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Pension Fund Regulatory and Development Authority

OFFER DOCUMENT

NATIONAL PENSION SYSTEM (NPS)

NPS

Pension nahi yeh Pran hai

National Pension System (NPS)

Pension Fund Regulatory and Development Authority (PFRDA) originally established by the Government of India through a resolution dated 10th October, 2003 & 14th November, 2008, has since attained a statutory status post the passage of Pension Fund Regulatory and Development Authority Act, 2013. In accordance with the provisions of the said Act PFRDA is mandated to promote old age income security by establishing, developing and regulating pension funds, to protect the interest of the subscribers to the schemes of pensions funds and for matters connected therewith or incidental thereto.

PFRDA has established the institutional framework and infrastructure required for administering the 'National Pension System' (NPS) for government employees as well as other citizens of India. For servicing of NPS subscribers, various intermediaries such as Central Recordkeeping Agency (CRA), Pension Fund Managers (PFMs) for professional management and investment of subscriber funds, Points of Presence (POP's) for distribution of the product, Trustee Bank, Custodian and NPS Trust have been appointed and are functional.

National Pension System is a defined contributory pensions system introduced by Government of India making it mandatory for all Central Government employees with effect from 01st Jan, 2004 and Government authorized PFRDA vide Ministry of Finance, Department of Financial Services letter No. 11(11)/2008-PR dated 29th July 2008 to extend NPS on a voluntary basis to all citizens of India including workers of the unorganized sector. NPS is now available to all citizens of India with effect from May 1, 2009, other than government employees already covered under NPS.

National Pension System is an important milestone in the development of a sustainable and efficient defined contribution pension system in India. It has the following broad objectives:

- To provide old age income
- Safe and reasonable market based returns over the long term
- Extending old age security coverage to all citizens

APPLICANT SHOULD NOTE THAT:

- This Offer Document sets forth concisely the information about NPS that an applicant ought to know. Applicant should carefully read the Offer Document.
- The contents under the Offer Document may undergo change from time to time. Any such changes shall be notified by Pension Fund Regulatory and Development Authority (PFRDA) on its website in the form of circulars.
- Please go through the risk factors for a better understanding.
- Please note that for enrolling into NPS, you need to fill in the designated application form and submit to the Point of Presence (POP) chosen along with the Know Your Customer (KYC) and other documents required.

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Abbreviations and Definitions: In this Offer Document, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

Abbreviations

ASP	Annuity Service Provider
CGMS	Centralised Grievance Management System
CRA	Central Recordkeeping Agency
DC	Defined Contribution
GRC	Grievance Redressal Cell
GRM	Grievance Redressal Mechanism
IMA	Investment Management Agreement
IPO	Initial Public Offer
KYC	Know your Customer
NPS	National Pension System
NRA	Normal Retirement Age
PFs/PFMs	Pension Funds/Pension Fund Managers
PFRDA	Pension Fund Regulatory and Development Authority
POP	Point of Presence
POP-SP	Point of Presence – Service Provider (Authorized branches of POP for NPS)
PRA	Permanent Retirement Account
PRAN	Permanent Retirement Account Number
TB	Trustee Bank
FEMA	Foreign Exchange Management Act

Definitions

Applicable NAV	Unless stated otherwise in the Offer Document, 'Applicable NAV' is the Net Asset Value at the close of a Working Day.
Applicant	An individual who has expressed interest in joining NPS and has duly completed all formalities.
Custodian	Agency responsible for holding assets of the NPS Trust. Refers to the Stockholding Corporation of India Limited (SHCIL)
IMA	Investment Management Agreement, entered into between NPS Trust and the Pension Funds.
Offer Document	This document, issued by PFRDA, making an offer to potential applicants to subscribe to NPS.
RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
Subscriber	An individual who has become a member of the NPS
Unit holder	Subscriber is also referred to as unit holder with respect to the units he/she owns.
Trust Deed	The Trust Deed entered into between the NPS Trust and PFRDA, as amended up to date, or as may be amended from time to time.
Trust Fund	The corpus of the Trust and all property belonging to and/or vested in the Trustees.
Working Day	A day other than any of the following (i) Saturday or Sunday; (ii) a day on which banks including the Reserve Bank of India are closed for business or clearing and (iii) a day on which the Purchase and Redemption of Units is suspended.

NPS Features

- Under NPS a subscriber upon registration would be allotted a unique Permanent Retirement Account Number (PRAN). This being unique in nature, you will not be required to change the same or obtain the new one even if you shift your residence. Therefore, you will be able to use this account and this unique PRAN from any location in India. You can open an NPS account with authorized branches of service providers called 'Points of Presence' (POPs), appointed by PFRDA. You have the option to shift from one branch to another branch of a POP at your convenience. Also, one can shift from an existing POP to another POP if required.

Who can join?

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

- You should be between 18 – 60 years of age as on the date of submission of his/her application to the POP/ POP-SP.
- You should comply with the Know Your Customer (KYC) norms as detailed in the Subscriber Registration Form. All the documents required for KYC compliance need to be mandatorily submitted.

Who cannot join?

The following applicants cannot join:

- Un-discharged insolvent: Individuals who are not granted an ‘order of discharge’ by a court.
- Individuals of unsound mind: An individual is said to be of unsound mind for the purposes of making a contract if, at the time when he makes it, he is incapable of understanding it and of forming a rational judgment regarding its effect upon his/ her self-interest.
- Pre-existing account holders under NPS.

What are the salient Features of NPS?

National Pension System (NPS) is a defined contribution based retirement investment product. NPS offers two types of accounts to its subscribers, namely Tier I and Tier II. While Tier I account is mandatory for opening of an NPS account, opening of Tier II account is optional and to be decided by the subscriber basing on his requirements. However, an active Tier I account is a pre-requisite for opening a Tier II account.

- **Tier-I account**: You shall contribute your savings for retirement into this non-withdrawable account. This is your retirement account and you can claim tax benefits against the contributions made subject to the Income Tax rules in force.
- **Tier-II account**: This is a voluntary savings facility. You will be free to withdraw your savings from this account whenever you wish. This is a not a retirement account and you can’t claim any tax benefits against contributions to this account.
  - **Key features of Tier-II account**
    - No additional CRA charges will be levied for account opening and annual maintenance in respect of Tier II. However, CRA will charge separately for each transaction in Tier II, the charges being identical to the transaction charge structure in Tier I.
    - There is no limit on the number of withdrawals from Tier II account.
    - There will be facility for separate nomination and scheme preference in Tier II.
    - There will be facility of one-way transfer of savings from Tier II to Tier I but funds cannot be transferred from Tier I to Tier II. Bank details will be mandatory and no separate KYC required for opening a Tier II account.

What are the unique benefits the subscriber can enjoy by joining NPS?

- **It is voluntary** - NPS is open to every Indian citizen. You can choose the amount you want to set aside.
- **Low Cost** - NPS is considered to be world's lowest cost pension scheme. Other handling and administrative charges and fund management fee are lowest.
- **It is simple -** all you have to do is to open an account with any one of the POPs and get a PRAN.
- **It is flexible** - You can choose your own investment option and Pension Fund Manager or select Auto option to get better returns.
- **It is portable** - You can operate your account from anywhere in the country and you can pay your contributions through any of the POP-SPs irrespective of the POP-SP branch with whom you are registered, even if you change your city, job etc.
- **Prudentially Regulated** – Transparent investment norms, regular monitoring and performance review of Fund Managers by NPS Trust.

What are the choices that the subscriber has with respect to administration of his investments?

Under NPS the subscriber has choice of choosing various functionaries for administration of investment of his funds and the details are as follows:

- The point of presence (POP) through whom he wishes to transact the NPS
- The Pension Fund Manager (PFM) whom the subscriber wants to manage his investments under NPS.
- The Investment scheme in which he wishes to invest his investments from the available options.
- The type of annuity and the Annuity Service Provider (ASP) from whom the subscriber wishes to purchase the annuity, at the time of exit from NPS.

For the convenience of those subscribers who are not in a position to choose a particular investment scheme/option, the NPS provides default options of asset allocation for safeguarding the interests of the subscribers.

What investment choice does the subscriber have?

Under NPS, how your money is invested will depend upon your own choice. NPS offers you a number of fund managers and multiple investment options to choose from. In case you do not want to exercise a choice, your money will be invested as per the "Auto Choice" option, where money will get invested in various type of schemes as per your age.

The NPS offers you two approaches to invest your money:

- Active choice - Individual Funds (Asset Class E, Asset Class C, and Asset Class G)
- Auto choice - Lifecycle Fund

Active choice - Individual Funds

You will have the option to actively decide as to how your NPS pension wealth is to be invested in the following three options:

Asset Class E - investments in predominantly equity market instruments.
Asset Class C- investments in fixed income instruments other than Government securities.
Asset Class G - investments in Government securities.

You can choose to invest your entire pension wealth in C or G asset classes and up to a maximum of 50% in equity (Asset class E). You can also distribute your pension wealth across E, C and G asset classes, subject to such conditions as may be prescribed by PFRDA.

In case you decide to actively exercise your choice about investment options, you shall be required to indicate your choice of Pension Fund Manager (PFM) from among the eight Pension Fund Managers (PFMs) appointed by PFRDA. In case you do not indicate any choice of PFMs, please note that it is deemed that you have consented to opting for the default option for the PFM as provided by PFRDA and whereby SBI Pension Funds Private Limited would become the default PFM.

While exercising an Active Choice, remember that your investment allocation is one of the most important factors affecting the growth of your pension wealth. If you prefer this "hands-on" approach, keep the following points in mind:

- Consider both risk and return. The E Asset class has higher potential returns than the G asset class, but it also carries the risk of investment losses. Investing entirely in the G asset class may not give you high returns but is a safer option.
- You can reduce your overall risk by diversifying your investment. The three individual asset classes offer a broad range of investment options, it is good not to put "all your eggs in one basket."
- The amount of risk you can sustain depends upon your investment time horizon. The more time you have before you need to withdraw from your account, the more is the risk you can take. (This is because early losses can be offset by later gains.)
- Periodically review your investment choices. Check the distribution of your account balance among the funds to make sure that the mix you chose is still appropriate for your situation. If not, rebalance your account to get the allocation you want.

Auto choice - Lifecycle Fund

NPS offers an easy option for those participants who do not have the required knowledge to manage their NPS investments. In case you are unable/unwilling to exercise any choice as regards asset allocation, your funds will be invested in accordance with the Auto Choice option.

In this option, the investments will be made in a life-cycle fund. Here, the fraction of funds invested across three asset classes will be determined by a pre-defined portfolio. At the lowest age of entry (18 years), the auto choice will entail investment of 50% of pension wealth in "E" Class, 30% in "C" Class and 20% in "G" Class. These ratios of investment will remain fixed for all contributions until the participant reaches the age of 36. From age 36 onwards, the weight in "E" and "C" asset class will decrease annually and the weight in "G" class will increase annually till it reaches 10% in "E", 10% in "C" and 80% in "G" class at age. Like the active choice, you must choose one PFM under the auto choice. **In case you do not indicate any choice of PFMs, please note that it is deemed that you have consented to opting for the default option for the PFM as provided by PFRDA and whereby SBI Pension Funds Private Limited would become the default PFM.**

Table for Lifecycle Fund*

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	10%	10%	80%

***In case of Auto Choice, reallocation among the asset classes shall take place on the date of birth of the subscriber. Net Asset Value (NAV) will be released on a regular basis so that you may be able to take informed decisions.**

The window for scheme change preference shall remain open throughout the year. The subscriber shall be allowed to exercise the choice only once, at any time during the financial year.

Can a subscriber change the scheme preference?

A subscriber can change his existing Pension Fund Manager (PFM), the investment option (Active or Auto Choice) as well as the asset allocation ratio (allocation among asset class – Equity/Corporate Instrument/Government Securities) once in a Financial Year. This scheme preference will be applicable to the existing pension corpus as well as to the prospective subscriptions. The subscribers intending to exercise the choice shall have to present the request in the prescribed form No. UOS – S3 to the POP-SP along with a copy of PRAN card.

Investment Guidelines

The PFM will manage the following three separate schemes, each investing in a different asset class, being:

Asset class E (equity market instruments) – The investment by an NPS participant in this asset class would be subject to a cap of 50%. This asset class will be invested in shares of the companies which are listed in Bombay Stock Exchange or National Stock Exchange and on which derivatives are available or are part of BSE Sensex or Nifty Fifty Index.

Asset class G (Government Securities) – This asset class will be invested in Central Government Bonds and State Government Bonds.

Asset class C (credit risk bearing fixed income instruments) –

(i)Fixed Deposits of not less than 365 days of scheduled commercial banks with following filters:

a) Net worth of at least Rs.500 crores and a track record of profitability in the last three years.

b) Capital adequacy ratio of not less than 9% in the last three years. Net NPA of under 5% as a percentage of net advances in the last year

c) List to be reviewed half-yearly

(ii)(a) Credit rated Debt securities with maturity of not less than three years tenure issued by Bodies Corporate including scheduled commercial banks and public financial institutions [as defined in Section 4 (A) of the Companies Act]

(b) **Provided that the investment** in this category is made in instruments having an investment grade rating from at least two credit rating agencies. Apart from ratings by agencies, PFM shall undertake their own due diligence for assessment of risks associated with the securities before investments

(iii) Credit Rated Public Financial Institutions/PSU Bonds

(iv) Credit Rated Municipal Bonds/Infrastructure Bonds/Infrastructure Debt Funds.

The detailed investment guidelines issued by PFRDA are available on http://www.pfrda.org.in/

What are the Risks that the subscriber's investments are exposed to?

Investments

1. There are no guarantees on investment. NPS is a defined contribution plan and the benefits would depend upon the amounts of contributions invested and the investment growth up to point of exit from NPS.
2. You may seek professional advice to assist you in planning your finances. However, this would be your own decision and PFRDA would not be responsible for any consequences
3. Past performance of the Fund Manager does not guarantee future performance of the investment.
4. The name of the Fund does not in any manner indicate either the quality of the investment scheme or its future prospects and returns.
5. All investments are subject to market risks and there is no assurance or guarantee that the investment objectives shall be achieved.
6. Investment involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
7. Value of your investment in the NPS may go up or down depending upon the forces and factors affecting financial markets in general.
8. Tax laws may change, affecting the Return on Investment (ROI).

EXPLANATORY NOTE ON SPECIFIC RISKS IN DEBT MARKETS AND CAPITAL MARKETS

The following is an illustrative list of risks which may be faced by investing in financial markets:

Risks associated with Debt / Money Markets (i.e. Markets in which Interest bearing Securities or Discounted Instruments are traded)

- **Credit Risk:** Securities carry a Credit risk of repayment of principal or interest by the borrower. This risk depends on micro-economic factors such as financial soundness and ability of the borrower as also macroeconomic factors such as Industry performance, Competition from Imports, Competitiveness of Exports, Input costs, Trade barriers, Favorability of Foreign Currency conversion rates, etc.
  Credit risks of most issuers of Debt securities are rated by Independent and professionally run rating agencies. Ratings of Credit issued by these agencies typically range from “AAA” (read as “Triple A” denoting “Highest Safety”) to “D” (denoting “Default”), with about 6 distinct ratings between the two extremes.
  The highest credit rating (i.e. lowest credit risk) commands a low yield for the borrower. Conversely, the lowest credit rated borrower can raise funds at a relatively higher cost.
- **Sovereign risk:** The Government raises money to meet its Capital and Revenue expenditure by issuing Debt or Discounted Securities. Since payment of interest and principal amount has a sovereign status implying no default, such securities are known as securities with sovereign credit. For domestic borrowers and lenders, the credit risk on such Sovereign credit is near zero and is popularly known as “risk free security” or “Zero- Risk security”. Thus Zero-Risk is the lowest risk, even lower than a security with “AAA” rating and hence commands a yield, which is lower than a yield on “AAA” security.
- **Price-Risk or Interest-Rate Risk:** From the perspective of coupon rates, Debt securities can be classified in two categories, i.e., Fixed Income bearing Securities and Floating Rate Securities. In Fixed Income Bearing Securities, the Coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the Floating Rate Securities, on the other hand, the coupon rate changes - ‘floats’ - with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury Bill.
  Fixed Income Securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) shall be influenced only by movement in interest rates in the financial system. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently the proceeds may get invested at a lower rate.
- **Liquidity Risk:** The corporate debt market is relatively illiquid vis-a-vis the Government securities market.
  There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity in an option therefore may suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.
- **Prepayment Risk:** In the event of prepayments, investors may be exposed to changes in tenor and yield. Also, any Charge off’s would result in the reduction in the tenor of the Pass through Certificates (PTC’s).

Risks associated with Capital Markets or Equity Markets (i.e. Markets in which Equity Shares or Equity oriented instruments are issued and traded)

- **Price fluctuations and Volatility:** Investments are subject to market and other risks and there can be neither a guarantee against loss resulting from an investment in the NPS nor any assurance that the objective of the NPS shall be achieved. The NAV of the Units issued under the NPS can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, Government policy and volatility in the capital markets. Pressure on the exchange rate of the Rupee may also affect security prices.

- **Liquidity Risks:** Liquidity in Equity investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the PFM's ability to make intended purchases/sales, cause potential losses to the investments and result in the PFMs missing certain investment opportunities.

There will be a time lag between the time you deposit Cash/Demand draft/cheque/ Electronic Clearing System (ECS) with the POP-SP and the time of credit of units to the Permanent Retirement Account of the subscriber, which may range upto 15 working days at the time of initial registration and upto 7 working days for subsequent contributions. PFRDA may impose penalties on intermediaries in case of delay beyond this period.

How much does a subscriber need to contribute?

You are required to make your first contribution at the time of applying for registration at any POP - SP. The requirements for minimum contributions to NPS are as follows:

TIER I	TIER II
Minimum contribution at the time of account opening and for all subsequent transactions - Rs 500	Minimum contribution at the time of account opening - Rs.1000/- and for all subsequent transactions a minimum amount per contribution of Rs.250/-
Minimum contribution per year - Rs 6,000 excluding charges and taxes	Minimum Account Balance at the end of Financial Year - Rs.2000/- excluding charges and taxes
Minimum number of contributions in a year - 01	Minimum number of contributions in a year - 01
Charges and Penalty for non-compliance of mandatory minimum contributions: If the subscriber contributes less than Rs. 6,000 in a year, his account would be frozen and further transactions are allowed till the account is reactivated. • In order to reactivate the account, the subscriber would have to pay the minimum contributions, along with penalty of Rs.100 per year of default due for the period of dormancy. • A frozen account shall be closed when the account value falls to zero.	**Charges and Penalty for non-compliance of mandatory minimum contributions:** Penalty of Rs. 100/- to be levied on the subscriber for not maintaining the minimum account balance and/or not making the minimum number of contributions.

Over and above the mandated limit of a minimum of 1 contribution, you may decide on the frequency of the contributions across the year as per your convenience.

Tax Benefits

Tax benefit to employee:

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: -

(a) 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 lac under Sec 80 CCE.

(b) 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 lac provided under Sec 80 CCE.

Tax benefit for self-employed:

Eligible for tax deduction up to 10 % of gross income under Sec 80 CCD (1) with in the overall ceiling of Rs. 1 lac under Sec 80 CCE.

Tax benefits would be applicable as per the Income Tax Act, 1961 as amended from time to time.

How to enroll in the NPS?

To enroll in the NPS, you need to submit the Subscriber Registration Form to the POP-SP of your choice. You can procure your subscriber registration application form from any of the Point of Presence - Service Providers (POP-SP) you wish to register with. Alternatively the subscriber registration forms are available at https://www.npscra.nsdl.co.in/download/subscriber-corner/Steps-to-Join-NPS/UOS-S1-Subscriber-registration-form-CAF.pdf or on the website of PFRDA.

The applicant has to ensure that subscriber registration application form is duly filled up i.e. photograph, signature, mandatory details, scheme preference details etc and also submit Know Your Customer (KYC) documentation with respect to proof of identity and proof of address. One is advised to read the instructions given at the back of the form. NRIs should have an account with a bank based in India to open an account under NPS. The contributions made by the NRI would be subject to regulatory requirements as prescribed by RBI from time to time and FEMA requirements. Once the application form is duly filled in you can go to your nearest POP-SP and submit the PRAN application along with the KYC documents. PRAN card will be sent to your correspondence address by CRA. The list of POP –SP (Service Provider branches) is available on the CRA website www.npscra.nsdl.co.in and on the website of the concerned POP. **To know the nearest POP-SP branch of your choice you may visit https://www.npscra.nsdl.co.in/pop-sp.php.**

After the account is opened, CRA shall mail a "Welcome Kit" to you containing the subscriber's unique Permanent Retirement Account Number (PRAN) Card and the complete information provided by the subscriber in the Subscriber Registration form. This account number will be the primary means of identifying and operating the account. You will also receive a Telephone Password (TPIN) which can be used to access your account on the call Centre number (1-800-222080). You will also be provided an Internet Password (IPIN) for accessing your account on the CRA Website (www.npscra.nsdl.co.in) on a 24X7 basis.

How can I pay my contributions under NPS?

The subscriber can contribute the amount through cash, local cheque, demand draft or Electronic Clearing System (ECS) at his/her chosen POP-SP. However, for cash transactions exceeding Rs.50000/- one needs to submit the copy of the PAN card as per the Anti-Money laundering (AML) rules. Also, No outstation cheques shall be accepted.

When can a subscriber exit from NPS?

- When the subscriber attains the age of 60 years
- At any time before attaining the age of 60 years
- Due to the death of the subscriber.

What are the benefits that the subscriber or his family can derive from the NPS at the time of exit from NPS?

a) Upon attainment of the age of 60 years	At least 40% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of annuity providing for monthly pension to the subscriber and balance is paid as lump sum payment to the subscriber. However, the subscriber has the option to defer the lump sum withdrawal till the age of 70 years.
b) At any time before attaining the age of 60 years	At least 80% of the accumulated pension wealth of the subscriber needs to be utilized for purchase of annuity providing for monthly pension to the subscriber and the balance is paid as a lump sum payment to the subscriber.
c) 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.

For those subscribers who have opted for Swavalamban scheme, withdrawals under (a) & (b) above, there is an overriding condition on the lump sum payment payable due to which the entire accumulated pension wealth would be annuitized in case if the monthly pension obtained by using the 40%/80% of the pension wealth is below Rs. 1000/- per month.

Annuities and Annuity Service Providers (ASPs):

Annuity is a financial instrument which provides for a monthly payment of pension against a fixed lump sum amount and which under NPS is the monetary or money value of the specified % of the accumulated pension wealth in the subscribers account. The subscriber has to mandatorily buy the annuity as specified in the exit rules of NPS and from a PFRDA empanelled Annuity Service Provider.

Annuity Service Providers are IRDA licensed and regulated Life Insurance companies, transacting annuity business in India and who are empanelled by PFRDA for servicing the annuity requirements of the NPS subscribers. At present the following 7 ASP's are providing the Annuity services to NPS subscribers and the contact details of these ASP's can be seen at https://www.npscra.nsdl.co.in/annuity-service-providers.php.

- **Life Insurance Corporation of India**
- **SBI Life Insurance Co. Ltd.**
- **ICICI Prudential Life Insurance Co. Ltd.**
- **HDFC Standard Life Insurance Co Ltd**
- **Bajaj Allianz Life Insurance Co. Ltd.**

– **Reliance Life Insurance Co. Ltd.**
– **Star Union Dai-ichi Life Insurance Co. Ltd.**

These ASP's are prudentially regulated and monitored by Insurance Regulatory and Development Authority (IRDA). Under National Pension System (NPS), the subscriber has the option to choose the type of Annuity and the Annuity Service provider. The subscriber may choose the annuity type/scheme basing on his requirements from amongst the available schemes offered by the respective ASP's. Currently, the following types of annuities are generally available with the ASP's.

Type of Annuities:

The following are the annuities that are available in the Indian market in general. However, ASP's also offer variants which are a combination of some of the below mentioned types.

1. Annuity/ pension payable for life at a uniform rate.
2. Annuity payable for 5, 10, 15 or 20 years certain and thereafter as long as the annuitant is alive.
3. Annuity for life with return of purchase price on death of the annuitant.
4. Annuity payable for life increasing at a simple rate of 3% p.a.
5. Annuity for life with a provision of 50% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
6. Annuity for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
7. Annuity for life with a provision of 100% of the annuity payable to spouse during his/ her life time on death of annuitant. The purchase price will be returned on the death of last survivor.

Any one option can be chosen. Once chosen, the option cannot be altered.

What happens in case of death of annuitant after the purchase of the annuity?

i. Under option (**1**) annuity ceases after the annuitant dies.

ii. Under option (**2**)

I. On death of the annuitant during the guaranteed period - annuity is paid to the nominee till the end of the guaranteed period after which the same ceases.

II. On death after the guaranteed period - annuity ceases.

iii. Under option (**3**) annuity ceases after death of the annuitant and the purchase price is paid to the nominee.

iv. Under option (**4**) annuity ceases after death of the annuitant.

v. Under option (**5**) payment of 100% annuity ceases after death of the annuitant and 50% of the annuity is payable to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, the annuity ceases after death of the annuitant.

vi. Under option (**6**) payment of annuity ceases after death of the annuitant and full annuity is payable to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, the annuity ceases after death of the annuitant.

vii. Under option (**7**) payment of annuity ceases after death of the annuitant and full annuity is payable to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, the annuity ceases after death of the annuitant and purchase price is paid to the nominee.

Default option for annuity service provider and annuity scheme:

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

1. *Default Annuity Service Provider* – Life Insurance Corporation of India (LIC)
2. *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.
3. However, where the corpus 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.

Where do I submit my withdrawal request?

Under National Pension System, PFRDA has entrusted the responsibility of receiving, processing and settlement of all withdrawal claims made to Central Recordkeeping Agency (CRA) and CRA has created a special NPS claim processing cell (NPSCPC) for this purpose for handling all types of withdrawal claims. The CRA will monitor the performance of NPSCPC on the withdrawal processing as per the instructions provided by PFRDA in this regard. At present the NPSCPC is fully functional.

The subscribers can submit their claims for withdrawal from NPS through any of the POP-SP's to NPS Claim processing cell (NPSCPC) for processing of the claims. The entire exit and withdrawal process is proposed to be system driven for majority part and the contact details of NPSCPC as on 01/04/2013 are as given below:

COMMUNICATION ADDRESS OF CRA CLAIM CELL	**NPS Claim Processing Cell,** Central Record Keeping Agency, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 4000013
TELEPHONE NUMBERS	022-24994512 022-24994862 022-249904200 (Board)
E-MAIL ID'S	SarvdeepS@nsdl.co.in; Sudhanshus@nsdl.co.in
CONTACT PERSON / PERSONS	Mr.Sarvdeep Singh / Mr. Sudhanshu Shekhar
SECOND OR SENIOR LEVEL CONTACT PERSON	Mr.Prasenjit Mukherjee
E-MAIL ID	PrasenjitM@nsdl.co.in

Please note that the above details may change from time to time and as per the approval of PFRDA. Also, Subscribers can contact the personnel mentioned above in case of any doubt / queries on the withdrawal process or any other information pertaining to the withdrawal of benefits under NPS.

What are the Charges that the subscriber needs to pay under NPS?

NPS offers Indian citizens a low cost option for planning their retirement. NPS perhaps is the world's lowest cost retirement savings product. Following are the charges under NPS:

Intermediary	Charge head	Service charges	Method of Deduction
CRA	PRA Opening charges	Rs. 50	Through cancellation of units
	Annual PRA Maintenance cost per account	Rs. 190	
	Charge per transaction	Rs. 4	
POP(Maximum Permissible Charge for each subscriber)	Initial subscriber registration	Rs.100/-	To be collected upfront from subscriber
	Contribution upload (Initial as well as subsequent)	0.25% of the contribution amount from subscriber subject to a minimum of Rs.20 and a maximum of Rs. 25,000	
	Other transactions.	Rs 20	
Trustee Bank	Not Applicable	Nil	
Custodian (On asset value in custody)	Asset Servicing charges	0.0075% p.a for Electronic segment & 0.05% p.a. for Physical segment	Through NAV deduction
PFM charges	Investment Management Fee	within the prescribed upper ceiling of 0.25% p.a.	Through NAV deduction

Service tax and other levies, as applicable, will be levied as per the existing tax laws. There are no additional CRA charges for the maintenance of Tier –II account. Also, please note that the fee structure may change from time to time as may be decided by PFRDA.

NPS ARCHITECTURE

PFRDA

PFRDA is the prudential Regulator for the NPS and is currently is headed **by Shri Yogesh Agarwal as Chairman. The present constitution of the PFRDA Board is as under:**

1. Shri Yogesh Agarwal
Chairman, PFRDA

2. Shri Anup Wadhawan,
Joint Secretary (BA & PI), Department of Financial Services, Govt. of India
PART-TIME MEMBER

3. Smt. Sudha Krishnan,
Joint Secretary, Dept. of Expenditure, Govt. of India
PART-TIME MEMBER

NPS Intermediaries

NPS Trust

PFRDA has established the **NPS Trust** under Indian Trust Act, 1882 and appointed NPS Board of Trustees in whom the administration of the "National Pension System" vests under Indian Law. The Trust is responsible for taking care of the funds under the NPS.

Trustees

Sh. G. N. Bajpai (Former Chairman, SEBI)
Chairman

Sh. Nagendra Bhatnagar (Former MD & CEO, IDBI Capital Market Services Ltd)
Chief Executive Officer & Trustee

Sh. Syed Shahabuddin, (Former MD, Clearing Corporation of India)
Trustee

Sh. Shailesh Haribhakti (Eminent Chartered Accountant)
Trustee

Smt. Pallavi S. Shroff (Eminent Lawyer and Competition Law practitioner)
Trustee

Sh. Pramod Kumar Rastogi (Former member Telecom Disputes Settlement and Appellate, Former Secretary, Ministry of Steel)
Trustee

Functions of NPS Trust

- To call for any information, report etc. from PFM(s), Trustee Bank and Custodian.
- To issue directions to PFM(s) for protecting the interest of subscribers.
- To appoint a panel of independent auditors to undertake compliance audit.
- To verify that Trustee Bank is performing its functions as per the provisions of the Agreement with NPS Trust.
- To verify that PFM(s) are strictly following the terms and condition of Investment Management Agreement (IMA) with NPS Trust.

Points of Presence (POPs)

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.

Central Recordkeeping Agency (CRA)

The recordkeeping, administration and customer service functions for all subscribers of the NPS are being handled by NSDL e-Governance Infrastructure Limited, which is acting as the Central Record-keeper for the NPS.

Trustee Bank

The Trustee Bank appointed under NPS shall facilitate fund transfers across various entities of the NPS system viz. PFMs, ASPs, Subscribers, etc. Currently Axis Bank is the Trustee Bank for NPS. The trustee bank may undergo changes from time to time basing on the approval/requirement of new entities to act as Trustee Bank by PFRDA.

Custodian:

Stock Holding Corporation of India Ltd. (SCHIL) has been appointed by PFRDA to function as "The Custodian and Depository Participant" to NPS Trust and provide custodial services for securities in physical form and Depository Participant services for securities in Demat mode.

Pension Fund Managers (PFMs)

For managing the pension funds of subscribers, Pension Fund Managers are appointed/granted registration by PFRDA after scrutiny of their credentials as per the *"PFRDA (Registration of Pension Funds for Private Sector) Guidelines -2012"*. Subscribers have the option of selecting any one PFM registered with PFRDA and also have the option to change the PFM once in a year free of charges. The PFMs are required to invest the funds as per the guidelines issued by PFRDA from time to time.

At present, the following 8 PFMs are appointed/granted registration by PFRDA to manage the pension funds of subscribers under the private sector.

1. SBI Pension Funds Pvt. Ltd.
2. LIC Pension Fund Ltd.
3. UTI Retirement Solutions Ltd.
4. Kotak Mahindra Pension Fund Ltd.
5. Reliance Capital Pension Fund Ltd.
6. ICICI Prudential Pension Fund Management Company Ltd.
7. HDFC Pension Management Company ltd.
8. DSP BlackRock Pension Fund Managers Private Ltd

The updated list of PFMs registered with PFRDA is available at our website http://www.pfrda.org.in/.)

SERVICES TO SUBSCRIBERS

1. Subscriber Services

It is the endeavour of PFRDA / NPS Trust to provide consistently high quality service to NPS subscribers. PFRDA / NPS Trust strive to upgrade the quality of services through implementation of technology and through ensuring quality consciousness amongst all service personnel and associated NPS intermediaries.

2. NPS Information Desk

Any prospective customer can call at NPS Information Desk for any information related to the NPS product and enrollment into the National Pension System at toll-free no 1800110708.

3. Subscriber Grievances Redressal Mechanism

NPS has a multi-layered Grievance Redressal Mechanism which is easily accessible, simple, quick, fair, responsive and effective.

You have the option of registering grievance/complaint through the following alternatives:

- **Call Centre/Interactive Voice Response System (IVR)**

You can contact the CRA call centre at toll free telephone number 1-800-222080 and register the grievance. You will have to authenticate yourself through the use of T-pin allotted to you at the time of opening a Permanent Retirement Account under the NPS. On successful registration of your grievance, a token number will be allotted by the Customer Care representative for any future reference.

- **Web based interface**

You can register the grievance at the website www.cra-nsdl.co.in with the use of the I-pin allotted to you at the time of opening a Permanent Retirement Account. On successful registration, a token number will be displayed on the screen for future reference.

Besides that you can also view your statement of account online through your I-pin on the cra website as given above.

- **Physical forms**

You can submit the grievance in a prescribed format to the POP – SP who would forward it to CRA Central Grievance Management System (CGMS). You will have to mention your PRAN as the means of authentication. Upon submission of form with the POP-SP, you will get an acknowledgement receipt. The token number would be emailed to you (if the email id is mentioned), otherwise the same will be emailed to the concerned POP-SP. You can get the token number from the POP-SP upon presentation of the acknowledgement receipt.

How to check the status of the Grievance?

You can check the status of the grievance at the CRA website www.cra-nsdl.co.in or through the Call Centre by mentioning the token number. You can also raise a reminder through any one of the modes mentioned above by specifying the original token number issued.

If you do not receive any response within 30 days or are not satisfied with the resolution by CRA, you can apply to the Grievance Redressal Cell (GRC) of PFRDA.

Grievances received by the GRC directly from the subscribers only shall be entertained. GRC shall not entertain any complaints written on behalf of the subscribers by advocates, agents or third parties unless formally authorized by the subscriber.

Complete address of the GRC of PFRDA is as under:

Grievance Redressal Cell
Pension Fund Regulatory and Development Authority
1st Floor, ICADR Building, Plot No 6, Vasant Kunj,
Institutional Area, Phase – II, New Delhi – 110070,
Tel no – 011 26897948-49, Fax: 011-26897934, Email: grc@pfrda.org.in

Terms & Conditions

Confidentiality

The subscriber's personal information will not be disclosed to a third party (outside National Pension System (NPS) which includes Annuity Service Providers empanelled by PFRDA) without the express or implied consent of the subscriber. The information may be used internally or for creating awareness (telephonic/written) of new services of NPS. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to the public to disclose and where interest of the NPS requires disclosure.

Swavalamban Scheme: Operational Guidelines

The Scheme and its applicability

1. The scheme will be called Swavalamban Yojana. It will be applicable to all citizens in the unorganized sector who join the NPS administered by the Interim Pension Fund Regulatory and Development Authority (PFRDA).

Benefits under the Scheme

2. Under the scheme, Government will contribute Rs. 1000 per year to each NPS account opened in the year 2010-11 and for the next three years, that is, 2011-12, 2012-13 and 2013-14. The benefit will be available only to persons who join the NPS with a minimum contribution of Rs. 1,000 and maximum contribution of Rs. 12,000 per annum.

Definitions:

3. **Unorganised sector:** For the purpose of this scheme, a person will be deemed to belong to the unorganised sector if that person:
   - is not in regular employment of the Central or a State Government, or an autonomous body/public sector undertaking of the Central or state Government having employer assisted retirement benefit scheme, or
   - is not covered by a social security scheme under any of the following laws:
   - Employees' Provident Fund and Miscellaneous Provisions Act,1952
   - The Coal Mines Provident Fund and Miscellaneous Provisions Act,1948
   - The Seamen's Provident Fund Act, 1966
   - The Assam Tea Plantations Provident Fund and Pension Fund Scheme Act, 1955
   - The Jammu and Kashmir Employees' Provident Fund Act, 1961

4. All other definitions as given in the NPS offer document will apply to the terms used in this scheme.

Eligibility:

5. The scheme will be applicable to all persons in the unorganised sector subject to the condition that the benefit of Central Government contribution will be available only to those persons whose contribution to NPS is minimum Rs.1, 000 and maximum Rs. 12,000 per annum, for both Tier I and II taken together, provided that the person makes a minimum contribution of Rs. 1000 per annum to his Tier I NPS account.

6. As a special case and in recognition of their faith in the NPS, all NPS accounts opened in 2009-10 will be entitled to the benefit of Government contribution under this scheme as if they were opened as new

accounts in 2010-11 subject to the condition that they fulfill all the eligibility criteria prescribed under these guidelines.

Funding

7. The scheme will be funded by grants from Government of India. The grants would be given such that monthly payment in the subscriber accounts would be possible.

Operation

8. A person will have the option to join the NPS as an individual as per the existing scheme or through the CRA Lite approved by PFRDA.

9. At the time of joining the NPS the subscriber will have to declare whether he/she falls within the definition of unorganised sector as defined in para 3 above and would also declare that his contribution would range between Rs. 1,000 to Rs. 12,000 per annum. If subsequent to opening the NPS account it is found that the subscriber has made a false declaration about his eligibility for the benefits under this scheme or has been wrongly given the benefit of Government contribution under this scheme for whatsoever reason, the entire Government contribution will be deducted along with penal interest as may be specified from time to time.

If the status of the subscriber changes to ineligible after joining the NPS, he/she should immediately declare so and the benefit of Government contribution will not accrue to the subscriber's account after the date on which the subscriber becomes ineligible.

10. At the end of each financial year the CRA will, by 7th April of the following year, send to the PFRDA details of the NPS accounts opened during the year, showing separately the number of eligible NPS accounts in which the subscriber's contribution has been between Rs. 1,000 and Rs. 12,000. CRA will also send these details with individual PRAN to the Trustee Bank.

Miscellaneous

12. PFRDA may permit members of an existing pension scheme to migrate to NPS under such terms and conditions as may be approved by the Government.

Removal of Doubts

13. In case of any doubts on the eligibility, operation of the scheme or any other issue, the decision of PFRDA will be final.

Annexure I

List of current POPs:

Sr. No.	POP Name	Sr. No.	POP Name
1	Abhipra Capital Limited	30	Kotak Mahindra Bank Limited
2	Alankit Assignments Limited	31	Marwadi Shares and Finance Limited
3	Allahabad Bank	32	Microsec Capital
4	Andhra Bank	33	Muthoot Finance Limited
5	Axis Bank Limited	34	Oriental Bank of Commerce
6	Bajaj Capital Limited	35	Punjab & Sindh Bank
7	Bank of Baroda	36	Punjab National Bank
8	Bank of India	37	Reliance Capital Limited
9	Bank Of Maharashtra	38	South Indian Bank Ltd
10	Canara Bank	39	State Bank of Bikaner & Jaipur
11	Central Bank of India	40	State Bank of Hyderabad
12	Citi Bank NA	41	State Bank of India
13	Computer Age Management Services Private Limited (CAMS)	42	State Bank of Mysore
14	Corporation Bank	43	State Bank of Patiala
15	Dena Bank	44	State Bank of Travancore
16	Elite Wealth Advisors Ltd	45	Steel City securities Limited
17	Federal Bank	46	Stock Holding Corporation Of India Limited
18	HDFC Securities	47	Syndicate Bank
19	ICICI Bank Limited	48	The Karur Vysya Bank
20	ICICI Securities Limited	49	The Lakshmi Vilas Bank Limited
21	IDBI Bank Limited	50	UCO Bank
22	IL&FS Securities Services Limited	51	Union Bank Of India
23	India Info line	52	United Bank of India
24	India Overseas bank	53	UTI Asset Management Company Limited
25	India Post NPS Nodal Office	54	UTI Infrastructure Technology And Services Limited
26	Indian Bank	55	Vijaya Bank
27	ING Vysya Bank	56	Yes Bank Limited
28	Integrated Enterprises (India) Limited	57	Zen Securities Limited
29	Karvy Financial Services Limited		

POP addition is an ongoing activity, for updated list of POPs, you may visit PFRDA's website at www.pfrda.org.in .

Annexure II

Proposed acceptable KYC documents for Proof Identity and address for both entry and exit under NPS (for all variants)

Sl no	Proof of Identity (Copy of any one of the given below documents)	Proof of Address (Copy of any one of the given below documents)
a	Passport issued by Government of India	Passport issued by Government of India
b	Ration card with photograph	Ration card with photograph and residential address
c	Bank Pass book or certificate with Photograph	Bank Pass book or certificate with photograph and residential address
d	Voters Identity card with photograph and residential address	Voters Identity card with photograph and residential address
e	Valid Driving license with photograph	Valid Driving license with photograph and residential
f	PAN Card issued by Income tax department	Letter from any recognized public authority at the level of Gazetted officer like District Magistrate, Divisional commissioner, BDO, Tehsildar, Mandal Revenue Officer,
g	Certificate of identity with photograph signed by a Member of Parliament or Member of Legislative Assembly	Certificate of address with photograph signed by a Member of Parliament or Member of Legislative Assembly
h	Aadhar Card / letter issued by Unique Identification Authority of India	Aadhar Card / letter issued by Unique Identification Authority of India clearly showing the address
	Identity card issued by Central/State government and its Departments, Statuary/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc.	The identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statuary/ Regulatory Authorities, Public Sector Undertakings, Schedules Commercial Banks, Public Financial Institution for their employees.
i	Job cards issued by NREGA duly signed by an officer of the State Government	Job cards issued by NREGA duly signed by an officer of the State Government
j	Photo Identity Card issued by Defense, Paramilitary and Police Department's	Latest Electricity/water bill in the name of the Subscriber / Claimant and showing the address (less than 6 months old)
k	Ex-Service Man Card issued by Ministry of Defense to their employees	Latest Telephone bill in the name of the Subscriber / Claimant and showing the address (less than 6 months old)
l	Photo Credit card	Latest Property/house Tax receipt (not more than one year old)
		Existing valid registered lease agreement of the house on stamp paper (in case of rented/leased accommodation)

The following may be noted for a better understanding of the issues related to accepting KYC documentation as mentioned above:

a) If the address on the document submitted for identity proof by the prospective customer is same as that declared by him/her in the account opening form, the document may be accepted as a valid proof of both identity and address.

b) If the address indicated on the document submitted for identity proof differs from the current address mentioned in the account opening form, a separate proof of address should be obtained.

Pension Fund Regulatory and Development Authority
1st Floor, ICADR Building, Plot No.6,
Vasant Kunj Institutional Area, Phase - II, New Delhi - 110070.
Tel: (011) 26897948