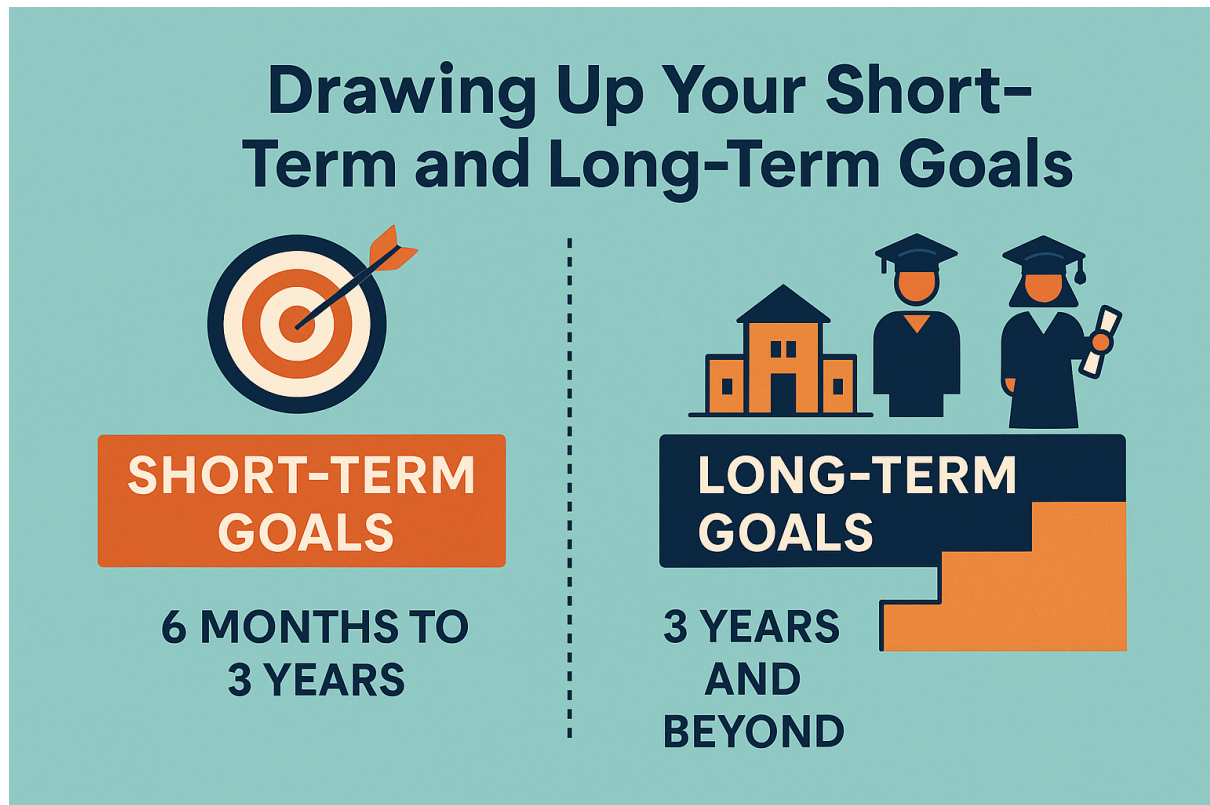


Drawing Up Your Short-Term and Long-Term Goals



Investment planning fails when goals are vague. The only way to build a working financial strategy is to separate **short-term** and **long-term** objectives and map them with precision.

Short-term goals: **6 months to 3 years**

Long-term goals: **3 years and beyond**

Many long-term objectives contain multiple sub-goals. Example: Children's education.

A 1-year-old child implies different milestones:

- 4 years – school admission
- 16–18 years – under-graduation
- 20 years – post-graduation

Each milestone needs its own corpus estimate and timeline.

Use Planners, Don't Guess

Tools like a **Children's Education Planner** help you calculate actual future costs using inflation assumptions.

The output is only an illustration—not a return guarantee. Markets shift. Assumptions vary. Use planners to set direction, not expectations.

Past performance does not guarantee future results. Mutual funds do not assure returns or capital protection. Illustrations are for understanding, not prediction.

Break Big Goals Into Smaller Milestones

Small checkpoints give:

- stronger visibility
- easier monitoring
- quicker course correction
- better investment selection based on remaining time

Long-term goals without milestones become unmanageable.

Key Features Every Goal Must Have

1. Precise

No vague intentions.

State exactly what you want, why you want it, and when you want it.

2. Assessable

Goals must be measurable.

Numbers, timelines, and benchmarks make monitoring possible.

Review periodically to ensure relevance.

3. Realistic

Your targets must match your earning capacity, savings rate, and timeframe.

Example: Building **₹10 lakh in 3 months** is unrealistic for most people.

4. Relevant

Your goals must reflect your life stage.

Retirement planning, often ignored, should always be included.

A goal that doesn't relate to your future quality of life is a distraction.

5. Time-Based

Every goal needs a clear deadline.

This defines:

- investment product selection
- inflation assumptions
- expected return profile

Time changes everything—from risk tolerance to cost projections.

Inflation and Cost Escalation Matter

Underestimating inflation destroys financial plans.

Short-term goals:

Use current inflation rates.

Long-term goals:

Use projected inflation based on historical averages.

Examples:

- **Medical costs:** ~7.5% yearly escalation in recent years

- **Education inflation:** consistently higher than general inflation

Assume realistic inflation; never use artificially low numbers to make the goal look achievable.

Bringing It All Together

Financial planning is not about picking products. It's about structuring goals with:

- accuracy
- timelines
- inflation-adjusted corpus
- suitable investment choices

Short-term and long-term goals require different risk profiles and different investment avenues.

Plan precisely. Track consistently. Adjust when needed.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.