



# Power to People

IndiaFirst Employee Benefit Plan

A Joint Venture of



## Before You Start Reading

### Important Note

IndiaFirst Employee Benefits Plan is referred to as the Plan throughout the brochure.

### How will this brochure help you?

This brochure gives you details of how the Plan works throughout its lifetime. It's an important document to refer to.

### To help your understanding

We've done our best to explain everything as simply as possible; however you're likely to come across some terms you're unfamiliar with. Wherever possible, we've explained these.

We have used plain language that's easy to understand and believe this brochure is a good place to start when considering an investment.

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## Introduction

### Power to People

Organizations work with and exist only because of their employees. No matter what your area of work, the value that individual employees bring to your organization cannot be underestimated.

Our IndiaFirst Employee Benefits Plan helps you to invest the funds set aside to cover your employee liabilities such as Gratuity and Leave Encashment into market linked investments. This plan offers a life cover for all your employees, securing their families against uncertainties of life.

With IndiaFirst Employee Benefit Plan, you can now ensure that your employees receive the benefits they deserve.

## Executive Summary

### Key Features -

#### You, the Master Policyholder

- You can now manage your future employee liabilities such as Gratuity and Leave Encashment through a transparent and value for money plan
- The plan offers a life cover for of ₹ 1,000 to all your employees
- You may optimize your investment returns by choosing between four funds across asset classes
- Additionally under,

#### Gratuity

- You may choose to cover the future service gratuity benefit of all your employees
- Your contribution is a deductible business expense<sup>1</sup>
- Gratuity benefits are tax free up to ₹10,00,000 in the hands of the employee
- Any death benefit under the group insurance is tax exempt under Section 10 (10D) of the Income Tax Act, 1961

## Leave Encashment

- You may choose to cover the leave encashment liability of all your employees
- You may provide a perfect balance between a life cover for all your employees and best in class investment of Leave Encashment liability contributions

## Risks Factors

- The premium/contribution paid in unit linked life insurance plans are subject to investment risks associated with capital markets and are not guaranteed
- The value of the units may go up or down based on the performance of the fund
- Factors influencing the capital market also affect the value. Hence, you are responsible for all your decisions
- The past performance of funds does not necessarily indicate the future performance of any of the funds provided under this plan
- IndiaFirst Employee Benefits Plan does not participate in the profits made by the company
- Payment of Gratuity liability other than life cover benefit will be limited to the fund value
- Tax benefits are subject to changes in tax laws

## 1. What is IndiaFirst Employee Benefits Plan?

IndiaFirst Employee Benefits Plan is a unit linked non participating group plan that helps you provide for all your liability payments such as Gratuity and Leave Encashment. This plan offers an inbuilt life cover to your employees.

## 2. How does Gratuity work?

- You, the master policyholder, make annual contributions based on the employee's salary, for each completed year of service of the employee towards gratuity. On the exit of the employee,

<sup>1</sup>Please consult your tax advisor for details.

he is paid his due from the fund of the scheme, accumulated from the contribution by the employer

- Gratuity is payable if the employee retires or exits from service due to any cause. It is also payable on death in service due to any cause
- As per Gratuity Act, 1972, the gratuity payable to an employee is 15 days wages (basic plus dearness allowance) for every year that he/she completes or part of a year in excess of 6 months. This is subject to a maximum of ₹ 10 lakh. This is a mandatory benefit payable to the employee after five years of service or on the employee's demise at any point in time
- However, the Gratuity Act allows you the flexibility to pay the gratuity benefit before completion of 5 years of service of the employee and in excess of the maximum limit set under the Act

### 3. How does Leave Encashment work?

- You may choose to offer your employee leave encashment benefits as an acknowledgement of his/her loyalty
- Leave encashment is the amount payable for the employee's leave period, depending upon the leaves to his credit and his salary at the time of termination of employment. This amount may be paid to the employee (or dependent) on retirement, death or disability
- You, the master policyholder, make annual contributions on behalf of your employees. On the exit of the employee, he is paid his due from the fund of the scheme, accumulated from the contribution by you

### 4. Who can be a part of this plan?

This plan includes the 'Master Policyholder' and the 'Member'.

### Who is the Master Policyholder?

- Master Policyholder is the organization that provides a life cover to all its employees while investing its funds set aside to cover its employee liabilities such as Gratuity and Leave Encashment into market linked investments, through this plan. In case a Trust is formed under the Income Tax Act 1961, the trustees appointed by the employer act as the Master Policyholder
- The Master Policyholder holds and operates the Master Policy

### Who is the Member?

The Member is an employee of the organization. The member is the Life Assured under this plan. The insurance cover is on the member's life.

The age limits for a member are -

Age	At entry	At normal exit
Minimum	18 years	-
Maximum	One day before the retirement age of the employee	Retirement age of the employee

### What is the group size to whom the cover can be offered?

Minimum Group Size	10 members
Maximum Group Size	No limit

### 5. Who pays the contribution under this plan?

You, the employer, make the contribution on behalf of your members.

### What is the minimum and maximum contribution under this plan?

Minimum initial contribution	₹ 1,00,000
Minimum annual contribution	No limit
Maximum contribution	No limit
Maximum size of the fund	No limit

## What happens on discontinuance of contribution?

If the Master Policyholder does not pay non zero the Renewal Contribution as required under AS - 15 on due date the life cover will stop immediately. No mortality charge will be deducted from the fund. However, fund management charge will continue to be deducted. Master policyholder will have an option to continue the life cover till the end of the reinstatement period and the mortality charges as well as fund management charges will continue to be deducted as and when due. The Account shall continue until the Fund Value is sufficient to deduct charges or till the fund value reaches zero whichever is earlier.

However the master policyholder may re-start paying Renewal Contribution within a reinstatement period of 5 years from the date of last unpaid Renewal Contribution provided the Plan is not foreclosed due to the Fund Value falling to zero or not sufficient to deduct charges.

In case master policyholder does not re-start paying Renewal Contribution within a reinstatement period, the policy will be terminated by paying the fund value at the end of the reinstatement period.

Please note that where the fund is at surplus, the insurer may allow "nil contributions/premiums" under the insurance contracts based on the actuary's certificate in accordance with AS15 (revised) and such contracts shall not be treated as discontinued contracts. Otherwise, the contracts shall be treated as discontinued contracts.

## 6. How is the sum assured calculated?

This plan will have a mandatory inbuilt life cover of ₹1000 for the members as additional death benefit.

The Master policyholder can avail for higher cover for their members by option for IndiaFirst Group Term Plan (UNI:143N006V01).

## 7. What happens when the benefits fall due?

The benefits will be paid to you, the master policyholder, as per the scheme rules on exit of the member from the scheme. You can accordingly pass the same to your member(s).

Retirement Benefit (separation from the scheme by retirement)	The accrued gratuity or accrued leave encashment benefit as per the scheme rules of the employer
Benefit payable on Resignation/ Early Termination from service	The accrued gratuity or accrued leave encashment benefit as per the scheme rules of the employer

## 8. What happens in case of the member's demise?

We will pay the nominee a lump sum amount through you, the master policyholder in the unfortunate event of the member's demise. This amount is calculated as below -

Death Benefit	In case of death in service, the accrued gratuity or accrued leave encashment benefit as per the scheme rules of the employer is paid
Additional Death Benefit	This is equal to the sum assured of ₹1000 for each member

## 9. What are the tax benefits under this plan?

Currently you and your employee are eligible for the below mentioned tax benefits. These are subject to change from time to time. However, you are advised to consult your tax consultant.

### Gratuity

Some employers do not create any fund for Gratuity. They simply create a provision for Gratuity in their accounts. Such provisions do not earn any Income Tax relief. Only Gratuity paid to the employee is eligible for tax deduction.

On the other hand, if you create a fund for Gratuity, there will be a number of tax benefits available, such as -

- Annual contribution towards gratuity will be treated as a business expense
- Initial contribution towards past service gratuity will earn income tax relief
- The income of an approved gratuity fund is exempt under Section 10(25) (iv)
- Gratuity payable to an employee is taxed as part of the employee's salary income under Section 17 (i) (iii). However, Gratuity is tax free up to half months (15/26) average salary (of last 10 months) for each year of service, subject to a maximum of Rs. 10,00,000 under Section 10(10)
- All claims paid out from bundled life cover are eligible for tax deductions under Section 10 (10D)

For the Gratuity fund to be approved by the Income Tax Commissioner,

- It is necessary to set up an irrevocable Trust
- The Gratuity trust can invest its funds by making a contribution under a Group Gratuity Scheme of an insurer

### Leave Encashment

- The cash equivalent of the leave encashment benefit as and when paid by the employer is deductible from the income under Section 43B (f) of the Income Tax Act
- Benefit received by the employee at the time of retirement gets tax relief as per section 10(10AA) of the Income Tax Act subject to maximum of ten months leave

### 10.What are the different fund options available?

We provide you with four fund options. You may choose what percentage of contribution you as the master policyholder would like to allocate to each of these funds.

Fund Name	What does the fund do?	Asset Allocation			Risk Profile
		Equity	Debt	Money market	
Equity Advantage Fund	Provides you high real rate of return in the long term by investing more in equity investments. There is a high probability though, of negative returns in the short term.	80% to 100%	0%	0% to 20%	High
Bond Fund	Provides you investment returns that exceed the rate of inflation in the long term. There is a low probability of negative returns in the short term.	0%	70% to 100%	0% to 30%	Moderate
Cash Fund	Provides steady investment returns achieved through high investment in money market securities. There is a low probability of negative returns in the short term.	0%	0% to 20 %	80% to 100%	Low
Enhanced Index Fund	Provides you with a long term appreciation by investing in equity investments. We will try to track the S&P CNX Nifty Index returns by investing a significant portion of the fund in the securities of S&P CNX Nifty Index in a similar proportion/weightage as the Index. There is a high probability though, of negative returns in the short term.	90% to 100%	0%	0% to 10%	High

## 11. How do you move from one fund to another?

As a master policyholder, you will have the flexibility to alter the allocation of your investments among the funds offered in order to suit your changing investment needs anytime during the plan term. You may do so, either by switching or by redirecting your future contributions.

### What is switching?

Switching is the option under which you can move some or all the units from one unit linked fund to another.

### Are there any limits for switching?

Minimum Switching Amount	₹ 10,000
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### What are the charges for switching between funds?

You can switch between funds at any time. There is no limit to the number of switches. The switches can be made free of charge.

### What is contribution redirection?

Under contribution redirection, you, the master policyholder can redirect your future investments towards a different fund or set of funds. However, under the contribution redirection option your past allocation of contribution does not change.

## 12. What are the charges under this Plan?

There will be no Allocation Charge, Policy Administration charge, switching charge or contribution redirection charge under the IndiaFirst Employee Benefits Plan.

The mortality charges will depend on the attained age of the member. The mortality charges per annum under this plan per ₹ 1,000 sum at risk are given in Annexure A.

The Fund management charge varies depending upon the type of fund and fund size at any time up to

the end of scheme tenure as mentioned in the table below.

However, we will declare one unit price for each fund based on FMC for the fund used to calculate published unit price for the fund. In case of fund management charge for a fund for a particular scheme is lower than the FMC for that fund used to calculate published unit price for the fund the difference in FMC on daily basis will be equal to

{Fund Value\*[(annual FMC for the fund used to calculate published unit price for the fund - actual annual FMC for the fund)/365.25]}

The above difference in FMC will be calculated on daily basis and the total amount for a calendar month will be converted into units and credited to the fund at the end of every calendar month.

For example: Fund size of ₹ 8 crore which is between ₹ 5 crore and less than ₹ 10 crore.

Fund Name	FMC used to calculate published unit price	Actual FMC	Fund value split in unit Crore	Difference in FMC amount on daily basis in unit Rupees	Assumed published unit price at the end of month	Number of unit credited to the fund at the end of month assuming that there will be same difference in FMC on daily basis
Equity Advantage Fund	1.35%	1.25%	2	54.76 <sup>^</sup>	12	136.8925
Enhanced Index Fund	1.35%	1.25%	2	54.76	11	149.3373
Bond Fund	0.75%	0.70%	2	27.38	10.5	78.2243
Cash Fund	0.35%	0.30%	2	27.38	10	82.1355

<sup>^</sup> Note:  $54.76 = 20000000 * ((1.35\% - 1.25\%) / 365.25)$

Fund Name	Annual Rate for a Scheme with Fund Size					
	< 5 crore	Between 5 and less than 10 crore	Between 10 and less than 25 crore	Between 25 and less than 100 crore	Between 100 and less than 200 crore	200 crore and above
Equity Advantage Fund	1.35%	1.25%	1.00%	0.90%	0.80%	0.75%
Enhanced Index Fund	1.35%	1.25%	1.00%	0.90%	0.80%	0.75%
Bond Fund	0.75%	0.70%	0.60%	0.55%	0.50%	0.50%
Cash Fund	0.35%	0.30%	0.30%	0.25%	0.25%	0.25%

There are Surrender Charges that may be applicable on your plan if you choose to utilize the Surrender option available -

**Surrender charge:**

These will apply on the Fund Value at the time of surrender/discontinuance.. The table below gives the surrender charge.

Month of surrender	Surrender Charge as percentage of fund value subject to maximum of ₹ 500,000
Up to 12	0.05%
13 - 24	0.05%
25 - 36	0.05%
37 - 48	0.00%
49 - 60	0.00%
61st month onwards	Nil

### Is service tax applicable? If yes, who bears it?

The service tax will be borne by the master policyholder. It will be charged on the mortality charge and fund management charge.

### 13. How do we value units in your plan?

We will value your units in line with the unit linked guidelines issued by the IRDA.

The value of your units for a particular fund depends on whether we are purchasing (appropriation price) or selling (expropriation price) assets under the same fund. We need to purchase and sell units in order to meet the day-to-day transactions of unit allocations and unit redemptions. We will need to sell/purchase the assets if unit redemptions/allocations go beyond unit allocations/redemptions at the valuation date.

### What is appropriation price and how is it calculated?

Whenever units are purchased it's called Appropriation Price. In simple terms it is calculated as -

Market value of assets held by your fund

- Add: i. Expenses gone into purchasing those assets  
 ii. Value of any current assets  
 iii. Any accrued income earned excluding the Fund Management Charges

Less: i. Value of your fund's current liabilities and provisions, if any

This gives us the Appropriation Net Asset Value of the fund. When divided by the total number of units in the fund at the valuation date (before any new units are allocated) we get the unit price of the fund.

### What is expropriation price and how is it calculated?

Whenever units are sold it is called Expropriation Price. In simple terms it is calculated as -

Market value of assets held by your fund

- Add: i. Value of any current assets  
 ii. Any earned income net of Fund Management Charges

Less: i. Expenses gone into in the sale of the assets

- ii. Value of any current liabilities and provisions, if any

This gives us the Expropriation Net Asset Value of the fund. When divided by the total number of units in the fund at the valuation date (before any units are redeemed), we get the unit price of the fund under consideration.

### 14. Allocation of contributions to units

#### When and how does your contribution get allocated to units in your plan?

The allotment of units to you, the master policyholder will be done only after we receive the contribution amount. The contribution allocation to the units varies according to the following situations -

New Business	We will allocate new units on the day we receive contributions if we receive these before 3:00 p.m. They are allocated the next day if we receive them after 3:00 p.m.
Renewal Contributions	We will allocate new units on the day we receive contribution if we receive these before 3:00 p.m. They are allocated the next day if we receive them after 3:00 p.m. However, we will keep the renewal contributions received before the due date in the deposit account. It will not earn any returns until the renewal contribution due date. On the due date, we will use the same for unit funds.

### 15. How do we value your units at the time of renewals and redemptions of your contributions?

We will value your units in line with the unit linked guidelines issued by the IRDA.

For Renewal Contributions/Funds Switch received till 3:00 p.m.	We will apply the closing unit price of the day on which your renewal contribution/funds switch request is received. This can happen only if we receive the local cheque or a demand draft payable at par at the place where the premium is received or the request for switch by 3:00 p.m.
For Renewal Contributions/Funds Switch received after 3:00 p.m.	We will apply the closing unit price of the next business day if we receive your renewal contributions/funds switch request after 3:00 p.m. and if the renewal premium is paid by a local cheque or a demand draft payable at par at the place where the contribution is received.
For Outstation Cheques/Demand drafts	We will apply the closing unit price of the day on which the cheque/demand draft is realised, if the cheque you issue for contribution renewal is an outstation cheque/demand draft

### 16. Broad risks associated with your plan

#### Is your plan prone to risks? If yes, who bears the risk?

Yes your plan does carry risks.

- The premiums paid in unit linked plans are subject to investment risks associated with capital markets. The NAVs of the units may go up or down based on the performance of the fund. Other factors influencing the capital market also affect the NAV. Hence you, as the master policyholder are responsible for all your decisions
- IndiaFirst Life Insurance Company Limited is the name of our insurance company. IndiaFirst Employee Benefits Plan is only the name of our plan and does not in any way indicate the quality of the plan, its future prospects or returns

#### Do you get guaranteed returns from any of the funds mentioned in your plan?

- No. None of our funds (Equity Advantage Fund, Bond Fund, Cash Fund, and Enhanced Index Fund) offer a guaranteed or assured return
- Equity Advantage Fund, Bond Fund, Cash Fund, and Enhanced Index Fund are the names of the funds offered currently with IndiaFirst Employee Benefits Plan. They do not indicate the quality of the respective funds, their future prospects or returns, in any manner

#### Does the past performance of your plan guarantee future performance as well?

The past performance of our other funds does not necessarily indicate the future performance of any of these funds.

### 17. What happens in case the life assured commits suicide?

There is no suicide clause applicable under this product.

## 18. You are prohibited from accepting rebate in any form

### Prohibition of Rebate: Section 41 of the Insurance Act, 1938 states

- No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer
- Any person making default in complying with the provisions of this section shall be punishable with a fine which may extend to five hundred rupees

## 19. What happens in case of submission of information which is false or incorrect?

### Indisputability Clause: Section 45 of the Insurance Act, 1938 states

- No policy of Life Insurance shall, after the expiry of two years from the date on which it was effected, be called in question by an Insurer on the ground that a statement made in the proposal for insurance or any report of a medical officer or referee or friend of the Insurer or in any other document leading to the issue of the Policy, was inaccurate or false, unless the insurer shows such statement was on material matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policyholder and that the policyholder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose. Provided that nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be

deemed to be called in question merely because the terms and conditions of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal

## 20. About IndiaFirst Life Insurance

IndiaFirst Life Insurance Company is a joint venture between Bank of Baroda, Andhra Bank and Legal and General (UK).

Bank of Baroda is one of the largest public sector bank in the country with an enviable network of over 3050 branches that spreads across the geography of India and over 70 branches across 22 countries globally! This behemoth financial institution is over 100 years old and has been built on financial prudence, corporate governance and most importantly – the trust of valuable customers like you.

Andhra Bank has been serving the Indian customer for over 85 years and currently has a network of over 1557 branches. The bank has developed best in class deposit and lending schemes for its valued customers.

Both the banks are nationalized and provide best in class products and services to every Indian citizen.

Legal & General is one of UK's leading financial institutions with a heritage of over 150 years. It provides life assurance, pensions, investments and general insurance plans to over 5.5 million customers across UK. It brings rich fund management and insurance experience to India.

Annexure:

Mortality charge per ₹ 1,000 Sum Assured:

Age Last birthday	Mortality charge	Age Last birthday	Mortality charge
18	0.94	39	1.96
19	0.98	40	2.15
20	1.02	41	2.34
21	1.05	42	2.51
22	1.08	43	2.72
23	1.11	44	2.98
24	1.13	45	3.28
25	1.14	46	3.63
26	1.16	47	4.03
27	1.17	48	4.49
28	1.17	49	4.99
29	1.17	50	5.54
30	1.18	51	6.14
31	1.19	52	6.78
32	1.23	53	7.48
33	1.28	54	8.23
34	1.35	55	9.03
35	1.44	56	9.87
36	1.54	57	10.66
37	1.66	58	11.49
38	1.80		

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**Disclaimer:** Unit linked life insurance products are different from the traditional insurance products and are subject to risk factors. Premiums paid in unit linked life insurance policies are subject to investment risks associated with capital markets and NAVs of the units may go up or down, based on the performance of fund and factors influencing the capital market and the master policyholder is responsible for its decisions.

IndiaFirst Life Insurance Company Limited is only name of the Insurance Company and IndiaFirst Employee Benefits Plan is only the name of the unit linked life insurance contract and does not in any way indicate the quality of the contract, its future prospects, or returns. The various funds offered under this contract are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns. Please know the associated risks and the applicable charges from your Insurance Agent or the Intermediary or the company officials.

Insurance is the subject matter of the solicitation

Product UIN: 143L013V01

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