

## National Pension System (NPS)

### Frequently asked Questions (FAQs)

1. What is NPS?

National Pension System (NPS) is a voluntary contribution of funds for a sustained period of time (till the age of 60 years / retirement age) to enable him to draw pension after he/she attains 60 years of age. The Scheme has been introduced by the Government of India and monitored by the Pension Fund Regulatory and Development Authority (PFRDA). NPS was previously known as New Pension System or New Pension Scheme.

2. What are the benefits of NPS?

It is basically for people who do not have the benefit of pension after retirement or are not adequately covered for pension. The scheme gives an opportunity to the subscriber to build up his/her pension fund over a long period so that after retirement he can draw pension for his sustenance.

3. What is the difference between Tier I and Tier II?

Tier I is the primary account which the subscriber has to open without which Tier II account cannot be opened. Tier II account is optional. While in Tier I withdrawal can be made with certain restrictions and conditions till the subscriber reaches 60 years of age / retirement age, in Tier II the subscriber can withdraw from his balance anytime he wishes to withdraw. The contribution in Tier I is eligible for tax deduction whereas not in Tier II.

4. What is the minimum age and maximum age for opening an account?

The scheme is open to people between 18 years to 70 years of age.

5. What is the minimum contribution in a year for Tier I?

Rs 1000/- has to be deposited by the subscriber in a year and the minimum contribution is Rs 500/- at one time.

6. What is the minimum contribution in a year for Tier II?

The minimum contribution is Rs 250/- at one time and there is no criteria for minimum annual contribution in Tier II.

7. What is the maximum amount of contribution in a year?

There is no upper limit of contribution into NPS.

8. What is the minimum number of contribution in a year?

Minimum 1 transaction in a year has to be made in Tier I. However there is no limit on maximum number of transactions that can be made in a year.

9. Can funds be withdrawn before attaining 60 years?

In Tier I funds cannot be withdrawn before attaining 60 years except certain exception situation like premature exit or partial withdrawal due to exigencies. However in Tier II, funds can be withdrawn anytime.

10. Can the full amount be withdrawn after attaining 60 years?

In case of premature exit the total amount can be withdrawn where the total corpus value is less than Rs.2,50,000/- and in case of normal exit the total amount can be withdrawn where the total corpus value is less than Rs.5,00,000/-. Otherwise maximum 60% of the total corpus can be withdrawn, minimum 40% of the total corpus will have to be annuitized.

11. Is Nomination facility available?

Yes and nominations can be made in favor of maximum 3 persons.

12. How to distribute the value between nominees?

The total shares of all the nominee together should be 100%.

13. What is a CRA?

The CRA stands for Central Record Keeping Agency. NSDL CRA, K-Fintech CRA and CAMS CRA are the three entities appointed as as CRA in NPS. You as a subscriber can chose only one of the CRA for your NPS account.

14. Is NPS a Government Scheme ?

Yes, NPS is a pension scheme initiated by Government of India under regulation of PFRDA.

15. Can I get my updated statement of account?

Yes, you get your statement on your registered email id on regular frequency. You may also generate your NPS statement any time by logging in to CRA webpage.

16. How can funds be contributed?

You can pay your contribution through online services of Stock Holding, by issuing of cheque or by submitting a NACH form for auto debit regularly from your bank.

17. What is PRAN?

Permanent Retirement Account Number (PRAN) which will be given to the subscriber on opening NPS account and which must be quoted in every transaction.

18. Which are the PFM?

There are 7 Pension Fund Managers (PFMs): Birla Sunlife Pension Management Limited, HDFC Pension Management Company Limited, ICICI Prudential Pension Funds Management Company Limited, Kotak Mahindra Pension Fund Limited, LIC Pension Fund Limited, SBI Pension Funds Private Limited, UTI Retirement Solutions Limited.

19. What is the assured rate of return?

NPS does not offer assured rate of return as the investment will be performance based. You have a choice to switch your PFM once in a year. The scheme choice can also be modified twice in a year.

20. What is the transaction cost to be borne by the subscriber?

The transaction cost is 0.25% of contribution value subject to minimum Rs 20/- + tax as applicable.

21. What is POP fee for NPS account opening?

The POP fees for NPS account opening is Rs.200.00/-.

22. If I have invested in any other Provident Fund, can I still invest in NPS?

Yes. Investment in NPS is independent of your contribution to any Provident Fund.

23. I have invested in pension funds of non-government / private entities. Can I still invest in NPS?

Yes. Investment in NPS is independent of your subscription to any other pension fund.

24. Who is Eligible?

Any Indian Citizen within the age bracket of 18 to 70 years are eligible to join NPS. Resident Indian, NRI and OCI can open NPS.

25. Can an NRI open an NPS account?

Yes, NRI can open an NPS account. Contributions made by NRI are subject to regulatory requirements as prescribed by RBI and FEMA from time to time. If the subscriber's citizenship status changes, his/ her NPS account would be closed.

26. What is the minimum annual subscription?

Rs 1000 for Tier-1 account.

27. Can I change my personal details after subscription?

Yes, new details for modification needs to be submitted to StockHolding.

28. How will I get pension and for how many years?

Pension is given on the basis of annuity purchased and type of annuity determines the years of pension. The choice of annuity type is taken at the time of exit from NPS.

29. Will my pension be taxable?

Yes, as per tax slab imposed by government at that period of time.

30. What are the income tax benefits of NPS?

Rs.1.5 lakhs under Section 80C and Rs 50,000 under Section 80CCD1B. Also upto 10% of salary contributed by the employer under 80CCD2 if the subscriber as employee is enrolled under corporate module.

31. What is the minimum number of contribution per year?

At least once for Tier-1 account.

32. Can I have multiple NPS account?

One individual can have only one NPS account. Multiple NPS account is not allowed as per regulation of PFRDA.

33. How do I monitor the performance of my investments?

Check online with the help of login id and password.

34. Do I get life insurance coverage or loan facility against the corpus of NPS?

No provision for insurance or loan, NPS is a pension Scheme.

35. What are the different account types?

Tier-1 and Tier-2

36. What is Tier-I Account?

Tier-I is a mandatory account; tax benefit is available for investment in this account and conditional withdrawal are also available.

37. What is Tier-2 account?

It is an optional account, no tax benefit linked to it. Withdrawal from this account is on demand.

38. Can I have only Tier-2 account?

No, for opening Tier-2 account, you need to open Tier-1 account as well. Both can be done at the same time.

39. What are the withdrawal options?

Tier-1 Account: Conditional, Tier-2 Account: On demand.

40. What is the process of pre-mature withdrawal?

After completing 10 years in the NPS, the subscriber needs to purchase annuity for minimum 80% of Corpus in case of premature exit.

41. What happens in case of death before or after retirement?

The corpus is transferred to nominee in case of death before retirement. The pension to the spouse and return of purchase price to the nominee depend upon the type of annuity taken in case of death post retirement.

42. Does a nominee need any NPS account for death case?

Not mandatory.

43. What can be the maximum number of nominee and is it compulsory?

You can nominate maximum of three and it is always recommended to nominate in NPS.

44. What are various instruments of investment?

Equities (E), Corporate Debts (C), Government Bonds (G), Alternate Investments (A)

45. What are the various choices of Investment?

Active and Auto choice .

46. What is active choice?

Subscribers choose instruments and investment proportion (E:C:G:A) of their own.

47. What is the maximum investment limit on an instrument? A: Equity: Up to 75% of corpus Corporate Debt: Up to 100% of corpus Government Bond: Up to 100% of corpus Alternate Investment: Up to 5% of corpus.

48. How is my pension decided?

Pension is as per the amount and type of Annuity purchased.

49. Which annuity is better?

The annuity rate varies from time to time depending up on the age of applicant and the type of annuity for different annuity service provider.

50. What is the charge through a POP?

Registration Charges: Rs 200 (one time) Contribution Processing: 0.25% of contribution (each transaction) Other Transaction Processing: Rs 20 (each transaction).

51. How can I open NPS account?

You can open NPS account either through any Stock Holding branch office in offline mode OR through online mode.

52. What documents do I need for account opening?

Proof of Identity, Proof of Address, Cheque copy and passport size color photograph.

53. How should I communicate to Stock Holding Corporation for grievances?

For Grievance please contact at [customercare@stockholding.com](mailto:customercare@stockholding.com)

54. Can I get tax benefit if my age is more than 60 years?

Yes, You can get the tax benefit on contribution to NPS till you are 75 years of age.

55. Can I continue my NPS account beyond 75 years.

No, you can not continue your NPS account beyond 75 years.