

THE SECRET SAUCE TO CREATING A BONUS OR INCREMENT

How to prepare the best additional source of income

Ingredients:

- Some money (Even as little as ₹500 would suffice if you start early)
- Mutual Fund investments

Preparation time:

5-10 years
(Longer for best results)



Recipe:

- Take the money that you have and invest in Equity Mutual Funds for the long term. Such funds are known for delivering high returns in the long run.
- Once you have invested your money, sit back and relax. Markets may fluctuate, but for a perfectly made additional source of income, you must be patient. Think of it as a cake, you can and must check the oven at regular intervals but touching it too often might spoil it.



- For that extra flavour of wealth, keep adding money to your investment. This can be done by increasing your Systematic Investment Plan (SIP) amount at regular intervals.

• To get that perfect cup of tea, you let it boil longer. Likewise, for a perfect additional source of income, let your money remain invested for a long period.

• There! Your additional source of income is ready.



It is said, if you expect nothing, everything is a bonus. To the contrary, you expect an annual bonus or increment for working hard all through the year but get disappointed when the appraisals don't go as expected. Spare yourself this uncertainty and create your own source of additional income with this super-easy recipe.

Pro tip: Just how you add spices as per your taste, put your money in Mutual Funds as per your requirement. For example, for saving Tax, you can invest in Equity Linked Savings Schemes; for short-term goals like buying a phone, you can invest in Debt Mutual Funds; for medium-term goals like taking an international trip, you can invest in Hybrid Mutual Funds.



Here's some interesting math for you:

	Getting returns on investment	Getting a bonus	Getting an increment
Say, annual salary	₹4,80,000	₹4,80,000	₹4,80,000
Amount invested in Equity Mutual Funds 5 years ago	₹1,500 per month	Nil	Nil
% of additional income	17.73%*	10%**	9.5%***
Total additional income	₹55,359	₹48,000	₹45,600

Clearly, you don't have to depend on your bonus or increment if you start investing your money early.

* CRISIL AMFI Equity Fund Performance Index, Returns as on March 28, 2018.
** Assumed average bonus rate in India.
*** Average salary hike in 2018 according to the Aon survey