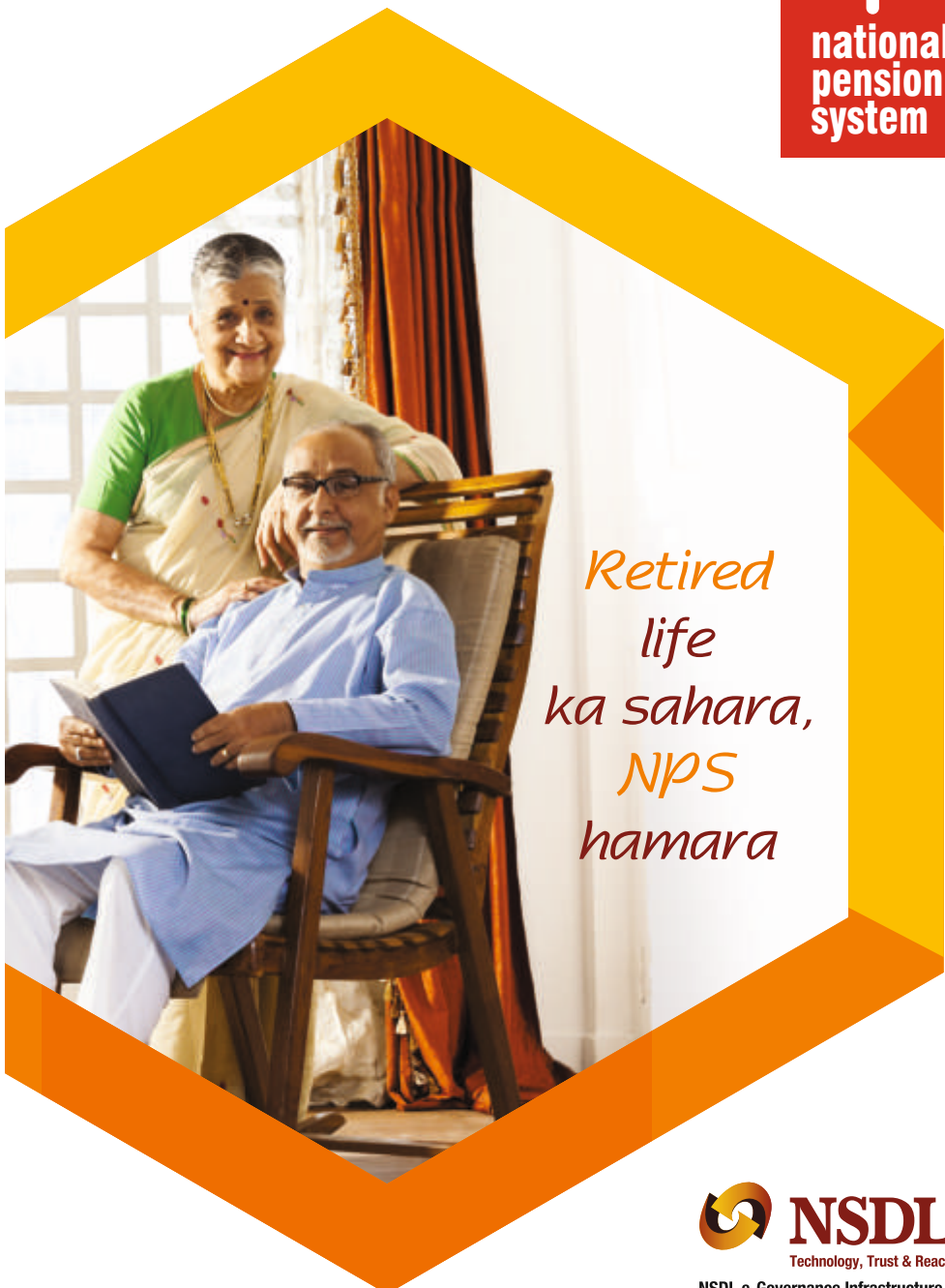


**nps**  
national  
pension  
system



*Retired  
life  
ka sahara,  
NPS  
hamara*



**NSDL**

Technology, Trust & Reach

NSDL e-Governance Infrastructure Limited  
Central Recordkeeping Agency

# SECURE YOUR GOLDEN YEARS WITH NATIONAL PENSION SYSTEM

The National Pension System (NPS), launched by the Government of India for its citizens to bring an attractive long term savings avenue to effectively plan for your retirement through safe and reasonable market-based returns. NPS is regulated by the Pension Fund Regulatory and Development Authority (PFRDA). PFRDA has appointed NSDL e-Governance Infrastructure Ltd. as the Central Recordkeeping Agency (CRA) for NPS.



## HOW DOES NPS WORK?

### Open An Account

#### For Individual Subscriber:

In many ways, opening an NPS account is similar to opening of any investment account, but it's a lot simpler. PFRDA has appointed various banking and non-banking financial institutions as 'Point of Presence' (POP) for assisting you to enrol for NPS. You can visit the registered branches or outlets of these POPs called POP-Service Providers (POP-SP) where you can collect, fill in and submit your Common Subscriber Registration Form (CSRF 1). There are two different types of account possible under NPS - Tier I (pension account) and Tier II (investment account). Tier I account under NPS is your pension account where you contribute to build your retirement corpus. Withdrawal options are limited in Tier I account. Tier II is an add-on account, which is simply a voluntary savings / investment facility. You are free to withdraw your savings from this account whenever you wish without any 'exit load'.

(The list of the POP is available on our website [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in) & the PFRDA Website [www.pfrda.org.in](http://www.pfrda.org.in))

**The CSRF 1**, which contains information such as your personal details, nomination details, investment preferences etc., can also be downloaded from our website ([www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in)). Fill the form and submit it to the POP-SP of your choice. Do not forget to mention your mobile number and email ID while filling up the form. CRA sends sms and email alerts for various transactions as well as quarterly account balance to all the subscribers for free. While submitting the form to the POP-SP, please ensure that you have the '17 digit receipt number' from the POP-SP for tracking your enrolment status online. There are POPs which also offer online registration for its clients. You may visit POP's website to learn more.

Once your account is opened, you will receive a "Welcome Kit" containing a Permanent Retirement Account Number (PRAN) Card and other related documents. This PRAN is unique and portable - it remains unchanged as long as you are associated with NPS even if you change your location or job.

NPS gives you a 24X7 access to your account and transaction details. Making the most of technology, you can access your account using a toll free helpline number, through a Telephone Password (TPIN) and via our website using your Internet Password (IPIN).

### **For Corporate Sector:**

NPS Corporate Sector Model, launched in December 2011, was customized to suit the needs of various organisations and their employees within the purview of their employer-employee relationship. NPS is an additional option for offering retirement benefit to the employees but it does not dilute any statutory provisions. Corporates may join NPS through any one of the existing POPs. The eligibility criteria for Corporates to join NPS are available on [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in).



## ACTIVATION OF TIER II

### a. At the time of Initial Registration

You can submit Common Subscriber Registration Form (CSRF 1) to open both Tier I as well as Tier II account at the same time. Along with the form, you need to submit a copy of PAN card, bank account details and cancelled cheque supporting the bank details for activating Tier II account.

### b. Existing NPS subscriber with active Tier I account

As an NPS Subscriber with an active Tier I account, you can activate your Tier II account by submitting the UOS-S10 form along with copy of PRAN card, PAN Card, bank account details and cancelled cheque supporting the bank details to your associate POP-SP. If you are a subscriber under Government Sector, you may submit the form to your Nodal Office (PAO / DTO) or any of the POP-SP of your choice.

All the details for Tier II account (scheme preference, nomination etc.) are independent of Tier I account. For example, you may choose PFM "X" for Tier I and PFM "Y" for Tier II. You may also exercise Active and Auto Choice independently for Tier I and Tier II account.

## Choose an Investment Option

NPS allows you to choose from any one of the Pension Fund Managers (PFMs) appointed by the PFRDA to manage your pension fund, list of PFMs is available in our website. Further, NPS also offers you two approaches to invest in your account- Active Choice and Auto Choice.

### ACTIVE CHOICE:

Unlike traditional rigid investment products, NPS offers you with the flexibility to design your own portfolio. Depending on your risk appetite, you can design your portfolio by allocating your funds among the following three asset classes:

- Equity or 'E' - A 'high return-high risk' fund that invests predominantly in equity
- Corporate Debt or 'C' - A 'medium return-medium risk' fund that invests predominantly in fixed income bearing instruments
- Government Securities or 'G' - A 'low return-low risk' fund that invests purely in Government Securities.

If you are a conservative investor, you can choose to invest your entire pension wealth in 'C' or 'G' asset class. However, if you want to have exposure to equity, you can allocate upto 50% of your asset to asset class 'E'.



## AUTO CHOICE (LIFE CYCLE FUND):

Designing your portfolio can be a little delicate and time consuming. NPS gives you the flexibility to opt for a dynamic allocation of your portfolio in case you do not want to exercise an 'Active Choice'. This option is called the 'Auto Choice', wherein your money will be invested in all three asset classes - E, C and G - in defined proportions based on your age. When you are younger, a larger share will be in the 'higher risk-higher return' option; and as you approach retirement, the proportion in the 'lower risk- lower return' option increases. The asset allocation table for 'Life-Cycle Fund' is given below;

| 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 and above | 10%           | 10%           | 80%           |



You can exercise any of the investment choice as per your wish. You can also switch from one option (PFMs, asset allocation & Investment approach) to another, once in a financial year. Investment options in Tier I and Tier II are completely independent of each other.

Under Corporate Sector, a Corporate would have the flexibility to decide PFM and investment option on behalf of the employees.

## Deposit your money

**Tier-I (pension account):** Start investing in Tier I account with at least Rs. 500. Minimum contribution in Tier I account is Rs. 6,000 per financial year. Over and above this mandated limit, you can contribute any amount at any frequency as per your convenience through any POP.

**Tier-II (investment account):** During the opening / activation of Tier II account, you need to pay the initial contribution of only Rs. 1000. Tier II gives you the flexibility to invest anytime through any POP. It also offers you liquidity by allowing you to withdraw your entire investment at any given point of time<sup>1</sup>.

### Corporate Sector

NPS provides a platform for Corporates to co-contribute for its subscribers or facilitate them to contribute for their pension. There are three variations of contributions from employer and employee:

- Equal contributions by the employer and the employee
- Unequal contribution by the employer and the employee
- Contribution from either the employer or the employee

A Corporate subscriber can also voluntarily contribute in their Tier I and Tier II account through a POP.



## Tax Benefit

Under NPS, tax deduction can be claimed up to 10% of salary (Basic + DA) subject to overall ceiling of Rs. 1.50 lakh u/s 80CCE of Income Tax Act, 1961.

### Exclusive Tax Benefit for any NPS subscribers u/s 80CCD(1B)

An additional deduction for the investment up to Rs. 50,000 in NPS (Tier I account) has been introduced under sub-section 80CCD(1B). This is over and above the deduction of Rs. 1.5 lakh available under sec 80CCE. This is an exclusive tax deduction available only for investment in NPS and not available for any other investments. If you are an existing Government subscriber, you can approach any POP-SP or your Nodal Office for making additional contribution in your Tier I account.

**Tax Benefits are applicable for investments in Tier I account only**

<sup>1</sup> Please refer to the section "Maintaining your NPS Account".





## **Tax Benefit to Subscribers under Corporate Sector**

Under 80CCD(2) of Income Tax Act, the employer's NPS contribution (towards the employee) upto 10% of salary (Basic + DA), without any monetary limit is also deductible from taxable income in addition to mentioned earlier benefits.

## **Monitor your investments**

You can track the Net Asset Value (NAV) of all funds under NPS which is updated on a daily basis in our website ([www.npskra.nsdl.co.in](http://www.npskra.nsdl.co.in)). Returns delivered by all the funds under NPS and 'Pension Calculator' are also available in website of NPS Trust ([www.npstrust.org.in](http://www.npstrust.org.in)) for assisting you to monitor your investment under NPS and take informed decision.

### **IPIN/TPIN**

You can access your account details online through the IPIN, which is a password to access your account on CRA website ([www.cra-nsdl.com](http://www.cra-nsdl.com)). The IPIN can be reset online using 'One Time Password' (OTP), which will be forwarded to your registered mobile number. In addition, CRA provides a TPIN, which can be used to access your account through the toll free helpline number (1-800-222080). The bilingual 'Interactive Voice Response' (IVR) service helps you to access your account details and request for Transaction Statement to your registered email ID. You can also speak to Customer Care Executives for any specific query and to reset the TPIN.



### **Transaction Statement**

You can access your Transaction Statement in following ways

- Login to CRA system using IPIN and generate a statement
- Call Helpline Number and request a statement through IVR using TPIN
- Visit associated POP-SP or Nodal Office and request a Statement

In addition to this, CRA sends a physical statement once a year to your correspondence address registered with CRA.

## Maintaining your NPS Account

### **a. Portability:**

One of the core attribute of NPS is portability of PRAN across sectors and geographies. This implies that you can shift your PRAN from one sector to another, e.g. Central Government to Corporate sector, State Government to Central Government etc. To shift your PRAN from one sector to another, you need to submit a duly filled ISS-1 form to target Nodal Office / POP-SP. Once the request is processed, your new Nodal Office / POP-SP can start to process the contribution in your PRAN. If the Scheme Preference in the source and target sectors are different, the accumulated units under the old scheme will be redeemed and reinvested as per the scheme preference under the targeted sector. However, your PRAN remains unchanged.

### **b. Change of Service Provider:**

If you are relocating, you can change the POP-SP within the same POP by submitting the form UoS - S5 to the POP-SP you are currently associated with or to the new POP-SP with whom you want to get associated. You can also change the POP by submitting the form UoS S6 to the POP-SP of the POP of your choice. However, there cannot be two different POP-SPs for Tier I and Tier II.

### **c. Online Updation of Subscriber's Contact Details:**

You can update / modify your contact details (E-mail ID, Mobile Number and Telephone Number) online after login to CRA system using IPIN.

### **d. Change of Details:**

You can request for change in personal details, bank details, reissue of PRAN Card to the associated POP-SP / Nodal office.

### **e. Minimum Investment Criteria (Freezing / Unfreezing):**

Your account will be frozen if the following conditions are not met:

- **Tier I** - Contribute a minimum amount of Rs. 6,000 in a Financial Year (FY) in Tier I account.
- **Tier II** - The account balance (value of holdings) at the end of the FY is greater than or equal to Rs 2,000 and / or at least one contribution is made in a FY.

To unfreeze an account, you need to submit duly filled physical request (Annexure-UOSS10A) to the associated POP / POP-SP along with the minimum amount of Rs. 600. Rs. 100 will be charged as "Penalty for unfreezing" and the rest will be invested in your account.



## Taking Your Money Out:

### Getting your Pension:

| Situation   | Guidelines   |
|---|--|
| <b>When you want to exit NPS at the age of 60 years</b>                 | You will have to use at least 40% of your accumulated pension fund to purchase an annuity that would provide you a regular monthly pension. The remaining funds can be withdrawn as lump sum.      |
| <b>When you want to exit NPS before the age of 60 years<sup>1</sup></b> | You will have to use at least 80% of your accumulated pension fund towards purchase of an annuity for a regular monthly pension. The remaining funds can be withdrawn as a lump sum <sup>1</sup> . |

- You may also contribute beyond the age of 60 years
- Both Annuity and Lump sum Withdrawal can be deferred.

### Partial Withdrawal:

Partial withdrawal will be allowed in your account subject to fulfillment of the following:-

- You should be in NPS for at least 10 years
- Amount to be withdrawn should not exceed 25% of the contributions made by you
- The withdrawal can happen only against specified reasons
- Withdrawal will be allowed maximum three times during the entire tenure of subscription with a gap of at least five years between two partial withdrawals

### Upon death of Subscriber

For subscribers under Government Subscriber, the claimant will start getting pension based on the accumulated pension wealth.

For subscribers under Non-Government sector, claimant has an additional option of 100% withdrawal.



<sup>1</sup> You will be allowed to withdraw before the age of 60 if you have stayed in NPS for at least 10 years.

## Cost

| Intermediary  | Charge head   | Charges (excluding Tax)                        | Method of Deduction                      |
|---|---|--|--|
| <b>CRA</b>  | One time Account Opening charges  | Rs. 40   | Redemption of units on a quarterly basis |
|   | Annual Maintenance Charge   | Rs. 95   |  |
|   | Transaction (Contribution, change in scheme preference, switchand withdrawal) | Rs. 3.75                                       |  |
| <b>POP (Maximum Permissible Charge for each subscriber)</b> | Initial subscriber registration   | Rs. 125  | To be collected upfront                  |
|   | Initial and subsequent contribution   | 0.25% of contribution subject to min of Rs. 20 |  |
|   | Any subsequent transactions (other than contribution)                         | Rs 20  |  |

\*Service tax and other levies, as applicable, will be levied as per the existing tax laws.

The charges associated with NPS Trust & management of funds are adjusted to the NAV.

## Grievance Redressal

NPS has a multi layered Grievance Redressal Mechanism which is easily accessible, simple, quick, responsive and effective. You have the option of registering complaint through the following alternatives:

### CRA Helpline

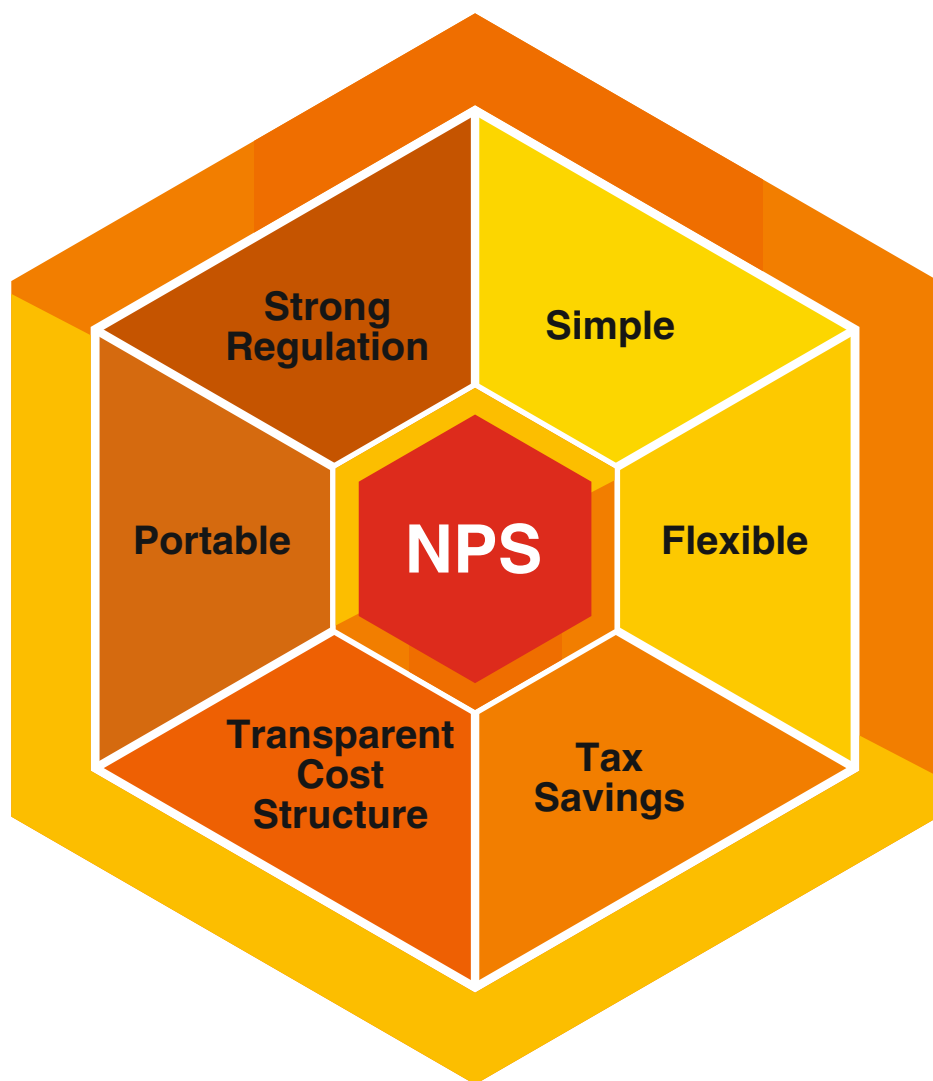
You can contact the CRA helpline at the toll free number (1-800-222080) and register a grievance. On successful registration of your grievance, a token number will be allotted by the Customer Care Executive for any future reference.

After the grievance is raised, an alert is sent to the concerned entity. Once resolution is provided by the entity, an email alert is sent to your registered email ID. You can also check the status of the grievance at the CRA website ([www.cra-nsdl.com](http://www.cra-nsdl.com)) or through the CRA helpline by mentioning the token number provided after successful grievance registration.

### Web based interface

You can register the grievance against any interfacing entity by login to CRA website with your IPIN. On successful registration of the grievance, an unique token number will be displayed on the screen, which can be used for future reference. In case you are not satisfied with the resolution, the same may be escalated to NPS Trust online.

## Benefits of NPS



*Retired life ka sahara,  
NPS hamara*



# NSDL

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