

Reliance Group Gratuity Plan

innovative
solutions for
long term gain...



RELIANCE Life Insurance
Anil Dhirubhai Ambani Group

A Reliance Capital Company

...by maximising
your investment



Maximize your investments for a better future

Several of your employees probably own a home or a car and paying mortgages.

In order to maintain this lifestyle they need continuous income throughout their life.

As caring employer you pass on the responsibility of managing your employee's future in our hands and be in win - win situation.

Introduction

"In this policy, the investment risk in investment portfolio is borne by the policy holder"

The Indian Government introduced the Payment of Gratuity Act in 1972. Generally gratuity accrues at a rate of 15 days salary (based on the rate of salary last drawn) per year of service for each employee or as defined by the trust deeds. Gratuity is payable immediately on cessation of employment, provided the employee has been in continuous service for at least five years. The five year provision does not apply on death or disablement of the employee. Gratuity, by nature is a medium to long-term liability of the employer and accordingly an appropriate medium- to long-term investment strategy should be adopted by the trustees to match assets and liabilities.

Liability for your employees' Gratuity is often the trickiest thing to forecast accurately and manage well. While doing so you may come across some pertinent questions: What is my true liability for employees' gratuity? How do I manage this liability? Am I maximizing my potential tax benefit? Am I rewarding my most valuable employees adequately? Am I matching long-term liabilities under Gratuity with my investment strategy? Are my Gratuity assets professionally managed?

We at Reliance Life Insurance Company Limited can be of help to find answers to most of these very relevant questions. We can assist you to meet your obligations under the Payment of Gratuity Act while providing innovative solutions and delivering long-term results for your investment through our Reliance Group Gratuity Plan. You can also transfer your existing gratuity liability managed under some other funds to Reliance Life Insurance Company Limited.

Reliance Group Gratuity Plan

This is a unit linked group Gratuity product with fifteen different fund options, namely Capital Secure Fund, Growth Fund, Balanced Fund, Super Growth Fund, Growth Plus Fund, High Growth Fund, Pure Debt Fund, Money Market Fund, Corporate Bond Fund, Gilt Fund, Equity Fund, Infrastructure Fund, Energy Fund, Mid Cap Fund and Pure Equity Fund.

It enables employers / trustees with more than 20 employees to outsource the management of their employees' Gratuity Funds and the related administration to Reliance Life Insurance Company Limited.

Policy Conditions

Minimum/Maximum annual past service Gratuity liability contribution - Rs.2,00,000/no limit

Minimum/Maximum Entry Age - 18 years last birthday/64 years last birthday

Maximum Maturity Age - 65 years last birthday

Minimum Policy Term - 1 year

Minimum/maximum Insured death benefit/Sum Assured - Rs.1000 per member/no limits

The Plan

The Reliance Group Gratuity Plan is a unit linked Plan where the employer can choose the past service gratuity to be paid out to each employee and a level of insured death benefit, subject to a minimum insured death benefit of Rs.1000 per member. The insurance premium will be quoted by us and will be payable over and above the gratuity liability contributions. Each gratuity liability contribution received will be utilized to purchase units in the unit-linked funds chosen by the employer/trustees. The fund options have different time horizons, risk profiles and return levels.

Fund Name	Investment Objectives	Asset Category	Asset Allocation Range (%)	Target (%)
Capital Secure Fund	Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.	Money market instruments incl. liquid mutual funds and bank deposits (with residual maturity under 180 days)	100	100
Balanced Fund	The investment objective of the fund is to provide investment returns that exceed the rate of inflation in the long term while maintaining a low probability of negative returns in the short term. The risk appetite is defined as 'low to moderate'.	Debt Securities	0-100	80
		Equities	0-20	20
		Money market instruments incl. liquid mutual funds and bank deposits	0-100	0
Growth Fund	The investment objective of the fund is to provide investment returns that exceed the rate of inflation in the long term while maintaining moderate probability of negative returns in the short term. The risk appetite is defined as 'moderate'.	Debt Securities	0-100	60
		Equities	0-40	40
		Money market instruments incl. liquid mutual funds and bank deposits	0-100	0
Pure Debt Fund	The investment objective of the fund is to provide steady investment returns achieved through 100% investment in debt securities, while maintaining moderate probability of negative returns in the short term. The risk appetite is defined as 'moderate'.	Government Securities and approved securities	0-100	40
		Corporate bonds and other debt instruments	0-60	40
		Money market instruments incl. liquid mutual funds and bank deposits	0-100	20
Growth Plus Fund	To provide, in the long term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short term. The risk appetite is 'moderate to high'.	Corporate bonds and other debt instruments/ Bank deposits/Money Market instruments	50-100	50
		Equities	0-50	50

Fund Name	Investment Objectives	Asset Category	Asset Allocation Range (%)	Target (%)
High Growth Fund	To provide, in the long term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short term. The risk appetite is 'moderate to high'.	Corporate bonds and other debt instruments/ Bank deposits/Money Market instruments	40-100	40
		Equities	0-60	60
Super Growth Fund	The investment objective of this fund is to provide high real rate of return in the long term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the short term, which will be moderated through some exposure to debt. The risk appetite is 'high'.	Corporate bonds and other debt instruments/ Bank deposits/Money Market instruments	20-100	20
		Equities	0-80	80
Equity Fund	Provide high real rate of return in the long term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'.	Corporate bonds and other debt instruments/ Bank deposits/ Money market instruments	0-100	0
		Equities	0-100	100
Corporate Bond	Provide returns that exceed the inflation rate, while taking some credit risk (through investments in corporate debt instruments) and maintaining a moderate probability of negative return in the short term. The risk appetite is 'low to moderate'	Money market instruments incl. liquid mutual funds and bank deposits	0-100	0
		Corporate bonds/ debentures and other debt instruments excluding money market instruments	0-100	100
Money Market Fund	Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'low'.	Money market instruments incl. liquid mutual funds and bank deposits	100	100
Gilt Fund	Provide returns that exceed the inflation rate, without taking any credit risk (sovereign risk only) and maintaining a low probability of negative return in the short term. The risk appetite is 'low to moderate'	Central Government securities (Gilts)	0-100	80
		Other government securities including securities with unconditional Central Government guarantee	0-40	20
		Money market instruments incl. liquid mutual funds and bank deposits	0-100	0

Fund Name	Investment Objectives	Asset Category	Asset Allocation Range (%)	Target (%)
Infra-structure Fund	Provide high rate of return in the long term through high exposure to equity investments in Infrastructure and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is high.	Corporate bonds and other debt related instruments/ Banks deposits/ Money market Instruments	0-100	0
		Equities in Infrastructure and allied sector	0-100	100
Energy Fund	Provide high rate of return in the long term through high exposure to equity investments in Energy and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is high.	Corporate bonds and other debt related instruments/Banks deposits/ Money market Instruments	0-100	0
		Equities in Energy and allied sector	0-100	100
Midcap Fund	Provide high rate of return in the long term through high exposure to equity investments in Midcap companies, while recognizing that there is significant probability of negative returns in the short term. The risk appetite is high.	Corporate bonds and other debt related instruments/ Banks deposits/ Money market Instruments	0-100	0
		Equities predominantly in mid cap companies	0-100	100
Pure Equity Fund	The investment objective of the Pure Equity fund is to provide policyholders high real rate of return in the long term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'	Equities in sectors other than banks and non-banking financial companies, breweries, distilleries, alcohol based chemicals, cigarettes, tobacco, entertainment, leather, sugar and hatcheries.	60-100	100
		Corporate bonds and other debt instruments/ Bank deposits/ Money market instruments	0 -40	0

Whilst every attempt would be made to attain target levels prescribed above, it may not be possible to maintain the prescribed 'target' at all times owing to market volatility, availability of market volumes and other related factors. The 'target' may be attained on a 'best effort' basis. However, the asset allocation will always fall within the asset allocation range mentioned in respect of each fund.

Unit Pricing

The unit price of each fund will be calculated on a daily basis.

Total Market Value of assets plus/minus expenses incurred in the purchase/sale of assets plus Current Assets plus any accrued income net of fund management charges less Current Liabilities minus Provisions of the fund

Unit Price =

Total Number of units on issue (before any new units are allocated / redeemed)

The **Unit Pricing** shall be computed based on whether the Company is purchasing (appropriation price) or selling (expropriation price) the assets in order to meet the day to day transactions of unit allocations and unit redemptions i.e. the Company shall be required to sell/purchase the assets if unit redemptions/allocations exceed unit allocations/redemptions at the valuation date.

The **Appropriation Price** shall apply in a situation when the Company is required to purchase the assets to allocate the units at the valuation date as stated above. This shall be the amount of money that the company should put into the fund in respect of each unit it allocates in order to preserve the interests of the existing unit holders

The **Expropriation Price** shall apply in a situation when the company is required to sell assets to redeem the units at the valuation date as stated above. This shall be the amount of money that the company should take out of the fund in respect of each unit it cancels in order to preserve the interests of the continuing unit holders.

Computation of Net Asset Value (NAV)

When Appropriation price is applied: The NAV for a particular fund shall be computed as: Market value of investment held by the fund plus the expenses incurred in the purchase of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any. This gives the net asset value of the fund. Dividing by the number of units existing at the valuation date (before any new units are allocated), gives the unit price of the fund under consideration.

When Expropriation price is applied: The NAV for a particular fund shall be computed as: Market Value of investment held by the fund less the expenses incurred in the sale of the assets plus the value of any current assets plus any accrued income net of fund management charges less the value of any current liabilities less provisions, if any. This gives the net asset value of the fund. Dividing by the number of units existing at the valuation date (before any units are redeemed), gives the unit price of the fund under consideration.

In case the valuation day falls on a holiday, then the exercise will be done the following working day.

We reserve the right to value less frequently than daily in extreme circumstances, where the value of the assets may be too uncertain. In such circumstances we may defer valuation of assets until normality returns. Examples of such circumstances are:

- a) When one or more stocks exchanges which provide a basis for valuation for a substantial portion of the assets of the fund are closed otherwise than for ordinary holidays
- b) When, as a result of political, economic, monetary or any circumstances out of our control, the disposal of the assets of the unit fund are not reasonable or would not reasonably be practicable without being detrimental to the interests of the remaining unit holders.
- c) During periods of extreme volatility of markets during which surrenders and switches would, in our opinion, be detrimental to the interests of the existing unit holders of the fund.
- d) In the case of natural calamities, strikes, war, civil unrest, riots and bandhs.
- e) In the event of any force majeure or disaster that affects our normal functioning.
- f) If so directed by the IRDA.

Allocation of units

The company applies premiums to allocate units in one or more of the unit-linked funds in the proportions which the policyholder specifies. In case of New Business, units shall only be allocated on the day the proposal is completed and results into a policy by the application of money towards premium. In the case of renewal premiums, the premium will be adjusted on the due date, whether or not it has been received in advance. (This assumes that the full stipulated premium is received on the due date.)

In respect of premiums received or funds switched up to the cut off time currently 3.00 p.m. by the company along with a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the day on which the premium is received or funds switched, shall be applicable. In respect of premiums received after 3.00 p.m. by the company along with a local cheque or a demand draft payable at par at the place where the premium is received, the closing NAV of the next business day shall be applicable.

In respect of premiums received with outstation cheques or demand drafts at the place where the premium is received, the closing NAV of the day on which cheques / demand draft is realized shall be applicable.

Redemptions

In respect of valid applications received (e.g. Surrender, Benefit Payment, Switching etc) up to 3.00 p.m. by the insurer, the same day's closing NAV shall be applicable. In respect of valid applications received (e.g. surrender, benefit payment, switching etc) after 3.00 p.m. by the insurer, the closing NAV

of the next business day shall be applicable. The NAV for each segregated Fund provided under this product shall be made available to the public in the print media on a daily basis. The NAV will also be displayed in the web portal of the Company.

Benefits under the Plan

The exact benefits for a scheme under this Plan will depend on the individual employer's Gratuity Scheme. Generally, the contingencies for Benefit Payment and the benefit level will be as given below:

- Death of employee in service- past service gratuity plus insured death benefit amount
- Disability of employee in service - past service gratuity
- Retirement of employee - past service gratuity
- Resignation / early termination of service of the employee: past service gratuity

Surrender of Policy

If the employer / trustees decide to surrender their policy, Reliance Life Insurance Company Limited will pay a surrender benefit equal to the fund value minus the surrender charges, if any.

All benefits, except for insured death benefit amount, shall be payable by canceling units at the prevailing unit price. If the units are held in more than one unit linked fund, the value of units cancelled in a particular fund will be in the same proportion as the value of units held in that fund to the total value of units held across all funds. The liability of the insurer for a scheme will be limited to the fund value plus the insured death benefit amount under the scheme.

Discontinuance of Insurance Premium payment

The policy shall lapse if insurance Premiums along with Gratuity Contributions are not paid within the grace period. Under a lapsed policy, the life cover will continue. The insurance premium will be collected by canceling units. The policy will continue to participate in the performance of unit funds chosen by the policyholder.

If the policy is not revived within the period of revival of 5 years from the due date of the first unpaid premium, the surrender value, if any will be paid at the end of period allowed for revival and the contract will be terminated.

Revival of discontinued policy - A policyholder may revive a policy by recommencing the payment of insurance premiums along with Gratuity contributions at any time within a period of 5 years from the due date of first unpaid premium.

Payment of past service Gratuity Liability Contributions along with Insurance Premium - For a newly set up gratuity trust, the past service gratuity liability contribution can be paid either in a lump sum or in installments spread over not more than 5 years.

For an existing scheme, the annual Gratuity Liability contributions along with Insurance Premium can be paid either in yearly, half-yearly, quarterly or monthly installments.

Insurance Premium

It means the amount payable to keep the insured death benefit in force. It will depend on the attained age at start of policy year, the amount of insured death benefit and occupation class.

Grace Period

There is a grace period of 30 days from the due date for the payment of the Insurance Premium along with Gratuity contributions. If Insurance Premium along with Gratuity Contribution is payable monthly, the grace period will be 15 days from the due date.

Switching and Contribution redirection

Transferring (switching) assets from one investment fund to another can be done at any time. You can make up to four switches free of charge each year. You may also redirect gratuity contributions in future to a different asset mix. The flexibility is yours.

Charges

Fund Management Charges

There is a 0.75% per annum charge across all the fund options namely - Capital Secure Fund, Balanced Fund, Growth Fund, Pure Debt Fund, Growth Plus Fund, High Growth Fund, Super Growth Fund, Money Market Fund, Corporate Bond Fund, Gilt Fund, Equity Fund, Infrastructure Fund, Energy Fund, Midcap Fund and Pure Equity Fund.

The Fund Management charges are not guaranteed. The Fund Management Charges can be increased up to 2.5% per annum. However any changes to the Fund Management Charges shall be subject to Insurance Regulatory Development Authority (IRDA) approval.

Switching Charges

Transferring (switching) from one Investment Fund to another can be done at any time. You can make up to four switches free of charge each year, only one where individual employee has the choice. Any switch above this will attract a charge of 0.1% of the amount switched subject to minimum of Rs.1000 per switch and maximum of Rs.5000 per switch. This charge is recovered by canceling units.

Surrender charges

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 & onwards
Charge (% of fund value)	5%	4%	3%	2%	1%	NIL

These charges are levied only if the employer / trustees decide to surrender the policy with Reliance Life Insurance Company Limited.

Suicide Claim Exclusion

In case of a claim where a member has committed suicide within 12 months from the date of inception of the Scheme, whether sane or insane at that time, the Company will limit

the death benefit to the past service Gratuity benefit (which will be paid from the Unit-Linked Fund of the Scheme), and will not pay any insured death benefit

Payment of taxes and stamp duties

We will deduct any taxes, duties or surcharges of whatever description where levied by any statutory authority from Benefits/Insurance Premium/Contribution.

Service Tax

Service tax and education cess will be charged extra as per applicable rates.

Please note that all benefits payable under the policy are subject to tax laws and other financial enactments as they may exist from time to time. You are recommended to consult your tax advisor.

Note

Unit Linked Life Insurance products are different from the traditional insurance products and are subject to the following risk factors.

- The contribution paid in unit linked insurance policies are subject to investment risks associated with capital markets and NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital markets and the policyholder is responsible for his/her decisions.
- “Reliance Life Insurance Company Limited” is the name of the company and “Reliance Group Gratuity Plan” is only the name of the policy and does not in any way indicate the quality of the policy, its future prospects or returns.
- The names of the Fund Option do not in any manner indicate the quality of the Fund Option or their future prospects or returns. The Fund Option(s) do not offer any guarantee or assure any guaranteed return;
- Investments in Units are subject to market and other risks. Investment risk in investment portfolio is borne by the Policyholder. There is no assurance that the objectives of the Fund Option shall be achieved;
- The Unit Price of the Units may fluctuate depending on factors and forces affecting the capital markets and the level of interest rates prevailing in the market;
- Past performance of the Fund Options is not indicative of future performance of any of those Fund Options.
- All Benefits payable under this Policy are subject to tax laws and other fiscal enactments in effect from time to time.
- The Company reserves the right to suspend the Allocation, reallocation and/or cancellation of Units under extraordinary circumstances such as extreme volatility of assets, extended suspension of trading on stock exchange, natural calamities, riots and other similar events or force majeure circumstances.

About Reliance Life Insurance Company Limited

Reliance Life Insurance is an associate company of Reliance Capital Limited, a part of the Reliance Anil Dhirubhai Ambani Group. Reliance Capital is one of India's leading private sector financial services companies, in terms of net worth. Reliance Capital has interests in asset management and mutual funds, stock broking, life and general insurance, proprietary investments, private equity and other activities in financial services.

Reliance Anil Dhirubhai Ambani Group also has presence in Communications, Energy, Natural Resources, Media, Entertainment, Healthcare and Infrastructure.

Prohibition of Rebate: 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 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 a fine which may extend to five hundred rupees.

Section 45 of the Insurance Act:

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 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.

RELIANCE Life Insurance
Anil Dhirubhai Ambani Group

sms INSURE to 55454

Reliance Life Insurance Company Limited (Reg. No 121)

Registered Office: H Block, 1st floor, Dhirubhai Ambani Knowledge City, Navi Mumbai, Maharashtra 400710, India

- Customer Care Number: **1800 300 08181 & 3033 8181**
- Email: rlife.customerservice@relianceada.com
- Website: www.reliancelife.com

This product brochure gives the salient features of the plan only. For further details on all the conditions, exclusions related to Reliance Group Gratuity Plan please contact your Relationship Manager.

Insurance is the subject matter of the solicitation.

UIN for Reliance Group Gratuity Plan: 121L011V01

ISO 9001:2000
CERTIFIED COMPANY