

Personal Finance

Take SIP route to reach your goal

Investors need to have EQ, clear target, patience to hold for longer period, disciplined investment, etc

P.SHANTHI RAJ

Little drops of water make a mighty ocean. So as little by little investment in the form of systematic investment plan (SIP) can create a great wealth over a period of time which can fulfill our life's financial goals.

Every one plans for their future. And accordingly take investment decision. And save or invest in any of the Indian financial product like (post office schemes, bank fixed deposits, Life Insurance Scheme, Mutual Funds, Stocks, PMS and many more) But, we are investing by keeping in mind our life's financial goals or just simply investing for the sake of savings. We need to first have proper financial goals in our mind. And accordingly plan our savings.

Now, take a look at how a systematic investment

plan (SIP) can benefit investors in achieving their future financial goals and make a big difference. I believe and everyone accepts that we work hard to earn money for our family and secure our future financial situation. But, is our money working equally hard to help us in achieving our future financial goals. And the big question, whether our investments and savings are in line with our future financial goals. Whether we have assigned any investment to any particular goal. Now, I provide an insight of how proper planning through SIP can give us a path for achieving those future financial goals by putting our money to work hard.

This can be well understood with an example of Mr Nishanth aged 30 years married and blessed with two children aged three and one year respectively. The following are

his goals, which he wants to achieve to have secured future financial situation.

Goals such as children education fund at the end of 15 Years and 17 Years. And the present cost of the education is Rs 5

with the above information we can see how Mr Nishanth can achieve his goals with proper planning through Systematic Investment Plan (SIP). From the illustration, we see that Mr Nishanth can

atic Investing in mutual fund can fulfill our bigger financial goals of our life (buying a house, car, marriage and many more).

SIP works with a rupee cost of averaging and power of compounding.

considering investment in SIP should keep in his mind the key factors such as clear financial goals, patience to hold for longer period, disciplined regular investment, emotional control, risk taking abil-

SIP investment plan

Goal	Tenure	Present (₹)	Future Value(₹)	Monthly amount (₹)
Child 1 Education	15 Years	5,00,000	16,53,460	4,138
Child 2 Education	17 Years	5,00,000	20,74,827	4,067
Savings Fund	20 Years	-	30,00,000	4,167
Retirement Fund				
(per month)	30 Years	10,000	1,00,626	6,923
Total(₹)	19,000 rounded off			

Lakhs each. Savings fund of Rs 30 lakh at the end of 20 years. For retirement fund, present living expense is Rs 10,000 per month. And one wants to retire peacefully at 60 and wants to have same standard of living after retirement without depending on their children. Now,

fulfil his future financial goals with an investment of Rs 19,000 per month in growth oriented mutual funds through systematic investment plan (SIP).

Mr Nishanth has to simply follow the principle of regular and discipline investing through SIP.

In the same way System-

The SIP helps average out your cost by generating superior returns in long run. Thus the investors get the freedom of timing the market.

The rupee cost can be averaged in an SIP mode and one can accumulate more units when the market falls. Any investor

ity, select the funds with good track record and investor behaviour. We now understand the magic of Systematic investment plan (SIP). So start, by putting down your goals and assign an SIP to each goal. And then see how the SIP magic works on its own.