

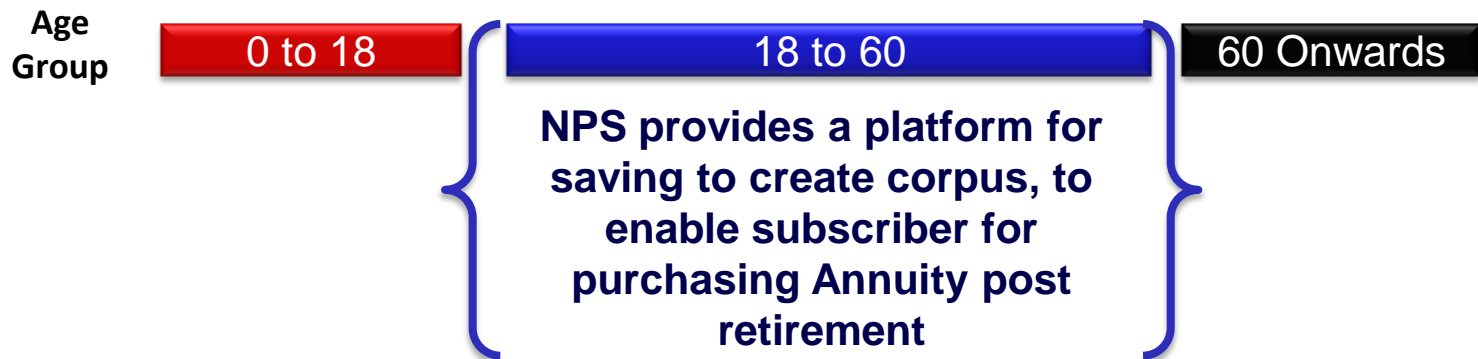
NPS - NATIONAL PENSION SYSTEM



AWARENESS SESSION

Background - Introduction To NPS

- ❑ **NPS** – National Pension System, launched by **Government Of India** in **Feb 2004** as a **sustainable** solution to provide retirement income for Central government employees
- ❑ In **May 2009** NPS was made available to all Indian citizens
- ❑ In **Dec 2011** Corporate Sector Model was introduced
- ❑ In 2013, Parliament passes the PFRDA Bill. Interim PFRDA gets fully regulatory powers.
- ❑ **Objective** : Assured monthly income to ensure dignified life in old age



Key Stakeholders



Autonomous body set up by Government of India to develop & regulate pension market

Pension Fund Regulatory & Development Authority



First point of contact for corporate, subscribers & NPS stakeholders

POP - Point of Presence



Responsible for investment and management of funds

PFM - Pension Fund Manager



Supervision of PFMs

NPS Trust



Role played by National Securities Depository Ltd. (NSDL)

CRA - Central Record Keeping Agency



Responsible for custody of securities
Role played by Stock Holding Corporation of India (SHCIL)

Custodian



Responsible for delivering monthly pension to subscriber

ASP - Annuity Service Provider



Role played by Axis Bank; Manages banking functions across various entities of NPS

Trustee Bank

Key Highlights

Features	Particulars
Eligibility	Open to all Citizens of India (except armed forces)
Flexible	<ul style="list-style-type: none">▪ Account can be operated from anywhere in the country Subscriber can choose:▪ Contribution amount at Employee Level▪ Contribution at the Employer level is fixed at 10% of Basic & DA.▪ Investment option
Cost	Low handling and administrative charges
Transparent	Fee and cost structure are as per PFRDA guidelines
Simple	<ul style="list-style-type: none">▪ Simple process for opening pension account▪ Online tracking of transactions and contributions.
Tax Benefits	<ul style="list-style-type: none">▪ Employee's as well as Employer's contribution, eligible for tax exemption as per the Income Tax Act, 1961

Eligibility

Who can join?

- Citizen of India aged between 18 to 65 years
- Should comply with the Know Your Customer (KYC) norms
- Eligibility as defined in Company policy

Who cannot join?

- Persons of Indian Origin (**PIO**)
- Overseas Citizen of India (**OCI**)
- Pre-existing account holders ¹

Employees whose salary processing is not done in India

- NPS contribution is **NOT** statutory in nature like PF
- Enrollment is possible, however employer contribution is NOT possible as salary is not paid in India
- Employee can contribute in an individual capacity

¹ Pre-existing account holders can transfer their NPS account to NPS by submitting change request form.

Accounts

Particulars	Tier 1 Account	Tier 2 Account
Type of Account	Mandatory	Add on Account
Contribution ¹	Can be mix of - employee & employer - only employee - only employer	Only employee/ subscriber
Withdrawal facility	No	Always available
Tax Benefits	Yes	No
Minimum contribution for a/c opening ¹	INR 500	INR 1000
Minimum amount for subsequent contribution ²	INR 500	INR 250
Minimum contribution / account balance at the end of year ²	INR 1000 (Revised)	Not mandatory
Minimum number of contribution ²	1	Not mandatory
Frequency of contribution	Unlimited	Unlimited

¹ Employer contribution is through payroll. Employee contribution is through self.

² Accounts not meeting above criteria would become frozen hence subscriber would not be in a position to make any non monetary transaction in the CRA portal. To activate further the Subscriber can make a minimum contribution of 500/- on line and activate the account again.

Transferability

**NPS implemented
by new Employer**

- Existing NPS Tier 1 **& Tier II** account can be transferred
- Submit employment change request form to POP, KYC documents and authorization from HR
- Prescribed charges needs to be paid by employee

NPS is **NOT
implemented by
new Employer**

- NPS a/c would be transferred from Corporate NPS to Individual NPS a/c**
- You can continue to contribute as an individual under Tier 1
- Prescribed charges needs to be borne by individual

Account type

- Tier II accumulation can be switched to Tier I account but not *vice versa*

Investment Options

Asset Class	Details
E - Equity Market	<ul style="list-style-type: none"> Investment in equity market, investment in BSE & NSE derivative trading stocks. Each one of the script should have min Market Cap of 5,000 Crs. Investment capped to 50% of total contribution. (Active Choice)
C - Corporate Bonds	<ul style="list-style-type: none"> Investments in Fixed Income instruments other than Government Securities
G - Government Bonds	<ul style="list-style-type: none"> Investments in Government Securities
A – Alternate Investment Fund (New)	<ul style="list-style-type: none"> Commercial mortgage based securities or Residential mortgaged based securities Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India Asset backed securities regulated by the Securities and Exchange Board of India Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India Investment Capped to 5% of total contribution.

Asset Class Choice	Details
Active choice	<ul style="list-style-type: none"> Allows subscriber to choose investment percentage under each asset class. Investment under asset class E is always restricted to 50%
Auto choice	<ul style="list-style-type: none"> Also referred to as life cycle option; Pre-defined subscriber age based asset allocation. (%age allocation is yearly) with out Alternate Investment Fund.

• Asset choice can be changed once in a financial year

Investment Options: Life – Cycle Fund option (Auto Choice)

Subscribers also get an option to invest in Life – Cycle Fund under **Auto Choice Investment Option** where fraction of funds invested across three asset classes is determined by a pre – defined portfolio which will be based on the age of the Subscribers.

Moderate Option:

Age	E (%)	C (%)	G (%)
<=35	50	30	20
36	48	29	23
37	46	28	26
38	44	27	29
39	42	26	32
40	40	25	35
41	38	24	38
42	36	23	41
43	34	22	44
44	32	21	47
45	30	20	50

Age	E (%)	C (%)	G (%)
46	28	19	53
47	26	18	56
48	24	17	59
49	22	16	62
50	20	15	65
51	18	14	68
52	16	13	71
53	14	12	74
54	12	11	77
>=55	10	10	80

Annexure 1 Aggressive Life Cycle Fund option (Auto Choice)

Aggressive Option: (New)

Age	E (%)	C (%)	G (%)
<=35	75	10	15
36	71	11	18
37	67	12	21
38	63	13	24
39	59	14	27
40	55	15	30
41	51	16	33
42	47	17	36
43	43	18	39
44	39	19	42
45	35	20	45

Age	E (%)	C (%)	G (%)
46	32	20	48
47	29	20	51
48	26	20	54
49	23	20	57
50	20	20	60
51	19	18	63
52	18	16	66
53	17	14	69
54	16	12	72
>=55	15	10	75

Annexure 2 Conservative Life Cycle Fund option (Auto Choice)

Conservative Option: (New)

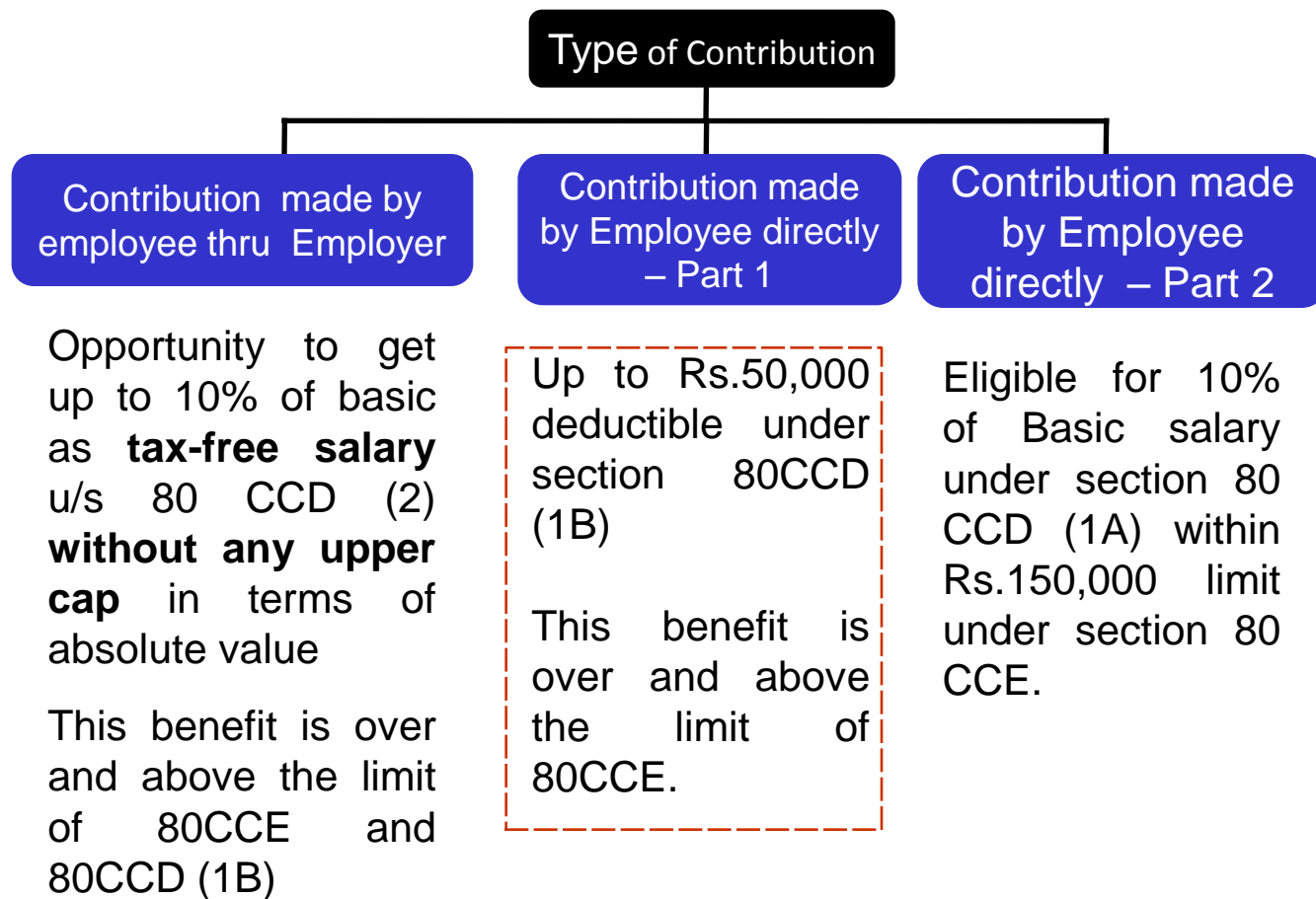
Age	E (%)	C (%)	G (%)
<=35	25	45	30
36	24	43	33
37	23	41	36
38	22	39	39
39	21	37	42
40	20	35	45
41	19	33	48
42	18	31	51
43	17	29	54
44	16	27	57
45	15	25	60

Age	E (%)	C (%)	G (%)
46	14	23	63
47	13	21	66
48	12	19	69
49	11	17	72
50	10	15	75
51	9	13	78
52	8	11	81
53	7	9	84
54	6	7	87
>=55	5	5	90

NPS - Charge structure

Description	Charge Head	Standard Service Charge	Method Of Deduction
HDFC securities (POP)	Initial Subscriber Registration	Rs. 125/- (One Time)	To be paid upfront
	Initial Contribution	0.25%	
	All subsequent Contributions	Min: Rs. 20 & Max: Rs, 25,000	
	Any Non- Financial Transaction	Rs. 20	
NSDL - For Record management	PRA Opening (One Time)	Rs. 40 (Revised)	Through NAV cancellation / deduction
	PRA Maintenance (Per Annum)	Rs. 95 (Revised)	
	Per Transaction (Financial / Non-Financial)	Rs. 3.75 (Revised)	
Stock Holding Corp of India Limited - For holding assets	Asset Servicing (Per Annum)	0.0032%	
Pension Fund Manager – For investment of funds	Investment Management (Per Annum)	Maximum Cap by PFRDA is 0.01% pa	
NPS Trust	Trust Fee	Maximum Cap by PFRDA is 0.01% pa	

Tax treatment



Withdrawal from NPS (applicable only for Tier I account):

- Subscriber can withdraw up to 25% of individual contribution amount anytime after 3 years . 2nd and 3rd withdrawal will be allowed in the consecutive years or thereafter
- Please note that withdrawal amount will be calculated on Contributed amount and not on the Corpus
- Withdrawal will be only for specific purposes like Child's marriage, Higher education, treatment of some of the critical illnesses, House construction etc. as per the PFRDA guidelines

Partial Withdrawal (Illustration 1):

NPS joining Age : 32 years

Yearly Individual Contribution: Rs. 50,000

Total Contribution period : 12 years (before retirement age)

Total Contribution deposited : Rs. 6 lakh (Rs. 50,000 x 12)

Fund Value : Rs. 10 lakh

Amt allowed for Withdrawal : Rs. 1.5 lakh (25% of Rs. 6 lakh)

Withdrawal – Tier 1 account

- ❑ As primary purpose is to build a corpus for pension, Withdrawal is not encouraged
- ❑ Subscriber cannot avail loan against NPS holdings
- ❑ All the withdrawal will be partly taxable under NPS

Before retirement

- **Minimum of 80%** of accumulated pension wealth should be utilized to purchase annuity
- Balance is paid as a lump sum to subscriber and tax free.

On Retirement

- At the age of 60 or Superannuation age at the corporate.
- **Minimum 40 %** of accumulated pension wealth to be utilized to purchase annuity
- Maximum of 60% of funds can be withdrawn either as lump sum or in a deferred manner and **it is tax free up 40%**
- Subscriber has option to defer the withdrawal amount and can remain invested up to 70 years of age and has to compulsorily withdraw the entire amount upon reaching the age of 70
- 100% withdrawal is allowed, if accumulated pension wealth is less than Rs. 2 lakh,

Upon Death

- Entire corpus is paid to nominee

Premature Exit (Illustration 2):

NPS joining Age	: 32 years
Exit age	: 45 years (which is < the retirement age defined by the Corporate)
Corpus at the time of exit	: Rs. 10 lakh
Amt allowed for Withdrawal	: Rs. 2 lakh (20% of Corpus – tax free)
Amt invested in Annuity	: Rs. 8 lakh (80% of Corpus – tax free)

Exit On Maturity (Illustration 3):


Corpus on Maturity	: Rs. 30 lakh
Amt invested in Annuity	: Rs. 12 lakh (40% of Corpus – tax free)
Amt allowed for Withdrawal	: Rs. 18 lakh (60% of Corpus)
Amt eligible for tax exempt	: Rs. 12 lakh (40% of Corpus)
<u>Amt to be taxed</u>	: <u>Rs. 6 lakh (18 lakh – 12 lakh)</u>

What to do with **balance 6 lakh** to avoid / reduce tax liability?

Option 1: Invest Rs. 6 lakh in Annuity. It will be tax exempt

Option 2: Withdraw 6 lakh in 10 installments before 70 years... Like Rs. 60K each year. It will reduce / nullify the tax liability

NPS Calculator http://www.hdfcsec.com/Final-NPS-Calculator/nps_calculator.htm

Expense Calculator Why NPS? How to Subscribe? NPS FAQs Tax Benefits I am interested. 

NPS Calculator - Financial freedom After 60. PLAN TODAY!!

1 Current Age: 18

2 Retirement Age: 60

3 Monthly Savings:

4 Expected Return on Investment: 4 to 10

5 Congratulations! Your pension wealth on retirement would be ₹

6 LUMP SUM WITHDRAWAL @ 60 YRS
Lump sum withdrawal: 60%
Lump sum amount: ₹

7 PENSION INTEREST AFTER RETIREMENT
% Pension wealth invested (in Annuity): 40%
₹
Min 40% of Pension Wealth should be invested in life annuity

8 PENSION PER MONTH: ₹

PENSION WEALTH GENERATED

- Interest Earned
- Principal Invested

PRINCIPAL INVESTED: ₹ 0 INTEREST EARNED: ₹ 0

Tax benefits beyond 80C limit – how it works

Head	Particulars	Without NPS	With NPS
Salary	Basic (30% of Gross)	300,000	300,000
	Bouquet of Benefits	649,570	619,570
	Corporate Contribution – EPF	36,000	36,000
	Corporate Contribution – Gratuity	14,430	14,430
	Corporate Contribution – NPS	-	30,000
Total Salary		1,000,000	1,000,000
Deductions	80CCE	150,000	150,000
	Corporate Contribution – EPF	36,000	36,000
	Corporate Contribution – Gratuity	14,430	14,430
	Corporate Contribution - NPS 80 CCD (2)	-	30,000
	Individual Contribution to NPS 80 CCD 1(B)	-	50,000
Total Deductions		200,430	280,430
Taxable Salary		799,570	719,570
Change in Taxable Salary			80,000
Tax Saved @ 30%			24,000

Corporate Contribution for NPS will be adjusted from overall CTC and will be invested as Employer's Contribution

* NPS will be part of the employee salary structure

Tax benefits beyond 80C limit – how it works

Head	Particulars	Without NPS	With NPS
Salary	Basic (30% of Gross)	600,000	600,000
	Bouquet of Benefits	1,299,140	1,239,140
	Corporate Contribution – EPF	72,000	72,000
	Corporate Contribution – Gratuity	28,860	28,860
	Corporate Contribution - NPS	-	60,000
Total Salary		2,000,000	2,000,000
Deductions	80CCE	150,000	150,000
	Corporate Contribution – EPF	72,000	72,000
	Corporate Contribution – Gratuity	28,860	28,860
	Corporate Contribution - NPS 80 CCD (2)	-	60,000
	Individual Contribution to NPS 80 CCD 1(B)	-	50,000
Total Deductions		250,860	360,860
Taxable Salary		1,749,140	1,639,140
Change in Taxable Salary			110,000
Tax Saved @ 30%			33,000

Corporate Contribution for NPS will be adjusted from overall CTC and will be invested as Employer's Contribution

* NPS will be part of the employee salary structure

Annuity Types available:



1. Pension (Annuity) payable for life at a uniform rate to the annuitant only.
2. Pension (Annuity) payable for 5, 10, 15 or 20 years certain and thereafter as long as you are alive.
3. Pension (Annuity) for life with return of purchase price on death of the annuitant (Policyholder).
4. Pension (Annuity) payable for life **increasing at a simple rate of 3% p.a.**
5. Pension (Annuity) for life with a provision of 50% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
6. Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.

A) On line Enrollment Process

- ❑ Employee will receive HDFC Securities registration link as part of communication mailer
- ❑ Once employee clicks on link a login page is displayed
 - Employee to provide basic information for registration
 - On submission mail will be triggered to Email ID provided
 - Employee can access URL and fill the registration form
- ❑ Employee to provide information as required
 - Print the form, affix signature
 - Attach documents as stipulated by **KYC** norms
 - Hand over form to POP for further processing

Register here to open your NPS account with HDFC Securities. Get Started

First Name* :	Select <input type="text"/>	Middle Name :	<input type="text"/>
Last Name* :	<input type="text"/>	Email* :	<input type="text"/>
Mobile No* :	<input type="text"/>	Select City :	Select <input type="text"/>
Select HDFC Sec Branch :	Select <input type="text"/>		

* - Fields are Mandatory

[CLICK HERE TO COMPLETE THE APPLICATION](#)

Online Enrollment Process

- Online Registration will be captured in 5 sections

Section 1 : Subscriber Detail

Section 2 : Bank Details

Section 3 : Nominee Details

Section 4 : Scheme Preference

Section 5 : Employment details

Registration

1 Subscriber Details

2 Bank details

3 Nominee details

4 Scheme Preference

Confirm & Print

Registration



Please Verify the NPS account Opening request.

Subscriber Details

Name	Sunil Dev Kumar
Gender	Male
Category	Private Sector
PAN	QWSE74895F5
Father Name	Dev Anand Kumar
Present Address	Seabird Apartment, Bandstand, Bandra, Mumbai-695017, Maharashtra, India
Permanent Address	48 Hill Road Inginio Lane, St Initez P.O. North Goa - 695017 Maharashtra, India.
Telephone Number	020-265856
Mobile Number	9923568585
Subscriber Email	kumar@gmail.com

Bank Details

Nominee Details

Scheme Preference

 [Back](#)

[Confirm & Print](#)

B) Off line Enrollment Process (New Subscriber)

- ❑ Fill up the off line form. Provided by us.
- ❑ We would also provide sample form to look at and then fill up accordingly.
- ❑ Kindly note you need not sign on the photo graph.
- ❑ Only the first 2 pages are to be filled by the employees.
- ❑ In the third page only in section for the “Applicable to corporate subscriber only” one has to fill up the DOJ, Date of Retirement and Employee id.
- ❑ You may submit to our Help Desk or Send Directly to HSL office.
- ❑ We would get it verified by HR and send for the further processing.
- ❑ Once we receive the form at HO after HR Verification, PRAN generation will be done within 7-10 working days .

KYC Requirements

- KYC compliance is **mandatory** for registration
- Self attested passport size colour photograph Without Signature on it.
- Self attested documents from the list below
- Information as provided in registration form and KYC documents should match !!

Proof of Identity	Proof of Address
School Leaving Certificate	Electricity bill^
Matriculation Certificate	Telephone bill^
Degree of Recognized Educational Institution	Depository Account Statement^
Depository Account Statement	Credit Card Statement^
Bank Account Statement / Passbook	Bank Account Statement / Passbook^
Water Bill	Rent Receipt^
Passport	Passport
Voter's Identity Card	Voter's Identity Card
Driving License	Driving License
PAN Card (*)	



(^) Proof of Address should not be more than six months old on date of application

(*) PAN Card is mandatory

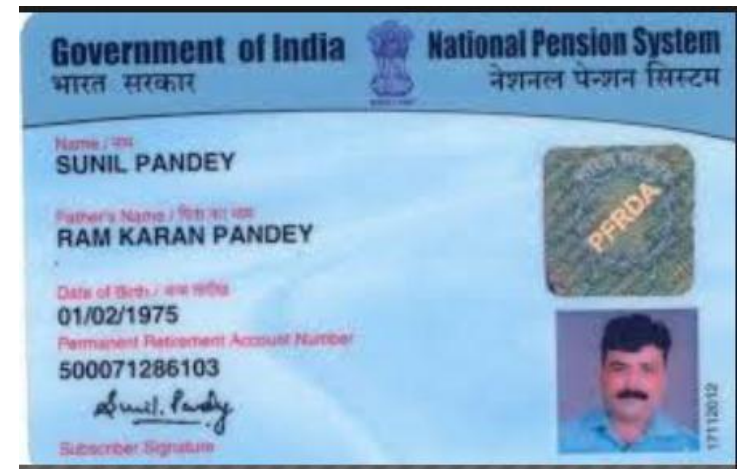
You are required to bring original documents & two self-attested photocopies

Off line Enrollment Process (Existing PRAN Holders)

- ❑ Fill up the off line Intersector shift form. (ISS 1)
- ❑ You must attach Self Attested PRAN Card Copy, PAN Card Copy, New Address Proof (if any) and Cheque of Rs. 23.60/- in favour of
“HDFC Securities Ltd. NPS Account”
- ❑ You may submit to our Help Desk or Send Directly to HSL office.
- ❑ We would get it verified by HR and send for the further processing.
- ❑ Once we receive the form at HO after HR Verification, PRAN generation will be done within 7-10 working days .

PRAN - Permanent Retirement Account Number

- ❑ Each employee will get a PRAN which is a unique 12 digit number
 - PRAN generally is issued within 7-10 working days after registration process
- ❑ PRAN welcome kit will be despatched to subscribers mailing address
 - Kit will have PRAN card and pin-password
 - Kit is generated generally within 20 - 30 working days after registration process
- ❑ In case of rejection
 - Employee will receive a mail indicating reason for rejection mail
 - Form will be retained by HDFC securities
 - Employee to interact with POP to resolve issue



Important Links and contact points

- ❑ Dedicated email id : corporaterelationships@hdfcsec.com
- ❑ Customer care email id : customercare@hdfcsec.com
- ❑ Dedicated contact no : 022-30753495
- ❑ Customer care contact no : (prefix local std code)
- ❑ Product Details : http://www.hdfcsec.com/Product-Services/Corporate_National_Pension_System/201301231123227697578
- ❑ NPS News Wall : http://www.hdfcsec.com/NPS_Archive/201309281114054468419
- ❑ HDFC FAQ : http://www.hdfcsec.com/Product-Services/Corporate_National_Pension_System/201308281141101278344
- ❑ Live Chat : <https://chat.hdfcsec.com/cosmocall/hdfc-chat.html>



Thank you