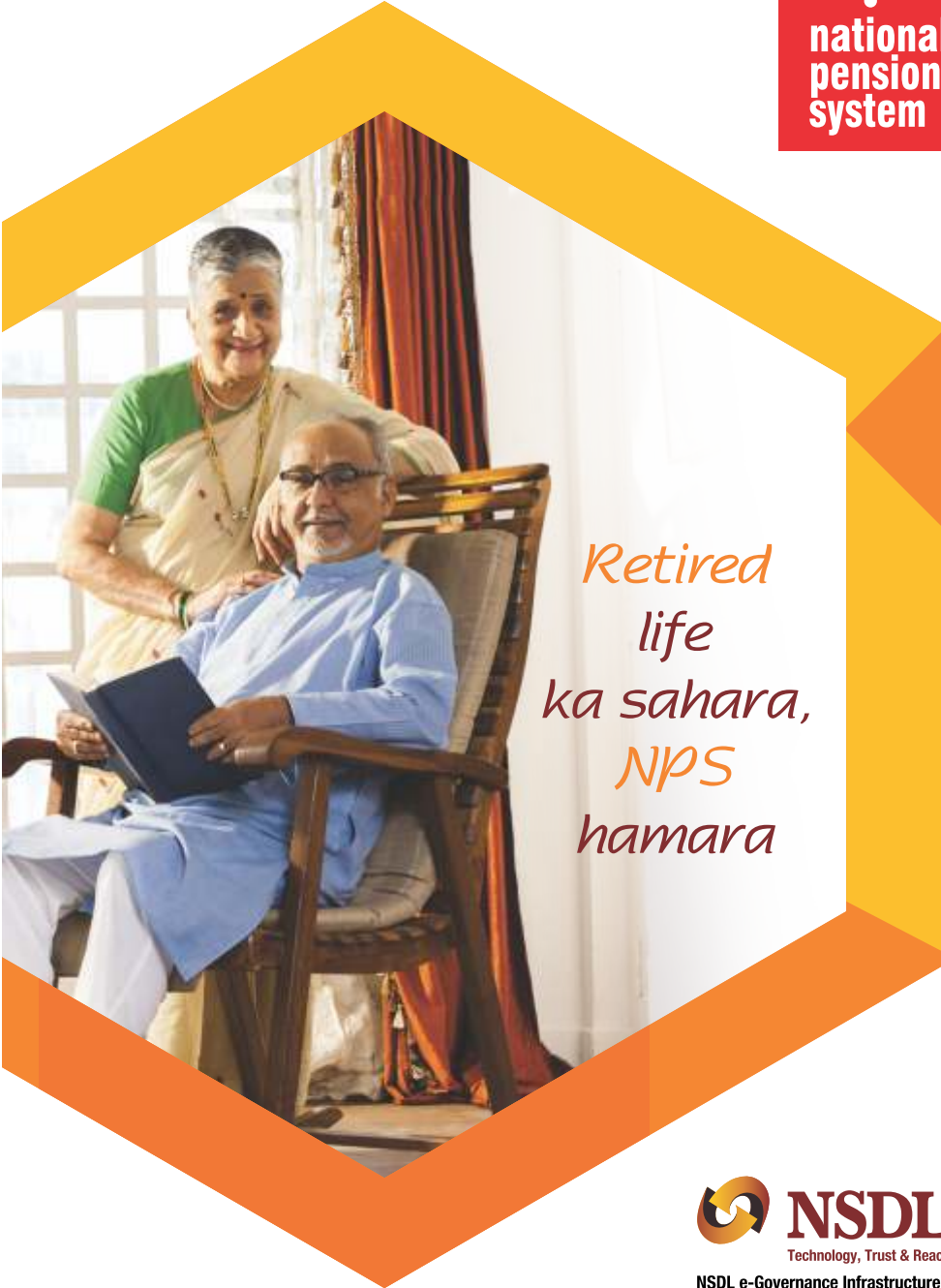


nps
national
pension
system



*Retired
life
ka sahara,
NPS
hamara*



NSDL

Technology, Trust & Reach

NSDL e-Governance Infrastructure Limited
Central Recordkeeping Agency

SECURE YOUR GOLDEN YEARS WITH NATIONAL PENSION SYSTEM

The National Pension System (NPS), launched by the Government of India for its citizens to bring an attractive long term savings avenue to effectively plan for your retirement through safe and reasonable market-based returns. NPS is regulated by the Pension Fund Regulatory and Development Authority (PFRDA). PFRDA has appointed NSDL e-Governance Infrastructure Ltd. as the Central Recordkeeping Agency (CRA) for NPS.



HOW DOES NPS WORK?

OPEN AN ACCOUNT

For Individual Subscriber:

In many ways, opening an NPS account is similar to opening of any investment account, but it's a lot simpler. PFRDA has appointed various banking and non-banking financial institutes as 'Point of Presence' (POP) for assisting you to enrol for NPS. You can visit the registered branches or outlets of these POPs called POP-Service Providers (POP-SP) where you can collect, fill in and submit your Common Subscriber Registration Form (CSR Form 1). There are two different types of accounts possible under NPS - Tier I (pension account) and Tier II (investment account). Tier I account under NPS is your pension account where you contribute to build your retirement corpus. Withdrawal options are limited in Tier I account. Tier II is an add-on account, which is simply a voluntary savings / investment facility. You are free to withdraw your savings from this account whenever you wish without any 'exit load'. An active Tier I is mandatory to open a Tier II account.

(The list of the POP is available on our website www.npscra.nsdl.co.in & the PFRDA Website www.pfrda.org.in)

The CSRF 1 - which contains information such as your personal details, nomination choices, investment preferences etc. - can also be downloaded from the NSDL-CRA website (www.npscra.nsdl.co.in). Fill the form and submit it to the POP-SP of your choice. Do not forget to mention your mobile number and email ID while filling up the form. CRA sends sms and email alerts for various transactions as well as quarterly account balance to all the subscribers for free. While submitting the form to the POP-SP, please ensure that you have the '17 digit receipt number' from the POP-SP after submission of the form for tracking your enrolment status.

Once your account is opened, you will receive a "Welcome Kit" containing a Permanent Retirement Account Number (PRAN) Card and other related details. This PRAN is unique and portable - it remains unchanged even if you change your location or job and as long as you are associated with NPS.

NPS gives you a 24X7 access to your account and transaction details. Making the most of technology, you can access account using a toll free telephone number, through a Telephone Password (TPIN) and via the CRA website using your Internet Password (IPIN).

For Corporate Sector:

NPS Corporate Sector Model, launched in December 2011, was customized to suit the needs of various organisations and their employees within purview of their employer-employee relationship. NPS is an additional option for offering retirement benefit to the employees but it does not dilute any statutory provisions. Corporate may join NPS through any one of the existing POPs. The eligibility criteria for Corporates to join NPS are available on www.npscra.nsdl.co.in.



ACTIVATION OF TIER II

a. At the time of Initial Registration

You can submit Common Subscriber Registration Form (CSR Form 1) to open both Tier I as well as Tier II account at the same time. Unlike Tier I, copy of PAN card, bank account details and cancelled cheque supporting the bank details needs to be submitted for activating Tier II account.

b. Existing NPS subscriber with active Tier I account

As an NPS Subscriber with an active Tier I account, you can activate your Tier II account by submitting the form along with copy of PRAN card, copy of PAN card, bank account details and cancelled cheque supporting the bank details to your associate POP-SP. If you are a subscriber under Government sector, you may submit the form to any of the POP-SP.

All the details for Tier II account (scheme preference, nomination etc.) is independent of Tier I account. For example, you may choose PFM "X" for Tier I and PFM "Y" for Tier II. You may also exercise Active and Auto Choice independently for Tier I and Tier II account.

Choose an Investment Option

NPS allows you to choose from any one of the Pension Fund Managers (PFMs) appointed by the PFRDA to manage your pension fund. Further, NPS also offers you two approaches to invest in your account:

ACTIVE CHOICE -

Unlike traditional rigid investment products, NPS offers you with the flexibility to design your own portfolio. Depending on your risk appetite, you can design your portfolio by allocating your funds among the following three asset class:

- Equity or E - A 'high return-high risk' fund that invests predominantly in equity market instruments
- Corporate Debt or C - A 'medium return-medium risk' fund that invests predominantly in fixed income bearing instruments
- Government Securities or G - A 'low return-low risk' fund that invests purely in fixed income instruments

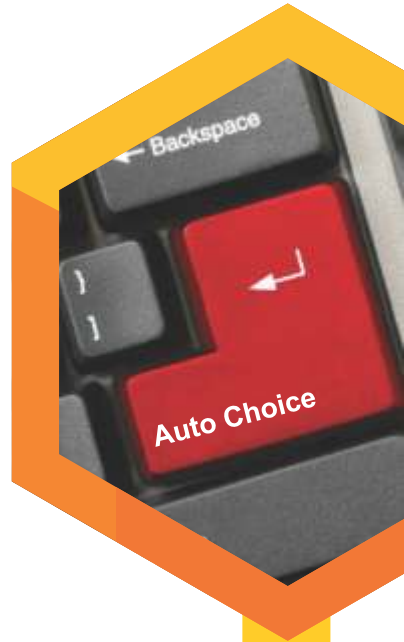
If you are a conservative investor, you can choose to invest your entire pension wealth in C or G asset class. However, if you want to have exposure to equity, you can allocate upto 50% of your asset to asset class 'E'.



AUTO CHOICE - LIFE CYCLE FUND

Designing your portfolio can be a little delicate and time consuming at times. NPS gives you the flexibility to opt for a dynamic allocation of your portfolio in case you do not want to exercise an Active choice. This option is called the Auto choice, wherein your money will be invested in all three asset classes - E, C and G - in defined proportions based on your age. When you are younger, a larger share will be in the higher risk-higher return option; and as you approach retirement, the proportion in the lower risk- lower return option becomes maximum. The matrix for life-cycle fund is given below;

| Age | Asset Class E | Asset Class C | Asset Class G |
|--------------------|---------------|---------------|---------------|
| Up to 35 years | 50% | 30% | 20% |
| 36 years | 48% | 29% | 23% |
| 37 years | 46% | 28% | 26% |
| 38 years | 44% | 27% | 29% |
| 39 years | 42% | 26% | 32% |
| 40 years | 40% | 25% | 35% |
| 41 years | 38% | 24% | 38% |
| 42 years | 36% | 23% | 41% |
| 43 years | 34% | 22% | 44% |
| 44 years | 32% | 21% | 47% |
| 45 years | 30% | 20% | 50% |
| 46 years | 28% | 19% | 53% |
| 47 years | 26% | 18% | 56% |
| 48 years | 24% | 17% | 59% |
| 49 years | 22% | 16% | 62% |
| 50 years | 20% | 15% | 65% |
| 51 years | 18% | 14% | 68% |
| 52 years | 16% | 13% | 71% |
| 53 years | 14% | 12% | 74% |
| 54 years | 12% | 11% | 77% |
| 55 years and above | 10% | 10% | 80% |



You can exercise any of the investment choice as per your wish. You can also switch from one option (PFMs & Investment approach) to another. The investment option is Tier I and Tier II are completely independent of each other.

Under Corporate Sector, a Corporate would have the flexibility to decide PFM and investment option on behalf of the employees.

Deposit your money

Tier-I (pension account): Start investing in Tier I account with at least Rs. 500. Minimum contribution in Tier I account is Rs. 6,000 per financial year. Over and above this mandated limit, you can contribute any amount at any frequency as per your convenience.

Tier-II (investment account): During opening / activation of Tier II account, you need to pay the initial contribution of only Rs. 1000. Tier II gives you the flexibility to invest anytime through any POP. It also offers you liquidity by allowing you to withdraw your entire investment at any given point of time.

Corporate Sector

NPS provides platform for Corporates to co-contribute for its subscribers or facilitate them to contribute for their pension. There are three 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

A Corporate subscriber can also voluntarily contribute in their Tier I and Tier II account through a POP.



Tax Benefit



Under NPS, tax deduction can be claimed up to 10% of salary (Basic + DA) subject to overall ceiling of Rs. 1.50 lakh u/s 80 CCE of Income Tax Act. 1961.

Exclusive Tax Benefit for any NPS subscribers u/s 80CCD(1B)

An additional deduction for the investment up to Rs. 50,000 in NPS (Tier I account) has been introduced under sub-section 80CCD(1B). This is over and above the deduction of Rs. 1.5 lakh available under sec 80CCE. This is an exclusive tax deduction available only for investment in NPS and not available for any other investment. If you are an existing Government subscriber, you can approach any POP-SP for making additional contribution in your Tier I account.

Tax Benefit to Subscribers under Corporate Sector

Under 80CCD(2) of Income Tax Act, the employer's NPS contribution (towards the employee) upto 10% of salary (Basic + DA), without any monetary limit is also deductible from taxable income in addition to above mentioned benefits.

Monitor your investments

You can track the Net Asset Value (NAV) of all funds under NPS which is updated on daily basis in CRA's website (www.npsdra.nsdli.co.in). Returns delivered by all the funds under NPS and 'Pension Calculator' are also available in website of NPS Trust (www.npstrust.org.in) for assisting you to monitor your investment under NPS and take informed decision.

IPIN/TPIN

You may also access your account details online through the 'Internet Personal Identification Number (IPIN)', which is basically a password to access your account on CRA Website (www.cra-nsdl.com). The IPIN can be reset online using 'One Time Password' (OTP), which will be forwarded to your registered mobile number. In addition, CRA provides a 'Telephonic Personal Identification Number' (TPIN), which can be used to access your account through the toll free helpline (1-800-222080). The 'Interactive Voice Response' (IVR) service helps you to access your account details and request Transaction Statement to your registered email ID. You can also speak to Customer Care Executives for any specific query and to reset the TPIN.



Transaction Statement

Although you can access your transaction statement online at any point of time or call the toll free CRA helpline, CRA will send a physical copy of transaction to your registered address showing all the transaction done during a Financial Year. You may also approach your associated POP-SP for Transaction Statement.

Maintaining your NPS Account

a. Portability:

One of the core attribute of NPS is portability of PRAN across sectors and geographies. This implies that you can shift your PRAN from one sector to another, e.g. Central Government to Corporate sector, State Government to Central Government etc. To shift your PRAN from one sector to another, you need to submit a duly filled ISS-1 form to target Nodal Office/ POP-SP. Once the request is processed, your new Nodal Office / POP-SP can start to process the contribution in your PRAN. If the Scheme Preference in the source and target sectors are different, the accumulated units under the old scheme will be redeemed and reinvested as per the scheme preference opted under the targeted sector. However, your PRAN remains unchanged.

b. Change of Service Provider:

If you are relocated because of any reason, you can also change the POP-SP within the same POP by submitting the form UoS - S5 to the POP-SP you are currently associated with or the new POP-SP with whom you want to get associated. You can also change the POP by submitting the form UoS S6 to the POP-SP of the POP of your choice. However, there cannot be two different POP-SPs for Tier I and Tier II.

a. Online Updation of Subscriber's Contact Details:

You can update/modify their contact details (E-mail ID, Mobile Number and Telephone Number) online after login to CRA system using IPIN.

b. Change of Subscriber Details:

You can request for change in personal details, nomination details, bank details, reissue of PRAN Card to the associated POP-SP.

c. Minimum Investment Criteria (Freezing / Unfreezing):

Your account will be frozen if the following conditions are not met.

- **Tier I** - Contribute a minimum amount of Rs. 6,000 in a financial year (FY) in Tier I account.
- **Tier II** - The account balance (value of holdings) at the end of the FY is less than Rs 2,000 and / or at least one contribution is made in FY.

To unfreeze an account, you need to submit duly filled physical request (Annexure-UOSS10A) to the associated POP / POP-SP along with the minimum amount of Rs. 600. Rs. 100 will be charged as "Penalty for unfreezing" and the rest will be invested in your account.

Taking Your Money Out:

Getting your Pension:

| Situation | Guidelines |
|---|---|
| When you are 60 years | You will have to use at least 40 per cent of your accumulated pension wealth to purchase an annuity that provides you with a monthly pension. The remaining corpus is given to you as a lump sum. You have the option to allow the lump sum to remain invested and collect it anytime till the age of 70 years. |
| When you want to exit NPS before the age of 60 years | You will have to use at least 80 per cent of your accumulated pension wealth to purchase an annuity that provides you with a monthly pension. The remaining corpus is given to you as a lump sum ¹ . |

Options will be provided to superannuated subscriber to withdraw funds in phased manner in case deferred withdrawal is opted

Partial Withdrawal:

Partial withdrawal will be allowed subject to fulfillment of following:-

- Subscriber should be in NPS for 10 years
- Amount to be withdrawn should not exceed 25% of the contributions made by the subscriber
- The withdrawal can happen only against specified reasons
- Withdrawal will be allowed maximum three times during the entire tenure of subscription with a gap of at least five years between two partial withdrawals



Death before the start of pension:

The entire accumulated pension wealth (100 per cent) will be paid to the nominee / legal heir

The claimant shall also have the option to purchase any of the annuities being offered upon exit of an existing subscriber, if they so desire, while submitting the claim.

¹ You will be allowed to withdraw before the age of 60 if you have stayed in NPS for at least 10 years.

Cost

| Intermediary | Charge head | Service charges* | Method of Deduction |
|---|---|--|-------------------------------|
| CRA | Account Opening charges | Rs. 50 | Through cancellation of units |
| | Annual Maintenance cost per annum | Rs. 190 | |
| | Charge per transaction | Rs. 4 | |
| POP (Maximum Permissible Charge for each subscriber) | Initial subscriber registration | Rs. 125 | To be collected upfront |
| | Initial and subsequent contribution | 0.25% of contribution subject to min of Rs. 20 | |
| | Any subsequent transactions (other than contribution) | Rs 20 | |

*Service tax and other levies, as applicable, will be levied as per the existing tax laws.
The charges associated with management of funds are adjusted to the NAV.

Grievance Redressal

NPS has a multi layered Grievance Redressal Mechanism which is easily accessible, simple, quick, fair, responsive and effective. You have the option of registering complaint through the following alternatives:

Web based interface

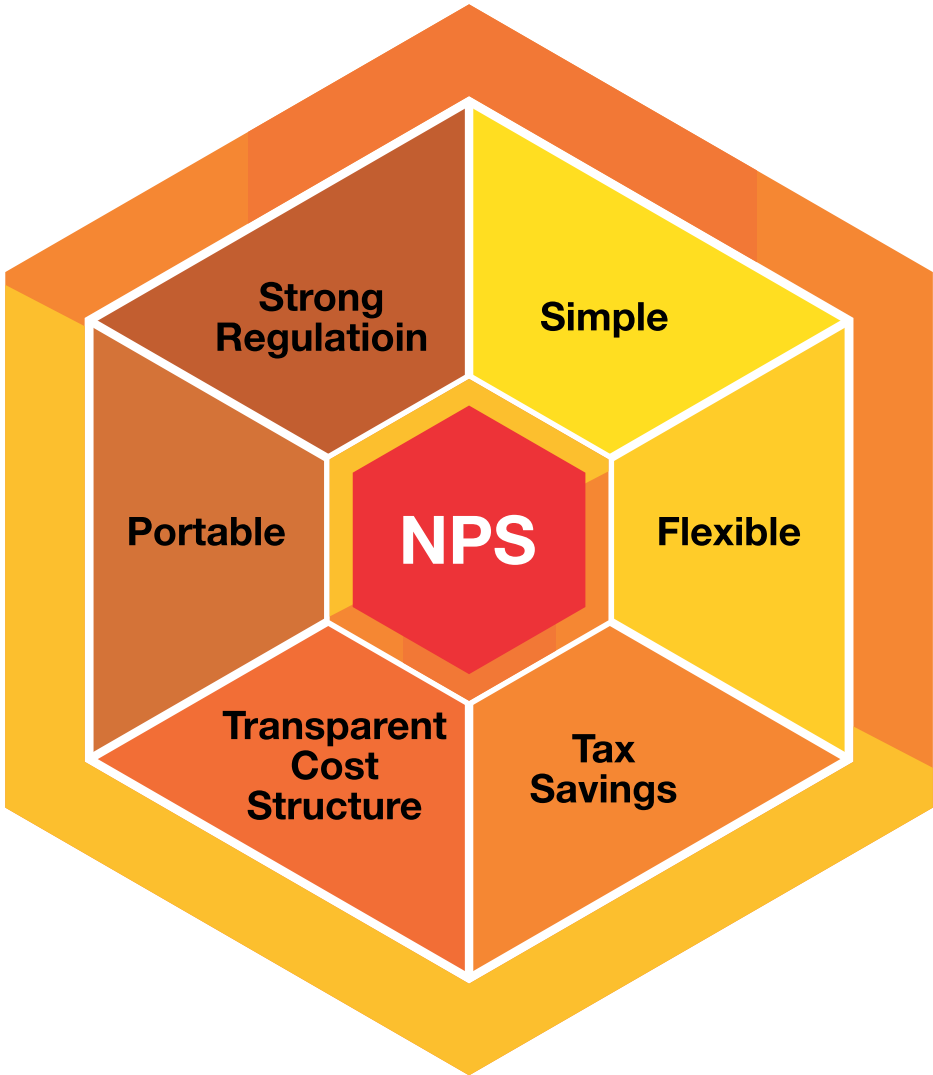
You can register the grievance **against any interfacing entity by login to** CRA system www.cra-nsdl.com with your IPIN. On successful registration of the grievance, an unique token number will be displayed on the screen, which can be used for future reference.

Call Centre/Interactive Voice Response System (IVR)

You can also contact the CRA helpline at the toll free number (1-800-222080) and register a grievance. On successful registration of your grievance, a token number will be allotted by the Customer Care representative for any future reference.

After the grievance is raised, an alert is sent to the concerned entity. Once the resolution is provided by the entity, an email alert is sent to your registered email ID. You can check the status of the grievance at the CRA website (www.cra-nsdl.com) or through the call centre by mentioning the token number provided after successful grievance registration. In case you are not satisfied with the resolution, you may escalate the same to PFRDA by sending an email to grc@pfrda.org.in.

Benefits of NPS



*Retired life ka sahara,
NPS hamara*



NSDL

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