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MFs lining up to offer pension plans

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MUMBAI: Mutual funds are queuing up to foray into the pension fund market by offering retirement benefits for private sector employees and self-help groups who don't formally have such facilities like those employed in the public sector.

Till last year, only UTI MF and Franklin Templeton offered retirement benefit pension plans. In December, Reliance Capital Asset Management Company got the market regulator's approval for such a fund and it has since raised ₹200 crore in the fund. Now Birla Sun Life AMC, Axis MF, SBIMF and IDBI MF are also interested.

"This space is under-pen-

BIRLA SUN LIFE AMC, AXIS, SBI AND IDBI MFs ARE INTERESTED IN THE PENSION SPACE WHICH THEY FEEL IS UNDER-PENETRATED

etrated. One of the areas of focus, which could potentially emerge for the country is to channelise long-term savings through mutual fund pension plans," said A Balasubramanian, CEO, Birla Sun Life AMC.

Pension plans offered by mutual fund houses currently get income tax benefits. These funds hope to generate long-term retirement corpus for investors by broadly investing

in a mix of equity and debt instruments.

"By 2050, India will become the second largest old age country after China. There is a disproportionate potential to grow in this space and we want to supplement existing retirement savings of people with this fund," said Himanshu Vyapak, deputy CEO, Reliance Capital AMC.

In the budget, finance minister Arun Jaitley announced additional income tax deduction of ₹50,000 for contribution to the National Pension Scheme (NPS).

Fund managers feel their retirement benefit products need similar treatment to gain popularity among investors. "An average Indian investor goes a lot by the tax," said V Srivatsa, fund manager at UTI MF.