

SMART THINGS TO KNOW: Equity Linked Savings Scheme (ELSS)

- 1 ELSS is a tax saving mutual fund that is eligible for Section 80C benefits along with the other investments listed, for a maximum amount of Rs.1.5 lakh a year.
- 2 ELSS is an equity portfolio that invests in a diverse set of equity shares. It can hold some cash defensively, but is primarily an equity investment.
3. ELSS has a lock in period of three years (lowest among 80C investments), after which the investor can withdraw the funds for short term goals, besides retirement.
- 4 The dividends are tax-free and redemption after three years will not attract capital gains tax, as the holding period is over 12 months.
- 5 Fund performance and portfolio are disclosed monthly and investment can be made in lump sum, through Systematic Investment Plans (SIP) or as desired into a folio.

Source: Jan 30 2017 : The Economic Times (Delhi)