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## **M2W CALCULATOR – FREQUENTLY ASKED QUESTIONS (FAQ)**

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### **1. How does this calculator estimate the time needed to reach my milestone?**

The calculator uses a **month-by-month compounding model**. Each month, your SIP contribution, step-up (if chosen), top-ups (if any), and monthly returns are added one by one until your total amount reaches your target milestone.

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### **2. Why does the calculator ask for annual returns if SIP grows monthly?**

Your long-term return expectation is usually set on an annual basis, based on your risk appetite and the type of investments you choose (equity, hybrid, debt, etc.).

However, SIPs grow every month, not once a year.

So, the calculator converts your annual return input into an equivalent monthly growth rate.

This ensures the projections reflect realistic monthly SIP compounding while still allowing you to choose an annual return aligned with your risk profile.

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### **3. What is a SIP Step-Up?**

A **Step-Up SIP** is a SIP that automatically increases every year by a fixed percentage (for example, 5% or 10%).

This helps you increase your investments gradually as your income grows.

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### **4. Does Step-Up SIP really make a difference?**

Yes. Even a small yearly increase allows you to reach your milestone **faster** because more money enters early and compounds longer.

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### **5. What are Annual Top-Ups?**

These are optional lump-sum additions you make:

- **Annual Top-Up:** once every year

These amounts also compound and help you reach your goal sooner.

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## **6. Why does the calculator assume SIP investments happen at the beginning of the month?**

Because in most practical cases, investors set their SIP date early in the month (1st–5th). Treating the SIP as invested at the **beginning of the month** reflects this real behaviour and ensures the calculation captures the full month of compounding.

This approach is slightly more accurate for early-month SIPs and closely reflects how many investors plan their investments.

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## **7. What is the “starting corpus”?**

It is any existing investment amount you already have.

This amount grows from day one and helps reduce the time needed to hit your milestone.

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## **8. Why do milestone timelines differ between calculators?**

Many calculators use **simplified formulas**, while the M2W Calculator uses **monthly simulation**, which handles:

- Step-ups
- Top-ups
- Monthly compounding
- Starting corpus

This gives **more accurate and realistic** results.

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## **9. Why is the required time sometimes longer than expected?**

Possible reasons include:

- SIP amount is too low compared to the goal
- Annual return is set conservatively
- No step-up added
- High milestone selected

Increasing SIP, adding top-ups, or choosing step-up SIP can improve results.

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## **10. Can I reach my milestone faster? How?**

Yes. You can reach your milestone faster by:

- Increasing your SIP
- Adding a yearly step-up (5–10%)
- Adding yearly or bi-annual top-ups

- Increasing expected returns (only if realistic)
  - Adding a starting corpus
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## 11. What happens if I don't use Step-Up or Top-Ups?

Your milestone will still be reached, but **it may take longer** because your contribution stays fixed.

## 12. Why does the graph show some milestones taking a long time?

Certain goals (like ₹50L or ₹1Cr) need higher contributions or longer compounding durations. The graph displays the time required for each milestone based on **your current SIP and settings**.

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## 13. Does inflation affect the calculation?

The calculator shows **nominal values** (without inflation).

If you want a “real” target (adjusted for inflation), increase your milestone amount accordingly.

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## 14. What return should I enter?

A common guideline:

- Equity funds: 10–12%
- Hybrid funds: 8–10%
- Debt funds: 6–7%

Choose based on your portfolio mix.

When unsure, be conservative.

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## 15. Is this calculator suitable for all types of goals?

Yes — you can use it for:

- Buying a house
  - Children’s education
  - Retirement corpus
  - Wealth milestones (₹10L, ₹20L, ₹50L, ₹1Cr)
  - Any personalised financial goal
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## 16. What happens if my SIP is too small for the goal?

If the SIP is too low, the calculator may show:

“Milestone not reachable within reasonable time.”

Increase SIP, add step-up, or add top-ups to correct this.

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## **17. How accurate is this calculator?**

Very accurate — it uses the same compounding model that financial planners use, and considers:

- Monthly compounding
  - Step-up SIP
  - Lump-sum top-ups
  - Starting corpus
  - Realistic timeline simulation
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## **18. Will returns remain the same every year?**

In real life, returns fluctuate.

This calculator uses a **constant average return** for simplicity, but actual returns may vary.

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## **19. Can I use the calculator to experiment with different scenarios?**

Yes! You can try:

- Higher SIP amounts
- Lower returns
- Higher or lower step-up %
- Adding or removing top-ups

This helps you see how each factor affects your milestone timeline.

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## **20. Whom do I contact if I need personalised planning?**

You can click the **Book a Free Call** button at the bottom of the page to connect with a financial planner for personalised guidance.

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