

Q: 23 – Title: I have a policy for the duration of 10 years, a montly debit order is put into this policy...my question is concerning zakaat on this amount, will i have to pay yearly on what ever that amount is at the time when zakaat is due or can i pay after the 10 years are up?

Question

I have a policy for the duration of 10 years, a montly debit order is put into this policy, only after 10 years i will be able to access this money, my question is concerning zakaat on this amount, will i have to pay yearly on what ever that amount is at the time when zakaat is due or can i pay after the 10 years are up, and if it is permitted to wait after 10 years then should i only pay 2.5% on the full amount?

Answer

In the name of Allah, Most Gracious, Most Merciful

Assalaamu `alaykum waRahmatullahi Wabarakatoh

You have not supplied any details regarding the type of policy in question.

We will assume it to be a normal conventional insurance/retirement policy.

Firstly, it should be borne in mind that taking out such a policy is forbidden in Shari'ah.

Secondly, the return from such a policy is completely impermissible and will have to be given to the poor without intention of reward.

Thirdly, all that one is entitled to, is his premiums. When he is paid out, he can keep the total amount he contributed in premiums.

Fourthly, as the only amount that really belongs to him is the amount he contributed as premiums, every year he will have to calculate the total amount in premiums paid thus far and add that amount to his Zakatable assets. It would be treated similar to money kept in a bank account. The money put in belongs to him and is zakatable, while the interest does not rightfully belong to him and is not zakatable.

If the policy in question is different from what we have assumed it to be, then the answer could be different.

And Allah knows best

Wassalam

Mufti Husain Kadodia

Checked and Approved by:

**Mufti Ebrahim Desai
Darul Iftaa, Madrassah In'aamiyyah**

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