



## Let your SIPs tackle your Home Loan Interest

- Your Home Loan EMI has 2 components – Principal & Interest
- The interest amount over the home loan tenure can be substantial
- Start Systematic Investment Plan (SIP) in mutual funds when your home loan EMI starts
- Long term SIP's can create potential long term wealth for you
- The SIP corpus available can help you recover your home loan interest paid

### Consider this example:

- Assuming an 8.75% interest rate, the EMI for housing loan on ₹ 1 crore is ₹ 99,945 per month where the total outflow in 15 years\* would come to around ₹ 1.80 crore (Loan amount of ₹ 1 crore and Interest amount of ₹ 79,90,076).
- If the investor considers investing minimum 20% of the EMI amount as SIP investment in any equity scheme, he will go on to invest ₹ 36 lakhs in 15 years\*.
- In the table below it can be seen that over 15 years\*, a corpus of ₹ 1,05,73,280 would have been accumulated which would offset the interest amount of ₹ 79,90,076 even a part of the home loan amount of ₹ 1 crore.

\*Home Loan term assumed to be 15 years

Home Loan		SIP in Equity Schemes	
Home Loan Amount	₹1,00,00,000	Total Invested Amount	₹36,00,000
EMI Amount	₹99,945	SIP Amount (Monthly)	₹20,000
Duration	15 Years	Duration	15 Years
Interest Rate	8.75%	Returns (Nifty 50 TRI*)	13.21%
Total Amount Payable	₹1,79,90,076	Total Investment Value	<b>₹1,05,73,280</b>
Total Interest Amount	<b>₹79,90,076</b>	Actual Gain Over Interest Amount	₹69,73,280

The interest rates on home loans can change over the tenure of the loan. In that case, Top-up SIP is also an option for investors where they can increase the amount of the SIP instalment by a fixed amount at pre-determined intervals which can help reach their goal faster and generate a larger corpus.

**Starting a Systematic Investment Plan (SIP) the day your loan gets disbursed can be an effective tool to recoup your interest amount over the long term.**

The above is based on monthly SIP for 15 years into Nifty 50 TRI on the first business day of the month. Valuation date is September 1, 2023. In case of a non-business day, the valuation of the next business day is considered. The final value of the investments is pre-tax, and investors may incur tax liability on capital gains based on the prevailing tax laws of the time. The above calculations do not consider stamp duty / statutory taxes / levy that may be applicable. The calculation shown is merely to demonstrate the benefit of SIP. Please note that investment in equities carries high risk. The rate of returns may vary based on the market conditions and doing SIP does not assure or guarantee performance / minimum returns or is an indication of future performance in any manner. Please consult your investment / tax adviser before making an investment decision.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**