



NPS for Non-Resident Indians (NRIs)



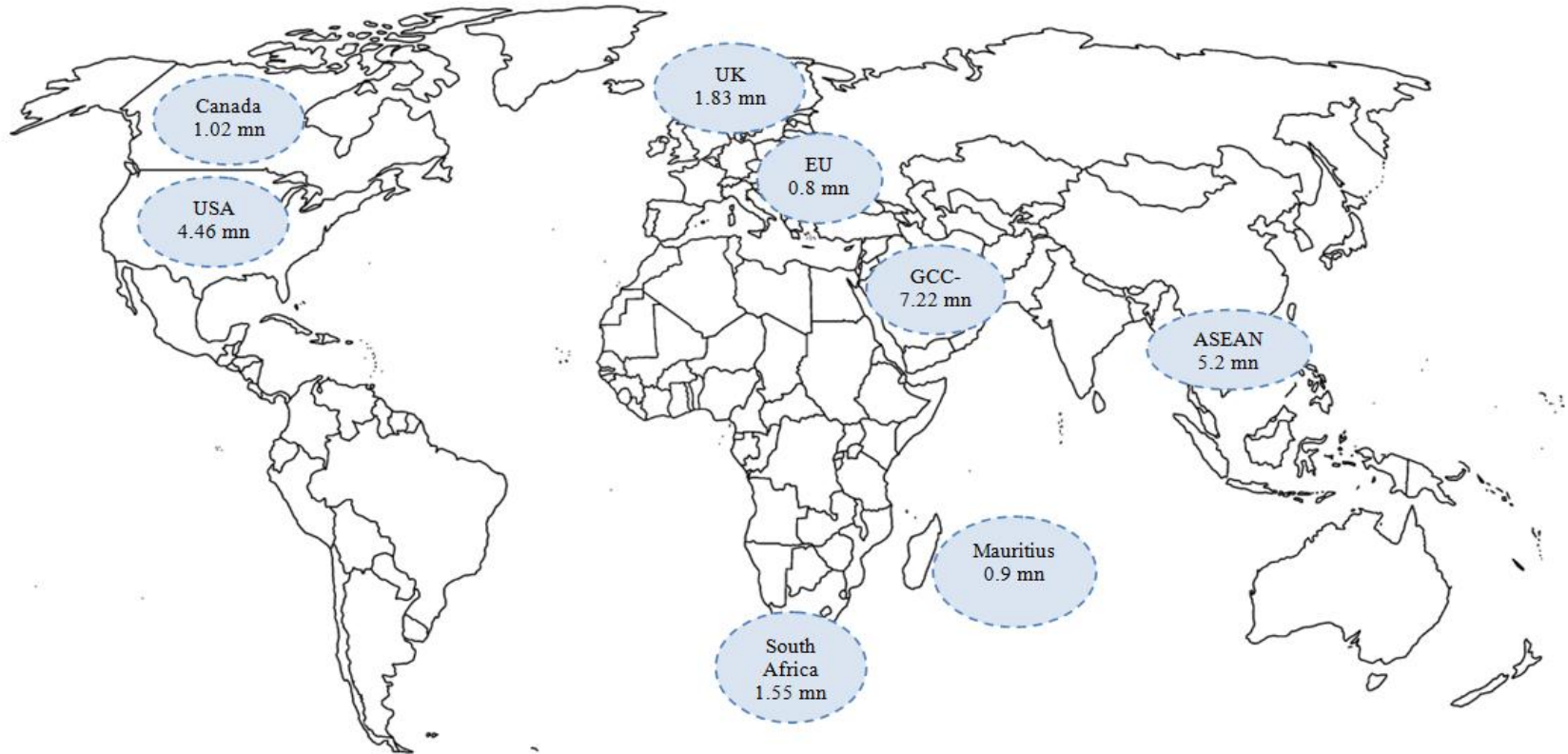
Pension Fund Regulatory and Development Authority

PFRDA, First Floor, ICADR Building, Phase II, Plot No 6, Vasant Kunj Institutional Area, New Delhi-110070

Presentation Topics

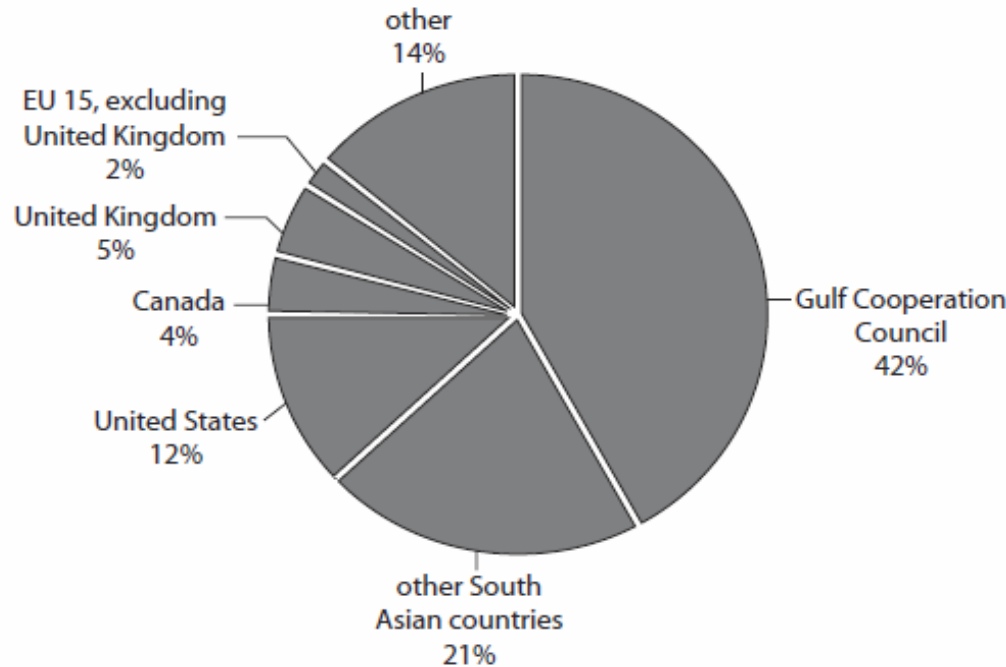
- **The Indian Diaspora: An Unique Untapped Global Asset for India**
- **National Pension System**
 - NPS – All Sectors at a Glance
- **NPS for Non-Resident Indians**
 - NPS for NRIs
 - NRI Registration Process
 - Duties & Responsibilities of Banks/ POPs
 - Contribution Options
 - Investment Options
 - Tax Benefits & Implications
 - Exit & Withdrawal
 - Partial Withdrawals
- **Charges**
- **Annuity Service Providers**

The Indian Diaspora



- With approx. 29 mn expatriate people in over 200 countries, India has one of the world's largest, most successful and most influential diaspora (Source: MOIA Report January 2015)
- Main destinations for NRIs– Australia, Bahrain, Canada, Kuwait, Nepal, Oman, Qatar, Saudi Arabia, Singapore, South Africa, UAE, UK and US (Source: MOIA Report January 2015)
- 7.22 mn of the total diaspora live in Gulf countries; 25% of the cumulative Overseas Indian population (MOIA 2015) (Source: MOIA Report January 2015)

Indian Migration Statistics



India Migration: Breakdown by Major Region

- India– with 10 mn migrations, 3rd most important source of labour migration (World Bank 2008)
- 80%– rate of increase of migration in a five year period (2004–2008) (MOIA–2009)
- Kerala, Tamil Nadu and UP– highest rate of migrants, accounting of approx. 53% of the total migrant workforce.
- Bulk of migration from India is low skilled in nature, in occupations such as transport operations, repair and maintenance, construction, and domestic help.

Importance of Remittances

- Inflow is relatively stable and is occasionally countercyclical
- Plays important role in reducing the incidence and severity of poverty
- Associated with increased household investment in education, entrepreneurship and health

Indian Remittance Factsheet

- India– 1st in receiving remittance in the year 2014– \$70.38 bn remittances from its migrant workforce
- Remittance inflow is approx. 4% of India's \$2 trillion GDP
- Remittance inflow has been steady and gradually increasing
- GCC (Gulf Cooperation Council) countries have restriction on what foreigners can own and invest

Use of Remittances

Uses of Remittances 2007-08	
Uses of Remittances	% of remittance received households <i>(All India figures)</i>
Education	31%
Debt repayment	10%
Improving household conditions	9%
Savings/ Investments	6%
Marriage & Other ceremonies	5%

(Source- C. Tumbe, 2011- IIM-B Working Paper -331)

- Most of these remittances are in the form of bank deposits, equity share investments, real estate acquisitions etc.
- Very little/ negligible goes into creation of a post-work retired life corpus/ retirement planning.

NPS– All Sectors at a Glance

Sector	Number of Subscribers (In Lacs)	Contribution (Rs Crores) (A)	Total Assets Under Management (Rs Crores)
Central Government	15.49	30,000.36	39,507.56
State Government	27.21	34,841.42	41,575.64
Corporate	3.99	5,543.39	6,428.13
Unorganized	0.95	557.46	655.97
NPS Lite	44.68	1,553.01	1,779.45
Total	92.31	72,495.64	89,946.75

As on July 11th 2015

Age Group

0 to 18

18 to 60

60 Onwards

NPS provides a low-cost, technologically driven platform for saving to create corpus, to enable subscriber for purchasing Annuity post retirement

Who is Eligible

Any NRI

- Between age of 18–60 years
- Complying with the extant KYC norms, as on the date of submission of application form

What is Not Eligible

- Joint Account in NPS; only an individual can open an NPS account
- Power of Attorney (POA) facility is not available

Duties and Responsibilities of Banks/ POPs

Duties and Responsibilities of Banks/ POPs

- Processing of the “NRI NPS Form”
- Handling and addressing queries of NRIs in respect of NPS
- Displaying information regarding NPS at branches handling NRI business
- Assisting in deposit of contributions
- Handling withdrawal requests

NRI Registration Process

- NRI downloads “NRI NPS Form”
- Form available through PFRDA, NPS Trust Website and at NSDL E-Gov website
- Banks may also place the form at their respective websites

• NRI Fills up the form.

• NRI submits the filled up form to his/her NRI Bank branch in India for processing.

- Bank verifies and confirms NRO/ NRE account particulars and forwards the form to CRA (directly)
- NRI shall deposit the cheque or shall carry out the transaction with his/her Bank in the normal course, during deposit of NPS form.

• Digitization of the application form and PRAN generation at CRA

• Email and SMS sent to NRI by CRA intimating the PRAN No.

• Subsequent transaction can be made online.

Contribution Options



The contributions can be from any or all of the following sources :

- NRE Account*
- NRO Account/ Local sources

*– subject to normal foreign exchange conversion norms

RBI has referred the matter of including NPS in the list of allowable instruments for NRI investments and for amending the relevant clause of [Notification No. FEMA 20/2000–RB dated May 3rd 2000, to MoF, GOI.](#)

Investment Options

Selection of Investment Option



1. Selection of Pension Fund

2. Selection of Investment Choice
(Selection of Asset Mix of E, C & G)



Selection of Pension Fund

Selection of any one PF out of the following:

SBI Pension Funds Pvt. Limited

LIC Pension Fund Limited

UTI Retirement Solutions Limited

ICICI Prudential Pension funds Management Company Limited

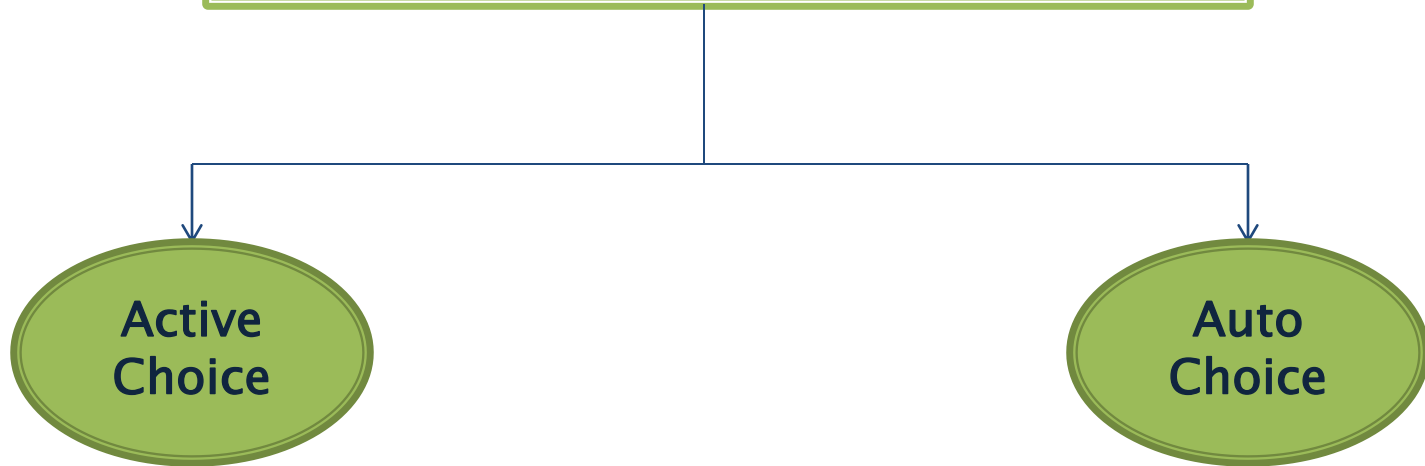
Kotak Mahindra Pension Fund Limited

Reliance Capital Pension Fund Limited

HDFC Pension Fund Limited

Pension fund to be incorporated by Birla Sun Life Insurance company limited

Selection of Investment Choice



Subscriber selects the allocation of his / her funds among 3 Asset Classes, with contribution in Asset Class E be restricted to 50% of total Contribution.

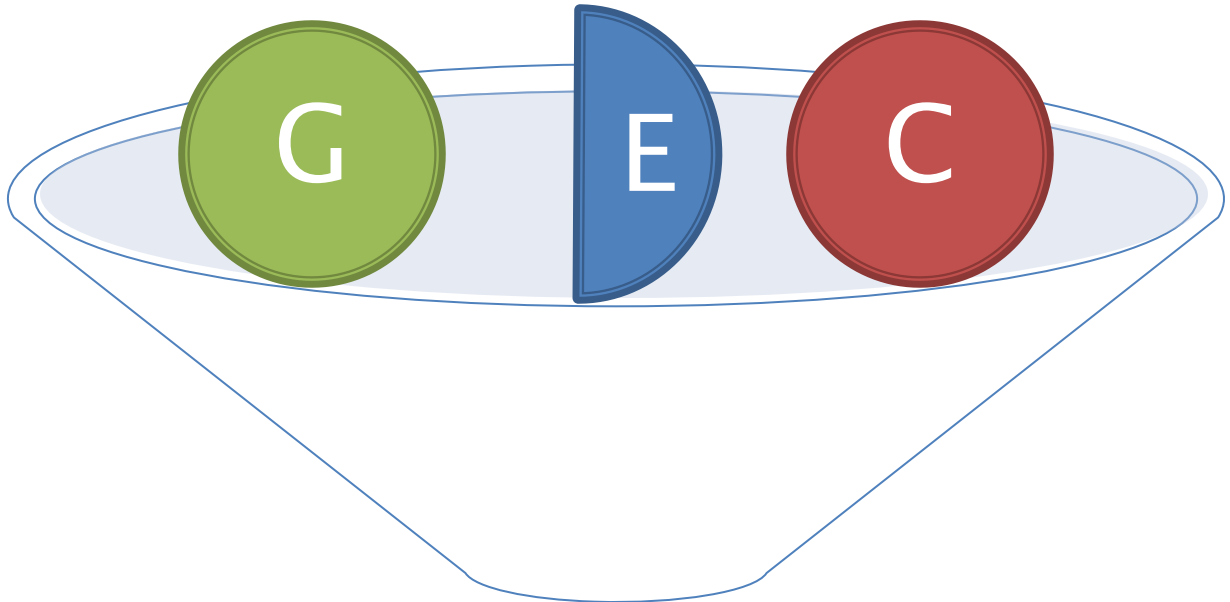
Fund invested, divided among 3 Asset Classes determined by a Pre-Defined portfolio ratio.

Active Choice

G-Secs
Up to 100%

Equity
Up to 50%

Corporate Debt
Up to 100%



Pension Corpus

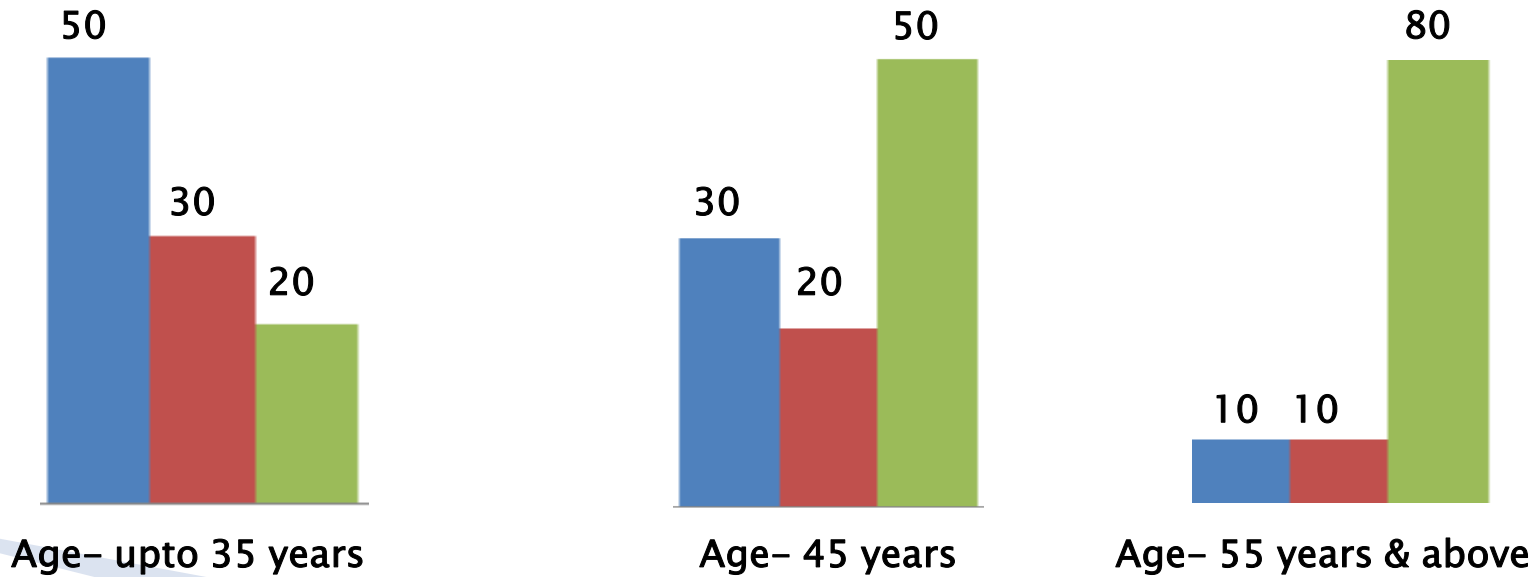
Auto Choice- Life cycle Fund

E



C

G



Tax Benefits & Implications

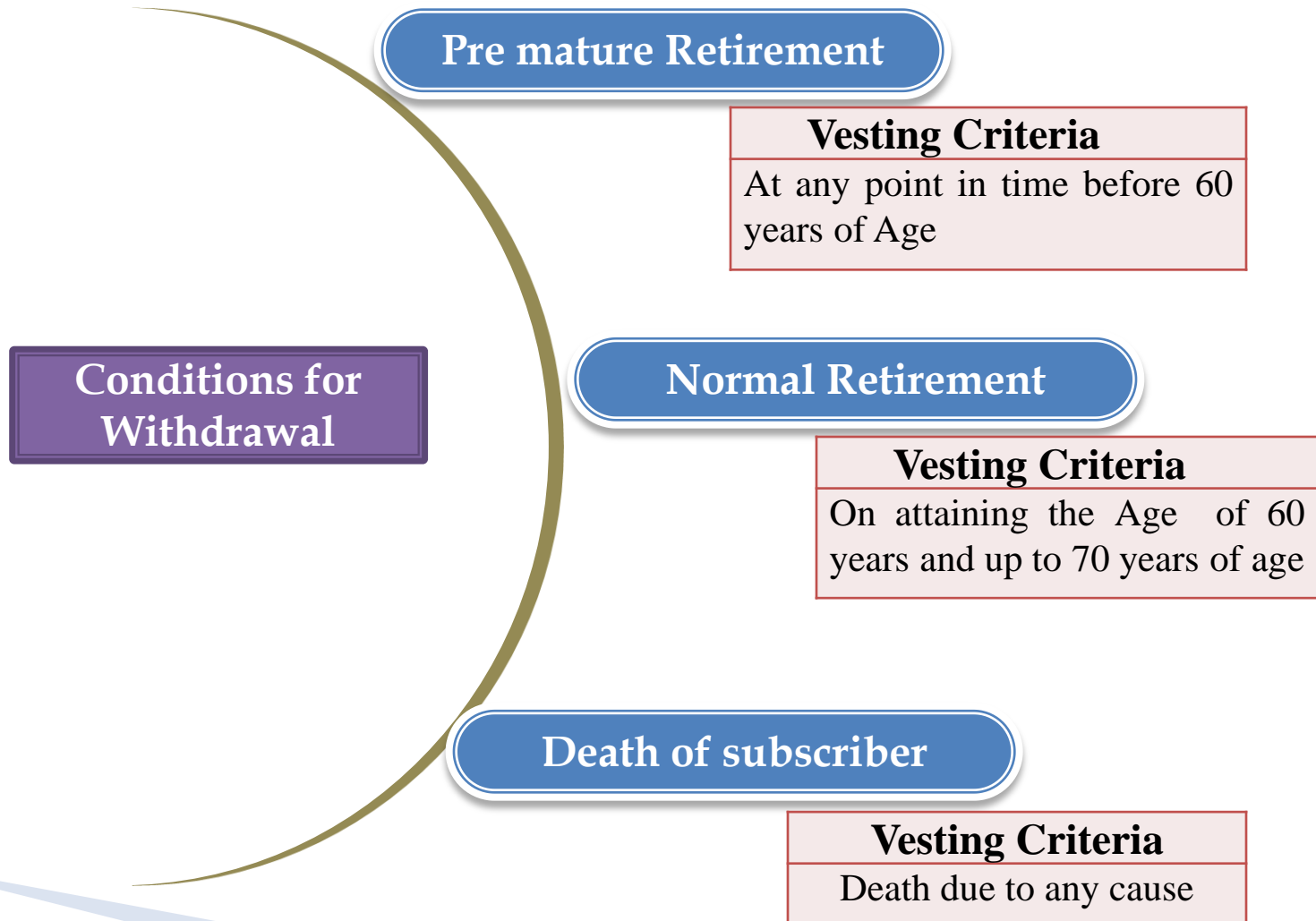
Tax Benefits and Implications

- NRIs own contribution is eligible for tax deduction under sec 80 CCD (1) of Income Tax Act up to 10% of Gross income, within the overall ceiling of Rs. 1.50 Lacs under Sec. 80 CCE of the Income Tax Act.
- Pension/ Annuity to be paid in Local currency i.e. INR.
- No restriction on repatriation of pension, whether annuity or lump-sum.

Budget 2015-16 Announcements and resultant Tax Benefits

- Tax deduction limit under sec 80 CCD (1) ceiling raised from Rs. 1.00 Lac to Rs. 1.50 Lacs.
- From F.Y. 2015-16, subscriber will be allowed tax deduction in addition to the deduction allowed under Sec. 80CCD(1) for additional contribution in his NPS account subject to maximum of Rs. 50,000/- under sec. 80CCD 1(B).

Note: No restriction on repatriation of pension, whether annuity or lump-sum.



Exit & Withdrawal

Vesting Criteria	Benefit
<p>At any point in time before 60 years of Age (allowed to subscriber who have been in NPS for at least 10 years)</p>	<p>Compulsory Annuitisation- minimum 80% Lump sum withdrawal- maximum 20% If Corpus < Rs. 1.00 Lac, complete withdrawal</p>
<p>On attaining the Age of 60 years or age of superannuation as prescribed in service rules) and upto 70 years of age</p>	<p>Annuitisation- minimum 40% Lump sum withdrawal- maximum 60% If Corpus < Rs. 2.00 Lac, complete withdrawal</p> <ul style="list-style-type: none"> - Subscriber can stay invested in the NPS upto the age of 70 years. Fresh contributions are allowed during such a period of deferment. - Can defer the withdrawal of eligible lump sum amount till the age of 70 years. - Annuity purchase can also be deferred for maximum period of 3 years at the time of exit.
<p>Death due to any cause before retirement</p>	<p>In such an unfortunate event, option will be available to the nominee to receive 100% of the NPS pension wealth in lump sum.</p>

Partial Withdrawals

Partial Withdrawals

- A partial withdrawal of accumulated pension wealth of the subscriber,
 - Not exceeding twenty-five per cent of the contributions made by the NRI
 - NRI shall have to be in National Pension System at least for a period of last ten years
- Purposes for which partial withdrawal allowed
 - For the purpose of higher education of his/her children,
 - For marriage of his/her children,
 - For purchase or construction of residential house or flat
 - For treatment of specified illnesses.
- Frequency of partial withdrawal
 - Maximum 3 (three) times during entire tenure,
 - Minimum 5 (five) years gap between consecutive withdrawals ,

Annuity Service Providers

Empanelled ASPs

Life Insurance Corporation of India

SBI Life Insurance Co. Ltd.

ICICI Prudential Life Insurance Co. Ltd.

Bajaj Allianz Life Insurance Co. Ltd.

Star Union Dai-ichi Life Insurance Co. Ltd.

Reliance Life Insurance Co. Ltd.

HDFC Standard Life Insurance Co. Ltd.

Variants of Annuity Plans

- Pension (Annuity) payable for life at a uniform rate to the annuitant only.
- Pension (Annuity) payable for 5, 10, 15 or 20 years certain and thereafter as long as you are alive.
- Pension (Annuity) for life with return of purchase price on death of the annuitant (Policyholder).
- Pension (Annuity) payable for life increasing at a simple rate of 3% p.a.
- Pension (Annuity) for life with a provision of 50% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant and with return of purchase price on death of the spouse. If the spouse predeceases the annuitant, payment of annuity will cease after the death of the annuitant and purchase price is paid to the nominee.

Expectations from Banks

Expectations from Banks

- Enable all NRI branches under NPS.
- Offer NPS as a long term saving product.
- Process applications quickly and forward to CRA.
- Put up NPS–NRI Application Form on Bank websites



Thank You

A photograph of two hands shaking in a firm grip, set against a background of blue and white diagonal stripes.