

Frequently Asked Questions (FAQs) Under National Pension System (NPS)

About NPS

Q. What is NPS?

A. The National Pension System (NPS) is a voluntary, defined, disciplined contribution retirement savings scheme initiated by the Government of India which allows citizens of India to effectively plan for their retirement through safe and reasonable market-based returns. It enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life.

Q. How does NPS work?

A. The National Pension System (NPS) is a defined contribution pension scheme in which a subscriber contributes regularly towards creating a retirement corpus. Here is a step-by-step explanation of how the NPS works:

1. **Registration:** The first step is to register online through ICICI bank internet banking or iMobile application or through My NPS Link. Once registered, a Permanent Retirement Account Number (PRAN) is allotted to the subscriber. This PRAN is unique identification number allotted to each subscriber and remains the same till the exit of the subscriber from NPS.
2. **Contribution:** After registration, the subscriber needs to make regular contributions towards the NPS to create a retirement corpus. The subscriber can choose the contribution amount, which can be either a fixed amount or a percentage of the salary. The contributions are invested in different asset classes such as equity, corporate bonds, government securities and Alternate investment fund based on the subscriber's preference.
3. **Corpus accumulation:** The contributions made by the subscriber towards the NPS are invested in a combination of asset classes to create a retirement corpus. The returns generated from these investments are credited to the subscriber's NPS account, which helps in the accumulation of the corpus.
4. **Exit Options :** On retirement or exit from the scheme, the subscriber has three options :
 - **Withdrawal:** The subscriber can withdraw up to 60% of the accumulated corpus as a lump sum. The remaining 40% must be used to purchase an annuity plan, which provides a regular pension to the subscriber.
 - **Annuity purchase:** The subscriber can use 100% or 40% of the entire corpus to purchase an annuity plan, which provides a regular pension to the subscriber.
 - **Combination:** The subscriber can withdraw a portion of the corpus as a lump sum and use the remaining amount to purchase an annuity.

Q. What are different types of NPS models?

A. There are 2 models, namely- Corporate NPS model and All Citizen model. Corporate NPS model is applicable for all corporate employees wherein the corporate is registered with the Point of Presence for NPS.

NPS model	Description
Corporate Model	This model is applicable for the employees working with corporate organisations. Under this model, Employee as well as Employer (on behalf of Employee) both can contribute towards NPS account of Employee.
All India Citizen Model/ Retail/ Individual Model	Citizens of India who are financially not dependent on any employer like Self-employed category, Professionals like Doctors, CAs, CS, CMAs, Lawyers, Architects etc. and other citizens

Q. What are the tax benefits of NPS?

A. Individuals who are employed and contributing to NPS would enjoy tax benefits on their own contributions as well as their employer's contribution as under:

- Employee contribution:
Deduction up to 10% of basic salary plus dearness allowance with overall ceiling ₹1.5 lakhs u/s 80CCD(1) of the Income Tax Act, 1961.
The overall limit is capped ₹ 1.50 lakhs under Section 80CCE of the Income Tax Act, 1961
- Voluntary contribution:
Deduction up to ₹50,000 u/s 80CCD(1B) from taxable income for additional contribution to NPS.
- Employer contribution:
Deduction up to 10% of basic salary plus dearness allowance from taxable income u/s 80CCD(2) of the Income Tax Act, 1961. This is over and above the limits u/s 80C.

The total tax benefit under employer's contribution towards EPF, NPS and Superannuation fund (SAF) is capped at ₹ 7.5 lacs for tax exemption. The employee can opt for higher contribution amount, however, amount exceeding ₹7.5 lacs and interest/Dividend attributable to such excess contribution earned will be made taxable in the hands of the employee as perquisite. This is in effect from 01.04.2020.

Q. What are the investment options available under NPS corporate?

A. There are different types of asset classes in which your money can be invested:

- Asset Class E- Investment in equity market instrument (High return, High risk).
- Asset Class C- Investment in fixed income instruments other than Government Securities (moderate risk, moderate return). Examples of these are bonds issued by firms.
- Asset Class G- Investment in Government securities (Low return, Low risk). The best example of this is central government bonds.
- Asset class A- Investment in Alternate Funds

There are 2 investment options available to select the above asset classes:

- Active choice: Here the individual would decide on the asset classes in which the contributed funds are to be invested among E, C, G and A. One can specify the percentages in which money has to be invested in these asset classes. However, allocation in Equity cannot be more than 75% and alternate funds 5%.

- Auto choice: Lifecycle Fund: This is the default option under NPS and where in the management of investment of funds is done automatically based on the age profile of the subscriber. One will have the flexibility to choose one among the Pension Funds (PFMs) and the percentage in which the selected PFM will invest the funds. Subscribers have choice of three Lifecycle Funds. They are Aggressive Lifecycle Fund, Moderate Lifecycle Fund, Conservative Lifecycle Fund. Under these lifecycle funds, the management of investment of funds (allocation between asset class) is done automatically based on the age of the subscriber.

Age	Aggressive (LC 75)			Moderate (LC 50)			Conservative (LC 25)		
	Equity	Corporate Bonds	Govt. Securities	Equity	Corporate Bonds	Govt. Securities	Equity	Corporate Bonds	Govt. Securities
< = 35 Yrs	75%	10%	15%	50%	30%	20%	25%	45%	30%
40	55%	15%	30%	40%	25%	35%	20%	35%	45%
45	35%	20%	45%	30%	20%	50%	15%	25%	60%
50	20%	20%	60%	20%	15%	65%	10%	15%	75%
> = 55 Yrs	15%	10%	75%	10%	10%	80%	5%	5%	90%

The matrix for allocation of funds under different life cycle funds can be accessed at <https://npscra.nsdl.co.in/download/Investment-options-under-NPS.pdf>

The average returns under the different investment categories for different time periods can be checked at www.npstrust.org.in. The same is updated monthly.

Q. Which are the Pension Fund Managers (PFMs) available for investment?

A. At present, subscriber has the option to select any one of the following PFRDA

Registered Pension Fund Manager (PFM):

- ICICI Prudential Pension Fund Management Co. Ltd.
- HDFC Pension Management Company Ltd
- LIC Pension Fund Ltd.
- SBI Pension Fund Pvt. Ltd.
- Kotak Mahindra Pension Fund Ltd.
- UTI Retirement Solutions Ltd.
- Aditya Birla Sun Life Pension Management Ltd.
- Tata Pension Management Ltd.
- Max Life Pension Fund Management Ltd.
- Axis Pension Fund Management Ltd.

Q. What are the different entities in NPS ecosystem?

A. PFRDA - On 23 August 2003, the Interim Pension Fund Regulatory & Development Authority (PFRDA) was established through a resolution by the Government of India to "promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto." The Pension Fund Regulatory & Development Authority Act was passed on 19 September 2013 and notified on 1 February 2014, thus setting up PFRDA as the regulator.

Point of Presence: Acts as first point of interaction for subscriber and is responsible for facilitating account opening and servicing of subscribers requests. All the major commercial banks, brokers,

Pension Fund Management Companies with POP license and Stock Holding Corporation Ltd perform the role of PoP. The subscriber can choose any one of them.

Pension Fund Manager: Responsible for managing the investments of subscribers under NPS.

Central Recordkeeping Agency: Responsible for recordkeeping, administration and customer service functions for all subscribers of NPS. They issue the PRAN and IPIN/TPIN. The current CRAs are the NSDL e-Governance Infrastructure Limited (NCRA), KFinTech (KCRA) and CAMS

Trustee Bank: Facilitate fund transfers across various intermediaries of the NPS viz. PFM, ASPs, and Subscribers etc. Axis Bank is the designated trustee bank effective from 1st July, 2013.

Custodian: Responsible for the custody, settlement, record, and receipt and reporting of rights or entitlements of National Pension System Trust (NPST) securities, assets or documents.

Annuity Service Provider: Responsible for providing Annuity Service after Subscriber exits from NPS.

NPS Trust: The National Pension System Trust (NPS Trust) was established by PFRDA on 27th February, 2008 with the execution of the NPS Trust Deed. The NPS Trust has been set up and constituted for taking care of the assets and funds under the National Pension System (NPS) in the interest of the beneficiaries (subscribers). Individual NPS subscribers shall be the beneficiaries of the NPS Trust. The NPS funds are managed by the Board of Trustees to realize and fulfill the objectives of the NPS Trust in the exclusive interest of the Subscribers.

Joining NPS

Q. How can I enrol for NPS through ICICI Bank?

A. For enrolling to the scheme under the "Corporate Sector Model", below mentioned process to be followed :

- Apply online through ICICI bank internet banking or iMobile application or through My NPS Link (<https://mynps.nsdli.com/myNPS/NationalPensionSystem.html?appType=main&authId=TjRVUmNwRkU4V3RIYUx5aVJDSU5FQT09>).

A set of standard Know Your Customer (KYC) documents as mentioned below will be required along with your photograph and signature:

- Proof of identity
- Proof of address
- Photo and Signature
- Cancelled cheque with name printed over it
- For Tier II account Copy of PAN card

Once you complete the application formalities you will be provided with a Permanent Retirement Account Number (PRAN).

- Upon generation of the PRAN, subscriber to update details of the existing PRAN through ICICI Bank microsite for Accenture.

Q. I am already contributing in my individual capacity to NPS. Do I need to open new NPS account? Can I transfer my NPS account from all citizen models to the corporate model of NPS?

A. Subscribers are not required to open a new NPS account, they can use the existing NPS account. In order to map the existing NPS account under the Corporate Model, subscriber to update details through ICICI Bank microsite for Accenture. After validation of the PRAN & approval, the PRAN will be mapped to the corporate.

Q. I am contributing to NPS in my individual capacity, will contribution through corporate module be in the same account?

A. Yes, the NPS account and PRAN will remain same. In addition to the individual contribution, corporate contributions will also be made to the same PRAN. In order to map the existing NPS account under the Corporate Model, subscriber to update details through ICICI Bank microsite for Accenture. After validation of the PRAN & approval, the PRAN will be mapped to the corporate.

Q. I already have an existing NPS PRAN account with my previous employer. Can I transfer my NPS account to corporate model of NPS?

A. Yes, you can transfer your account from previous employer to Corporate Sector Model of NPS. In order to map the existing NPS account under the Corporate Model, subscriber to update details through ICICI Bank microsite for Accenture. After validation of the PRAN & approval, the PRAN will be mapped to the corporate.

Q. If I open a NPS account in Corporate Model during the middle of the financial year, how will my contributions get deducted?

A. Under corporate NPS model 10% of the annual basic will be deducted to avail tax benefit. Request you to kindly reach out to your Payroll / Human Resource Team to seek more clarity regarding the same.

Q. Can I have more than one NPS account?

A. No, multiple NPS accounts for a single individual are not allowed and there is no necessity also as the NPS is fully portable across sectors and locations. You can link your NPS account to corporate, to avail the benefits under the corporate model via an email-based procedure and corporate NPS account can be converted to retail

Q. Do I need to deposit any minimum amount at the time of subscription of NPS application form?

A. Yes, there is mandatory minimum contribution of ₹ 500 that needs to be submitted at the time of opening account via NSDL and with your ICICI Bank portal you can contribute within 15 days post PRAN generation.

Contribution towards NPS account

Q. What process I need to follow to contribute to NPS Account?

A. You need to update your PRAN number and compensation plan for the current year to start your contribution towards NPS through Corporate.

Q. Will I get an alert once my contribution has been credited to my NPS account?

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

Q. What is the minimum annual contribution to keep my NPS account active?

A. You need to contribute minimum amount of ₹1,000 per financial year to keep your NPS account active.

Q. How will I know if my annual contribution towards NPS is less than ₹1,000?

A. You will receive an e-mail alert from NSDL team.

Q. Where can I view my contribution towards NPS?

A. NPS App (NPS by NSDL e-Gov) gives you details of your account online. You can access latest account details as is available on the CRA web site (<https://cra-nsdl.com/CRA/>) using user ID (PRAN) and password. The APP access your account details online and provides you with user friendly interface to browse through your account information. It also enables you to maintain your latest contact details and password.

Q. How do I get Statement of Transaction (SOT) on ad-hoc basis?

A. You can view / print the SOTs by logging into [CRA website](#).

Account Maintenance

Q. What happens if the minimum annual contribution of ₹ 1,000 is not invested in NPS Account?

A. Your account will be frozen and you will not be able to make any further online transactions in NPS.

Q. What is the process of unfreezing the NPS Account?

A. You can unfreeze the NPS Account by paying ₹ 1,000 per financial year as minimum contribution amount. POP charges to be added to it.

Q. Can I change / modify data in the NPS system after joining NPS?

A. Yes. You can do it online through your account access or you need to submit the request along with the Service Charge of ₹ 30 plus GST Tax to the POP for initiating the modification.

Q. Can I request for a duplicate PRAN Card?

A. Yes. In case of loss or damage of PRAN Card, you can download EPRAN (Equivalent to physical PRAN) online through your account access or you need to submit a duly filled S2 form to the POP for issuance of duplicate PRAN Card.

Q. If I leave the job, what would happen to my NPS account?

A. You can shift the same PRAN to your new employer, if the new employer is already a registered entity under NPS. But if not, then you can continue the PRAN a/c under All Citizen Model.

Nominations

Q. Is a nomination facility available under NPS-Corporate Model?

A. Yes, Nomination can be made by the employee.

Q. Who can be a Nominee, how many nominees can be there and how are the details to be filled in the form?

A. Only an Individual can be a nominee. You will be allowed to register upto three nominees only. Decimals/fractional values shall not be accepted in the nomination(s) percentage share value. Sum of percentage share of all the nominees must be equal to 100. If sum of percentage is not equal to

100, all nominations will be rejected. The registration of nominee details will not be done unless all details are duly filled up in the Nomination form.

Q. Can a minor be a nominee?

A. Yes, minor can be a nominee. In such case, you will be required to provide guardian's details and date of birth of the minor.

Partial withdrawal from NPS Account/ Early Termination

Q. In case of PF, I can withdraw amount for the purpose of housing or Children's Marriage etc. Do I have such facility under NPS?

A. Withdrawal is permitted for the below reasons:

- Higher education of children
- Marriage of children
- Treatment of specified illnesses
- Purchase or construction of residential house or flat
- Establishment of own venture or any start-up

You can withdraw up to 25% of self-contributed amount towards NPS Account after 3 years of contribution as per rule applicable from time to time. Additionally, you can withdraw from NPS account thrice. Rest of the amount

Q. Do I have to pay any taxes at the time of withdrawal?

A. The total corpus received from Tier 1 NPS is exempt however the corpus received on Tier 2 NPS is taxable as per the prevailing income tax rates. Tax laws are subject to change from time to time

Q. Can I exit before 60 years? / Can I deactivate my NPS Account at any point of time?

A. You can exit from NPS after 5 years, as per rules applicable from time to time.

Q. How will I receive the pay-out if I exit from NPS before 60 years? / What happens to my investments under NPS if contribution is discontinued before retirement?

A. Primary objective of NPS is to create a Corpus which can be used at the time of retirement to buy pension for you/ your nominee. Hence, there is a restriction imposed on lump sum amount accessible on exit as mentioned below.

Exit before the age 60 years

- Up to 20% of contribution can be withdrawn in lump sum. Balance amount needs to be invested in Annuity as per rules applicable from time to time
- If the Corpus is less than or equal to ₹ 2.50 lakhs, there is no need to invest into Annuity. Entire amount can be withdrawn in lump sum

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

A. In case of exit from NPS on retirement age defined by the Corporate, you can defer the withdrawal option or can continue the account till 75 years of your age
However, in case of pre – mature exit from NPS (before attaining the age of 60 years), you do not have option to defer the withdrawal as per rules applicable from time to time.

Q. What benefits would family of employee get when the employee (covered under NPS) Dies during the service?

- A. In such an unfortunate event, the nominee will receive 100% of the NPS pension wealth in lump sum or alternatively has the choice to buy annuity. The total corpus received from Tier 1 NPS will be exempt, however the corpus received on Tier 2 NPS is taxable as per the prevailing income tax rates. Tax laws are subject to change from time to time.

Post Superannuation/ Retirement

Q. When can I withdraw the amount?

A. Exit at the age of 60

- Up to 60% of Corpus can be withdrawn in lump sum. Balance amount needs to be invested in Annuity
- If the Corpus is less than or equal to ₹ 5 lakhs, there is no need to invest into Annuity. Entire amount can be withdrawn in lump sum as per rules applicable from time to time.

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

A. In case of exit from NPS on retirement age defined by the Corporate, you can defer the withdrawal option or can continue the account till 75 years of your age.

Q. Do I have to pay any taxes at the time of withdrawal in National Pension Scheme?

A. The total corpus received from Tier 1 NPS is exempt however the corpus received on Tier 2 NPS is taxable as per the prevailing income tax rates. Tax laws are subject to change from time to time

Q. What is annuity?

A. An annuity is a financial instrument which offers monthly/ quarterly/ annual pension at a guaranteed rate depending upon the option you choose. Currently, only the registered life insurers offer annuities in Indian Market. This needs to be upfront. Some options:

- Life Annuity - Pension (Annuity) payable for life at a uniform rate to the annuitant only.
- Life Annuity with Return of Purchase Price to the nominee
- Life Annuity with Return of 50% Purchase Price
- Life Annuity with Return of 75% Purchase Price
- Life Annuity with Return of Balance Purchase Price
- Life Annuity with an annual increase of 5%
- Joint Life, Last Survivor without Return of Purchase Price
- Joint Life, Last Survivor with Return of Purchase Price
- Joint Life, Last Survivor with Return of Purchase Price in parts
- NPS – Family Income
- Annuity guaranteed for a period of 5 years, 10 years or 15 years and thereafter for life
- Life Annuity with return of Purchase Price on Critical illness (CI) or Permanent Disability due to accident (PD) or Death

Q. Which are the Annuity Service Providers (ASPs) empanelled by PFRDA?

A. The following Insurance companies providing annuity services have been empanelled by PFRDA as Annuity Service Providers (ASPs):

- ICICI Prudential Life Insurance Co. Ltd.
- Bajaj Allianz Life Insurance Co. Ltd.
- HDFC Standard Life Insurance Co. Ltd.
- Life Insurance Corporation of India
- Reliance Life Insurance Co. Ltd.

- SBI Life Insurance Co. Ltd.
- Star Union Dai-ichi Life Insurance Co. Ltd.
- Edelweiss Tokio Life Insurance Co. Ltd.
- India First Life Insurance Co. Ltd.
- Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
- Kotak Mahindra Life Insurance Co. Ltd.
- Max Life Insurance Co. Ltd.
- Tata AIA Life Insurance Co. Ltd.
- PNB MetLife India Life Insurance Co. Ltd.
- Shriram Life Insurance Co. Ltd.

Other Frequently asked questions

- Q. Please confirm whether contribution through corporate module will be eligible for tax exemption in New tax Regime?
- A. Yes, only employer contribution up to 10% of basic salary under section 80CCD (2) will be exempted under new income tax regime. However, please note that Individual contributions under sections 80CCD (1) and 80CCD (1B) amounting up to ₹ 1,50,000 and ₹ 50,000 respectively would not be exempted in new income tax regime.
- Q. Does employee have any capping for contribution under the corporate NPS model?
- A. The total sum of employer contributions made to Employer Provident Fund, Superannuation and NPS are exempt from taxes, upto a maximum of ₹ 7.5 lakhs per year. Any amount exceeding this limit will be subject to taxation.
- Q. What component of salary will be considered for 10% corporate contribution?
- A. Upto 10% of Basic + Dearness Allowance component of the salary would be considered for employer contribution.
- Q. If I leave the organization and new employer does not have Corporate NPS, what will happen to my NPS account?
- A. In that case, PRAN will be converted to individual mode and employee will no longer be eligible for corporate benefits. However, you can continue to avail tax benefit on individual contributions under 80CCD (1) and 80CCD (1B) amounting up to ₹ 1,50,000 and ₹ 50,000 respectively under the old tax regime.
- Q. How will I be able to select how much amount to contribute towards Corporate NPS?
- A. You can select upto 10% of your basic for NPS contribution and the same must be updated on your company's intranet along with PRAN details.
- Q. I have Atal pension account along with an NPS account. Can Atal pension account continue?
- A. Atal Pension Yojana is a different scheme managed by PFRDA, and individuals with an APY account will have a unique PRAN beginning with the digit 5. Yes, it is possible to maintain both an NPS and APY account concurrently.
- Q. Can I exit NPS before maturity if I decide not to contribute to NPS. What are the options available for the same?

- A. It is possible to close NPS account prematurely, provided that the subscriber has completed 5 years from date of PRAN opening. Upon closure, the subscriber can withdraw upto 20% of the total amount as lump sum, while the remaining 80% can be received through an annuity. The subscriber may choose to defer the annuity or begin receiving payments from the date of NPS exit.
- Q. Is Rs 1,000/- the minimum contribution for both corporate and individual contribution clubbed together?
- A. Yes, the subscriber must contribute a minimum of ₹ 1,000 per financial year through either the individual or corporate route.
- Q. Do I have a facility of Loan/advances under NPS?
- A. No, as per existing guidelines there is no such provision under NPS.
- Q. Can I shift from Superannuation fund to NPS?
- A. Yes, it is possible to shift from superannuation fund to NPS, if the corporate rules permits.
- Q. Any Minimum Service required to be eligible for withdrawal
- A. As per the current rules of the National Pension System (NPS), there is no minimum corporate service required for converting the NPS account from the corporate model to the All Citizen Model). Once you leave the corporate sector, you can shift your NPS account to the All Citizen Model and continue to contribute to the scheme as an individual.

For further details contact ICICI Bank Representative

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Any servicing requests: Email - nps@icicibank.com | Helpline no. : 1800 1080

Disclaimer:

Tax benefits may be available as per prevailing tax laws. Tax benefits under the policy are subject to prevailing conditions and provisions of the Income Tax Act, 1961. Goods and Services Tax and Cesses, if any, will be charged extra as per applicable rates. The tax laws are subject to amendments made thereto from time to time. Please consult your tax advisor for details