Invest in/For You

Puzzle

- You bought a stock for **₹100 per share**.
  - It **rises 10% per day** for **30 days**.
  - On the **31st day, it crashes 90% in one day**.

Puzzle Answer

- $A=P(1+r)n$
  - **A** = Final amount
  - **P** = Initial price (₹100)
  - **r** = Growth rate per day (10% or 0.1)
  - **n** = Number of days (30)
- Profit: $A=1,745\times0.10$ =₹174.5
- Loss: $Loss=1,745\times0.90$ =₹1,570.5 total = 1745-1570 = 174.5

Importance of Insurance

- Life is unpredictable
- **Medical emergencies can drain savings** and push families into debt.
- **Medical inflation is 10-15% per year**—treatment costs will only rise. A **₹5 lakh health cover today** may not be enough in 10 years—insurance helps **keep up with inflation**.
- Protects savings from unexpected medical emergencies.
- Some policies **offer cashless hospitalization**, reducing immediate financial stress.

Term Insurance

- Pays a **lump sum to your family** if you pass away. Ensures **financial stability** for dependents (spouse, children, parents).Helps **cover loans, education costs, and daily expenses** in your absence.

- Premiums paid for **health insurance qualify for tax deductions** under **Section 80D** (India).

Few strategies while opting Insurance

- **Assess Your Needs** – Evaluate your medical history, family needs, and expected healthcare expenses.
- **Check the Network** – Ensure your preferred doctors, hospitals, and specialists are included in the insurer's network.
- **Review Claim Settlement Ratio** – Choose an insurer with a high claim settlement ratio for hassle-free claim approval.
- **Look for No-Claim Bonus** – Some insurers offer a bonus or discount for every claim-free year, reducing future premiums.
- **Check Waiting Periods** – Understand the waiting period for pre-existing diseases, maternity, and specific treatments.
- **Read Exclusions Carefully** – Be aware of what is not covered, such as specific diseases, alternative treatments, or lifestyle-related conditions.
- **Compare Online & Read Reviews** – Use online tools to compare plans and read customer feedback to gauge service quality.

HOW INSURERS SETTLED HEALTH CLAIMS IN 2022-23

INSURER	Claims settled*	Claim amount**	Total No. of Claims
PSU INSURERS			
New India	95.04%	98.74%	90,56,011
Oriental Insurance	87.97%	97.35%	25,98,779
National Insurance	84.61%	87.95%	24,48,869
United India	84.28%	73.03%	45,24,241
PRIVATE SECTOR INSURERS			
IFFCO Tokio	91.70%	80.44%	6,70,026
Bajaj Allianz	90.29%	86.23%	9,56,559
SBI General	88.86%	88.30%	5,98,707
Go Digit	87.30%	79.50%	84,006
HDFC ERGO	86.90%	71.35%	9,06,914
Future Generali	83.83%	74.32%	1,42,952
ICICI Lombard	82.59%	63.98%	9,39,388
Tata AIG	75.56%	74.65%	2,46,126
Chola MS	69.53%	68.18%	1,31,546
Reliance General	58.06%	71.07%	4,78,120
STANDALONE HEALTH INSURERS			
Aditya Birla Health	94.52%	71.56%	8,60,863
Niva Bupa	88.57%	67.76%	4,51,369
Manipal Cigna	88.48%	56.14%	4,13,835
Care Health	88.06%	67.55%	7,98,382
Star Health	75.10%	54.61%	19,55,549

**Claims settled against total claims*

***Claim over total amount claimed by policyholder*

Source: IBAI

FY203-24

Insurance Company	Claim Settlement Ratio (CSR) 2023-24	Incurred Claim Ratio (ICR) 2023-24
Reliance General Insurance	98.75%	81.06%
HDFC ERGO General Insurance	98.59%	87.70%
Aditya Birla Health Insurance	99.01%	68.31%
New India Assurance	90.73%	97.36%
Oriental Insurance	91.62%	98.89%
United India Insurance	91.10%	96.50%
Care Health Insurance	100%	57.69%
Universal Sompo General Insurance	91.58%	81.74%

Mutual Funds

- **Mutual Funds**: A mutual fund is an investment platform that funds money from several investors and invests these funds in several financial securities like bonds, stocks, shares, money market instruments, gold, etc.

Ways to invest in Mutual funds:

Lump Sum Investment (One-Time Investment)

- **How it works:** You invest a large amount at once.
- **Best for:** Investors with a **big corpus** looking for long-term growth.
- **Example:** Investing ₹1 lakh in a mutual fund today.
  - **Pros:**
    - Higher potential returns if the market rises.
    - Suitable for long-term wealth creation.
  - **Cons:**
    - High market risk if invested at the wrong time.

Systematic Investment Plan (SIP) – Monthly Investing

- **How it works:** You invest a fixed amount (e.g., ₹5,000) every month in a mutual fund.
- **Best for:** Salaried individuals and those who want to **invest gradually**.
  - **Example:** Investing ₹5,000 every month for 10 years.
    - **Pros:**
      - **Rupee Cost Averaging** – Reduces the impact of market volatility.
      - **Disciplined Investing** – Helps in consistent wealth accumulation.
    - **Cons:**
      - Returns depend on market movements over time.

Systematic Transfer Plan (STP) – Moving Money from One Fund to Another

- **How it works:** You invest a **lump sum** in a low-risk mutual fund (e.g., liquid fund) and gradually **transfer** a fixed amount into an equity mutual fund.
- **Best for:** Investors who want **better risk management** when shifting to equities.
  - **Example:** Investing ₹5 lakh in a debt fund and transferring ₹10,000 per month to an equity fund.
    - **Pros:**
      - Reduces risk of investing a lump sum in equity at a market high.
      - Gives better returns than parking money in savings accounts.
    - **Cons:**
      - Involves **exit load charges** and tax implications.

How To Reach Your Target Amount (with No Annual Increase in SIP Investment)?

FundsIndi

SIP Amount *(0% Annual Increase)*	Target Amount @ 12% CAGR											
	Rs. 10 Lakhs	**Rs. 20 Lakhs**	**Rs. 30 Lakhs**	**Rs. 50 Lakhs**	**Rs. 75 Lakhs**	**Rs. 1 Crore**	**Rs. 2 Crores**	**Rs. 3 Crores**	**Rs. 4 Crores**	**Rs. 5 Crores**	**Rs. 7 Crores**	**Rs. 10 Crores**
Rs. 10,000	5Y 10M	9Y 2M	11Y 7M	15Y 0M	17Y 11M	20Y 1M	25Y 6M	28Y 9M	31Y 1M	32Y 11M	35Y 8M	38Y 7M
Rs. 20,000	3Y 5M	5Y 10M	7Y 8M	10Y 6M	13Y 0M	15Y 0M	20Y 1M	23Y 2M	25Y 6M	27Y 3M	30Y 0M	32Y 11M
Rs. 25,000	2Y 10M	4Y 11M	6Y 7M	9Y 2M	11Y 7M	13Y 5M	18Y 4M	21Y 5M	23Y 8M	25Y 6M	28Y 2M	31Y 1M
Rs. 30,000	2Y 5M	4Y 3M	5Y 10M	8Y 2M	10Y 6M	**12Y 4M**	17Y 0M	20Y 1M	22Y 3M	**24Y 0M**	26Y 8M	29Y 7M
Rs. 40,000	1Y 11M	3Y 5M	4Y 8M	6Y 9M	8Y 10M	10Y 6M	15Y 0M	17Y 11M	20Y 1M	21Y 9M	24Y 5M	27Y 3M
Rs. 50,000	1Y 7M	2Y 10M	3Y 11M	5Y 10M	7Y 8M	9Y 2M	13Y 5M	16Y 3M	18Y 4M	20Y 1M	22Y 8M	25Y 6M
Rs. 75,000	1Y 1M	2Y 0M	2Y 10M	4Y 3M	5Y 10M	7Y 1M	10Y 10M	13Y 5M	15Y 5M	17Y 0M	19Y 6M	22Y 3M
Rs. 100,000	0Y 10M	1Y 7M	2Y 3M	3Y 5M	4Y 8M	5Y 10M	9Y 2M	11Y 7M	13Y 5M	15Y 0M	17Y 5M	20Y 1M

4. Systematic Withdrawal Plan (SWP) – Regular Income from Mutual Funds

- **How it works:** You **withdraw a fixed amount** from a mutual fund at regular intervals.
- **Best for:** Retirees or those looking for a **steady income stream**.
  - **Example:** Withdrawing ₹10,000 per month from a mutual fund investment.
    - **Pros:**
      - Regular income without liquidating the entire investment.
      - More tax-efficient than withdrawing lump sum gains.
    - **Cons:**
      - Can reduce the corpus if withdrawals are too high.