
National Pension System (NPS)

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What is NPS?

The National Pension Scheme (NPS) is a pension and investment system developed by the Indian government to give long-term financial security to Indian residents. It provides an attractive long-term saving alternative with a secure and regulated market-based return for correctly planning your retirement. It is regulated by the Pension Fund Regulatory and Development Authority (PFRDA).



Why should one invest in NPS?

- Tax Saving
- Cost-Effective
- Disciplined Investment
- Professionally managed



Tax Saving with NPS

1. ₹ 1.5 lakh for the contribution towards NPS fund under Section 80CCD(1) *
2. Additional deduction of up to ₹ 50,000 for contributing to NPS under Section 80CCD (1b)*
3. For Salaried employee, employer's contributions towards NPS under Section 80CCD (2) up to 10%-14% of Basic+DA

*under old tax regime



Cost-Effective NPS

The Fund Management charge for Pension Fund Manager (PFM) of NPS are one of the lowest in the market. Charges are in the range of 0.03% to 0.09%



Disciplined Investment with NPS

Until you reach the age of 60, your investment is locked in. A minimum annual investment of ₹1,000 is mandatory. Although partial withdrawal is allowed only against the specified reasons such as treatment of critical illnesses, Marriage of children, Higher education of children, and purchase/construction of house.



Professionally Managed

Funds are invested and managed by the top pension fund managers in India such as SBI Pension Funds, LIC Pension Fund, UTI Retirement Solutions, HDFC Pension Management, ICICI Prudential Pension Fund Management, Kotak Mahindra Pension Fund, and Aditya Birla Sunlife Pension Management.

You can switch fund manager once a year at any point.



Who can invest in NPS?

Any Indian citizen above 18 year and up to 70 years can open account and invest in NPS.
NRI can open NPS account and invest.



How much I can Invest?

A minimum of ₹ 1000/- need to invest every year in Tier I account, there is no maximum limit set.



Types of NPS Accounts

There are two types of NPS accounts: Tier I and Tier II.

Tier I accounts are required for NPS investments and all tax-saving benefits apply to this account category. Only conditional withdrawal possible.

Tier-II accounts are optional and are accessible to any Tier-1 account user as an add-on. Subscribers can take their money out of this account whenever they like, but there are no tax advantages to investing in a Tier II account



Where is money invested in NPS?

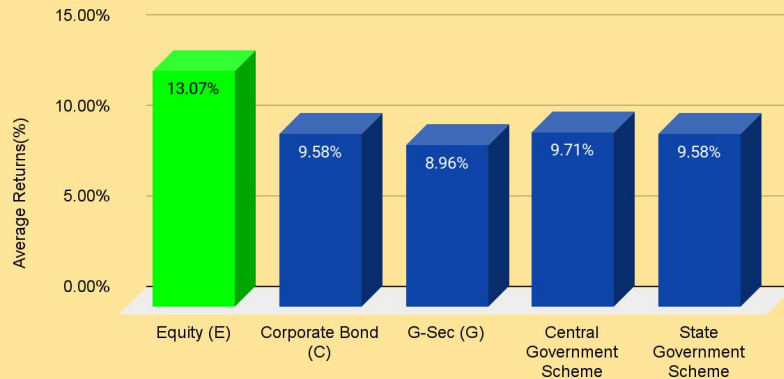
Depending on your investing strategy and age, your money is invested in a variety of asset classes (Equity, Government bonds, Corporate debts, Alternate Investment Funds).

You have flexibility to do asset allocation and you can change allocation once a year for free.



How much returns I can get?

Average Returns Generated by NPS funds over 12 years



Investment returns are not guaranteed, however looking at past performance over 12 years, equity portion gave **13.07%** yearly returns, where as debt fund returns are in the range of **9%**

Illustration

Age at entry: 30 years

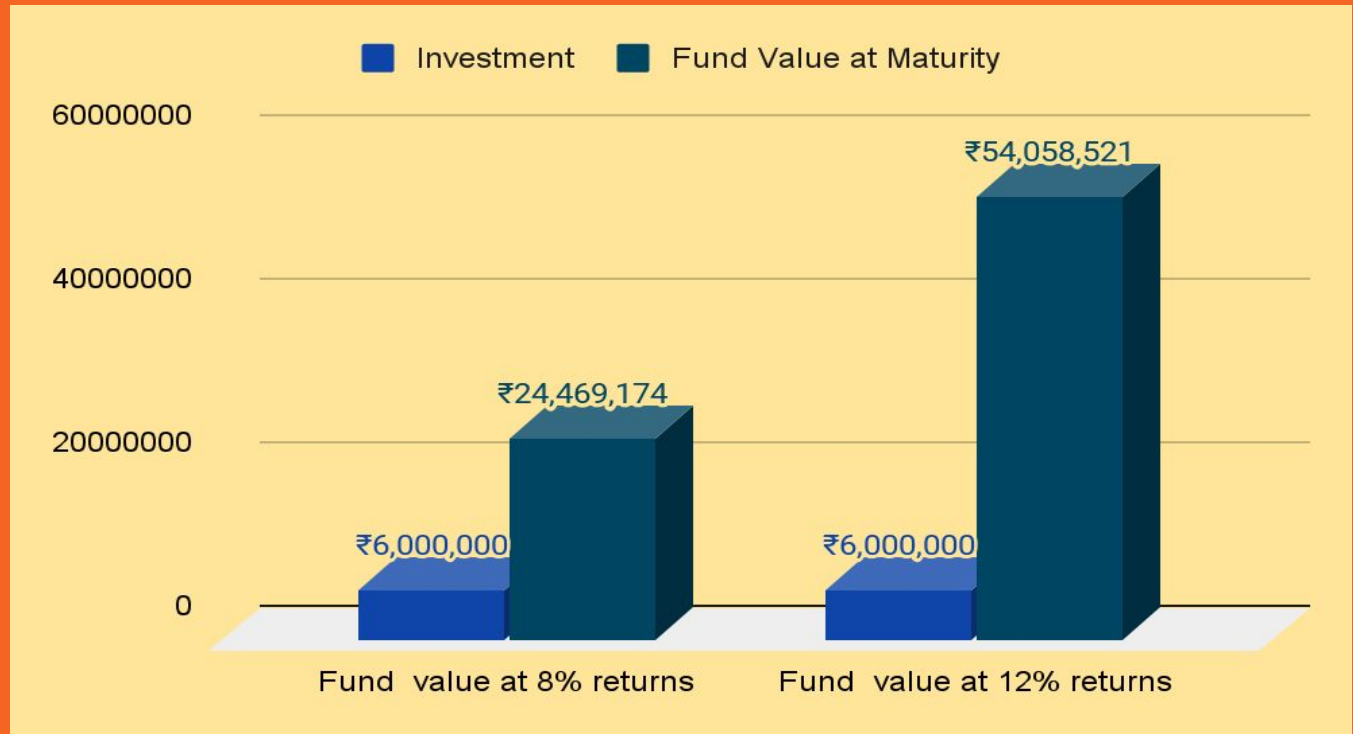
Amount Invested per year: ₹ 2,00,00 (₹ 2 lakh)

Up front tax saved each year: ₹ 62,400

Retirement Age: 60 years

Total Amount Invested: ₹ 60,00,000 (₹ 60 lakh)





Investing ₹ 2 lakh per annum can grow in the range of ₹ 2.44 crore to ₹ 5.4 crore

Exit from NPS

You can exit from the scheme after 5 years of account opening or on attaining 60 years of age, if you are in Retail NPS model. However now you can continue to hold and invest in NPS account till the age of 75.



Interested in investing in NPS?



Scan the above QR Code to submit your details or connect with us on email/phone/whatsapp or submit your basic details on <https://forms.gle/tjBFCZkFhMi3rHAS7> and we will get in touch with you.



Q&A



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