

National Pension System

What is NPS?

National Pension System (NPS) is a Defined Contribution Pension Plan introduced by the Government of India for all citizens of India between 18-70 years of age. This investment plan gives a regular income post retirement.

Features of NPS

Prudently Regulated – NPS is a market linked product which is regulated by PFRDA, appointed by Government. It ensures that stakeholders are working for the NPS investor's benefit.

Low Cost – It is one of the lowest cost pension funds in the world.

Voluntary – It is open for every Indian citizen.

Flexibility – You can choose & switch between any of the ten fund managers & investment choice as per your need & requirement.

Portability - You will be issued a Permanent Retirement Account Number (PRAN), which you can link with your company.

Tax Benefit – Triple tax benefits under various section of Income Tax Act 1961.

Triple Tax Benefits

1. Individual contribution towards NPS is **tax exempted under section 80 CCE up to limit of Rs 1.5 lacs.**

2. Additional tax deduction on investment up to Rs **50,000 under section 80 CCD (1B).** This tax benefit is over and above 80C and is an exclusive tax deduction available for NPS only.

3. Employer's contribution towards NPS is tax exempted under section **80 CCD (2) up to 10% of annual basic salary.** This **tax benefit is over and above the 80CCD(1B) and 80C.**

Types of Account

A subscriber can open Tier I & Tier II account:

1. **Tier I** : This is a mandatory account. It is also called the Pension account. **Withdrawals are controlled & restricted.** Tax Benefits are applicable in Tier I investments.

2. **Tier II** : This is a voluntary savings account which provides liquidity to subscribers i.e. subscribers are free to withdraw their investment from this account whenever they wish.

Investment Option

NPS offers two investment choices:

(I). Active Choice: This option allows a subscriber to **actively decide the allocation in asset class Equity (max75%), Corporate Bonds, Government Securities & Alternate Funds (5%).**

(II). Auto Choice: Subscriber has the option to choose life cycle fund wherein **funds would be allocated based on the age of the subscriber.**

Exit Scenarios under NPS

I. On attaining the age of 60 years

- **Maximum 60% of the corpus** can be withdrawn as **lumpsum**

- **Minimum 40% of the corpus** to be mandatorily used to purchase an **Annuity**

II. Before attaining the age of 60 years (eligible after 5 years of lock-in period)

- **Maximum 20% of the corpus** can be withdrawn as a **lumpsum**

- **Minimum 80% of the corpus** to be mandatorily used to purchase an **annuity**

III. Exit due to death

- Nominee or legal heir can **claim 100 % of the corpus accumulated**

Contact Details

For any queries related to NPS Please write to HDFC Bank NPS Helpdesk id: nps@hdfcbank.com
Or you can reach out to Mr. Kannan Nadar(K13303) /Mr. Syed Umar Ahmad(S55978) and Ms. Vishakha Satam (V13394)

100% Paperless-Click below link to Open NPS Account -

<https://www.hdfcbank.com/personal/invest/national-pension-system>