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Headline: Protect and Prosper



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Protect and **prosper**

The most crucial recommendation raised over the years is the increase in tax benefits around long-term savings to spur demand for life insurance products. The government took this into account when presenting the Union Budget in July 2014, and increased the investment limit under Section 80C by ₹50,000. A recent McKinsey study reveals that the total protection level of Indian citizens is about 60 per cent of the GDP. In China and Malaysia, it is 99 per cent and 178 per cent, respectively. In developed markets like the US, the UK and Japan, it is 250+ per cent.

People buy insurance for child's future, income protection and retirement, which the additional ₹50,000 under Section 80C will help with

In a country like ours with low level of social security, protection levels are far too low. People should leverage the additional leeway in Section 80C to buy additional life cover while getting a tax benefit. The key reason for people to buy insurance in India is linked to child's education, income protection and retirement. The additional limit under Section 80C can be utilised effectively to increase one's investment in their child education plans or income protection plans. India is a young country with 70 per cent of the population below 30 years, but in the next 20 years, we will see a huge base of senior citizens. With inflation, increasing cost of healthcare and lack of state-sponsored pension, investing in retirement plans could be a prudent move for investors today. Building a decent corpus to fund one's retirement years does take a long time and one should urgently look into this. ■