WHY BOTHER, SIP IT!

Most advisors suggest Systematic Investment Plans are a must-have in every investment portfolio. It saves you the hassle of timing your investments:

1 FIXED TIMINGS: Through an SIP, you pay a fixed amount on a particular date every month. This means your timing of investment is fixed.

2 IF MARKET IS DOWN: You do not have to worry about timing your investments. If the market is down when you invest, you end up with more MF units for the same amount.

3 FIX UNITS: With an SIP, you can also fix the number of units purchased every month. So, the final monthly investment differs.

4 COST-AVERAGING: When you invest through varying market cycles, your monthly investments differ. Over time, though, your average cost may turn lower.

5 NEVER MISS A CHANCE: In a fluctuating market, you never know the right time. You may invest in lump sum only to realise the market fell further, and you missed that opportunity.

6 DON'T WAIT FOR MARKET BOTTOMS: There will come a time when the market stops falling and starts rising. Finding this bottom is difficult. An SIP will help you benefit from this.

HERE'S HOW:

Suppose you invest in 100 MF units every month. One month, this costs ₹ 10 each or ₹ 1,000, while another, it may cost you ₹ 15 each or ₹ 1,500. In the end, you pay ₹ 12.5 on average for each unit.

Swatantra Kumar Explains: WHAT IS SIP?

SIP stands for Systematic Investment Plan

1 Ever paid a loan back in instalments? Similarly, SIPs allow you to invest in bits in MFs.

2 Instead of investing in lump sum, SIP allows you to invest a fixed amount every month.

3 The amount fixed could be the money you invest or the number of units purchased.

4 In case you fix the monthly payment, then the Mutual Fund units purchased could differ every month.

5 If you fix the number of units to be purchased, then your investment amount can differ per month.