

★ **What is National Pension System?**

NPS is an easily accessible, low cost, tax-efficient, flexible and portable retirement savings account. Under NPS, the individual contributes to his retirement account and his employer can also co-contribute for the social security/welfare of the individual. NPS is designed on Defined Contribution basis wherein the subscriber contributes to his / her pension account, there is no defined benefit that would be available at the time of exit from the system and the accumulated wealth depends on the contributions made and the income generated from investment of such wealth.

The greater the value of the contributions made, the greater the investments achieved, the longer the term over which the fund accumulates and the lower the charges deducted, the larger would be the eventual benefit of the accumulated pension wealth likely to be.

$$\text{Contributions} + \text{Investment Growth} - \text{Charges} = \text{Accumulated Pension Wealth (Individual contribution as well as Employers contribution)}$$

★ **Who can join NPS?**

Any citizen of India, whether resident or non-resident, subject to the following conditions:

Individuals who are aged between 18 – 65 years as on the date of submission of his/her application to the PoP/ PoP-SP. The citizens can join NPS either as individuals or as an employee-employer group(s) (corporates) subject to submission of all required information and Know your customer (KYC) documentation.

★ **Can an NRI open an NPS account?**

Yes, An NRI can open an NPS account. Contributions made by NRI are subject to regulatory requirements as prescribed by RBI and FEMA from time to time. If the subscriber's citizenship status changes, his/her NPS account would be closed.

★ **If I have invested in any other Provident Fund, can I still invest in NPS?**

Yes. Investment in NPS is independent of his/her contributions to any Provident Fund.

★ **I have invested in pension funds of non-government / private entities. Can I still invest in NPS?**

Yes. Investment in NPS is independent of his/her subscription to any other pension fund.

★ **How and where can I open a NPS account?**

An individual citizen or an employee of corporates (providing NPS to their employees) can open an NPS account through online (eNPS) or through a Points of Presence (POP) registered by PFRDA. Currently almost all the banks (both private and public sector) are registered to act as Point of Presence (POP) apart from several other financial institutions.

NPS account can be opened online (eNPS platform) if you have-

(i) Aadhaar Card or

(ii) PAN card with Savings account in one of the empanelled bank undertaking KYC verification online. List of the empanelled bank is available on the eNPS platform available on NPS Trust website www.npstrust.org.in

★ **Who is a POP/POP-SP and what is their role?**

Points of Presence (POPs) are the first point of interaction for the NPS subscriber in the NPS architecture. The authorized branches of a POP, called Points of Presence Service Providers (POP-SPs), act as collection points for forms and contributions from subscribers and extend various services to subscribers including requests for personal details change, withdrawals, nomination etc.

★ **How can we find location/address of POP-SP nearest to the place where I live for opening a NPS account?**

POP-SP location/address can be accessed from the website of PFRDA / CRAs (Karvy & NSDL).

★ **How will I know about the status of my PRAN application form?**

Subscriber can check the status by accessing CRA website using the 17 digit receipt number provided by POP-SP or the Acknowledgement Number allotted by CRA-FC at the time of submission of application forms by POP-SP. Once the PRAN is generated, an email alert as well as SMS alert will be sent to the registered email ID and mobile number of the subscriber.

In case your application form is rejected by CRA for any reason, PoP shall intimate you of the same through email and also provide the reasons for rejection of your application as provided by the CRA. Further, PoP shall also refund to you, your contribution money together with processing fees and taxes deducted upfront.

★ **What are the documents that need to be submitted for opening a NPS account?**

The following documents need to be submitted to the PoP for opening of a NPS account:

- a. Completely filled in subscriber registration form
- b. Photograph
- c. Proof of Identity
- d. Proof of Address
- e. Age/date of birth proof.
- f. Cancelled Cheque (if applicable)
- g. PAN details (applicable for Tier-II)

★ **What are the features of the retirement account provided under NPS?**

The following are the most prominent features of the retirement account under NPS:

1. Every individual subscriber is issued a Permanent Retirement Account Number (**PRAN**) card and has a 12 digit unique number. In case of the card being lost or stolen, the same can be reprinted with additional charges. The PRAN is unique and transferable/portable across employment and geographical locations.

2. Under NPS account, two type of accounts – Tier I & II are provided (NRI's can open only Tier-I). The Tier I account is mandatory and the subscriber has option to opt for Tier II account opening and operation. The following are the salient features of the Tier-I and Tier-II accounts:

- Tier-I account: This is a restricted and conditional withdrawable retirement account which can be withdrawn only upon meeting the exit conditions prescribed under NPS.

- Tier-II account: This is a voluntary savings facility available as an add-on to any Tier-1 account holder. Subscribers are free to withdraw their savings from this account whenever they wish.

★ **Will the government also contribute anything to my NPS account?**

The Government will not be making any contribution to your NPS account.

★ **In what way is the NPS Portable?**

The following are the portability features associated with NPS:-

1. NPS account can be operated from anywhere in the country irrespective of individual employment and location/geography.
2. Subscribers can shift from one sector to another sector like Private to Government or vice versa or All Citizen Model to Corporate Model and vice versa. Hence a citizen (individual) can move to Central Government, State Government etc with the same Pension Account. Also subscriber can shift within sector like from one PoP to another PoP and from one PoP-SP to another PoP-SP. Likewise an employee who leaves the employment to become a self-employed can continue with his/her individual contributions. If he/she enters re-employment he/she may continue to contribute and his/her employer may also contribute and so on.
3. The subscriber can contribute to NPS online or from any of the PoP/ PoP-SP despite not being registered through them and from anywhere in India.

★ **Can I have more than one NPS account?**

No. Multiple NPS accounts for a single individual is not allowed and there is no necessity, as NPS is fully portable across sectors and locations.

★ **Are there any minimum annual contribution requirements under NPS? How can I reactivate / unfreeze the account if frozen due to minimum contribution requirements?**

Yes. A subscriber has to contribute a minimum annual contribution of Rs.1000/- for his/her Tier I account in a financial year and if not contributed the account will be frozen. In order to reactivate the account, the customer has to pay the minimum contribution of Rs. 500/- . For unfreezing an account the subscriber has to approach the Point of Presence (PoP) and pay the required amount, or he/she can make contribution through online eNPS platform. The following table provides the complete information on the minimum contribution requirements:-

For All citizens model	Tier I	Tier II
Minimum Contribution at the time of account opening	Rs. 500	Rs. 1000
Minimum amount per contribution	Rs. 500	Rs. 250
Minimum total contribution in the year	Rs. 1000	-
Minimum frequency of contributions	1 per year	-

★ **How are the funds contributed by the subscribers managed under NPS?**

The funds contributed by the Subscribers are invested by the PFRDA registered Pension Fund (PFs) as per the investment guidelines provided by PFRDA. The investment guidelines are framed in such a manner that there is minimal impact on the subscribers contributions even if there is a market downturn by a judicious mix of investment instruments like Government Securities, Corporate Bonds and Equities. At present there are 8 Pension Funds (PFs) who manage the subscriber funds and the Subscriber has option to select any one of the following eight Pension Funds:

1. ICICI Prudential Pension Fund
2. LIC Pension Fund Ltd
3. Kotak Mahindra Pension Fund
4. Reliance Capital Pension Fund
5. SBI Pension Fund
6. UTI Retirement Solutions Pension Fund
7. HDFC Pension Management Company Ltd
8. Birla Sunlife Pension Management Ltd.

This list may undergo changes if new PF are registered or existing PF are de-registered by PFRDA.

★ **What are the different Fund Management Schemes available to the subscriber?**

NPS offers two approaches to invest subscriber's contributions:-

Active choice – Here the individual decides on the Asset Classes in which the contributions are to be invested and their percentages (Asset Class E, Asset Class C, Asset Class G and asset Class A)

Auto choice - Subscriber has the choice of three lifecycle funds i.e Aggressive Life Cycle Fund (LC75), Moderate Life Cycle Fund (LC50) and Conservative Life Cycle Funds (LC25). Under lifecycle funds, the management of investment of funds (allocation between Asset Class) is done automatically based on the age of the subscriber

Moderate Lifecycle Fund (LC50) - This is the default option under NPS. For full details, please refer to our website www.pfrda.org.in

★ **What are charges applicable in NPS?**

Intermediary	Charge Head	Service Charge		Method of Deduction
POP	Initial Subscriber Registration	Rs. 200		Collected Upfront
	Initial Contribution	0.25% of the contribution amount Min:		
	All Subsequent Contribution	Rs. 20 & Max: Rs.25,000		
	All Non-Financial Transaction	Rs. 20		
	Persistency	Rs. 50/- per annum (only for NPS-All Citizen)		Through cancellation of units
CRA	PRA Opening (One Time)	NCRA (NSDL)	KCRA (Karvy)	Through cancellation of units
		Rs. 40	Rs. 39.36	
	PRA Maintenance (Per Annum)	Rs. 95	Rs. 57.63	
	Per Transaction (Financial/Non- Financial)	Rs. 3.75	Rs. 3.36	
Custodian	Asset Serving (Per Annum)	0.0032% of Assets under Custody		Through cancellation of units
Pension Fund	Investment Management (Per Annum)	0.01% of Assets Under Management		Through adjustment in NAV
NPS Trust	Reimbursement of Expenses(Per Annum)	0.005% of Assets Under Management		

Subscribers whose accounts are associated with PoP and makes any subsequent contribution to his/her Pension Account through online eNPS, a service charge of 0.10% of the contribution amount ad valorem, subject to minimum of Rs 10/- and maximum of Rs 10,000/- per transaction would be payable to the associated PoPs. The service charges would be rounded off to the nearest rupee and goods and serviced tax & cess thereupon on service charges would have to be paid on actual basis.

★ **Can I switch from one investment scheme to another and/or Pension Fund and if so, how?**

Yes. Subscribers have the option to change their scheme preferences. Subscriber has the option to realign his/her investment in Asset Class E, C G and A based on age, risk appetite and future income considerations. The subscriber has the option to change the Pension Fund and the

investment option (active /auto choice). Choice of Pension Fund can be exercised once in a financial year and choice of investment option or asset class allocation can be exercised twice in a financial year. Subscriber opting for a New Scheme Preference will impact both past investments as well as prospective contributions.

★ **Can I have a different Pension Fund and Investment Option for my Tier I and Tier II account?**

Yes. Subscriber can select different Pension Funds and Investment Options for his/her NPS Tier I and Tier II accounts.

★ **What are the benefits offered under NPS and when they can be withdrawn?**

NPS is a long term retirement savings scheme which builds/accumulates pension wealth through effective investments of the subscriber contributions over the term of the subscriber's continuation in the scheme. The greater the value of the contributions made, the greater the investments achieved, the longer the term over which the fund accumulates and the lower the charges deducted, the larger would be the eventual benefit of the accumulated pension wealth likely to be. The subscriber can exit from NPS and withdraw the accumulated pension wealth in the following manner:-

For subscribers joining between 18-60 years

- (a) **Upon attainment of age of 60 years:** At least 40% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of an annuity providing for the monthly pension to the subscriber and the balance (60%) is paid as a lump-sum to the subscriber. If the total corpus does not exceeds Rs. 2 lacs, subscriber has the option to withdraw the total corpus in lump-sum.
- (b) **Upon Death (irrespective of cause):** The entire accumulated pension wealth (100%) would be paid to the nominee/legal heir of the subscriber and there would not be any purchase of annuity/monthly pension. The nominee, if so wishes, has the option to purchase annuity.
- (c) **Exit from NPS before attainment of age of 60 years (irrespective of cause):** At least 80% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of an annuity providing for the monthly pension to the subscriber and the balance (20%) is paid as a lump-sum to the subscriber. If the total corpus does not exceeds Rs. 1 lac, then the subscriber has the option to withdraw the entire corpus in lump-sum. Subscriber can exit from NPS only after completion of minimum 10 years in NPS.

For subscribers joining between 60-65 years

- (a) **Normal exit** (after completion of 3 years from the date of joining NPS). The subscriber will be required to annuitize at least 40% of the corpus for purchase of annuity for receiving the monthly pension and the remaining corpus (60%) can be withdrawn in lump-sum. In case the accumulated corpus at the time of exit is equal or less than Rs. 2 lacs, the subscriber will have the option to withdraw the entire corpus in lump sum.
- (b) **Premature Exit:** Any exit before completion of 3 years will be treated as premature exit. The subscriber will be required to annuitize at least 80% of the corpus for purchase of annuity for receiving the monthly pension and the remaining corpus (20%) can be withdrawn in lump sum. In case the accumulated corpus at the time of exit is equal or less than Rs. 1 lac, the subscriber will have the option to withdraw the entire corpus in lump-sum.
- (c) **Exit due to the death of the subscriber:** The entire corpus shall be payable to the

nominee/legal heir of the subscriber.

The subscribers would be able to purchase the annuities directly from the empanelled Annuity Service Providers as per their choice of annuity that is available in the market/with the ASPs.

★ **Can I withdraw amounts from my NPS account before maturity/superannuation?**

Yes. A subscriber on completion of 3 years in NPS is permitted to partially withdraw from his/her account subject to a maximum of 25% of the contributions made by the subscriber for the following purposes only:-

- i. For higher education of his/her children,
- ii. For marriage of his/her children,
- iii. For purchase or construction of residential house or flat
- iv. For treatment of specified illnesses.
- v. Disability of more than 75%

Partial withdrawal from NPS is permitted upto a maximum of 3 (three) times during the entire tenure.

★ **Can I appoint nominees for the NPS Tier I Account?**

Yes, you need to appoint a nominee at the time of opening of a NPS account in the prescribed section of the account opening form. You can appoint upto 3 nominees for NPS Tier I account. In such a case, the percentage of your saving that you wish to allocate to each nominee should be specified and the share percentage across all nominees should collectively aggregate to 100%.

★ **I have not made any nomination at the time of registration. Can I nominate subsequently? What is the process?**

If you have not made the nomination at the time of NPS registration, you can do the same after the allotment of PRAN. You will have to visit your PoP and place Service Request to the PoP for updation of nominations details.

★ **Can I change the Nominees for my NPS Account?**

Yes. You can change the nominees in your NPS account at any time after you have received your PRAN.

★ **Are there any charges for making a nomination?**

If you are making the nomination at the time of registering for PRAN, no charges are levied. However, a subsequent request for nomination updation would be considered as a service request and you will be charged an amount of Rs. 20/- plus applicable service tax for each request.

★ **Who are the Annuity Service Providers under NPS and their names?**

Indian Life Insurance companies who are licensed by Insurance Regulatory and Development Authority (IRDA) are empanelled by PFRDA to act as Annuity Service Providers to provide annuity services to the subscribers on exit/maturity from NPS. Currently, the following are the ASPs that are empanelled by PFRDA and the empanelment process is an ongoing process and the list of ASPs may increase in future.

1. Insurance Corporation of India
2. SBI Life Insurance Co. Ltd.
3. ICICI Prudential Life Insurance Co. Ltd.
4. Star Union Dai-ichi Life Insurance Co. Ltd.
5. HDFC Standard Life Insurance Co. Ltd

★ **What is an annuity and what are the different types of annuities providing for monthly pension that are available to the subscribers of NPS?**

An annuity is a financial instrument which provides for a guaranteed payment on monthly/quarterly/annual basis for the chosen period for a given purchase price or pension wealth. In simple terms it is a financial instrument which offers monthly/quarterly/annual pension at a guaranteed rate for the period chosen. Currently, only the registered life insurers offer annuities in the Indian Market. Annuity Service Providers provide the following types of annuities to the subscribers of NPS and are subject to conditions like stipulated minimum corpus, age at entry etc:

1. Pension (Annuity) payable for life at a uniform rate to the annuitant only.
2. Pension (Annuity) payable for 5,10,15 or 20 years certain and thereafter as long as you are alive.
3. Pension (Annuity) for life with return of purchase price on death of the annuitant (Policyholder).
4. Pension (Annuity) payable for life increasing at a simple rate of 3% p.a.
5. Pension (Annuity) for life with a provision of 50% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
6. Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
7. 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 the return of the purchase price to the nominee.

Subscriber can opt for any of the above annuity variant at the time of exit.

★ **Where can I submit my withdrawal request and what are the documents required to be submitted?**

The withdrawal request seeking exit from NPS in the permissible manner can be submitted to any of the Point of Presence Service Provider (PoP-SP) offices and Swavalamban subscribers can submit their requests through any of the registered aggregators or any of the PoP-SPs. For the detailed process of exit and the documents to be submitted, please refer PFRDA website (www.pfrda.org.in)

★ **How the annuity OR monthly pension is paid?**

Monthly pension /Annuity will be paid only through direct bank transfer to the specified subscriber's bank account by the Annuity Service Provider selected by the subscriber on exit

★ **What income tax reliefs are available to the individuals contributing to NPS?**

The Tax Benefits that are available on contributions to NPS are:-

1. Self-employed person (Any individual other than a salaried employee)

Contributions in NPS, upto 20% of the Gross Income of the self-employed is allowed as deduction from the taxable income under section 80CCD(1) of the Income Tax Act, subject to ceiling of Rs. 1.50 lacs under Section 80CCE.

2. Salaried Employee

Employees own contribution in NPS upto 10% of salary (Basic plus Dearness Allowance) is allowed as deduction from the taxable income under Section 80CCD(1) of Income Tax Act, subject to a ceiling of Rs.1.50 lacs under section 80CCE.

Salaried Employee also gets the tax benefit on employer contribution to his/her NPS account. Contribution made by the employer upto 10% of salary (Basic plus Dearness Allowance) can be claimed as deduction from the taxable income under section 80CCD(2) of the Income Tax Act,1961. There is no upper cap (in terms of amount) on this tax deduction. This deduction is over and above the ceiling limit of Rs 1.5 lacs provided under Section 80C and limit of Rs 50,000 under Section 80CCD(1B).

Additional Tax benefit on self contribution to NPS

For both salaried and self-employed individuals, an additional deduction for investment up to Rs.50,000/- has been provided under section 80CCD(1B) of the Income Tax Act, 1961 which is over and above the ceiling of Rs.1,50,000/-. Therefore, the total deduction that can be claimed for own contribution to NPS can go upto Rs.2 lakh.

★ What are the income tax implications on withdrawals/exit from NPS?

- Partial Withdrawals from NPS are tax exempted.
- Amount utilized for purchase of annuity (minimum 40% mandatory) on maturity/exit is not treated as income.
- Goods and Service Tax is not applicable on annuity purchase by NPS subscriber.
- 40% of the total corpus received as lumpsum by subscriber on exit/maturity is not treated as income.

★ How does an employer benefit by contributing to NPS for their employees?

The corporate adopting NPS for its employees benefit from the lower administration costs, fund management costs, compliances and administration in comparison with similar superannuation schemes being run by life insurers or self-managed superannuation scheme. The employers can treat the contributions up to 10% of basic plus dearness allowance made to each employee's NPS account as business expenses and get deduction under section 36(1)(iv)(a) of the Income Tax Act, 1961 without any upper ceiling.

★ I have a NPS account and have a grievance on the services provided. To whom shall I report and how?

The subscriber can raise grievance through any of the modes mentioned below:

1. Call Centre/Interactive Voice Response System (IVR)

- The Subscriber can contact the CRA call center at toll free telephone number 1-800-222080 and register the grievance by using T-PIN.
- Dedicated Call center executives.

2. Physical forms direct to CRA

- The Subscriber may submit the grievance in a prescribed format to the PoP-SP who would forward it to CRA Central Grievance Management System (CGMS).
- Subscriber can directly send form to CRA.

3. Web based interface

The Subscriber can register the grievance at the website of respective CRA with the use of the I-pin allotted at the time of opening a Permanent Retirement Account.