

Raksha Bandhan 2026 Things To Consider Before Starting An Investment For Your Sibling

By Manas Malhotra, Outlook Money, Published on August 2026



Raksha Bandhan is often associated with gifts and celebrations but the occasion can also be an opportunity to think about a sibling's financial future. An investment can be a meaningful way to help their financial needs while giving the gift a lasting value.

A financial gift can also introduce a different way of looking at money, particularly for someone who is yet to start investing. It can give siblings an opportunity to become more familiar with financial products and understand the need of making informed decisions about their money.

1. Assess Your Sibling's Financial Situation

Before choosing an investment, it is important to understand where your sibling currently stands financially. Their financial situation can influence what may be suitable for them.

Vishal Dhawan, CEO and founder, Plan Ahead Wealth Advisors, and a Sebi RIA, says the investment should be chosen based on the sibling's situation.

Dhawan said, "Align the asset class with your sibling's age, income stability and financial literacy." He added that a conservative or younger sibling may benefit from long-term compounding if the family's financial stability is sound, while a working sibling may be able to handle equity market fluctuations.

2. Choose An Investment Based On Their Goals

The investment should match what your sibling may want to achieve with the money over time. Someone saving for a long-term goal may have different requirements from someone who could need the money in the near future. By knowing the purpose of the investment can therefore help narrow down suitable options.

3. Understand The Risk And Investment Horizon

Every investment comes with a different level of risk and the time for which the money can remain invested also matters. Before making a choice, consider the comfortable level of your sibling with fluctuations and when they may need access to the money. A longer investment horizon may allow better space to handle short-term market movements.

4. Check Liquidity, Lock-In And Tax Implications

While selecting an investment as a financial gift, you should also look at its liquidity and whether it comes with a lock-in period. Check when the funds can be accessed if your sibling needs them and if there are any conditions around withdrawing the money. It is also necessary to verify the applicable tax rules and complete any necessary paperwork before making the investment.

5. Avoid Gifting An Investment They Don't Understand

An investment may appear attractive to one person but could be unfamiliar or difficult to understand for another. This can become particularly relevant when a financial gift involves investments that carry greater complexity or market fluctuations.

Dhawan said, "Gifting volatile or complex instruments without walking them through the underlying mechanics often leads to panic during market drawdowns." He advised that investment gifts should also act as an educational point and empower the recipient, rather than just create an operational burden.

[Read Online](#)