

# INVESTMENTS THROUGH SIP WILL HELP BUILD A RETIREMENT CORPUS

I am 23 years old and have been working since August 2017.

My monthly salary is Rs 20,000 and I use half of it towards household expenses.

Since last year, I've been investing Rs 500 in a blue chip fund. Can you help me with the following:

1. Is investing in a blue chip fund a good way to begin?
2. How much more should I invest so as to get good returns after 10-20 years? I wish to build a retirement corpus, and also collect funds to buy a new home.

— Praneet Shah



**Mukesh Gupta replies,**

**Y**ou are 23 years old and invest in a blue chip fund. Congratulations, as you are better than most 23-year-olds in money matters. However, here is a quick suggestion: One should save at least 30% of their salary.

Investing in a blue chip fund is a good start. Such funds mainly have those companies in their portfolio who have large mar-

ket capitalisations. These are relatively stable and hence offer relatively better downside risk protection compared to other equity funds. However, consider increasing the SIP amount. This will help in building a retirement corpus or accumulating funds for any long-term goal.

Coming to your goals, you have 37 years for retirement. Going by your expenses of Rs 10,000 per month, you need to accumulate a corpus of at least Rs 1.46 crore at the time of retirement. You can achieve this by investing approximately Rs 3,000 every month in a mid-or small-cap fund assuming a return of 12%.

Further, if you wish to purchase a house worth up to Rs 1 crore, you should start an SIP of Rs



**SIP will help in building a retirement corpus or accumulating funds for long-term goals**

7,000 to Rs 8,000 in mid- and small-cap funds. As you move closer to your goals, redeem and switch to less risky funds like liquid funds and hybrid funds at least two years before the goal deadline.

—The author is an independent financial planner

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