



Mera Funds
Investment Services

A Monthly Newsletter to manage your personal finance



STEADY GROWTH, GREAT RETURNS AND FESTIVE MOOD

....september month started on a happy note !

COVID cases reaching to its bottom, GST collections soaring regularly and huge liquidity in capital market, has together contributed to this steady growth in Equity Market. Two major indices of our country , NIFTY and SENSEX has continuously been on roll from the month of April. Some are feared and some are greedy in the current scenario....what should you do at this stage ?
.....[READ MORE](#)





EDITORIAL- BY VR AIYAPPAN

KNOWLEDGE IS A PROCESS OF PILING UP FACTS; WISDOM LIES IN THEIR SIMPLIFICATION

If you remember, our previous months Newsletter headline was –
“Bull run is On !”

Against all odds, NIFTY index gained around 6% in the month of August, and crossed the 16000 level. Similarly SENSEX grew around 6.73% and crossed 56000 level. Masters of investments, Warren Buffet says – “ *You become fearful when world become greedy and vice versa*” . That means, try to sell at high and buy at low, to maintain the steady growth in your investments.

So what does that mean ?

One should be overweight in Equity or start shifting to debt ? What should be the ideal asset allocation ratio in current market situation ? How to shift from equity to debt and vice versa ? What will be the taxation impact and other costing during such changes ?

In this issue of our Newsletter, we have tried to cover the answer for all the above questions. Moreover, we have covered one full chapter on various style of managing Asset Allocation and have explained the easy and simple ways to achieve it through Mutual Funds.

Please read the complete Newsletter and do share it among your friends and families who is looking for uncluttered information on personal finance

Happy Investing

(VR Aiyappan)

CFA, FRM

Mera Funds Investment Services

SBI BALANCED ADVANTAGE FUND COLLECTS \$2 BILLION, MAKING IT INDIA'S LARGEST NEW FUND OFFER

By our reporter

"India's largest fund house, SBI Mutual Fund, on Friday said it has collected Rs 14,500 crore through its new fund offer SBI Balanced Advantage Fund (SBAF), making it the country's largest NFO so far"...

This news is not just a news but a signal of big upcoming change in Indian investments landscape. This news is a clear indication that Indian retail investors have now started to understand the advantages of Mutual Funds; and finally investors have accepted the fact that - Mutual Fund Sahi Hai !

“

*Retail Investors
have courageously
chosen market
driven returns
over Fixed returns*

Our Newsletter is one stop information point for all serious investors, who are looking to take a simple, rewarding and safest way to their wealth journey.

Learn the most simplified solutions to this complex investment world through our knowledge articles, real life stories, Question- Answers and more



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Disclaimer

This newsletter is not a part of our advisory or any product suggestion. This is just a source of information and education for retail investors, for managing their personal finance. Investors should note that, Mutual Fund investments are subject to market risks, read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes and the same is subject to the availability and adequacy of distributable surplus. Investors are requested to review the fund offerings carefully and check their respective Risk suitability before investing

While all efforts have been taken to make this Newsletter as authentic as possible, there are possibility of errors or misprinting in the newsletter. We will not be responsible for any loss to any person/entity caused by any short-coming, defect or inaccuracy inadvertently or otherwise crept in the Newsletter



CHAPTER 01 HOW TO AVOID EMOTIONAL INVESTING...

...through Dynamic Asset Allocation Plans ?

Active monitoring of a portfolio is important for navigating the changing moods of financial markets. Still, it is also essential for individual investors to manage the behavioural impulses of emotional buying and selling that can come from following the market's ups and downs. It is seen that, investors seem to have a knack for accumulating excess equity at market tops and tend to sell equity at the bottoms. Thanks to media hype or fear, more than 90% retail investors get trapped at peaks and rock bottom !

Investor behavior has been the focus of many studies and research theories, to understand the regret or overreaction that buyers and sellers often experience when it comes to investments. The reality is that the investor's psyche can overpower rational thinking during times of stress, whether that stress is a result of euphoria or panic. Taking a rational and realistic approach to investing—during what seems like a short time frame for capitalizing on euphoria or fearful market developments—is essential

We all know a simple winning theory in wealth building -

" Buy at Low and Sell at High " or in other words - " Be fearful when others are greedy and be greedy when others are fearful"

However, very few of us are able to implement this in real life example. And that's when you need someone who could help you avoid the mistakes due to emotional investing.

Mutual Funds have come out with some really smart solutions by way of their special fund category - **Dynamically Managed Funds !** Let us explore more about this unique category and its advantages

HOW TO MANAGE THE EMOTIONS

...of Greed & Fear !

How can investors navigate through volatile markets without getting disturbed by the euphoria of bull run or fear of a bear trend ? How can you allocate your assets which could run through all type of market environments ?

The key is to understand the motivations behind emotional investing and to avoid both euphoric and depressive investment traps that can lead to poor decision-making.

“

Mutual Funds have successfully managed to get investors confidence towards their dynamically managed multi asset funds !

We will talk about various dynamically managed funds offered by Mutual Funds, under single Assets or Multiple Assets. Read this article to know all about the Dynamic management approach and its advantages

In the world of Mutual Funds, Dynamic Funds are not just an active funds; the word dynamic here means flexible ! This flexibility can be across single assets or can be across multiple assets ! Like

- Single asset fund based on Equity, which can be flexible to move between high risky Small Cap, Midcap to less Risky Large cap stocks. Such dynamic funds are called Flexible Equity Funds.

- Single asset fund based on Debt, which can be flexible to move between Long Maturity Risky Bonds to Shorter Maturity Less Risky bonds. Such dynamic funds are called Dynamic Bond Funds

- Multiple asset fund based on Debt and Equity, which can be flexible to move between Debt and Equity according to their internal formulae. Such dynamic funds are called Balanced Advantage Funds or Dynamic Asset Allocation Funds



“
Dynamic fund Management can be applied on Single Asset or Multiple Asset like- Flexi Cap Funds or Balanced Advantage Fund etc

On 25th of August 2021, SBI Mutual Fund announced the figure of their collection in Balanced Advantage Fund (BAF) - it recorded the industry's highest ever collection of over Rs 13000/- crore

Similarly, ICICI Prudential Mutual Fund collected whopping Rs 10,000/- crore in their single asset dynamic fund, named as ICICI Prudential Flexi Cap Fund !

So what does that means ?

This clearly means that retail investors are have understood one thing :

"We can't manage our investment emotions on our own, hence we should let it be managed by professional "and when it comes to professionalism, Mutual Funds are the best ! Well regulated, transparent and safe.

Let us see the table below for some of India's leading Dynamically managed funds , under both single Asset Category and multiple Asset Category :

DYNAMIC ASSET ALLOCATION - MULTI ASSETS

Some of the top ranked balanced advantage funds under this category.

Fund Name	3 Yr Ret (%)	5 Yr Ret (%)	10 Yr Ret (%)
Edelweiss Balanced Advantage Fund - Regular Plan	13.52	13.07	11.99
Union Balanced Advantage Fund - Regular Plan	12.93	--	--
Kotak Balanced Advantage Fund - Regular Plan	12.17	--	--
Aditya Birla Sun Life Balanced Advantage Fund	11.74	10.53	11.55
ICICI Prudential Balanced Advantage Fund	11.61	10.67	13.22
HDFC Balanced Advantage Fund	10.91	11.50	13.31
Nippon India Balanced Advantage Fund	10.78	11.08	13.20
IDFC Balanced Advantage Fund - Regular Plan	10.35	9.93	--

**only such funds are selected here which has completed 3 years or more. Ranked by 3 years return*

DYNAMIC ASSET ALLOCATION - SINGLE ASSETS

Some of the top ranked flexi cap funds under this category.

Fund Name	3 Yr Ret (%)	5 Yr Ret (%)	10 Yr Ret (%)
PGIM India Flexi Cap Fund - Regular Plan	23.69	18.72	--
Parag Parikh Flexi Cap Fund - Regular Plan	23.01	21.09	--
UTI Flexi Cap Fund - Regular Plan	19.32	18.11	17.54
DSP Flexi Cap Fund	18.46	16.80	15.85
Canara Robeco Flexi Cap Fund - Regular Plan	18.13	17.55	15.58
Union Flexi Cap Fund	18.00	15.18	13.71
Axis Flexi Cap Fund - Regular Plan	17.72	--	--
JM Flexicap Fund	15.11	15.52	15.68
Aditya Birla Sun Life Flexi Cap Fund	14.54	14.69	17.33
IDBI Flexi Cap Fund - Regular Plan	14.51	12.87	--
SBI Flexicap Fund	14.38	14.43	17.09
Edelweiss Flexi Cap Fund - Regular Plan	14.04	15.69	--
Franklin India Flexi Cap Fund	13.39	13.06	15.88
Kotak Flexicap Fund Regular Plan	13.35	14.41	17.05
LIC MF Flexi Cap Fund	11.72	10.32	10.89
HDFC Flexi Cap Fund	11.61	13.28	14.05
HSBC Flexi Cap Fund	11.39	12.24	14.63
L&T Flexicap Fund	10.66	11.65	13.48

**only such funds are selected here which has completed 3 years or more. Ranked by 3 years return*

CHAPTER 02 MARKET INDICATOR

...track the monthly performance of equities, debt, gold, oil and other assets.

EQUITY MARKET SNAPSHOT - LAST ONE YEAR

Period	INDIAN INDICES		Period	KEY INTERNATIONAL INDICIES		
	SENSEX	NIFTY 50		NASDAQ 100	S & P 500	Dow Jones
31-Aug-21	57552.39	17132.20	31-Aug-21	15259.20	4522.68	35359.08
1 Month	9.44%	8.69%	1 Month	4.00%	2.90%	1.21%
3 Months	10.81%	9.94%	3 Months	10.99%	7.58%	2.40%
6 Months	17.21%	17.92%	6 Months	15.67%	18.67%	14.31%
1 Year	51.18%	49.36%	1 Year	36.64%	34.48%	27.27%

COMMODITY MARKET SNAPSHOT - LAST ONE YEAR

Period	GOLD (USD) / OUNCE	%	SILVER(USD) / OUNCE	%	CRUDE OIL (USD)	%
31-Aug-21	1818.10		24.01		72.99	
1 Month	1812.60	0.30%	25.55	-6.03%	76.33	-4.38%
3 Months	1905.30	-4.58%	28.01	-14.31%	69.32	5.29%
6 Months	1734.00	4.85%	26.44	-9.21%	66.13	10.37%
1 Year	1914.60	-5.04%	23.72	1.19%	40.95	78.24%

OTHER MARKET INDICATORS

Period	G-SEC Rate	Period	CURRENCY		Period	INFLATION
	10 YR G SEC		INR /USD	%		Rate %
31-Aug-21	6.23	31-Aug-21	72.95	-	31-Aug-21	5.59%
1 Month	6.20	1 Month	74.34	1.87%	1 Month	6.26%
3 Months	6.02	3 Months	72.51	-0.60%	3 Months	6.30%
6 Months	6.23	6 Months	73.92	1.32%	6 Months	5.03%
1 Year	6.02	1 Year	73.56	0.83%	1 Year	6.69%

NIFTY EQUITY BENCHMARK INDICIES 31st AUG 2021

INDEX	30th JULY 2021	1 WEEK %	1 MONTH %	1 YEAR %	52W H	FALL FROM 52 WEEK HIGH
NIFTY 50	17,132.20	3.05%	8.69%	47.09%	17,153.50	-0.12%
NIFTY NEXT 50	41,585.45	5.01%	5.64%	48.42%	41,639.60	-0.13%
NIFTY 100	17,373.10	3.36%	8.31%	47.34%	17,394.60	-0.12%
NIFTY 200	9,025.25	3.47%	7.49%	49.20%	9,035.60	-0.11%
NIFTY 500	14,555.90	3.50%	6.53%	50.98%	14,571.80	-0.11%
NIFTY MIDCAP 100	28,417.25	4.18%	2.16%	63.61%	28,465.80	-0.17%
NIFTY SMALLCAP 100	10,263.00	4.07%	-2.46%	74.92%	10,673.55	-4.00%
NIFTY BANK	36,424.60	2.00%	5.32%	48.53%	37,708.75	-3.53%
NIFTY AUTO	10,034.45	2.05%	-0.14%	23.70%	11,093.15	-10.55%
NIFTY FMCG	39,529.70	3.39%	9.65%	26.48%	39,615.00	-0.22%
NIFTY IT	34,570.20	2.16%	13.42%	90.76%	34,680.65	-0.32%
NIFTY MEDIA	1,601.65	-0.38%	-10.82%	-4.11%	1,927.25	-20.33%
NIFTY METAL	5,714.60	4.96%	-0.97%	126.74%	5,936.10	-3.88%
NIFTY PHARMA	14,344.75	3.38%	-0.56%	23.42%	14,743.30	-2.78%
NIFTY REALTY	386.80	2.75%	-2.97%	65.94%	423.15	-9.40%
NIFTY COMMODITIES	5,488.50	4.53%	1.88%	68.09%	5,525.45	-0.67%
NIFTY ENERGY	20,289.70	3.72%	7.16%	27.04%	21,066.10	-3.83%
NIFTY INFRASTRUCTURE	4,709.85	4.06%	6.26%	44.72%	4,714.95	-0.11%
NIFTY100 ESG SECTOR LEADERS	2,924.00	3.15%	9.23%	-	-	-

Ratio of total market cap over GDP
Recent 10 Year Maximum - 112%
Recent 10 Year Minimum - 48.29%
Current Mkt Cap / GDP- 128%
Current Market Cap of India as on 31st AUG 2021 - 250 LAKH CR INR
Current GDP: \$2.7 TRLN US dollars or 196000 in billions INR

GDP Growth Figures	% of Growth
LAST QUARTER (JFM 2021)	20.10%
PREVIOUS QUARTER (OND 2020)	1.60%
YEAR AGO (JFM 2020)	-24.40%

FII / DII - ACTIVITIES IN INDIAN EQUITY MARKET (CASH)		
Month- Year	FII (Rs Crores)	DII (Rs Crores)
	Net Purchase / Sales	Net Purchase / Sales
Aug-21	-2,568.52	6,894.69
Jul-21	-23,193.39	18,393.92
Jun-21	-25.89	7,043.51
May-21	-6,015.34	2,067.23
Apr-21	-12,039.43	11,359.88
Mar-21	1,245.22	5,204.42
Feb-21	42,044.46	-16,358.10
Jan-21	8,980.81	-11,970.54
Dec-20	48,223.94	-37,293.53
Nov-20	65,317.13	-48,319.17
Oct-20	14,537.40	-17,318.44
Sep-20	-11,410.69	110.30

Economic recovery to need both fiscal, monetary policy support: Experts

Economic recovery will continue to need both fiscal and monetary policy support, and while the global recovery may help exports, the government will have to act swiftly in correcting the protectionist stance and fast-tracking trade agreements, experts said on Tuesday.

Inflation is expected to be in 5-6 per cent range going forward

- CEA Subramanian

GDP IS SHOWING GOOD IMPROVEMENT...

...its 20.10% + in last quarter.

“

*India GDP News Updates:
Economy grows 20.1% in April-June quarter helped by low base effect.*

India's Gross Domestic Product (GDP) for the April-June quarter (Q1) of the ongoing financial year 2021-22 (FY22) expanded 20.1% YoY, as per data released on Tuesday. The sharp rise in Q1 GDP data can be attributed to a low base last year. In the April-June quarter of 2020, the economy contracted 24.4% due to the Covid-19 lockdowns. The economy grew by 1.6% for Q4 of FY21 after showing contraction for the first two quarters and turning slightly positive in Q3.

Mutual Fund CATEGORY AVG Performance across Industry - 31st AUG 2021

Equity Funds Category - AVG Performance across Industry

Category Type	1 Month	3 Months	6 Months	1 year
Sector - Technology	11.36	27.36	45.52	101.42
Small-Cap	-0.27	13.51	32.95	85.22
Equity- Infrastructure	2.24	11.91	23.81	72.14
Mid-Cap	2.16	12.63	23.27	67.50
Contra	3.28	9.89	19.13	62.04
Multi-Cap	3.57	11.27	22.95	61.75
Large & Mid- Cap	4.48	12.56	21.97	59.35
Value	3.45	9.96	19.90	58.24
Dividend Yield	4.25	12.36	24.05	55.22
ELSS (Tax Savings)	4.95	10.98	19.73	55.07
Equity - ESG	6.11	13.26	22.52	54.40
Flexi Cap	5.28	11.66	20.58	54.18
Focused Fund	5.88	11.53	19.57	54.14
Sector - Financial Services	4.97	3.69	6.80	53.68
Large-Cap	7.37	10.70	18.99	49.72
Sector - Healthcare	2.30	9.14	27.25	45.39
Sector - FMCG	6.59	9.68	18.87	30.44

Fixed Income Category- AVG Performance across Industry

Category Type	1 Month	3 Months	6 Months	1 year
Floating Rate	0.62	1.48	2.97	5.73
Credit Risk	0.70	1.92	4.43	5.44
Government Bond	0.99	1.27	3.40	5.20
Short Duration	0.60	1.30	3.09	5.19
Corporate Bond	0.63	1.25	3.15	5.06
Banking & PSU	0.60	1.26	3.19	5.01
10 yr Government Bond	0.90	0.62	3.44	4.88
Dynamic Bond	0.73	1.35	3.54	4.52
Low Duration	0.38	1.03	2.17	4.30
Medium Duration	0.77	2.10	4.30	4.09
Long Duration	0.95	0.37	3.06	3.93
Medium to Long Duration	0.86	1.30	3.80	3.81
Ultra Short Duration	0.30	1.01	1.93	3.74
Money Market	0.32	0.95	1.91	3.61

Balance Fund Category- AVG Performance across Industry

Category Type	1 Month	3 Months	6 Months	1 year
Aggressive Allocation	4.12	9.08	16.53	42.57
Balanced Allocation	5.05	9.79	15.47	36.30
Dynamic Asset Allocation	2.55	5.40	9.73	24.62
Equity Savings	2.15	4.34	7.71	19.92
Conservative Allocation	1.71	3.46	6.58	13.73

Source - Morning Star as on 31st AUG 2021

NOTE: This is not a single scheme Fund Performance, this is an Avg. Performance of all the funds in same Category across the MF Industry. However Performance may be different for different scheme under same category, Pls check with your advisor for the TOP Performing funds in above category for last one year)

CHAPTER 03 CASE STUDY

....*Dynamic asset allocation funds have been a boon for retired investors.*

Every retired investor need to select a proper annuity plan, which could cover up their monthly requirements. Such monthly income payouts from the product is called annuity.

While creating an annuity plan, a retired investor looks at the safety first! That means they do not want to lose on capital while generating the monthly income. In search of such scheme, they generally fall into the trap of taxable interest income, which are very low in returns.

However, a small education and awareness about Mutual Funds can help investors achieve the better return, efficient taxation and opportunity to get capital appreciation over the annuity. Such funds are known as "Dynamic asset allocation funds". We have explained the benefits of dynamic asset allocation funds in this newsletter, chapter 01.

Today we are sharing the live example of **Mr. Ramesh Wagle**, Aged 59 Years, who is enjoying the annuity from his investments in Dynamic Asset Allocation Funds.

Mr. Ramesh learnt all about Mutual Funds and its safety features. Once he got that confidence about the transparency, diversification, well regulated and other safety aspects about mutual funds, he decided to create his retirement annuity from mutual funds only. As per the available annuity from Government of India's guaranteed income plan, he fixed up his own annuity target of Rs. 600 per lac.

After discussion with us as well as his own learnings about Dynamic asset allocation plans, he selected following three funds at his age of 54, for the purpose of creating annuity on retirement. At the age of 59 his capital investment of Rs. 30 Lacs has become Rs. 35.09 Lacs despite his monthly withdrawal of Rs. 600 per lac i.e. Rs. 18000 per month.

Scheme	Capital Amount	Investment Date	Monthly Income	No of Monthly Installments	Total Withdrawal Amount	Current Value as on 10-08-2021	Return (%)
DSP Dynamic Asset Allocation Reg Gr	1000000.00	01-05-2016	6000.00	63.00	378000.00	1141533.00	9.65
L&T Balanced Advtg Reg Gr	1000000.00	01-05-2016	6000.00	63.00	378000.00	1086578.00	8.80
ICICI Pru Balanced Advtg Gr	1000000.00	01-05-2016	6000.00	63.00	378000.00	1280973.00	11.68
	3000000.00		18000.00	63.00	1134000.00	3509084.00	10.04

With effect from September 2021 Mr. Ramesh is going to step-up his annuity by Rs. 3000 per month, i.e. his total annuity will now be Rs. 21000 per month.

This real life story of Mr. Ramesh is an inspiration for many retired investors whose basic challenge is to beat inflation over a period of long term annuity.

The only way to beat inflation is to invest in Dynamic Asset Allocation Funds, which could provide you annuity as well as opportunity of capital appreciation.

Disclaimer : Mutual Fund investments are subject to market risks, read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes.



CHAPTER 04 PRODUCT OF THE MONTH

...Term insurance is buzz word today! However there is lot to be learnt before buying a term Insurance.

While choosing a term insurance plan, the first thing most people do is compare prices. Yes, price is important. But by giving too much importance to the price of a term insurance plan, you may compromise with your family's financial security. To make sure that your family doesn't suffer in future, we have compiled a list of five important features which should help you choose the best term insurance plan.

1. Claim Settlement Ratio:

This ratio reflects the percentage of claims paid out of the total claims filed in the year. The higher the ratio, the easier it'll be for your dependents to claim the insurance in your absence and continue to live their lives comfortably. The purpose of term life insurance is to secure your dependents' future. The higher the claim settlement ratio, the better are the chances of ensuring that your family's future is secure.

While claims settlement ratio is important, what's equally important is to check the total number of claims that were settled by the insurer. Only when a substantial number of claims are settled, the Claim Settlement Ratio acquires significance.

2. Solvency Ratio:

Solvency ratio tells you whether the insurer you choose will be financially capable of settling your claim if the need arises. Insurance Regulatory and Development Authority of India (IRDAI) mandates that every life insurer should maintain a solvency ratio of at least 1.5.

In case of a natural disaster, a life insurer will receive a large number of claims in a short period. Since a huge volume of claims will have to be settled quickly, it is in such situations that solvency ratio becomes vital. The financial security of your family will depend on the financial stability of your life insurer. Even though natural disasters may seem unlikely, ignoring this crucial aspect could compromise your family's financial security

3. Critical Illness Cover:

A term insurance plan secures your family's financial future in case of an unfortunate event. But the death of the significant earning member is not the only time a family's financial security comes under threat. Critical illness like cancer or brain surgery can cost a lot of money and cripple the family's finances. Critical illness plans pay the cover amount immediately on diagnosis are to be submitted. The critical illness cover amount helps cover the high cost of treatment & ensure your family has enough money to sustain their normal day-to-day life. Premiums paid towards the critical illness cover are also eligible for deduction u/s 80D.

4. Additional Covers available:

All term insurance plans will provide a basic life cover. If financial security of your family is your goal then you must make sure that you choose a term insurance plan with comprehensive cover and benefits. We have listed a few benefits that you must look at while comparing term life insurance plans online:

- Waiver of Premium: Life insurance cover will continue without the need to pay the premium in case of permanent disability.
- Accidental Death: This benefit increases the sum assured to be paid to your family members in case of death due to an accident. Most good term insurance plans will offer you an accidental death cover equal to the base sum assured.

“ 4 Reasons to "Just Say no" to Life Insurance

1. You want your family to struggle
2. Expenses : The Gift that keeps on giving
3. No unnecessary advantages
4. No Money for you

- **Income Benefit:** Some term insurance plans allow your family members to receive a regular income from the plan rather than a lump sum amount. This benefit comes in handy if you want your term insurance plan to provide monthly income to your family in your absence.
- Some other benefits you can look at are terminal illness benefit, flexibility to increase the sum assured at major milestones and increasing monthly income benefit.

5. Premium Cost:

Once you have evaluated term insurance plans based on the above parameters and narrowed your choices down to a few, then you can look at the cost to make your final decision. However, make sure you don't compromise on any of the points mentioned above just because of cost. Remember term insurance premiums are eligible for tax deduction u/s 80C

Is it worth it to get term life insurance?

A term life insurance policy can offer you many benefits. As the sole bread winner of your family, the money from a term life insurance plan can be a substitute for your income in your absence and help your family lead a comfortable and dignified life. The premiums for term life insurance plans are also quite affordable. In fact, term insurance is the most inexpensive form of life insurance. In return, you get a high cover and many other advantages, such as a critical illness cover, a disability cover, an accidental death cover, etc.

The critical illness cover takes care of health insurance by covering you against expensive and life-threatening ailments. The accidental death cover offers your family a sum of money in the unfortunate case of death in an accident. The disability cover waives off all future premiums if you suffer from a permanent disability and are unable to work.

What happens if I outlive my term life insurance?

When you buy term life insurance, you are protected for a particular time. For instance, if you buy a plan with a policy term of 30 years when you are 25 years old, the term life insurance plan will cover you till your turn 55 years old. Post the policy duration, the term insurance plan will cease to exist and its coverage will end. If you survive the policy term, your nominee will not receive any benefits.

In order to let the coverage go, you can either pick a plan that offers a long policy period that covers you for life or opt to increase your life cover at different stages in life.

How long should be the duration of your term plan?

In order to ensure protection of your family, you must pick an optimal policy duration of your term plan.

There are several aspects that need to be looked at while selecting a term. You can start with your age. The younger you are, the longer the period you need protection for and vice versa. Your gender too plays a crucial role here, as women generally live longer than men. Similarly, your lifestyle habits, the ages of your dependents, etc. also decide the length of your policy term.

Do term insurance premiums increase every year?

The premiums for an existing term insurance plan do not increase every year. The plan you purchase today will have the same premiums a few years from now as long as your policy is active and unchanged. The premiums will only alter if you purchase a new plan altogether.

Your premium may also rise if you increase your life cover or enhance the coverage of your policy with additional add-on benefits.

What are the types of death covered in term insurance?

When it comes to claiming settlement for the sum assured in a term life insurance plan, the following deaths are considered valid by an insurance company:

- Natural death caused by factors, such as age or a medical condition.
- Death due to a critical illness such as cancer, stroke, etc.
- Death due to an accident is also covered. Some plans also offer additional pay outs to the nominee in the event of an accidental death.
- Death due to a natural calamity like an earthquake, flood, hurricane, tsunami, etc. is also covered under the plan.

The following deaths are not included in a term life insurance plan:

- Self-inflicted harm or death caused by suicide is not covered under term insurance.
- Death in a homicide that involves the nominee is not covered under a term insurance plan. In such cases, a proper investigation will be conducted.

It is important to know these aspects before purchasing a term insurance plan. You can call us freely to discuss the most suitable plan for your age profile and family structure.



Want to learn more about SWP and how it is applied in any good Dynamic Asset Allocation Fund ?

Want to learn all about Dynamic Asset Allocation Fund and why it is a better option for retired customers ,as compared to traditional annuity products ?



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