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Dear Investors and Advisors,

I've met people for whom retirement is scary, an end to golden years of income, a life of uncertainty without the cushy corporate job, income, and perks. And I've met people for whom retirement is a "can't wait", a beginning of a more flexible existence, a chance to experience everything that just passed by in the first 60 odd years.

I like to think that retirement is freedom to do what you want, not what you have to, and when you want, not when you need to.

"Doing what you want" is easy to say, but freedom of any kind is hard work

At our prime, we plan for all kinds of financial goals – children's education, a home, vacations – but retirement is often the last thing on our mind. However, looking at few hard facts you will realise that retirement planning is not optional anymore. It is a must do, and the sooner the better. In the old days, the average individual spent about 20-25 years in the retirement phase. This is changing with the millennial that aspires to retire before 50. Combine this with increasing life expectancy, and you have an average retirement phase of 35 to 40 years. Combine inflation, lifestyle changes, and this big retirement phase, and the average retiree has a lot to think about.

There are five basics that all of us can do in embarking on a journey towards a more -secured retirement.

1) Calculate what retirement is: It is a must to know your "retirement phase" or the number of years to be spent in retirement, for you to understand when to start planning, how many years to build your wealth for, and the corpus needed. If you want to retire early, the corpus needed will be significantly larger than if you plan to retire at the conventional age of 60 to 65. Miscalculating the retirement phase creates the risk of running out of - corpus, which interestingly, as a study in the U.S. showed, is one of the biggest worries retirees face.

2) Remember the cost of delay: The best time to start saving for retirement is not when you are about to retire, but when you receive your first paycheck.

3) Make the nest egg comfortable: Retirement years are not the right time to be stressed; life before would have given you enough of that! It is important to accumulate enough to comfortably go through this phase, and it is always better to accumulate a tad more than a tad less.

4) Remember expenses rise: The impact of inflation is hard to sink in. It adds to cost of living each year, and by the time we hit retirement, we have to spend much, much more than we do today to maintain the current lifestyle. Additional costs also creep in with age, including health related costs.

5) Don't forget asset allocation: Asset allocation is often missed out while planning for retirement. What is a right mix for your portfolio? It depends on when you start. For those who have 20 years to retire, equity should be a large part of your portfolio.

Finally, don't forget that retirement is a journey and this journey is incomplete without the support of a financial advisor. While retirement planning is not complex, it is nuanced, and involves a lot of variables. It requires constant monitoring, which a professional can handle well. Data from our survey shows that unfortunately, 77% of participants had not spoken to a financial advisor about retirement, and this is one thing must change, and quickly.

Regards,
Radhika