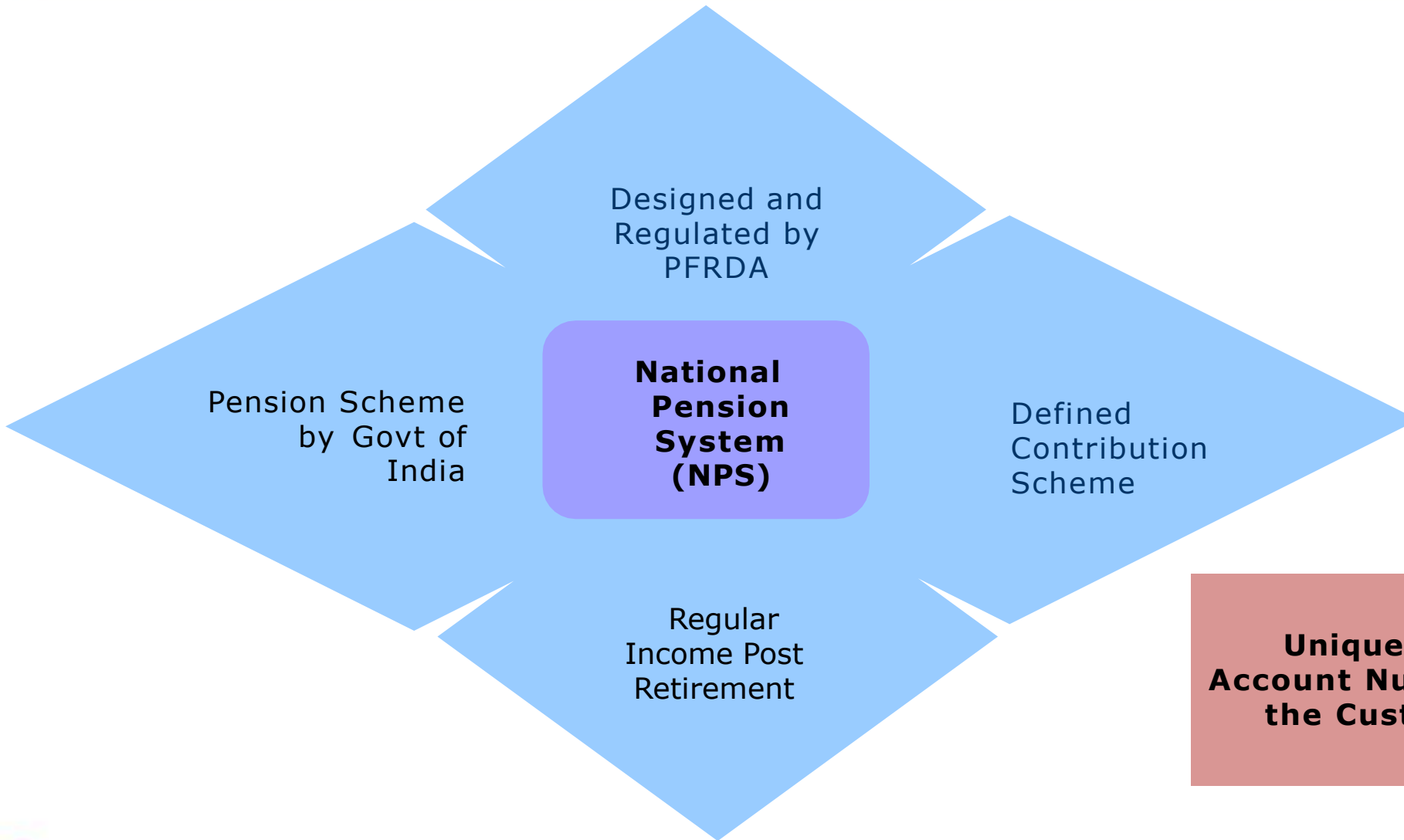


National Pension System



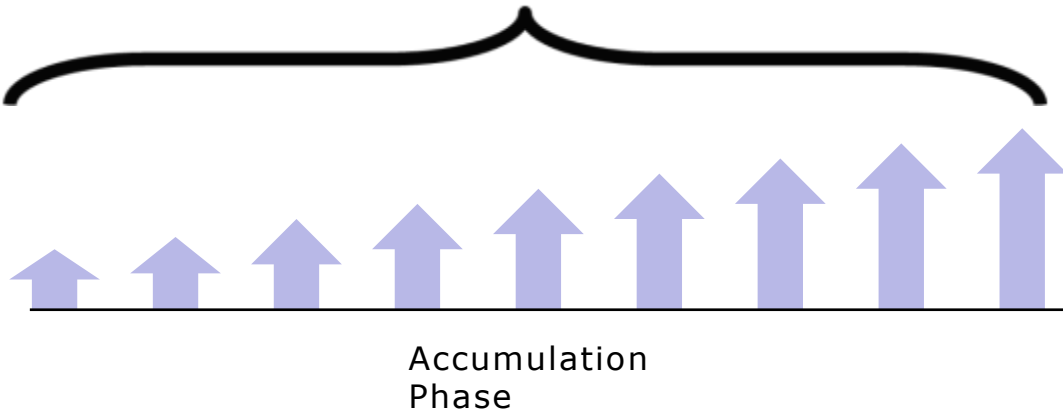
About NPS



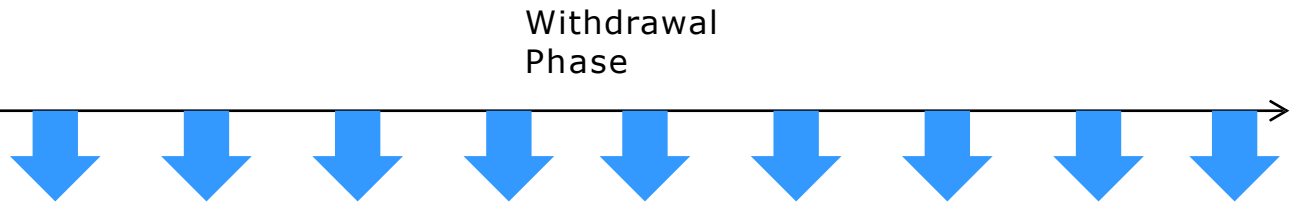
Unique Permanent Retirement Account Number (PRAN) is created for the Customer upon joining NPS.

How NPS Works

Customer opens NPS account and starts investing regularly



On Exit, a portion of Corpus comes to the Customer in lump sum and balance to be invested in Annuity



In case of death of Customer, Nominee / Legal Heir can claim the Corpus

Customer starts getting pension depending on the Annuity scheme selection

NPS: Key Benefits

Good Returns

- E: 15.17%
 - C: 8.89%
 - G: 8.70%
- 5 Yr Returns

Low Cost

- AMC 0.09%
- Overall : ~0.15- 0.20%

Tax Benefits (EEE)

- 50K over and above 80C
- 1.5K 80 C
- Tax Free withdrawal

Safety

- NPS Trust
- Trusted Fund Houses

Easy Onboarding and Servicing

- Digital Onboarding (3/5 mts)
- Online Contribution
- Online withdrawal

Flexibility

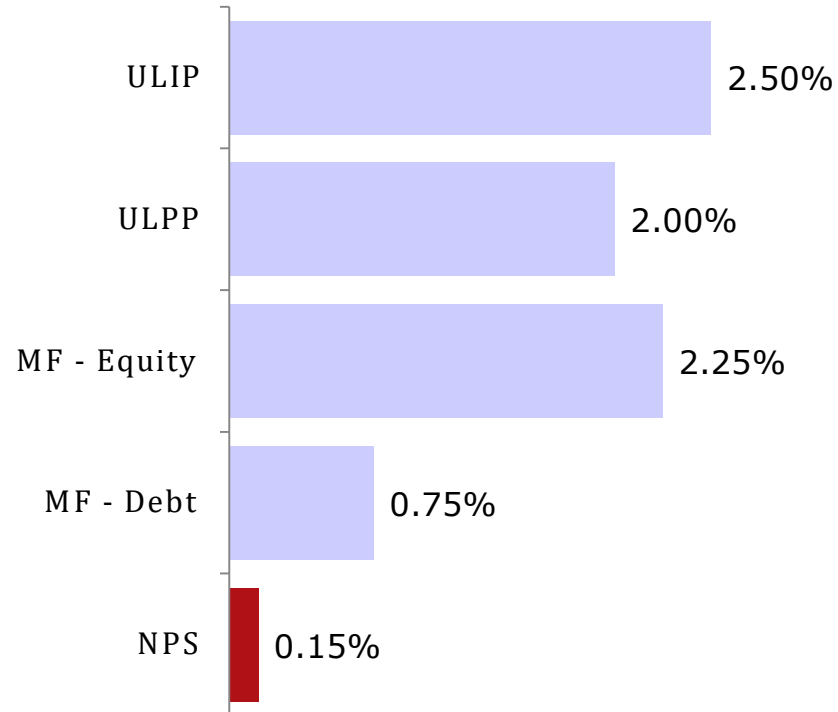
- Investments
- Investment choice (Active/ Auto)
- Contributions
- Exit

NPS: Good & Consistent Returns

Asset Class	5yr Returns	7yr Returns
Equity	14.11%	13.39%
Corporate Bonds	8.82%	7.76%
Govt. Securities	8.49%	7.13%
Alternative Assets	8.57%	8.57%

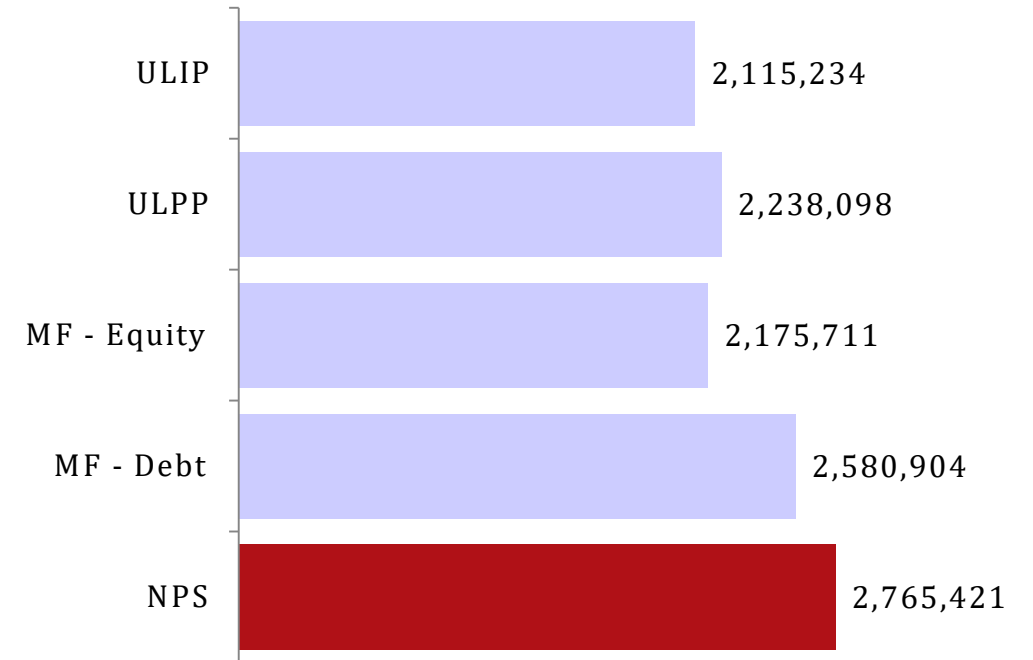
NPS: Low Cost

Expense Ratio (as % of AUM)



Calculated on an yearly investment of Rs. 50,000 for 10 years of more

Impact of Expense Ratio on Retirement Corpus



Investment started at the age 40 years with 58 years retirement age assumption and 10% growth

NPS: Tax Benefits

Tax benefit Stage	Amount / Limit	Section
Onboarding	1.5 lacs	80 C
Onboarding: unique to NPS	50k (over and above 80C)	80 CCD (1B)
Exit of NPS	Tax Free Exit: Lumpsum: Tax Free 40% Corpus Invested in Annuity (no tax)	Sec 10 (12A), Sec 80 CCD (5)
Taxation of annuity	Annuity: Taxable as per income slab Lumpsum on Death to family: Tax Free	

Types of NPS Account



Tier I NPS Account

- Pension Account for retirement
- Mandatory to open in order to join NPS
- Withdrawal from this account is conditional
- Claim tax deduction

Tier II NPS Account

- Investment Account for emergency needs
- Optional for Customer. It can be opened later as well
- Withdrawal from this account is permitted any time
- No tax deduction available



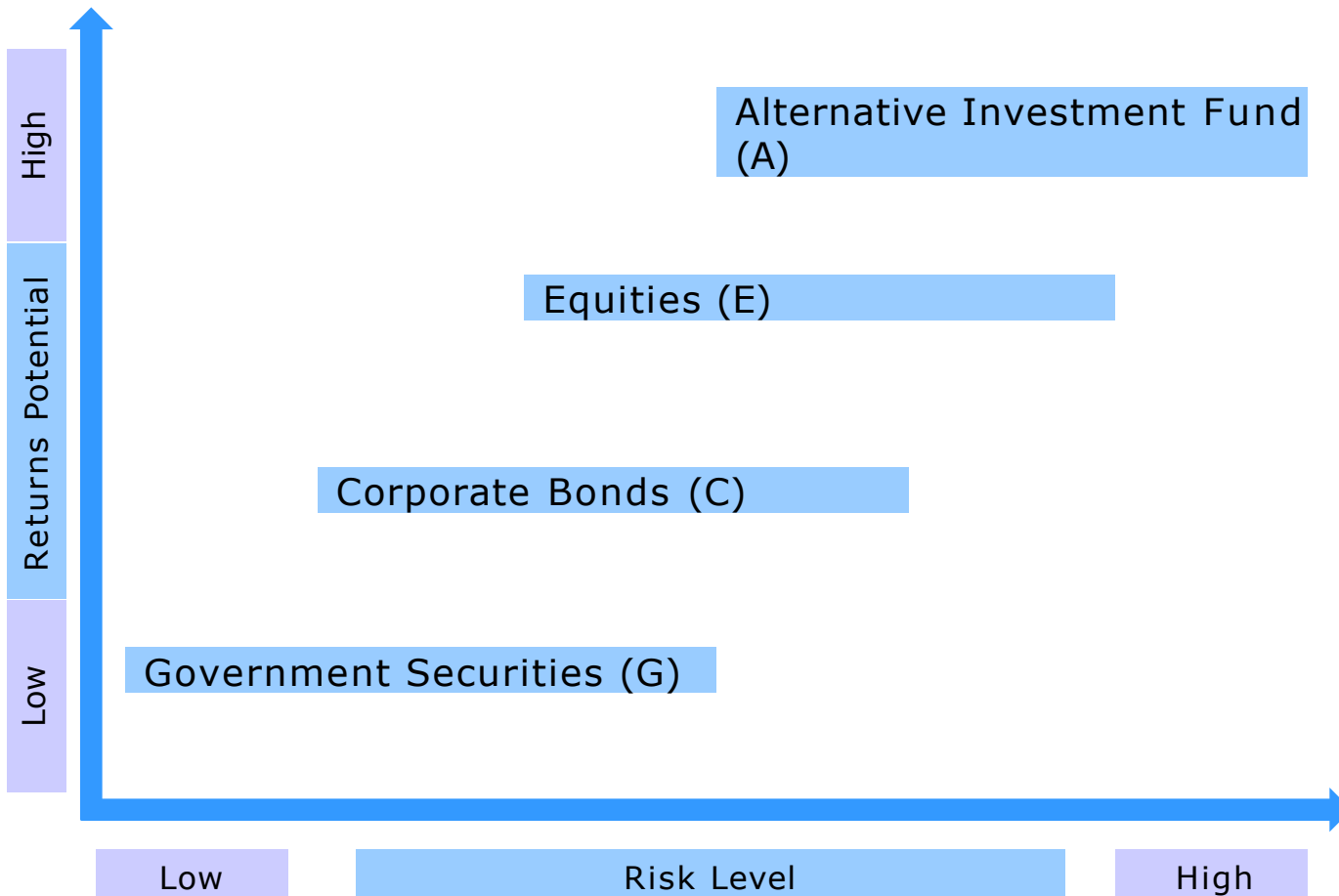
Operating Guidelines Of Tier I and Tier II NPS Account

Particulars	Tier I Account	Tier II Account
Initial Contribution required to open account	Rs. 500	Rs. 1,000
Minimum amount of subsequent Contribution	Rs. 500	Rs. 250
Minimum Annual Contribution required	Rs. 1,000	Nil

NPS account is frozen if Customer does not deposit minimum annual contribution required.

Asset Classes & Investment Strategies

Fund Options (Asset Classes)



Investment strategies

Active Choice

- Active fund management by Customer with cap of 75% (till age 50 years) and 5% in asset class E and A respectively

Auto Choice

- Investment in a life cycle fund (as per age of the Customer).
- 3 life cycle funds are LC 75, LC 50 and LC 25 also known as Aggressive, Moderate and Conservative Life Cycle Fund respectively

Fund shall be managed by HDFC Pension Management Company Limited

Auto Choice – Investment Pattern

Age (Yrs)	Aggressive Life Cycle (LC75)			Moderate Life Cycle (LC50)			Conservative Life Cycle (LC25)		
	E%	C%	G%	E%	C%	G%	E%	C%	G%
< = 35	75	10	15	50	30	20	25	45	30
36	71	11	18	48	29	23	24	43	33
37	67	12	21	46	28	26	23	41	36
38	63	13	24	44	27	29	22	39	39
39	59	14	27	42	26	32	21	37	42
40	55	15	30	40	25	35	20	35	45
41	51	16	33	38	24	38	19	33	48
42	47	17	36	36	23	41	18	31	51
43	43	18	39	34	22	44	17	29	54
44	39	19	42	32	21	47	16	27	57
45	35	20	45	30	20	50	15	25	60
46	32	20	48	28	19	53	14	23	63
47	29	20	51	26	18	56	13	21	66
48	26	20	54	24	17	59	12	19	69
49	23	20	57	22	16	62	11	17	72
50	20	20	60	20	15	65	10	15	75
51	19	18	63	18	14	68	9	13	78
52	18	16	66	16	13	71	8	11	81
53	17	14	69	14	12	74	7	9	84
54	16	12	72	12	11	77	6	7	87
> = 55	15	10	75	10	10	80	5	5	90

- Re-balancing of portfolio under Auto choice is done on next date of birth of the Customer.
- It's a system driven activity

Partial Withdrawal, Exit & Death Benefit



Partial Withdrawal

- Allowed after 3 years of account opening
- Up to 25% of Contributed amount can be withdrawn
- In the entire life span, 3 withdrawals are permitted



Pre-Mature Exit

- Allowed after 5 years of account opening
- Up to 20% of Corpus is allowed for withdrawal
- Balance amount gets invested in annuity



Exit on Maturity

- Exit at the age of 60 years is treated as exit on maturity*
- Up to 60% of Corpus is allowed for withdrawal
- Minimum 40% of Corpus to be invested in annuity



Death Benefit

- Entire Corpus can be claimed by nominee / legal heir

SLW (SYSTEMATIC LUMP SUM WITHDRAWAL)



With SLW facility, the ***lump sum corpus (i.e. upto 60% of pension Corpus)*** can be withdrawn in a phased manner



Subscriber has an option to withdraw desired amount systematically at regular periodic intervals i.e. monthly, Quarterly, Half yearly or annually (currently only annual option available in existing guidelines)



It is allowed till age of 75 years (same as earlier guidelines)



Only one time request required i.e. **no need to submit request every time you withdraw**. This is similar to Systematic Withdrawal Plan under Mutual Funds



It is applicable at the time of superannuation or attaining age of 60 yrs (same as earlier guideline)

Benefits for Customers

SLW provides ease and **flexibility of withdrawal** by automation mode

Subscriber would enjoy the **benefit of market returns** on the lump sum corpus invested

Regular inflow of income through SLW may increase the regular income for the subscribers till SLW period, along with Annuity.

NPS becomes **one stop shop** with Annuity and SLW hence the subscriber may not have to strain himself/herself to find a new investment avenues and take risk of reinvestment

Can become a good tool for **wealth/corpus preservation**. Customer can take lump sum withdrawals post SLW starts by giving termination request.

Tax Free* withdrawal benefit could be availed on all SLW withdrawals

Joining NPS after 60 Years of Age...

Normal Exit Conditions

Exit after 3 years of account opening shall be treated as normal exit

Pre-mature Exit Conditions

Exit before 3 years of account opening shall be treated as
"pre-mature exit"

Annuity Service Providers & Annuity Schemes

- **Customer can select any of the life insurance companies registered with PFRDA to provide annuity to NPS customers:**
 1. HDFC Standard Life Insurance
 2. ICICI Prudential Life Insurance
 3. Bajaj Allianz Life Insurance
 4. Star Union Dai – Ichi Life Insurance
 5. Kotak Mahindra Life Insurance
 6. Canara HSBC Oriental Bank of Commerce Life Insurance
 7. India First Life Insurance
 8. Edelweiss Tokio Life Insurance
 9. Tata AIA Life Insurance Company Limited
 10. Max Life Insurance Company Limited
 11. SBI Life Insurance Company Limited
 12. Life Insurance of Corporation (LIC)

- **Customer gets the freedom to opt for any of the annuity schemes offered by life insurance companies:**
 1. Pension payable for life at a uniform rate to the Customer only
 2. Pension payable for 5, 10, 15 or 20 years certain and thereafter as long as Customer is alive
 3. Pension for life with return of purchase price on death of the Customer
 4. Pension for life with a provision of 50% / 100% of the annuity payable to spouse during his/her lifetime on death of the Customer

Selection of annuity service provider / annuity scheme is required only on exit from NPS.

Charges of POP, CRA, Custodian & NPS Trust

POP	Charge Head	Charge	Frequency of deduction	Mode of deduction
	NPS Account Opening	Rs.400	One time	Deducted from contribution amount deposited by Customer
	Contribution Processing*	0.50%	On each transaction	
	Non – Financial Transaction Processing	Rs.30		

*Minimum Rs.30 per contribution

CRA	Charge Head	KFintech	Frequency of deduction	Mode of deduction
	PRAN Generation	Rs.39.36	One time	By unit cancellations by end of quarter
	Annual Maintenance	Rs.57.63	Each year	
	Financial Transaction Processing	Rs.3.36	On each transaction	

Others	Intermediary	Charge Head	Charge	Frequency of deduction	Mode of deduction
	Custodian	Asset Servicing	0.0032%	Per annum	Recovered through NAV deductions
	NPS Trust	Trust Management	0.005%		

Charges of Pension Fund Manager

Slab of AUM	Maximum PFM Fees as % of AUM
Up to 10,000 Cr	0.09%
10,001 – 50,000 Cr	0.06%
50,001 – 150,000 Cr	0.05%
Above 150,000 Cr	0.03%

- Effective 1st April, 2021, charges levied by a PFM shall be slab wise. Please see the chart below
- It will work like income tax slab. Effective charge for a Customer shall depend on AUM of the PFM.

Thank You

