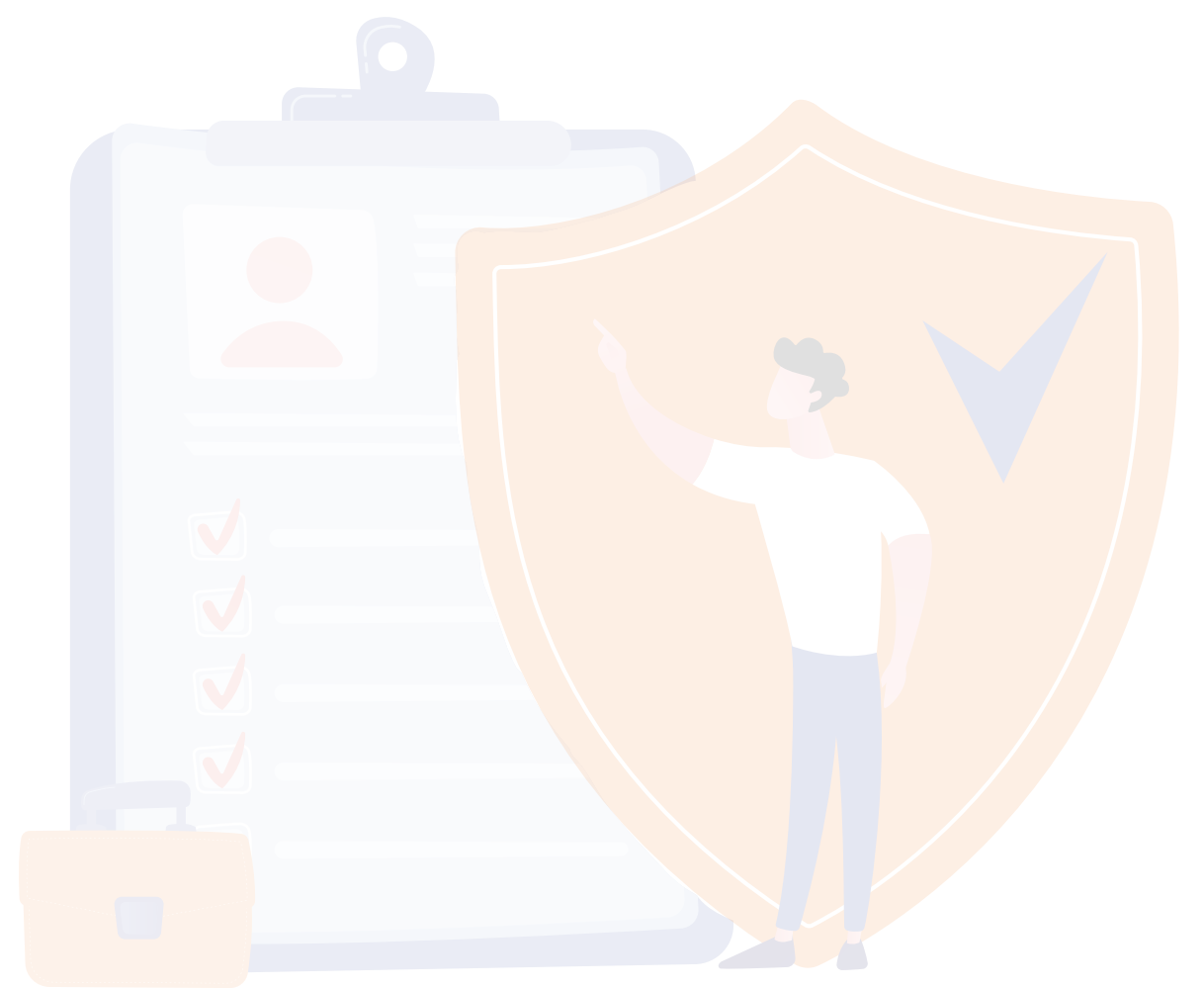


TAXATION TANGLES:

UNCOVERING TAX BENEFITS OF LIFE INSURANCE*



*Other than ULIP

FIRST SCENARIO:

Taxes apply only when a sum is received under a life insurance policy i.e. once all the premiums (where premium per year exceeds ₹5 lakhs) have been fully accounted for.

Here's an example:

An investor decides to:

- ✓ Pay a premium of ₹10 lakh for a period of 10 years.
- ✓ He receives a payout of ₹12.50 lakh from the 11th year onwards.

In this scenario, the investor doesn't need to pay taxes until their total payouts reach one crore (i.e. the amount of premiums paid):

- ✓ This means no taxes from years 11 to 17.
- ✓ After year 17, the payouts become taxable.
- ✓ The benefit is that taxes are deferred.



SECOND SCENARIO:

Multiple Policy Scenario

- ✓ An investor buys three insurance policies, each with a premium of ₹2 lakh, totaling ₹6 lakh in premiums.
- ✓ All the policies mature in the same year.
- ✓ Only one of them will be subject to taxes.
- ✓ In this scenario the investor can choose which policy incurs the tax liability.



To Bring It to a Close

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