

How should I invest to get good returns, meet my life goals?

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I am 25 years old and will be joining a multinational financial services company in Gurgaon in April, with an annual CTC of ₹13 lakh. I have just started investing ₹10,000 per month in a systematic Investment Plan (SIP). Additionally, I invest ₹20,000 annually in public provident fund (PPF). I will be getting married in a couple of years. I plan to buy a car worth ₹20 lakh in 5-6 years and retire at 60 years. What is the best way to invest and get decent returns?

—*Suvraman*

We assume that your income will increase by 10% per annum and your expenses by 6%, with a significant increase in expenses post your marriage. On the basis of the data that you have provided, even after adjusting for inflation, all goals of car purchase, marriage and retirement should be achievable.

Avoid spending too much on discretionary expenses and invest in a structured manner. Ensure that your investments happen in an automated manner in instruments like mutual fund SIPs. We would advise you to increase your SIP allocation as your income increases and this would help enhance your retirement corpus. For the initial three years, your savings may need to be more conservative in debt funds/arbitrage funds as the goals are short term in nature.

Beyond that period, as your next financial goal is retirement, you can be more aggres-



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sive by investing in equity mutual funds - both domestic and international.

When you are making equity allocations, look at a combination of passive index funds which have lower expenses ratios, and some actively managed mutual funds that may possibly generate some returns over the market returns, though they may be more expensive. As you get closer to retirement, you may choose to make your portfolio more conservative, without moving to debt completely, as you still wish to have inflation beating assets in your portfolio.

Vishal Dhawan is a certified financial planner and founder of Plan Ahead Wealth Advisors, a Sebi registered investment advisory firm.

Do you have a personal finance query? Send in your queries at mintmoney@livemint.com and get them answered by industry experts.