

## FREQUENTLY ASKED QUESTIONS (FAQ)

Under National Pension System (NPS)

### 1) What is National Pension System?

NPS is an easily accessible, low cost, tax-efficient, flexible and portable retirement savings account. Under the NPS, the individual contributes to his retirement account and also his employer can also co-contribute for the social security/welfare of the individual. NPS is designed on Defined contribution basis wherein the subscriber contributes to his account, there is no defined benefit that would be available at the time of exit from the system and the accumulated wealth depends on the contributions made and the income generated from investment of such wealth.

The greater the value of the contributions made, the greater the investments achieved, the longer the term over which the fund accumulates and the lower the charges deducted, the larger would be the eventual benefit of the accumulated pension wealth likely to be.

### 2) Who is the regulator for NPS?

PFRDA is the regulator for NPS. Pension Fund Regulatory and Development Authority (PFRDA) is an Authority set up by the Government of India through the PFRDA Act 2013 to promote old age income security by establishing, regulating and developing pension funds to protect the interest of subscribers to schemes of pension funds and for matters connected therewith or incidental thereto.

### 3) Can an NRI open an NPS account?

Yes, a NRI can open an NPS account. Contributions made by NRI are subject to regulatory requirements as prescribed by RBI and FEMA from time to time. If the subscriber's citizenship status changes, his/ her NPS account would be closed.

### 4) If a subscriber have invested in any other Provident Fund, can I still invest in NPS?

Yes. Investment in NPS is independent of subscribers' contribution to any Provident Fund.

### 5) Can a subscriber having investment in pension funds of non-government / private entities invest in NPS?

Yes. Investment in NPS is independent of subscription to any other pension fund.

**6) What are the tax benefits of NPS?**

The various Tax benefit as under:

A. Employee Contribution:

Deduction upto 10% of salary (basic+ DA) within overall ceiling Rs.1.50 Lakh u/s 80C.

B. Voluntary Contribution:

Deduction upto Rs.50,000 u/s 80 CCD(1B) from taxable income for additional contribution to NPS.

C. Employer Contribution:

Deduction upto 10% of salary (Basic + DA) from taxable income u/s 80 CCD(2). This is over and above the limits u/s 80C.

**7) Which document can a Subscriber use as investment proof in order to avail the tax benefit?**

The print out of the Transaction Statement could be used as a document for claiming tax benefit.

**8) Can a subscriber get loan under NPS?**

No. At present, a subscriber cannot avail a loan against his / her NPS holdings.

**9) How can a subscriber check the status of his/her PRAN application?**

Subscriber can check the status by accessing CRA website: <https://cra-nsdl.com/CRA/> by using the 17 digit receipt number provided by POP-SP or the acknowledgement number allotted by CRA-FC at the time of submission of application forms by Nodal Offices. Once the PRAN is generated, an email alert as well as a SMS alert will be sent to the registered email ID and mobile number of the subscriber.

**10) Whom to contact for non-receipt of PRAN Card?**

PRAN Card is despatched to the nodal offices within 20 days from the day of receipt of duly filled registration form at the CRA-FC office. In case of non-receipt of the PRAN Card, a Subscriber can check with the associated nodal office or he can check the status by accessing the link: <https://cra-nsdl.com/CRA/pranCardStatusInput.do>

**11) What are the different options in the IVR available to the subscribers?**

Subscribers have the following options in IVR:

- a) Change of T-PIN.

- b) Check scheme preference and holding details.
- c) Check the status of any change request (like change of address, nomination etc.).
- d) Check details of last contribution credit and last withdrawal request (for Tier II only).
- e) Request for SOT for any financial year
- f) Check status of Subscriber Shifting
- g) Speak to a customer service executive

**12) What is the procedure for registration of Subscribers in the CRA system for Tier II account?**

If the Subscriber is an existing PRAN Card holder, he/she can activate the Tier II account by approaching his Nodal Office, or can contact the POPs to activate Tier II. The list of POPs is available on our website (<https://npscra.nsdl.co.in/pop-sp.php>). Tier II can also activate their Tier II account through eNPS (<https://enps.nsdl.com/>).

**13) What are the different Fund Management Schemes available to the subscriber?**

The NPS offers two approaches to invest subscriber's money:

- a) **Active choice** - Here the individual would decide on the asset classes in which the contributed funds are to be invested and their percentages (Asset class E(maximum of 50%), Asset Class C, and Asset Class G )
- b) **Auto choice** - Lifecycle Fund- This is the default option under NPS and wherein the management of investment of funds is done automatically based on the age profile of the subscriber. For full details, one may go through our website [www.pfrda.org.in](http://www.pfrda.org.in) wherein the full details of the investment choices and fund management details are provided.

Currently, these options are available to Government subscribers only Tier II account.

**14) What is rebalancing as per regulatory requirement appearing in Transaction Statement for NPS?**

As mentioned in the offer document of PFRDA, in case of subscribers who have opted 'Auto choice' investment option, the percentage of investment in the asset classes E/C/G will change as per the age of the subscriber as given in the 'Life cycle Investment Matrix'. The change happens on the date of birth of the subscriber. In this process, asset allocation ratio is changed and the existing assets are redeemed and reinvested as per the new ratio of allocation.

**15) How can a Subscriber change his/her scheme preference?**

Scheme Preference change option is not available to Government subscribers for Tier I, whereas the non-government subscribers can change it once a financial year.

The Subscriber has to submit the physical application form (Form-UOS-S3) to change Scheme Preference. However, such changes can be done online as well by the subscriber using the IPIN.

**16) How are the returns calculated in NPS? Is there any assured return / dividend / bonus?**

For Central Government employees mandatorily covered under NPS, the total contribution uploaded in an employee's Tier I account is divided among three PFM's viz. SBI Pension Funds Private Limited, UTI Retirement Solutions Limited and LIC Pension Fund Limited in a predefined ratio and units are allotted in the subscribers account. For State Government employees mandatorily covered under NPS, the total contribution uploaded in an employee's Tier I account is divided among the three PFM's viz. SBI Pension Funds Private Limited, UTI Retirement Solutions Limited and LIC Pension Fund Limited in a ratio as decided by the State Government and units are allotted in the subscribers account accordingly. The PFM's invest the money in different financial instruments within the investment guidelines laid down by PFRDA and declare Net Asset Value (NAV) at the end of each business day. Accordingly, based on the NAV, units are credited in the subscriber's account. The present value of the investment is arrived by the units held multiplied by the NAV.

The return under NPS is market driven. Hence, there is no guaranteed/defined amount of return. The returns generated through investments are accumulated and is not distributed as dividend or bonus.

**17) What are the Assets permitted for NPS funds Investment?**

- a) Asset class E: "High return, High risk" (equity market instruments).
- b) Asset class G: "Low return, Low risk" fixed income instruments. The best example of this is central government bonds.
- c) Asset class C: "Medium return for credit risk" bearing fixed income instruments. Examples of these are bonds issued by firms.

**18) What is Net Asset Value (NAV)?**

Also known as NAV, this is the price of one unit of a fund. NAV is calculated at the end of every working day between Monday and Friday. It is calculated by adding up the value of

all the securities and cash in the fund's portfolio (its assets), subtracting the fund's liabilities, and dividing that number by the number of units that the fund has issued. The NAV increases (or decreases) when the value of the fund's holdings increase (or decrease). NAV of different PFM may differ. Even the different schemes under the same PFM will have different NAV.

**19) When will the units be credited to my NPS account?**

Subscriber's associated nodal office will upload his / her monthly contribution details to CRA along with transfer of funds to the Trustee bank appointed by PFRDA. CRA will match the contribution details uploaded by the Nodal Office with the amount confirmed by Trustee Bank and instruct the Pension Fund Managers to invest the contribution as per the scheme preference. The units created will be credited by CRA to the Permanent Retirement account.

**20) Will the Subscriber get any Annual Account Statement for his/her PRAN?**

The Annual Account Statement as of March 31st of every year will be sent to the registered correspondence address. Also, if a subscriber wishes to have a transaction statement on an adhoc basis, he/she can log into CRA system using the I-PIN and view the Transaction Statement. Subscriber can also access the account details through the IVR or by getting in touch with their Nodal Offices to get a copy of the Account Statement.

**21) What are the details of the Subscriber a Nodal office can update?**

Nodal Office can update the following requests of the employee/subscriber

1. Change in Personal details including Bank details;
2. Change in Employment details;
3. Change in Nomination details;
4. Reissue / authorize reset of I-PIN and T-PIN request;
5. Reprint of PRAN Card.

Nodal office can also generate and print Transaction Statement and Statement of Holding for an employee associated with it.

**22) Can a Subscriber reset the I-PIN (Internet Password) online?**

Yes, the Subscriber has an option to reset his/her I-PIN online. The request needs to be initiated online in CRA system by clicking on the "Forgot Password" link and selecting the

"Instant Reset I-PIN". The Subscriber needs to print the acknowledgement and handover the same to the nearby PAOs/CDDOs/DTOs/POP-SPs for authorization irrespective of whether the Subscriber is associated with it or not. After successful authorization by the PAOs/CDDOs/DTOs/POP-SPs, subscriber can use the new password (provided during the initiation of the request) for login in the system.

The Subscriber can alternatively opt for generation of One Time Password (OTP). This option enables the Subscriber to authorize the request immediately. This facility can be used only by Subscribers whose mobile numbers have been updated in the CRA system.

**23) Who can be a Nominee and how are the details to be filled in the form?**

Only an Individual can be a nominee. Subscriber can nominate a maximum of three nominees. Subscriber cannot fill the same nominee details more than once. Percentage share value for all the nominees must be integer. Decimals/fractional values are not accepted in the nomination(s). Sum of percentage share across all the nominees must be equal to 100. If sum of percentage is not equal to 100, entire nomination will be rejected. If a nominee is a minor, then nominee's date of birth and guardian details shall be mandatory. The registration of nominee details will not be done unless all details are duly filled up in the form. A subscriber may refer the instructions for nominations available in the registration Form CSRF1

**24) Can a minor be a nominee?**

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

**25) What happens to the PRAN in case a Subscriber is transferred to another location?**

One of the core attributes of NPS is portability of PRAN across sectors. The PRAN allotted under NPS is unique and portable. This unique account number will remain the same for the rest of Subscriber's life. Subscriber will be able to use this account and this unique PRAN from any location in India. For shifting PRAN from one sector to another sector, the Subscriber is required to submit Form ISS-1 [(Inter Sector Shifting from)]. The form ISS1 is available on the CRA website - [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in)] to the target Nodal Office i.e. to the Nodal Office with whom he/she will be associated after shifting. The target Nodal Office will facilitate the shifting of PRAN along with accumulated NPS contributions of source sector in the CRA system.

However, the above process is applicable only for shifting the PRAN from one sector to another. For shifting of PRAN within Central Government sector, the Subscriber is required to intimate his PRAN to the target (new) office with whom he/she will be associated after shifting. There is no need to fill form ISS-1. The new office will facilitate shifting of PRAN in the CRA system. On successful processing of monthly NPS contributions by new office, PRAN will get associated to new office in the CRA system. Further, the new office is required to update Subscriber's employment details in the CRA system.

**26) I have a NPS account and have a grievance on the services provided. To whom shall I report and how?**

- a) The subscriber can raise grievance through any of the modes mentioned below:
  - ✓ Call Centre/Interactive Voice Response System (IVR)
  - ✓ The Subscriber can contact the CRA call center at toll free telephone number 1-800-222080 and register the grievance by using T-PIN.
  - ✓ Dedicated Call center executives.
- b) Physical forms direct to CRA
  - ✓ The Subscriber may submit the grievance in a prescribed format to the POP – SP who would forward it to CRA Central Grievance Management System (CGMS).
  - ✓ Subscriber can directly send form to CRA.
- c) Web based interface
  - ✓ The Subscriber may register the grievance at the website [www.npscra.nsdl.co.in](http://www.npscra.nsdl.co.in) with the use of the I-pin allotted at the time of opening a Permanent Retirement Account.

A subscriber may also write to Grievance Redressal Cell, PFRDA, or Email: [grc@pfrda.org.in](mailto:grc@pfrda.org.in) for taking appropriate action. The Subscriber can check the status of the grievance in CRA website at [www.cra-nsdl.com](http://www.cra-nsdl.com). Subscriber will receive an email alert when the grievance is resolved.

**27) How can a Subscriber check the status of the grievance lodged by him/her?**

When a subscriber registers a grievance in the CRA website ([www.cra-nsdl.com](http://www.cra-nsdl.com)), an unique token number is assigned to each and every grievance. Subscriber can use that token no. to know about the status of the grievances either through the call centre or through the CRA website.

**28) What are the types of grievances for which a Subscriber can approach the Nodal Office directly?**

A Subscriber can approach the Nodal Office in case of the following grievances:

- a) Non receipt of PRAN Card.
- b) Re-issue of PRAN Card.
- c) Re-issue of I-PIN/T-PIN.
- d) Submission of request for modification (Form S2) in subscriber details such as personal details, nomination details, employment details, etc.
- e) Incorrect/non updation of subscribers details (after submission of Form S2).
- f) Submission of request for Shifting of Subscriber (Form ISS-1).
- g) Contribution not uploaded by Nodal Office.
- h) Delay in contribution upload by Nodal Office.
- i) Submission of request for Transaction Statement.
- j) Queries regarding submission of PRAN application, change in subscriber details, shifting of subscriber etc.
- k) Queries relating to service term such as amount of NPS deduction, payment of salary, retirement benefits etc.
- l) Submission of request for withdrawal.

**29) What types of Withdrawals are allowed under the National Pension System?**

As per Pension Fund Regulatory & Development Authority (PFRDA) Exit Rules, following Withdrawal categories are allowed:

- a) Upon Normal Superannuation – At least 40% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of annuity providing for monthly pension of the Subscriber and the balance is paid as lump sum to the subscriber. In case the total corpus in the account is less than Rs. 2 Lakhs as on the Date of Retirement (Government sector)/attaining the age of 60 (Non-Government sector), the Subscriber can avail the option of complete Withdrawal.
- b) Upon Death – The entire accumulated pension wealth (100%) would be paid to the nominee/legal heir of the Subscriber and there would not be any purchase of annuity/monthly pension.
- c) Exit from NPS Before the age of Normal Superannuation – At least 80% of the accumulated pension wealth of the Subscriber should be utilized for purchase of an

annuity providing the monthly pension of the Subscriber and the balance is paid as a lump sum to the Subscriber.

**30) Where are the Withdrawal forms available to the subscribers?**

Withdrawal forms are available on the NSDL-CRA Corporate Website (<http://www.npscra.nsdl.co.in>). Subscriber can also send an e-mail to [npsclaimassist@nsdl.co.in](mailto:npsclaimassist@nsdl.co.in) or [info.cra@nsdl.co.in](mailto:info.cra@nsdl.co.in) to get the Withdrawal forms on their e-mails.

**31) Can a Subscriber claim for 100% Withdrawal in case of Superannuation and Pre-mature Exit?**

In case of Pre-mature Exit, if the total accumulated corpus is less than Rs. 1,00,000 then 100 % claim is possible. In case of Superannuation, a Subscriber can claim 100% Withdrawal if the total accumulated corpus is less than Rs. 2,00,000 at the time of Superannuation/attaining age of 60 years.

**32) Who can claim the accumulated wealth in case of death of a Subscriber?**

Nominee(s) registered in the CRA system can submit the Withdrawal request to CRA through the Subscriber's associated Nodal Office. If the Subscriber was Non - IRA (Non-Individual Retirement Account) or Nominee was not registered with CRA, legal heir(s) can submit the Withdrawal request.

**33) In case of death of any NPS Subscriber who had nominated two nominees (one major and second minor), can the claim be made by the major claimant only?**

Withdrawal form needs to be submitted by all the nominees registered in CRA system. In case the nominee is a minor, Withdrawal form has to be submitted by the guardian along with the birth certificate of the minor.

**34) Whether Withdrawal proceeds can be provided through Cash or Demand Draft?**

No, Withdrawal proceeds are credited electronically to the bank account of the Subscriber/Claimant, as the case maybe. It is necessary for the Subscriber / Claimant to have a bank account.

**35) How one can check the status of Withdrawal request?**

Withdrawal status can be checked through the 'Limited access View' functionality which is available at CRA website ([www.cra-nsdl.com](http://www.cra-nsdl.com)). Nodal Office and Subscriber can also check the status under the menu 'Exit Withdrawal Request' by logging into website.

**36) What is Annuity?**

An annuity is a financial instrument which provides for a regular payment of a certain amount of money on monthly/quarterly/annual basis for the chosen period for a given purchase price or pension wealth. In simple terms it is a financial instrument which offers monthly/quarterly/annual pension at a specified rate for the chosen period.

**37) What is a Deferred Lump-sum Withdrawal?**

Subscribers exiting NPS on account of Superannuation can opt for deferring the Withdrawal of their lumpsum share (maximum 60%) to a maximum period of 10 years or 70 years of age (whichever is earlier).

**38) What is a Deferred Annuity?**

As per PFRDA Exit Rules, Subscribers exiting NPS on account of Superannuation or Pre-mature Exit can defer purchase of Annuity (minimum 40% & 80% is to be invested with ASP in case Withdrawal is due to Superannuation & Pre-mature Exit respectively) for a maximum period of 3 years.

**39) What is the role of Annuity Service Provider (ASP)?**

Annuity in the context of NPS refers to the monthly payment that will be received by the subscriber from the Annuity Service Provider after his exit from NPS. Annuity Service Provider is an IRDA registered insurance company empanelled by PFRDA for providing of Annuity Services to NPS subscribers upon their exit from the system. ASPs will be responsible for managing the funds (allocated for buying annuity) and payment of the pension after a subscriber attains the age of 60. PFRDA has empanelled the following seven IRDA approved life insurance companies for providing annuity services to the subscribers of National Pension System (NPS).

**40) Who are the ASPs available at present?**

At present seven ASPs are providing the Annuity services to NPS Subscribers. The ASPs are as follows:

- a) Life Insurance Corporation of India
- b) SBI Life Insurance Co. Ltd.
- c) ICICI Prudential Life Insurance Co. Ltd.
- d) HDFC Standard Life Insurance Co Ltd.

The contact details of ASPs is available at <https://www.npscra.nsdl.co.in/annuity-service-providers.php>

**41) What are the different types of annuities or annuity choices available to NPS subscriber?**

The different type of Annuity options are:

- a) Annuity for life.
- b) Annuity for life with return of purchase price on death
- c) Annuity payable for life with 100% annuity payable to spouse on death of annuitant
- d) Annuity payable for life with 100% annuity payable to spouse on death of annuitant with return on purchase of annuity

**42) Is it compulsory to select ASP at the time of Superannuation / Pre-mature Exit?**

Yes, it is compulsory for the NPS Subscribers to purchase an annuity product from empanelled ASPs at the time of Superannuation and Pre-mature exit. The Subscriber selects the ASP at the time of submitting the withdrawal request or after the payment of Lump-sum withdrawal (maximum 60% & 20% can be withdrawn in case of Superannuation & Pre-mature Exit respectively).

*For more NPS related information, please visit the following links:*

- <https://www.npscra.nsdl.co.in/>
- <https://cra-nsdl.com/CRA/>
- <https://npscan-cra.com/CRA/>
- <http://www.pfrda.org.in/>
- <http://www.npsttrust.org.in/>
- <https://www.facebook.com/nps.NSDL>