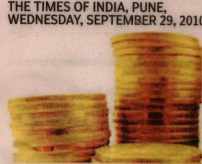


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# INSURE RIGHT

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**2. Difference between the net yield and gross yield capped:** As per the IRDA, the difference between the gross yield (actual return earned by the fund) and the net yield (yield after deducting the actual expenses incurred by the fund) should not be more than 3 per cent in case of products with a tenure of less than 10 years and 2.25 per cent in case of products over 10 years. With this cap, unwanted expenses and extremely high agent commissions will be kept under control.

**3. Surrender charges capped at much lower levels:** Now, the insurance company can recover only the client acquisition cost and not earn huge amounts under the tag of 'surrender

**4. funds mandatory:** This means that the policy holders (especially senior citizens) will be protected from market volatility. This will also ensure that the insurance companies will take limited risk while managing pension funds.

**5. Loan up to 40 per cent of the market value of ULIPs can be sanctioned:** With a loan facility available on ULIPs, investors can arrange for the funds without having to surrender the policy.

**6. Minimum insurance cover prescribed for regular and top-ups:** With this guideline, IRDA aims to ensure, to a certain extent, that insurance products will not be viewed as only an investment product.

With the new guidelines, ULIPs have become more investor-friendly than before. Read to know 'why'....

## ULIPs - Revamped for the better

The Insurance Regulation and Development Authority (IRDA) have made some critical changes with respect to Unit Linked Insurance Plans (ULIPs), making these instruments more attractive than earlier...

### CHANGES

**1. Lock-in period increased to five years:** By implementing this change the IRDA has ensured that investors' commitment to stay with ULIPs is higher and they enter these products with a long term view only.

charges'. This will ensure that the policy holder will receive a higher sum in case of premature surrender as compared to earlier.

**4. Minimum annualised guarantee of 4.5 per cent return on pension**

### TO CONCLUDE

With these new guidelines, the IRDA has made a good attempt to make ULIPs more consumer-friendly. The step is certainly in the right direction...

Rahul Mantri

### SUMMING UP

- ULIPs have emerged as suitable long-term insurance-cum-investment solutions for all.
- The benefits will make them appropriate for long-term investing, enable access to better liquidity and of-

## Your brief guide to pension plans

Pension plans ensure that you are financially secure in your golden years. Take a look at the important factors you must keep in mind while opting for...

Gone are the days when a leading criterion for choosing an employer was the type of pension plan that came with your salary package. Today, more important issues like matching of skill sets to job requirements, scope for personal and financial growth, etc. have come to the forefront. However, this has left individuals with the responsibility of financially planning for their golden years. And it's all for the best as there are a variety of pension plans available in the market to suit different individuals and their specific needs.



### WHAT ARE PENSION PLANS?

In a pension plan, you are required to pay premiums for a certain number of years and once you reach the retirement age, the insurer returns a lump sum amount that can be then used to purchase an annuity or stream of income for the rest of your life. As in the case of other insurance products, pension plans allow you to choose between unit linked and non-unit linked plans.

### CHOOSING A PENSION PLAN

Here are some thumb rules you could consider while choosing a pension plan that is most suitable for you:

- Decide on your retirement age:** The premium paying tenure and the premium amount will depend upon the number of years to retirement, in addition to how much you would like to receive on retirement. The earlier you begin to subscribe to a pension plan, the lower your premium payable will be, other things being the same.
- Don't only consider tax benefits:** Don't subscribe to a pension plan solely for its tax benefits. Rather it should form an integral part of the overall retirement planning, taking into account the financial needs of your family members as well.
- Think ahead:** Decide on the

### SUMMING UP

- Today many individuals are left with the responsibility of financially planning for their golden years.
- Pension plans are available to facilitate retirement planning.
- Choosing a pension plan carefully can ensure that it suits your needs.

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