



पेंशन निधि विनियामक और
विकास प्राधिकरण

बी-14/ए, छत्रपति शिवाजी भवन,
कुतुब संस्थागत क्षेत्र,
कटवारिया सराय, नई दिल्ली-110016.

दूरभाष : 011-26517501, 26517503, 26133730

फैक्स : 011-26517507

वेबसाइट : www.pfrda.org.in

**PENSION FUND REGULATORY
AND DEVELOPMENT AUTHORITY**

B-14/A, Chhatrapati Shivaji Bhawan,
Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

Ph : 011-26517501, 26517503, 26133730

Fax : 011-26517507

Website : www.pfrda.org.in

**Frequently Asked Question (FAQs) - Exit from National Pension System by
NPS-Lite and Swavalamban subscribers**

Date: 14.12.2018

DISCLAIMER: For detailed provisions and regulations, please refer PFRDA (Exit and Withdrawal under National Pension System) Regulations 2015 and subsequent amendments under it.

Question	Answer
1. What is an exit?	An exit is defined as closure of individual pension account of the subscriber under National Pension System.
2. When can I exit from NPS?	Subscribers who have not availed can exit any time, however, who have availed government co-contribution are required to be in system for minimum twenty five years or age age of superannuation , whoever is earlier
3. Transfer of accumulation to other scheme will be treated as exit ?	No. the migration of Swavalamban subscriber or subscriber to any other pension scheme of Government of India and as approved by the Authority shall not be deemed as an exit and withdrawal for the purposes of these regulations.
4. What shall be my benefits, if I opt for pre-mature exit from NPS?	a). Pre-mature exit - Minimum Annuitisation- 80% of accumulated wealth. Maximum Lump sum Withdrawal- 20% of accumulated wealth. Provided, Mandatory minimum of 40 % of the accumulated pension wealth of the subscriber shall yield at least a monthly annuity or pension of one thousand rupees, failing which the entire accumulated pension wealth shall be annuitised in such a manner so as to yield at least a monthly annuity or pension of one thousand rupees and balance if any thereafter shall be paid in lump sum to the subscriber.

Question	Answer
	<p>If the accumulated pension wealth of the subscriber is equal to or less than one lakh rupees or a limit to be specified by the Authority, such subscriber who has not availed any Swavalamban co-contribution shall have the option to withdraw the entire accumulated pension wealth without purchasing any annuity.</p> <p>If subscriber has availed the swavalamban co-contribution, he/she has to continue in the scheme for minimum 25 years.</p> <p>b). In Case of disability/incapacitation of subscriber</p> <p>the exit in such cases shall be determined as per the provisions applicable for normal exit, subject to the subscriber submitting a disability certificate from a Government surgeon or Doctor (treating such disability or invalidation of subscriber) stating the nature and extent of disability and also certifying that:</p> <p>i).. the affected subscriber shall not be in a position to perform his regular duties and there is a real possibility of the affected subscriber, being not able to work for the remaining period of his life.; and</p> <p>ii).Percentage of disability is more than seventy- five percent. in the opinion of such Government surgeon or doctor (treating such disability or invalidation of subscriber).</p>
<p>5. What shall be my benefits from NPS , if I attain the age of 60 years ?</p>	<p>At the age of 60 years –</p> <p>Minimum Annuitisation- 40% of accumulated wealth.</p> <p>Maximum Lump sum Withdrawal- 60% of accumulated wealth.</p> <p>The Subscriber may choose to purchase an annuity for an amount greater than 40 percent also.</p> <p>Mandatory minimum of 40 % of the accumulated pension wealth of the subscriber shall yield at least a monthly annuity or pension of one thousand rupees, failing which the entire accumulated pension wealth shall be annuitised in such a manner so as to yield at least a monthly annuity or pension of one thousand</p>

Question	Answer
	<p>rupees and balance if any thereafter shall be paid in lump sum to the subscriber.</p> <p>If the accumulated pension wealth of the subscriber is equal to or less than one lakh rupees, or a limit to be specified by the Authority, such subscriber shall have the option to withdraw the entire accumulated pension wealth without purchasing any annuity.</p>
<p>6. What are the provisions to settle the cases in the unfortunate death of the NPS subscriber before attaining the age of 60 years?</p>	<p>i. In case of Death :</p> <p>The entire accumulated pension wealth of the subscriber shall be paid to the nominee, or the legal heir of such subscriber and there shall not be any condition of mandatory purchase of annuity and provision of a monthly or periodical pension and there shall not be any requirement of the annuitisation of the accumulated pension wealth of such deceased subscriber. The nominee or family members of the deceased subscriber shall have the option to purchase any of the annuities being offered upon exit, if they so desire:</p>
<p>7. What are the provisions to settle the cases in the unfortunate death of the NPS subscriber before attaining the age of 60 years and no nomination has been provided in the account?</p>	<p>In case, the nomination is not registered by the deceased subscriber before his death, the accumulated pension wealth shall be paid to the family members on the basis of the legal heir certificate issued by the competent authorities of the State concerned or the succession certificate issued by a court of competent jurisdiction.</p>
<p>8. What is annuity?</p>	<p>An annuity is a product that pays out regular income. It is a contract for deferred payment. The main objective of an annuity is to give regular income to the subscriber even after retirement/working age.</p>
<p>9. In case of pre-mature exit, when will my annuity start i.e. immediately or after the age of 60 years?</p>	<p>Annuity starts immediately after the minimum age required for purchasing any annuity (depending upon choice of ASP and Annuity scheme. For e.g. 30, 35 or 38) from any of the empanelled annuity service providers. Subscriber need not wait till the age of 60 years.</p>
<p>10. What are the annuity options available to me under NPS?</p>	<p>The following are the most common variants that are available:</p>



Question	Answer
	<p>a. Annuity for life with return of purchase price (amount given to annuity service provider) on death- Employee shall get annuity (monthly pension) till he/she is alive and payment of annuity ceases on the death and the purchase price is returned to the nominee.</p> <p>b. Annuity guaranteed for 5, 10, 15 or 20 years and for life thereafter</p> <ul style="list-style-type: none"> • On death during the guarantee period – Employee shall get annuity and after his/her death during the guaranteed period, annuity is paid to the nominee till the end of the guaranteed period after which the same ceases and no return of purchase price to the nominee. • On death after the guarantee period – Employee shall get payment of annuity till he/she is alive even after the guaranteed period and annuity ceases after his/her death and no return of purchase price to nominee. <p>c. Annuity for life - Employee shall get payment of annuity till he/she is alive & payment of annuity ceases on death and no return of purchase price to nominee.</p> <p>d. Annuity for life increasing at simple rate of 3% p.a. Employee shall get payment of annuity till he/she is alive & payment of annuity ceases on death and no return of purchase price to nominee.</p> <p>e. Annuity for life with a provision for 50% of the annuity to the spouse of the annuitant for life on death of the annuitant- Payment of annuity ceases on death of subscriber and 50% of the annuity is paid to the surviving named spouse during his/her life time. If the</p>

Question	Answer
	<p>spouse predeceases the annuitant, payment of annuity will cease after the death of the annuitant. It can be with or without return of purchase price.</p> <p>f. Annuity for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.- Payment of annuity ceases after death of the annuitant and full annuity is payable to the surviving named spouse during his/her life time. If the spouse predeceases the annuitant, the annuity ceases after death of the annuitant. It can be with or without return of purchase price.</p> <p>Subscriber can also add spouse in any of the variants (other than default) above.</p> <p><i>All ASPs may not provide all the variants .It may vary from ASP to ASP.</i></p> <p>Pricing of annuity also varies ASP to ASP.</p>
<p>11. Where can I check the rates offered by the annuity service providers on various type of annuities?</p>	<p>Details of annuity rates and other details may be checked on CRA website (link given below). https://www.npscra.nsdl.co.in/annuity-service-providers.php</p>
<p>12. Can I change my annuity service provider or annuity type any time?</p>	<p>Once an annuity is purchased, the option of cancellation or reinvestment with another Annuity Service Provider or in other annuity scheme shall not be allowed unless the same is within the time limit specified by the Annuity Service Provider, for the free look period as provided in the terms of the annuity contract or specifically provided by the Insurance Regulatory and Development Authority.</p>
<p>13. Is it mandatory to purchase annuity under NPS at the time of exit?</p>	<p>Yes, but there are some scenarios where the subscriber/nominees/legal heirs can withdraw the whole accumulated wealth.</p>
<p>14. Which companies are empanelled under PFRDA as Annuity Service Providers (ASPs)?</p>	<ol style="list-style-type: none"> 1. Life Insurance Corporation of India 2. SBI Life Insurance Co. Ltd. 3. ICICI Prudential Life Insurance Co. Ltd. 4. HDFC Standard Life Insurance Co Ltd 5. Star Union Dai-ichi Life Insurance Co. Ltd <p>*Subject to change from time to time.</p>

Question	Answer
15. Will I get back the amount invested for annuity purchase?	Only in annuity types where there is a provision of return of purchase price.
16. In case of attaining the age of 60 years , when should I submit my withdrawal request i.e. after the date of retirement or before the retirement?	CRA network sends a communication 6 months before attaining the age of 60 years generating a Claim ID to the subscriber and nodal office. It is advisable that the subscriber should submit all the documents atleast 1 month before the superannuation/retirement date.
17. Can I withdraw before attaining the age of retirement / superannuation?	Yes, it is termed as Partial Withdrawal . https://npscra.nsdl.co.in/central-forms.php
18. If yes, how much amount can be withdrawn?	Up to 25% of the contribution made by the subscriber (without considering the appreciation /returns on the amount) as on date of application of withdrawal.
19. Can I withdraw any number of times during the service?	No. A subscriber is allowed to withdraw only three times during the entire tenure of service.
20. What are the conditions under which partial withdrawal can happen?	<p>Conditions:</p> <ol style="list-style-type: none"> 1. The subscriber shall have been in the National Pension System at least for a period of three years from the date of his or her joining; 2. Withdrawal is allowed for some specific purposes only. <ol style="list-style-type: none"> a. For the higher education of children b. For the marriage of children c. For the purchase/construction of residential house or flat in his or her own name or in a joint name with his or her legally wedded spouse. In case, the subscriber already owns either individually or in the joint name a residential house or flat, other than ancestral property, no withdrawal under these regulations shall be permitted. d. Treatment for prescribed illnesses – suffered by subscriber, his legally wedded spouse, children including a legally adopted child and dependent parents. <p>Prescribed illnesses includes: (i) Cancer;</p>



Question	Answer
	<p>(ii) Kidney Failure (End Stage Renal Failure); (iii) Primary Pulmonary Arterial Hypertension; (iv) Multiple Sclerosis; (v) Major Organ Transplant; (vi) Coronary Artery Bypass Graft; (vii) Aorta Graft Surgery; (viii) Heart Valve Surgery; (ix) Stroke; (x) Myocardial Infarction (xi) Coma; (xii) Total blindness; (xiii) Paralysis; (xiv) Accident of serious/ life threatening nature. (xv) Any other critical illness of a life threatening nature as stipulated in the circulars, guidelines or notifications issued by the Authority from time to time.</p> <p>e. To meet medical and incidental expenses arising out of the disability or incapacitation suffered by the subscriber. f. Towards meeting the expenses by subscriber for skill development/re-skilling or for any other self development activities, as may be permitted by the Authority by issuance of appropriate guidelines, in that behalf. g. Towards meeting the expenses by subscriber for establishment of own venture or any start-ups, as may be permitted by the Authority by issuance of appropriate guidelines, in that behalf.</p>
<p>21. If I avail partial withdrawal facility, will I get the same benefit as applicable at the time of retirement/ superannuation?</p>	<p>Yes.</p>
<p>22. What are tax benefits available under IT Act, 1961 for Tier 1 Account?</p>	<p>I. On Contributions:</p> <p>Employee's own Contribution- Eligible for tax deduction under sec 80 CCD (1) of Income Tax Act up to 10% of salary (Basic + DA) within the overall ceiling of Rs. 1.50 Lacs under Sec. 80 C of the Income Tax Act.</p> <p>From F.Y. 2015-16, subscriber will be allowed tax deduction in addition to the deduction allowed under Sec. 80CCD(1) for contribution in his NPS account subject to maximum of Rs. 50,000/- under sec. 80CCD 1(B) .</p>

Question	Answer
	<p>II. Partial Withdrawal- Tax free.</p> <p>III. Lump sum Withdrawal- In case of superannuation, lump sum withdrawal (40 % of the accumulated corpus) is tax free.</p> <p>IV. Annuity- Amount utilized for purchase of annuity is not taxable in the hands of the subscriber.</p>
23. What happens if the nominee predeceases the subscriber?	if the nominee predeceases the subscriber, the nomination shall so far as it relates to the right conferred upon the said nominee, become void and of no effect;
24. Can I distribute amount/percentage of fund under nomination	Yes, a subscriber may in his nomination distribute the amount that may stand to his credit in the fund amongst his nominees at his own discretion;
25. Can I make nomination in favour of a person not belonging to his family?	<p>If a subscriber has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by such subscriber in favour of a person not belonging to his family shall be invalid;</p> <p>the expression "family",</p> <ul style="list-style-type: none"> i. in relation to a male subscriber, means his legally wedded wife, his children, whether married or unmarried, his dependent parents and his deceased son's widow and children; ii. in relation to a female subscriber, means her legally wedded husband, her children, whether married or unmarried, her dependent parents, her husband's dependent parents and her deceased son's widow and children; <p>Explanation II -- In either of the above two cases, if the child of a subscriber [or as the case may be, the child of a deceased son of the subscriber] has been adopted by another person and if, under the personal law of the adopter, adoption is legally recognized, such a child shall be considered as excluded from the family of the subscriber.</p>

Question	Answer
26. Nomination made before such marriage shall be valid or not ?	A fresh nomination is required to be made by the subscriber on his marriage and any nomination made before such marriage shall be deemed to be invalid;


14/12/18
(Venkateswarlu Peri)
Chief General Manager
