

NIVESH CHINTAN SAMACHAR

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WHY SENIOR CITIZENS CAN NO LONGER AFFORD TO IGNORE HEALTH INSURANCE

Rising healthcare costs and longer life expectancy are making comprehensive health insurance an increasingly important part of retirement planning

Mumbai: For many senior citizens, retirement planning traditionally revolves around ensuring a steady income, managing investments and preserving savings. But there is another financial risk that is becoming increasingly difficult to ignore: the rising cost of healthcare.

As people live longer and medical treatments become more sophisticated, a single hospitalisation can result in a substantial financial setback. For retirees dependent on fixed incomes or accumulated savings, unexpected medical expenses can erode years of financial planning.

This is making health insurance an increasingly important component of financial security after the age of 60.

Healthcare costs can put retirement savings at risk

Ageing does not necessarily mean poor health, but the likelihood of requiring medical attention tends to increase with age. Conditions such as diabetes, hypertension, cardiac problems and other chronic illnesses may require regular consultations, diagnostic tests, medicines or hospitalisation.

The financial impact can be significant.

A major surgery, prolonged hospital stay or treatment for a serious illness can cost several lakhs of rupees, depending on the condition, hospital and treatment required. Even routine medical care can become a considerable expense over several years.

For a senior citizen, using retirement savings to meet such expenses can affect the ability to maintain a comfortable standard of living for the rest of their life.

Health insurance can act as a financial safety net

A comprehensive health insurance policy is designed to cover eligible medical expenses, subject to the terms and conditions of the policy.

Depending on the plan, coverage may include hospitalisation, ICU expenses, doctor and specialist fees, day-care procedures, pre- and post-hospitalisation expenses, ambulance charges and, in some cases, domiciliary treatment.

The objective is not simply to pay hospital bills. Adequate insurance can help ensure that a medical emergency does not automatically become a financial emergency.



Cashless treatment offers additional convenience

Many insurers have networks of hospitals where policyholders can access cashless treatment, subject to policy conditions and authorisation.

This can be particularly useful for senior citizens and their families during emergencies. Instead of arranging the entire hospital bill immediately, the insurer may settle eligible expenses directly with the network hospital.

However, cashless treatment does not necessarily mean that every expense is covered. Deductibles, co-payments, exclusions and non-payable expenses may still have to be borne by the policyholder.

Pre-existing illnesses require special attention

One of the biggest considerations for senior citizens is the treatment of pre-existing diseases.

Many people entering their 60s already have conditions such as diabetes or high blood pressure. Health insurance policies may cover such conditions after a specified waiting period, depending on the policy.

This makes it important to read the policy terms carefully before buying insurance. Seniors should also disclose their medical history accurately. Attempting to conceal an existing illness could create difficulties when a claim is made.

The cheapest policy may not always be the best policy

With several health insurance products available in the market, premium is often the first factor consumers compare. But experts generally advise looking beyond the price.

A policy with a lower premium may have higher co-payment requirements, room-rent restrictions,

disease-specific limits, longer waiting periods or extensive exclusions.

Senior citizens should therefore examine the actual level of financial protection offered by a policy rather than choosing purely on the basis of cost.

What should seniors check before buying a policy?

Several factors deserve close attention:

Sum insured: The coverage should be sufficient to deal with today's hospitalisation costs as well as potential future increases.

Co-payment: Some policies require the insured to bear a percentage of eligible expenses. A higher co-payment can reduce the premium but increase the individual's financial burden during a claim.

Waiting periods: Check the waiting period for pre-existing diseases and specified treatments.

Room-rent limits: Restrictions on room categories can sometimes have an impact on the amount payable for other hospitalisation expenses.

Network hospitals: Seniors should check whether good hospitals are available in their city or neighbourhood.

Exclusions: Understanding what is not covered is as important as knowing what is covered.

Claim process: A straightforward claims process and accessible customer support can be particularly valuable during a medical emergency.

Premium affordability: Insurance should remain financially sustainable over the long term. A policy that becomes unaffordable later

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INSURANCE IS A SUBJECT MATTER OF SOLICITATION.



Keval Nivesh Intermediaries LLP, Shop No. 11, Godavari CHS, Ram Nagar, Shiv Mandir Cross Road, Dombivli East, Maharashtra - 421201.

www.kevalniveshv.com

91527 29411 / 91527 29501

@kevalnivesh

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THE FIRST SALARY. THE FIRST SIP. THE BIGGEST ADVANTAGE: TIME.

There is something special about the first salary. It is rarely a large amount, but it carries a sense of possibility. We think of what to buy, whom to treat and what to do with our newfound financial freedom.

Very few of us think about one more question: **“What can I put aside for my future self?”** And perhaps that is where the journey towards financial independence should begin.

SEBI’s investor education material puts it rather simply: ***“The day one gets the first income is the time when you should ideally start investing.”**¹

Not because the first salary is substantial. **Because time is.**

A young professional may feel that ₹2,000 or ₹5,000 invested every month won’t make much difference. But SIPs are not about making a big investment on day one. They are about creating a disciplined habit and allowing compounding to work over a long horizon.

Think of it this way: when you start investing early, your money gets more time to potentially earn returns, and those returns can themselves generate further returns. This is the power of compounding. The longer the investment journey, the more meaningful this effect can become.

As Madhabi Puri Buch, former SEBI Chairperson, has highlighted in her investor-awareness message, systematic investing and the power of compounding can play an important role in long-term wealth creation—while investments must always be aligned with one’s risk profile.²

Think of two people starting their careers at 25.

One waits for the salary to become **“big enough”** to invest.

The other starts small and increases the SIP as the salary grows.



The difference may not look impressive in the beginning.

But compounding doesn’t measure beginnings. **It rewards consistency and time.**

Starting early also makes investing a habit rather than something that needs to be consciously revisited every month. An SIP can turn a small amount into a regular financial commitment—one that grows alongside your career and income.

As salaries increase, the SIP can increase too. Annual increments, bonuses or changes in income can provide opportunities to gradually step up investments. What begins as ₹2,000 or ₹5,000 a month need not remain there forever.

There will always be reasons to postpone investing... rent, EMIs, holidays, lifestyle upgrades and family responsibilities. The danger is that **“I’ll start next year”** can quietly become **“I wish I had started ten years ago.”**

Starting early does not mean ignoring today’s needs. It means finding a balance between enjoying the present and preparing for the future.

Even a modest beginning can be meaningful when it is supported by discipline, patience and a clear financial purpose.

So perhaps the best financial habit to develop with the first salary isn’t buying something new. It is **paying your future self first.**

You don’t need to wait for the perfect salary, the perfect market or the perfect time. The most important step is to begin—and then stay committed to the journey.

Start early. Start small.

Increase gradually. Stay invested with a purpose.

Because when it comes to SIPs, the biggest advantage you can give your money isn’t more money.

It is more time.

Sources:

- 1 **SEBI**, Investor Education – Why One Should Invest.
- 2 **Madhabi Puri Buch**, Former Chairperson, **SEBI**, World Investor Week 2023 – Chairperson’s Message, October 2023.

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may not provide meaningful protection when it is most needed.

Should children provide for their parents’ medical expenses?

For many Indian families, children continue to support their parents financially after retirement. But relying entirely on children to fund healthcare may not always be practical.

Children may themselves have mortgages, education expenses, retirement goals and other financial commitments. Moreover, employer-provided health insurance may not always provide permanent or sufficient coverage for retired parents.

An independent health insurance policy, where available and suitable, can therefore provide seniors with an additional layer of financial independence.

Insurance should be purchased before the emergency

One of the most important aspects of health insurance is timing.

Waiting until a serious illness occurs to think about insurance can severely limit the available options. Policies may have eligibility requirements, waiting periods, exclusions or underwriting conditions based on an individual’s health profile.

For this reason, health insurance should ideally be considered as part of retirement planning rather than as a reaction to a medical emergency.

A new priority in retirement planning

Retirement planning is often measured by how much wealth an individual has accumulated. Increasingly, however, the question is also becoming **how much of that wealth can be protected from unexpected healthcare expenses.**

For senior citizens, adequate health insurance can help preserve retirement savings, reduce dependence on family members and provide greater financial confidence when medical treatment is required.

There is no single health insurance policy that is right for every senior citizen. The appropriate choice depends on age, health history, existing coverage, financial capacity and individual healthcare needs.

But one point is becoming increasingly clear: **health insurance is no longer merely an optional financial product for senior citizens. For many retirees, it is an important part of protecting both their health and their financial independence.**

This article is for general awareness and educational purposes. Health insurance coverage, exclusions, waiting periods, co-payments, tax treatment and claim conditions vary by policy and may change over time. Individuals should read the relevant policy wording and seek appropriate professional advice before making an insurance decision.

Sources: IRDAI (Insurance Regulatory and Development Authority of India); Income Tax Department, Government of India; health insurance policy documents and industry reports.

EMERGENCY FUND: THE FINANCIAL SAFETY NET MOST PEOPLE IGNORE



We insure our health, our lives, our homes and even our cars. But there is one form of financial protection that is often overlooked: **the emergency fund**.

An emergency fund may not feel as exciting as investing for a dream home, planning a holiday or building a retirement corpus. Yet, when life takes an unexpected turn, it can become one of the most valuable financial assets we have.

A sudden medical expense, temporary loss of income, major home repair, unexpected family responsibility or urgent travel can put considerable pressure on our finances. Without readily available savings, we may be forced to depend on credit cards, personal loans or, worse, withdraw investments meant for long-term goals.

Why Do You Need an Emergency Fund?

The purpose of an emergency fund is simple: **to provide financial breathing space when the unexpected happens**.

It allows you to meet essential expenses without disrupting your investment plans. Your SIPs can continue working towards your long-term goals, while your emergency savings take care of short-term financial shocks.

Think of it as a financial cushion between **an unexpected event and a financial crisis**.

How Much Should You Keep?

There is no single number that works for everyone. The right amount depends on your

income, monthly expenses, job stability, family responsibilities and existing financial commitments.

For many individuals, keeping around **3–6 months of essential expenses** as an emergency reserve can be a useful starting point. Those with irregular income or greater financial responsibilities may consider maintaining a larger cushion.

The important point is that this money should be **easily accessible and relatively low-risk**, because its primary purpose is safety and liquidity—not high returns.

Don't Confuse Investments With Emergency Savings

A common mistake is assuming that investments can double up as an emergency fund.

Long-term investments are designed to help achieve goals over time. Markets can fluctuate, and you may not want to sell an investment at an unfavourable time simply because an emergency has arisen.

Similarly, insurance and an emergency fund serve different purposes. **Insurance protects you against specific financial risks, while an emergency fund provides immediate liquidity for unexpected expenses.**

You need both.

Build It Before You Need It

Building an emergency fund doesn't have to happen overnight. Start with an amount that

fits comfortably within your monthly budget and build it gradually.

You could automate a fixed amount every month into a separate savings account or suitable liquid avenue. As your income increases, consider increasing your contribution.

The goal isn't to predict every emergency.

It is to make sure that an emergency doesn't derail your financial future.

An emergency fund may sit quietly in the background when everything is going well. But when life doesn't go according to plan, that quiet reserve can provide something extremely valuable—**financial peace of mind**.

So before asking, **"How much should I invest?"**, perhaps ask one more question:

"If my income stopped tomorrow, how long could my finances keep going?"

Build that safety net first. Then let your investments work towards building your future.

Note: The appropriate size and investment avenue for an emergency fund should be based on individual circumstances, liquidity needs and risk tolerance.

Sources:

National Institute of Securities Markets (NISM), Save for Emergencies.

SEBI Investor, Investing: Let's Understand – Why One Should Invest.

SEBI Investor, Management of Income and Expenses / Insurance – Protection Against Unforeseen Events.

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UNDERSTANDING THE MARRIED WOMEN'S PROPERTY ACT (MWPA) IN INSURANCE



The **Married Women's Property Act (MWPA)** is an important provision that can help protect the financial interests of a married woman and her children through life insurance.

When a life insurance policy is taken under **Section 6 of the MWPA**, the policy proceeds are intended for the benefit of the wife and/or children. This can provide an additional layer of financial protection for the family.

Why is MWPA important?

An insurance policy under MWPA can help:

- **Protect the policy proceeds** for the wife and children.
- **Keep the insurance benefits separate** from the policyholder's other assets, subject to the applicable law.

- **Protect the intended beneficiaries** against claims from creditors in applicable circumstances.
- **Provide financial security** to the family in the event of the policyholder's death.
- **Ensure the insurance proceeds are directed to the intended family beneficiaries.**
- Be particularly relevant for **business owners, entrepreneurs and individuals with substantial liabilities.**

An important point to remember

MWPA is not simply about buying life insurance—it is about **protecting the purpose for which the insurance is purchased.**

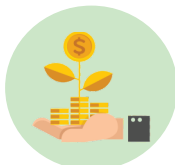
For families with loans, business liabilities or other financial commitments, considering an MWPA-backed life insurance policy can be an important part of financial and estate planning.

The right insurance policy protects your family. The MWPA can help protect the insurance proceeds meant for them.

Note: The applicability and legal effect of MWPA depend on the policy structure and prevailing law. Professional advice should be taken before opting for it.

Source: The Married Women's Property Act, 1874, Section 6 | India Code, Ministry of Law & Justice, Government of India. India Code – Married Women's Property Act, 1874

OUR SERVICES



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