

## ELSS Tax Benefits | Savings

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The ELSS mutual funds have a lock-in period of three years. This prevents you from an early withdrawal and can help you save for the medium term. It is a known fact that when you invest in equity, you must take a very long-term view and over a 10 year period the real potential of equities starts to show it has beaten all markets like bonds (NSC), real estate, gold. Holding Equity for a short term is always deemed risky and ELSS help put a hold on your short term holding period. While investing people often do not consider the inflation factor when you factor in the inflation factor just holding money is very risky. Inflation dampens most types of investment other than a well-managed equity over the long run.

Currently if you sell equity mutual fund units after holding for 1 year it is long term tax-free so what it effectively means is that your ELSS gains are tax free money at the end of the 3 year period. And also currently the dividend in the investor hands are tax free so ELSS for tax benefits is an effective tool.

ELSS have a low entry level in fact some funds have an entry level of as low as Rs 500 you could always consider opening a systematic investment plan (SIP) just putting away as low as Rs 500 a month can be very convenient and help one go a long way towards one's medium term goals, Let it be a car or a down payment for a house or may be just that holiday trip abroad.