



Health is True Wealth

December, 2020

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Dear investors

Wishing you a very happy, healthy and prosperous 2021! After an extremely challenging year we are finally seeing a ray of hope on the vaccine front. Challenges of distribution logistics and even efficacy and acceptability will remain but clarity and confidence on this issue has been evolving. Few quarters down the line this phase will be relegated into the background. However lessons that this experience taught us are likely to leave a lifelong impression on most of us.

The pandemic taught us that one aspect that deserves much more attention is our attention on our health immunity and preparedness. If you want to reach your financial goals without a disruption by an event like pandemic or any other health related expenses. When financial planning is done, major thrust is always on investments, compounding and elements of protection in case of mortality. I am sure going forward health and health insurance cover will find their rightful cover in the planning.

When it comes to health, what we know from the experts in the medical field is that medicines and treatments will evolve for various diseases but the first line of defence will always be the individual's immunity /health. Even in case of Covid, Individuals with good immunity, had a much better recovery rate than those with compromised immunity. Genetic/ hereditary issues apart, experts believe that in case of majority of people, immunity can be boosted by maintaining a well balanced diet, an exercise regime and not compromising on adequate sleep. Fortunately all of these are within the sphere of control of the individuals.

The old adage of "Health is wealth" remains true. In case of individuals who unfortunately were infected by COVID-19, the experience has been that ill health can cost a lot. As the news of cost of hospitalisation spread, we saw a surge in number of people opting for health cover. In majority of the cases, the insurance policy may not continue once the pandemic becomes history. But that would be a big folly. We know from the experience of developed countries that as one grows older major inflation is witnessed in costs related to hospitalisation and health care. Wise thing to do would be to take a health insurance cover of an amount that would be adequate 10-20 years down the line and not just today. If estimated cost of hospitalisation is Rs.5 lacs today then it would roughly double every 7 years, assuming medical costs going up 10% p.a. Rise in healthcare cost would be perhaps higher than 10% p.a. Many individuals who have medical cover from employers do not bother to take personal health cover. What they often ignore is the fact that with improvements in healthcare, retirement life could be as long as working life. And post retirement or at age beyond 50 it is difficult to get health cover and it is also very expensive. So start today and you can raise the cover over the next few years. The regulator is also bringing in transparency and some products now cover the costs related to the treatment of mental health.

While physical health is quite often discussed publicly the aspect of mental health is rarely discussed. The lockdown/ pandemic did put a lot of strain on the psychological front due to a loss of family member or a friend or financial issues, job losses, salary cuts etc. In some cases the whole gloomy environment has been overbearing for individuals. Our Retirement Readiness survey showed that individuals who were staying in a joint family were less prone to anxiety on the financial front. Also from experience we now know that individuals who have a close knit circle of family and friends are likely to fare better than individuals who are relatively less connected. So apart from financial goals, one goal that should be part everyone's agenda is to develop an ecosystem of close relationships.

So In 2021 as you put down your financial goals for the life ahead, please do incorporate a health goal, a health insurance goal and a relationship goal to enjoy the fruits of your years of investment and financial discipline. As the famous clinical psychologist Anne Wilson Schaef said

"Good health is not something we can buy. However it can be an extremely valuable savings account."

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