



Minor as a Nominee in Mutual Funds

**Can a minor become a
nominee in a Mutual Fund Scheme?**

Yes!

Who can be the guardian of a Minor?



A natural guardian such as father / mother



A court appointed guardian / legal guardian

Ideal Nomination Process for a Minor Nominee

In case of father being the 1st holder / only holder, mother or a legal guardian appointed by court should be made the nominee of the minor.

In case of mother being the 1st holder / only holder, father or a legal guardian appointed by court should be made the nominee of the minor.

In case father & mother are the 1st holder and the 2nd holder, a legal guardian appointed by court should be made the nominee of the minor.

What happens after the transmission process gets completed?

The minor becomes the single/sole holder in the folio represented by the guardian. Once the child attains 18 years age he/she needs to change the status of sole account holder from minor to major.

After successful transmission of folio in the name of minor, where are the redemptions proceeds credited if the minor has not attained majority status?

Redemptions will be credited in the bank account of minor. Such bank account must have the same legal guardian as mentioned in the nomination details of the folio.

Let's look at various scenarios

Scenario 1



Father is the first holder with his minor daughter being a nominee

In case of death of the father, only mother of the minor daughter or a court appointed legal guardian can apply for transmission of the units in the name of the minor.

Scenario 2



Father is the first holder, Mother is the second holder, minor is a nominee

When there are multiple holders in a folio, then in case of demise of primary holder, if there is a surviving holder, then he or she automatically becomes the primary holder. Nomination will come into effect only if all holders or the single holder have demised.

In the above case:

upon the death of father, Mother (2nd holder) will become the 1st holder.

upon the death of mother (2nd holder), father will remain the 1st holder.

In case both father and mother dies simultaneously, transmission can happen in the name of minor through a legal guardian appointed by court.

Thank You

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Disclaimer: Mutual Fund investments are subject to market risks. Please read the scheme related documents carefully