NPS - National Pension Scheme

Overview about National Pension Scheme (NPS)

The NPS or the National Pension Scheme is a contribution scheme launched by the Indian government, which offers a large variety of investment options to employees. The scheme helps individuals make decisions with regards to where they should invest their pension wealth. The National Pension Scheme's main objective is to lower the liabilities of the Government of India with regards to total pension as well as to ensure that the country's citizens would earn a stable income following their retirement along with helping them earn decent returns on their investment.

The NPS was launched on the 1st of January 2004 and was aimed at individuals newly employed with the central government, but not including ones in the armed forces. From the year 2009 however, the NPS was made open to every Indian citizen between the age of 18 and 60.

Unique Permanent Retirement Account Numbers (PRAN) are allocated to each subscriber under the NPS at the time of their joining. Subscribers are also allocated two accounts, which they can access at any time

- **Tier I Account** - Under this account, withdrawals are not allowed. It is solely meant for savings after the subscriber's retirement.
- **Tier II Account** - Under this account, a subscriber is free to make as many withdrawals as he or she likes at any time, similar to a regular savings account.

New Pension Scheme

The New Pension Scheme was initially introduced by the Indian government for all individuals employed with the government as well as private employees. However, from May 2009 its scope was broadened to be made available to all Indian citizens.

The New Pension Scheme structurally consists of three types of accounts:

- **Tier I Account** - Under this account, subscribers cannot withdraw funds before they retire. It is compulsory for all government employees to invest or direct 10% of their salary into this account.
- **Tier II Account** - Under this account, subscribers are free to invest funds as well as withdraw funds as per their convenience. However, a subscriber must possess a Tier I account in order to open a Tier II account.
- **Swavalamban Account** - In this account the Indian government contributes a sum of Rs 1,000 every year over the initial four years. The purpose of this account is to provide encouragement for workers of poor economic standing.

How the New Pension Scheme compares to the National Pension Scheme

The main features differentiating the two schemes are:

- **Contribution by employees** - As per the old pension scheme, an individual has to contribute 10% of the total of his Special Pay, Basic Pay and all other allowances that combine to make up his Provident Fund. However, under the New Pension Scheme, all of the above are included along with Dearness Allowance
- **Contribution by the bank** - Even though the bank's contribution will match the contribution of the employee, under the old scheme a separate account was created to collect the funds. However, under the new pension scheme, the combination of the contributions of both parties will be kept in one account.
- Employee's Additional Contribution - Contributions made under the old pension scheme could be stopped by employees by providing a notification one month in advance, but the new pension scheme allows for withdrawals as well as contributions at any given time.
- Management of Funds - As per the New Pension Scheme, the PFRDA appoints six fund managers to manage the subscriber's investments, while funds under the old scheme were managed by a P.F trust.
- Scope of Regulation - The authorised regulatory body for the New Pension Scheme is the PFRDA, but under the old pension scheme no such body exists at the nationwide level.
- Levy of Charges - No extra charges or fees were levied on subscribers under the old pension scheme. However, some fixed as well as variable charges may be levied under the New Pension Scheme

Swavalamban Pension Yojana or NPS - Lite

The Swavalamban pension scheme of the NPS - Lite was introduced with the main objective of helping people from financial and economically backward sections to secure their future. The NPS - Lite scheme is structurally based on servicing of groups as a whole as well as on low charges. Organisations called ''Aggregators' will take charge of people from these particular groups and will provide assistance with regards to registration, transfers and maintenance of pension contributions. Through these organisations, subscribers can join and make contributions provided they are between the ages of 18 and 60.

As per this scheme, the Indian government made a contribution of Rs 1,000 to each individual NPS account for the initial four years after the opening of the account in the year 2010-11. Currently the Atal Pension Yojana has replaced this scheme, where any subscriber who is less than 40 years becomes eligible to receive pension up to an amount of Rs 5,000 once he attains 60 years of age.

Features of Swavalamban Pension Yojana or NPS-Lite

- A PRAN Card is allocated to each subscriber under this scheme
- Contributions made monthly can be of any amount
- As per guidelines set by the government, 85% of the funds are to be invested in debt securities, while 15% is to be invested in equity
- Fund managers include IDFC, SBI, Reliance, UTI, Kotak and ICICI. The subscriber has the option to choose three of them.
- Aggregators will receive account statements with regards to all transactions that take place as well as the corpus market value. This statement will be distributed to the subscribers on an annual basis.

Pension Fund Regulatory and Development Authority

The PFRDA is an independent regulatory body that was set up by the Indian government to regulate and oversee pension funds in India. It is the official regulator for the National Pension Scheme and regulates the workings of the system intermediaries such as the CRA, all pension fund managers, the NPS Trustee Bank etc

The PFRDA's main objective is to encourage citizens to secure themselves financially by protecting the subscriber's pension funds as well as their interests. The PFRA is also authorised to regulate any pension fund that does not fall under the purview of any other law, and ensures that the NPS is administered as per the rules and provisions laid down in the PFRDA Act.

Eligibility Criteria For National Pension Scheme

The NPS is open to all Indian citizens, regardless of whether they are residents or NRIs. However, the following eligibility criteria should be met:

- The subscriber is required to be at least 18 years of age and not more than 60 years of age at the time of submitting his or her application to the POP
- The subscriber should adhere to the KYC rules and conditions laid out in the registration form

The following individuals are not eligible to avail of the NPS

- Individuals who are not of sound mind
- Individuals who already hold accounts with NPS previously
- An un-discharged insolvent

Central Record keeping Agency (CRA)

The CRA or Central Record keeping Agency was set up for the NPS after the PFRDA and NSDL e-Governance Infrastructure Limited came to an agreement. The CRA is a key component of the National Pension System and is vital to its working. As per the guidelines of the NPS, every employee who has commenced working for the government is required to open up an account with the CRA. This account in turn will be assigned a unique PRAN for identification.

The most important duties and roles of the CRA are as follows:

- Providing services to all NPS subscribers with regards to administration and recordkeeping
- Ensuring that each individual subscriber is issued with a unique PRAN
- Overseeing the issuance of PRANs to subscribers through a database
- Recording any transactions that take place in relation to each individual PRAN
- Providing an interface between NPS intermediaries and the PFRDA
- Keeping a check on contributions by subscribers as well as relaying any relevant instructions and information to the corresponding pension funds on a day to day basis.
- Providing subscribers with statements relating to their PRANs
- Allocating other functions as per PFRDA rules and regulations

The CRA is also in charge of providing connectivity to the PFRDA and other intermediaries such as the Trustee Banks via electronic means.

Which individuals or entities can avail of the NPS?

Any Indian citizen aged between 18 years and 60 years at the time of submitting their application with the POP or POP-SP, is eligible to avail of the NPS. These individuals include any of the following:

Individuals Employed With The Central Government

Any individual newly employed with the Central Government as well as Central Autonomous Bodies is eligible to join the NPS provided they have commenced service on the 1st of January 2004 or any time after.

Individuals Employed With The State Government

Individuals employed with State Governments as well as State Autonomous Bodies, but who have commenced service following the notification date set by their respective State Governments, are eligible to join the NPS.

Corporates

Corporates can opt to subscribe to the NPS and have the option to choose a Pension Fund Manager as per their requirements. This allows for flexible choice of investments and the additional benefit of deciding the amount of funds to be directed to the different asset classes on offer.

Applicants or workers belonging to the Unorganised Sector - Swavalamban Yojana

Any Indian citizen aged between 18 years and 60 years at the time of submitting their application, who is a part of the unorganised sector or is not a regular employee of the State or Central government or any of their undertakings, is eligible to open an NPS - Swavalamban account. However, the applicant must not already be covered under the following social security schemes:

- The Jammu and Kashmir Employees' Provident Fund Act, 1961
- The Assam Tea Plantations Provident Fund and Pension Fund Scheme Act, 1955
- The Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948
- The Seamen's Provident Fund Act, 1966
- Employees' Provident Fund and miscellaneous Provisions Act, 1952

How to calculate pension received from NPS

Whenever calculating the amount of pension an individual will receive from the NPS, it is important to note that the money that the subscriber has invested will not grow at a predetermined rate and that the NPS will not pay the pension amount to the subscriber directly.

The individual will have to take responsibility with regards investing on a regular basis in the scheme, which in turn will invest the money on the behalf of the individual. After the individual reaches the age of 60, he or she will be required to invest the money received in order to obtain a regular income after retirement.

Calculating the amount of pension a person receives can differ from individual to individual due to many factors, such as their risk profile, their choice of fund manager, the fund manager’s performance as well as the approach to investment of the individual’s money.

Individuals can make use of NPS calculators that can be found on many websites on the internet. These calculators base pension calculations on the following parameters:

- Contribution Amount
- Frequency
- Rate of Interest
- Number of Years

Interest rates offered by the National Pension Scheme

Due to the fact that the NPS invests subscriber's money into a broad range of investment options, the NPS does not offer any particular interest rate. In general, NPS schemes can earn a subscriber anywhere between 12% - 14% interest, which is still on the higher side when taking other investment options into consideration.

Features of National Pension Scheme

The salient features of the National Pension Scheme are:

- The National Pension Scheme offers transparency to the subscriber and is a low cost investment option. Subscribers have the advantage of choosing their own pension fund schemes where they will be aware of how the investment is doing on a routine basis.
- The NPS application process is extremely simple since the subscriber only has to open up an account at the respective nodal office and acquire a PRAN
- Since employees are allocated unique PRANs, they will be identified by the same PRAN all over the country, regardless of which part of India they are in.
- Subscribers can access details pertaining to the NPS online
- The NPS offers its subscribers a wide range of options to choose from, which include Pension Fund Managers, Funds to allocate their money to and Customer services providers among others.
- The NPS also give subscribers the flexibility to switch between fund managers and investment options
- Should the subscriber choose, he or she can change the contribution amount as well as the contribution frequency at will
- The NPS is a low cost investment option with extremely low fund management charges

Benefits offered by the National Pension Scheme

The National Pension Scheme offers subscribers a number of benefits. These are as follows:

- The NPS is open to every Indian citizen and is entire voluntary
- The subscriber has the freedom to decide how much they are willing to contribute
- The application process is extremely convenient and easy
- It offers subscribers versatility by allowing them to choose where to invest their money in as well as who should manage their investments
- The subscriber can access his NPS account from anywhere in India at any time
- Since the PFRDA controls the NPS, there is strict adherence to standards. Evaluation of the performances of fund managers also take place on a routine basis.

Tax benefits subscribers can avail of under the National Pension System

Subscribers can avail of the following tax benefits under the National Pension System:

- Tax deductions under Section 80CCE, which states that the total amount of deduction shall not be more than Rs 1 lakh under Section 80CCD and Section 80CCC
- Tax deductions under Section 80CCD (2) with regards to contributions made by the Central Government.

These tax benefits can only be availed by subscribers with Tier I accounts.

Charges levied by POPs and the CRA

In the case of Tier I accounts, the employer is required to pay all fees and charges. However with regards to Tier II accounts, the subscriber is liable to pay for all transactional and activational charges.

The CRA levies the following fees and charges:

PRA account opening fees - Rs 50

PRA account maintenance charges - Rs 190 per year

Transaction fees - Rs 4 per transaction

The POP levies the following fees and charges:

- Registration fees at initiation - Rs 100
- 0.25% of the initial amount contributed by the subscriber for contribution upload as well as any transactions pertaining to contributions uploads thereafter

- If any transactions are made wherein the subscriber has not made a contribution - Rs 20

It is important to note that these fees are chargeable from the date of joining and any other charges and services taxes may be imbued in line with current tax laws.

Procedure to check balance in National Pension Scheme Statement online

Subscribers can check their balances in Tier I and Tier II accounts by following the steps below:

- First open the main website of the CRA and NSDL via the following link **https://cra-nsdl.com/CRA/**
- Login as a subscriber to access the balance details under NPS
- Login by entering your user ID and password, which is the PRAN number allocated by the NSDL to each individual subscriber
- Following the log-in procedure, head to the 'Views' tab shown under that particular transaction statement
- This will provide the subscriber with details of where his money is invested as well as the fund managers appointed to manage his investments
- The subscriber can also check the aggregate amount that has been invested by both himself as well as the government, including any returns he might have accrued
- Tier II balance details can be accessed by heading to the 'Account Details' section, which is shown at the bottom

Generation of Returns Through National Pension Scheme

Any returns that subscribers accrue through the NPS are usually borne after the NPS invests funds in a broad range of securities such as government securities, equity and corporate debt. Due to the good performance in both debt and equity markets, fund managers have attained good returns for subscribers in recent times.

Rules Regarding Withdrawals from National Pension Scheme

Withdrawal from the NPS is allowed by the PFRDA only under the following conditions:

- If a minimum of 40% of the total accumulated pension of the subscriber is used for the purchase of annuities, then the remaining accumulated balance is given to the subscriber in the form of a lump sum

- In the event of the death of the subscriber, the total pension that the subscriber has accumulated will be paid to his or her nominee
- If a minimum of 80% of the total accumulated pension of the subscriber is used for purchasing annuities, then the remaining balance will be given out to the subscriber in the form of a lump sum

Rules Regarding Withdrawal From NPS For Both Tier I & II Accounts

The main rules with regards to withdrawals made from Tier I and Tier II accounts are:

- Withdrawal from Tier-I accounts: Should the subscriber complete service of 15 years, then he will be eligible to make withdrawals before maturity. Should he complete service of 25 years then he can make withdrawals totalling to 50% of his contribution. These withdrawals can be made in case of serious emergency or similar situations.
- Withdrawal from Tier-II accounts: No restrictions on withdrawals exist on Tier-II accounts. Subscribers have the freedom to make withdrawals whenever they so choose depending on their needs and requirements.

General Withdrawal Rules Regarding Premature Withdrawal from NPS for Both Tier I & II accounts

There are a number of basic and generic rules regarding premature withdrawals from NPS as far as both Tier I and Tier II accounts are concerned:

- The subscriber is allowed to make partial withdrawals of a maximum of 25% of the contribution
- Only three premature withdrawals are allowed per subscriber
- In order to be eligible to make premature withdrawals, subscribers are required to have made contributions towards the NPS for at least 10 years
- In the event of any major emergency such as a major illness, then premature withdrawals can be allowed to meet treatment expenses
- Premature withdrawals can also be made to meet educational and marital expenses of the subscriber’s children
- Premature withdrawals can also be made by a subscribed should he intend to buy a house for the first time

- ## Procedure and Documentation Required To Make Withdrawals From The NPS

  Any subscriber looking to stop making contributions to the NPS is required to fill up, complete and submit a withdrawal application form to his or her respective Point of Presence.

- The subscriber is also required to submit the documents mentioned below with the withdrawal forms:
  - Original PRAN card
  - Identity Proof such as Passport, PAN Card, Driver's License etc
  - Address Proof such as Passport, Voters ID, Aadhar Card etc
  - Bank certificates or cancelled cheques that contain the name of the subscriber as well as his bank account number with IFSC code. This is required for transfer of funds either electronically or through a direct credit
- Following authentication of all documents, the Point of Presence will then send them to the CRA and NSDL
- The CRA will then ensure that the claim is registered and the required application forms and documents are submitted
- Following the receipt of the documents, the CRA will ensure that the application is processed and the account is settled

National Pension Scheme Withdrawal Forms

The Indian government has separated all withdrawal forms pertaining to the NPS into three different categories:

- Employees of the Government
- Subscribers belonging to corporates
- Swavalamban or unorganised sector subscribers

Withdrawal Forms Pertaining to Government Employees:

- Form 101GS - Employees in government service can avail of this form should they choose to withdraw their accumulated pension following their retirement
- Form 102GP - Employees in government service can avail of this form should they choose to withdraw their accumulated pension before their time of retirement

- Form 103GD - Nominees or any legal heir of an employee with the government who is a part of the NPS, can avail of this form in order to claim the pension accumulated in the account of the subscriber.

Withdrawal Forms Pertaining To Corporate Subscribers:

- Form 301 - Corporate employees as well as other individuals and citizens who opt for withdrawal of their total accumulated pension following retirement can use this form
- Form 302 - Corporate employees as well as other individuals and citizens who opt for withdrawal of their total accumulated pension before retirement can use this form
- Form 303 - Nominees or any legal heir of a corporate employee can avail of this form in order to claim the pension accumulated in the account of the subscriber.

Withdrawal Forms Pertaining to Swavalamban Subscribers:

- Form 501 - Any subscriber who is a part of the Swavalamban sector can use this particular form to make withdrawals of their total accumulated pension following their retirement
- Form 502 - Any subscriber who is a part of the Swavalamban sector can use this form to make withdrawals of their total accumulated pension before their retirement
- Form 503 - Any nominee of a person who is a part of the Swavalamban sector can make use of this form to claim the total pension amount in the account of the subscriber

Death Benefits Provided Under The National Pension Scheme

As per the guidelines of the National Pension Scheme, the nominee of the subscriber is allowed to withdraw, as a lump sum, the total pension amount that has been accumulated in the account of the subscriber in the unfortunate event of his or her death.

In order for a nominee to make the withdrawal, he or she is required to provide the following documents:

- The relevant and form pertaining to withdrawals should be completed and submitted depending on the subscriber’s employment status
- The PRAN Card in original
- A cancelled cheque showing relevant details of the nominee such as his or her bank account number as well as IFSC Code
- The subscriber’s death certificate

- Any document or certificate that proves that the person claiming the amount is the legal nominee or heir of the subscriber

- The nominee's ID proof as well as Proof of Address

National Pension Scheme (NPS) is a pension plan designed and regulated by the PFRDA. Citizens (including NRIs) between the age group of 18 years to 55 years are eligible for enrollment in the NPS scheme. While NPS is compulsory for government employees, it acts purely as a voluntary contribution system for others. NPS assures a fixed income for a definite period after retirement. PFRDA has appointed 7 fund managers to handle the investment portfolios, and they are as follows:

- HDFC Pension Management Company Limited
- ICICI Pension Fund Management Company Limited
- Kotak Mahindra Pension Fund Limited
- LIC Pension Fund Limited
- Reliance Capital Pension Fund Limited
- SBI Pension Funds Private Limited
- UTI Retirement Solutions Limited

How to contribute towards NPS?

To contribute towards NPS you need to register for PRAN. PRAN or Permanent Retirement Account Number is a 12 digit unique identification number issued to subscribers of NPS. PFRDA in collaboration with NSDL has set up a Central Bookkeeping Agency that stores all member related information in its records. NSDL is the authority responsible for issue of PRAN. The below points illustrate how to apply for a Permanent Retirement Account Number.

Documents required for issue of PRAN

- Your PAN card details are needed for issue of PRAN
- In case you don't have a PAN card, your Aadhaar would suffice
- Your bank account details
- Address proof
- Photograph and scanned copies of signature

Online registration for NPS

- To register for NPS online, paste the following URL in your browser https://enps.nsdl.com/eNPS/OnlineSubscriberRegistration.html?appType=main
- Select new registration and in the section below choose Individual Subscriber
- Further under the columns listed, select your citizenship and choose from Aadhaar or PAN card to register with, and fill in the details
- Also, select the type of NPS account that you wish to open
- If you have selected PAN, then also select your bank where you maintain a savings or current account from the drop down menu. If your bank is not listed in the dropdown, you can apply for PRAN offline
- Click on continue and it will navigate to the Subscriber Registration page where you will be required to fill in the following information:

- Fill in your personal details in the first section
- After entering the details the system will generate an acknowledgement number, which will be required for later purpose
- In the Contact Details section provide the details as mentioned in your address proof
- Complete the fields in the other two sections—Bank Details and Scheme & Nomination Details
- In the section that follows, upload your photograph and scanned signature
- After paying the required minimum amount, you will be allotted a Permanent Retirement Account Number (PRAN)

After completion of the registration process you need to take a printout of the form, fix your photo and sign it. Send this form to the below mentioned address within 90 days from the date of online registration:

Central Recordkeeping Agency (eNPS)

NSDL e-Governance Infrastructure Limited,

1st Floor, Times Tower,

Kamala Mills Compound, Senapati Bapat Marg,

Lower Parel, Mumbai – 400 013

You will receive your PRAN card as a registered post on the same address that you have provided at the time of registration.

Checking status of PRAN

- To check your PRAN status you need to first access the following link https://cra-nsdl.com/CRA/pranCardStatusInput.do
- Click on the appropriate options provided for dispatch status and press submit
- The status of your PRAN will be displayed
- You can also check your PRAN status by calling 022 4090 4242 or by sending an email to eNPS@nsdl.co.in.
- You can also check your PRAN status offline by going to your nearest Point of Presence-Service Providers (POP-SP) and filling in the requisite form

Types of NPS accounts

NPS subscribers are issued with a Permanent Retirement Account Number (PRAN), which remains unchanged throughout the length of the scheme. NPS accounts are structured as Tier 1 and Tier 2 based on the withdrawal norms.

Tier 1 accounts

It is the basic NPS account which does not allow premature withdrawals unless the member has completed 15 term years. These withdrawals are repayable advances and are allowed only in case of an emergency. However, Tier 1 account holders are eligible for partial withdrawals on of 25 years. Tier 1 accounts of government employees are subjected to investments in government and corporate bonds, while that of other citizens are invested in fixed deposits and liquid funds as well.

Tier 2 accounts

Tier 2 accounts were launched by the government in the year 2009 and it offers greater flexibility than Tier 1 accounts. Here the account holders can withdraw their amount without any withdrawal charges or penalty. Tier 2 offers the investor an option to invest either in government bonds, fixed income instruments, or equity funds. It also allows transfer of money to Tier 1 accounts. Unlike Tier 1 accounts, NPS Tier 2 accounts does not have locking periods and are not exempted from tax under section 80 C of Income Tax Act.

Swavalamban Yojna Accounts

Swavalamban Yojna was a financial inclusion scheme for the economically backward sections of the society. It was applicable to all employees in the unorganized sector of employment. For Swavalamban accounts, government made contributions of Rs.1000 for the first four years after enrollment. Swavalamban Yojna is replaced by Atal Pension Yojna.

NPS vs Atal Pension Yojna

National Pension Scheme	Atal Pension Yojna
Minimum age for enrollment: 18 years Maximum age for enrollment: 60 years	Minimum age for enrollment: 18 years Maximum age for enrollment: 40 years
The minimum contribution for tier1 and tier2 NPS accounts are Rs.6000 p.a and Rs.2000 p.a respectively	The amount to be contributed depends purely on the individual's age at the time of opting for the plan
No limit on maximum contribution	The maximum limit is determined based on individuals age
There is no limit on maximum pension amount received	The maximum pension limit of Rs.5000

NPS subscribers can opt out of the scheme by withdrawing 20% of the accumulated amount as a lump sum and the remaining as a series of annual sums	Cannot opt of the scheme before attaining 60 years of age
Contributions up to Rs.1,50,000 are exempted under the Income Tax Act	Contributions are fully exempt under Section 80C and Section 80CCD of the Income Tax Act

NPS vs PPF

National Pension Scheme	**Public Provident Fund**
NPS offers tax benefits up to Rs.1.5 lakhs under section 80CCD (1) of the Income Tax Act and up to Rs.50,000 under section 80CCD(1B)	Offers tax benefits up to Rs.1.5 lakhs under section 80C of the Income Tax Act
Employer contributions are eligible for tax benefits	Not applicable to PPF funds
Allows partial withdrawals subject to stringent conditions	Very few restrictions are imposed on partial withdrawals
Does not provide loan facility	You can apply for loans against your accrued PPF balance
Provides you an option to invest in equities and government bonds	Provides only the announced interest rates for the fiscal year

Premature closure of account is possible	Cannot close the account before maturity, i.e. 15 years from the date of enrollment
NRIs can invest in NPS	As per the rules, NRIs cannot enroll for PPF scheme

NPS vs EPF

National Pension Scheme	Employee Provident Fund
NPS is a voluntary scheme that allows one to contribute any amount above Rs.6000 a year for Tier I and Rs.2000 a year for Tier II	EPF is compulsory for all employees in the organized sector with an income of above Rs.15,000 per month
You can select your fund manager from the organizations listed by PFRDA	All EPF accounts are managed by the EPFO
Voluntary contributions are made by subscribers at any chosen time period	12% of the employee contribution is matched with 12% of the employer contribution
Interest rate depends purely on your choice of fund manager and asset allocation	Interest rates are announced each year by the Finance Ministry in consultation with the EPF trustees

NPS vs Mutual Funds

National Pension Scheme	Mutual Funds
More liquid than EPF but less when compared to mutual funds	Offers high liquidity
Subscribers can choose only one fund manager out of the 8 options available	no such restrictions on mutual funds
Operational costs are less	Higher when compared to social security schemes
Maximum age at entry is 60 years	No upper age limit

FAQs on National Pension Scheme

Following retirement, are employees engaged in government service eligible for leave encashment as per the guidelines of the NPS?

No. Leave encashment is not allowed as per the guidelines laid down by the CCS and does not count as a component of the benefits available to the employee after retirement.

What is the reason behind the compulsory utilisation of a minimum of 40% of the accumulated pension funds to buy annuities after retirement?

The main reason behind this move is to ensure employees in government service will still obtain a regular and stable income every month following their retirement.

Which body is responsible for the calculation of interest with regards to the NPS?

The interest is calculated by the The Pension Accounting Office, who is the official body appointed for this particular task

Which agency or office will be responsible for contribution deductions In the event of the transfer of an employee during the course of the month?

The office that draws the salary of the subscriber for the maximum amount of time during the month will be responsible for the deduction of contribution towards the NPS

FAQs- Maintaining your NPS account in SBI

1. What are the KYC documents required to enroll for NPS through SBI?

The following documents are required to be submitted at the time of making the application:

- Subscriber registration form
- Photo ID proof
- Proof for Date of Birth
- Proof of residence

2. What are the different modes of payments available with SBI Pension Funds Pvt. Ltd.?

The following modes are accepted by SBI for NPS premium payments:

- Direct payment at an SBI Life branch
- Through standing order on credit card
- Online payments
- Electronic Clearing Service
- Payments through SBI Life's mobile app
- Through National Automated Clearing House (NACH)
- Through POS terminals at authorized SBI Life branches

3. How to check the status of your NPS account in SBI?

Simply login to the SBI Life customer portal and fill in details such as Customer ID and NPS policy number to view your current status.

4. What are the minimum contribution amounts for Tier I and Tier II accounts?

The minimum contribution amount for Tier I accounts is Rs.500 per month and that for Tier II accounts is Rs.250 per month. Subscribers should also maintain a minimum balance of Rs.6000 for Tier I and Rs.2000 for Tier II at the end of the year.

5. How does SBI settle the NPS claims?

You need to submit the settlement form along with the essential documents for claim settlement at the branch where you maintain your NPS account. For details on claim settlements you can send an email to claims@sbilife.co.in. The final decision on claims will be based on the disclosures made in the proposal form by the subscriber.

6. Who provides annuity on withdrawal or maturity under NPS?

The insurance companies licensed by the IRDA and authorized by the PFRDA act as the annuity service providers to NPS subscribers.

7. Is NPS an easily accessible system of long term investments?

NPS is an cost effective, flexible and portable retirement savings scheme in which the wealth accumulated depends on the contributions made by the individual.

8. How many subscribers does NPS have?

The total number of NPS subscribers as on 30 Dec, 2016 is 1,02,76,250.

9. What are the features of NPS app?

Using the NPS app, you can raise a request for transaction statement for the particular fiscal year. You can also view the details of scheme wise units and update your contact information.

NPS Helpline

NDSL offers a myriad of helpline services to attend the concerns of NPS subscribers. You can reach out to NPS customer care cell on their toll free number or contact any of the NDSL branches for all information related to your NPS account. Given below are the details:

NPS Toll Free Number: 1800222080

Mumbai Branch

NSDL e-Governance Infrastructure Limited
1st Floor, Times Tower, Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai- 400013
Phone: 022 40904242

<u>Kolkata Branch</u>
5th Floor, The Millenium,
Flat No. 5W, 235/2A,
Acharya Jagdish Chandra Bose Road,
Kolkata - 700 020,
Phone: 033 22814461/ 22901396

<u>Chennai Branch</u>
6A, 6th Floor, Kences Towers,
#1 Ramkrishna Street, North Usman Road,
T. Nagar,
Chennai - 600 017
Phone: 044 2814 3917/18

<u>New Delhi Branch</u>
409/410, Ashoka Estate Building,
4th floor, Barakhamba Road,
Connaught Place,
New Delhi - 110 001
Phone: 011 23705418/2335381

<u>Ahmedabad Branch</u>
Unit No. 407, 4th floor,
3rd Eye One Commercial Complex Co-op. Soc. Ltd.,
Above Vijay Sales Stores C. G. Road,
Near Panchvati Circle,
Ahmedabad - 380 006.
Phone: 079 26461376

NPS is one of the most affordable pension solutions that comes with a multitude of features and benefits. Deposits under NPS schemes accumulate higher interests due to the equity fraction linked with the investments. The scheme which was available only for government employees was opened to the general public in 2009. NPS which is currently in its developing stages is expected to offer greater benefits as it gains momentum.