

# NPS Vatsalya Scheme

## Details (NPS Vatsalya Scheme)

“NPS Vatsalya” Scheme was announced by the Hon’ble Finance Minister in the Union Budget for FY 2024-25 as a plan for contributions by parents and guardians for minors to be converted into a normal NPS account on the attainment of majority. Under this scheme, parents or guardians can open an NPS account for their children and contribute an amount every month or year till the child reaches 18 years. This scheme allows parents to open accounts for their children and contribute towards their retirement savings. ■ The NPS Vatsalya Scheme offers the following: Investment Choices: Default Choice: Moderate Lifecycle Fund - LC-50 (50% equity). In case of the death of both parents, the legally appointed guardian may continue the account with or without making contributions to the account, and upon attainment of 18 years of age by the subscriber, the subscriber shall have the option to continue or exit from the scheme. The exits and withdrawals under the scheme shall be governed by the provisions of the Pension Fund Regulatory and Development Authority (Exits and Withdrawals under the National Pensions System) Regulations, 2015 and amendments thereof.

## Objectives (NPS Vatsalya Scheme)

- “NPS Vatsalya” Scheme was announced by the Hon’ble Finance Minister in the Union Budget for FY 2024
- 25 as a plan for contributions by parents and guardians for minors to be converted into a normal NPS account on the attainment of majority. Under this scheme, parents or guardians can open an NPS account for their children and contribute an amount every month or year till the child reaches 18 years. The minimum contribution is ■ 1,000 per year, and there is no limit on the maximum contribution. This scheme allows parents to open accounts for their children and contribute towards their retirement savings. ■ The NPS Vatsalya Scheme offers the following: Investment Choices: Default Choice: Moderate Lifecycle Fund
- LC
- 50 (50% equity).

## Important Features (NPS Vatsalya Scheme)

- “NPS Vatsalya” Scheme was announced by the Hon’ble Finance Minister in the Union Budget for FY 2024
- 25 as a plan for contributions by parents and guardians for minors to be converted into a normal NPS account on the attainment of majority. Under this scheme, parents or guardians can open an NPS account for their children and contribute an amount every month or year till the child reaches 18 years. The minimum contribution is ■ 1,000 per year, and there is no limit on the maximum contribution. This scheme allows parents to open accounts for their children and contribute towards their retirement savings. ■ The NPS Vatsalya Scheme offers the following: Investment Choices: Default Choice: Moderate Lifecycle Fund
- LC
- 50 (50% equity). Auto Choice: Aggressive Lifecycle Fund
- LC
- 75 (75% equity), Moderate Lifecycle Fund
- LC
- 50 (50% equity), or Conservative Lifecycle Fund: LC
- 25 (25% equity).

## Benefits (NPS Vatsalya Scheme)

- Opening an NPS Vatsalya account provides the child with a head start on saving for retirement and offers valuable financial lessons from an early age.
- It instills the importance of financial planning and discipline.
- which can benefit the child throughout their life.
- Upon reaching 18 years, the account automatically transitions into a regular NPS Tier I account, maintaining investment continuity with no additional administrative steps.

- For the purpose of education of the subscriber, treatment of specified illnesses, disability more than 75%, or the reasons as may be specified by PFRDA in the interest of the minor subscriber under the regulations, the guardian shall be allowed to partially withdraw up to 25% of subscribers' contribution excluding returns thereon, after a minimum of 3 years from the date of opening of account, for maximum three times till the subscriber attains 18 years of age.
- Such facility shall be made available on a declaration basis.

## **Eligibility (NPS Vatsalya Scheme)**

- Any minor who is a Citizen of India is eligible for opening account under the scheme, until attaining the age of eighteen years. The account should be opened by a natural or legal guardian in the minor's name, as they will operate the account exclusively for the benefit of the minor. If the guardian is court appointed, they must submit a copy of the court order confirming the guardianship and KYC documents. The guardian must comply with KYC norms as per the Pension Fund Regulatory and Development Authority (PFRDA) requirements.

## **Application Process (NPS Vatsalya Scheme)**

- Step 1: Visit the NPS Trust Website <https://npstrust.org.in> Step 2: On the home page click, "Open NPS Vatsalya" Step 3: Subscriber will be directed to the page where the choice of any of the three CRAs can be made.
- Step 4: On selecting the CRA, subscriber needs to enter the basic details of the Minor and the Guardian and complete OTP authentication.
- Step 5: KYC details of the guardian such as Name, Date of Birth, Gender, Address, and Photo will be fetched from UIDAI database or CERSAI database and rest of the details to be filled.
- Proof of Date of Birth of minor should be uploaded.
- Step 6: FATCA details and declaration to be entered and the choice of Investment Option should be made.
- Step 7: Details to be verified through OTP authentication through email and mobile number.
- Step 8: Initial contribution amount of Min Rs 1000/- to be made Step 9 : PRAN will be generated after successful payment.
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## **Documents Required (NPS Vatsalya Scheme)**

- The Aadhaar Card / PAN Card / Driving License of the guardian. Date of Birth Proof of Minor (i.e. Birth certificate of the minor
- School leaving certificate / Marksheet issued by Higher Secondary Board of respective states
- ICSE
- CBSE etc and Passport of the minor etc). Guardian Signature. Scanned Copy of Passport (Applicable only for NRI Subscribers). Scanned copy of Foreign Address Proof (Applicable only for OCI Subscribers). Scanned copy of Bank Proof (Applicable only for NRI/OCI Subscribers).

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