

# Kotak Guaranteed Pension Builder



Your retirement kitty guaranteed.



A JOINT VENTURE WITH  OLD MUTUAL

Faidey ka Insurance



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## KOTAK GUARANTEED PENSION BUILDER

Security is one of the most important needs of life. It dictates quite a few of your actions and decisions. However, its need is exemplified in the post retirement years when sources of income dry up and expenditures multiply. Therefore, to ensure a comfortable post retirement life you need to invest in a plan that combines safety of capital with inflation beating returns.

Kotak Life Insurance offers Kotak Guaranteed Pension Builder, a retirement plan tailor-made for your needs. As a retirement plan, it works for your security and financial independence by allowing you to save systematically for your golden years. At the same time, it offers Capital Guarantee to protect you from the uncertainty associated with equity markets. With host of features that provide flexibility and convenience this unique plan ensures a happy and secure retirement for you.

### Note

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

# Why should you invest in Kotak Guaranteed Pension Builder?

- Capital Guarantee to ensure growth without the associated risk
- Safety of Pension Guarantee Fund
- Limited Premium Payment option
- Flexibility to choose your annuity options

## What does this plan offer you?

### Security of Capital Guarantee

The money that you invest towards retirement is extremely important for your post retirement well-being and comfort. Any capital depreciation in your retirement corpus because of market fluctuations can therefore inconvenience you to great extent. To safeguard you from such an eventuality, we offer your investment the protection of Capital Guarantee. Capital Guarantee in this plan is equal to the total amount of premium paid by you over the policy term, provided, all your premiums have been paid in full and on time. Accordingly, at maturity of the plan, you would be entitled to the Capital Guarantee or the Fund Value in the Main Account, whichever is higher.

### Intelligent Investing for your Retirement

Different investment options come with their own risks and rewards. Investment in debt provides consistent but moderate returns whereas investment in equity can turn out to be a volatile proposition. To negotiate the unpredictability of the ever-changing investment environment we offer you Pension Guarantee Fund. Pension Guarantee Fund invests in debt or equity depending on market condition and delivers consistent inflation beating returns. You also have the option of Pension Money Market Fund II, a risk averse fund investing in Money Market Instruments.

Fund Option	Objective	Risk-Return Profile	Equity	Debt (Including Money Market Instruments)
Pension Guarantee Fund	Aims to provide stable, long-term inflation beating growth over medium to long-term and defend capital against short-term capital shocks	Cautious	0% to 75%	0% to 100%
Pension Money Market Fund II	Aims to protect your capital and not have downside risks	Conservative	-	100%

### Limited Premium Payment Option

Flexibility is very important when it comes to retirement. Kotak Guaranteed Pension Builder offers you the flexibility to pay for the short term when you are not sure of your income in the years to come. Limited Premium Payment feature allows you to choose a payment term of 3 or 5 years with a policy term of 10 years.

## Flexibility to choose your annuity options

Kotak Guaranteed Pension Builder gives you the flexibility to utilize your retirement corpus. On maturity, you may withdraw up to one third of the amount as a lump sum in cash and use the balance to receive a pension (an annuity)<sup>1</sup> from Kotak Life Insurance or any other annuity provider approved by Insurance Regulatory and Development Authority (IRDA). The benefit on maturity will be:

- Fund Value in the Main Account or Capital Guarantee whichever is higher, plus
- Fund Value in Top-Up Accounts, if any

You can receive pension on a monthly, quarterly, half-yearly or yearly basis.

## Payout on Death

In the event of death, the beneficiary will receive the Fund Value in the Main Account and Top-Up Accounts, if any.

This amount may be taken as follows:

- As a lump sum or
- Entirely as an annuity or
- Partly as lump sum and the balance amount as an annuity

## Options Available to You

Other Benefits	Details
<b>Top-Up Premiums<sup>2</sup></b>	You can invest your surplus funds at any time as Top-Ups, thus adding to your savings potential.
<b>Automatic Non Forfeiture Mode<sup>6</sup></b>	Enables your policy to remain intact, whilst your fund balance allows it, should you miss your premium payments or stop them all together.
<b>Surrender/ Ill-health Retirement</b>	You can surrender the policy after completion of the 3rd policy year, by paying the applicable charges. The amount payable on surrender is the Fund Value in Main Account less the Surrender Charge plus Fund Value in the Top-Up Account, if any. After completion of the 3rd policy year, in the event of ill-health, no Surrender Charge is applicable. The amount may be taken : <ul style="list-style-type: none"><li>• As a lump sum or</li><li>• Entirely as an annuity or</li><li>• Partly as lump sum and the balance amount as an annuity</li></ul>
<b>Premium Payment Modes</b>	You have the flexibility to pay premiums annually, half-yearly, quarterly or monthly.

### Tax Benefit:

You can avail of tax benefits under Section 80CCC (1) and Section 10(10A) of the Income Tax Act, 1961. Tax Benefits are subject to change in the tax laws. You are advised to consult your tax advisor for details.

## Eligibility

Entry Age	Min: 18 years Max: 89 years
Maturity/Vesting Age	Min: 45 years Max: 99 years
Policy Term	10, 15, 20, 25 and 30 years
Premium Payment Mode	Yearly, Half-yearly, Quarterly and Monthly
Annual Premium	Min: Regular - Rs. 10,000 5 LPP - Rs. 50,000 3 LPP - Rs. 100,000
Top-Up Premium	Min: Rs. 10,000 Max: No Limit

## Plan Snapshot

Mr. Arnab Verma is a 40 year old businessperson. He understands the need for retirement planning and wishes to invest towards it. He wants to invest for the next 20 years, but he is wary of the changing market conditions.

Kotak Guaranteed Pension Builder is tailor-made for what Mr. Verma has in mind – a plan that protects him from market volatility and at the same time allows him to save for the long term.

Given below is an illustration considering that Mr. Verma plans to retire at the age of 60 years and he is willing to invest Rs. 30,000 yearly:

			Non-Guaranteed Benefits	
End of Year	Age (in years)	Cumulative Annualized Premium (Rs.)	Fund Value @ 6%	Fund Value @ 10%
5	45	150,000	151,628	170,014
10	50	300,000	335,766	417,973
15	55	450,000	566,694	786,236
20	60	600,000	841,735	1,314,086
Capital Guarantee at maturity (in Rs.)			600,000	

Net yield at 10% p.a. investment return: 8.07% p.a.

### Please note

- The fund chosen for illustration purposes is Pension Guarantee Fund and Mr. Verma is the life Insured as well as the policyholder.
- The above illustration is an extract of a separate, more detailed Benefit Illustration. For full details please refer to the Benefit Illustration.

# Charges

## Premium Allocation Charge

It is charged as a percentage of the annualized premium. The net premium is then allocated at the Net Asset Value (NAV)<sup>8</sup> prevailing on the date of receipt of premiums. The charges applicable are:

Year	Allocation Charge
1st year	10%
Year 2 onwards till the 10th year	1%

In case of Limited Premium Payment option, this charge is applicable only for the premium payment term. For Top-Up Premiums, the allocation charge is 2.5% of each Top-Up Premium received.

## Policy Administration Charge

The administration charge is a percentage of the annualized premium and will be recovered through monthly cancellation of units over the first 10 years. In case of Limited Premium Payment option, it is applicable only for the premium payment term.

Year	Administration Charge
1st Year onwards till the 10th year	For the portion of premium – Up to Rs. 50,000 - 0.45% p.m., Above Rs. 50,000 - 0.20% p.m.

## Fund Management Charge (FMC)

To manage your money efficiently, an annual charge is levied as a percentage of the fund value and is adjusted in the Net Asset Value. The annual FMC of 1.35% is applicable for all the funds.

## Guarantee Charge

Guarantee Charge of 0.75% p.a. is applicable on the Fund Value.

## Surrender Charge

The Surrender Charge as a percentage of the Fund Value is as follows:

Policy Year	1	2	3	4	5	6 onwards
Surrender charge	100%	80%	70%	10%	5%	Nil

There is no Surrender Charge on the Top-Up Account.

## Switching Charge

First four switches in a policy year will be free of cost. Any additional switch will be charged at Rs.500.

## Miscellaneous/Revival Charge

The charges for alteration in the policy contract and revival are Rs. 500 per request. For premium redirection, a fee of Rs. 100 will be charged.

# Terms and Conditions

## 1. Pension Options

The following pension (annuity) options are currently available with us under Kotak Lifetime Income Plan:

- Lifetime Income
- Lifetime Income with cash-back
- Lifetime Income with term guarantee (of 5/10/15/20 years)
- Last survivor Lifetime Income

## 2. Top-Ups

Top-Ups will be invested in separate Top-Up Accounts. Minimum Top-Up Premium is Rs. 10,000 per Top-Up. There is no maximum limit to the amount that can be paid as a Top-Up.

## 3. Partial Withdrawals

Partial Withdrawals are not allowed from the Main Account and Top-Up Account.

## 4. Grace Period

Grace Period for Premium Payment is 30 days from due date for premium payment for Annual, Half Yearly and Quarterly mode and 15 days for Monthly Mode.

## 5. Lapses

If you are unable to pay your premiums for the first three policy years within the grace period, the policy shall lapse from the due date of unpaid premiums. Once the policy has lapsed, all policy benefits cease and the Capital Guarantee falls away, although the funds continue to remain invested. However, Capital Guarantee will be reinstated if the policy is revived within 6 months from the due date of the first unpaid premium. On death during lapse mode, the Fund Value in the Main Account along with Fund Value of Top-Up Accounts will be payable.

## 6. Automatic Non-forfeiture Mode (ANM)

The Automatic Non-forfeiture Mode (ANM) facility enables your insurance policy to remain intact should you miss your premium payments or stop them altogether. You can avail of ANM only after payment of first three years' premiums in full and if the policy has completed 3 years. Capital Guarantee will cease once the policy goes into ANM.

The policyholder is eligible to surrender or opt for Ill-health Retirement during ANM mode. The benefit payable to him in case of surrender will be the fund value less the surrender charge as on the date of surrender. In case of ill-health, the entire fund value without charging any surrender penalty would be payable.

While your policy is in ANM, applicable charges will continue to be deducted from the Main Account. If the policy is not revived within two years from the due date of first unpaid premium,

the policy will be terminated by paying the applicable Surrender Value, unless the policyholder expresses in writing to continue the policy in ANM mode. Fund Value of Top-Up Accounts, if any will also be payable. At any point of time, if the Fund Value reaches a level equal to one year's premium after deduction of applicable policy charges, the policy terminates on payment of one year's annualized premium.

#### 7. Policy Revivals

A lapsed policy or a policy in ANM mode may be revived within 2 years from the date of the first unpaid premium by making payment of the premium in arrears with an additional revival charge of Rs.500. However, if the policy is not revived during the revival period, the policy terminates after payment of Surrender Value. The Surrender Charge will depend upon the year of lapse or year of termination (in case of ANM) and is as mentioned below:

Year of Lapse or Termination	1	2	3	4	5	6 +
Surrender Charge	100%	80%	70%	10%	5%	Nil

#### 8. Fund NAVs

The NAVs of your fund are calculated and published in financial newspapers on a daily basis.  $\text{Net Asset Value (NAV)} = (\text{Market Value of investment held by the fund} \pm \text{the expenses incurred in the purchase/sale of assets} + \text{value of Current Assets} + \text{any accrued income net of fund management charges} - \text{value of Current Liabilities} - \text{Provisions}) \text{ divided by Number of outstanding units in the fund.}$

The basis used for unit pricing would be appropriation price or the expropriation price, whichever prevails on the valuation date. The Appropriation price shall be the basis used for determining unit price when the Company is required to purchase assets to allocate the units at the valuation date. The Expropriation price shall be the basis in a situation when the Company is required to sell assets to redeem the units at the valuation date.

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 transactions on internet, 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.

Premiums received in advance will be allocated on the scheduled due dates. No interest will be paid on such premiums.

9. Loans

No loan facility is available

10. Cap on Charges

Kotak Life Insurance reserves its right to impose charges up to the level mentioned below (Subject to IRDA approval):

- The switching charges may be increased to a maximum of Rs. 2,000.
- The Miscellaneous charges may be increased to a maximum of Rs. 2,000.

11 Free Look Provision

The policyholder is offered 15 days free look period, from the date of receipt of the policy wherein the Policyholder may choose to return the policy within 15 days of receipt if he is not agreeable with any of the terms and conditions of the plan. Should he choose to return the policy, he/she shall be entitled to refund of the premium paid after adjustment for stamp duty and administration expenses. Alterations are allowed during the free look period.

12. General Exclusion

There is no exclusion in this plan.

## Risk factors

- Unit Linked Life Insurance products are different from the traditional insurance products and are subject to the risk factors.
- The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions
- Kotak Mahindra Old Mutual Life Insurance Ltd. is only the name of the Insurance Company and Kotak Guaranteed Pension Builder 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 various funds offered under this contract are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns.
- Please know the associated risks and the applicable charges, from your Insurance Agent or the Intermediary or policy document of the insurer.

## Section 41 and 45

### Section 41 of the Insurance Act, 1938:

- (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 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.

- (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.** **[www.kotaklifeinsurance.com](http://www.kotaklifeinsurance.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. A Company that combines its international strengths and local advantages to offer its customers a wide range of innovative life insurance products, helping them take important financial decisions at every stage in life and stay financially independent. The Company is one of the fastest growing insurance companies in India and has shown remarkable growth since its inception in 2000. Kotak Life Insurance employs around 5,593 people in its various businesses and has 203 branches pan India.

## **The Kotak Mahindra Group** **[www.kotak.com](http://www.kotak.com)**

The Kotak Mahindra Group is one of India's leading banking and financial services organizations, with offerings across personal financial services; commercial banking; corporate and investment banking and markets; stock broking; asset management and life insurance. The Kotak Group has a net worth of Rs. 6,799 cr and has a distribution network through branches, franchisees, representative offices and satellite offices across cities and towns in India and offices in London, New York, San Francisco, Singapore, Dubai and Mauritius, servicing around 6.4 million customer accounts.

## **Old Mutual plc** **[www.oldmutual.com](http://www.oldmutual.com)**

Old Mutual plc is an international savings and wealth management company based in the UK. Originating in South Africa in 1845, Old Mutual is a Global 500 and FTSE 100 company, listed in UK, South Africa and other 3 African exchanges. The group has a balanced portfolio of businesses offering Asset Management, Life Assurance, Banking and General Insurance Services in over 40 countries, with a focus on South Africa, Europe and the United States, and a growing presence in Asia Pacific.

Numbers as on 30th June, 2009



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Insurance is the subject matter of the solicitation. This is a unit linked non-participating retirement plan. This document is not a contract of insurance and must be read in conjunction with the Benefit Illustration and Policy Document.