Finally many endowment policies mature at ages 55-65, when the insured is planning for his/her retirement and such policies may be a useful supplement to other sources of retirement savings.

a) Variants

Endowment assurance has certain variants that are discussed below.

i. Money back plan

A popular variant of endowment plans in India has been the Money Back policy. **It is typically an endowment plan with the provision for return of a part of the sum assured in periodic instalments during the term and balance of sum assured at the end of the term.**

ii. Par and non-par schemes

The term "Par" implies policies which are participating in the profits of the life insurer. "Non - Par" on the other hand represent policies which do not participate in the profits. Both kinds are present in traditional life insurance.

Under all traditional plans, the pooled life funds, which are made up of the proceeds of premium received from policyholders, are invested under tight

regulatory supervision, as per prescribed norms, and policyholders are either guaranteed a part of the growth or get a share of the surpluses that are generated by the insurer, under what are termed as "With Profit Plans".

Non-participating products may be offered either under a linked platform or a non-linked platform. In this chapter, we are concerned with policies which are non-linked. Typically without profit plans are those where the benefits are fixed and guaranteed at the time of the contract and the policyholder would be eligible for these benefits and no more.

ii. Participating (Par) or with profit plans

Unlike without profit or guaranteed plans, these plans have a provision for participation in profits. With profits policies have a higher premium than others. Profits are payable as bonuses or dividends. Bonuses are normally paid as reversionary bonuses. They are declared as a proportion of the sum assured (e.g. Rs. 70 per thousand sum assured) and are payable as additional benefits on a reversionary basis (at the end of the tenure of the policy, by death or maturity or surrender).

Apart from reversionary bonuses which, once attached, are guaranteed, the life insurer may also declare terminal bonuses. These are contingent upon the life insurer earning some windfall gains and are not guaranteed.

Terminal Bonuses were developed as a means to share with participating policy holders, the large windfall gains that were made through investment in capital markets in United Kingdom. They have also been adopted in India and many other developing markets.

IRDAI's new guidelines for traditional products

According to the guidelines, the product design of traditional plans would remain almost the same.