



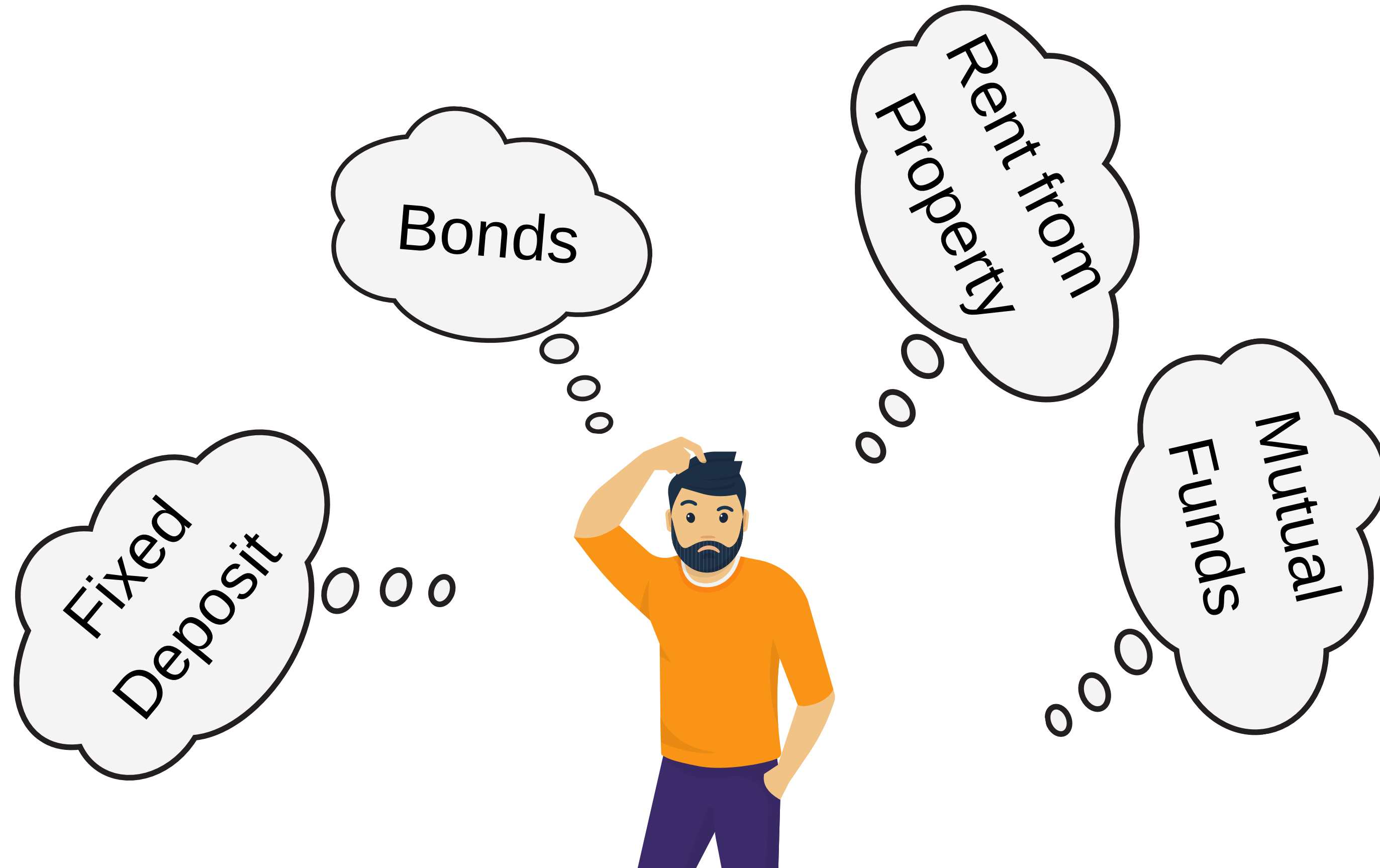
Systematic Withdrawal Plan

Areas covered

- What is SWP
- Regular Income
- Bank FD vs MF SWP
- Bank FD vs Balance Fund SWP

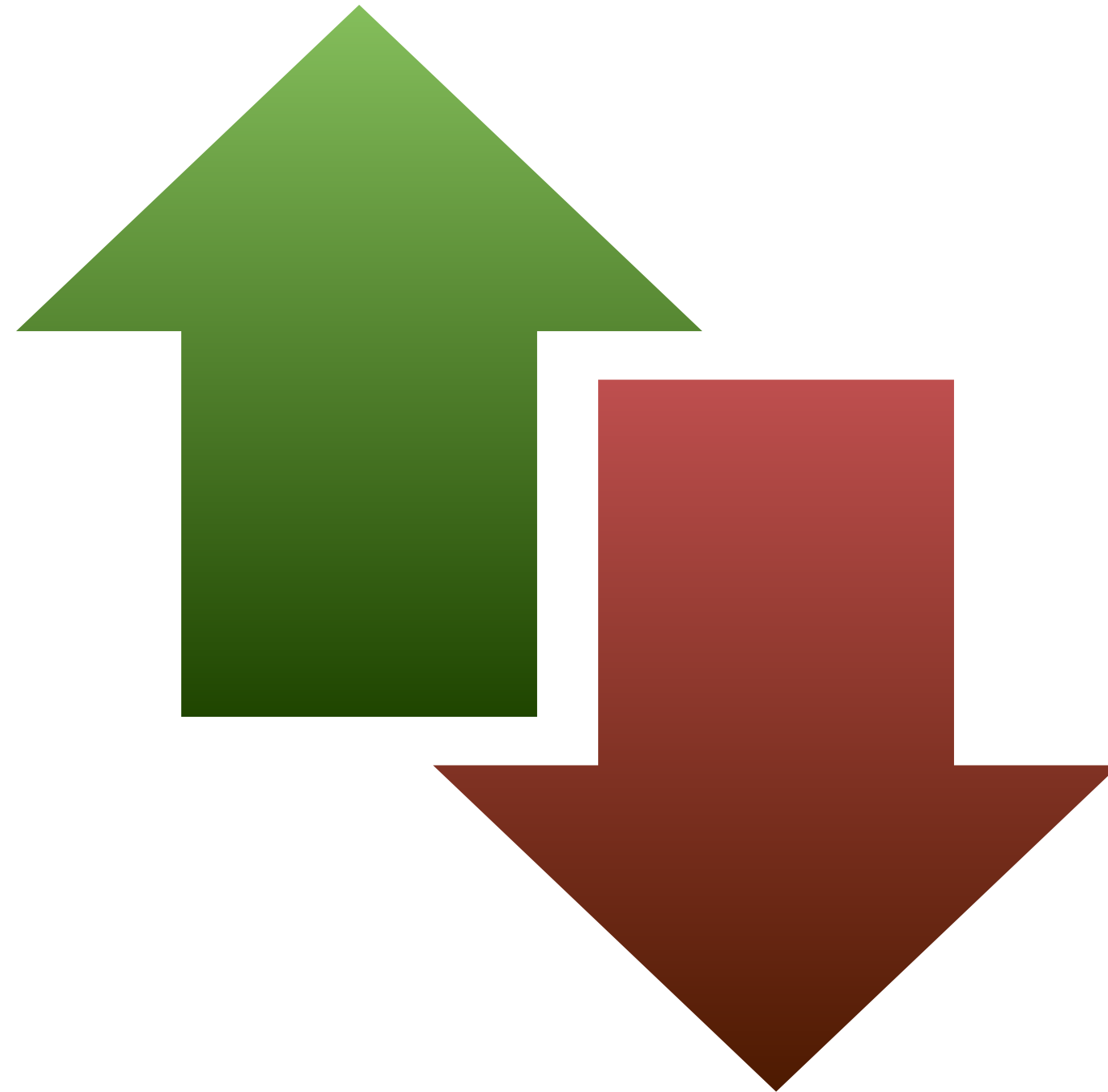


Regular Income



Things to keep in mind

Inflation



Interest

Things to keep in mind

	Today	Tomorrow
Expenses	50000	100000
Interest	50000	???????

Interest Rates

PPF interest Rates Over Time			
PERIOD	Rate of Interest	PERIOD	Rate of Interest
15.01.2000 to 28.02.2001	11.00%	01.04.2016 to 30.09.2016	8.10%
01.03.2001 to 28.02.2002	9.50%	01.10.2016 to 31.03.2017	8.00%
01.03.2002 to 28.02.2003	9.00%	01.04.2017 to 30.06.2017	7.90%
01.03.2003 to 30.11.2011	8.00%	01.07.2017 to 31.12.2017	7.80%
01.12.2011 to 31.03.2012	8.60%	01.01.2018 to 30.09.2018	7.60%
01.04.2012 to 31.03.2013	8.80%	01.10.2018 to 30.06.2019	8.00%
01.04.2013 to 31.03.2016	8.70%	01.07.2019 to 31.12.2019	7.90%

Just Like PPF, the Interest rates in all Fixed Return products such as bank FD, NSC, Bonds have come down.

Current - 7.1%

Need of the Hour

???????

Fixed
Income



Capital
Appreciation

S.W.P. (Systematic Withdrawal Plan)

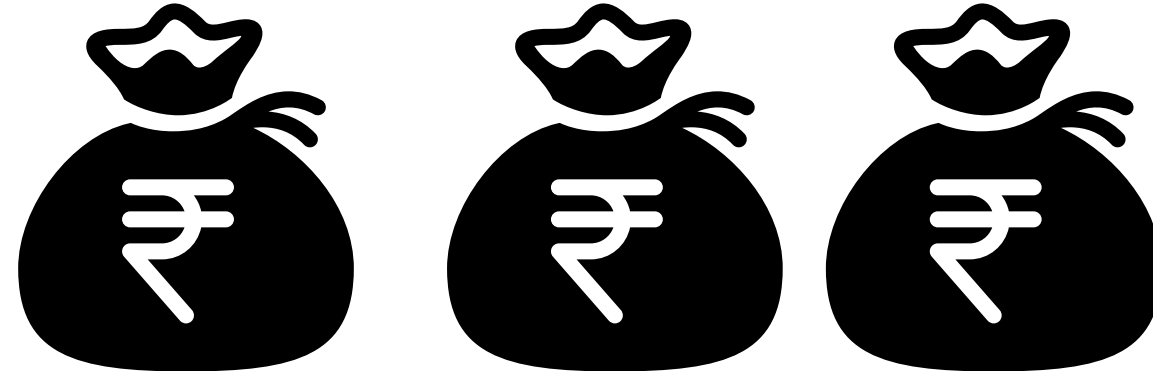
Fixed
Income



Capital
Appreciation

Systematic Withdrawal Plan

Fixed Withdrawal



Periodically



Systematic Withdrawal Plan

- A systematic Withdrawal Plan (SWP) is a facility in which an investor can withdraw a pre-determined amount at pre-decided intervals from his/ her investments in selected mutual fund schemes.
- SWP in mutual fund helps in creating a regular source of income for retirees or supplementary income for those with specific needs – like meeting child's education, regular cash flows to elderly parents etc.

Systematic Withdrawal Plan

- Regular withdrawal from your Mutual Fund investment
- Flexibility to choose the amount
- Flexibility to choose a scheme
- Tax-efficient withdrawal



Ideal for

- Investors looking for regular withdrawal
- Retirees who wants to invest to generate regular income



Illustration

Investment - Rs. 25,00,000

Scheme Returns* - 10%

SWP - Rs. 14,583[^] (Monthly)

*Return is only for illustration purpose

[^]SWP amount @7% per annum rate on a monthly basis



Illustration

Investment - Rs. 25,00,000 | Scheme Returns* - 10% | SWP - Rs. 14,583^ (Monthly)

Total Withdrawal (through monthly SWP)

Rs. - 17,49,960

Fund Value after 10 Years

Rs. 35,69,742

*Return is only for the illustration purpose

^SWP amount @7% per annum rate on a monthly basis



Tax Efficient

- The withdrawal made through monthly SWP is considered as redemption
- Based on the SWP amount, units are automatically redeemed and the amount is credited to your bank account
- The Tax liability will be on the gains after redemption and not on the entire withdrawal



Tax calculation - Illustration

Investment - Rs. 25,00,000 | Scheme Returns* - 10% | SWP - Rs. 14,583 (Monthly)

End of Month	NAV	SWP Amount	Units Sold	Profit on Units (Sale NAV - Buy NAV)
1	₹ 10.08	14583	₹ 1,446.76	115.37
2	₹ 10.16	14583	₹ 1,435.32	229.82
3	₹ 10.24	14583	₹ 1,423.96	343.37
4	₹ 10.32	14583	₹ 1,412.70	456.02
5	₹ 10.41	14583	₹ 1,401.52	567.78
6	₹ 10.49	14583	₹ 1,390.43	678.66
7	₹ 10.57	14583	₹ 1,379.43	788.65
8	₹ 10.66	14583	₹ 1,368.52	897.78
9	₹ 10.74	14583	₹ 1,357.70	1006.05
10	₹ 10.83	14583	₹ 1,346.95	1113.45
11	₹ 10.91	14583	₹ 1,336.30	1220.01
12	₹ 11.00	14583	₹ 1,325.73	1325.73
Total Withdrawa	174996	Total Taxable	8742.69	

Out of the amount of
Rs. 1,74,996 received
through SWP, the taxable
value is **Rs. 8,743** for the
first year

(Taxable amount is subject to capital gains tax)

Taxability

	Equity Oriented Scheme (Up to 1-year STCG Beyond 1 Year LTCG)	Non-Equity Oriented scheme (Up to 3-years STCG Beyond 3 Years LTCG)
STCG Tax (Short Term Capital Gain Tax)	15%+ Surcharge as applicable + 4% Cess	30%^ + Surcharge as applicable + 4% Cess
LTCG Tax (Long Term Capital Gain Tax)	^^10% without indexation + Surcharge as applicable + 4% Cess	20% with indexation + Surcharge as applicable + 4% Cess

^ Assuming the investor falls into the highest tax bracket.

^^ Long-term capital gains earned by selling listed securities of more than Rs. 1,00,000. It is in accordance with Section 112A of the Income Tax Act of India.

Bank FD vs SWP - Equity Oriented

Investment - Rs. 25,00,000 | Scheme Returns* - 10% | SWP - Rs. 14,583 (Monthly)

Year	Bank Interest	Tax on Interest	SWP amount	Capital Gain	Exemption	Tax
1	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 8,743		₹ 1,311
2	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 23,857	₹ 1,00,000	₹ 0
3	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 37,597	₹ 1,00,000	₹ 0
4	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 50,087	₹ 1,00,000	₹ 0
5	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 61,443	₹ 1,00,000	₹ 0
6	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 71,766	₹ 1,00,000	₹ 0
7	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 81,150	₹ 1,00,000	₹ 0
8	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 89,682	₹ 1,00,000	₹ 0
9	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 97,438	₹ 1,00,000	₹ 0
10	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 1,04,488	₹ 1,00,000	₹ 449
Tax Paid on interest		₹ 5,24,988	Tax paid on SWP			₹ 1,760

^ Assuming the investor falls into the highest tax bracket.

^^ Long-term capital gains earned by selling listed securities of more than Rs. 1,00,000. It is in accordance with Section 112A of the Income Tax Act of India.

This calculation is only for illustrative purposes and that's why we have not considered surcharge and cess on the tax. In the actual event, the surcharge and cess will be applicable on taxes according to prevailing rates.

Bank FD vs SWP - Non Equity Oriented

Investment - Rs. 25,00,000 | Scheme Return* - 10% | SWP - Rs. 14,583 (Monthly)

Year	Bank Interest	Tax on Interest	SWP amount	Capital Gain	Capital Gain After Indexation	Tax
1	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 8,743	NA	₹ 2,623
2	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 23,857	NA	₹ 7,157
3	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 37,597	NA	₹ 11,279
4	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 50,087	₹ 26,569	₹ 5,314
5	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 61,443	₹ 33,316	₹ 6,663
6	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 71,766	₹ 39,756	₹ 7,951
7	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 81,150	₹ 45,903	₹ 9,181
8	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 89,682	₹ 51,771	₹ 10,354
9	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 97,438	₹ 57,372	₹ 11,474
10	₹ 1,74,996	₹ 52,499	₹ 1,74,996	₹ 1,04,488	₹ 62,718	₹ 12,544
Tax Paid on interest		₹ 5,24,988	Tax paid on SWP			₹ 84,540

^ Assuming the investor falls into the highest tax bracket.

^^ Long-term capital gains earned by selling listed securities of more than Rs. 1,00,000. It is in accordance with Section 112A of the Income Tax Act of India.

This calculation is only for illustrative purposes and that's why we have not considered surcharge and cess on the tax. In the actual event, the surcharge and cess will be applicable on taxes according to prevailing rates. For indexation purposes, a 5% rise in cost inflation index is assumed.

Bank FD vs Balance Fund SWP

Investment - Rs. 25,00,000 | SWP - Rs. 14,583 (Monthly)

Scheme	Investment Tenure	No. of Monthly Installments	Total Withdrawal Amount	Current Value as on 10-06-2021 [^]
Hybrid - Aggressive (Balanced)	10 Years	120	₹ 17,49,960	₹ 44,91,699
Bank FD	10 Years	120	₹ 17,49,960	₹ 25,00,000

Average Return of Hybrid - Aggressive category is 11.98% CAGR for last 10 years as of 1st July 2021 (Total 20 funds)

Source: - www.advisorkhoj.com and internal research.

This is only for illustrative purposes. Past performance may or may not sustain in future

Mutual Fund Investments are subject to market risk, read all scheme related documents carefully.

Disclaimer

This presentation is only for illustrative purposes and created as part of the conceptual explanation. The scheme names are only for example purposes and not to be treated as investment advice. The selection of scheme depends on various criteria like risk profile and product suitability. We have taken due care in compiling the data and facts, but we are not liable for any error or omission due to any oversight.

