

In the News

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● YOUR QUERIES



Ashish Vohra

Fixed payouts under guaranteed child plans

● **What returns can I expect from child plans and is it better to invest in ULIPs for children's higher education?**

—B S Rao

While there are both guaranteed and ULIP child plans available in the market, ULIPs carry the upside of offering higher returns in favourable market conditions and the downside risk also lies with the insured when the markets run out of favour. Under the guaranteed plans, the payouts are fixed at defined milestones; hence the insured is protected of any downside market movements. Also, these

plans usually come with a waiver of premium benefit which ensures that in case of an unforeseen eventuality, the plan continues and the financial goals for your children are fulfilled.



Is there any thumb rule as to what percentage of one's income should one pay as premium a year?

—Dhruv Gupta

It is advisable that the customer assesses the coverage adequate to insure one's family against any financial burden. For eg: if you are earning Rs 10 lakh an annum, it would be desirable to cover your family for the next 10 years post your death. One should then back work the appropriate product portfolio basis the life stage needs and then calculate the corresponding premium.

I want to buy life insurance cover for myself before going abroad. What kind of insurance should I buy and will my family get the claims in case of any eventuality of mine abroad?

—Deepak Kumar

You can purchase a pure term insurance plan and your nominee will be eligible for the claim according to the terms of the policy. However, it is recommended that one should read the policy terms carefully for any exclusion clause applicable under the plan. Also, you should check with your employer on the coverage available to you from the organisation as an employee.

I am 52 years old and will get a hefty insurance maturity amount next month. Should I buy a single premium policy with the full amount or part of it?

—Gaurav Bisht

It is really a matter of personal choice, however, our advice would be to diversify your portfolio and maintain some liquidity as well. It is also recommended that you consult a financial expert/ investment advisor to understand your life stage financial needs and advise on the deployment of funds accordingly.

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