



Is it okay to invest a lumpsum in ELSS at the last moment?

BY SHIVANI BAZAZ, ET ONLINE | UPDATED: FEB 21, 2018, 11.57 AM IST

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The last-minute tax-savers are rushing to their mutual fund advisors to invest a **lumpsum** in Equity Linked Saving Schemes or ELSSs. However, they are not apologetic about the lumpsum **investment** this year. They believe that the recent fall in the stock market is a great opportunity to make a lumpsum investment in equity schemes like ELSSs. Mutual fund advisors don't agree.

“We have no option but to go for lumpsum investments at this point. The investors stress on lumpsum because they have to show the proofs by the mid of February,” says Pankaj Gera, a Certified Financial Planner, based in Delhi.

Mutual fund advisors typically ask investors to make staggered investments in equity mutual fund schemes. This strategy would help investors to avoid committing the entire money at a particular level in the market, advisors say. It also helps investors benefit from volatility and average their purchase cost, which will help to maximise returns. This is the reason why mutual fund houses have been promoting SIPs in a big way.

Probably, old habits die hard. That could explain why some investors still prefer to commit the entire investment at one go. This year, the so-called correction is just an extra incentive. However, many investment advisors dismiss the talk of a `correction.'



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“If we look closely, the market hasn’t gone through a lot of correction. There have been bouts of volatility and we are almost around the same levels that we were in the beginning of 2018. So it doesn’t make the risk any lesser in the lumpsum investments,” says Vishal Dhawan, Founder, Plan Ahead Wealth Advisors.

Like any equity scheme, ELSSs also invest most of their corpus in [stocks](#). That is why investment experts ask investors to stagger their investments in these schemes. The best way to invest in ELSSs is through monthly SIPs in the whole financial year. This will average the cost of purchase and beat volatility in the market. Of course, it will also help you invest in a disciplined manner.



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Some mutual fund advisors suggest a way out of the problem. They believe if an investor wants to commit the entire money at one-go now, he should be prepared to hold the invest for a longer period. “We are not stopping investors from making lumpsum investments even at this point. But we are advising them to hold on to their investments for a long period, at least for seven years, to weather the risk and volatility,” says Pankaj Gera.

Vishal Dhwan says there a case for making staggered investments even at this last moment. “Even if you miss your company’s last date, you can file the (investment) proofs till Mach 31 and get a refund. You still have 35-40 days and you can always go for a fortnightly SIP and stagger your investment to minimise the risk,” says Vishal Dhawan.

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