



ASK MINT MONEY

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Hospital care plan should be in addition to health insurance

I am 30 years old, single and my monthly salary is ₹40,000. I invest ₹2,500 in Franklin India Blue Chip, ₹3,500 in HDFC Tax Saver, ₹3,500 in IDBI Incomesurance and ₹5,000 in Public Provident Fund every month. I have a life insurance of ₹3 lakh for which I pay ₹5,210 twice per year. I also pay ₹4,680 for a ₹20 lakh ICICI hospital care plan. Also, I plan to buy health insurance for my father and mother (aged 57 years and 51 years, respectively) from Tata AIG for ₹26,000 per year. I also plan to take a house loan of ₹10 lakh. Is my portfolio okay?

—Kiran

You are saving a good amount from your salary. The funds which you have chosen have been consistent long-term performers and can be held. However, you may not be able to take the benefit of tax savings from equity-linked saving schemes from the next financial year once the direct taxes code comes into effect. You also have IDBI Incomesurance. Depending on the premium payment

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options you have chosen, five years or more, you may consider taking hybrid funds subsequently. HDFC Prudence and Birla Sun Life 95 are few options you can consider. Make sure you continue your savings for the long term.

You should go ahead with health insurance of your parents. However, compare similar products available in the market. Once you shortlist couple of them, you can even call the agents of respective companies to understand the products better. You should have a health insurance for yourself too. What you already have, hospital care plan, is a product which is to be considered only in addition to the health insurance policy. In itself, the product may not suffice as it is a fixed benefit hospitalization plan.

In case you plan to go for a housing loan, make sure you are adequately protected for the loans and have an insurance

cover for the amount. The existing life insurance policy is more in the nature of endowment and does not give you sufficient cover. Ideal plans would be either a step-down insurance or a term plan that you would need in any case as your responsibilities grow.

As a thumb rule, you can consider having an insurance of five times your annual income. Based on the same you can currently have an insurance cover of ₹25 lakh.

Regarding your housing loan, in case you plan to buy a new property, buy one that is ready for possession or close to it. Besides giving you an advantage of knowing what you are buying, it also gives the flexibility of paying the EMI right from day one instead of paying a pre-EMI interest, where the EMI starts when the complete loan is disbursed. The flip side is these properties would be more expensive than properties under construction.

Queries and views at mintmoney@livemint.com