International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 15, Issue 3, 2021

Designing a New Retirement Plan (with Special Reference to Service Class People)

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Planning for retirement years means determining how much money a person will need to live comfortably when finally retiring from work, that is, from a service or profession. Retirement planning helps in weighing the options and identifying the best ways to save for retirement, given the financial situation and the capacity for risk. The researcher analysed that the plan should provide higher return to their investors. The investment should be risk free. The new plan should be risk free and should provide maximum risk cover. At present there are various retirement plans running in India, so the researcher concentrated only upon the top pension plans. The new plan only compared with the LIC's jeevan nidhi (LIFE TREASURE) means: LIC's JEEVAN NIDHI is a with profits Deferred Annuity (Pension) plan. On survival of the policyholder beyond term of the policy the accumulated amount (i.e. Sum Assured + Guaranteed Additions + Bonuses) is used to generate a pension (annuity) for the policyholder. The plan also provides a risk cover during the deferment period. The USP of the plan being the pension can commence at 40 years. The premiums paid are exempt under Section 80CCC of Income Tax Act because it is the best plan among all plans. It is hard to understand the financial calculations by companies, but if we talk about LIC's policies, there is a software-based system for computing the annuity amount, risk cover amount and the surrender value, which is hard to understand and is dependent upon the company's profitability.

Key words: *LIC, Retirement Plans, Financial Risk, Investment, Returns*

Introduction

The pension systems in India are on the threshold of a major change of shifting from an unfunded defined benefit (DB) system to that of a fully funded defined contribution (DC) system. The participants in the pension system, whether Government employees, employees in the corporate sector, the self-employed and others, will, for the first time, exercise "choice" in investing in their pension plans. The returns that these participants will earn will therefore also be a function of this choice. Since most of the participants are likely to have poor financial literacy, which will take some time to build up, the investment choices of the participants are likely to be error prone because of behavioural issues. Saving for old age inherently has a behavioural dimension, because although people may like to save for their old age, they have problems in doing so because they lack the required discipline to achieve it. Today, healthier life styles and advances in medicine has resulted in the increase in the average age. A person, who is 60 plus today, can hope to live at least till the age of 75. This means that one needs to plan for at least 20 to 30 years of retired life.

With inflation eating away at buying power, taxes eroding the interest earned on savings, and the possibility of spending more than two decades in retirement, it is clear that one has to be financially securing retirement dreams. Planning for retirement means determining how much money a person will need to live comfortably when finally retiring from work, that is, from a service or profession. Retirement planning helps in weighing the options and identifying the best ways to save for retirement, given the financial situation and the capacity for risk. And as life insurance rates are based primarily on age, the younger a person makes this decision, the lower the premium needed to contribute. A decision today can ensure a more enjoyable, less tension filled tomorrow. The government-commissioned Old Age Social and Income Security (OASIS) report presented very compelling reasons to plan for retirement (the situation or period after retiring from work):

- **Life expectancy is going up.** With advances in medicine and technology, the average life expectancy in India is expected to rise to 75 years, and with time will only rise further.

- **The 'savings at work' may not be enough.** A longer life does not necessarily mean a healthier life; it is likely that the dependence on health support systems increases, and the savings from working are not enough for a comfortable retirement.

- **Societal and cultural changes.** As the joint family totters on its last legs,

within-family support systems for the elderly are likely to be little more than an item for nostalgia. It is likely that elderly people will have to fend for themselves.

Myths about Retirement Planning

1) It is too early to plan for retirement: With the average life expectancy going up, the retirement fund should be enough to serve a person until death. Those who access good healthcare facilities even live longer. In effect, what a person saves in 35 or more working years may have to serve for an equal number of retired years.

2) It is too late to plan for retirement: If it is never too early to begin planning for the retirement, it is also never too late. If a person begins saving, even at 50, there will accrue at least a small corpus for retirement. The drawback to late planning is that the contributions are high, which may mean a few sacrifices. But it is worth it at retirement.

3) The expectation of living long is less that means (it is not a normal expectation of any one that he/she will live for a long time), so why bother: None of us can know exactly how long we are going to live. Rising average life expectancy and improved health care facilities could mean that one could live to see one's great-grandchildren going to school.

4) Reliability on the children: In the age of the nuclear family, one may well find oneself having to live alone once retire. In today's scenario, in the retirement years one would have to be more financially secure and independent. Adequate savings will help to preserve financial freedom.

5) Income is not enough to be saved for retirement: Small amounts, if invested wisely and with discipline, could end up as a healthy sum by the time of retirement. There is no need to put aside large monthly contributions to build a decent retirement nest egg. If savings are started early, the power of compounding interest ensures that the money grows. For instance, if Rs 1,000 a month is invested in an eleven (11) percent per annum recurring deposit, it will give Rs 28 lakh in 30 years. However, if the same amount is invested in an income fund that gives fourteen (14) percent annually, it will end up as Rs 55 lakhs in 30 years.

6) The provident fund and pension will be enough: Due to restrictive investment regulations, these retirement funds do not grow at a rate good enough to give a decent return. Many people making premature withdrawals from their provident fund, end up getting a much

lower amount than they normally could have. And although the provident fund is a statutory requirement, a large number of private organisations do not honour this commitment.

7) Expenses and tax liability will drop after retirement: This depends on the kind of retired life one has planned to lead. Planning to do all that retired people are traditionally supposed to do - play golf, look after the garden, travel, etcetera – none of this comes for free. And one will also have to pay property taxes and housing maintenance. Work-related costs such as commuting and clothing could fall, but many work-related benefits like leave, travel allowance and medical benefits will be lost. This means that one may end up spending more on leisure activities, medical bills and the like. The rule of thumb is that 70-80 percent of pre-retirement income is required to maintain a lifestyle similar to what was enjoyed.

8) Saving for retirement is synonymous with risk-free investing: This is entirely dependent on an investor's risk-profile. But if a reasonable retirement corpus is required, one needs to have some growth investments. With retirement periods getting longer, fixed rate investments will not be able to give the returns that can withstand inflation. Many investors prefer fixed income investments because they feel that unlike stocks, they don't have to monitor them. But events in the last year have shown that fixed income investments will no longer be able to exist in a bubble, and will be subject to disturbances such as interest rate cuts. At a young age, investments in growth instruments, equities and mutual fund growth schemes, and mutual fund's systematic investment plans should be set up. This gives the investment enough time to withstand short- and medium-term market fluctuations.

9) Retirement planning will be done at the time of retirement: The road to acquiring the honorific of senior citizen is long and arduous and paved with uncertainty. Postponing retirement plans until retirement time is actually fraught with risks. The more retirement planning is procrastinated, the greater the loss.

For example, Mr. X begins his investment plan at age 30. He invests Rs 10,000 a year at ten (10) per cent per annum. He follows the plan until he is 40, and then stops. But the money keeps rolling over every year in an automatic reinvestment plan. When Mr. X is 60, he gets Rs 11.79 lakh – on an actual saving of Rs 1 lakh. His friend Mr. Y is the same age, but begins saving at age 40. He puts Rs 10,000 a year in the same ten (10) per cent per annum cumulative interest plan until he is 60. When Mr. Y is 60, he has only Rs 6.3 lakh on an actual

saving of Rs 2 lakh. Although Mr. X saved for only ten years and only half as much as his friend, he is Rs 5.49 lakh richer – all because his money compounded over a longer period. Therefore, retirement planning should be done as early as possible and maximum should be spared in a cumulative plan. Once the money starts accumulating, it starts working.

Now, as we have seen several myths about retirement planning that adversely affect saving, we will now look at the effect of inflation, taxation and the power of compounding on valuable retirement savings.

Inflation is often described as the 'silent enemy'; it creeps up stealthily to erode the value of a retirement portfolio, irrespective of the instruments chosen. A hundred rupees today doesn't buy what it used to ten years back. How much less will be the money's worth be when it is required at the time of retirement? Therefore, a prudent investor planning for retirement ought to ensure that the investments factor in inflation in the long term. One widely used measurement for projecting inflation rates is the Consumer Price Index (CPI).

The CPI is the representative cost of a "basket of goods". The actual price of the basket of goods is not that important. What is critical is the amount of change in the price, specifically over twelve months, stated as a percentage. This percentage change is known as the rate of inflation. The most important and most visible impact of inflation is the way it erodes purchasing power. Let's say Mr.X spend Rs 500 a month on food for his household. If the annual rate of inflation on food is five (5) per cent, the price of the bill for the same purchases will have increased to more than Rs 638 per month after five years.

In order to maintain the standard of living, the growth of the income must beat or at least keep pace with inflation. This is especially important for those investing for their retirement or who are already retired, when the bulk of income will likely come from price appreciation and the current income provided by investments. Many investors, particularly retirement investors, postpone consumption today in order to pay for something in the future. However, inflation may make goal a moving target: a house that costs Rs 2 lakh today may cost more than Rs 2.5 lakh in five years at an inflation rate of five (5) per cent. Thus, beating inflation is like running up a down escalator, it takes quite a bit of running to stay in the same place; to move up, therefore, one must run extra hard.

Strategies Helpful in Beating Inflation

1) **Determination of the future buying power:** To plan an adequate income stream for

retirement, one must apply CPI to the planned retirement income. This will determine just how much buying power the retirement income will have. The procedure is as follows: First, it is estimated how much annual income is required to live the lifestyle an individual wants, in today's currency.

Second, this amount is multiplied by one, plus the annual rate of inflation. For example, if a person needs Rs. 200,000 a year and the expected annual rate of inflation is five (5) percent then, Rs.200, 000 X (1 + 0.05) = 210,000. Thus, the person will actually need Rs.210, 000 to cover expenses after a year – inclusive of the cost of rising inflation. The calculation is repeated using the new total, for every year planned, to wait before drawing on the savings at retirement. In the above example, the effects of ten years of inflation means that the person will need Rs. 255,256 (approximately) to meet those same expenses. Thus, the effect of inflation should be considered when planning for future retirement income.

2) Mixing the investments: The purchasing power concept extends to interest rates, too. The returns from financial instruments like bank deposits, companies, etcetera, are not adjusted for inflation. To know what the investment is really worth, one must look at *real returns* (which are the nominal interest rate minus the rate of inflation). Given the high rate of inflation, real returns from fixed-income instruments are abysmally low.

To protect retirement savings against inflation, a diversified investment portfolio should be managed. The portfolio should consist of instruments that give regular returns, as well as those that offer growth potential. The first category of instruments (fixed deposits, bonds, debt schemes of mutual funds) will provide regular income at low levels of risk, while the latter (equities and equity-oriented mutual fund schemes) will provide the cushion against inflation.

Effect of Compounding

It’s never too early to start planning for retirement. The sooner it is started, the better the chance of having a secure, stress-free old age. The sooner investing is started, the more the investments will benefit from the power of compounding and tax-deferred growth.

The longer the money is left to grow, the more powerful the effect of compounding. Compounding simply means that, over time, the interest that is earned on the original investment (the principal), also earns money. That is, when the principal is invested, it earns some interest. If that interest in not used for consumption and is invested, then it would earn

some interest. Further the interest earned on this interest which is now the principal, is used for investments and the cycle continues. This is how the compounding works. While investing in the long term, one should prefer compounding and should not withdraw that money till maturity. The higher the frequency of compounding, the better the rates of return. It is, therefore, beneficial to select instruments that compound the money at frequent intervals – half-yearly, quarterly, monthly, weekly or even daily.

An example will help in understanding the principle of compounding – at 25 years old, Mr. X and Mr. Y are colleagues who earn excellent salaries. Mr. Y likes the good things in life and spends easily and liberally. Pushy and ambitious, he knows he is headed up the career ladder fast and, so postpones his investment plans for when he turns 35. At 35, he decides, he will invest Rs 2,000 every month till his retirement at 58.

Mr. X matches his colleague for professional ability, but believes in putting away something for his retirement, without any delay, even if it means investing only Rs 1,000 every month. Their colleague, Mr. Z, does not share the concerns of his friends but thinks himself secure in his plan to allocate a larger sum (Rs 5,000 a month) – but when he turns 45. At the time of retirement at the age of 58, the three friends stand at the following positions:

Assuming an interest rate of ten (10) per cent for all investments, Mr. Z's investment of Rs 780,000 gives him Rs 15,89,751 on retirement. Mr. Y's Rs 5, 52,000 has grown to a more substantive Rs 21,31,098. But Mr. X is the runaway winner – his much smaller amount of Rs 3,96,000 has rewarded him with a stupendous amount – Rs 30,89,331. The sum of the small amounts of money he invested over the years has multiplied almost ten times. The phenomenal power of compounding bares itself when spread across a period of 25 years or so. However, too many people begin thinking of a retirement plan only when they hit their forties. But Mr. X's single, huge advantage is beginning early. Therefore, one should invest for retirement planning as early as possible, and the maximum should be spared in a cumulative plan. Once the money starts accumulating, it starts working.

Effect of Taxation

The tax-related factors most people consider are their current tax rate and the rate they expect after retirement. Many presume they will be in a lower tax bracket after they quit working, so they attempt to invest in instruments that defer the taxability of their income till after retirement. Thus, at the most, there may be an increase in the income levels to which higher tax rates will be applicable. This will, in effect, amount to just a marginal decline in tax rates.

Experience also shows that most people end up with higher income after retirement – which means their tax brackets are rarely lower. The rate of return, to a large extent, depends upon the rate of tax applicable to the returns or the tax-free nature of the returns.

Strategies for Minimising Tax Liability for Retirement

1. Making taxes work for retirement:

The compounding effect is mitigated if taxes are paid on income before maturity. This is because the interest for the post-tax period is computed on the accumulated amount net of tax. For instance, if Rs 10,000 is invested for ten years at a compound annual rate of ten (10) per cent, and the income is taxed every year, it ends up as Rs 19,127. On the other hand, if tax is paid only on maturity, Rs 20,678 is received at the end of ten years.

Clearly, the interest as well as the net amount received on maturity will be more if the money compounds without getting axed by taxes each year. That is, a larger corpus is received if the income is taxed on maturity. It follows then that the instruments that defer the payment of tax as far as possible, preferably until maturity, to get compounding to work, should be preferred. Investment planning pivots primarily around attempts to maximise the rate of return, keeping of course, parameters like liquidity and security in mind. The rate of return, to a large extent, depends upon the rate of tax applicable to the returns or the tax-free nature of the returns. Investment planning for retirement is quite like normal investment planning in so far as the tax aspects are concerned. The differences lay in the longer time frame for retirement, matching maturity periods with retirement, security of the investment, and factors like health. One should also take into account liquidity in one's sunset years, for the need to balance growth with income, and to ensure that post-tax returns exceed the rate of inflation.

WHEN TAXES ARE PAID EVERY YEAR				
Year	***Opening balance***	***Interest (@ 10%)***	***Tax (@ 33%)***	***Closing balance***
0	0.00	0.00	0.00	10,000.00
1	10,000.00	1,000.00	330.00	10,670.00
2	10,670.00	1,067.00	352.11	11,384.89
3	11,384.89	1,138.49	375.70	12,147.68
4	12,147.68	1,214.77	400.87	12,961.57

5	12,961.57	1,296.16	427.73	13,830.00
6	13,830.00	1,383.00	456.39	14,756.61
7	14,756.61	1,475.66	486.97	15,745.30
8	15,745.30	1,574.53	519.59	16,800.23
9	16,800.23	1,680.02	554.41	17,925.85
10	17,925.85	1,792.59	591.55	19,126.88
Total interest: 13,622.21 ***Total tax: 4,495.33***				

WHEN TAXES ARE PAID ON MATURITY				
Year	***Opening balance***	***Interest (@ 10%)***	***Tax (@ 33%)***	***Closing balance***
0	0.00	0.00	0.00	10,000.00
1	10,000.00	1,000.00	0.00	11,000.00
2	11,000.00	1,100.00	0.00	12,100.00
3	12,100.00	1,210.00	0.00	13,310.00
4	13,310.00	1,331.00	0.00	14,641.00
5	14,641.00	1,464.10	0.00	16,105.10
6	16,105.10	1,610.51	0.00	17,715.61
7	17,715.61	1,771.56	0.00	19,487.17
8	19,487.17	1,948.72	0.00	21,435.89
9	21,435.89	2,143.59	0.00	23,579.48
10	23,579.48	2,357.95	5,259.35	20,678.07
Total interest: 15,937.42 ***Total tax: 5,259.35***				

2. Avoiding annual tax payouts:

Under the tax laws, there is a distinction between instruments where income accrues and is compounded annually and instruments where the income accrues on maturity. Cumulative fixed deposits, cumulative debentures, National Savings Certificates, Kisan Vikas Patras and Indira Vikas Patras, are instruments where income accrues annually – and not on maturity – even though the income is handed over on maturity. If a taxpayer follows the mercantile system of accounting (that is, accounting on an accrual basis), tax is payable on the accrued income from such investments every year.

However, a taxpayer does have the option of following the cash system of accounting for such income (that is, he can account for it on actual receipt). But this method should then be followed for all similar income falling under this heading. The assessed should also exercise caution to ensure not losing out on the annual benefit of deduction for interest income under Section 80L of the Income Tax Act. In brief,The **Income-tax Act**, 1961 is the charging statute of **Income Tax** in India. It provides for levy, administration, collection and recovery of **Income Tax**. The Government of India brought a draft statute called the "Direct Taxes Code" intended to replace the **Income Tax Act**,1961 and the Wealth **Tax Act**, 1957.

3) Reinvesting the returns:

Another way of deferring tax incidence is to opt for the reinvestment option wherever it is available. For instance, most mutual funds offer investors the choice of either encasing dividends or reinvesting them in the scheme. Under the latter option, any income generated is taxed only in the year of maturity, not year after year. Since interest is earned on the money that would have otherwise be spent on taxes, the investments in tax-deferred instruments multiplies at a faster rate than normal, taxable instruments.

Analytical Study

From the study of various pension plans, and after that the study of top most pension plan JEEVAN NIDHI, the researcher concluded that pension plans should have more characteristics like:

1. There should be more risk cover available in the plan
2. Return on investment should be more
3. Surrender value should be more
4. Surrender value should be available during life time of the person.
5. Provision for loan should be available in the pension scheme and should be for life.

There should be a new pension plan which covers all the benefits including five points mentioned above.

New Pension Plan

Features and benefits:

In this plan we can achieve the following advantages:

1. Life time surrender value of the person.
2. Loan available at 9% p.a. in this type of scheme for life.
3. At the vesting age, a lump sum amount can be accessed by the policy holder, with an option to receive 33% of the remaining maturity value.
4. The investor has the option of partial withdrawal after the ten years, and the remainder amount can remain invested in the plan.

Other features and benefits are same as the LIC Jeevan Nidhi Policy, such as:

a) Guaranteed additions
b) Participation in profits
c) Benefit on vesting
d) Option to commute
e) Annuity as per the option selected

Annuity Options

a) Annuity for life
b) Annuity guaranteed for certain periods
c) Annuity with return of purchase price on death
d) Increasing annuity
e) Joint life last survivor annuity
f) Death Benefit on death before annuity vests
g) Grace period
h) 15 days cooling-off period
i) Paid-up value.
j) Guaranteed surrender value:
k) Revival
l) Options

(1) Accidental Death and Disability Benefit

No benefit will be paid in case of accidental death or disability due to accident in case of: Term Assurance Rider Option and Critical Illness Rider Option.

Exclusions:

Suicide: This policy shall be void if the Life Assured commits suicide (whether sane or insane at the time) at any time on or after the date on which the risk under the policy has commenced, but before the expiry of one year from the date of commencement of risk under the policy, and the Corporation will not entertain any claim by virtue of this policy except to the extent of a third party's bonafide beneficial interest acquired in the policy for valuable consideration, of which notice has been given in writing to the office in which the policy is being serviced, at least one calendar month prior to death.

Example:

Expected table for the plan if we invest Rs. 20000 p.a. and the policy term is 25 years, and the age at entry is 30 years.

Year	Risk Cover	Risk Cover2	Premium	Returns	New Loan Available	Surrender Value
	Normal	Accidental				
2010	534715	1069430	20000			
2011	559702	1119404	20000			
2012	584689	1169378	20000		169756	18862
2013	609676	1219352	20000		28753	31948
2014	634663	1269326	20000		39602	44002
2015	654731	1309462	20000		50828	56475
2016	674821	1349642	20000		63709	70787
2017	694870	1389740	20000		78136	86818
2018	714940	1429880	20000		94375	104861
2019	735010	1470020	20000		112615	125128
2020	755079	1510158	20000		133101	147890
2021	775149	1550298	20000		156106	173451
2022	795219	1590438	20000		181791	201990
2023	815289	1630578	20000		210455	233839
2024	835358	1670716	20000		242481	269423
2025	855428	1710856	20000		278120	309022
2026	875498	1750996	20000		312954	347727

2027	895567	1791134	20000		352017	391130
2028	915637	1831274	20000		396156	440173
2029	935707	1871414	20000		446175	495750
2030	955777	1911554	20000		503256	559173
2031	975846	1951692	20000		572979	636643
2032	995916	1991832	20000		651230	723589
2033	1015986	2031972	20000		739363	821514
2034	622229	1244458	20000		754020	837800
2035	509729	1019458		333884	0	
2036	509729	1019458		61384	28377	31530
2037	509729	1019458		61384	29655	32950
2038	509729	1019458		61384	30960	34400
2039	509729	1019458		61384	32283	35870
2040	509729	1019458		61384	33624	37360
2041	509729	1019458		61384	34992	38880
2042	509729	1019458		61384	36360	40400
2043	509729	1019458		61384	37746	41940
2044	509729	1019458		61384	39141	43490
2045	509729	1019458		61384	40545	45050
2046	509729	1019458		61384	41958	46620
2047	509729	1019458		61384	43362	48180
2048	509729	1019458		61384	44766	49740
2049	509729	1019458		61384	46170	51300
2050	509729	1019458		61384	47565	52850
2051	509729	1019458		61384	48951	54390
2052	509729	1019458		61384	50328	55920
2053	509729	1019458		61384	51687	57430
2054	509729	1019458		61384	53028	58920
2055	509729	1019458		61384	54342	60380
2056	509729	1019458		61384	55638	61820
2057	509729	1019458		61384	56916	63240
2058	509729	1019458		61384	58158	64620
2059	509729	1019458		61384	59382	65980
2060	509729	1019458		61384	60570	67300
2061	509729	1019458		61384	61722	68580

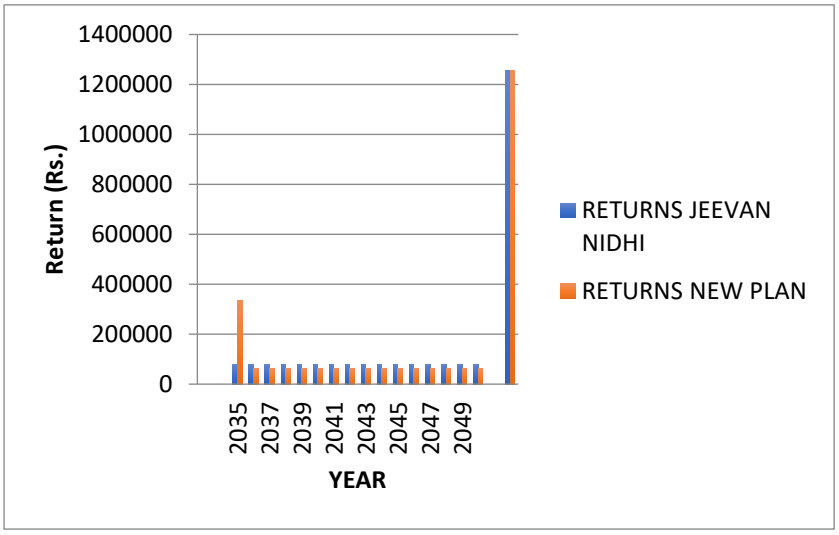
2062	509729	1019458		61384	62847	69830
2063	509729	1019458		61384	63936	71040
2064	509729	1019458		61384	64989	72210
2065	509729	1019458		61384	66015	73350
2066	509729	1019458		61384	66996	74440
2067	509729	1019458		61384	67950	75500
2068	509729	1019458		61384	68868	76520
2069	509729	1019458		61384	69786	77540
2070	509729	1019458		61384	70668	78520
2071	509729	1019458		61384	71568	79520
2072	509729	1019458		61384	72459	80510
2073	509729	1019458		61384	73377	81530
2074	509729	1019458		61384	74547	82830
2075	509729	1019458		61384	75573	83970
2076	509729	1019458		61384	77517	86130
2077	509729	1019458		61384	79416	88240
2078	509729	1019458		61384	83790	93100
2079	509729	1019458		61384		
TOTAL			**500000**	**3034780**		

Other Benefit:

The investor can get the option of partial withdrawal after the ten years, and the remainder amount can stay invested in the plan. This can be done by after ten years, the total amount invested excluding the invested amount of the first three (3) years will be calculated for this plan, plus the bonuses, and the investor can have the option of withdrawal, up to the one third of the total amount.

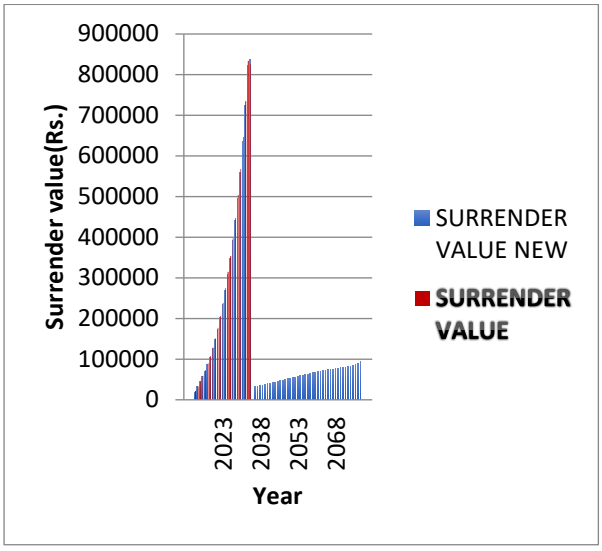
Comparison between the LIC Jeevan Nidhi and a New Projected Pension Plan

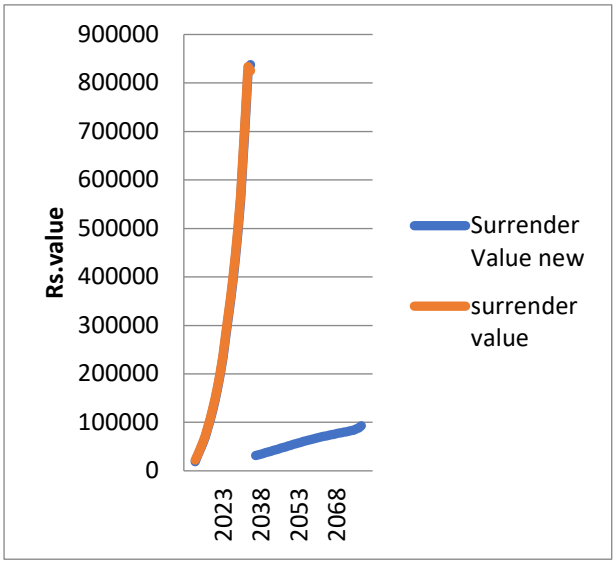
1. **On the Basis of Returns:**



Comment: Here the return in the NEW PLAN is higher than from JEEVAN NIDHI up to the age of 76 of the individual.

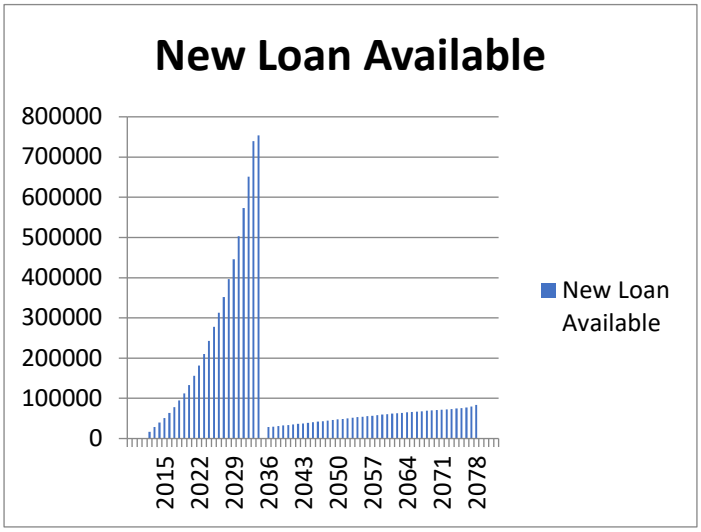
2. **On the Basis of Surrender Value:**

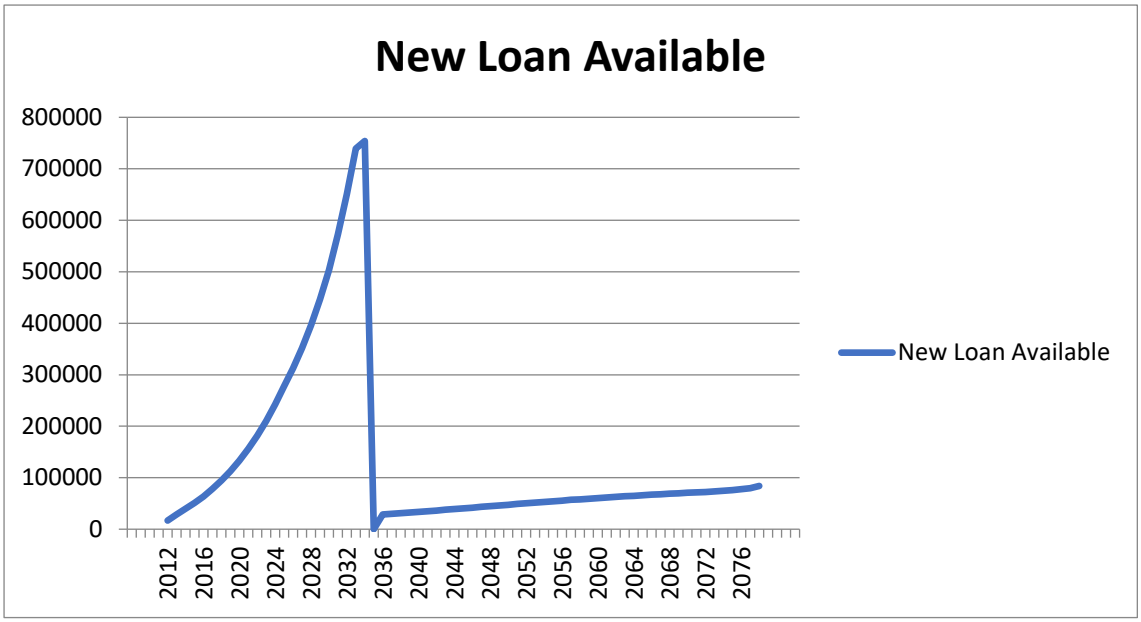




Comment: Here in the new plan surrender value is continued after the maturity of the scheme, whereas in the JEEVAN NIDHI plan, surrender value is not given after the maturity date.

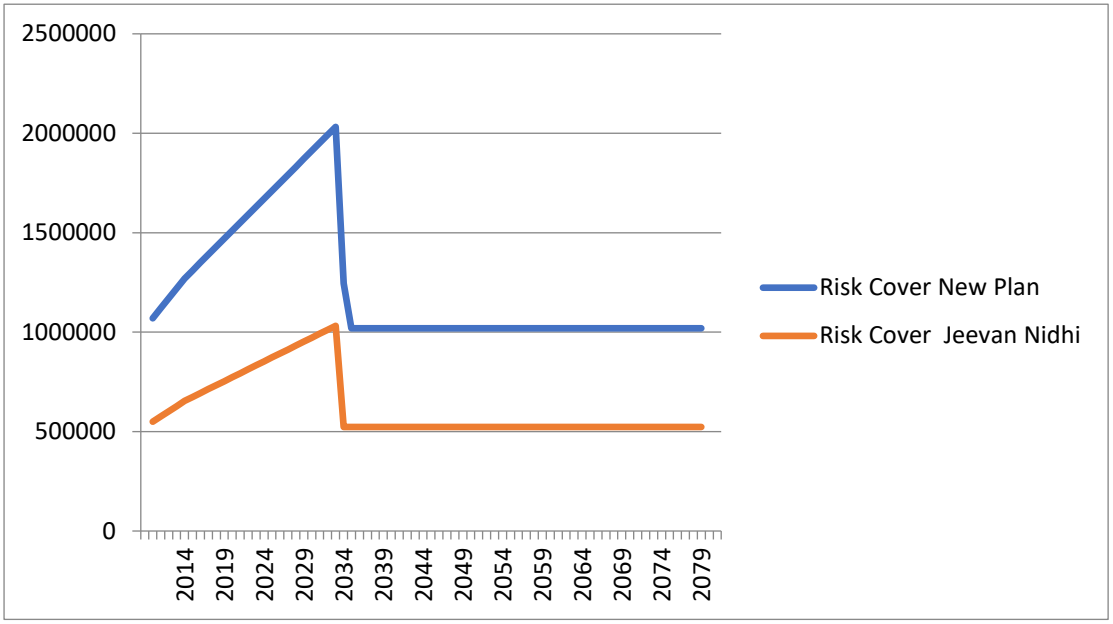
3. Loan Availability in New Plan





Comment: No loan available in JEEVAN NIDHI Plan

4. On the Basis of Risk Cover



Comment: Risk cover is high during all years in the case of New Pension Plan.

Conclusion

There are various regular pension plans by different organisations running in India in the present scenario. All provide different options to their pension holders. All pension plans have some pros and cons in their schemes. Each pension plan has some special feature that attracts the customer to invest in their plan. After the study of the best pension plans and the top plan among them (LICs Jeevan Nidhi), there should be some more features among those

plans taking into consideration customer benefit.

In the proposed new pension plan, the researcher has tried to make a more relevant plan which would be beneficial and accepted by the citizens of India and the financial organisations. The new pension plan covers extra features like loan availability to the investors during their life time at the rate of ninety percent (90%) of the surrender value, more risk cover, and more return. There is also an option available to the investor to withdraw a portion of the investment after ten years.

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Appendix

1. LIC JEEVAN NIDHI

Specimen Premium Rates per Rs.1000/- Sum Assured

ii) Single Premium

Age At Entry	Policy Term					
	10	15	20	25	30	35
20	-	-	616.4	523.4	446.5	384.35
25	-	727.3	617.3	525.35	450.3	390.7
30	856.45	728.05	619.25	529.4	457.45	401.85
35	857.1	730.1	623.7	537.5	470.35	420.8
40	858.4	733.85	631.6	550.95	490.95	450.35
45	860.7	740.35	644.15	571.8	522.35	-
50	864.55	750.4	663.3	603.1	-	-
55	869.95	764.85	691.2	-	-	-
60	878.3	787.25	-	-	-	-
65	892.25	-	-	-	-	-

iii) Annual Premium

Age At Entry	Policy Term						
	5	10	15	20	25	30	35
20	-	-	-	52.45	40.3	32.35	26.9
25	-	-	72.75	52.55	40.55	32.75	27.45
30	-	113.05	72.9	52.9	41.05	33.45	28.4
35	231.9	113.4	73.45	53.6	42.05	34.8	30.15
40	232.35	114.05	74.4	54.95	43.8	37.05	33.05
45	233.05	115.25	76.1	57.15	46.65	40.7	-
50	234.45	117.4	78.85	60.75	51.3	-	-
55	236.55	120.45	83.05	66.4	-	-	
60	239.55	125.4	90.15	-	-	-	-
65	245	134.55	-	-	-	-	-