

# Understanding National Pension Scheme

## PFRDA Awards

**First  
Rank -  
NPS**

Best POP Corporate  
Subscriber Registration,  
2017

**Second  
Rank -  
NPS**

Best POP All Citizen  
Subscriber Registration,  
2017

**Best  
Point of  
Presence**

In the Private Sector,  
2016

**Best  
Point of  
Presence**

Retail (All Citizen),  
2016

**Best  
Point of  
Presence**

Corporate Subscribers,  
2016



# National Pension System



**National  
Pension  
Scheme**

Never compromise your Happiness  
Neither Today  
Nor Tomorrow  
Save Systematically while you earn  
today and achieve your financial  
stability during your Golden years.

Invest in NPS Today



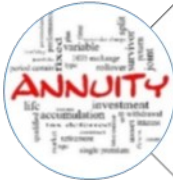
# Benefits of National Pension System (NPS)



**A LOW COST INVESTMENT-** One of the most cost effective Investment available at a cost as low as Rs. 200 and lowest PFM charges at 0.01%



**TAX BENEFITS-** Enjoy Tax benefits over and above the limits of 80CCE and 80CCD



**RETIREMENT SAVINGS-** Regular investment into the pension account, with options of partial withdrawals and the balance in the form of a fixed monthly income.



**FLEXIBLE-** Giving the ease to choose or switch between funds based on risk appetite and fund manager according to their performance



**PORTABLE-** Account can be operated from anywhere and anytime, irrespective of geographies, as the entire operation is web based

**1<sup>st</sup> January 2004**

- NPS was launched by Government of India
- Was introduced for all Government employees only

**1st May 2009**

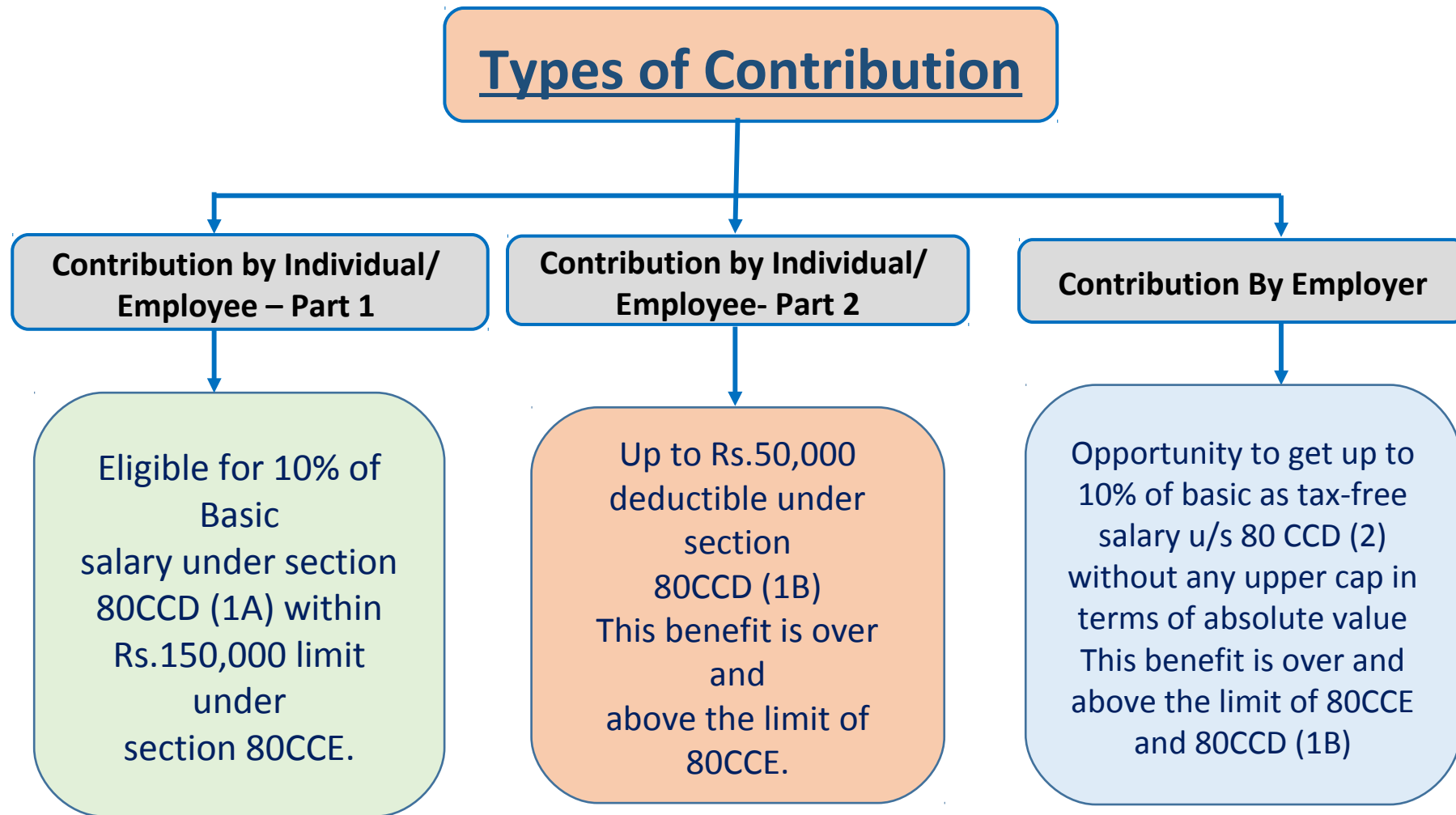
- Was opened for all citizens under- All Citizen Model

**December 2011**

- Corporate Sector Model was launched



# Tax Benefits



# Tax Illustration

Head	Particulars	Without NPS	With NPS
Salary	Basic Salary (40% Gross)	20,00,000	20,00,000
	House Rent Allowance (50% Basic)	10,00,000	10,00,000
	Flexi/Professional Allowance	13,63,800	11,63,800
	PF - Corporate Contribution	2,40,000	2,40,000
	Gratuity - Corporate Contribution	96,200	96,200
	Superannuation - Corporate Contribution	3,00,000	3,00,000
	NPS - Corporate Contribution	0	2,00,000
	Gross Salary	50,00,000	50,00,000
Deduction	80C	1,50,000	1,50,000
	NPS - 80CCD(1B)	0	50,000
	NPS- 80CCD(2)	0	2,00,000
	PF - Corporate Contribution	2,40,000	2,40,000
	Gratuity - Corporate Contribution	96,200	96,200
	Superannuation - Corporate Contribution	1,50,000	1,50,000
	Gross Deduction	6,36,200	8,86,200
	Taxable Salary	43,63,800	41,13,800
Difference Taxable Salary			2,50,000
Tax Saved @30.9%			77,250

Note - Salary will be restructured & take home will be reduced to the extent of NPS contribution.

# Types of Accounts

Particulars	Tier 1 Account	Tier 2 Account
Type of Account	Mandatory	Voluntary
Contribution <sup>1</sup>	Can be mix of - employee & employer - only employee - only employer	Only employee
Withdrawal facility	No	Yes
Tax Benefits	Yes	No
Minimum contribution for a/c opening <sup>1</sup>	INR 500	INR 1000
Minimum amount for subsequent contribution <sup>2</sup>	INR 500	INR 250
Minimum contribution / account balance at the end of year <sup>2</sup>	INR 1000	INR 0
Minimum number of contribution <sup>2</sup>	1	1
Frequency of contribution	Unlimited	Unlimited



# Asset Classes & Investment Choice

## ✓ There are four Asset Classes -

- ✓ Equity (Contribution is allowed to the extent of 75% only)
  - ✓ Corporate Bond (Contribution is allowed to the extent of 100%)
  - ✓ Government Bond (Contribution is allowed to the extent of 100%)
  - ✓ Alternative Infrastructure (Contribution is allowed to the extent of 5% only)
- However, the total allocation across the specified asset classes must be equal to 100%

## ACTIVE CHOICE : Individual Funds

- In this type of investment choice, subscriber has the right to decide as to how his / her contribution is to be invested, based on personal preference.

## AUTO CHOICE : Life Cycle Funds

- In this type of scheme preference, the Scheme Setup (scheme as well as allocation ratio) will be determined by the system based upon the age of the Subscriber at the time of registration.
- As age of the subscriber increases, the exposure to Equity and Corporate Debt tends to decrease. Depending upon the risk appetite of subscriber
- There are three different options available within 'Auto Choice' –
  - AGGRESSIVE – LC 75- Equity exposure up to 75%
  - MODERATE – LC 50- Equity exposure up to 50%
  - CONSERVATIVE – LC 25- Equity exposure up to 25%

# Premature Withdrawal and Exit

## PREMATURE WITHDRAWAL

- Premature withdrawals are allowed on completion of **3<sup>rd</sup> Year in NPS**
- **Maximum of 25%** of the total amount invested in an individual capacity can be withdrawn
- **Subject to conditions-** Children higher education/ marriage, purchase /construction of house or critical illness.

Allowed to withdraw only a maximum of three times during the entire tenure of subscription

No premature withdrawal are available from the employer contribution.



## EXIT-

- Can be done only after 10 years
- Only 20% can be withdrawn
- Remaining 80% needs to be used for purchasing annuity
- Once Withdrawn, NPS account will be closed.



In case of Unfortunate death of the subscriber, the nominee can withdraw the 100% of corpus



# Getting Money Out : Superannuation Age

## Conditions for Withdrawal



Between 60 to 70 years



Death during annuity phase

- 1) Can extend the investment up to age of 70 years.
- 2) Up to 60% of the total corpus can be withdrawn as lump and minimum 40% has to be used for buying annuities from an approved annuity service provider. 40% of the total corpus which is withdrawn will be tax free and remaining 20% can be withdrawn in maximum 10 annual instalments or can be used for purchasing annuity to reduce the tax liability
- 3) At the age of 60 years, withdrawal up to 100% is allowed subject to corpus is less than or equal to Rs. 2 lakhs

Nominee / Legal heir would receive the death proceeds as per the selected annuity plan

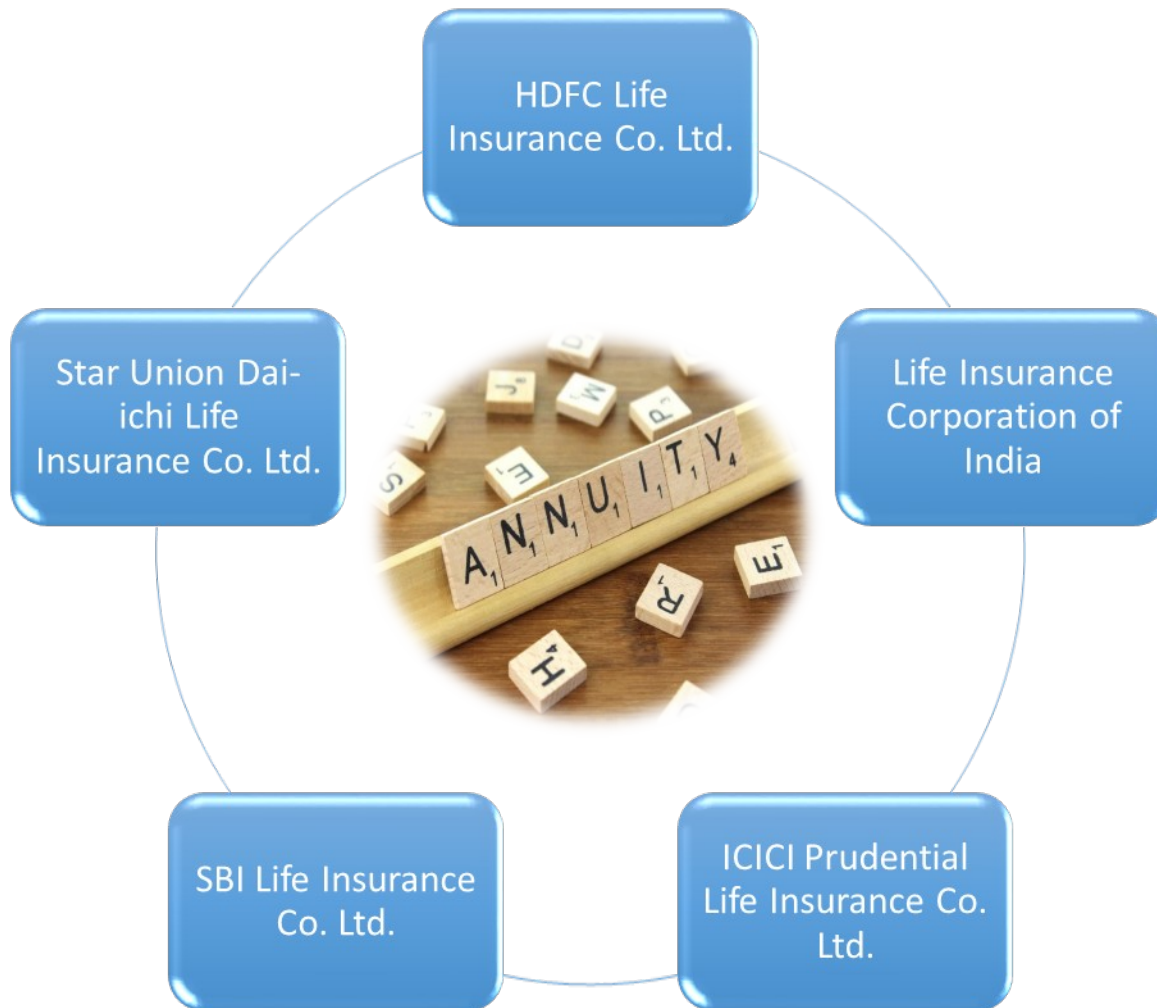
# Annuities



1. Annuity for life @ 9%
2. Annuity guaranteed for 5,10, 15 or 20 years and for life thereafter @ 8.5%
3. Annuity for life with return of purchase price on death @ 6.80%
4. Annuity for life increasing at a simple rate of 3% p.a. @ 7.25%
5. Annuity for life with a provision of 50% of the annuity payable to spouse of the annuitant for life on death of the annuitant. @ 8.30%
6. Annuity for life with a provision of 100% of the annuity payable to spouse of the annuitant for life on death of the annuitant. @ 7.75%
7. Annuity for life with a provision of 100% of the annuity payable to spouse of the annuitant for life on death of the annuitant, with return of purchase price on the death of the last survivor @ 6.75%

# Annuity Service Provider & Pension Funds Manager

## Annuity Service Providers



## Pension Fund Managers

HDFC Pension Management Company Limited

ICICI Prudential Pension Funds Management Company Limited

Reliance Capital Pension Fund Limited

Kotak Mahindra Pension Fund Limited

SBI Pension Funds Pvt. Ltd

UTI Retirement Solutions Limited

LIC Pension Fund Limited

Birla Sunlife Pension Management Limited

# Fund Performance



## NPS Fund Managers Performance Report

Dear All,

Let's have a quick glance over HDFC Pension's NPS Fund performance vis-a-vis competition. With entrance into the NPS architecture in August'2013 HDFC Pension has witnessed a continuous growth journey and consistently delivered superior returns as compared to industry players. The below returns are annualized returns from our date of inception.

### Since Inception Annualised Returns as on 18<sup>th</sup> May'18

Pension Fund Managers	Equity	Corporate Bonds	Government Securities
HDFC Pension Management Company Ltd.	16.14%	9.99%	9.14%
ICICI Prudential Pension Funds Management Company Ltd.	15.04%	10.03%	9.10%
Reliance Capital Pension Fund Ltd.	14.03%	9.74%	9.15%
Kotak Mahindra Pension Fund Ltd.	15.14%	9.83%	8.95%
SBI Pension Funds Pvt. Ltd.	14.80%	9.60%	9.19%
UTI Retirement Solutions Ltd.	15.58%	9.52%	8.79%
LIC Pension Fund Ltd.	13.09%	9.87%	10.44%

Hope the information is insightful. We look forward to a strong and continued association with you!

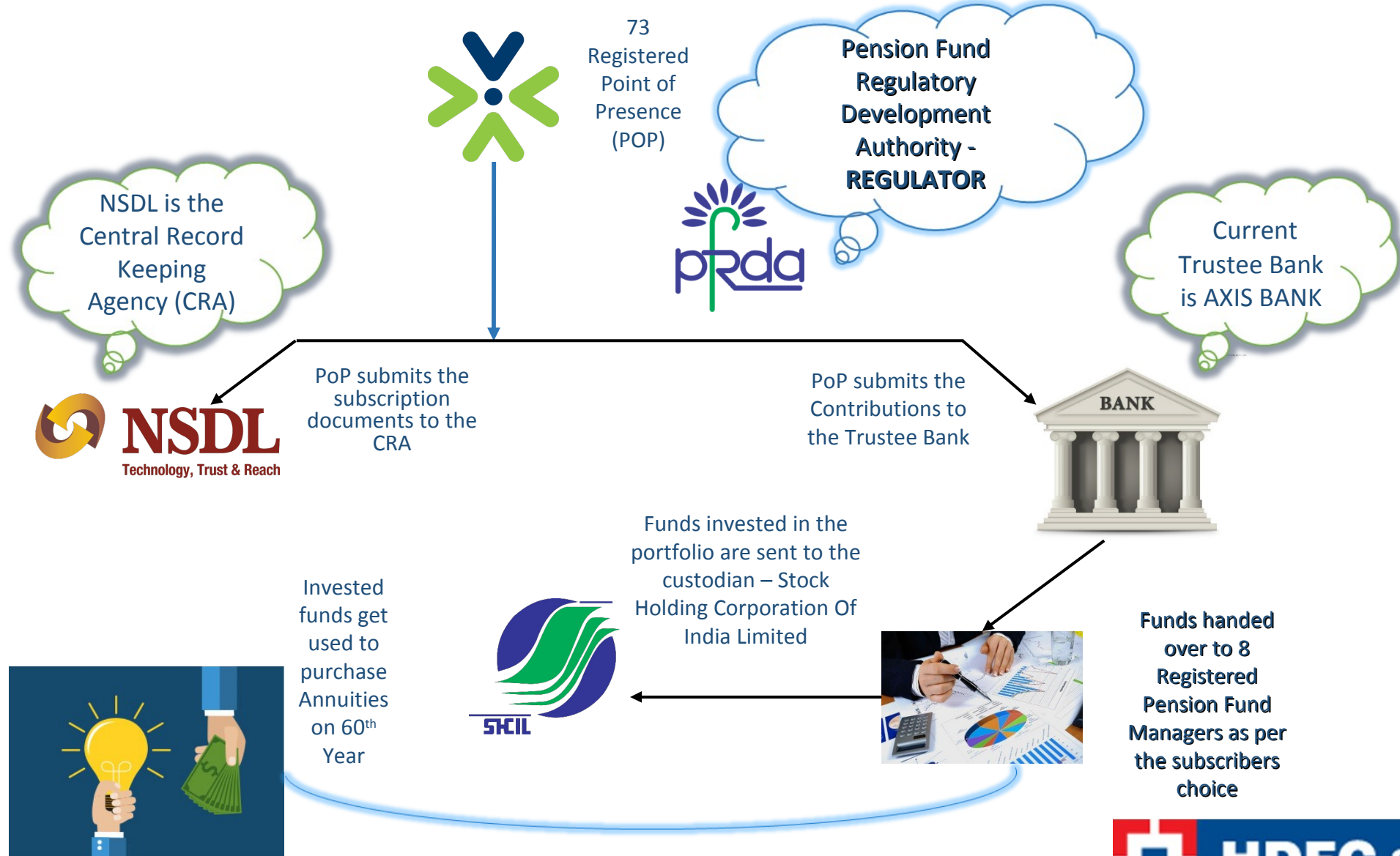


All investments made by the Company are subject to market risks and there is no assurance or guarantee that the investment objectives shall be achieved. The name of the Fund does not in any manner indicate either the quality of the investment scheme or its future prospects and returns. Investment in funds involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. There are no guarantees on investment. You may seek professional advice to assist you in planning your finances. However, this would be your own decision and Company would not be responsible for any consequences. Past performance of the Company / Sponsor or its affiliates does not guarantee future performance of the investment. The NAV of your investment may be affected by change in the general market conditions, factors and forces affecting capital markets in particular, level of interest rates, various market related factors and trading volumes. 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 Tax laws may change, affecting the Return On Investment (ROI).






# NPS Intermediaries



# Charges (Exclusive to Service Charges)

Intermediary	Charge Head	Service Charge	Method Of Deduction
POP_HDFC securities	Initial Subscriber Registration	Rs. 200	To be collected upfront
	Initial Contribution	0.25%	
	All subsequent Contributions	Min: Rs. 20 & Max: Rs, 25,000	
	Any Non- Financial Transaction	Rs. 20	
CRA_NSDL	PRA Opening (One Time)	Rs. 40	Through NAV cancellation/ deduction
	PRA Maintenance (Per Annum)	Rs. 95	
	Per Transaction (Financial / Non-Financial)	Rs. 3.75	
Custodian_SHCI	Asset Servicing (Per Annum)	0.0032%	
PFM	Investment Management (Per Annum)	Maximum Cap by PFRDA is 0.01% pa	
NPS Trust	For Managing Expenditure	0.01% of the fund value	

# HSL Duties as POP

PoP is the first point of interaction between Subscribers and the NPS infrastructure.

HDFC Securities would be responsible for the following activities :

- Existing and New Employee Subscriber Registration
- Regular Contribution Uploading
- Data validation of data in the files uploaded to CRA
- Subscriber Servicing
- Grievance Handling
- Coordination with Trustee Bank, PFMs and other Intermediaries



# Corporate Registration Documents List

- Corporate Registration Form
- Company Profile Sheet
- Board Resolution
- Supporting Letter for NPS Implementation
- PAN, TAN, Incorporation certificate, GST certificate and Address proof of Corporate
- MOA & AOA of Corporate
- Bank Account Details of Corporate

Post receiving above documents by POP, Corporate Registration will be done by NSDL CRA within 10 working days. Meanwhile, Employee Awareness Session are done to educate employees about NPS & for enrolment of employees Help desk Activity is done later



# Corporate NPS- Joining Process for employees

## Opening New NPS Account

- Submit New Subscriber Registration (CSRF-1) form along with self-attested copy of PAN card and Address Proof to Corporate HR for authorization
- Corporate HR authorizes the form and submits to HDFC for PRAN generation i.e., NPS Account opening
- Once PRAN is generated, Employee receives the intimation via Email and SMS
- Employee also gets PRAN kit from NSDL CRA within 30 days of PRAN generation

## Mapping Existing NPS Account to Corporate

- Submit Inter sector shifting (ISS-1) form along with self-attested copy of PAN card, PRAN card and Address proof and cheque of Rs. 23.60/- as service charge to Corporate HR for authorization
- Corporate HR authorizes the form and submits to HDFC for tagging NPS account to the company
- Once PRAN is migrated, Employee receives the intimation via Email from NSDL CRA

# Contribution towards NPS Account

## For routing NPS contribution through Employer to avail tax benefits u/s 80CCD (2)

- Employees will define the contribution amount (max upto 10% of basic salary) in the HR payroll system or confirm through consent letter to HR
- HR will deduct the specified amount from monthly salary of the employee and send the same to HDFC along with an email in a specified format
- On successful contribution processing, Employee receives Email and SMS alert from NSDL CRA

## For depositing own NPS contribution up to Rs. 50k to avail tax benefits u/s 80CCD (1B)

- Employee can directly contribute by visiting the ENPS portal
- On successful contribution processing, receipt is generated immediately which can be submitted to HR for investment proof purpose
- Employee can also contribute through service provider online through NEFT or by submitting cheque along with NCIS form

# DOCUMENTS Check List

DOCUMENTS	CORPORATE SUBSCRIBER	ISS SHIFTING
Self attested Pan Card Copy	✓	✓
Self attested Adhaar Card Copy	✓	✓
Correspondence Address Proof	✓	✓
1 photo	✓	✗
1 Cancelled Cheque	✓	✓
Account Opening Cheque	✗	✓
Cheque amount	✗	Rs. 23.60/-
Self attested PRAN Copy	✗	✓

## MANDATORY DOCUMENTS-

- Self attested Adhaar Card
- Self attested Pan Card
- Self attested Correspondence address proof
- 1 photo with plain background
- 1 cancelled cheque

# Points to Note

- Entry Age- 18 to 65 Years
- Maturity- 60<sup>th</sup> Year
- Extension- + 10 years i.e. 70 years

- For Generic queries like-
  - Forms and Formats
  - Account status- Freeze/ Active etc.
  - Employee PRAN status and Monthly PRAN reporting

Dedicated Contact- Corporate Relationships- 022-30753495 [corporaterelationships@hdfcsec.com](mailto:corporaterelationships@hdfcsec.com)

- For Financial Queries like-
  - Contribution
  - FATCA Updation
  - Cheque status

Online Team- 022- 30753475 [nps@hdfcsec.com](mailto:nps@hdfcsec.com)

- For Checking/ Following up for Rejections
  - NPS rejections team- 022- 67704155 [npsrejection@hdfcsec.com](mailto:npsrejection@hdfcsec.com)



*Thank You!*