



National Pension System



Pension Fund Regulatory and Development Authority

B-14/A, Chatrapati Shivaji Bhawan, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016



Presentation Topics

- NPS –Eligibility & Benefits of NPS
- Stakeholders under NPS & NPS Architecture
- Types of Accounts
- NPS– Corporate Eligibility
- Contribution & Investment Options
- Exit & Withdrawal
- Tax Benefits
- An Illustration of tax benefit under NPS
- Tax benefits on withdrawal
- Charges
- Comparison of NPS vs Superannuation Scheme
- Calculators
- eNPS– Online NPS

National Pension System

Age Group

Entry and Accumulation Phase

18 to 60 & 60 to 65



NPS provides a platform for saving to create corpus, to enable subscriber for purchasing Annuity post retirement

Annuity/Pension Phase

60 Onwards

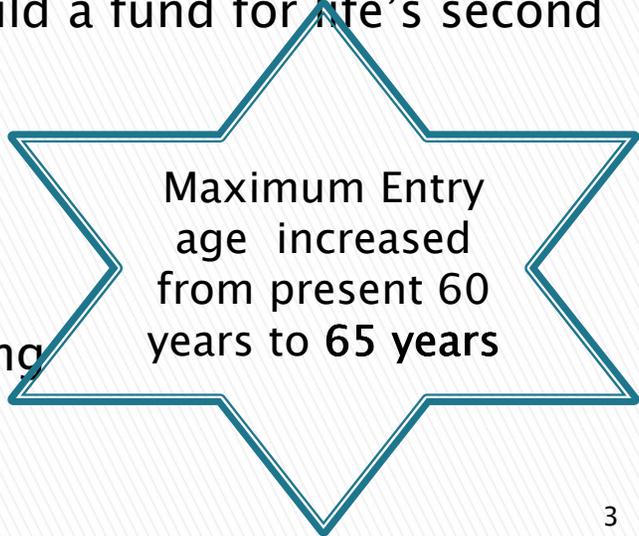
What is NPS ?

NPS is a contributory pension scheme which is highly efficient, technology driven system to save small amounts today, to build a fund for life's second innings.

Who Can Join ?

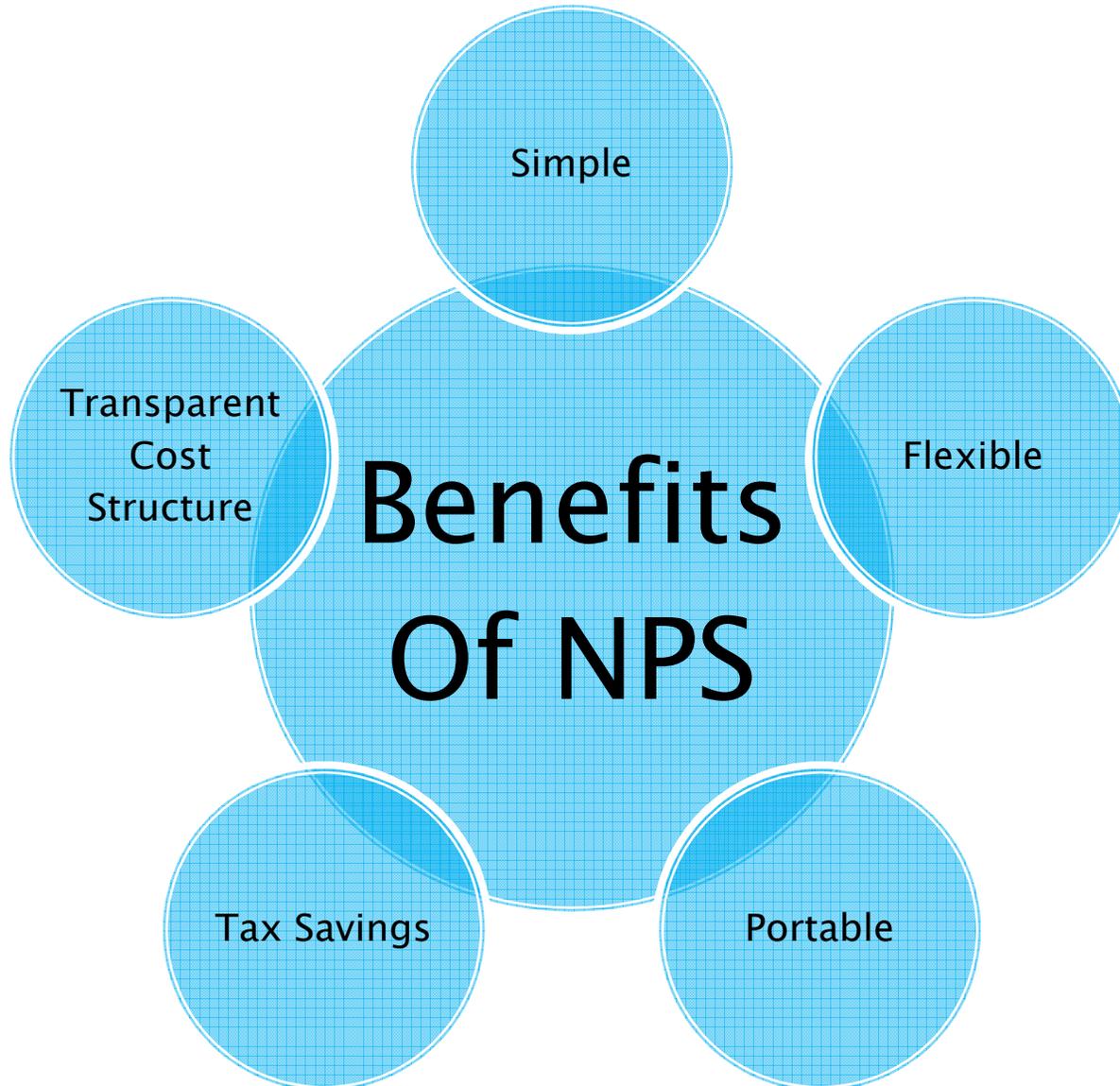
You can join, if you are any or all of the following:

- Citizen of India; Resident or Non-Resident
- Age between 18-65 years, as on date of joining
- Salaried or Self Employed
- Complies with KYC norms



Maximum Entry age increased from present 60 years to 65 years

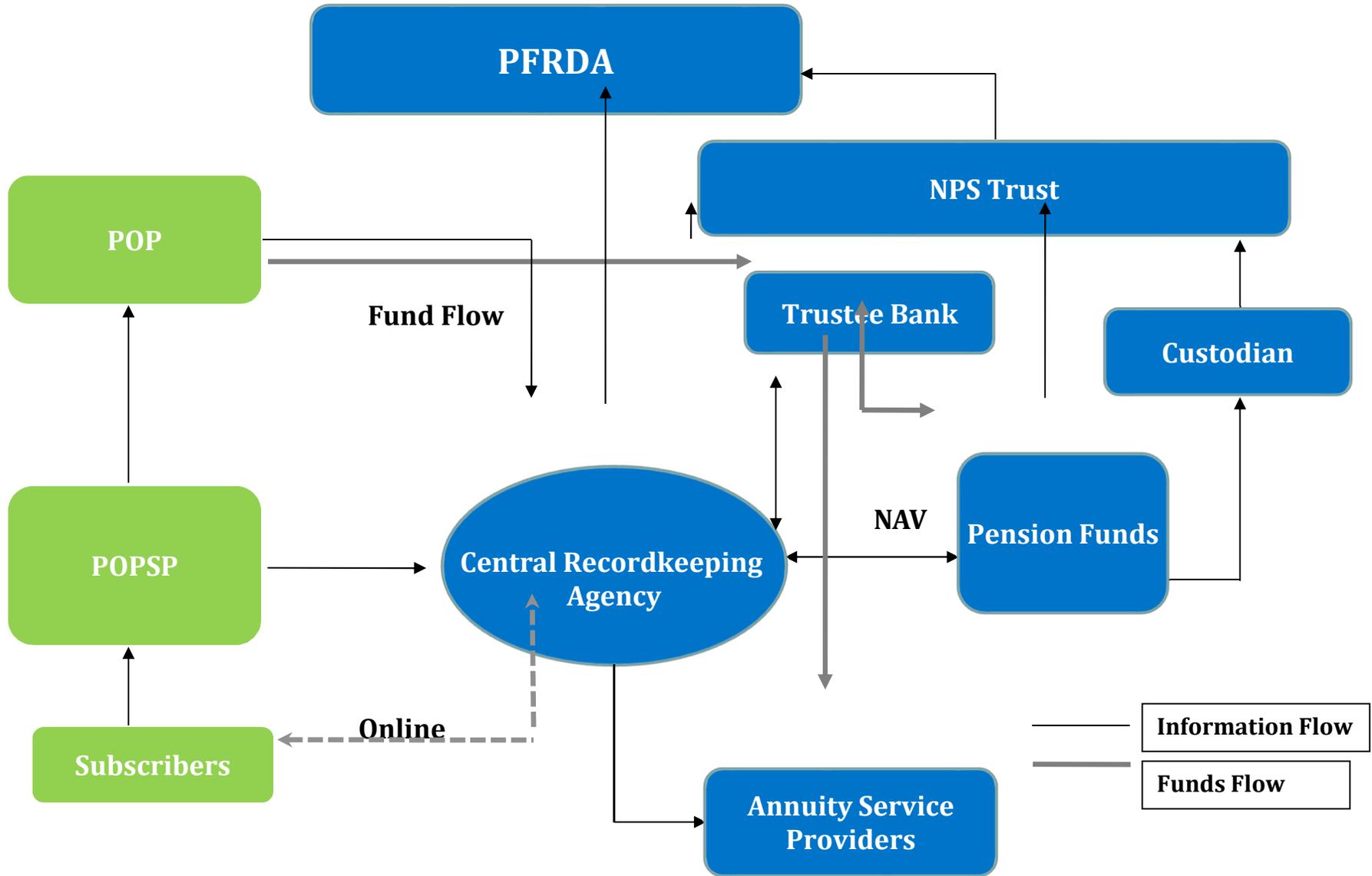
Benefits of NPS



Stakeholders under NPS

- ▶ **PFRDA**- Regulator of Pension Sector including NPS
- ▶ **NPS Trust**- Beneficial Owner
- ▶ **Points-of Presence (POPs)**- Subscriber Interface
- ▶ **Trustee Bank**- Manages the Trust account
- ▶ **Pension Fund (PFs)**- Invest the Funds of the subscribers
- ▶ **Custodian**- Custodian of securities
- ▶ **Central Recordkeeping Agency (CRA)** - Recordkeeping and Maintenance of Subscribers account
- ▶ **Annuity Service Provider (ASP)**- Provides Annuity to the Subscribers
- ▶ **Retirement Adviser**- Advisory Services

NPS Architecture





Types of Accounts

Tier-I account: Employer / Employee contributes in this restricted-withdrawal account for retirement income. Income Tax benefits as per IT Act, 1961 available on both employer and employee contributions.

$$\text{Contributions} + \text{Investment Growth} - \text{Charges} = \text{Accumulated Pension Wealth (Individual \& Employer contributions)}$$

Tier-II account: Voluntary savings facility, where the subscriber can avail fund management facility at very low costs. Subscribers are free to withdraw amount from this account anytime. However, tax benefits are not available.

Particulars	Tier I	Tier II
Option of selection of the Account	Mandatory	Optional
Withdrawal Facility Available	Conditional & Restricted Withdrawal	Yes
Minimum Contribution at the time of A/c opening	Rs. 500	Rs. 1000
Minimum amount of subsequent contribution	Rs. 500	Rs. 250
Minimum Contribution Required per year	Rs. 1000	-
Minimum no. of contribution per year	One	-
Frequency of contribution permitted	Unlimited	Unlimited

Eligible entities to register under NPS Corporate Model

- Entities registered under Companies Act
- Entities registered under various Co-operative Acts
- Central & State Public Sector Enterprises
- Registered Partnership firms & Limited Liability Partnerships (LLPs)
- Any entity incorporated under any act of Parliament or State legislature or by order of Central / State Govt.
- Proprietorship concern
- Society/Trust

Flexible Contribution Options



Three flexible variations of contributions from employer and employee

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

Investment Options

Investment Option can be exercised at



At Corporate Level



At Subscriber Level

Selection of Investment Option

1. Selection of Pension Fund

2. Selection of Investment Choice (Selection of Asset Mix of E, C G & A)

Selection of any one PF out of the following:

SBI Pension Funds Pvt. Limited

LIC Pension Fund Limited

UTI Retirement Solutions Limited

ICICI Prudential Pension funds Management Company Limited

Kotak Mahindra Pension Fund Limited

Reliance Capital Pension Fund Limited

HDFC Pension Fund Limited

Birla Sun Life Pension Management Ltd.

Active & Auto Choice

Active Choice

Subscriber decides allocation pattern amongst E, C G and A

Asset Class	Cap on Investment
Equity (E)	50%
Corporate Bonds (C)	100%
Government Securities (G)	100%
Alternate Investment fund(AIF)	5%

Auto Choice

Funds managed on the pattern of a lifecycle fund
Default Choice - Moderate Life Cycle Fund

Age (in Years)	Asset Class E	Asset Class C	Asset Class G
Upto 35	50%	30%	20%
36	48%	29%	23%
37	46%	28%	26%
38, 39,---	-	-	-
55 and Above	10%	10%	80%

- ❖ Two More Life Cycle Funds – Aggressive LCF (Equity upto 75%) and Conservative LCF (Equity upto 25%) are also available.
- ❖ Pension Fund can be changed once in a financial year
- ❖ Investment Option can be changed twice in a financial year



Asset allocations under Auto Choice

Age	Aggressive Life Cycle Fund (LC-75)			Moderate Life Cycle Fund (LC-50)			Conservative Life Cycle Fund (LC-25)		
	Asset Class (in %)			Asset Class (in %)			Asset Class (in %)		
	E	C	G	E	C	G	E	C	G
Up to 35 years	75	10	15	50	30	20	25	45	30
36 years	71	11	18	48	29	23	24	43	33
37 years	67	12	21	46	28	26	23	41	36
38 years	63	13	24	44	27	29	22	39	39
39 years	59	14	27	42	26	32	21	37	42
40 years	55	15	30	40	25	35	20	35	45
41 years	51	16	33	38	24	38	19	33	48
42 years	47	17	36	36	23	41	18	31	51
43 years	43	18	39	34	22	44	17	29	54
44 years	39	19	42	32	21	47	16	27	57
45 years	35	20	45	30	20	50	15	25	60
46 years	32	20	48	28	19	53	14	23	63
47 years	29	20	51	26	18	56	13	21	66
48 years	26	20	54	24	17	59	12	19	69
49 years	23	20	57	22	16	62	11	17	72
50 years	20	20	60	20	15	65	10	15	75
51 years	19	18	63	18	14	68	9	13	78
52 years	18	16	66	16	13	71	8	11	81
53 years	17	14	69	14	12	74	7	9	84
54 years	16	12	72	12	11	77	6	7	87
55 years	15	10	75	10	10	80	5	5	90



Corporate Registration Process

- 
- A vertical graphic on the left side of the slide consisting of four downward-pointing chevrons, each with a white outline, arranged in a column.
- Corporate has to select POP and tie-up with it.
 - The Corporate submits the CHO-1 Form to the POP.
 - POP would submit the form to CRA
 - CRA registers the Corporate in the CRA system and allots “Corporate Registration Number” (CRN) to Corporate.

Subscriber Registration Process

- 
- A vertical graphic on the left side of the slide consisting of four downward-pointing chevrons, each with a white outline, indicating a sequential process.
- Employees fill up & submit CSRF forms with required KYC Documents to Corporates (employer).
 - Corporate verifies the employment details and sends these forms to the attached POP.
 - POP does KYC verification and sends these forms to CRA.
 - CRA registers the employees and generate PRAN.

Partial Withdrawal

Partial Withdrawal will be allowed subject to :

- ✓ Subscriber should be in NPS for 3 years
- ✓ Amount should not exceed 25% of the contributions made by the subscriber

Purpose

- ✓ Purposes for which partial withdrawal allowed
- ✓ – For the purpose of higher education of his/her children,
- ✓ – For marriage of his/her children,
- ✓ – For purchase or construction of residential house or flat
- ✓ – For treatment of specified illnesses.

Frequency

- ✓ – Maximum 3 (three) times during entire tenure,

Vesting Criteria	Benefit
At any point in time before superannuation (allowed to subscriber who have been in NPS for at least 10 years)	<p style="text-align: center;">Compulsory Annuitisation– minimum 80% Lump sum withdrawal– maximum 20% If Corpus < Rs. 1.00 Lac, complete withdrawal permitted</p>
On attaining the age of superannuation as prescribed in service rules) and upto 70 years of age	<p style="text-align: center;">Annuitisation– minimum 40% Lump sum withdrawal– maximum 60% If Corpus < Rs. 2.00 Lac, complete withdrawal permitted</p> <ul style="list-style-type: none"> – Subscriber can stay invested in the NPS upto the age of 70 years. Fresh contributions are allowed during such a period of deferment. – Can defer the withdrawal of eligible lump sum amount till the age of 70 years and withdraw the same in 10 annual instalments. –Annuity purchase can also be deferred for maximum period of 3 years at the time of exit.
Death due to any cause	In such an unfortunate event, option will be available to the nominee to receive 100% of the NPS pension wealth in lump sum.

Variants of Annuity Plans

- 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 as long as you are alive.
- Pension (Annuity) for life with return of purchase price on death of the annuitant (Policy holder).
- 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 during his/her lifetime on death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
- Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant and with return of purchase price on death of the spouse. If the spouse predeceases the annuitant, payment of annuity will cease after the death of the annuitant and purchase price is paid to the nominee.



Annuity Service Providers



Empanelled ASPs

Life Insurance Corporation of India

SBI Life Insurance Co. Ltd.

ICICI Prudential Life Insurance Co. Ltd.

Star Union Dai-ichi Life Insurance Co. Ltd.

HDFC Life Insurance Co. Ltd.

Tax Benefits on Contribution

To Employers

- Contributions made by the employer (upto 10% of Basic + DA) is allowed as a business expense under Section 36 (1) iv (a) of Income Tax Act 1961.

To Employees

- Employees own contribution is eligible for tax deduction under sec 80 CCD (1) of Income Tax Act up to 10% of salary (Basic + DA). This is within the overall ceiling of Rs. 1.50 Lacs under Sec. 80 CCE of the Income Tax Act.
- Employee also gets tax deduction for the contribution made by the employer under section 80 CCD (2) of IT act upto 10% of salary (Basic + DA) which is in addition to the tax benefits available under Sec. 80 CCE. No Monetary ceiling.

To Self- Employed

20% of the Gross Income is eligible for tax deduction under sec 80 CCD (1) of Income Tax Act.

Additional Tax Benefits to NPS Subscribers

- Subscriber is allowed tax deduction in addition to the deduction allowed under Sec. 80CCD(1) for additional contribution in his NPS account subject to maximum investment of Rs. 50,000/- under sec. 80CCD 1(B)_g

Tax Benefits on Withdrawal

To Subscribers

- Amount utilized for purchase of annuity at the time of exit (Minimum 40% mandatory) is not treated as income.
- No Service tax on annuity purchase.
- 40% of the total corpus at the time of exit is not treated as income.
- Partial Withdrawal from NPS is tax-exempt



**Illustration of Tax Benefit that can be availed by subscriber
by investing in NPS (Employee as well as Employer Contribution)**



Particulars	Without NPS Contribution	With NPS contribution only from employee	With NPS contribution from employee and employer	With NPS contribution from employee and employer
Salary (Basic+DA)	15.00	15.00	15.00	40.00
Allowances	3.00	3.00	1.50	6.00
NPS Co-Contribution	-	Nil	1.50	4.00
Total Salary	18.00	18.00	18.00	50.00
Total deductions u/s 80 CCD(1) if subscriber contributes 10% of salary to NPS (Max. 1.50 lacs)	1.50 (If invested in other savings instruments)	1.50	1.50	1.50
Deduction u/s 80CCD(1B) if subscriber contributes additional Rs. 50000	-	0.50	0.50	0.50
Deduction u/s 80 CCD(2) on employer contribution (10% of salary)	Nil	Nil	1.50	4.00
Taxable Salary	16.50	16.00	14.50	44.00
Total Tax Payable (including surcharge)	3.17	3.01	2.55	11.66



Charges



Intermediary	Charge Head	Service Charge		Method of Deduction
POP	Initial Subscriber Registration	Rs. 200		To be Collected Upfront
	Initial Contribution	0.25% Min: Rs. 20 & Max : Rs.25,000		
	All Subsequent Contribution			
	All Non-Financial Transaction	Rs. 20		
CRA	PRA Opening (One Time)	NCRA	KCRA	Through unit cancellation
		Rs. 40	Rs. 39.36	
	PRA Maintenance (Per Annum)	Rs. 95	Rs. 57.63	
	Per Transaction (Financial/Non-Financial)	Rs. 3.75	Rs. 3.36	
Custodian	Asset Serving (Per Annum)	0.0032%		Through NAV Adjustment
PFM	Investment Management (Per Annum)	0.01%		
NPS Trust	Reimbursement of Expenses (Per Annum)	0.01%		

Particulars	National Pension System (NPS)	Approved Superannuation Fund (ASAF)
Limit of contribution by Employee for tax purpose	<p>10% of Basic + DA Subject to Maximum of Rs. 1.50 Lacs</p> <p>Additional tax deduction available on contribution upto Rs. 50000/- (Exclusive for NPS)</p>	<p>Subject to Maximum of Rs. 1.50 Lacs</p>
Employer's Contribution to the Fund for tax purpose	<p>10% of Basic + DA (No Monetary Limit)</p>	<p>Not Taxable up to Rs. 1,50,000 per annum per employee.</p> <p>Above Rs. 1.50 lac, it is treated as perquisites in the hand of employee and taxed accordingly</p>
Amount to be utilised for purchase of Annuity	<p>Minimum 40% of the accumulated corpus. However, subscriber can utilise higher corpus also.</p>	<p>Limit on Lump sum withdrawal. Rest to be utilised for annuity payment.</p>
Lump sum Withdrawal	<p>Maximum 60% of the corpus</p> <p>40% of the corpus will be tax exempt from F.Y. 2016-17</p>	<p>1/3rd of the Corpus can be withdrawn in lump sum in case Gratuity is paid</p> <p>1/2 of the corpus can be withdrawn in case gratuity is not paid.</p>



Comparison of Superannuation and NPS



Particulars	National Pension System (NPS)	Approved Superannuation Fund (ASAF)
Requirement for operationalisation of scheme by the Corporates	Registration with CRA by providing some basic information.	<ul style="list-style-type: none"> • Formation of Irrevocable Trust and appointment of Trustees • Opening of Trust Account • Decision on the fund management technique, i.e., self-managed or insurer managed.
Income Tax Approval	Not required	Required from concerned Income Tax Authority
Flexibility in the operation	Flexibility of Pension Fund, Investment Choice, Contribution Amount, Withdrawal amount etc.	No Flexibility. Have to follow the scheme framed.
Continuity in the scheme	Can continue contributing upto 70 years and have the option for deferred withdrawal, annuity, and phased withdrawal	No such option available.
Compliance	Only required to transfer the contribution on time.	Returns are to be filled with CBDT. Separate account to be maintained. All operational issues are to be undertaken by the Trust.



राष्ट्रीय पेंशन प्रणाली न्यास National Pension System Trust



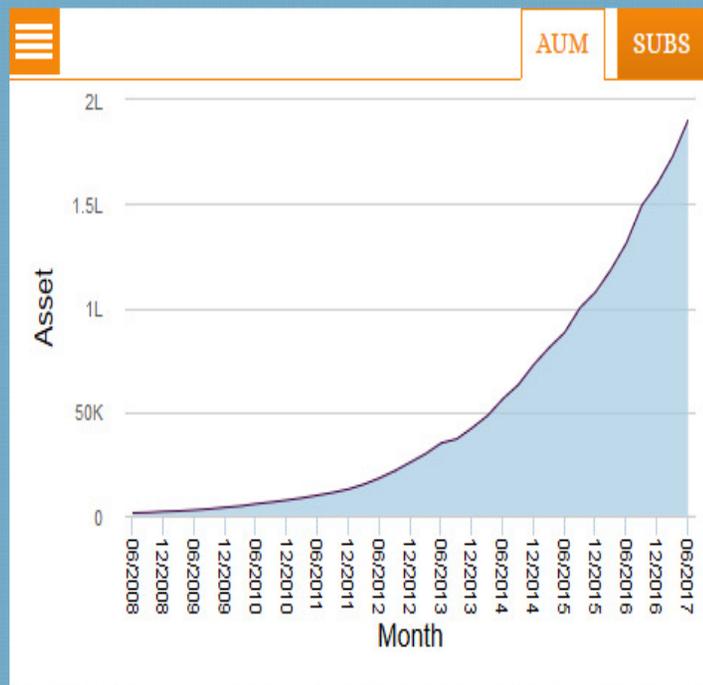
- Home
- About Us
- Stake Holders
- Subscribers
- Online Services

SCHEMES/NAV AS ON 29/09/2017

FUND SCHEME E - TIER I - 21.8514 SBI PENSION FUND SCH

I am interested in NPS I am a subscriber

ON FUND SCHEME E - TIER II - 20.1: ||



THREE I

SAVE TAX + MAKE MONEY + SECURE OLD AGE

To know more about eNPS visit our website at www.npstrust.org.in Call on Toll Free Number 1800 110 708 Or SMS NPS to 56677**

- Know my balance
- I want to change my personal details
- Evaluate my scheme / pension fund
- Change my scheme preference / fund manager
- I want to contribute to my PRAN
- I want to know the tax benefits
- I want to withdraw
- I am approaching retirement
- I am not satisfied
- Return of NPS Scheme
- Returns calculator
- Scheme portfolio

Returns Calculator

1. My NPS contribution falls under:

Government

Private

Corporate

NPS Swalamban

APY

Corporate

2. My investment pattern is

CG Pattern

ECC Pattern

Pattern Name

2. My pension fund is

SBI Pension Private Funds Limited

SBI PF

3. Show me the return for Fund

Since Inception

5 Yr

3 Yr

2 Yr

1 Yr

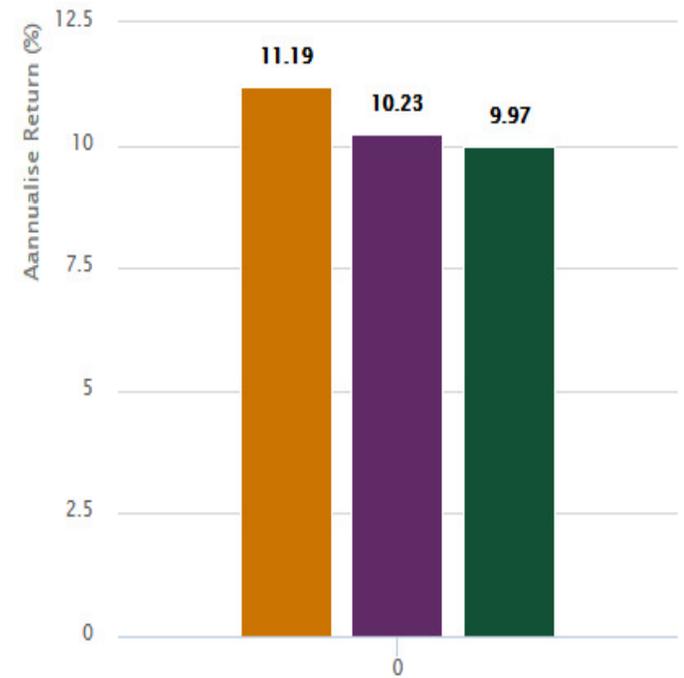
Since Inception

4. I would like to choose the period



Calculate

Return SBI PF For 01 May 2009 to 22 Sep 2017



DOWNLOAD



NPS Calculator



Pension Calculator

This pension calculator illustrates the tentative Pension and Lump Sum amount an NPS subscriber may expect on maturity or 60 years of age based on regular monthly contributions, percentage of corpus reinvested for purchasing annuity and assumed rates in respect of returns on investment and annuity selected for.

My Date of Birth is: 33

I would like to contribute Rs per Month 10,000

My total years of contribution is 27 Yrs

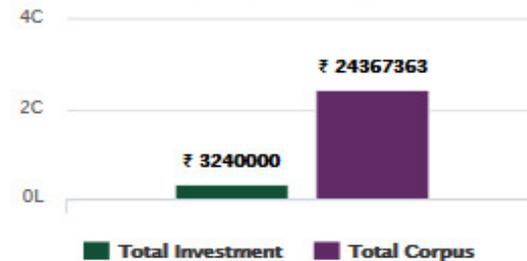
My expectation of return on investment is 12 %

I would like to purchase Annuity for 40 %

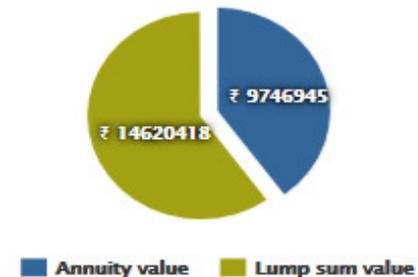
I am expecting an Annuity rate of 6 %

Disclaimer: The above calculation and illustration of figures are indicative only and not on actual basis.

Status of your Pension Account at retirement



Your Pension corpus at retirement



Your Expected Monthly Pension will be ₹ 48735



eNPS



- Two options for Registration of Subscriber
 - Registration using Aadhaar
 - Registration using PAN (KYC verification by Bank)
- Instant PRAN allotment
- Option to open both Tier I and Tier II account
- Dispatch of PRAN kit to the subscriber
- Direct contribution through Payment Gateway Service Provider (PGSP) by all existing Subscribers
- OTP based authentication for Subsequent contribution
- In case of eSign, no need to send physical forms to CRA



THANK YOU

Contact Us:

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