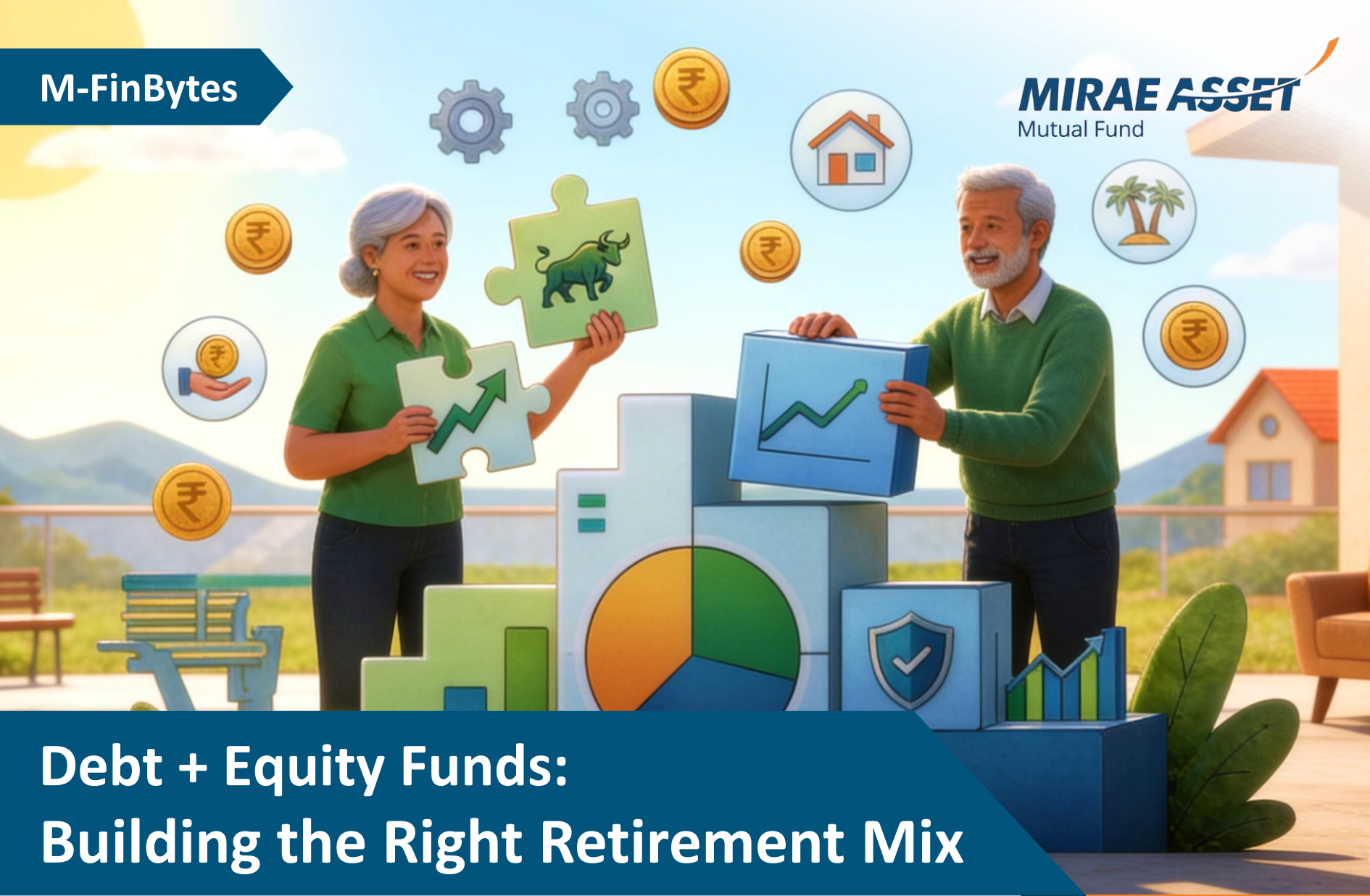
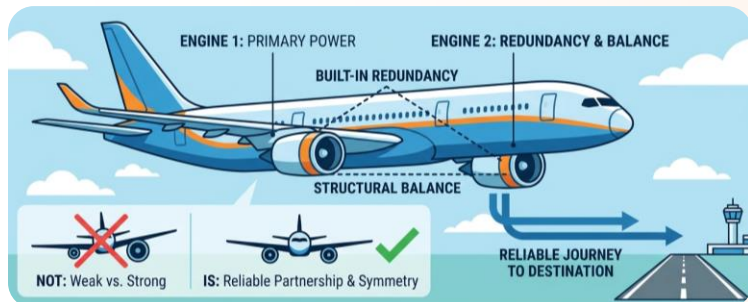




Debt + Equity Funds: Building the Right Retirement Mix

Retirement investing is not about choosing between debt and equity.
It is about understanding what each one is meant to do and using both wisely.



Think of a long-distance aircraft. It does not have two engines because one is weak and the other is strong. It has two engines because a long journey needs balance, backup, and reliability. Each engine supports the other so the aircraft can reach its destination safely.

A retirement portfolio works in a similar way.

Many investors still look at debt and equity as rivals. They ask, **“Which one is better?”** or **“Which one should I choose?”**



But retirement does not reward the asset class that wins in a particular year. It rewards a portfolio where every part has a clear job, especially when the journey may last 25 to 30 years after the last salary is received.

Retirement Changes the Rules of Investing

Investing during your working years is comparatively forgiving.

If markets fall, your salary usually continues. Your SIPs continue. You still have time to wait for recovery and benefit from future growth.

After retirement, the same fall can feel very different.

The salary stops, but household expenses, medical costs, insurance premiums, and everyday needs continue.

From that point onward, a retirement portfolio has three important responsibilities:



it must grow enough
to fight inflation,



remain stable enough to
handle market ups and downs,



and provide money when
regular expenses need
to be met.

No single investment type is naturally good at all three jobs at the same time.

In my experience, retirement plans often struggle not because markets are volatile, but because one investment is expected to do work it was never designed to do.

Equity: The Growth Engine

A person retiring at 60 may need their money to support them for another two or three decades.



During this time, inflation keeps working silently. An expense of ₹50,000 per month today may not buy the same comfort 15 or 20 years later, even if the lifestyle remains unchanged.

This is where equity becomes important.

Over long periods, equity has historically helped investors grow wealth at a pace that can stay ahead of inflation. This does not mean equity returns are guaranteed. It simply means equity is usually included in retirement planning because long retirements need long-term growth.

The price of that growth is volatility.



Equity markets can rise sharply, fall suddenly, and remain unpredictable for months or even years.



That is not a defect. It is the nature of an asset class meant to create wealth over time, not provide certainty every month.

Debt: The Stability Engine

Debt has a very different role.

Its purpose is not to beat equity in returns. Its purpose is to bring stability, predictability, and liquidity when the equity portion is going through a difficult phase.

The early months of 2020 were a useful reminder. Markets did not decline slowly; they fell sharply within weeks.

A retiree depending only on equity would still have needed money for groceries, medicines, electricity bills, rent, and other routine expenses. To meet those needs, they may have had to sell equity investments after a fall.



That can be damaging because selling during a downturn reduces the amount left to participate in the recovery that may follow.

A suitable debt allocation helps reduce this pressure. Debt mutual funds, fixed deposits, and other relatively stable options can support regular withdrawals, while the equity portion gets time to recover. Debt is not in the portfolio to win a race against equity.

It is there to reduce the risk of making permanent decisions during temporary market declines.

There Is No Perfect Ratio for Everyone

Once investors understand the roles of debt and equity, the next question is usually about the ideal mix.

Should it be 60:40? 70:30? 50:50?

There is no single answer that fits every retiree.

For example, a retiree who receives a pension that covers most monthly expenses may be able to keep a higher equity allocation, because the portfolio is not under constant pressure to fund everyday needs.



On the other hand, someone who depends almost entirely on their retirement corpus for income may need a larger allocation to debt and other relatively stable assets.

The right mix depends on several practical factors: income sources, expected expenses, health care needs, emergency reserves, investment horizon, tax considerations, and the investor's ability to stay calm when markets are volatile.

A retirement portfolio should therefore be built around the person, not around a fashionable ratio.

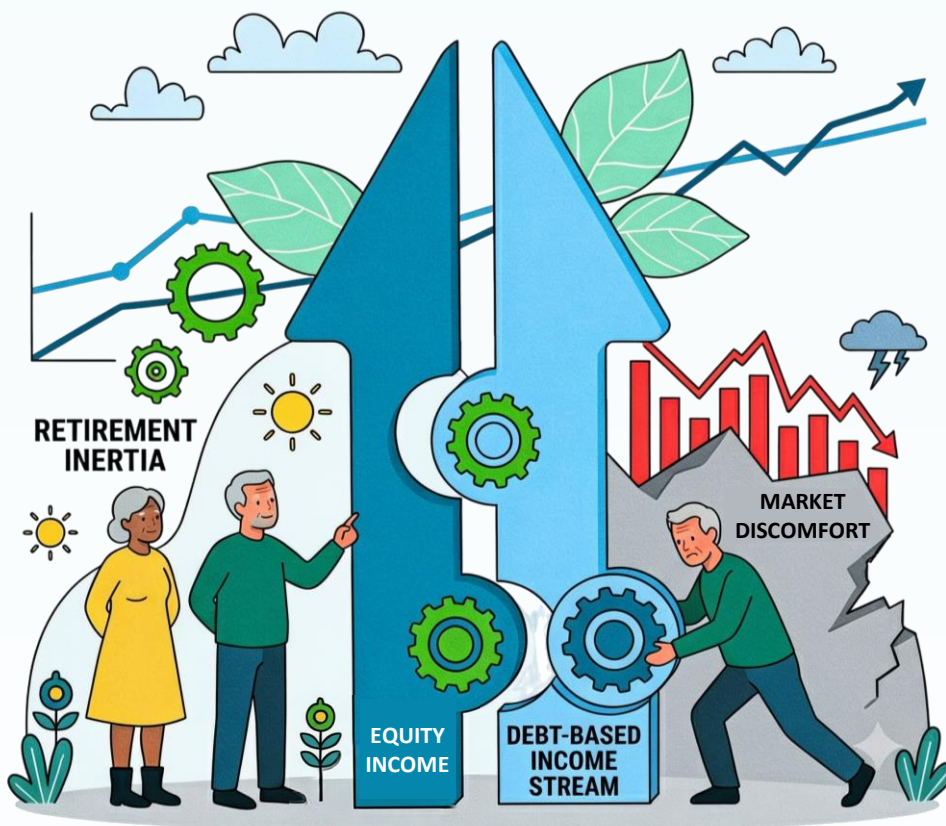
Different Roles, One Retirement Goal

Debt and equity are often compared as though one must defeat the other.

Retirement asks a more useful question.

Can your portfolio support your lifestyle through inflation, market cycles, medical needs, and decades of regular withdrawals?

Equity helps your money keep growing.



Debt helps your retirement stay steady when markets become uncomfortable.

One provides the growth engine. The other provides the stability engine. Together, they can make the retirement journey more balanced and more resilient.

The goal is not to find the stronger asset class.

The goal is to combine growth and stability in a way that allows your investments to support you with confidence long after your salary has stopped.

SIP - Systematic Investment Plan

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