

SALES BROCHURE

LIC's GRATUITY PLUS PLAN

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

LIC brings you LIC's GRATUITY PLUS PLAN , a unit linked plan for management of Gratuity 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 . GRATUITY PLUS PLAN is suitable for companies who desire to entrust Gratuity Fund management to an insurer and wish to have the flexibility of choice of investments .

WHY IS LIC'S GRATUITY PLUS PLAN THE BEST CHOICE?

1. This scheme comes to you from the country's leading insurer backed by more than 16 crore policyholders and an asset size around Rs 4, 50,000 crores.
2. Choice of 4 funds to meet various risk appetites.
3. Flexibility in structuring the Gratuity Costs based on performance of Fund.
4. Facility of Switching between various funds. One switch every year is free of cost.
5. It provides for life insurance cover at a very minimal cost. Cover can be equal to the gratuity payable for anticipated service. Alternatively, the company can also choose for each member a uniform level of cover equal to a minimum of one months salary or more .
6. There is no bid offer spread under this scheme.
7. Scheme can be surrendered at any time. There is no surrender penalty imposed.
8. Hassle Free Administration of Scheme
9. Assistance for execution of legal documents and installation of scheme.

SALIENT FEATURES :

The Company will have the choice to invest in any one of the following funds:

Fund Type (1)	Corporate Investment in Government / Government Guaranteed Securities/Corporate debt rated AA and above and debt instruments that possess the certificate rated AA+ and above. (2)	Short-term investment such as money market instruments including CP rates PE & above and short term deposits with the Scheduled commercial banks, Govt. Securities.)Inclusive of (2) (3)	Investment in Listed Equity Shares (4)	Risk Profile
Bond Fund	Not less than 80%	100%	Nil	Low
Income Fund	Not less than 70%	Not more than 90%	Not more than 20%	Low to Medium
Balanced Fund	Not less than 60%	Not more than 80%	Not more than 30%	Medium
Growth Fund	Not less than 50%	Not more than 70%	Not more than 40%	Medium to High

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.

Contributions will be allotted to the Fund at the following rate and will depend on the size and year of the contribution and will be as under:

Size of the Contribution (Rs.)	Allocation Rate			
	1 st year	2 nd year	3 rd year	4 th Year Onwards
Less than or equal to Rs.1.50 Crores	97%	98%	99%	100%
Above Rs.1.50 Crores to Rs. 10 Crores	98%	99%	99%	100%
Above Rs.10 crores and more	98.5%	99%	99%	100%

After deduction of the applicable charges, the balance amount will be applied to purchase units of the Fund type chosen . **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 value of the Unit Account at least once in a year or at any time on request. At any time , the value of the PolicyHolder Unit account shall be the number of units in the account multiplied by the NAV of the Units on the date of calculation. The Policyholder's Unit Account will be subject to deduction of charges as specified herein.

Charges under the Plan:

i) Premium Allocation Charge

This is a percentage of the contribution appropriated towards charges from the contribution received. This charge will depend on the size and year of the contribution and will be as under :

Size of the Contribution (Rs.)	Allocation Charge			
	1 st year	2 nd year	3 rd year	4 th Year Onwards
Less than or equal to Rs.1.50 Crores	3%	2%	1%	Nil
Above Rs.1.50 Crores to Rs. 10 Crores	2%	1%	1%	Nil
Above Rs.10 crores and more	1.5%	1%	1%	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 . These are dependent on the selected type of fund and shall be charged at the time of calculation of NAV. The fund management charge per annum for different funds is given below:

Growth Fund	Balanced Fund	Income Fund	Bond fund
0.80%	0.75%	0.70%	0.65%

iii) Policy Administration Charge

This charge shall represent the expenses other than those covered by Premium Allocation Charges and the Fund Management Charge. In the first year an amount of Re 0.20 per thousand Term Assurance Cover granted to members will be charged. From the second year onwards, a fixed administrative charge of Rs.10/- per member subject to a minimum of Rs.2000/- and a maximum of Rs.10000/- will be charged to the PolicyHolder Unit Account by canceling appropriate number of units ,at the beginning of the policy anniversary every year . In addition, an amount of Re 0.20 per thousand for the incremental Term Assurance Cover if any over the cover granted in the previous year will be charged by canceling appropriate number of units out of the Policyholder's Unit Account at the NAV applicable at the time.

Note: Incremental Term Assurance Cover is the difference between Total Term Assurance cover as on the current policy anniversary and the previous policy anniversary

iv) Surrender Charge

This is a charge levied on the Unit Fund at the time of Surrender of the Contract. However, there is no Surrender Charge under this Policy .

v) Switching Charges

This charge is levied on switching of monies from one fund to another as described above. The PolicyHolder can switch between any of the fund types , at any time provided contributions are being received regularly under the policy. In a given policy year, the policyholder can make one switch free of charge. Subsequent switches in that policy year shall be subject to a switching charge of 0.1% of Policyholders Unit account subject to a minimum of Rs.1000 per switch and maximum of Rs.50000 per switch.

vi) Mortality Charge

This is the cost of life insurance cover to be granted to the members .Mortality charges shall be charged based on the age of each member and the Term Assurance Sum Assured Granted on the commencement of the policy and on every policy anniversary. Term Assurance Sum assured shall be the Future Service Gratuity or number of months salary subject to a minimum of one month salary of members as desired by the Policyholder.

vi) Charges to cover Service Tax

Service tax is payable to the Government of India and shall be charged on the Mortality charge.

vii) Bid/Offer Spread

Nil.

All the charges except Premium allocation charge and Mortality charge are reviewable with prior approval of IRDA and they will be subject to the following maximum limit :-

- Policy Administration Charge - Rs 50/- per member subject to a minimum of Rs 5000/- and a maximum of Rs 25000/-.
- Fund Management Charge -The Maximum for each Fund will be as follows
 - i. Bond Fund : 2.0% p.a of Unit Fund
 - ii. Income Fund : 2.0% p.a of Unit Fund
 - iii. Balanced Fund : 2.5% p.a of Unit Fund
 - iv. Growth Fund: 3.0% p.a of Unit Fund
- Service Tax Charge - Service Tax Charge will be Fixed depending upon the Rates fixed by the Government from time to time.
- Switching Charges - 0.5% of value of Policyholders Unit account.

SPECIAL FEATURES OF THE SCHEME.

AUTO COVER

If the contributions are not received on the policy anniversary the policy becomes paid up. However the term Assurance Cover will be provided to the members by way of Auto Cover for a period of five years from the policy anniversary for which the contributions have not been received from the policyholder. The Term Assurance cover equal to Future Service Gratuity or number of months salary subject to a minimum of one month salary of members as opted by the policyholder will be provided as Auto Cover for which the mortality charges together with service tax if any, will be deducted by cancelling appropriate number of units from the Unit Account . At the end of five years from the policy anniversary for which the contributions have not been received from the policyholder if the policy is still in paid up condition the policy shall be compulsorily terminated.

FLEXIBILITY OF CONTRIBUTIONS

Contributions are payable on every policy anniversary.

BENEFITS UNDER THE SCHEME

- Gratuity Benefits to Members whenever payable as per Rules of the Scheme shall be paid to the PolicyHolder by debiting the requisite no of units to the PolicyHolder's Unit Account at NAV applicable at that time.
- In case of death of member, life insurance cover as opted for by Policyholder will also be paid by the Corporation.
- The policy can be surrendered at any time. The benefit available on surrender of the policy will be the value of total number of units held in the PolicyHolder's Unit Account at the time of surrender.

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

How to install the Scheme :

- Pass a resolution for creation of Gratuity 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.

RISKS BORNE BY THE POLICYHOLDER

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 .

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 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 life insurance taking out by himself on his own life shall not be deemed to be acceptance of the 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 provision of this Section shall be punishable with a fine, which may extend to Rs 500.