ENDOWMENT EDUCATION PLANS

You can think of an endowment plan as similar to a whole life insurance plan, with the exception that the former is designed to maximize the amount that you can save, as opposed to providing maximum protection. Endowment plans can be better understood by looking at its key features, such as:-

- Premium payments that are guaranteed to remain the same year after year.
- Guaranteed death and disability coverage.
- Guaranteed stream of income that typically starts from the end of the first policy year onwards.
- Additional non-guaranteed cash bonuses that typically start from the end of the first policy year onwards.
- Certain plans feature a limited pay option. Under such a payment scheme, you'd typically have the option of paying premiums for either 5, 10 or 20 years for a 30-year coverage term.
- Waiver and payer options which guarantee the continuity of the plan in the event something happens to you.
- Typically offers additional benefits upon maturity of the plan.

So is an endowment education plan right for you and your children's future? You should definitely consider an endowment education plan if you want:-

- **A secure education fund.**

An endowment typically generates income from as early as the end of the first year of your policy. Besides that, additional performance bonuses are usually given. This makes an endowment plan a fairly regular and stable income generator. What's also great about an endowment plan is that you'll have access to this income on an annual basis via yearly withdrawals or conversely, you can simply opt to let your earnings accumulate where it'll further earn compounded dividends for you.

- **A limited pay option.**

This option allows you to grow your children's education fund without the commitment of a prolonged premium payment term. Under a limited pay option, you complete payment of premiums within a specified period. After this period, you'll be able to take advantage of other savings or investment plans to boost your children's education fund whilst this plan accumulates returns and dividends across its term.

ENDOWMENT EDUCATION PLANS

• **To diversify your portfolio of investments.**

Regardless of the goal you're trying to achieve, diversifying your investments is a good way to both grow, as well as protect your money. It's no different when it comes to your children's education fund. The advantage of an endowment plan is that the cash value associated with such a plan is relatively insulated from turbulent economic climates compared to conventional investment funds, ensuring secure funds for your children's future (or even for other purposes) regardless of economic conditions.

• **A protected education fund.**

Similar to an investment-linked education plan, an endowment plan typically includes waiver and payer benefits. This means that your children's education fund is protected from a breadwinner's untimely death, disability or critical illness *(this will be one of the 36 critical illnesses as stipulated by WHO)*. This ensures the continuity of the education plan, guaranteeing the availability of funds for your children's education *(usually until the age of 25 years)*, regardless of what happens to you.

• **Tax relief.**

Benefits received from education plans are generally non-taxable, and premiums paid may qualify for tax relief. However, do check first with your insurance provider or the Inland Revenue Board before taking out a plan to see if the plan you have in mind qualifies for said tax relief.