

NIVESH CHINTAN SAMACHAR



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WHAT IS THE IMPORTANCE OF RETIREMENT PLANNING ?

Head Start



In your youth, retirement may seem a distant thing to worry about. Yet, if you want to lead a comfortable and dignified retired life, financial planning is necessary. No matter what your ideal retirement looks like, be it a relaxed time at home family and loved ones, or one of adventure and travel, it will need money.

What is retirement planning?

Retirement planning means preparing for a steady stream of money after retirement. It entails setting aside funds and investing specifically with that goal in mind. Your retirement strategy will depend on your final goal, income, and your age.

Why do you need retirement planning?

Growing old can be expensive. Although frivolous expenses might reduce, medical bills are only likely to rise. Add to that the burden of inflation, and not having enough money to sustain future expenses can cause stress and worry. The purpose of having a retirement investment plan is to ensure financial stability in your later years without depending on others.

Top reasons to have a retirement plan

Here are four reasons why every individual must have a retirement fund:

1. Lack of a social retirement benefit

India has yet to implement a robust social security system with retirement benefits for its senior citizens. Although pensions and employee provident funds do exist, they may not be sufficient to cover all expenses. This is why creating a diversified retirement fund with fixed income and mutual fund investments becomes crucial.

2. Financial independence

For generations, older Indians have depended on their children for retirement support. Lately,

youngsters are leading more independent lives. Often, they are unable to support their parents financially. Even if they can do it, being responsible for yourself will give you more independence to live life on your own terms because you will not be answerable to anyone else.

3. Rising costs

As an investor, you will need to account for rising costs. Inflation is a vital element to consider when planning your retirement. If you are unable to keep up with rising costs, you may have to compromise on your standard of living.

4. Medical emergencies

Healthcare costs are pivotal to understanding the importance of retirement planning. While retail expenses continue to rise steadily, healthcare inflation is growing at alarming rate. While other financial goals may be negotiable, health cannot be compromised.

How to plan your retirement?

The first step to plan your retirement is to picture it. Think about how you would want to spend your golden days and then estimate the money you would need to sustain. Don't forget to account for inflation.

Next, estimate how much of it can be covered using your assets. This can help you arrive at the deficit amount you will need to plan and arrange for the future.

Analyze your present financial situation to gauge how much you can save. Ideally, about 30-50 per cent of your total savings should go towards retirement.

After this, you can narrow down on investment avenues. The younger you are, the more time you have to take advantage of compounding as

well as take a few risks. Invest aggressively in mutual funds and even company stocks, if you can afford it. As you grow older, you may want to consider diversifying your investments to include lower-risk instruments like government-backed securities. Also, think about including annuities and insurance policies in your retirement plan.

When should you start retirement planning?

The sooner, the better. Although youth in their 20s might not worry about retirement, starting early does give one more leeway. If you have missed that bus, you can start where you are.

A good retirement plan should be segregated into investment, accumulation, and withdrawal phases. Until your early 50s, you should focus on investing and building your corpus. As you near retirement, you should be able to shift the money to safer avenues so that you can depend on dipping into it after retirement.

Importance of insurance for retirement

Although many people do not consider insurance an essential part of retirement planning, it is a vital and indispensable component. Life insurance is a cover for a surviving spouse. If you are no longer around, your spouse may struggle financially on their own.

Summary

Planning for retirement must be a non-negotiable part of everyone's financial strategy. The future may be uncertain, but it can help to be prepared. Diversify your retirement corpus by investing in mutual funds, fixed-income securities, and other government-backed securities. Start as soon as you can so that your later years are relaxed.

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

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IMPORTANCE OF HEALTH INSURANCE IN YOUR RETIREMENT PLANNING



Generally, the younger you are when purchasing health insurance, the lower the premiums you pay.

- Shashank Chaphekar

Health insurance is largely tailored to tide you over in medical emergencies. However, incorporating it in your retirement planning becomes more critical as you negotiate inflation and the risks of health issues that may even be prolonged in your old age. It may well be that secret ingredient for a comfortable and stress-free living through your golden years.

Medical emergencies

As mentioned, one of the most compelling reasons to prioritise health insurance is the unpredictability of medical emergencies. Medical treatments can be expensive, especially in major surgery or long-term hospitalisation. The medication costs of major chronic ailments also tend to shoot up over time, resulting in significant financial pressures.

Retirement stability

Another given is that prioritising health insurance coverage ensures that you are protected financially in these medical crises. It acts as a safety net, shielding retirement savings from being depleted due to hefty hospitalisation bills.

Lower premiums

Generally, the younger you are when purchasing health insurance, the lower the premiums you pay. Starting early allows you to take advantage of the power of compounding as savings have more time to grow and accumulate. It can result in significantly larger retirement funds than those who start later.

Long term gains

Health insurance companies tend to offer multiple benefits to long-term policyholders, including no-claim bonuses offered to those who don't make claims during a specific period and cumulative bonuses that reward policyholders for maintaining continuous coverage, with increasing benefits and so on. Retirees can unlock these additional benefits by staying committed to a health insurance policy over the long term, bolstering their retirement planning.

Gaining additional riders

As one grows older, additional riders become available such as critical illness riders and personal accident plan that can be added to the policy. They offer

retirees comprehensive coverage tailored to their specific requirements and offer added financial protection, ensuring retirees do not face economic duress in case of any unforeseen health-related circumstances that may arise.

Playing it smart

Opting for a higher insurance cover, ideally up to Rs. 1 crore or more, will be a good start as a higher insurance cover protects retirees against inflationary pressures on medical treatment and procedures.

Furthermore, combining a base insurance plan with a super top-up plan is helpful. It allows retirees to customise coverage to meet specific medical needs, which entails basic coverage for regular healthcare expenses while adding substantial coverage limits with a super top-up plan to address significant medical events.

It is advisable to have a comprehensive health insurance plan that covers the policyholder and extends coverage to their loved ones. It provides complete healthcare protection for the family adding to your peace of mind.

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

BHARAT GRIHA RAKSHA - HERE'S EVERYTHING ABOUT STANDARD HOME INSURANCE COVER

Bharat Griha Raksha provides coverage for home building and its content. This policy has been made mandatory by the Insurance Regulatory and Development Authority of India (IRDAI) for every insurer to offer with effect from April 1, 2021. The IRDAI announced the introduction of Bharat Griha Raksha standard home insurance policy on January 4, 2021 that it will cover the risk of fire and allied perils for certain risks. Bharat Griha Raksha is basically a home insurance cover that provides coverage for loss, damage or destruction of the home building along with its content and jewellery. In Bharat Griha Raksha the policy can be extended up to 10 years. Valuable content of the house can also be covered with Bharat Griha Raksha under different optional covers.



Features of Bharat Griha Raksha

1. PERILS COVERED

The standard home insurance policy offers a wide range of perils: fire natural catastrophes, including storms, cyclones, typhoons, tempests, hurricanes, tornadoes, tsunamis, floods, inundations, earthquakes, and subsidence landslide and rockslide. It also provides coverage for forest, jungle and bush fires. In addition, damage from man-made hazards like a riot, strike, malicious damages, acts of terrorism and theft will also be covered under Bharat Griha Raksha.

2. TIME

Under Bharat Griha Raksha, cover will be provided within 7 days from the occurrence of any perils and manmade hazards mentioned under this policy.

3. WIDER COVERAGE

Apart from home building, the Bharat Griha Raksha policy covers general home contents automatically without any need for a declaration of details. It provides 20% of the sum insured for the building subject to a maximum of Rs 10 lakh. One can also opt for a higher sum Insured for general contents by declaring the details.

4. OPTIONAL COVERS

Bharat Griha Raksha policy offers numerous

optional covers. You can opt for coverage for your valuables like jewellery, silverware, paintings, works of art, etc., under the optional cover, where valuation has to be provided in some instances. Apart from this, add on coverage like loss of rent or rent for alternative accommodation, architect, surveyor and consultant engineer fee up to 5% of the claim amount and costs of clearing debris are also provided under this policy.

5. OTHER FEATURES

Bharat Griha Raksha policy does not provide a complete waiver of under-insurance. The policyholder's claim will not be settled proportionately but up to the sum insured that is declared. For example, if the general home contents (such as television,, fridge washing machine) are insured for Rs 50,000, while the actual value is Rs 1 lakh, the policy will still pay the entire sum insured, i.e. Rs 50,000. Like all standard insurance policies introduced by IRDAI, the product has been designed with policyholder friendly features and have wording in simple language for the general public to understand it easily.

What Does Bharat Griha Raksha Policy Cover?

- Fire, explosion/implosion
- Riot, Terrorism and Malicious damage
- Natural Calamities – Earthquake, flood,

cyclone, storm, hurricane, typhoon, lightning, etc

- Damaged caused externally due to third-party vehicles, other person's tree, etc
- Theft

What Does Bharat Griha Raksha Policy Not Cover?

- Loss or damage to unset precious stones, manuscripts, plans and drawings
- Loss, damage or destruction to any electrical/electronic machine, apparatus, fixture, or fitting by over-running, excessive pressure and short-circuiting
- War, invasion, an act of foreign enemy hostilities or war-like operations
- Any willful negligence or misconduct

CONCLUSION

Homeowners looking for an ideal home insurance cover can opt for the Bharat Griha Raksha policy, which will secure the home structure and its content appropriately. Even tenants should consider buying the Bharat Griha Raksha policy to insure the belonging against any sort of unforeseen event.

Disclaimer: The above information is for illustrative purpose only. For more details, please refer to policy wordings and prospectus before concluding the sales.

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

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INDIA ECONOMY BEATS EXPECTATIONS WITH 8.4% GROWTH

The data comes as the country is set to hold a general election this year.

Prime Minister Narendra Modi posted on the social media platform X, formerly Twitter, that it shows “the strength of Indian economy and its potential”.

India is forecast to overtake Japan and Germany as the world’s third biggest economy in the next few years.

The better-than-expected growth was led by a strong performance by the country’s manufacturers, with the sector expanding by 11.6% in the period.

Private consumption, which makes up almost two-thirds of the country’s gross domestic product (GDP), also rose by 3.5%.

People’s spending power was affected last year due to high prices of staple foods such as onions. That led to the government introducing a number of measures to help curb food price inflation.

In recent years, Prime Minister Modi has raised government spending on infrastructure and offered incentives to boost the manufacturing of phones, electronics, drones and semiconductors to help India compete on the international market.



On Thursday, the government gave the greenlight to the construction of three semiconductor plants worth 1.26 trillion rupees (\$15.2bn; £12bn) by firms including Indian conglomerate Tata.

But the agricultural sector, which accounts for about 15% of the \$3.7tn (£2.93tn) economy, continued to struggle because of weak monsoon rains.

Some farmers have been protesting to demand minimum crop prices.

The International Monetary Fund (IMF) expects India’s economy to expand by 6.5% in 2024, compared with 4.6% for China.

Beijing is under growing pressure to unveil stimulus measures to support the world’s second biggest economy which is facing a number of challenges including a property market crisis, high youth unemployment and falling prices, known as deflation.

Source: www.bbc.com

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