

Financial Planning for Child's future

"Your desire to provide the best opportunities for your children should not come at the expense of your own financial security"

Higher education, marriage, financial security of our children is some of the most important milestones that we all save for. However, with rising cost of living in today's world, simple saving instruments would not be enough to meet the aspirations for one's children

So what is Financial Planning?

Financial Planning, a relatively new discipline in India, is the process of meeting your life goals through proper management of your finances keeping in mind your needs, attitude, life style, risk tolerance and financial situation. Life goals can include buying a home, saving for your child's education or marriage, keeping your family protected or planning for retirement. It is basically synchronizes your financial decision towards achieving your life goals with available recourses.

STAGES IN CHILD'S FUTURE PLANNING

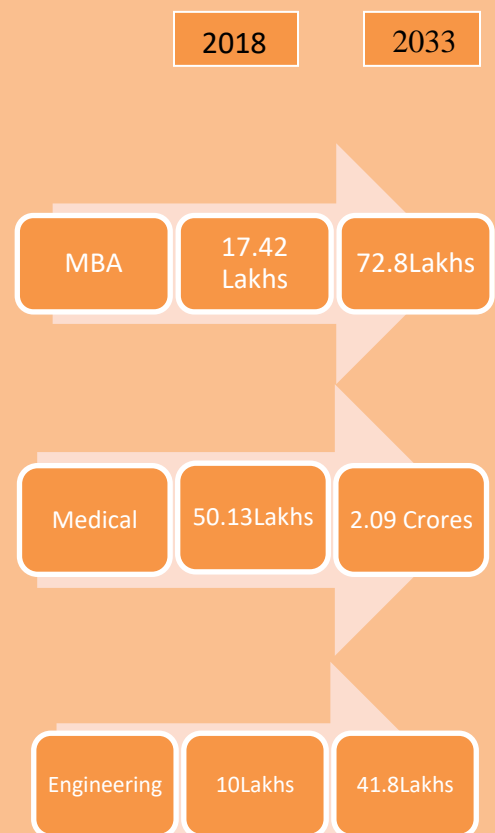
Planning the future of children is incomplete without financial planning for them during each and every stage of their development. There are different phases where financial planning is needed for growth, development, better career and better future of children.







- **Preliminary Financial Planning**- Before the child is born.
- **School admissions**- Getting educated from a good and reputed school is the first step towards bright future. However, taking admission in good schools is not so easy. Along with the payment of donations of schools, parents also need to spend money on school fees, tuition fees, books, extra-curricular activities etc.
- **Higher education**- To make sure that child chooses one of the best career options; with rising inflation and education cost it becomes mandatory for parents to do financial planning beforehand.
- **Child Marriage**- Financial planning for children's marriage is a major financial target that every parent needs to achieve.



"Financial gifts for your children may not seem as exciting as the latest toys or games consoles, but in the long run they could be worth much more."

HOW MUCH WILL IT COST YOU TOMMOROW?



Short- & medium-term goals			
	Goal value (₹) / Time horizon	Investment tool	Investment required per month (₹)
 BABY FUNCTIONS	1 lakh 0-2 years	Liquid fund/ ultra short-term fund/ recurring deposit / FD	4,500
 FIRST B'DAY	1 lakh 1 year	Liquid fund / ultra short-term fund / recurring deposit / FD	4,500
 START SCHOOL	3 lakh 4 years	Debt fund	5,500
 MONEY GIFT	1 lakh	Equity or diversified equity fund	Keep adding all gift money over the years for long-term goals
Long-term goals			
	Goal value (₹) / Time horizon	Investment tool	Investment required per month (₹)
 HIGHER EDUCATION	1 crore 18 years	Equity or equity diversified fund; Sukanya Samridhi	14,000
 WEDDING	1.3 crore 25 years	Equity or equity diversified fund; gold bond scheme	16,000

Investment shown is SIP value for mutual funds. Return for liquid fund assumed to be 7%, for debt fund 9% and for equity fund 12%. Current goal value for education is Rs 30 lakhs and for wedding is Rs 25 lakhs.

SCHEMES RECOMMENDATION

SCHEME RECOMMENDED	TIME HORIZON	RETURN (%) 1 YEAR	RETURN (%) 3 YEAR	RETURN (%) 5 YEAR	RETURN (%) SINCE INCEPTION	MINIMUM INVESTMENT AMOUNT	
						SIP	LUMP SUM
HDFC CHILDREN GIFT FUND	5 YEARS+	-1.23	11.22	16.13	16.38	500	5000
ICICI PRU BLUECHIP FUND	3YEAR+	-1.06	10.94	14.33	13.99	500	500
RELIANCE LARGE CAP FUND	3YEAR+	0.49	10.88	17.57	10.92	500	5000
MIRAE ASSET INDIA EQUITY FUND	3YEAR+	-1.04	12.76	18.81	15.57	1000	5000
HDFC MIDCAP OPPORTUNITIES FUND	5 YEARS+	-8.71	11.06	22.89	15.53	500	5000
L&T MIDCAP FUND	5 YEARS+	-12.1	13.02	25.45	19.58	500	5000

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