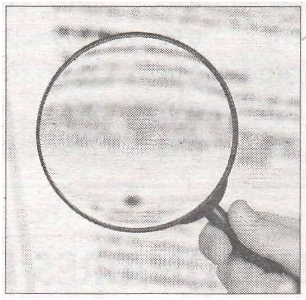
DECODED

HDFC Life Click 2 Retire - Ulip

In this column, FC gives its view on new financial products launched in the market. This is a subjective view. Investors are advised, to take professional help in selecting a product and not reach a decision only on the basis of these reviews



PRODUCT FEATURES: This is an online unit-linked insurance plan (Ulip) from HDFC Life, which also provides retirement benefits. The investment risk in investment portfolio is borne by the policyholder.

ENTRY & VESTING AGE: The minimum age at entry is 18 years and maximum age is 65. Minimum vesting age is 45 while the maximum age is 75 years.

POLICY TERM: It depends on premium payment terms. For single premium, the policy terms may be 10 years or 15 to 35 years. Same policy terms are applicable to premium paying terms of 8 times and 10 times. However, for the premium payment term of 15 times, the policy term will be 15 to 35 years. No money can be withdrawn in the first five years of the policy.

VESTING & DEATH BENEFITS: The maturity or vesting benefits will be higher of the fund value and assured vesting benefit.

In case of unfortunate demise of the policyholder, the nominee will receive 105% of the **premium'paid**

In case of unfortunate demise of the policyholder before the end of policy term, the nominee will receive the higher of the fund value or 105 per cent of the premium(s) paid. The policy will terminate thereafter and no more benefits will be payable.

INVESTMENT OF FUNDS: There are fund options — pension equity plus fund, pension income fund and pension conservative fund. In equity plus option, 80-100 per cent of investments is in equities. In the income option, 80-100 per cent exposure is in g-secs and fixed income securities, while proportion of such instruments is 40-100 per cent in conservative option.

CHARGES: An amount of 1.35 per cent per annum of the fund value will be charged daily as fund management charge, along with investment guarantee charge of 0.5 per cent p.a. for pension equity plus and pension income options and 0.1 per cent p.a. for the conservative option.

FC VERDICT: On maturity, a policyholder may commute maximum 1/3 of the vesting benefit as tax-free lump sum amount. The rest of the amount has to be transferred into any annuity scheme of HDFC Life at the then prevailing annuity rates. So, policyholders bear interest rate risk if the rate in that particular year is very less, unless they are in position to defer the vesting date to avail better return. It's better to separate the investment and insurance needs and . take mutual funds along with term insurance to have freedom to choose the year and the company to have annuity plans.

—Amitava Chakrabarty