

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

IndiaFirst Retirement Benefit Plan

A Joint Venture of



Before you start reading

Important note

IndiaFirst Retirement Benefit 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. Where possible, we've explained these where they are used.

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

Contents

	Pg. No.
Introduction.....	02
Executive summary	02
1. About your Plan.....	02
2. Working of Gratuity under the Plan.....	03
3. Working of Leave Encashment under the Plan	03
4. Working of Superannuation under the Plan.....	03
5. Parties Involved in the Plan.....	04
6. Contribution	04
7. Benefit	05
8. Member's Demise	05
9. Tax Benefits.....	05
10. Charges under the Plan.....	06
11. Suicide Committed by the Life Assured.....	07
12. Prohibition from Accepting Rebate in any form.....	07
13. Submission of False or Incorrect Information.....	07
14. About IndiaFirst Life Insurance	07

Introduction

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 retirement benefits such as Gratuity, Superannuation and Leave Encashment.

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

Executive summary

Key Features

You, the Master Policyholder

- You may now manage your member's retirement liabilities through a transparent and value for money plan.
- Additionally under,
 - **Gratuity**
 - 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 the member.
 - Any death benefit under group insurance is tax exempt under Section 10 (10D) of the Income Tax Act 1961. You have to form a trust to get the tax rebate.

- **Leave Encashment**

- You may choose to cover the leave encashment liability of all your members.

- **Pension**

- You may choose to cover the future service retirement benefit of all your members.
- You may choose to pay the entire contribution on behalf of your members, or it can be paid by both you and your member as defined in the scheme rules.
- Your contribution is a deductible business expense in term of Section 36(1) (iv) of the Income Tax Act.
- Any income received from the master policyholder on behalf of a Superannuation Fund is exempt from tax under Section 10 (25) (iii).
- You have to form a trust to get the tax rebate.

Risk Factors

- The interest rate may vary from time to time.
- Tax benefits are subject to changes in tax laws.

1. What is the IndiaFirst Retirement Benefit Plan?

IndiaFirst Retirement Benefit Plan is a non linked, non participating group retirement benefit plan. Under this plan you, the master policyholder can invest your funds kept aside towards your member's retirement benefits or member liabilities in a controlled fund that will help you -

- Secure your member benefits.
- Earn returns by providing security and stability on the Gratuity / Superannuation / Leave Encashment contribution and also individual accounts for Pension benefit as per the scheme rules.

You, the Master policyholder has the option to choose any scheme eg. Gratuity, Pension, Leave Encashment, under this product and separate policy will be issued for each scheme.

2. How does Gratuity work?

- You, the master policyholder, make regular contributions according to the actuary's certificate as per AS 15 (revised). This depends on the 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 the employer.
- 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 ₹ 10,00,000. 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.

3. How does Leave Encashment work?

- You may choose to offer your members leave encashment benefits as an acknowledgement of their loyalty.
- Leave encashment is the amount payable for the member's leave period, depending upon his/ her balance leave and salary at the time of leaving the employment. This amount may be paid to the member (or dependent) on retirement or death or separation from the company.

- You, the master policyholder, make annual contributions as calculated by actuarial valuations or scheme rules on behalf of your members. On leaving the organization, the member is paid his due from the scheme fund, accumulated from the contribution by you.

4. How does Superannuation work?

- You may choose to pay the entire contribution on behalf of your members, or it can be paid by both you and your member as defined by the scheme rules.
- The scheme provides for the contribution either from you, the Master policyholder who will define the benefits in the scheme (Defined Benefit) or from both you and your member(s) (Defined Contribution).
 - **Defined Benefit Pension Scheme:** The benefits to the members are defined by the scheme rules. Benefits will be paid from the scheme account as per the scheme rules subject to availability of funds in the scheme account.
 - **Defined Contribution Pension Scheme:** The contribution in respect of each member is fixed as per the scheme rules. An individual account will be maintained for each member of the group (member).
- In case of the member's unfortunate demise, you, the master policyholder(s) may pay a lump sum amount to the nominee or beneficiary.
- In order to secure the Pension benefit in case of resignation/early termination, you the master policyholder or the member can withdraw the required amount for the member to purchase immediate annuity or transfer the amount to another superannuation scheme which the member would join after resignation / early termination. The immediate annuity can be purchased either from IndiaFirst Life Insurance Co. Ltd., the same insurer or another approved insurer registered with IRDA.

5. 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 who, the organization who sets aside a fund for your member's in order to cover your member's retirement benefits such as Gratuity and Superannuation and member liability such as Leave Encashment.
- 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 the employer may act as the Master Policyholder.
- The Master Policyholder holds and operates the Master Policy.

Who is the Member?

The Member is an member of the organization or a part of an organized group. The member is the life assured under this plan. The benefits are payable 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	50 members except in-case of approved Gratuity and Pension scheme, the minimum group size is 10
Maximum Group Size	No limit

6. Who pays the contribution under this plan?

You, the master policyholder will make the contribution on behalf of your members in case of Gratuity / Pension / Leave Encashment. Your members can also contribute along with you under Defined Contributory Pension.

Life cover premium, if any, shall be paid by annual mode. The life cover premium rate is explicit and would be collected separately every year. Life cover premium rate is given in Annexure.

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 life cover premium is not paid by the master policyholder during any policy year, then life cover benefit ceases immediately but the scheme account continues. Master policyholder may revive the life cover benefit within a period of five years subject to underwriting if necessary. If the master policyholder does not revive the life cover within the revival period then policy terminates after paying the scheme account value subject to market value adjustment if any.

However you, the master policyholder may re-start paying renewal contribution as you want to pay, within this period to continue the benefits of the plan.

If you, the master policyholder wish to discontinue/end the plan, you may surrender the plan at any time. In case of transfer of fund from another insurance company, the company shall bear any surrender penalty up to 2.5%p.a. of the amount transferred. In such case the year on year investment return will be

reduced by 0.5% as compared with other schemes of similar fund size till the whole amount of surrender penalty borne by the company is recovered. In case of surrender before full recovery of the surrender penalty borne by the company, the balance amount will be recovered from the surrender value.

7. What happens when the benefit falls due?

The benefits will be paid to you, the master policyholder, as per the scheme rules on the exit of the member from the scheme or can be directly paid to the members subject to prior authorization from you.

Retirement Benefit (separation from the scheme by retirement)	The accrued gratuity or leave encashment benefit as per the scheme rules of the employer. The lump sum amount towards the Pension benefit will be payable as per the scheme rules of the master policyholder
Benefit Payable on resignation/ early termination from the service	The accrued gratuity or accrued leave encashment benefit as per scheme rules of the employer. The lump sum amount for Pension benefit will be payable as per scheme rules of the master policyholder

Benefits under Pension

- One third of the amount received under both the options can be withdrawn if the scheme rules allow. Balance of the amount can be utilized to buy annuity from us or from any other insurer registered with the IRDA.

- On resignation or on termination of the service the member can-
 - Purchase an immediate annuity with the accrued benefit or Transfer the benefit to any other approved superannuation fund.

The annuity can be purchased from IndiaFirst Life Insurance Co. Ltd., the same insurer or another approved insurer registered with IRDA.

How will the interest rate be declared?

Interest rate will be declared annually depending on size of the fund. The interest once declared and credited in the scheme account will be guaranteed and the account value will increase accordingly.

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

This plan has a life cover of ₹ 1,000 for the members as additional death benefit under gratuity and leave encashment schemes. There will be an option to avail the additional death benefit under pension scheme. 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 or leave encashment benefit as per scheme rules of the employer and the payout of the mandatory or additional life cover, if any.

The Pension benefit payable on death in service is the individual account value or as per the scheme rules of the Group or organization and the payout of the additional life cover, if any.

9. What are the tax benefits under this plan?

Currently you and your member 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 member 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 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 from bundled life cover (IndiaFirst Group Term Plan) 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
- 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 member at the time of retirement gets tax relief as per section 10(10AA) of the Income Tax Act subject to maximum of 10 months leave.

Pension

For you, the Master Policyholder

- Initial contribution as well as annual contribution will be treated as a business expense under Section 36(1)(iv).
- Any income received by trustees, on behalf of Superannuation is exempted from tax under Section 10 (25)(iii).
- In case ordinary annual contribution does not exceed ₹ 1,00,000 per member per annum, no Fringe Benefit Tax is payable by the employer on the amount of contribution.

You, the master policyholder may offer the following benefits to your members -

- Any contribution made by the member(s) towards the Superannuation will be entitled for deduction under Section 80 (C).
- Any payment made by you, the master policyholder on the member's death or to the member in lieu of or in commutation of an annuity on or after retirement or on his separation from the group prior to such retirement or by way of refund of contribution on the member's death is exempted from tax under Section 10(13).
- Under Section 10(10A)(ii) of the Act, the admissible commuted value on retirement in the hands of the member is tax free.
- Annuity payments are chargeable to tax under Section 17(1)(ii).
- If a member commutes the annuity before retirement or on separation from the group then the commuted value will be taxable in his hands at an average rate of tax for the preceding three years at which the member was liable to pay tax on his income.

10. What are the charges under this plan?

There are no charges under the plan.

The account value will be subject to market value adjustment at the time of making surrender payment.

If at any point of time during a policy year, total amount of withdrawal from the account through retirement, death or any earlier exit for any reason whatsoever exceeds 10% of the remaining account value, then all future withdrawals during the policy year shall be treated as deemed surrender and market value adjustment shall apply.

There is a guaranteed surrender value under this plan which is 50% of the scheme account value.

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

The service tax will be borne by you, the master policyholder.

11. What happens in case the life assured commits suicide?

There is no suicide clause applicable under this product.

12. 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. Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub section if at the time of such acceptance the insurance agent satisfies the prescribed conditions

establishing that he is a bona fide insurance agent employed by 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.

13. 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 policy holder and that the policy holder 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 that the age of the life insured was incorrectly stated in the proposal.

14. 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.

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

Insurance is the subject matter of the solicitation

Product UIN No.: 143N016V01

Address of IndiaFirst Life Insurance Company Limited:

301, 'B' Wing, The Qube, Infinity Park, Dindoshi - Film City Road, Malad (East), Mumbai - 400 097.

Registered Address: C-26, Baroda Corporate Centre, N Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051.

Website: www.indiafirstlife.com

Registration No.: 143

Toll Free No.: 1800 209 8700

SMS <FIRST> to 56677, SMS charges apply.

Advt. Ref. No.: SB0018

