



## National Pension System (NPS) – FAQ

### About NPS

#### 1. What is NPS?

National Pension System (NPS) is a pension scheme initiated by the Government of India to provide old age security and pension of all citizens of India. The Scheme is regulated by Pension Fund Regulatory and Development Authority (PFRDA).

#### 2. What is NPS Corporate Model?

NPS Corporate Model was launched by the regulator to facilitate Employees working with various organizations to onboard NPS through their Employer – Employee relationship. Under this model Employee as well as Employer (on behalf of Employee) both can contribute towards NPS account of Employee.

#### 3. Who can subscribe to Corporate NPS?

Any Employee, whether Indian resident or non – resident can join the Scheme subject to following conditions

- Employee should be between 18 – 70 years of age as on the date of submission of her application
- Employee should comply with the prescribed Know Your Customer (KYC) norms as detailed in the Employee Registration Form for NPS

#### 4. Can (Overseas Citizen of India) OCI also join the Scheme?

Yes, OCI is allowed to join the Scheme.

#### 5. How Corporate NPS Scheme works?

Upon joining the Scheme, unique **Permanent Retirement Account Number (PRAN)** is allotted to each Employee. Employee contributes towards NPS (directly or through the Employer) during his / her working life. On retirement or exit from the scheme, the Corpus is made available to the Employee with the mandate that some portion of the Corpus must be invested in to Annuity to provide a monthly pension post retirement or exit from the scheme.



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### NPS Accounts

#### 6. What are different types of NPS Account?

There are 2 types of accounts under NPS viz., Tier I account and Tier II account.

Tier I NPS Account	Tier II NPS Account
<ul style="list-style-type: none"><li>• It is also known as <b>Pension account</b></li><li>• All <b>investments for tax savings</b>(directly or through the Employer) is deposited in this account only</li><li>• Withdrawal from this account is restricted</li><li>• Minimum annual contribution required for this account is Rs.1,000</li></ul>	<ul style="list-style-type: none"><li>• It is known as <b>investment account</b></li><li>• There is no tax benefits on investment in this account</li><li>• Withdrawal from this account can be done at any point of time as per Employee's need</li><li>• There is no minimum annual contribution required for this account.</li></ul>

#### 7. Can an Employee open more than one PRAN (Permanent Retirement Account Number)?

No. Employee can have only one PRAN at a time. The PRAN is fully portable across job and geography and remains unchanged during such portability. .

#### 8. Is it mandatory to open Tier II NPS Account at the time of opening Tier I NPS Account?

No. Tier II NPS Account is optional to the Employee. Employee can open Tier – II NPS Account later on as well.

#### 9. Can an Employee open only Tier II NPS Account?

No. Active Tier – I NPS Account is a must criterion for opening Tier – II NPS Account. Employee cannot apply for only Tier – II NPS Account



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### Investment of Funds under NPS

#### 10. How the funds going to be invested under Employee's NPS account?

NPS offers investment in **4types of funds** to Employees - Equities (E), Corporate Bonds (C), Government Securities (G) and Alternate Investment (A).

NPS restricts investment towards Equities Funds to 75% of contribution amount for both Tier I and Tier II NPS Accounts till 50 years of age. However, employee can invest up to 100% in Corporate Bonds or Government Securities.

Further, Investment in Alternate Funds is restricted to 5% of contribution amount. Alternate Funds option is available under Tier I NPS account only.

#### 11. How the investment happens across various funds?

There are two investment options available under NPS

- **Active Choice:** under this option, Employee can choose his / her own asset allocation across 4 funds (E, C, G and A). Maximum exposure to Equities (E) and Alternate Investment (IA) Funds is restricted to 75% and 5% of Contribution amount respectively.
- **Auto Choice:** under this option investment in 3 funds (E, C and G) is done as per the age of the Employee. It is also known as Life Cycle (LC) Fund Option.

There are 3 Life Cycle (LC) Fund Options –

LC 75 – Aggressive LC Funds-

LC 50 – Moderate LC Funds – Maximum 80% Govt securities

LC 25 - Conservative LC Funds – Maximum 90% Govt Securities

In the LC Fund Options, the percentage of distribution of investments in Equities (E), Corporate Bonds (C) and Government Securities (G) are fixed based on the age of the subscriber.



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Below is the chart for **LC 50 - Moderate Life Cycle Fund**:

Age of the Employee	Equity	Corporate Bonds	Government Securities
< = 35 Years	50%	30%	20%
36	48%	29%	23%
37	46%	28%	26%
38	44%	27%	29%
39	42%	26%	32%
40	40%	25%	35%
41	38%	24%	38%
42	36%	23%	41%
43	34%	22%	44%
44	32%	21%	47%
45	30%	20%	50%
46	28%	19%	53%
47	26%	18%	56%
48	24%	17%	59%
49	22%	16%	62%
50	20%	15%	65%
51	18%	14%	68%
52	16%	13%	71%
53	14%	12%	74%
54	12%	11%	77%
> = 55 Years	10%	10%	80%

### 12. How the above fund allocation chart works under Auto Choice Investment option?

The first allocation is made as per the age of the Employee at the time of joining the scheme as shown in the above chart. For example, if the entry age of Employee is 42 years, her allocation towards E, C and G would be 36%, 23% and 41% respectively in LC 50. On the next date of birth of the Employee, the portfolio will be re-aligned as per the next level chart i.e. for the age 43. The re-alignment of portfolio is system driven.



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### Tax benefits under NPS Corporate Sector Model

#### 13. What are the tax benefits available to Employees for contribution under corporate model?

Under NPS corporate model, Employee gets the following tax benefits on contributions:

Types of NPS Account	Tax Benefit on Investment	Tax Treatment on exit
<b>Tier I</b>	<ul style="list-style-type: none"> <li>Investment up to 10% of Salary (Basic + Dearness Allowance) is allowed as deduction u/s 80CCD (2) of Income Tax Act, 1961. There was no upper cap in terms of absolute value till FY 20</li> <li>Additionally, investment up to Rs.50,000 is allowed as deduction u/s 80CCD (1B) of Income Tax Act, 1961</li> </ul>	<ul style="list-style-type: none"> <li>Amount withdrawn in lump sum is exempt from tax to the extent of 60% of total Corpus</li> <li>Amount invested in Annuity is fully exempt from tax.</li> <li>Pension received out of investment in Annuity is treated as income and will be taxed appropriately as per tax slab applicable to the subscriber then.</li> </ul>
<b>Tier II</b>	<ul style="list-style-type: none"> <li>No tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>Capital gain tax will be applicable.</li> </ul>

Kindly note as per Budget announcement for FY21, it's proposed that Employer's contribution to the extent of upto Rs. 7.5 lakhs shall be exempted from tax. **This employer's contribution is inclusive of investment in EPF, NPS and Superannuation Fund(SAF), if any.**

Also make a note that tax benefits on Employer's contribution is available to the employees irrespective of old tax regime or new tax regime, employee opts for.



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### Partial Withdrawal from NPS Account

#### 14. Is partial withdrawal allowed from Tier I NPS Account?

Yes. Employee can withdraw up to 25% of contributed amount in his Tier - I NPS Account after 3 years of Account opening for pre-defined emergencies. Additionally, Employee is allowed to withdraw from Tier I NPS account twice after first withdrawal.

**Withdrawal is allowed from Contribution deposited by Employee** to avail of tax benefit u/s 80CCD (1B). Contribution to avail of tax benefit u/s 80CCD (2) is not allowed for withdrawal till retirement / exit from NPS.

#### 15. What are the conditions of partial withdrawal?

Partial withdrawal from Tier - I NPS account would be permitted for specific purposes like Child's marriage, higher education, treatment of critical illnesses for self, spouse or parents, buying home, etc.

#### 16. What process Employee needs to follow for withdrawal from Tier - II NPS Account?

Employee can initiate the request online using his /her CRA login Id and Password provided by CRA to access NPS details.



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### Exit from NPS (Closure of NPS account)

#### 17. When can an Employee exit from NPS?

Employee can exit from NPS after 10 years of account opening or attainment of superannuation age (retirement age) defined by the corporate whichever is earlier.

#### 18. How the payout happens if an Employee exists from NPS?

Primary objective of Tier – I NPS Account is to build a corpus which can be used at the time of retirement to buy pension for the Employee / Nominee. Hence, there is a restriction imposed on lump sum amount accessible to Employee on exit as mentioned below

Exit before the age 60 years (pre-mature exit)	Exit at Retirement age defined by the Corporate
<ul style="list-style-type: none"><li>Up to 20% of Corpus can be withdrawn in lump sum</li><li>Balance amount needs to be invested in Annuity</li><li>If the Corpus is less than or equal to Rs. 2.5 lakh, entire amount can be withdrawn in lump sum</li></ul>	<ul style="list-style-type: none"><li>Up to 60% of Corpus can be withdrawn in lump sum</li><li>Balance amount needs to be invested in Annuity</li><li>If the Corpus is less than or equal to Rs.5 lakhs, entire amount can be withdrawn in lump sum</li></ul>

**Lock-in period :** Employees joining NPS post 60 years of age can exit from the scheme after 3 years of account opening else exit shall be considered as pre-mature exit.

#### 19. Is it mandatory to withdraw the amount immediately at the time of exit from NPS?

No. In case of exit from NPS on nearing the retirement age defined by the Employer, employee can choose to continue to remain invested in NPS max till the age of 75 years or defer the withdrawal option till 10 years depending on the market condition or defer the annuity option till next 3 years by selecting the option at least one month prior to his/her retirement through his CRA login.



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However, in case of pre – mature exit from NPS (before attaining the age of 60 years), Employee does not have any deferment option.

### **20. What happens to the funds if Employee opts to defer the withdrawal (after the retirement age defined by the Corporate)**

The fund would continue to remain invested. The Pension Fund Manager, Scheme Preference and Asset Allocation Pattern will remain the same as these were at the time of attaining the superannuation age.





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### **Investment in Annuity**

**21. In case the Employee exits from Tier – I NPS Account before the age 60, at what age annuity will start?**

In case of pre-mature exit, Employee needs to invest in Annuity immediately. Depending on the Annuity plan opted by the employee for investment, annuity would start immediately as per the payout frequency opted.

**22. Can an Employee change the annuity service provider?**

Post selection of an annuity service provider (ASP), the option to change ASP not available. At the time of investing in Annuity, Employee gets an option to select any of the Annuity Service Providers registered with PFRDA.

**23. Can an Employee use 100% of accumulated wealth to buy annuity plan?**

Yes. Employee can use 100% of accumulated wealth to buy annuity plan

**24. Can Employee defer Annuity investment?**

Yes. On exit from NPS at superannuation age defined by the Employer, Employee gets an option to defer the investment in Annuity for 3 years. However, the same option is not available if the Employee exits from the scheme before attaining the superannuation age.

**25. What happens to the Corpus if Employee defers the investment in Annuity?**

The amount remains invested and corpus keeps on growing as per market condition.

**26. In case of death of Employee, what happens to the annuity plan bought by the employee?**

It will depend on the kind of annuity plan opted for the Employee. For an example, if the annuity plan is joint life annuity plan, on death of Employee, the spouse will get the annuity till he / she is alive and post the death of spouse, amount invested in annuity shall be paid to the nominee.



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### **Death Proceedings**

#### **27. In case of death of the Employee, who can claim the corpus in Tier I and Tier II NPS Accounts of deceased?**

In case of death of the Employee, option will be available to the nominee to receive 100% of NPS pension wealth in lump sum. In case, nominee is not there, legal heir of the deceased employee can claim the corpus.

#### **28. What is the process for claiming the corpus after death of the Employee?**

Nominee has to submit Death claim form to POP along with the necessary supporting documents for processing the withdrawal request. After the request is processed, a cheque is issued in favour of nominee. Nominee can write to [npscorgqueries@hdfcpension.com](mailto:npscorgqueries@hdfcpension.com) for submission of relevant forms and supporting documents.

#### **29. Is the amount received in the hands of nominee taxable?**

Death proceeds in the hands of Nominee will be tax free.



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### Contribution towards NPS

#### 30. How can an employee deposit contribution to avail tax benefits u/s 80 CCD (2)?

Contribution will be deposited as per the slab determined by the employer (up-to 10% basic + DA) directly to his/her PRAN account.

#### 31. How can an employee deposit voluntary contribution to avail tax benefits u/s 80 CCD (1B)?

##### Online Contribution Process:

- I. Visit <https://www.hdfcpension.com/contribute-to-nps/>
- II. Select the CRA to contribute online
- III. You will be redirected to **Payment Gateway page** for depositing online contribution

*Kindly note options available to deposit contribution are **Net Banking** and **UPI only***

##### Offline Contribution Process:

- I. Employee can submit cheque favoring - "**HDFC Pension Mgmt Co Ltd Collection A/c – NPST**" towards depositing personal / voluntary contribution along with **NCIS** form
- II. Employee has to courier the contribution cheque along with duly filled and signed **NCIS** form to the below address:

**NPS Central Operations Team,  
HDFC Pension Management Company Limited,  
11th Floor, LodhaExcelus,  
Apollo Mills Compound, NM Joshi Marg,  
Mahalaxmi, Mumbai- 400011.**

#### 32. Does employee need to deposit any minimum amount at the time of joining NPS?

If Employee opts for only Tier I account through **Corporate**, there is no initial contribution amount to be deposited. However, if Employee opts for Tier II account as well, she needs to deposit Rs.1000/-plus GST at the time of Tier II NPS Account opening.



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### **33. What is the minimum contribution amount for subsequent transaction for Tier I and Tier II NPS Account?**

Minimum annual contribution requirement for Tier I and Tier II accounts are as mentioned below:

- i. Tier - I NPS Account: Rs.500
- ii. Tier - II NPS Account: Rs.250

### **34. Is there any restriction on frequency of contribution?**

There is no restriction in terms of frequency of contribution. Employee has the option to make the contribution in any mode – monthly, quarterly, half yearly or yearly.

Also, Employee can make ad – hoc contribution as well.

### **35. In which account Employer's contribution is deposited?**

Employer's contribution is deposited only in Tier I account.

### **36. Does the criterion of minimum annual contribution requirement for Tier I account include Employer contribution as well?**

Yes. All contributions deposited in Tier I account – either by Employee or by Employer will be counted in order to arrive at Rs.1000 contribution criteria

### **37. Can Employee increase or decrease the contribution amount in subsequent years?**

Yes, NPS offers this flexibility. Employees are allowed to alter the contribution amount as per the suitability. However, this is restricted to Employee's own contribution. For Employer's contribution, this flexibility depends on Employer's policy.

### **38. Does Employee get any alert on credit of contribution amount to his / her NPS accounts?**

Yes, once the contribution is credited to Employee's NPS account, an email alert as well as a SMS alert is sent to the registered email ID and mobile number of the Employee.



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### **Non fulfillment of required contribution criteria and implications**

#### **39. What happens if the minimum annual contribution of Rs.1000 is not invested in Tier - I NPS Account?**

In case the Employee fails to contribute minimum Rs.1000 in Tier - I NPS Account, NPS account/ PRAN gets frozen. Once the PRAN is frozen, employee is not allowed to do any transaction (financial / non – financial) in both - Tier - I and Tier - II NPS Accounts.

#### **40. What is the process of unfreezing the PRAN due to not meeting minimum contribution criteria?**

Employee can deposit contribution online or deposit contribution through his Point of Presence (POP) and get his account activated.

#### **41. What is the process of unfreezing the PRAN due to any other reason?**

Employee has to connect with his/her existing POP and get his /her NPS account unfreeze or activated.

#### **42. What is the process of unfreezing the PRAN associated under e-nps with NSDL CRA?**

Employee has to write to [uoshelpdesk@nsdl.co.in](mailto:uoshelpdesk@nsdl.co.in) seeking the reason and resolution to activate his PRAN.



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### Charges under NPS

#### 43. What are the charges under NPS and how these charges are levied?

There are various intermediaries involved under NPS. The charge for these intermediaries is regulated by PFRDA. Below are the details of charges under NPS (exclusive of GST)

Intermediary	Charge Head	Charge#	Mode of Deduction
POP	Mapping of individual PRANs into Corporate Account	Nil	To be collected up front / deducted from contribution amount
	Contribution Processing Charge*	Rs 23.6/- (Twenty three rupees and sixty paise) per transaction only *GST is added at 18%, and is subject to change as per GOI norms.	
	Non – Financial Transaction Processing Charge	Nil	
CRA (Kfintech/NSDL)	Account Opening Charge	Rs.39.36/ Rs40	Through cancellation of Units
	Transaction Processing Charge	Rs.3.36/Rs3.75	
	Annual Maintenance Charge	Rs.57.63/Rs95	
Custodian	Security Deposit Charge	0.0032%	
NPS Trust**	Trust Management Charge	0.005%	

\*subject to minimum Rs.20 per PRAN per Transaction

\*\*GST is not applicable on Trust Management Charge



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**Pension Fund Manager Fees:** From 1<sup>st</sup> Apr'21, Fund Management charge shall be levied basis below Asset Under Management (AUM) slab of the Fund Manager.

AUM Slab (In Cr)	PFM Charge (% of AUM)
Up to Rs 10,000	0.09%
Rs 10,001 - Rs 50,000	0.06%
Rs 50,001 - 1,50,000	0.05%
Rs 1,50,000 and above	0.03%

**44. Does Employee need to pay POP charges over and above the contribution amount?**

No, the POP charges would be deducted from the Contribution amount.

**45. What is meant by Non – Financial Transaction?**

Transactions like change of address, nominee details, contact details etc are called non – financial transactions.

### Joining Corporate NPS and migrating existing NPS account under Corporate NPS

**45. Does Employee need to open a new NPS Account if she is already having one?**

No. Employee does not have to open a new NPS account. Employee has to shift the existing account under Corporate NPS as per his CRA association.

Kindly note this is a mandatory process before initiating Employer's contribution for the said PRAN.



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### NPS Account Maintenance

#### 46. How do I access my NPS account online?

Go to

<https://enps.kfintech.com/login/login/> (For Kfintech)

<https://cra-nsdl.com/CRA/> (For NSDL)

Click on "**Click here to generate password**" if you are a first time user/shifted subscriber or to reset your password

Enter your PRAN #

Enter your Date of Birth

Enter Captcha Code

Click on Submit

OTP is sent to your registered mobile no.

Enter OTP and set the password then click on Continue

Password is set and now you can enter PRAN# and Password at the above link to view your NPS a/c details

#### 49. What happens to the NPS Account if the Employee leaves the job?

There can be multiple scenarios in this case as shown below:

- **Employee joins an organization which is offering NPS:** in this case employee needs to shift his / her NPS Account to the next Employer by submitting duly signed and HR verified attested ISS form along with Service Charge to POP whom the Corporate has tied up with for NPS Implementation
- **Employee joins an organization that does not offer NPS:** in this case Employee needs to shift his / her NPS Account to Retail NPS account by submitting ISS form to POP or share scan copy of duly filled and signed ISS form to [npscorpqueries@hdfcpension.com](mailto:npscorpqueries@hdfcpension.com)
- **Employee is not working / self-employed:** in this case Employee needs to shift his / her NPS account to Retail NPS account by submitting ISS form to POP or share scan copy of duly filled and signed ISS form to [npscorpqueries@hdfcpension.com](mailto:npscorpqueries@hdfcpension.com)

#### 47. Can an Employee change / modify data in the NPS system after joining NPS?

Yes. Employee can login to CRA system and modify

<https://enps.kfintech.com/login/login/> (For Kfintech)

<https://cra-nsdl.com/CRA/> (For NSDL)





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For modification other types of non-financial requests, subscriber can write to [npscorpqueries@hdfcpension.com](mailto:npscorpqueries@hdfcpension.com).

### **48. Can an Employee request for a duplicate PRAN Card?**

Yes. In case of loss or damage of PRAN Card, employee can place request for issuance of duplicate PRAN Card online through CRA.

CRA charges plus GST shall be applicable will be deducted by CRA for issuing duplicate PRAN Card.

### **49. Does Employee get any physical statement for NPS account?**

Yes. An annual statement containing details of the unit holdings is sent by CRA to Employee's registered address within 3 months of the end of every financial year

### **50. How does Employee get its Statement of Transaction (SOT) on ad-hoc basis?**

Employee needs to log in to his/her NPS account and follow the below steps to download a Statement of Transaction:

### **51. How can an employee check the status of his / her NPS account?**

Employee can check the status of PRAN (active or frozen) by logging into his / her NPS account.

Employee can visit <https://enps.karvy.com/login/login/> and log in using their PRAN number and DOB to check the status.

### **52. Once registered, how can an employee change his / her details with CRA?**

A subscriber can make a request for changes or corrections in his PRAN details by submitting Form S2 to his/her POP.

### **53. What is Retiral Readiness & how do I update my Readiness for retirement?**

Retiral readiness is a score that helps a user understand how much he/she needs to grow his/her wealth before retirement to lead a lifestyle similar to current lifestyle post retirement. . You can update your score by updating your income, investments and expense details, selecting your long term & short term goals.



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### **54. How is my Retiral Readiness score calculated?**

Retiral readiness is calculated based on your income, investments, expenses & your future financial goals. Future projections are made for income, investments and expenses to arrive at the final score.

### **55. What is peer readiness?**

Peer readiness is Retiral readiness of your peers from same age bracket.

### **56. How do I link NPS account?**

Click NPS->ADD-> Sync Account-> Select the bank where you have opened the NPS account and enter password to sync up. These values are fetched from your account on real-time basis.

### **57. What is My Portfolio & how do I update it?**

My Portfolio gives a synopsis of your investments in different Retiral Investment like NPS, EPF, Mutual Funds and PPF etc. To update the portfolio, you can visit individual product section displayed on the Home Page under **My Portfolio** & link your account or update the latest details for each product.

### **58. How do I view real time values of my funds?**

For viewing your real-time fund values, you need to update them by clicking the update button which is available. This will help you to sync your accounts and display the values at real-time.