

LIC's SUPERANNUATION PLUS PLAN, is a unit linked defined contribution plan for management of Superannuation Funds. This plan is different from the traditional Cash Accumulation Plan as the returns under the Plan are linked to the performance of the chosen fund. SUPERANNUATION PLUS PLAN is suitable for companies with employees desiring to have flexibility of choice of investment.

**WHY IS LIC'S SUPERANNUATION PLUS PLAN THE BEST CHOICE?**

1. This scheme comes to you from the country's leading insurer backed by more than 23 crores policyholders and an asset size of around Rs 7,40,000 crores.
2. Choice of 4 funds to meet various risk appetites.
3. Flexibility of building the fund subject to acceptable level of risk.
4. Facility of Switching between various funds. Four switches every year per member are free of cost.
5. There is no bid offer spread under this scheme.
6. Scheme can be surrendered at any time after the date of payment of first contribution. The benefit on surrender will be subject to appropriate charges.
7. Maintenance of individual member-wise account and hassle Free Administration of Scheme.
8. Assistance for execution of legal documents and installation of scheme.

**SALIENT FEATURES :**

The Master Policyholder has the choice to invest the contributions in respect of individual member in any one of the following four funds:

| <b>Fund Type</b><br><br><b>(1)</b> | <b>Investment in Government / Government Guaranteed Securities/ corporate debt</b><br><br><b>(2)</b> | <b>Short-term investment such as money market instruments</b><br><br><b>(3)</b> | <b>Investment in Listed Share Equity</b><br><br><b>(4)</b> | <b>Details and objectives of the fund for risk/return</b><br><br><b>(5)</b> |
|------------------------------------|--|---|--|---|
| <b>Bond Fund</b>                   | Not less than 70%  | Not more than 30%   | Nil  | Low risk  |
| <b>Income Fund</b>                 | Not less than 60%  | Not more than 30%   | Not less than 10% & Not more than 40%                      | Steady Income— Lower to Medium risk   |
| <b>Balanced Fund</b>               | Not less than 50%  | Not more than 30%   | Not less than 20% & Not more than 50%                      | Balance Income and growth— Medium risk                                      |

|                    |                   |                   |                                       |                                    |
|--------------------|-------------------|-------------------|---------------------------------------|------------------------------------|
| <b>Growth Fund</b> | Not less than 40% | Not more than 30% | Not less than 30% & Not more than 60% | Long term Capital growth—High risk |
|--------------------|-------------------|-------------------|---------------------------------------|------------------------------------|

**Note :** The various funds offered are the names of the funds and do not in any way indicate the quality of these plans , their future prospects and returns.

The allocation charge shall be 0.5% in the first year and nil in the subsequent years. The Policyholder has the choice of investing the Memberwise allocated contributions in any one of the four fund types. Individual member-wise fund will be maintained. Any top up of the contributions in respect of the members can be made at any time during the membership period.

**The Net Asset Value (NAV) of each fund will be computed daily.** The Corporation shall arrange to inform the Policyholder the number of units and the Bid value of the Units in respect of each member at least once in a year or at any time on request. At any time, the value of the Policyholder's fund shall be the sum total of Members Fund. The value of Members fund shall be the number of units multiplied by the NAV of the fund type chosen as on the date of calculation. The Policyholder's Fund will be subject to deduction of charges as specified herein.

**Charges under the Plan:**

i) Allocation Charge

This is the percentage of contributions appropriated towards charges from the contributions received. The balance known as allocation rate constitute that part of the contributions which is utilized to purchase (Investment) units for the policy.

The allocation charges are as follows:

First year: 0.5%

Thereafter: Nil.

ii) Fund Management Charge

This is a charge levied as a percentage of the value of Assets and shall be appropriated by adjusting the Net Asset Value at the following rates :

|             |               |             |           |
|-------------|---------------|-------------|-----------|
| Growth fund | Balanced Fund | Income Fund | Bond Fund |
| 0.80%p.a.   | 0.75%p.a.     | 0.70%p.a.   | 0.65%p.a. |

iii) Administrative Charge

The Administration Charge of Rs.100/- per member per annum will be deducted throughout the term of the policy by canceling member's fund value appropriately. For New entrants it will be deducted as and when the member joins the scheme and thereafter at the start of every policy year.

iv) Surrender Charge

The entire Policy can be surrendered by the Policyholder any time after the commencement of the policy. This is a charge levied at the time of full surrender of the policy. Partial surrender of the policy is not allowed.

The surrender charges are given below:

| <u>Duration of policy</u>     | <u>Surrender charge deductible as % of Value of Policyholder's fund on surrender.</u> |
|-------------------------------|---|
| Less than or equal to 3 years | 1%  |
| 4 <sup>th</sup> year onwards  | Nil   |

v) Switching Charges

This charge is levied on switching of monies from one fund to another as described above. The Policyholder can switch the full investments in respect of each member from one fund type to another out of the four funds at any time provided contributions in respect of the same are being received regularly under the policy. Within a given policy year four switches per member will be allowed free of charge. Subsequent switches shall be subject to a switching charge of Rs.100 per switch which will be levied by canceling appropriate number of units. Switching will be allowed for a minimum amount of Rs.30,000 per member.

vi) Bid/Offer Spread Nil.

vii) Service Tax A service tax charge shall be levied on the following charges—

- a) Allocation Charge: At the time of allocation.
- b) Administrative Charge: By canceling appropriate number of units from the fund.
- c) Fund Management Charge: At the time of deduction of Fund Management Charge.
- d) Switching Charge: At the time of effecting the switch.
- e) Surrender Charge: At the time of surrender of policy within three years from the date of commencement of policy.

The level of this charge will be as per the rate of service tax as applicable from time to time. Currently the rate of service tax is 10% p.a. with an educational cess at the rate of 3% p.a. thereon and hence the rate is 10.3% p.a.

**SPECIAL FEATURES OF THE SCHEME.**

**FLEXIBILITY OF CONTRIBUTIONS**

Policyholder may choose to pay contributions at any time during the policy year.

**Top-Up(Additional Contribution):**

The policyholder can pay Top-up of the contribution in respect of members at any time during the

membership period.

### **BENEFITS UNDER THE SCHEME**

- The amount available in respect of the member shall be the value of units in the member's fund. A portion of the amount can be commuted if the scheme rules allow. The balance amount will be utilized to purchase immediate annuity, in respect of the member/beneficiary certified by Policyholder, at the then prevailing annuity rates. Both the commuted value and the annuity in respect of the member/beneficiary will be paid to policyholder. However the same can also be paid to the beneficiary directly with the consent of the policyholder. On exit of a member the amount available shall be the value of units. The value of units in respect of the member shall be the number of units held under the chosen fund type multiplied by the corresponding NAV.
- The policy can be surrendered at any time after the date of payment of first contribution. The benefit available on surrender of the policy shall be the total of value of units in respect of all Members taken together less appropriate surrender charge.

#### **How to install the Scheme :**

- Pass a resolution for creation of Superannuation Trust Fund.
- Execute the Trust Deed and appoint Trustees for administering the scheme. If Trust already exists, execute a Deed of Variation.
- Apply to Commissioner of Income Tax for approval under Part C of the Fourth Schedule of the Income Tax Act 1961
- Forward to LIC, Master Proposal signed by Trustees, employee data , copies of Trust Deed, Scheme Rules and cheque for payment of premium
- Open a bank account in favour of the Trust.

#### **Discontinuance of Policy:**

At all the times Policyholder's fund should be sufficient to cover the charges and benefits payable at such point of time, subject to minimum balance of Rs. two lacs in the Policyholder's Fund. In case the Policyholder's Fund falls below this limit, the policy shall compulsorily be terminated and the balance amount in the Policyholder Fund will be refunded to the Policyholder.

### **RISKS BORNE BY THE INDIVIDUAL MEMBER**

The Value of the units is subject to market and other risks and there can be no assurance that the objectives of any of the above funds will be achieved. The value of units within each Fund can go up or down depending on the different factors affecting the capital markets and may also be affected by changes in the general level of interest rates and other economic factors. All benefits under the policy are also subject to the Tax Laws and other Financial enactments as they exist from time to time.

**Please know the associated risks and the applicable charges from your Insurance Agent or Intermediary or Policy Document.**