

Traditional SIP V/S Top-Up SIP



What is Top-Up SIP?

In traditional SIP, instalment is constant every year but in top-up SIP, instalment increases by a fixed amount or percentage at determined intervals.

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	
Traditional SIP	Rs. 50,000	Rs. 50,000	Rs. 50,000	Rs. 50,000	Rs. 50,000	
						and so on ...
				Rs. 6,050	Rs. 6,050	
			Rs. 5,500	Rs. 5,500	Rs. 5,500	
		Rs. 5,000	Rs. 5,000	Rs. 5,000	Rs. 5,000	
	Rs. 50,000	Rs. 50,000	Rs. 50,000	Rs. 50,000	Rs. 50,000	
Top-Up SIP with 10% hike p.a.						
Total Monthly SIP each year	Rs. 50,000	Rs. 55,000	Rs. 60,500	Rs. 66,550	Rs. 73,205	

A small increase in SIP each year can lead to big fortune.....

Example - I
For 10 Years

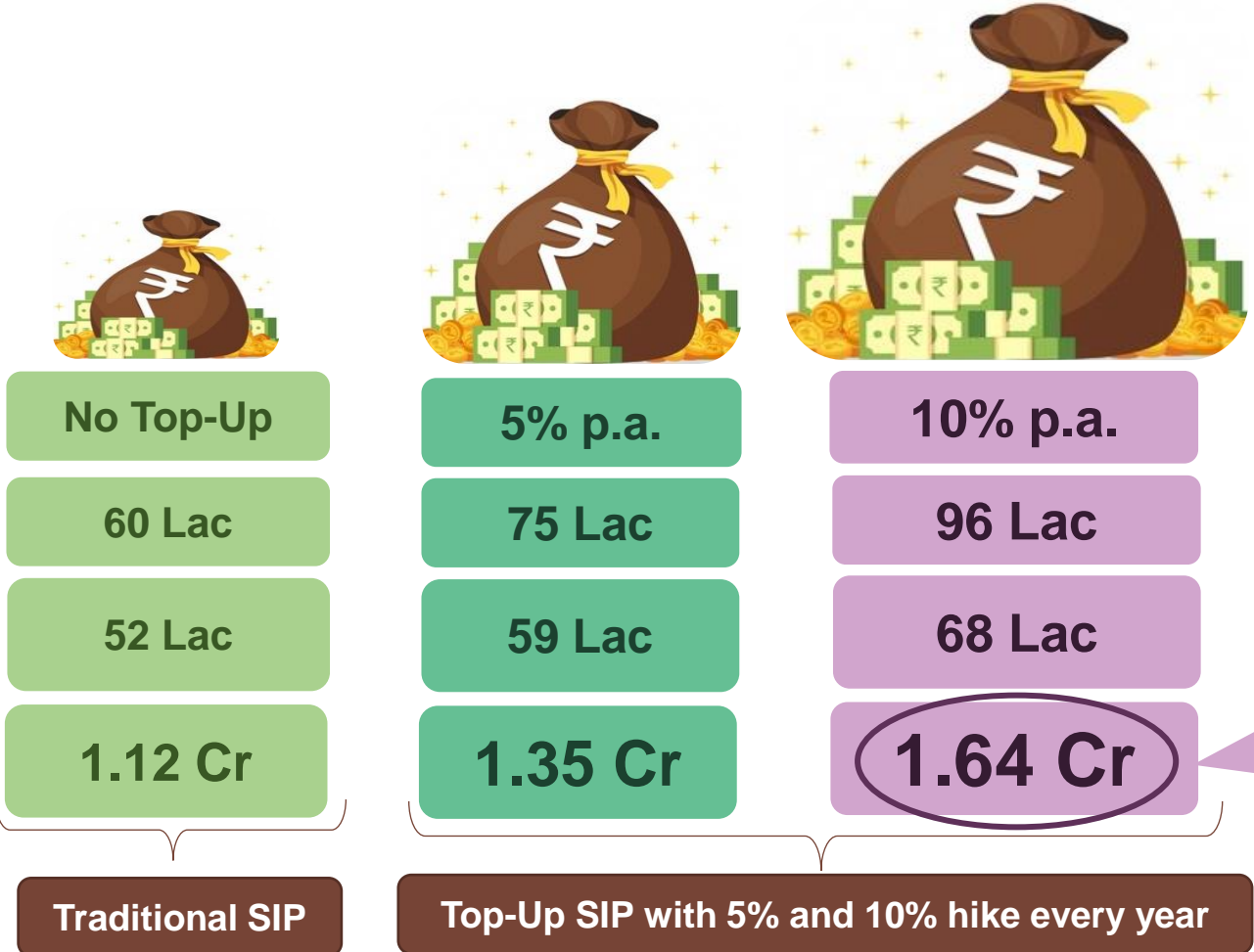
Traditional SIP v/s Top-Up SIP
SIP of Rs. 50,000 assuming 12% CAGR

Incremental Top-Up SIP every year (%)

Amount Invested for 10 years (Rs.)

Capital Appreciation (Rs.)

Corpus Built in 10 years (Rs.)



Total corpus built in top-up SIP with 10% hike in investment amount every year increased 1.5 times the traditional SIP

A small increase in SIP each year can lead to big fortune.....

Example - II
For 20 Years

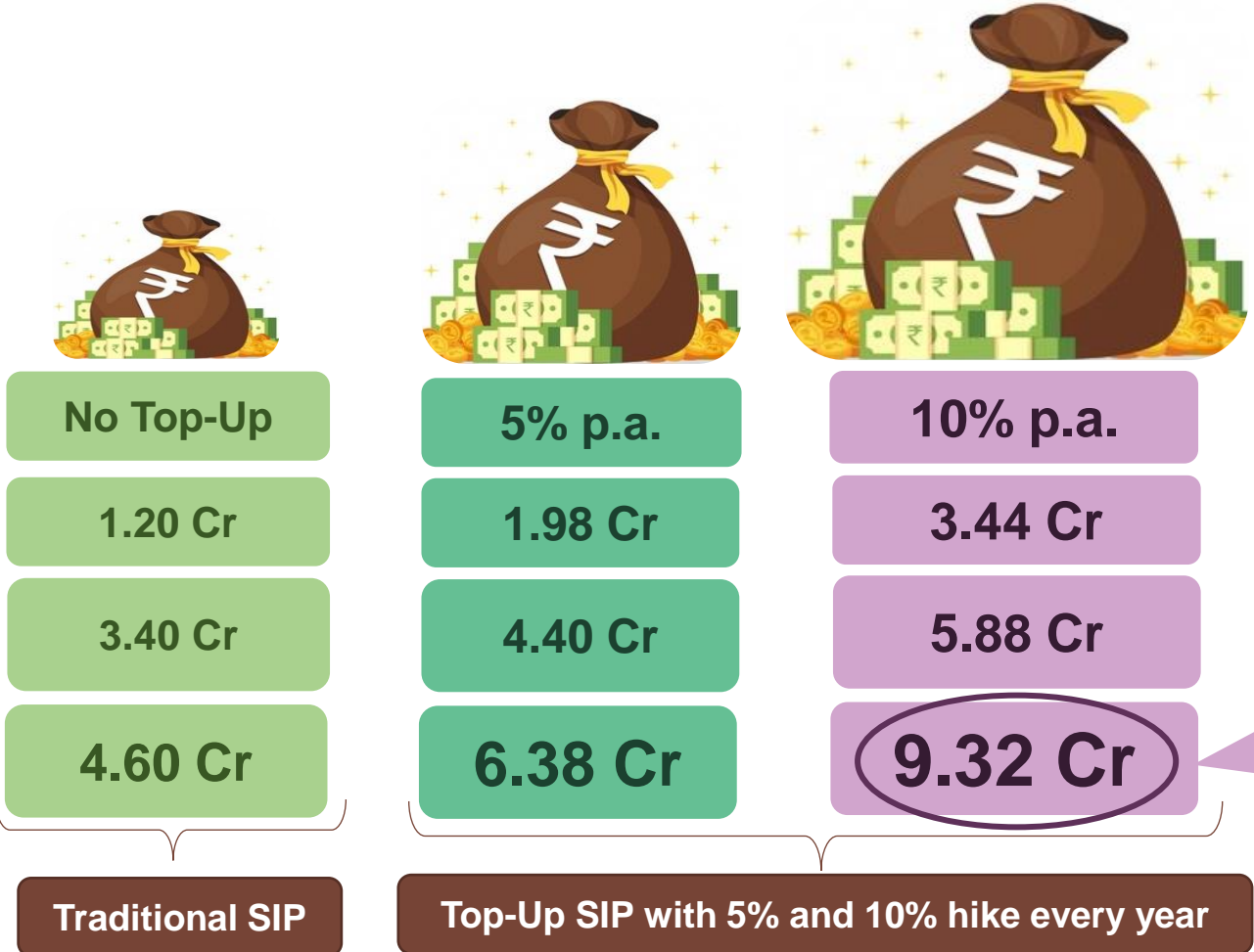
Traditional SIP v/s Top-Up SIP
SIP of Rs. 50,000 assuming 12% CAGR

Incremental Top-Up SIP every year (%)

Amount Invested for 20 years (Rs.)

Capital Appreciation (Rs.)

Corpus Built in 20 years (Rs.)



Total corpus built in top-up SIP with 10% hike in investment amount every year nearly doubled of the traditional SIP

Benefits of Top-Up SIP

1

Synchronizes Rising Income with Increasing Investment

Automatically increases SIP amount every year without any hassles.

2

Adds to Power of Compounding

Increasing small amount in monthly investment adds to power of compounding in longer term

3

Beats rising inflation

Helps one to keep investments in line with the increasing inflation

4

Helps Achieving Goals Faster

Helps building bigger corpus in the longer term and achieve financial goals faster

Thank You!

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