



NATIONAL PENSION SYSTEM (NPS)

What is NPS?

- NPS is a voluntary, simple, regulated, portable and flexible pension system that allows you to make regular savings for your retirement.
- NPS is a useful retirement planning tool and also a good tax planning investment opportunity.
- NPS has been introduced by Govt. of India and is regulated by Pension Fund Regulatory and Development Authority (PFRDA). PFRDA is a statutory body set up by Govt. of India, Ministry of Finance to promote old age income security and regulate the pension sector.
- StockHolding is registered with PFRDA as POP (Points of Presence) to act as a link between you and NPS.

What are the benefits of NPS?

- It is simple - All you have to do is to approach any designated branch of StockHolding. Our officers will be happy to assist you for completing all the formalities thereafter.
- It is voluntary - You can decide the amount you want to set aside and save for retirement.
- It is flexible - You can choose your investment option as well as Pension Fund Manager and see your money grow.
- It is portable - You can operate your account from anywhere in the country, even if you change your city, job, your pension fund manager and investment asset classes. You will have a unique PRAN (Permanent Retirement Account Number) that remains with you for the rest of your life.
- It is a low cost product for retirement planning - Details of applicable charges will be available with designated branches of StockHolding.
- It is market based - NPS is structured to give you freedom in deciding the investment for your corpus. You can expect market based returns and build your retirement corpus the way you want.
- It is regulated - NPS is regulated by PFRDA with transparent investment norms as well as regular monitoring and performance review of fund managers by NPS Trust.

What are the tax benefits?

All Citizen Model Tax benefits (Applicable from FY 2015-16)

- Tax deduction limit under sec 80 CCD(1) ceiling raised from ₹ 1.00 Lac to ₹ **1.50 Lacs**.
- From F.Y. 2015-16, subscriber will be allowed exclusive tax deduction in addition to the deduction allowed under Sec. 80CCD(1) for additional contribution in his NPS account subject to maximum of ₹ **50,000** under sec. 80CCD1(B).

Corporate Model - To employers

- Contributions made by the employer (up to 10% of Basic + DA) are allowed as a business expense under Section 36(1) IV (a) of Income Tax Act 1961.

Corporate Model - To Employees

- Employees own contribution is eligible for tax deduction under Sec. 80 CCD (1) of Income Tax Act up to 10% of salary (Basic + DA). This is within the overall ceiling of ₹ 1.50 Lacs under Sec. 80 CCE of the Income Tax Act.
- Employee also gets tax deduction for the contribution made by the employer under section 80 CCD (2) of IT Act up to 10% of salary (Basic + DA) which is in addition to the tax benefits available under Sec. 80CCE.

Who can invest?

- NPS is open to every Indian Citizen between the age of 18 and 65 years at the time of joining.
- The earlier you start, the greater will be the growth of your retirement corpus. You should take advantage of compounding of your wealth by joining NPS, right now.

How much to invest?

- You can make contributions as per your convenience, subject to following conditions:
 - Minimum amount per contribution - ₹ 500
 - Minimum contribution per year - ₹ 1000
 - Minimum number of contributions per year - 1

What are the Investment Options?

- NPS offers you two options to invest your money.
 - **Active Choice – Individual Funds** - You will have the option to actively decide as to how your contributions should be invested among the following three asset classes.
 - ❖ Asset Class E – Equity market instruments.
 - ❖ Asset Class C – Debt instruments other than Government securities.
 - ❖ Asset Class G – Government Securities
 - ❖ You can choose to invest your entire contribution in C or G Asset Classes or a combination of C and G with up to a maximum 50% in Asset Class E.
 - **Auto choice – Lifecycle Fund** - NPS offers an easy option for citizens who don't have the required expertise or don't want to decide asset classes for the contributions made by them. In such cases your funds will be invested in accordance with the Auto Choice option. In this option, the investments are made in a lifecycle fund and the distribution of your investments across asset classes E, C and G are made automatically based on age.

Who decides the Pension Fund Manager (PFM)?

- You will decide your choice of PFM from among eight fund managers appointed by PFRDA.
- It is mandatory to mention your PFM in the account opening form. You can change your PFM, in future.



How to invest?

- To enroll in the NPS, contact us and complete the Subscriber Registration Form. The form is available free of cost and our officers will be happy to assist you in completing the formalities. You can also download the same from our web site www.stockholding.com.
- Submit the filled in form along with the payment (Cheque / Demand Draft) to the nearest StockHolding branch.
- The Cheque / DD has to be in favour of "Stock Holding Corporation of India Ltd. Collection Account - NPS Trust".

What are the Withdrawal Benefits?

Vesting Criteria	Benefit
At any point in time before 60 years of age (allowed to Subscriber who have been in NPS for at least 10 years)	Compulsory Annuitisation - Minimum 80% Lump Sum withdrawal - Maximum 20% If Corpus < ₹ 1.00 Lac, complete withdrawal
On attaining the Age of 60 years or age of superannuation as prescribed in service rules and upto 70 years of age	<ul style="list-style-type: none"> • Annuitisation - Minimum 40% • Lump sum withdrawal - Maximum 60% • If Corpus < ₹ 2.00 lac, - Complete withdrawal • Subscriber can stay invested in the NPS upto the age of 70 years. Fresh contributions are allowed during such a period of deferment. - Can defer the withdrawal of eligible lump sum amount till the age of 70 years - Annuity purchase can also be deferred for maximum period of 3 years at the time of exit.
Death due to any cause	In such an unfortunate event, option will be available to the nominee to receive 100% of the NPS pension wealth in lump sum. However, if the nominee wishes to continue with the NPS, he/ she shall have to subscribe to NPS individually after following due KYC procedure.
Partial Withdrawal	
Subscriber will have the option to withdraw up to 25% of his own contribution in certain circumstances.	

How will the Pension be available?

- On exit from NPS, you will have to transfer the portion of the retirement corpus you decide to annuitize to any of the Annuity Service Providers (ASP) appointed by PFRDA.
- ASPs appointed by PFRDA would be responsible for delivering a regular monthly pension to you after your exit from NPS.
- The ASP will provide you a monthly pension based on the amount you have annuitized.

For any further information and explanations, ECS Financial offices will be happy to assist you.

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