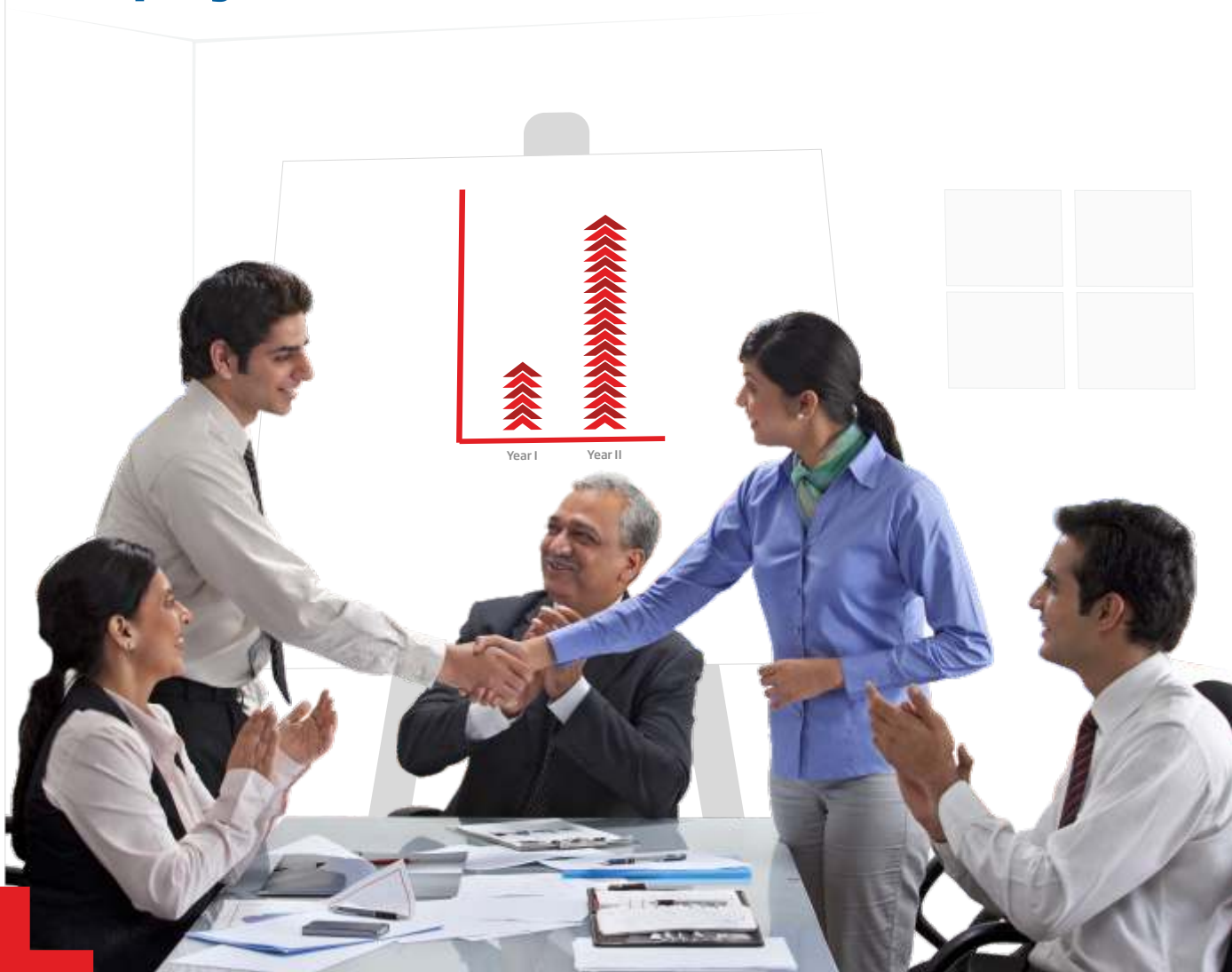


# A One-stop solution to plan for your employees' financial benefits.



## **HDFC** Life Group Variable Employee Benefit Plan

A non participating variable Insurance Plan  
Guide for Prospective Policyholders



*Sar utha ke jiyō!*

## INTRODUCTION

The objective of the HDFC Life Group Variable Employee Benefit Plan is to provide the company/trustees with a composite Employee Benefit Solution. The plan has all the elements that will assist them in executing their fiduciary responsibilities. This product is flexible, transparent and is designed to achieve the objectives of managing the Gratuity, Leave Encashment, Superannuation and other employee benefit schemes in the most efficient manner.

The **HDFC Life Group Variable Employee Benefit Plan** is a non-participating variable insurance plan wherein the company/trustee is the policyholder & employees are the scheme members. The plan offers a flexible & cost effective way to build a corpus to fund all future financial needs of employees.

## HDFC Life Group Variable Employee Benefit Plan offers

- Guaranteed Minimum Return of 1% per annum for the entire term of the policy
- Additional interest rate declared by us at the start of every financial quarter.
- Income Tax Benefits to you and your employee
- Choice of individual member level account in case of superannuation scheme

**You have an option of providing additional life cover to your employees at nominal cost by taking a HDFC Group Term Insurance Plan.**

## Benefits to the scheme members

### Interest crediting

The interest credited will reflect the following three components:

#### a) Minimum Floor Rate

The Minimum Floor Rate is 1% per annum and is guaranteed for the entire policy term. The Minimum Floor Rate shall be credited to the balance of the policy account at the end of a financial quarter.

#### b) Additional Interest Rate

A non-zero positive additional interest rate will be declared at the start of every financial quarter. At the start of every financial quarter the non-zero positive additional interest rate will be set equal to 95% of the expected gross yields to be earned on the backing assets less the minimum floor rate.

At each interval, after the minimum floor rate is credited, the non-zero positive additional interest rate shall be credited to the balance of the policy account value.

#### c) Residual Additions

Non-zero positive residual additions, if any, shall be credited to the policy account at the end of each policy year. In addition, non-zero positive residual additions may be credited at the end of each financial year. Such non-zero positive residual additions shall be determined so that the reduction in yield requirement is not breached. The reduction in yield level that the company will aim not to breach shall be set at 80bps.

## Additional funding options

The policyholder can choose to have additional funding on the contributions made. This can be opted on contributions made during the first policy year. The policy holder can choose any of the following options:

- Option A - 3% of the contributions as additional funding
- Option B - 2% of the contributions as additional funding
- Option C - 1% of the contributions as additional funding

In the instances where a policyholder has availed of additional funding, the additional funding will be recovered through a deduction from tct value equal to a percentage of the contributions on which the additional funding was sought. The percentage reduction to be applied are mentioned in the following table:

Option	Reduction (in % p.a.)	Recovery Period (in years)
Option A	0.6%	6
Option B	0.6%	4
Option C	0.6%	2

In case of the surrender of the policy before the above mentioned recovery period, the unrecovered additional funding will be deducted from the policy account balance before paying the surrender benefits.:

## Benefits

### A. Gratuity, Leave Encashment and other employee benefit schemes

Events /Scheme	For schemes where individual member level accounts are not maintained
Death of a scheme member	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value. An additional benefit of Rs 1000 is payable per member if life cover is opted for.
Exits due to termination of service or resignation or early retirement or exit other than normal death	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value.

### B. Superannuation Schemes

Events /Scheme	For schemes where individual member level accounts are not maintained such as Defined Benefit Schemes	For schemes where individual member level accounts are maintained such as Defined Contribution Schemes
Death of a scheme member	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value or Assured Benefit*	Higher of • Member's Account Value or • Assured Benefit* On payment of the death benefit, all benefits in respect of the member will cease.
Maturity/ Vesting	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value or Assured Benefit*	Higher of • Member's Account Value or • Assured Benefit* On payment of the vesting benefit, all benefits in respect of the member will cease.
Exits due to termination of service or resignation or early retirement or exit other than normal death	Benefit is payable in accordance with the scheme rules of the employer, subject to a maximum of the policy Account Value.	Member's Account Value On payment of this benefit, all benefits in respect of the member will cease.

The master policy has an indefinite term and hence does not have a specified maturity/vesting date.

The vesting benefits for members will be payable only on the normal retirement date as per the scheme rules of the employer.

For superannuation schemes please refer Annuitisation section in Terms & Condition on how the proceeds will be paid.

**\*ASSURED BENEFIT:** The Assured benefit will be in the form of a 1% p.a. guaranteed return on the account value at the start of the year, adjusted suitably for the cash flows occurring during the year. For example, if a policyholder paid ₹ 10,00,000 premium at inception and withdrew ₹ 50,000 for making benefit payments in the middle of the year, the assured benefit at the end of the year will be: ₹ 10,00,000 x (1+1%) - ₹ 50,000 x (1+1%)<sup>0.5</sup>.

#### **Mortality Charge**

A mortality charge of Re 1 per 1000 of sum assured will be levied. Any statutory taxes and levies as applicable may be charged additionally at the then prevailing rates.

#### **Benefits on Surrender:**

For schemes where member level accounts are maintained with us:

The surrender benefit shall be the policy Account Value.

No surrender charge will be levied.

For schemes where member level accounts are not maintained with us:

The surrender benefit shall be the aggregate of Account Value of all the members.

No surrender charge will be levied.

#### **ELIGIBILITY**

You as a company/trustee will be the master policyholder. Only your scheme members will be eligible to join Group Variable Employee Benefit Plan.

To join this Plan, your scheme members need to fulfill following conditions, which will determine their eligibility.

- Minimum age at entry: 16 years
- Maximum age at entry: 75 years
- Minimum group size: 10 members
- Minimum Premium: ₹ 500,000 per policy
- Maximum Premium: No Limit

New members/employees can join at any well defined date as per the rules of the scheme with the policyholder. The master policy continues indefinitely on an annually renewable basis.

#### **TAX BENEFITS**

Your tax benefit may change if the tax law changes. Consult your tax advisor for your personal tax liabilities under the Income-tax law

#### **TERMS & CONDITIONS**

**We recommend that you read this brochure & benefit illustration and understand what the plan is, how it works, the risks involved before you purchase.**

##### **A) Exclusions:**

There are no exclusions for death benefit.

##### **B) Cancellation in the Free-Look period:**

In case the Policyholder is not agreeable to any of the Provisions stated in the Policy/certificate of insurance and the details in the proposal form, the Policyholder has the option of returning the Policy to us stating the reasons there of, within 15 days from the date of receipt of the Policy. On receipt of the cancellation letter along with the original Policy document, we shall arrange to refund the premium amount received less applicable deductions towards stamp duty and proportionate mortality charge. A Policy once returned shall not be revived, reinstated or restored at any point of time and a new proposal will have to be made for a new Policy.

##### **C) Annuitisation of Benefits:**

Annuitisation provisions in respect of the superannuation or pension

liabilities of the master policyholder are described in the following paragraphs.

For schemes where member level accounts are maintained with us:

a. **Death Benefits** The nominee of the deceased member shall be entitled:

- i. To utilise the death benefits, fully or partly, for purchasing an immediate annuity, at the then prevailing annuity rate of fered; or
- ii. To withdraw the entire death benefit

b. **Vesting Benefits** - The member shall be entitled:

- i. To commute to the extent allowed under the Income Tax laws and to utilise the residual amount to purchase an immediate annuity, at the then prevailing annuity rate offered or
- ii. To utilise the vesting/maturity benefit to purchase a single premium deferred pension product; or

c. **Exit on the grounds such as resignation, early retirement, termination etc** - The member shall be entitled:

- i. To transfer his/her account value to an approved superannuation fund or
- ii. To continue his/her account with us or
- iii. To commute to the extent allowed under the Income Tax laws and to utilise the residual amount to purchase an immediate annuity at the then prevailing annuity rate offered or
- iv. To purchase a single premium deferred pension plan.

d. **Surrender by master policyholder** The member shall be entitled subject to scheme rules:

- i. To transfer his/her Account Value to an approved superannuation fund or
- ii. To commute to the extent allowed under the Income Tax laws and to utilise the residual amount to purchase an immediate annuity at the then prevailing annuity/pension rate offered; or
- iii. To utilise the proceeds to purchase a single premium deferred pension product.

Where the master policyholder maintains superannuation funds with more than one insurer, the master policyholder shall have the option to choose the insurer to purchase the immediate annuity.

For schemes where member level accounts are not maintained with us and only maintains a superannuation fund, the benefits being paid out on exits such as death, retirement, termination etc. shall be payable to the master policyholder to be utilised in accordance with the scheme rules of the employer.

Please speak to our Relationship Manager to know more.

##### **C) Prohibition of Rebates: Section 41 of the Insurance Act, 1938 states:**

(1) 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 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.

(2) Any person making default in complying with the provisions of this section shall be punishable with fine which may extend to five hundred rupees.

**D) Non-Disclosure: Section 45 of the Insurance Act, 1938 states:**

No policy of life insurance effected before the commencement of this Act 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 statement made in the proposal or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a 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 of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal.

**E) Taxes & other Statutory Levies:**

Taxes and levies as applicable will be charged and are payable by you by any method including by levy of an additional monetary amount in addition to premium and or charges.

**F) Nomination:**

Benefits shall be processed through the master policyholder in accordance with the nomination records maintained by the scheme administrator.



**G) Alterations:**

Alterations to the vesting date may be allowed subject to the scheme rules e.g. where employer increases the normal retirement age, the vesting age may be extended.

**H) Assured Benefit:**

For policies where the scheme does not maintain individual member accounts and only maintains a superannuation fund, the Assured Benefit shall be applicable on the entire superannuation fund available with the insurer.

**Contact us today**

	To buy: 1800-227-227 (Toll free) (Available Mon-Sat 9:30am to 6:30pm)
	Visit us at <a href="http://www.hdfclife.com">www.hdfclife.com</a>



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