279.41	3,328,898.92	4,428,612.31	5,422,425.66	6,920,541.77
25	2,445,232.68	3,120,805.39	3,983,026.38	5,083,463.13	6,487,930.27	8,280,425.78
30	2,810,742.02	3,587,298.21	4,578,402.57	5,843,330.78	7,457,735.34	9,518,170.11

Ram will retire at the age of 60 years and his life expectancy is 75 years. That makes his expenses requirement for 15 years (75 years – 60 years).

From the above table we can figure out that for 15 years, his required corpus is ₹ 54,26,465.

**Step 3:** Ram would like to open an Systematic Investment Plan (SIP) where he will invest money every month which grows at 10% annualised over 30 years to build his retirement corpus. How much Ram should invest every month for the corpus?

#### Calculations:

For the calculation purpose we are finding out the corpus for ₹ 10 lakhs and after getting the corpus we will multiply it by the required amount:

Interest/ No. Of years	Monthly Investment require to build corpus of ₹ 10 Lac					
	5	10	15	20	25	30
6%	(14,321.72)	(6,125.04)	(3,468.51)	(2,194.69)	(1,471.50)	(1,021.18)
8%	(13,621.38)	(5,516.23)	(2,943.09)	(1,746.24)	(1,093.09)	(705.41)
10%	(12,958.11)	(4,963.82)	(2,489.91)	(1,381.24)	(804.40)	(480.93)
12%	(12,329.91)	(4,463.57)	(2,101.14)	(1,087.13)	(587.47)	(324.57)
15%	(11,449.24)	(3,802.02)	(1,622.41)	(753.54)	(362.77)	(177.56)

With the above table we can make out that he has to invest ₹ 480/month of ₹ 10 lakhs. Therefore for ₹ 54 lakhs, he has to invest ₹ 2,592 every month =  $(54/10) \times 480 = ₹ 2,592$

#### Assignment:

Calculate the retirement corpus required by you and the monthly investment required to build that corpus based on the tables given below:

1. Your monthly expenses ( )

(For the calculation purpose monthly expenses are given as ₹ 10,000. If your expenses are ₹ 20,000 then multiply the corpus by 2)

2. Your monthly expenses requirement at the time of retirement with inflation rate of 5%

No. of year after which you will retire	5	10	15	20	25	30
Amount for expenses you need every month at the time of Retirement	(12,762.82)	(16,288.95)	(20,789.28)	(26,532.98)	(33,863.55)	(43,219.42)
Amount for expenses you need every month at the time of Retirement (80% of the requirement)	(10,210.82)	(13,031.16)	(16,631.43)	(21,226.38)	(27,090.84)	(34,575.54)

3. Retirement corpus you would require getting regular cash flow \_\_\_\_\_

No. of years of retirement	For expenses of ₹ 10,210.25	For expenses of ₹ 13,031.16	For expenses of ₹ 16,631.43	For expenses of ₹ 21,226.38	For expenses of ₹ 27,090.84	For expenses of ₹ 34,575.54
5	585,130.95	746,791.84	953,116.66	1,216,445.22	1,552,526.61	1,981,461.08
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20	2,043,655.17	2,608,279.41	3,328,898.92	4,428,612.31	5,422,425.66	6,920,541.77
25	2,445,232.68	3,120,805.39	3,983,026.38	5,083,463.13	6,487,930.27	8,280,425.78
30	2,810,742.02	3,587,298.21	4,578,402.57	5,843,330.78	7,457,735.34	9,518,170.11

4. Monthly investment you require to build your corpus\_\_\_\_\_

Assumption: You can take interest rate as per your risk profile.

**Assumption:** You can take interest rate as per your risk profile.

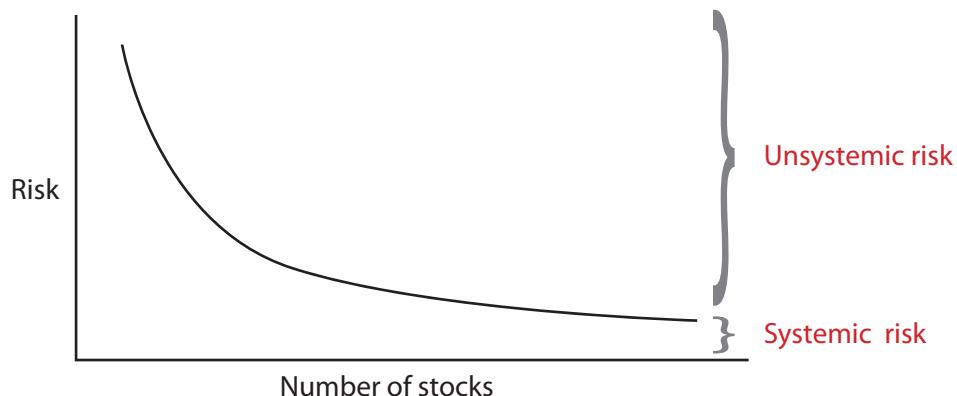
For calculation purpose, you have to invest regularly to build the corpus of ₹ 10 lacs. If your requirement is ₹ 20 lacs, then multiply the monthly investment amount by 2.

Interest/ No. Of years	Monthly Investment require to build corpus of ₹ 10 Lac					
	5	10	15	20	25	30
6%	(14,321.72)	(6,125.04)	(3,468.51)	(2,194.69)	(1,471.50)	(1,021.18)
8%	(13,621.38)	(5,516.23)	(2,943.09)	(1,746.24)	(1,093.09)	(705.41)
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12%	(12,329.91)	(4,463.57)	(2,101.14)	(1,087.13)	(587.47)	(324.57)
15%	(11,449.24)	(3,802.02)	(1,622.41)	(753.54)	(362.77)	(177.56)

## 13. Investment Commandments

Here are some Guidelines for you to follow.

- Do establish clear and reasonable investment goals before you invest.
- Do remember that there are risks in any investment. As potential profit increases, so does risk.
- Do diversify your investment portfolio to decrease your overall risk.
- Do select the appropriate asset mix of debt, equity, and cash equivalents.
- Do recognize the limits of your knowledge. Avoid investments you don't understand.
- Do your homework. Be sure you know what you are investing in and what impact it will have on the risk, potential returns, and marketability of your portfolio.
- Do keep in mind that income-tax is payable on your investment while making investment decisions.
- Don't invest on the basis of hot tips and rumours. They are seldom right.
- Don't blindly follow investment advice that you don't understand.
- Don't be afraid to say NO to the suggestions of your financial adviser if you are not convinced that the investments are right for you.
- Don't take risks you can't afford or aren't comfortable with. Understand your tolerance for risk.



### Investment Strategies

**Diversification** aims to reduce the risks by investing money in a range of companies or products and by ensuring it is available at a different time; that is, not putting all your eggs in one basket. You may want to spread your money with several different institutions, with various investment types and across different markets, such as cash, fixed income securities, shares of companies or mutual funds.

If you are investing in **fixed interest** investments, it may be wise to spread your money so that you have different **maturity dates**. This reduces some of the risk if interest rates change. It can also provide you with income on a more regular basis. While you should always spread your risk over several investments, having many small investments may involve a lot of supervision, The diagram above depicts how simple diversification in stocks can considerably reduce the unsystemic risk ( risk that is specific to individual investment) to a more manageable level. Diversification beyond a point will not have an impact and there by will not reduce the risk further. Any risks faced after diversification is borne due to market risk or systemic risk.

### Asset allocation

Asset allocation is the process of deciding what proportion of an investment a portfolio should have in terms of different types of investment (shares, bonds, real estate, etc.) and markets (debt, equity or commodity). Asset allocation can improve both diversification and performance — although these aims do conflict, to an extent. It helps ensure that investments are spread out across a wide range of markets and securities, and the allocations should be chosen to avoid investing too much in markets and securities whose movements are strongly correlated with each other. Asset allocation can boost performance by identifying markets or sectors that are undervalued as a whole. Correctly identifying these will clearly improve performance.

## 14. INVESTMENT VEHICLES

After retirement, people save for two main reasons. The first is to protect their desired standard of living against unforeseen reductions in their income or increases in their expenses. Every retired person wants to maintain the same lifestyle as he/she had during pre-retirement days. So he must ensure that his post-retirement income is adequate and in the vicinity of his pre-retirement income. When one grows old, the fear of medical problems rises. Expenses on medical cover are also to be met. A regular medical cover taken during pre-retirement days should be continued to protect oneself from medical problems. The need of the hour is ensuring a regular income as substitute for salary to meet day-to-day expenses. This can be achieved through careful deployment of retirement benefits like provident fund benefits, gratuity, etc. in instruments that yield interest income at regular intervals.

### Pension Plan

Regular income could be obtained with the help of pension products chosen during earlier stages of life. Such plans ensure regular pension during retirement period. In case a person has not taken these plans earlier, he can go for an immediate pension plan like the ones offered by insurers. In a typical pension plan you have the flexibility to make a lump-sum payment or a regular contribution every year during your earning years. Your money is then invested in funds of your choice. You can opt to receive the annuity at any time after vesting age (age at which you become eligible for pension chosen by you at the inception of the plan). Most of the Unit linked pension plans also come with a wide range of annuity options, which gives you choice in structuring the post-retirement benefit pay-outs. Also, at the time of vesting you can make a lump-sum tax-exempted withdrawal of up to 33 percent of the accumulated corpus.

*Kindly see latest relevant tax provisions before investing.*

### CASE STUDY

Raman 59, is planning to retire in six months' time when he reaches 60. Currently, his retirement nest is worth around ₹ 7,50,000. He intends to use it to buy an annuity, and wants one that will provide income for him. As a non-smoker, with no serious health problems, he would receive an income of ₹ 45,000 per year or ₹ 3,750 a month (assuming an annuity rate of 6%) for the rest of his life.

### Monthly Income Plan

One can also get into the Monthly Income Scheme of post office or banks. This plan ensures regular interest income. This ensures safety and liquidity of funds. Present rate of returns in monthly income plan of post office is 8% p.a.

### Activity

George, a factory worker is about to retire at the age of 60. His terminal benefits (PF, Gratuity etc) is worth ₹ 300,000, and he also has savings and investments that are worth around ₹ 90,000. George has decided that he will take 25% of his terminal benefits as a tax-free lump sum for his daughter's marriage. This will leave him with ₹ 225,000, which he plans to invest and withdraw income from.

Suggest a monthly income plan that would ensure safety, liquidity and decent return?

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### Mutual Funds

- A mutual fund is generally a professionally managed pool of money from a group of Investors.
- A mutual fund manager invests your funds in securities, including stocks and bonds, money market instruments or some combination of these, based upon the fund's investment objectives.
- By investing in a mutual fund you can diversify, thereby sharply reducing your risk. Mutual funds can be classified on the basis of structure.

**Open-Ended Scheme** sells and repurchases units at all times. When fund sells, investor buys and when the investor redeems, the fund repurchases the units. Buying or redeeming is at a price based on the NAV (Net Asset Value).

**Under Close-Ended Scheme**, after the offer closes, investors are not allowed to buy or redeem units from the fund. Close-ended funds are listed on stock exchanges to enable investors to buy or sell units.

### Systematic Investment plan

This is a simple, disciplined strategy of investing your money in a mutual fund. This is a long-term strategy for accumulation of wealth. SIP investors are likely to get better rate of returns compared to a one time investor. In an SIP a specific amount should be invested in regular intervals in a mutual fund for a specific period, which is very similar to a recurring deposit. It allows you to buy units of the fund each month, ignoring the volatility in the market. While your investment remains the same, more number of units can be bought in a declining market and less number of units in a rising market. Thus you automatically participate in the market swings once the option for SIP is made. SIP works on the principle of rupee cost averaging. It ensures averaging of rupee cost as consistent investment ensures that average cost per unit fits in the lower range of average market price. SIP generally starts at minimum amounts of ₹ 500 per month and upper limit for using an electronic clearing service (ECS) is ₹ 25,000 per instruction.

### Working of SIP

An added advantage of a SIP is that it allows you to invest in the market without trying to second guess its movements. Since you commit to investing a fixed amount every month, say ₹ 500, when the market is high, the corresponding NAV of the fund is also high, thus you get fewer units on your investment of ₹ 500, than you would when the markets and the corresponding NAV are low.

Month	NAV	Number of Units (500/NAV)
1st January	10	50
1st February	10.25	48.780
1st March	11	45.454
1st April	12	41.667
1st May	9.95	50.251
1st June	12	41.667
		277.820

Thus, within six months you would have ₹ 277.82 units by investing just ₹ 500 each month. Thus selling the units at an NAV above the average NAV (10.85) during the 6 month period will give you profits.

The table below shows the profits you can make with an investment of ₹ 3,000, if you sell the units at an NAV above the average you bought for.

NAV (A)	UNITS (assume you sell all units) (B)	[(NAV X 277.81)] (C)	PROFIT= [(C)-3000]
10.86 (AVERAGE)	277.81	3017.017	17.02
11	277.81	3055.91	55.91
12	277.81	3333.72	333.72
13	277.81	3611.53	611.53
14	277.81	3889.34	889.34

### Annuities

Annuities are contracts sold by an insurance company designed to provide payments to the holder at specified intervals, usually after retirement.

Earnings cannot be withdrawn without penalty until a specified age and are taxed only at the time of withdrawal.

Annuities are relatively safe, low-yielding investments. An annuity has a death benefit equivalent to the higher of the current value of the annuity or the amount the buyer has paid into it.

### **Insurance Policy**

Most risks to your life and property can be covered under insurance plans. Some of the common insurance plans are:

- Unit Linked Insurance Plans
- Term / Term with Return of Premium Plans
- Health Insurance
- Personal Accident Insurance
- Insurance cover for your Home / Car
- Insurance cover to protect your family from liabilities
- Travel insurance

The value of the cover that you opt for should depend on your need for protection. If you are applying for asset insurance, the value should ideally cover the cost of replacing your asset. Similarly, the final payout of a term plan should compensate your family for the financial loss that they will face in case of your demise. If you go in for ULIPs, endowment or money back policies, these should fall in with your overall financial plan and enable you to receive funds when you expect to use them.

### **Activity**

Mr Mahesh Kaushik, aged 58, likes to invest a part of his terminal benefits of ₹ 10 lakh in an investment product that assures him steady annual return with insurance cover for his life. Which investment product is ideal for him?

### **Health Insurance**

**Health Insurance Policies in India:** There are several health insurance or medical insurance plans in India. These can be divided into the following categories based on the coverage offered.

**Comprehensive health insurance coverage:** This plan provides you complete health coverage through a hospitalization cover while at the same time creating a health fund to cover any other healthcare expenses.

**Hospitalisation Plans:** These health insurance plans cover your expenses in case you need to be hospitalized. Within this category, products may have different payout structures and limits for various heads of expenditure. The hospitalisation coverage may be reimbursement based plans or fixed benefit plans.

**Critical Illness Plans:** These health insurance plans provide you coverage against critical illnesses such as heart attack, organ transplants, stroke, and kidney failure among others. These plans aim to cover infrequent and higher ticket size medical expenses.

**Specific Conditions Coverage:** This plan is designed specifically to offer health insurance

against certain complications due to diabetes or cancer. This may also include features such as disease management program that are specific to the condition covered.

### **Reverse Mortgage**

Reverse mortgage can be used to supplement the cash flow stream of senior citizens in order to address their financial needs. It is a loan given to senior citizens by converting the equity in a house property into an income stream. The scheme involves the borrowers (senior citizens) pledging their house property to the bank in return for a lump-sum payment or periodic payments spread over the borrower's lifetime. The home owner is not obliged to repay the loan during his lifetime. On his death or leaving the house permanently, the loan is repaid along with accumulated interest, through sale of the house property. Any excess amount will be remitted to the borrower or his heirs. The lump-sum payment or periodic payments can be utilized by the borrower as per his needs. Reverse mortgage is definitely a financial helpline for senior citizens enabling them to lead their lifestyle and meet their consumption needs without being dependent on anyone. The tenure of the loan is 15 years. The loan becomes due and payable when the last surviving borrower dies or would like to sell the home / permanently moves out of the home for aged care to an institution or relatives. Settlement of loan, along with accumulated interest is to be met by the proceeds received out of sale of residential property. The borrower(s) or his/her/their estate is provided with the first right to settle the loan along with accumulated interest, without sale of property. A reasonable period of two months is provided when repayment is triggered, for house to be sold.

### **Activity**

Mrs Diandra is about to retire in another five years. She would like to invest a sum of ₹ 15,000 every month in a product which should give her

- a) tax benefits
- b) interest income
- c) facility for withdrawal of principal at any time for emergencies

Which investment product is suitable for her ? Why?

### **Comparative analysis of investment avenues**

	Rate of return	Rate of return	Risk	Liquidity	Tax Benefit	Convenience
Annual Income		Capital Appreciation				
Financial Securities						
Equity	Low	High	High	High	Yes	High
Non-convertible Debentures	Medium	Low	Medium	Average	Nil	High
Financial Securities (Non-securitized)						
Bank deposits	Low	Nil	Low	High	Yes	High
Provident fund	Nil	Medium	Nil	Low	Yes	High
Life insurance	Nil	Average	Nil	Low	Yes	High
Mutual funds						
Growth/equity	Low	High	High	High	Yes	High
Income/debt	Medium	Average	Low	High	Yes	High
Real assets						
Real estate	Low	Medium	Low	Low	Nil	Average
Gold/silver	Nil	Low	Average	Average	Nil	Average

The table contains indicative figures from the past experience, they are of no guarantee. Investors are requested to make their own decision and bear in mind that market investments are subject to risk.

# 15. Avoid Investment Scams

There are a number of investment scams that allure and trap you. Avoid them. A few of them are listed below.

## Pump and dump

In a typical “pump and dump”, you receive an e-mail or sms promoting an incredible deal on a stock described as an once-in-a-lifetime investment. What you don’t know is that the person or company touting the stock owns a large amount of it. As more and more investors buy shares, the value skyrockets. Once the price hits a peak, the scam artist sells his/her shares and the value of the stock plummets. You’re left holding worthless shares.

## Boiler Rooms

This type of scam begins with an unsolicited phone call or sms to buy shares in a private company that is about to be listed on a major stock exchange. They will say that once the company goes public, the value of its shares will skyrocket. The company is usually in a sector that’s in the news.

## Ponzi or Pyramid Schemes

Typically, investors are allured through ads and emails or sms promising them that they can “make big money working from home” or “turn ₹ 1,000 into ₹ 20,000 in just six weeks.”

Investors are asked to provide money upfront. Early investors may receive high returns fairly quickly from “interest cheques”. They’re often so pleased that they invest more money, or recruit friends and family as new investors. Here’s the catch: The investment doesn’t exist. The “interest cheques” are paid from investors’ own money and the contributions of new investors. The scheme eventually collapses when the number of new investors drops. Ultimately, the promoters vanish, taking your money with them.

### Activity

Mr Anand Sharma, 58 years, receives a letter from a newly started company inviting him to invest in the IPO of the newly formed company, promising him a return of 56% (Guaranteed) in the first year with an assurance of steady increase in share prices for the next three years, as the company is setting up a plant in the fast growing bio-technology sector. The company is managed by qualified professionals. Please advise what precautions Mr Anand Sharma should take before deciding to invest in the company? Would you be investing in such companies, if you were in his place?

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# 16. Estate Planning

Estate planning is the process of managing and maximizing your assets and the means by which these assets will be bequeathed to your survivors after you die. Making a "will" is an essential part of retirement planning. "Will" is a legal declaration of the intention of the testator (person making the will) with respect to his property which he desires to be carried into effect after his death. When you establish a Will you will also set out who is to be appointed as your executor or executors. This is the person or persons that you are entrusting with the job of looking after your affairs until your estate is distributed to your nominated beneficiaries. The person can be a member of your family, a friend or, for example, your advocate or accountant.

## Power of Attorney

A power of attorney is a legal document that allows another person to act on your behalf. It ensures that important matters are dealt with by someone you trust if you are unable to deal with them yourself.

## Nomination

It is important to nominate beneficiaries for your LIC policies, bank deposits, shares, mutual funds units and other securities to facilitate quick disbursal of proceeds in the event of death.

### Activity

Mr Rajesh retired recently from a private company and wanted to place a sum of ₹ 5 lakh in a term deposit account with a bank from out of his terminal benefits. He has one son and two daughters. The bank requests him to nominate one of his legal heirs as the nominee for the above deposit, as more than one nominee is not accepted. Mr Rajesh wants to include all the three children to receive the proceeds in the event of his death. What is the legal recourse available to him?

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## Enrich Your Retired Life

Here are a few suggestions to liven up your golden years and enjoy the fruits of your years of labour.

**Pursue interests:** You must have surely yearned to do what you really love, but couldn't. Exploit your talents now learn new languages, do gardening, take up a sport, set an exercise regimen for yourself or pursue whatever interests you have.

**Keep in touch:** You know the people you've been trying to contact and meet but somehow couldn't due to time constraints! No excuses now!

**Travel:** This is the best part about retiring. You can travel leisurely and enjoy the experiences without worrying about what's going on in the workplace in your absence. There are travel itineraries designed for retired people because they are the ones that have the time and inclination to really enjoy trips.

**Volunteer:** There are countless opportunities to donate your time. Volunteering at hospitals, nature camps, schools, libraries, community centres, welfare projects, etc. can enrich your life and give you a sense of being useful to others. Use your rich life experiences meaningfully in improving and aiding the lives of others.

**Do a part-time job:** If you've been a professional player in the corporate world, become an advisor or consultant; if you're a sportsman, become a coach; a medical person, can do part-time consultancy, teach or become a visiting specialist; a teacher never really retires!

**Start a business:** If you've always wanted to be your own boss, now is the time to start your own business. There's a lot you can do according to your specialty and talents. Start on a small to moderate scale. Use all the contacts you've built over the years and see your venture grow.

## 17. Summary

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- Start now, set financial goals.
- Find out about your terminal benefits (Provident Fund, Gratuity, Proceeds of Insurance policy (if any), ex-gratia payment, etc.)
- Prepare an investment plan and monitor your progress.
- Invest for income and try to allow for your income to rise with inflation.
- Provide enough annual income to pay your bills, while preserving a rainy-day fund adequate to handle unusual or unexpected items.
- Adjust your living standards if your after-tax income will not be able to meet your expenses.
- Plan how to manage all your financial resources together.
- Consider your home and other fixed assets as possible sources of income to meet your living needs.
- Stay informed about tax issues affecting retirees.
- Consider how to cope with risks such as longevity, inflation, and lifestyle changes using available insurance and investment products.
- Keep track of how your investments are doing, your changing needs for income, how financial markets and products are changing, and how income might help you achieve your goals.

## 18. Important Websites

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1. [www.sebi.gov.in](http://www.sebi.gov.in)
2. [www.rbi.org.in](http://www.rbi.org.in)
3. [www.amfiindia.com](http://www.amfiindia.com)
4. [www.investor.sebi.gov.in](http://www.investor.sebi.gov.in)
5. [www.nseindia.com](http://www.nseindia.com)
6. [www.bseindia.com](http://www.bseindia.com)

## Notes

## Notes

## Notes



For future financial education programs on any of the following modules:

1. School Children
2. College Students
3. Middle Income groups
4. Executives
5. Retirement Planning
6. Home Makers
7. Self Help groups

OR

Any of the following topics on securities markets namely:

1. How to read an offer document ?
2. How to invest in the primary market through stock exchanges ?
3. How to trade in securities/guide to investors ?
4. De-mat account and depositories
5. Mutual funds-Dos and Don'ts
6. Collective investment schemes- Dos and Don'ts
7. Buy back of securities, delisting of shares
8. Takeover regulations
9. Investor grievances-how to resolve it?

Please write to SEBI at: [feprogram@sebi.gov.in](mailto:feprogram@sebi.gov.in)

Or

**GENERAL MANAGER**

Investor Awareness Division

**Securities and Exchange Board of India**

SEBI BHAVAN

Plot No. C4-A, G-Block

Bandra Kurla Complex, Bandra (East)

Mumbai - 400 051

Tel: +91-22-26449880

\* Investor can lodge their complaints with SEBI at: <http://scores.gov.in>

\* Investor can approach SEBI for any assistance at: [asksebi@sebi.gov.in](mailto:asksebi@sebi.gov.in)



Contact details of SEBI offices in India

**HEAD OFFICE  
SEBI BHAVAN**

Plot No. C4-A, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  
Tel: +91-22-26449000 / 40459000 / 9114 / Fax: +91-22-26449016-20 / 40459016-20

E-mail: sebi@sebi.gov.in

(Maharashtra, Madhya Pradesh, Chhattisgarh, Goa, Diu, Daman, Dadra and Nagar Haveli)

**SEBI TOLL FREE HELPLINE 1800227575**

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<p><b>Eastern Regional Office</b> L&amp;T Chambers, 3rd Floor, 16, Camac Street, Kolkata - 700 017 Tel : +91-33-23023000 / Fax: +91-33-22874307 E-mail : sebiero@sebi.gov.in (Assam, Bihar, Manipur, Meghalaya, Nagaland, Orissa, West Bengal, Arunachal Pradesh, Mizoram, Tripura, Sikkim, Jharkhand and Andaman &amp; Nicobar Islands)</p>	<p><b>Western Regional Office</b> Unit No: 002, Ground Floor SAKAR 1, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009 Tel : +91-79-26583633-35 / Fax: +91-79-26583632 E-mail : sebiwo@sebi.gov.in (Gujarat and Rajasthan)</p>



**भारतीय प्रतिभूति और विनियम बोर्ड**  
Securities and Exchange Board of India



# CREATING A **HEALTHIER LIFE**

*A STEP-BY-STEP GUIDE TO WELLNESS*



## **CREATING A HEALTHIER LIFE:** *A STEP-BY-STEP GUIDE TO WELLNESS*

The Substance Abuse and Mental Health Services Administration's (SAMHSA) Wellness Initiative envisions a future in which people with mental or substance use problems pursue health, happiness, recovery, and a full and satisfying life in the community.

Each individual's path will be a bit different.

Every aspect of wellness can affect a person's life. Working toward all of them in one way or another is a great goal, because wellness relates directly to the quality of a person's life.

This guide offers a broad approach for things we can do—at our own pace, in our own time, and within our own abilities—that can help us feel better and live longer.



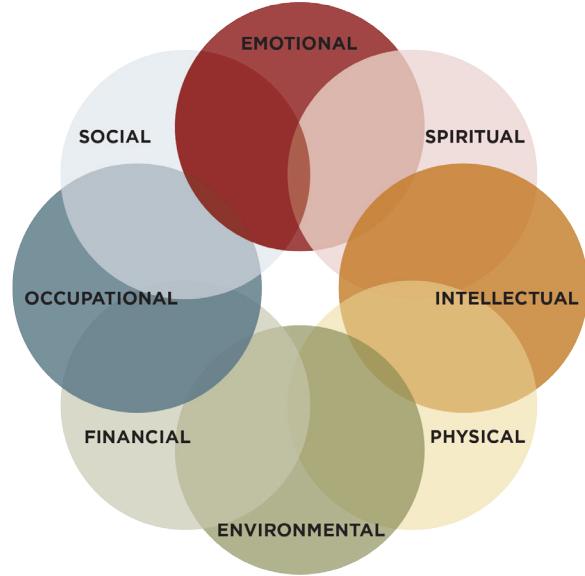
## WHAT IS WELLNESS?

Wellness is a broad concept. In this guide, we attempt to provide a broad, yet specific sense of what it means. We invite you to think of wellness as meaning being healthy in many dimensions of our lives. That includes the emotional, physical, occupational, intellectual, financial, social, environmental, and spiritual parts. These dimensions are interconnected, one dimension building on another.

We also recognize that we live in a multicultural world, and wellness encompasses areas that may not be specified in this brief discussion. We believe, for example, that trauma is a universal human experience, and that our culture and spiritual beliefs impact our perceptions and everything we do. In summary, wellness is about how we live our lives and the joy and fulfillment and health we experience.

When we worry about money (for example, debt or being able to afford what we need), we sometimes experience anxiety (emotional). This can lead to medical problems (physical), and trouble at work (occupational). When this happens, we may even question our own sense of meaning and purpose (spiritual).

At the same time, when we are not working (occupational), we may lose opportunities to interact with others (social), and may not be able to afford the good food and medical care we need to stay well (physical). We may even need to move our home to a place that feels less safe and secure (environmental).



EIGHT DIMENSIONS OF WELLNESS\*

\*Source: Adapted from Swarbrick, M. (2006). A Wellness Approach. *Psychiatric Rehabilitation Journal*, 29(4), 311-314.



## CREATING BALANCE

Creating balance in our lives is an important part of wellness. Overall, a balanced life can mean many things, depending on culture, circumstances, resources, and other factors. Balance means making sure we have time to do the things that make us feel happy and fulfilled. This includes working (paid or unpaid), having fun, spending time with family and friends, participating in the community, being physically active—including sexually—praying, and relaxing and sleeping.

Because we each have individual needs, preferences, and capabilities, what we consider “balance” will also look different. And it’s important for us to re-balance from time to time, to adjust to what is going on in our lives.

When we’re trying to get through a tough time—whether it is stress, an illness, trauma, or an emotional challenge—balance is especially important. In these times, our habits and routines can help us get that feeling of control back. This means focusing on ourselves as well as the roles we play in the lives of others—like being students, friends, parents, spouses, coworkers, congregants, hobbyists, community members, and citizens.

Our roles and relationships help define who we are, what gives us a sense of purpose, and how our lives are interdependent on other people, animals, and the environment.

Being engaged in life and relationships provides a measure of balance and overall wellness. For example, swimming has physical benefits (building strength, improving circulation), as well as social (meeting other people) and emotional benefits (relieving stress). But we don’t have to swim laps every week to be well; getting into the pool even occasionally is a great step.

Having a safe and clean living environment helps us feel organized and in control. It can be a way to get physical activity in as well, and offers the chance for partners and families to work together.

On the flip side, simply finding time to relax can go a long way toward finding balance in our lives. “Down time” can provide the space we need to think through a situation or work through our feelings, or just let us rest.



## EMBRACING SUPPORT FROM OTHERS

Most of us know something that we do that makes us feel good about ourselves, or in balance. It could be as different as taking our dog for a walk, or balancing our checkbook. And any step in that direction, such as finding a new walking route or gathering receipts from a purse, is positive.

However, sometimes we may want advice from family and friends. That's OK, too, and is where support from others comes in.

Talking with someone who has been through similar things—whether it is a mental health issue, addiction, trauma, pain issues, smoking, diabetes, bullying, or abuse—makes us feel less alone. When we realize others have had similar feelings and experiences and have been able to move forward and grow, it can give us the confidence to move forward, too.

With a support group, we can expect:

- Supportive input from people with a range of backgrounds who have experiences similar to ours;
- A chance to support others by our presence, compassion, our ideas, and empathy; and
- People who can suggest services or resources we might not have considered.

We can find supportive people in many places—a community or church/synagogue/mosque/temple group, at work, or through volunteering efforts, to name a few.

## VALUING ROUTINES AND HABITS

Having self-defined routines and habits can offer personal balance and satisfaction.

Routine and habit is generally determined by our basic needs (nutrition/food, shelter, social affiliation, safety, etc.), and the various roles we occupy in society. Our habits affect what we eat, what we wear, how we relate to others, how we go to work, how we spend or save money, and more.

Habits become ingrained in us—and are often tough to change. For example, we might put ourselves down or feel we need a particular thing or person to get us through a tough spot. We can learn otherwise.

Life demands, stress, crisis, or trauma can impact or alter our routines and habits. This can lead to emotional (anxiety, depression), social (cranky, isolated, angry), or physical (tired, agitated) imbalances.

Establishing new, better habits that support our wellness goals and values can be challenging, but worth it. Developing healthier routines and habits in our lives can lead to positive feelings (emotional), relationship satisfaction (social), increased energy (physical), inspiration (emotional), and a feeling that we are using our creative talents, skills, and abilities to engage in activities (occupational, intellectual, spiritual).



We may already have regular practices that make us feel better, such as mindfulness exercises, meditation or yoga, or calls to friends. It could even be avoiding the news at night, or spending less time online. You, as the expert on yourself, will know what works and what doesn't in all the dimensions. When you are not sure, you can ask someone and think together about what makes sense and what next steps might work best.

We can also consider:

- Being active in activities that have purpose. If our daily routine lacks meaning, we can feel distressed or powerless.
- Increasing activities that contribute to our wellness. Talking with a friend at the start of the day may help set a good intention or plan for the day.
- Getting a good night's rest. Insomnia can noticeably impact social relationships, physical and emotional reactions, productivity, and our ability to concentrate and accomplish tasks.
- Being aware of the right amount of social interaction. It's important to know our limits.
- Remembering that time zone changes or daylight saving time can impact our mood and our routines; readjusting is normal.
- Using a routine that works for us. Calendars help us remember when or how often we want to get things done, such as get an oil change, clean the refrigerator, celebrate an accomplishment, call a friend or family member, check our financial records, and schedule an annual physical.
- Repeating a behavior until it becomes automatic, such as taking medication. Checklists help us make sure that important tasks are not being forgotten.
- Creating a wellness lifestyle can be challenging, but finding the right information, supports, and resources and tracking our progress can help us get there.



## IMPROVING OUR PHYSICAL WELLNESS

A healthy body. Good physical health habits. Nutrition, exercise, and appropriate health care. These make up the physical dimension of wellness. A few ways we can get there might be choosing things that make our body feel good and trimming back the things that bring us down. We can also feel better by creating a routine that balances activity with inactivity, and that is manageable within our obligations and needs. Our body is intelligent, and learning to listen to it more deeply may be very important and empowering.

AREA	THINK ABOUT...	RESOURCES
Nutrition	<ul style="list-style-type: none"> <li>• Do you have access to fresh, healthy food?</li> <li>• Are you in a position to eat at home so you can better track what you are putting into your body?</li> <li>• Are you improving your diet by setting small goals for small changes each day, week, or month?</li> </ul>	<ul style="list-style-type: none"> <li>• Check out local food co-ops if one is in your area for good, affordable food.</li> <li>• Visit USDA's Choose My Plate (<a href="http://www.choosemyplate.gov">http://www.choosemyplate.gov</a>) or Food Pyramid.com (<a href="http://www.foodpyramid.com">http://www.foodpyramid.com</a>).</li> <li>• Meet with dietitians and nutritionists if you need help, or try programs like Weight Watchers.</li> <li>• Explore self-help support groups and organizations, like TOPS or Overeaters Anonymous.</li> </ul>
Physical Activity	<ul style="list-style-type: none"> <li>• Are you getting regular physical activity whenever you can, and making it fun?</li> <li>• Have you been taking "shortcuts" to exercise, like parking further away from the store and taking the stairs instead of the elevator or escalator?</li> <li>• Have you identified your healthy Body Mass Index and begun working toward it, one day at a time?</li> </ul>	<ul style="list-style-type: none"> <li>• Join and visit local gyms, YMCAs, and fitness clubs, or join a neighborhood pool.</li> <li>• Look through fitness and other magazines for exercises you can do at home.</li> <li>• Check out free resources, such as YouTube, to learn how to do yoga or other exercises.</li> <li>• Search for tracking tools like <a href="http://www.myfitnesspal.com">http://www.myfitnesspal.com</a> that will show how far you've come.</li> </ul>
Sleep	<ul style="list-style-type: none"> <li>• Are you getting 7 to 8 hours of sleep a night whenever possible?</li> <li>• Are you avoiding exercise within a few hours of bedtime, as well as "screen time"?</li> <li>• Are you avoiding large meals before going to bed?</li> </ul>	<ul style="list-style-type: none"> <li>• Try managing your routine to carve out time to rest and sleep, and cut back on caffeine.</li> <li>• Explore the tips found on Healthy People. gov (<a href="http://www.healthypeople.gov/2020/topicsobjectives2020/overview.aspx?topicid=38">http://www.healthypeople.gov/2020/topicsobjectives2020/overview.aspx?topicid=38</a>), Mayo Clinic (<a href="http://www.mayoclinic.com/health/sleep/HQ01387">http://www.mayoclinic.com/health/sleep/HQ01387</a>), and Centers for Disease Control and Prevention (<a href="http://www.cdc.gov/sleep">http://www.cdc.gov/sleep</a>).</li> </ul>
Alcohol, Tobacco, and Other Drugs	<ul style="list-style-type: none"> <li>• Have you tried tools that can help you cut down or quit using tobacco products, alcohol, or other drugs?</li> <li>• Are you reaching out to family or friends instead of using substances when you are going through a tough time?</li> <li>• Are you being mindful of triggers that make you want to use substances and do you have a plan that can help you avoid them?</li> </ul>	<ul style="list-style-type: none"> <li>• Find support groups and 12-step groups, like Alcoholics Anonymous (AA) and Narcotics Anonymous (NA), in your community and attend meetings.</li> <li>• Consider engaging in hypnosis, acupuncture, or nicotine replacement therapy to curb the smoking habit (<a href="http://health.howstuffworks.com/wellness/smokingcessation/tools-to-help-successfully-quit-smoking.htm">http://health.howstuffworks.com/wellness/smokingcessation/tools-to-help-successfully-quit-smoking.htm</a>).</li> </ul>
Medication Safety	<ul style="list-style-type: none"> <li>• Do you wear medical alert jewelry to help others help you?</li> <li>• Are you storing medications properly and reviewing the expiration dates?</li> <li>• Do you carry a list of your medications with you in case of emergency?</li> </ul>	<ul style="list-style-type: none"> <li>• Talk to your doctor, using a process of shared decision-making when you are unsure about a prescription or need guidance. (<a href="http://media.samhsa.gov/consumersurvivor/sdm/StartHere.html">http://media.samhsa.gov/consumersurvivor/sdm/StartHere.html</a>)</li> <li>• Learn more about potential side effects from Consumer Med Safety.org (<a href="http://www.consumermedsafety.org">http://www.consumermedsafety.org</a>) and Consumer Reports (<a href="http://www.consumerreports.org">http://www.consumerreports.org</a>).</li> </ul>
Preventive Medicine	<ul style="list-style-type: none"> <li>• Do you visit your doctor, dentist, or other health care provider for routine care and monitoring?</li> <li>• Do you know how to check your blood pressure, waist circumference, and blood sugar to prevent chronic conditions like diabetes?</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss preventive health care with your doctor, dentist, or other health care provider.</li> <li>• Visit your local public health center and use HRSA Find A HelpCenter (<a href="http://findahealthcenter.hrsa.gov/">http://findahealthcenter.hrsa.gov/</a>) to find the closest location to you.</li> <li>• Consider seeing a holistic health provider or attending community health fairs.</li> </ul>



## WAYS TO IMPROVE MY **PHYSICAL WELLNESS**

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR INTELLECTUAL WELLNESS

The Intellectual Wellness Dimension involves many things that keep our brains active and our intellect expanding. In a broad sense, this dimension can involve looking at different perspectives of an issue and taking them into consideration. Through a number of activities—from learning about current events to organizing game nights in your home or community center—you can broaden your perspective and understand diverse points of view.

AREA	THINK ABOUT...	RESOURCES
Personal Interests	<ul style="list-style-type: none"> <li>• Have you considered teaching a class or leading a workshop based on skills, knowledge, or experience you have?</li> <li>• Do you enjoy reading? Might you be interested in books, magazines, blogs, Facebook, etc.?</li> <li>• What would you like to do or learn? Have you considered creative arts such as drawing, pottery, or photography? How about martial arts or learning about nature or about improving your computer skills?</li> <li>• Have you considered inviting a friend, family member, or coworker to attend a lecture, musical performance, or play?</li> </ul>	<ul style="list-style-type: none"> <li>• Find a community group or organization where you could teach a class or a workshop, or lead a discussion.</li> <li>• Consider becoming a member at the local public library to gain access to books, book readings, and other events.</li> <li>• Explore public events in your community by checking out the events section in the newspaper.</li> <li>• Flip through travel books or go online to find places you might enjoy reading about or visiting.</li> <li>• Sign up for a computer class.</li> </ul>
Education	<ul style="list-style-type: none"> <li>• If you are interested in continuing education, are there available classes near you that might lead you to getting a volunteer or paid job or to performing better at a job?</li> <li>• Are you interested in improving your language skills or learning a new language, whether one-on-one, through a group class, or via CDs or online resources?</li> </ul>	<ul style="list-style-type: none"> <li>• Check out local college websites for information on classes they offer to the public.</li> <li>• See what kind of skills training—such as writing, sign language, or blogging—might be available at the public library, local congregations, local colleges, or other community organizations.</li> </ul>
Brain Exercise	<ul style="list-style-type: none"> <li>• Have you explored thrift shops, libraries, or bookstores for books or DVDs that interest you?</li> <li>• Are you keeping your mind sharp by playing brain games, mind teasers, or fun memory-enhancing games?</li> <li>• Have you read up on current affairs locally, nationally, and internationally lately?</li> </ul>	<ul style="list-style-type: none"> <li>• Subscribe to your local newspaper or pick up a free edition. Many offer sections on subjects that are local, national, and international.</li> <li>• Play crossword puzzles and other games like Sudoku.</li> <li>• Become familiar with websites like Games for the Brain (<a href="http://www.gamesforthebrain.com/">http://www.gamesforthebrain.com/</a>).</li> </ul>
Conversation	<ul style="list-style-type: none"> <li>• Do you enjoy taking part in discussions, intellectual conversations, debates, or other ways of gaining an enhanced understanding of issues?</li> </ul>	<ul style="list-style-type: none"> <li>• Befriend people who can stimulate your mind, and get into a discussion with them about topics that interest you.</li> </ul>



## WAYS TO IMPROVE MY INTELLECTUAL WELLNESS

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR FINANCIAL WELLNESS

There are many definitions of what constitutes being financially well, but overall, the Financial Wellness Dimension involves things such as income, debt, and savings, as well as a person's understanding of financial processes and resources. A person's satisfaction with their current financial situation and future prospects also comes into play.

AREA	THINK ABOUT...	RESOURCES
Work	<ul style="list-style-type: none"> <li>How does the domain of financial wellness impact your life? How it is related to your wellness?</li> <li>Does your current job allow you to meet your obligations and have resources to do things you enjoy?</li> <li>Are you working in a field that you are passionate about or do well? Or are you looking at doing something differently, perhaps more personally gratifying?</li> <li>Are you looking for paid or volunteer work?</li> </ul>	<ul style="list-style-type: none"> <li>Check out the classified ads—particularly on Sunday. Search them online any day of the week.</li> <li>Explore sites like <a href="http://Careerbuilder.com">Careerbuilder.com</a> or <a href="http://Monster.com">Monster.com</a>, and consider establishing a profile on <a href="http://LinkedIn">LinkedIn</a>.</li> <li>Visit the unemployment office in your state or county to find classes that could train you for a job.</li> <li>Have your résumé updated so you can promptly submit it when you see an opportunity.</li> <li>If you receive disability benefits, explore your work options without losing SSI/SSDI benefits until you can support yourself. For a guide to working without affecting your benefits, go to: <a href="http://www.socialsecurity.gov/pubs/EN-05-10069.pdf">http://www.socialsecurity.gov/pubs/EN-05-10069.pdf</a></li> </ul>
Checking/ Savings Accounts	<ul style="list-style-type: none"> <li>Do you balance your checkbook often enough, ensuring that you don't overextend yourself?</li> <li>Are your savings in line with your life goals, such as taking a vacation, home ownership, or retirement?</li> <li>Do you have a weekly or monthly budget so you can plan for expenses such as rent and groceries and have a little left over to enjoy?</li> </ul>	<ul style="list-style-type: none"> <li>Ask the bank about the types of accounts available—such as checking and savings accounts—so you are using them to your advantage and gaining interest where available.</li> <li>Find out if the bank offers tools you can use to keep track of your money.</li> <li>If you're receiving disability benefits, there's a limit on how much you can save without affecting your benefits. Read more about allowable savings at: <a href="http://www.ehow.com/info_8247348_can-receive-ssi-social-security.html">http://www.ehow.com/info_8247348_can-receive-ssi-social-security.html</a></li> </ul>
Debt	<ul style="list-style-type: none"> <li>Would it be helpful to figure out your total debt and make a plan to pay it down in a manageable way?</li> <li>Have you thought about getting help from a person who specializes in money management or personal finances?</li> </ul>	<ul style="list-style-type: none"> <li>Look in your classifieds or search online for organizations that can help you pay down debt.</li> <li>Make sure you use a company that is credible.</li> <li>Consider asking your bank to help you with financial planning and other areas where you may want assistance.</li> </ul>
Retirement/ Other Accounts	<ul style="list-style-type: none"> <li>Have you opened a savings account or another kind of account that works for you?</li> <li>However, if you're receiving disability benefits, there's a limit on how much you can save without affecting your benefits. SSI requires that your resources are under \$2,000 for an individual or \$3,000 for a couple. This includes bank accounts, cash, stocks, bonds. However, your home, household furnishings, car, burial plots, and insurance under \$1,500 are not included.</li> </ul>	<ul style="list-style-type: none"> <li>There are free or low-cost services that can help you plan for the future. The local library can often direct you to affordable financial planning resources.</li> <li>If you are receiving disability benefits, read more about allowable savings at: <a href="http://www.ehow.com/info_8247348_can-receive-ssi-social-security.html">http://www.ehow.com/info_8247348_can-receive-ssi-social-security.html</a></li> <li>The Social Security Administration (SSA) has a toll-free number that can answer your questions Monday through Friday: 1-800-772-1213</li> </ul>



## WAYS TO IMPROVE MY FINANCIAL WELLNESS

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR ENVIRONMENTAL WELLNESS

The Environmental Wellness Dimension involves being able to be safe and feel safe. This can include:

- Accessing clean air, food, and water;
- Preserving the areas where we live, learn, and work;
- Occupying pleasant, stimulating environments that support our well-being; and
- Promoting learning, contemplation, and relaxation in natural places and spaces.

AREA	THINK ABOUT...	RESOURCES
Green Living	<ul style="list-style-type: none"> <li>• Are you recycling whenever possible, and buying recycled products?</li> <li>• Do you limit the power and water you use at home?</li> <li>• Are you taking public transportation?</li> <li>• Do you check your car's emissions every year, even if not required by law?</li> </ul>	<ul style="list-style-type: none"> <li>• Get recycling bins for your home—they may be free from your town.</li> <li>• Look for cleanup volunteer efforts, such as collecting trash from roadways or parks.</li> <li>• Explore the “green” aisles at home improvement stores; they often have energy-efficient light bulbs and other products</li> </ul>
Change of Scenery	<ul style="list-style-type: none"> <li>• Are you spending as much time outdoors as possible?</li> <li>• Have you visited a public park to either play a sport like tennis or basketball or just take a walk?</li> </ul>	<ul style="list-style-type: none"> <li>• Figure out what outdoor activities make you feel good, and then find a few options that make it easy to do that.</li> <li>• During work hours, take a break to walk around the block or buy bottled water from a nearby store.</li> </ul>
Home and Work Environment	<ul style="list-style-type: none"> <li>• Are you going through mail and other paperwork frequently to get rid of clutter?</li> <li>• Do you organize your work space from time to time and add things that make you happy?</li> <li>• Is your living space filled with styles and textures you enjoy?</li> </ul>	<ul style="list-style-type: none"> <li>• Make a schedule to clean up your home or living space. It could be by room or activity (bathrooms on Sunday, dusting and sweeping every Wednesday, etc.).</li> <li>• Look in magazines or online and find styles you like best so that you’re comfortable in your living space</li> </ul>



## WAYS TO IMPROVE MY ENVIRONMENTAL WELLNESS

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR SPIRITUAL WELLNESS

The Spiritual Wellness Dimension is a broad concept that represents one's personal beliefs and values and involves having meaning, purpose, and a sense of balance and peace. It includes:

- Recognizing our search for meaning and purpose in human existence; and
- Developing an appreciation for life and the natural forces that exist in the universe.

AREA	THINK ABOUT...	RESOURCES
Beliefs	<ul style="list-style-type: none"> <li>• Are you taking the time to determine what values, principles, and beliefs are important to you? Have you considered talking about them with others?</li> <li>• Have you learned about other religions and beliefs, and are you respectful of them?</li> <li>• Are you using your spirituality to drive your actions and thoughts and give a better meaning to life?</li> </ul>	<ul style="list-style-type: none"> <li>• Read about other types of beliefs to help you become more understanding, accepting, and open-minded.</li> <li>• Keep your beliefs in your thoughts to use them in your everyday life.</li> <li>• Share your beliefs, values, and principles with others, as appropriate, as a means of deepening relationships and expanding your world view.</li> </ul>
Involvement	<ul style="list-style-type: none"> <li>• Have you looked for a group in your community that deepens your spiritual practice and helps you connect with others who share your beliefs?</li> <li>• Are you being social with the people in your organization?</li> <li>• Do you reach out and help others when they are in need?</li> </ul>	<ul style="list-style-type: none"> <li>• Learn about different organizations or groups in your community and decide which ones are the best fit for you.</li> <li>• Find out about the many groups offered within your organization and get involved.</li> </ul>
Time	<ul style="list-style-type: none"> <li>• Do you take the time each day to meditate or reflect on your spirituality?</li> <li>• Are you open to exploring different belief systems?</li> <li>• Are you receptive to your own spirituality even in times of pain and grief? This is when we find how our spirituality can help us most.</li> <li>• Do you take the time to appreciate the beauty of nature when possible?</li> </ul>	<ul style="list-style-type: none"> <li>• As often as possible, find a peaceful location to reflect and meditate.</li> <li>• Learn other religions through books or conversation.</li> </ul>



## WAYS TO IMPROVE MY **SPIRITUAL WELLNESS**

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR SOCIAL WELLNESS

The Social Wellness Dimension involves having healthy relationships with friends, family, and the community, and having an interest in and concern for the needs of others and humankind.

AREA	THINK ABOUT...	RESOURCES
Community	<ul style="list-style-type: none"> <li>Have you found support groups in your area to connect on important issues?</li> <li>Have you made a date with friends for a movie, dinner, coffee, or other social activities?</li> <li>Are you keeping in touch with family or friends? You can pick up the phone and catch up if they are too far away—even a phone call can lift your spirits.</li> </ul>	<ul style="list-style-type: none"> <li>Ask your doctor, a friend or family member, someone from your congregation, or others in your community about support groups.</li> <li>Look online or in the local paper for groups that share your interests—whether it's knitting or playing softball.</li> <li>Pick up the phone and connect with others.</li> </ul>
New People	<ul style="list-style-type: none"> <li>Are you getting out and meeting people with your same interests? If you like art, try a gallery; if you enjoy history, visit historic sites.</li> <li>Are you open to meeting people from different backgrounds?</li> <li>Have you found a place to volunteer? You never know who you might meet.</li> </ul>	<ul style="list-style-type: none"> <li>Look in the newspaper to find out what is happening in your area that could be an opportunity to make friends.</li> <li>Keep an open mind and exercise your curious inquiry when meeting new people.</li> <li>Ask in your spiritual community or any other community about volunteer opportunities.</li> <li>Join meet-up groups online.</li> </ul>
Social Time	<ul style="list-style-type: none"> <li>Do you set aside quality time to spend with family and friends?</li> <li>Are you making time to go to places where you can meet new people, or visiting a new location?</li> </ul>	<ul style="list-style-type: none"> <li>Keep track of when you need to catch up with someone or when a friend or family member is due for a visit.</li> <li>Organize a calendar of events that would be good ways to connect, or reconnect, to friends, like a public concert or a class reunion.</li> </ul>



## WAYS TO IMPROVE MY **SOCIAL WELLNESS**

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR OCCUPATIONAL WELLNESS

The Occupational Wellness Dimension involves participating in activities that provide meaning and purpose and reflect personal values, interests, and beliefs, including employment.

AREA	THINK ABOUT...	RESOURCES
Work Relationships	<ul style="list-style-type: none"> <li>Are you involved in a career or volunteer work that fits your values? If retired, are you planning to do something every day?</li> <li>Do you have an open line of communication with your employer/ coworkers?</li> <li>Does your work offer personal satisfaction and stimulation, and allow you to contribute your talents, gifts, and knowledge?</li> </ul>	<ul style="list-style-type: none"> <li>Think about where you are in your career and life and pursue jobs that will work well within that framework.</li> <li>Explore all of your career options but review jobs on <a href="#">Careerbuilder.com</a> or <a href="#">Monster.com</a>.</li> <li>If you receive disability benefits, explore your work options without losing SSI/SSDI benefits until you can support yourself. To calculate the amount you can earn, go to: <a href="http://www.socialsecurity.gov/pubs/EN-05-10069.pdf">http://www.socialsecurity.gov/pubs/EN-05-10069.pdf</a></li> <li>Talk to your employer/ coworkers about how they like to communicate so everyone can be responsive to individual needs and work styles.</li> <li>When something is not working at work, let people know what would help.</li> </ul>
Balance	<ul style="list-style-type: none"> <li>Do you schedule time for leisure? Are you spending time with friends, taking nature walks, scheduling massages, or doing whatever it takes to relax?</li> <li>Are you thinking about how you spend time each day and considering volunteer work in the community?</li> </ul>	<ul style="list-style-type: none"> <li>Research careers/employment that involve the activities you enjoy most yet provide the flexibility for a balanced life.</li> <li>Keep a calendar. Be sure to look it over and schedule time for activities that you enjoy.</li> <li>Use tracking tools to balance your workload. Ask for help if your workload becomes overwhelming.</li> </ul>
Accomplishment	<ul style="list-style-type: none"> <li>Are you in a career that you look forward to and that gives you a sense of accomplishment and pride?</li> <li>Are you patting yourself on the back for your accomplishments?</li> </ul>	<ul style="list-style-type: none"> <li>Take the time to think of what you enjoy most, and research careers/ employment in that area.</li> </ul>



## WAYS TO IMPROVE MY OCCUPATIONAL WELLNESS

WHAT I WILL DO	WHAT I NEED



## IMPROVING OUR EMOTIONAL WELLNESS

The Emotional Wellness Dimension involves the ability to express feelings, adjust to emotional challenges, cope with life's stressors, and enjoy life. It includes knowing our strengths as well as what we want to get better at, and living and working on our own but letting others help us from time to time.

AREA	THINK ABOUT...	RESOURCES
Feelings/ Emotions	<ul style="list-style-type: none"> <li>• Do you allow yourself to be open to and acknowledge your feelings without judgment?</li> <li>• Have you found and developed safe relationships with people or groups where you can express your feelings and thoughts?</li> <li>• Do you see challenges as opportunities for growth?</li> <li>• Do you recognize your limitations and learn from your mistakes?</li> <li>• Are you taking responsibility for your actions?</li> </ul>	<ul style="list-style-type: none"> <li>• Reflect each day on your emotions, what can they teach you, and how you can express them.</li> <li>• Consider using a journal to record feelings and thoughts.</li> <li>• Develop regular habits that help you process and deal with your feelings effectively so you move forward in fulfilling your emotional needs.</li> <li>• Find a place where you feel the most comfortable and go there when you feel a need for comfort, quiet space, or safety.</li> </ul>
Self-Care	<ul style="list-style-type: none"> <li>• Have you joined support groups, or thought about starting one?</li> <li>• Do you write your thoughts in a journal, listen to music, or talk to family or friends when you are in need?</li> <li>• Have you tried yoga, breathing, or meditation to remain calm and centered?</li> <li>• Are you maintaining a daily routine?</li> <li>• Do you leave yourself plenty of time to get to work and other obligations?</li> <li>• Are you eating some meals without distractions, like checking your phone or watching TV?</li> </ul>	<ul style="list-style-type: none"> <li>• Discover what you like to do best, and do it often. It will help keep your spirits and emotions up.</li> <li>• Find an outlet for physical activity, such as a sports league or a gym/fitness center.</li> <li>• Take some time to yourself regularly.</li> <li>• Identify resources that can help you with a sleep schedule or ideas for meal planning.</li> <li>• Practice positive self-affirmations. Develop a positive statement to repeat to yourself daily. When you change your thoughts, you can change your mood and attitude.</li> </ul>
Stress	<ul style="list-style-type: none"> <li>• Are you learning to manage stress in ways that work for your lifestyle?</li> <li>• Do you recognize stress triggers and appreciate that you are not your feelings? Feelings are fleeting and will pass.</li> <li>• Do you welcome and cultivate positive, empowering thoughts and emotions?</li> </ul>	<ul style="list-style-type: none"> <li>• Take a step back when in a stressful situation.</li> <li>• Practice deep breathing or other relaxation techniques.</li> <li>• Try out different coping exercises or strategies when not in a stressful situation. When challenges arise, you will be better prepared to deal with them.</li> <li>• Practice finding positives (a silver lining) in something that you feel is negative. Support others in doing this, as well.</li> </ul>



## WAYS TO IMPROVE MY EMOTIONAL WELLNESS

WHAT I WILL DO	WHAT I NEED

Learn more about the Eight Dimensions of Wellness.  
VISIT [WWW.SAMHSA.GOV/WELLNESS-INITIATIVE](http://WWW.SAMHSA.GOV/WELLNESS-INITIATIVE)