

Planning to save tax under Sec 80c? Why you should go for LIC Jeevan Sugam?



The financial year 2012-13 is about to end soon. All those who have not yet made their investments for saving tax are in a rush to do so. There are multiple instruments available in the market such as life insurance, infrastructure bonds, tax saving FD's etc.

LIC has recently launched a new plan named Jeevan Sugam, which is a non-linked single premium plan wherein the risk cover is a multiple of premium paid by you. On maturity this plan offers a maturity sum assured chosen by you.

Comparison between different instruments where one can invest for tax saving

	LIC Jeevan Sugam	Tax saving fixed deposit	Tax-free bonds
Loan facility	Yes	No	No
Risk Cover	Yes	No	No
Liquidity	Yes (Loan available after 1 st year)	No (Lock-in period of 5 years)	No (Lock-in period of 5 years)
Tax on Returns	Tax-free under sec 10(10D)	Taxable	Tax-free
Risk on investment	Zero	Zero	Low
Type of Returns	Guaranteed + loyalty addition if any	Guaranteed	Guaranteed
Term	10 years	5 years	Between 10 -15 years

Death benefit offered by LIC Jeevan Sugam

Basic Sum assured i.e. 10 times the single premium (net of service tax) excluding any extra premium charged shall be payable.

On death after completion of five policy years:

Basic Sum assured i.e. 10 times the single premium (net of service tax) excluding any extra premium charged along with loyalty addition, if any, shall be payable.

Greatest advantage of LIC Jeevan Sugam over other tax saving instruments is the risk cover. By investing Rs.1,00,000/- the investor will get a risk cover of Rs.10,00,000/- which means if something happens to him, his family will get Rs.10,00,000/- immediately where as in case of other tax-saving instruments, his family will get only Rs.1,00,000/- .

Benefit illustration of Jeevan Sugam of as per LIC's website

End Of Policy Year	Total Premium Paid till end of year	Amount Payable on Death				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	33759	337590	0	0	337590	337590
2	33759	337590	0	0	337590	337590
3	33759	337590	0	0	337590	337590
4	33759	337590	0	0	337590	337590
5	33759	337590	0	0	337590	337590
6	33759	337590	0	1500	337590	339090
7	33759	337590	0	2100	337590	339690
8	33759	337590	0	2700	337590	340290
9	33759	337590	0	3600	337590	341190
10	33759	337590	0	7200	337590	344790

End Of Policy Year	Total Premium Paid till end of year	Amount Payable on Maturity				
		Guaranteed	Variable		Total	
			Scenario 1	Scenario 2	Scenario 1	Scenario 2
1	33759	0	0	0	0	0
2	33759	0	0	0	0	0
3	33759	0	0	0	0	0
4	33759	0	0	0	0	0
5	33759	0	0	0	0	0
6	33759	0	0	0	0	0
7	33759	0	0	0	0	0
8	33759	0	0	0	0	0
9	33759	0	0	0	0	0
10	33759	60000	0	7200	60000	67200