Life
A Promise

Nayan Bhowmick

Vol. VI

For Private Circulation Only

ISSUE - II (April-June'2023)

Email : nayanbhowmicklic@gmail.com
Website: www.keytowealth.org

Warm Greetings to our respected readers!

In this editorial, I would like to highlight the role of women in matters of money.

It has been revealed that women comprise 49% of the total population in India. Their contribution to the economic activity of the country is significant and increasing every year.

Women, and specially our mothers are savings- centric. This characteristic has been around since ancient times. We have seen our mothers put back a handful of rice in the container after measuring out the grain before cooking. This practice prevails even now. This is where our mothers and female members of our families start savings, teach savings.

I can remember one of the stories written by Mrs Sudha Murthy, "The Rainy Day". "When you are young, you want to spend money and buy many things but remember, when you are in difficulty only few things will come to help. Your courage, your ability to adjust to new situation and the money which you have saved." – Mrs Vimala Kulkarni, mother of Mrs Sudha Murthy. Today's INFOSYS started with the seed capital of Rs 10,000 offered by Sudhaji to her husband Mr. Narayan Murthy. It was a big sum in those days and was the result of small-small savings from Mrs Sudha Murthy's monthly income, a portion of which she started saving right from her fist salary

Scrip-box undertook a Survey in February 2020 with 600 women respondents across India. Of these, nearly 70% were millennials, 25% were GenX, while the remaining were in the over 50 years age bracket.

A majority 80% of the women respondents were financially disciplined with monthly savings and more than 20% saving nearly half their monthly income, the survey said.

Interestingly women emerged as savvy investors too, challenging the misconception of "Women save, men invest", it said. Though the picture is different in rural India.

It has been established that women are born money managers. They are disciplined and can go from managing home budgets to becoming smart investors. Men and women undergo different life experiences which differ due to their knowledge and attitude towards risks. More than men, it is women who have a greater need to actively manage their finances. Two key reasons why financial planning is critical for women:-

1) Life expectancy of male in India is 68.61 years and female is 71.82 years. It means that women live longer than men, post-retirement.
2) Life goals- the women of today are more aspirational. They have many personal goals like Best in Globe Education of their children, helping in-laws as well as managing their own household. Many want to start their own enterprise.

In this edition we are fortunate that two very learned financial experts have contributed their valuable articles in connection with financial planning for women. According to me, women must take charge of their financial well-being and excel in money management just as they do in other fields.

Wishing you all a Happy Vaishakhi, Happy Ugadi, Happy Bihu.

Nayan Bhowmick

Nayan Bhowmick
QPFPA
Recruiter of Insurance Advisers.
Senior Business Associates, LIC of India, Shillong

nayanbhowmicklic@gmail.com
www.keytowealth.org

Gopinath Radhakrishnan
Gopast Centre For Learning Pvt. Ltd.
Former MD/CEO at LIC Lanka
gopinathr@go-past.com

Exclusive rights of the asset to Wife and Children: MWP Act policies

Family is a mutual enterprise. Mutual Love, Mutual Respect, Mutual Resources and Interdependence are at the core of this Mutual Enterprise. The financial resource is normally provided by one or two members and is shared by the rest of the members in this Mutual Enterprise. They in turn provide from their side happiness, belongingness, service and other essentials. This is why life insurance is a very special asset amongst all the other assets owned by the family.

Continuing our discussion so far the special treatment to life insurance policies as an asset in the eyes of law; One of the very special provisions made in law, relating to the succession planning is Married Women Property Act 1874 (MWP Act). Let me quote the Sec 6 of MWP act hereunder for proper understanding of the provisions made therein.

"A policy of insurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall enure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them, according to the interest so expressed, and shall not , so long as any object of the trust remains, be subject to the control of the husband, or to his creditors, or form part of his estate."

A policy of insurance: Meaning that no other type of asset is covered under this provision.

Married man on his own life: The policy of insurance should be availed by a married man, and the risk cover should be on his own life. Meaning that policies effected on the life of children or others can not be covered under this provision.

Expressed on the face of it: It refers to the policy document. The policy document should carry the endorsement to this effect. Agreements made by other arrangements are not covered under this provision.

Beneficiaries can be his wife, wife and children or any of them: Meaning that he can wish to pass the benefit to specific people in this class. For example the beneficiary can be defined as wife and the first daughter or wife and second daughter. This provision is made to ensure that the policy serves only to those beneficiaries and he has the right to exclude, if he so wants to, any person amongst his children from the benefiting from this policy.

Deemed to be trust: This means that all the protections normally available for a trust and the funds held by a trust will be available for policies effected under the act, but the formalities which have to be observed in case of trust, like registration of the trust, audit of the accounts of the trust, etc., need not be observed here. A simple person without any legal qualifications, can also ensure the benefits are secured easily.

According to the interest expressed: This means that he can even prescribe ratios for sharing or even effect contingent conditions by which the benefits will flow to the beneficiaries.

Not be subject to the control of the husband or to his creditors or form a part of his estate: This is the very essence of this act. This helps husband to provide adequately for his family. Businessmen who avail loans and facilities from banks and other institutions is undertaking a risk expecting growth in business. While doing so he pledges his assets to the bank to avail that facility. While he can certainly repay the loan in time and safeguard his assets, the issue becomes critical if he happens to die before the obligation is cleared. The bank after auctioning the pledged assets, can seek to attach his personal assets to recover the loan and the interests thereof. Whereas this policy effected under MWP act can NOT be so attached. This policy monies will not form a part of his estate.

This is not just for businessmen, but for anyone who want to protect their family and ensure that monies do not get into wrong hands even within the relatives, who may scheme against, which we have seen happening in many instances. Since the policy benefits is not subject to control of the husband also, any pressure brought onto him, or even by coercion these monies can not be taken away by wrong people.

The very purpose of a availing a life insurance policy under MWP act is to ensure that the rights of the wife and the children be protected and the variations in the business performance of the husband need not affect the family adversely.

1) When a person avails loan to expand his business, or to make good a shortfall in capital, he is taking a business risk. He is confident of making enough profits in a period of time and repay the loans with interests due from out of those profits. He is certainly capable of fulfilling this commitment, even against the odds of the business, due to his business acumen. His death before fulfilling this commitment will bring down the value of the assets held in the business and also put his personal properties and assets under stake. The people who have lent the money will pursue all options to recover their

dues. However a policy effected under MWP act will be beyond their reach even and protect the rights of the wife and the children.

2) Even under pressure from his peers or investors in his business or from his other relatives, he will not be able to dilute the rights of his wife and children under this policy.

3) After the death of the life assured, even other legal heirs can not stake any claim on these policy monies, not just as a share for being his heirs, but not even to setoff against any common losses incurred by them jointly.

4) It is not just that businessmen need to avail this provision, the difficulties mentioned above can be met by other professionals and salaried personnels also. For example indemnifications or damages due to acts of omission, or negligence or acts of accident by a professional or employee can initiate recovery from his wealth to coverup. Even in such circumstances, the policy effected under MWP act can protect the rights of the wife and children.

5) People who stand as sureties, guarantors or people who operate under power of attorney can also protect their families using this MWP act.

People sometimes feel that the act is very rigid and does not provide for changes in future once the policy is effected under the MWP act. This opinion is not correct. While MWP act does provide for rigidity to ensure its effectiveness in protecting the rights of the beneficiaries, in the overall does provide scope for some changes that are reasonable within the overall purview.

The role of the trustee under this policy is to receive the policy monies and pass it on to the beneficiaries. The man who availed this policy can not act as trustee, because the policy is not subject to control of the husband as stated in sec 6 of MWP act. So the question arises who can act as a trustee?

Any person who the life assured feels confident about in playing this role and the one who is legally fit to become the trustee can be appointed while availing this policy.

Points to note while appointing the trustee:

If the proposer wishes then he can:

1) Reserve the right to appoint a new trustee under certain defined circumstances. If this right is exercised at the beginning itself then during such occasion he can simply appoint a new trustee, removing the previous one, without having to execute the deed of pol which otherwise is mandatory. A professional agent at the time of availing the policy will educate the proposer about this aspect and according to his desire will make provisions for this.

2) There are provisions to appoint alternate trustees or contingent trustees right at the beginning itself. So that if the trustee dies or becomes ineligible to function as trustee due to misconduct, then the alternate trustee takes over the position automatically. A professional agent at the time of availing the policy will educate the proposer about this aspect and according to his desire will make provisions for this.

3) Once all the beneficiaries have become major, then through mutual consent, the trust under the MWP act can be revoked and the policy restored to the life assured. Otherwise a court intervention is required to revoke a trust formed under MWP act. A professional agent at the time of availing the policy will educate the proposer about this aspect and according to the situation and the desire of the life assured get this executed at the right time, avoiding unnecessary legal procedures and delays in restoring the same.

There are such discretionary powers vested with the proposer in terms of the appointment of the beneficiaries too:

1) Reserve the right to appoint an alternate beneficiary upon death of one of the beneficiaries. If not done so, then the benefits will flow to the legal heirs of the deceased beneficiary. A professional agent at the time of availing the policy will caution the proposer about this aspect and according to his desire will make provisions for this.

2) Make a condition that upon the life assured surviving the term till maturity then the policy reverts back to him through automatic cancellation of the trust. The trust is effective to secure the monies to the beneficiaries in case of the death of the life assured during the term of the policy. A professional agent at the time of availing the policy will educate the proposer about this aspect and according to his desire will make provisions for this.

3) The beneficiaries can be appointed as “Joint Tenancy” or as “Tenancy in common”. If it is “Joint tenancy” then upon death of one or more of the beneficiaries, the surviving beneficiaries become the beneficiaries automatically. If it is “Tenancy in common” then then upon death of one of the beneficiaries the legal heirs of the beneficiaries become eligible to that share of the benefits. A professional agent at the time of availing the policy will educate the proposer about this aspect and according to his desire will make provisions for this.

All these discretionary elements involve in selecting the appropriate forms and filling them correctly so that the desire of the proposer is translated into legal provisions in the correct manner. A proposer who is not aware of these provisions or the one who does not specify these things correctly may not be able to correct the same later on.

I have seen cases wherein the proposer was so impressed with the expertise of the agent, that he had appointed the agent himself as the trustee to this policy. A professional agent advises the policy holder appropriately after understanding his needs and desires, he also gives shape to his desire by documenting them using valid formats and correct wordings, ticking the correct options. He also makes six monthly review on the choices exercised, and jointly with the customer provides for any changes that might have now become a necessity.

A layman's guide to sail through the month of March.

Chandrima Bhattacharjee
Asst. teacher, Shillong Jail Road Boys' H.S School.

The month of March seems to be a terribly long one every year. There are taxes to be paid, investments to be taken care of while juggling household expenses, school/college admission fees and a thousand other things. If one word could describe the theme of March, it would be expenses with a capital E and invariably every year, one is a little embarrassed of the balance in the savings account.

Why is this a recurrent event every year around this time? It's not that these expenses were unforeseen-rather they are an annual event and yet when the time arrives, life seems to be on a repetitive mode. This year I asked myself why this happens and who or what is responsible. Is it inflation? Is it that there has been a sudden disparity between income and expenses, or is it something else? The answer, I found, lies within ourselves, in our psychological makeup, in the way we think about life.

Many of us think that small savings are useless, some of us also believe that the present should be enjoyed because the future is uncertain, while many others uphold the philosophy that in order to maintain our social status, we must keep on buying stuff, the latest in the market, whether we need it or not. It is only when the reality of payments hits us that we realize that we should have saved up and curtailed unnecessary expenditures. Everyone, irrespective of income can avoid this kind of "tax anxiety" by following some easy money saving tips.

The first one is to make savings automated. This means that a certain amount of money is debited automatically each month to another account/ investment/ in order to pay for the big expenses. For example, an annual life insurance premium of ₹ 50,000 might be difficult to pay at a time, but if one has an automated debit of ₹ 4500 every month for twelve months, the premium is taken care of. Besides, if one does the calculation, this will save a little more than required which then can be used for something else. Wouldn't this extra cash bring a smile to one's face? ₹ 4500 might seem a small amount, but when saved over a year, this small saving becomes so much worthwhile. This method can be followed for all the big, must-do expenses. In this way, the cash in hand is reduced and then there will be less of unplanned expenditure.

Small saving brings to mind another trick. Save the small change. What I mean is that whenever we go grocery shopping or shopping for essential things, we get a lot of small change. This change can be kept in a separate bag. Every time when we do this, we will be surprised at what this amount can total up to. Over a period of six months, this small change can sponsor a big family dinner, or something for the home. I just read a story the other day about a man who purchased a bike just by saving coins. What a satisfaction that is! The best part of this lies in the fact the saving happens unconsciously and one day when you decide to actually sit down to count your small change, you find that it adds up to quite a lot. That saving would perhaps not have been possible in the traditional way.

Thirdly, the greatest enemy of savings is uncontrollable desire to shop, shop! Shop! Online shopping sites have made this so much easier. There is range and variety and they offer discounts. Discounts are what lure us as customers. I have nothing against these companies, businesses have to survive and latest business models have to be adopted. But we as customers have to know where to stop splurging. How many times have we bought stuff that we don't really need, just because it was offered on discount? I think we are all guilty of this. Many times, the notifications that keep beeping and we give in to the temptation, only to regret later. When the sword of taxes hangs upon us, the memory of these unnecessary haunts us and we promise to ourselves, not to make that unplanned expenditure again. To remove all online shopping apps from one's phone is not the solution. After all, the ease of online shopping cannot be denied. The trick is to keep on hold the items in one's shopping cart for a day or two. When we come back to our cart after a few days, we might not actually want to purchase all the items. Some of the things might not look so appealing or some other important expenditure might have cropped up. This is the time to filter out stuff that we do not really need. I have tried this hack many times and it works! What I do after such self- control is reward myself. I might catch up with friends for lunch or go for a drive. One need not always spend big to become happy.

Another trick is to stack away any extra money that comes our way. We might get a pay rise, a promotion or some arrears might have been added to our salary. Whatever the excess, it can be used to save up for some big purchase one wants to make. A small amount can be used to celebrate, but the maximum portion of it must be put away, or invested.

There are many other small ways to save- but small is the way to big savings. One can use public transport to go to work or opt for a carpooling alternative. The savings in petrol can be calculated to see the result. If that saving is a substantial amount, that saving can be stacked away. If that is not done, and the cash remains in your wallet, it will be used up. Again, being loyal to a certain brand is not a bad thing but if another company offers the same quantity and quality in a lesser price, it is wise to choose the latter. The same principle applies to the everyday expenses for the home also. While preparing meals, if one spoonful of a certain ingredient is enough, there is no need to use more just because the recipe says so. The mantra of saving is **Waste not, Want not**. One need not feel ashamed of calculating costs or making a budget- after all, we will be the ones to pay our bills, not our rich neighbour or friend.

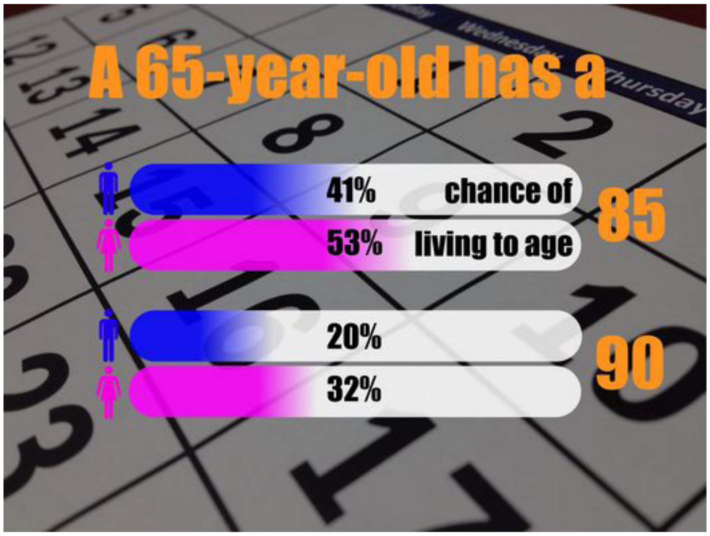
Saving money so that one does not spend sleepless nights thinking about taxes is a habit that can be developed. It is an art and we have to play mind games when it comes to making unnecessary purchases The rewards are many- there is less anxiety, purchases when made, are of good quality products that last longer; there is also less clutter at home, which means the mind is also clutter free to nurture creative ideas rather than dwell on the mundane topic of bills and fees.

ONE OF YOUR SINGLE, MOST CHALLENGING CLIENTS

Tom Hegna
Former First Vice President at New York Life, retired Lieutenant Colonel, and economist

The number of single women retiring is increasing every day. Divorce, delayed marriage, death of a spouse, or merely the desire to remain single are all causing this demographic to grow. All these prospects will need your help to optimize their retirement plan, so are you ready to **inform that widow that her deceased spouse's life insurance policy doesn't make her a millionaire ?** Take a quick look over these retirement challenges unique to this type of client so you know how to provide the solutions.

Longevity risk is a risk multiplier for everyone, but it becomes an even greater risk for single women. Wives are outliving their husbands, couples are getting divorced, and women in general are facing more years of retirement than men.



For many, their primary retirement fear is outliving their money. Longevity risk is very real, and there is only ONE optimal way to completely remove it from the table: guaranteed lifetime income! How many years will YOUR retirement last? Now plan for twice that.
****Based on mortality data from the Society of Actuaries Retirement Participant 2000 Table***

This longevity risk can really affect Social Security (SS) benefits. Many women become unexpectedly single by outliving their spouse. Make sure they plan their SS benefits accordingly because many options like file-and-suspend are disappearing. Secondly, divorce is a challenge in itself, so make sure you know how to maximize SS benefits. A divorced woman can actually claim SS benefits as a retired worker (using her own earnings), as a divorced or surviving spouse (using the spouse's earnings history), or even a combination of both. Lastly, if a woman worked her whole life alone and plans to retire single, she could be faced with lower earnings due to average wage differences. She may need more guaranteed lifetime income like an annuity. Single women will also face challenges before they actually retire.

Even if a woman doesn't earn the statistically lower wage-average, many have historically earned ZERO dollars for several years of their career. That is, many women take time out of the workforce completely to be caregivers for both children and parents.

> ***According to The MetLife Study of Caregiving Costs to Caregivers, "For women, the total individual amount of lost wages due to leaving the labor force early because of caregiving responsibilities equals $142,693. The estimated impact of caregiving on lost Social Security benefits is $131,351. A very conservative estimated impact on pensions is approximately $50,000. Thus, in total, the cost impact of caregiving on the individual female caregiver in terms of lost wages and Social Security benefits equals $324,044."***

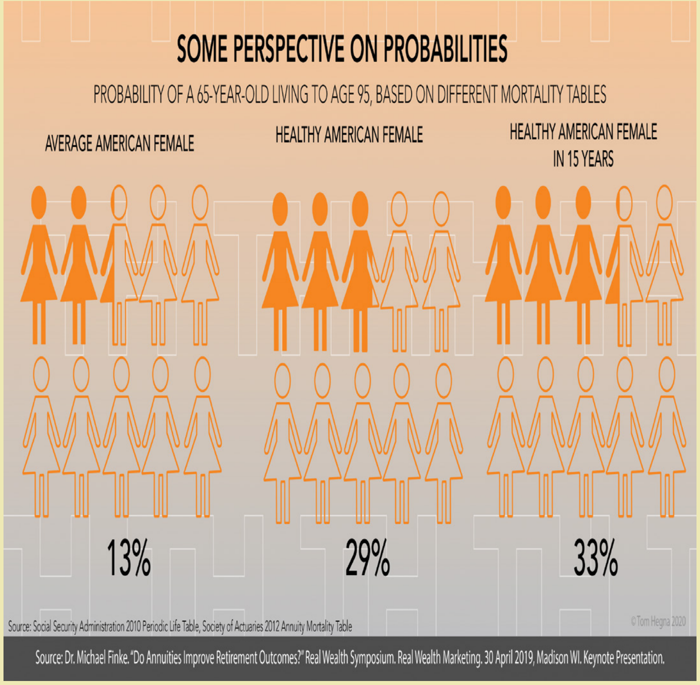
If parents don't own long-term care (LTC) insurance, it can cost their daughters a great deal of time, money, and emotion. Planning for LTC can allow a single woman to remain in the workforce, and while planning for the parents' LTC, she should start her own plan too.

Look, the bottom line is that women in general face more risks and challenges in retirement planning. They may face those when unexpectedly becoming single, or they may want to remain single and face these challenges headlong. You need to help them plan for both. **Start by calculating their SS benefit**, and then maximize it. If a client's SS isn't enough to cover basic living expenses, convince her she will need to buy more guaranteed lifetime income. Next, start a plan for LTC. Show the client how raising her children already limited her SS and other retirement plans; then show her how caring for her parents could cause the same problem. Provide the parents with a plan for LTC, and set up a plan for the rest of the family while you're at it. The challenges single women will face in retirement can all be addressed with one optimal plan. My whitepaper **Retirement Alpha: How Mortality Credits Improve Retirement Outcomes** has a whole chapter that is a "must read" for women. Talk to your clients about these issues because you can provide the solutions. **Tom Hegna on Demand** offers advisor training on these solutions, but did you know you can enroll clients with a Retire Happy Customer Education account? Sit down at your next appointment together, discuss the education they've received, and you'll be able to provide the products for a plan unique to single women.

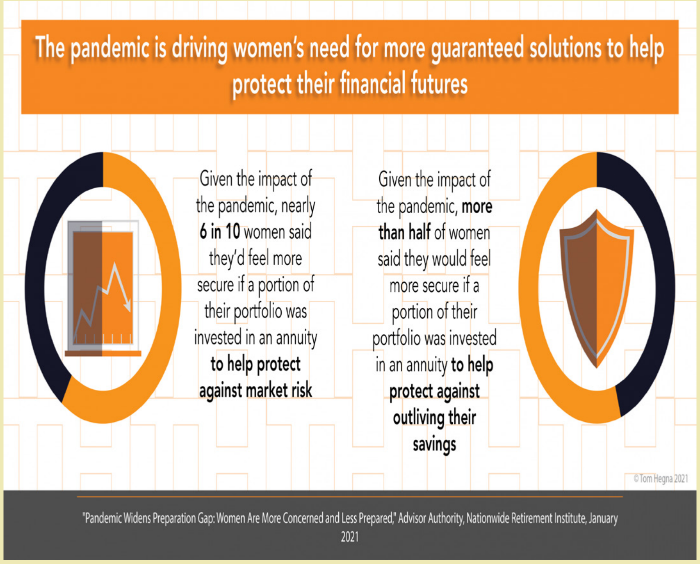
WOMEN, RETIREMENT, AND COVID-19

Tom Hegna
Former First Vice President at New York Life, retired Lieutenant Colonel, and economist

A few years ago, **I wrote a blog post that discussed** how single women are faced with certain unique risks in retirement. Women are subject to a lot more financial risks than men are, and many of those risks are unique to them! March is Women's History Month, so I wanted to take some time to write specifically about women and retirement again. The most important risks to know for women are increased longevity risk and less ability to save for retirement due to earning less throughout their working life. All of the risks women face have been exacerbated by the COVID-19 pandemic.



Nationwide recently surveyed American women on how COVID-19 had affected their ability to save for retirement. When asked about their biggest financial concerns, 36% of participants reported that portfolio losses caused by the pandemic had become their top concern. That's pretty understandable ¬– 2020 was one of the most turbulent years for the stock market that we've seen in a long time! 72% of the surveyed women reported that the pandemic has negatively impacted how much they have been able to save for retirement. These are unprecedented times, but I don't think all hope is lost for women to achieve an optimal retirement. This industry can still provide the guaranteed lifetime income that will help women protect their portfolios from further pandemic-related losses.



Annuities and life insurance can reduce or even eliminate many of the risks women face in retirement – and the women in the Nationwide study know it! Nearly 60% of surveyed women said that having an annuity in their portfolio would help them feel more secure against market risk AND the possibility of outliving their savings. Since life insurance companies are on both sides of longevity risk, they are able to neutralize that risk through mortality credits. No other industry can do that!

Take some time this month to talk to your female clients. Help them understand the unique risks they face, and then show them how life insurance and annuities can take those risks off the table so they can retire optimally.

PERSONAL FINANCE : HOW PSYCHOLOGY IMPACTS ITS UNDERSTANDING

Nayan Bhowmick
Qualified Practitioner in
Financial Planning and Analysis

One of the most prominent financial management lessons from Vedas comes from Rig Veda, which advocates the conservation of resources- both physical and financial in order to take care of our future requirements. On the other hand, Vedic wisdom condemns poverty and advises us to take steps to eradicate it.

Individuals who share this attitude will never compromise their future goals with present-day duties. Instead, they work smartly on accumulating and preserving their wealth so that they can fulfil their present-day commitments while making sure that there is enough financial buffer to take care of their future needs.

To do that, we must have a balanced outlook and try to live within our means. Doing so will allow us to envision our future and take the required steps to transform our vision into results while attending to the tasks at hand. This is how the process of financial planning works – the Vedic way.

Personal Finance is a term that covers managing our money as well as savings and investments.

"Life is really simple, but we insist on making it complicated." – Confucius.

This is true with Personal Finance too! We make it complicated. Mostly this has to do with basic human behaviour and psychology:

Overthinking – which is basically thinking minus action.

Complexity bias – when faced with two competing options, we are likely to choose the more complex one.

Myth of quality – that anything complex is well thought out by intelligent people and therefore better! This is exploited by smart people in deliberately converting simple concepts into complex structures that are hard to comprehend and therefore create a myth of superiority.

In Personal Finance, we look to invest our hard-earned money in multiple options including complex ones without proper understanding. In other words, we suffer from – FOMO – Fear of Missing Out! We want to go with the flow- do what everyone else is doing and in the process, we end up burning our fingers badly. What we really need to do is to understand some simple governing principles of wealth management that can make all the difference.

Let me list out these governing principles below: -

1) If a person adopts the formula "Income – Expenses = Savings" then he can never become wealthy. The correct formula is "Income – Savings = Expenses."
2) Regularity is the key to wealth. Calculating returns in investment (ROI), internal rate of return (IRR) or compound annual growth rate (CAGR) of investments will not make wealth grow.
3) Start early. Saving should begin as soon as one starts earning. However small it may be, a portion of our earnings should be saved.
4) Gold and greed can never stay together, so never be in a hurry to grow rich. Creating wealth is a gradual process.
5) Purpose must decide the choice of investments.
6) The financial pyramid of investment strategy must be followed so that assets are allocated according to the risk level of those investments.
7) The map must be drawn before we start the journey.
8) Professional support helps.

Generally, our personal financial solutions are influenced by:

1) Our circle of friends and acquaintances
2) The media
3) Self-efforts
4) Sales persons

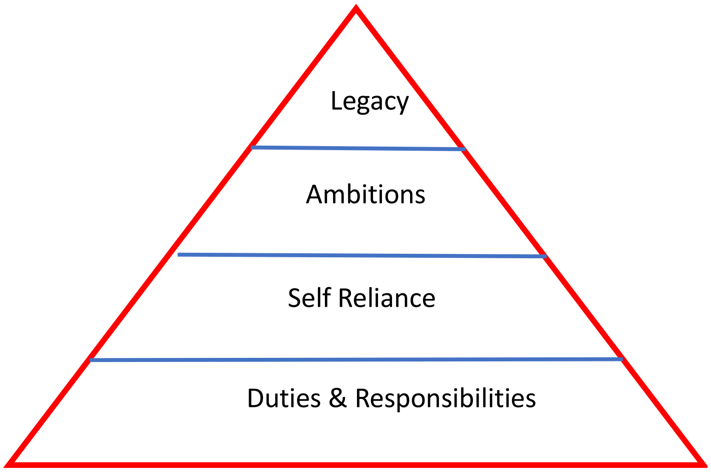
Even though the above influences are at work, it is always advisable that, we should seek professional support to manage our personal finance. Our personal finance should not be "opinion-based" but should be based on some basic tests. It must be under the scanner of mathematical, statistical and psychological process.

In this article, I want to focus on two pyramids at a very basic level to understand personal finance in the simplest way.

1) Financial Priorities Pyramid.
2) Financial Pyramid.

"When we are dealing with a resource, that is available in limited quantity, the first thing to do is to prioritise its usage." – Sir R. Gopinath

Financial Priorities



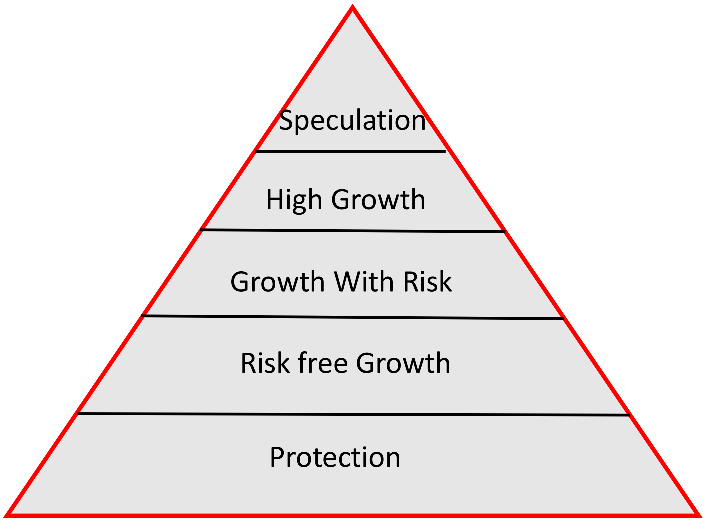
Financial Priorities will be

1) According to the availability of money or resources and allocating them properly.

2) According to the availability of resources in future.

As we cannot ascertain the future availability of resources and priorities, we should review these periodically.

Financial Pyramid



Pyramid is the most solid structure. Our personal finance should also be like as solid as the pyramid. The first stage of Financial Pyramid is Protection. In this article I want to write only on basic steps of Protection.

Protection means the protection of

1) My earning capacity.

2) My savings that I have already saved for my future.

3) Protection of my true wealth, my talent, knowledge, brand and experience, which I cannot transfer.

4) Protection of my future needs of capital.

5) My financial priorities i.e., my duties and responsibilities, self-reliance, ambitions and legacy.

Protection stage refers to availability of Health Insurance, Critical illness Insurance, Term Life Insurance. I always advocate that we should avail Whole Life Insurance too in protection stage and may be with limited payment term, because

a) It is a non-correlated asset.

b) It is an asset we can own, by contract, thus it has to go up and can never go down.

c) Policyholder participates in the insurance company's profits.

d) It creates a permanent and growth not temporary death benefit. If the insured had acquired term insurance, they would have paid premium for the term. If they outlived the term the death benefit and term premiums are lost as well as the time value of money on those premiums paid. By owning whole life insurance, these term premiums are recaptured as well as the time value as they were not paid.

e) The inside build-up of Cash Value is of tax-advantage and of availability when in demand.

f) The Cash Value acts as a cash reserve that earns a rate of return. It can be used to supplement income when the markets are variable.

g) Acts as an alternative to bonds in a risky bond market as it goes up every year.

As finance is wholly related with psychology, there may be many differences of opinions. Therefore, I always opine that before addressing any financial product or solution, we as financial advisors must give importance to the psychology of the receiver.

Personal Finance is really simple, but our psychological and behavioural aspects insist on making it complex.

The foundation of political economy and, in general, of every social science, is evidently psychology. A day may come when we shall be able to deduce the laws of social science from the principles of psychology.

-Vilfredo Pareto, 1906