

NIVESH CHINTAN SAMACHAR



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Dear Valued Investors and Subscribers,

We are excited to share that KevalNivesh Intermediaries LLP is relocating to a new and improved office space. Our new address is Shop No. 11, Godavari CHS, Ram Nagar, Shiv Mandir Cross Road, Dombivli East, Maharashtra 421201. This move brings us closer to you, our esteemed stakeholders. We express heartfelt gratitude for your unwavering trust and support. Your commitment propels us forward, and we are eager to continue our journey together in this new chapter. We look forward to serving you even better at our new location.

Thank you for being an integral part of the KevalNivesh family.

Warm regards,

Bizesh Kottarrapat (Chief Mentor & Managing Partner)

Dhruv Khule (CEO & Managing Partner)



SIP vs RD: WHICH IS A BETTER INVESTMENT OPTION?

The two broad asset classes that an investor can invest in to generate wealth in the long term are equities and debt instruments. Investing in equities gives an investor ownership in a company while debt investments are treated as lending, wherein the company or bank will owe you money.

Recurring deposits are term investments products with banks. They are similar to debt products since the bank owes you the principal plus interest upon maturity. Systematic investment plans are investments in mutual funds that can be equity-oriented, debt-oriented, or a mix of both. The two instruments are meant for different kinds of investors. To evaluate the suitability of each for yourself, you have to first understand the instruments.

What is an RD?

RD - Recurring deposits are periodic bank or post office deposits for a specific time frame. As an investor, you can invest in an RD every month for tenures ranging from six months to 10 years. Post office RDs can be started with as little as Rs.10, while banks have a limit of Rs.100.

RDs are a type of term deposit product that carry low risk and provide a stable return. The interest rate varies depending on the duration of the deposit.

What is an SIP?

SIP - Systematic investment plans are like RDs when it comes to the periodicity of investments. However, instead of deposits in a bank, the investments are in a mutual fund schemes. The frequency of investment varies from daily investment to annual investment.



The minimum investment amount in Franklin Templeton's SIPs begins at Rs.500. Investors can use SIP calculator to calculate and estimate the returns on their SIP investment.

Investors who have high risk capacity and want to meet specific financial goals can invest through SIPs. They provide an exposure to equities but can also be debt-specific or a combination.

Each investment avenue has its own benefits and appeals to a certain set of investors.

Benefits of RD (Recurring Deposits)

1. Guaranteed returns

RDs provide a fixed return on investments for the entire duration. This is known at the time of investment. The interest rate varies from one bank to. However, once an RD is opened,

the interest rate remains the same for the whole tenure of the deposit. Investors are assured of the return, making this a low-risk instrument.

2. Flexible time horizon

RDs range from six months to 10 years. Given that the interest rate is fixed, the returns will not vary so investors can put in money even for the short term.

3. Easy investment

Investing in an RD is easy because anyone who has a bank account can make an investment in this product. Some banks also allow a standing instruction online to deposit the money directly, further smoothening out the process.

4. Senior citizen benefit

Like all other bank investments, RDs also provide senior citizens a higher interest rate

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compared to other investors. Senior citizens vis a vis non senior citizens can make greater returns annually via this investment.

Benefits of SIP

1. Liquidity

SIPs are liquid investments, meaning you can redeem them whenever you'd like. Certain funds may also allow you to redeem units without an exit load, like overnight funds. Liquid funds also eschew an exit load after the seventh day.

2. Flexibility

SIPs are flexible with investment horizons, amounts and even redemption. You can invest daily, weekly, monthly, quarterly or annually. Amounts can also be changed based on convenience. SIPs also allow you to redeem partially, although selling before a year since purchase will attract a fee in the form of an exit load. The exit load for each unit is calculated individually.

3. Higher returns

Investing in diversified companies across sectors provides the possibility of potentially making better returns. Additionally, the power of compounding helps systematically grow a small investment every month into a substantial sum at the end of the tenure.

4. Tax break

Investing in an ELSS SIP, a special tax-saving mutual fund, can also benefit you through certain tax breaks.

5. Market timing

Investing in SIPs can give you an exposure to equity markets while eliminating the need to time the market correctly. Since SIPs spread out the investment, volatility is lower compared to pure equity or lumpsum mutual fund investments while increasing the probability of high returns.

SIP vs RD - Which one is better?

Since both investments have different benefits, the suitability will depend on your needs as an investor.

An RD is a good investment avenue for risk-averse investors who want to invest money every month. RDs also help fulfill both short-term and long-term goals. Since the returns are assured, you can strategize across all time-frames. RDs can also be an ideal instrument to build an emergency fund. This is because you set aside a regular sum that can help you earn interest. Returns on RDs are taxable, so this investment is better suited to people in lower tax brackets. This is also suitable for senior citizens because of its safety as well as the beneficial return factor.

Alternatively, SIPs are for investors who are willing to take on higher risk for potentially greater returns. SIPs are ideal for investors with long-term goals and long-term investment horizons. SIPs can also be a good product for investors looking for tax breaks since ELSS SIPs can help in that regard.

Once you have come up with your own investor profile, you can choose between an RD and an SIP for your periodic investments.

Bottomline

When you are choosing between the two products, consider your income slab, risk capacity, investment horizon, and investment goal. If you can afford to take relatively higher risk and commit for a longer duration, a SIP investment can prove beneficial. If you want to minimize risk to an extent, choosing to invest in a debt fund can help diversify your portfolio, although it will entail taking on a slightly higher risk.

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Source <https://www.franklintempletonindia.com>

PROTECT YOUR SAVINGS WITH HEALTH INSURANCE

Health insurance doesn't mean you have to forgo your savings. In this article, we go over how health insurance translates to more savings.

We've all heard the popular saying, 'health is wealth'. From working out in gyms to wellness retreats to maintaining healthy eating habits, staying fit has become a cardinal aim of our life. Improving personal health competence has certainly been a crucial agenda in people's life, regardless of their age, gender and occupation.

While taking care of your health should be the top priority, it bodes well to stay prepared for the unexpected. And that's why health advisors always recommend buying a health insurance plan as your second layer of defence. It secures you against the risk of medical emergencies that could drain all your finances in one go and burn a large hole in your pocket.

Apart from covering the rising costs of availing healthcare facilities, health insurance has a host of other benefits. Listed below are some of reasons as to how a health insurance policy facilitates greater savings in times of distress:

Covers your Medical Expenses

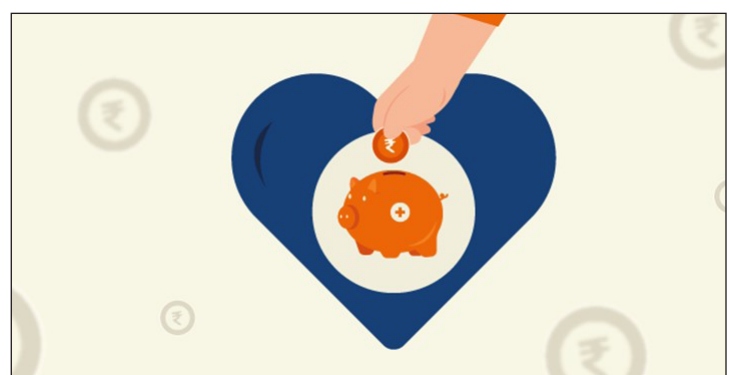
When you or your family member needs urgent medical care, the last thing you would want to worry about is the medical costs. One of the biggest advantages of having a health

insurance plan is that it covers you against unforeseen medical expenses in the event of an unexpected situation. With the right insurance policy, you don't have to worry about any medical expenditure, be it post-hospitalization expenses, ambulance charges, doctor's fees etc.

Hence, by choosing the right blend of features, you can be assured of a 360-degree health protection cover for you and your loved ones. Many insurance companies have started offering riders with the main policy or separate health plans to cover excluded medical conditions such as maternity benefits, personal accident insurance and critical illness cover etc. With these costs covered under your health insurance policy, you need not worry about the finances in case the calamity strikes.

Financial protection against critical illnesses

Almost every health insurer provides coverage against critical illnesses such as cancer, kidney failure, stroke, etc. either with the policy or as an add-on cover that can be added to your health insurance plan. In case you are diagnosed with any of these diseases as mentioned in the predetermined list of your policy, the insurance



company will give you a lump sum amount to meet all your treatment costs and tackle other financial obligations.

Selecting the right policy with the right amount of coverage, thereby helps you to prepare for the worst. Rather than waiting for an illness to strike, it's prudent for you to stay proactive and plan for the future. Additionally, purchasing a policy at a young age will not only give you the benefit of lower premiums but also more comprehensive coverage and hence, facilitate more savings if you're struck by a malady.

Cashless Mediciam facility

When you're undergoing the treatment in a hospital, your family might find it very difficult to arrange immediate cash to pay the hospital bills. To make sure you don't have to face such a situation, many insurance providers

offer cashless Medclaim facility at network hospitals which means you can get the best possible treatment without worrying about the finances.

All you need to do is fill up the Medclaim form to get cashless benefits at partner hospitals with the insurance company.

No-Claim Bonus

Often, there are years when individuals do not claim any medical expenses. Hence, many Insurance companies have introduced the benefit of 'No-Claim Bonus' for every claim-free year. It means that in case an individual

completes a year without claiming any medical expenditure, they are awarded with a no-claim bonus in form of discounts on premium amount for the next year.

Additionally, few companies also offer an increase in the base insurance amount for every claim-free year. Not only does this keep the customers happy but also adds to their savings.

Tax Benefits

Another way health insurance contributes towards greater savings is by offering tax benefits to the policyholders. If you are an individual under 60 years of age, you can claim

tax benefits of up to Rs. 25,000 on paying health insurance premiums for yourself, your spouse and your children u/s 80D of The Income Tax Act, 1961. You can avail an additional tax deduction of Rs. 25,000 for paying health insurance premiums for your parents.

Now that you know how health insurance can protect your savings, you can take a step in the right direction by family health insurance. Keep these benefits in mind and explore the options to select a policy that suits you best.

Source <https://www.icicilombard.com>

HOW A TERM PLAN WILL SECURE YOUR FAMILY'S FUTURE

Life insurance is one of the most important investments that can be made by any individual, providing a financial safety net to a policyholder's family and beneficiaries in the event of their death.

Traditional life insurance policies provide protection based on periodic- often monthly- payments of a sum referred to as the premium amount. They generally offer investment options and were solicited in the past as a means of providing financial security as well as generating savings through the investment of premium payments. However these types of policies require relatively large premium payments due to their potentially long tenure.

Term insurance plans are becoming increasingly popular for this very reason. Conventional term plans can be described as the most unalloyed form of life insurance, providing protective cover in the event of the policyholder's death for a fixed period of time. The duration of term plans can vary anywhere between 5 to 40 years, or longer depending upon the age of the policyholder and the insurance provider. They also usually require a medical examination prior to their issue in order for insurance companies to assess the risk they take on with each policyholder, with respect to any pre-existing medical conditions and their overall lifestyle. Term insurance generally requires smaller premium payments while offering similar or greater amounts of coverage when compared with traditional life insurance plans.

Benefits Of Term Insurance Plans :

- **Financial Security:** Term plans secure the future of the policyholder's family through the payment of death benefits in the event of their passing. They guard dependents such as the policyholder's spouse, children or elderly parents from having to take on the financial burdens of the deceased in such situations. This benefit is particularly relevant for newly married individuals or new parents as well as businessmen who have considerable debts or other financial responsibilities. The payments may be

scheduled either periodically or as a lump sum after filing a claim. These funds can be utilised by the deceased's family in meeting their daily needs as well as in funding ventures such as a child's education.



- **Reasonable Premiums:** Term insurance plans are among the most affordable forms of life insurance available today, providing similar coverage amounts as traditional life insurance plans at a fraction of the premium amounts. This is mainly due to the lower tenures of such plans which can only be extended through periodic renewal.
- **Flexibility:** Some term plans may allow for the degree of coverage to decrease over the course of the tenure in situations where the policyholder has taken on debt in some form such as loans. The coverage decreases over time as debts are slowly repaid over this duration. Alternatively term insurance plans may also increase the payout amounts to account for inflation or return the premiums paid on the expiry of the tenure as a maturity benefit. Finally, some plans may also offer investment options that generate income over the tenure and add to the final payout amount on expiry. Paying slightly higher premiums are the most common prerequisite for such adjustments.
- **Tax Benefits:** Premiums paid on term plans are tax deductible up to a limit of Rs. 1.5 lakh per annum under Section 80C of the Income Tax Act of 1961. Additionally, death benefits are also fully tax exempt in some cases under Section 10D although this may vary based on certain factors. It is vital to renew policies before their expiry as the premiums on lapsed policies may not always be eligible for tax deductions.

- **Coverage Of Additional Risks And Illnesses:** Paying a small amount in addition to the monthly premium may allow policyholders to gain coverage for additional risks such as hereditary or critical illnesses or even accidental impairments. They may also allow top ups that increase policy coverage at important junctures in their lives such as marriage, parenthood etc.

Conclusion

Picking a policy that suits your needs in the long term is crucial to get the most out of term plans. Ensuring that you account for liabilities such as existing debt when choosing your coverage amount, as this will allow your family members to avoid such burdens in the event of your passing. It is best to choose a coverage amount equal to or greater than 15-20 times your annual household expenses. It is also vital to account for your age at the time of soliciting the policy with respect to the number of years you will be expected to remain in the workforce. Additionally, purchasing term insurance will be easier when you are younger as you will likely be regarded as a lower risk investment by insurance providers when compared to older policyholders. It may also be cheaper to purchase policies online as brokerage charges are often absent in such cases.

Source <https://www.canarabsclife.com>

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INVESTING TO BEAT INFLATION

Inflation is like rust. It slowly erodes your purchasing power. It eats into your savings, leaving a lesser value of the same amount with each passing year.

For example, if you have invested in a bank deposit that gives you a return of 9.5% per annum and if the inflation is at 7%, then your real saving or net saving is only at 2.5% (return of 9.5% - inflation of 7%). While it may not look so worrisome for a year, it has a great impact over long-term savings. If your child's school fee in class 1 is Rs 50,000, then the same fee, when he or she reaches class 12, will be a little over Rs 1 lakh assuming 7% inflation. Similarly, Rs 10,000 saved now will be worth just Rs 2,584 after 20 years. While there may be no escape from inflation, there are ways of beating inflation.

Essentially, one needs to choose investment options that have the potential of giving a much higher return to offset the inflationary decrease in purchasing power and hence savings. One of the best methods to beat the inflation monster is to invest in equity mutual funds for long-term. The following three reasons tell us why they might be your best bet against inflation.

Returns

Compared to other popular options like bank deposits, PPF account or gold, equity mutual funds have given an average return of 13%-15% in the last few years. Investing in equity mutual funds over the long-term ensures that



the real rate of savings remains much higher than 1%-3% as in the case of other instruments.

Tax Benefits

The returns from equity mutual funds are tax free if held for more than a year. Hence the returns become tax free over the long-term. This also gives you higher average returns.

Diversification

Diversified equity funds invest in a wide range of companies. Suppose if the GDP of our country grows at 6%, then these companies grow to the tune of 13% (adding 7% inflation). This growth is also reflected in higher share prices and consequently higher returns for your investments.

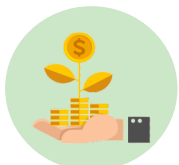
These three factors make equity mutual funds one of the best asset classes to beat inflation in the long-term. Investing in them will not only keep your savings in the positive but also help you attain your financial goals, inspite of inflation.

The information contained in this document is for general purposes only and not an investment advice. Readers should seek professional advice before taking any investment related decisions.

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Source: <https://www.hdfcfund.com>

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SIP - Systematic Investment Plans



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