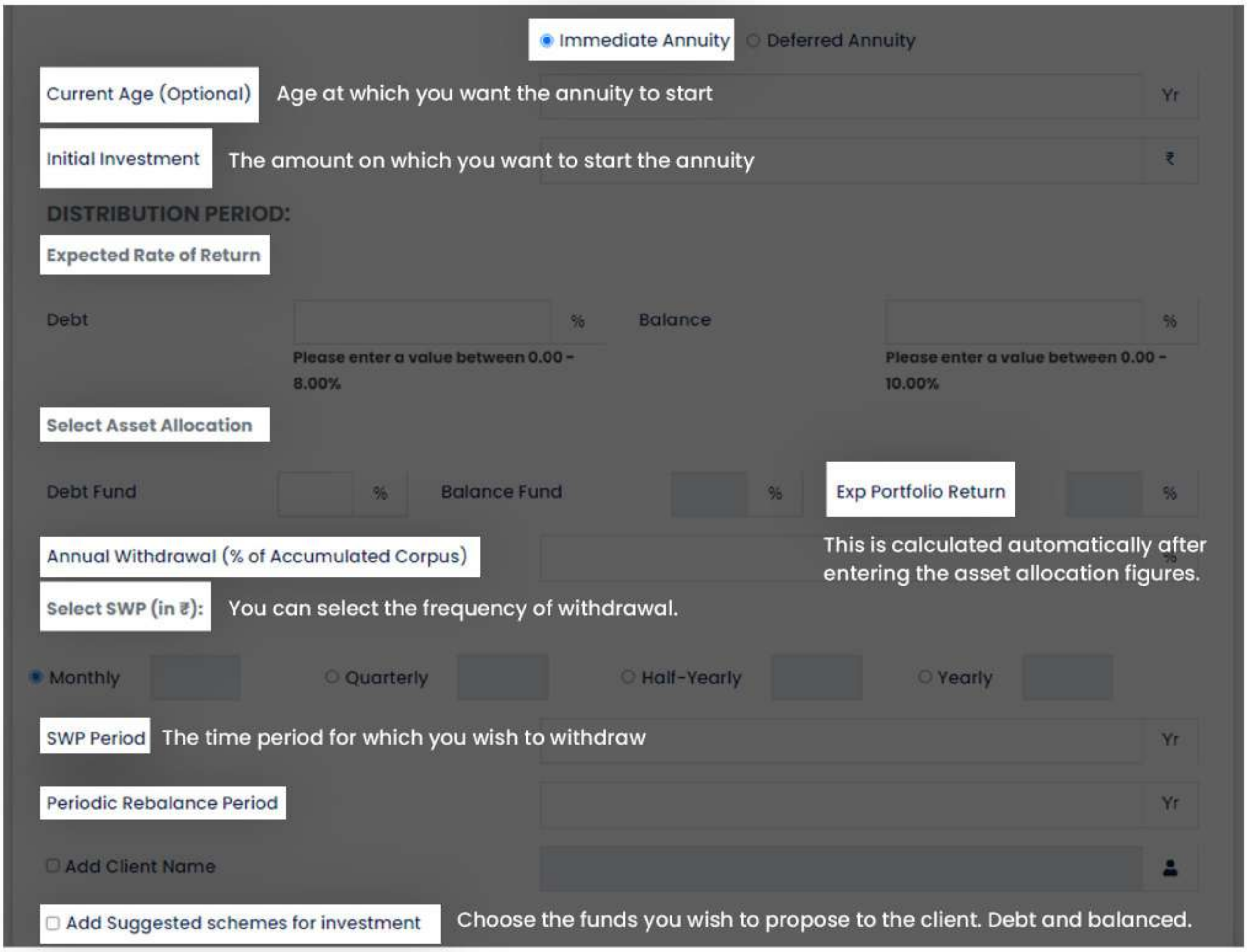
SWP Rebalance

Purpose

This is a unique calculator with respect to Systematic Withdrawal Plan (SWP). When returns are low from debt funds SWP amount may not be sufficient to meet regular expenses. Hence, one needs to consider balance funds to jack up the returns. However, if SWP is done from balanced funds, it could be counterproductive in case equity markets are down or remain dull for a long time. The principal amount may fall due to regular withdrawals and fall in NAV too.

A combination of debt and a balanced fund could be a good solution to this problem. Let's say 50% in debt and 50% in a balanced fund. The idea is to do regular withdrawals from debt funds only and keep the balance fund for capital appreciation.

Since whole withdrawal is done from debt funds, the principal amount of debt fund will fall but the idea is to refill it by switching from balance funds when the equity markets are doing well, typically every 4-5 years.



Enter the expected rate of return on the initial investment. This rate cannot exceed 8.00%. Balance: Enter the expected rate of return on the initial investment. This rate cannot exceed 10.00%. *Since this is an SWP rebalance calculator, no equity investment is proposed.

Debt fund allocation can be between 50-100%. Balance fund allocation can be between 0-50%. * The balanced fund allocation is capped at 50% to ensure a reduced effect of volatility on the portfolio.

The % of the amount you need as withdrawal every period. The rate cannot exceed the rate of expected return to eliminate the risk of depleting the portfolio.

Enter the regular time period after which the appreciated amount from the balanced fund will be transferred to the debt fund. Since the periodic SWP is done always from the debt fund, the value of the debt fund will eventually fall to zero unless it is rebalanced periodically.