

IMPORTANT NEWS

- BSE StAR MF has announced the introduction of BSE eKYC services (Aadhaar & Video KYC based Investor Onboarding Solution). These eKYC services shall be available to MFD as well as RIA using the BSE StAR MF platform and shall eliminate the current challenges of onboarding a new investor.
- The Central government today announced that the taxpayers have time till July 31 to complete their tax-saving exercise for FY2019-20. The earlier deadline was June 30, 2020.
- Cabinet approves an ordinance to bring 1,482 urban and 58 multi state cooperative banks under the supervision power of @RBI.

Advisor Corner



ELSS – Not just a tax saving option

We all love to save tax, and most tax payers know by heart the tax saving options under section 80c. One of the best options to not only save taxes but to earn good returns as well is ELSS. Used wisely, it can be a great retirement planning tool as well.

Let us say a 30-year-old has Rs 50,000 per annum left over under 80c after PF, Term insurance premium etc. This may not seem much at less than Rs 5,000 per month of savings. If he / she keeps at it for the next 30 years and gets a 12% return the value at retirement is Rs. 1.35 Crs, on a contribution totalling only Rs 15 Lacs over 30 years at Rs. 50,000 p.a. This return does not take into account the tax saving on the Rs 50,000.

While we ignore the taxes to be paid in future too on the capital gains, one can safely assume that equity is likely to be taxed less. The inducement for investing in ELSS - tax savings, is not the main benefit but the good returns that come on top of the tax savings and its use for retirement planning like PF/PPF etc. which is why it gets the 80c benefit.

Of course, there is no guarantee on returns or impact of future tax code etc., but since tax benefit is just the icing on the cake let us enjoy it while it lasts and plan for self-reliant retirement!

Shankar Bhatt, CFP.

Shankar is the founder of Credo Capital, a MF distribution firm from Chennai.



Interesting fact

Mutual Fund SIP accounts stood at 3.20 CRORE! And the total amount collected through SIP during May 2020 was ₹8,123 crore

Investor Corner

Should we continue the SIP in the current scenario?



In a word yes, to expand YES!

Now we need to think why we started the SIP in first place?

- To get good long term returns or
- To try and get high short term returns and run away at the first sign of trouble?

If you answered A read on, if B, all the best!

We all love to eat seasonal fruits! Now would you buy mangoes for Rs.100 a kilo in season or Rs. 400 a kilo in off season? You know the answer well, we invest in markets in a totally opposite way, we rush to start SIPs when going is good (at Rs.400/kilo) and stop buying when prices go down! Remember, to accumulate wealth you need to accumulate units and you get more units when markets fall, this is precisely the time to keep investing rather than stop, of course, if things are bad at job front or business do stop for a month or two but remember to start after that and buy the units not bought early as well.