

How to invest for short-term and long-term goals simultaneously?

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I am 31 years old and have a government job. I am unmarried and have no familial responsibilities. I have a total of ₹ 41,650 in EPFO, ₹ 1.5 lakh in PPF and an NPS contribution of ₹ 95,000 till date. My net mutual fund contribution is ₹ 6 lakh so far.

My MF investments since August 2022 are ₹ 10,000 each in Mirae Asset - Aggressive Hybrid and SBI Nifty Index (Large cap - Passive Fund), ₹ 6,000 in Axis Midcap and ₹ 5,000 each in Tata Balanced Advantage Fund, Edelweiss Balanced Advantage Fund and SBI Small cap. My short-term goal is to save ₹ 9-10 lakh for my wedding and my long term goal is to save ₹ 5 crore for my retirement. Kindly guide me if my investments are in the right path.

—Dr. Himani

After analysing your assets and regular savings, both of your goals should be achievable, if you continue to broadly invest the way you are, since you have the benefit of a long investment horizon. While your overall choice of funds is good, you may have an overlap of hybrid funds in the portfolio and thus you could look at including a flexicap fund like Parag Parikh or Franklin Flexicap into the portfolio instead of the aggressive hybrid funds.

Since you have two balanced advantage funds, you could consider exiting the Tata Balanced Advantage and reinvesting the proceeds in a fund which offers international exposure, thus giving you geographical diversification as well. You could consider an index fund that invests in developed markets or broad US indices like the S&P 500. You could continue your investments in the SBI Nifty Index, Axis midcap (as long as you are comfortable with its growth style of investing) and SBI small cap fund. The NPS and EPF contributions could go towards partially supporting the debt needs of your portfolio.

I am a subscriber for tier I of NPS from corporate sector. I would like to change the allocation under active choice for future contributions but without redistributing my existing funds. I only want to change my distribution for future contributions. I want to understand whether this will happen if I do not change the PFM but change my asset allocation. Can you please guide me in this regard?

—Mangesh Soman

NPS does not unfortunately offer a feature to redirect future re-investments to a particular asset allocation, without redistributing your existing units. If the decision is taken to change your asset allocation, the invested units from your existing schemes are redeemed based on NAV (Net Asset Value).

These units are then reinvested according to new asset allocation selected by you and the future funds are also invested on the basis of new asset allocation.

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