Financial Game 1:
Explanation

Financial Game 1

Best Life Insurance

- Each group is required to find a pamphlet or an internet brochure of a life insurance program that tells every detail of the program. Also, explain why it is the best program.

Example

SCB Best Saving 15/8

https://www.scblife.co.th/CustomerProduct/ProductDetail?productID=65&productGroupID=4&productSellerGroupID=5&productUserGroupID=1002

ออมคุ้มค่า 15/8		ตัวอย่างผลประโยชน์ (ชาย / หญิง อายุ 30 ปี)
อายุที่รับประกันภัย	1 วัน – 80 ปี	เริ่มทำประกันภัย อายุ 30 ปี
ระยะเวลาชำระเบี้ยประกันภัย	8 ปี	ตั้งแต่อายุ 30 – 37 ปี
ระยะเวลาเอาประกันภัย	15 ปี	ถึงอายุ 45 ปี
จำนวนเงินประกันภัย	เริ่มต้น 50,000 บาท – สูงสุดไม่จำกัด	500,000 บาท
เบี้ยประกันภัย (ชำระ ณ ต้นปีกรมธรรม์)	คำนวณเบี้ยเบื้องต้น	รายปี งวดละ 437,500บาท
ผลประโยชน์กรณีมีชีวิตอยู่		
มีเงินคืนระหว่างสัญญา	ปีละ 2% ณ สิ้นปีกรมธรรม์ที่ 1 – 5 ปีละ 3% ณ สิ้นปีกรมธรรม์ที่ 6 – 10 ปีละ 4% ณ สิ้นปีกรมธรรม์ที่ 11 – 15	50,000 บาท 75,000 บาท 100,000 บาท
เงินคืนเมื่อครบสัญญา	870% ณ สิ้นปีกรมธรรม์ที่ 15	4,350,000 บาท
ผลประโยชน์เงินคืนรวมตลอดสัญญา	915%	4,575,000 บาท
ผลประโยชน์กรณีเกิดเหตุการณ์ไม่คาดฝัน		
ความคุ้มครองกรณีเสียชีวิตทั่วไป	100% – 800% (ขึ้นอยู่กับปีกรมธรรม์ที่ระบุ)	500,000 – 4,000,000 บาท
เบี้ยประกันภัยเฉพาะสัญญาหลักสามารถนำไปลดหย่อนภาษีได้สูงสุด 100,000 บาทต่อปี (ภายใต้เงื่อนไขของกรมสรรพากร)		

Required Information

<u>What we need to know:</u>

1) Premium
2) Sum insured
3) Cash return
4) Other benefits

Year (end)	Payments
0	437,500.00
1	437,500.00
2	437,500.00
3	437,500.00
4	437,500.00
5	437,500.00
6	437,500.00
7	437,500.00
8	
9	
10	
11	
12	
13	
14	
15	
15	
Total	3,500,000.00

Year (end)	Returns
0	-
1	50,000.00
2	50,000.00
3	50,000.00
4	50,000.00
5	50,000.00
6	75,000.00
7	75,000.00
8	75,000.00
9	75,000.00
10	75,000.00
11	100,000.00
12	100,000.00
13	100,000.00
14	100,000.00
15	100,000.00
15	4,350,000.00
Total	5,475,000.00

Calculating Internal Rate of Returns

$$P = \frac{C}{1+i} + \frac{C}{(1+i)^2} + \cdots + \frac{C}{(1+i)^n} + \frac{F}{(1+i)^n}$$

$$\Updownarrow$$

$$P = \frac{P_1}{1+i} + \frac{P_2}{(1+i)^2} + \cdots + \frac{P_m}{(1+i)^m}$$

- Look at the Excel file again.

Personal Income Tax in Thailand

Assessable income

Less Deductible expenses

Less Allowances

Net income

Deductible Income

- Generally, a deductible of 40% is allowed subject to a maximum of Baht 60,000

- Note: The rate of deductible may vary for some types of assessable income

Allowances

1. *Personal allowances*	*Baht*
• Taxpayer:	30,000
• Spouse (if spouse has no income):	30,000
• Taxpayer's children (maximum 3), each:	15,000
• Additional education allowance for each child:	2,000
• Parental care, each:	30,000
• Care of disabled or incapacitated family members, each:	60,000
• Care of a disabled or an incapacitated person other than a family member:	60,000

In addition, a Thai resident who is 65 years of age or older is entitled to personal income tax exemption on income up to an amount not exceeding Baht 190,000.

Allowances

2. *Specific allowances*

- Life insurance premiums in an amount not exceeding Baht 100,000 paid by a taxpayer on his/her own life are allowed as a deduction provided that the insurance policies are for a minimum period of 10 years and the insurer is carrying on a life insurance business in Thailand. The amount of any embedded health or accident premium will not be deductible. Moreover, if the policy includes a savings plan which provides an annual return to the policy holder exceeding 20% of the annual premium, the entire premium will be non-

Tax Rate

Net income (Baht)	PIT rates (%)
0 – 150,000	Exempt
150,001 – 300,000	5
300,001 – 500,000	10
500,001 – 750,000	15
750,001 – 1,000,000	20
1,000,001 – 2,000,000	25
2,000,001 – 4,000,000	30
Over 4,000,000	35

Tax Calculation: Examples without life insurance

	Case 1	Case 2	Case 3
	Income = 20,000 baht/month	Income = 40,000 baht/month	Income 100,000 baht/month
Assessible Income	240,000	480,000	1,200,000
Less Personal Expenses	60,000	60,000	60,000
Less Allowance(s)			
(a) Personal	30,000	30,000	30,000
(b) Life insurances			
Net Income Before Tax	**150,000**	**390,000**	**1,110,000**
Tax Calculation			
Bracket 1 (0 - 150,000)	*150,000*	*150,000*	*150,000*
Bracket 2 (150,001 - 300,000)	*0*	*150,000*	*150,000*
Bracket 3 (300,001 - 500,000)	*0*	*90,000*	*200,000*
Bracket 4 (500,001 - 750,000)	*0*	*0*	*250,000*
Bracket 5 (750,001 - 1,000,000)	*0*	*0*	*250,000*
Bracket 6 (1,000,001 - 2,000,000)	*0*	*0*	*110,000*
Bracket 7 (2,000,001 - 4,000,000)	*0*	*0*	*0*
Tax from:			
Bracket 1 (0 - 150,000)	*0*	*0*	*0*
Bracket 2 (150,001 - 300,000)	*0*	*7,500*	*7,500*
Bracket 3 (300,001 - 500,000)	*0*	*9,000*	*20,000*
Bracket 4 (500,001 - 750,000)	*0*	*0*	*37,500*
Bracket 5 (750,001 - 1,000,000)	*0*	*0*	*50,000*
Bracket 6 (1,000,001 - 2,000,000)	*0*	*0*	*27,500*
Bracket 7 (2,000,001 - 4,000,000)	*0*	*0*	*0*
Total Tax	0	16,500	142,500

Tax Calculation: Examples with life insurance

W Life Insurance	Case 1	Case 2	Case 3
	Income = 20,000 baht/month	Income = 40,000 baht/month	Income 100,000 baht/month
Assessible Income	240,000	480,000	1,200,000
<u>Less</u> Personal Expenses	60,000	60,000	60,000
Less Allowance(s)			
(a) Personal	30,000	30,000	30,000
(b) Life insurances	100,000	100,000	100,000
Net Income Before Tax	**50,000**	**290,000**	**1,010,000**
<u>Tax Calculation</u>			
Bracket 1 (0 - 150,000)	*50,000*	*150,000*	*150,000*
Bracket 2 (150,001 - 300,000)	*0*	*140,000*	*150,000*
Bracket 3 (300,001 - 500,000)	*0*	*0*	*200,000*
Bracket 4 (500,001 - 750,000)	*0*	*0*	*250,000*
Bracket 5 (750,001 - 1,000,000)	*0*	*0*	*250,000*
Bracket 6 (1,000,001 - 2,000,000)	*0*	*0*	*10,000*
Bracket 7 (2,000,001 - 4,000,000)	*0*	*0*	*0*
<u>Tax from:</u>			
Bracket 1 (0 - 150,000)	*0*	*0*	*0*
Bracket 2 (150,001 - 300,000)	*0*	*7,000*	*7,500*
Bracket 3 (300,001 - 500,000)	*0*	*0*	*20,000*
Bracket 4 (500,001 - 750,000)	*0*	*0*	*37,500*
Bracket 5 (750,001 - 1,000,000)	*0*	*0*	*50,000*
Bracket 6 (1,000,001 - 2,000,000)	*0*	*0*	*2,500*
Bracket 7 (2,000,001 - 4,000,000)	*0*	*0*	*0*
<u>Total Tax</u>	0	7,000	117,500

Tax Calculation: Examples of tax benefits

W/O Life Insurance	Case 1	Case 2	Case 3
	Income = 20,000 baht/month	Income = 40,000 baht/month	Income 100,000 baht/month
Assessible Income	240,000	480,000	1,200,000
Less Personal Expenses	60,000	60,000	60,000
Less Allowance(s)			
(a) Personal	30,000	30,000	30,000
(b) Life insurances			
Net Income Before Tax	**150,000**	**390,000**	**1,110,000**
Total Tax	0	16,500	142,500

W Life Insurance	Case 1	Case 2	Case 3
	Income = 20,000 baht/month	Income = 40,000 baht/month	Income 100,000 baht/month
Assessible Income	240,000	480,000	1,200,000
Less Personal Expenses	60,000	60,000	60,000
Less Allowance(s)			
(a) Personal	30,000	30,000	30,000
(b) Life insurances	100,000	100,000	100,000
Net Income Before Tax	**50,000**	**290,000**	**1,010,000**
Total Tax	0	7,000	117,500
Tax Benefits	0	9,500	25,000

Example

SCB Best Saving 15/8

https://www.scblife.co.th/CustomerProduct/ProductDetail?productID=65&productGroupID=4&productSellerGroupID=5&productUserGroupID=1002

	i =	5.11%	
Year (end)	Payments	Discount Factor	PV
0	437,500.00	1.00	437,500.00
1	437,500.00	1.05	416,226.27
2	437,500.00	1.10	395,987.00
3	437,500.00	1.16	376,731.87
4	437,500.00	1.22	358,413.03
5	437,500.00	1.28	340,984.96
6	437,500.00	1.35	324,404.34
7	437,500.00	1.42	308,629.97
8		1.49	-
9		1.57	-
10		1.65	-
11		1.73	
12		1.82	
13		1.91	
14		2.01	
15		2.11	
15		2.11	
Total	3,500,000.00		2,958,877.44

	Sum insured	*500,000.00*		
Year (end)	Returns	Tax Benefits	Discount Factor	PV
0	-	25,000.00	1.00	25,000.00
1	50,000.00	25,000.00	1.05	71,353.08
2	50,000.00	25,000.00	1.10	67,883.49
3	50,000.00	25,000.00	1.16	64,582.61
4	50,000.00	25,000.00	1.22	61,442.23
5	50,000.00	25,000.00	1.28	58,454.56
6	75,000.00	25,000.00	1.35	74,149.56
7	75,000.00	25,000.00	1.42	70,543.99
8	75,000.00		1.49	50,335.31
9	75,000.00		1.57	47,887.72
10	75,000.00		1.65	45,559.15
11	100,000.00		1.73	57,791.74
12	100,000.00		1.82	54,981.58
13	100,000.00		1.91	52,308.06
14	100,000.00		2.01	49,764.55
15	100,000.00		2.11	47,344.71
15	4,350,000.00		2.11	2,059,495.10
Total	5,475,000.00			2,958,877.44

Other factors

- http://www.moneychoice.org/basic-life-insurance-plan-guide/

Report Content

- Specify the buyer: Salary, age, other demographic factors
- Details of the insurance program
- IRR of the program
- Other factors to consider

Report

- 5 pages with complete data
- Electronic file submitted to s.pawin@gmail.com
- Presentation file (in pptx or pdf) submitted to s.pawin@gmail.com