



# Conference on Portability from Superannuation and Recognized Provident Funds to National Pension System (NPS); NPS has more than 1.71 crore subscribers with total Asset under Management (AUM) of more than Rs. 2.04 lakh crores.

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A Conference on Portability from Superannuation and recognized Provident Funds to National Pension System (NPS) was organized by the Pension Fund Regulatory and Development Authority (PFRDA) in coordination with Willis Towers Watson in national capital. The Prime objective of the Conference was to provide a knowledge base platform to the Corporate by providing solutions to address the issues / challenges of portability of superannuation funds to NPS.

160 participants comprising Corporate, Points of Presence (POPs), Pension Funds, Central Record Keeping Agencies (CRAs) participated in the Conference.

Dr. B. S. Bhandari, Whole Time Member (Economics), PFRDA, highlighted the need to expand the coverage of NPS in an efficient and sustainable way. He asserted the fact that there are more employees in the Corporate - Private sector than in the government sector and hence there is a great potential for NPS in the corporate sector. PFRDA has been constantly engaging with its stakeholders in the NPS and has been working with industry associations for promotion of NPS in the Corporate - Private sector. To make NPS entry easy and the interface user friendly, various modifications have been carried out in the product.

Shri Rohit Jain, Head, Willis Towers Watson (India), speaking on the occasion, told that the average life expectancy of persons in India has risen and hence there is a greater need for a retirement / pension product for all. Traditional pension products cover only 30% of the population. In this changing scenario there is a latent demand for product like NPS as there is no universal pension product.

Shri Hemant Contractor, Chairman, PFRDA in his key note address, informed that, earlier, people used to retire from the same job not only in the government sector but also in private sector. With opening up of economy people started getting more job opportunities switching jobs suitable to their skills and talents. Job switching has become more frequent and people seek more controls on their finances, when they start moving jobs and place from one to another. The concept of portability came in and people started thinking about having better control on their retirement savings.

Defined Benefit Pension schemes, which were predominant, became unsustainable not only for the government sector but also for the private sector because of various factors. A Defined Contribution scheme was therefore launched in 2004 which was initially only for Central Government employees, but which was later extended to State Government employees and later to the private sector. This scheme is the National Pension System (NPS), which is regulated by PFRDA.

NPS addressed the concerns of subscribers relating to portability and freedom of choice, and gradually started to pick up momentum in the private sector. The other features of NPS, namely, low cost, attractive returns, transparency, flexibility and domain expertise in each area of pension activity were the other factors which appealed to the private sector. Innovations and changes are made from time to time in the NPS product and processes, some recent examples being, introduction of two new life cycle funds, inclusion of alternative assets in investment portfolio, online entry and exit etc.

The entry age to NPS is now proposed to be increased to 65 years from 60 years and there is an option to continue up to age of 70 years.

The Chairman also mentioned that NPS should also be explored, as an additional retirement benefit, for corporates where superannuation funds are not available and employees are covered only under the mandatory EPFO schemes.

He highlighted the growth of 47% in AUM and 26% in number of subscribers in the last financial year (2016-17). He also made a reference to Atal Pension Yojana, the pension platform available for unorganized segment through Government of India / PFRDA and its year on year growth indicating the underlying demand for pension products in India.

During the conference, a panel discussion comprising industry experts such as Willis Towers Watson, HDFC Pension Funds, Siemens Limited, Vedanta Group and NSDL e-Governance Infrastructure Limited eyeing the opportunities, addressing the challenges / issues and preparation of necessary guidelines on superannuation funds and NPS portability was conducted.

In the second half, a Conference for Point of Presence (PoPs), the distribution channel for NPS, was conducted.

Shri Hemant Contractor, Chairman, PFRDA, in his keynote address stressed on the need for robust distribution of the NPS through the current distribution network being managed by POPs which are Banks and other financial institutions. He also laid emphasis on the fact that, the key to last mile connectivity is increased distribution network by the POPs by registration and activation of more branches and through awareness campaigns. He informed that PFRDA has empanelled IL&FS Skill Development Corporation Limited as its training agency to impart training on NPS to POPs and Corporate and urged the POPs to utilise the services of the Training Agency for training of their staff member on NPS.

During this conference, awards were distributed to the POPs, for their performance in FY 2016-17 under various categories.

Currently, NPS has more than 1.71 crore subscribers with total Asset under Management (AUM) of more than Rs. 2.04 lakh crores.

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