

SWP Rebalance Calculator- Case Study

Mr Yogesh took early retirement at age 58 years and wants to invest Rs 75 Lakhs, a part of his superannuation benefit. He seeks your help for monthly cashflows for the next 22 years. He is comfortable with some equity exposure but would prefer to keep it low.

Suggestion: Principal amount to be invested in a combination of (50/50) in debt and balance advantage funds. Monthly withdrawal to be made from debt funds and balance advantage fund to be kept for capital appreciation. Every 5 years, the portfolio should be rebalanced (gains from balance advantage fund to be switched to debt fund)

Assumptions:

Debt Fund returns @ 6% pa.

Balance Advantage Fund returns @ 9% pa.

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SWP Calculation For Mr. Yogesh

Age	58 Years
Initial Investment	₹ 75,00,000
% Investment in Debt Fund	50.00 %
% Investment in Balance Fund	50.00 %
Expected Return (Debt Fund)	6.00 %
Expected Return (Balance Fund)	9.00 %
Annual Withdrawal	7.00 %
SWP Period	22 Years
Rebalancing Period	5 Years

Expected Portfolio Return 7.50%	Monthly SWP Amount 42,406
Total Annuity Received ₹ 1,11,95,208	Closing Fund Value ₹ 1,00,96,496

* It is assumed that SWP amount is received on the last day of the month. Mutual fund investments are subject to market risks, read all scheme related documents carefully. Returns are not guaranteed. The above is for illustration purpose only.

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Projected Annual Cash Flow & Fund Value

Age	Debt Fund		Balance Fund		Annual Withdrawal	End of Year Fund Value	Transfer From Balance To Debt Fund
	Beginning of Year	End of Year	Beginning of Year	End of Year			
59	37,50,000	34,52,280	37,50,000	40,87,500	5,08,873	75,39,780	0
60	34,52,280	31,36,697	40,87,500	44,55,375	5,08,873	75,92,072	0
61	31,36,697	28,02,179	44,55,375	48,56,359	5,08,873	76,58,538	0
62	28,02,179	24,47,590	48,56,359	52,93,431	5,08,873	77,41,021	0
63	24,47,590	40,91,565	52,93,431	37,50,000	5,08,873	78,41,565	20,19,840
64	40,91,565	38,14,339	37,50,000	40,87,500	5,08,873	79,01,839	0
65	38,14,339	35,20,480	40,87,500	44,55,375	5,08,873	79,75,855	0
66	35,20,480	32,08,989	44,55,375	48,56,359	5,08,873	80,65,347	0
67	32,08,989	28,78,808	48,56,359	52,93,431	5,08,873	81,72,239	0
68	28,78,808	45,48,657	52,93,431	37,50,000	5,08,873	82,98,657	20,19,840
69	45,48,657	42,98,856	37,50,000	40,87,500	5,08,873	83,86,356	0
70	42,98,856	40,34,068	40,87,500	44,55,375	5,08,873	84,89,443	0
71	40,34,068	37,53,392	44,55,375	48,56,359	5,08,873	86,09,750	0
72	37,53,392	34,55,875	48,56,359	52,93,431	5,08,873	87,49,306	0
73	34,55,875	51,60,348	52,93,431	37,50,000	5,08,873	89,10,348	20,19,840
74	51,60,348	49,47,249	37,50,000	40,87,500	5,08,873	90,34,749	0
75	49,47,249	47,21,364	40,87,500	44,55,375	5,08,873	91,76,739	0
76	47,21,364	44,81,926	44,55,375	48,56,359	5,08,873	93,38,285	0
77	44,81,926	42,28,121	48,56,359	52,93,431	5,08,873	95,21,553	0
78	42,28,121	59,78,929	52,93,431	37,50,000	5,08,873	97,28,929	20,19,840
79	59,78,929	58,14,945	37,50,000	40,87,500	5,08,873	99,02,445	0
80	58,14,945	56,41,121	40,87,500	44,55,375	5,08,873	1,00,96,496	0

*The above is for illustration purpose only. Actual figures may vary depending on market.