

What are the investment options for senior citizens?

Vishal Dhawan | 20 May 2022, 06:33 AM IST

You could consider a combination of the senior citizen scheme (SCSS), Pradhan Mantri Vaya Vandana Yojana (PMVVY), and hold to maturity target-date index debt funds, to get a good outcome



**As a senior citizen, I am currently getting a 7.5% compounded return on fixed deposit (FD). Is there a better option for a senior citizen without compromising on the safety of capital?
— Name withheld on request**

You could consider a combination of the senior citizen scheme (SCSS), Pradhan Mantri Vaya Vandana Yojana (PMVVY), and hold to maturity target-date index debt funds, to get a good outcome. Considering that inflation has moved up sharply, you may also need to consider adding some index and/or flexi-cap fund into the portfolio to help the portfolio beat inflation, even though it may add some incremental volatility in the portfolio.

I am 40 years old, own a house and a car. I don't have any debts. I don't have any health or life insurance policies, but have medical insurance cover from my employer. I want to save ₹1 crore for my child's education and marriage which is around 15 years from now. I also want ₹4 crore on my retirement. I have savings of ₹10 lakh in FD. I can invest ₹2.4 lakh per month in mutual funds (MFs) and hold that for long term. I can take moderate risks. Please suggest a good investment plan. —Name withheld on request

For your child's education and marriage, a sum of approximately ₹40,000 should enable you to achieve your target of ₹1 crore in 15 years, and for retirement assuming a ₹10 lakh investment and per month investment of approximately ₹1 lakh per month for 20 years, a ₹4 crore value can be achieved. Considering that it may be possible to achieve your two goals with savings of ₹1.4 lakh per month, your ability to save ₹2,40,000 per month will help with possible situations where your savings rate drops, or allow you financial freedom earlier. It is crucial to consider buying an independent health cover and term life coverage, to ensure that risks to achieving your financial goals are well covered. Considering that you have long term goals, you could consider a combination of active and passive funds with good track records, like Parag Parikh Flexi Cap Direct Growth, UTI Nifty Index Direct Growth), and a balanced advantage fund like ICICI Prudential Balanced Advantage Fund Growth that will automatically move between equities and bonds. While there are some restrictions on international mutual fund investments currently, it will also be crucial to add an international index fund once the Sebi restrictions on fresh investments are completed.

Vishal Dhawan is founder & CEO of Plan Ahead Wealth Advisors.
