

Recover Your EMI's through SIPs

Calculator Case Study PDF

Mrs Anita Kaur purchased a house a while back by taking a home loan. She is worried about the cash outflow as EMI she is paying every month. Her outstanding loan amount is Rs. 25 lakh. She approaches you, her Mutual Fund Distributor (MFD) with this concern.

Solution - Along with EMI, you suggest Mrs Kaur to start an SIP which will recover all her home loan EMI due at the end of loan tenure.

Assumptions -

Outstanding Home loan - Rs 25 lakh.

Rate of Interest - 9%

Tenure - 15 Lakh.

Assumed return on SIP Investment - 12%

EMI vs SIP Planning For Mrs Anita Kaur

Loan Amount	₹ 25,00,000
Rate of Interest	9 %
Loan Tenure	15 Years

Monthly EMI

₹ 25,357

Principal Repayment	₹ 25,00,000
Interest Repayment	₹ 20,64,200
Total Repayment	₹ 45,64,200

Monthly SIP Required @ 12.00 %

₹ 9,590

If you do an SIP for ₹ 9,590 ,ie., 37.82 % of the EMI amount, you will recover the full amount of EMI paid by you.

* It is assumed that rate of interest on loan amount is compounded monthly. It is assumed that EMI payment starts at the end of 1st month from the date of report. Mutual fund investments are subject to market risks, read all scheme related documents carefully. Returns are not guaranteed. The above is for illustration purpose only.