



Mphasis

The Next Applied

GLOBAL C&B

National Pension Scheme - Policy

VERSION CONTROL

Version No.	Date of Change	LT2 Approver	Sections Affected	Changes in brief
2.0	15-Mar-2017	-----	Initial Draft	Initial Draft
2.1	15-Sep-2017	-----	Online enrollment process & escalation matrix	Included online enrollment process & escalation matrix
2.2	1-Feb-2018	-----	Opt-Out	Introduced the opt-out option from the corporate model
2.3	15-May-2018	Bamini G	Escalation POC	NSDL Toll free number updated
2.4	31-Jul-2019	Suresh SR	Escalation Matrix	Replaced PS Case with Ease+ HR Ticket. Navigation details updated
2.5	1-Jan-2020	Bamini G	Enrollment Process & Opt-out process	Removed reference to PS



VERSION CONTROL-contd

Version No.	Date of Change	LT2 Approver	Sections Affected	Changes in brief
2.6	01-Sep-2020	Suresh SR	Opt Out Process	Replaced PS CRM with EASe+ HR Ticket Replaced NPS SPOC details for level 1 in the escalation matrix with Smita Kumari
2.7	15-Sep-2020	Bamini G	Options to Open NPS account	Added the two option of NPS account opening – PAN Based & AdhaarXML based
			Tax Benefits	Updated the section on Tax benefits where effective from April 2021 there will be an upper limit capping of 7.5 lakhs
			What does subscriber get	Updated the section with Kotak website access
			Enrollment Process	PRAN card dispatch TAT revised to 20 days. Process step updated to remove reference to Kotak sharing the PRAN dump. PRAN will be generated by HR team.



Topics Covered

1. NPS and Scope
2. Plan Features
3. Investment Process
4. Tax Benefits
5. Pension Plan Types
6. Withdrawal Options
7. How does this work
 - a. Illustration
8. Options to open NPS Account
9. Enrolment Process
9. Documentation Process
10. What Subscriber Receives
11. Opt-in & Opt-out Process
12. Escalation Matrix



Plan Description

Pension Scheme

National Pension System (NPS) has been introduced to enable employees to save for their retirement. In NPS, a subscriber/employee contributes every year till retirement and the money is invested as per the investment pattern selected by the them.

On retirement, part of the investment corpus (Pension Wealth) accumulated is paid in lump sum while the remaining goes in purchasing a life annuity which will ensure stable monthly income to the Subscriber and his/her spouse for lifetime.

Scope

All India based employees in India are eligible to participate. Participating in this scheme is 100% optional.

Policy Effective Date: 15th March 2017



Plan Features

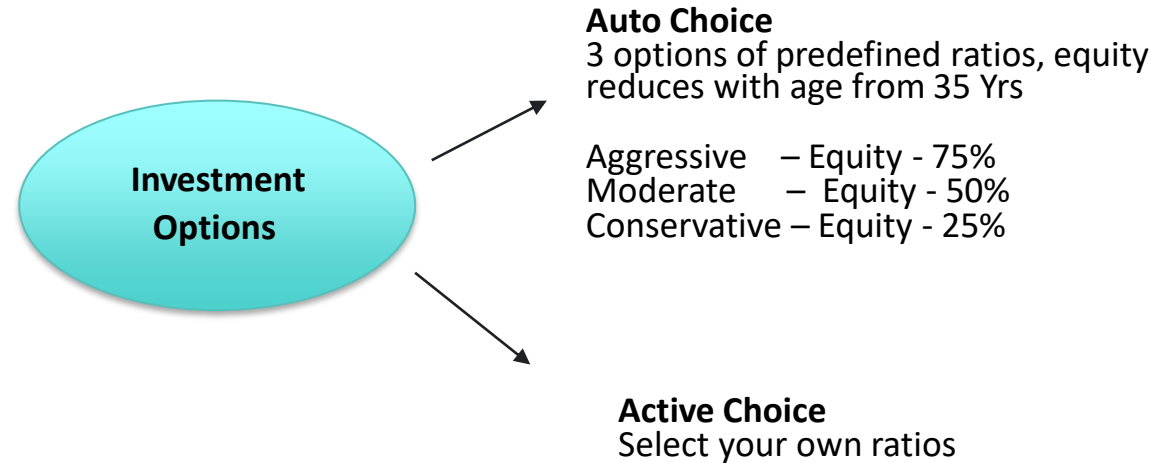
- 1) **It is voluntary** - NPS is open to every Indian citizen. You can choose the amount* you want to set aside and save every year.
- 2) **It is simple** - all you have to do is to open an account with the POP (Point of Presence) and get a PRAN. In case of Mphasis, the POP is Kotak
- 3) **It is flexible** - You can choose your own investment option
- 4) **It is portable** - You can operate your account from anywhere in the country, even if you change your city, job or your pension fund manager.
- 5) **It is regulated** - NPS is regulated by PFRDA, with transparent investment norms and regular monitoring and performance review of fund managers by NPS Trust.
- 6) **It is low-cost** - NPS offers a low cost option for planning for your retirement. A 0.0009% fee (based on assets under management) for managing your wealth, makes NPS perhaps the world's lowest - cost money managers.
- 7) **On attaining the Normal Retirement Age (NRA) of 60 years** - You will be required to compulsorily annuitize at least 40% of your pension wealth and the remaining 60% can be withdrawn as a lump-sum or in a phased manner
- 8) **Withdraw any time before 60 years of age** - In such case, you will have to compulsorily annuitize 80% of your accumulated pension wealth. The remaining 20% can be withdrawn as a lump sum

* The employer contribution would only be 10% of the Basic and the tax exemption would be limited to this amount as per Section 80



How and where is the money invested?

- ✓ Investment preference can be different for Tier I and Tier II
- ✓ You can change Investment preference once a year
- ✓ NPS offers an easy option for those participants who do not have the required knowledge to manage their NPS investments. In case you are unable/unwilling to exercise any choice as regards asset allocation, Auto Choice allows predefined ratios across all assets.



Decide your asset allocation and investment preference :



Maximum Investment Limits

50% in Active
75 % in Auto

Upto 100%

Upto 100%

5%



Funds are managed by designated Pension Fund Managers



Asset Allocation & Pension Fund Manager can be changed once a year



What are the Tax Benefits on NPS ?

Part	Section	Contribution Type	Tax benefit on contribution	Remarks
A	80 CCD(1)	Individual	Rs. 1.5 Lacs	Can claim upto 10% of Basic+D.A
B	80 CCD(1B)	Individual	Rs. 50,000/-	Exclusively for NPS
C	80 CCD(2)	Employer	Upto 10% of Basic + D.A.	Under corporate model only, No cap on amount (Note: Effective from April 2021 there will be an upper limit capping of 7.5 lakhs)

Deductions in Part (B) above is over & above deductions under Part (A) provided no deductions are claimed by an individual for same contribution in Part (A). The deductions under above sections are mutually exclusive of each other and can be availed together.



Pension Plan Types

Under NPS following two types of accounts will be available to you:

1.Tier-I (Pension account):

- You will contribute your savings for retirement into this non-withdrawable account.
- You will not be allowed to withdraw your savings from this account till you retire at age 60.
- Your monthly contributions and your savings in this account, subject to a ceiling to be decided by the government, will be exempt from income tax. These savings will only be taxed when you withdraw them at retirement. Under DTC, NPS is proposed to be EEE (i.e. investments up to prescribed limit , returns and withdrawals shall be exempt from tax).

2. Tier-II (Saving account):

- This is simply a voluntary savings facility.
- Your contributions and savings in this account will not enjoy any tax advantages. But you will be free to withdraw your savings from this account whenever you wish.
- There will be facility of one-way transfer of savings from Tier II to Tier I but funds cannot be transferred from Tier I to Tier II.
- The first thing about the NPS Tier II account is that you need to have a Tier I account in order to open a Tier II account.



Pension Plan Types

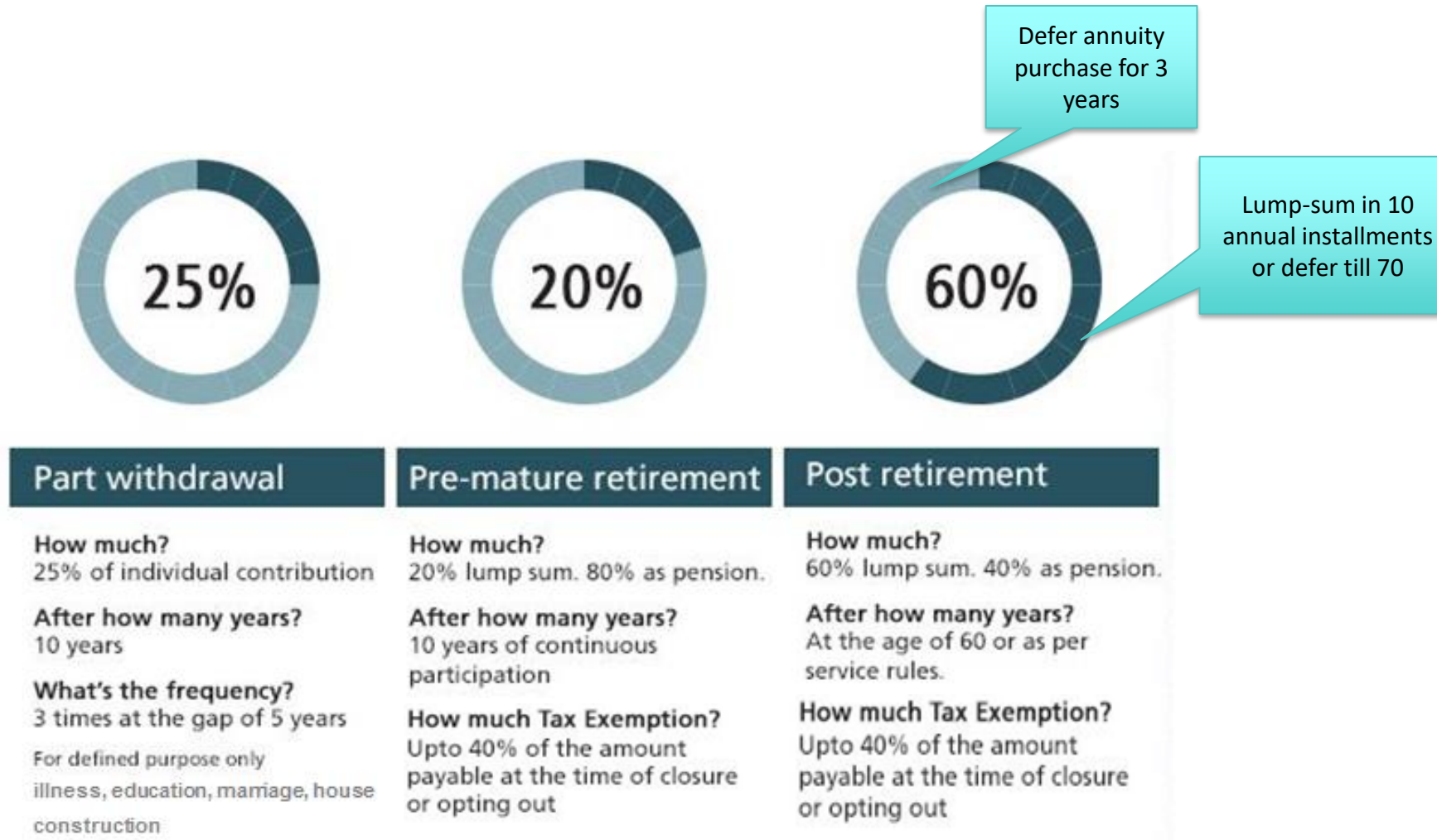
Difference between Tier I and Tier II account

	Tier I	Tier II*
Contribution	<ul style="list-style-type: none">▪ Minimum contribution Rs. 500 at the time of account opening▪ Minimum contribution Rs. 1000 p.a▪ Minimum contribution Rs. 500 per month	<ul style="list-style-type: none">▪ Minimum contribution Rs. 1500 at the time of account opening▪ Minimum contribution Rs. 250 p.a▪ Minimum unit holding of Rs. 2000 at the end of each Financial Year
Withdrawal	<ul style="list-style-type: none">▪ One time withdrawal of upto 20% before 60 years, balance 80% has to go for Annuity▪ At 60 years can withdraw 60% & the balance 40% needs to go towards Annuity	<ul style="list-style-type: none">▪ No limit on withdrawal▪ Transfer to Tier I allowed
Pension Payout	<ul style="list-style-type: none">▪ Customer to choose for Annuity fund▪ Pension will be lifetime to subscriber and spouse with an option of return of corpus to legal heirs.	<ul style="list-style-type: none">▪ Flexibility on anytime withdrawal

****Tier II account cannot be opened without a Tier I account***



Withdrawal Options



Full withdrawal allowed: before 60 if upto Rs.1 lac & at 60 if corpus is upto Rs. 2 Lacs

Death of the subscriber: Nominee/legal heir can withdraw full corpus (tax exempt) or choose a pension plan.



How does this work?

- Employee opts for NPS - the employer contribution will be adjusted against the Special Allowance amount subject to a minimum/maximum of up to 10% of basic salary. The amount deducted will be remitted under Tier I account every month.
- NPS will be adjusted against Special Allowance after subtracting amounts declared towards Car EMI, Driver and Fuel & maintenance reimbursements.
- Any shortfall in Special Allowance will be highlighted to the employee so they can re-size their declarations to have pension component.
- In case employees would like to invest their money through “Employee voluntary contribution” (Under Tier II account) through salary deductions, then they can do so in the subsequent month of opening the Tier I account.



Illustration

CTC Components	Without NPS	With NPS	Variance
Basic	600,000	600,000	-
House Rent Allowance (HRA)	300,000	300,000	-
Conveyance	9,600	9,600	-
Medical Reimbursement	15,000	15,000	-
Leave Travel Allowance (LTA)	60,000	60,000	-
Ex-Gratia/Bonus*	12,000	12,000	-
Special Allowance	931,400	871,400	60,000
Car Equated Monthly Installments (EMI)	-	-	-
Car Fuel & Maintenance	-	-	-
Car Driver's salary	-	-	-
NPS / Pension (Employer Contribution)	-	60,000	(60,000)
PF (Employer Contribution)	72,000	72,000	-
Total CTC	2,000,000	2,000,000	-
Approx. Taxes (excl. Perquisite value of Care)	316519	297979	18,540
Tax Saving %			5.9%

Note: Taxes are calculated after considering 1 Lac exemption under section 80CC & receipts are submitted for HRA, Medical, & LTA



OPTIONS TO OPEN NPS ACCOUNT

Under the paperless National Pension System (eNPS) process, employees can open an instant & paperless NPS account under the Corporate umbrella to avail the tax benefit under Section 80 CCD (2) i.e. upto 10% of Basic

There are two methods to open an NPS account –

1. Aadhaar XML based NPS account opening (*New Approach* - **Recommended approach for Mphasis employees**)
2. 2. Pan based NPS account opening (*Old Approach, but still available*)

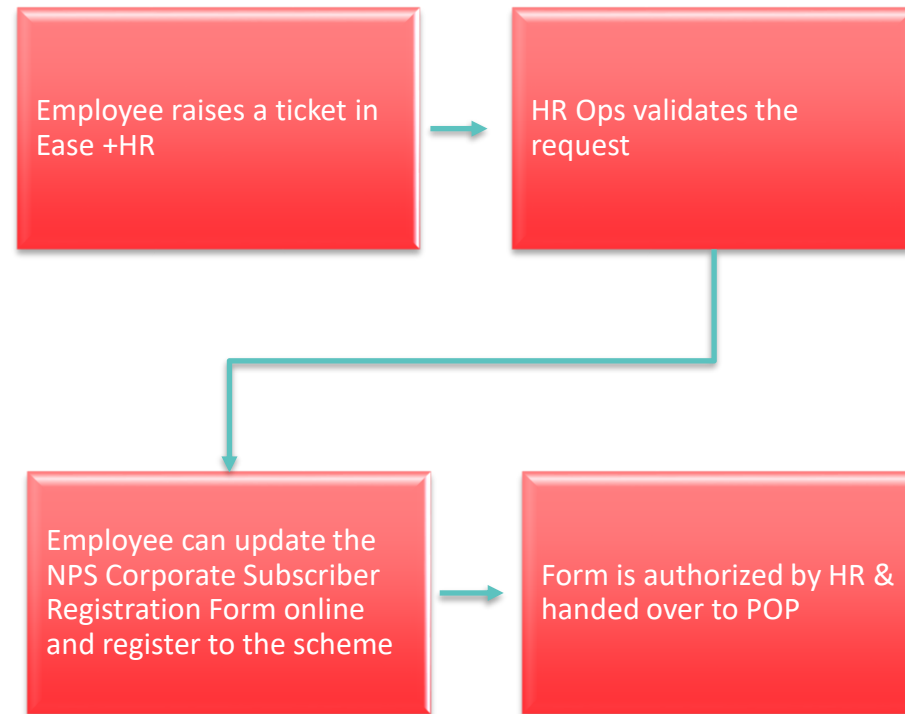
Why chose the New Approach (Aadhaar XML based)?

- Instant & Paperless NPS account
- No Initial contribution of Rs. 500 to be made towards Corporate NPS account opening
- No more wait period for getting the NPS account verified by the Bank i.e. KYC verification



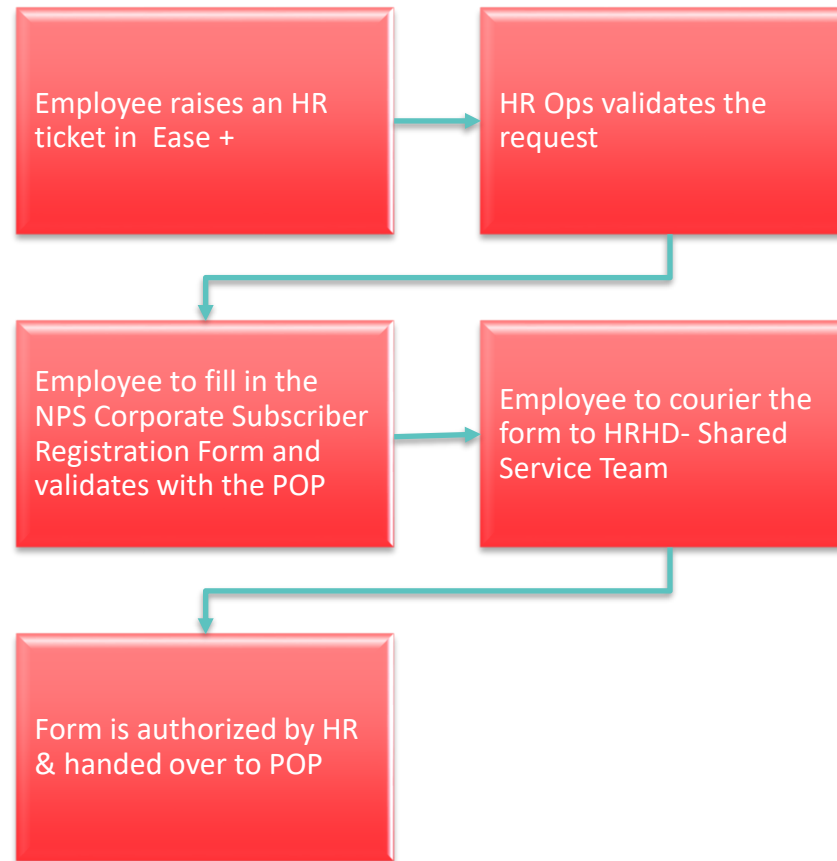
Enrollment Process (Online)

Pre-Registration Steps

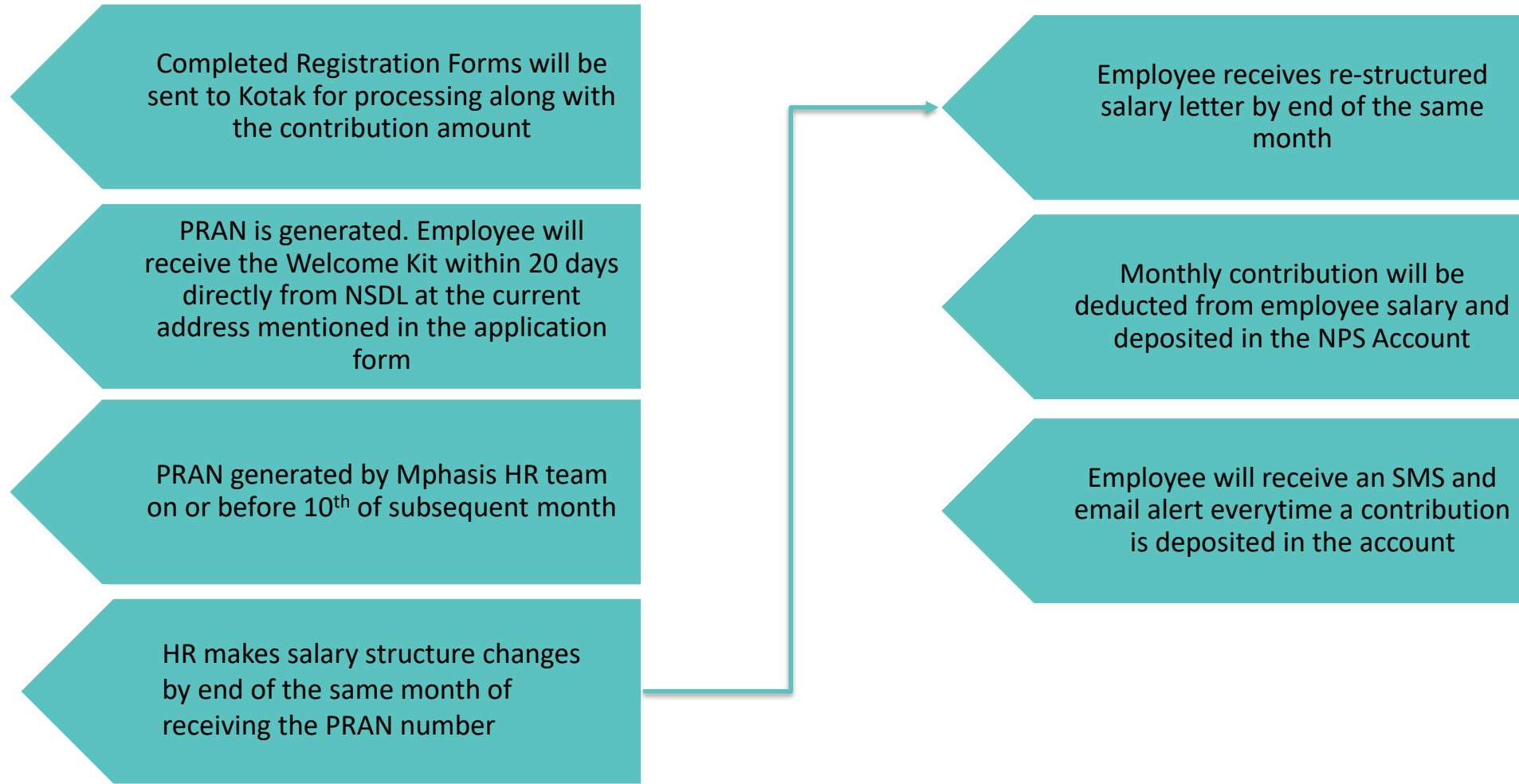


Enrollment Process(Offline)

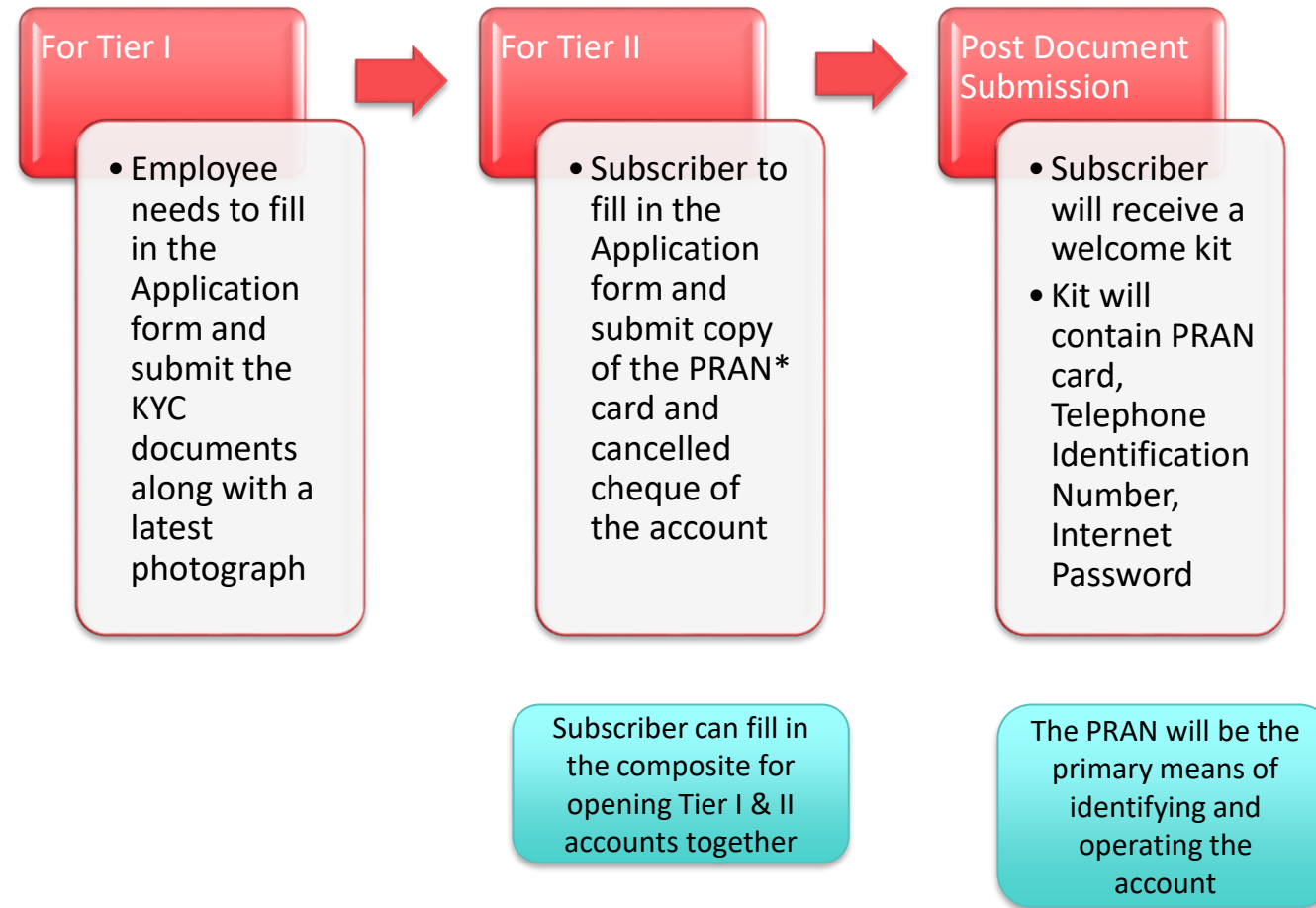
Pre-Registration Steps



Enrollment Process(Contd...)



Documentation Process



What does the subscriber get?

➔ PRAN KIT , Online access, Mobile app



- PRAN KIT issued to customer by NSDL with
PRAN Card
LOGIN ID & PASSWORD (sent separately)
- Toll free Number 1800 222 080
- Online access in NSDL system & Kotak website
Reset password online
View all transaction details, personal details
Change of contact details – mobile, address, email
Change scheme preference
Change the nominee details, etc
- Mobile App
View all details
Change PFM, Scheme preference
- Annual Physical Statement



Opt-Out Option

If an employee wants to Opt-out of the corporate model then he/she can do so, however employee cannot opt out in the same financial year in which they had enrolled for the scheme.. The opt-out window will be enabled from 5th March to 15th March of the following FY. The effective date of opt-out from the NPS scheme is 1st April

Scenario 1 :

Mr X has enrolled for the corporate scheme of NPS in Jan 2018. Can he opt-out of the scheme anytime during the year ?
No. In this case, he will have to remain in the scheme till the end of that financial year.

Scenario 2 :

When will the opt-out option be available for Mr X?

The opt-out window will be enabled for Mr X only from 5th March to 15th March of the following FY. The effective date of opt-out from the NPS scheme is 1st April

Scenario 3 :

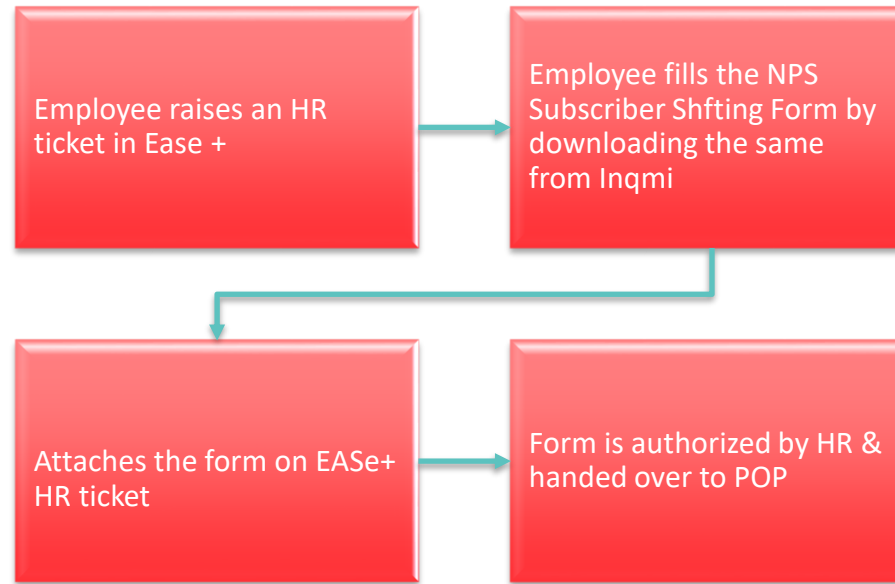
Mr X wants to opt out of the scheme in May 2019. Is this possible ?

No. The opt-out window will be enabled only from 5th March to 15th March 2019.



Opt-Out Process

Opt-out Steps



To access NPS Subscriber Shifting Form click on this icon



Adobe Acrobat Document



Escalation Matrix

Level	Point of Contact
1.	Smita Kumari - smita.kumari@kotak.com
2.	Raise Ease+ HR Ticket–: AppAccess >> EASe+ >> HR Icon >> Dexter
3.	NPS @ Kotak - nps@kotak.com

You can also get your queries clarified via the NSDL Toll free number : 1800222080



THANK YOU

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