GROUP GRATUITY INSURANCE POLICY

Seamlessly manage employee gratuity obligations and earn investment returns.

SYNERGY INSURANCE BROKING

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WHO IS IT FOR ?

- Employers registered under the Payment of Gratuity Act, 1972
- Corporates, MSMEs, trusts, educational institutions, NGOs
- Any organization with 10 or more employees eligible for gratuity

What does it do?

1. Funds Employer's Gratuity Liability

Covers payments due to employees upon:

- Retirement
- Resignation (after 5+ years)
- Death or disability
- Termination after 5 years' service

2. Provides Life Insurance Cover (optional)

- Offers death benefit (typically ₹1 lakh to ₹5 lakh) per employee in case of demise while in service

3. Investment Returns

- Contributions are invested in secure and approved funds
- Fund growth helps manage long-term gratuity payouts
- Options: ULIP-based or traditional fund with guaranteed or declared returns

4. Actuarial Valuation Services

- Annual valuation to assess gratuity liability and required contribution
- Helps in planning and complying with AS 15 (Revised) / Ind AS 19

Key Features

- Tax Benefits:
  - Employer contribution is deductible under **Section 36(1)(v)** of the Income Tax Act
  - Gratuity received by employees is **tax-free up to ₹20 lakh** under Section 10(10)
- Flexible contribution: **Annual or ad hoc**
- Group size: Typically, minimum **10 employees**
- No medical underwriting (for gratuity fund; only needed for optional life cover)

How it works

- Employer sets up an **Irrevocable Gratuity Trust**
- Insurer manages the **corpus and life risk** (if opted)
- Periodic contributions made based on actuarial estimates
- Gratuity is paid directly to the employee or through employer

Exclusions (if life cover included)

- Death due to suicide(within 12 months)
- Participation in hazardous activities (as per insurer's terms)

Available Plan Variants

- Non-linked Traditional Group Gratuity
- Unit-linked Group Gratuity
- Optional rider: Group Term Life Insurance for added protection

Why choose a group gratuity policy ?

- ✓ Complies with statutory gratuity obligations
- ✓ Smoothens cash flow planning
- ✓ Earns stable investment returns
- ✓ Enhances employee loyalty and retention
- ✓ Offers tax benefits to both employer and employee

Example

- A company with 100 employees sets up a gratuity fund. The insurer performs an actuarial valuation and suggests an annual contribution of ₹12 lakh. Over time, the corpus grows through secure investments, and gratuity payments are made to employees at retirement without cash flow pressure on the employer.