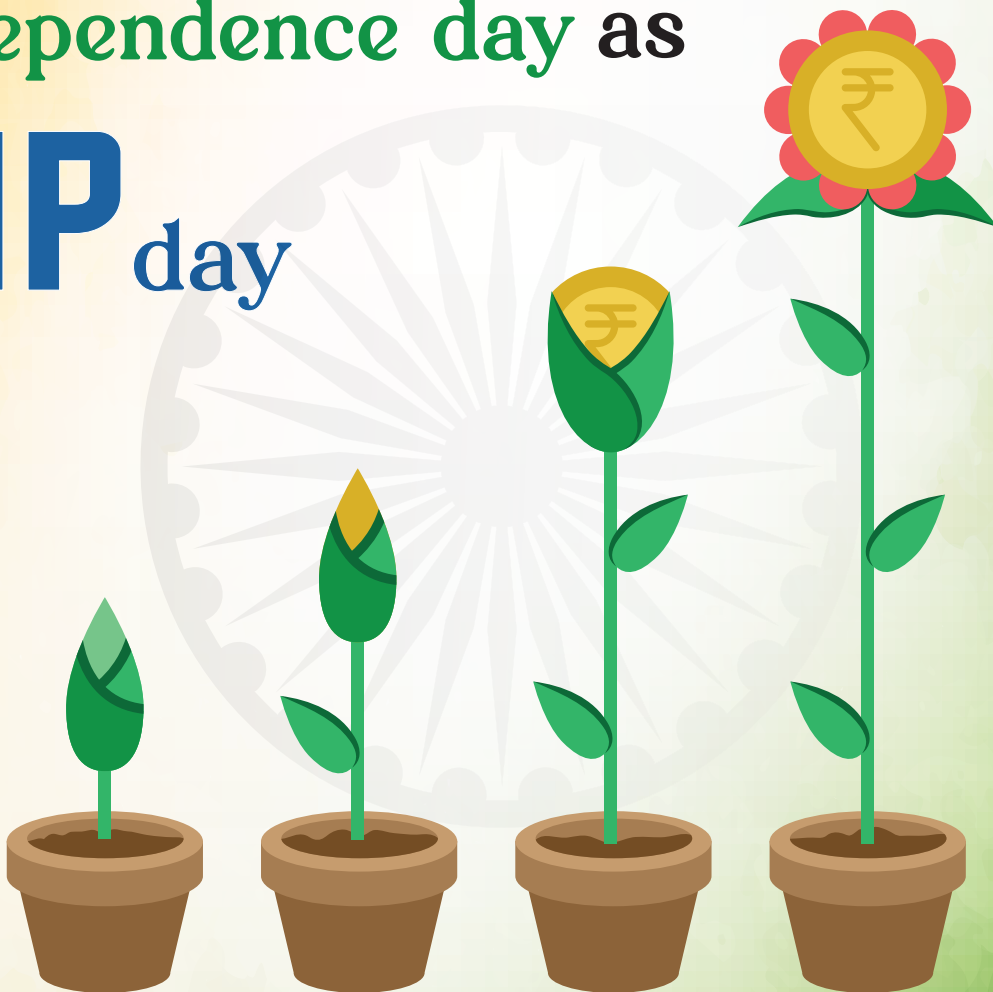


GATEWAY FOR INVESTMENTS

F@reccast

Let's celebrate
Independence day as

SIP day



Start a SIP on this independence day
to achieve financial freedom

EDITORS NOTE

Dear Friends/Clients,

Greetings from KC Financial Services.

Let me begin by extending my sincere and heartfelt thanks, who supported me to achieve the TOT (Top of the Table - The Highest recognition in the field of insurance). Global convention and award ceremony held on NASHVILLE (Tennessee) USA.



Glad News for all our KCFS Clients!!!



are collaborating

In our office you can avail the HDFC Bank Services.

- ✔ Savings Account
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- ✔ NRO Account
- ✔ Fixed Deposits
- ✔ Credit Card
- ✔ Personal Loan



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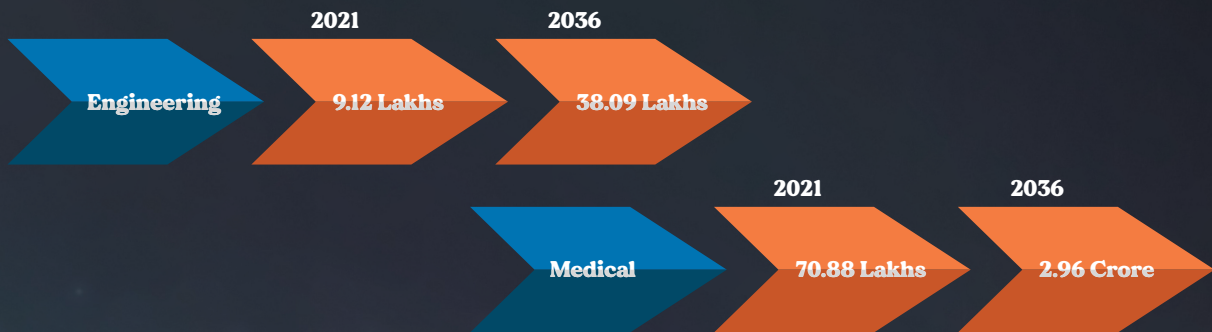


Education is not preparation for life; education is life itself.

Start planning for your kid's future

With rising education costs across all professional degrees, saving for education becomes even more imperative. Childcare costs include housing, transportation, clothing, food, health care, etc.

Decide how much will you require?



Source: Indian Institute of Management – Ahmedabad, IIT – Bombay, Manipal University – Mangalore. Costs depicted based on the education costs for the Post Graduate Programme in Management at Indian Institute of Management – Ahmedabad, B. Tech 4 year program at IIT – Bombay (Fees extrapolated for 4-year course) & MBBS program at Manipal University - Mangalore. 2036 figures based on inflation assumed at 10% p.a.

Prepare for the best!

- The best professional degree courses cost up to Rs. 23 lakhs*
- The same courses will cost more abroad.
- Best universities and institutes have pricing power
- Don't let Inflation surprise you Prepare for the best, by saving every month.

“

What if your kid aspires to study in IIM or Oxford, are you prepared for it?

Investing vs. Borrowing

Let's assume you will need Rs.50 lakhs for your kids higher education whose current age is 3 years and amount will be required when he turns 18 years.

Option 1 Borrowing

EMI

Rs. 55,425/month*

Option 2 Investing

Child Plan

Rs. 10,000/month*

Your today's decision will design their destiny





Mr.R.Gopinath., CEO
Gopast Centre for learning Pvt Ltd

What are GOOD ASSETS?

Mr. Customer, let me explain why you will need a trustworthy expert advisor?

Law has always made special provisions for life insurance policies

as a distinct class of asset, let me now elaborate on this.

Normally if a person wants to transfer his rights or ownership of any asset to another person, he will require

- 1) An advocate or a legally qualified professional to draft the deed of transfer,
- 2) Cost required to effect the transfer like the stamp duty involved and
- 3) Efforts required to get the deed registered.

Whereas life insurance policy as an asset can be easily transferred **without any of the above requirements**. The provision to get that done is provided under sec 38 of insurance act 1938 under the title “Assignment”.

The transfer of the rights under a policy can be made in favour of another person, either absolutely or conditionally under this provision. While the life assured remains the same,

once the policy is assigned, the assignee becomes the policy holder. Irrespective of the value of the policy no stamp duty is involved. The life insurance companies have pre printed formats (notice of assignment) for executing such assignments, the assistance of an advocate in drafting that deed is not required. The assignment is effected without the insistence of the presence of the assignor or the assignee at the offices of registration, merely based on the deed of assignment (Notice of assignment) duly signed by the witness, and an endorsement is placed on the document to that effect at the insurance company.

What can be the basis of assignment of a policy?

There can be any one of the two reasons

- 1) In lieu of valuable consideration or
- 2) For natural love and affection.

Let us say Mr. Prakash has received a loan of 50,00,000

from a bank and the bank would like to protect their rights to receive back that loan asks Mr Prakash to assign a life insurance policy of his of equal value to the bank, and Mr Prakash complies to that, it becomes an assignment in lieu of valuable consideration. This is just a simple example of “valuable consideration”. Other deeper meaning of this could be in the form of an employer assigning a policy taken by him on the life of his employee to the employee himself considering the valuable service rendered (or likely to be rendered) him to the institution.

While assignments in lieu of valuable considerations are the most popular type of assignments that get executed, I would request our agent friends to specially focus on assignments for natural love and affection.

Why so?

By law, legal heirs inherit the properties and assets of a person. If the class 1 legal heirs are surviving then they will share the inheritance and if none of them are surviving class 2 legal heirs will inherit the same.

There can be a dependent on a person who is not a class 1 legal heir. For example his father, sisters or brothers, who are still dependent on the life assured, financially. He would like to ensure that they are well taken care of, and they get a specific part of his property without having to seek the permission of the class 1 legal heirs.

Let me give an example here.

Mr. Prakash referred above had assigned his policy to the bank, for the purpose of growth of his business, which is purely a business decision. Let us assume that Mr. Prakash’s father who is 75 years of age, is living with him, and is also dependent on him financially. He wants to ensure that his father is provided with adequate financial support, and will never have to seek help from anybody in any situation.

He can nominate his father as the nominee under one of his policies for this purpose. But as we saw in the last month’s issue, a nominee can only receive the money, but does not own the money. The class 1 legal heirs of Mr. Prakash, if they feel so, can claim the policy monies and get that money depriving his father of inheriting that. Class 1 legal heirs have a better claim than class 2 legal heirs. In this case his father is only a class 2 legal heir.

If Mr Prakash assigns one of his policies, that he feels can adequately take care of his father to him, then Mr. Prakash's class 1 legal heirs can not claim that money, after the death of Mr. Prakash, because it has already been assigned and will not from a part of his estate.

It is not that the class 1 legal heirs namely his wife and children may not take of his father. They might care well for his father, but he would not like to leave any legal complications to be sorted out, so he can make things surely available. In the same way he can also assign policies to his wife or to any other dependent relative also.

Ambiguities lead to friction in relationships. By having a good succession plan we can reduce ambiguities. Assignments of policies can be a useful tool for that.

For that matter a well designed "WILL" can also serve the purpose, but again there are disputes arising out of a "WILL" also. The person who possesses the "WILL" need to produce it at the right time. Disputes arise in proving if the "WILL" was signed by the estate owner or if it is forged. Dates of "WILL" have great importance with the latest one supersedes the earlier ones. Such aspects give scope for mischiefs. Whereas in assignments of policies these things can be better taken care of.

Assignments can be of three types. 1) Absolute assignment 2) Conditional assignment and 3) Partial assignment. As the names indicate an absolute assignment transfers rights of the policies instantly and fully. The assignee becomes the absolute owner of the policy and can deal with it the way he so desires. He can raise loan on the policy or pledge it to a bank or assign it to someone else or even reassign the policy to the original owner. Normally assignments in lieu of valuable considerations are of this nature.

Partial assignment was introduced in 2015 by an amendment to the Insurance act. This is the facilitate quick settlement of claims to the beneficiaries especially when the policy need to be pledged as collateral or as a mortgage for a loan availed by the policy holder from a financial institution. Instead of assigning the whole policy proceeds, the policyholder can assign a specific value under that policy to the institution. In case of his death the life insurance company can settle the claim to the extent of the unassigned portion directly to the nominees or the beneficiary without insisting them to produce release certificate of No objection Certificate from the financial institution. Only that value that has been assigned to the Institution need to be paid to them or can be settled in

favour of the nominees upon the institution agreeing to the same.

Conditional assignment is where the assignor imposes a condition and the transfer of rights is operative only under those conditions prescribed by the assignor. For example in the case of Mr. Prakash that we have discussed above, the policy that he wants to assign to his father can be done with a condition like "As long as the father survives the policyholder will be the father, but in case of death of the father before the maturity then the ownership of the policy will revert back to Mr. Prakash".

This condition addresses perfectly the concern of Mr. Prakash. His concern is to take care of his father. But if his father predecease himself, then the assignment becomes

inoperative, and the policy monies will come to Mr. Prakash or go to Mr. Prakash's legal heirs if he happens to die before maturity of the policy.

The provision for conditional assignment is made specially to protect the interests of the dependents and to ensure that the policy monies are not taken away by others even if they happen to be the class 1 legal heirs. Even within the class 1 legal heirs this type of conditional assignments will help to ensure that the person gets the money fully without having to part with a portion of it to the other class 1 legal heirs.

Conditions can be imposed by choosing the event like the survival or the death of the policy holder or the assignee. These provisions are very useful especially in cases where the rights of the beneficiary should be secured properly, as he is an innocent person or even if he is a person who doesn't have the capacity to handle tough relatives. We need a good professional Mr. Customer, who knows these provisions of law and is also capable of executing these in right time to sew the title of the policy perfectly favouring those who we want to.



To Give Real Service, You Must Add Something, Which Cannot Be Bought or Measured With Money.

- Sir Mokshagundam Visvesvaraya



VIEWS ON DEPOSITS & MUTUAL FUNDS

HIGHEST INTEREST RATES ON FIXED DEPOSITS SCHEMES

FD Name	Rating	Interest Rate * (Up to)
LIC Housing Finance	FAAA by CRISIL, MAAA by ICRA	8.00%
HDFC Bank	FAAA by CRISIL, MAAA by ICRA	7.45%
Bajaj Finserv	FAAA by CRISIL, MAAA by ICRA	8.60%
ICICI Home Finance	FAAA by CRISIL, MAAA by ICRA	7.85%
Mahindra & Mahindra Financial Services Ltd	CRISIL FAAA	8.40%
Shriram Unnati Deposits	MAA+ by ICRA, FAA+ by CRISIL	9.15%
PNB Housing Ltd	CRISIL FAAA	8.00%
RBI Bonds	Reserve Bank of India	8.05%

* Highest rate including additional interest for Senior citizens, employees etc. wherever applicable.

* As of August 2023

POSTAL DEPOSIT

Time Deposit (TD 1-5 Years)	7.50%
NSC (5 Years)	7.70%
Monthly Income Scheme (MIS)	7.40%
Kisan Vikas Patra	7.5% (Double in 115 months)

Shriram Jubilee deposit

50 months

@ 9.16%

FUND PERFORMANCE CHART - TOP EQUITY FUNDS

Fund Name	Sector	NAV	1 Year	3 Year	5 Year
HDFC Small Cap fund	Small cap	98.70	40.89%	43.55%	17.46%
Quant Mid cap opportunities fund	Mid cap	153.4	26.99%	38.65%	21.60%
Mirae Asset Large cap fund	Large cap	87.07	17.49%	20.08%	12.62%
PGIM India flexi cap fund	Flexi cap	28.01	17.34%	24.07%	16.04%
ICICI Prudential Large and mid cap	Large & Mid cap	658.59	24.21%	30.76%	16.09%

FUND PERFORMANCE CHART - TOP DEBT FUNDS

Fund Name	Sector	NAV	1 Year	3 Year	5 Year
Quant Absolute Fund	Hybrid	323	15.70%	31.06%	19.86%
ICICI Prudential Balanced Advantage fund	Hybrid - Dynamic	56.48	13.01%	14.90%	10.84%
Kotak Debt Hybrid fund	Conservative hybrid	47.6	11.76%	11.50%	9.89%
Nippon Short term fund	Short term	45.5	6.44%	4.90%	6.70%
canara Robeca savings fund	low duration	36.7	6.48%	4.36%	5.78%

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HEAR FROM OUR CLIENTS



Mr. Chinnadurai and his team are always supportive. They provide accurate and prompt information. Always on time. I have been taking their support since 2016 and it's been amazing. Divya madam in his team is very diligent and prudent in getting things done. I would like to recommend everyone to choose KCFS as their financial advisor.

- Mr. Debasis Dey., Principal scientist.



I have been associated with the KC Financial services for the past 8 years. They offer a wide range of services. I had the opportunity of availing their services regarding life insurance and mediclaim policy. Their polite approach towards customers and quick, appropriate response to customer queries are quite satisfying.

- Mr. KGM Gurunathan., Advocate, High court.

A NOTE TO OUR DEAR READERS

“Forecast” is an investor awareness publication by KC Financial Services. Write your Feedback to support@kcfs.in or you can simply send a message.

Sms /Whatsapp : +91 94440 45161/90430 45161

ADDRESS

2/183, Mount Poonamallee High Road,
Kattupakkam, Chennai-600056.

Landmark : Opp. to Muneeshwaran Temple

Mobile No : +91 90430 45161

Landline No : 044 2679 2642

Write to us : support@kcfs.in

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