

Withdrawal & Exit: The Exit & Withdrawal under NPS shall be in accordance with PFRDA(Exit & Withdrawals under NPS) Regulation 2015. It is advised that one should go through said regulation thoroughly for the proper understanding of the same and these regulation are available on our website at www.pfrda.org.in. However, for the sake of clarity the salient feature of the said regulation are provided below for enabling subscriber to understand implication:

A. On attaining the age of superannuation (retirement):

(i) Upon attaining the age of superannuation as prescribed by the service rules applicable to him or her, retires, then at least 40% out of the accumulated pension wealth of such subscriber shall be mandatorily utilized for purchase of annuity providing for a monthly or any other periodical pension and the balance of the accumulated pension wealth, after such utilization, shall be paid to the subscriber in lump sum. The Subscriber may choose to purchase an annuity for an amount greater than 40 percent also.

(ii) Deferment of lump sum: The lump sum can be deferred which can be withdrawn at any time between superannuation and 70 or every year till age of 70 years, subscriber has to give in writing in the specified form at least fifteen days before the attainment of age of superannuation ,provided the subscriber agrees to bear the maintenance charges like CRA , PFM etc.

(iii) Deferment of annuity: Annuity purchase can also be deferred for maximum period of 3 years. Subscriber has to give in writing in the specified form at least fifteen days before the attainment of age of superannuation. If the death of the subscriber occurs before such due date of purchase of an annuity after the deferment, the annuity shall mandatorily be purchased by the spouse.

(iv) Corpus <= Rs. 2.00 Lakh: Option to withdraw complete pension wealth (Only in superannuation cases).

B. Exit before attaining the superannuation age or voluntary retirement :

(i) Before attaining the age of superannuation or voluntary retirement , 80% out of the accumulated pension wealth of such subscriber shall be mandatorily utilized for purchase of default annuity providing for a monthly or any other periodical pension and the balance of the accumulated pension wealth, after such utilization, shall be paid to the subscriber in lump sum.

(ii) Corpus <= Rs. 1.00 Lakh : If the accumulated pension wealth of the subscriber is equal to or less than one lakh rupees, such subscriber shall have the option to withdraw the

entire accumulated pension wealth without purchasing any annuity .

(iii) If the accumulated pension wealth of the subscriber is more than one lakh rupees but the age of the subscriber is less than the minimum age required for purchasing any annuity from any of the empanelled annuity service providers as chosen by such subscriber, such subscriber shall continue to subscribe to the National Pension System, until he or she attains the age of eligibility for purchase of any annuity

C. Death before superannuation:

(i) The subscriber who, before attaining the age of superannuation, dies, then at least 80% out of the accumulated pension wealth of the subscriber shall be mandatorily utilized for purchase of annuity similar to default annuity and balance pension wealth shall be paid as lump sum to the nominee or nominees or legal heirs, as the case may be, of such subscriber

(ii) Corpus <= Rs. 2.00 Lakh : If amount in the PRAN of the subscriber at the time of his death is equal to or less than two lakh rupees, the nominee or legal heirs as the case may be, shall have the option to withdraw the entire accumulated pension wealth without requiring to purchase any annuity and upon such exercise of this option the right of the family members to receive any pension or other amounts under the National Pension System shall extinguish.

(iii) If the subscriber or the family members of the deceased subscriber, upon his death, avails the option of additional relief on death or disability provided by the Government, the Government shall have right to adjust or seek transfer of the entire accumulated pension wealth of the subscriber to itself. The subscriber or family members of the subscriber availing such benefit shall specifically and unconditionally agree and undertake to transfer the entire accumulated pension wealth to the Government.

D. Partial Withdrawals from NPS before Exit : A subscriber shall be permitted to withdraw not exceeding twenty-five percent (25%) of the contribution made by him individual pension account (PRAN) for any of the following purposes only:

- a)** For Higher education of his/her children including a legally adopted child.
- b)** For the marriage of his/her children, including a legally adopted child.
- c)** For the purchase/construction of residential house or flat. In case, the subscriber already owns either individually or in the joint name a residential house or flat, other than ancestral property, no withdrawal under these regulations shall be permitted.

d) Treatment for prescribed illnesses – suffered by subscriber, his legally wedded spouse, children including a legally adopted child and dependent parents.

The above withdrawal shall be subject to the condition that:

a) The subscriber should have been in NPS for at least ten years from the date of his or her joining.

b) Subscriber shall be allowed to withdraw a maximum of three (3) times from the scheme and not less than a period of 5 years should have elapsed from the last date of such withdrawal. However, the mandatory requirement of 5 years having elapsed between two withdrawals shall not apply in case of “treatment for prescribed illnesses” or in case of Withdrawal arising out of exit from National Pension System due to the death of the subscriber. Detailed guidelines on the partial withdrawal has been issued vide circular no-PFRDA/20016/7/exit /2 dated 21-03-2016 :

- **Online Exit withdrawal-** In order to simplify and streamline the exit and withdrawal claims, PFRDA has introduced the online facility for withdrawal process. The circular dated 12.11.2015 in relation to the same is uploaded on PFRDA's website.

Annuity: Annuity provides for monthly pay-outs to the individual in lieu of the lump sum amount paid to the Annuity Service Provider (ASP) from NPS scheme as per percentage specified by the subscriber at the time of exit.

Default Annuity: If subscriber is not able to decide the type of annuity , an option of default annuity has been provided. In this annuity, annuity is paid to subscriber, spouse, mother & father of the subscriber in this sequence with provision for return of purchase price of the annuity to the nominee in case of death of all above.

There are following other variants of annuity, if subscriber is not opting for default annuity:

- (i)** Annuity for life – no return of purchase price.
- (ii)** Annuity guaranteed for 5, 10, 15 or 20 years and for life thereafter
- (iii)** Annuity for life with return of purchase price on death
- (iv)** Annuity for life increasing at simple rate of 3% p.a.-- payment of annuity ceases on death.
- (v)** Annuity for life with a provision for 50% of the annuity to the spouse of the annuitant for life on death of the annuitant.

Annuity Service Provider and Annuity Scheme shall be provided strictly in accordance by choice made by the subscriber at the time of exit from NPS. The details of the empanelled ASPs, types of annuity offered and annuity calculators are available at web link on CRA website.