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Early retirement possible with minor tweaks

Irfan Khan and his wife invest for their kid's studies and retirement. Here's what the doctor says.

PORTFOLIO CHECK-UP

- Have been investing in equity and hybrid funds for 4-5 years.
- High investments and aggressive allocation have helped build a sizeable corpus.
- Goals are ambitious, but can be reached with disciplined investing.
- Early retirement at 52 will be possible if they continue to invest regularly.
- Some SIPs will have to be increased by 5% every year.
- Portfolio skewed towards small- and mid-cap funds. Be ready for volatility.
- Low-cost index funds in portfolio help reduce overall fund management costs.
- Equity exposure is very high at 50% of portfolio. Shift from some laggard funds to hybrid schemes.
- Put contingency funds in debt schemes to avoid annual tax on interest.

Note from the doctor

- In the NPS, opt for a balanced allocation to equity and debt funds.
- Buy life insurance cover of at least ₹2 crore to safeguard goals.
- Review investments and rebalance at least once in a year.
- Reduce risk when goal is near so that you don't miss the target.

GOALS	1		2		3		4	
	CONTINGENCY FUND: Immediate PRESENT COST: ₹10 lakh FUTURE COST: NA		CHILD'S GRADUATION: 10 years PRESENT COST: ₹30 lakh FUTURE COST: ₹64.85 lakh		CHILD'S POST-GRADUATION: 12 years PRESENT COST: ₹50 lakh FUTURE COST: ₹1.57 crore		RETIREMENT INCOME: 12 years CURRENT NEED: ₹3 crore (₹1 lakh a month) CORPUS NEEDED: ₹6.75 cr	
INVESTMENT		AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION		NEW SIP (₹)		
Fixed deposits		9,40,000	0	Shift to a debt fund when deposits mature to avoid annual tax on interest.		0		
PPF (own account)		5,42,000	12,500	Continue contributing to the scheme to build tax-free corpus for child's education.		12,500		
HDFC BSE Sensex Plan		7,05,000	5,000	Continue SIPs in this index fund. Increase amount by 5% every year.		5,000		
Bandhan Nifty 100 Low Volatility 30 Index		0	20,500	Reduce SIPs in this large-cap index fund to ₹5,000.		5,000		
PPFAS Conservative Hybrid		0	14,500	Increase SIPs in this conservative hybrid fund to ₹20,000.		20,000		
Canara Robeco Flexi Cap		4,16,000	0	Fund has slipped in recent years. Switch to Parag Parikh Conservative Hybrid Fund to consolidate portfolio and reduce risk.		0		
Parag Parikh Flexi Cap		4,19,000	25,000	Continue SIPs in this outperforming flexi-cap fund.		25,000		
UTI Nifty Next 50 Index		7,76,000	21,000	Continue SIPs in this index fund. Increase amount by 5% every year.		21,000		
HDFC BSE Sensex Plan (wife's account)		8,35,000	5,000	Increase SIPs in this index fund to ₹20,000. Hike amount by 5% every year.		20,000		
UTI Nifty Momentum 200 Index		60,000	15,000	Momentum theme is slowing down. Switch to vanilla large-cap index fund HDFC BSE Sensex Plan.		0		
Bandhan Nifty100 Low Volatility 30 Index (wife's account)		0	20,000	Continue SIPs in this index fund. Increase amount by 5% every year.		20,000		
SBI Magnum Midcap		1,85,000	0	Restart SIPs of ₹10,000 in this stable mid-cap fund. Hike by 5% every year.		10,000		
Edelweiss Midcap		72,300	30,000	Fund is good but you need to diversify. Reduce SIPs to ₹10,000 and hike by 5% every year.		10,000		
Quant Midcap		1,99,000	0	Switch to large-cap ICICI Prudential Bluechip for more stable returns.		0		
ICICI Prudential Bluechip		0	0	Start SIPs of ₹10,000 in this outstanding large-cap fund. Hike by 5% every year.		10,000		
Parag Parikh Flexi Cap Fund		3,32,000	10,000	Continue SIPs in this outstanding flexi-cap fund. Hike amount by 5% every year.		10,000		
Tata Small Cap		1,05,000	9,100	Small-cap segment can be volatile but this fund has promise. Continue SIPs and hike amount by 5% every year.		9,100		
PPF (wife's account)		4,03,506	12,500	Continue contributing to the scheme to build tax-free corpus for retirement.		12,500		
Provident Fund		32,00,000	38,000	Continue contributions and don't withdraw before retirement.		38,000		
NPS		0	0	Start SIPs of ₹10,000 in this low-cost scheme to build retirement kitty and save tax.		10,000		
TOTAL		₹91,89,806	₹2,38,100	The goals can be reached using the mutual funds marked in the same colour.		₹2,38,100		