



## How to Invest in Voluntary Provident Fund in India: Reliable Option

### Description

The Voluntary Provident Fund (VPF) is a great way to invest in and secure your financial future. It is a voluntary contribution made by employees towards their provident fund account over and above the mandatory contribution made by the employer. This means that you have the option to save more towards your retirement, which can help you achieve your financial goals faster.

[www.wealthdrift.com](http://www.wealthdrift.com)



If you want to know how to invest in Voluntary Provident Fund (VPF), here are 10 points to help you get started –

### **1. Understand the basics of VPF**

VPF is an extension of the Employee Provident Fund (EPF) offered by most employers in India. It is a voluntary contribution made by the employee towards their EPF account, which earns interest and provides tax benefits.

### **2. Check the VPF facility with the employer**

Check with your employer if they offer the VPF facility to employees. If they do, then, you can opt for VPF by submitting a written request to your employer.

### **3. Decide on your contribution amount**

You can choose to contribute any amount towards VPF, subject to certain limits. It is essential to decide on a realistic contribution amount that you can afford to make regularly. As your employer will

deduct this amount from your salary and deposit it in your EPF account.

#### 4. Calculate your tax liability

VPF contributions are eligible for [tax deductions](#) under Section 80C of the Income Tax Act, up to a maximum limit of Rs. 1.5 lakhs per financial year. However, any interest earned on VPF contributions is taxable, if withdrawals are made before a period of five years of investment.

#### 5. Understand the interest rate

The interest rate on VPF is the same as the EPF interest rate, which is currently 8.15% per annum which is announced by the government every year. The interest is compounded annually and credited to the account at the end of the financial year.



#### 6. Check the withdrawal rules

VPF contributions are locked in until retirement, just like [EPF contributions](#). However, in some cases, you may be able to withdraw your VPF contributions before retirement, subject to certain conditions.

#### 7. Keep track of your contributions

It is essential to keep track of your VPF contributions and ensure that they are reflected accurately in

your EPF account statement.

## 8. Consider your other investment options

VPF is a great investment option, but it should not be the only option in your investment portfolio. Consider [other investment options](#) such as mutual funds, stocks, and fixed deposits to diversify your investment portfolio.

## 9. Consult a financial advisor

If you are still unsure of how to invest in VPF or need help with your overall investment strategy, consider consulting a financial advisor.

## 10. Stay updated

Keep yourself updated on any VPF rules and regulations changes to ensure that you are making informed investment decisions.



## Conclusion

Investing in Voluntary Provident Fund is a smart move for those looking to secure their financial future. With its tax benefits, attractive interest rate and locked-in contributions, VPF is a secure and reliable investment option. By following the 10 points mentioned above on 'How to Invest in Voluntary Provident Fund', you can make informed investment decisions and achieve your financial goals faster.

It is important to note that while VPF is a great investment option, it may not be suitable for everyone. It is always advisable to assess your financial situation and investment goals before deciding. Additionally, it is essential to have a diversified investment portfolio that includes a mix of different

asset classes and investment options.

If you liked this article then feel free to share it with your family, friends, and peers. Do [subscribe to us for new reads](#).

### Category

1. General
2. Passive Income

### Date Created

June 2023

### Author

shvadmin

[www.wealthdrift.com](http://www.wealthdrift.com)