

Investment options under NPS

An NPS Subscriber is required to choose the Pension Fund Manager (PFM) as well as scheme preference for investment 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 Bond, Government Securities and Alternative Investment Funds available for selection.

I. Pension Fund Manager (PFM) under NPS:

Below PFMs are available for selection under NPS.

1. Aditya Birla Sun Life Pension Management Limited
2. Axis Pension Fund Management Limited
3. HDFC Pension Management Company Limited
4. ICICI Prudential Pension Funds Management Company Limited
5. Kotak Mahindra Pension Fund Limited
6. LIC Pension Fund Limited
7. Max Life Pension Fund Management Limited
8. SBI Pension Funds Private Limited
9. TATA Pension Management Limited
10. UTI Retirement Solutions Limited

II. Investment Option:

Two different scheme preferences are available for selection.

- 1) Active Choice
- 2) Auto Choice

1. Active Choice

In this type of investment choice, Subscribers have the right to actively decide as how their contributions to be invested, based on personal preference. The Subscribers have to select PFM as well as percentage allocation for each asset class as per their preference.

There are four Asset Classes available for selection in Active Choice as mentioned below. Percentage allocation needs to be specified by subscriber for selected Asset class.

- Asset class E - Equity and related instruments
- Asset class C - Corporate Bond and related instruments
- Asset class G - Government Securities and related instruments
- Asset Class A - Alternative Investment Funds including instruments like CMBS, MBS, REITS, AIFs etc.

Maximum permitted Investment Allocation for each Asset class for **Tier I** is mentioned below:

Asset Class	Cap on Investment
Equity (E)	75%
Corporate Bonds (C)	100%
Government Securities (G)	100%
Alternate Investment Fund (A)	5%

Maximum permitted Investment Allocation for each Asset class for **Tier II** is mentioned below:

Asset Class	Cap on Investment
Equity (E)	100%
Corporate Bonds (C)	100%
Government Securities (G)	100%

**Asset Class A is not available for selection under Tier II*

PFRDA has allowed selection of multiple PFMs in case of **Active Choice**. The choice of multiple PFMs is available only for subscribers associated under All Citizen of India and corporate sector for Tier-I Account and for all sectors Subscriber for Tier-II Account.

Subscriber can select up-to three PFMs across different asset class. However, PFM opted for Alternate Investment Fund (A-scheme) should be from one of the PFMs selected for other schemes. For Example: if a subscriber is selecting PFM1 for Asset Class E, PFM2 for Asset Class C and PFM3 for Asset Class G, then subscriber can select either of PFM1 or PFM2 or PFM3 for Asset Class A.

**Option of selection of multiple PFMs is available as part of scheme preference change in CRA.*

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
