

Why should I invest in NPS?

- ✓ **Opportunity of Extra Tax Savings in addition to Sec 80C :** Contribution made in NPS by individuals is eligible for Additional deduction of Rs.50,000/- under Sec 80 CCD(1B) available in excess of Rs.1,50,000/- under Sec 80 C.
- ✓ **Lower Expense Ratio :** NPS is perhaps the world's lowest cost pension scheme. The total recurring expenses inclusive of the Fund Management fee and all other handling and administrative charges would work out to be around **0.05% to 0.21% p.a.** **The Lower Expense ratio would lead to HIGHER RETIREMENT CORPUS.**
- ✓ **Ensures Complete Portability:** NPS account can be operated from anywhere in the country irrespective of employment and geography.
- ✓ **Tax Efficient :** The Retirement Corpus used for buying Annuity will be totally Taxfree.
- ✓ **No liquidity before Retirement:** Under Normal circumstances, No withdrawal is allowed before Retirement i.e. 60 Years of age. In a true sense this investment will prove to be the "REAL BUDHAPE KI LATHI".
- ✓ **Flexibility: Subscribers have** -
 - Choice of Pension Fund managers (PFMs)
 - Choice of Investment mix
 - Choice of Life Cycle Fund is also available

I have a freedom to change the PFM or the Investment Mix once a year without any exit load.

How is it superior to other perceived Retirement Plans ?

| Parametres ↓ | <=== Products ===> | | | | |
|----------------------------------|---|---|--|--|----------------------------|
| | NPS | MF Pension Products | Insurance Pension Products | PPF | Postal Savings |
| Tax Rebate | Additional Tax Savings under Sec 80 CCD (1B) which is beyond the Sec 80 C Limit | Only under Sec 80 C Limit | Only under Sec 80 C Limit | Only under Sec 80 C Limit | Some give Sec 80 C benefit |
| Expense Ratio | Ranges between 0.05% to 0.21% | Ranges between 2% to 2.5% | Ranges over 2.5% | Government Administered | Government Administered |
| Returns | Market Linked | Market Linked | Market Linked | Assured (Depends upon 10 Year G SEC yield) | Assured |
| Asset Allocation | Subscribers can customize based on their Risk appetite. Also change once a Year without any exit load | Based on Investment Objective of the Scheme. Investors can not customize it. | Based on Investment Objective of the Scheme. Investors can not customize it. | Government Administered | Government Administered |
| Liquidity | No liquidity before Retirement Age | Liquidity available subject to exit load | Liquidity available subject to huge exit load | Liquidity not before 7th Year | Not Available |
| Tax Treatment on Maturity | The amount used for purchasing Annuity - TAXFREE The Amount withdrawn as lumpsum - TAXABLE | LTCG on Schemes where Equity Component < 65% Taxfree where Equity Component >65% | Maturity Amount TAXFREE | Maturity Amount TAXFREE | Maturity Amount TAXABLE |
| Fund Managers | Can be Changed once a Year without any exit load | Can not be Changed | Can not be Changed | N/A | N/A |