

### National Pension System (NPS)

NPS is a pension scheme regulated by Pension Fund Regulatory & Development Authority (PFRDA).

#### Who can join NPS?

A Citizen of India including NRI between age group of 18 and 65 years can join this Scheme. OCI, PIO and HUF cannot join NPS.

#### How NPS works?

Upon joining NPS, Customer is allotted NPS account number called **Permanent Retirement Account Number (PRAN)**. Customer contributes towards NPS to accumulate corpus for retirement during his / her working life which can be utilized to get monthly pension post retirement. Customer can continue with NPS Scheme till the age 70 years after joining it.

#### Exclusive Tax benefit over 80C limit

**An individual (Salaried as well as Self Employed) can invest up to Rs. 50,000 in NPS. This amount is eligible for tax deduction u/s 80CCD (1B) of Income Tax Act, 1961 over and above 1.5 lakh benefit u/s 80C.**

#### Investment of Funds under NPS

Investment will be management by **HDFC Pension Management Company Limited**. There are 4 funds – Equities, Corporate Bonds, Government Securities and Alternate Investment Funds also known as asset classes E, C, G and A.

Customer gets choice of two investment approaches:

- **Active Choice** – Under this option, Customer can select asset allocation across E, C, G and A. Maximum exposure to E is restricted to 75% of Contribution amount and A is 5 % of the contribution amount.
- **Auto Choice** – Under this option investment across three funds is done as per the pre-defined ratio within asset classes E, C and G which is linked to the age of Customer. Auto Choice is further offers choice between the below Life Cycle Funds:
  - **LC- 75 Aggressive life Cycle Fund**
  - **LC- 50 Moderate life Cycle Fund**
  - **LC- 25 Conservative life Cycle Fund**

Please refer annexure 1 for investment pattern under all 3 life cycle funds

#### Partial withdrawal from NPS

Customer is allowed to withdraw up to 25% of contributed amount for specific purposes like treatment of critical illness, child marriage / higher education etc. after 3 years of account opening. Maximum 3 withdrawals are allowed.

### Exit from NPS (Closing NPS Account)

Customer can exit from the scheme after 10 years of account opening or attaining 60 years of age whichever is early. The exit proceeds depend on the age of exit as shown below:

Exit before 60 years of age	Exit on 60 years of age
Up to 20% of corpus is made available for withdrawal. Balance needs to be invested in annuity	Up to 60% of corpus is made available for withdrawal. Balance needs to be invested in annuity

### Investment in Annuity

Upon exit from NPS customer can select any of the life Insurance companies registered with PFRDA to get monthly pension. Customer also gets a choice of Annuity scheme

### Tax treatment on exit from NPS

Exit before 60 years of age	Exit on 60 years of age
Amount withdrawn in lump sum is tax exempt. Amount invested in Annuity is tax exempt. Amount received as pension is treated as income and will be taxed appropriately.	60% of Corpus withdrawn in lump sum is tax exempt. Amount invested in Annuity is tax exempt. Amount received as pension is treated as income and will be taxed appropriately

### Death benefits

In case of death of Customer, nominee / legal heir can claim the entire Corpus

### Charges under NPS

Please refer annexure 2

### How to open NPS account

Please submit the below documents for NPS account opening:

- Duly filled and signed CSRF form
- One Passport Size Photo
- Self attested copy of PAN Card
- Self attested copy of Address Proof
- Cancelled Cheque
- Contribution cheque of Rs.50,000/- in favour of **"HDFC Limited Collection account – NPS Trust"** along with duly signed NCIS form
- **NACH Mandate** (for set up of Auto Debit from his/her Bank account towards NPS)

**Annexure 1:**

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

**Annexure 2:**

Intermediary	Charge Head	Charges*	Frequency of deduction	Mode of deduction
POP (HDFC Limited)	Subscriber Registration	Rs. 200	One time	From the contribution amount / paid by Customer up front
	Contribution Processing**	0.25%	On each transaction	
	Non – Financial Transaction Processing	Rs. 20		
	Persistency Charge	Rs.50	Per annum	
CRA (Karvy)	PRAN Generation	Rs.39.36	One time	From NPS Account (by cancelling the units) on the last day of the calendar quarter
	Annual Maintenance	Rs.59.63	Per annum	
	Financial Transaction Processing	Rs.3.36	On each transaction	
Fund Manager	Investment Management	0.01%	Per annum	Recovered through NAV deductions
Custodian	Asset Servicing	0.0032%		

\*charges are exclusive GST

\*\*subject to minimum Rs. 20