

A Guide To Transferring Mutual Fund Units



Mutual funds are one of the best investment planning tools, whether SIP funds or lump sum, for multiplying wealth and for your retirement plans. However, certain situations may arise when you need to transfer your mutual fund units from one person to another. Let's take a look at such situations and the process of transfer.

Why You Might Have to Transfer Your Mutual Fund Units

Mutual fund units can be transferred only due to the death of the unit holder by a process called transmission.

Remember that mutual funds



Are not transferable from one living person to another.



Cannot be gifted to another person.

How Does Transmission Work?



The process of transmission depends upon the type of claimants.

There are three possible scenarios

1

Transfer to Surviving Account Holders

There can be a maximum of 3 holders for a joint account.

After the demise of any holder, the units can be transferred to other surviving holders.

After the demise of all the joint holders, the units are transferred to the registered nominees.

In case of the demise of all the joint holders, wherein the nominee is also absent, the units are transferred to the legal heirs.

2

Transfer to Nominees

Applicable to sole account owners.

After the demise of the unit holder, the units can be claimed by the registered nominee.

In the case of multiple nominees, the units will be divided in the same proportion as specified in the nomination document.

In the absence of a specified proportion, units will be divided in equal proportion.

3

Transfer to Legal Heirs

Applicable in case of sole account holder/joint holder(s) and absence of a registered nominee.

After the demise of all unit holders, units will be transferred to the legal heirs of the deceased

In the case of multiple legal heirs, the units will be divided in the same proportion as specified in the probated will.

In the absence of a will, the units shall be divided equally among the legal heirs.

Documents Required in case of death of Primary/1st holder and transmission of units to surviving holders



Request Form T-2



KYC acknowledgement / form of surviving account holders (if not KYC compliant)



Copy of PAN Card of the Surviving Joint Holder(s) (if PAN is not provided already)



Death Certificate (Original or photocopied notarised by Gazetted Officer or Notary Public)



Cancelled cheque with pre-printed claimant's name or recent bank statement or passbook (not more than 3 months old).

Specific Documents for Different Types of Holders

1. Joint Account Holders: Deletion in case of death of 2nd or 3rd holder



Request Form T-1



Fresh nomination form in case of change in the nominee. In case there is no nomination or change in existing nomination



Death Certificate (Original or photocopied notarised by Gazetted Officer or Notary Public)



KYC acknowledgement or KYC form for surviving holders (if not KYC compliant)



New Bank Mandate form in case of change in bank mandate.

2. Transmission to Nominees

Transmission Amount up to Rs. 2 lakhs (documents required)



Request Form T-3.



Copy of birth certificate if nominee is minor



Death certificate in original or photocopy duly attested by a Notary Public or Gazetted Officer



KYC acknowledgement or KYC form of the nominee / Guardian (where nominee is minor)



Nominee's / Guardian's signature shall be attested by the bank manager.



Cancelled cheque leaf with nominee's name pre-printed or copy of recent bank statement / passbook



Copy of PAN card of the nominee / guardian (in case of minor nominee)



Nominee's signature attested by the bank manager as per Annexure. In case nominee is minor, signature of guardian shall be attested.

Transmission Amount above Rs. 2 lakh (all above mentioned documents as applicable for "Transmission Amount up to Rs. 2 lakh" + additional documents required as given below):

Nominee's / Guardian's signature shall be attested by a Notary Public or a Judicial Magistrate of First Class. (In the space provided in Transmission Form)

3. Transmission to the Legal Heirs/Claimant/s (transmission of units on death of sole unit holder or all unit holders, where there is no nomination registered)

Common documents required



Transmission Request Form (Form T3) for Transmission of Units to the Claimant



Copy of PAN Card of the Claimant / Guardian (in case the Claimant is a minor).



Death Certificate of the deceased unit holder(s) in original OR photocopy duly attested by a Notary Public or a Gazette Officer.



KYC Acknowledgment OR KYC Form of the Claimant / Guardian (in case the Claimant is a Minor)



Copy of Birth Certificate in case the Claimant is a minor.



Cancelled cheque with the claimant's name pre-printed OR Copy of the Claimant's recent Bank Statement / Passbook (which is not more than 3 months old).

Transmission Amount up to Rs.2 lakh (additional documents required)



The bank manager shall attest Claimant's / Guardian's signature.



NOC NOC by other legal heirs, as per Annexure IV



A document evidencing the relationship of the deceased and the claimant.



Individual affidavits by each legal heir, as per Annexure - III



Indemnity bond for transmission without furnishing legal representation, as per Annexure II by legal heirs.

Transmission Amount above Rs.2 lakh (additional documents required)



Claimant's / Guardian's signature shall be attested by a Notary Public or a Judicial Magistrate of First Class. (In the space provided in Transmission Form)



Individual affidavits by each legal heir, as per Annexure III



Notarised copy of the probated will/ Letter of administration of court or decree / succession certificate.

Legal transmission of mutual funds should be done after consulting an expert or mutual fund advisor to be thorough with the procedural aspects and avoid mistakes in the process.

For more details, including in case of HUF-Change of KARTA upon death of KARTA of HUF, refer to the following link of Transmission Documents Matrix: <https://www.pgimindiamf.com/docs/default-source/transmission-of-units/annexure-b---transmission-documents-matrix-ready-reckoner.pdf>

Always consult an expert or mutual fund advisor before transmission of mutual funds. This will help you follow the correct procedures and avoid mistakes that might hinder the process.

Sources: 1. <https://www.amfiindia.com/investor-corner/investor-center/procedure-to-claim.html>
2. <https://www.etmoney.com/blog/how-to-claim-mutual-fund-investments-after-death-of-investor/>
3. <https://www.pgimindiamf.com/docs/default-source/transmission-of-units/annexure-b---transmission-documents-matrix-ready-reckoner.pdf>

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