

15 Where to invest for children's future ?

Prior planning, savings & investments are essential to get the as adequate return for child's education. Let's say if you require Rs. 16 Lakh today for education expense for Doctor (MBBS) then after 15 years the same education would cost you Rs. 67 Lakh (considering 10% education inflation). It seems to be shocking but proper planning will help you to achieve that in long term. The sooner you start the investment, the higher will be the return Moreover one should regularly invest the surplus money.

In the whole process choosing the right instrument is a very essential part. You should keep in mind that the whole idea is to achieve your goal along with assessing the risk-reward component. By Investing in Equity one can maximize their return. For this the best way is to select a good mutual fund. Investment in Mutual funds will give you diversification along with a professional expertise (as a Fund Manager manages your account). You always have the option of investing a lump sum; however, to start with a monthly saving and investment through a *SIP (Systematic Investment Plan)* in Mutual Funds is a good tool to grow your invested amount. Either you can make a portfolio in the mutual funds (which needs to be reviewed) or else you can directly invest in a Child Fund, which will be hassle-free for you so as to get your planned target amount.

There are mainly 2 mutual funds offers investment plans specially for children as :

- HDFC Children's Gift Fund
- ICICI Prudential Child Care Plan

These are open-ended balanced mutual fund schemes designed specially for planning of child's higher education and marriage expenses. Lock- in period is other 3 years or age of children as 18 years whichever is earlier.

S.N.	Particulars	HDFC Children Gift fund Inv.	ICICI Child care Gift Plan*
1.	Investment option – SIP/lump sum	Yes	Yes
2.	Free Accidental cover to parent	10L	Max 5L or 10 times of unit purchase
3.	Entry age	Less than 18 Y	Less than 18 Year
4.	Investment ratio - Equity	40-70%	65-100%
5.	Investment ratio – Debt	30-60%	0-35%
6.	Past Performance (as on July 2016)		
7.	Average yield 1 year	4.45%	6.6%
	Average yield 3 year	20.5 %	25.0%
	Average yield 5 year	14.3%	13.8%
	Average yield 10 year	15.6%	13.5%
	Average yield since inception	17.3 %	17.6 %
8.	Month of Launch	Mar 2001	Aug 2001
9.	Asset (as on 30 July. 2016)	1098 Crore	337 Crore

* Investment in mutual fund are subject to market risk.

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