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CIRCULAR

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01st November 2017

To,

All Stakeholders in the National Pension System

Subject: Increasing the maximum age of joining National Pension System (NPS) from the present 60 years to 65 years in NPS- Private Sector i. NPS-All Citizen Model and Corporate Sector Model

1. As per the extant guidelines, any Indian citizen in the age group of 18-60 years is eligible to join National Pension System (NPS) on voluntary basis.
2. Many a times, feedback /suggestions, during the interaction with the general public, corporate and intermediaries, have been received to allow the persons above the age of 60 years also to join NPS. Further, due to the better healthcare facilities and increased fitness, along with the opportunities and avenues available in the private sector as well as in the capacity of self-employment, more and more people in their late 50s or 60s are now living an active life allowing them to be employed productively.
3. Since NPS provides a very robust platform to the subscriber to save for his/her old age income security, subscribers who are willing to join NPS at the later stage of life should avail the benefits of NPS. The Annuity rates available in the older age fetch better annuities than that at the age of 60 or less age.
4. **Accordingly, the maximum age of joining NPS in the Private Sector i.e. under All Citizen Model and Corporate model have been increased to 65 years from the existing 60 years. This change comes into effect immediately.**
5. The subscriber joining the NPS after the age of 60 would be eligible to continue in the system upto the age of 70 years and during this period the subscriber may continue to contribute.
6. The subscriber joining NPS beyond the age of 60 years will have the same choice of the Pension Fund as well as the investment choice as is available under the NPS for subscribers joining NPS before the age of 60 years. The asset allocation as is applicable to the subscribers beyond the age of 55 years in the Life Cycle Fund will be applicable for those joining after 60 years. The Asset allocations in the Life Cycle Fund beyond the age of 60 years will be as under:s

Auto Choice	Asset Class in (%)		
	Equity (E)	Corporate Bonds (C)	Government Securities (G)
Aggressive Life Cycle Fund (LC 75)	15	10	75
Moderate Life Cycle Fund (LC 50)	10	10	80
Conservative Life Cycle Fund (LC 25)	5	5	90

7. The exit conditions for subscribers joining the NPS beyond the age of 60 years in the NPS –Private Sector will be as per the conditions laid out in the Pension Fund Regulatory and Development Authority (Exits and Withdrawals under the National Pension System) (Second Amendment) Regulations, 2017 which is as under:

(a) Normal exit: The subscriber exiting after completion of 3 years from the date of joining NPS. In the normal exit, the subscriber will be required to annuitize at least 40% of the corpus for purchase of annuity and the remaining corpus 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. In such case, the subscriber will be required to annuitize at least 80% of the corpus for purchase of annuity and the remaining corpus 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 of the subscriber.

5. All concerned are advised to take note of the same.

Yours faithfully,



(Akhilesh Kumar)
Deputy General Manager