

Column

Three Reasons Why Gen Z Should Buy A Life Insurance Policy

It's important for Gen Z to instil good financial planning habits and insurance protection should be seen as part of that exercise

Do you feel that you do not require a life insurance cover because you are "just a college student" and you can postpone buying one for later? Do you think that only people in their 30s and above should worry about buying life insurance?

You may not necessarily be correct in your assumptions. Buying life insurance may not seem like a priority at a young age, but here are three reasons which makes it relevant for Gen Z to buy insurance.



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Low Premium Rates

If you don't want to buy a life insurance policy now, be prepared to pay significantly higher premiums for the same insurance policy after a decade! The earlier you buy an insurance policy, the lesser will be the premium amount, assuming that an individual does not have any disease. This is because the risk to life for young people is lower.

Moreover, as you grow older, the likelihood of getting a disease goes up, especially given present-day sedentary lifestyles. Ailments get factored into the premiums, as they increase the risk quotient of an individual.

Protection of Potential Dependents

If you think you will have dependents in the future, including parents, spouse or children, the earlier you start planning for their protection, the better it is. A term insurance can cover all your family's financial needs. This is extremely helpful in the case of individuals who are likely to start supporting their families as soon as they get into a job. The nominees can be changed as and when the need arises. For instance, when you get married or have children later.

Tax Planning

Apart from offering protection, life insurance policies provide tax benefits of up to ₹ 1.5 lakh under Section 80C of the Income-tax Act. Besides, policies like unit-linked insurance plans (Ulips) also offer an investment component. The longer you stay invested in these policies, the more time you allow your money to grow.

It is important for Gen Z to instil financial planning habits early on. Insurance protection is part of any financial planning exercise, as it helps safeguard against contingencies. □

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