✅ Sample Case Study – Insurance Surrender Cost Benefit Analysis

🎯 Objective: Should I continue my traditional insurance policy or shift to mutual funds?

👤 Client Profile:

- **Name:** Mrs. Kavita Desai
- **Age:** 38 years
- **Financial Goal:** Long-term wealth creation for child's education
- **Current Product:** Traditional Endowment Policy (LIC Jeevan Anand)
- **Surrender Value Today:** ₹4,80,000
- **Policy Term:** 25 years (started 10 years ago, 15 years remaining)
- **Annual Premium:** ₹50,000
- **Premiums Paid Till Now:** 10 years
- **Remaining Premium Payment Term:** 10 years
- **Remaining Policy Term:** 15 years
- **Expected Maturity Value (If Continued):** ₹12.5 Lakhs (as per illustration)

🔍 Client's Concern:

Mrs. Kavita feels her endowment policy returns are low and wants to evaluate whether surrendering now and investing in mutual funds can generate better outcomes.

📥 Inputs in Calculator:

1. **Policy Name (Optional):** LIC Jeevan Anand
2. **Current Surrender Value:** ₹4,80,000
3. **No. of Policy Years Left:** 15
4. **No. of Premium Years Left:** 10
5. **Annual Premium:** ₹50,000
6. **Expected Maturity Amount:** ₹12,50,000
7. **Alternate Investment Option Selected:** Equity Mutual Funds
8. **Assumed Rate of Return:** 12% CAGR
9. **Future Annuity Payout:** Not Applicable
10. **Future Periodic Payouts:** Not Applicable

📊 Output from Calculator:

Surrender Value Analysis For Mrs. Kavita Desai

Mutual Fund Distributor

Policy Name	LIC Jeevan Anand
Current Surrender Value	₹ 4,80,000
Annual Premium Amount	₹ 50,000
Premium Payment Period Left	10 Years
Period To Maturity	15 Years
Expected Maturity Amount	₹12,50,000

If Policy is NOT Surrendered

Current Surrender Value	₹ 4,80,000
Future Premium Paid	₹5,00,000
Expected Payout & Maturity Amount	₹ 12,50,000
Incremental Return	₹ 2,70,000
IRR	1.92 %

If Policy is Surrendered & Invested in Mutual Fund

Investment Against Surrender Value	₹ 4,80,000
Future Investment Against Future Premium	₹ 5,00,000
Assumed Returns On Mutual Fund	12.00 %
Expected Value at the End	₹ 43,59,216
Total Return	₹33,79,216

***If the surrender value and future premiums are invested in Mutual Fund, the potential incremental benefit could be as much as ₹ 31,09,216**

🔍 Interpretation:

By surrendering the current policy today and investing the surrender value of ₹4.80 Lakhs along with ₹50,000 annually for the next 10 years in mutual funds and delaying withdrawal for another 5 years, Mrs. Kavita could potentially can accumulate **₹43.59 Lakhs** over the remaining 15-year horizon.

This is **over 3.4X** the maturity amount expected from continuing the traditional policy, showing a **clear wealth creation advantage** through mutual fund investments (with calculated risk awareness).

🧠 Financial Insight for MFDs:

- This case study showcases the **hidden cost of continuing low-yield traditional insurance policies**, especially when the policy's primary aim is investment, not protection.
- Use this calculator to offer **fact-based investment proposals** backed by real numbers.
- Personal branding with a downloadable proposal gives you a **professional edge** in client presentations.
- Helps clients realign their money with **long-term wealth creation goals** and **improve portfolio efficiency**.

🛠️ Pro-Tip for MFDs:

Always remind clients that insurance is meant for protection, and investments should aim for growth. This calculator is perfect to help them **segregate insurance and investment** decisions — and take control of their financial planning journey.