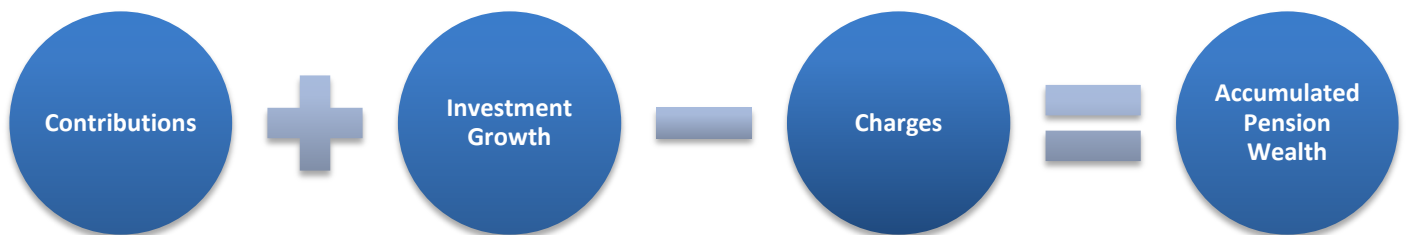


## **FREQUENTLY ASKED QUESTIONS ON NATIONAL PENSION SYSTEM – ALL CITIZENS MODEL**

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

NPS is an easily accessible, low cost, tax-efficient, flexible and portable retirement savings account. Under the NPS, the individual contributes to his retirement account and also his employer can also co-contribute for the social security/welfare of the individual. NPS is designed on Defined contribution basis wherein the subscriber contributes to his account, there is no defined benefit that would be available at the time of exit from the system and the accumulated wealth depends on the contributions made and the income generated from investment of such wealth.

The greater the value of the contributions made, the greater the investments achieved, the longer the term over which the fund accumulates and the lower the charges deducted, the larger would be the eventual benefit of the accumulated pension wealth likely to be.



### **2) Who can Join NPS?**

Any citizen of India, whether resident or non-resident, subject to the following conditions:

Individuals who are aged between 18 – 65 years as on the date of submission of his/her application to the POP/ POP-SP. The citizens can join NPS either as individuals or as an employee-employer group(s) (corporates) subject to submission of all required information and Know your customer (KYC) documentation. After attaining 70 years of age, you will not be permitted to make further contributions to the NPS accounts.

### **3) Can an NRI open an NPS account?**

Yes, a NRI can open an NPS account. Contributions made by NRI are subject to regulatory requirements as prescribed by RBI and FEMA from time to time. If the subscriber's citizenship status changes, his/ her NPS account would be closed.

**4) If I have invested in any other Provident Fund, can I still invest in NPS?**

Yes. Investment in NPS is independent of your contribution to any Provident Fund.

**5) I have invested in pension funds of non-government / private entities. Can I still invest in NPS?**

Yes. Investment in NPS is independent of your subscription to any other pension fund.

**6) How and where can I open a NPS account?**

NPS is distributed through authorized entities called Points of Presence (POP's) and Religare Broking Limited is registered as a POP. You need to visit [www.religareonline.com](http://www.religareonline.com) to open your NPS account or you may also visit to your nearest Religare Branch. You may also send an email to [nps@religare.com](mailto:nps@religare.com) and seek more information about the product and registration process.

**7) Who is a POP/POP-SP and what is their role?**

Points of Presence (POPs) are the first points of interaction of the NPS subscriber with the NPS architecture. The authorized branches of a POP, called Point of Presence Service Providers (POP-SPs), will act as collection points and extend a number of customer services to NPS subscribers including requests for withdrawal from NPS.

**8) How can we find location/address of nearest to the place where I live for opening a NPS account?**

You need to visit [www.religareonline.com](http://www.religareonline.com) to open your NPS account or you may also visit to your nearest Religare Branch. You may also send an email to [nps@religare.com](mailto:nps@religare.com) and seek more information about the product and registration process.

**9) What are the documents that need to be submitted for opening a NPS account?**

The following documents need to be submitted to the POP for opening of a NPS account:

- Subscriber registration form
- Proof of Identity
- Proof of Address
- Contribution Cheque
- Annexure NCIS

**10) How will I know about the status of my PRAN application form?**

Subscriber can check the status by accessing CRA website: <https://cra-nsdl.com/CRA/> by using the 17 digit receipt number provided by POP-SP or the acknowledgement number allotted by CRA-FC at the time of submission of application forms by POP-SP. Once the PRAN is generated, an email alert as well as a SMS alert will be sent to the registered email ID and mobile number of the subscriber.

### **11) What are the features of the retirement account provided under NPS?**

The following are the most prominent features of the retirement account under NPS:

- Every individual subscriber is issued a Permanent Retirement Account Number (PRAN) card and has a 12 digit unique number. In case of the card being lost or stolen, the same can be reprinted with additional charges.
- Under NPS account, two sub-accounts – Tier I & II are provided. Tier I account is mandatory and the subscriber has option to opt for Tier II account opening and operation. The following are the salient features of these sub-accounts:
- Tier-I account: This is a non-withdrawable retirement account which can be withdrawn only upon meeting the exit conditions prescribed under NPS.
- Tier-II account: This is a voluntary savings facility available as an add-on to any Tier-1 account holder. Subscribers will be free to withdraw their savings from this account whenever they wish.

### **12) Will the government also contribute anything to my NPS account?**

No. The Government will not be making any contribution to your NPS account.

### **13) In what way is the NPS Portable?**

The following are the portability features associated with NPS

- NPS account can be operated from anywhere in the country irrespective of individual employment and location/geography.
- Subscribers can shift from one sector to another like Private to Government or vice versa or Private to Corporate and vice versa. Hence a private citizen can move to Central Government, State Government etc. with the same Account. Also subscriber can shift within sector like from one POP to another POP and from one POP-SP to another POP-SP. Likewise an employee who leaves the employment to become a self-employed can continue with his individual contributions. If he enters re-employment he may continue to contribute and his employer may also contribute and so on.
- The subscriber can contribute to NPS from any of the POP/ POP-SP despite not being registered with them and from anywhere in India.

### **14) Can I have more than one NPS account?**

No, multiple NPS accounts for a single individual are not allowed and there is no necessity also as the NPS is fully portable across sectors and locations.

**15) Are there any minimum annual contribution requirements under NPS? How can I reactivate / unfreeze the account if frozen due to minimum contribution requirements?**

Yes, a subscriber has to contribute a minimum annual contribution of Rs.1000/- for his Tier I account in a financial year and if not contributed the account will be frozen. In order to unfreeze the account, the customer has to approach the Point of Presence (POP) and pay the minimum contributions. The following table provides the complete information on the minimum contribution requirements:

<b>For All citizens model</b>	<b>Tier I</b>	<b>Tier II</b>
Minimum Contribution at the time of account opening	<b>Rs. 500</b>	<b>Rs. 1000</b>
Minimum amount per contribution	Rs. 500	Rs. 250
Minimum total contribution in the year	Rs. 1000	Nil
Minimum frequency of contributions in the year	1	Nil

**16) How are the funds contributed by the subscribers managed under NPS?**

The funds contributed by the Subscribers are invested by the PFRDA registered Pension Fund Managers (PFM's) as per the investment guidelines provided by PFRDA. The investment guidelines are framed in such a manner that there is minimal impact on the subscribers contributions even if there is a market downturn by a judicious mix of investment instruments like Government securities, corporate bonds and equities. At present there are 8 Pension Fund Managers (PFM's) who manage the subscriber funds at the option of the subscriber. Since registration of PFMs is an ongoing process, this list will be updated from time to time. At present, Subscriber has option to select any one of the following 8 pension funds:

- ICICI Prudential Pension Fund
- LIC Pension Fund
- Kotak Mahindra Pension Fund
- Reliance Capital Pension Fund
- SBI Pension Fund
- UTI Retirement Solutions Pension Fund LIC Pension Fund
- HDFC Pension Management Company
- Birla Sun Life Pension Management Limited

**17) What are the different Fund Management Schemes available to the subscriber?**

The NPS offers two approaches to invest subscriber's money:

**Active choice** – Individual will decide on the asset classes and allocation percentages in which the contributed funds are to be invested.

Asset Class and Allocation	
Asset	Allocation
<b>Asset class E</b>	up to 75% allocation
<b>Asset Class C</b>	up to 100% allocation
<b>Asset Class G</b>	up to 100% allocation
<b>Asset Class A</b>	maximum 5% allocation

Equity Allocation Matrix	
Age (Years)	Max. Equity Allocation
Upto 50	75%
51	72.50%
52	70%
53	67.5%
54	65%
55	62.50%
56	60%
57	57.50%
58	55%
59	52.50%
60 & above	50%

**Please note:**

- Upto 50 years of age, the maximum permitted Equity Investment is 75% of the total asset allocation
- From 51 years and above, maximum permitted Equity Investment will be as per the equity allocation matrix provided above. The tapering off of equity allocation will be carried out as per the matrix on date of birth

**Auto choice (Lifecycle Fund)** – This is the default option under NPS and wherein the management of investment of funds is done automatically based on the age profile of the subscriber. There are 3 types of Lifecycle funds available Conservative lifecycle, Moderate lifecycle and Aggressive lifecycle fund

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

54 years	12	11	77	16	12	72	6	7	87
55 years & above	10	10	80	15	10	75	5	5	90

**18) Can I switch from one investment scheme to another and/or Pension Fund Manager and if so, how?**

Yes, NPS offers to its subscribers the option to change the scheme preference. Subscriber has option to realign his investment in asset class E, C and G based on age and future income requirement. Also, the subscriber has option to change the PFM and the investment option (active /auto choice).

**19) Can I have a different Pension Fund Manager and Investment Option for my Tier I and Tier II account?**

Yes. You may select different PFMs and Investment Options for your NPS Tier I and Tier II accounts.

**20) Can I appoint nominees for the NPS Tier I and Tier II Account?**

Yes, you need to appoint a nominee at the time of opening of a NPS account in the prescribed section of the opening form. You can appoint up to 3 nominees for your NPS Tier I and NPS Tier II account. In such a case you are required to specify the percentage of your saving that you wish to allocate to each nominee. The share percentage across all nominees should collectively aggregate to 100%.

**21) I have not made any nomination at the time of registration. Can I nominate subsequently? What is the process?**

If you have not made the nomination to your NPS account at the time of registration, you can do the same after the allotment of PRAN. You will have to visit your PoP and place Service Request to update nominations details.

**22) Can I change the Nominees for my NPS Accounts?**

Yes. You can change the nominees in your NPS Tier I account at any time after you have received your PRAN.

**23) Are there any charges for making a nomination?**

If you are making the nomination at the time of registering for PRAN, no charges will be levied to you. However, a subsequent request for nomination updation would be considered as a service request and you will be charged an amount of Rs. 20/- plus applicable service tax for each request.

## **24) What income tax reliefs are available to the individuals contributing to NPS?**

### **Tax benefit for self-employed:**

- Eligible for tax deduction up to 20 % of gross income under Sec 80 CCD (1) within the overall ceiling of Rs. 1.5 lac under Sec 80 CCE.
- Additional investment of Rs. 50,000 will be eligible for tax deduction under section 80CCD (1B) of Income Tax Act, 1961. This is over and above of Rs. 1.5 lacs limit under section 80CCE

### **Tax benefit to Salaried Individuals:**

Individuals who are employed and contributing to NPS would enjoy tax benefits on their own contributions as well as their employer's contribution as under: -

- Employee's own contribution - Eligible for tax deduction up to 10% of Salary (Basic + DA) under Section 80 CCD (1) within the overall ceiling of Rs. 1.5 lac under Sec 80 CCE.
- Employer's contribution – The employee is eligible for tax deduction up to 10% of Salary (Basic + DA) contributed by employer under Sec 80 CCC(2) over and above the limit of Rs. 1.5 lac provided under Sec 80 CCE.
- Additional investment of Rs. 50,000 will be eligible for tax deduction under section 80CCD (1B) of Income Tax Act, 1961. This is over and above of Rs. 1.5 lacs limit under section 80CCE

## **25) What are the applicable provisions for withdrawal of the accumulated pension wealth once I attain 60 years of age?**

At least 40% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of an annuity providing for the monthly pension of the subscriber and the balance is paid as a lump sum payment to the subscriber.

## **26) What will happen to my savings if I decide to retire or do not want to continue in the NPS before age 60?**

In such an eventuality, at least 80% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of an annuity providing for the monthly pension of the subscriber and the balance is paid as a lump sum payment to the subscriber.

## **27) In the event of the death of subscriber before attaining the age of 60 years, what will be the benefit that is payable and who will get the benefits ?**

In the unfortunate event of death of the subscriber, the entire accumulated pension wealth (100%) would be paid to the nominee / legal heir of the subscriber and there would not be any purchase of annuity/monthly pension.

## **28) How to withdraw the benefits available under NPS?**

The subscriber wishing to exit from NPS has to submit a withdrawal application form to the concerned POP along with the documents specified for withdrawal of the benefits and the POP in turn would authenticate the documents and forwards them to CRA M/s NSDL. CRA in turn would register your claim and forward you the necessary application form along with the procedure to be followed and documents that need to be submitted. Once the documents are received, CRA processes the application and settles the account.

## **29) What are the documents that need to be submitted along with the withdrawal forms?**

Following documents are required to be submitted along with the withdrawal forms in order to settle the claims:

- PRAN card in original
- Attested copy of Proof of Identity (e. g. Passport, Aadhaar, PAN Card, Driving License, Voter ID Card etc.)
- Attested copy of Proof of Address (e. g. Passport, Valid Driving License, Voter ID Card etc.)
- Cancelled cheque (containing Subscriber Name, Bank Account Number and IFS Code) or Bank Certificate with Name, Bank Account Number and IFSC code, for direct credit or electronic transfer

Note: An illustrative list of documents acceptable as proof of identity and address can be seen at PFRDA circulars available on PFRDA's website [pfrda.org.in](http://pfrda.org.in)

## **30) Can a NPS subscriber defer his lump sum withdrawable amount (up to 60%) under NPS at the time of exit on 60 years?**

Yes, one can defer the withdrawal of the eligible lump sum amount payable under NPS till the age of 70 years

## **31) What will happen to my withdrawal if my PRAN is in frozen or inactive state at the time of withdrawal?**

The withdrawal will be processed like a normal withdrawal but in addition deduct the penalty that is applicable for unfreezing of such an account without seeking to reactivate the account by the subscriber or payment of amounts necessary to activate the account. In essence, the CRA will unfreeze the account by charging the penalty applicable and process the withdrawal claim.

## **32) What is an annuity?**

An annuity is a financial instrument which provides for a regular payment of a certain amount of money on monthly/quarterly/annual basis for the chosen period for a given purchase price or pension wealth. In simple terms it is a financial instrument which offers monthly/quarterly/annual pension at a specified rate for the period you chose.



### **33) What are the Annuity Service Providers under NPS and what are their names?**

Indian Life Insurance companies which are licensed by Insurance Regulatory and Development Authority (IRDA) are empaneled by PFRDA to act as Annuity Service Provider's to provide annuity services to the subscribers of NPS. Currently, the following are the ASPs empaneled by PFRDA.

- 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 Standard Life Insurance Co. Ltd

Note: The ASP empanelment process is an ongoing process and the list of ASPs may grow in future.

### **34) What are the different types of annuities providing for monthly pension available to the subscribers of NPS?**

The following are the generic annuities that are offered by Annuity Service Providers to the subscribers of NPS. However, some of the ASP's may offer some variants which have slightly different or combination type of annuities.

- 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 (Policyholder)
- 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

### **35) What are the factors that determine the annuity income when you buy an annuity?**

The Size of your pension wealth/corpus determines your monthly annuity/pension that you receive. Bigger the accumulated pension wealth or corpus used for purchase of annuity, the bigger would be the monthly pension that is received. Besides that, amount of annuity may vary according to the type of annuity variant selected by the subscriber.

### **36) What is the default annuity scheme and default ASP under NPS?**

The following default annuity service provider along with the annuity scheme is available to all the subscribers under National Pensions System.

**Default Annuity Service Provider** – Life Insurance Corporation of India (LIC)

**Default Annuity Scheme** – Annuity for life with a provision of 100% of the annuity payable to spouse during his/her life on death of annuitant' and under this option, payment of monthly annuity would cease once the annuitant and the spouse die or after death of the annuitant if the spouse pre-deceases the annuitant, without any return of purchase price.

However, it may be noted that default option is being purely provided in the subscribers' interest and to avoid any delay in claim processing and is not with a view to endorse/promote any particular ASP or annuity variant being offered by the ASP. If the amount available in NPS account of subscriber is not adequate to buy the default annuity variant and from the default ASP, the subscriber has to compulsorily choose an ASP who offers an annuity at the available corpus in the account of the subscriber.

### **37) Can I use more than 40% of my accumulated pension wealth to purchase the annuity at the time of exit from NPS upon attaining the age of 60 years?**

Yes, a subscriber at the time of attaining the age of 60 years can purchase annuity up to 100% of his accumulated pension wealth.

### **38) Can a NPS subscriber defer his annuity purchase under NPS at the time of exit on 60 years?**

Yes, one can defer the mandatory purchase of annuity for a maximum period of 3 years, at the time of exit from NPS.

### **39) To whom the claim for withdrawal of benefits needs to be submitted?**

Subscribers have an option of submitting their request to the nearest PFRDA registered POP. The subscriber needs to submit specified application form along with the full set of documentation as prescribed.

The Exit rules applicable for All Citizen Model subscribers are

- Upon attaining the age of 60 years
- Exit from NPS before the age of 60 years
- Upon Death of the Subscriber

### **40) How the annuity OR monthly pension is paid?**

Monthly pension /Annuity will be paid through direct bank transfer to the specified subscribers account only through Annuity Service Providers.