

National Pension System

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National Pension System

- OPS Vs NPS?

National Pension System

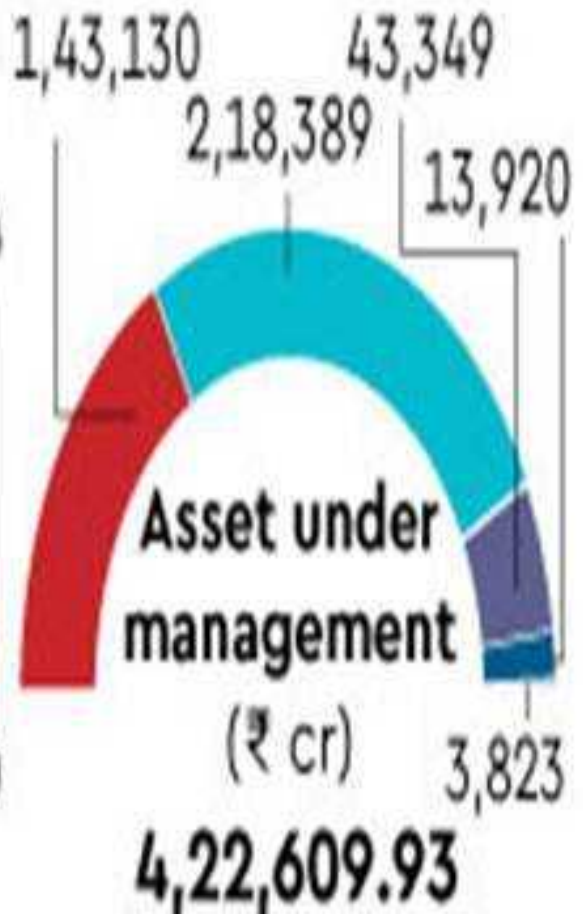
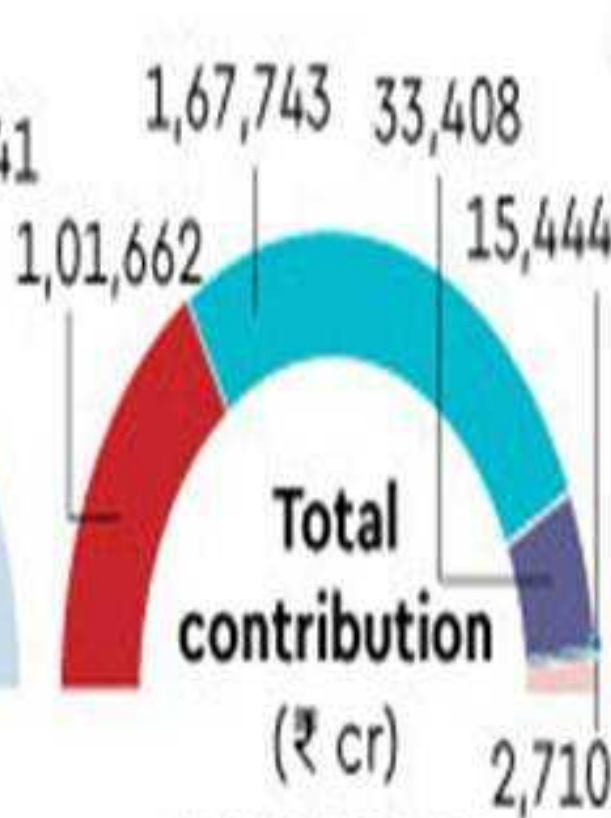
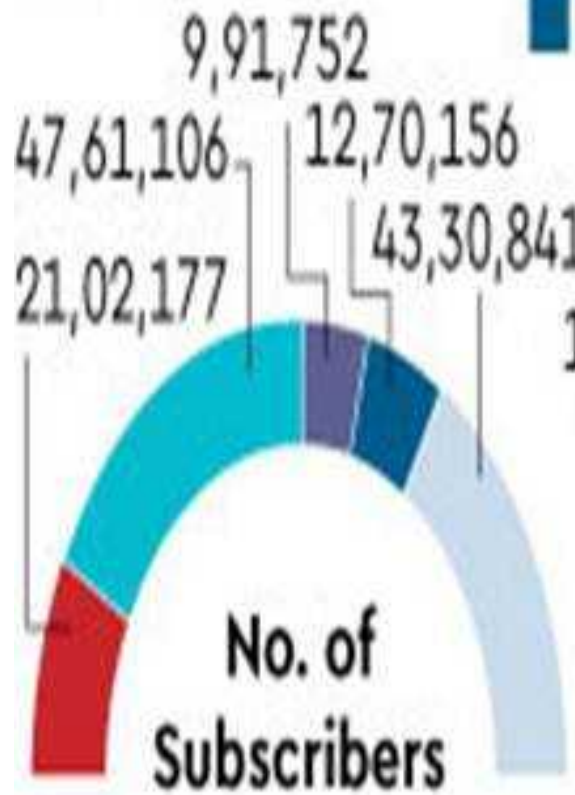
- Started by GoI for all its employees (**except for armed forces**) who joined after 1 January 2004
- Initially designed for government employees
- Opened up for all citizens of India in 2009.

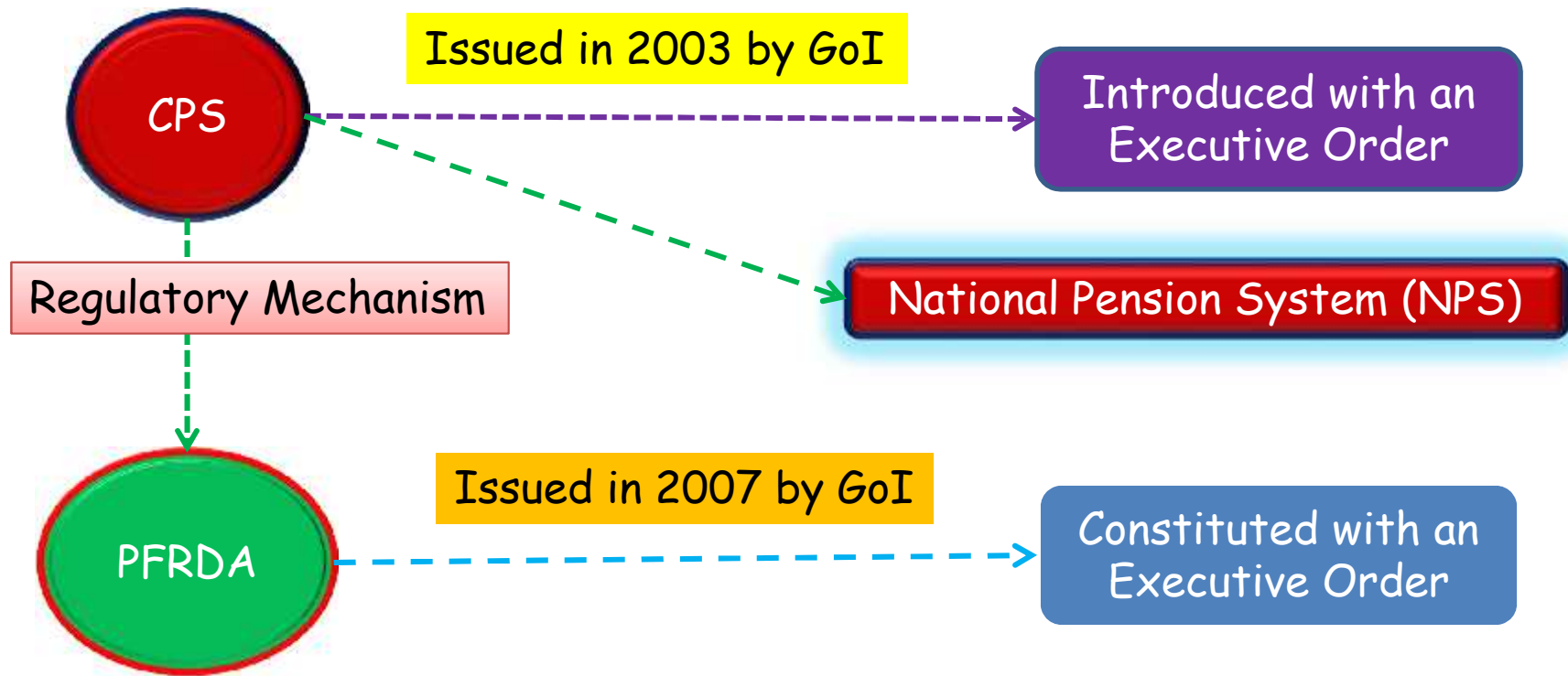
National Pension System

- All state Governments accepted between 2005 and 2010 except the states of Kerala, Tripura and West Bengal.
- Kerala Joined in 2013 and Tripura joined in 2018.
- West Bengal is the only state following **old pension scheme** in the country

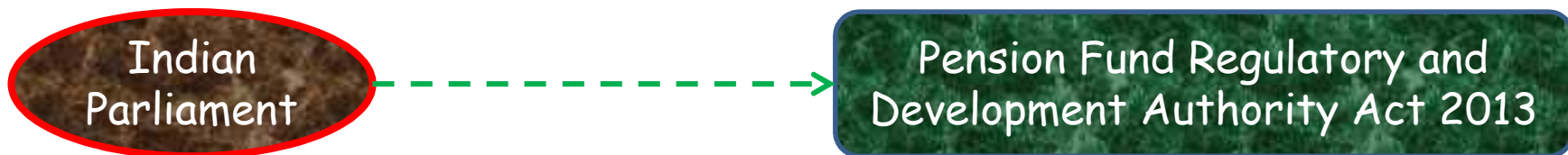
NPS

Central Govt State Govt Corporate Sector
All Citizen NPS Swavalamban (as on Apr 30, 2020)





After 10 years of Intensive Debate and Discussion over the Pension Reforms



Came into force from 01.02.2014

National Pension System- Regulator And Entities

- **Pension Fund Regulatory and Development Authority (PFRDA)** is an autonomous body set up by the Government of India to develop and regulate the pension market in India

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National Pension System- Regulator And Entities

- **Point of Presence (POP)** : Points of Presence (POPs) are the first points of interaction of the NPS subscriber with the NPS architecture.
- The authorized branches of a POP, called Point of Presence Service Providers (POP-SPs), will act as collection points and extend a number of customer services to NPS subscribers.

National Pension System- Regulator And Entities

- **Point of Presence (POP) :** PFRDA has authorized 58 institutions including public sector banks, private banks , private financial institutions and the Department of Posts as Points of Presence (POPs) for opening the National Pension System (NPS) accounts of the citizens.

National Pension System- Regulator And Entities

- **Central Record keeping Agency (CRA) :** The record keeping, administration and customer service functions for all subscribers of the NPS are being handled by the National Securities Depository Limited (NSDL) which is acting as the Central Record keeper for the NPS.

National Pension System- Regulator And Entities

- **National Securities Depository Limited (NSDL)**

Services offered by CRA to the Subscribers:

- **CRA registers the Subscribers and allot unique Permanent Retirement Account Number (PRAN) to them.**
- **CRA issues a PRAN card and User-ID, I-PIN and T-PIN to access CRA website and CRA call centre.**

National Pension System- Regulator And Entities

- **National Securities Depository Limited (NSDL)**

Services offered by CRA to the Subscribers:

- **CRA maintains the Permanent Retirement Account of the Subscribers**
- **CRA sends a physical Transaction Statement to the Subscriber containing the details of the transactions in Subscribers Permanent Account.**

National Pension System- Regulator And Entities

- **National Securities Depository Limited (NSDL)**

Services offered by CRA to the Subscribers:

- **CRA registers grievances (received through CRA system or through G1 form) and send the resolution details to the Subscribers by e-mail.**

- **CRA provides I-PIN based login to CRA website for subscribers to view their account details.**

National Pension System- Regulator And Entities

•Annuity Service Providers (ASPs) : Annuity Service Providers (ASPs) would be responsible for delivering a regular monthly pension to the subscriber after exit from the NPS.

•NPS Trust

•Trustee Bank

•Pension Fund Managers

National Pension System

- **State Government Employees**

- NPS is applicable to all the employees of State Governments, State Autonomous Bodies joining services after the date of notification by the respective State Governments.

- Any other government employee who is not mandatorily covered under NPS can also subscribe to NPS under "All Citizen Model" through a POP-SP.

National Pension System

- State Government Employees**

- The State Government employees can register for NPS (Tier-I) through following process:**

- Submit S1 form to the Drawing and Disbursing Officer (DDO) or equivalent offices.**

- The DDO shall provide and certify the employment details.**

National Pension System

- **State Government Employees**

- Subsequently, the DDO shall forward the form to the respective Pay and Accounts Office (PAO) / District Treasury officer (DTO).

- The form should be submitted to Central Recordkeeping Agency (CRA)-

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National Pension System

- **State Government Employees-Contribution to NPS**
- For the State Government employees contribution through their nodal office to National Pension System is mandatory.
- Every month 10% of his/ her salary (basic + DA) and equivalent government's contribution will be invested in NPS.

National Pension System

•State Government Employees- Withdrawal

•The subscribers can withdraw from NPS on his/ her retirement, resignation or death.

•On retirement a subscriber would be required to invest minimum 40% of his / her accumulated savings to purchase a life annuity from PFRDA empanelled and Insurance Regulatory and Development Authority (IRDA)- Annuity Service Providers (ASPs)

National Pension System

- **State Government Employees- Withdrawals**

- Around 80% of amount has to be annuitized and remaining can be withdrawn by the subscriber on resignation.

- In case of death of the subscriber, entire amount will be handed over to the nominee.

National Pension System

- **State Government Employees- Withdrawals**
- **Withdrawal application form**
- **Original PRAN Card / notarized affidavit in case if the original is not submitted.**
- **Photo ID proof**
- **Residence proof**
- **Cancelled cheque /bank certificate/copy of the bank passbook with photograph**

National Pension System

- **State Government Employees- Withdrawals**
- **Annuity application form duly filled and signed by subscriber**
- **Death certificate in original**
- **Legal heir certificate wherever applicable**
- **Relieving letter and NOC, if applicable.**
- **.**

National Pension System

•State Government Employees- Benefits of NPS

•It is transparent - NPS is transparent and cost effective system wherein the pension contributions are invested in the pension fund schemes and the employee will be able to know the value of the investment on day to day basis.

•It is simple - Open an account with his/her nodal office and get a Permanent Retirement Account Number (PRAN).

National Pension System

- **State Government Employees- Benefits of NPS**

- **It is portable - Each employee is identified by a separate PRAN which is portable**

- **It is regulated - NPS is regulated by Pension Fund Regulatory and Development Authority- with transparent investment norms & regular monitoring and performance review of fund managers by NPS Trust**

National Pension System

- **State Government Employees- Tax Benefits of NPS**
- Tier I account is Exempted-Exempted-Taxed (EET) i.e., the amount contributed is entitled for deduction from gross total income upto Rs.1.50 lakh u/s 80C
- The appreciation accrued on the contribution and the amount used by the subscriber to buy the annuity is not taxable.
- The amount withdrawn by the subscriber after the age of 60 is taxable.

National Pension System

- State Government Employees-CHARGES**

- All the charges associated to Tier I account including Annual PRA Maintenance charge are paid by the employer.

- In case of Tier II account, activation charge and transaction charges are paid by the subscriber.

National Pension System- Charges for Tier-II Account

Intermediary	Charge head	Service charges*	Method of Deduction
CRA	PRA Opening charges	Rs.50	Through cancellation of units at the end of each quarter.
	Annual PRA Maintenance cost per account	Rs.190	
	Charge per transaction	Rs.4	

National Pension System- Charges for Tier-II Account

Intermediary	Charge head	Service charges*	Method of Deduction
POP (Maximum Permissible charge for each subscriber)	Initial subscriber registration	Rs.100	To be collected upfront
	Initial contribution upload	0.25% of the initial contribution amount from subscriber subject to a minimum of Rs.20 and a maximum of Rs.25,000/-	
	Any subsequent transaction involving contribution upload	0.25% of the amount subscribed by the NPS subscriber, subject to minimum of Rs.20/- and a maximum of Rs.25000/-.	
	Any other transaction not involving a contribution from subscriber	Rs.20	

New Pension Scheme based on Defined Contribution

Pension Reforms including Contributory Pension Scheme

Long-Term Fiscal Interest of the State, CPS should be introduced

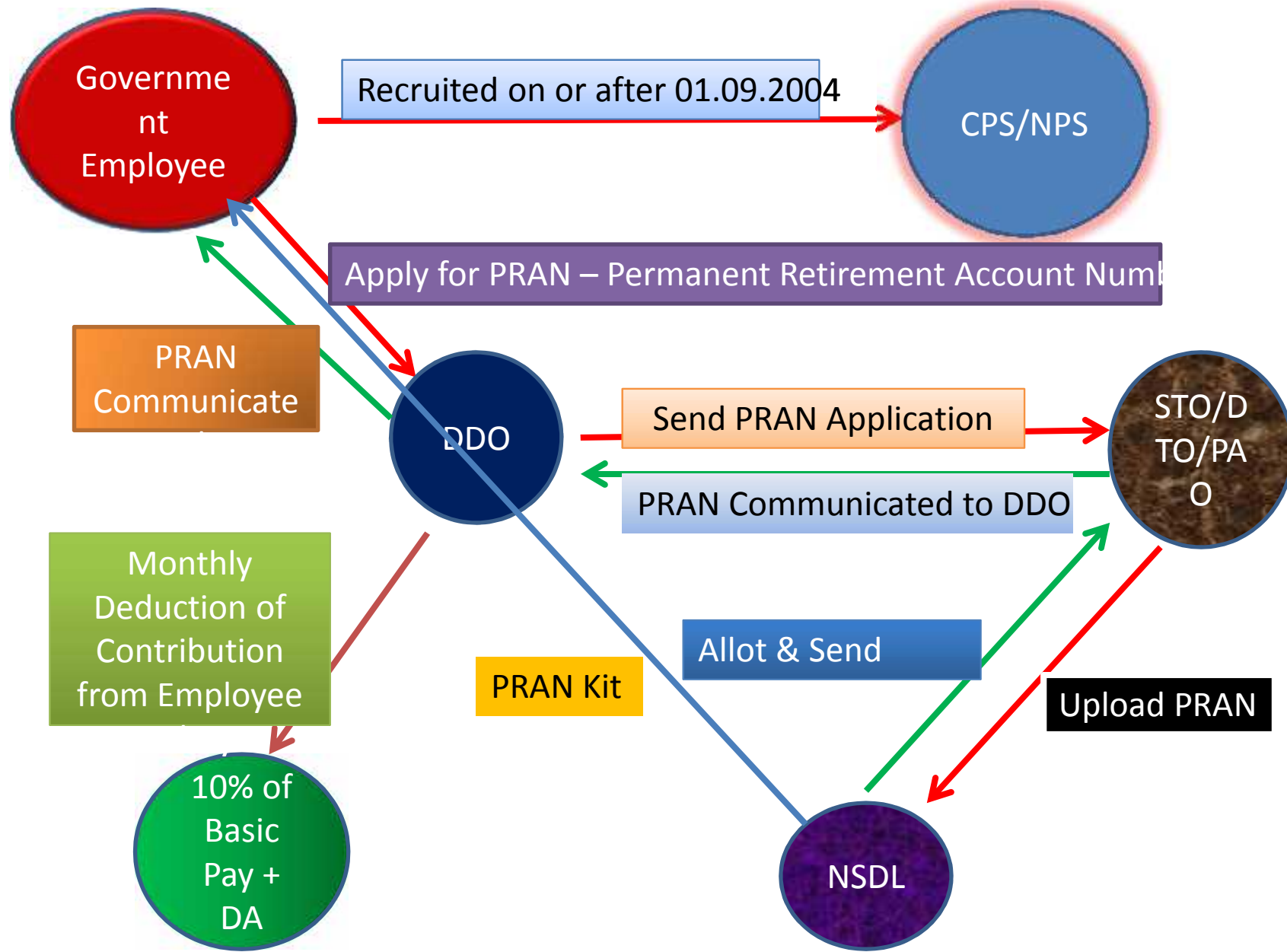
Contributory Pension Scheme

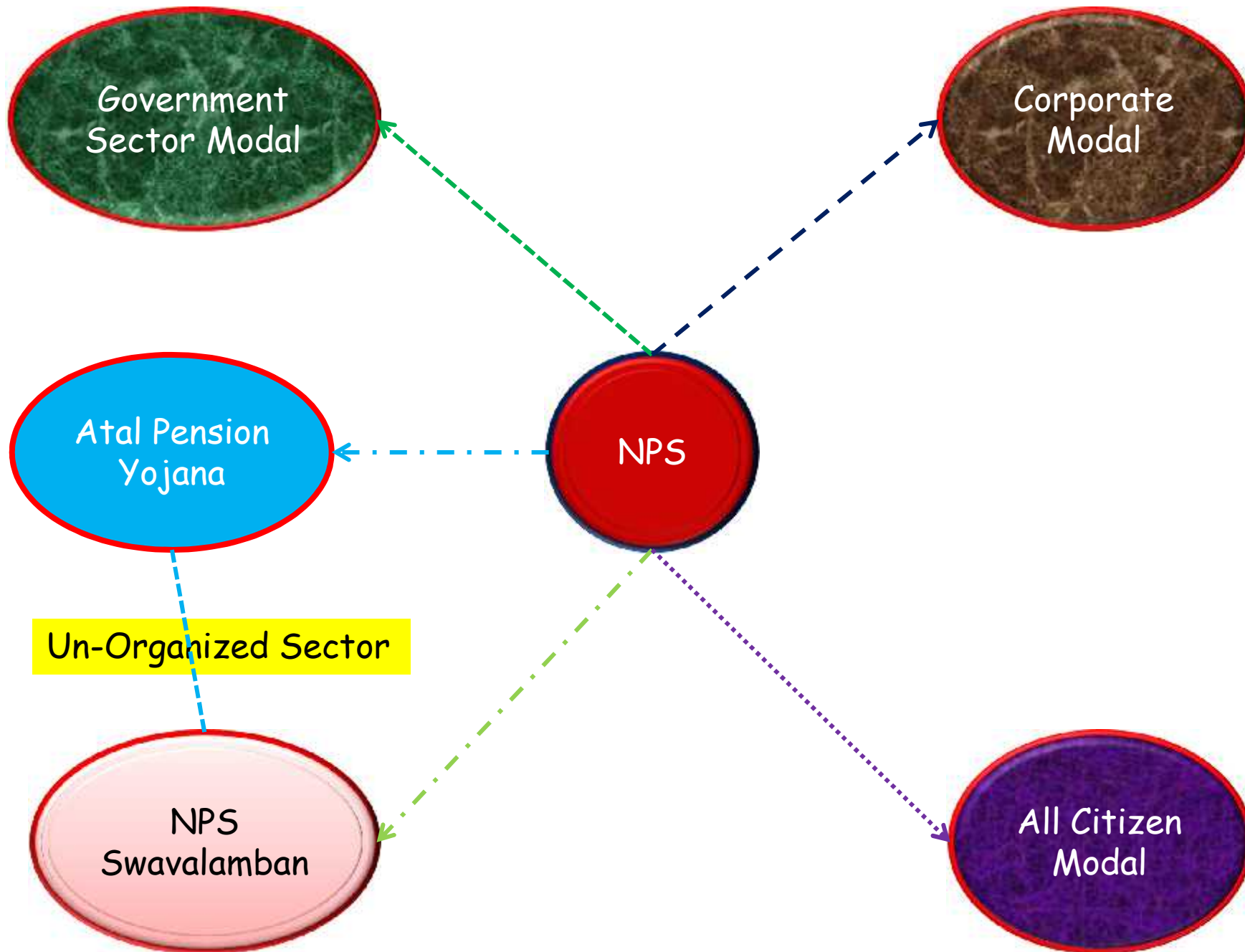
Central Govt

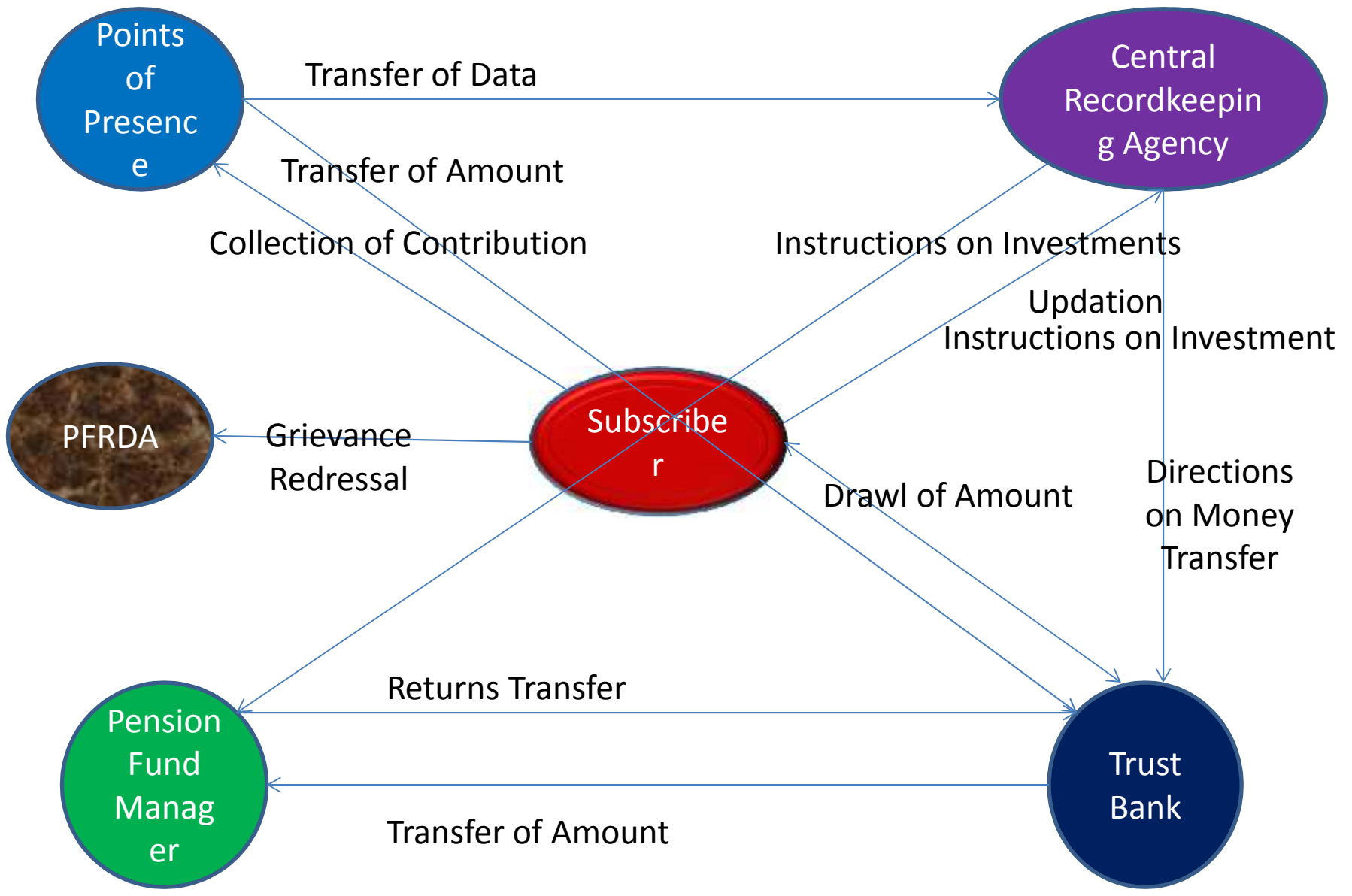
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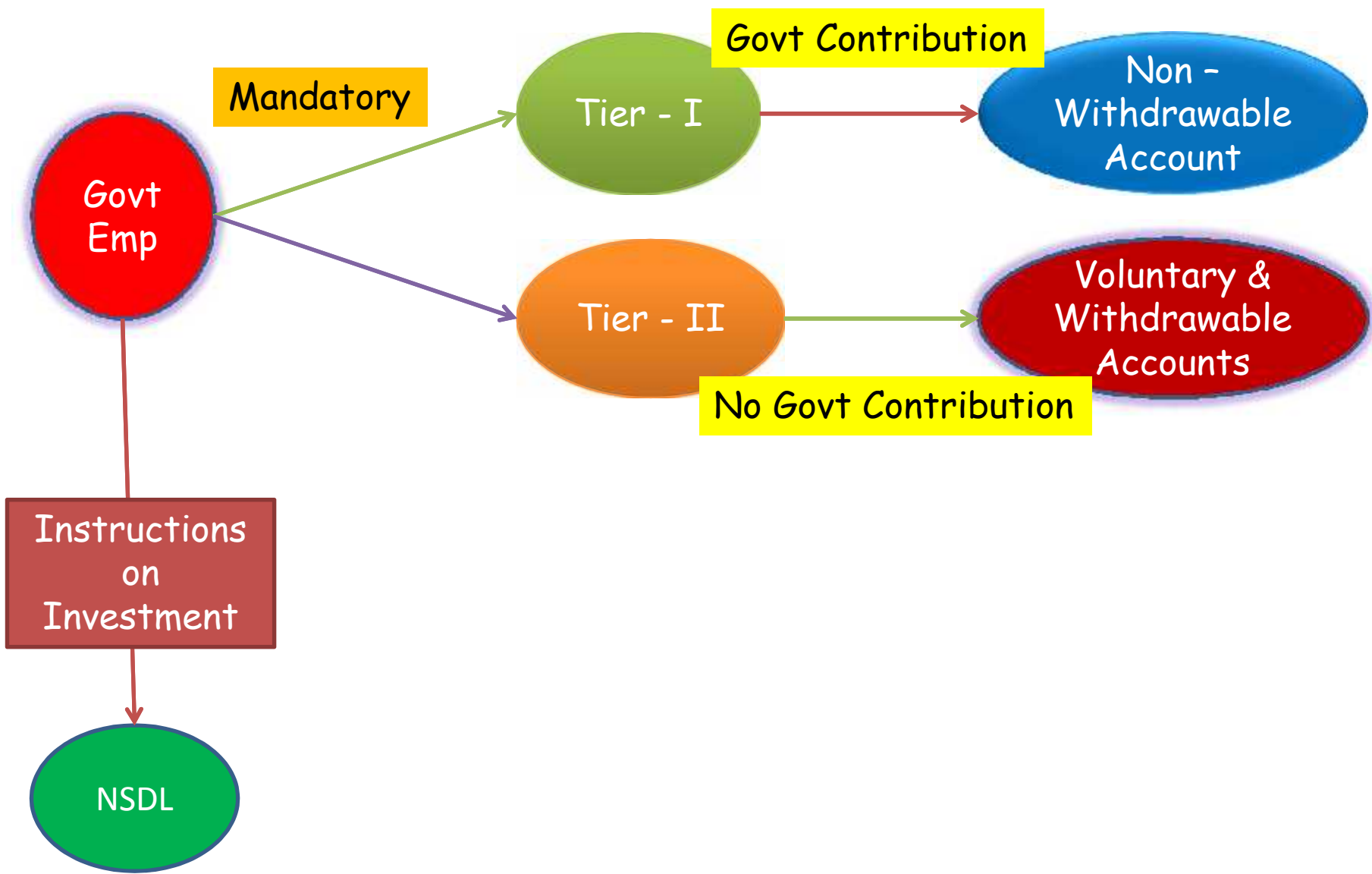
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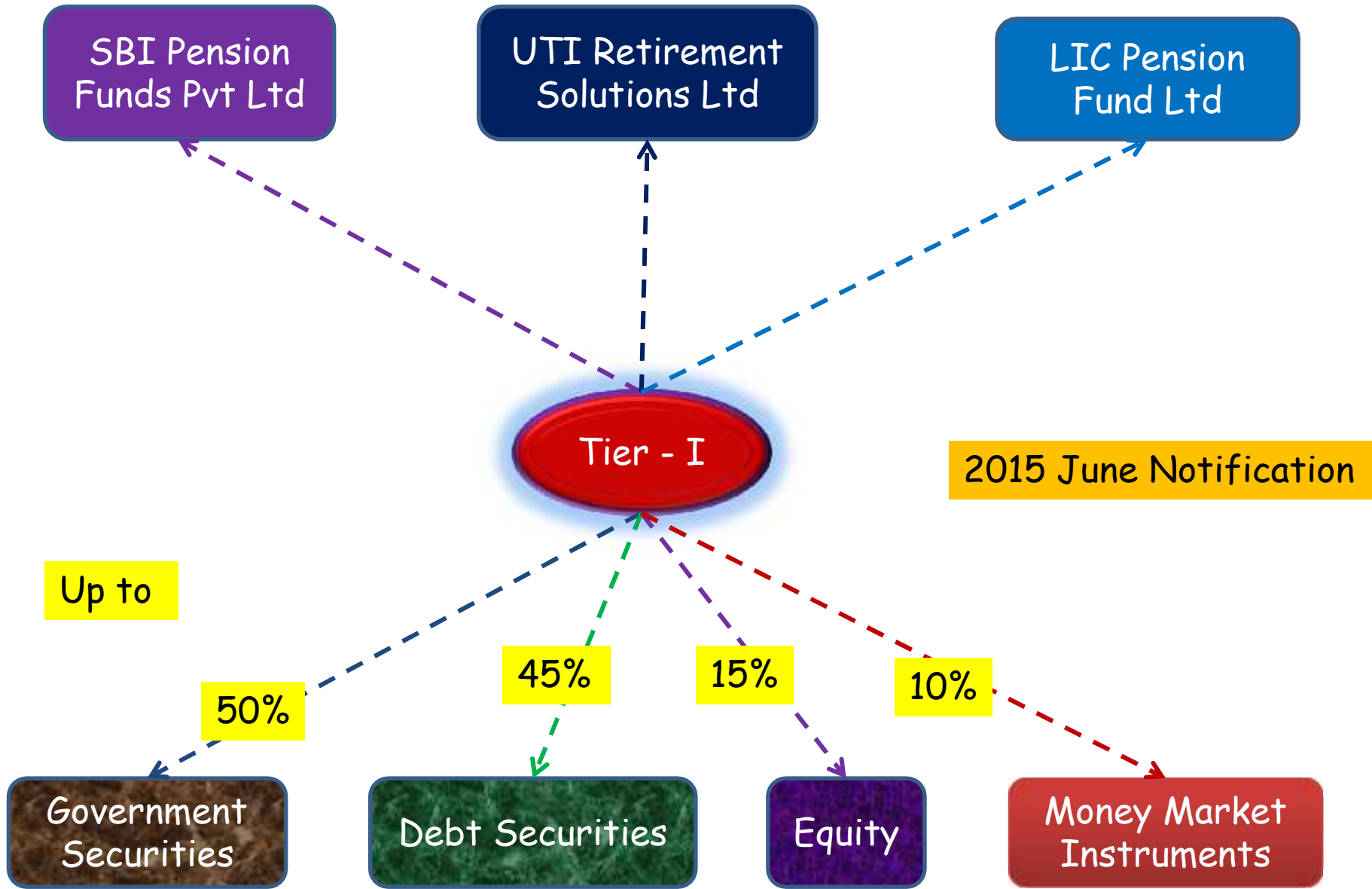
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Death while
in Service



Exit on
Superannuation



Deferred Payment



Pre-Mature
Exit



Thank
You