

THE SINGULARS

IN QUEST OF A NEST EGG



Bangalore's Mamta Bharadwaj looks like she has got most bases covered. But the single mom would do well to plan for her retirement and for her daughter's education and marriage.

FAMILY: Mamta Bharadwaj, 42, Account Director South, Rediffusion Dentsu Young & Rubicam (PR Division); Simran, 13

SALARY: Rs 12 lakh a year

ASSETS/INVESTMENTS: Recently bought an apartment valued at Rs 30 lakh (EMI: Rs 27,000); Rs 30,000 a year in insurance and education policy for daughter; Rs 60,000 a year in PPF; Rs 40,000 a year in infrastructure bonds; doesn't believe in fixed deposits

ROHIT SARIN, Partner, Client Associates, recommends:

- Mamta should scrap her investments in infrastructure bonds as her income is higher than Rs 5,00,000 and she is not eligible for a rebate under Sec 88 of the Income Tax Act
- She should see whether the cover under the education policy is adequate for her daughter's future education expenses; if not, she should top it up with a term policy
- She should work out her loan liability and the funds required for her daughter's wedding and cover both with a term policy
- Mamta will need Rs 20,000 per month (adjusted for inflation) after her retirement, which is 15 years from now. Assuming she lives till the age of 75, she needs a corpus of Rs 36 lakh invested in debt yielding 6 per cent a year. If she saves Rs 1.86 lakh (Rs 1.26 lakh plus the Rs 60,000 she puts in PPF) every year as she is now doing, and if this grows by 10 per cent a year, she would have a corpus of Rs 35 lakh by the time she retires. Ergo, she needs to look for some way to generate returns towards her daughter's wedding and education expenses. She may invest 20 per cent of her savings in equity

Since her savings or investible surplus isn't mentioned, it is probably her salary less the EMI, investments, tax (@30 per cent), and living expenses (Rs 25,000 a month). This is around Rs 1.26 lakh a year.

ROHIT SRIVASTAVA, Market Strategist, SSKI Securities, recommends:

- Property and fixed investment instruments already account for 30 per cent of Mamta's income. She should invest a large part of the balance in equities, mostly blue-chips. A portfolio management services scheme is not advisable for her
- Mamta needs to take out life cover as her daughter is completely dependent on her. She can either opt for a pure life cover or a combination one that promises paybacks. She has to top this up every year changing the allocation of premium when required to life cover (75 per cent) or paybacks (25 per cent). She could begin with a Rs 10 lakh life cover that will cost her around Rs 20,000 **BT**

COMPILED BY VENKATESHA BABU AND SHILPA NAYAK