

A Small Step by You... A Secure Future for Your Members

IndiaFirst Retirement Benefit Plan for Gratuity



Disclaimer: *Interest Rates are not guaranteed and may vary from year to year depending upon the performance of the fund.

Please read to the product brochure for further information.

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Insurance is the subject matter of Solicitation

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Registration No << 143>>

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Advt Ref. No. : SL00G

A small step by you... A secure future for your members

We know that your members are your most important assets. Organizations work with and exist only because of their members. No matter what your area of work, the value that individual members bring to your organization cannot be underestimated.

While being an important part of your organization, your members are also an essential part of their family. It hence becomes your responsibility to ensure basic financial security for them.

Our IndiaFirst Retirement Benefit Plan helps you to invest the funds set aside towards your member's benefits such as Gratuity.

With the IndiaFirst Retirement Benefit Plan, you can now ensure that your members receive the right benefits for all their hard work.

1. What is IndiaFirst Retirement Benefit Plan?

IndiaFirst Retirement Benefit Plan is a non linked, non participating group plan. Under this plan you, the master policyholder can invest your funds kept aside towards your member's benefits such as Gratuity in a controlled fund. This will not only help you to secure your member's benefits but also earn returns by providing security and stability on the Gratuity contribution.

Key Features

You, the Master Policyholder

- You may now manage your member's benefits through a transparent and value for money plan.
- You may choose to cover the gratuity benefit of all your members.
- Your contribution is a deductible business expense
- Gratuity benefits are tax free up to ₹ 10,00,000 in the hands of your members.

- Any death benefit under the group insurance is tax exempt under section 10 (10D) of the Income Tax Act, 1961.

2. 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 you, the organization who sets aside a fund for your members in order to cover your member's benefits such as Gratuity.
- The benefits payable under this plan are governed by the scheme rules. This specifies the amount and time of the benefit payment to your member(s). The amount and time of the benefit may vary. Under the Income Tax Act 1961, the trustees appointed by you may 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/ organized group. 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	As per scheme rules	Retirement age of the member or as per the scheme rules

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

Minimum Group Size	10 members
Maximum Group Size	No limit

3. Who pays the contribution under this plan?

You, the master policyholder, make the contribution on behalf of your members.

4. What is the minimum and maximum contribution under this plan?

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

5. How does Gratuity work?

- You, the master policyholder, make regular contributions as per scheme rules. This depends on your member's salary, for each completed year of service. On leaving the organization, the member is paid a lump sum amount as per the scheme rules, accumulated from the contribution by you.

- Gratuity is payable if the member retires or leaves the organization due to any reason. It is also payable on death in service due to any cause.
- As per Gratuity Act, 1972, the gratuity payable to a member 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 member after five years of service or on demise of the member at any point in time.
- However, the Gratuity Act allows you the flexibility to pay the gratuity benefit before completion of five years of service of the member and in excess of the maximum limit set under the Act.

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

- This plan has a life cover of ₹ 1000 for the members as additional death benefit under gratuity schemes. The additional death cover ceases immediately on a member leaving a scheme.
- In case of the member's unfortunate demise, you, the master policyholder may withdraw from the fund value to pay to the nominee.
- In case of death in service, the benefit payable is the accrued gratuity benefit as per scheme rules and the payout of the additional life cover.

7. What happens when the benefit falls due?

Retirement Benefit (separation from the scheme by retirement)	The accrued gratuity benefit as per the scheme rules of the master policyholder.
Benefit Payable on resignation/ early termination from the service	The accrued gratuity benefit as per scheme rules of the master policyholder.

8. What are the tax benefits under this plan?

Currently you and your members 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

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, if any, gratuity will earn income tax relief.
- The income of an approved gratuity fund is exempt under Section 10(25) (iv).
- Gratuity payable to a member is taxed as part of the member's salary income under Section 17 (1) (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 ₹ 10,00,000 under Section 10(10).
- All claims paid out as additional life cover are eligible for tax deductions under Section 10(10)D.

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

- It is necessary to set up an irrevocable trust who will be the Master Policyholder.
- The Gratuity trust can invest its funds by making a contribution under a Group Gratuity Scheme of an insurer.

9. 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.