

International Women's Day 2024: How can investing in a mutual fund scheme empower women financially?

Financially literate women can achieve long-term goals by investing wisely in mutual funds. MFs provide options for equity, debt, and hybrid schemes to suit different risk profiles.



Premium

Investing in mutual funds can help women achieve their financial goals effectively.

World of women is evolving every day. We aspire to be self-reliant and independent. We have the potential to nurture colourful dreams and achieve difficult goals in life. And we realise that financial freedom is one of the most important things we must have to chase our dreams.

It is more important than ever for us women, to invest wisely and plan for our financial goals. Understanding financial planning can empower us to take control of our financial future and make informed decisions about our money. By gaining knowledge about budgeting, investing, women can establish financial security and work towards achieving long-term financial goals. Additionally, financially literate women can serve as positive role models for their families and communities by sharing their expertise and empowering others to take control of their finances.

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In today's society, any celebration focussed on women must align with our evolving priorities. Gone are the days when aspirations of marriage and homemaking consumed our every thought. In the past, every rupee saved was earmarked for a child's wedding and future life as a wife. However, times have changed. Our perspectives have broadened, and our priorities have evolved. Nowadays, young women

aspire to receive a quality education, preferably from a prestigious institution, pursue a successful career, own property, achieve financial stability, secure a comfortable retirement etc.

To help women achieve these goals, conventional financial products seem insufficient and inadequate, especially in the context of high inflation and shrinking real returns. The rate at which these investments grow may not help them to accumulate their desired corpus within a specified time period. The lesser the growth rate, the longer the period to attain their goals. However, to achieve every financial goal- be it children's education, wedding, home-buying or retirement planning - mutual funds offer varied investment options that may create wealth in the longer run.

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MFs provide various options for investors to park their money into different asset classes like equity, debt (corporate bonds, government securities, and treasury bills), derivatives, commodities, and exchange-traded funds (ETF).

If creating wealth over the long term is the objective, investing in equity schemes may be a plausible option. If capital protection is the objective, debt schemes may be opted for. Depending on the investor's risk profile, a combination of equity and debt (hybrid schemes) can also be opted. Other solution-oriented schemes such as retirement benefit, tax saving and child welfare are aplenty and may offer women investors an excellent opportunity to grow their wealth.

There are several key features that make investing through mutual funds (MFs) appealing for women. Firstly, MFs offer affordability, as individuals can initiate a [systematic investment plan](#) (SIP) with a modest monthly payment of Rs. 500. It is the process of consistently investing a predetermined sum of money in an MF scheme. For women, SIP can be the most preferred option as it does not require investing a huge sum of money upfront. Further, the biggest advantage of SIP is the rupee-cost averaging. This disciplined approach to investing can help us navigate market fluctuations and capitalise on opportunities for long-term growth.

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Accessibility is another essential factor to consider when choosing a long-term investment option. [Mutual funds](#) can be easily purchased through a mutual fund distributor or directly through online platforms. This accessibility means that women can easily invest in mutual funds with little or no hassle. Investing in mutual funds from home via online platforms is particularly valuable for busy moms or working women. This ease of access also means women can quickly and easily review and adjust their investments as per their goals and requirements.

In addition to the above, MFs have the benefit of liquidity. In case of an emergency, you have the option to liquidate your investments. However, there may be certain schemes which have a lock-in period. Some mutual fund schemes may incur exit load charges while redeeming full or part of their investments before the prescribed time. Notably, there are also systematic withdrawal plans (SWP) for those who may need a regular and fixed income from their MF investments.

Finally, investments in certain schemes attract tax benefits. Investments in equity-linked savings schemes (ELSS) are eligible for tax exemption. Moreover, when you withdraw money through SWP, you may pay tax only for the capital gains (profit generated from the investment) and not on the entire amount. Such capital gains arising through mutual fund investments can be subject to Short Term Capital Gains (STCG) or Long-Term Capital Gains (LTCG) tax. Currently, tax liability on capital gains from investments held for a longer period (currently, more than one year), is lower as compared to capital gains from investments held for less than a year.

To conclude, MFs provide vast investment options suited to your risk appetite and financial objectives. So, consult your financial advisor and start investing in mutual funds this Women's Day. It is the best gift that can give wings to your dreams and empower you to face the challenges of life confidently.

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