

Irrevocable Gratuity Trust Deed — Skeleton

Title: The [Company Name] Gratuity Trust Deed, [Year]

Parties: [Company Name] (Settlor) and Trustees: [Names & addresses]

1. Creation & Purpose

- Settlor transfers ₹[x] to create an irrevocable trust for payment of gratuity to eligible employees under the Payment of Gratuity Act, 1972 and scheme rules.

2. Definitions

- Define Employee, Employer, Beneficiary, Scheme, Act, Rules, Approved Fund, Policy, Plan Assets.

3. Contributions

- Employer contributes initial/periodic sums per actuarial valuation and funding policy; irrevocable; used solely for benefits/expenses.

4. Benefits & Scheme Rules (Schedule A)

- Events: retirement, resignation, death, disablement; calculation per Act formula (Last Basic+DA $\times 15/26 \times$ completed years; rounding ≥ 6 months).

5. Investment & Policy (Schedule B — IPS)

- Trustees may place funds with [Insurer] under a Master Group Gratuity Policy or invest per IPS consistent with Income- tax Rules (e.g., Rule 67/101).

6. Accounts, Audit & Tax

- Maintain accounts; annual audit; comply with Income- tax Act for Approved Gratuity Fund recognition; income applied only to benefits/expenses.

7. Trustees — Powers & Duties

- Operate bank accounts; execute policies; engage actuaries/advisors; enforce claims; fiduciary standard; conflict disclosures.

8. Meetings & Decisions

- Quarterly meetings; quorum [x]; minutes; resolutions by majority; chair's casting vote.

9. Appointment & Removal

- Process for appointment, resignation, removal; ensure employer and employee representation.

10. Expenses & Indemnity

- Reasonable expenses payable from Trust; indemnity for bona fide actions (no indemnity for willful default/fraud).

11. Amendments

- Amendable with Employer consent without affecting irrevocability; subject to tax authority approval if required.

12. Termination & Surplus

- On termination, assets meet accrued liabilities first; surplus treatment per law and with prior tax approval.

13. Dispute Resolution & Governing Law

- Good-faith negotiation → arbitration at [Seat], per Arbitration & Conciliation Act, 1996; courts at [City] have jurisdiction.

Schedules:

- Schedule A — Scheme Rules (eligibility, vesting, claims, documentation)
- Schedule B — Investment Policy Statement (asset classes/limits, benchmarks, rebalancing, liquidity, custody, reporting)
- Schedule C — Trustee Charter (roles, tenures, conflict policy, training)
- Schedule D — Forms (claim, death claim, trustee resolutions)