

Retirement planning revisited

David Tan (aged 59)

RETIREMENT INCOME OBJECTIVES

- 1 Enjoy S\$10,000 per mth for first 5 years
Reduce to S\$8,000 per mth next 10 years
Finally to S\$6,000 per mth till age 83
- 2 Inflation adjustment: 3%
- 3 Income duration for 25 years
- 4 Residual of draw-down assets of S\$1,000,000 (at end of 25th year)

RISK PROFILE

- 1 'Moderate' risk tolerance#
- 2 Safe retirement income floor: 40-50% (SRIF)

RETIREMENT ASSETS

1 Draw-down assets

■ Cash	\$900,000
■ Shares	\$300,000
■ Managed investments	\$400,000
	<u>S\$1,600,000</u>

2 Income-paying assets

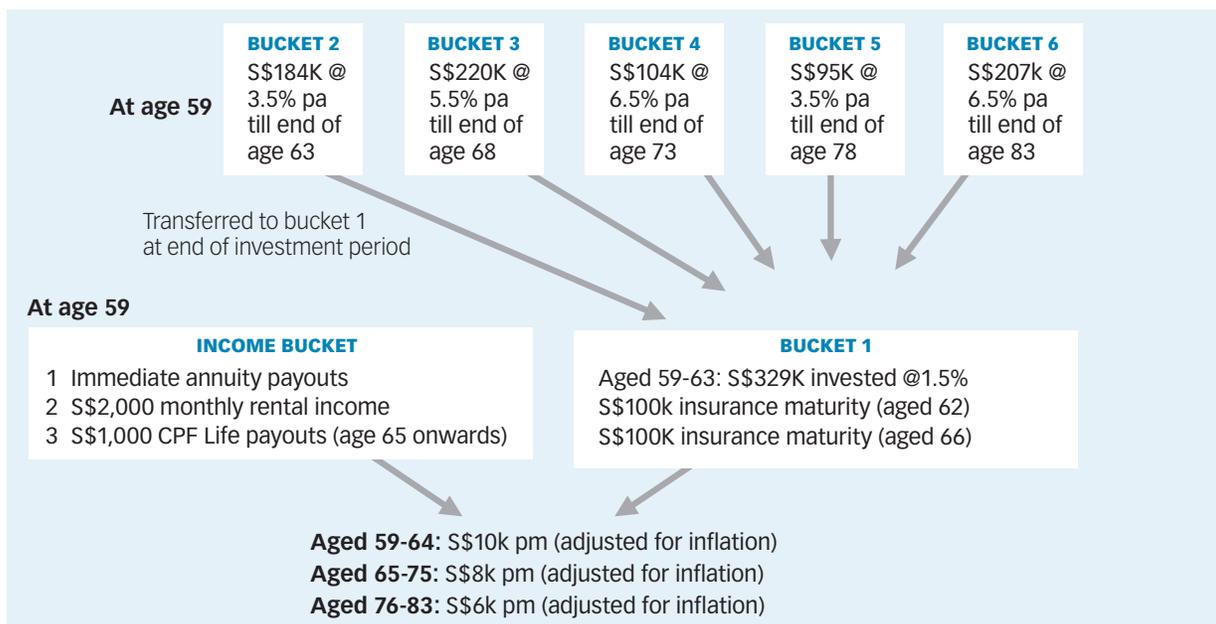
- CPF Life: payout S\$1,000 per mth from age 65
- Rental income: S\$2,000 per mth, 2% pa growth

3 Transfer-in assets

■ Insurance maturity (2019)	\$100,000
■ Insurance maturity (2023)	\$100,000
	<u>S\$200,000</u>

A retiree risk profile is measured by his safe retirement income floor (SRIF) requirement. A SRIF of 50% means on average, a retiree requires 50% of his income requirement to be certain. The higher the SRIF, the more conservative the retiree is.

How RetireWell works



How the buckets are invested

	ASSET CLASSES	BUCKET 2	BUCKET 3	BUCKET 4-6
Asset allocation	Global bonds	60%	20%	0%
	Global equities	40%	70%	90%
	Emerging markets equities	0%	10%	10%
No of years to be invested		5 years	10 years	15, 20 and 25 years respectively