



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

IndiaFirst New Corporate Benefit Plan



Before you start reading

Important note

IndiaFirst New Corporate 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.

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 New Corporate Benefit Plan helps you to invest the funds set aside towards your member's retirement benefits such as Gratuity and Leave Encashment.

With the IndiaFirst New Corporate 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 liabilities through a transparent and value for money plan
- Enjoy a minimum guaranteed return of 0.5% per annum on your investment during the term of the plan.
- Enjoy reasonable returns and watch your investment grow as we declare bonus at the end of every year, if any over and above the minimum guaranteed return.
- Additionally under,
 - **Gratuity**
 - You may choose to cover the gratuity benefit of all your members as per scheme rules
 - 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

Risk Factors

- Bonus[#] may vary from time to time and on the size of the fund
- Tax* benefits are subject to changes in tax laws from time to time
- You have to form a trust to get the tax rebate

Note: We will manage your fund on behalf of your members. However you need to decide on how to utilize the fund available at the time of exit or retirement or death, in consultation with your members

1. What is the IndiaFirst New Corporate Benefit Plan?

IndiaFirst New Corporate Benefit Plan is a non linked, participating, yearly renewable group retirement benefit plan providing Gratuity and Leave Encashment benefit. 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 to-

- Secure your member benefits
- Earn returns by providing security and stability on the Gratuity/ Leave Encashment

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

The Policy also offers a minimum guaranteed return of 0.5% of the contribution paid on an annual basis. This will be guaranteed during the entire tenure of the Policy. However, any additional earnings will be shared through declaration of bonus[#] at the end of

each financial year after adding the guaranteed addition.

2. How does Gratuity work?

- You, the Master Policyholder, make regular contributions as per scheme rules and/or as per actuarial certificate. 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 Rs. 20,00,000. 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 per scheme rules and/or as per actuarial certificate 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. 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 and 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 a member of the organization or a part of an organized group. The member is the life assured under this Policy. 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 as on last birthday	-
Maximum	70 years as on last birthday	71 years as on last birthday

What is the minimum and maximum contribution under this plan?

Minimum Group Size	50 members except in case of approved Gratuity scheme, the minimum group size is 10
Maximum Group Size	No limit

5. Who pays the contribution under this plan?

You, the Master Policyholder will make the contribution on behalf of your members in case of Gratuity/ Leave Encashment.

Life cover premium will be deducted annually from the available account value. The life cover premium will be Re 1 per thousand per member per annum under this Policy.

What is the minimum and maximum contribution under this Policy?

Minimum Initial Contribution	₹ 50,000
Minimum Annual Contribution	No limit
Maximum Contribution	No limit
Maximum Size of the Fund	No limit

What happens on discontinuance of contribution?

Discontinuance of contribution can happen when the fund is overfunded or in surplus as per Actuary's certificate submitted by you in accordance with the AS15(Revised). In such cases, we will allow nil contributions/premiums under the plan and the plan shall not be treated as discontinued. Life cover premium shall be recovered on annual renewal date from the available account value to continue the cover. At any point of time if the fund value falls below life cover premium we will send a notice to you for payment of the contribution. In case you fail to contribute within 30 days from receipt of the notice then plan terminates.

Benefit Payable on Surrender

You can surrender the plan at any time during the year. Surrender value should be determined by applying market value reduction if any to the account value.

Market value reduction will be applicable for bulk exits and complete surrender. Bulk exits is the amount to be paid on total exits in any event exceeds 25% of the total fund of the scheme at the beginning of the financial year, such transactions shall be treated as Bulk Exits, where exits shall be as per scheme rules and exit shall mean exit of the member from the group.

6. 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 subject to availability of fund in the scheme account.

Retirement Benefit (separation from the scheme by retirement)	The accrued gratuity or leave encashment benefit as per the scheme rules.
Benefit Payable on resignation/ early termination from the service	The accrued gratuity or accrued leave encashment benefit as per scheme rules.
Benefit payable on Death	Lump sum amount towards the Gratuity/Leave Encashment benefit will be paid from the pooled account as per the scheme rules of the Master Policyholder along with in built life cover of ₹ 1000 per member

How will the Bonus be declared?

There is a minimum guaranteed return of 0.5% per annum. This is guaranteed during the entire tenure of the Policy. Any additional returns over and above the minimum guaranteed return will be declared at the end of the financial year after adding guaranteed assured returns depending on the size of the fund through bonus. Bonus once declared and credited in the scheme account will be guaranteed and the account value will increase accordingly.

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

This Policy has a life cover of Rs. 5000 for the members as death benefit under gratuity and leave encashment schemes. The life cover premium will be only Re 1 per 1000 per member per year, i.e. Rs. 5 per member.

In case of the member's unfortunate demise, you, the Master Policyholder may withdraw from the fund value to pay the Gratuity/Leave Encashment benefit as per scheme rules to the nominee/legal heirs/appointee.

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 life cover.

8. What are the tax benefits under this Policy?

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 Rs. 20,00,000 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.

9. What are the charges under this Policy?

Type of Charge	Charge Details	Description
Life Cover Premium	Re. 1 per 1000 per member per annum i.e. Rs. 5, irrespective of the age & gender of the member	This will be charged annually either from the contribution or fund

Are there any taxes applicable? If yes, who bears it?

The applicable taxes will be borne by you, the Master Policyholder.

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

In case of death due to suicide within 12 months from the date of commencement of risk under the policy or from the date of revival of the policy, as applicable, the nominee or beneficiary of the policyholder shall be entitled to at least 80% of the total premiums paid till the date of death or the surrender value available as on the date of death whichever is higher, provided the policy is in force.

11. Can you cancel your Policy?

Yes, you can cancel your plan if you disagree with any of the terms and conditions within the first 15 days (free look period) for all channels except Distance Marketing where it is 30 days from receipt of your plan document. You can return the plan to us, while stating your specific objections.

Do you get any refund when you cancel your plan?

Yes. We will refund an amount equal to the -

Premium/Contributions paid less:

- i. Pro-rata risk premium
- ii. Any stamp duty paid

12. Nomination

The member can appoint a nominee as per section 39 of the Insurance Act, 1938 as amended from time to time.

13. Assignment

As per the provisions of Section 38 of the Insurance Act, 1938 as amended from time to time.

14. You are prohibited from accepting rebate in any form

Prohibition of Rebate: Section 41 of the Insurance Act, 1938, as amended from time to time, states

- No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take 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 prospectus 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 bonafide insurance agent employed by the insurer.

- Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.
- For more details please refer to our website www.indiafirstlife.com.

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

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

- Fraud and Misrepresentation: As per provisions of Section 45 of the Insurance Act, 1938 as amended from time to time. For more details please refer to our website www.indiafirstlife.com

14. About IndiaFirst Life Insurance

We've had Bank of Baroda, Andhra Bank (now, Union Bank of India) and Legal & General as our founding partners. After journeying with us through our years of growth, Legal & General sold its stake in Feb 2019 to Carmel Point Investments India Private Limited, a body corporate incorporated under the laws of Mauritius and owned by private equity funds managed by Warburg Pincus LLC. This is the first deal wherein a private equity fund has taken an interest in a life insurance company. Our shareholding pattern of the company now stands at: Bank of Baroda - 44.00%, Union Bank of India - 30.00%, and Carmel Point Investments India Private Limited - 26.00%.

Disclaimer:

*Tax exemptions are as per applicable tax laws from time to time.

†Bonus rate may vary from time to time based on Company's Investment Performance.

IndiaFirst Life Insurance Company Limited, IRDAI Regn No.143, CIN: U66010MH2008PLC183679, Address: 12th & 13th floor, North [C] Wing, Tower 4, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063. Toll free No - 18002098700. IndiaFirst Life Insurance Company Limited is only the name of the Life Insurance Company and IndiaFirst New Corporate Benefit Plan UIN 143N022V02 is only the name of the Life Insurance Product and does not in any way indicate the quality of the contract, its future prospects, or returns. For more details on risk factors and terms and conditions, please read the sales brochure carefully before concluding the sale. The trade logo mentioned herein above belongs to IndiaFirst Life Insurance Co Ltd. Advt. Ref.No.:SB0021_V1

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- IRDAI is not involved in activities like selling of insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.