



Life

A Promise

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1st April 2019- the beginning of a new financial year. As a financial professional, let me remind myself of three things to create a better and productive future.

1. The first thing is effort. Sometimes things might not go the way I planned but the effort should be there every single day. I can maximize my effort by-
 - (i) Keeping my agenda small and urgent.
 - (ii) By measuring the outcome of the effort, not the time spent on it.
 - (iii) Focus should be to complete one task before taking up another- should not try multitasking.
 - (iv) All work should begin with joy and therefore, a smile.
2. Secondly, I must remind myself the ten tactics prescribed by Robin Sharma to make 2019 **wow**.
 - (i) Exercise first thing every morning.
 - (ii) Read for 60 minutes each day.
 - (iii) Speak your truth even when it's scary.
 - (iv) Deletes the dream stealer from your life.
 - (v) Be around art and nature often.
 - (vi) Do a one page plan to make 2019 great.
 - (vii) Write in a journal.
 - (viii) Do the things that terrify you.
 - (ix) Be the kindest person you know.
 - (x) Make personal mastery job.

“ Remember every one of our actions creates a ripple, which can become a wave in future. So, be mindful of what waves we want to be carried by in future.” – Sir Gopinath.

3. Lastly, all the while I must chant

“ Own your morning, elevate your life.”

Here's wishing you the glorious year ahead. Wishing each day of your life to be filled with success, happiness and prosperity.



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Guaranteed Life Time Annuity – The Secret Sauce

Nayan Bhowmick

Mr. R. Sathe is in his early fifties, with a decent income of Rs 8 lakhs a year. He has recently paid off his home loan and also got his two daughters married. He wishes to send his son abroad for higher studies. He manages this but a nagging worry gives him sleepless nights. Having spent most of his savings to meet the obligatory expenses in the various stages of his life, Mr. Sathe has barely managed to save money for his retirement. If he were to lose his job or fall seriously ill, what would happen? If only he had saved for his retirement when he was still young.

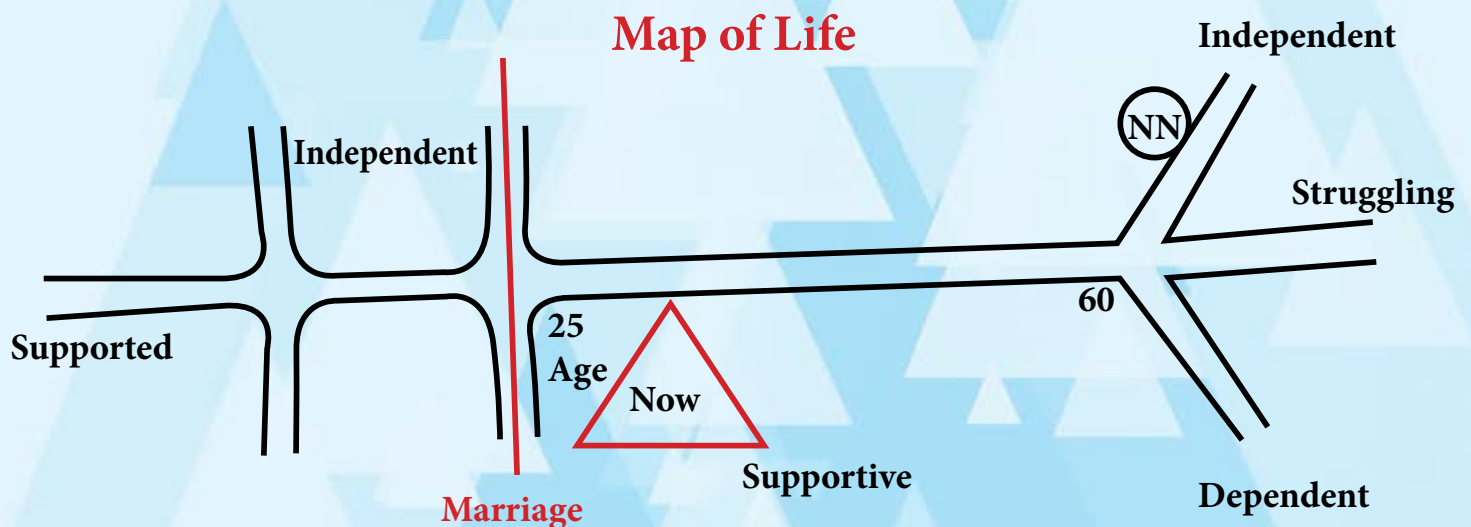
Mr. Sathe's case is not an isolated one. Most of us do not think of planning for retirement during our productive years. We are too busy meeting the expenses of our urgent needs (jobs, marriage, children's education etc) that we forget the important goals .

For people in their 20's and 30's, retirements are decades away and something too far away in the distant future. In chronological order, the goals of retirement comes last and hence gets postponed for as long as possible. But time flies and very soon we have the prospect of retirement- bringing with it less income staring at our face. So, when should we start to plan for retirement? The simple answer is- "As soon as possible". It is never too early to begin retirement planning. Why? The answer is because the sooner we begin saving, the more time our money has to GROW. Each year's gains can generate their own gains the next year.

outlive our savings- also called the longevity risk. This is a variable to be taken into consideration while planning for retirement.

People are living longer than ever before. The U.S. Centre for Disease Control and Prevention notes that an average 65 year old in 2015 had a life expectancy of about 85. But there's a problem with averages - they have nothing to do with how long any one individual will live. Average life expectancy is simply a mid- point suggesting half of the whole world will live longer than that point and half will not. Averages are not indicators of the length of our retirement. We need to plan to live well beyond our life expectancy and there is only one way to ensure we will never outlive our money. Here's how only a life insurance company can create the secret sauce needed to cook up an optimal retirement plan.

Generally, our productive years begin in our early twenties, say from age 25. It is from this age that we begin to earn using our physical and mental abilities and most importantly, our time. Gradually, we have to shoulder the responsibilities of our spouse, children, ageing parents, society and the like, in our Map of Life (in the above figure), this stage of life is called the **SUPPORTIVE** stage. After reaching the age of 60 or 65 years, our physical and mental capabilities decline and we start our retired life. At this stage, there are three paths possible- one is being financially independent, next is being financially dependent and last is still struggling for income



Living standards often decline after retirement. Frequently, the old are vulnerable to destitution, given that they face reduced economic opportunities and deteriorating health. In developed economies, the main source of livelihood and protection shifts from employment to pension income as one reaches a given retirement age. In developing countries like India, few have access to pension and most have to rely on other source of income.

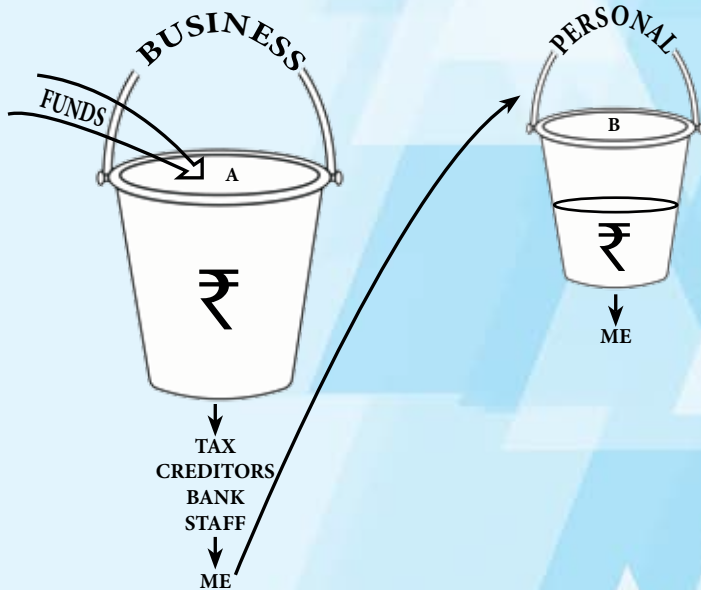
Many of us think that the mandatory contribution we make to our pension fund will suffice for our retirement needs. The truth is that life- expectancy has increased and there is the risk that we might

to survive. But retirement from our job does not mean retirement from life. It is just another stage where we should be able to sit back and relax. But for this we need enough passive income to support a life style that is roughly equivalent to our pre-retirement life style. Therefore, being financially independent, or SELF Reliant Retired Life is our Non-negotiable goal.

Many of us think that our retirement is all about assets. The problem is, we are programmed psychologically not to touch our assets. We can't spend our assets. Again, assets make us wealthy, income make us independent financially and mentally.



During our Supportive stage we build our assets in the wrong bucket. Generally we think that our business, our company, our firms, our jobs are our assets. But we always forget that we are the assets.



In the above figure, the first bucket is my business bucket. Its where all my assets are and I am justifiably proud of what I have built by putting all my collective funds over the years. But the problem is that this business does not belong to me wholly. There are probable creditors. First in line is tax, the bank, the leasing company, my staff. Right at the bottom of the list comes ME.

Bucket B is my personal bucket. The one great advantage of this bucket is that it belongs to me wholly. At the age 60/65 years of mine, I may have to hand over my business to someone else. If I

don't create this bucket B during my supportive stage, that is in my productive years, by transferring some portion of my surplus from Bucket A, I may become dependent on others. And this Bucket B must be a nest of different eggs.

Guaranteed Life Time Annuity is a life insurance plan which can create the secret sauce needed to cook up an optional retirement planning.

There are three ingredients to Guaranteed Lifetime Annuity. First is Principal, any investment can give me principal, the second is interest; anybody can give me interest. But the third ingredient cannot be manufactured through stocks, bond, and real estate or any financial institutions other than insurance company. It's called **MORTALITY CREDITS**. Basically Mortality Credits are a financial reward that increases the longer I live. Any wealth creation for retirement without Lifetime Guaranteed Annuity is sub-optimal. Therefore, it's imperative that I transfer my longevity risk to an insurance company. Lifetime Annuity guarantees payment of a income for the rest of your life. This is different from a term annuity which only pays you for a fixed amount of time. Basically, the guaranteed payments for life reduce a person's longevity risk. Since one people die soon and some die later, insurance companies are able to hedge that risk through these Mortality Credits.

“ As you get older, three things happen. The first is your memory goes, and I can't remember the other two.”

- Sir Norman Wisdom.

One of the best things about old age does not have to wake up early and go to work. One of the worst things about old age is not being able to wake up early and go to work.

Lifetime Guaranteed Annuity is the best option because the fact of the matter is the difference between feeling our age and being our age is usually just money. And Lifetime Annuity will never outlive our money. If we opt for Lifetime Guaranteed Annuity, retirement will not be “ your time is up” - instead retirement will mean “ It's your time!” □

WOMEN — 'AN EMBODIMENT OF MANY FORMS'



By Nandini Sarkar

She's the every essence of innocence, the loving child,
Lights up the mother earth with joyous glory.

She's the teen, filled with bubbling charm
Rides with joy, the world under her arm,
Grows up to be ambitious, the world at her feet.
Yes, she's the present day woman
A symbol of change.

She's a friend, heart full of trust and faith;
And, she asks nothing in exchange.
Also a sister doing her duties in silence
All wound she heals with her soothing hand.

Manifested with full devotion and fidelity is the wife
Like droplets of water on a parched land.

Perfect epitome of love and sacrifice, She holds as a mother
Giving up her happiness for her child.

She's the perfect warrior, a gleam of light,
Ever tackling fiery battles in the wild.
She's the peace-maker, ruler of the Earth;
Guards and protects – she does it all with mirth.

Ever ready and vigilant to crush all evils –
Until the world is free of devils.
Nine roles, thus played by her
She's the woman, the mother, the only one
Yes, woman does reign in all her nine forms.



THE FALL OF KA-LIKAI



Subhasis Chakrawarty (Tilak)
Senior Advocate
Meghalaya High Court

Extensive valleys amidst rounded hills, periphered by sudden precipices of deep gorges, mark the topography of the areas in and around the township of Sohra or Cherrapunji, reputed for its high levels of rainfall and barren landscapes. Situated on the southern reaches of the Khasi hills at an intermittent level on the way down from the higher ranges near Shillong, towards the further rugged slopes in the War country leading to the plains of Bangladesh, this part of the State of Meghalaya is remarkable for its history, particularly with regard to the arrival of the British and Christianity and the development of the language and the culture of the people.

By dint of the topography and the rains that it receives, the areas around Sohra is also enriched by a number of major waterfalls. These acquire the most majestic dimensions during the rainy seasons when large volumes of water gushing down the slopes indeed make for spectacular sights.

Traditionally the life and culture of the people of these parts have been closely intertwined with various landmarks in the surrounding territories. Rockfaces, hill-slopes, water bodies, gorges, caves and other features have had prominent positions in the belief systems of the residents. Over the years, the value systems have been cultivated centering around these conventional beliefs and the different physical features.

Popular tourist spots, which find favour with most idle visitors, primarily comprise of these different physical aspects of the region, especially those offering some good measure of scenic beauty or panoramic views. Ofcourse the other parts which provide for some degree of adventure or physical challenges, like some of the caves, are also quite popular. In addition, some knowledgeable people also make special time for those spots which bear significance on account of religious or cultural practices or for historical reasons.

Amongst the common spots which tourists of all descriptions would surely be visiting, is the "Nohkalikai Waterfall". Somewhat away from the madding settlements, this waterfall is located on the precipice of a deep gorge





where a hilly river suddenly tumbles down hundreds of meters. It can be viewed from the top of the precipice on the opposite side. The fall of the water is so direct and over such a height that midway the whole waterbody seems to vapourise into a misty mass blocking the view of the depths where it eventually disappears. In the whole sight there is a magical element so prominently engraved that some viewers remain mesmerised for long whiles, moreso during the rains when the bulk of the falling water is substantial and the sight is opened up and offered at rare intervals only when the rains momentarily come to a stop.

The name “Nohkalikai” is a term of the local Khasi language. “Noh” means “the fall” and “kalikai” means the lady named “Likai”. So “Nohkalikai”, as a whole, means “the fall of Kalikai”. This name is taken from one of the popular legends of the Khasis.

The legend of “Nohkalikai” says that once upon a time there lived a lady named Likai in the region above the precipice where currently the waterfall is found. She was initially married to a person and they had a baby. However, Ka-Likai’s husband expired and she had to start bringing up the child by herself. After sometime she met another young man and they fell in love. Soon they decided to marry and did so. But, very unfortunately this new husband of Ka-Likai bore a grudge in his mind about her previous marriage and the child born out of that marriage. So, one day when Ka-Likai had gone out into the surrounding hills to search for iron ore, her husband killed the child, cut her body into small pieces and cooked a curry with those pieces. When Ka-Likai returned home in the evening, she was very hungry and asked her husband whether there was any food in the house. In reply he offered her the curry which he had cooked with her child’s flesh. Thinking that the curry was made of the meat of a young piglet, Ka-Likai began to eat and relish the food. But after eating, she came across a little finger in the basket of battle nuts and leaves and this made her realize what had happened. Struck with extreme grief she immediately ran down towards the precipice of the gorge nearby and jumped over to death. Now the said waterfall “Nohkalikai” has come up at the spot where Ka-Likai had jumped down the precipice out of grief, upon realizing what had happened to her child, as a memorial to the ill fated lady and her fathomless sorrows.

The legend of “Nohkalikai” has intrigued many in the bygone decades and centuries. While the pathos and sombriety of the story usually serve to render the sympathetic listener very sad with lasting impressions which may continue for days together, the legend has also often been found to have prolonged cathartic impacts. The dampening aspects of the environment of the Sohra region, where the legend is normally introduced to the fresh hearers, further serve to intensify the emotions.

A discerning listener of the legend of Nohkalikai also wonders as to what could be its relevance or inner meaning.

No doubt the direct lesson is essentially of the risks attached in commencing a new family, particularly when one of the spouses is a widow or widower or has been separated from his or her previous spouse. The dangers and sufferings to which a child of an earlier marriage may be exposed, is also quite explicit in the story. But over and above that, could there be a deeper meaning of the whole legend?

If Ka-Likai is taken to represent a community or a people, then her first husband is surely the previous way of life, in accordance with the traditions and practices of the olden days which this community or people adhered to. The child out of that first marriage is the value system that evolved out of this adherence of the community or the people to that traditional way of life of the olden days. That conventional way of life is now dead and gone. A new way of life has arrived, to which the community or the people is now married, just like Ka-Likai being married to the new husband. This new way of life is a jealous husband and the community or the people has to properly cater to its needs and requirements, failing which the whole value system derived out of the old traditional way of life would be destroyed and devoured just like the child of Ka-Likai who was killed and with whose body pieces a curry was made and fed even to the mother. Ka-Likai failed to live upto the expectations and properly cater to the needs of the new husband. The community or a people must not similarly fail to live up to the expectations and cater to the needs and requirements of the new modern way of life, otherwise the whole existing value system would be finished off. No community or people can remain oblivious to the needs and requirements of the new way of life of the modern times. This probably is the deeper essence of the legend of Ka-Likai.

From the viewpoint of the mesmerizing Nohkalikai waterfall, one can clearly see, nestled in the distant hills beyond the deep gorges, the village of Laitkynsiew which has yielded a number of leaders and statesmen like Late Professor G.G. Swell who was a Member of Parliament for many years and also became a Deputy Speaker at one time, Late Reverend B.M. Pugh, who became the first Principal of the first agriculture college of the country at Allahabad, as far back as the early decades of the last century, after obtaining an education abroad, his son Late D.D. Pugh who became a Chief Minister of Meghalaya, and others. Standing there, a knowledgeable visitor cannot but spare a few moments pondering on the winds of change that is sweeping through the hills and dales of today’s Meghalaya since the latter half of the nineteenth century through the twentieth century till the present times. Societal reactions to such changes, of different natures at different times that this part of the world has witnessed, also rove through the mind. It is only in this perspective that the aforestated relevance of the legend of Nohkalikai may become clearly discernable. □



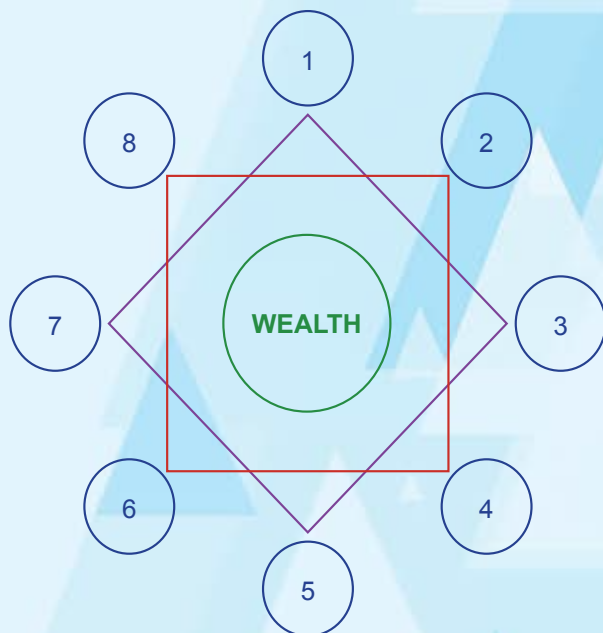
WEALTH THAT GROWS AND LASTS FOREVER

PART 2

2) “Regularity is the key to wealth, not ROI”

There are EIGHT fundamental principles that govern the science of wealth management. If we violate these principles, then the result could be one of the two mentioned below:

- 1) wealth that we have acquired will disappear or
- 2) will put us in distress even it is available adequately.



In the previous episode we saw the first principle “Income - Savings = Expenses”. In this section we will see the principle no 2: “Regularity is the key to wealth”. Even small amount is saved on a regular and consistent basis, daily, weekly, monthly or yearly can make a person wealthy.

In fact many important aspects of life are governed by this rule “Regularity”. Physical exercises done on a regular basis to the wealth called Health, Reading books on a regular basis to the wealth called Knowledge. Daily prayers to God in the Spiritual aspect of life for the wealth called Blessings, Regular practice to the wealth called Skill in any sports. And this list is endless. SO ALSO IN THE ASPECT OF FINANCE AND WEALTH.

Let me narrate a story here,” Mrs Oseolo McCarty was a Afro-American living in America. Mrs Oseolo McCarty was a washer woman. She got to be employed as a washer woman, for a contractor who did cleaning work for big hotels, at her age 40. Amongst several other women working there as washer women,

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Mrs McCarty was different. She created a habit that of the daily wages she receives she used to deposit 10\$ everyday in a bank on her way home in the evening. And this she did for almost 32 years.



Mrs Oseolo McCarty

One day the contractor had served her a pink slip, meaning that she need not come for work from the next day and her services have been terminated. The last day with 10\$ in her hand to deposit at the bank, she says to the bank clerk “Son this is my last 10\$, i got a pink slip today, i may not be able to come from tomorrow to this bank to deposit my daily money”. The clerk asks her does she know how much money is there in her account? She says could be 30 or 40 thousand dollars, the clerk says, “No Mrs McCarty, your account has a balance of 200,000\$”. What is key to wealth? Regularity.

He says if he can cash it and give her. She says “No, son. Leave 100,000\$ in my account, i will use it whenever i require money. Balance 100,000\$ transfer it to the name of this bank and create a trust of that and help students who want to do their university education, but are not able to do so due to their financial condition.”. The clerk takes her to the manager and after all the formalities completed the trust was created.

8 or 9 years later, Mrs McCarty fighting with a pancreatic cancer, was advised by the doctors that she need not take any medication now as they are not going to help and she is in her final stages now. One doctor however suggests a that she can get operated by one Oncologist from California and the chances are that she may get to live 2 or 3 years more if the operation is successful. But the whole thing could cost quite some money. She agrees and the surgeon was brought from California and the operation was done and it was successful. Mrs McCarty gets another 2 years to live.

After the surgery while she was recovering, the Surgeon came to her bed and enquired as to how she feels now. With folded hands she thanked the doctor and said,”Son i dont know at this old



age how i am going repay you for giving me these two more years to live, but whatever is left with me i will certainly give you what i can.” The doctor holds Mrs McCarty’s hands and with tears in eyes, says, “Mrs McCarty please don’t even mention that, have you forgotten me, i am the first person to use your Trust money to enter the university. If i am doctor today, it is because of your money, how can i ever take more from you. Just bless me, your blessings is all that i require.”

Mrs McCarty was recognised by the US Government with the Most Valuable Social Person of the Year Award in 2004.

What does this story illustrate?

The power of regularity in savings. Getting committed to a habit and investing that money even it it small, but on a regular and consistent basis can make a person wealthy.

People feel that higher ROI (Return on Investments) will make them wealthy. What they forget is that the higher the ROI the more the risk that investment is subject to. In fact an easier and surer way to become wealthy is “Regularity” in savings.

How else do you think our parents, grand parents and great grand parents become wealthy. They have left behind assets for us. Landed properties, Jewels, High quality furnitures, Art pieces and a lot of Cash. How did they achieve all these? In fact their earnings were much less in amount compared to our today’s earnings. They earned in hundreds and thousands, whereas we are earning in hundred thousands. They did not have fancied investment opportunities that we get to nowadays. No derivatives, F&Os, PE Funds, ETFs nothing of that sorts. But still they left behind assets for us. They followed the principle number 2 of Financial planning and Wealth management that is “REGULARITY IS THE KEY TO WEALTH”.

I will give you a home work on this so that the above principle is understood well. Please use an excel sheet and solve this problem and send me the answers. I will give the conclusion of that exercise in the next issue, in the meanwhile get busy with this calculation:

PLEASE GIVE ME THE IRR FOR THESE TRANSACTIONS:

Column number 1 shows the year, 2,3,4,5 and 6 are showing the investments done in the respective years (in red fonts) and the amount got back also (in blue fonts) in the respective years.

YR	REGULAR	FLEXIBLE	FLEXIBLE	Withdraw in between	Withdraw in between
1	-1200000	-1200000	-1200000	-1200000	-1200000
2	-1200000	-100000	-100000	-100000	-100000
3	-1200000	-50000	-50000	-50000	-50000
4	-1200000	-150000	-150000	-1200000	-1200000
5	-1200000	-1200000	-1200000	-1000000	-1000000
6	-1200000	-100000	-100000	-800000	-800000
7	-1200000	0	0	2500000	2500000
8	-1200000	-200000	-200000	-1500000	-1500000
9	-1200000	-150000	-150000	-50000	-50000
10	-1200000	-800000	-800000	-1200000	-1200000
11	-1200000	-1250000	-1250000	-100000	-100000
12	-1200000	0	0	2500000	2500000
13	-1200000	-2600000	-2600000	-150000	-150000
14	-1200000	-100000	-100000	-2400000	-2400000
15	-1200000	-1200000	-1200000	-1200000	-1200000
16	-1200000	-300000	-300000	-300000	-300000
17	-1200000	-3600000	-3600000	-2400000	-2400000
18	-1200000	-2400000	-2400000	-3600000	-3600000
19	-1200000	-1200000	-1200000	-1200000	-1200000
20	-1200000	-7400000	-7400000	-6000000	-6000000
ma	48000000	35000000	48000000	48000000	28000000
IR	?	?	?	?	?



INSURANCE OMBUDSMAN IN INDIA

With an objective of providing a forum for resolving disputes and complaints from the aggrieved insured public or their legal heirs against Insurance companies, the Government of India framed “Redressal of Public Grievances Rules, 1998”. The rules came into force from 11th NOVEMBER 1998. To implement the above rules, the Institution of Insurance Ombudsman has come into existence and started functioning since 1999.

The object of establishment of Insurance ombudsman is to resolve the complaints relating to settlement of claims and deficiency of services on the part of insurance companies in cost effective, efficient and impartial manner. These Rules shall apply to all the Insurance companies operating in LIFE INSURANCE BUSINESS, GENERAL INSURANCE BUSINESS and STAND-ALONE HEALTH INSURANCE BUSINESS in both PUBLIC AND PRIVATE Sector.

On 25th April 2017 Ministry of Finance through the Gazette modified the Redressal of Public Grievances Rules, 1998, which is known as Insurance Ombudsman Rules 2017 and effective from the date of publication in the official Gazette.

The object of the rules is to resolve all complaints of all personal lines of insurance, Group insurance policies, policies issued to sole proprietorship and micro enterprise on the part of insurance companies, and their agents and intermediaries in cost effective and impartial manner.

There are at present 17 Ombudsman offices in India under the executive council of India. In every policy document issued by any insurance companies operating in India has to print addresses of Insurance Ombudsman offices. Each Ombudsman office functions within a set geographical jurisdiction and can entertain the disputes relating to—

- a. Delay in settlement of Claims.
- b. Any Partial or total repudiation of claims by Insurer.
- c. Dispute over premium paid or payable in terms of insurance policy.
- d. Misrepresentation of policy terms and conditions at any time in the policy document or policy contract.
- e. Policy servicing related grievances against insurers and their agents and intermediaries.
- f. Issuance of policies which is not in conformity with the proposal form submitted by the proposer.
- g. Non-issuance of insurance policy after receipt of premium.
- h. Any other matter resulting from the violation of provisions.

Before approaching the Insurance Ombudsman office one has to approach the Grievance cell of that insurance company. As per Rule 14 of Insurance Ombudsman Rule 2017 manner in which complaint to be made are-

- A. Any person who has a grievance against an insurer, may himself or through his legal heirs, nominee or assignee make a complaint in writing to the Insurance Ombudsman within whose territorial jurisdiction the place of residence of the complainant is located.
- B. The complaint should be in writing, duly signed by the complainant and shall state clearly the name and address of the complainant, the name of the branch or office of the insurer against whom the complaint is made, the fact giving rise to the complaint, supported by documents, the nature and extent of the loss caused to the complainant and their relief sought from the Insurance ombudsman.
- C. No complaint to the Insurance Ombudsman shall lie unless---
 1. The complainant make a written REPRESENTATION TO THE INSURER NAMED IN THE COMPLAINT AND-
 - a) either the insurer had rejected the complaint, or
 - b) the complainant had not received any reply within a period of one month after the insurer received his representation, or
 - c) the complainant is not satisfied with the reply given to him by the insurer.
- D. The complaint is to be made within one year
 - a) after the order of insurer rejecting the representation is received or
 - b) after receipt of decision of the insurer which is not to the satisfaction of the complainant, or
 - c) after expiry of a period of one month from the date of sending the written representation to the insurer if the insurer named fails to reply to the complaint.

More over Copy of the policy documents and copy of all correspondences is to be enclosing with the written application including the proof of sending the complaint to the Insurer, to the Insurance ombudsman to entertain a complaint.

No complaint before the insurance ombudsman shall be maintainable on the same subject matter on which proceedings are pending before or disposed of any court or consumer forum or arbitrator.

The ombudsman acts as counsellor and mediator as per the written consent form both insured and insurer. The ombudsman shall dispose of a complaint after giving the parties to the dispute a reasonable opportunity of being heard.

The ombudsman shall pass an award in writing and state the reasons upon which the award is based. A copy of the award shall be sent to the complainant and the insurer named in the complaint. The award of Insurance ombudsman shall be binding on insurers. Complaint may approach any court or forum if he/she is not satisfied with the award of Insurance ombudsman. □

