Unstable Job Market: Investment Options That Can Give You Substantial Monthly Returns

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Amid the economic crisis and unexpected layoffs, a lot of private sector employees have faced challenges, mainly following the onset of the COVID-19 pandemic. While some employees have received severance packages, some others are struggling with no job or compensation. At a time like this, it is very important to plan one’s investment in a way that gives you substantial monthly returns.

According to experts, jobs are a means to stable cash flow during one's working years but in the Volatile, Uncertain, Complex, and Ambiguous (VUCA) world, jobs are also at risk due to the rapid pace of technology and automation. To overcome such instability, one is required to invest in income-generating assets so that if they are no longer able to work temporarily or permanently, they can lean on those assets to manage their expenses going forward. “One is advised to invest in a mix of assets for short term and long-term basis to tide over such situation. One should always maintain liquidity which could take care of their expenses for six to 12 months in safe and liquid assets such as fixed deposits (FDs) or short-term debt funds at all times. Additionally, for managing their expenses in the long-term one should invest in a mix of growth and safe assets based on their risk appetite in equity, debt, and other alternate asset classes,” said Abhishek Kumar, a Securities and Exchange Board of India (Sebi) registered investment advisor (RIA), and founder, Chief Investment Advisor of SahajMoney, a financial planning firm.

“For regular monthly income one can use multiple investment options such as Post-Office Monthly Income Scheme (POMIS), Systematic Withdrawal Plan (SWP) from mutual funds. People above 60 years of age can additionally use the Senior Citizen Savings Scheme (SCSS) and Pradhan Mantri Vjay Vandana Yojana (PMVVY) for regular income. Additionally, many people consider investing in real estate for rental income, but it comes with its own sets of challenges such as large ticket size, tenancy, etc.,” added Kumar.

Ideally, investments done for monthly cash flows need to have limited exposure to growth assets like equities, which are better suited for a long-term investment accumulation strategy. “Thus, using SWPs in debt mutual funds could be an option to consider. Additionally, using cash flows from high-rated corporate deposits, infrastructure investment trusts (INVITs) and Real Estate Investment Trusts (REITs) could also be considered, besides cash flows from deposits and immediate annuities, and government securities. The mix of these assets could vary depending on your income tax slab,” said Vishal Dhawan, CEO and founder, of Plan Ahead Wealth Advisor, and a Sebi-registered advisor.

According to experts, boosting your emergency fund is key—and typically they recommend saving four months' worth of expenses, but in uncertain times like these, it's wise to aim for nine-12 months' worth. “Consider investing in balanced advantage funds (BAFs) for a steady income stream through SWPs. A BAF gives fund managers to reduce risk in expensive markets and if a major fall comes they can use that as an opportunity and increase equity exposure,” said Hemant Beniwal, certified financial planner and director at Ark Primary Advisors, a financial planning firm.

“For those intrigued by the prospect of earning regular income from real estate, exploring fractional ownership in commercial properties could be a viable option. However, it's crucial to grasp the risks and potential returns involved. Remember, focus on what you can control. Cutting back on expenses is often more effective than chasing higher returns in volatile markets,” added Beniwal.