

Empowering NPS subscribers!

Choose ***Systematic Lump Sum Withdrawal (SLW)**.

Make your withdrawals as smart as your investments.



*SLW facility can be availed for both Tier 1 & Tier 2.

*SLW facility can be availed only in case of normal exit or superannuation for Tier 1 and anytime for Tier 2.



Booklet for
Frequently Asked Questions
on
SYSTEMATIC LUMP SUM WITHDRAWAL
for
National Pension System (NPS)
Subscribers



SYSTEMATIC LUMP SUM WITHDRAWAL(SLW)

In terms of the provisions of Pension Fund Regulatory and Development Authority (Exits and Withdrawals under the National Pension System) Regulations, 2015, Circulars and guidelines issued from time to time, subscribers post the age of 60 years or attaining the age of retirement/superannuation can exit from NPS, with withdrawal up to 60% of the corpus as lump sum and can avail the balance amount towards the purchase of annuity.

A new feature of Systematic Lump sum Withdrawal (SLW) has been introduced by Pension Fund Regulatory and Development Authority ('PFRDA') vide Circular no. PFRDA/17/01/10/0003/2021 -SUP-CRA dated 08-February-2023 (enclosed as Annexure at page no. 13) whereby an NPS subscriber will have the option to either withdraw up to 60% of the corpus amount as lump sum in one go or opt for Systematic Lump sum Withdrawal of the said 60% of the corpus in a phased manner. It is an additional tool of wealth creation which will generate regular income at periodic intervals, as chosen by the subscriber.

Contents

FREQUENTLY ASKED QUESTIONS ON SYSTEMATIC LUMP SUM (SLW) WITHDRAWAL FROM TIER I ACCOUNT.....	3
FREQUENTLY ASKED QUESTIONS ON SYSTEMATIC LUMP SUM (SLW) WITHDRAWAL FROM TIER II ACCOUNT.....	11
Process flow of SLW - Tier I.....	13
Process flow of SLW - Tier II.....	17

DISCLAIMER

All care and effort have been taken in the preparation of the FAQs on SLW. However, National Pension System Trust (NPS Trust) takes no responsibility for any incompleteness, inaccuracy or omission contained herein. Users are advised to refer to the original source for the information. NPS Trust shall not be liable for any direct, indirect, consequential or incidental damages or loss arising out of the use of these FAQs or reliance on the information provided herein.

Investments under NPS are subject to market risk.

Frequently Asked Questions

On

SYSTEMATIC LUMP SUM WITHDRAWAL

FROM TIER I ACCOUNT

1. At what age can I opt for Systematic Lumpsum Withdrawal ('SLW') facility?

You can opt for SLW facility upon:-

- a) Attaining the age of 60 years; or
- b) Attaining the age of retirement / superannuation as may be applicable to you.

2. **Whether SLW is available for government or non-government subscriber?**

SLW is available to subscribers of all the sectors i.e. government, autonomous bodies, corporate, POP and e-NPS.

3. **Can I avail SLW facility for Lumpsum & Annuity amount?**

You can avail SLW facility benefit only for lumpsum withdrawal. This facility is not available for annuity amount.

EXAMPLE – If the amount in your NPS account at the time of Superannuation or Normal Exit is say Rs.50 Lakh, then minimum 40% of the corpus is mandatorily required to be utilized for purchase of annuity i.e. Rs.20 Lakh (40% of Rs.50 Lakh) and balance amount i.e. Rs.30 Lakh (60% of Rs.50 Lakh) is the lump sum portion for which SLW can be availed.

4. Why I should opt for SLW instead of taking the lump sum amount in one go?

If you do not require the entire lump sum amount i.e. up to 60% of corpus immediately on attaining the age of 60 years or the age of retirement / superannuation, you can opt for SLW, wherein you can withdraw the lump sum portion in phased manner i.e. you can get regular income at periodic intervals as per your choice. When you opt for SLW, you can choose to purchase annuity from the portion of corpus meant for annuity either immediately or you can defer your decision to purchase annuity till the age of 75 years.

Apart from SLW, you can also exercise the option of CONTINUATION or DEFERMENT of your NPS Account.

In CONTINUATION your entire corpus i.e. corpus meant for purchase of annuity and the balance lump sum portion will continue to remain invested under NPS till the age of 75 years. You will be required to make contributions to your NPS account during the continuation period to keep your account active.

In DEFERMENT you can defer the decision to exit/withdraw the entire corpus i.e. corpus meant for purchase of annuity and the balance lump sum portion which will continue to remain invested in NPS till the age of 75 years. You can also defer the decision to withdraw either only the annuity portion or only the lump sum portion till the age of 75 years. You are *not* required to make contributions to your NPS account during the deferment period.

5. Can I still opt for SLW, if my total corpus in NPS account is less than or equal to Rs.5 lakh which is the limit up to which I can withdraw the entire corpus under NPS without purchasing annuity?

If your total corpus under NPS is equal to or less than Rs.5 lakh, you will have the following options:-

- a) Withdraw the entire amount of Rs.5 lakh; or
- b) Utilize the entire corpus of upto Rs.5 Lakh for SLW; or
- c) Purchase annuity and withdraw the balance amount as lump sum or SLW.

However, if the corpus is more than Rs.5 lakh, the facility of withdrawal of entire amount is not available, in the event of which you can opt for c) above.

6. What are the options available under SLW?

a)	SLW based on age	In this option, you can select the age up to which SLW facility is required.
b)	SLW based on instalment amount	In this option, you can select the amount which you wish to withdraw systematically as per the desired frequency.

7. Till what age can I avail the SLW facility?

- The maximum age till when SLW facility can be availed is 75 years. However, any age earlier than 75 years can also be chosen as per your requirement.
- In case you do not choose any age, the SLW will continue till the corpus is available or till the age of 75 years, whichever is earlier.

EXAMPLE – If at the age of 60 years, you opt for SLW and do not choose the end date i.e. the age till when SLW should continue then:-

- If the corpus in your NPS account lasts say till 70 years of age, the SLW will go on till 70 years of age only.
- If the corpus remains in your NPS account even after attaining 75 years of age, the corpus/units will then be redeemed and transferred to your bank account.

8. What frequency of withdrawals I can choose under SLW?

You can choose any of the following frequencies viz. Monthly, Quarterly, Half-Yearly or Yearly.

9. How can I activate SLW facility?

You can initiate SLW by exercising the option online in the CRA system, with whom you have NPS Account.

10. Whether SLW request is required to be verified/authorized by Nodal Office/POP/CRA/any other entity associated with the subscriber?

You can initiate the SLW request online in the CRA system with Dual OTP or eSign. There is no requirement of verification/authorization by Nodal Office / POP / CRA or by any other entity.

11. How will I get to know about activation of SLW facility in my NPS account?

You will get SMS/Email Alerts from the CRA on activation of SLW and also after credit of funds to your bank account. Please keep your mobile number and email ID updated in CRA system to receive such alerts.

12. I am 67 years of age and have not opted for withdrawal of lump sum from my NPS Account. Can I opt for SLW now?

Yes. In case the lump sum amount is lying in your NPS account and you have not withdrawn the same after attaining the age of 60 years or retirement/ superannuation, you can choose SLW.

13. When will SLW start after I have submitted the request in the system?

It will take at least 30 days for creation of SLW mandate in the CRA system. On decided frequency, SLW request will be considered in PayIn and credited to your bank account as per the frequency and date chosen.

14. What if selected date for SLW is a non-settlement day?

If selected date for SLW is a non-settlement day, the request will be considered for the next settlement day.

EXAMPLE - If the selected date happens to be a Saturday or Sunday or a Business Holiday, SLW will get executed in the CRA system on the next working day.

15. Can I contribute an additional amount or withdraw partially during SLW?

At present, once SLW has been executed, you cannot make contributions or exercise the option of partial withdrawal in your NPS account.

16. What types of requests / transactions I can carry out once SLW is activated?

You can carry out any of the following transactions after the activation of SLW:

- i) Modification of Bank Details
- ii) Updation of Contact Details (Mobile Number and/or email ID)
- iii) Change in Scheme Preference or Pension Fund Manager
- iv) Modify/Cancel SLW

17. Will I have to pay any extra charges for opting SLW?

You do not have to pay any extra charges for opting for SLW. However, each withdrawal under SLW will be considered as a separate transaction and accordingly, normal transaction charges will be levied by CRA. Charges will be recovered from your account by way of unit deduction along with other charges (such as Annual Maintenance Charges, penny drop verification etc.). The applicable charges that will be borne by you can be viewed at <https://www.npstrust.org.in/index.php/charges-under-nps>.

18. Can SLW be modified/cancelled in future?

Yes. If you wish to modify/cancel the SLW, the same can be carried out by submitting the request online in CRA system.

19. What will happen to the balance lump sum amount in my NPS Account after opting for SLW?

After opting SLW, the balance lump sum amount will remain invested in NPS as per the scheme preference chosen by you.

20. What will happen to balance lump sum amount and/or annuity, after opting SLW in the case of my death?

In case of unfortunate demise of subscriber during SLW, the balance lump sum amount available after SLW will be paid to the nominee / legal heirs, as the case may be. If corpus meant for annuity was not purchased by the deceased subscriber while he/she was alive, then as per PFRDA (Exits & Withdrawals under NPS) Regulations, 2015, in case of Govt. Sector subscriber, nominee/legal heir will have to mandatorily purchase annuity whereas in case of non-Govt. subscriber, purchase of annuity will be optional.

21. Is SLW applicable for all types of Exit under NPS?

No. Only if you are eligible for Normal Exit or Superannuation, you can opt for SLW. At present, SLW facility is not available for premature exit or exit due to incapacitation or death.

22. Can I opt for SLW after opting for continuation in my NPS Account post superannuation or retirement or 60 years of age?

Yes. You can opt for SLW after opting for continuation in your NPS Account post superannuation or retirement or 60 years of age.

23. Can I opt for SLW after opting for deferment in my NPS Account post superannuation or retirement or 60 years of age?

i)	If you have opted for deferment of entire corpus i.e. deferment of both lump sum and annuity portion at the time of superannuation or retirement or attaining 60 years of age.	You <i>can</i> opt for SLW
ii)	If you have opted for deferment of lump sum portion only at the time of superannuation or retirement or attaining 60 years of age.	You <i>can</i> opt for SLW
iii)	If you have opted for deferment of annuity portion only at the time of superannuation or retirement or attaining 60 years of age.	You <i>cannot</i> opt for SLW.

24. Can I opt for Scheme Preference / PFM Change during SLW?

Yes. You can opt for Scheme Preference / PFM Change during SLW. However, it will be applicable only for the lump sum portion. Annuity portion, if not already purchased will remain invested as per existing scheme choice only and no changes can be made to the annuity corpus.

25. Can I keep the end date for SLW blank?

Yes. If you keep the end date as blank, SLW will continue till the corpus is available or till you attain 75 years of age, whichever is earlier.

26. Can I cancel the SLW?

Yes. You can exercise the option online to cancel SLW by logging in to CRA portal.

27. What if I want to change the frequency of SLW?

You can change the frequency by modifying the SLW mandate.

28. What is the process if I want to withdraw the lump sum portion instead of continuing with SLW?

If you want to withdraw the lump sum portion after opting for SLW, then you will have to discontinue SLW and follow the process applicable for lump sum withdrawal.

29. What happens in case of demise of subscriber during SLW?

In case of demise of the subscriber during SLW, on receipt of request from the nominee/claimant, the associated Nodal Office/POP/ NPS Trust, as the case may be, will have to initiate death withdrawal request wherein entire corpus will be paid to the nominee/ claimant. If annuity is not purchased by the deceased subscriber while he/she was alive, then nominee/claimant will have to mandatorily purchase annuity in case of Govt. Sector subscriber and purchase of annuity will be optional in case of Non-Govt. subscriber.

30. What if, on the scheduled SLW date, sufficient balance is not available in Tier-I account?

If on the scheduled SLW date, sufficient balance is not available, then withdrawal will be executed only for the available amount and all remaining SLW requests will be auto-cancelled.

31. What will happen to annuity in case I opt SLW for lump sum portion?

You can purchase the annuity from any of the Annuity Service Providers (ASPs) empanelled with PFRDA. In case the annuity is not purchased by you, the same will remain invested under NPS. However, you will not be able to change the scheme preference of the corpus meant for annuity.

Frequently Asked Questions

On

SYSTEMATIC LUMP SUM WITHDRAWAL

FROM TIER II ACCOUNT

A subscriber has an option to activate Tier II account, in addition to Tier I account. If the subscriber opts for having Tier II account, then SLW can be availed in both the accounts.

All the features of SLW of Tier I account are available in Tier II account except the following:

- a) Contribution to Tier II account is allowed ; and
- b) The facility can be availed at any point in time

1. Can I contribute during SLW in Tier II account?

Unlike Tier I, contribution is allowed in Tier II along with SLW.

2. At what age can I opt for SLW from Tier II account?

You can opt for SLW at any age.

EXAMPLE – Say you are 25 years or 45 years of age presently which is not your age of superannuation, you can opt for SLW in Tier-II account but not in Tier-I account.

3. Is there a separate screen for SLW mandate registration in Tier II?

Yes. A separate screen for mandate registration and modification is available for Tier II.

4. How does the SLW option differ between Tier I and Tier II?

Transaction	Tier I	Tier II
Contribution during SLW	x	✓
Partial Withdrawals during SLW	x	✓
Is the option of SLW available if not attained 60 years of age or age of superannuation	x	✓
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	Redemption will not be executed on that day and system will re-attempt the request on next cycle
Is there an option of modification/cancellation of SLW	✓	✓
Is there an option of change of scheme preference/ PFM	Only for Lump sum portion	✓

Annexure-I

Introduction of Systematic Lump sum Withdrawal (SLW) for the benefit of NPS Subscribers and facilitate them with smart withdrawal facility

Process flow of SLW - Tier I

1. Facility allowed as an option during Superannuation/normal exit. Exit due to Death of NPS Subscriber and Premature Exit requests will not have the option of SLW.
2. The facility will replace the existing phase withdrawal.
3. At the time of exit, Subscribers will provide percentage towards lump sum and annuity by selecting Annuity Service Provider (ASP) for receiving annuity.
4. SLW will be applicable only for the lump sum portion. Subscriber can either opt for annuity immediately or defer annuity till 75 years
5. In case of deferment, equivalent annuity units/amount will be blocked till the deferment period and subsequently the equivalent units will be redeemed and amount will be transferred to concerned ASPs for policy issuance. The value earmarked for annuity depends upon the market performance.
6. If Subscriber opts for immediate withdrawal of lump sum then existing process of withdrawal will remain the same. If Subscriber opts for SLW, Subscriber will be guided through e-mandate creation process.

7. To empower the Subscribers, SLW will be provided in the Subscriber login with eSign or dual factor OTP authentication as a separate functionality and no Nodal Office Authorization envisaged.
8. Facility to 'Modify' and 'Cancel & Redeem' SLW will be provided in the login only. In case of modification, Subscriber will be able to modify the mandate, already created.
9. In case of cancellation, SLW will get cancelled and redemption will be processed for all available units and withdrawal proceeds will be transferred to the account.
10. For SLW mandate creation, Subscribers will have to select,
 - o Frequency - Monthly, Quarterly, Half Yearly and Annual
 - o Amount/ Units
 - o Start Date
 - o End Date – will be derived based on total corpus, amount, frequency and start date and shown to Subscribers.
 - o In case Subscriber keeps the 'End Date' blank, SLW will be triggered at predefined frequency till the corpus is available/ Tier is active or till 75 years of age.
 - o After attaining 75 years, units available will be redeemed and balance will be transferred to the Subscribers bank account.
11. SLW will start at least after 30 days of creation of mandate in the system. On decided frequency, SLW request will be considered in PayIn.

12. If Subscriber opts for monthly withdrawal on 5th of every month, then request will be considered for PayIn on 5th of every month (provided 5th is not a settlement holiday). If selected date is a non-settlement day then request will be considered for the next settlement day.

13. If on the scheduled SLW, sufficient balance is not available in lump sum category then withdrawal will be executed only for available amount and lump sum category will become zero, all remaining SLW requests will be auto-cancelled.

14. The following will not be allowed during SLW in Tier I.
 - o Contribution (as Exit request is already authorized)
 - o Conditional Withdrawal

15. During SLW, Subscriber can opt for Scheme Preference / PFM Change. However, it will be applicable only for the lump sum portion. Annuity portion, if not already withdrawn will remain as per existing scheme choice only and no changes will be applicable in the corpus therein.

16. At the time of set up of SLW, bank account of the Subscriber will be mandatorily verified through Penny Drop process. After successful penny drop verification, SLW will be executed.

17. If Subscriber wishes to change bank account in which funds are getting credited, then Subscriber will update the bank details through existing bank account updation option available in Subscriber login where penny drop bank details verification will be applicable.

18. Billing /Penny Drop verification charges will be recovered from the lump sum portion. SLW will be considered as transaction and accordingly, transaction charges will be applicable. Charges will be recovered from the PRAN by way of unit deduction.

19. Appropriate & Regular alerts will be sent to the Subscriber on set up / modification / cancellation of SLW through email & SMS.

20. In case of demise of the Subscriber during the SLW, his/her associated Nodal Office/POP/ NPST will have to initiate Death withdrawal request wherein entire corpus will be paid to the nominee. If annuity is not withdrawn, then Nominee/legal heir will have to mandatorily opt for Annuity withdrawal in case of Govt. Sector Subscriber and annuity will be optional in case of Non-Govt. Subscriber as per exit guidelines.

Process flow of SLW - Tier II

1. The steps are similar as in the case of Tier I.
2. Separate screen for mandate registration for Tier II SLW will be available. The option of modifying and cancelling the mandate will be available to Subscribers. For modifying and creating mandate for Tier II account, eSign or dual factor OTP authentication will be applicable.
3. Unlike Tier I, Contribution shall be allowed in Tier II along with SLW.
4. In case sufficient balance is not available on SLW date, then redemption will not be executed on that day and system will re-attempt the request on next cycle.
5. For Tier-II, the SLW can be availed at any point of time i.e. even before attaining the age of 60 years.

For more queries, visit <https://npstrust.org.in/>

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