

FEATURE ARTICLE

Balancing wealth growth with ethical standards through investment-linked Takaful

In today's world, where sustainability is gaining prominence, many people are seeking ways to grow their wealth while adhering to ethical values. For those looking for a Shariah-compliant solution, investment-linked Takaful offers a unique opportunity, blending financial protection, wealth accumulation and ethical investing. It provides a means to secure long-term financial security without compromising on values.

Why choose investment-linked Takaful?

Takaful is rooted in Islamic finance and operates on principles of mutual assistance, responsibility and cooperation. Unlike conventional insurance, Takaful is a shared system where participants contribute to a common fund that supports members in

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times of need.

Investment-linked Takaful not only offers protection but also enables wealth growth in a Shariah-compliant manner. Investments within these plans are carefully managed to avoid activities prohibited by Islamic law, such as interest (riba), gambling (maisir) and speculative trading (gharar). This allows participants to grow their wealth while staying true to their beliefs.

Core benefits of Takaful

One of the standout features

of Takaful is its comprehensive coverage. It caters to various needs, ranging from personal takaful cover and medical benefits to critical illness coverage, ensuring families and dependents remain financially secure during times of uncertainty. Whether it's managing medical expenses, securing a family's future after the loss of a breadwinner, or providing financial support during serious health challenges, Takaful offers invaluable peace of mind.

Who should consider investment-linked Takaful?

Takaful plans are well-suited for a broad range of individuals, including:

- **Families** seeking to ensure lasting financial security for their loved ones.
- **Young professionals** at the beginning of their financial

journey, who can benefit from both protection and wealth accumulation.

- **Ethical investors** looking for

Shariah-compliant investment options to achieve their financial objectives while aligning with their values.

How investing in Takaful works

Investment-linked Takaful plans provide a flexible and accessible avenue to build both protection and wealth, without requiring large initial sums. Participants have the option to make contributions on a monthly, quarterly, or annual basis, allowing them to manage their financial commitments according to their individual circumstances. These contributions are typically divided into two essential components:

1. Investment Component: A portion of the contribution is directed toward Shariah-compliant investments. Keeping funds invested for a longer period generally leads to greater potential returns, as the value of the investment has more time to grow.

2. Tabarru' Fund: Contributions made to the tabarru' fund are pooled together to provide financial support to participants in need, such as in cases of medical emergencies or critical illness diagnoses. The tabarru' fund is exclusively used to cover claims and cannot be withdrawn by participants, as it serves the collective purpose of mutual assistance.

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