



WHEN IT COMES TO
MANAGEMENT OF EMPLOYEE GRATUITY,
TRUST THE EXPERTS.

**MAX LIFE
GROUP GRATUITY
PREMIER PLAN**

UIN: 104L087V01

(A Unit - Linked, Non - Participating Group Insurance Plan)



LIFE INSURANCE COVERAGE IS AVAILABLE IN THIS PRODUCT. IN THIS POLICY THE INVESTMENT RISK IN THE INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER.



PURPOSE OF GROUP GRATUITY SCHEME

The purpose of a Gratuity Scheme is to provide the employees a lump sum benefit towards Gratuity, after they have put in the minimum required years of service as specified in the Gratuity Scheme Rules, on their exit from service due to:



Retirement



Permanent Total
Disablement
whilst in service



Death whilst in service
due to any cause



Resignation / Termination
from service

or any other event

However the minimum required year of services (5 years) shall not apply in case of death and disablement of the employee

Gratuity payment is made by the employer as a mark of recognition of the service completed by the employee for the Company. This payment may also act as an incentive for motivating the employee. The Payment of Gratuity Act, 1972, makes it obligatory on the part of the employers who come under its purview, to pay a minimum Gratuity to their employees at the rate of 15 days' wages based on wages last drawn for each year of service, subject to a maximum of ₹10 Lakhs. The employer can also pay better benefits than stipulated in the Payment of Gratuity Act, 1972



THE MAX LIFE INSURANCE ADVANTAGE

Max Life Unit Linked Group Gratuity Premier Plan facilitates the employer to fund their Gratuity liability in the most effective manner. This plan helps the employer in the following ways:

- The Gratuity Fund is built-up systematically to meet the future Gratuity payments
- The fund will earn returns as per the performance of the funds opted by the client. Better fund performance will increase returns and reduce cost to the employer
- Assistance in the formalities required for the formation of the trust and approval of the fund
- Assistance in the administration of the scheme
- Fixed Life Cover of ₹1,000 per eligible number

HOW DOES THE PLAN WORK

- The employer first creates a trust and appoints Trustees to administer the Gratuity Scheme. However, it may be noted that the trust may or may not be created by the employer. Therefore under the policy, either Trustees or the employer can be a Policyholder. The Policyholder pays an initial and an annual contribution to Max Life Insurance Company Limited towards Gratuity liability. The initial contribution is the contribution required to meet the past service Gratuity liability of the Company. The annual contribution is the contribution in respect of the Gratuity liability accruing in respect of the service completed by the employees in the current policy year. These payments would normally be based upon the actuarial advice to the Trustees by an independent consulting actuary (who is not employed by Max Life)
- The Policyholder can invest the contributions in the Investment Funds offered by Max Life Insurance. Currently Max Life Insurance offers four Investment Funds under this scheme viz. Conservative Fund, Balanced Fund, Growth Fund and Bond Fund. Max Life Insurance will open and manage a "Unit Account" for the Policyholder in which units are allocated following the receipt of contributions and cancelled for the purpose of paying Gratuity Benefit and charges

- On either leaving service due to retirement / resignation or on death / disability during the service, or any other such event that may terminate the employment, Max Life Insurance will pay the benefit by redeeming the units in the Investment Funds to pay the Gratuity Benefit. The condition of continuous service of five years is not necessary if the termination of employment is due to death or disablement. The contributions and benefits under the product will be applicable as per scheme rules. Please note that the maximum liability of the Company shall be limited to the Unit Account Value of the policy



KEY BENEFITS

- Lower charges - No Policy Administration Charge; no Switching Charge; no Premium Allocation Charge; no Premium Redirection Charge; only Fund Management, Mortality and Surrender charges applicable
- Guaranteed Loyalty Addition of 0.1% per annum as percentage of unit fund added at the end of every monthiversary in case Fund Value is ₹10 Crores and above
- Flexibility to choose from 4 Fund Options

Investment Funds



- Policyholders may choose to invest in any one or more of the four funds: Conservative Fund, Balanced Fund, Growth Fund or Bond Fund in a given proportion chosen by them. At a later date, they may amend this proportion by giving a notice of at least 7 days to Max Life Insurance Co. Ltd.

The Investment mix of these funds is as follows:

Asset Type/ Fund Name	Conservative Fund SFIN: ULGF00317/04/06 GRATCONSER104 (%)	Bond Fund SFIN: ULGF00707/02/13 GRATPLBOND104 (%)	Balanced Fund SFIN: ULGF00217/04/06 GRATBALANC104 (%)	Growth Fund SFIN: ULGF00117/04/06 GRATGROWTH104 (%)
	Low Risk	Low Risk	Medium Risk	High Risk
Govt. Securities	50 - 80	60 - 100	20 - 50	0 - 30
Corporate Bonds	0 - 50		20 - 40	0 - 30
Money Market Instruments / Cash	0 - 20	0 - 40	0 - 20	0 - 20
Equities	Nil	Nil	10 - 40	20 - 60

Under this policy, the Fund Management charges shall be as follows:

Fund	Conservative Fund	Bond Fund	Balanced Fund	Growth Fund
Fund Management charge (p.a. as % of Fund Value)	0.40%	0.40%	0.45%	0.50%

Tax Benefits



- The initial and annual contributions made through an approved Gratuity Trust can be claimed as business expenditure as per the provisions under Section 36 (1) (v) of the Income Tax Act, 1961
- The contribution made by the employer is not a taxable perquisite in the hands of the employees
- Any Death Benefit under the Unit Linked Group Gratuity Plan is tax exempted under Section 10 (10D) of the Income Tax Act, 1961
- Income on Investments is exempted from tax under Section 10(25) (iv) of the Income Tax Act, 1961
- Gratuity Benefit received in accordance with the Act is exempted for tax as per Section 10 (10) (ii) of the Income Tax Act, 1961

These tax benefits are as per our understanding of the Income Tax Act, 1961. It is advisable to consult your tax consultant to reconfirm



The employer is required to take the following steps to implement the Group Gratuity Scheme:

- Appoint trustees (minimum 2) for administering the scheme, draft the trust deed and rules in consultation with Max Life Insurance and execute the trust deed to establish an irrevocable trust
- Make an application to C.I.T. for approval under Part 'C' of the Fourth Schedule of the Income Tax Act, 1961
- Forward to Max Life Insurance the master proposal form duly signed by the trustees, employees data, copies of trust deed and rules AS-15(R) Valuation Certificate and a cheque towards payment of contributions



ELIGIBILITY CRITERIA

- Coverage : All individuals in accordance with the Board approved underwriting policy of the Company
- Minimum Initial Contribution / Maximum – ₹5,00,000 / No limit (as per actuarial valuation AS-15(R))
- Sum Assured – Fixed Life Insurance cover of ₹1,000 per member
- Group Size – Minimum: 10 at the time of taking scheme; Maximum: No limit
- Policy Term - One Year Renewable Scheme
- Minimum / Maximum Entry Ages (As at Last Birthday) - 18 / 74 years
- Maximum cover ceasing age (As at Last Birthday) - 75 years



KEY CHARGES AND FREQUENCY OF CHARGES*

Premium Allocation Charge - Nil
Switching Fee - Nil, unlimited free switches
Surrender / Termination Charge - If the Fund is withdrawn before the completion of three policy years a Surrender Charge of 0.05% of the Fund Value subject to a maximum cap of ₹5,00,000 will be applicable. No Surrender Charge is applicable after completion of 3 years
Policy Administration Charge - Nil
Premium Redirection Charge - Nil

*Above charges are subject to taxes and cesses as per applicable laws.



Customer Helpline Number
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