

Kotak

Superannuation
Group Plan - II
Unit Linked Life Insurance



A JOINT VENTURE WITH  OLD MUTUAL

Faidey ka insurance



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KOTAK SUPERANNUATION GROUP PLAN - II

A Unit Linked Superannuation Insurance Plan

In today's time when the prospect of out-living retirement savings is larger than ever, few employees take the time to plan their long-term financial goals or have the discipline to systematically save for their retirement years. As an employer of choice, you can help your employees tremendously by assisting in their retirement planning and, in turn, increase employee retention. The solution lies in Kotak Life Insurance's **Kotak Superannuation Group Plan - II**.

Note

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

Kotak Superannuation Group Plan - II offers:

Defined Benefit Scheme - In this scheme, employers provide employees a specific retirement benefit based on salary and years of service. Such plans are funded by employer contributions. If there is any shortfall between the amount available in the scheme for payment to the employee, the shortfall will be made good by the master policyholder/employer.

Defined Contribution Scheme - In this scheme, both employees and/or employers can contribute towards fund accumulation and the rate of employer and/or employee contributions are usually defined as a percentage of salary. This scheme is becoming more important for workers in today's evolving marketplace where the average worker may switch jobs and even careers multiple times over the course of a lifetime. Both employer and employee can contribute to this scheme. The fund value at the time of benefit payment will be payable.

How does the Kotak Superannuation Group Plan - II work?

The Kotak Superannuation Group Plan - II (KSGP - II) is a uniquely flexible product that addresses the needs of both the employers and the employees. Under this plan, contributions are invested in Group Secure Capital Fund Monthly Regular Additions are also added to the unit fund as per fund size and offers guarantees as per Scheme opted i.e. Defined Benefit or Defined Contribution. The benefits are paid to the Trustees of the Superannuation Trust.

How will KSGP - II help me as an employer?

You know that your employees are your most valuable assets. By helping to provide for retirement, you help increase employee retention and motivation. Moreover:

- Any amount received by the trustees on behalf of an approved superannuation fund is exempt under sec 10(25) (iii).
- The amount of deduction available on ordinary annual contribution to an approved superannuation fund shall not exceed 27% (including the contribution to Provident Fund) of the employee's annual basic salary for each year of his service under section 36(1)(iv) of the Income Tax Act, 1961.

How does KSGP - II help my employees?

KSGP - II gives your employees unparalleled flexibility and peace of mind.

- Any employee contribution towards an approved superannuation fund qualifies for tax deduction under section 80 C of the Income Tax Act, 1961.
- On death, the benefit paid to nominee shall be exempt from tax under section 10(13) and shall be as per the scheme rules of the employer's superannuation scheme.
- On retirement (vesting), the benefit shall be as per the scheme rules of the employer's superannuation scheme and commuted benefit shall be tax free.
- Any contribution by employer to approved superannuation fund up to ₹1 lacs will not be included in perquisites of the employee under Sec 17(2)(vii)
- At the time of withdrawal from service, employee has an option to transfer his superannuation account to his/her new employer, if allowed as per scheme rules of the superannuation fund.

Note: Tax benefits are subject to change in the tax laws. You are advised to consult your tax advisor for details.

How do I know if my company is eligible for KSGP - II?

Particulars	Minimum	Maximum
Group size	10	No limit
Entry age (Last birthday)	As specified in the Trust Rules or 18 years whichever is higher	One year before Normal Retirement Age as specified in the Trust Rules or 74 years whichever is lower
Maturity age (Last birthday)	-	Normal Retirement Age as specified in the Trust Rule or 75 years whichever is lower
Term	1 year (renewable indefinitely)	
Contribution – Defined benefit	₹ 2,00,000 at inception	No limit
Contribution – Defined contribution	₹ 6,000 per member per year	No limit

What is the Assured Benefit available under the plan?

Defined Benefit Schemes – Assured Benefit payable on complete surrender shall not be less than 100.1% of the total contribution paid, net of withdrawals already made from the account. Assured Benefit shall be applicable on the entire superannuation fund available with the Insurer.

Defined Contribution Schemes - Assured Benefit payable on retirement or death shall not be less than 100.1% of contributions paid. Assured Benefit is not applicable on exits other than retirement or death.

What are the benefits payable to the members?

On death or retirement which is in accordance with the scheme rules, the amount payable pertaining to that member shall be as communicated to Kotak Life Insurance by the employer.

For Defined Benefit Schemes:

Assured Benefit on Death or Retirement: The benefit payable on death or retirement of a member of the scheme will be the benefit pertaining to that member as communicated by the employer according to scheme rules. The benefit payable is subject to availability of funds in the respective unit fund of the employer's superannuation fund. If there is any shortfall between the amount available in the scheme for payment to the employee, the shortfall will be made good by the master policyholder/employer.

Termination or Resignation: The benefit amount will be in accordance with the rules of the superannuation fund.

For Defined Contribution Schemes:

Assured Benefit on Death or Retirement: The benefit payable on death or retirement of a member will be the fund value i.e. number of units in the member's retirement account times the unit price, according to the scheme rules, subject to Assured Benefit mentioned above. The benefit payable is subject to availability of funds in the respective unit fund of the respective member of the employer's superannuation fund. On retirement, member has the option to choose from the various annuity options then available.

Termination or Resignation: The benefit amount will be in accordance with the rules of the superannuation fund. Employee has an option to transfer his superannuation account to his/her new employer, if allowed as per scheme rules of the superannuation fund.

What is Monthly Regular Additions?

Monthly Regular Additions are added to the Schemes and the percent varies by fund size at the beginning of the calendar month and the rate of these additions is in the range of 0.05% to 0.30% per annum. Monthly Regular Additions are expressed as units and added to the unit fund at the end of the month.

What investment options do I have?

Considering the financial goals and risk appetite of your employees, Kotak Life Insurance has specially designed **Group Secure Capital Fund** that helps your employees achieve good investment performance. Mentioned below are the fund details:

Fund / Fund Composition	Short term investments such as Money market instruments, short term bank deposits, call money and cash	Government / Government guaranteed securities	Other debt Securities
Group Secure Capital Fund (SFIN: ULGF-016-12/04/11-SECCAPFND-107)	0 - 40%	0 - 75%	25 - 100%

Investment Management Philosophy:

Kotak's Group investment philosophy works on the principles of transparency, flexibility and well-defined investment portfolios.

NAV Computation:

All the contributions referred to in this section will be applied to buy units in the funds selected by the Policyholder according to the following rules:

- Where premiums are paid by outstation cheques, the NAV of the clearance date or due date, whichever is later, will be used for allocation of the premium.
- Transaction requests (including renewal premiums by way of local cheques, demand draft, switches, etc.) received before the cutoff time will be allocated to the same day's NAV and the ones received after the cutoff time will be allocated to the next day's NAV.
- The current cutoff time is 3:00 p.m. which may vary from time to time as per IRDA guidelines.

NAV of a fund is calculated and published in financial newspapers on each business day.

Market Value of investments held by the fund + Value of any Current Assets – Value of Current Liabilities & Provisions, if any

Net Asset Value (NAV) =

 Number of units existing at the valuation date (before creation/redemption of units)

Fund Value is the product of the total number of units under a policy and the NAV.

The NAV calculated above will be used with respect to portfolio valuations for policyholders in addition to terms for full or partial surrenders, maturity and death settlement options. The NAVs will be calculated on each business day.

What are the various annuity options available?

At vesting, employer/member can opt for annuity options then available at the then prevailing annuity rates, subject to the rules of superannuation scheme. Currently Kotak Group Annuity Plan (107N048V01) offers the following annuity options:

- Lifetime Annuity – Annuity shall be payable to the member for life
- Lifetime Annuity with cash-back – Annuity shall be payable to the member for life. In case of unfortunate event of member's death, the amount paid (at inception) to purchase annuity shall be paid back to the nominee.
- Lifetime Annuity with term guarantee of 5/10/15/20 years – Annuity shall be payable for the guaranteed term irrespective of member's death. Thereafter, the annuity shall continue till the member is alive.
- Last survivor Lifetime Annuity – Annuity shall be payable for life. On death of the member/spouse, annuity shall continue to be paid to surviving spouse.

Further, new Annuity options will be available to the Policyholder as declared by the Insurer time to time.

Where superannuation fund is maintained with multiple Insurers, the employer can choose to purchase annuity from us or any other insurer.

Can the policy be surrendered?

Yes, the policy may be surrendered by the master policyholder giving three months' prior notice in writing to the Insurer. On the expiration of the notice period, the Insurer shall pay the current value of the units as on date of surrender, subject to the surrender charges (as mentioned under "Charges") as may be applicable. For both – Defined Benefit and Defined Contribution – schemes, policy can be surrendered by the policyholder only.

Charges:

- **Premium Allocation Charges:**

Premium allocation charge would be 0.3% of contribution amount. This is a percentage of premiums appropriated towards charges from the contribution received. The balance known as allocation rate constitutes that part of contribution which is utilized to purchase (investment) units for the policy.

- **Administration Charges**

There are no administration charges applicable.

- **Fund Management Charges:**

This is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the NAV. The fund operates in a totally transparent manner, with the NAV posted on our website daily. Fund management charges is 0.90% per annum.

These charges can be altered at the sole discretion of the company with prior approval from IRDA.

- **Surrender Charges:**

This is a charge levied on the unit fund at the time of surrender of contract. In case the policyholder wants to surrender the policy, surrender charge of 0.05% of the fund with a cap of ₹ 5,00,000 in the first three policy years is applicable. No surrender charge will be levied if the surrender occurs after completion of three policy years.

- **Switching Charges:**

There are no switching charges applicable now as there is only one fund available. However, Kotak Mahindra Old Mutual Life Insurance Ltd. may impose a switching charge if it introduces more funds, subject to prior approval from IRDA.

- **Suicide Exclusion:**

There is no suicide exclusion applicable and the benefit payable on death as defined in scheme rules shall be paid, irrespective of the nature of death.

- **Free Look Period:**

The policyholder is offered 15 days free look period, from the date of receipt of this policy. During this period the policyholder may choose to reconsider the decision to hold this policy, or may choose to return the same within the said 15 days. If the policyholder chooses to return the policy, premiums paid shall be refunded after adjustments for expenses, if any, for stamp duty. This policy will not be offered by Distance Marketing channel.

- **Insurance Ombudsman:**

The company shall endeavour to promptly and effectively address policyholder's grievances. However, in case the policyholder may not be satisfied with the response of the company, he/she may also approach the Insurance Ombudsman located in his/her region. Details of the offices of the Ombudsman across the country are made available on the website of the company at <http://insurance.kotak.com> and will also be made available to the policyholder on request.

Risk Factors:

- Unit Linked Life Insurance products are different from traditional insurance products and are subject to risk factors.
- The premium paid in Unit Linked Life Insurance policies are subject to investment risk associated with capital markets and the NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market and insured is responsible for his/her decisions.
- Kotak Mahindra Old Mutual Life Insurance Ltd. is only the name of the company and Kotak Superannuation Group Plan - II is only the name of the unit linked life insurance contract and does not in any way indicate the quality of the contract, its future prospects or returns.
- The fund offered under this contract is the name of the fund and do not in any way indicate the quality of these plans, their future prospects and returns.
- The past performance of other plans of the Company is not necessarily indicative of the future performance of the fund.
- Please know the associated risks and the applicable charges, from your insurance agent or the intermediary or policy document of the insurer. All benefits payable under the policy are subject to the tax laws and other financial enactments, in force from time to time.

Sample Illustration:

Gross Yield 4%								
Year	Initial contribution	Annual contribution	Allocation charges	Service tax	Fund before FMC	FMC	Fund after FMC	Fund after surrender charges
1	1,000,000	250,000	3,750	1,905	1,296,100	11,665	1,282,530	1,281,889
2	-	265,000	795	1,888	1,608,604	14,477	1,592,239	1,591,443
3	-	280,900	843	2,270	1,947,188	17,525	1,927,393	1,926,430
4	-	297,754	893	2,684	2,313,224	20,819	2,289,722	2,289,722
5	-	315,619	947	3,130	2,708,570	24,377	2,681,063	2,681,063
6	-	334,556	1,004	3,612	3,135,200	28,217	3,103,371	3,103,371
7	-	354,630	1,064	4,131	3,595,215	32,357	3,558,727	3,558,727
8	-	375,908	1,128	4,690	44,090,847	36,818	4,049,340	4,049,340
9	-	398,462	1,195	5,292	44,624,470	41,620	4,577,558	4,577,558
10	-	422,370	1,267	5,940	5,198,607	46,787	5,145,880	5,145,880

Net yield @ 8%	6.98%
Reduction in yield @ 8%	1.02%

Gross Yield 8%								
Year	Initial contribution	Annual contribution	Allocation charges	Service tax	Fund before FMC	FMC	Fund after FMC	Fund after surrender charges
1	1,000,000	250,000	3,750	1,961	1,345,950	12,114	1,331,876	1,331,210
2	-	265,000	795	2,016	1,723,767	15,514	1,706,237	1,705,384
3	-	280,900	843	2,490	2,145,198	19,307	2,123,401	2,122,339
4	-	297,754	893	3,018	42,613,883	23,525	2,587,340	2,587,340
5	-	315,619	947	3,603	3,134,173	28,208	3,102,362	3,102,362
6	-	334,556	1,004	4,252	3,710,788	33,397	3,673,139	3,673,139
7	-	354,630	1,064	4,969	4,348,841	39,140	4,304,733	4,304,733
8	-	375,908	1,128	5,761	5,053,873	45,485	5,002,627	5,002,627
9	-	398,462	1,195	6,635	5,831,885	52,487	5,772,763	5,772,763
10	-	422,370	1,267	7,598	6,689,375	60,204	6,621,573	6,621,573

Note:

- All amounts in Indian Rupees.
- This is only an indicative illustration for Defined Benefit scheme. Rates may vary for each group.
- The above illustration is based on the assumption that all contributions are paid as due and the fund will grow at the rate of 4% p.a. and 8% p.a. Please note that the assumed rate of return is only for illustration purpose, whereas the actual return will depend on the investment performance.
- Non-guaranteed benefits will vary with returns based on investment performance. If your policy offers guaranteed returns then these will be clearly marked "guaranteed" in the illustration table on this page.
- Premiums are allocated in Group Secure Capital Fund (SFIN – ULGF-016-12/04/11-SECCAPFND-107)
- Assured Benefit payable on complete surrender shall not be less than 100.1% of the total contribution paid, net of withdrawals already made from the account.
- This illustration is not a contract of insurance and must be read in conjunction with the product's Sales Brochure and Policy Document.
- Service Tax, Education Cess and Secondary and Higher Secondary Education Cess on Service Tax, is levied, at the applicable Tax rates in accordance with the prevailing Tax Laws, from time to time.
- Please refer brochure for details of this plan.
- Insurance is the subject matter of solicitation.

If currently you do not have a Group Superannuation plan, you can start one today with Kotak Life Insurance! If you have an existing Group Superannuation plan you can transfer your fund to Kotak Life Insurance. We will help you with all the necessary paperwork and guide you through the process to make it hassle-free.

Kotak Life assures you of a cost effective fund management for you and your employee's benefit in a transparent and simplistic manner without any hidden costs!

Section 41 and 45

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 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 insured.

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.

Section 45 of the Insurance Act, 1938 states:

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 statement made in the proposal 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 policy holder and that the policy holder 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.

About Us

Kotak Mahindra Old Mutual Life Insurance Ltd.

<http://Insurance.Kotak.com>

Kotak Mahindra Old Mutual Life Insurance Ltd is a 74:26 joint venture between Kotak Mahindra Bank Ltd., its affiliates and Old Mutual plc. The company started operations in 2001, and strives to offer its customers outstanding value through high customer empathy, consistent and benchmarked service and a suite of products that leverage the combined process of protection and long term savings. The company covers over 4 million lives and is one of the fastest growing insurance companies in India.

The Kotak Mahindra Group

www.kotak.com

Established in 1985, the Kotak Mahindra group is one of India's leading financial services conglomerates. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received a banking license from the Reserve Bank of India (RBI). With this, KMFL became the first non-banking finance company in India to become a bank - Kotak Mahindra Bank Limited. The consolidated balance sheet of Kotak Mahindra group is over ₹ 1.15 lakh crore and the consolidated net worth of the Group stands at ₹ 15,250 cr (approx US\$ 2.8 billion) as on March 31, 2013. The Group offers a wide range of financial services that encompass every sphere of life. From commercial banking, to stock broking, mutual funds, life insurance and investment banking, the Group caters to the diverse financial needs of individuals and the corporate sector. The Group has a wide distribution network through branches and franchisees across India, and international offices in London, New York, Dubai, Abu Dhabi, Mauritius and Singapore.

Old Mutual plc

www.oldmutual.com

Old Mutual provides life assurance, asset management, banking and general insurance to more than 14 million customers in Africa, the Americas, Asia, and Europe. Originating in South Africa in 1845, Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999.

In the year ended 31 December 2012, the Group reported adjusted operating profit before tax of £1.6 billion (on an IFRS basis) and had £262 billion of funds under management from core operations.



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<http://insurance.kotak.com>



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Kotak Superannuation Group Plan - II UIN No: 107L078V01, Form No: L078, Ref. No: KLI/13-14/E-PB/068

Kotak Mahindra Old Mutual Life Insurance Ltd. Regn. No.:107, Regd. Office: 4th Floor, Vinay Bhavya Complex, 159 A, CST Road, Kalina, Santacruz East, Mumbai: 400 098.

Website: <http://insurance.kotak.com> Email: clientservicedesk@kotak.com Toll Free No: 1800 209 8800

Tax Benefits are subject to change in tax laws. You are advised to consult your tax advisor for details. Insurance is the subject matter of solicitation. This is a non-participating unit-linked group plan.