

NIVESH CHINTAN SAMACHAR



Volume :1

Issue :11

THANE

NOVEMBER 2023

4 Pages

₹ 3.00

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SEBI EXTENDS THE DEADLINE FOR MF ACCOUNT HOLDERS TILL JAN 1 TO COMPLY WITH THE NOMINATION RULE

The Securities and Exchange Board of India (SEBI) said the deadline for mutual fund account holders has been extended till January 1 to nominate a beneficiary or opt out of it by submitting a declaration form.

If MF account holders fail to comply with the norms their folios will be frozen, said the markets regulator.

“Based on representations received from the market participants, it has been decided that the provision... about the freezing of folios, shall come into force with effect from January 1, 2024 instead of September 30, 2023,” the Sebi said in a circular.

The markets regulator has also asked asset management companies (AMCs) and RTAs

to encourage the unit holder to fulfil the requirement for nomination or opt out of the nomination by sending a communication on a fortnightly basis by way of emails and SMS to all such unit holders who is not in compliance with the requirement of nomination.

A report by news agency PTI citing market experts said that many mutual fund folios in the past have been opened without nominating anyone to whom the assets should be transmitted in case something happens to the account holders.

The move is aimed at helping investors to secure their assets and pass them on to their legal heirs.

Earlier, the deadline for existing mutual fund holders to choose a nomination was September 30.

On 15 June 2022, the SEBI made it mandatory for mutual fund holders to submit the nomination details or declaration to opt out of the nomination on or after 1 August 2022. Since then, the deadline has been extended several times.

On Tuesday, the Sebi extended the deadline by three months to December-end for existing demat account holders to provide a choice of nomination or formally opt out of nomination through a declaration form.

Source: www.livemint.com

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



Keval Nivesh Intermediaries LLP, Plot No. RP-108, MIDC Phase-2, Sonarpada, Near DNS Bank, Opp. Runa Chemicals Gate No.1, Dombivali (E)-421201.

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HEALTH INSURANCE FROM INDIA BECOMES MORE ATTRACTIVE FOR NRIS WITH GST REFUND

While the insurance industry has made significant strides towards making health insurance more accessible and affordable for NRIs, the latest development of tax refunds is a welcome move towards better affordability. NRIs can now leverage tax regulations to their advantage when acquiring Indian Health Insurance. Since NRIs already fulfil tax obligations in their country of residence, they qualify for an 18 per cent GST refund when purchasing an Indian Health Insurance plan.

By Siddharth Singhal

Wealth creation, career progression, and exposure to better opportunities - are some of the common reasons why over 25 lakh people migrate to foreign countries every year from India. When laying the foundation of their future, NRIs cannot afford to exclude the most critical component of financial security - health insurance. The sheer rise in medical emergencies as well as healthcare costs around the world in tandem can force families into financial distress in no time. More applicable for NRIs, this serves as a vital safety net protecting their families in their home country, especially elderly parents. Not to forget, if they were to require medical attention during their visit to India, it could be a financial lurch to be bereft of health care.

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Who qualifies for it?

GST refunds on health insurance begin with the proposer, who initiates and applies for the policy. So if you apply for the policy for yourself or for your family residing in India, you shall be the policy proposer. To qualify



for the benefit, the proposer should be an NRI, while the insured necessarily doesn't need to be an NRI, as the criteria differ from insurer to insurer. Next, all payments made for the policy should originate from an NRE (non-residential external) account. Also, the frequency of the premium payment should be on an annual basis. With these simple criteria, eligibility for an 18 per cent GST refund will be applicable and will directly translate to higher savings for the policyholder, especially in the long run.

Prerequisites & documentation

Apart from the payment part, you also need to follow the required documentation process to avail of the benefit. Although the exact requirements may differ among insurers, a universal requirement is the KYC (Know Your Customer) document. This validates the policyholder's legitimacy and is consistent across providers. If your insurer mandates it, you might also be required to submit your PAN card, an international address proof, a Tax Residency Certificate, your passport, and a recent photograph. For international address proof, you can use utility bills, bank statements or a government ID card or certificate. You should have resided in a foreign country for over 182 days to qualify for the refund. You would also need to produce your NRE bank account statement

showing payment of premiums. After document verification, the policy is issued and the GST refund process is initiated. The refund usually takes 15 days to get processed after the policy issuance.

Why act now?

Recent years have seen a significant trend of NRIs returning to India for various reasons, such as career opportunities, family considerations, and a desire to reconnect with their roots. In fact, several reports point toward NRIs planning to return to India to spend their retirement years, especially in countries like the UK, Canada and Singapore. As one ages, health issues become more likely, making it challenging to secure the best policy at affordable premiums. Purchasing health insurance in a timely manner ensures a safety net for life.

In conclusion, when seeking GST refund eligibility on health insurance policies, the NRI status of the proposer is a common requirement. However, specific criteria for insured members, documentation, and other details may differ among insurance providers. Understanding these criteria is vital for those looking to avail of GST refunds on their health insurance premiums. Consulting with insurance providers and adhering to their specific requirements is essential to make the most of your investment.

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

SHOULD YOU TAKE AN ACCIDENTAL DEATH BENEFIT RIDER WITH YOUR LIFE INSURANCE POLICY?

You can top up your base term plan with an accidental death benefit rider for higher protection at a small additional cost. While this rider is no substitute for a comprehensive term plan, it can be a low-cost way of boosting your life cover.

A life insurance cover (term plan) is a must-have for ensuring that your family is financially protected in the event of your demise.

But apart from having a term plan (base cover), you can also opt for a **rider** — **an additional feature on top of the base cover** — to make your life insurance more comprehensive.

Now, certain riders such as the critical illness rider come at significant cost and therefore, require a cost-benefit analysis before you opt for them. However, an accidental death benefit (ADB) rider is a relatively low-cost option that gives you additional protection.

“An accidental death benefit rider is easy to purchase. It does not require any elaborate documents or formalities. You just have to fill out an application form,” says Sanjay Arora, Executive Vice President and Head of Operations, Tata AIA Life Insurance. After all, unlike critical illnesses, there are no disclosures to be made regarding any pre-existing diseases.

While some companies sell accidental death and disability covers in the form of a single rider, others offer these separately. Affordability permitting, it is best to buy a combined accidental death and disability benefit (ADDB) rider. An ADDB rider offers compensation for loss of income due to total and permanent disability caused by an accident, while a simple ADB rider pays out the claim amount only in case of death.

How it works

Like any rider, the ADB rider too can be taken only on top of a base plan, say a term plan. This easy-to-understand rider gives the policyholder’s nominee an additional pay-out (besides the sum assured under the base plan) if the policyholder dies due to an accident.

If the death is caused due to reasons other than an accident, then the insurer pays

out only the sum assured under the base plan. That is, the rider provides additional financial protection in case of an accident-related death.

Let’s say, you have a term plan with a base cover of Rs 1 crore and an ADB rider of Rs 1 crore. Then, in case of **accidental death**, the policyholder’s nominee will be paid Rs 2 crore, and in case of death due to other reasons, the pay-out will be Rs 1 crore.

Professor Manoj K Pandey, a faculty member at Birla Institute of Management Technology and a life insurance industry veteran, points out that one can take an ADB rider not only with a term insurance plan but also with a host of ULIPs, endowment plans etc.

ADB rider cannot exceed base coverage

So, what is ‘accidental death’ and how much cover can you take under this rider? Deaths due to car or other road accidents, airplane crashes, injuries from a fall, fire or firearm accidents qualify as accidental death under this rider. However, deaths due to suicide or self-inflicted injuries, parachuting, engaging in hazardous sports, etc., are excluded.

Your ADB rider amount cannot exceed your base plan cover. If you have a term plan with a base sum assured of Rs 1 crore, you can at best take an ADB cover of a crore.

But how much cover should you actually take? “An ADB rider comes at a very low additional premium, so you should take the maximum possible cover,” says Rhishabh Garg, Head, Term Insurance, Policybazaar.com.

Giving a rough estimate, he says, if you already have a term plan with a sum assured of Rs 1 crore, then the cost of an additional Rs 1 crore cover will be 80-90 percent of the first Rs 1 crore. But, with an ADB rider, the additional cost could be just 25-30 percent.

Of course, with the latter, you are covered only if the death is due to an accident.

Higher base cover or ADB rider

So, should you go for a higher base sum assured or an ADB rider? Here is what experts have to say.

“As the name suggests, the rider ‘rides’ on a base policy. The sum assured under the rider cannot exceed the sum assured of the base policy. Hence, one should take the maximum possible life insurance cover in the base policy. This (base policy) provides protection against death by any cause, be it due to an illness, old age or accident,” says Pandey.

Accidental rider is like a top-up, to enhance the benefit should one die because of an accident. “This is the easiest rider to get with almost no underwriting attached to it, except for those with some deformity, etc. The premium is also very low,” he says.

Kapil Mehta, co-founder and CEO of SecureNow Insurance Brokers, offers a similar view. “Taking a higher sum assured under the base plan is the best option, if you can afford it. The accidental death benefit can be seen as a cost-effective way of increasing your sum assured,” says Mehta.

Garg suggests that while making this choice, it’s important to evaluate one’s lifestyle. “If you have heavy usage of two-wheelers or public transport such as shared autos, which expose your life to greater risk than, say, travelling by car, then you can consider taking this rider.” Do note, however, that the payout is not confined to vehicular accidents alone. Death due to a fall at home will also qualify as an accident.

While the ADB rider is no substitute for full-fledged life insurance, it is a good addition for enhanced protection, especially considering its lower cost and the ease of availing of it.

Source: www.moneycontrol.com

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COMPANY FD RATES ARE STILL OVER 8%: WHO SHOULD INVEST IN A CORPORATE FIXED DEPOSIT, WHO SHOULD AVOID?

Company FDs: Higher interest rates and easy payouts

Company deposits are unsecured investments that offer a fixed return. These FDs are mostly offered by manufacturing companies and non-banking financial companies (NBFCs) for varying tenures and with different frequencies of interest payments. Corporate FDs pay higher interest than bank FDs, usually 0.75 per cent to 1.5 per cent higher, says Saurabh Jain, Co-Founder of Stable Money. They also offer several pay-out options such as monthly, quarterly, half-yearly and yearly.

Don't just go by high-interest rates but also understand the risk

As corporate FDs are unsecured and are typically not backed by collateral, they carry higher risks than bank FDs. While banks and NBFCs are well regulated by the Reserve Bank of India (RBI), which reviews their performance regularly, there is no such regulator for company FD; these are governed by the company law. Moreover, a bank FD is insured up to Rs 5 lakh but there is no such insurance on a corporate FD.

The biggest risk that corporate FDs carry is credit risk, that the company may not be able to pay back the depositor the interest or the

principal, says Adhil Shetty, Chief Executive Officer (CEO), BankBazaar.

Go by credit ratings but be cautious

To gauge the risk involved with corporate FDs, first check their ratings given credit bureaus such as CRISIL, CARE and ICRA. The credit ratings should be high. Go with FDs that have AAA or at least AA+ ratings, suggest experts. However, it's important to remember that a high rating doesn't necessarily mean your deposits are safe, says Jain.

It is advisable to research a bit about the company's performance before investing in its FD. "Credit rating is one parameter that gives you an idea of the probability of default. It is recommended that investors spend a little time in understanding the company's management and business model before investing," says Shetty.

Do look at the balance sheet, profit & loss statement, profitability ratios and non-performing assets (NPAs) of the company you are investing in, suggests Vishal Dhawan, a SEBI-registered investment advisor and Founder of Plan Ahead Wealth Advisors. Jain says, "If a company has a consistently positive record, with only a few exceptions, that's a good sign. Additionally, it's wise to

look into the company's plans and how they could impact your investment."

Corporate FDs have their limitations: Liquidity, tax and more

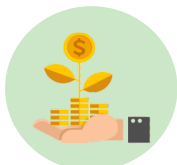
Corporate fixed deposits have certain limitations. When it comes to premature withdrawal, most corporate FDs follow more stringent policies than bank FDs.

Companies often charge a steeper penalty than banks for premature withdrawal of deposits, says Dhawan. Explaining the reason behind it, Jain says, "Corporate FDs come with a risk of investors withdrawing their deposits early, which can put the company in a cash crunch and lead to delayed repayments. In some cases, a company may even struggle to repay the principal amount." That's why it's crucial to know the liquidity situation of the company before investing in their FDs, he adds.

Further, corporate FDs do not have any tax benefits. "If your interest earnings exceed Rs 5,000 in a financial year, the company will deduct tax deducted at source (TDS) at 10 per cent. If you fail to provide your PAN details to the company and your interest earnings exceed the above-mentioned limit, the company will deduct TDS at 20 per cent," says Jain.

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

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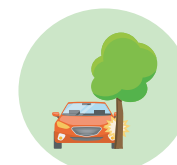
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☎ salessupport@kevalniveshv.com ☎ www.kevalniveshv.com
☎ 91527 29411 / 91527 29501