

# Frequently Asked Questions - All Citizen Model

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## **I. Pre-subscription phase**

### **1. What is National Pension System?**

National Pension System (NPS) is a defined contribution pension. NPS is voluntary for subscription by an individual to make contributions to his/her Individual Pension Account during the working life for creating a pension corpus from which regular income will be generated after retirement / working age.

NPS is mandatory for the Central Government recruits w.e.f. 1<sup>st</sup> Jan 2004 (except armed forces) which replaced the earlier defined benefit pension and has been subsequently adopted by almost all State Governments for their employees.

### **2. What are the features of NPS?**

- Regulated - NPS is regulated by PFRDA, which is established through an Act of Parliament. ([PFRDA Act 2013](#))
- Pension for All - can be voluntarily subscribed by any Indian Citizen (resident/non-resident/overseas citizen).
- Low Cost - NPS is one of the lowest cost pension schemes in the world.
- Flexible - Subscribers have choices of Point of Presence (PoP), Central Recordkeeping Agency (CRA), Pension Fund and Asset Allocation. The choices exercised can be changed subsequently.
- Portable - NPS account can be transferred across employment, location/geography.
- Tax efficient - [Tax incentives](#) are available to subscribers under the Income Tax Act 1961.
- Optimum returns - Market linked returns based on investment choice made by the subscriber.
- Transparent - Subscribers can access their NPS accounts online 24X7 and public disclosures mandated.

### **3. Who all are eligible to join NPS?**

- Any Indian Citizen (resident or non-resident) and Overseas Citizen of India (OCI)
- Aged between 18-65 years
- Compliant to Know Your Customer (KYC) norms.

Hindu Undivided Families (HUFs) and Persons of Indian Origin (PIOs) are not eligible for subscribing to NPS.

NPS is an *Individual Pension Account* and cannot be opened on behalf of a third person. The applicant should be legally competent to execute a contract as per the Indian Contract Act.

**4. I have subscribed to EPF/PPF/ Superannuation Fund/Provident Fund. Am I eligible to join NPS?**

Yes. NPS can be voluntarily subscribed alongwith any other pension scheme(s). However, an individual cannot have multiple NPS accounts.

**5. How much pension will I receive in NPS?**

The amount of pension will depend on the amount of contributions made, accrual/returns on the investments and the portion of corpus utilised by the subscriber for purchasing annuity plan from any of the [Annuity Service Providers empanelled with PFRDA](#).

Under NPS, there is no implicit or explicit assurance of benefit and the investments are subject to market conditions.

**6. What is All Citizen Sector? NPS caters to which all Sectors?**

NPS caters to the Central Government (CG) Sector, State Government (SG) Sector, Corporate Sector and All Citizen Sector.

Individuals subscribing to NPS voluntarily are classified / categorized under All Citizen Sector.

**7. What is the structure of NPS? Why there are different intermediaries in NPS?**

NPS has a unique unbundled architecture wherein each intermediary (PoP, Pension Fund, Central Recordkeeping Agency, Trustee Bank, Annuity Service Provider, Retirement Advisors, Custodian, NPS Trust) is assigned a specialized activity by the Regulator. This ensures economies of scale and operational/intermediation costs at bare minimum to subscribers.

This unique structure safeguards subscribers' interest as the role of a particular intermediary is limited to the functions assigned to it and no single intermediary/entity has complete control over NPS as a System.

**8. What are the charges under NPS?**

Each intermediary is entitled to recover the following prescribed charges from the subscriber towards the services rendered by them:

Intermediary	Charge head	Service Charges*	Method of Deduction
Point of Presence	Initial subscriber registration and contribution upload	Rs. 200	To be collected upfront
	Any subsequent transactions	0.25% of contribution, Min. Rs 20 Max. Rs 25000	
	Non-Financial Charges	Rs 20	

	Contribution through eNPS platform of NPS Trust	0.10% of contribution, Min. Rs 10 Max. Rs 10000		
	Persistency Charges	Rs 50 per annum		
<b>Central Recordkeeping Agency</b>	Account Opening charges (One Time)	<b>NSDL</b>	<b>KFintech</b>	Through cancellation of units
		Rs 40	Rs 39.36	
	Account Maintenance Charges (Per Annum)	Rs. 95	Rs 57.63	
	Charge per transaction (Financial /Non-Financial)	Rs 3.75	Rs 3.36	
<b>Pension Fund</b>	Investment Management Fee	0.01% p.a. of Assets Managed		Adjustment in NAV of Scheme
<b>NPS Trust</b>	Reimbursement of Expenses	0.005% p.a. of Assets Managed		
<b>Custodian</b>	Asset Servicing charges	0.0032% p.a. assets in custody		

\* In case a subscriber opts not to have a physical PRAN Card or Welcome Kit, reduced account opening charges of CRA are applicable as under:

CRA	Account opening with <b>Physical PRAN card</b> (in Rs.)	Account opening with <b>ePRAN</b> card (in Rs.)	
		Welcome kit sent in hardcopy	Welcome kit sent vide email only
NSDL eGov	40.00	35.00	18.00
Kfintech	39.36	39.36	4.00

Tier-II transaction charges are same as Tier-I.

## 9. How can I open an NPS account?

An NPS account can be opened through

- Points of Presence (PoP) registered with PFRDA in Online or Physical mode - <https://www.pfrda.org.in/index1.cshtml?lsid=205>

Point of Presence (PoPs) is the distribution channel and the first point of contact for applicants and subscribers. PoPs are mandated to provide services related to Subscriber Registration (Collection of forms and KYC verification), receiving /uploading contributions, processing subscriber requests for updation of account details, exercising choices, withdrawals, grievances resolution etc.

- Online platform (eNPS) of NPS Trust - <http://www.npstrust.org.in/content/open-your-nps-account-online>

## II. Subscription and Accumulation Phase

### 10. What are the types of accounts in NPS?

Under NPS account there are two types of accounts – Tier I & Tier II.

Tier-I is the *Individual Pension Account*, which is the default pension account having all the tax incentives under Income Tax Act.

Tier-II is an optional investment account available to a subscriber having an active Tier-I account. This account has no withdrawal restrictions and tax benefits. Tier-II is **not** a Pension Account.

### 11. What are the features of Tier-I and Tier-II accounts?

Tier - I	Tier - II
Individual Pension Account	Optional Account – Require an active Tier-I
Withdrawal as per rules/regulations only	Unrestricted withdrawals
Min. Contribution Rs. 500	Min. Contribution to open Rs. 1000
Min. Contribution per year Rs. 1000	Min. Contribution Rs. 250
Tax benefits are available	No tax benefits on contribution/gains
Any Citizen aged between 18-65 is eligible	NRIs/OCIs are not eligible
Choose any Pension Fund / Investment Pattern	Choose any Pension Fund/ Investment Pattern *

\*Subscriber can select different Pension Fund and Investment Option for his/her NPS Tier I and Tier II accounts

### 12. What documents are required to open an NPS account?

The applicant has to submit duly filled Subscriber Registration Form (CSRF/NRSF/Online data fields) along with the following documents to the Service Provider (PoP)/Online:

#### For resident Individuals:

- One Recent Photograph
- PAN Card
- Proof of Address
- Proof for the Bank Account

#### For NRIs and OCIs

Non-resident Individual (NRI)	Overseas Citizen of India (OCI)
One Recent Photograph	One Recent Photograph
PAN Card	PAN Card
Indian Passport	OCI Card
Proof of address - India	Proof of address - foreign country
Proof for the Bank Account (NRE/NRO)	Proof for the Bank Account (NRE/NRO)

Refer instructions in the subscriber registration form, for the list of acceptable proofs.

**13. What are the choices I need to exercise while opening an NPS account?**

The following choices are to be exercised by the applicant:

Choice	Function	Refer
Point of Presence	Service Provider	<a href="https://www.pfrda.org.in/index1.cshtml?lsid=181">https://www.pfrda.org.in/index1.cshtml?lsid=181</a>
CRA	Record-keeper	<a href="https://www.pfrda.org.in/index1.cshtml?lsid=165">https://www.pfrda.org.in/index1.cshtml?lsid=165</a>
Pension Fund	Fund Manager	<a href="https://www.pfrda.org.in/index1.cshtml?lsid=182">https://www.pfrda.org.in/index1.cshtml?lsid=182</a>
Investment Choice - Asset allocation pattern		<a href="https://www.pfrda.org.in/index1.cshtml?lsid=97">https://www.pfrda.org.in/index1.cshtml?lsid=97</a>
a. <u>Active Choice</u>		
i. Equity (E) - Maximum 75%		
ii. Corporate Bonds (C) - Upto 100%		
iii. Government Securities (G) - Upto 100%		
iv. Alternate Assets (A) - Maximum 5%		
b. <u>Auto Choice</u>		
i. Conservative Life Cycle Fund (LC25)		
ii. Moderate Life Cycle Fund (LC50) - Default		
iii. Aggressive Life Cycle Fund (LC75)		

**14. How often can I change the choices I have made?**

Subscribers can subsequently request to change the choices exercised as under:

Choice	Frequency	Mode / method
Point of Presence	No restrictions, any time	Physical Application to target/new PoP
CRA	Twice in a year	Physical Application to target/new CRA
Pension Fund	Once in a Financial Year	i. Online – Login to your account or ii. Offline - Physical Application to PoP
Investment Choice	Twice in a Financial Year	i. Online – Login to your account or ii. Offline - Physical Application to PoP

**15. How do I know the status of my NPS application? When and where will I receive the account opening kit?**

On submission of duly filled application to service provider (PoP)/Online, Applicant will receive an Acknowledgement Number and the applicant can track the status of application online using the same.

Subscriber will receive the Account Opening Kit (*if opted for*) containing the PRAN Card and the passwords for accessing the account within a fortnight from the date of receipt of application, at his/her correspondence address provided in the application form.

**16. What is a Permanent Retirement Account Number (PRAN)?**

PRAN is a unique identification number allotted to a subscriber for his/her Individual Pension Account opened under NPS. The PRAN remains unchanged even though the subscriber shifts employment / sector /location.

**17. How do I access my NPS account?**

Subscriber can access their Pension Account through

- i. Physical mode – by visiting his/her service provider (PoP)
- ii. Online - using login credentials provided by CRA in the Account Opening Kit
  - a. Web-based login
  - b. Mobile Application
- iii. Telephone - using the T-Pin received in the Account Opening Kit.  
Toll Free numbers - NSDL 1800 222 080 and Kfintech 1800 208 1516

**18. Where and how can I make contributions to my NPS account? How will my contributions get invested?**

A subscriber can make any number of contributions without any upper limit of amount through any of the following modes:

- i. Physical mode – by visiting any of the registered service provider (PoP) and depositing cheque/cash alongwith the NPS contribution slip.
- ii. Online mode -
  - a. Web-based [ (i) login to your Pension Account (ii) online facility provided by PoPs (iii) eNPS platform of NPS Trust ]
  - b. NPS Mobile Application login

The contributions made by the subscriber will get invested as per the choices (Pension Fund and Asset allocation) exercised and recorded with CRA.

**19. When and how will my contributions reflect in my NPS account?**

It normally takes three working days for the contributions to get reflected in your NPS account.

The process flow entails:

- Receipt/realization of contribution in service provider’s (PoP) bank account
- Upload of details by service provider (PoP) to CRA and fund remittance to Trustee Bank
- Transfer of the funds by Trustee Bank to Pension Fund based on CRA instructions
- Investment of the funds by Pension Fund and declaration of scheme NAV
- Allocation of units by CRA for the contributed amount
- Reflection of corresponding units in the subscriber’s NPS account

Subscribers will receive SMS & Email confirmations for credit of units in account.

CRA is mandated to send a physical copy of the Statement of Transaction (SoT) of your Pension Account to the correspondence address as recorded with CRA, once in a year. SOT is also emailed to the registered email address of the subscriber on a periodic basis which can also be accessed online by login into your account.

**20. How are contributions invested by Pension Funds?**

The contributions are invested by Pension Funds according to the investment guidelines prescribed by PFRDA for each asset class.

Asset class E – Equity shares of companies traded in Futures and Options segment

Asset Class C – Corporate Bonds / Debentures which are listed and rated not below A

Asset Class G – Government securities and State Development Loans

Asset Class A – Alternate Assets

For detailed investment guidelines refer to the [Circulars Section of PFRDA website](#).

**21. What happens if I don't make the minimum contribution? Will my account be closed?**

If minimum contribution is not received, the account is categorized as 'frozen' and will get activated upon making a contribution to the account. The NPS account will be closed only when a subscriber submits a request (physical or online) for exit from NPS to a service provider (PoP).

**22. How can I change my NPS account details?**

For changing the account details as recorded with CRA, subscriber has to submit a request to the Service Provider (PoP):-

Parameter of Change	Mode / method to change	Remark
Name	Physical Application – Form S2	Proof to be submitted
Address	Physical Application – Form S2	Proof to be submitted
Contact Details	i. Online – Login to your account or ii. Offline - Physical Application – Form S2	-
Nomination	Physical Application – Form S2	-
Bank Details	Physical Application – Form S2	Proof to be submitted
Sector / Occupation	Physical Application – Form ISS	-

**23. How do I know about the performance of my NPS investments?**

The performance of your NPS investments is available in the Statement of Transactions which can be accessed online through the subscriber web login or mobile app. Periodic statements are sent by the

CRA to the registered email-id of the subscriber and a physical statement for the financial year is sent to the correspondence address of the subscriber.

#### **24. How do I evaluate my NPS investments?**

Subscriber can compare the performance of his/her Pension Account vis a vis the performance of each Asset Classes and each Pension Funds which is available at the following web link <http://npstrust.org.in/returncalc>

The returns generated by the Pension Funds for each Asset Class is published on a weekly basis by NPS Trust and available at the following web link <http://npstrust.org.in/return-of-nps-scheme>

The portfolio of Asset Classes managed by each Pension Fund is periodically published by the Pension Funds on their websites. <http://npstrust.org.in/content/scheme-portfolio>

### **III. Retirement/Exit/Withdrawals**

#### **25. When can I withdraw my money from NPS Account?**

A subscriber can withdraw from NPS in the following circumstances/conditions:

**i) Partial Withdrawal** - after completion of 3 years subscriber can withdraw 25% of his/her own contributions for specific reasons viz illness, disability, education or marriage of children, purchasing property, starting a new venture. A subscriber can partially withdraw upto a maximum of 3 times during his/her entire tenure in NPS.

**ii) Premature Withdrawal** - after completion of 10 years or before completion of 03 years (if subscriber has joined NPS after 60 years of age), subscriber can withdraw maximum 20% of the corpus as lumpsum and minimum 80% of the corpus has to be utilized for purchasing an annuity plan for receiving the pension. If the accumulated corpus is less than Rs 1 lakh, the entire corpus is paid as lumpsum to the subscriber.

**iii) Normal Withdrawal** - on completion of 60 years of age (if subscriber has joined NPS before 60 years of age) or after completion of 03 years (if subscriber has joined NPS after 60 years of age), subscriber can withdraw maximum 60% of the corpus as lumpsum and minimum 40% of the corpus has to be utilized for purchasing an annuity plan for receiving the pension. If the accumulated corpus is less than Rs 2 lakhs, the entire corpus is paid as lumpsum to the subscriber

Subscriber also has the option to:-

(i) Continue in NPS till the age of 70 years or exit anytime after such continuance before 70 years.

(ii) While exiting from NPS, subscriber can;

- defer receiving the lumpsum (60% corpus) till the age of 70 years or withdraw the same in installments till 70 years
- defer Annuity purchase (40% corpus) for a maximum period of 3 years.

In case of unfortunate event of death of a subscriber, the nominee/legal heir can withdraw the entire accumulated corpus. The nominee / family members of the deceased subscriber can also purchase annuity, if they so desire.

#### **26. What if I don't want to exit from NPS at 60 years of age?**

An NPS account under All Citizen Model can continue upto 70 years of age. Subscriber can exercise the option of normal exit from NPS at any point of time he/she wishes, after attaining the age of 60 years. At the age of 70 years, the account has to be closed mandatorily.

#### **27. What are the specific reasons or conditions for partial withdrawals?**

Partial withdrawals from your NPS account are allowed for dealing with contingency situations and following are the reasons/conditions for which partial withdrawal is allowed:

- Higher education of his/her children
- Marriage of his/her children
- Purchase or construction of residential house or flat

- Treatment of specified illnesses
- Disability of more than 75%
- Skill development/re-skilling or any other self-development activities
- Establishment of own venture or any start-ups

## **28. How to request withdrawals from NPS Account?**

Requests for withdrawals from NPS can be initiated by the subscriber by login to his/her Pension Account or by submitting a physical form to the service provider (PoP) directly alongwith the specified documents. For more details please refer <https://www.pfrda.org.in/index1.cshtml?lsid=220>

## **29. How do I decide the Annuity Service Provider (ASP) and plan for receiving pension?**

Presently the following (12) ASPs are empanelled with PFRDA for providing pension:

1. SBI Life Insurance Co. Ltd
2. Life Insurance Corporation of India
3. Star Union Dai-ichi Life Insurance Co. Ltd
4. ICICI Prudential Life Insurance Co. Ltd
5. HDFC Life Insurance Co Ltd.
6. IndiaFirst Life Insurance Co Ltd
7. Edelweiss Tokio Life Insurance Co. Ltd
8. Bajaj Allianz Life Insurance Co Ltd.
9. Canara HSBC Oriental bank of Commerce Life Insurance co Ltd.
10. Kotak Mahindra Life Insurance Co Ltd.
11. Tata AIA Life Insurance Company Limited
12. Max Life Insurance Company Limited

The broad variants of annuity plans offered by the ASPs are as under:

- Pension (Annuity) payable for life at a uniform rate to the annuitant only.
- Pension (Annuity) payable for 5, 10, 15 or 20 years certain and thereafter till the annuitant is alive.
- Pension (Annuity) payable for life increasing at a simple rate of 3% p.a.
- Pension (Annuity) for life with a provision of 50% of the annuity payable to spouse for upon death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse upon death of the annuitant.
- Pension (Annuity) for life with return of purchase price on death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse upon death of the annuitant and return of purchase price on death of the spouse.

The pension amount would vary based on the annuity plan and the ASP chosen by the subscriber. For a comparative analysis of the annuity plans and the ASPs, please visit <https://cra-nsdl.com/CRAOnline/aspQuote.html>

**30. How will I receive my pension?**

Subscriber will receive pension from the Annuity Service Provider (ASP) according to the Annuity Plan chosen and purchased by the subscriber from the ASP (Insurance Company) and the terms and conditions therein.

**31. What are the rules for withdrawal from Tier-II account?**

Withdrawal from NPS Tier-II account is permitted at any point of time, without any restrictions. You may also transfer the funds from your Tier-II account to Tier-I account (One-way Switch).

In case of closure of NPS Tier-I (pension account), balance outstanding in NPS Tier-II account will get withdrawn simultaneously and thereafter transferred to your Bank account.

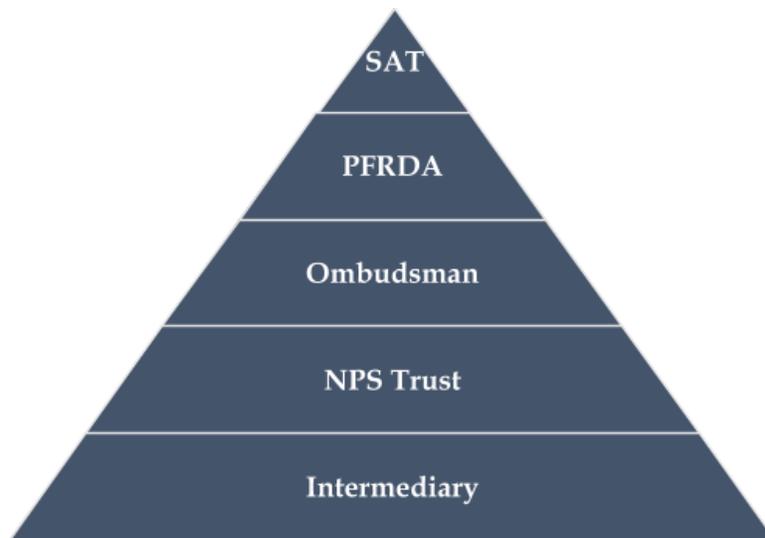
## IV. Grievance Redressal

### 32. Whom should I approach if I have a complaint/grievance?

For resolving subscriber grievances, the Authority has notified the PFRDA (Redressal of Subscriber Grievance) Regulations, 2015 and an online platform 'Central Grievance Management System (CGMS)' has been hosted for subscriber to lodge grievance online by logging to his/her NPS account.

A complaint/grievance has to be resolved by the intermediary concerned as early as possible within a maximum period of 30 days of the receipt of the complaint.

If a subscriber is not satisfied with the resolution provided, he/she can escalate his grievance to the next higher level for resolution and the escalation matrix is as under:-



## V. Tax rules under NPS

### Tier-I account – Tax benefits on Contributions

- i. NPS Contributions are eligible for tax deduction u/s 80 CCD (1) of Income Tax Act upto 10% of basic + DA or upto 20% of Gross Income for self-employed within the overall ceiling of Rs. 1.50 Lacs under Sec. 80 CCE.
- ii. An additional deduction upto Rs. 50,000/- is available u/s 80CCD 1(B) of Income Tax Act.
- iii. In case the subscriber receives contributions from the employer also, tax deduction under section 80 CCD (2) of Income Tax Act may be claimed by the subscriber in addition to the tax benefits available under Sec. 80 CCE, subject to an aggregate limit of Rs. 7.5 lakh of contributions made towards NPS, Recognized Provident Fund and Approved Superannuation Fund.

### Tier-I account – Tax implications on Withdrawals / Exit

- i. Maximum 60% of the total corpus received as lumpsum at the time of exit is not treated as income u/s 10 (12A) of Income Tax Act
- ii. Amount utilized for purchase of annuity plan from ASP on exit (minimum 40% mandatory upto 100% of corpus) is not treated as income u/s 80CCD (5) of Income Tax Act
- iii. Goods and Service Tax (currently 1.8%) is not applicable on annuity plan purchased through NPS on exit.
- iv. Amount received from partial withdrawal are tax exempt u/s 10 (12B) of Income Tax Act.

### Tier-II account:

- i. No tax benefits are available on contributions made in an NPS Tier-II account.
- ii. No tax rebates/special treatment for the gains arising out of investment in NPS Tier-II. The assessee shall be liable for taxation as per the marginal tax rate applicable to him/her.

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