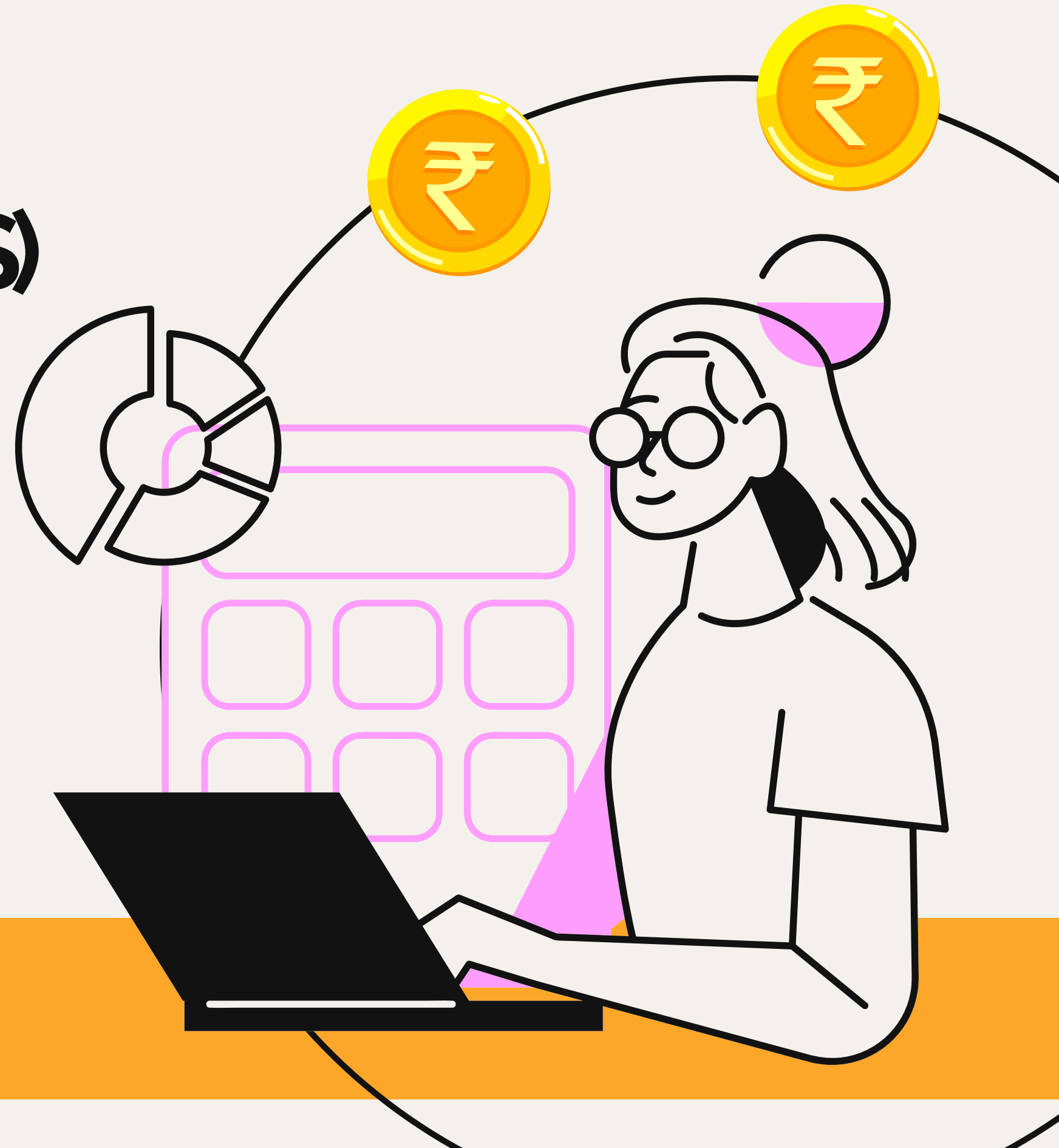


# Retirement Planning

## With National Pension System (NPS)

Retirement is not an age, it's a financial goal.  
The earlier you plan, the smoother your future will be.



# NPS - Overview and Key Statistics



- National Pension System is pension system introduced and driven by Government of India from 2004.
- Administered and Regulated by Pension Fund Regulatory and Development Authority (PFRDA).
- It is designed to create a dedicated retirement corpus through systematic savings during one’s working life.
- This is a voluntary savings scheme that helps you gain Tax Benefits.

## NPS Eligibility

- Age Between - 18 to 70 years
- Citizens of India, Including NRI’s & OCI Card Holders
- Any salaried or individual person can open an NPS account

Overall NPS Industry	Government Sector	Individual/ Corporate Subscribers	Assets Under Management
Subscribers Enrolled - 1.96 Crores	Central Government - 27.14 Lakh Subscribers	Corporate Sector - 22.52 Lakh Subscribers - 15,000+ Corporates registered	Central Government - 3.70 Lakh Crores
AUM - 13.9 Lakh Crores	State Government - 69.94 Lakh subscribers	Individual Sector - 41.91 Lakh Subscribers	State Government - 6.88 Lakh Crores  Corporate Sector - 2.06 Lakh Crores  Individual Sector - 0.69 Lakh Crores

# WHY INVEST IN NPS?

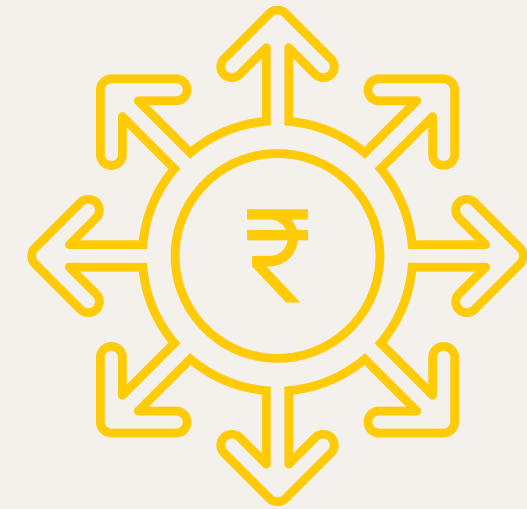
1 Investment 5 Benefits



Higher Expected Returns



Low Cost



Diversified Portfolio



Tax Savings



Monthly Income Post Retirement

# HOW NPS WORKS?

Open account online through LIC PFL website. You get assigned a PRAN



PRAN

Invest into the account. Min ₹1,000 annually



**EQUITY**

**CORPORATE BONDS**

**G-SEC**

**AIF**

Your money gets invested as per your preference provided during opening of the account

Upto 60% corpus tax free

Min 40% to be used to buy annuity for lifelong pension



**Pension**

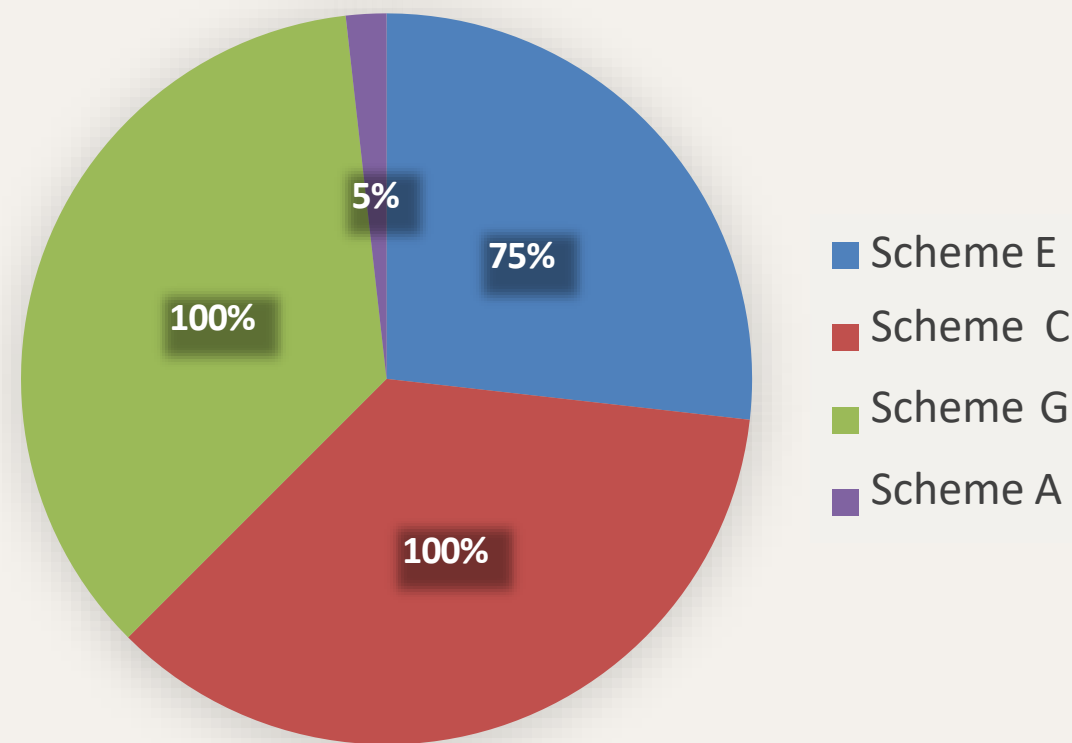


Retirement

You exit the scheme on retirement. You then decided what is to be done with the accumulated corpus

# How and where is your money invested

## NPS : Investment Asset Class



## Maximum Investment Limits

- E - Equity (max 75%)
- C - Corporate Bonds (100%)
- G - Government Securities (100%)
- A - Alternate Investment fund (max 5%)

## Choice of Investment Options

### Active Choice

- Select your own asset mix
- Only you can manually change else remains constant

### Auto Choice

- Automatic Mix of asset class with a reducing equity allocation from **35 years** of age
  - Aggressive LC 75 –Equity -75%
  - Moderate LC 50 –Equity -50%
  - Conservative LC 25–Equity -25%

### Balanced Lifecycle

- Gradual shift from equity after **45 years** of age
- Offers balanced approach to long term investments

- You can change asset class/ investment option **FOUR** times a year
- **Auto Choice and Balanced Lifecycle** allows pre-defined ratios across all asset classes. Investment in government securities increases every year till retirement and reduces in other asset classes
- Investment preference can be **different for Tier – I and Tier – II**



# Distribution of asset class across Auto choice

Percentage allocation in different asset class

Age ▲	Aggressive life cycle fund LC-75			Moderate life cycle fund LC-50			Conservative life cycle fund LC-25		
	Equity ▼	Corp. Bonds ▲	Govt. Bonds ▲	Equity ▼	Corp. Bonds ▲	Govt. Bonds ▲	Equity ▼	Corp. Bonds ▲	Govt. Bonds ▲
Up to 35 years	75%	10%	15%	50%	25%	25%	25%	45%	30%
36	71%	11%	18%	48%	26%	26%	24%	43%	33%
37	67%	12%	21%	46%	27%	27%	23%	41%	36%
38	63%	13%	24%	44%	28%	28%	22%	39%	39%
39	59%	14%	27%	42%	29%	29%	21%	37%	42%
40	55%	15%	30%	40%	30%	30%	20%	35%	45%
41	51%	16%	33%	38%	31%	31%	19%	33%	48%
42	47%	17%	36%	36%	32%	32%	18%	31%	51%
43	43%	18%	39%	34%	33%	33%	17%	29%	54%
44	39%	19%	42%	32%	34%	34%	16%	27%	57%
45	35%	20%	45%	30%	35%	35%	15%	25%	60%
46	32%	20%	48%	28%	36%	36%	14%	23%	63%
47	29%	20%	51%	26%	37%	37%	13%	21%	66%
48	26%	20%	54%	24%	38%	38%	12%	19%	69%
49	23%	20%	57%	22%	39%	39%	11%	17%	72%
50	20%	20%	60%	20%	40%	40%	10%	15%	75%
51	19%	18%	63%	18%	41%	41%	9%	13%	78%
52	18%	16%	66%	16%	42%	42%	8%	11%	81%
53	17%	14%	69%	14%	43%	43%	7%	9%	84%
54	16%	12%	72%	12%	44%	44%	6%	7%	87%
55	15%	10%	75%	10%	45%	45%	5%	5%	90%
55 & beyond	15%	10%	75%	10%	45%	45%	5%	5%	90%

\*LC – Life Cycle

# Distribution of asset – Balanced Lifecycle Fund

Balanced Life Cycle Fund (BLC)			
Age	Equity	Corporate Bonds	Government Sec.
Up to 45 Years	50%	30%	20%
46 Years	48%	28%	24%
47 Years	46%	26%	28%
48 Years	44%	24%	32%
49 Years	42%	22%	36%
50 Years	40%	20%	40%
51 Years	39%	18%	43%
52 Years	38%	16%	46%
53 Years	37%	14%	49%
54 Years	36%	12%	52%
55 Years and beyond	35%	10%	55%

## Old Tax Regime vs New Tax Regime

Feature	Old Tax Regime	New Tax Regime
Employee Contribution	Deduction up to ₹1.5 lakh under Section 80C	No deduction
Self-Contribution / NPS Vatsalya	Additional deduction up to ₹50,000 under Section 80CCD (1B)	No deduction
Employer Contribution	Deduction up to 10%/14% of salary under Section 80CCD(2)	Deduction up to 10%/14% of salary under Section 80CCD(2)
Lump-sum Withdrawal	Up to 60% tax-exempt	Up to 60% tax-exempt
Annuity Purchase	Amount used for purchase is exempted from income tax	Amount used for purchase is exempted from income tax



# Select your Annuity Plan



Annuity for Life with ROP	Joint Life Annuity with ROP	NPS -Family Income with ROP	Annuity for Life without ROP	Joint Life Annuity without ROP
Subscriber gets annuity for life time and on death of the Subscriber, payment of annuity ceases and <b>100%</b> of the purchase price will be returned to the nominee(s)	Subscriber gets annuity for life time and on death of the Subscriber, annuity will be payable to Spouse for life time. On death of the Spouse, payment of annuity ceases and <b>100%</b> of the purchase price will be returned to the nominee(s)	Subscriber gets annuity for lifetime and in the event of death , annuity will be payable to the Spouse of the Subscriber (if any) for lifetime. On death of Spouse, will be payable to dependent mother and then dependent father of the Subscriber. On the death of last annuitant, payment of annuity ceases and <b>100%</b> of the purchase price will be returned to the surviving children of the Subscriber / to legal heirs as applicable	The Subscriber will get an annuity for lifetime and on death of the Subscriber, payment of annuity ceases, and no further amount will be payable	The Subscriber will get an annuity for lifetime. And on death of the Subscriber, the annuity will be payable to Spouse for a lifetime. On the death of the Spouse, payment of annuity ceases, and no further amount will be payable

- Only one Option can be selected
- ROP – Return of Purchase Price
- To be selected only at the time of retirement/exit
- Plans are indicative, connect with annuity service provider to know more

# Withdrawal Framework Under NPS

## Partial Withdrawal

- Maximum **25%** of **individual** contribution (3 times, capped at max 25%)

### When

- After **3 years** of continuous participation  
Defined Purpose Illness, Children Education etc. (listed 5 reasons)

Amount withdrawn will be completely tax free

## Pre-mature Retirement

- **20%** lumpsum, **80%** pension

**Corpus** withdrawn is **fully tax exempt**

### When

- After **5 years** of continuous participation

## Post Retirement

- 60% lumpsum, 40% Pension

**(60 % Amount Tax Free as per union budget 2019)**

### When

- At the age of 60, or as per the retirement age of the corporate
- Annuity purchase can be **deferred** till the age of **75 years**

## Death Withdrawal

- Death of subscriber, Nominee/ Legal Heir can withdraw **full corpus (tax exempt)** or they can choose a **pension plan**

- **You can withdraw lumpsum in annual instalments or differ till the age of 75 years**

- **Full withdrawal is allowed before 60 years of age if the corpus is up to 2.5 lakh & after 60 years of age if corpus is up to 5 lakh**

# NPS - Product Features

## What are the types of NPS Account

### **Tier 1 Account**

(Primary Account)

- Can extend till 75 years, employer and individual contributions made to Tier-1
- Min annual contribution has to be ₹ 1000/-
- Min Amount per contribution ₹ 500/-
- Limited withdrawal options
- Offers multiple Tax Benefits

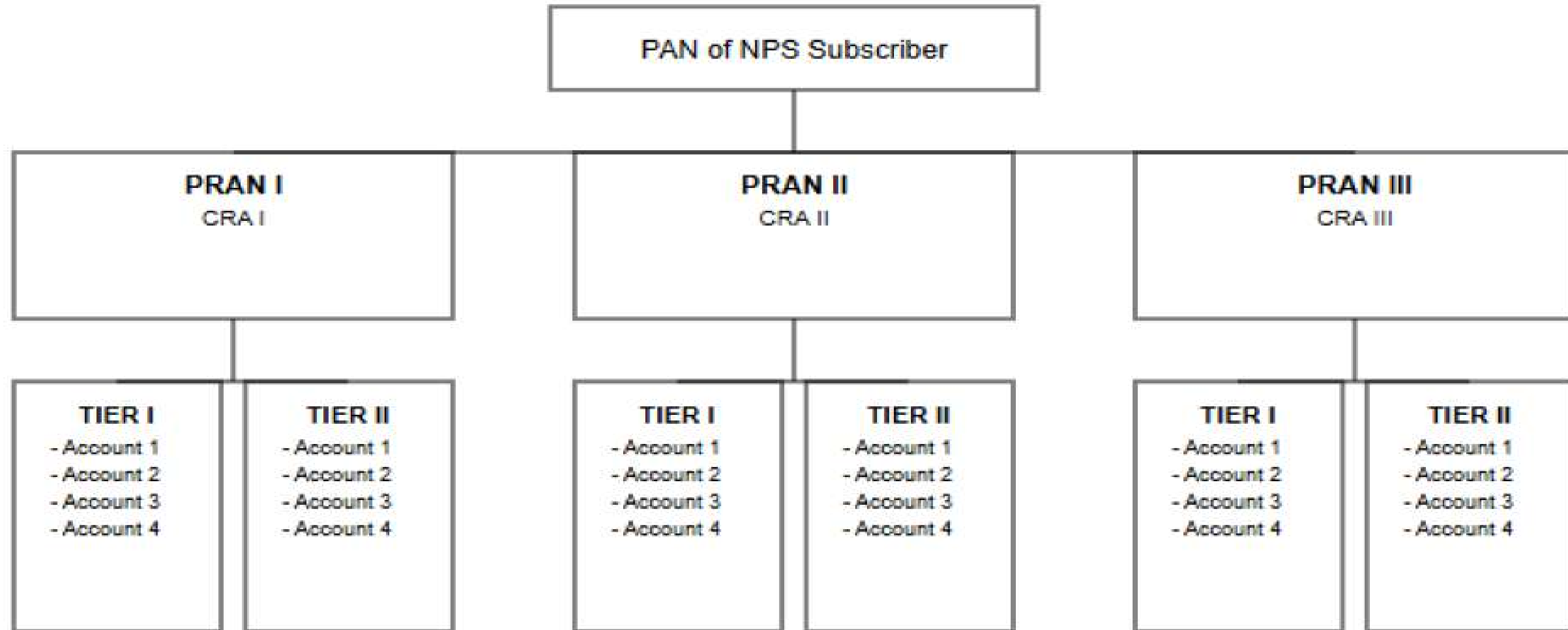


### **Tier 2 Account**

(Optional Account)

- Investment Account, no separate CRA/ joining charges
- 100% Withdrawal any time, however no tax benefits
- Account Opening ₹1000/- subsequent contributions min ₹ 250/-
- No min annual contribution to be maintained or no. of contributions
- Transfer funds to Tier 1 a/c any time (One Way Switch)
- 100% Equity Allocation can be made
- Only individual contributions
- Can be used for various goal based investment

# Multiple Scheme Framework



Accounts can be one or more under Active, Auto Choices and Schemes of PFs. Exit from one or more Account as per Exit and Withdrawal Guidelines of PFRDA



# Multiple Scheme Framework



## Vesting Provisions

Minimum vesting period of 15 years, subject to option to exit at age 60 or at the time of retirement

## Switching Provisions

Subscribers are permitted to switch from this scheme to **Common Schemes\*** only but not to another scheme approved under **Section 20(2)\*\***.

However, the Subscribers who invest in this scheme can move their funds across the schemes under Section 20(2) upon completion of vesting period of 15 years or upon time of normal exit as defined by Exit Regulations of PFRDA.

## Exit Options

Exit, withdrawal, and annuitization shall be governed by the provisions of the PFRDA (Exits and Withdrawals under NPS) Regulations, as amended from time to time.

## Winding up of the Scheme

In case of winding up of the scheme by LIC PFL, the choice shall be provided to the Subscribers to migrate to any Common or Section 20(2) scheme. Those Subscribers who do not exercise their choice, would be migrated to Tier I under Auto Choice LC 50.

## Fee & Charge Structure

Total charges: Up to 0.40% of AUM p.a.

Other Charges: Custodian, CRA and NPS Trust charges as prescribed by PFRDA

---

*\*Common Schemes refer to schemes falling under the Auto Choice, Active Choice and Balance Life Cycle.*

*\*\*Section 20(2) schemes are schemes launched by Pension Fund Managers under the Multi Scheme Framework, duly approved by PFRDA.*

# LIC Pension Fund Schemes

## LIC PFL NPS Smart Balance Tier 1 (Hybrid Scheme)

Asset Class	Indicative Allocation (% of AUM)
Equity and Equity related instruments	65% to 85%
Debt and Debt related instruments	15% to 35%
Alternate Investment Fund	0% to 5%
Short term debt instruments and related instruments	0 to 10%

## LIC PFL NPS Growth Plus Tier 1 (Equity Scheme)

Asset Class	Indicative Allocation (% of AUM)
Equity and Equity related instruments	Upto 100%
Alternate Investment Fund	0 to 5%
Short term debt instruments and related instruments	0 to 10%

# Systematic Lumpsum Withdrawal

Can be opted at the time of **retirement**

Applicable only on **Lumpsum** NPS Corpus

Option of **Monthly, Quarterly, Half-yearly and Yearly** withdrawal frequency

**Continue** to generate returns on remaining amount

**Reduce risk and hassle** of re-investment

Manage **needs and requirements** through **periodic withdrawals**



# Systematic Lumpsum Withdrawal (On fixed Amount)

- **SLW option selected- 6 lakh annually**
- **Total Corpus amount ₹. 83.33 lakhs**
- **Lumpsum payment ₹.50 lakhs (60%)**
- **Annuity ₹. 33.33 lakhs (40%)**
- **Average Return 11%**
- **Total Amount Withdrawn ₹90,00,000**
- **Amount Received as lumpsum after 15 years ₹ 32,79,732**

\*If sufficient balance is not available in the NPS account during SLW, withdrawal will be executed only for the available amount and all remaining SLW requests will be auto-cancelled

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Year	Withdrawal Amount (₹)	Returns on Corpus (₹)	Remaining Balance (₹)
1	6,00,000	5,50,000	49,50,000
2	6,00,000	5,44,500	48,94,500
3	6,00,000	5,38,395	48,32,895
4	6,00,000	5,31,618	47,64,513
5	6,00,000	5,24,096	46,88,610
6	6,00,000	5,15,747	46,04,357
7	6,00,000	5,06,479	45,10,836
8	6,00,000	4,96,192	44,07,028
9	6,00,000	4,84,773	42,91,801
10	6,00,000	4,72,098	41,63,900
11	6,00,000	4,58,029	40,21,929
12	6,00,000	4,42,412	38,64,341
13	6,00,000	4,25,077	36,89,418
14	6,00,000	4,05,836	34,95,254
15	6,00,000	3,84,478	32,79,732



# Systematic Lumpsum Withdrawal (On Tenure)

- **SLW option selected- 15 Year Tenure**
- **Total Corpus amount ₹. 83.33 lakhs**
- **Lumpsum payment ₹.50 lakhs (60%)**
- **Annuity ₹. 33.33 lakhs (40%)**
- **Average Return 11%**
- **Total Amount Withdrawn ₹50,00,000**
- **Amount Received as lumpsum after 15 years ₹ 1,24,54,494**

Year	Withdrawal Amount (₹)	Returns on Corpus (₹)	Remaining Balance (₹)
1	3,33,333	5,50,000	52,16,667
2	3,33,333	5,73,833	54,57,167
3	3,33,333	6,00,288	57,24,122
4	3,33,333	6,29,653	60,20,442
5	3,33,333	6,62,249	63,49,357
6	3,33,333	6,98,429	67,14,453
7	3,33,333	7,38,590	71,19,709
8	3,33,333	7,83,168	75,69,544
9	3,33,333	8,32,650	80,68,861
10	3,33,333	8,87,575	86,23,102
11	3,33,333	9,48,541	92,38,310
12	3,33,333	10,16,214	99,21,191
13	3,33,333	10,91,331	1,06,79,188
14	3,33,333	11,74,711	1,15,20,566
15	3,33,333	12,67,262	1,24,54,494

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## National Pension System Eligibility -

- ❖ Age between 0-18 Years
- ❖ Citizens Of India, Including NRI's & OCI Card Holders
- ❖ Opened by Guardian in the name of the minor
- ❖ Minor sole beneficiary
- ❖ KYC of guardian to be submitted
- ❖ Minimum contribution for account opening Rs. 1,000 and max no limit, subsequent contribution Rs. 1,000 and max no limit
- ❖ Any Pension Fund manager can be selected
- ❖ Investment choices: Default Auto-Moderate, Active and Auto Choice
- ❖ Withdrawal after 3 years of lock in (Partial 25%; max 3 times)
- ❖ On turning 18, seamless shift to NPS Tier 1 account

**22,96,318**

Corpus at 18  
years of age



**21,36,74,618**

Corpus at 60  
years of age

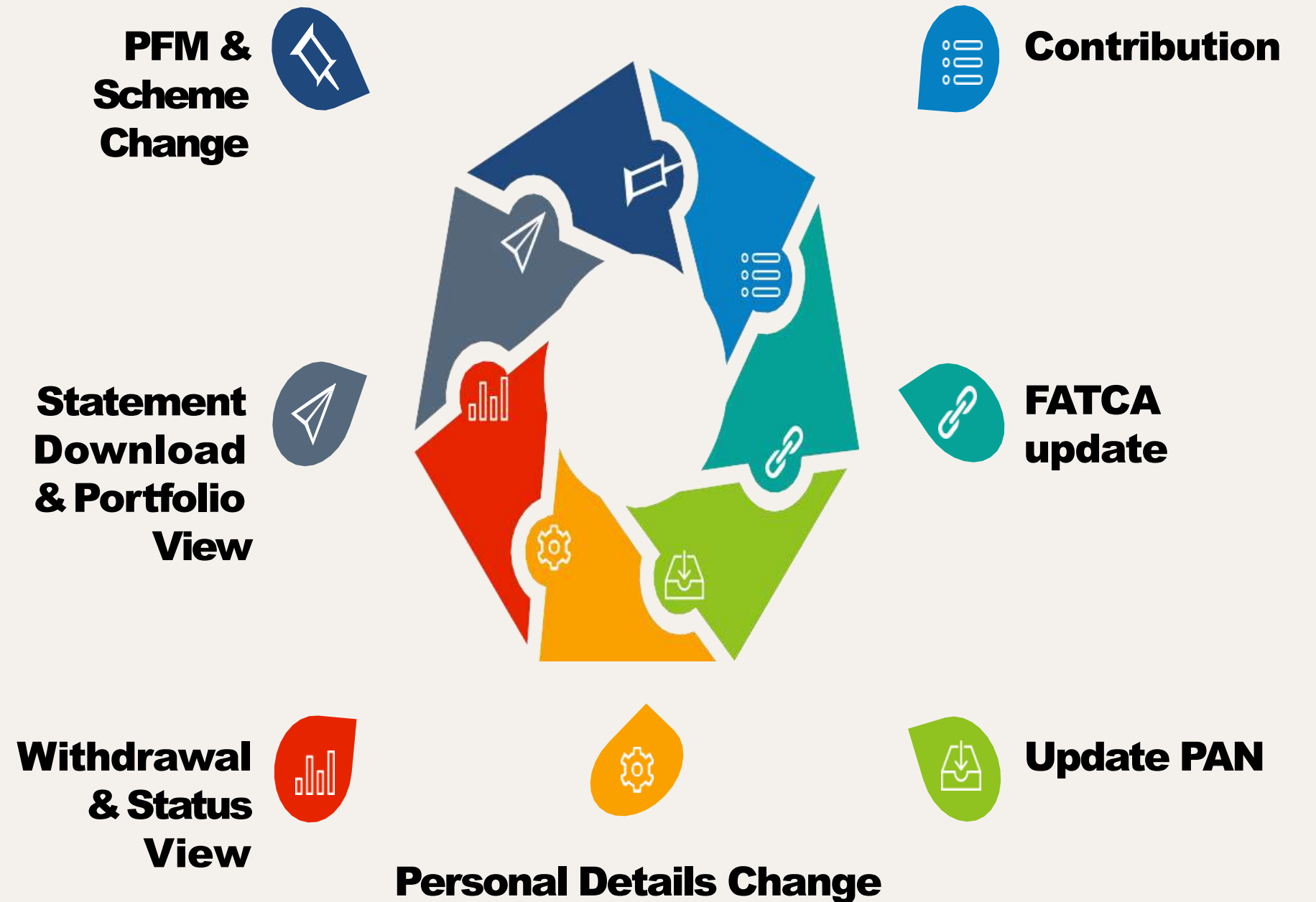
Rs. 3,000 monthly investment. Returns  
assumed at 12% p.a.

# Empowering Subscribers

## Mobile Application



## Web Access



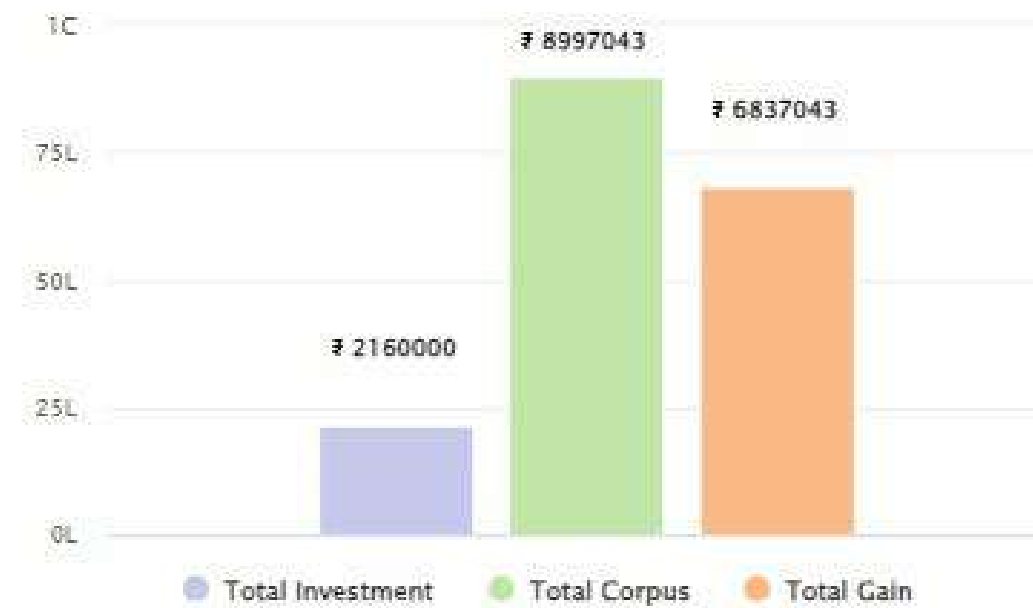
## Pension Calculator

This pension calculator illustrates the tentative Pension and Lump Sum amount an NPS subscriber may expect on maturity based on regular monthly contributions, percentage of corpus reinvested for purchasing annuity and assumed rates in respect of returns on investment and annuity selected for.

My Date of Birth is:	<input type="text" value="02/02/1988"/>	<b>36Yrs</b>
I would like to contribute ₹	<input type="text" value="7,500"/> per Month	<b>7,500</b>
I would like to continue contributing till the age of	<input type="range" value="60"/>	<b>60Yrs</b>
My total years of contribution is		<b>24Yrs</b>
My expectation of return on investment is *	<input type="range" value="10"/>	<b>10%</b>
I would like to purchase Annuity for	<input type="range" value="50"/>	<b>50%</b>
I am expecting an Annuity rate of *	<input type="range" value="6"/>	<b>6%</b>

Your Expected Monthly Pension will be  
**₹ 22,493**

### Status of your Pension Account at retirement



Total Investment  
**₹ 21,60,000**

Total Corpus  
**₹ 89,97,043**

Total Gain  
**₹ 68,37,043**

Your Pension corpus at retirement



# One Year Returns across last 5 Financial Years

E Tier 1 Scheme					
Date	LIC PFL	SBI PF	UTI PFL	HDFC PF	ICICI PF
31 Mar 2021	74.34%	66.28%	72.82%	69.78%	72.49%
31 Mar 2022	20.40%	18.00%	18.24%	19.14%	19.60%
31 Mar 2023	2.82%	1.81%	2.53%	2.08%	1.51%
31 Mar 2024	33.86%	33.99%	37.25%	33.84%	38.90%
31 Mar 2025	5.97%	2.11%	8.35%	6.87%	6.69%
Average Return over 5 years	27.48%	24.44%	27.84%	26.34%	27.84%

C Tier 1 Scheme					
Date	LIC PFL	SBI PF	UTI PFL	HDFC PF	ICICI PF
31 Mar 2021	11.07%	10.17%	9.79%	10.78%	10.74%
31 Mar 2022	6.16%	6.38%	5.88%	6.65%	6.31%
31 Mar 2023	3.60%	3.41%	3.38%	3.72%	3.43%
31 Mar 2024	8.16%	8.35%	8.47%	8.76%	8.64%
31 Mar 2025	8.84%	9.37%	9.15%	9.44%	9.26%
Average Return over 5 years	7.57%	7.54%	7.33%	7.87%	7.67%

G Tier 1 Scheme					
Date	LIC PFL	SBI PF	UTI PFL	HDFC PF	ICICI PF
31 Mar 2021	7.40%	7.72%	7.84%	8.10%	7.23%
31 Mar 2022	4.07%	4.04%	3.41%	3.64%	4.10%
31 Mar 2023	5.14%	4.58%	5.17%	5.17%	4.85%
31 Mar 2024	9.72%	9.96%	9.91%	9.65%	9.75%
31 Mar 2025	10.19%	10.28%	10.22%	10.10%	10.10%
Average Return over 5 years	7.30%	7.31%	7.31%	7.33%	7.20%

# One Year Returns across last 5 Financial Years

## E Tier 1 Scheme

- LIC PFL's 5-year average return is 27.48%, just marginally below UTI and ICICI (both at 27.84%) and higher than SBI (24.44%) and HDFC (26.34%).
- LIC PFL outperformed SBI PF and HDFC PF in 4 out of the last 5 years. Whereas, LIC PFL outperformed UTI PFL and ICICI PF in 3 out of the last 5 years.
- LIC PFL's 2021 return was the highest among all PFMs at 74.34%, a significant alpha compared to peers.
- In the volatile FY 2022-23, LIC PFL still delivered positive returns (2.82%), better than most peers.
- In FY 2024-25, LIC (5.97%) performed significantly better than SBI (2.11%) and was close to others.

Conclusion: LIC PFL's equity returns demonstrate strong long-term consistency, performing at par with the best in class and beating peers over 5 years.

## C Tier 1 Scheme

- LIC's 5-year average return is 7.57%, very close to the top (HDFC at 7.87%) and higher than UTI (7.33%) and SBI (7.54%).
- LIC outperformed SBI and UTI in 4 out of 5 years.
- In FY 2024-25, LIC delivered 8.84%, on par with ICICI and slightly below HDFC.

Conclusion: LIC PFL's corporate debt fund has delivered stable and competitive returns, demonstrating strong performance even in low-interest rate periods.

## G Tier 1 Scheme

- LIC's 5-year average return is 7.30%, exactly at par with UTI and SBI and just below HDFC (7.33%).
- LIC delivered the second-highest return (10.19%) in FY 2024-25, slightly behind SBI.
- LIC's performance in FY 2021-22 and FY 2022-23 remained consistent and better than UTI and ICICI.

Conclusion: LIC PFL's G scheme returns are fully at par with peers, making it a safe and steady option for conservative investors.

**Thank You**

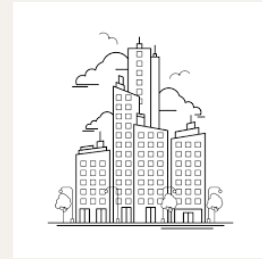
# NPS- Architecture



Government appointed body – Monitors, promotes and regulates NPS and all entities under it



Monitor Assets and Funds



Corporate



**Point of Presence (POP)**  
Client Onboarding /Servicing



**Central Record Keeping Agency (CRA) –**  
Record Keeping, Issuance of PRAN etc.



**LIC Pension Fund**  
Manages Investments



**Custodian -**  
Custody of  
Underlying  
Securities



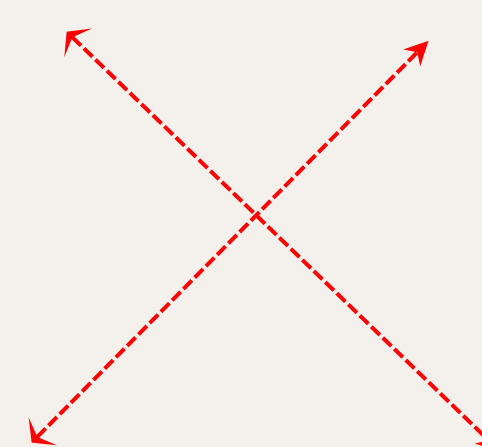
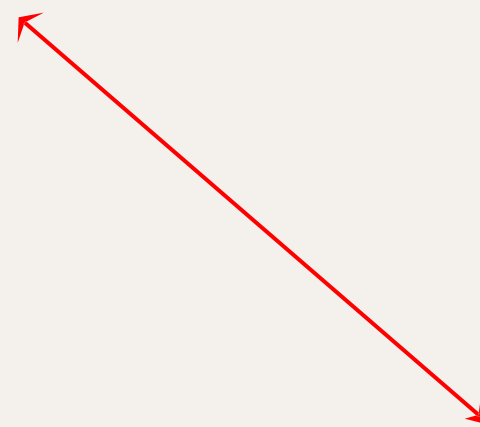
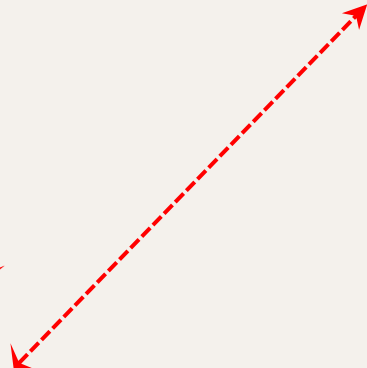
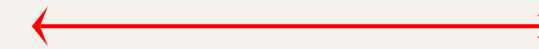
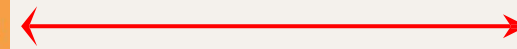
Subscriber/  
Employee



**Trustee Bank** - Manages the  
Banking Function Across NPS



**Annuity (Pension) Service  
Provider (ASP) – Deliver Regular  
Monthly Pension to the  
Subscribers**





# NPS – Impact on Salary

## Old Tax Regime

Description	Without NPS	With NPS
Basic (50% of Gross)	7,50,000	7,50,000
Other Taxable Allowances, Perks,	7,50,000	7,50,000
Gross Total Income	15,00,000	15,00,000
Less Deductions:		
Standard Deduction	50,000	50,000
Section 80C	1,50,000	1,50,000
Section 80 CCD 2 (Employer)	-	75,000
Section 80 CCD 1B (Employee)	-	50,000
Total Taxable Income	13,00,000	11,75,000
Tax on Total Income	2,10,600	1,71,600
Tax Saving		39,000

## New Tax Regime

Description	Without NPS	With NPS
Basic (50% of Gross)	7,50,000	7,50,000
Other Taxable Allowances, Perks,	7,50,000	7,50,000
Gross Total Income	15,00,000	15,00,000
Less Deductions:		
Standard Deduction	75,000	75,000
Section 80C	-	-
Section 80 CCD 2 (Employer)	-	105,000
Section 80 CCD 1B (Employee)	-	-
Total Taxable Income	14,25,000	13,20,000
Tax on Total Income	93,750	78,000
Tax Saving		15,750

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# NPS vs Mutual Fund

Aspects of Differences	Mutual Funds	NPS
Risk Management	Limited flexibility in terms of asset reallocation	Complete flexibility in asset reallocation
Tax Benefits	Only possible in ELSS that too under Sec 80C	EEE Tax exemption apart from Sec 80C.
Management Costs	Mutual funds have varying expense ratios. Mostly above 0.50%	NPS management fee is 0.03% for LIC Pension Fund
Withdrawal Flexibility	Mutual funds are flexible; NPS has lock-in till retirement.	NPS has limited flexibility in Tier I account. However investments in Tier II can be withdrawn anytime.
Investment Returns	Mutual funds may offer higher returns due to higher exposure in equity but returns can at the same time be volatile. Last 15 year average equity returns in Mutual Funds have been	NPS investments are highly regulated. E Scheme has provided upwards of 13%, G and C Schemes have provided upwards of 8% since inception.
Lock-in Period	ELSS: 3 years; mutual funds have shorter lock-in considering exit load.	Longer term (partial withdrawals available after 10 years or at 60). No Lock in Tier II account.

# NPS vs Mutual Fund

## Low Costs, High Returns

NPS Equity Funds Have Consistently Beaten Large-cap Mutual Funds

Fund Category	Returns (%)		
	3-year	5-year	10-year
Flexi-cap Equity Funds	19.57	16.47	15.54
NPS Equity Funds	19.36	15.97	14.03
Large-cap Equity Funds	19.06	15.58	13.82

Data as on April 24, 2024, returns are annualised

## Use NPS Tier-II To Earn More

Tier-II Debt Funds Have Done Better Than Similar Mutual Fund Categories

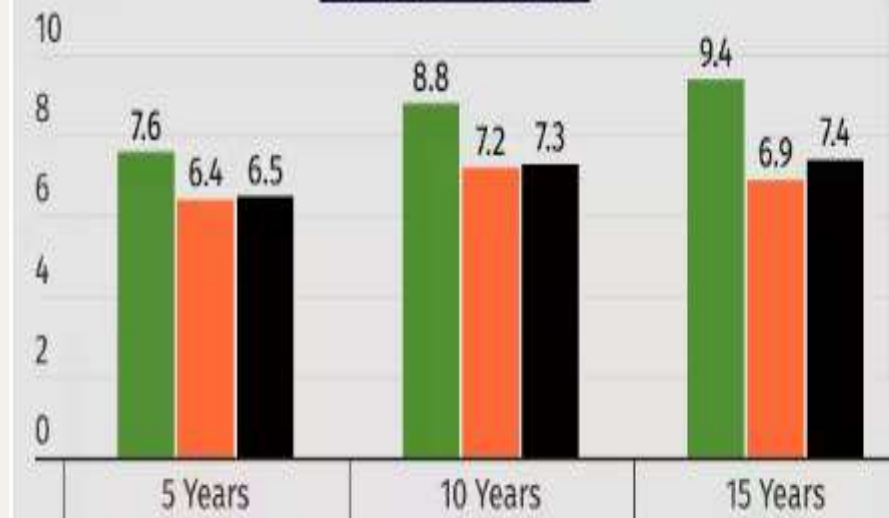
	1-yr Return (%)
Best NPS Tier II Gilt Fund	7.92
Best Long-Duration Debt Fund	7.85
Average NPS Tier II Gilt Fund	7.48
Average Long-Duration Debt Fund	6.77
Best NPS Tier II Corp Fund	7.71
Best Corp Bond MF	7.71
Average NPS Tier II Corp Bond Fund	7.27
Average Corporate Bond MF	6.50

Data as on April 24, 2024

Source: Value Research

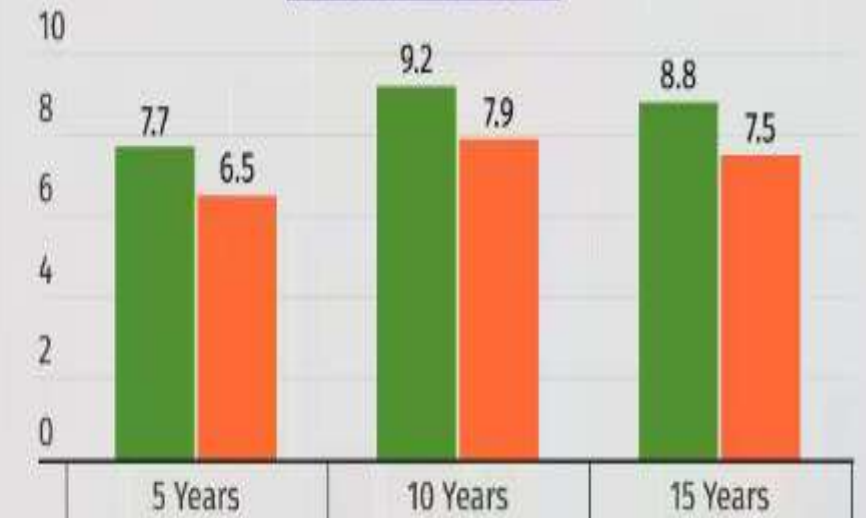
## NPS debt funds beat their MF counterparts comfortably

Scheme - C Tier-I



- Average of NPS Scheme - C Tier-I
- Average of MF Banking and PSU Funds
- Average of MF Corporate Bond Funds

Scheme - G Tier-I

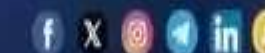


- Average of NPS Scheme - G Tier-I
- Average of Gilt Funds

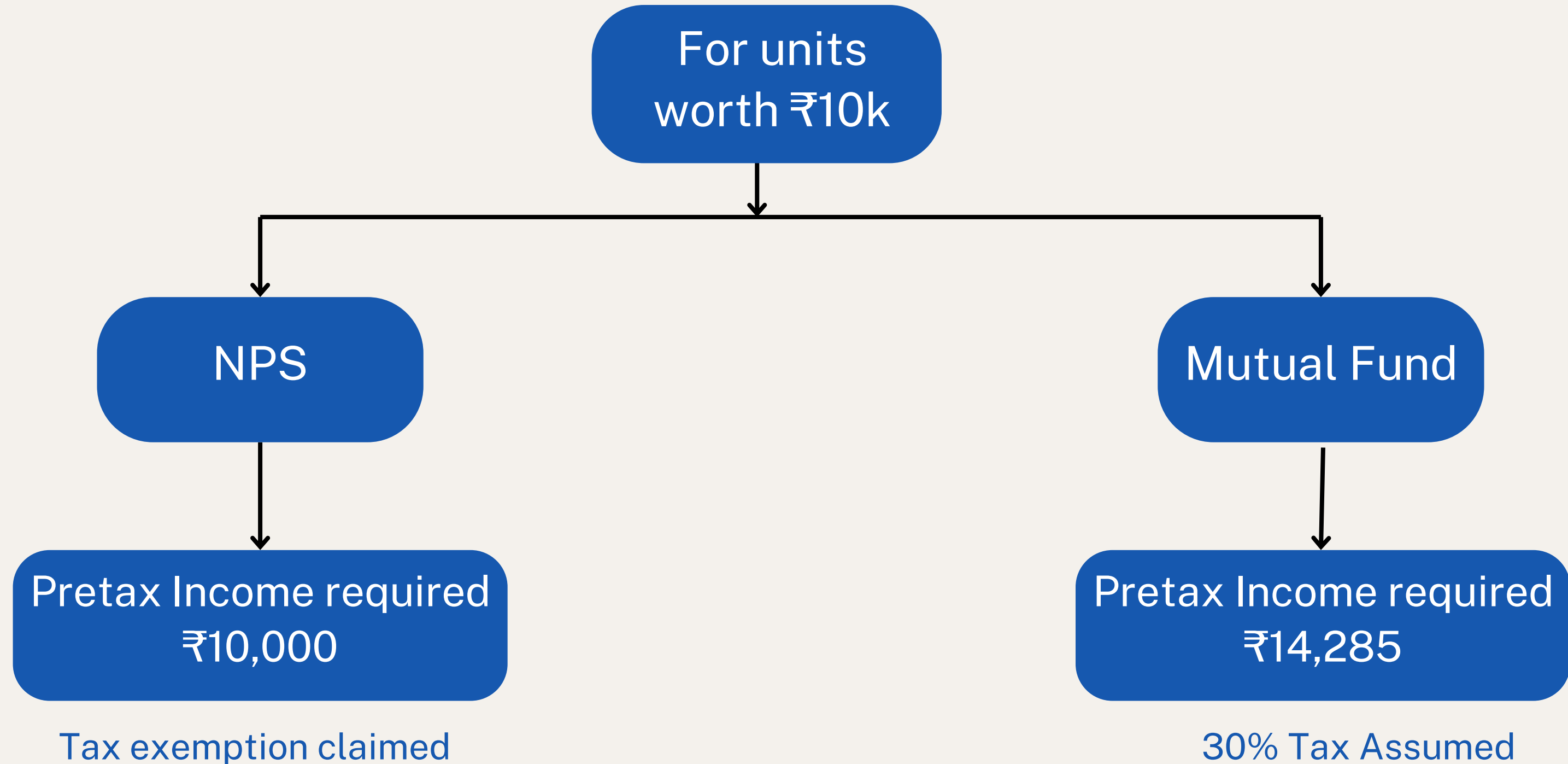
Source: NPS Trust and ACEMF.  
Returns are CAGR and as of Sep 20, 2024.



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# NPS investments give upto 42.8% units more as compared to Mutual Funds



# NPS : An Investment Tool

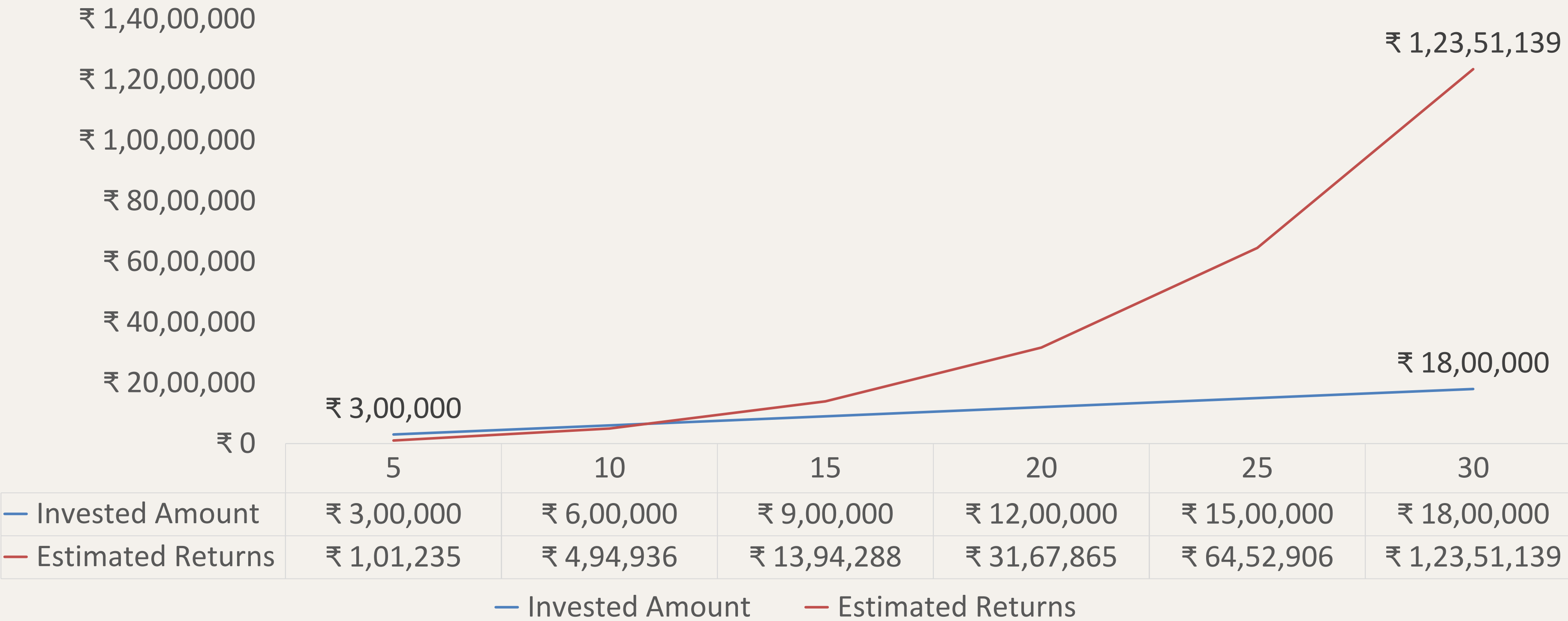
## Mutual Fund vs NPS Comparison

Simulation of Corpus between PPF v/s NPS		
Scheme Name	Mutual Fund (Large Cap)	NPS
Monthly Investment	₹10,000	₹10,000
Tenure	15 years	15 years
Returns (%)	14%	11%
Total Corpus Accumulated	₹56,11,136	₹45,75,628
Fund Management Fee	₹5,17,402 (0.9%)	₹12,948 (0.03%)
LTCG Tax	₹6,36,716 (12.5%)	-
Final Corpus	₹44,57,018	₹45,62,680



# Long term investment benefit

Compounding effect on long term investment - SIP 5K @ 11% Return



SIP Return Formula :  $M = P \times ((1 + i)^n - 1) / i \times (1 + i)$ .

- M is the amount you receive upon maturity.
- P is the amount you invest at regular intervals.
- n is the number of payments you have made.
- i is the periodic rate of interest.

# Corporate NPS

## Eligible Entities

- Entities registered under the Companies Act, 2013 or a cooperative society registered under any law relating to Co-operative societies.
- Bodies established or incorporated under any act of Parliament or any law enacted by a State legislature or under any order/notification issued by the Central / State Government
- Public Sector Enterprises or any Government company
- Registered Partnership Firms
- Limited Liability Partnerships (LLPs)
- Proprietary Concerns
- Trusts / Society
- Foreign companies having registration u/s 591-608 of Companies Act 1956 in respect of their eligible Indian employee(s)
- Foreign / diplomatic missions operating in India (Embassy/High Commission/Consulate etc.) in respect of their eligible Indian employee(s)
- International Organizations operating in India (UN / WHO / World Bank / ADB / IMF etc.) in respect of their eligible Indian employee(s)

## Documents Required

- Filled out CHO-1 Form
- Board Resolution
- Corporate TAN Copy
- Corporate PAN Card Copy
- Certificate of Incorporation
- GST Certificate
- Bank Account Details of the Corporate
- Address Proof
- Copy of MOA and AOA
- Supporting letter for NPS Implementation

## Why Implement NPS?

- Ensure post retirement income for the employee.
- Additional Tax benefit for the employee
- Tax benefit for the employer by claiming the NPS deposit as Business Expense
- No joining cost
- No account related obligation of the employer
- Flexible implementation:
  - Equal contribution
  - Un-equal contribution
  - Contribution by employee only
  - Contribution by employer only

# Corporate Registration

## **Selection of Point of Presence (POP)**

- Corporate needs to appoint one POP ( point of presence) from the registered 80+ POPs.
- The Appointed POP shall assist & support with all the processes involved under NPS.

## **Submission of Registration Form & Documents to POP**

- Post appointment of POP , corporate needs to share the filled CHO1 form & documents to the POP.
- Post receiving the form & documents shall scrutinize the same & proceed further.

## **Submission of Forms by POP to CRA**

- POP, post scrutinizing the forms & documents shall submit the same to the CRA for Company Code Generation.
- CRA post receiving the forms shall take T+3 days to complete the registration process.

## **Creation of Registration Number**

- CRA will then generate registration numbers - CHO (Corporate Head Office) and CBO (Corporate Branch Office)
- Post generation of registration numbers CRA shall communicate the same to the corporate & POP.

# Post Corporate Registration

## Employee Awareness Sessions

We conduct NPS awareness sessions and marketing campaigns for employees to educate them about the product and process.



## Employee Registration

During or after awareness sessions, employees can join NPS, get their queries resolved.

NPS joining process is fully digital.

HR then validates the employment details and helps activate PRANs.



## Corporate Contribution Processing

Post obtaining the consent from employees and successful verification, corporate starts deducting contribution amount from the salary.

Corporate can send this amount to the PoP for further processing.



# How Employees can join

Corporate obtains NPS Code from LIC PFL and joins Corporate NPS

Employee already has NPS account

Employee logs into their account and submits request to shift to Corporate NPS. Here the employee will specify their Corporate by entering the NPS code of their Corporate

HR will accept this request and the employee will be tagged to the corporate

HR will start contributing to the employee's account by deducting required amount from the employee's salary

Employees is new to NPS

Employee opens the account through the LIC PFL website under the Corporate NPS mode. Here the employee will specify their Corporate by entering the NPS code of their Corporate

HR will accept this request and the employee will be tagged to the corporate

HR will start contributing to the employee's account by deducting required amount from the employee's salary

# STEPS FOR SAF FUND TRANSFER

- The subscriber should have/open a NPS Tier I account. LIC PFL will facilitate the same.
- The subscriber is required to approach the recognized Superannuation Fund Trust through the employer and **give a request for transfer** of his superannuation fund to his NPS account.
- **The Superannuation Fund Trust may initiate transfer** of the Fund as per the provisions of the Trust Deed read with the provisions of the Income Tax Act, 1961.
- The Superannuation Fund may issue the **cheque/draft in the name of Nodal Office/POP** along with a letter confirming that that the amount being transferred is to be credited in the NPS Tier I account of the employee.
- The nodal officer shall while uploading the fund will transfer the superannuation fund as Arrears.
- The **POP will get the amount collected** and the same may be uploaded by the POP in the NPS account of the subscriber.