अटल पेंशन योजना मेरा अधिकार मेरा सम्मान

Atal Pension Yojana

Online APY subscriber registration
enps.nsdl.com/eNPS/ApySubRegistration.html

If you are between 18 and 40 years, you can join Atal Pension Yojana.
Contact your nearest bank/post office branch, call 18008891030 (toll-free) or visit www.pfrda.org.in today.

nps national pension system PENSION FOR ALL

National Pension System

Open your NPS account online
www.npstrust.org.in/content/open-your-nps-account-online

To know more about NPS or your nearest POP-SP(Distributor), call our toll free number 1800222080, SMS NPS to 56677 or visit: www.pfrda.org.in.

Financial Literacy and Training Department, PFRDA.

पेंशन निधि विनियामक एवं विकास प्राधिकरण
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

आज़ादी का अमृत महोत्सव

Retirement Education and Awareness Programme

Pension Fund Regulatory and Development Authority

EARN your freedom from financial worries — REAP the benefits

nps national pension system PENSION FOR ALL

अटल पेंशन योजना मेरा अधिकार मेरा सम्मान

Contents

First edition May 2022. Reproduction is permitted provided the source is acknowledged.

Chapter 01

Understanding Retirement

Close your eyes and imagine a time when you are no longer working. What do you see?

Do you see yourself **relaxing**, **spending your time peacefully**, **visiting your children** or **grandchildren** and **vacationing?**

That stage in your life, my friends, when you stop working and live on your accumulated savings is called retirement.

It is a stage for which you need to save enough, so you can lead the life you just imagined.

Running your house

Medical expenses

Your needs and your family's

Recreational activities and vacations

Even after your retirement, you'll need enough money for these.

This is possible if you **EARN your freedom** — freedom from financial constraints and worries — right from the early stages of your working life.

Which means, it's time for you to take **Early Action for Retirement Needs.**

Are you ready?

Planning your retirement

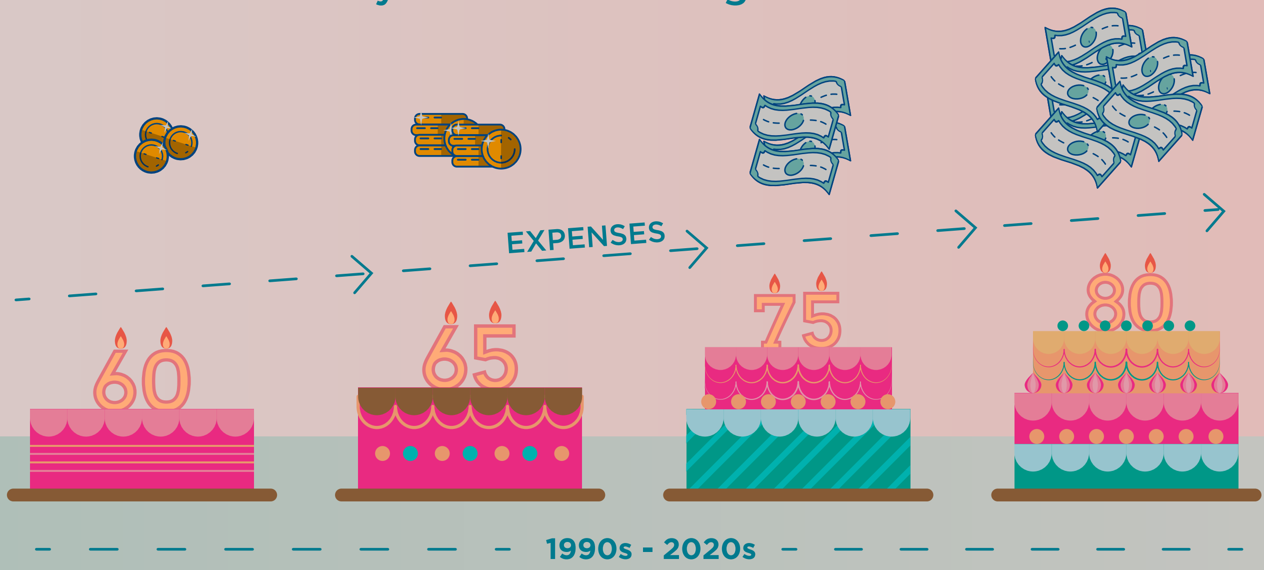
Planning your retirement means saving enough to ensure that you can continue to meet your needs for the rest of your life. In other words, it is the process of determining how much money you will require to live comfortably after your retirement.

For that, you will also have to figure out how much time is left before you reach your golden years.

So let's take a guess at what you think the average life expectancy today is.

Anyone? Well, the fact is that most of you will live for many years after you retire because life expectancy has increased with healthcare advancements.

In India, the average person today goes on to live more than 20 years after retiring at 60.



You'll therefore need sufficient funds to cover your everyday needs in retirement.

But without proper planning, you may end up with lower retirement wealth. Which means, you would not have enough money to manage your monthly expenses. Such a situation could force you to seek re-employment. However, **if you plan now, the chances of running out of money later are fewer.**

So plan your retirement today and EARN your freedom tomorrow!

Pension for everyone

So friends, do you know what your best bet in retirement planning is? The answer is much simpler than you thought. It's one word — pension. Yes, pension is your bread and butter for retirement years.

Upon retirement, you can rest easy because you will have enough funds to enjoy a comfortable life.

With a pension, you receive a guaranteed, fixed monthly amount

Pension comes from a pool of money set aside for the years you don't work

Pension lets you take care of your needs and dreams after retirement

But do you think pensions are only for government employees? Or for your peers employed in private companies? It would be a mistake to think like that.

My dear friends, everyone can get a pension — even you.

Start early, save more

When do you think you should start planning for your retirement? NOW. Yes, you heard it right.

You can plan for your retirement at any age between 18 and 70 years.

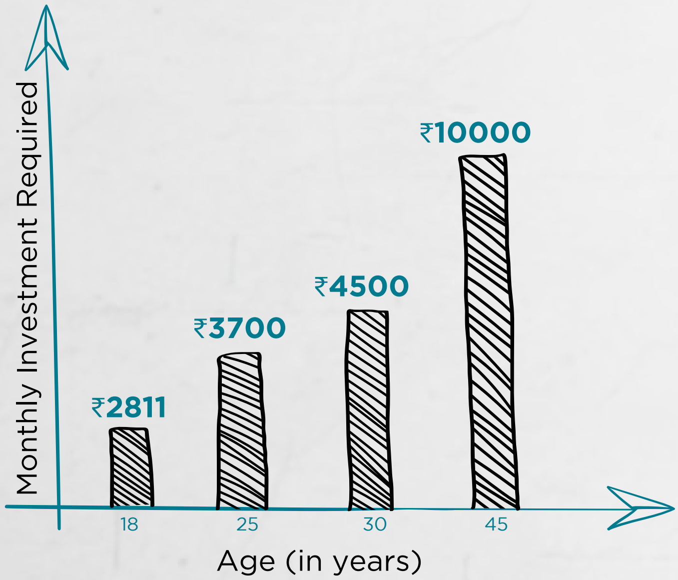
The earlier you start, the greater retirement wealth (read peace of mind) you will have in your golden years.

Let me give you an example.

Your current age = 25 years
Value of monthly expenses = ₹ 10,000
Your retirement age = 60 years
Age till which you want to plan = 80 years

Assumptions

Inflation = 5%
Return on pension investment = 10%



Here are some scenarios I have put up for different ages. You will find under each the inflation-adjusted value of monthly expenses, amount needed to be invested on monthly basis and the required retirement wealth at 60 years.

Age	25 (35 years remaining for retirement)	30 (30 years remaining for retirement)	45 (15 years remaining for retirement)
Value of expenses at 60	55,160	43,219	20,789
Amount to be invested per month	2,236	2,942	7,720
Corpus required at 60	85 lakh	67 lakh	32 lakh

Start early and save for your pension over many years.

That way, you'll have comfortable later years — even if you decide to retire early.

Moneyram Mantra

- Take **Early Action** for **Retirement Needs** and EARN your freedom from financial constraints.
- **You can get a pension** even if you are not a government or private company employee.
- **Start saving early** so that you get many years to accumulate your retirement wealth and enjoy the effect of compounding. By doing so, you'll be comfortable in your retired life.

Open your NPS account online www.npstrust.org.in/content/open-your-nps-account-online

Chapter 02

Factors to Keep in Mind

There are some important factors you must consider for retirement planning, such as

- **When do you want to retire?**
- **How much money will you require after your retirement?**
- **Can you afford to retire early?**
- **How will you ensure steady flow of income when you stop working?**

Allow me to elaborate.

1. Coming to the first point — **when do you want to retire?**

   Do you want to work for another 10 years? 20 years? 30 years? Or maybe even beyond that? Remember, one is expected to live beyond 80 years; so the earlier you retire, the longer would be the period for which you would need a pension.

2. The second point is about — **how much money would you need every month after retirement?**

   - This will be based on your day-to-day expenses for food, clothing and medicines. The nature of some expenses that are there currently may change. For example, school fees may get replaced with healthcare expenses.

   - An important factor to consider is inflation. Let me explain this with a simple example. Say, today you buy 1 kg of rice for ₹ 50. In 10 years from now, with a 5% inflation, that will cost you ₹ 75. Imagine the shortfall in pension if you don't factor inflation into your retirement planning.

This is what the calculation will look like at the time of your retirement if you are 30 years old today.

Current age = 30 years

Current expenses = ₹ 10,000 a month

Retiring at 60 years and planning till 80

Inflation = 5%

Value of inflation-accounted expenses at retirement = ₹ 43,000 a month

Monthly shortfall in amount needed for expenses if not accounting for inflation = ₹ 33,000

You can clearly see how critical understanding inflation is when planning for retirement.

3. To answer **whether you can afford to retire early,** you'll have to figure out the amount you need when you retire.

Continuing with the same example.

You are 30 years old

Your current monthly expenses are ₹ 10,000

Inflation is 5%

Return on your pension investment is 10%

You want your savings to last at least until you are 80

If you work till 60, you need to contribute ₹ 2,942 a month

But if you are looking to retire at 50, you must save a lot more — that is, ₹ 6,660 a month.

4. To ensure a steady and adequate flow of income after your retirement, a key factor you need to remember is **return on your pension investment.**

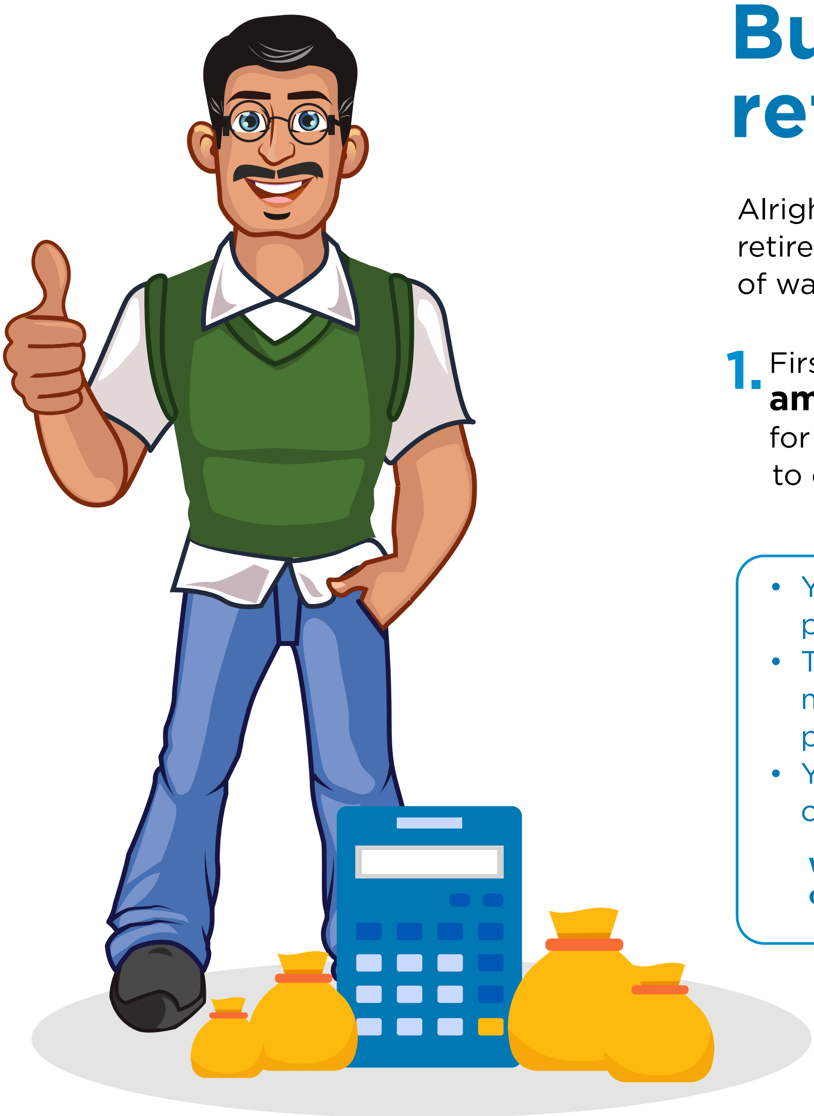
If you want the returns to beat inflation, you should choose your investments wisely. Understand the risks and returns associated with various investment options.

Say, you invest ₹ 500 every month. The estimated return on your pension investment at the end of 30 years will be different in the case of each type of investment.

Fixed return investments such as bank fixed deposits are safer but give lower returns than market-linked investments.

Only investing in fixed return at 6% per annum will give you ₹ 5,00,000. With an investment in equity at 12% per annum, you have a retirement fund of ₹ 17,47,482.

You now know the factors that influence retirement planning, but how will you get down to actually executing it? Continue reading for the details.



Building your retirement plan

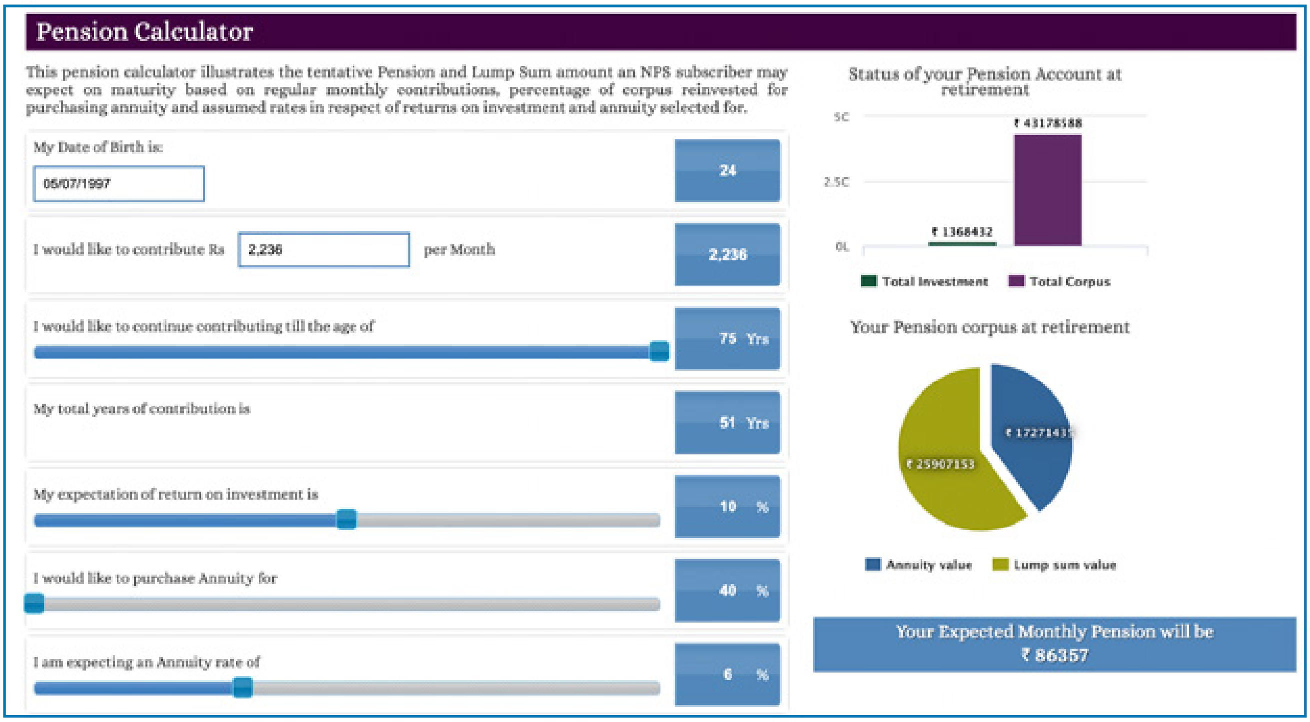
Alright, let's get down to building your retirement plan. There are a couple of ways to go about it.

1. First, **you need to figure out the amount you would need** to save for your retirement. Wondering how to do that? Use a retirement calculator.

- You can decide the monthly pension you want
- The calculator lets you know how much to contribute based on your pension amount
- You can find the retirement calculator on the link below

www.npstrust.org.in/content/pension-calculator

This table shows you the **amount you need to save each month** according to your age so that you have a big enough fund by the time you retire.



2. Next, you have to **assess your current situation.**

- Consider how much you can save at your age with the money that you currently earn
- Start saving. Don't worry if the amount is small. Save more later when you have the money
- Assess the risks you can take now. You can choose safe investments with small rewards or risky ones that may pay off big

3. Lastly, explore different pension plans.

- Check if the plan provides a pension (NPS, insurance and others)
- Check if the plan helps you receive a guaranteed pension
- Find out which asset classes your pension plan invests in

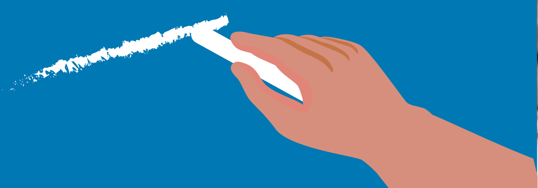
Once you've reviewed the different types of plans available and understood the financial benefits and risks involved then make your decision. Also, I am always there to guide. You can contact me, your PFRDA support, on the call center numbers 1800110708 and 1800110069. You can also contact us for NPS and APY related queries on 1800222080 and 18008891030 respectively.

Moneyram Mantra

Building your **retirement plan** begins by understanding how much you can save based on your estimated expenses and current age.

Figure out the **options you have** for your pension investment.

Understand the risks and returns for the various options.



Chapter 03

Pension Product Features: Key Considerations

You now understand the importance of inflation when planning for retirement. Your money has to grow faster to out do inflation.

With so many products in the market, it can be a struggle to decide which product is best suited for you. To help you make an informed decision, let me discuss the basics — I will talk about financial returns later.

1. First, **identify how well your investment option is regulated.**

- Regulations ensure that your money is invested responsibly
- Your investments must be handled as per product guidelines issued by the regulator

2. Second, **calculate the cost of managing your pension plan.**

- Higher costs mean lower returns — remember that.
- Costs eat into your investment returns, so try and look for lower-cost investments

Third, check **how transparent the**

pension plan is.

3. If the pension plan shows you exactly what the charges are and how the pension contribution is invested, making a decision becomes easy

4. Fourth, find out if the **pension plan offers service delivery and addresses grievances/complaints.**

- There must be a method to look into your grievances early and decisively
- It must have a convenient communication channel where someone is available to provide a solution when you need

5. Next, know **how the plan has performed** since the beginning and over the past five to seven years.

- Returns need to be consistent
- Returns should not be low one year and high the next year

6. And lastly, check out if the **pension plan provides online services.**

I don't need to emphasize the importance of online services. You know how simple your life is today with things moving online.

Once you consider these important factors, the task of choosing the right pension investment is easy.

Investment options for retirement

Selecting the right investment option requires a lot of thinking and planning. There could be a lot of confusion as well. That's why I am here.

You can choose from National Pension System (NPS), Atal Pension Yojana (APY), Public Provident Fund (PPF), Mutual Funds and pension schemes from Insurance Companies and Mutual Funds. I have listed down the modalities of each for your understanding. Whatever works best for you is what you should go with.

Take a look at some of the salient features of these plans.

	National Pension System (NPS)	Atal Pension Yojana (APY)	Public Provident Fund (PPF)	Mutual Funds	Pension Schemes from Insurance Companies
Where it invests	Equity/Bonds	Equity/Bonds	Bonds and others	Equity/Bonds	Equity/Bonds
Fixed Returns	No	Pension amount is guaranteed	Yes	No	No
Investor Cost	0.26-0.3%	Not Available	Nil	1-2%	>5%
Pros	1. Portable 2. Low cost 3. Tax benefits can be availed of for contributions made under Section 80C and an exclusive ₹ 50,000 under Section 80CCD (1B) 4. Lump sum + regular pension 5. Withdrawals are possible, subject to conditions 6. Premature closure possible 7. Withdrawals are tax free 8. No GST when you purchase annuity	1. Pre-mature closure possible, subject to conditions 2 Fixed amount of pension based on contribution 3. Tax benefits for contributions under Section 80 CCD (1B)	1.Portable 2.Only lump sum benefit 3.Fixed Return 4.Tax benefit under Section 80C 5.Pre-mature closure possible, subject to conditions	1. No lock-in period; exit charges will be levied 2. Variety of schemes to choose from 3. Tax benefit under Section 80C	1. Comes along with life cover 2. Tax benefit under Section 80C
Cons	1. Minimum Lock-in period of 5 years; with exit charges	1. No investment choice	1. Minimum Lock-in period of 5 years; with exit charges 2. Cap on maximum investment and returns	1. Too many funds to choose from 2. Funds have to be monitored	High cost, thus reducing investor returns

The pension advantage

When you retire, you may have accumulated a sizable fund in place (it may seem like a BIG sum of money) but you could still be in a dilemma. Should you keep it as a lump sum or convert it into periodic payment that replaces your paycheck?

A lump sum would help you to pay off your debts, spend on your family or go on a holiday. However, several global studies show that the lump sum 'retirement pot' melts rather quickly, sometimes as early as only five years from retirement.

Remember, one is expected to live beyond 20 years after reaching 60. A regular retirement income, on the other hand, is more predictable and helps manage monthly budgets more easily. It closely mimics the regular paycheck during employment years.

Take a look at the comparison here to understand the benefits of a pension over a lump sum payment.

Pension/Annuity	Lump Sum Payments
Guaranteed regular payouts	No regular payouts
Better sense of financial security	Greater flexibility in withdrawals; requires you to have greater responsibility as well
Higher likelihood of expenses getting managed	Higher chances of overspending
Guaranteed payments throughout your lifetime	High likelihood of exhausting the money before you realize
Can help you plan savings even during your retirement	Requires a lot of detailed financial knowledge and constant monitoring to ensure that one is able to get a sustained income

So, what's next?

We have discussed several types of plans, however you need to understand two in greater detail — National Pension System and Atal Pension Yojana. These, I'm sure, will meet the expectations of a majority of people.
But before we move to the next chapter on NPS and APY, I want to throw light on some precautionary measures that you all must take from today itself.

Plan ahead to get a regular pension and stay financially healthy

- Keep a check on your expenses
- Avoid taking loans for consumption, lifestyle and expenses
- Keep your financial documents in order
- Always update nominee details

Be alert to scams

- Do not share any financial information with strangers
- Do not give your debit card and its details to others
- Be extra careful with digital transactions
- Do not agree to receive money in your account from a stranger
- Do not give access to your phone/ computer to anybody
- Be careful of KYC messages — only deal with your bank/financial institution branch directly or go to their website

Moneyram Mantra

Key factors to be considered before investing – **cost, transparency, regulations and service levels.**

Pensions offer regular payouts unlike lump sum payments.

National Pension System and **Atal Pension Yojana** will meet the expectations of a majority of people.

Chapter 04

The Magic of National Pension System

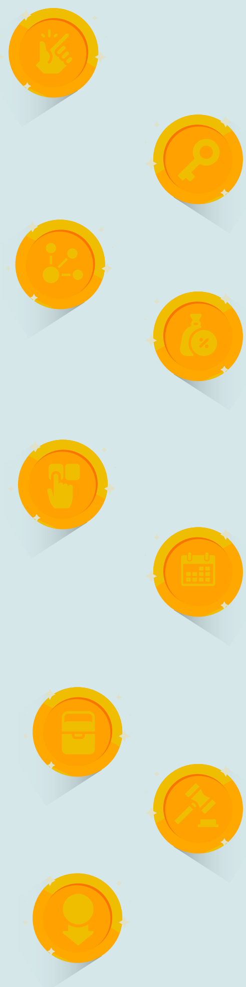
Alright folks, are you ready for our superstar when it comes to pension planning?

Presenting to you, National Pension System (NPS).

NPS is a scheme that allows you to contribute money into an individual pension account. It allows you to deposit money into this account throughout your working life and enjoy it after retirement.

That's not all! NPS gives you the flexibility to invest any time during the year. This makes you eligible for tax deductions which is also tax-efficient at withdrawal

Let's dive deeper into the benefits of this unique pension plan.



Simplicity

Open an NPS account through a simple process and receive your Permanent Retirement Account Number (PRAN).

Flexibility in contribution

NPS allows you the freedom to contribute any amount at any time during the year (minimum ₹ 500 per contribution; the total contribution per year must be ₹ 1000 and more).

Investment freedom

NPS allows you to choose between various pension investment options, so you can plan your retirement the way you want. Refer to section "Investment Options Under NPS" in this chapter for further details.

Portability

Once you open an NPS account, it stays with you forever — whether you change your city or job if working.

Low cost

NPS is one of the lowest costing pension plans in India. It allows you to increase your retirement fund through long-term savings and investments that give you returns to beat inflation.

Easy access

Start your NPS account through e-NPS or through any PoPs and also make online contributions to your account using the platform.

Tax efficiency

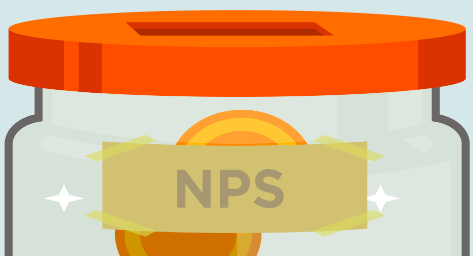
Your contributions are eligible for tax deductions. Refer to section "Taxation Under NPS" for further details.

Sustainability

You can stop worrying about your regular income as NPS provides a regular stream of pension payments (they could be fixed or variable depending upon the type of pension you have chosen).

Well-Regulated

NPS is regulated by the Pension Fund Regulatory & Development Authority (PFRDA) which provides transparent pension investment norms, regular monitoring and performance review of funds managed by the NPS Trust.



Investment options under NPS

Now, let's take a closer look at the investment options available under NPS. You can opt for Active Choice, Auto Choice or others.

What is Active Choice?

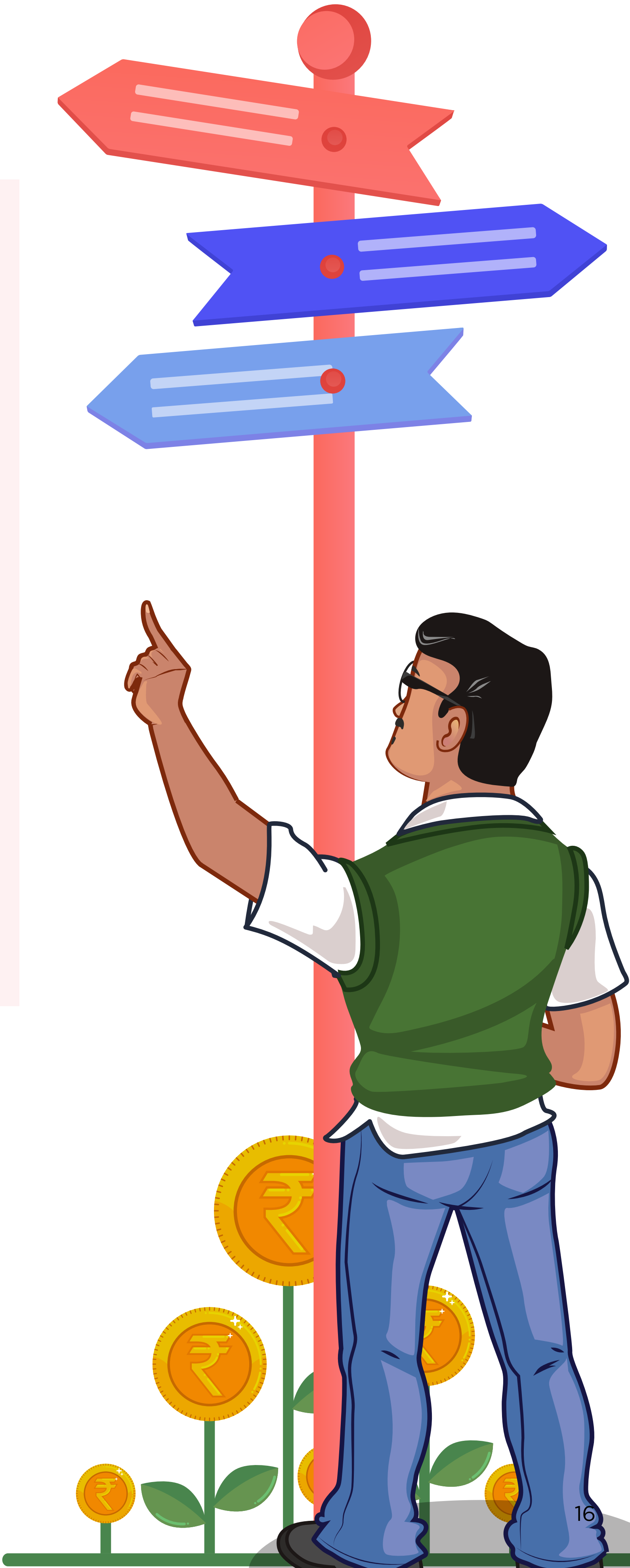
If you are an individual who understands the investment market well, you are likely to opt for this choice. As the name suggests, this option allows you to actively make decisions about how your contribution is to be invested in the asset classes of Equity (E), Corporate Debt (C), Government Securities (G) and Alternative Assets (A).

What is Auto Choice?

If you are an individual who wants to keep it simpler and have your fund manager manage your investments, Auto Choice is the option for you. It spreads your investment across different asset classes by dynamically allocating funds based on how old you are. The three asset classes available within Auto Choice are Aggressive, Moderate and Conservative.

Change of Scheme and Pension Fund Manager

Subscriber has a choice to switch between Auto and Active schemes four times in a financial year. Pension Fund Managers can also be changed once in a year.



Let's take a look at these asset classes in detail.

Aggressive Life Cycle Fund

This fund limits your Equity Investment to 75% of your total assets. As you age, your exposure in Equity Investments gradually reduces.
Check out how your contribution will be allocated among three asset classes as per your age under Aggressive Life Cycle Fund.

Age (years)	Asset Class E	Asset Class C	Asset Class G
Up to 35	75	10	15
36	71	11	18
37	67	12	21
38	63	13	24
39	59	14	27
40	55	15	30
41	51	16	33
42	47	17	36
43	43	18	39
44	39	19	42
45	35	20	45
46	32	20	48
47	29	20	51
48	26	20	54
49	23	20	57
50	20	20	60
51	19	18	63
52	18	16	66
53	17	14	69
54	16	12	72
55 & above	15	10	75

Moderate Life Cycle

The exposure in Equity Investments is 50% of your total assets until 35 years and it decreases as you grow old.
Take a look.

Age (years)	Asset Class E	Asset Class C	Asset Class G
Up to 35	50	30	20
36	48	29	23
37	46	28	26
38	44	27	29
39	42	26	32
40	40	25	35
41	38	24	38
42	36	23	41
43	34	22	44
44	32	21	47
45	30	20	50
46	28	19	53
47	26	18	56
48	24	17	59
49	22	16	62
50	20	15	65
51	18	14	68
52	16	13	71
53	14	12	74
54	12	11	77
55 & above	10	10	8

Taxation under NPS on withdrawals or exit

You are entitled to tax-free withdrawals for partial/lump sum/occurrence of death, subject to conditions mentioned earlier in the withdrawals-exit section.

Taxation under NPS on purchase of annuity/pension

- Amount invested for purchase of annuity is tax-free
- Regular pension/annuity is taxable, like any other income, on the basis of your individual tax bracket

Conservative Life Cycle Fund

This fund limits the allocation into Equity to the extent of 25% of the total assets till you're 35 years and gradually reduces with age.
This example will explain better.

Age (years)	Asset Class E	Asset Class C	Asset Class G
Up to 35	25	45	30
36	24	43	33
37	23	41	36
38	22	39	39
39	21	37	42
40	20	35	45
41	19	33	48
42	18	31	51
43	17	29	54
44	16	27	57
45	15	25	60
46	14	23	63
47	13	21	66
48	12	19	69
49	11	17	72
50	10	15	75
51	9	13	78
52	8	11	81
53	7	9	84
54	6	7	87
55 & above	5	5	9

Taxation benefits

NPS offers various tax advantages to individuals and corporate employees on contributions and withdrawals or exit. I have captured these aspects below.

Taxation under NPS on contributions

Tax benefits for individuals

- You can avail of tax benefits under Section 80 CCD (1A) for NPS contribution with a ceiling of ₹ 1.5 lakh under Section 80 CCE*.
- An additional deduction for investment upto ₹ 50,000 in NPS (Tier I account) is exclusively available to NPS subscribers under Section 80 CCD (1B).

*As per Section 80 CCE, the overall amount of tax deductions under Section 80 C, Section 80 CCC and subsection (1) of Section 80 CCD shall not, in any case, exceed ₹ 1.5 lakh.

Tax benefit for corporate employees

Corporate employees are able to claim additional tax benefits on their contribution up to 10% of salary under Section 80 CCD (2). This is over and above the limits mentioned under sections 80 CCD (1A) and 80 CCD (1B) (subject to overall limit of ₹ 7.5 lakh for all investment schemes).

How to open your NPS account?

Okay, so it's now time to open your NPS account. Want to know how? There are two ways to go about it.

You can open your NPS account both, online or offline — the choice is yours.

Online

Your NPS account can be opened online using eNPS platform www.npstrust.org.in/content/open-your-nps-account-online. It's quick and easy; you can make contributions via your bank account, credit card or debit card.

Offline

PFRDA appoints Point of Presence (POP) entities to help you. NPS account opening forms can be collected from POPs and submitted to them along with relevant documents. You can also make contributions via POPs. If you are a central, state or private company employee, approach your HR department for NPS enrolment. Most PoPs now give you the online option for opening an account.

Withdrawal/Exit

One of the many advantages of NPS is that it allows you to access your funds to deal with personal exigencies.

Let's see how?

Exit

You can completely exit from NPS and terminate your subscription under the following circumstances.

Exit (before 60 years/date of retirement)

In the case of premature exit, at least 80% of your accumulated fund has to be used to purchase an annuity to provide a regular pension. The remaining 20% can be taken as a lump sum.

Allowed on completion of minimum five years of account opening under NPS.

If accumulation is less than ₹ 2.5 lakh, it will be paid fully in a lump sum on retirement.

Deferment Option
In case of premature exit, you do not get the choice to defer your pension or lump sum withdrawal.

On retirement

When you turn 60 years old, you can opt up to 60% withdrawal in lump sum and use the remaining 40% (mandatory annuitisation) for a regular pension.

Exit (joining 18-60)

Before 60 years or superannuation (subject to completion of 5 years)

- Annuitisation = minimum 80%
- Lump sum withdrawal = maximum 20%
- If corpus is less than ₹ 2.5 lakh, complete withdrawal is permitted

On attaining 60 years and up to 75 years

- Annuitisation = minimum 40%
- Lump sum withdrawal = maximum 60%
- If corpus is less than ₹ 5 lakh, complete withdrawal is permitted
- Option for continuance up to 75 years
- Lump sum deferment till the age of 75 and option to withdraw in annual installments. Annuity purchase deferment till the age of 75

Death due to any cause

- Nominee can withdraw 100% of pension wealth in lump sum
- Nominee can also opt to buy annuity using corpus

Exit (joining after 60 years)

Before completion of 3 years

- Annuitisation = minimum 80%
- Lump sum withdrawal = maximum 20%
- If corpus is less than ₹ 2.5 lakh, complete withdrawal is permitted

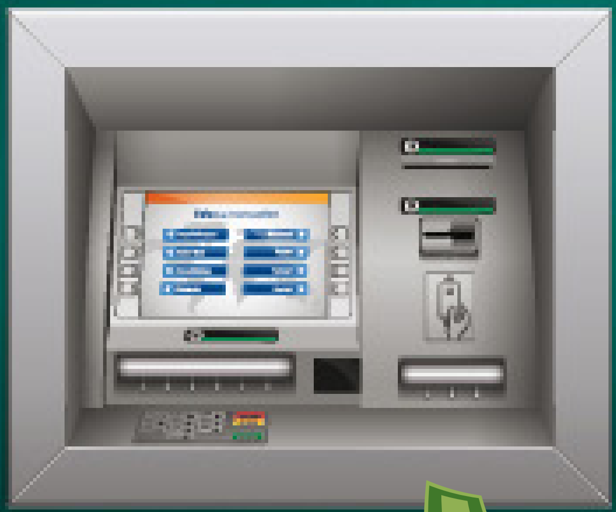
On completing 3 years and up to 75 years

- Annuitisation = minimum 40%
- Lump sum withdrawal = maximum 60%
- If corpus is less than ₹ 5 lakh, complete withdrawal is permitted

Death due to any cause

- Nominee can withdraw 100% of pension wealth in lump sum
- Nominee can also opt to buy annuity using corpus

Deferment Option
Upon retirement, you can choose to defer your pension and lump sum withdrawal up to 75 years.



Partial Withdrawals

Partial withdrawals are possible three times during your subscription tenure under the circumstances listed here.

- Children's higher education or their marriage
- Hospitalization needs for you and your loved ones
- Each withdrawal not to exceed 25% of your own contribution
- Treatment of any specified illness
- Establishment of your own venture or any startup
- Purchase or construction of a house in your own name
- Completion of at least 3 years of subscription to NPS
- Disability of more than 75%
- Skill development/re-skilling or any other self development activities

Just keep in mind folks, withdrawals are only allowed for a maximum of three times during your subscription's tenure.

Making a nomination

Say, you've invested a lot of money to take care of all your needs after retirement. What do you think will happen to that accumulated pension wealth in the event of an unfortunate demise before or after retirement? Don't worry, NPS also allows you to name nominees to receive your retirement money.

Here's how you can choose your nominees

01 Choose up to three nominees. For appointing a minor, the date of birth and guardian details are required

02 Nominate by sending a request form to POP or submit online if registered through eNPS. Nominee details can be changed later online

Mobile app and online services

I understand that all this may seem overwhelming, which is why NPS offers a user-friendly mobile app too to make life easy.

NPS mobile app benefits

*Tier I is for your pension savings; with tax advantages
**Tier II is for your additional investment savings if you wish to do so; no restriction on withdrawals (tax benefits applicable for government employees only)

Let’s now go over the benefits of NPS online services, either using the website portal of your Central Recordkeeping Agency (CRA) if registered through eNPS or website portal of POP if registered through a POP.

- Open your pension account under NPS (both Tier I and Tier II)
- Click here to open your NPS account online : Fenps.nsdl.com/eNPS/OnlineSubscriberRegistration.html?appType=main
- Update your personal details such as e-mail id and mobile number
- Make changes to your plan preference
- Make initial and subsequent contributions to your Tier I and Tier II accounts
- View your account details/transaction statement
- Request a withdrawal from your Tier II account using the online services

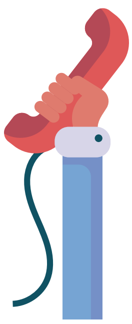
Central Record Keeping Agency (CRA)

In case you’re wondering how to check the performance of your investments in NPS, you can do that by logging in to your NPS account using the login id and password provided along with your PRAN Kit.

NPS is really a wonder with all the benefits it provides. It also allows you to raise grievances/complaints in many ways. Take a look.

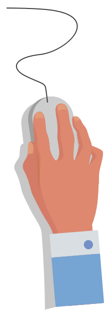
Physical Forms directed to CRA

Submit your grievance in a prescribed format to POP service providers for forwarding to CRA of Central Grievance Management System (CGMS)



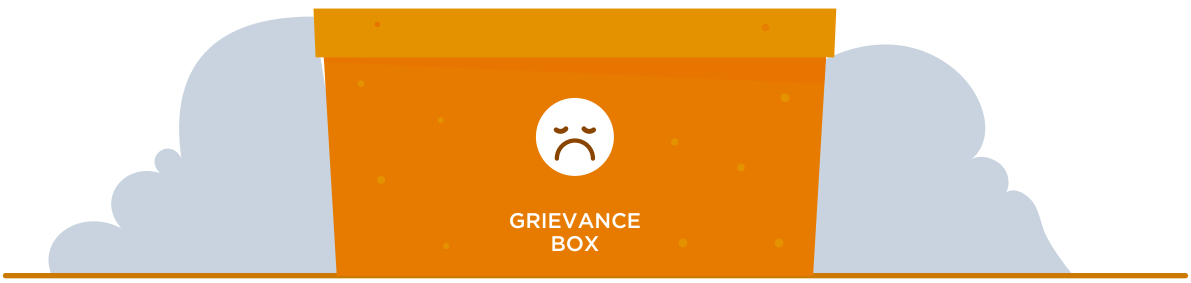
Call Centre/Interactive Voice Response System (IVR)

Contact the PFRDA call centre on the toll-free number 1800-110-708



Web-Based interface

Register your grievances/complaints by using the Tele-query Personal Identification Number (T-PIN) at the CRA call center with the toll-free number (022) 24993499. You may also register using your Internet Personal Identification Number (I-PIN) by visiting www.npscra.nsdl.co.in.



CRA Portability: Easily switch between CRAs, if required, either due to change in the subscription type, that is from All Citizen to Corporate model and vice-versa.

Annuities

I have mentioned this word a couple of times, but do you know what it actually means? Let me tell you.

Annuities are products designed to provide regular payments over a future period of time in exchange for a lump sum. By annuitizing your savings, you can exchange them for periodic payments that will last till your lifetime.

There are many types of annuities with varied benefits.

01 Annuity/pension **payable for life at a uniform rate.**

02 Annuity payable for **5, 10, 15 or 20 years certain** and thereafter as long as the annuitant is alive.

03 Annuity for life with **return of purchase price on death** of the annuitant.

04 Annuity payable for life **increases at a simple rate of 3% p.a.**

05 **Provision of 50% of the annuity payable to spouse** during their lifetime upon your death.

06 **Provision of 100% of the annuity payable to spouse** during their lifetime upon your death.

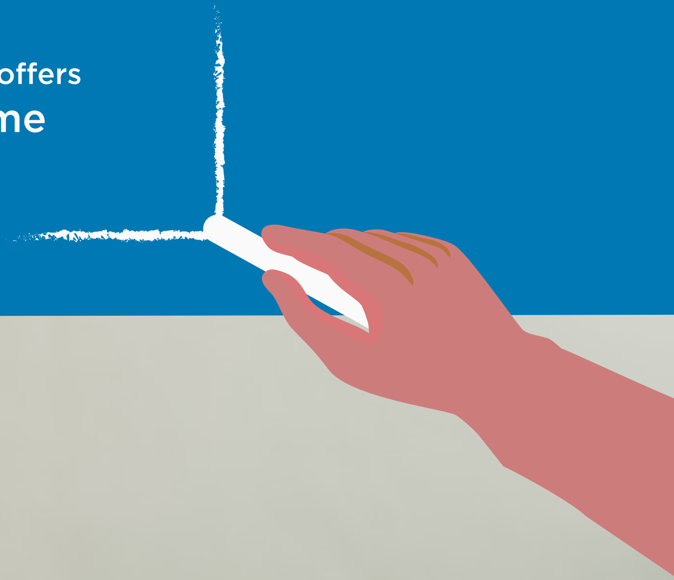
07 **Provision of 100% annuity payable to spouse** during their lifetime; the **purchase price is returned on the death of the last survivor.**

Moneyram Mantra

There are two NPS investment options you can choose from – **Active Choice and Auto Choice.**

NPS offers **several tax benefits** for individuals and corporate employees.

An annuity in NPS is a type of investment that offers **regular payments for stipulated time or life.**



Chapter 05

The Power of Atal Pension Yojana

Did you know that many people who work in the unorganized sector of India aren't aware that there is a pension plan even for them?

That's the next superstar I want to talk to you about — and that is **Atal Pension Yojana (APY).**

With the benefits APY provides and the difference it makes in people's life, retirement life can spell peace and happiness.

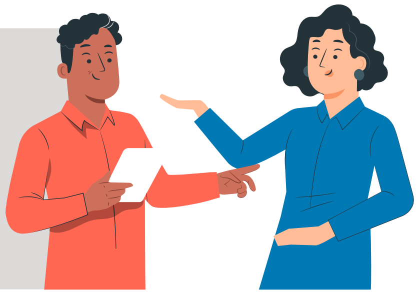
Check it out.

APY is a government-sponsored plan that provides a guaranteed monthly pension.

The available monthly pension slabs under the scheme are ₹ 1000, 2000, 3000, 4000 and ₹ 5000.

Contributions are based on the pension amount selected and the age of the subscriber at the time of joining the scheme.

Its purpose is to provide a regular monthly pension to anyone and everyone with a formal pension provision and help them meet expenses.



If you are between 18 and 40 years, you can join APY. The earlier you start, the more peaceful your retirement will be.

Just like NPS, there are two ways you can go about opening your APY account — offline and online.

1. **Offline**

- Visit the bank in which you have a savings account
- Submit the APY application form and complete the KYC process
- Keep useful documents such as your Aadhar Card handy

2. **Online**

The Net banking facility of your bank allows you to open an APY account quickly and easily. Click here to register your APY account online.
enps.nsdl.com/eNPS/ApySubRegistration.html

Let me quickly tell you how to operate your APY account.

- You can contribute to your APY account by setting up an auto-debit facility with the bank
- Maintain a balance in your savings account on the due dates to avoid paying a late fee
- You can choose to increase or decrease your pension amount in the accumulation phase in April every year
- You need to submit a request at age of 60 for your guaranteed monthly pension
- Canceling the plan is not permitted before you reach 60, with the exception of death or terminal illness

3.eAPY

PFRDA has now introduced a digital mode for opening your APY account. Take a look at the various benefits subscribers get through eAPY.

- Completely digital solution
- 24/7 enrolment from the comfort of your home/office; no need to visit bank branches
- No submission of physical application form
- Save time, effort and cost

It also benefits POP-SPs.

- Additional mode of sourcing
- No manual interventions — dataflow is in electronic form
- Increased penetration with the ability to reach subscribers across geographies
- Less time and effort
- No requirement of physical storage of forms
- Lead generation module to facilitate more enrolments

The table here shows how an APY account functions depending on age, time of joining and monthly contribution amount.

	Expected Monthly Pension	₹ 1,000	₹ 2,000	₹ 3,000	₹ 4,000	₹ 5,000
	Return of corpus to the nominee	₹ 1.7 lakh	₹ 3.4 lakh	₹ 5.1 lakh	₹ 6.8 lakh	₹ 8.5 lakh
Age of joining (in years)	Years of contribution	Indicative Monthly Contribution (in ₹)	Indicative Monthly Contribution (in ₹)	Indicative Monthly Contribution (in ₹)	Indicative Monthly Contribution (in ₹)	Indicative Monthly Contribution (in ₹)
18	42	42	84	126	168	210
19	41	46	92	138	183	228
20	40	50	100	150	198	248
21	39	54	108	162	215	269
22	38	59	117	177	234	292
23	37	64	127	192	254	318
24	36	70	139	208	277	346
25	35	76	151	226	301	376
26	34	82	164	246	327	409
27	33	90	178	268	356	446
28	32	97	194	292	388	485
29	31	106	212	318	423	529
30	30	116	231	347	462	577
31	29	126	252	379	504	630
32	28	138	276	414	551	689
33	27	151	302	453	602	752
34	26	165	330	495	659	824
35	25	181	362	543	722	902
36	24	198	396	594	792	990
37	23	218	436	654	870	1087
38	22	240	480	720	957	1196
39	21	264	528	792	1054	1318
40	20	291	582	873	1164	1454

I suppose you are already convinced about the power of APY, but I would still like to give you more details. Information is power, so it's always good to equip yourself with more of it.

1. Upon death of subscriber

- Upon death, 100% of your pension will be payable to your spouse. After your spouse's death, the amount used for purchase of annuity to provide for this pension will go to your nominees.
- Your spouse has the option to maintain the APY account or close it and receive the contributions made by you as well as any gains earned.

2. Retirement benefits

The main advantage of APY is that the monthly pension payable after 60 years of age is guaranteed by the government. The monthly pension depends on the amount you've contributed.

3. Tax benefits

Tax benefits can be availed of for contribution made under Section 80C.

Moneyram Mantra

- APY provides a **government-guaranteed pension** depending upon how much you contribute and the pension amount chosen.
- Join the APY scheme if you are aged between **18-40 yrs.**
- APY offers **three guaranteed benefits.**

Afterword

I hope you have enjoyed reading this booklet. I would like to think that it is both comprehensive and engaging. It provides you with all the information you need about retirement planning, saving for the future, NPS, APY and the many benefits they offer.

As a parting thought, I want to remind you of the importance of planning for your retirement. No matter how young or old you are, start soon and reap the benefits later.

NPS and APY are your two trusted plans when it comes to planning your retirement. You can choose from a variety of pension plans to make sure you enjoy your retired life. So, what are you waiting for? Get started now. Before I leave, a reminder that you can always contact me on 011-26517501-03.

Remember, don't simply retire from your job, plan for your retirement. Avail of benefits with schemes such as NPS and APY.

PFRDA never makes calls to individuals requesting them to deposit money for release of funds from NPS/PFRDA. Any such communication received to defraud may be informed to police immediately.

Glossary of Terms

A

Asset
Any resource that holds economic value for its owner. It could be in the form of cash, inventories, securities, or real estate

Annuity
This is a contract made by an insurance company to make regular payments to a customer for a period chosen at the time of buying annuity.

Asset Allocation
The division of an investment portfolio among the different asset categories

Annuitant
A person who receives an annuity

Atal Pension Yojana
Atal Pension Yojana (APY) is a regular contribution-based pension plan that promises a guaranteed pension of ₹ 1,000/2,000/3,000/4,000/5,000. The pension starts at the age of 60

B

Bond
Bond is a debt instrument in which an investor loans money to an entity which borrows the fund for a defined period of time at a variable or fixed interest rate

C

Corpus
The total money invested in a particular scheme by all investors

Compounding
The ability of an asset to generate earnings which are then re-invested to further generate earnings

E

Equities
Real estate and common stock are examples of equities where investors get a certain portion of the ownership

H

Health Insurance
A contract where an insurance company provides medical coverage against medical expenses

I

Inflation
The loss of purchasing power due to a general rise in the prices of goods and services

L

Lump Sum
The distribution of accrued benefits under the financial plan in one single payment

Lifecycle Fund
A mutual fund that maintains an asset allocation based on the expected retirement age of the investor

Loan
A sum of money borrowed from a financial institution/person that is expected to be paid back with interest

M

Market-Linked Investments
They are debt securities or bonds that have a return linked to the performance of another asset

N

National Pension System
National Pension System (NPS) is a retirement savings program that provides an adequate retirement income to everyone. It helps people build a nest egg for the future

P

Point of Presence
Point of Presence are distribution channels which provide services to subscribers/potential subscribers under NPS through their network of branches called POP Service Providers

Pension
A regular sum of money paid by the state or a former employer to a person after retirement

Payout
A large sum of money paid to someone as compensation or dividend

Partial Withdrawal
Any part of a fund that is encashed/withdrawn by the policyholder during the term of a policy

R

Regulatory Body
A public organization or government agency that is responsible for legally overlooking aspects of human activity

Return on Investment
Return on Investment (ROI) is a metric used to evaluate the profitability or efficiency of an investment

Risks
The possibility that a financial instrument's rate of return will be different and may be subject to losses

S

S2 Form
This form is to be used for the purpose of change/correction in subscriber personal details, nominee details, reissue of I-Pin/T-Pin, or reissue of PRAN card

Service Provider
A company or a firm that provides services in the form of record-keeping, plan education, and financial plan administration

Superannuation
Money that people pay towards a fund while they are working so that they will receive payment when they stop working in their old age

T

Tier-1 NPS Account
The most basic form of NPS accounts. Investors can invest as low as ₹ 1,000 a year in these accounts

Tax Benefit
A reduction in the amount of tax that a person or organization would normally have to pay in a particular situation

V

Valuation
Valuation is a calculation that measures the current worth of an asset