

## How to accumulate ₹40-50 lakh in 10 years for child's education?

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In order to reduce the risk of a sharp market correction, prior to needing the funds, you should consider moving gradually to fixed income instruments about three years in advance through a systematic withdrawal plan (SWP).

*I am 37 years old and get a monthly salary of ₹70,000. I will need around ₹40-50 lakh for my daughter's education in 10 years.*

*My current investment in mutual funds through systematic investment plans (SIPs) include ₹3,000 each in SBI Bluechip MF (I have been increasing this by ₹1,000 every year), Parag Parikh Flexi Cap Fund, Kotak Equity Opportunity Fund, SBI Small Cap Fund, and Axis Mid Cap Fund. I can increase the SIP amount in all my mutual funds by around 10% every year. I also invest ₹3,000 per month in PPF and have fixed deposits worth ₹3 lakh. I also have a ₹100 monthly recurring deposit.*

*Apart from these, I also invest ₹15,000 in stocks every month. Please review my portfolio and suggest if I need to make any changes to achieve my goal in the given timeframe.*

—Name withheld on request

As you are investing towards child's education after 10 years, you should be able to achieve your objectives of having ₹40-50 lakh after 10 years, if you maintain the current savings rate. The portfolio may need some changes though. You could consider exiting the SBI Bluechip Fund and replacing it with an index fund like the SBI Nifty Index Fund Growth, due to its lower expense ratio. You should also consider apportioning a part of the monies in SBI Bluechip to a passive international fund tracking the S&P 500 or the MSCI world index to get geographical diversification.

In order to cover the risk of death whilst you are saving towards this goal, you should consider taking a term life insurance policy as well. In order to reduce the risk of a sharp market correction, prior to needing the funds, you should consider moving gradually to fixed income instruments about three years in advance through a systematic withdrawal plan (SWP).

*My company deducts ₹2,700 from my salary towards provident fund (PF). I have completed 10 years here and want to know the details for continuing the PF account after 15 years. How is the interest calculated, and how much amount will I get?*

EPF interest is calculated on the monthly closing balance and is typically deposited in the account at the start of the financial year. The rate of interest varies from year to year and is announced by the EPFO each year.

There is no restriction on the continuation of the EPF accounts as long as you are working.

The 15 year continuation process that you are referring to, is probably for the PPF account, which is a different scheme. Since the rate of interest varies each year, and your contribution to the EPF account may also undergo a change each year, it is difficult to estimate the final value of your EPF.

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