

SUN NATIONAL BANK

PPF Scheme Guide

PUBLIC PROVIDENT FUND (PPF)

Long-term Tax-Saving Investment Scheme

SCHEME OVERVIEW

Public Provident Fund (PPF) is a long-term savings scheme backed by the Government of India. It offers attractive interest rates, tax benefits, and complete capital protection. PPF is ideal for individuals seeking a safe, tax-efficient investment option for retirement planning and long-term wealth creation.

KEY FEATURES

| Feature | Details |
|-------------------|---|
| Interest Rate | 7.1% per annum (compounded annually) Rate is reviewed quarterly by Government |
| Investment Amount | Minimum: Rs. 500 per year Maximum: Rs. 1.5 lakhs per year |
| Tenure | 15 years from date of account opening Can be extended in blocks of 5 years |
| Tax Benefits | Section 80C: Up to Rs. 1.5 lakhs deduction Interest earned is completely tax-free Maturity amount is tax-free |
| Withdrawal | Partial withdrawal allowed after 7 years Loan facility available from 3rd to 6th year |
| Risk Profile | Zero risk - Government guaranteed Capital protection assured |
| Compounding | Interest compounded annually Calculated on lowest balance between 5th and last day of month |

ELIGIBILITY CRITERIA

- Age:** Any individual (resident Indian) can open a PPF account
- Number of Accounts:** Only one PPF account per person
- HUF:** Hindu Undivided Family cannot open PPF account
- NRI:** NRIs cannot open new PPF accounts (existing accounts can be maintained)
- Minors:** Parents/guardians can open PPF account on behalf of minor
- Documents:** PAN card, Aadhaar card, address proof, and photographs required

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INVESTMENT OPTIONS

You can invest in PPF through:

- **Lump Sum:** Invest entire amount (up to Rs. 1.5 lakhs) in one go
- **Monthly Installments:** Spread investment across 12 months (minimum Rs. 500/year)
- **Frequency:** Maximum 12 deposits per year
- **Payment Methods:** Cash, cheque, online transfer, or auto-debit facility
- **Timing:** Deposit before 5th of month to earn interest for that month

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MATURITY & EXTENSION

- Maturity Period:** 15 years from account opening date
- Extension:** Can extend for 5 years at a time (no limit on extensions)
- Extension Options:**
 - Continue with contributions (up to Rs. 1.5 lakhs/year)
 - Continue without contributions (only interest accrues)
- Maturity Amount:** Can be withdrawn fully or partially
- Partial Withdrawal:** After maturity, can withdraw partial amounts

WITHDRAWAL RULES

| Type | Eligibility | Amount | Frequency |
|--------------------|---|---|---------------------------------|
| Partial Withdrawal | After 7 years | Up to 50% of balance at end of 4th year | One-time per year of withdrawal |
| Loan Facility | 3rd to 6th year | Up to 25% of balance at end of 2nd year | One-time per year of loan |
| Premature Closure | Only in case of life-threatening illness or death | Entire amount plus interest | One-time |

TAX BENEFITS (Section 80C)

- Investment Deduction:** Contributions up to Rs. 1.5 lakhs per year qualify for deduction under Section 80C
- Interest Tax-Free:** Interest earned on PPF is completely exempt from income tax
- Maturity Tax-Free:** Entire maturity amount (principal + interest) is tax-free
- EEE Status:** PPF enjoys Exempt-Exempt-Exempt (EEE) status - investment, interest, and maturity all tax-free
- No TDS:** No Tax Deducted at Source on interest or maturity amount
- Wealth Tax:** PPF balance is exempt from wealth tax

MATURITY CALCULATION EXAMPLES

| Annual Investment | Tenure | Total Investment | Maturity Amount (approx) | Returns |
|-------------------|----------|------------------|--------------------------|---------------|
| Rs. 1,00,000 | 15 years | Rs. 15,00,000 | Rs. 31,00,000 | Rs. 16,00,000 |
| Rs. 1,50,000 | 15 years | Rs. 22,50,000 | Rs. 46,50,000 | Rs. 24,00,000 |
| Rs. 50,000 | 15 years | Rs. 7,50,000 | Rs. 15,50,000 | Rs. 8,00,000 |

Note: Maturity amounts are approximate based on current interest rate of 7.1% p.a.

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ACCOUNT OPENING PROCESS

Step 1: Visit Branch

Visit any Sun National Bank branch with required documents.

Step 2: Fill Form

Fill PPF account opening form (Form A) and nomination form.

Step 3: Submit Documents

Submit KYC documents (PAN, Aadhaar, address proof) and photographs.

Step 4: Initial Deposit

Make initial deposit (minimum Rs. 500) via cash, cheque, or online transfer.

Step 5: Account Activation

Account is activated and PPF passbook/statement is issued.

Step 6: Online Access

Register for internet banking to manage PPF account online.

FREQUENTLY ASKED QUESTIONS

Q1: Can I have multiple PPF accounts?

No, only one PPF account per person is allowed. Opening multiple accounts can lead to penalty and closure.

Q2: What happens if I miss a year's contribution?

Missing contributions doesn't close the account, but you lose that year's tax benefit. Account continues to earn interest.

Q3: Can I transfer my PPF account?

Yes, PPF account can be transferred from one bank/post office to another. Form H needs to be submitted.

Q4: Is PPF better than FD?

PPF offers tax benefits (80C deduction + tax-free interest) and higher effective returns due to compounding, making it better for long-term tax-saving.

Q5: Can I take a loan against PPF?

Yes, loan facility is available from 3rd to 6th year. Loan amount is up to 25% of balance at end of 2nd year preceding year of loan.

Q6: What is the interest calculation method?

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Interest is calculated on the lowest balance between 5th and last day of each month. Interest is credited annually on 31st March.

Q7: Can I extend PPF after 15 years?

Yes, you can extend PPF account in blocks of 5 years indefinitely. You can choose to continue with or without contributions.

Q8: Is PPF safe?

Yes, PPF is completely safe as it's backed by Government of India. Capital and returns are guaranteed.

IMPORTANT NOTES

- Interest rate is subject to change as per Government notification (reviewed quarterly).
- Minimum one deposit of Rs. 500 must be made per year to keep account active.
- Nomination is mandatory - ensure nomination form is filled at account opening.
- PPF account cannot be closed before maturity except in case of life-threatening disease.
- Interest rate is fixed for the entire financial year (April to March).
- PPF account can be opened online through net banking (if eligible).
- All transactions (deposits, withdrawals) are recorded in PPF passbook/statement.
- PPF is ideal for retirement planning due to long lock-in period and tax benefits.