CHAPTER NAME	PAGE NO.

12 New Changes in Income Tax Rules from 1 April, 2018

New year as per Hindu calendar started with Navratras, but as per financial calendar, the New Year is April 1. Many things changes from this day in personal finance. So lets us see what will be the 12 new changes in income tax rules from 1 April 2018 through this post. This will help you prepare this years investments & income tax.

Benjamin Franklin once said, "In this world, nothing can be said to be certain, except death and taxes". Taxes will always remain and again change next year. But we live in present and we should be aware of recent changes – always.

Best way to beat taxation is – Stay on top of it & noting new changes in income tax helps – Quote by Madhupam.

Many things that change are directly correlated to your pocket. Some of these increase the money in hand whereas some are additional expenses. Also, some information is just for "make a note" only.As a matter of information, Budget becomes part of Act from the day of President Annexure. But many recommendations start to be implemented on 1st April.

This year new changes in income tax are particularly good for Senior Citizen. For them tax related and investment related rules have changed for better. You will have details below.

Here are the new changes in income tax you should note & lookout from April 1, 2018:

- The most talked about, **long-term capital gain** indirect equity or equity mutual funds start from 1st April 2018. Any equity investments, if you sell after 1 year of holding, you will pay 10% plus surcharge as LTCG. This is subject to relaxation of 1 lakh per year per person. Also, the value to calculate purchase price will be 31 Jan 2018 (the Budget announcement date). This is "grandfathering" provision.

- If you want to check the NAV of your Mutual Fund or price of shares in BSEor NSE on **31 Jan 2018**, click the links.
- All equity mutual funds, if they declare dividends, they are bound to cut **10% plus surcharge as Dividend Distribution Tax.** This is applicable for balanced funds too as they are categorized as equity funds. If your investment is in Dividend Option, you may do the following:

-If you do not want a regular income, best is to shift to Growth option.

-In case you require a regular income, shift to Growth and opting for SWP is a better way.

-In case you have ELSS bought within last 3 years under dividend option, you will not be able to shift to Growth. DDT will be deducted.

-Unlike TDS there is no way to get refund of DDT or adjust this as a loss or expenses.

There is no change on personal income tax bracket. They remain same. But for corporates where profit does not exceed Rs 250 crore, the new tax rate is 25%.

Personal Tax Rates

Income (Rs)	Rate of tax (AY 2019-20)
Upto 2,50,000	Nil
2,50,001-5,00,000	5%
5,00,001-10,00,000	20%
10,00,001 and above	30%

Note:
The above exemption limit shall be considered as ₹3,00,000 in case of senior citizens aged 60 years but less than 80 years and ₹5,00,000 in case of super senior citizens of the age 80 years or more.

Surcharge of 10% of income tax if net income exceeds fifty lakh rupees but not more than 1 crore and surcharge of 15% if net income exceeds 1 crore, subject to Marginal Relief.

- ***Standard Deduction returns***

This year you do not have to keep medical bills or fuel bills as Transport Allowance & Medical Reimbursement have been merged with **Standard Deduction of Rs 40000**. So earlier you were getting a relaxation of Rs 34200 with hassles of claiming it through bills. Now automatically the amount of Rs 40K will be deducted from your gross total income. Education cess of **4%** will be applicable instead of 3% earlier charged. A little burden increases here here.

New changes in income tax for Senior Citizens will be implemented from April 1

Senior citizens (age of 60 and above) will have an additional deduction of Rs40,000 on interest from bank deposits. No TDS till this amount of Rs 50K.

They will get higher exemption limits for medical insurance/medical related expenses of Rs 50000 from Rs 30000 earlier.

-Increase in deduction limit for medical expenditure increased to Rs. 1 lakh under section 80DDB (treatment of specified disease)

-Investment limit in Pradhan Mantri Vaya Vandana Yojana or PMVVY increased to Rs. 15 lakh from Rs. 7.5 lakh. It is also extended March 2020. A detail notification is expected soon.

- You know the **Capital Gain Bonds** under Sec 54EC are used to save long-term capital gains. These bonds have 3-year lock-in. From April 1, 2018, onwards, the bonds will be for 5-year lock-in. An increase of 2 years for these low yield (current rate is 5.25%), taxable bonds is a real dampener.
- If you are **women** and new to employment sector, you may ask your employer to reduce the contribution to Employee Provident Fund to 8% for first three years of employment. The rate for all is 12% of basic. This will increase your take-home amount.
- ***Penalties have increased***

Type of Default	Existing Penalty	From 2018-18 Penalty
Penalty for not filing Statement within due date	INR 100 per day during which the default continues	INR 500 per day during which the default continues
Penalty for not filing Statement within time limit given in notice	INR 500 per day during which the default continues	INR 1,000 per day during which the default continues

In case you fail to fill ITR, the **penalty** has increased to Rs 500 per day from the previous Rs 100. The penalty of non adhering to notice has increased to Rs 1000. Do not miss filing the ITR for yourself and family members.

- At present, an employee contributing to the NPS is allowed an exemption in respect of 40% of the total amount payable to him on the closure of his account or on his opting out. This exemption is not available to non-employee subscribers. It is now extended the said benefit to all NPS subscribers. So if you are self-employed the **liquidity under NPS has increased**.
- In case of single premium health insurance policies having the term of more than a year, Now you can **avail deduction on a proportionate basis for the number of years for which the cover is provided.** So you can go for a multiple year policy by availing discount and getting the proportionate

These new changes in income tax rules happen from April 1, as it is easy for the financial world to follow both in records and operationally. Do make note of these Budget 2018 that gets implemented from 1 st April 2018.

What is Equity Savings Fund? Details & Comparison

Equity Savings Fund is a relatively new category of funds which has emerged from the thought that equity can be used as a savings vehicle. We all know pure equity is wealth creator but cannot be relied on for medium-term savings. Hence Equity Savings Fund is a cocktail of few more asset classes to make it relevant as per the name. Let's see the details today.

Colin Wright says "Extremes are easy. Strive for balance".

In life also, balance is not only essential for happiness and well being, but also for productivity and success. We try to strike the right work-life balance, balance between personal and social life or for that matter, the balance between physical and emotional health.

The **search for balance holds true even in financial planning**. Individual investors are in a question mode when it comes to allocating their investments across asset classes.

The pursuit of higher returns draws investors to equity, but higher returns at times are accompanied by higher risk. Investors seeking comfort in lower risk of debt investments may end up falling short of their capital appreciation goals.

Striking the right balance between asset classes is easier said than done for individual investors. Not to mention the fact that asset class diversification is not a one-time exercise, but requires periodic monitoring.

Use of hybrid funds which invest in debt and equity is one of the ways of diversification.

Traditionally, there have been two types of hybrid funds viz. balanced funds, which are equity-oriented; monthly income plans (MIPs), which are debt oriented.

What are Equity Savings Fund?

SEBI Definition of Equity Savings Funds

Equity Savings	Minimum investment in equity & equity related instruments- 65% of total assets and minimum investment in debt- 10% of total assets Minimum hedged & unhedged to be stated in the SID.	An open ended scheme investing in equity, arbitrage and debt www.thewealthwisher.com

Budget 2014 increased the minimum holding period for non-equity funds to qualify for Long-term capital gain taxation from 12 months to 36 months, thereby reducing the attractiveness of debt funds.

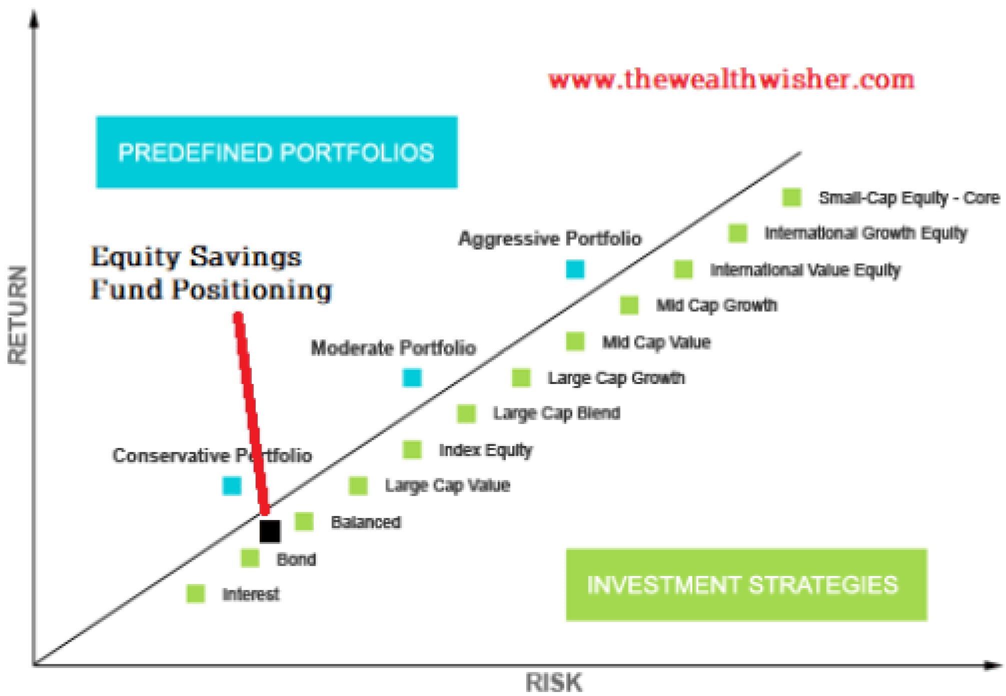
Necessity is the mother of all inventions. So this change in Debt fund taxation became starting reason of equity savings fund. Hence it led to the creation of a new product viz. *equity savings fund*.

Composition of Equity Savings Fund

Equity savings fund try to balance risk and returns by investing in equity, debt, and derivatives.

Use of derivatives reduces net equity exposure (around 20-40%, although it may vary from fund to fund) and consequently protects investors from the volatility of returns.

Further, since equity savings fund have gross equity exposure (without considering derivatives) of more than 65%, they are treated at par with equity funds for taxation.



The equity portion of the portfolio provides potential for higher returns, whereas the debt component provides stability to returns.

Use of derivatives to manage net equity exposure, allows the fund to make the most of market conditions, especially in volatile markets.

Thus, equity savings funds perform a balancing act between risk and return.

From a risk-return perspective, equity savings funds are a notch below balanced funds (more than 65% exposure to equity). Also these are a notch above Monthly Income Plan (MIP) funds, which generally have an allocation of 15-35% in equity.

Why Equity Savings Fund?

- ***Equity savings funds provide better stability and downside protection*** as compared to pure equity funds. Downside protection means when the markets fall.
- Equity savings funds are ***suitable for conservative investors***, who seek moderate exposure to equity. Investors with a short time frame (1-3 years), like those approaching retirement, could invest in equity savings funds. They can achieve their wealth creation goals, without running the risk of volatility in equity markets eroding their capital.
- Such Investors could also ***use Systematic Investment Plan (SIP)*** to invest into such funds at periodic intervals. This eliminates worry about timing the market. Subsequently, post-retirement, use of ***Systematic Withdrawal Plan (SWP)*** to withdraw pre-determined amount at periodic interval can create a reliable pension stream.

- ***First time investors*** with time horizon 1-3 years can invest in these schemes as this will help them understanding mutual funds volatility.
- ***Tax efficiency:*** Equity savings funds invest more than 65% of their corpus in equity and are thereby treated at par with equity funds for taxation. Consequently, if they are sold within a year, short-term capital gains would be taxed at 15 percent. If they are sold after a year, they qualify for long-term capital gains tax, which is 10% (above 1 Lakh of Capital gains in a year).

This provision makes them more attractive than debt funds where short-term capital gains are taxed at slab rates. The long-term gains in Debt are taxed at 20% with indexation. The minimum holding period for debt funds to be categorized as long-term capital assets is 3 years vis-à-vis 1 year for equity savings funds.

Performance of Equity Savings Fund Category

Capital appreciation potential of these funds is lower than pure equity funds. Equity savings funds score over equity funds and balanced funds in terms of lower market risk. These are more tax efficient than pure debt funds.

Equity Savings Fund Category Performance as on 16 March, 2018

Fund	Monthly Average AUM	1 Week	2 Weeks	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Aditya Birla Sun Life Equity Savings Fund	1,477	0.16	-0.46	-0.31	-1.60	-1.15	6.34	12.38	7.56	NA	NA	NA
Axis Equity Saver Fund	626	0.00	-0.60	-0.26	-0.17	0.78	8.14	9.84	NA	NA	NA	NA
DHFL Pramerica Equity Income Fund	32	0.19	-0.67	-0.50	0.31	2.27	5.59	8.26	7.13	10.24	9.50	7.72
DSP BlackRock Equity Savings Fund	1,559	-0.10	-0.50	0.02	-1.09	0.79	8.45	NA	NA	NA	NA	NA
Edelweiss Equity Savings Advantage Fund	135	0.14	-0.32	-0.28	0.50	2.93	9.67	10.17	6.92	NA	NA	NA
HDFC Equity Savings Fund	7,242	0.01	-0.77	-0.91	-0.57	1.49	7.53	15.89	10.18	11.06	10.56	9.93
ICICI Prudential Equity Income Fund	3,065	0.08	-0.39	-0.54	0.08	1.99	5.97	11.87	7.72	NA	NA	NA
Kotak Equity Savings Fund	1,800	0.05	-0.59	-0.31	0.07	1.82	9.20	10.26	7.62	NA	NA	NA
L&T Equity Savings Fund	208	0.30	-0.53	-0.19	0.55	2.87	8.58	9.97	6.37	10.39	9.23	NA
Principal Equity Savings Fund	70	-0.15	-0.66	-0.68	-0.64	1.09	7.98	9.82	6.62	8.34	6.90	7.03
Reliance Equity Savings Fund	2,435	-0.03	-1.06	-0.91	-0.86	0.59	9.67	11.84	NA	NA	NA	NA
SBI Equity Savings Fund	1,605	0.05	-0.80	-0.66	0.62	1.67	8.27	10.37	NA	NA	NA	NA

Returns upto One Year are Absolute and Above One Year are Compounded Annualised
The cells marked in Green indicate top performer in the category.
The cells marked in Yellow indicate lowermost performer in the category
The cells marked in blue shade represents the invetsment evaluation period.

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Equity savings fund have stricken the sweet spot between attractive returns and risk mitigation. If your portfolio needs it you may look at this category for investments.

If you have a query on these do let me know in the comments section below.

Are the markets in Mean Reversion Phase?

Mean reversion is a powerful way to understand equity investing. When you see markets you are seeing a pendulum in working. Some good happens markets go up 600 points, something bad happens it sheds 500 points. You cannot control that, but surely you can rely on mean reversion to not feel the panic. Let's see details of Mean Reversion in equity markets and few examples.

It is said that the main drivers of markets are – emotions, changing expectations, liquidity and mean reversion.

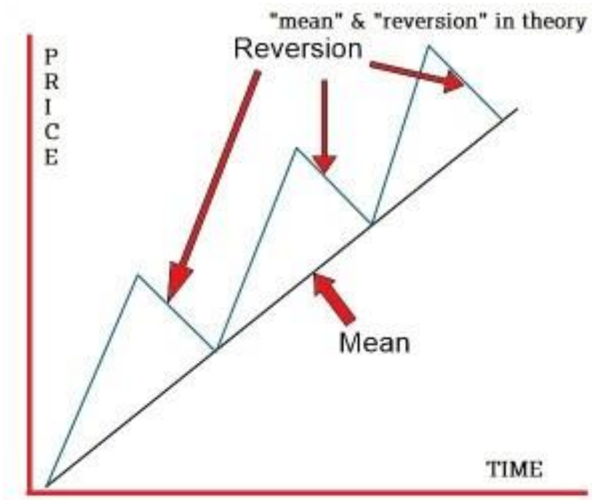
"Mean" is a statistical word. Don't worry nothing technical here. Mean simply means average. When someone asks you what is gold nowadays?

Rs 30000 per 10 gms- You reply.

You don't say it was Rs 29900 on Monday, then Rs 31600 on Tuesday & Rs 30678 on Wednesday. You just calculate an average price that justifies the prevailing price trends. This is averaging.

Reversion means "to revert or go back".

Meaning of Mean Reversion



Mean reversion says that what goes up should come down, and vice versa. The level to which it comes back is the average price.

Mean reversion is the theory that can be applied to interest rates, security prices (Equity Share prices and mutual fund NAVs), or various economic indicators will, over time, return to their long-term averages after a significant short-term move.

This short-term move is called volatility. The upward or downward movement of price.

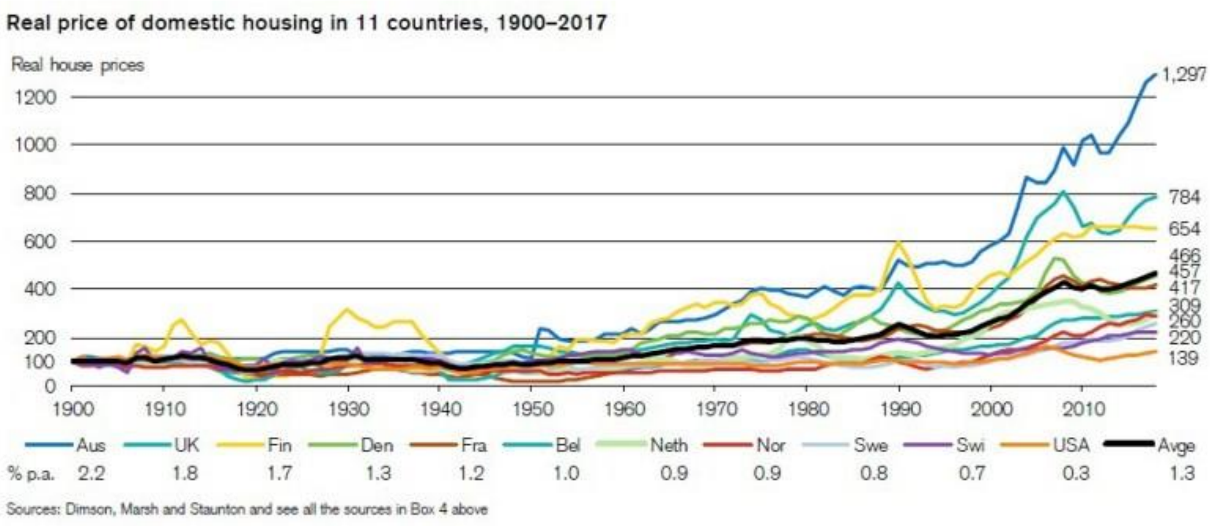
Why Mean Reversion happens?

The answer to the reason why mean reversion happens is Abnormality is short term, Rationality prevails in long run".

To simplify my above statement, let me put some more statements:

- The year 2017 was abnormal for equity returns. (Sorry, you are happy to get 25 or 35% returns, but I know long term you will get only 12% to 15%)
- The developed markets have given average 8.4% returns from 1900 to 2017.

The property has only given 2% or fewer returns in developed markets from 1900 to 2017. (After [RERA] we can also assume that our real estate industry will move towards developed economic indicator.



Mean reversion is called "rule of physics" in investing.

It ensures that prices will go down what is justified. In shares or equity, the justified price is directly correlated to the earnings.

So, profits decide the price of an equity share.

So if Reliance Industries is trading at a long-term average of Rs 1000 with each year profit is 20%, so in a theoretical environment, the price of this security will be 1200 max.

Suppose sentiments get spoiled due to [government](#) instability and price fall to 880. You can assume that whenever normalcy will resume the price will rise to Rs 1200.

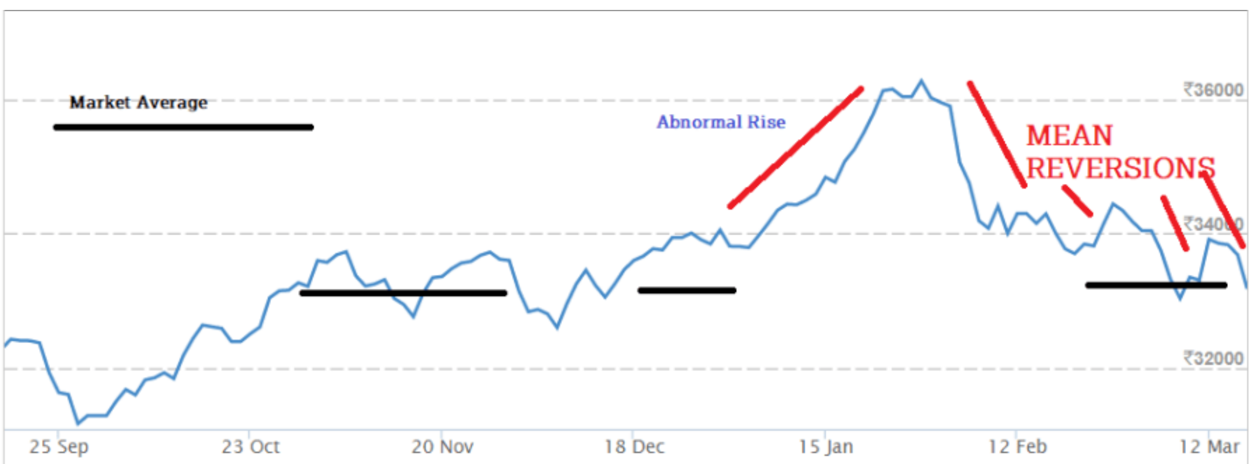
This works in reverse manner reverse too.

Are the markets in Mean Reversion Phase?

This is how mean reversion is happening now. In October 2017 itself, all market indicators suggested that markets have peaked and either earnings (profit generated by corporates) should increase or fair valuation has been achieved.

But [market](#) went up ahead on the back of huge outflow from domestic mutual fund investors. Also, markets did not budge during Gujrat Election incident also. Clearly, it was a sign that it moved above MEAN.

Now, what do we see? A reversal to mean.



This is the reason Mean Reversion is considered as one of the most powerful and reliable drivers of [long-term capital markets returns](#).

To be sure, mean reversion works its magic slowly, so has to wait a long time for values to revert. That is why all equity pundits say “patience is the key in equity markets”.

A huge part of this current market crash is mean reversion towards more sensible risk premiums.

Other Uses of Mean Reversion

Means reversion applies to all concepts which undergo price changes due to changes in external factors.

For Eg:

- Do you think FDs at a rate of 6.5% is normal? No, It has a fair chance to revert to 7-8%.
- Will housing loans be available at 8.3% for long? No, they will cross 9.5% when the rate reverse.
- You remember when present government came the price of crude oil was around 35$/barrel. Now it has stabilized at 60-65$/barrel.

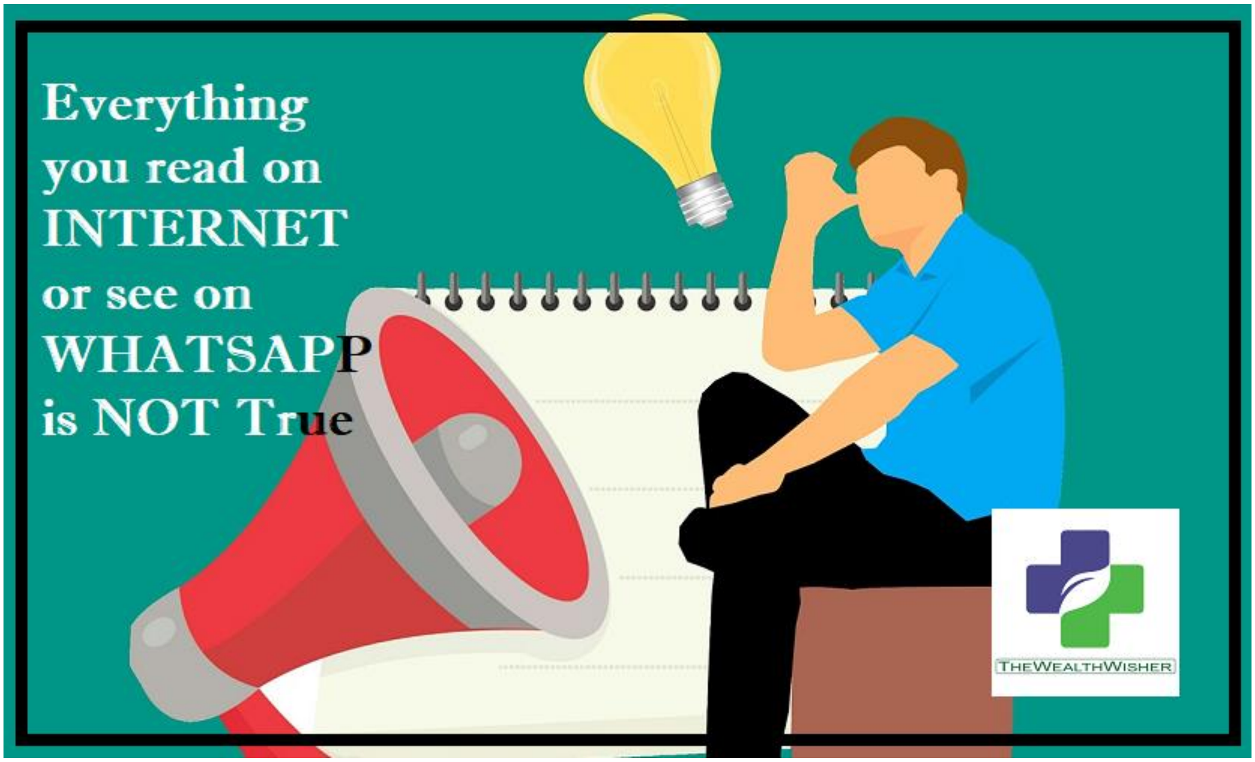
So mean reversion is happening to most of the economic commodities around us.

Mean reversion is widely used by traders, but as investors, we have a lesson:

Never be happy or sad at abnormal times. Nature will take its course sooner or later.

Hope you learned an important lesson today. It will help you see things more clearly as an investor.

2 News Ways of Misselling Financial Products



Misselling is high when markets are doing good. Simple reason, when it is easy to nudge people to invest you can play with emotion and sell crap. Off late I noticed 2 new ways of misselling financial products. These are new trends emerging for internet and present lifestyle. Let us see these new misselling ways and save some lives.

Today we discuss entirely ***2 new ways of misselling financial products*** or increasing the malpractice.

Misselling is very prominent in Mutual Funds & Insurance. Old tricks still continue to exist. On an average, I meet one customer per week who has been sold insurance or mutual funds in a wrong manner. Either they don't need the product or they have been misinformed about features an expected return.

Misselling Financial Products

Misselling Financial Products also extends to social media. It is still **not controlled by any regulator**. So this gives a way to many fraudsters to start chain messages. When a person receives the same message from a different source he believes it. The result he buys a product not suiting his goals, risk appetite, and pocket.

Media is good and bad both. I am not talking about noise that they make. Apart from the high pitch noise they create, one of the ways is to get involved in the name of advertisements. We will see example below how they do it.

Also, another classic old way is to play on emotions. Strike when you are emotionally in a different mood. We will see some example of this type of selling later in this article.

Misselling Financial Products New Way No 1 – Sponsored Posts

Now, these misselling guys have become even more clever. They know many people are on the internet. So the best way is to influence them by writing articles and analysis.

So in name of “sponsored post,” they will contradict the integrity or correct selling.

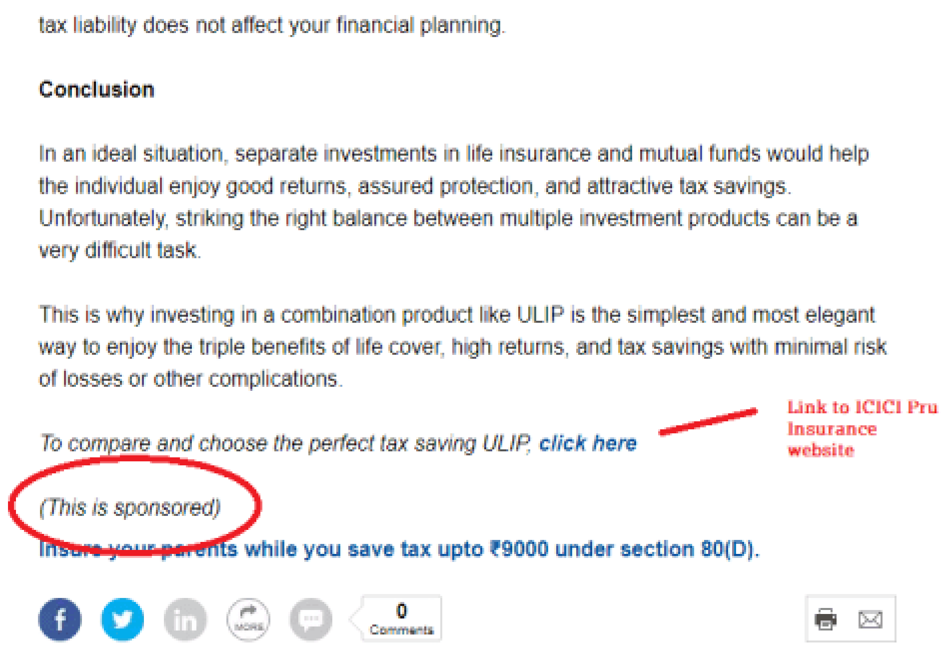
I will try to make you understand this by a recent example.

One of our young investor who likes to read & understand, sent me this link in on the WhatsApp.

This post is about ULIPs and article aims at proving it a “great tax saving” product. We all know they are making a case against ELSS mutual funds. I cautioned everyone that, after the introduction of LTCG of 10% in MFs, the Insurance industry will start pitching ULIPs aggressively. (Link Here)

And they are doing it.

Now if you see this post you will observe in the end that this is a sponsored post.



tax liability does not affect your financial planning.

Conclusion

In an ideal situation, separate investments in life insurance and mutual funds would help the individual enjoy good returns, assured protection, and attractive tax savings. Unfortunately, striking the right balance between multiple investment products can be a very difficult task.

This is why investing in a combination product like ULIP is the simplest and most elegant way to enjoy the triple benefits of life cover, high returns, and tax savings with minimal risk of losses or other complications.

*To compare and choose the perfect tax saving ULIP, **click here***

Link to ICICI Pru Insurance website

(This is sponsored)

Insure your parents while you save tax upto ₹9000 under section 80(D).

0 Comments

The link to the sponsor is also there and you can see that in form of the article how a lie is spread in front of you.

The media house publishing it gets money or advertisements to publish these articles.

Do you think by just mentioning "this is a sponsored post", they are free from their moral duty? I know they have expenses and are in business but do you think this is right?

Now see how the same media house contradicts its own story by their own story published at different times.

Link 1 : https://economictimes.indiatimes.com/wealth/invest/think-ulips-can-beat-mutual-funds-after-ltcg-tax-heres-the-winner/articleshow/63053948.cms

Link 2 : https://economictimes.indiatimes.com/mf/analysis/how-mutual-funds-score-over-ulips-despite-new-ltcg-tax/articleshow/63187123.cms

The second link is just 5 days old.

Lesson for the investors

There is nothing illegal here. So media has full right to do it and also they have right to reject these proposals. Like we do. *We thewealthwisher.com have never published any sponsored post from any brokerage, insurance, P2P company or from any MF company till date.*

But you need to keep your eyes wide open. Just do not believe in one article or post or write up. Do a broad-based search. Many times you will find top bloggers, industry professionals recommending you certain products. You need to check whether they are doing it genuinely or getting paid to influence.

Marketers have developed a new category called “web influencers”. Many times you will see the blog you are reading or website you are searching for information will contradict what they have been propagating. *Now you know the reason: Sponsored posts.*

Misselling Financial Products New Way No 2 – Hit the festivals

Have you started celebrating new festivals like father’s day or Halloween?
Yes with new changes many of these special days have entered our homes due to marketing & media hypes.
8th March was Women’s Day, and I also celebrated it with my 3 ladies at home. *Rasgullas this time.*
But here is what I want to highlight.
This women’s day probably you were hearing from last 2-3 days about the hype. On the day:

- You must have gotten up, wished women/girls in the house.
- Read newspaper. The normal paper was also pink (due to an advertisement to make your woman happy)
- They on way to office radio playing women’s day songs.
- In office also you met women and wished them and saw their cheerful mood.

You talk & listened to the glory of the day and then suddenly this comes on WhatsApp:
You will be inclined. isn’t it?
Will you bother to enquire or check “has government really announced the **Women Special PPF**”
Marketers have found this new way of “organizing mass sales day on festivals”
And, look how they are selling an old traditional insurance policy by giving it a new name.
Clarity by Market Expert Mr. Manoj Nagpal

7 Retirement Challenges that Lead to Shortfall

Most ignore it because it is too far. Yes, that's the story of retirement-related goals. You ask anyone, the priority is today… today's expenses, this year's tax savings, next years vacation etc etc. Retirement … a big silence. And, we all know the result. There will be a shortfall in retirement corpus. ***Shortfall is one of the biggest retirement challenges retirees face.***

Then all that is left during retirement is … Live within means … I mean cut on essentials like life, treatment or charity.

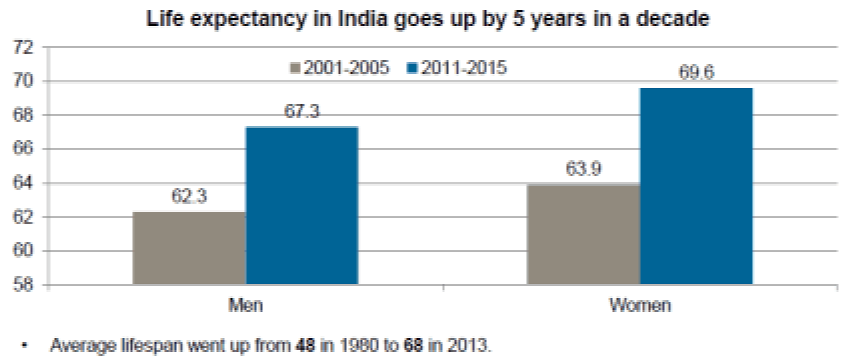
Many argue, what is the point in sacrificing today's pleasure? That too for unseen future. Is there a logic?

Retirement Challenges

The shortfall in retirement does not take away your extra shopping or vacation. You loose self-sufficiency.

It forces you to be dependent. It makes you and spouse to compromise on basic things an old age person would require, like domestic help or treatments.

I have a CA friend who has occupied the ground floor of the house as his office. Parents live on the 1st floor. Both his father & mother have knee problems and cannot go up & down. But the old couple is stuck on the first floor. No walks, no socializing… nothing. Imagine the compromise.



So, we all agree we need to build a robust retirement corpus.

By ROBUST I mean, fund enough to last for meaningful post-retirement life for self & then spouse. Also if you want to leave an inheritance, you should be able to do it.

But why do we **fail**?

Simple reason – NO PLANNING or UNDER PLANNING.

Here are the top Retirement Challenges

You ignored Equity

Without including equity investments you have not earned what you could have. Your returns from debt are near long-term inflation and you have barely managed to beat it. Without equity, a long-term portfolio will have very fewer returns. Wonder whey NPS emerged and they are garnering for approval to out money up to 75% in equity funds.

You know LIC which is a very big player in capital markets also aggressively invest in equity. And so does your provided fund managers. When they have to give a fixed return why do they prefer equity?

Equity investing means a risk increase and with time it can be controlled or brought down. Hence equity investment before retirement and even after retirements are a must. If you cannot do it take help of a professional.

You invested too much in Equity

Especially years before retirements, if you are heavily invested in equity, it is another risk that you may lose substantially if markets do not support. Hence an asset allocation with proper downsizing equity when the age goes up is a must.

India lacks target-date-funds (funds which reduce equity exposure with time) concept. But you can find this is NPS "auto" choice in asset allocation. But you have very few automated choices.

You underestimate the age

Actuarial Study Of Age At Retirement Vs. Life Span

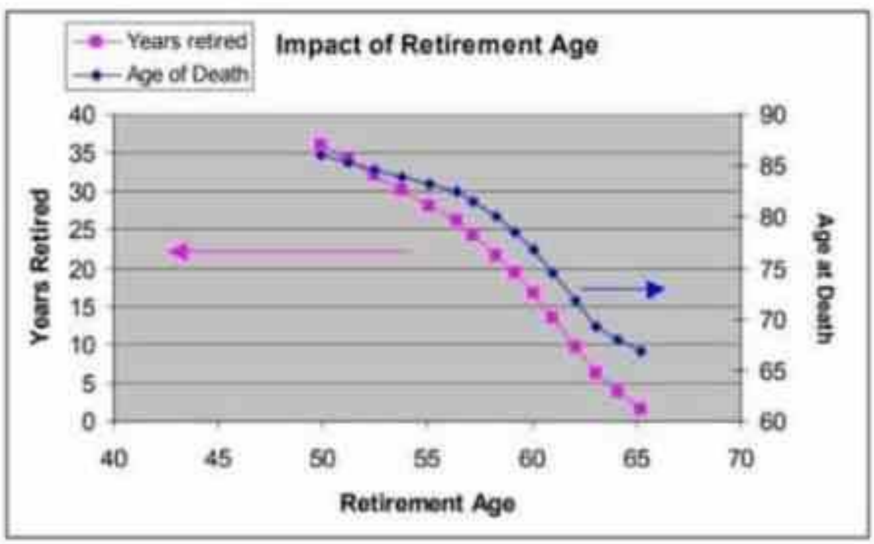


Table 1 and the chart indicate that for people retired at the age of 50, their average life span is 86; whereas for people retired at the age of 65, their average life span is only 66.8. An important conclusion from this study is that for every year one works beyond age 55, one loses 2 years of life span on average.

Many investors are happy to plan until 70 or 75 years. But what will happen if you outgrow your expected age? Females are known to outlive their husbands. How do you provide for them? You need put retirement expenses for at least 3 decades. Estimating life is one of the debatable retirement challenges.

The estimation of age can be done by looking at prevailing mortality data of a country. Presently to assume male age as 80 years and female age at 85 is an expected figure. But it is always wise to plan for more.

This is the reason I advocate an active life for retirees too. You can always find some part-time work or engagement to keep busy going and mind active.

Your current expenses are too much

Majority couple are still engaged in making the ends meet. Not because they earn less but because they spend more.

You work for EMIs Home Loan 1, 2. Personal Loan, Appliance Loan, Credit Card 1, 2…

***Budgeting* is seriously a lost river with some families.**

Their one hand is on always on "SLIPKART"… (yes these so called sale

make money slip out of your hands

If your current expenses are too high, future will force you to join your hands.

You plan to retire early

In a financial plan, if you are cutting on "t" (time), you may have to leave on inadequate means.

Many times you are forced to curtail your working span due to health issues or dislike. These can be very serious situations when you cease to earn and in that age, a change in career may not be a good option.

This is happening very fast now due to more workforce engaged in private jobs with no or less social security.

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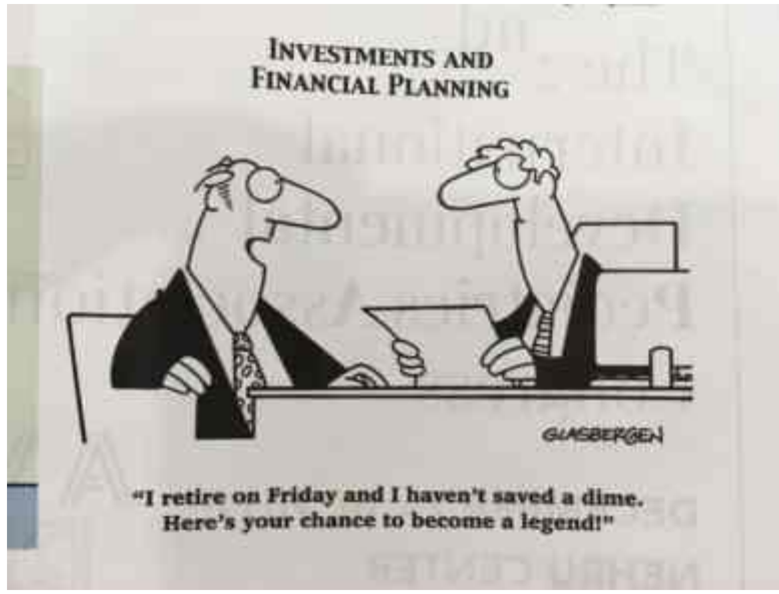
This is happening very fast now due to more workforce engaged in private jobs with no or less social security.



Illness or catching ailments like hypertension or diabetes are also reasons when people do not mind earning less or leave jobs.

Planning is the way in which you can look at this issue. Many of our financial planning clients run this "what if I retire in 2025?" queries. We keep early retirement as a goal too. We tell them to work for it as one has to compensate for the time.

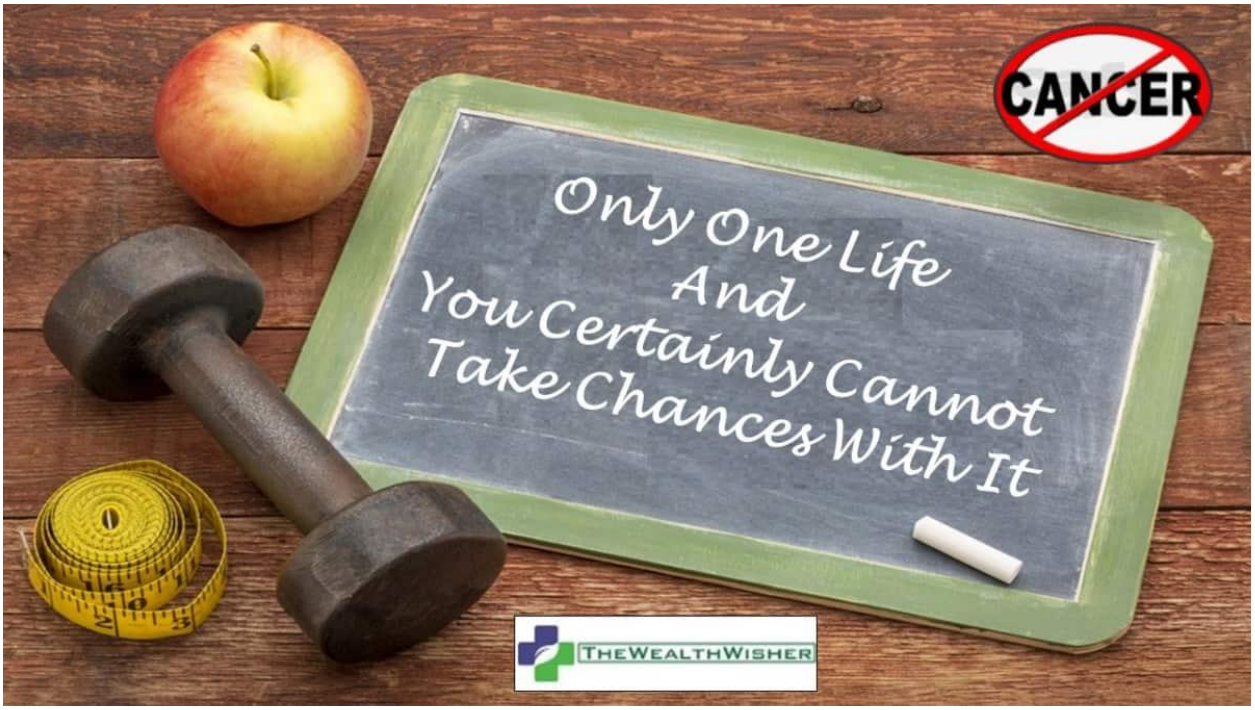
You relied on wrong investments

Remember your old LIC friend who has one solution for all the ailments – A LIC policy.
Many people have stuck themselves with poor returns annuity plans, real estate projects or gold schemes and even equity trading for retirements.
These assets either give low returns or illiquid in nature. One has to choose and diversify assets carefully.
Many people do not plan retirement as they think building a home is retirement. No home is a roof which has no value if you are living under it. You need money to pay the bills for this home.
Similarly many invest in their "kids". ***Kids are responsibilities and not your pensions***. You are smart enough to know the difference. Becoming a lifelong banker for your kids is not a good option. ***BANKS ALSO FAIL SPECIALLY WHEN THEY GROW OLD.***

Mishappening

You meet an accident without a proper mediclaim or breadwinner meets an unfortunate end without a term insurance. These accidents can lead to a huge shortfall in retirement.
Some accidents also happen due to negligence in investing. Many old age people have lost money in NBFC scams. I am scared with the thought that when this bull runs stops, many brokerages/share trading companies will vanish. Beware of this so-called quick money making schemes.

Cancer Insurance Policy – An Introduction



When cancer strikes someone in the family or social circle then we realize that the risks are real. The family and the patient have to be emotionally strong, and they need a good amount of money to deal with it. It's a risk to a peaceful planned financial life, hence we have a risk transfer mechanism in form of **Cancer Insurance Policy**. These are available through various insurance companies.

Let's see how these *cancer insurance policy* works for an individual.

Cancer is still a dreaded word as the mortality rates are still high, diagnosis is hard, reoccurrence is common & most of all treatment is very costly.

Cancer Trends

Two things that do not shock now- first, that cancer can strike a young person with an active lifestyle.

Cancer can strike anywhere like gallbladder or eyes. The most common like breast & blood (leukemia) are still common but there are 200 more types.

1 million new cases are reported every year in our country and 6.8 lakh die during one year. This is a very high death rate despite a lot of growth in the medical field.

What is the risk involved?

Apart from emotional endurance for the family, the risk is the financial unpreparedness to face this situation.

Imagine a family like yours or mine. We all live in a financial system, where one or the two members earn, we pay EMIs, we pay to school, we save for future etc.

But in case cancer strikes, this system is disturbed. You need time and money for treatment. The job gets sacrificed and so is the flow of money.

You can stop or postpone savings long-term goals, but what about EMIs, present months expenses, and treatment cost?

Can Mediclaim help?

Yes, most mediclaims cover cancer as a disease. But to cover the cost of cancer treatment you need a cover of 25 lakhs or may be higher. The cost for mediclaim for this amount can be huge and also increase as the age progresses.

Also, many cancer treatments do not require hospitalization. You just need chemo or radiation sessions. Thus, a normal health insurance policy may not serve the purpose.

Can Critical Illness Policy help?

Cancer is covered as a specified disease in most of the Critical illness policies. But the cost is a differentiator. CI cover is costly when you compare it with cancer-specific policies. Also in CI policies, the premium changes very year bit in cancer policies the premium is static for 5 years in general. Also many CI policies pay in advance stages of cancer and not when cancer has just surfaced.

So here a customized Cancer Insurance Policy becomes vital.

Cancer Insurance Policy

These plans are customized for cancer and related with a purpose of providing timely financial assistance to the patient and family.

You can buy any of these plans before contracting the disease. Even if it is in the initial stage, no insurer will give you a cover. Many insurers provide cover after 48 months lapse of successful treatment.

Most insures issue these policies without medical tests, depending on the customer's age and the facts declared in the proposal form.

As in any other insurance, it is important to declare the details correctly at the time of buying the policy. Especially do not ignore or hide people with family history of cancer. In most cases, you will get a policy but in a rare case, if you are not eligible for a plan, there is no point in paying for a policy which will not pay the claim.

When can a Cancer Insurance Policy be declined?

If you have been diagnosed or treated for any type of cancer in last 48 months, it is almost impossible to get a policy.

A policy can also be declined or issued with few tests and documentation in case there is a cancer history among the blood relatives, that is, parents or siblings.

In addition to this, there are certain exclusions such as a pre-existing condition of cancer, cancer contributed by STD (Sexually transmitted diseases, AIDS or HIV) or intoxication by alcohol or narcotics or drugs not prescribed by a registered medical practitioner.

How does Cancer Insurance Policy work?

Most Cancer insurance policies pay the amount in stages as disease strikes in stages.

For example, 25 % of the sum assured is immediately credited to the policyholders account once the disease is diagnosed.

Someone who has taken 25%, can take remaining 75% in case advance treatment is required.

Some companies pay 150% minus the initial stage payout if the treatment moves to advance stages.

If the cancer is found in more than one organ, then 20 % of the sum assured is given for the treatment of each organ.

Few policies also offer 1% per month of sum assured reimbursement for 5 years as income replacement. It can be used to substantiate the loss of income due to cancer.

Also, some plans pay out entire 100 % of the sum assured during the advanced stages, and even an additional 10% or more over a certain period of income.

Cancer Care Policy Rates

Cancer insurance covers can be bought for as little as 7000-11000 a year for 35 years old male or female. Premium depends on the sum assured, age and gender.

Plan	Annual Premium (₹)*	Key Features
HDFC Life Cancer Care	8,241	1. Covers all types of cancer. 2. Premiums waived off for 3 years in case of early stage cancer. 3. 25% of SA at early stage and 100% of SA minus claims paid for major stage.
Aditya Birla Sun Life Insurance Cancer Shield	7,476	1. Covers all types of cancer. 2. Premiums waived off for 5 years or till end of policy term in case of early stage cancer. 3. 30% of SA at early stage, 100% of SA at advance stage minus claims paid.
Sampoorn Cancer Suraksha SBI Life	7,437	1. Covers all types of cancer. 2. Premiums waived off for 5 years on diagnosis of minor stage cancer. 3. 30% of SA at early stage cancer, SA minus claim already paid in case of major stage cancer and 150% of SA at advanced stage.
Aegon Life iCancer Insurance Plan	10,720	1. Cover for all kinds of cancer except skin cancer. 2. Waives further premium once claim for a major stage is approved. 3. 25% of SA if diagnosed with minor stag cancer, 100% minus previous claims if diagnosed with major stage cancer and 150% minus previous claims if diagnosed with critical stage cancer.
Future Generali Cancer Protect Plan	8,015	1. Covers all types of cancer. 2. Premiums waived off for 3 years or till end of policy term, whichever is earlier. 3. 25% of SA at minor stage, 100% at major stage, 25% and 75% if diagnosed at an early stage and then becomes major.

* Basic plans for 35 year old female, SA 40 lakh, policy term 20 years. All premiums exluding taxes except HDFC Life Cancer Care. Being basic plans these do not have regular income and SA enhancement options

Point to note is the Mediclaim & Critical Illness policies are issued by General Insurance companies but Cancer policies are issued by Life Insurance Companies.

LIC policy for Cancer Patients

Life Insurance Corporation also has a Cancer Policy called Table no 905. The premiums are on the high side compared to private insurers.

ICICI Cancer Care Plus

Same way ICICI Prudential Life Insurance offers a combined policy customized for Cancer & heart-related diseases.

Conclusion

The article aim is to educate that with normal mediclaim and critical illness policies you have an option to cover Cancer treatment. This will ensure your long-term financial plan to work without any disturbances.

You have one life and you certainly cannot take chances with it.

Make sure that you read and understand all features, exclusions & wordings before signing a policy.

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