Retirement Planning Products Offered by the State Bank of India and Its Affiliates

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ABSTRACT
An integral aspect of financial planning is retirement planning. The need for retirement planning is intensified by a rise in overall life expectancy. In addition to providing an extra source of revenue, retirement planning also allows one to cope with medical emergencies, meet life goals, and remain financially independent. The State Bank of India and other commercial banks and financial institutions have brought out many products and schemes to facilitate retirement planning procedures. However, the plans are not organized enough to be accessible to the public. The degree of effectiveness of these plans and their execution are some of the things that raise concern. The retirement planning among women and the ways of delivering services by the bank is yet to be researched. The study is based on secondary data. The research shows that apart from measures taken by the SBI for the betterment of retirement planning, the products launched are not ample. It is essential to ensure that retirement planning is started by youngsters at an early age and the banks lubricate the process with their innovative, accessible, and customer-friendly products.

Key Words- Financial Planning, SBI and Retirement Planning.

1. INTRODUCTION
Famously known as the SBI, the State Bank of India, with its headquarters in Mumbai, Maharashtra, is the largest commercial bank of India. It is not some public sector banking and financial services company but it is also classified as an Indian Multinational. It glorifies the pride of India by securing a rank among the top 50 global banks. It has a unique position in the modern commercial banking systems in India as it is the largest commercial bank in terms of assets, deposits, branches, customers, employees, profits, etc. Having over 24000 branches in India the roots of this premium bank is not a constraint to India only but with 191 international offices spread across 36 countries, SBI has also built and established its presence worldwide. Lastly, the bank holds banking relationships with 346 well-recognized international banks. This makes it cover around 88 countries so far.

The well-known premium bank has its origin dated back to 1806 by the name of Bank of Calcutta which makes it the oldest commercial bank of India. With the change in its nomenclature, the bank was then renamed as the Bank of Bengal which in 1921 amalgamated with the Bank of Madras and Bank of Bombay to be called the Imperial Bank of India. The Reserve Bank of India inherited the exercising control of the Imperial Bank of India in 1955 and SBI was established to replace the Imperial Bank of India by an act of Parliament.

Our highest-ranking bank, State Bank of India, was 55th in the world in 2019 when the Indian economy was the fifth largest in the world and it was phenomenal that the SBI secured a rank in Global Top 100. It was the only Indian bank to do so.

Sum up the deposits of the top six private banks of India and that many deposits are held by only one bank which is SBI. This nationalized bank has a 23 percent market share of assets and a 25 percent share of the overall loan and deposit market. During the October–December quarter of the 2019-20 financial year, SBI’s net profit rose 41 percent year-on-year to Rs 5,583.4 crore, primarily on higher earnings from net interest income (NII). With 209,567 workers as of 31 March 2017, SBI is one of the country's biggest employers, of which 23 percent were female employees and 3,179 (1.5 percent) were employees with disabilities. SBI had 37,875 workers from SC category (18%), 17,069 (10%) from OBC category, 9,696 (5%) from ST category, and 39,709 from OBC category (18.9%) at that time.

State Bank of Patiala (SBP), State Bank of Travancore (SBT), State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), and State Bank of Mysore (SBM), were its the former associate banks which merged into SBI on 1st April 2017. SBI’s non-banking subsidiaries include:

- SBI Capital Markets Ltd.
- SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)
- SBI Life Insurance Company Limited

1.1 WHY RETIREMENT PLANNING IS IMPORTANT.
Everyone does planning these days. Planning about finance or it can be planning about retirement. We consider retirement planning as a crucial part of financial planning. As we have entered a different era, the average survival rate has also increased with no noticeable increase in income. Social aspects have also made retirement planning a checkbox in the to-do list for those who want to live freely. In India, parents used to rely solely on their children to survive after retirement. But now this dependency is slightly switching to retirement planning. People do not, however, pay the same attention to retirement planning as they do to other financial targets. There are a few reasons suggested by Mr. S. Raman, a whole-time member of SEBI. He said that 88% of people are investing their money in unorganized sectors that mean no regular income. Similarly, if people are investing in organized sectors then they are not getting enough returns.
1.2 SBI MUTUAL FUND

SBI Mutual Fund is a collaboration of the State Bank of India, India's largest state-owned bank, with the French wealth management firm Amundi. Amundi is Europe's biggest fund manager and is one of the world's top 10 investment managers. They have sound investment experience and have a network across India with over 222 acceptance points. SBI Mutual Fund also effectively invests the funds of its investors and provides its investors with superior value.

In 2015, the Employees’ Provident Fund of India, through SBIMF Sensex ETFs or Exchange Traded Funds, invested Rs 5,000 Crore for the very first time in a mutual fund in India. The SBI Mutual Fund holds assets worth Rs 2,83 crore as of March 2019. It pushed past Aditya Birla and HDFC Mutual Funds in early 2019 to appear as India's 3rd largest Mutual Fund entity based on Assets under Management or AUM.

1.2 SBI LIFE INSURANCE

The State Bank of India (SBI) and BNP Paribas Cardiff S.A. have allied (BNP Paribas Cardif) to establish SBI Life Insurance Co Ltd. (BNP Paribas Cardif). Where SBI controls 70.1 percent of the total stock and BNP Paribas Cardif retains 26 percent, Worth Line Pte shares the remainder of 1.95 percent. Ltd, Investments Pte. MacRitchie. Every Ltd.

SBI Life provides a variety of life insurance products to fit various segments as needed. SBI Life makes plans for both individuals and communities. It offers insurance and investment options for financial planning in particular. SBI Saral Pension, SBI life Retire Smart, and SBI annuity plus are some of these. SBI Cards have a range of card options, while SBI General Insurance covers motor insurance, life insurance, home insurance, etc.

In 2016, SBI Life Insurance received the 2016 Indian Insurance Awards for 'Life Insurance Company of the Year' and 'Leading Bancassurance Life Insurance (Large Category)'

2. REVIEW OF LITERATURE

This section provides a literature review from various researches on the retirement planning products offered by the State Bank of India and its affiliates.

In their research, Sreelakshmi and Kumar (2020) found that individuals willing to spend a fixed amount per month rather than make a big one-time investment, there are several alternatives open with substantially better returns. The Systematic Investment Plan (SIP), proposed by mutual fund houses, is one such option. The commodity functions in just the same manner as bank recurring deposits, the distinction is that SIP's invest in financial markets that contain equity and debt instruments. SIP and RD are popular savings plans among retail investors; implemented with the aim of long-term wealth creation. Shah (2020) proposed that mutual funds are a decent source of returns for most households and are extremely effective for retirement-age individuals. The government still needs to take some steps to allow individuals to invest in mutual funds, even as investors are given schemes such as the Rajiv Gandhi Equity Savings Scheme. Any of these measures, it is claimed, could raise the morale of the mutual fund industry that has been paralyzed for this many years. Goel and Kumar (2020) assume that the beneficiary, families, or companies are primarily assigned life insurance policies when the insured individual dies. It is customary to endorse or to support the replacement of mortgages for wages, loans, or state taxes and to offer cash to buy from the stock or the deceased’s partnership. Results indicate that the service record of death claims was higher for the LIC. The study concluded that protection is the key consideration in the choosing of a policy on insurance. The Atal Pension Yojana, a well-explicated benefit scheme initiated by the Government of India was scrutinized by Sudindra (2016), to cover unorganized sector employees that would not fulfill the purpose of income protection and retirement benefits. In their research, Seethal and Menaka (2018) discussed that every retirement planner should use the National Pension System to prepare for retirement. By contacting the appropriate private or public sector banks, people who lack information about the financial system can easily access NPS. The plan is magnified by the elimination of the GST on the annuity value and the 40 percent tax exemption on the total fund. Annuities should be acquired for 100% of the corpus, which helps protect post-retirement life financially by maintaining a monthly after-retirement pension scheme.

3. RESEARCH GAP

The literature review specifically points that retirement planning studies for women working in India are weak and that there has also been a lack of analysis into how current banking products cater for services, what the WWE feels about existing deals, and so forth.

Retirement planning for women has been a very significant concern today. SBI is India's largest bank and provides a variety of financial services across its subsidiaries. To date, they are not structured to produce this. At the same time, the bank aims to acquire a significant portion of the Indian market in financial advisory services. But are the bank’s operations and its subsidiaries acknowledged and calculated by the target group? Or are their services really helping the target market? These questions remain unanswered.

4. OBJECTIVES OF THE STUDY

The objectives are proposed as under:

1. To get to know about the retirement planning products launched by the SBI
2. To evaluate the effectiveness of those products and then deduce the inadequacy of the range of products brought out by the banks and financial services.
5. RESEARCH METHODOLOGY
This research attempts to investigate the options for retirement planning in common and options proposed by SBI and affiliate companies and their attitude regarding retirement planning solutions. In general, the research is anticipated to contribute to the retirement planning skill set. Retirement Planning Products such as PF, PPF, ETF, gold ETF, FD/RD, etc. for secondary data, the researcher has used the data from other sources. Further, the collected data is analyzed with the help of various tools and finally, the researcher has come up with the results of the study. The researcher has studied published books, articles, journals, magazines, newspapers to get an abundance of information on the research area. Speeches, lectures, and reports by the Government bodies were also insight to get the actual statistics of change in the attitude for retirement planning.

6. RETIREMENT PLANNING PRODUCTS BY SBI

Fixed Deposit - State Bank of India provides its customers with an opportunity to invest their deposits in as many as 5 forms of fixed deposit schemes. These schemes bear attractive SBI FD prices that provide investors with substantial returns. But the basic prices vary from 4.50% to 6.75%.

For regular residents, SBI FD interest rates vary from 4.50% to 6.25%. This scale starts at 5.00% for senior citizens and is set at 6.75%.

Depositors will collect 5.80% returns on deposits maturing in less than 1 year, whereas senior citizens obtain these returns at a 0.50% higher rate of 6.30%.

For tenure ranging from 1 year to 10 years, investors can expect returns @ 6.25% (6.75% for senior citizens).

Recurring Deposit - The State Bank of India offers a variety of safe deposit systems, including recurring deposits, that provide its customers with stable returns along with an affordability factor. Investing in a recurring deposit is a successful idea for those without a regular income, who can save more. Recurring deposits are a logical choice for risk-averse borrowers who have irregular earnings, given their guaranteed gains are dependent on the prevalent SBI RD interest rate. Rates in SBI range from 4.5% to 6.75% (per year) depend on the factor of time and age. Two types of RD systems (regular RD scheme and SBI Flexi deposit scheme) are primarily requested by SBI. SBI Flexi Deposit Scheme reflects several revolving deposit schemes of differing deposit rates. Deposit in compliance with this system can be sent or made available for an infinite amount of times in one month at any time.

SBI Pension Fund Private Limited - One of the Pension Fund Administrators that process subscription sums are SBI Pension Fund Private Limited. Investment under this scheme shall be duly elected for a tax benefit in compliance with Section 80 C. However, the maturity ratio shall be applied to income and thus taxable. The NPS is a government-led retirement initiative. At least Rs 6,000 must be donated annually. There are two tires. The assets in the Tier-I account will not be collected until retirement. There are no limitations on withdrawals at Tier II. You have opportunities for investment funds in three categories depending on the risk appetite. (E, C, and G) which are

- High-risk high return,
- Medium-risk medium return and
- Low-risk low return.

Atal Pension Yojana - The State Bank of India (SBI) helps one to apply for the Atal Yojana Pension, which provides the subscriber with a monthly pension after turning 60 years of age. Until they reach 60 years, the subscriber would need to pay a fixed sum per month. The subscriber must pay a nominal annual sum that makes them qualify for a fixed monthly pension amount ranging from Rs. 1,000 to Rs. 5,000 to help handle life's financial commitments after retirement.

For non-taxpayers and individuals who are not members of any other social security scheme, the APY is available to guarantee that the goals of delivering pensions to employers of the working class are fulfilled.

SBI Mutual Fund - Various kinds of mutual funds are issued by SBI Mutual Funds. There are equity funds for risk-takers such as SBI Magnum Global Fund, SBI Blue Chip Fund, SBI Infrastructure Fund, and SBI Tax Advantage Fund. Debt Income Fund and Scheme SBI Corporate Bond Fund, SBI Income Fund, etc. are available for risk-sensitive persons. There are hybrid funds for medium risk-takers such as SBI Magnum Balanced Fund, SBI Regular Saving Fund, etc. For the schemes, one should prefer SIP (systematic investment plans). This is a prudent investment strategy that is necessary over a longer period for achieving successful returns. The consequences of trading in volatile markets are also reduced by SIP.

SBI Life Insurance - offers insurance and investment options for retirement planning in particular. SBI Saral Pension, SBI Life Retire Wise, and SBI Annuity Plus are those. A host of card alternatives are provided by SBI Cards, while SBI General Insurance includes auto insurance, life insurance, home insurance, etc. In the fields of infant education, welfare, disaster relief and environmental change, SBI Life actively supports a tradition of social responsibility and has made important contributions. In 2019-20, by multiple CSR initiatives, the organization influenced over 1.14 lakh direct beneficiaries.

The firm, listed on the Bombay Stock Exchange (‘BSE’) and the National Stock Exchange (‘NSE’), has Rs. 20.0 billion in approved capital and Rs. 10.0 billion in paid-up capital. AuM amounts to Rs. 1,863.6 billion.

7. FINDINGS AND CONCLUSIONS
The State Bank of India is the largest and oldest commercial bank in India. Yet it has not launched adequate products to cater to the retirement planning needs of the public. It would be erroneous to say that the bank has completely failed to make
advancements in the field of retirement planning as it has launched some successful products. But India is the second-most populous country and the 5th largest economy requires more efforts and initiatives to make retirement planning a familiar and necessary task. For this, the bank needs to launch more effective and approachable products.

Also, it has been found that adults are not known to these products and therefore they do not start retirement planning until their retirement age comes very close. Banks and other financial institutions do not provide a solution to this.

8. REFERENCES

Web resources:
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Other resources
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