

# All-in-one investment and protection plan

Today, we dwell deeper into investment-linked plans as these are quite popular nowadays

## ● What are investment-linked insurance policies?

An investment-linked insurance plan is a life insurance plan that combines investment and protection.

Your premiums provide not only a life insurance cover but part of the premiums will also be invested in specific investment funds of your choice. You get to choose how to allocate your insurance premiums towards protection and investment.

The insurance coverage provided will include death benefit, disability and critical illness. The investment fund is divided into units of equal value. Prices of these units are published daily in the newspapers for you to track the value of your investments.

## ● What is so unique about investment-linked insurance policies?

You are given the flexibility to choose your own level of protection and investment.

You can vary the amount of your premium payments or coverage according to your changing financial circumstances.

You can choose from a wide variety of funds to invest in, depending on the level of risk that you are comfortable with.



Investment in growth or equity-related funds may provide higher returns than traditional life insurance plans over the long term. However, you have to bear in mind that higher returns come with greater risks.

You can choose between a single premium investment-linked policy or a regular premium investment-linked policy

## ● What are single premium investment-linked insurance policies?

Single premium investment-linked plans require you to only make a single investment into the plan and are normally meant more for investment rather than protection. You have the option to top-up your investments or to redeem your units at any time.

## ● What are regular premium investment-linked insurance policies?

Regular premium investment-linked plans require you to make regular premium payments and are essentially meant for protection although they can also be used as a regular savings plan. They work just like a traditional life insurance plan with the exception that you may choose the funds of your choice and undertake a higher risk. The investment element is normally secondary.

## ● How do I know which is the right plan for me?

Once you have decided on buying an investment-linked insurance plan, you have to consider factors such as the amount of investment, the choice of either single or regular-premium plan, types of funds and the level of protection you need.

Buying such a product is like having a personalised plan tailored to your special financial needs. It is important that you evaluate your options carefully to find the right plan with the right fund to suit your needs.

■ This article is contributed by Life Insurance Association of Malaysia