

# HDFC Retirement Savings Fund: FAQs

## 1. What is HDFC Retirement Savings Fund?

HDFC Retirement Savings Fund, an open ended notified tax savings cum pension scheme with no assured returns, is a mutual fund vehicle targeting retirement corpus for an investor. The fund has three investment plans, namely:

- **Equity Plan:** The net assets of the Investment Plan will be primarily invested in Equity and Equity related instruments. Under normal circumstances, the equity exposure is expected to be between 80% to 100%. The fund will follow a multi cap investment strategy with a focused approach to long term investing.
- **Hybrid Equity Plan:** The net assets of the Investment Plan will be primarily invested in Equity and Equity related instruments. Under normal circumstances, the equity exposure is expected to be between 60% to 80%. The AMC will also invest the net assets of the Investment Plan in Debt/ Money market instruments with an objective of generating long term returns and maintaining risk under control.
- **Hybrid Debt Plan:** The net assets of the investment plan will be primarily invested in debt and money market instruments. Under normal circumstances, the exposure to debt and money market instruments is expected to be 70% to 95% and the equity exposure is expected to be between 5% to 30%. The investment plan will retain the flexibility to invest across all the debt and money market instruments of various maturities.

The above plans differ in the varying degree of equity and debt allocation and are suited for investors of different age group and risk profiles.

## 2. Why should I invest in HDFC Retirement Savings Fund?

The needs for retirement planning are detailed below:

- Life expectancy of Indians is on the rise, meaning longer retirement period, thereby bringing about a greater need for planning for a targeted retirement corpus.
- Joint families are increasingly giving way to nuclear families in India, resulting in decreased dependability on the next generation and increased need to be financially independent.
- India lacks a social security system that is available in developed countries like US. Indian need to plan on their own and early in order to have a comfortable retired life.
- As the income streams dry up post retirement, one need's to make sure, well in advance, that there would be enough corpus to sustain the same standard of living post retirement, with a plan to tackle any unforeseen expenses.
- People tend to ignore inflation or at instances underestimate the detrimental effects of the same while planning for retirement. To illustrate, today's monthly expenses of Rs.50,000 will grow to Rs.1,90,000 after 20 years at an assumption of 7% p.a. inflation.
- HDFC Retirement Savings Fund addresses the need of retirement planning.
- The benefits of investing in the fund is detailed below:
  - Asset allocation is important as each asset class has a different return-risk-liquidity profile. HDFC Retirement Savings Fund offers three different plans to suit investors of different age group and risk profiles.
  - Investments in the scheme qualify for benefits U/s 80 C of the Income-tax, 1961.
  - Expertise of HDFC AMC with over 15 years of fund management experience.

The Scheme shall endeavour to generate a corpus to provide for Pension at your retirement age (60 years).

**3. Is this Scheme a Notified Pension Scheme by CBDT?**

The Central Government has specified HDFC Retirement Savings Fund as a Notified Pension Fund. The Scheme is approved by Central Board of Direct Taxes, Ministry of Finance under Section 80C(2)(xiv) of the Income-tax Act, 1961 vide Notification No. 91/2015/F. No. 178/21/2014-ITA-I dated December 08, 2015. The investments made in the Scheme will be eligible for tax benefit under Section 80C of the Income-tax Act, 1961 for the assessment year 2016-17 and subsequent assessment years.

**4. Are there any tax benefits associated with the fund?**

Investments in this scheme will be eligible for tax benefits U/s 80C of the Income-tax Act, 1961. As per the provisions of section 80C of Income-tax Act, 1961, investments made by Individuals in the Investment Plan(s) offered under this Scheme will qualify for a deduction up to Rs.1.5 Lakh (along with other prescribed investments u/s 80C) from Gross Total Income, as the Scheme is a Notified Pension Fund approved by the Central Board of Direct Taxes, Ministry of Finance.

In addition, investments in the Equity plan & Hybrid – Equity Plan will be treated as investments in equity oriented funds and income earned at the time of redemption on these investments will be treated as long term capital gains which are exempt from income taxes. Any capital gains arising out of the Hybrid – Debt Plan at the time of redemption would be taxable as per the applicable tax rates and indexation benefits thereof.

**5. If I invest in the NFO (New Fund Offer), can I claim tax benefit in this year? What about my future investments?**

The investments made in the Scheme during the NFO period will be eligible for tax benefit under Section 80C of the Income-tax Act, 1961 for the assessment year 2016-17. Any future investments during a particular financial year will be eligible for tax benefit in the following assessment year.

**6. Can I avail benefit U/s 80 C of the Income Tax, 1961, when I switch between the plans?**

No. The switches between plans of the HDFC Retirement Savings Fund are not eligible for tax benefit under section 80 C.

**7. Can the Joint holders avail tax benefit?**

No, only the first unit holder can avail tax benefit under the scheme.

**8. What is the minimum and maximum investment amounts?**

- The minimum initial investment (purchase/switch-in) amount during the NFO period and on an ongoing basis would be Rs.5,000 and any amount thereafter.
- For additional Purchase, the minimum amount would be Rs.1,000 and any amount thereafter.

There is no maximum investment amount during the NFO period or thereafter.

**9. What is the minimum amount / units that can be redeemed / switched out from the scheme?**

Redemption / Switch-out request can be made, subject to completion of the lock-in period, for a minimum amount of Rs. 500 or a minimum of 50 Units.

**10. What is the minimum SIP Amount for investment in HDFC Retirement Savings Fund?**

SIP offers investors two Plans viz. 'Monthly Systematic Investment Plan (MSIP)' and 'Quarterly Systematic Investment Plan (QSIP)'. Minimum amount per SIP instalment is Rs.500 and in multiples of Rs.100 thereafter under MSIP and Rs.1,500 and in multiples of Rs.100 thereafter under QSIP.

**11. When does the Fund open for subscription?**

The New Fund Offer of “HDFC Retirement Savings Fund” opens on February 5, 2016 and closes on February 19, 2016. The scheme reopens for ongoing subscription on February 26, 2016.

## 12. Who can invest?

Following investors are eligible to invest in the fund, subject to investors having completed 18 years of age as on the date of investment.

- Adult Resident Indian Individuals, either single or jointly (not exceeding three),
- Non - resident Indians (NRIs) / Persons of Indian Origin residing abroad (PIO) / Overseas Citizen of India (OCI) on repatriation basis or on non-repatriation basis.
- Such other Persons etc., as may be decided by the AMC from time to time, provided they are in conformity with SEBI (MF) Regulations.

A copy of birth certificate, passport copy etc. evidencing date of birth of all Unit holder(s) should be mandatorily attached with the application.

## 13. Can a minor (through a natural or a court appointed guardian) invest in the Scheme?

No, Minors are not be eligible to invest in the fund.

## 14. I am a sole proprietor. Can I invest in this fund?

No, sole proprietors would not be eligible to invest in the fund.

## 15. Can I invest in the Scheme with Joint holders?

Yes, investments in any plan of the Scheme can be done jointly (not exceeding three unit-holders) with mode of holding as “Joint” or “Anyone or Survivor”, subject to all holders **having completed 18 years of age** as on the date of investment.

## 16. Is there any lock-in period applicable? What is the exit load in the Scheme?

The fund has a lock-in period of 5 years from the date of allotment of units, during which the units cannot be redeemed or switched out. Upon completion of the lock-in period of 5 years, the units can be redeemed with an exit load of 1% till the age of 60 for an investor. After completion of 60 years of age, the investor can redeem the units without any exit load. In case an investor invests at the age of 58, the minimum lock-in period of 5 years is applicable and the units cannot be redeemed immediately post turning 60. To illustrate applicability of exit load, please refer to the below table;

Investment at Age	Is exit load applicable if redeemed immediately after 5 years lock-in
50	Yes
56	No
59	No
62	No

## 17. If I redeem / switch units after the completion of the lock-in period, would exit load apply?

If units are redeemed / switched-out before completion of 60 years of age, then an Exit Load of 1% is payable. If units are redeemed /switched-out on or after attainment of 60 years of age, then no Exit Load is payable.

## 18. Can I redeem my units within the lock-in period?

No, units purchased cannot be redeemed / switched out / assigned / transferred / pledged until completion of 5 years of lock-in period, from the date of allotment of Units under the Scheme.

## 19. Is exit load applicable for switches within the scheme?

No. Exit Load is not applicable for switching between Investment Plans and Plans / Options within the Investment Plans, subject to completion of the lock-in period.

**20. Can I switch between the plans within the fund?**

After completion of initial lock-in period of 5 years the investor can switch between different plans of the fund without attracting any exit loads. However, the switch will be treated as redemption from tax perspective and shall be subject to Income-tax provisions as applicable on such redemption. This may result in capital gain/ capital loss to the investors, entailing tax consequences.

**21. Is there a fresh lock-in period after I switch between the plans within the fund?**

No. There will not be any lock-in period on the units that are switched in to any of the plans within the fund.

**22. Is Securities Transaction Tax (STT) applicable?**

Yes, Equity Plan and Hybrid Equity Plan under the Fund will attract Securities Transaction Tax (STT) at applicable rates.

**23. Where can I submit the filled up applications?**

The application forms (subscription / redemption / switches) filled up and duly signed by the applicants should be submitted at any one of the following official point of acceptance:

- Investor Services Centres (ISCs) of HDFC Asset Management Company Ltd.
- Offices of our Registrar and Transfer Agents M/s Computer Age Management Services (P) Limited (CAMS)

For details, please visit the section "Contact Us" on our website – [www.hdfcfund.com](http://www.hdfcfund.com).

**24. Is date of birth detail and its proof mandatory? Is it mandatory for all the unit holders or only for the 1<sup>st</sup> unit holder?**

Yes. Date of birth details are mandatory on the application form for all the unit holders along with the proofs evidencing the same. The details on the proof should match with the details mentioned on the application form. In absence of the details/ proofs/ incorrect details/ mismatch of the same, the application form is liable to be rejected.

Investors should note that the date of birth has to be mentioned on the form and a proof evidencing date of birth is required to be **mandatorily attached** along-with the application form in order to invest in any scheme of HDFC Retirement Savings Fund.

**25. What are the documents that can be submitted as proof of date of birth along with the application?**

The documents that can be acceptable as date of birth proof are:

- Birth Certificate
- Passport
- School Leaving Certificate / Mark sheet issued by Higher Secondary Board
- Domicile Certificate
- PAN Card

Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.

List of people authorized to attest the documents:

- Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).\_\_\_\_\_
- In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy/Consulate General in the country where the client resides are permitted to attest the documents.

**26. What are the additional modes to transact (subscribe / redeem / switch) in the scheme?**

Investors can transact through the below modes as well:

- **HDFCMFOnline / HDFCMFMobile**
- MF Utility
- Channel Distributors
- Stock Exchange
- Other Electronic Mode

Alternatively, investors may apply through the ASBA (Application Supported by Blocked Amount) process during the NFO period of the Scheme by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form, and undertake other tasks as per the procedure specified therein. For complete details on ASBA process and on all the above mode of transactions refer to the scheme related documents made available on our website [www.hdfcfund.com](http://www.hdfcfund.com).

**27. What happens if I do not mention the name of the Investment Plan in the application form? Is there any default plan under which my application would be processed?**

No, in case of valid applications received without indicating any choice of Investment Plan, the application shall be rejected. Further, in the event of a discrepancy between the Investment Plan/ Plan/Option mentioned in the Application Form by you and the Plan mentioned on the cheque/demand draft/ any other instrument accompanying the Application Form, then the application shall be rejected and amount will be refunded to you.

For details regarding default plan (Direct / Regular Plan), kindly refer to KIM / SID uploaded on our website, [www.hdfcfund.com](http://www.hdfcfund.com).

**28. Is SIP (Systematic Investment Plan) available?**

Yes. SIP facility is available under all the plans of the fund during the NFO and on an ongoing basis. Further, you have the option of topping up your monthly SIP with an additional sum depending on the respective needs and capabilities. Additionally, OTM (One Time Mandate) option is also available for registration of SIP.

**29. What are other Systematic transaction facilities available under the scheme?**

Other systematic transaction facilities available under the various Investment Plans of the scheme are Systematic Transfer Plan (STP), HDFC Flex Systematic Transfer Plan (Flex STP) and, Systematic Withdrawal Advantage Plan (SWAP) are available Unit holders of the Scheme may enrol under this facility subject to completion of lock-in period.

**30. Can I submit Post Dated Cheques for the SIP investment during NFO?**

No, the facility of SIP enrolment for investments through Post Dated Cheques will not be available during the NFO period.

**31. Can I submit single Auto Debit Mandate for multiple SIPs in the same scheme same plan?**

You need to submit separate Auto Debit Mandates for investing in different Investment Plans within the Scheme.

**32. Can I make lump sum Purchase along with SIP using the same NFO Application form?**

No, you have to submit the NFO application form and SIP enrolment form.

**33. What will be the first SIP instalment date in HDFC Retirement Savings Fund?**

The first SIP monthly/ quarterly instalment through ECS (Debit Clearing) or Direct Debit / Standing Instruction will commence on or after March 26, 2016.

**34. In how many days shall I receive the refund amount if my NFO application is rejected?**

The applicant shall receive refund money within 5 business days from the closure of the NFO.

**35. What are the options for withdrawal of corpus available to the unit holders?**

Presently, the Options for withdrawal of corpus available to the Unit holders are as follows:

**Lump sum Option**

In case, the Unit holder wishes to redeem the entire / part of the units accumulated (units outstanding to the credit of Unit holder's folio/beneficiary account), he can exercise the option by submitting a redemption request. The units would get redeemed at the applicable NAV without any exit load.

**Switch-Option**

The Unit holder can switch entire / part of units accumulated to any other Investment Plan within the scheme or else switch to any other open-ended schemes of HDFC Mutual Fund. He can exercise the option by submitting a switch request. Investors are requested to note that on exercise of switch-option the amount which is switched-out shall be treated as redemption and shall be subject to Income tax provisions as applicable on such redemption. For Income tax purposes, holding period shall be calculated from the date of investment in respective investment Plans and not the date of original investment in the Scheme.

**Systematic Withdrawal Advantage Plan (SWAP) Option**

Unit holders who wish to receive a fixed amount monthly or at pre-specified intervals from the accumulated corpus can opt for this option. Systematic Withdrawal Plan (SWAP) would enable regular income at periodic intervals of time. Here the Unit holder can avail of the fixed amount at the applicable NAV.

**Systematic Transfer Plan (STP):**

A Unit holder holding units in non-demat form may enrol for the STP and choose to Switch on a daily, weekly, monthly or quarterly basis from this Scheme to another Scheme of HDFC Mutual Fund, which is available for investment at that time. The provision of "Minimum Redemption Amount" of this Scheme and "Minimum Application Amount" of the designated Transferee Scheme(s) shall not be applicable to STP.

**36. What happens to the units of the Scheme in the event of death of the investor?**

In the event of death of the single Unit holder or all Unit holder where the mode of holding is joint, the nominee or legal heir, (subject to production of requisite documentary evidence to the satisfaction of the AMC) as the case may be, shall be able to redeem the investment without any exit load subject to completion of 5 year lock-in.

In case of joint holdings, in the event of death of the first unit holder, the second holder becomes the first unit holder and the provisions regarding exit load shall be applied accordingly.

**37. Can the units of the Scheme be held in dematerialized form?**

Yes, applicants intending to hold units in dematerialized form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing

units. Please note that switch facility is not available for units held in Demat form. Further, in case of redemption, applications should be submitted to the respective Depository Participants.

**38. Where do I submit the application form, if I want to subscribe units in Demat form?**

Investors opting for units in Demat form can submit their valid application for subscription only at any of the Official Points of Acceptance and not to the Depository Participant. For details, please visit the section "Contact Us" on our website – [www.hdfcfund.com](http://www.hdfcfund.com).

**39. Can I Demat / Remat the units after subscription into the scheme?**

Yes. The conversion of units held in Physical form into Demat form or vice-versa should have to be submitted by you along with a Demat / Remat request Form to your respective Depository Participants.

**40. If I have an existing folio where the units are in physical form, can I mention this folio number for subscription in the scheme in Demat form?**

Yes, your application would be processed. However, a separate folio will be allotted to you for units held in Demat mode.

**41. Where can I check the NAV for the Investment Plan(s) of the Scheme?**

HDFC Asset Management Company Limited (HDFC AMC) will calculate and disclose the first NAVs of the respective Plan(s) under the Investment Plan(s) of the Scheme within 5 Business Days from the allotment of units under its NFO. Subsequently, the NAVs will be calculated and disclosed at the close of every Business Day in the following manner:

- i. Published in at least 2 daily Newspapers.
- ii. Displayed on the website of the Mutual Fund ([www.hdfcfund.com](http://www.hdfcfund.com))
- iii. Displayed on the website of Association of Mutual Funds in India (AMFI) ([www.amfiindia.com](http://www.amfiindia.com))
- iv. Displayed at the ISCs.

**Disclaimer:**

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