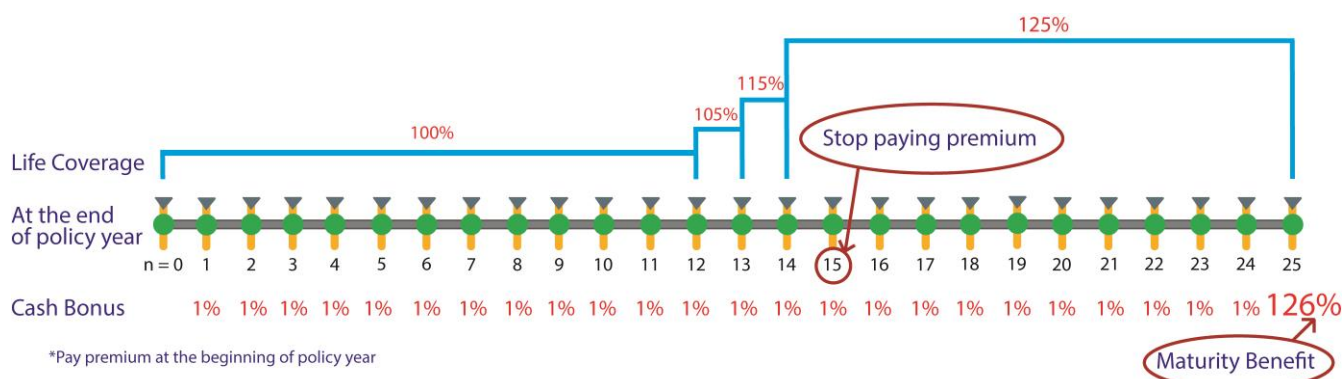


We are 21 years old with the main aim to ensure some financial safety for the first 10 to 20 years ahead and consider the policies with an annual insured of around 100,000 baht.

Pro Saving 1525



Pro saving 1525 is a life insurance with a premium payment period of 15 years and life coverage term of 25 years with an increasing life coverage to a maximum of 125% of the sum insured. The program required to pay a premium payment monthly, quarterly, semi-annually or yearly. This gives some flexibility for the buyer. Minimum insured is 100,000 baht. The coverage and benefit are a return of 1% of the sum insured from year 1 to 24 and a 126% of a sum insured return at the maturity of program, up to 125% of sum insured coverage and a premium payment is a personal income tax deductible.

The table shows an annually premium payment, a sum insured, tax benefits and IRR of the policy.

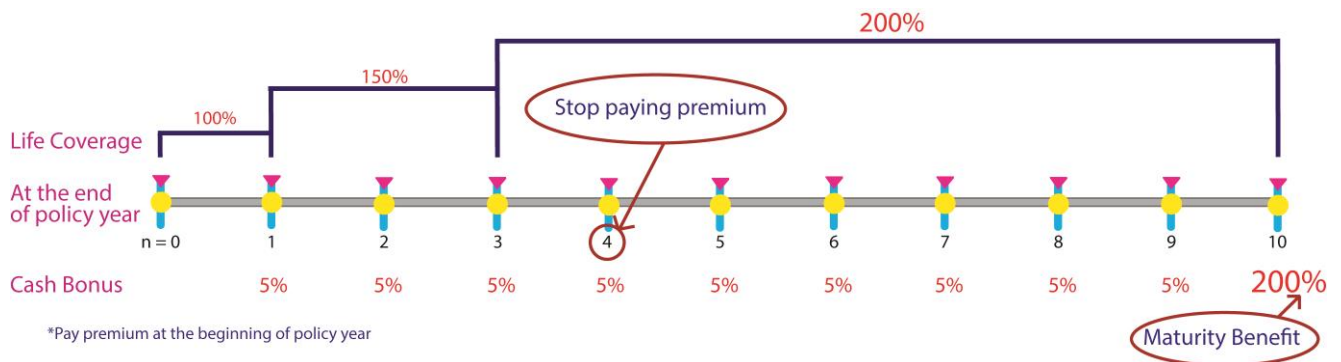
$i = 3.37\%$				$Sum Insured = 1,300,000$						
Year	Payments	Discount Factor	PV	Year	Returns	Tax Benefits	Discount Factor	PV	NV	IRR
0	102,154.00	1.00	102,154.00	0		25,000.00	1.00	25,000.00	-77,154.00	3.3683%
1	102,154.00	1.03	98,825.27	1	13,000.00	25,000.00	1.03	36,761.75	-64,154.00	
2	102,154.00	1.07	95,605.00	2	13,000.00	25,000.00	1.07	35,563.85	-64,154.00	
3	102,154.00	1.10	92,489.67	3	13,000.00	25,000.00	1.10	34,404.99	-64,154.00	
4	102,154.00	1.14	89,475.85	4	13,000.00	25,000.00	1.14	33,283.89	-64,154.00	
5	102,154.00	1.18	86,560.24	5	13,000.00	25,000.00	1.18	32,199.32	-64,154.00	
6	102,154.00	1.22	83,739.64	6	13,000.00	25,000.00	1.22	31,150.09	-64,154.00	
7	102,154.00	1.26	81,010.94	7	13,000.00	25,000.00	1.26	30,135.05	-64,154.00	
8	102,154.00	1.30	78,371.16	8	13,000.00	25,000.00	1.30	29,153.08	-64,154.00	
9	102,154.00	1.35	75,817.40	9	13,000.00	25,000.00	1.35	28,203.12	-64,154.00	
10	102,154.00	1.39	73,346.86	10	13,000.00	25,000.00	1.39	27,284.11	-64,154.00	
11	102,154.00	1.44	70,956.82	11	13,000.00	25,000.00	1.44	26,395.04	-64,154.00	
12	102,154.00	1.49	68,644.66	12	13,000.00	25,000.00	1.49	25,534.95	-64,154.00	
13	102,154.00	1.54	66,407.84	13	13,000.00	25,000.00	1.54	24,702.88	-64,154.00	
14	102,154.00	1.59	64,243.91	14	13,000.00	25,000.00	1.59	23,897.93	-64,154.00	
15		1.64		15	13,000.00		1.64	7,909.20	13,000.00	
16		1.70		16	13,000.00		1.70	7,651.48	13,000.00	
17		1.76		17	13,000.00		1.76	7,402.15	13,000.00	
18		1.82		18	13,000.00		1.82	7,160.95	13,000.00	
19		1.88		19	13,000.00		1.88	6,927.60	13,000.00	
20		1.94		20	13,000.00		1.94	6,701.86	13,000.00	
21		2.01		21	13,000.00		2.01	6,483.48	13,000.00	
22		2.07		22	13,000.00		2.07	6,272.21	13,000.00	
23		2.14		23	13,000.00		2.14	6,067.83	13,000.00	
24		2.21		24	13,000.00		2.21	5,870.11	13,000.00	
25		2.29		25	1,638,000.00		2.29	715,532.34	1,638,000.00	
Total			1,227,649.26	Total			1,227,649.26			

A total benefit of this program is 150% of the sum insured but to consider just a percentage of the benefit is not adequate, to measure a real attractiveness of this insurance program we should also concern the internal rate of return (IRR) which equals 3.3683% a year. IRR could be used to compare between an insurance program in the sense that which program yield more return in a year or between others investment.

For the life coverage part, since it covers up to 125% of sum insured which is relatively low comparing to 410 program, but the advantage of this program can be found if we compare the surrender value to the 410 program, pro saving 1525 has higher surrender value in every year compared and has exceeds the sum insured at the end of year 18, this give an insured more flexibility in case that they want to surrender on the program and get the money back earlier than a maturity year.

Another advantage is it has a higher personal income tax reduction since it has more payment periods, hence if one plans to have a high tax deduction a pro saving 1525 is the one to go for.

Pro Saving 410 Extra



Pro Saving 410 is a life insurance program that has a 4-year premium payment period with a 10-year assurance term. The life coverage term is progressively increase, it starts at 100% of the sum insured at the first period (n=0) then changes twice at after the first (n=2 to n=3) to 150% and after the forth (n=4) to 200% of the sum insured respectively.

$i = 6.06\%$				$Sum Insured = 200,000$						
Year	Payments	Discount Factor	PV	Year	Returns	Tax Benefits	Discount Factor	PV	NV	IRR
0	104,000.00	1.00	104,000.00	0		25,000.00	1.00	25,000.00	-79,000.00	6.0602%
1	104,000.00	1.06	98,057.54	1	10,000.00	25,000.00	1.06	33,000.13	-69,000.00	
2	104,000.00	1.12	92,454.63	2	10,000.00	25,000.00	1.12	31,114.54	-69,000.00	
3	104,000.00	1.19	87,171.87	3	10,000.00	25,000.00	1.19	29,336.69	-69,000.00	
4		1.27		4	10,000.00		1.27	7,902.98	10,000.00	
5		1.34		5	10,000.00		1.34	7,451.41	10,000.00	
6		1.42		6	10,000.00		1.42	7,025.64	10,000.00	
7		1.51		7	10,000.00		1.51	6,624.20	10,000.00	
8		1.60		8	10,000.00		1.60	6,245.70	10,000.00	
9		1.70		9	10,000.00		1.70	5,888.83	10,000.00	
10		1.80		10	400,000.00		1.80	222,093.92	400,000.00	
Total			381,684.04	Total				381,684.04		

The cash bonus is 5% of sum insured amount per period, 200% of the sum insured at the maturity period of the program.

The age requirement is 1 month old to 70 years old with the minimum sum insured of 100,000 baht, but 150,000 for the insurance buyer aged over 60. This sum insured amount is allowed for a personal income tax deduction too. The table below shows a premium payment, sum insured amount, tax benefits and IRR of the insurance program.

The total benefit of the program is 245% of the sum insured and the IRR, shown in the table, is 6.0602% which is considerably high. For the life insuring part, it covers up to 200% of the sum insured at the maturity period of the program which is higher than the other policy.

To compare between the two,

	Pro Saving 1525	Pro Saving 410 Extra
Premium Payment Period	15	4
Coverage Term (years)	25	10
IRR	3.3683%	6.0602%
Total Tax Benefits (baht)	350,000	100,000

Note:  means *better*

Premium Payment Period

We are 21 years old and want to ensure some financial safety for the first 10 to 20 years ahead. If we choose the Pro Saving 1525, we would be paying the premium for 15 years which can be risky in terms of today's environment where we change jobs very often. So, we better choose the Pro Saving 410 Extra because the 4-year period is considerably short and less risky for us to default to pay the policy premium. Also, the less period of premium payment means the less opportunity cost we can spend cash to invest in other sources elsewhere.

Coverage Term

The longer term is better. But it comes with a longer premium payment period too. Even the Pro Saving 1525 gives a longer coverage term, but it also requires a longer payment term.

IRR

Although we know that we should concern the amount of coverage rather than the returns when buying an insurance, but we should take IRR into account too. As we can observe that, apparently, the IRR of the Pro Saving 410 Extra is almost twice higher than the Pro Saving 1525 one. Then we know immediately that the Pro Saving 410 Extra yields a higher return because the IRR already states the internal returns. This is because the Pro Saving 410 Extra has less payment and coverage periods than the Pro Saving 1525.

Total Tax Benefits

Pro Saving 1525 has the total tax benefits of 350,000 baht which is 3.5 times higher than the Pro Saving 410 Extra at 100,000 baht. We will be better off with Pro Saving 1525. Because the advantage from the tax deduction lasts 15 years (equals to the premium payment period). The Pro Saving 410 Extra has a lower benefit because it has less premium payment period.

In conclusion, with an age of 21 years old and want to ensure some financial safety for the first 10 to 20 years ahead. With this modern environment that people do change jobs more frequently than ever before, the salary can vary year-by-year as the jobs are changed. This is one risk to be considered. We aim for the highest return from the insurance program, together with a high rate of life coverage.

Therefore, the most suitable life insurance policy for the given manners is Pro Saving 410 Extra because it has the IRR at around 6% which is high and life coverage benefit up to 200% of the sum insured. The 4-year period is short and less risky for us in terms of the future job-changing.