



Maitra Commodities Pvt Ltd.



How to Start Investing For Your Children - A Simple Guide

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About Us

Maitra is a Financial Broking House headquartered in Chennai.

Established in 2012, we have a strong network of business associates and branches all across South India with a patronage of 11,000+ clients.

Kick starting as a financial portal with operations only in commodity trading, Maitra has now ventured into other Investment opportunities like Equity and Derivatives, to envisage the diverse needs of all our clients and provide a complete array of financial trading products and services.

The essence of Maitra is to partner you in all your investments, breaking all barriers that traders and investors face in terms of cost, support and technology. Although we are radically changing and evolving, our belief and passion to be the pioneers and most insightful, hasn't. At Maitra, we aim to be accessible, responsive and connected, both to the markets we serve and our clients.





Introduction

Generally, the returns of investment are best when left for an extended period. Your kids have that option as they are young and have time to begin their struggle in the competitive world. So, you must hold their back with a substantial base. Start with their initial investment and wait to see incredible returns. It will also help you develop a habit of saving among your children and would motivate them to become great investors and savers in the future. This guide is going to help you begin investments for your tenderfoots. The guide offers an understanding of custodian brokerage account with options to choose suitable investment options. However, in order to get started, let's understand the Rights and Wrongs of investments for your children.



Top Do's & Don'ts While Investing For Children

The Do's



-  Create a comprehensive plan. Even if you are creating an account for yourself, you need to develop a roadmap for investment. To determine your child's investment plan, you need to do a lot of research, especially regarding your child's future fund requirements. Make sure to establish a goal and accordingly evaluate the factors affecting the path to achieving the goal.
-  Grab the first mover's advantage. You can begin investment from the time your child is born. It will help you get considerable time before you are on the stage of handling the excessive educational expenses. You will have around 17 to 18 years of education and roughly 20 to 25 years for their marriage. The compound returns on long term investments would offer greater returns. Starting early would also help you accurately manage your goal.



- ❁ Diversification is the core of trading. With the help of a suitable platform like **Maitra Commodities**, you can choose several varieties for investments. They will offer excellent returns, liquidity, along tax efficiency benefits. There are several options and schemes to diversify your investment portfolio.
- 🏠 Equity investment is one of the most crucial steps. As you want to gain long term investment, equity investment would allow you to grab extensive opportunities to get advantages of market corrections. Other than this, mutual funds are also one of the best options to ensure ideal equity investments. There are good annual interest rates for equity mutual funds, i.e. relatively high compared to traditional investment modes.





The Don'ts

-  All profit situations are too good to be true. You can have unexpected returns on your plans, including financial losses, loss of time and inability to achieve a desirable connection with your child. Your kid may not understand several economic factors concerning macro-economic and other investment instruments. So, be ready to observe ups and downs.
-  Don't delay it. If your goals are specific and time-bound, then delaying it won't help. You need to start early investment with straightforward monthly instalments in the desired instruments to get the right compound interest. Make sure you have done all the calculations according to your goal. Any delay could cause you to miss the goal. As much as you will delay, the amount you need to pay in monthly instalments would become higher and will put significant pressure on your current income.



The Don'ts

-  Don't rely on just one asset or instrument, especially when the returns are low and have liquidity issues. You mustn't put all your investments in just one area. If you invest in just gold, then you will get very low returns. There is a probability of having issues in endowment plans, including drawbacks like penalties on premature withdrawals. Considering real-estate investments, the market can be too challenging to liquidate.
-  Don't stick to instruments with guaranteed returns as they can involve extensive risk factors. This can be understood with the example of a recurring deposit, where you will get around 7% interest. However, if your tax slab is over 30%, you will get 4.9% returns after tax deductions. So, your long-term targets are in danger

How to Involve Children In The Money Journey

Children can be involved in their financial investment journeys in two ways. First of all, you can hold the investment in your name and place it for a particular goal or requirement. The second option is to name the investment in your child's title. These investments are known as minor investments as the holder is below the age of 18 years. Both the ways are feasible, and there are specific differences in the procedures and management of investments. You can make investments in mutual funds, insurances and equity markets to achieve the goal related to your child. These are usually long term products that encompass debt and equity portfolios with options for customization as per your will.



Asset Class Available & Their Comparisons

Before moving towards the classes of assets, you need to know what a custodial brokerage account is. It's a brokerage account that is opened within a brokerage firm like Maitra Commodities to allow you to make purchases and sales of stocks, bonds and other equity instruments. It's as simple as opening an account, putting some money into it and making purchases for your investments. In order to secure your child's future, you may need one of these. The custodial brokerage accounts are not directly opened under your child's name. You are required to request the firm for a custodial brokerage account and position yourself as the custodian. You will then establish a fiduciary relationship with your child, ensuring an investment of funds for the best of the child. Now, let's take a look at the available assets and their classes.



- 1 Stocks:** Stocks are considered to be one of the most suitable investments for your child. It's due to their lasting orientation and exclusive long term returns. The mutual funds, ETFs, indexes and other instruments for your portfolio have an option for you to invest in stocks. Using a custodial account at one of the trusted brokerage firms like Maitra Commodities, you will have the opportunity to acquire several assets under your child's name. A custodial account is ideal for purchasing stocks for your children.
- 2 Exchange-Traded Funds:** The ETFs have gained a considerable reputation in the investment market over the last two decades. Such investment vehicles have likely performance as compared to mutual funds. It's because of their diversified portfolio consisting of bonds, stocks and other assets. These instruments have improvised liquidity and can be traded the entire day.
- 3 Mutual Funds:** Financial planning for your kids can be tiring, although mutual funds are ideal for gaining considerable returns without engaging in the tiresome process of trading and investments. Mutual funds are based on the concept of diversified portfolios, including multiple securities that ensure mitigation of risks.



How to Get Started With First Investment

In order to begin investing for your child's future, you need to look for suitable brokerage or investment firms. Let's take [Maitra Commodities](#), for example. Here are some steps you need to follow to get started.

- 01 Create an Account:** You will have the option to choose the plans for your children according to their age. The entire process can be completed online with appropriate guidance.
- 02 Make Investments:** Once the account has been created, you can buy stocks of desired companies or choose to invest in ETFs and mutual funds. If your child is big enough, you can consult about purchasing individual stocks of their desired companies.
- 03 Engage your Children:** Talk to your kids about names of familiar business houses or companies. It will develop their interest in participating in the financial planning of their future.
- 04 Add Index Funds:** After choosing one or two stocks, make sure your investment portfolio is also equipped with several indexes and ETFs. This will help you easily diversify your investments



About Maitra Vision18 Plan

As mentioned, Maitra Commodities is a trusted brand when it comes to stock market trading and investment. Considering investment plans for your children, the **Maitra Vision 18 plan** is the ideal option to create stress-free investments in the name of your child. This plan is made for children between ages 1 to 17 years. The best part is you don't have to pay any brokerage charges, and the maintenance cost is just Rs 1000 annually. With this plan, you will get the opportunity to invest in stocks and IPOs at no added cost. All you have to do is create an account and get started. For any guidance, Maitra Commodities' support team is always there to help you out.



Bonus Tips

Before wrapping up, here are some interesting tips to ensure a seamless investment plan for your child's future.

- 1 Select the brokerage firm that offers suitable plans for minor investments. Check if they have a custodial account option or not.
- 2 You may not want to buy an entire share. In the case of stock split, Mergers or Bonuses the extra shares can be transferred to the child's account to keep them invested. This will help you invest in your child's favourite company.
- 3 Determine the fees required at the brokerage firm, especially in the case of low budget investments. Check all their conditions and accordingly make your decision.



Conclusion

Overall, investment for your child's future is a great idea to reduce your burden at the peak time of responsibilities. Stocks and mutual funds are pretty impressive when it comes to returns in the long run. Maitra's expert guidance and facile platform will help you secure your child's future. So, get on board with the most promising investment instruments available in the market. Develop financial independence among your children and give them a lesson worth a happy and fulfilling life.





www.maitracommodities.com

TRADING SIMPLIFIED

Trusted By 11,000 Clients & We have become one of the momentous
Brokers in South India Today.

[GET STARTED](#)

Disclaimer

- ⚠ Investment in securities markets are subjected to market risks. Please read all the scheme related documents carefully.
- ⚠ The contents provided are only for informational purpose. Detailed study and research must be done by the investor before entering the market. Maitra Commodities will not be liable or responsible for any losses incurred by the client.

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