

HDFC GROUP UNIT LINKED PLAN



Sar Utha Ke Jiyo



Growth for your investments. Security for your employees.

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

As an employer, you have always thought of welfare of your precious employees. You have believed in providing the motivating environment for your employees to work better. Providing options like Leave Encashment, Gratuity, Superannuation to your employees is your concern for which we offer an effective solution.

HDFC Group Unit Linked Plan is an innovative plan, which offers a flexible and cost effective way to fund all types of employees needs like post retirement, leave encashment and gratuity. This plan helps you by

- ♦ Creating a fund that can be built in to meet your future obligations
- ♦ Providing the opportunity to maximise investment returns and thus helps in providing the benefit in a cost-effective manner.

One factor that helps maximise investment returns is low charges. Our fund management charges are amongst the lowest in the industry today and therefore can improve your long-term returns.

Key Features

The HDFC Group Unit Linked Plan brings you a host of features that can assist you in meeting your Leave Encashment, Gratuity and Superannuation obligations in a systematic and cost effective manner, while providing you with the following benefits

- ♦ Absolute transparency, where unit prices are declared on a daily basis and all charges to the scheme are of an explicit nature. So the employer/ trustees are aware of the exact value of the fund at any point of time.
- ♦ Flexible investment options that give you the key advantage of spreading your funds across a range of investment options, including funds that are equity oriented.
- ♦ Flexibility in payment of premium, where you get the flexibility of paying in your premiums at any time during the year.
- ♦ Flexibility through fund switches, where you get total control over your funds by way of liberally switching between funds, in proportions as desired by you.
- ♦ Flexibility through premium redirection, where you have the advantage of re-directing your future premiums to funds that you had previously not opted for.
- ♦ Liquidity management, being unit-linked in nature, that allows investment of smaller amounts as opposed to larger values required to be invested, in case of investments made directly in the market by the employer / trust. It also allows for liquidation of smaller amounts, to meet benefit payments as and when they fall due. The trust is not required to keep idle cash to meet these liabilities.
- ♦ Death Benefit is available if investment is made in HDFC Group Unit Linked Plan for Leave Encashment and Gratuity needs. Death benefit of Rs. 1000 is built in the life cover per member, which

comes at no additional cost. You also have option of providing additional life cover to your employees at a nominal cost by subscribing to the HDFC Group Term Insurance Plan.

Income Tax Benefits

For Gratuity

Benefits to Employer

- ♦ The contributions made through an approved Gratuity fund may be claimed as business expenditure under Section 36(1)(v) of the Income Tax Act, 1961 subject to the conditions contained therein.
- ♦ Income of the investments received by an approved gratuity fund is exempt from tax under Section 10(25) (iv) of the Act.

Benefits to Employee

- ♦ The contribution made by the employer is not included in the value of taxable perquisites in the hands of the employee.
- ♦ Death benefit under life cover is exempted under Section 10 (10 D) of the Act.

For Superannuation

Benefits to Employer

- ♦ The contributions made through an approved Superannuation fund can be claimed as business expenditure under Section 36(1)(iv) of the Income Tax Act, 1961 subject to limits prescribed by the law and the conditions therein.
- ♦ Income of the investments received by an approved superannuation fund is exempt from tax under Section 10(25) (iii) of the Act.

Benefits to Employee

- ♦ In case ordinary annual contribution made by the employer towards an approved superannuation trust does not exceed Rs. 1,00,000 per employee, fringe benefit tax will not be payable.
- ♦ The contribution made by the employee to an approved superannuation fund can be claimed as a deduction under Section 80C of the Act.
- ♦ Commutation of 1/3 of the Corpus is tax-free on vesting (if the employee is entitled to receive gratuity benefit) and 1/2 of the corpus if gratuity benefit is not payable.

The above-mentioned tax benefits are subject to changes in the tax laws. The tax benefits described above reflect our understanding of the current legislation.

Investment Options

You can choose any of the following funds for Leave Encashment needs.

For Superannuation and Gratuity solutions Equity Managed Fund and Growth Fund are not available.

In this plan the investment risk in your investment portfolio is borne by you. This means that contributions you pay in this plan are subject to investment risks associated with capital markets. The unit prices may go up or down reflecting changes in capital markets.

FUND [†]	DETAILS	ASSET CLASS				RISK & RETURN RATING
		Money Market ^{††}	Public Deposits ^{†††}	Govt. Securities & Bonds	Equity	
		FUND COMPOSITION				
Liquid Fund	<ul style="list-style-type: none"> Extremely low capital risk Very stable returns 	100%		--	--	Low
Stable Managed Fund	<ul style="list-style-type: none"> Low capital risk due to exposure only to short-term bonds (Max. 2 years) Higher potential return than Liquid Fund over a long period of time 	0 to 30%	70% to 100%		--	Low
Sovereign Fund	<ul style="list-style-type: none"> More capital stability than equity funds Higher potential return than Liquid Fund over a long period of time No exposure to corporate debt securities 	0% to 5%	0% to 20%	75% to 100%	--	Low - Moderate
Secure Managed Fund	<ul style="list-style-type: none"> More capital stability than equity funds Higher potential return than Liquid Fund over a long period of time 	0% to 5%	0% to 20%	75% to 100%	--	Low - Moderate
Defensive Managed Fund	<ul style="list-style-type: none"> Access to better long-term returns through equities Significant bond holdings provide high stability 	0% to 5%	0% to 15%	50% to 85%	15% to 30%	Moderate
Balanced Managed Fund	<ul style="list-style-type: none"> Increased equity exposure gives better long-term return Bond exposure provides some stability 	0% to 5%	0% to 15%	20% to 70%	30% to 60%	High
Equity Managed Fund	<ul style="list-style-type: none"> Further increased exposure to equities to give a greater long-term return A smaller bond holding will aid diversification and provide a little stability 	0% to 5%	0% to 10%	0% to 40%	60% to 100%	Very High
Growth Fund	<ul style="list-style-type: none"> For those who wish to maximise their returns 100% investment in high quality Indian equities 	0% to 5%	--	--	95% to 100%	Very High

[†] Notes on the Funds available: We will manage the investment in each fund so that the proportion of each Asset Class is ALWAYS within the ranges given. ^{†††} Money Market Instruments^{††} include Liquid Mutual Funds, commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposits, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time. ^{††††} Public deposits means deposits issued by any Primary dealer or Non-Banking and Banking Financial Company approved by the Reserve Bank of India or any other Public Financial Institutions or by Housing Finance Companies approved by the National Housing Bank. ♦ Your investment choices must follow IRDA regulations. ♦ The past performance of any of the funds is not necessarily an indication of future performance. Unit prices can go up and down. No fund offers an assured return. The names of the funds we offer under this plan do not, in any way, indicate the quality of the plan, its future prospects or returns. ♦ None of the funds participate in the profits of HDFC Standard Life Insurance Company Limited. ♦ Investment professionals regard money market instruments as unsuitable investments for the long term and are generally used for the short term. This is because money market instruments have relatively stable returns and offer high degree of capital safety. However, they tend to offer lower returns over the long term compared to other investments.

Investment Expertise

In addition to the various features explained above, what makes our plan an attractive investment option is our investment expertise. This expertise comes as a result of the experience of our investment management team.

HDFC Standard Life Investment Committee

♦ Mr. Deepak S. Parekh is the Chairman of HDFC Standard Life Insurance Company Ltd. and is the Executive Chairman and CEO of Housing Development Finance Corporation Limited (HDFC). He is a Fellow of the Institute of Chartered Accountants (England & Wales). He has been on the board of several committees set-up by the Government of India and other regulatory bodies.

- ♦ Mr. Paresh Parasnis is the Principal Officer and Executive Director of the HDFC Standard Life Insurance Company Ltd. and is a fellow of Institute of Chartered Accountants of India. He has been associated with HDFC Ltd. since 1984 and has been the founding member of the insurance company.
- ♦ Mr. Keki M. Mistry is the Managing Director of HDFC Limited. Mr. Mistry is a Fellow of the Institute of Chartered Accountants of India and a member of the Michigan Association of Certified Public Accountants.
- ♦ Ms. Vibha Padalkar is the CFO of HDFC Standard Life Insurance Company Ltd. Ms. Vibha is a 1992 Member of Institute of Chartered Accountants of England and Wales.
- ♦ Mr. William Martin is the Appointed Actuary of HDFC Standard Life Insurance Company Ltd. He is a Fellow of the Institute of Actuaries of India and the Faculty of Actuaries in the UK

Standard Services

The HDFC Group Unit Linked Plan comes to you with a range of services such as:

- One actuarial valuation estimate per year free of cost for gratuity and leave encashment schemes
- Declaration of unit prices on a daily basis
- Fund switches / Premium redirections which can be done online
- Management of contributions across HDFC Standard Life funds
- Full statement of accounts once a year

Charges

The charges under this policy are deducted to provide for the cost of benefits and the administration provided by us. They also ensure that you get maximum advantage for investing larger amounts of money into our scheme.

- Premium Allocation Rate for Option A and B.

Premium Allocation Rate	Option A	Option B
On Initial Lump-sum contribution*:	103%	100%
Premium Allocation rate on regular contributions:	100%	100%
Bonus Unit allocation on Initial Lump-sum Contribution issued on every policy anniversary	None	0.20%

*Initial Lump-sum Contribution –The single premium due and received on the date of issue of the policy

- Fund Management Charge is 0.80% p.a. for both Option A and B.
- Additional corpus benefits through unit allocation for both Option A and B.

Total Fund Value with HDFC SL Per contract (in Rs.)	Amount to be added through bonus unit allocation (% p.a. of the policy's fund)	Amount to be added through bonus unit allocation (% p.a. of the policy's fund)
	If the number of accounts is 10 or less	If the number of accounts is more than 10
Less than 50 Lakh	0.050%	NIL
Greater than or equal to 50 Lakh	0.150%	0.100%
Greater than or equal to 1 Crore	0.250%	0.200%
Greater than or equal to 2 Crores	0.300%	0.250%
Greater than or equal to 5 Crores	0.325%	0.275%
Greater than or equal to 15 Crores	0.350%	0.300%
Greater than or equal to 20 Crores	0.400%	0.350%
Greater than or equal to 25 Crores	0.450%	0.400%
Greater than or equal to 30 Crores	0.500%	0.450%
Greater than or equal to 50 Crores	0.550%	0.500%

- Fund switches: 12 simplified instructions are free per policy year per contract and any additional switch will be charged at Rs. 40 per switch per account for both options.
- Premium Re-directions: For both options, the simplified instructions are free of cost and any additional instructions will be charged at Rs. 10 per transaction per account.
- Policy Administration Charges for both options are

Premium paid less cash benefit payments in the policy year	Total Premium paid less cash benefit payment till date	Number of accounts	Policy administration Charge in a year
Greater than or equal to Rs. 3 Lakh		Less than or equal to 10	NIL
		More than 10	50*number of accounts.
Less than Rs. 3 Lakh	Less than Rs. 5 Lakh	Less than or equal to 10	Rs. 1, 50,000
		More than 10	Rs. 1, 50,000+(50*number of accounts)
	Less than Rs. 10 Lakh	Less than or equal to 10	Rs. 75,000
		More than 10	Rs. 75,000+(50*number of accounts)
Less than Rs. 3 Lakh	Less than Rs. 25 Lakh	Less than or equal to 10	Rs. 25,000
		More than 10	Rs. 25,000+(50*number of accounts)
	Greater than or equal to 25 Lakh	Less than or equal to 10	NIL
		More than 10	50*number of accounts.

- Surrender Charge:
 - a) On Initial Lump-sum contribution for Option A: In the first year of the transfer the charge will be 3% of the amount withdrawn or surrendered. In the subsequent year and thereafter this percentage will decrease by 0.5% p.a. subject to a minimum of zero.
 - b) On other contribution for Option A&B: The surrender charge is 3 times the policy administration charge that would have applied to the policy if it has less than or equal to ten accounts in the year of cancellation.

Alteration of charges

We cannot change our current charges without prior approval from IRDA.

- The fund management charge will not exceed 2.0 % per annum;
- The policy administration charge can increase subject to a maximum of 5% per annum over the period since inception;
- The maximum Switching charge allowed is Rs. 40 per switch per account which can be increased by a maximum of Rs. 4 per annum over the period since inception;
- The maximum Premium Redirection charge allowed is Rs. 10 per transaction per account which can be increased by a maximum of Rs.1 per annum over the period since inception;

Terms and Conditions

We recommend that you read this brochure & benefit illustration and understand what the plan is, how it works and the risks involved before you purchase. We have appointed Relationship Managers, duly licensed by IRDA, who will explain our plans to you and advise you on the correct insurance solution that will meet your needs.

- ♦ All Unit Linked Life insurance plans are different from traditional insurance plans and are subject to different risk factors. HDFC Standard Life is the name of our Insurance Company and HDFC Group Unit Linked Plan - Option A & HDFC Group Unit Linked Plan - Option B are the names of these plans. The name of our company and the name of our plans do not, in any way, indicate the quality of the plans, their future prospects or returns.
 - ♦ By definition this is a non-participating policy.
 - ♦ Unit Prices: We will set the unit price of a fund as per the IRDA's guidelines. 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) Appropriation price 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.
 - (ii) Expropriation price 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.
- We round the resulting price to the nearest Re. 0.0001. This price will be published on our website and in leading national newspapers.
- ♦ Special rules for large transactions: For a very large transaction above a threshold level, in order to maintain equity and fairness with all unit holders, we may choose to apply special treatment for all transactions, which involve purchase or sale of underlying assets. The number of units allocated may reflect the expenditure incurred in the actual market transactions, which occurred. The value of units obtained from encashment may be the actual value obtained as a consequence of the actual market transaction, which occurred. Transactions may occur over a number of days. The threshold level will vary from time to time, depending on, amongst other matters, the liquidity of the stock markets. Our current threshold for large transactions will be Rs. 50,000,000 for a fund predominately investing in Government Securities and Rs. 25,000,000 for a fund investing in highly liquid equities.
 - ♦ Simplified instruction: refers to instruction as per HDFC Standard Life format.
 - ♦ Free Look-In Period: In case you are not agreeable to any of the provisions stated in this policy, you have the option of returning the policy to us stating

your reasons therefore, within 15 days from the date of receipt of your policy. On receipt of your letter and return of the original policy documents, we shall arrange to refund the premium paid by you, subject to the deduction of any reduction in the value of the units in which your premium was invested up to the date we receive your letter and original policy documents and subject to deduction of expenses we incur on stamp duty.

- ♦ Section 41 Insurance Act, 1938 Prohibition of rebates:

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 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.

Any person making default in complying with the provisions of this section shall be punishable with fine, which may extend to five hundred rupees.



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