

FAQs

General

1. Who shall be responsible for protecting my interests as a NPS subscriber?

- A. PFRDA is the Regulator for the NPS and will endeavour to protect the interests of the subscribers through prudential norms of investments etc.

2. What is the process for enrolling in NPS?

- A. If you are an individual between ages 18 to 60 years:
- You would be required to go to your nearest POP – SP.
 - You need to duly fill in the subscriber registration form and attach the prescribed documents before submitting it to the authorized person at the POP – SP (The list of POP – SPs shall be available at the PFRDA website www.pfrda.org.in and the website of the concerned POP).
 - Upon registration, you shall receive the PRAN from CRA.
 - Thereon, **you can make minimum contributions of INR 500 per transaction and INR 6,000 per year.** There is no limit on the maximum amount that you can contribute in a year or the maximum number of contributions that you may make during the year **(The minimum number of contribution is one).**

3. What will happen if I relocate to another city or country?

- A. The PRAN shall remain the same and you shall be able to access your Permanent Retirement Account from anywhere in India, based on the I-PIN sent to you by the CRA. The details of your PRAN and the Statement Of Transaction (SOT) shall be available on the CRA website www.npskra.nsdl.co.in on a 24X7 basis.

4. Would my personal information be held confidential?

- A. Your personal information shall not be disclosed to a third party (outside NPS) without your expressed or implied consent. The information will be used internally or for creating awareness (telephonic/written) of new services of NPS. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to the public to disclose and where the interest of the NPS requires disclosure.

5. Under what circumstances can my account be closed before attaining NRA?

- A. Your account would be closed under various circumstances, such as:
- Death
 - Account value reduces to zero
 - Citizenship status is changed

Normal Retirement Age

6. Can I exit before attaining the age of 60 years?

- A. Yes, you can exit the system before attaining the age of 60 years provided you annuitize at least 80% of your pension corpus.

7. Can I be a part of the system after attaining the age of 70 years?

- A. The annuity will continue; however, any lump-sum to the credit of subscriber's account will have to be compulsorily withdrawn on or before the age of 70 years.

8. What if I don't withdraw the non-annuitized portion at or before 70 years?

- A. If you don't request withdrawal of balance lump sum amount in your account before 70 years, then on attaining the age 70 years, your account would be closed with the benefits transferred to you.

9. Can I exit the system in phases over the age band of 60 to 70 years?

- A. Yes, phased withdrawal is allowed subject to certain conditions. Please refer to the "Benefits" section.



10. Can the maximum age of exit from NPS (presently 70 years) change after I join the system?

A. The age of exit may be reviewed by PFRDA from time to time.

Contributions

11. How many times can I make contributions during the year?

A. There is no limit on the number of contributions in a year.

12. Can I make contributions of less than INR 500 at a time?

A. No, contributions of less than INR 500 shall not be accepted.

13. Can someone else make contributions on my behalf?

A. Yes, someone else may make contributions on your behalf.

Charges and Penalty

14. What would be the penalty in case I am unable to contribute the minimum annual contribution?

A. In such an event, you would have to:

- i. Bear a default penalty of INR 100 per year of default and the account would become dormant.
- ii. In order to reactivate the account, pay the minimum contributions, along with penalty due, for the period of dormancy.
- iii. A dormant account shall be closed when the account value falls to zero.

15. Can the fee structure change?

A. Yes, the fee structure may change as decided by PFRDA from time to time

Investments

16. Are there any investment return guarantees?

A. There are no guarantees. NPS is a defined contribution scheme and the benefits would depend upon the amounts contributed and the investment growth up to the point of exit from NPS.

17. Should I seek some professional advice before making any investment decisions?

A. You may seek professional advice to assist you in planning your finances. However, this would be your own decision and PFRDA would not be responsible for any consequences.

18. What should I consider before choosing investment options?

A. Investment options should be chosen carefully. Remember there is a trade off between risk and return. Young subscribers who enter the NPS at early age would normally be in a better position to take risks as compared to subscribers who enter the system late.

19. Who will decide the selection of Pension Fund and the investment options?

A. The choice of Pension Fund and Investment option rests with you. In case you are unable/unwilling to exercise choice regarding your investment strategy, your funds will be invested in accordance with Auto choice option. For details see section on 'Investment in the NPS'. In both active and auto choice you must choose one Pension Fund Manager.

20. Will I be permitted to select more than one Pension Fund to manage my savings?

A. You have to mandatorily select only one PFM while opting for either 'Active Choice' or Auto Choice. However, PFRDA may allow the subscribers to choose more than one PFMs to manage their savings in the future.

21. Will I be permitted to change my Pension Fund preference?

A. Yes, subject to such conditions as may be specified by PFRDA.

22. What if I do not select any investment option?

A. All your contributions would be channelled into Auto Choice investment style, a Lifecycle fund.

23. What are the risks of investing in NPS?

A. As with every investment, there is a degree of risk under NPS also. You need to be aware that the value of your investments in NPS may rise or fall.

24. Where will my contributions be invested?

A. Your contributions shall be invested as desired by you. In case you have opted for 'Active Choice', your contributions shall be invested in E, C or G asset classes in percentage allocations as per the instructions given by you. If you have not opted for any choice or you have opted for 'Auto Choice', your contributions shall be invested in E, C or G asset classes in the percentage allocations as prescribed by PFRDA, depending on your age.

25. I am 30 years old and would like to retire at 60. I want pension of INR 2,000 per month at today's prices when I retire. How much do I need to contribute?

A. You would need a pension wealth of INR 319,000 (at today's prices) at age 60 to get a pension of INR 2,000 per month (at today's prices). To realise this pension wealth, you would need to contribute approximately INR 16,600 every year.

Assumptions: 2% real rate of return, NPS charges as applicable, current LIC annuity rates, 100% annuitisation of terminal pension corpus.

Benefits

26. Can I invest more than 40% of my pension wealth to purchase the annuity?

A. Yes, you may choose to invest up to 100% of your pension wealth to purchase the annuity.

27. What will happen to my savings after I retire at age 60?

A. After you retire at age 60, you shall have to compulsorily invest a minimum of 40% of your pension wealth to purchase a life annuity from an IRDA – regulated life insurance company. You may choose to purchase an annuity for an amount greater than 40 percent or else withdraw the remaining pension wealth in lump sum or in a phased manner.

28. What will happen to my savings if I decide to exit NPS before age 60?

A. You would be required to invest at least 80% of your pension wealth to purchase a life annuity from any IRDA – regulated life insurance company. The remaining 20% may be withdrawn as a lump sum.

29. Will the annuity also provide for a family (survivor) pension?

A. Yes, you will have an option of selecting an annuity which will pay a survivor pension to your spouse.

30. On my death, can my nominee continue to operate the account in my name?

A. No, the balance standing to the subscriber's account may be transferred into the nominee's account after following regular KYC procedure.

31. Can I opt not to exit in case of disability?

A. Yes, you may continue with NPS in case of disability if you so desire, till 70 years of age.

32. Who can operate a Tier-II account?

A. Tier –II can be opened by anyone who has a Tier- I account.

33. What will be the conditions for opening a Tier-II account?

A. You would need to have an active Tier-I account to open a Tier-II account under NPS.

Glossary

PFRDA	Pension Fund Regulatory and Development Authority
NPS	National Pension System
CRA	Central Recordkeeping Agency
PRA	Permanent Retirement Account
PRAN	Permanent Retirement Account Number
PFM	Pension Funds/Pension Fund Managers
ASP	Annuity Service Provider
TB	Trustee Bank
POP	Point of Presence
POP-SP	Point of Presence – Service Provider (Authorised branches of POP for NPS)
NRA	Normal Retirement Age
DC	Defined Contribution
PF	Pension Fund
KYC	Know Your Customer
INR	Indian Rupees
GRM	Grievance Redressal Mechanism
CGMS	Centralized Grievance Management System
GRC	Grievance Redressal Cell