

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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**Returns from Pension Schemes: A Reality Check**

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## ABSTRACT

Investors may come across numerous pension products in the current market place. These pension products will offer to give you lifetime pension if you make some lump sum contribution or make series of payments over a period of time. The returns from these products may vary based on time period till you survive. The case helps in the estimation of cash inflows and outflows at various time expectancies by applying the concept of time value of money, perpetuity, annuity, NPV and IRR. The case also demonstrates how to calculate the exact annualized returns if the investor survives till a particular age. The case also demonstrates how excel can be utilised very effectively in these investment situations.

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