

## **Investment in Endowment Life Insurance or Investment in Term Insurance and Public Provident Fund: A Comparative Study**

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*Life is uncertain. No one knows what lies ahead. It's always better to be prepared for uncertainties, and make arrangement in advance for one's family. Life insurance and other modes of investment like PPF play an important role in preparing oneself for the future uncertainties along with helping one to take care of the financial needs of one's family when death strikes. This study makes an attempt to compare investment in traditional endowment policies with the investment in term insurance and PPF and determine which mode of investment is better.*

### **I Introduction**

People buy life insurance policies and/ or invest in other avenues such as shares, public provident funds, fixed deposits, real estate, gold, silver, government bonds, etc., in order to have financial stability in life.

As life insurance is a popular means of investment for people who want both life coverage and returns on their investment, this study attempts to find out whether buying only endowment life insurance is a better option or a combination of term life insurance and investment in public provident fund is the better option.

As Life Insurance Corporation of India (LICI) is the leading insurer in India, the endowment policy and term insurance policy of LICI were selected for comparison. The popular endowment policy of LICI is New Endowment Plan (914) and the term insurance policy of LICI selected for the purpose was Jeewan Amar (855). As New Endowment plan of LICI provides accident benefit, the same was added as a rider in the Jeewan Amar policy. As the future is uncertain, the current rates of returns were taken into account for calculating the returns. For New Endowment Plan (914), bonus has been calculated at 4.8 per cent of the sum assured. For PPF, interest rate @ 7.1 per cent (compounded annually) has been taken.

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