

Retirement planning with Group Superannuation

After a valuable professional career with an organization, employees require the security of a regular income flow when they retire. Organizations help employees secure their golden years by offering various kinds of retirement benefits that allow an employee to enjoy the same quality of life post-retirement. Group Superannuation is one such scheme facilitated by an employer for his employees, which provides a tax efficient way to plan for retirement.

ICICI Prudential Group Superannuation Plan

ICICI Prudential offers a flexible unit-linked Superannuation scheme (for Defined Benefit and Defined Contribution schemes) that provides substantial benefits to both employers and employees. The employer can avail of tax benefits applicable to an approved Superannuation trust. The scheme will provide for a retirement fund for each member. A member would be able to choose from various annuity options or opt for partial commutation of the accumulated corpus at the time of retirement, as per the prevailing Trust Rules.

Eligibility

ICICI Prudential's Group Superannuation Plan covers

- Employer- employee groups.
- Group size of 25 and above
- Employees (members) between the age of 18 and retirement age of the company.

Superannuation Benefits payable

On Retirement

On retirement the trustees/individual member would be able to choose from different annuity options then available. A portion of the accumulated amount may be commuted for payment of lump sum on retirement etc., subject to the provisions of the scheme rules and the provisions of Income Tax rules.

On Death

In the event of death of the employee, the accumulated amount will be used for payment of benefits to the beneficiary as per the rules of the scheme. Beneficiaries can commute entire corpus tax-free, if the Scheme Rules prevail.

On Withdrawal (Resignation / termination of service)

In the event of leaving service of an employer, the employee normally has the option to either transfer the money to approved superannuation fund of the new employer or leave the money with the trust and purchase annuity on reaching normal retirement date or purchase an immediate annuity. All these will be subject to the provisions of the rules of the scheme, approval of the Income Tax authorities.

Contributions:

- Contributions can be made by employer only or by both employer & employee (contributory scheme)
- Contribution is defined and usually defined as a % of salary of the employees (e.g. 15% basic for Defined Contribution schemes). For Defined Benefit schemes it is dependent on the funding requirement as per the actuarial valuation conducted.
- In a Defined Contribution Scheme, the benefits payable at retirement are not defined and depend upon contributions and investment earnings at retirement. In a Defined Benefit Scheme the benefits are a function of final salary and are pre-defined.
- Employee accounts are maintained individually, the accumulated amount is available to each member on the date of his exit from the scheme in a Defined Contribution scheme. A Defined benefit Scheme is maintained as a pooled fund with no individual accounts.

Product Offering:

ICICI Prudential offers a market linked plan to meet the diverse financial goals of the employer and the employees. Our plan offers multiple fund options under the scheme. The investments will be made in accordance with the fund objectives –

Fund Option	Asset Allocation	Objective
Group Short Term Debt Fund	100%: Debt securities, Money market Instruments & Cash (including Debt Schemes of Mutual Fund)	To provide suitable returns through low risk investments in debt and money market instruments with an underlying objective to attempt to protect the capital deployed in the fund.
Group Debt Fund	100%: Debt securities, Money market Instruments & Cash (including Debt Schemes of Mutual Fund)	The investment objective of this Plan is to provide accumulation of income through investment in various fixed income securities. The Plan seeks to provide capital appreciation while maintaining suitable balance between return, safety and liquidity.
Group Balanced Fund	Minimum 80%: For Debt securities, Money market Instruments & Cash (including Debt Schemes of Mutual Fund) Maximum 20%: For Equity and equity related securities	Balanced Plan is aimed at generating a healthy mix of long-term capital appreciation along with current income. The strategy is to invest in equity as well as fixed income instruments in optimum proportions as derived from the analysis of prevalent market conditions from time to time.
Group Growth Fund	Maximum 60%: For Equity & Equity related securities Minimum 40%: For Debt securities, Money market Instruments & Cash (including Debt Schemes of Mutual Fund)	To primarily generate long-term capital appreciation through investment in equity and equity related securities and complement it with current income through investment in fixed income instruments in appropriate proportions depending on market conditions prevalent from time to time.

Benefits of our Market Linked Plan

Flexibility

Multiple Investment Options – Choice of various funds with a flexible investment pattern

Switching Option – Irrespective of the fund option chosen at the time of commencement of the scheme, we offer the flexibility of switching between the available funds options at any time. We allow unlimited switches free of cost every year.

Contribution Redirection – The annual contributions can be redirected for investments into a fund of your choice and need not adhere to the original investment pattern.

Top Ups – Our plan also allows the employee to contribute additionally towards the Superannuation fund over and above the normal contribution as specified in the scheme rules.

Transparency

Portfolio Disclosure – Quarterly disclosure of the funds enables you to achieve better fund management.

Individual employee wise accounts – We will maintain individual accounts for each employee for defined contribution schemes. Additionally annual statements for employees disclosing their fund balances will be provided to each employee.

NAV* declaration- NAVs declared daily, enabling you to track the performance of the fund chosen by you.

*NAV = $\frac{\text{Market / Fair value of scheme's investments} + \text{Current Assets} - \text{Current Liabilities \& Provisions}}{\text{No. Of units Outstanding under the relevant plan}}$

No. Of units Outstanding under the relevant plan

Unit Pricing- The contribution received in respect of the client is converted into number of units based on the Net Asset Value (NAV) per unit at that point of time.

Explicit charge structure – The charges for our Group Superannuation plan are categorized into the following

- **Annual Recurring Charges** - ICICI Prudential Life Insurance shall charge management fee for assets under fund management. This fee will be based on the size of the Superannuation corpus and type of fund chosen.
- **Exit Load** – In the event a company wants to surrender / exit their Superannuation Scheme with ICICI Prudential; an exit charge would apply based on the year of exit. This charge will not be applicable if the Policy is in existence for more than 3 years.

Pension Options available

ICICI Prudential offers comprehensive guaranteed annuity product. The employee has the choice of opting for any of the following annuity options.

Annuity Option	Description
Life Annuity	<ul style="list-style-type: none">• Annuities payable for life
Life Annuity with return of purchase price	<ul style="list-style-type: none">• Annuities payable for life• Return of original purchase price to beneficiary on annuitant's death
Life Annuity guaranteed for – 5 years 10 years 15 years	<ul style="list-style-type: none">• Annuities payable to annuitant/ beneficiary for 5/10/15 years irrespective of the annuitant's existence• If annuitant lives beyond the stated years, annuities payable for his/her life
Joint Life Last survivor	<ul style="list-style-type: none">• Annuities payable to annuitant for life and after death to his/her spouse (if alive) for life
Joint Life Last survivor with return of purchase price	<ul style="list-style-type: none">• Annuities payable to annuitant for life and after death to his/her spouse (if alive) for lifeOriginal purchase price returned to beneficiary on annuitant's or spouse's death, whichever is later

Please refer to 'annuity' section for further details on ICICI Prudential immediate annuity plans.

Open Market Option

We offer our customers a unique open market option for Superannuation. The employee has the option of buying the annuities from any other insurance company at the time of commencing his annuities.

In case, the annuitant opts for an open market option the balance of the corpus will be transferred to the new insurance company at no extra cost to the member.

Services

- Dedicated account manager
- Settle Claims and payouts within specified turn around times
- Assistance in setting up of a new trust and transfer of existing schemes.
- Legal & Taxation helpdesk for your fund
- Financial planning for your employees

What happens when employees join the scheme?

- All new joinees become a part of the group, if they meet the eligibility criteria.
- The particulars of the new joinees are to be submitted by the Employer on a monthly basis. The annual contribution can be paid in the specified installments.
- The individual accounts will be created on receiving the initial contribution.

Legal & taxation Implications*

- Ordinary Annual Contribution to Superannuation shall not exceed 27% of salary less employers' contribution to P.F. (Rule 87)
- Only such directors who are whole time employees and not owning more than 5% of voting rights are entitled to join the scheme, (Rule 86)
- Commutation amount shall not exceed 1/3 of corpus which he is normally entitled to receive (if the employee is entitled to receive gratuity benefit). If no gratuity payable, at the time of separation, employee can commute 1/2 the corpus. (Rule 90).
- All benefits shall be payable only in the form of pension except that where commutation option is exercised. Commuted value to the extent permissible can be paid in lump sum.
- Annual Contribution is allowed a business expense [(Sec 36 (1) (iv)].
- Superannuation (SA) contributions in excess of Rs. 1 lakh per employee will be subject to fringe benefit tax.
- Income earned on a Superannuation Fund is exempt from tax [(Sec 10 (25) (iii)]
- Contributions not treated as income in the hands of the employees. (Sec 17 (2) (v))
- Any contribution by employee to an approved Superannuation fund will continue to get deduction under Section u/s 80C, subject to a limit of Rs 1 lakh.
- Pension is treated as "Salary Income" and taxed under sec 17 (1) (ii).

** As per income Tax Act, 1961 and Income Tax Rules, 1962. Please refer to your legal /tax consultant for details.*