National Pension System (NPS)

"Kal Ki Tayari, Aaj NPS Ke Sath"

Product Presentation

Landscape of National Pension System in India

January 2000
Old Age Social and Income Security (OASIS) Project Report

October 2003
Bhattacharya Committee Report on review of existing Defined Benefit Pension System

January 2004
National Pension System made effective for New Entrants to Central Govt Services

April 2008
SBI, UTI & LIC appointed as Pension Fund Managers for Govt Sector

September 2008
First State Government enrolls into NPS. Other States follow at various points in time subsequently

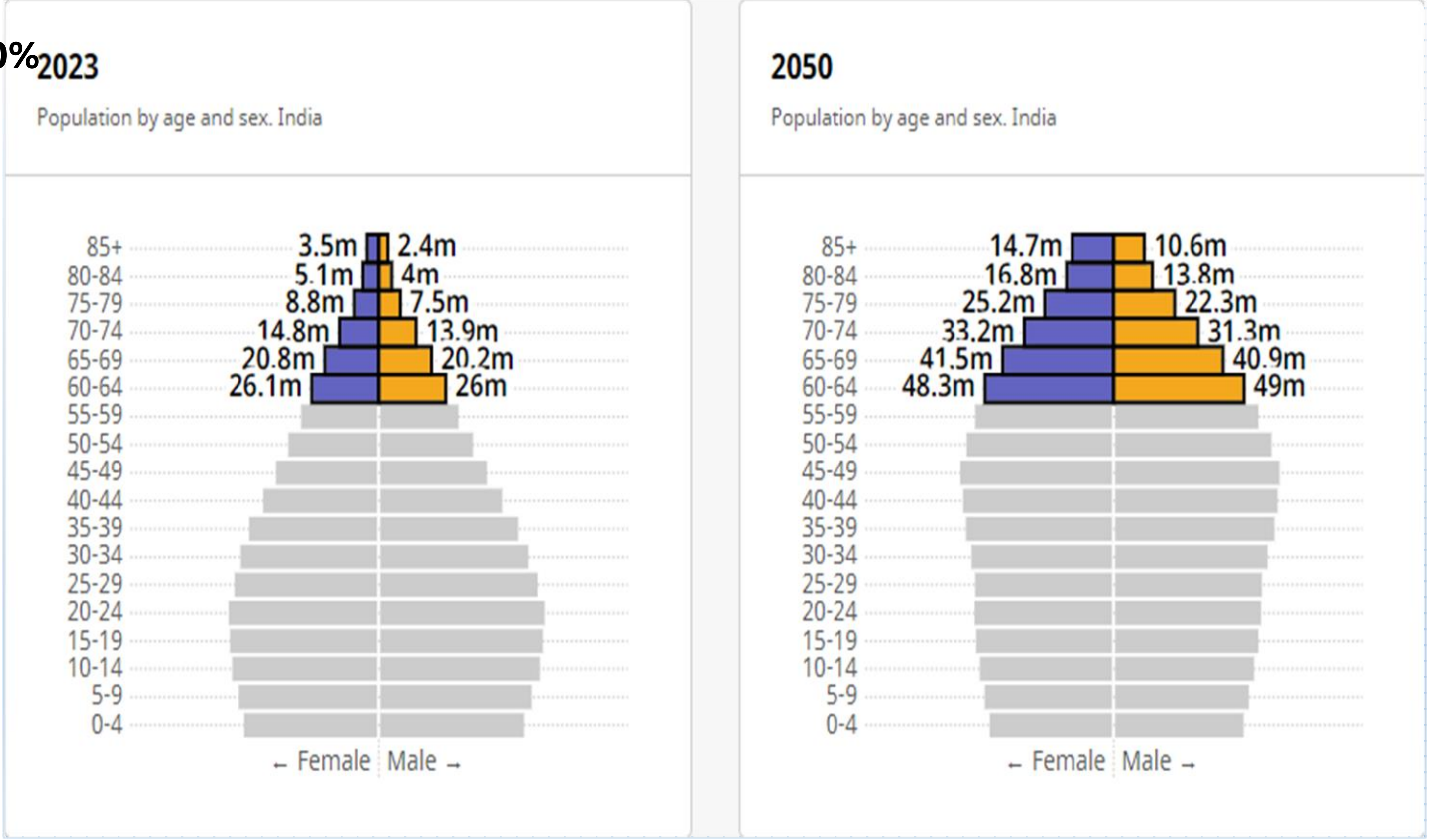
May 2009
NPS offered to all Citizens of India

April 2010
NPS Lite Scheme Launched for Economically Weaker Strata of Indian Society

In 2011 NPS Introduced to Corporates

Retirement Space in India

- The Growth 60+ Population **projected to increase by over 120%** against 60+ population in 2023
- Growth of 60+ population projected to increase from **153.2 million in 2023 to 347.6 million in 2050**
- **Nearly 17%** of world's elderly population will be in India
- **18.7% of 60+** population will be **living without an income**
- **Life Expectancy** in India Is Expected rise from **67.3 to 80 years**
- **70%** still depending on **family wealth and children** to finance retirement
- **3 in 5** Indians worry retirement saving will deplete in **10 years**



Source: WHO, UNFPA India, Max Life Insurance IRIS

Insights on Retirement Planning in India

Health

Reduced Retirement Savings

Dependency on Children

Inheritance Family Wealth

Delayed Retirement Planning

Source: IRIS, Max Life Insurance, Aug 23

Why Retirement Planning?

Retirement risks include unpredictable events or circumstances which can severely impact your financial plans for retirement.

- Fulfil Retirement Goals
- Maintain Standard of Living
- Fight Inflation
- Reduce dependency on Children
- Rising Medical Expenses

NPS – Overview and Key Statistics

- National Pension System is pension system introduced and driven by Government of India from 2004
- Administered and Regulated by **Pension Fund Regulatory and Development Authority** (PFRDA)

- It is designed to create a dedicated retirement corpus through systematic savings during one's working life
- National Pension System (NPS) is a voluntary savings scheme that helps you gain additional Tax Benefits over and above 80C as per existing Income Tax rules

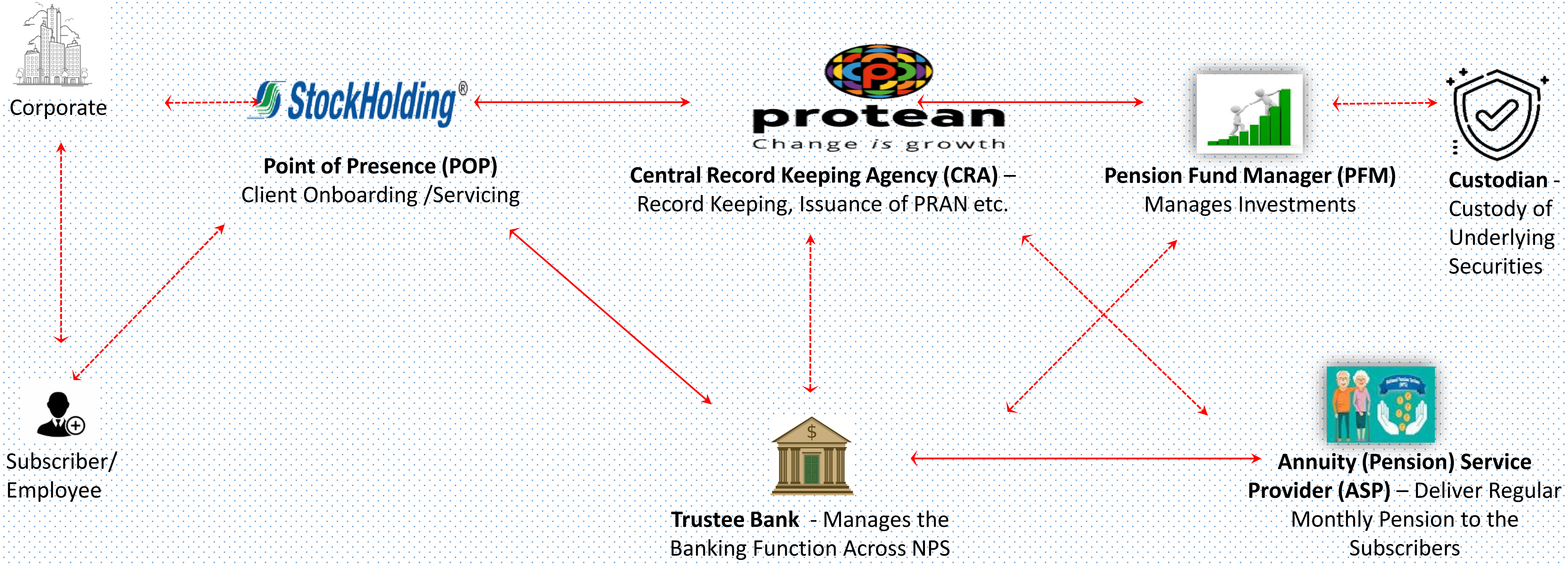
Overall NPS Industry	Government Sector	Individual/ Corporate Subscribers	Assets Under Management
Subscribers Enrolled - **1.87** Crores AUM - **12.9** Lakh Crores	Central Government - **26.72** Lakh Subscribers State Government - **67.52** Lakh subscribers	Corporate Sector - **21.45** Lakh Subscribers - **15,000+** Corporates registered Individual Sector - **38.54** Lakh Subscribers	Central Government - **3.60** Lakh Crores State Government - **6.61** Lakh Crores Corporate Sector - **1.99** Lakh Crores Individual Sector - **0.69** Lakh Crores

As on Sept 2024, Source: https://npstrust.org.in

NPS– Architecture

Government appointed body – Monitors, promotes and regulates NPS and all entities under it

Monitor Assets and Funds



NPS - The Perfect Retirement Product

Well Regulated

Serves Long Term Goals

Ease of Access

Steady Returns

National Pension System Eligibility -

- Age between 18 – 70 Years
- Citizens Of India, Including NRI's & OCI Card Holders
- Any salaried or individual person can open an NPS account

NPS – Features

- It is designed to create a dedicated retirement corpus through systematic savings during one's working life
- This is a voluntary savings scheme that helps you gain additional Tax Benefits over and above 80C as per existing Income Tax rules

Add-on Investment Account (Tier II)

Exclusive Tax Benefits (E-E-E)

Choice of Investment Option

Low - Cost

Portable Unique PRAN

Multiple options at retirement

Attractive Returns

Govt. Regulated

NPS - Product Features

What are the types of NPS Account

Tier 1 Account

(Primary Account)

- Can extend till 75 years, employer and individual contributions made to Tier-1
- Min annual contribution has to be ₹ 1000/-
- Min Amount per contribution ₹ 500/-
- Limited withdrawal options
- Offers multiple Tax Benefits

Tier 2 Account

(Optional Account)

- Investment Account, no separate CRA/ joining charges
- 100% Withdrawal any time, however no tax benefits
- Account Opening ₹1000/- subsequent contributions min ₹ 250/-
- No min annual contribution to be maintained or no. of contributions
- Transfer funds to Tier 1 a/c any time (One Way Switch)
- 100% Equity Allocation can be made
- Only individual contributions
- Can be used for various goal based investment

Tax Benefits with NPS

NPS provides you with ***Exclusive*** Tax Benefits over and above ₹ 1.5 Lakh u/s 80 C.

U/S 80CCD 1 (B)

Contribution made by an individual subject to maximum of Rs 50,000

U/S 80CCD2(Old Tax Regime)

Up to 10 % of Basic Salary + DA Contribution made through employer (Capped at 7.5 lakhs annually; PF+NPS+SAF)

U/S 80CCD2(New Tax Regime)

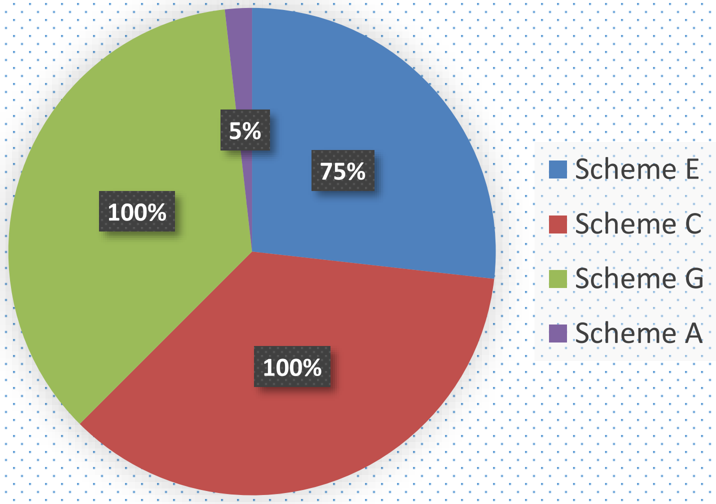
Up to 14 % of Basic Salary + DA Contribution made through employer (Capped at 7.5 lakhs annually; PF+NPS+SAF)

U/S 80CCD 1

Up to 10 % of Gross income Contribution made by an employee subject to upper ceiling of 1.5 Lacs

How and where is your money invested

NPS : Investment Asset Class



Maximum Investment Limits

- E - Equity (max 75%)
- C - Corporate Bonds (100%)
- G - Government Securities (100%)
- A - Alternate Investment fund (max 5%)

Choice of Investment Options

Active Choice

- Select your own asset mix
- Only you can manually change else remains constant

Auto Choice

- Automatic Mix of asset class with a reducing equity allocation from **35 years** of age

  - Aggressive LC 75 –Equity -75%
  - Moderate LC 50 –Equity -50%
  - Conservative LC 25–Equity -25%

Balanced Lifecycle

- Gradual shift from equity after **45 years** of age
- Offers balanced approach to long term investments

- You can change asset class/ investment option **FOUR** times a year
- **Auto Choice and Balanced Lifecycle** allows pre-defined ratios across all asset classes. Investment in government securities increases every year till retirement and reduces in other asset classes
- Investment preference can be **different for Tier – I and Tier - II**

Auto-Choice Lifecycle

Balanced Lifecycle Fund

Who manages the funds

Subscriber can choose different investment options and fund manager for Tier-I and Tier-II

All Pension Fund Managers are regulated and funds managed as per the specified guidelines set by PFRDA

Allowed to change Pension Fund Man
once a year

PFM performance: [Returns under NPS | NATIONAL PENSION SYSTEM TRUST (npstrust.org.in)](npstrust.org.in)

Withdrawal Framework Under NPS

Partial Withdrawal

- Maximum **25%** of **individual** contribution (3 times, capped at max 25%)

When
- After **3 years** of continuous participation
Defined Purpose Illness, Children Education etc. (listed 5 reasons)

Amount withdrawn will be completely tax free

Pre-mature Retirement

- **20%** lumpsum, **80%** pension

Corpus withdrawn is **fully tax exempt**

When
After **5 years** of continuous participation

Post Retirement

- 60% lumpsum, 40% Pension

(60 % Amount Tax Free as per union budget 2019)

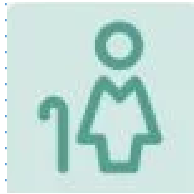
When
- At the age of 60, or as per the retirement age of the corporate
- Annuity purchase can be **deferred** till the age of **75 years**

Death Withdrawal

- Death of subscriber, Nominee/ Legal Heir can withdraw **full corpus (tax exempt)** or they can choose a **pension plan**

- **You can withdraw lumpsum in annual instalments or differ till the age of 75 years**
- **Full withdrawal is allowed before 60 years of age if the corpus is up to 2.5 lakh & after 60 years of age if corpus is up to 5 lakh**

Select your Annuity Plan





Annuity for Life with ROP	Joint Life Annuity with ROP	NPS -Family Income with ROP	Annuity for Life without ROP	Joint Life Annuity without ROP
Subscriber gets annuity for life time and on death of the Subscriber, payment of annuity ceases and **100%** of the purchase price will be returned to the nominee(s)	Subscriber gets annuity for life time and on death of the Subscriber, annuity will be payable to Spouse for life time. On death of the Spouse, payment of annuity ceases and **100%** of the purchase price will be returned to the nominee(s)	Subscriber gets annuity for lifetime and in the event of death , annuity will be payable to the Spouse of the Subscriber (if any) for lifetime. On death of Spouse, will be payable to dependent mother and then dependent father of the Subscriber. On the death of last annuitant, payment of annuity ceases and **100%** of the purchase price will be returned to the surviving children of the Subscriber / to legal heirs as applicable	The Subscriber will get an annuity for lifetime and on death of the Subscriber, payment of annuity ceases, and no further amount will be payable	The Subscriber will get an annuity for lifetime. And on death of the Subscriber, the annuity will be payable to Spouse for a lifetime. On the death of the Spouse, payment of annuity ceases, and no further amount will be payable

- Only one Option can be selected
- ROP – Return of Purchase Price
- To be selected only at the time of retirement/exit
- Plans are indicative, connect with annuity service provider to know more

Annuity quotes: https://cra-nsdl.com/CRAOnline/aspQuote.html

Systematic Lumpsum Withdrawal

Can be opted at the time of **retirement**

Option of **Monthly, Quarterly, Half-yearly and Yearly** withdrawal frequency

Reduce risk and hassle of re-investment

Applicable only on **Lumpsum** NPS Corpus

Continue to **generate returns** on remaining amount

Manage **needs and requirements** through **periodic withdrawals**

Empowering Subscribers

Mobile Application

Web Access

PFM & Scheme Change

Contribution

Statement Download & Portfolio View

FATCA update

Withdrawal & Status View

Personal Details Change

Update PAN

NPS Calculator

Monthly Investment

₹ 10,000

Expected Return on Investment

% 8

Current Age

30

Retirement Age

60

Percentage of Annuity Purchase

% 40

Expected Returns from the Annuity

% 7

Calculate

Pension Wealth: ₹1,50,02,952

Investment Amount: **₹36,00,000**

Lumpsum Amount Withdrawn: **₹90,01,771**

Annuity Value: **₹60,01,181**

Monthly Pension Amount: **₹35,007**

THANK YOU