

## **SHRIRAM GROUP SUPERANUATION SCHEME**

**IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER**

### **ABOUT THE COMPANY**

**Shriram Life Insurance Company Ltd** is a joint venture of the Shriram Group with Sanlam Life Insurance Company, one of the largest life insurance companies of South Africa.

### **ABOUT THE PLAN**

The Plan will be established under an irrevocable Trust, with Trustees appointed by the Company taking care of the administration of the Scheme. The main objective is to provide a lump sum amount at retirement of each of the Group Members/Employees by generating good returns on the contributions made by the Company/Employer on behalf of the Employee's through the Trust, instead of keeping the funds idle. This is a regular unit linked group plan. Each year, units in the chosen unit fund will be allotted, and defined charges will be deducted by cancellation of units each year throughout the policy term.

### **How the Plan works**

1. The Employer has to form a Superannuation Trust through a Trust Deed, which will look after the administration of the Scheme.
2. The Trust has to be approved by the Commissioner of Income Tax.
3. The Proposal has to be signed by the Trustees and the member details must be submitted to the Company. All the Employees must participate in the Scheme. Any exclusion of employees based on Service criteria etc, must be mentioned in the Trust Deed at inception of the Scheme.
4. A separate account for each of the members in the Group (Employee's) will be maintained and the contributions/units for each member will be shown in their respective accounts along with the accumulations.
5. As and when required the units in the member's account will be utilized for payment of Benefits under the policy.

### **Eligibility of the plan**

Group Type	:	Employer – Employee groups.
Minimum group size	:	10 members
Mode of Payment	:	Yearly, Half Yearly, Quarterly and Monthly.
Minimum contribution (For the Group)	:	Yearly Mode - Rs 25,000/- Half –Yearly Mode - Rs 15,000/- Quarterly Mode - Rs 8,000/- Monthly Mode - Rs 3,000/-
Minimum age at entry	--	18 years (age last birthday)
Maximum age at entry	--	60 years (age last birthday).
Policy Term	--	Minimum policy term is 5 years
Maximum Age at Maturity	-	65 yrs

## **ABOUT THE BENEFITS AND CONTRIBUTIONS**

### **1. Benefits of the plan**

#### **On Retirement –**

Pension Benefit to Members by purchasing an immediate annuity for the balance in the Member's account after commutation of a maximum of 1/3<sup>rd</sup> of the fund, shall be paid to the member by debiting the requisite no of units to the Master Policy Holder's Unit Account at NAV applicable at that time.

#### **On Death –**

If member dies before attaining normal retirement age, the value of units in the member's unit account will be paid in lump sum or the nominee can purchase an immediate from any of the IRDA approved Schemes.

If Life Cover is opted for by the Master Policyholder for all the group members (through a attached Term Assurance Group Policy) then the Life Cover sum assured plus fund accumulated in the member's account are payable to the nominee in Lump Sum or an immediate annuity is purchased from any of the IRDA approved funds as opted for by the Nominee.

### **2. Contributions in the plan**

Either the Employer can contribute on behalf of the Employees or both Employer and Employee can contribute into the Scheme. The Employer-Employee share in contribution must be specified in the Group Superannuation Trust Deed at the inception of the Scheme.

**Initial contribution:** The initial contribution for past service of the members of the scheme can be paid in one lump sum or in not more than 5 annual installments.

**Regular contributions:** The policyholder has to pay regular contributions in advance on each due date which may be a fixed contribution or a percentage of each of the member's salary (not exceeding 27% of the annual salary including PF contributions).

## **ABOUT THE CONTRIBUTIONS AND ITS INVESTMENT OPTIONS**

### **3. Investment fund portfolio of the plan**

Policyholder has an option to choose any one of the below funds or a combination of the following funds in a fixed percentage. The value of these investments may go up or down depending upon the market conditions. Consequently the Net Asset Value of the fund may go up or down.

Name of the fund	Debt	Equity	Money Market & Cash	Objective	Risk
<b>Group Cash Fund</b>	Nil	Nil	100%	Liquidity	Very Low
<b>Group Protector</b>	Not less than 70%	Not more than 30%	0% - 10%	Provide a steady stream of income	Low to medium
<b>Group Guardian</b>	Not less than 50%	Not more than 50%	0% - 10%	provide balanced returns	Medium
<b>Group Elevator</b>	Not less than 30%	Not more than 60%	0% - 10%	provides with high returns	Medium to high

**Note:** *Equity* refers to investment in listed equities. *Debt* instruments refer to investment in fixed income securities such as Government Bonds, Rated Corporate Bonds (AA and above) etc., **Money Market & Cash** include investment in instruments like Commercial paper, Certificate of Deposits, Short term Bank Deposits and Money market instruments.

The Unit Linked products are different from the traditional life insurance products as they are subject to market risks.

The value of these investments may go up or down depending upon the market conditions. Consequently the Net Asset Value of the fund may go up or down.

#### **4. NAV Computation and Unit price:**

When Appropriation/ Expropriation price is applied: NAV under each fund will be computed as under, (Market Value of investments held by the fund +/- the expenses incurred in the purchase/sales of the assets + the value of any current assets+ any accrued income net of fund management charges -the value of any current liabilities - provisions, if any).This gives the Net Asset Value of the fund. Dividing by the number of units existing at the valuation date gives the Unit Price of the fund

### **ABOUT THE CHARGES**

#### **1. Premium Allocation Charges**

On Regular contribution

First year : 1% of First Year Regular contribution

Renewal : 0.5% of Regular contribution

On Past service contribution (initial contribution): 0.75%

The following charges will be deducted by cancellation of units in advance each policy year, at the prevailing unit price.

**2. Policy Administration Charges**

Rs.10 per month per member in the 1<sup>st</sup> year and increased by 5% p.a. from second year onwards, throughout the policy term subject to a minimum charge of Rs 500/- in the 1<sup>st</sup> year and subsequently increased by 5% each year for the Master Policy.

**3. Fund Management Charges**

An Investment management charge as detailed below will be charged by adjustment of the Net Asset Values of the units of the fund on a daily basis.

<b>Fund Name</b>	<b>FMC</b>
Group Cash Fund	0.75%
Group Protector	0.75%
Group Guardian	1.00%
Group Elevator	1.00%

The Company reserves the right to change these charges up to 1.35% for each of the above mentioned funds in future, with prior approval from IRDA. Fund Management charges will be charged while computing the Net Asset Value.

**4. Service Tax Charges**

The Service Tax as per Regulations in force from time to time will be levied on the above charges by cancellation of units in the credit of the member at the prevailing unit price.

**5. Switching Charges**

Switching between funds will be allowed twice in a year free of charge, subject to a minimum number of units worth Rs 30, 000/- per switch. An amount of Rs.500/- will be charged for every additional switch during the year (from the 3<sup>rd</sup> switch onwards in the FY).

**6. Surrender Charges**

Surrender charge will be levied as detailed below depending upon the year of surrender from the date of commencement.

<b>Policy surrendered within</b>	<b>Charge (% of Fund Value)</b>
1 <sup>st</sup> year	5%
2 <sup>nd</sup> year	4%
3 <sup>rd</sup> year	3%
4 <sup>th</sup> year	2%
5 <sup>th</sup> year onwards	Nil

## **ABOUT THE AVAILABLE OPTIONS**

### **1. Life Cover:**

There is no life cover under this policy, however the same can be provided for, by attaching a yearly renewable Group Term assurance policy namely, The Shriram Jana Suraksha policy to the extent of each member's contributions accumulated up to normal retirement date at a fixed interest rate or a flat cover for each of the group members, by payment of a yearly premium by the Superannuation Trust. This premium will be in addition to the regular contribution and has to be paid by the Trust at each Policy anniversary date.

### **2. Switching:**

The Policyholder can switch from one Fund to another Fund out of the funds mentioned above, or change the percentages of funds chosen earlier, during the policy term. The application for switch should come to the office of the Company where the policy is being serviced, before at least one year from the end of the term of the policy. The policyholder can switch two times in a year without any charge subject to a minimum of Rs 30, 000/-worth Units per switch. For each additional switch, Rs.500/- will be levied. On receipt of the application, the net asset value of the units in the policyholder's account after deducting the appropriate charges for switches (if any) will be utilized to allocate units in the fund chosen by the policy holder based on the unit price of that particular fund at the time of switch.

### **3. Days of grace**

A grace period of one month but not less than 30 days will be allowed for payment of contributions.

### **4. Revival**

If the contribution due is not paid within the grace period, the policy lapses.

The lapsed policy can be revived within a revival period of 2 years from the date of first unpaid contribution. However, during the revival period deduction for administration charges by cancelling appropriate number of units will continue.

For reviving such a policy, the Employer/Trust has to pay the arrears of contribution. Out of this, premium allocation charge will be deducted and the balance amount will be utilized to allocate units to the individual account of each of the group member's at the NAV prevailing at the time of revival. If the policy is not revived within the revival period the contract will be terminated by paying surrender value.

### **5. Cooling off period**

If the Employer is not satisfied with the 'Terms and conditions' of the policy, the policy can be returned to the Company within 15 days from the date of receipt of the policy document. However, the company reserves the right to deduct stamp duty charges for issue of the policy.

## **6. Tax Benefits.**

- a) The contributions made by the Employer is allowed as deduction under Section 36(1)(iv) of Income Tax Act 1961.
- b) Any contribution by an employee will continue to get exemption under Section 80 C of Income Tax Act 1961.

## **TERMS AND CONDITIONS**

1. The policy shall automatically terminate, if the units in the policy becomes equal or less than one annual contribution and the surrender value, if any is paid.
2. In case of an individual leaving the group, life cover if opted for, will cease immediately.
3. Cut-off timings:  
In respect of contributions / fund switches received up to 3 p.m. by the insurer along with a local cheque or a demand draft payable at par at the place where the contribution is received, the closing NAV of the day on which contribution is received shall be applicable.  
In respect of contributions / fund switches received after 3 p.m. by the insurer along with a local cheque or a demand draft payable at par at the place where the contributions received, the closing NAV of the next business day shall be applicable.
4. No loans will be granted under the policy.

## **Extract from section 41 of Insurance Act, 1938**

1. 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 any person taking out or renewing or continuing a policy accept any rebate except such rebates 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 insurance taken out by himself on his own life shall not be deemed to be acceptance provided the insurance agent satisfies the prescribed conditions establishing that he is a bone fide insurance agent employed by the insurer
2. Any person making default in complying with the provisions of this section shall be punishable with a fine which may extend to Rs.500/-.

## **Section 45 of the Insurance Act, 1938:**

No policy of life insurance effected before the commencement of this Act shall, after the expiry of two years from the date of commencement of this Act, and no policy of life insurance effected after the coming into force 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 a statement made in the proposal for

insurance 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 policy, was in accurate or false, unless the insurer shows that such statement was on a material matter or suppressed fact 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.

The name and address of the ombudsman to whom this policy can be referred to be is being attached with the policy bond.

For further details, Please contact our Insurance Advisors or out nearest Divisional Office.

**ADDRESS**

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