

National Pension System

***Don't Just Save Tax,
Create Wealth !!***

About NPS

National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to create future corpus through systematic savings during their working life.

Its administered and regulated by Pension Fund Regulatory and Development Authority (PFRDA).

All citizens of India between age of 18 to 70 years can enter the investments and avail the benefits of NPS.

📍 1st January 2004- NPS was launched exclusively for Government employees.

📍 1st May 2009- Opened for all citizens under “All Citizen Model”

📍 December 2011- Corporate Sector Model was launched



Types of NPS Accounts

| Particulars | Tier 1 Account | Tier 2 Account |
|--|--|-------------------|
| Type of Account | Mandatory Account | Voluntary Account |
| Tax Benefits | Yes | No |
| Contributions | Can be a Mix of - Only Voluntary - Only Employer - Both Employer and Employee | Only Voluntary |
| Withdrawal Facility | Limited- Subject to Conditions | Yes |
| Minimum contribution for A/c Opening | INR 500 | INR 1000 |
| Minimum number of Annual contributions | 1 | 1 |
| Frequency of Contributions | Unlimited | Unlimited |

Contribution made through Company/Employer from 10% of your basic is termed as "Employer Contribution."

Contribution made by self is termed as "Voluntary Contribution".



Tax Benefits on Investments

| Types of Contribution | Tax Benefit | Cap on Tax Benefit |
|---|---|--|
| Voluntary contribution over and above 80CCD (1) | <u>Additional</u> deduction for NPS contribution beyond Rs 1.5 lacs <u>Sec 80CCD 1(B)</u> | Rs 50,000 tax benefit, but no limit on contribution |
| Employer Contribution over and above 80C Also applicable to NEW TAX REGIME | Tax deduction up to 10% of salary (basic + DA) by employer, beyond Rs 2 lacs <u>Sec 80CCD(2)</u> | Employer contribution to EPF + NPS + Super Annuation limited to Rs 7.5 lacs |
| Voluntary Contribution within 80C | Tax deduction up to 10% of salary (basic + DA) | 10% of salary (basic + DA) up to Rs 1.5lacs but no limit on contribution |

Choice of Pension Fund Managers

A subscriber is free to select a PFM of his choice and it can be changed once in a Financial Year.

- Aditya Birla Sun Life Pension Management Ltd.
- HDFC Pension Management Company Limited
- ICICI Prudential Pension Funds Management Company Limited
- Kotak Mahindra Pension Fund Limited
- LIC Pension Fund Limited
- SBI Pension Funds Pvt. Ltd
- UTI Retirement Solutions Limited

Click here to check the latest PFM performance

<http://www.npstrust.org.in/return-of-nps-scheme>

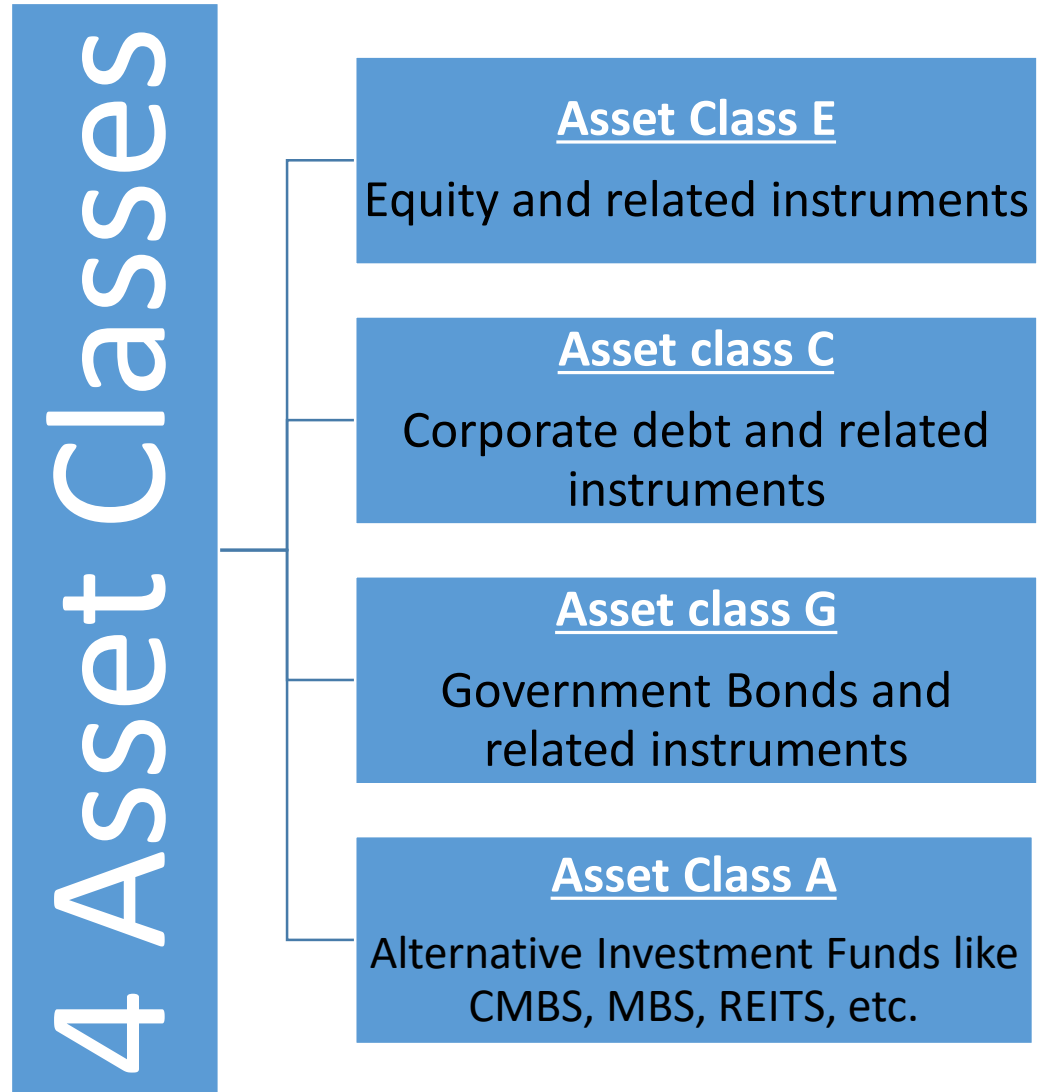


Investment in Asset Classes

Similar to Mutual funds, under the NPS, individual savings are pooled in to a pension fund which are invested in to diversified asset classes.

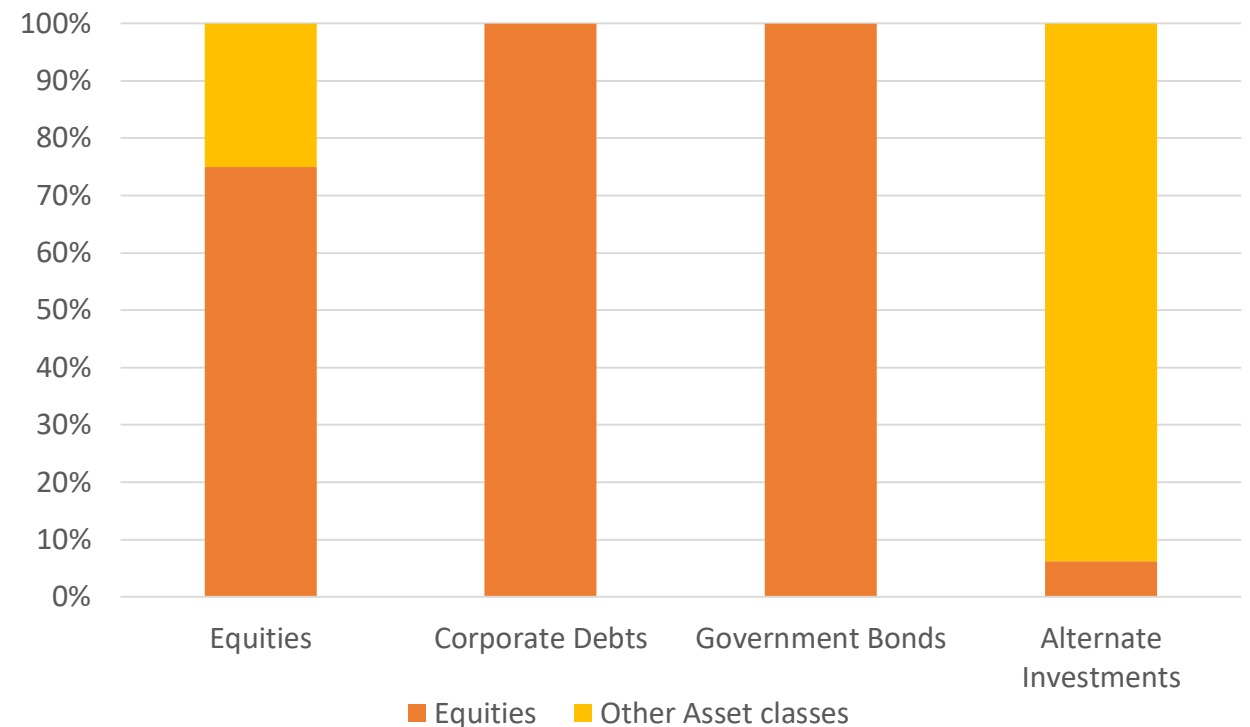


NPS investments are subject to market risks. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market.



Active Choice- Do It Yourself

- This is an option to choose yourself - the ratio in which your contributions will be invested among various asset classes.
- You have to provide Asset Class and Percentage allocation to be done in each scheme of the PFM.
- Subscriber can select multiple Asset Class under a single PFM
- Percentage contribution cannot exceed 75% for Equity and 5% for Alternative Investment Funds.

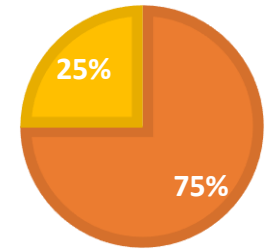


Auto Choice- Pick ‘n’ Choose

- Best option for a Subscriber who wants to “automatically” reduce exposure from risky investment options as they get older.
- The proportion of funds invested across asset classes will be determined by a pre-defined portfolio which will change as per age of Subscriber.
- ✓ As age increases, the individual’s exposure to Equity and Corporate Debt tends to decrease.
- Depending upon the risk appetite, there are three different options available within ‘Auto Choice’.

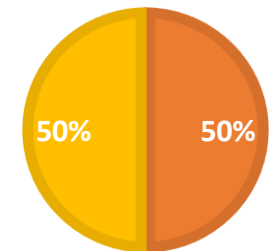
AGGRESSIVE LC 75

■ Equities ■ Other Asset Classes



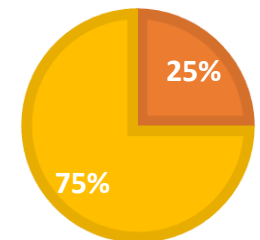
MODERATE LC 50

■ Equity ■ Other Asset Classes



CONSERVATIVE LC 25

■ Equity ■ Other Asset Classes



Partial Withdrawals

- ✓ Partial withdrawals are allowed on completion of 3rd Year in NPS
- ✓ Maximum of 25% can be taken three times during the entire tenure as Tax Free
- ✓ Accessible to the total amount invested as Voluntary Contributions
- ✓ Withdrawal is allowed Subject to conditions-
 - Children higher education
 - Marriage of Children
 - Purchase /construction of house
 - Critical illness (including Covid 19)
 - Disability of more than 75%
 - Skill Development or re-skilling any other self-development activities
 - Establishment of own venture or start up.



Pre-mature Exit



Premature exit from NPS is allowed before attaining the age of 60 — provided they remained with NPS for 10 years.

At least 80% of the accumulated wealth must be utilized for purchase of an Annuity.

The balance 20% is paid as a lump sum to the Subscriber- Tax Free

In case the total corpus in the account is less than or equal to Rs. 2.5 lakh*, the Subscriber can avail the option of complete withdrawal.

Maturity and Superannuation

Minimum 40% must be used for buying annuities from an approved ASP.

Up to 60% of the total corpus can be withdrawn as lump sum and Tax Free.

Can extend investment up to age of 75 years.

100% Withdrawal is allowed if the corpus value less is than or equal to Rs. 5 lakhs.



Fresh contributions are allowed during such a period of deferment.

Withdrawal In case of Death

Before Maturity

Nominee/ Legal Heir can withdraw the 100% of corpus.



After Maturity

Nominee / Legal heir would receive proceeds as per the selected annuity plan (pension).

Annuity Service Providers

Annuity Service Providers (ASPs) are appointed by PFRDA to maintain the annuity contribution of subscribers through their various schemes and they are responsible for delivering a regular monthly pension (annuity) to the subscriber post maturity. Below are the 11 ASPs.

- HDFC Life Insurance Co. Ltd
- ICICI Prudential Life Insurance Co. Ltd
- India First Life Insurance Co. Ltd
- Kotak Mahindra Life Insurance Co. Ltd
- Life Insurance Corporation Of India
- SBI Life Insurance Co. Ltd
- Star Union Dai-ichi Life Insurance Co. Ltd
- Canara HSBC OBC Life Co. Ltd
- Max Life Insurance Co. Ltd
- Bajaj Allianz Life Insurance Co. Ltd
- TATA AIA Insurance Co. Ltd



Click here to check the Annuity Quotes <https://cra-nsdl.com/CRAOnline/aspQuote.html>

Account Opening and Shifting Process

New Account Opening

Click-

<https://mynps.nsdl.com/myNPS/NationalPensionSystem.html?appType=main&authId=ZTZHWXZWVDRPcFNtYXJWRnNGeEx3QT09>

You need -

- Update Mobile Number linked to UID
- Jpeg image of PAN card
- Jpeg image of specimen signature
- Jpeg image of Cancelled cheque

- ✓ Once PRAN is generated, Subscriber receives the intimation via Email and SMS.
- ✓ Subscriber also gets PRAN kit from NSDL CRA within 30 days of PRAN generation.


Mapping / Shifting of an Existing PRAN

Kindly raise a request to your Nodal Officer (HR Team) with below details

- Full Name
- Employee Code
- PRAN
- Date of Joining
- Date of Retirement
- Date of Birth



Fees and Charges

| Intermediary | Charge head | Service Charge | Mode of Deduction |
|----------------------------|---|---|--|
| POP_HDFC securities | Initial Subscriber Registration | Rs. 200 | Collected upfront from the first contribution |
| | Initial Contribution | 0.25 % of the contribution value or Min: Rs. 20 and Max. Rs. 25,000 | |
| | All subsequent Contributions | | |
| | Any Non- Financial Transaction | Rs. 20 | |
| CRA | Charge head | Service Charges NSDL | Collected through NAV cancellation/ Deduction |
| | PRA Opening charges | Rs. 40 | |
| | Annual PRA Maintenance cost per account | Rs. 95 | |
| | Charge per transaction | Rs. 3.75 | |
| Custodian SHCIL | Asset Servicing (Per Annum) | 0.0032% |  |
| PFM | Investment Management (Per Annum) | Maximum Cap by PFRDA is 0.01% pa | |
| NPS Trust | For Managing Expenditure | 0.005% of the fund value | |



Questions

NPS Escalation Matrix for Corporate Employees

| Escalation Matrix for Subscribers | | |
|-----------------------------------|------------------|--|
| | Contact Number | Email Id |
| Level 1 | +91 22 3901 9400 | customercare@hdfcsec.com |
| Level 2 | +91 22 4936 0469 | services@hdfcsec.com |
| Level 3 | +91 22 3045 3600 | complianceofficer@hdfcsec.com |

Thank You!