

# NIVESH CHINTAN SAMACHAR



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## ‘TIME IN THE MARKET IS MORE IMPORTANT THAN TIMING THE MARKET’

It is a great time to be a consumer. We live in a world full of choices in every conceivable category, from daily consumables like bread, eggs, and coffee to high ticket purchases like cars and houses.

It is no different in the world of investments. From multiple trading apps that allow you to invest in not just India but even the US to a plethora of investment options from insurance to mutual funds to banks, everyone is fighting for a share of your savings. The time between decision and action has been compressed dramatically and one just has to use one's left thumb to invest. That's the easier part. But is that the real issue that needs addressing?

The big problem from an investor's perspective is that we all have finite income. Come to think of it, we don't just buy dresses; we try them out or return them if they don't fit well. The same goes for cars and a host of other products. The same goes for cars and a host of other products. There is a return policy or a warranty that guarantees performance for a period.

That, to me, is the big difference between investments and other categories. There is no way you can return and get your original sum back if the investment doesn't perform. In fact, it is exactly the opposite. The entire mutual fund industry has been for years breathlessly (at least five seconds to be precise) highlighting that mutual fund investments are subject to market risks.

Investment is one area where experience matters. It is a field of risk management and not just returns management. It is as much a field of emotions as domain expertise. A person who has been through multiple boom and bust cycles is cherished and sought after within the fund management industry.

The mutual fund industry is now a force to reckon with and fast living up to its retail participation promise. In a span of

two decades, the Assets Under Management (AUM) have grown 40 times at 17% CAGR, with the SIP book and investor base growing five times during the past five years. In addition, the industry reached a historic number of 14.11 crore total investor folios in December 2022. (Source: AMFI). Like a typical David vs Goliath battle, retail investors primarily through Systematic Investment Plans (SIPs) are effectively countering any Foreign Portfolio Investor (FPI) outflows.

When we examine Association of Mutual Funds in India (AMFI) data as of November 30, 2022, we do notice some signs of retail consumer behaviour of use and throw in MFs. Among equity mutual funds, only 51% of investments are held for longer than 24 months. Additionally, compared to 14% of regular plans, just 3% of direct plans are held for longer than five years.

Investments are like children; they do get better with time. They need as much patience, advice and nourishment. Each of our investment needs is different as our end goals are different.

However, there is a tendency among investors, particularly newer investors, to make decisions solely based on immediate past performance. Such choices might lead to undesirable outcomes since the immediate past performance of a mutual fund scheme does not guarantee its future performance. In our opinion, time in the market is more important than timing the market.

Hence, we believe that providing investors with individualized guidance and relationship management has a lot to offer. Nowadays, gathering information and comparing various fund types online is simpler but may lead to investors making



uninformed decisions. A financial advisor can help clients put things into perspective and make wise long-term investment decisions.

For, financial advisors play an important role in shaping an individual's financial behaviour. They help individuals understand their financial situation, set financial goals, and create a plan to achieve those goals. They provide guidance on various financial topics, such as budgeting, saving, investing, tax planning, retirement planning, and insurance. By providing objective advice, financial advisors can help individuals make informed decisions about their finances, overcome obstacles, and avoid common mistakes.

These advisors can also help individuals identify and address behavioural biases that may be affecting their financial decisions. For example, investors may be prone to impulsive decision-making or procrastination. The advisors can help them recognize and overcome these tendencies. By working with advisors, individuals can achieve the ultimate end goal - financial independence.

**(G Pradeepkumar is CEO of Union Asset Management)**

*(Disclaimer: The opinions expressed in this column are that of the writer. The facts and opinions expressed here do not reflect the views of www.economicstimes.com.)*

Source : <https://economicstimes.indiatimes.com>

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISK. PLEASE READ THE OFFER DOCUMENT BEFORE INVESTING.



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# 6 REASONS WHY HEALTH INSURANCE IS IMPORTANT

Medical contingencies typically strike when you least expect them, and can leave you financially distressed. The only way to overcome these unforeseen situations and manage the inflating medical costs is to invest in a good health insurance plan. Health insurance is the shield that enables you to get the necessary medical treatment without worrying about the exorbitant costs. Your insurance policy gives you the freedom to seek good quality medical care without draining your hard-earned savings. Indeed, there are many reasons why health insurance is necessary. Let us assess them one by one.

## 6 Reasons Why health insurance is important?

Listed below are some vital reasons why medical insurance is important:

### 1. Increase in lifestyle-related diseases

With our modern, sedentary lifestyle, unhealthy eating habits, and rising stress levels, our risks of contracting diseases have surged significantly. Conditions like diabetes, obesity, and heart conditions, which were earlier deemed age-related, have now become more common than ever. Health insurance provides the necessary financial support and access to healthcare services to address these conditions. It ensures that you can afford the medical treatments, medications, and assistance required to manage and prevent the progress of such diseases.

### 2. Inflating medical costs

A crucial reason why mediclaim is important is that it helps manage the inflating medical costs. While medical technology is advancing with every passing year, the costs of accommodating and utilising the newer technologies are often transferred to patients. As such, a simple surgery that previously costed you ₹200,000 a few years ago, could now cost you ₹500,000. Likewise, the expenses associated with hospitalisation, diagnostic tests, doctor consultation fee, surgeon charges, etc., are also consistently increasing. Without health insurance, managing these inflating costs may be challenging.

### 3. Access to quality healthcare

When you are diagnosed of an illness, you typically want to seek treatment from the best physicians. You may also want to seek admission in the best healthcare facilities. In the absence of health insurance, you may have to compromise with the quality of physicians and healthcare centres. Alternatively, you may choose to bear the treatment costs, but the out-of-pocket costs may be significantly high. However, your health insurance plan, particularly one with a high sum insured gives you the freedom to access the best quality healthcare solutions.

### 4. Family protection

Another reason why health insurance is important is that it helps protect your family's

well-being. Whether it is your ageing parents who are prone to contracting illnesses, your dependent children, or your spouse who needs protection from unforeseen health conditions, health insurance covers them all. You can opt for a family floater health insurance plan to manage the medical expenses of your entire family. With the financial security of health insurance, you stay prepared and for any medical emergency your family faces.

### 5. Management of Medical Emergencies

While health insurance plays a pivotal role in helping you manage planned treatments, its role during medical emergencies is unparalleled to anything else. For instance, if a loved one has a sudden heart attack and needs emergency bypass surgery, the costs associated with the same can be high. In most cases, hospitals do not begin treatment until you deposit the sums. Coming up with a lumpsum amount during such, already testing times may be both stressful and difficult. But with health insurance, you can simply admit the patient in a network hospital where treatment can begin immediately.

### 6. Extensive Coverage

A variety of healthcare services and treatments are included in the health insurance coverage. They include hospitalisation, doctor's consultation, medications, diagnostic tests, surgeries, and post-hospitalisation care. The sum insured required to cover these expenses is also generally substantial and depends on your age, healthcare conditions, and other personal factors. With the wide range of coverage and considerable sum insured amount, you can access healthcare services without bearing the hefty financial burden.

#### Benefits of health insurance

You stand to gain the following benefits when you invest in health insurance:

- **Safeguards your savings**

Medical expenses can quickly deplete your savings if you are unprepared. The inflating cost of healthcare might also cause you to fall into a debt trap. With health insurance, you can safeguard your hard-earned savings while your insurer bears the medical costs. You do not have to worry about losing your corpus, accumulated over the years, over a sudden medical emergency. All you have to do is pay your annual premiums to get continuous, uninterrupted coverage.

- **Multiple coverage options**

While buying health insurance, you have the flexibility to choose from different coverage options based on your needs and budget. For instance, insurers offer individual health plans, family floater plans, critical illness insurance plans, and various other products. You can also customise your policy with a range of additional riders providing all-encompassing coverage. You can check with your insurer for the available coverage

options and find a plan that best suits your needs.

- **No claim bonus (NCB)**

Investing in health insurance translates to significant savings. It helps keep your funds intact during medical emergencies. Plus, you can enhance your sum insured at no extra costs with the No Claims Bonus (NCB) Benefit. With the NCB Benefit, the insurer increases your policy's sum insured by a fixed percentage for every consecutive claim-free year, during the first five years. The maximum NCB benefit you can enjoy is 50% enhanced sum insured over five continuous claim-free years.

- **Cashless claim facility**

Insurers understand the stress that goes with a medical diagnosis. To help you relieve your stress, they offer a cashless claim-settlement facility through their network hospitals. You simply need to seek admission in one of the network hospitals and provide your health card/ policy information. The hospital staff then contacts the insurer's representative. Together, the duo manage the expenses and other formalities, while you can concentrate on seeking the necessary treatment. This arrangement saves you from arranging funds for treatment, nor do you have to file a reimbursement claim later.

- **Tax exemption**

To encourage investment in health insurance, the Indian government offers tax rebates on health insurance premiums under Section 80D of the Income Tax Act. Thus, you can claim deductions of up to ₹25,000 for investing in health insurance for yourself, your spouse, and your children. Plus, you can claim another ₹25,000 and ₹50,000 in tax rebates upon purchasing policies for your parents under and over the age of 60 years, respectively. Moreover, if you are a senior citizen buying health insurance for your senior citizen parents, you can enjoy annual tax benefits of up to ₹1 lakh.

#### Tackle hefty medical expenses with health insurance

The above-mentioned reasons and benefits highlight why health insurance is necessary. With health insurance, you can prioritise your and your family's well-being, and get the necessary coverage to manage medical costs effortlessly. This investment assures peace of mind and lets you combat medical expenses head-on. So, secure yourself and your family with a health insurance plan from us to deal with medical uncertainties that may crop up anytime.

*Disclaimer: The above information is indicative in nature. For more details on the risk factor, terms and conditions, please refer to the Sales Brochure and Policy Wordings carefully before concluding a sale.*

Source: <https://www.sbigeneral.in>

# CAN A HOUSEWIFE GET A TERM LIFE INSURANCE PLAN?

Life is surely a rollercoaster, right? There are many ups and downs, so you should be ready for them. One such unfortunate event that can rattle a family is the absence of not only male breadwinners but their equally female counterparts, i.e. the housewives. Their absence can result in a variety of difficulties, initially financial and emotional ones. Term insurance for housewives can provide additional financial security by paying for future and current medical bills, loans, education costs, and marriage costs. Therefore, housewife term insurance is an essential purchase for a family's financial future.

## What is term insurance for housewife?

A type of life insurance policy known as housewife term insurance guarantees a payment to the housewife's family in the event of an unfavourable incident involving the housewife. This guaranteed payout is given in exchange for the policyholder's payment of premiums on time.

## Why should housewives buy term insurance?

Buying term plans is undoubtedly necessary for housewives nowadays. Considering the growing prevalence of diseases in women, including PCOD (polycystic ovarian syndrome) and breast cancer, housewives may find themselves in need of term insurance so that their families are financially secure in case of an untimely demise.

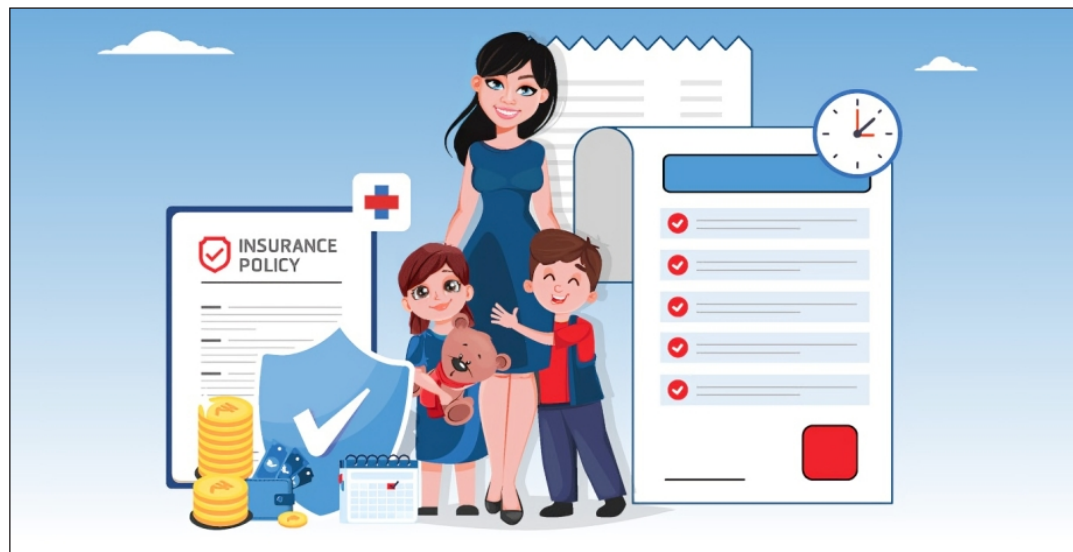
The best term insurance plan for housewife can help the nominees through the guaranteed cover amount that can assist in expenses such as education, existing loans, etc.

## How to identify the best term insurance plan for housewife?

### 1. Make sure the cover you choose is adequate

The last thing you want to do is choose a cover that won't fit within your budget. As a result, it's crucial to pick a housewife term insurance plan that offers the required amount of money protection.

To be sure of that, it is highly recommended that you review your financial plans. Acknowledge the amount you have saved and the amount still needed. Simultaneously monitor your present expenditures and forecast your future expenditures.



Select an appropriate level of coverage in line with that. The cover amount should, in general, be three to five times the spouse's annual income.

### 2. Check the Claim Settlement Ratio

The Claim Settlement Ratio is a crucial consideration when buying term insurance. The claim settlement ratio is easily calculated by dividing the total number of claims received by the insurer by the number of claims that were settled. Given its high claim settlement rate, going with HDFC Life, one of the largest insurers in India, may prove to be a smart decision.

### 3. Keep the Term Plan Type in Mind

Return of Premium, Decreasing Term Insurance, & Increasing Term Insurance are the three types of life insurance plan for housewife that are offered when buying term insurance. You must choose the plan that best suits your needs and financial goals among these options because they differ in terms of features.

## Key Features of Term Plan for Housewife

### • Financial Safety

While a housewife may not make a substantial financial contribution to the household, her contributions in other areas are indisputable. Purchasing term insurance for housewives can guarantee financial stability by offering a payout that could save a family. The settlement can assist the family in overcoming financial difficulties and covering essential future costs.

### • Pocket-friendly Premiums

Term insurance for housewives is much less expensive than a life insurance policy. This is so because death benefits are a feature of term insurance. Conversely, life insurance provides benefits for both survival and death.

### • Flexibility

One crucial component of women's term insurance is flexibility. It facilitates product customisation according to unique budgetary needs. For instance, the payouts can be received as a regular income for a predetermined period of time, the premiums can be paid regularly throughout the policy tenure or for a limited term, & the sum assured can be increased at various life milestones.

### • Tax Advantages

To incentivise people to buy term life insurance, the government provides policyholders with tax benefits. When buying term insurance for housewife, remember that they are eligible for tax benefits under Section 80C of the Income Tax Act, up to a total of Rs 1.5 lakh per year. Furthermore, the payment made to the nominee is tax-free according to Income Tax Act Section 10(10D).

### • Benefits for Children

The financial benefit of insurance coverage from the term plan for housewife can be used to plan for her child's future, including higher education, marriage and other expenses. This would guarantee a stable life free from financial hardship for her children.

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

INSURANCE IS THE SUBJECT MATTER OF SOLICITATION.

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2023-24

# Tax Reckoner

## PERSONAL INCOME-TAX SCENARIO

Individual	Total Income								
	475,000	675,000	825,000	1,000,000	1,500,000	5,650,000	11,150,000	21,150,000 #	51,150,000 #
Tax in FY 2023-24 (Option A)*	NIL***	18,200	49,400	85,800	226,200	1,673,100	3,722,550	7,946,250	21,532,290
Tax in FY 2023-24 (Option B)**	NIL***	NIL***	39,000	62,400	156,000	1,595,880	3,641,820	7,858,500	19,558,500
Additional Tax burden/ (Savings) in Option B		(18,200)	(10,400)	(23,400)	(70,200)	(77,220)	(80,730)	(87,850)	(1,973,790)
Additional Tax burden/ (Savings) (%) in Option B		(100%)	(21.05%)	(27.27%)	(31.03%)	(4.62%)	(2.17%)	(1.10%)	(9.17%)

Resident senior citizen (age of 60 years but below 80 years)	Total Income								
	475,000	675,000	825,000	1,000,000	1,500,000	5,650,000	11,150,000	21,150,000 #	51,150,000 #
Tax in FY 2023-24 (Option A)*	NIL***	15,600	46,800	83,200	223,600	1,670,240	3,719,560	7,943,000	21,528,728
Tax in FY 2023-24 (Option B)**	NIL***	NIL***	39,000	62,400	156,000	1,595,880	3,641,820	7,858,500	19,558,500
Additional Tax burden/ (Savings) in Option B		(15,600)	(7,800)	(20,800)	(67,600)	(74,360)	(77,740)	(84,500)	(1,970,228)
Additional Tax burden/ (Savings) (%) in Option B		(100%)	(16.67%)	(25.00%)	(30.23%)	(4.45%)	(2.09%)	(1.06%)	(9.15%)

Resident senior citizen (age 80 years and above)	Total Income								
	475,000	675,000	825,000	1,000,000	1,500,000	5,650,000	11,150,000	21,150,000 #	51,150,000 #
Tax in FY 2023-24 (Option A)*	NIL***	5,200	36,400	72,800	213,200	1,658,800	3,707,600	7,930,000	21,514,480
Tax in FY 2023-24 (Option B)**	NIL***	NIL***	39,000	62,400	156,000	1,595,880	3,641,820	7,858,500	19,558,500
Additional Tax burden/ (Savings) in Option B		(5,200)	2,600	(10,400)	(57,200)	(62,920)	(65,780)	(71,500)	(1,955,980)
Additional Tax burden/ (Savings) (%) in Option B		39.29%	7.14%	(14.29%)	(26.83%)	(3.79%)	(1.77%)	(0.90%)	(9.09%)

\* For the purpose of tax calculation under Option A, ad hoc deduction of INR 150,000 has been claimed. The ad hoc deduction is only illustrative in nature. Basis actual deduction, the tax amount will vary.

\*\* For purpose of tax calculation under Option B, no exemption/ deductions have been claimed and it has been proposed that enhanced surcharge of 37% should not apply.

\*\*\* NIL tax on account of rebate under section 87A.

# If the said taxable income includes income by way of dividend on shares and short-term capital gains in case of listed equity shares, equity oriented mutual fund units, units of business trust and long-term capital gains, then enhanced surcharge of 37% and 25% would not be applicable and accordingly effective tax rate would be lower.

### Option B (New Regime)

For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Total Income	Tax Rates
Up to Rs. 3,00,000	NIL
Rs. 3,00,001 to Rs. 6,00,000	5%
Rs. 6,00,001 to Rs. 9,00,000	10%
Rs. 9,00,001 to Rs. 12,00,000	15%
Rs. 12,00,001 to Rs. 15,00,000	20%
Above Rs. 15,00,000	30%

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