

# How to invest for my short, mid and long-term financial goals?

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My wife (27) and I (33) are IT professionals. We both have EPF accounts for more than five years now. Currently, we invest some basic amount in PPF every year to keep it active and to meet 80C limits. However, we both have NPS Tier-1 accounts since last year with 70% equity and 30% corporate bond allocation, where we invest ₹ 50,000 each, every year.

Besides this, we also invest ₹ 5,000 per month in Axis Small Cap Fund since January 2022 and ₹ 2,000 per month in HDFC TaxSaver Regular Plan Growth since 2019 for my wife's 80C tax deduction. I plan to invest ₹ 10,000 each in Mirae Asset Emerging Bluechip Fund Direct Growth and ICICI Prudential Nifty 50 Index Fund.

I have two LIC policies. One is Jeevan Anand Plan-149 with sum assured of ₹ 5 lakh and a monthly premium of ₹ 1,653, since 2008, and a Jeevan Saral Plan-165 with a sum assured of ₹ 10lakh with monthly premium of ₹ 1,021, started in 2013. I'm planning to surrender the second policy in 2023. Should I continue with these policies or surrender them with losses?

My goal is to generate around ₹ 5 crore for retirement in 30 years, ₹ 2 crore for children's education in 20 years, ₹ 1 crore to buy another house in 10 years and ₹ 20lakh to prepay my home loan in five years (current outstanding is ₹ 29 lakh with EMI of ₹ 37,000 ending in November 2031).

I want to know if my MF and fixed return instruments are good enough. Also, what should be the equity and debt allocation to meet my 5-10-20-30-year goals? Do I need to add any more instruments in portfolio or increase the SIP amount through yearly step-up? Also, at what point should one select SWP?

—A M Jadhav

You should continue holding the jeevan Anand Plan as the breakeven required to recover the losses is very significant. However, you could surrender your Jeevan Saral Plan 165 on completion of 10 years & shift the premiums to equity mutual fund contributions instead. You can invest ₹ 2,500 per month via SIP in Mirae Asset Emerging fund only, as that is the maximum permitted currently. The remaining ₹ 7,500 per month can be invested in the Parag Parikh Flexicap Fund .

We would advise you to switch from HDFC tax saver to Mirae asset tax saver as HDFC has underperformed its category peers. For the home loan we advise you to continue your EMIs as there are other goals which need to be taken care of as well. Use surpluses to prepay the loan in tranches. Assuming you have accounted for inflation in your goals and you increase your yearly SIP with a step-up of 6% p.a. you should be able to reach your goals.

You can consider starting SWPs to the extent needed to support expenses 2-3 years before retirement to mitigate equity market risks as you get closer to retirement.

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