

Investment options under NPS

An NPS Subscriber is required to choose the Pension Fund Manager (PFM) as well as scheme preference while registering in CRA system under NPS. The Subscriber has been provided with several options to choose from.

In NPS, there are multiple PFMs, Investment options (Auto or Active) and four Asset Classes i.e. Equity, Corporate debt, Government Bonds and Alternative Investment Funds. The Subscriber first selects the PFM, and post selection of PFM, Subscriber has an option to select any one of the Investment Options.

I. Pension Fund Manager (PFM) under NPS:

Subscriber is mandatorily required to choose one PFM from the available PFMs.

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

II. Investment Option:

The Subscriber is required to decide his/her investment choice whether Active Choice or Auto Choice.

1. Active Choice: Individual Funds

In this type of investment choice, Subscriber has the right to actively decide as to how his / her contribution is to be invested, based on personal preference. The Subscriber has to provide the PFM, Asset Class as well as percentage allocation to be done in each scheme of the PFM.

There are four Asset Classes (Equity, Corporate debt, Government Bonds and Alternative Investment Funds) from which the allocation is to be specified under single PFM.

- Asset class E - Equity and related instruments

- Asset class C - Corporate debt and related instruments
- Asset class G - Government Bonds and related instruments
- Asset Class A - Alternative Investment Funds including instruments like CMBS, MBS, REITS, AIFs, Invlts etc.

Subscriber can select multiple Asset Class under a single PFM as mentioned below:

- Upto 50 years of age, the maximum permitted Equity Investment is 75% of the total asset allocation.
- From 51 years and above, maximum permitted Equity Investment will be as per the equity allocation matrix provided below. The tapering off of equity allocation will be carried out as per the matrix on date of birth of Subscriber.
- Percentage contribution value cannot exceed 5% for Alternative Investment Funds.
- The total allocation across E, C, G and A asset classes must be equal to 100%.

Equity Allocation Matrix for Active Choice

Age (years)	Max. Equity Allocation
Upto 50	75%
51	72.50%
52	70%
53	67.50%
54	65%
55	62.50%
56	60%
57	57.50%
58	55%
59	52.50%
60 & above	50%

2. Auto Choice: Lifecycle Fund

NPS offers an easy option for those Subscribers who do not have the required knowledge to manage their NPS investments. In this option, the investments will be made in a life-cycle fund. Here, the proportion of funds invested across three asset

classes will be determined by a pre-defined portfolio (which would change as per age of Subscriber).

A Subscriber who wants to automatically reduce exposure to more risky investment options as he / she gets older, Auto Choice is the best option. As age increases, the individual's exposure to Equity and Corporate Debt tends to decrease. Depending upon the risk appetite of Subscriber, there are three different options available within 'Auto Choice' - Aggressive, Moderate and Conservative. The details of these Funds are provided below:

- (i) **LC75 - Aggressive Life Cycle Fund:** This Life cycle fund provides a cap of 75% of the total assets for Equity investment. The exposure in Equity Investments starts with 75% till 35 years of age and gradually reduces as per the age of the Subscriber.

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

- (ii) **LC50 - Moderate Life Cycle Fund:** This Life cycle fund provides a cap of 50% of the total assets for Equity investment. The exposure in Equity Investments starts with 50% till 35 years of age and gradually reduces as per the age of the Subscriber.

Age	Asset Class E	Asset Class C	Asset Class G
Up to 35 years	50	30	20
36 years	48	29	23
37 years	46	28	26
38 years	44	27	29
39 years	42	26	32
40 years	40	25	35
41 years	38	24	38
42 years	36	23	41
43 years	34	22	44
44 years	32	21	47
45 years	30	20	50
46 years	28	19	53
47 years	26	18	56
48 years	24	17	59
49 years	22	16	62
50 years	20	15	65
51 years	18	14	68
52 years	16	13	71
53 years	14	12	74
54 years	12	11	77
55 years & above	10	10	80

- (iii) **LC25 - Conservative Life Cycle Fund:** This Life cycle fund provides a cap of 25% of the total assets for Equity investment. The exposure in Equity Investments starts with 25% till 35 years of age and gradually reduces as per the age of the Subscriber.

Age	Asset Class E	Asset Class C	Asset Class G
Up to 35 years	25	45	30
36 years	24	43	33
37 years	23	41	36

38 years	22	39	39
39 years	21	37	42
40 years	20	35	45
41 years	19	33	48
42 years	18	31	51
43 years	17	29	54
44 years	16	27	57
45 years	15	25	60
46 years	14	23	63
47 years	13	21	66
48 years	12	19	69
49 years	11	17	72
50 years	10	15	75
51 years	9	13	78
52 years	8	11	81
53 years	7	9	84
54 years	6	7	87
55 years & above	5	5	90
