ASK US

● I would like to accumulate gold for my daughter's marriage; please give me detail regarding Gold ETF plan?
GOLD ETFs are Mutual Funds schemes that are traded on exchange, which invest in physical gold on your behalf. Gold ETF are advantageous in comparison to buying physical gold as investor need to be sure of making charges, purity & security. ETF can be bought through stock exchanges in the same way shares are traded. You need to have a demat & trading account.
—Sameer Manchanda, Gurgaon

● I am 22, should I go for term insurance; if yes then please recommend me scheme. My earning is Rs 15,000 pm?
It's good to know that you are aware about the benefits of term plan at this age. If you have financial dependants then only you should go for term insurance & you should take a policy with Rs 20 lakh s sum assured. You must take comprehensive accidental policy at this stage for the similar amount.

● I am 39 and I got 20 lakhs after sale of my property. I would like to invest that amount to get monthly income. Please help.
Out of Rs 20 lakhs, invest Rs 9 lakh in Post Office Monthly Income Scheme in joint account. Balance Rs 11 Lakh can be invested in MIP or Balanced Mutual Funds depending on your horizon. You can take systematic withdrawal plan from mutual fund so that every month some fixed amount come out of it. If we expect a return of 10 per cent on mutual fund investment you can get a total of Rs 14,500 per month from both the investments.
—Shantanu Prasad, Mumbai

● My monthly income is Rs 23,000 - for tax saving every year I invest Rs 36,000 in ELSS, Rs 16,000 in LIC Money Back policy & Rs 10,000 in PPF. Should I increase my investments in ELSS funds?
Mutual Fund Equity Linked Saving Schemes are best investment available to save taxes under section 80 C with high returns & shortest lock-in period. After considering your income, according to current tax slabs you need to invest Rs 1,00,000 in 80 C instruments to save tax. Your contribution looks Rs 62,000 per year from above data. In section 80 C you should also consider your EPF contribution, school fee for children education & home loan principal payment. When you have exhausted this limit of one lakh, you could look at investing in diversified schemes of mutual funds.
—Ravi Narain, Baroda

● My agent suggested me ICICI health insurance policy - Is it a good policy to buy?
Although ICICI prudential health saver plan is a mix of mediclaim & investment, but is a product from life insurance company and not general insurance company. It provides comprehensive hospitalisation cover for you and your family and also reimburses all other medical expenses not covered in the hospitalisation benefit by building a health fund for you and your family. The benefit can be claimed after 3 completed years of the policy and is subject to the existing fund value or percentage decided by them. My suggestion will be you should keep your healh insurance & investment separate. It's a very complex product & if still you feel you should buy it for a particular reason please consult a certified financial planner before taking the decision.
—Vikram Ghuman, Lucknow

● I would like to start SIP for my retirement but markets are right now very volatile. Should I start SIP right now or wait for things to get settled.
SIP in Equity Funds would work the best in case markets are going down and not when the markets are rising. But the fact that we don't know when the markets will be go down or up so it is prudent to run your SIP always so that you average out. ◆

Hemant Beniwal
Certified Financial Planner

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■ **FINANCIAL PLANNING**

Financial independence for WOMEN

Financially secure future helps create a positive difference in other areas of a woman's life as well.

ASHU SUYASH

WOMEN frequently worry about finances. Making provisions for buying a home, children's education or their marriage and planning for retirement are just some of their financial worries. All these life events require big sums of money and can be a strain on finances if not planned well. With growing life expectancy, surging health care and life style costs and a change in social structure from the traditional joint family system, it has become increasingly important for women to take an active interest in planning their own finances. While most women manage the day to day finances and take financial decisions at home, it is often surprising to observe that they are much less involved with the long term aspect of financial decisions and planning.

The basic rules that women need to keep in mind when making provisions for their long term goals or life events that require large sums of money is to start saving early and staying focused without letting their day-to-day expenses coming in the way of saving for their long term financial goals.

A simple choice while planning for some of these life events is to begin a SIP or Systematic Investment Plan in an equity mutual fund. With a SIP you can think big with a small start. Just as you can buy a car on monthly instalments, you can invest as little as Rs 500 at a time with the help of a SIP on a monthly basis. You can set

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aside a small amount regularly and plan a SIP as part of your monthly budget. A SIP that fits right into your monthly budget would also ensure that you save regularly. By investing regularly, you can benefit form the movements in the equity markets. More so, you do not have to pinpoint the best time to invest in the markets – anytime is a good time to start a SIP! In fact, it will help smoothen out the unpredictable movements of the market. A SIP does this by accumulating more units when the markets go down and the overall investment appreciates every time the markets go up. The key while investing in an SIP is to stay focused on your financial goal and continue to invest irrespective of market levels. It is in the nature of stock markets to move up and down and that will not change. A regular monthly SIP will certainly help you tame this volatility.

A major milestone that most women often share with their spouses is retirement. Mutual funds, with their wide range of options for different risk-return profiles are perhaps the best suited to be used as building blocks for retirement plans. Apart from the versatility and convenience factor that mutual funds bring they are the lowest cost options for wealth creation when compared to unit linked insurance plans and structured products.

As retirement as a milestone comes later than other financial goals such as buying a home, etc equity mutual funds would be the ideal investment vehicle as equities as an asset class tend to out perform most asset classes over longer periods of time. Statistical evidence over various time periods and across most markets has shown this. In case you would like a more cautious approach, your retirement plan could include other fund classes like multi asset funds, bond funds and capital protection oriented funds to provide some cushion against market volatility especially as you approach retirement.

A significant number of women consider saving for their child's education and marriage as important duties. As a mother, a woman always wants to give the best of everything to her children. To begin with, a good education - which comes at a price. Today, private schooling, college and an MBA at a renowned Indian business school could run into lakhs. And an MBA overseas, medical, engineering or any other professional study could be almost double the cost. Then, another equally huge expense is the big, fat Indian wedding! You may want to spend on gold, jewellery, gifts and clothes for the bride, the groom, the immediate and extended family as well as the to-be in-laws. A lavish Indian wedding also means more than one day of celebrations before the grand reception. And all of it adds up - to a big, fat bill. A financially literate or well informed mother is better positioned to realise her dreams for her children and significantly improve the quality of their life. Even while planning for children's financial needs it is important to start investing early. A mother who takes a keen interest in planning for her children's future financial needs can fulfil her duties towards her children in a much better way.

Financial planning leads to financial independence, which in turn helps to create a positive difference in other areas of a woman's life as well. ◆

—Author is MD and Country Head – India, Fidelity International

KEY TAKEAWAYS

- Keeping aside a part of your salary and investing regularly
- Starting early, if possible, in your 20's
- Spending within limits
- Monitoring the investments at regular intervals
- Keeping proper documentation and
- Educating oneself on the various options available

THINKSTOCK

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■ **INSURANCE**

All About Maternity Insurance

When the expenses exceed your expectations, maternity insurance can be a good option

ADHIL SHETTY

MATERNITY insurance is an insurance product that covers maternity related expenses. This was not covered until few years ago but because of increased awareness and competition, many insurers are covering it under the health insurance plan. This concept is not very popular in India but it is slowly catching up.

Maternity coverage is provided as a rider on a main health insurance package. You can pay extra premium to get the coverage. Some insurance companies do not charge extra premium but put a waiting period and cap the expenses claimed under maternity coverage. Some insurance companies cover it under OPD expenses. In majority of the cases, maternity insurance is covered by group policy in the company.

Currently all major insurance providers such as ICICI Lombard, Max Bupa, Apollo Munich, Star health, and others provide it as rider to the main health insurance.

WHY SHOULD YOU TAKE IT

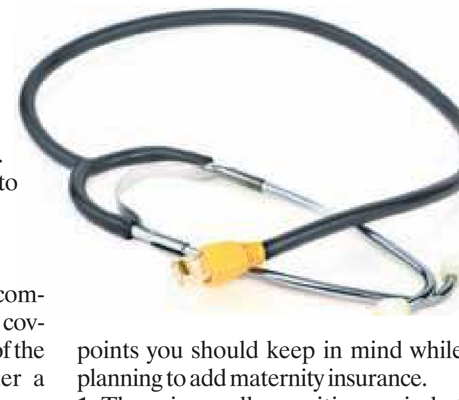
Maternity expenses are increasing because of increased complexity in delivery. Today the cost comes anywhere between Rs 25,000 to 1 lakh. Maternity insurance is a good way to reduce the burden on your pocket.

IMPORTANT POINTS

First, you should check with your company whether maternity is already covered by group insurance plan. Most of the companies cover employees under a group plan. This is the best option.

Secondly, if you already have a health insurance plan, check if there is option to add maternity rider. Usually insurance companies are more open and liberal to give this rider if you have been doing business with them for some time.

There are some important points you should keep in mind while planning to add maternity insurance.



1. There is usually a waiting period of 3-6 years. This means you can only claim the maternity benefits after 3-6 years from the day you take health insurance. In case of group insurance under company plan, the waiting period is 9 months.

2. The coverage is limited to a maximum amount of Rs 50,000. This number varies with insurance providers. The coverage again varies with the type of delivery; less for normal and more for caesarean.

3. Emergency cases are covered and hence this will be a big relief. However, you should check the sum insured in emergency cases as many insurance providers put a cap of Rs 50,000.

4. Check all the features, clauses, and process with the insurer the exact coverage under maternity rider.

5. Start early in life. You will not get maternity insurance after pregnancy as insurance providers take it as pre-existing condition. Even otherwise, you should check with your insurance providers regarding the waiting period.

INCLUSION AND EXCLUSION

Here is a list of coverage under the plan. All insurers may not cover all the aspects but the first three conditions are usually covered by all.

- Expenses 30 days prior to hospitalization and 60 days post hospitalization
- Delivery expenses
- Any complications such as pre-mature birth, caesarean, and any other emergency
- Pre and post natal expenses
- A few insurance companies cover the baby under the maternity plan for 3 months for the sum of 10 per cent of the sum insured for mother.
- There is also coverage of vaccination and nutrition consulting for baby by Max Bupa insurance which is a unique feature.

WHAT IS NOT COVERED?

- Visit to doctors for regular check-up and cost of medicine
- Termination within 12 weeks
- Consultation fee of doctor

DRAWBACKS OF MATERNITY INSURANCE

Maternity insurance has a few drawbacks too. First, the amount insured may not be sufficient enough to cover the maternity expenses. Second, the waiting period is very long which makes it difficult for people to plan in advance.

Overall, maternity insurance is a good option to ensure your happiness and peace of mind when the expenses exceed your expectations. ◆

—Author is CEO, BankBazaar.com