

## **Frequently Asked Questions - Atal Pension Yojana**

### **1. What is pension? Why do I need it?**

A Pension provides people with a monthly income when they are no longer earning.

Need for Pension:

- Decreased income earning potential with age.
- The rise of nuclear family-Migration of earning members.
- Rise in cost of living.
- Increased longevity.
- Assured monthly income ensures dignified life in old age.

### **2. What is Atal Pension Yojana?**

Atal Pension Yojana (APY), a pension scheme for citizens of India, is focused on the unorganised sector workers. Under the APY, guaranteed minimum pension of Rs. 1,000/- or 2,000/- or 3,000/- or 4,000 or 5,000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

### **3. Who can subscribe to APY?**

Any Citizen of India can join APY scheme. The following are the eligibility criteria:-

- (i) The age of the subscriber should be between 18 - 40 years.
- (ii) He / She should have a savings bank account.

The prospective applicant may provide Aadhar and mobile number to the bank during registration to facilitate receipt of periodic updates on APY account. However, Aadhar is not mandatory for enrolment.

#### **4. For how many Years Government will co-contribute?**

The co-contribution of the Government of India is available for 5 years, i.e., from the Financial Year 2015-16 to 2019-20 for the subscribers, who join the scheme during the period from 1<sup>st</sup> June, 2015 to 31<sup>st</sup> December, 2015 and who are not covered by any Statutory Social Security Schemes and are not income tax payers. The Government co-contribution is payable to eligible Permanent Retirement Account Number (PRANs) by the Pension Fund regulatory and Development Authority (PFRDA) after receiving the confirmation from Central Record Keeping Agency once in a year. Government co-contribution will first be credited in subscriber's savings bank account and thereafter, this co-contribution would be transferred to the APY account by the bank. This Government co-contribution cannot be used for any other purpose by subscribers other than the contribution to APY. This implies that the Government co-contribution given for a year 't' would be utilised for the purposes of the contributions of the subscribers in the year 't+1', thereby, reducing the subscriber's share of the contribution in the year 't+1'. This shall be an automatic, back-end process of the bank.

#### **5. Who are the other social security schemes beneficiaries not eligible to receive Government co-contribution under APY?**

The beneficiaries, who are covered under statutory social security schemes, are not eligible to receive Government co-contribution under APY. For example, members of the Social Security Schemes under the following enactments would not be eligible to receive Government co-contribution under APY:

- (i) Employees' Provident Fund and Miscellaneous Provision Act, 1952.
- (ii) The Coal Mines Provident Fund and Miscellaneous Provision Act, 1948.

- (iii) Assam Tea Plantation Provident Fund and Miscellaneous Provision, 1955.
- (iv) Seamens' Provident Fund Act, 1966.
- (v) Jammu Kashmir Employees' Provident Fund and Miscellaneous Provision Act, 1961.
- (vi) Any other statutory social security scheme.

## **6. How much pension will be received under APY?**

Minimum guaranteed monthly pension of Rs 1,000/- or 2,000/- or 3,000/- or 4,000 or 5,000/- per month will be given from the age of 60 years onwards depending on the contributions by the subscribers.

## **7. What is the benefit in joining APY scheme?**

The benefit of minimum pension under Atal Pension Yojana would be guaranteed by the Government in the sense that if the actual realised returns on the pension contributions are less than the assumed returns for minimum guaranteed pension, over the period of contribution, such shortfall shall be funded by the Government. On the other hand, if the actual returns on the pension contributions are higher than the assumed returns for minimum guaranteed pension, over the period of contribution, such excess shall be credited to the subscriber's account, resulting in enhanced scheme benefits to the subscribers. The Government would also co-contribute 50% of the total contribution or Rs. 1000 per annum, whichever is lower, to each eligible subscriber, who joins the scheme during the period 1<sup>st</sup> June, 2015 to 31<sup>st</sup> December, 2015 and who is not a beneficiary of any social security scheme and is not an income tax payer. The Government co-contribution will be given for 5 years from the Financial Year 2015-16 to 2019-20. At present, a subscriber under the National Pension System (NPS) is eligible to get tax benefit for the contribution, upto a ceiling, and even for the investment returns on such contributions. Further, the purchase price of the annuity on exit from NPS is also not taxed and only the pension income of the subscribers are considered to be part of normal income and taxed at the appropriate marginal rate of tax, applicable to the

subscriber. It is proposed that a similar tax treatment may be given to the subscribers of APY. However, presently, a similar tax dispensation, on par with that available under NPS, is yet to be accorded to subscribers under APY.

## **8. How the contributions are invested in APY?**

The contributions under APY are invested as per the investment guidelines prescribed by PFRDA for Central Government / State Government / NPS-Lite / Swavalamban Scheme / APY.

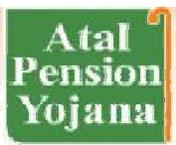
## **9. What is the procedure for opening APY Account?**

- (i) Approach the bank branch where individual's savings bank account is held or open a savings account if the subscriber doesn't have one.
- (ii) Provide the Bank A/c number and with the help of the Bank staff, fill up the APY registration form.
- (iii) Provide Aadhaar / Mobile Number. This is not mandatory, but may be provided to facilitate the communication regarding contribution.
- (iv) Ensure keeping the required balance in the savings bank account for transfer of monthly / quarterly / half yearly contribution.

## **10. Whether Aadhaar Number is compulsory for joining the scheme?**

It is not mandatory to provide Aadhaar number for opening APY account. It is however desirable to provide Aadhaar Number for proper identification of the subscriber.

## **11. Can I open APY Account without savings bank account?**



The savings bank account is mandatory for joining APY.

**12. What is the mode of contribution to the account?**

The contributions can be made at monthly / quarterly / half yearly intervals through auto-debit facility from savings bank account of the subscriber.

**13. How much to contribute towards APY?**

The monthly / quarterly / half yearly contribution depends upon the intended / desired monthly pension and the age of subscriber at entry. The details may be referred to in Annex I.

**14. What is the due date for contribution?**

The contribution may be paid to APY through savings bank account on any date of the particular month, in case of monthly contributions / any day of the first month of the quarter, in case of quarterly contributions / any day of the first month of the half year, in case of half-yearly contributions.

**15. What will happen if required or sufficient amount is not maintained in the savings bank account for contribution on the due date?**

The subscribers should keep the required balance in their savings bank accounts on the stipulated due dates to avoid any overdue interest for delayed contributions. The monthly / quarterly / half-yearly contribution may be deposited on the first date of month / quarter / half year in the savings bank account. However, if there is inadequate balance in the saving bank account of the subscriber till the last date of the month / last date of the first month in a quarter / last day of the first month in a half year, it will be treated as a default and contribution will have to be paid in the subsequent month along with overdue interest for delayed contributions. Banks are required to collect Rs. 1 per



month for contribution of every Rs. 100, or part thereof, for each delayed monthly contributions.

Overdue interest for delayed contribution for quarterly / half yearly mode of contribution shall be recovered accordingly. The overdue interest amount collected will remain as part of the pension corpus of the subscriber.

More than one monthly / quarterly / half yearly contribution can be recovered subject to availability of the funds. In all cases, the contribution is to be recovered along with the charges. This will be bank's internal process. The due amount will be recovered as and when funds are available in the account.

**16. What will happen to APY account in case of continuous default?**

Deduction would be made in the subscribers account for account maintenance charges and other related charges on a periodic basis. Once the account balance in the subscriber's account becomes zero due to deduction of account maintenance charges, fees and overdue interest, the account would be closed immediately. For those subscribers, who have availed Government co-contribution, the account would be treated as becoming zero when the subscriber corpus minus the Government co-contribution would be equal to the account maintenance charges, fees and overdue interest and hence the net corpus becomes zero. In this case, the Government co-contribution would be given back to the Government.

**17. What are the fee and charges involved in maintaining the APY account?**

**Table of all charges and fees of APY**

<b>Intermediary</b>	<b>Charge Head</b>	<b>Service charge</b>	<b>Method of collection</b>
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Intermediary	Charge Head	Service charge	Method of collection
Points of Presence	(i) Initial subscriber registration  (ii) Subsequent Persistence	Rs.120/- to 150/-, depending upon the number of subscribers.  Rs.100/- per annum per subscriber.	Paid by Government as incentive, promotion and development charges for APY, on the pattern of Swavalamban
Central Recordkeeping Agencies	(i) Account opening Charges  (ii) Account Maintenance Charges	Rs.15/- per account.  Rs. 40/- per account per annum.	Cancellation of units.
Pension Fund Managers	Investment Management Fee	0.0102% per annum of AUM	Adjusted in Net Asset Value
Custodian	Investment Maintenance Fee	0.0075% for electronic and 0.05% per annum for physical segment of AUM	Adjusted in Net Asset Value

**18. Is it required to furnish nomination while joining the scheme?**

Yes. It is mandatory to provide nominee details in APY account. If the subscriber is married, the spouse will be the default nominee. Unmarried subscribers can nominate any other person as nominee & they have to provide spouse details after marriage. The Aadhar details of spouse and nominees may be provided.

**19. How many APY accounts I can open?**



A subscriber can open only one APY account and it is unique. Multiple accounts are not permitted.

**20. Will there be any option to increase or decrease the monthly contribution for higher or lower pension amount?**

The subscribers can opt to decrease or increase pension amount during the course of accumulation phase, once a year. However, the switching option shall be available once in year during the month of April.

**21. What is the withdrawal procedure from APY?**

**A. On attaining the age of 60 years:**

Upon completion of 60 years, the subscribers will submit the request to the associated bank for drawing the guaranteed minimum monthly pension or higher monthly pension, if investment returns are higher than the guaranteed returns embedded in APY. The same amount of monthly pension is payable to spouse (default nominee) upon death of subscriber. Nominee will be eligible for return of pension wealth accumulated till age 60 of the subscriber upon death of both the subscriber and spouse.

**B. In case of death of the subscriber due to any cause after the age of 60 years:**

In case of death of subscriber, pension would be available to the spouse and on the death of both of them (subscriber and spouse), the pension wealth accumulated till age 60 of the subscriber would be returned to the nominee.

**C. Exit before the age of 60 Years:**

Exit before 60 years of age is generally not permitted, it may be permitted by PFRDA only in exceptional circumstances, i.e., in the event of the death of beneficiary or terminal disease etc., in-line with the provisions for pre-mature exit under NPS.

In case a subscriber, who has availed Government co-contribution under APY, chooses to voluntarily exit APY at a future date, he shall only be refunded the contributions made by him to APY, along with the net actual accrued income earned on his contributions (after deducting the account maintenance charges). The Government co-contribution, and the accrued income earned on the Government co-contribution, shall not be returned to such subscribers.

**D. Death of subscriber before 60 years:**

The entire accumulated corpus under APY will be returned to the spouse / nominee. However, pension shall not be payable to the spouse / nominee.

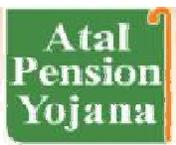
**22. How will I know the status of my contribution?**

The periodical information to the subscribers regarding activation of PRAN, balance in the account, contribution credits etc. will be intimated to APY subscribers by way of SMS alerts. The subscriber will also be receiving physical Statement of Account once a year.

**23. Will I get any statement of transactions?**

The physical statement of APY account will be provided to the subscribers annually.

**24. If I move my residence / city, how can I make contributions to APY account?**



The contributions may be remitted through auto debit uninterruptedly even in case of change of residence / location.

**25. What will happen if a subscriber becomes non-citizen of the country?**

The scheme is open to the Indian citizens only. Hence, in that event the APY account will be closed and contribution will be returned to the subscriber as mentioned above in the case of voluntary exit before the age of 60 years.

**26. What will happen to existing subscribers in NPS-Lite / Swavalamban Yojana?**

**(A) Subscriber between the age group of 18 and 40:**

The subscriber would be automatically migrated to APY with an option to opt out. The associated aggregator will facilitate those subscribers for completing the process of migration. The subscribers may also approach the nearest authorised bank branch for shifting their Swavalamban account into APY with PRAN details.

The benefit of co-contribution of the Government of India for those subscribers of Swavalamban Scheme who have migrated to APY would not exceed 5 years under both the Schemes. For example, if a Swavalamban beneficiary has received the benefit of Government co-contribution for 1 year, then the Government co-contribution to that subscriber under APY, after migration from the Swavalamban Scheme, would be available only for 4 years, and so on.

The existing Swavalamban beneficiary opting out from the proposed automatic migration to APY will be given Government co-contribution upto 2016-17, if he is eligible, and the NPS Swavalamban would continue till such people attained the age of exit under that scheme.

The accumulated corpus of existing Swavalamban subscriber between the age group of 18 and 40 years, who get migrated to APY will be kept under the same PRAN and remain as an additional wealth of the subscriber till the time of exit. This additional amount may be given to the subscriber as enhanced pension benefit or as lump-sum withdrawal, as the case may be. The contribution of such subscribers under APY, after migration from the Swavalamban Scheme to APY, would be as per the amount mentioned in the Annex –I, depending on the pension amount selected and the age of the subscriber.

**(B) Subscriber above 40 years of age:**

The subscribers under the Swavalamban Scheme, who are beyond the age of 40 and who do not wish to continue under the Scheme, may opt out by complete withdrawal of entire amount in lump sum, or may prefer to continue till the age of 60 years, to be eligible for annuities there under.

**27. If I am an existing subscriber of APY, can I change my monthly auto debit facility to Quarterly or Half Yearly as per my convenience?**

Yes.

**28. If I have completed 40 years, can I join Atal Pension Yojana?**

No, a person who is in age group of 18 years to 39 years 364 days can join Atal Pension Yojana.

## Subscribers' contribution Chart

## Annexure 1

		Minimum Guaranteed Pension of Rs. 1000/month			Minimum Guaranteed Pension of Rs.2000/month			Minimum Guaranteed Pension of Rs.3000/month			Minimum Guaranteed Pension of Rs.4000/month			Minimum Guaranteed Pension of Rs.5000/month		
Return of Corpus Amount to the Nominee		Rs. 1.7 Lakh			Rs. 3.4 Lakh			Rs. 5.1 Lakh			Rs. 6.8 Lakh			Rs. 8.5 Lakh		
Age at entry	Vesting period	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution	Monthly contribution	Quarterly contribution	Half yearly contribution
18	42	42	125	248	84	250	496	126	376	744	168	501	991	210	626	1239
19	41	46	137	271	92	274	543	138	411	814	183	545	1080	228	679	1346
20	40	50	149	295	100	298	590	150	447	885	198	590	1169	248	739	1464
21	39	54	161	319	108	322	637	162	483	956	215	641	1269	269	802	1588
22	38	59	176	348	117	349	690	177	527	1046	234	697	1381	292	870	1723
23	37	64	191	378	127	378	749	192	572	1133	254	757	1499	318	948	1877
24	36	70	209	413	139	414	820	208	620	1228	277	826	1635	346	1031	2042
25	35	76	226	449	151	450	891	226	674	1334	301	897	1776	376	1121	2219
26	34	82	244	484	164	489	968	246	733	1452	327	975	1930	409	1219	2414
27	33	90	268	531	178	530	1050	268	799	1582	356	1061	2101	446	1329	2632
28	32	97	289	572	194	578	1145	292	870	1723	388	1156	2290	485	1445	2862
29	31	106	316	626	212	632	1251	318	948	1877	423	1261	2496	529	1577	3122
30	30	116	346	685	231	688	1363	347	1034	2048	462	1377	2727	577	1720	3405
31	29	126	376	744	252	751	1487	379	1129	2237	504	1502	2974	630	1878	3718
32	28	138	411	814	276	823	1629	414	1234	2443	551	1642	3252	689	2053	4066
33	27	151	450	891	302	900	1782	453	1350	2673	602	1794	3553	752	2241	4438
34	26	165	492	974	330	983	1948	495	1475	2921	659	1964	3889	824	2456	4863
35	25	181	539	1068	362	1079	2136	543	1618	3205	722	2152	4261	902	2688	5323
36	24	198	590	1169	396	1180	2337	594	1770	3506	792	2360	4674	990	2950	5843
37	23	218	650	1287	436	1299	2573	654	1949	3860	870	2593	5134	1087	3239	6415
38	22	240	715	1416	480	1430	2833	720	2146	4249	957	2852	5648	1196	3564	7058
39	21	264	787	1558	528	1574	3116	792	2360	4674	1054	3141	6220	1318	3928	7778