

PFRDA/17/01/10/0003/2021-SUP-CRA

Feb 08, 2023

To

Shri Sunil Samuel Vice President Protean e-Governance Technologies Limited 4 th Floor, "A" Wing, Trade World Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai-400013	Shri Rajesh Khandagale Senior Vice President KFin Technologies Limited The Centrium, 3 rd Floor, 57, Lal Bahadur Shastri Road, Phoenix Marketcity Mall, Nav Pada, Kurla(West), Mumbai-400070	Shri Prasenjit Mukherjee Chief Process Officer Computer Age Management Services Ltd. Rayala Towers V Floor, 158 Anna Salai Chennai - 600 002
---	--	---

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

Kindly refer the earlier meetings held on SLW. As per the existing withdrawal guidelines, the subscribers post 60 years/superannuation, can defer availing of annuity & withdrawing the lump sum on any combination till 75 years. The lump sum amount can be withdrawn as single tranche or it can be withdrawn on annual basis. If withdrawn annually, the Subscriber has to initiate the withdrawal request each time and the request has to be authorized as the case may be.

In accordance with Regulations 3 (a) (ii) and 4 of PFRDA (Exits and Withdrawals under the NPS) Regulations, 2015 and amendments therein and to ease the process of lump sum withdrawal, now the subscribers are allowed to withdraw through a 'Systematic Lump sum Withdrawal (SLW)' process on a periodical basis viz. monthly, quarterly, half-yearly or annually for a period till 75 years as per the choice of the Subscriber at the time of their exit post-retirement/ superannuation or upon reaching 60 years as the case may be.

Such SLW will be available for both Tier-I and Tier-II. Further, this SLW is only for normal exit and not for premature exit. In this regard, CRA can build required functionality, post which the process would be automated based on a one-time request that can be captured at the time of Exit in case of Tier-I and *at any time in case of Tier-II*. The process flow on SLW in Tier-I and II is attached in the Annexure. CRAs can revert for any further clarification on the process flow on or before end of 24th Feb 2023.

All the CRAs are hereby informed to build the required SLW functionality as per TAT defined in SLA communicated vide our letter dt. 11th May 2022. Further, SLW has to be popularized to ease the process of lump sum withdrawal for the benefit of Subscribers.

Yours sincerely,



(K. Mohan Gandhi)
Chief General Manager

Copy to:
CEO NPS Trust

A. 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,
 - Frequency - Monthly, Quarterly, Half Yearly and Annual
 - Amount/ Units
 - Start Date
 - End Date - will be derived based on total corpus, amount, frequency and start date and shown to Subscribers.
 - 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.
 - 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.
 - Contribution (as Exit request is already authorized)
 - 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.

B. 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.

