Group Superannuation Cash Accumulation Plan (UIN: 512N274V01)

1. **Introduction:** This is a non–linked non-participating Group Superannuation Cash Accumulation plan. This plan is suitable for employer having Defined Contribution/Defined Benefit Superannuation Scheme for their employees/members.

An employer willing to fund the superannuation benefit may create a Trust and appoint Trustees. The Trust so formed will be the Master Policyholder/Policyholder of the scheme. Otherwise the employer itself will be the Master Policyholder/Policyholder.

The contribution can be paid at any time during the year. Contributions paid by employer/trustees will be credited to the Policy Account maintained in the name of employer/trustees. In case of Defined Contribution Scheme, individual member-wise Policy Account will also be maintained.

Interest payable: The following types of interest rates shall be provided on the Policy Account Value:

- **Minimum Floor Rate (MFR):** MFR is a guaranteed interest rate that Policy Account shall earn during the entire policy term. This plan offers a Minimum Floor Rate (MFR) of 0.5% p.a.
- **Additional Interest Rate (AIR):** In addition to MFR, the Corporation shall also declare a non zero-positive Additional Interest Rate (AIR) at the beginning of each financial quarter on the Policy Account. This AIR shall remain guaranteed for that quarter.
- **Residual Addition (RA):** Starting from the fifth policy anniversary, in addition to MFR and AIR, the Corporation may also declare a non zero-positive Residual Addition (RA) on Policy Account at the end of each policy year.

The Residual Addition shall be determined as below:

- » Gross Investment Yield earned in the shadow policy account at the end of each policy year less
- » Actual yield earned in the policy account, at the end of each policy year less
- » Yield referred in the maximum reduction in yield at that duration (stipulated by the regulator, IRDA) in accordance with the table below:

Number of years elapsed since inception	Maximum Reduction in Yield (Difference between Gross and Net Yield (%p.a.)
5	4.00 %
6	3.75 %
7	3.50 %
8	3.30 %
9	3.15 %
10	3.00 %
11 and 12	2.75 %
13 and 14	2.50 %
15 and thereafter	2.25 %

- A Shadow Policy Account shall be maintained on a daily basis and shall be computed based on the actual accruals of all income elements for the Corporation like contributions, income from investments as and when received and all actual debits i.e. partial withdrawals to the policy account value as and when debited, to arrive at the actual gross investment return and reduction in yield to the policy account value, at the end of each year starting from policy year 5.
- The yield earned on each of the policy account shall be calculated using the money weighted rate of return method at end of each policy year.

Management of the Policy Account: For a new scheme, Policy Account will be created in respect of a scheme as soon as the Policyholder pays the first contribution.

The interest amount earned by way of MFR and AIR will be credited to the Policy Account at the end of each quarter/at the time of exit. The interest amount earned by way of RA, if any, will be credited to the Policy Account at the end of each policy year starting from policy year 5. The Fund

Management Charge (FMC) shall also be deducted from Policy Account Value at the end of each quarter/at the time of exit.

- **For Defined Contribution Superannuation Scheme**: The Corporation will also maintain individual member-wise Policy Account.

  In case of exit of a member due to death or resignation or retirement (including early retirement, ill health retirement and normal retirement), the amount available shall be equal to the member's Policy Account Value on the day of exit. The Policy Account Value in respect of that member shall become payable in accordance with the superannuation scheme rules of the employer.

  The individual member's Policy Account shall cease once the benefit is paid.

  Sum of all individual Policy Account Value shall form the Policy Account Value for the scheme.

- **For Defined Benefit Superannuation Scheme**: A single Policy Account shall be maintained in respect of all contributions received from Policyholder.

  In case of exit of a member due to death or resignation or retirement (including early retirement, ill health retirement and normal retirement), the amount shall be the corpus required to purchase the benefits as defined in the scheme rules.

  The Corporation's liability towards the employer/trustees shall be limited to the Policy Account Value remaining in the Policy Account of the scheme.

Charges:

- **Fund Management Charge:** The Fund Management Charge (FMC) shall be deducted from Policy Account Value at the end of each quarter/ at the time of exit. This percentage of the Fund Management Charge shall vary depending on the size of Policy Account Value of the scheme and are as under:

Fund Management Charge: (per annum)	
Size of Policy Account Value of the Scheme	***Fund Management Charge(FMC) (p.a.)**
Initial amount upto 1 crore	0.50%
On subsequent amount above 1 crore but less than or equal to 5 crores	0.45%
On subsequent amount above 5 crores but less than or equal to 25 crores	0.40%
On subsequent amount above 25 crores but less than or equal to 100 crores	0.35%
On subsequent amount above 100 crores but less than or equal to 200 crores	0.30%
On subsequent amount above 200 crores but less than or equal to 400 crores	0.25%
On subsequent amount above 400 crores but less than or equal to 800 crores	0.20%
On subsequent amount above 800 crores but less than or equal to 2000 crores	0.15%
On subsequent amount above 2000 crores	0.10%

For example, in case of Policy Account Value of Rs. 1.5 crores the charges that would apply would be Rs. 72,500, being 50,000 (0.5%) on the first one crore of the Policy Account Value and Rs 22,500 (0.45%) on the balance 50 lacs of the Policy Account Value.

- **Market Value Adjustment:** A Market Value Adjustment (MVA) will be applicable on Bulk Exit and complete surrender of the policy. The MVA will be applicable on withdrawal amount during a policy year which is over and above 25% of the Policy Account Value. The MVA amount shall be derived at the time of exit using the following formula.

MVA amount = Maximum (0, Policy Account Value – Market Value) / Policy Account Value * (Net amount which is over and above the amount representing Bulk Exit)

Where, Market Value is derived from the revaluation of assets earmarked separately for the product at the time of MVA is carried out. The MVA amount, if any, will be deducted from the Policy Account Value.

- **Surrender Charges:** If the policy is surrendered within three policy years from the date of commencement, the surrender charge shall be 0.05% of the Policy Account Value subject to maximum of Rs.500,000/-.
- **Service Tax Charge:** Service tax, if any, shall be as per the Service Tax laws and the rate of service tax as applicable from time to time.
- **Right to revise charges:** The Corporation reserves the right to revise the Fund Management Charges. The modification in Fund Management Charges will be done with prospective effect with the prior approval from IRDA after giving the Policyholder a notice of 3 months. However the maximum Fund Management Charges shall not exceed 1% p.a.

In case the Policyholder does not agree with the revision of charge the Policyholder shall have the option to withdraw the Policy. However, such withdrawal shall not be treated as surrender.

- **Bulk Exits:**

All type of exits, excluding complete surrender, which are not in accordance with the scheme rules filed with the Corporation at the outset, will be considered as bulk exits. If during any policy year the withdrawal amount exceeds 25% of the total Policy Account Value of the scheme at the beginning of that policy year then it will be considered as Bulk Exit. Market Value Adjustment (MVA) will be applicable on such Bulk Exit.

Surrender Value:

The Policy can be surrendered by the Policyholder at any time by giving an advance notice of 3 months. The benefit available on surrender shall be Guaranteed Surrender Value. The Corporation may, however, pay Special Surrender Value if it is favourable to the policyholder.

Guaranteed Surrender Value:

The Guaranteed Surrender Value shall be equal to the 90% of the total contributions paid less all the benefits paid since the inception of the policy.

Special Surrender Value:

The Special Surrender Value shall be equal to the Policy Account Value on the day of surrender less the applicable surrender charges less Market Value Adjustment, if any.

Eligibility Criteria:

Minimum Entry Age: 18 years (completed)
Maximum Entry Age: 75 years
Maximum Maturity Age: 85 years
Minimum /Maximum Contribution:As per AS 15(R)
Minimum Group Size for existing scheme: No Restriction
Minimum Group Size for new employer-employee scheme: 10
Minimum Group Size for Govt. Sponsored Social Security Scheme: 50

Maximum Group Size:No Restriction
Policy Term:Annually renewable

Cooling-off period:

If the Policyholder is not satisfied with the "Terms and Conditions" of the policy, he may return the policy to us within 15 days from the date of receipt of the Policy Bond. On receipt of the policy we shall cancel the same and the amount of contribution deposited by Policyholder will be refunded to him after deducting the charges for stamp duty.

Loan:

No loan will be available under the policy.

Benefit Illustration:

Statutory warning

"Some benefits are guaranteed and some benefits are variable with returns based on the future performance of your life insurance company. If your policy offers guaranteed returns then these will be clearly marked "guaranteed" in the illustration table on this page. If your policy offers variable returns then the illustrations on this page will show two different rates of assumed investment returns. These assumed rates of return are not guaranteed and they are not upper or lower limits of what you might get back as the value of your policy is dependant on a number of factors including future investment performance."

Notes:

- *» The above illustration is applicable to a non-smoker male/female standard (from medical, life style and occupation point of view) life.*
- *» The bonuses/non-guaranteed benefits in above illustration are calculated so that they are consistent with the Projected Investment Rate of Return assumption of 4% p.a and 8% p.a. respectively. In other words, in preparing this benefit illustration, it is assumed that the Projected Investment Rate of Return that LICI will be able to earn* ***throughout the term of the policy*** *will be 4% p.a. or 8% p.a., as the case may be.*
- *» The main objective of the illustration is that the client is able to appreciate the features of the product and the flow of benefits in different circumstances with some level of quantification.*
- *» The amount available on survival up to the date of vesting for purchase of annuity is shown at the end of the policy term.*

SECTION 45 OF INSURANCE ACT, 1938:

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 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 assured was incorrectly stated in the proposal.

Prohibition of Rebates (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 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.

Note: "Conditions apply" for which please refer to the Policy document or contact our nearest Branch Office.