



## YOUR MONEY

### BUILDING HEALTHCARE CORPUS

# Portfolio must offer mix of growth and liquidity, avoid lock-ins

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As healthcare costs continue to rise, building a dedicated health care fund has become an essential financial goal. While adequate health insurance is indispensable, a separate corpus can offer critical support during emergencies.

Health insurance policies often exclude several expenses. Sometimes claims get rejected. Standoffs between hospitals and insurers sometimes lead to cashless facility not being available.

**“Having a separate healthcare corpus is extremely important even for those already covered by health insurance. While insurance policies cover hospitalisation and certain defined treatments, they don’t account for many out-of-pocket expenses such as diagnostics, medicines, physiotherapy, home care, or alternative therapies. Moreover, co-pays, sub-limits, waiting periods, and exclusions can result in only partial claim settlements,”**

says Vishal Dhawan, founder & chief executive officer (CEO), Plan Ahead Wealth Advisors.

“A healthcare corpus is invaluable if your policy lapses, you lose job-linked coverage, or face rising premiums in later years. It provides flexibility to cover medical costs, as well as expenses for preventive care or wellness programmes that insurance may not reimburse,” says Alekh Yadav, head of investment products, Sanctum Wealth.

### Determining corpus size

There is no fixed rule for deciding how much to save. “The corpus size is a highly personalised figure influenced by factors such as age, health condition, lifestyle, family medical history, and financial capacity. As a ballpark estimate, a person aged 25-35 can target ₹2-10 lakh; at middle age (35-50 years) it can be around ₹5-25 lakh; pre-retirement (50-60 years) ₹10-35 lakh; and for senior citizens ₹15-50 lakh,” says Anil Rego, founder &

## Key mistakes

- Relying solely on employer health cover
- Not accounting for higher medical inflation
- Starting too late
- Ignoring family medical history
- Investing excessively in risky instruments

Source: Right Horizons

CEO, Right Horizons. He adds that if the corpus gets utilised for medical expenses, it should be rebuilt.

**“A practical way to plan is to project future medical costs by factoring in healthcare inflation, which typically runs at 11-12 per cent annually. With major treatments such as cancer, heart surgeries, and kidney transplants costing several lakh, preparing a healthcare corpus of ₹50 lakh to ₹1 crore is prudent, especially for high-net-worth individuals in metro cities who prefer private hospitals or specialist-led care,”** says Dhawan.

### Building a corpus

Starting early allows investors to take calculated risks and benefit from compounding. **“For the short-term or emergency component, liquid, money-market, or short-term debt mutual funds are ideal. For the long-term or growth component, balanced advantage funds (BAF) provide a balance of moderate growth and downside protection,”** says Dhawan.

“One can consider fixed-income or conservative-hybrid instruments such as debt funds,

funds. Younger investors who may not need immediate access can consider BAF for moderate growth. Avoid full equity exposure, as a market downturn during a medical emergency could limit access to funds,” says Yadav.

### Ensuring liquidity

Liquidity is crucial in a healthcare corpus so that it is easily accessible in an emergency. “Keep a significant portion in highly liquid options such as savings accounts, fixed deposits, liquid mutual funds, or arbitrage funds for quick access. Avoid closed-end or locked-in products,” says Yadav.

### Mistakes to avoid

This corpus should be used only to meet healthcare needs. “Do not mix the healthcare corpus with other goals. Treating healthcare funds as general investments reduces focus and discipline,” says Rego.

A corpus that sufficed at a certain age may not be sufficient a few years later. “Healthcare needs evolve with age, family changes, and medical advances. So, review and adjust your corpus annually,” adds Rego. He also suggests reviewing investment performance periodically.

**Avoid concentration risk. “Keeping the entire amount in fixed deposits is an error, as post-tax returns rarely outpace medical inflation. At the same time, excessive exposure to equities or equity-oriented funds can backfire due to market volatility,”** says Dhawan.

The writer is a Gurugram-based independent journalist