

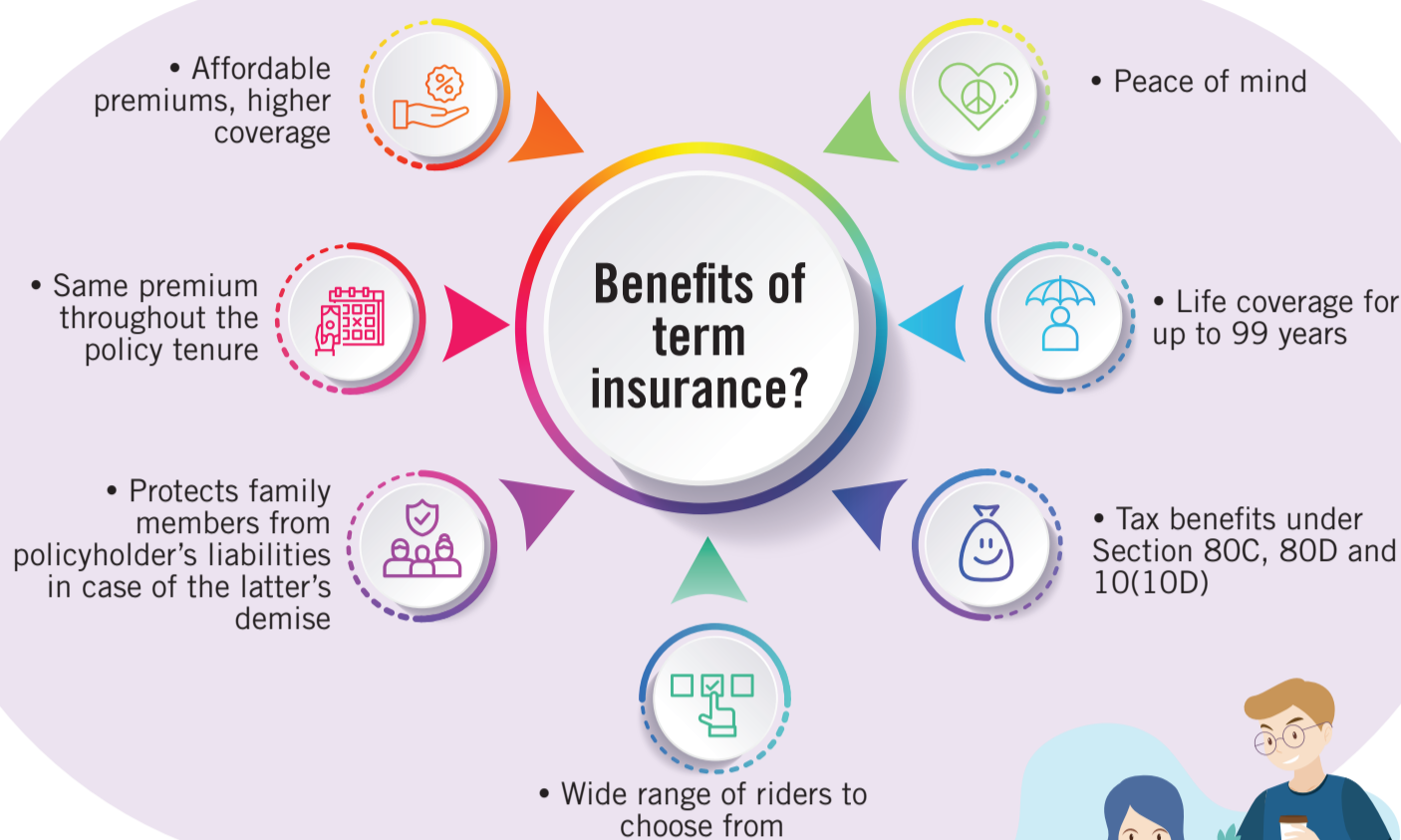
# Is Term Insurance the Right Choice for You?



If you are looking to buy a life insurance plan, term insurance is perhaps one of the most important policies you need to consider.

## What is term insurance?

- ▶ A pure life insurance policy that offers life coverage for a defined duration or 'term'
- ▶ A death benefit is paid to the beneficiary upon the policyholder's demise during the policy tenure
- ▶ No survival benefit or maturity is paid if the policyholder survives the policy tenure



## Know the types of term insurance

There are 23 life insurance providers in India offering hundreds of different term plans<sup>1</sup>, across four broad categories:



- 1. LEVEL TERM PLANS** – Basic term plan with a fixed sum assured and death benefit paid to the beneficiary on policyholder's demise.
- 2. TROP** – The Return of Premium or TROP comes with a survival benefit. The policyholder gets back the entire premium paid throughout the policy tenure on surviving the term.
- 3. INCREASING TERM PLANS** – Term plans with the option to increase life cover annually during the policy tenure.
- 4. DECREASING TERM PLANS** – Term insurance where the sum assured reduces with age to better align with receding insurance needs.

## Who should purchase term insurance – and why?

IN YOUR 20s	IN YOUR 30s & 40s	IN YOUR 40s & 50s	CLOSE TO RETIREMENT
Objective- Preparing for upcoming financial responsibilities	Objective- Helping your family manage your liabilities and responsibilities in the event of your demise.	Objective- Taking care of a child's higher education, wedding, expenses etc	Objective- Ensuring financial safety for your spouse and other family members.
Why term plans- They are cheaper when you are young and healthy.	Why term plans- They protect dependents against financial uncertainty.	Why term plans- They are a vital component of a thoughtful retirement portfolio.	Why term plans- They offer optional riders to fortify your retirement plan.

## Good and bad reasons to purchase a term plan

GOOD REASONS	BAD REASONS
To ensure financial security of your family	To save taxes only
To build a solid retirement portfolio	Just because others are buying it
To get financial cover for critical illness or disability	Just because they are the cheapest option
For peace of mind	Because no medical check-up is required

## How much cover should you purchase for your term plan?

The rule of thumb is 15-20 times your annual income<sup>2</sup>. For example, if your annual income is Rs. 10 lakh, purchase a cover of at least Rs. 1.5 crore. Some factors you should consider:



**Term insurance is an excellent way to protect yourself and your family. Choose the best term plan from a reputed insurer according to your needs and give yourself a safety net against life's uncertainties.**

Source: 1. [https://www.irdai.gov.in/ADMINCMS/cms/NormalData\\_Layout.aspx?page=PageNo129&mid=3.1.9](https://www.irdai.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo129&mid=3.1.9)  
 2. <https://www.hindustantimes.com/brand-stories/how-much-term-insurance-cover-should-you-buy/story-DcfDQkntGlr1i5NBWOKVKN.html>