

## What is Money Back Plan?

Money back life insurance policies rank high on the popularity chart. And for good reason, they offer dual benefits of insurance and redemption of money at regular intervals.

But little do people realise that they pay more towards premium amount in comparison to term policy. Here's a lowdown on what it takes to buy a money back policy and the issues involved.

### FIRST THINGS FIRST

According to life insurers, money back policies fit perfectly in the scheme of things for traditional investors who seek financial instruments that provide insurance and investment, with a low risk element and guaranteed returns.

In other words, the plan is meant for individuals who require money at certain intervals in their lifetime to meet fixed long and short-term financial needs (buying a house or car, vacations abroad).

Money back plans are ideal for those who are looking for a product that provides both - insurance cover and savings. You may also go in for this policy to utilize the tax-free sum of money receivable - to visit your favorite holiday destination, maybe. Or perhaps you can re-invest the amount.

In a money-back plan, you keep getting a percentage of the sum assured during lifetime of the policy. In case of the insurer outliving the term, he/she gets the remaining corpus with accrued options like bonus. In the event of his/her death before the full term of the policy, his/her nominee or legal heirs get the sum assured irrespective of the number of installments received, with accrued benefits.