



# National Pension System

Secure your future with NPS  
& avail exclusive tax  
benefits



## Regular Pension is a necessity now, more than ever

### Indians are ageing rapidly and living longer \*

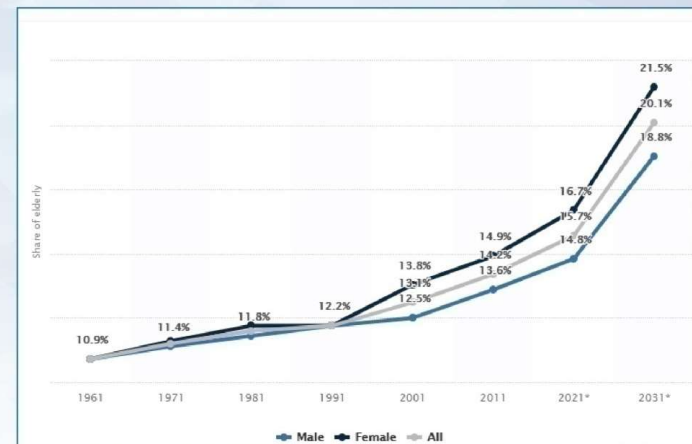


- ~20% of Indian population will be above 60 years in 2050\*
- Medical advancements, lower birth rate and declining death rate would mean a higher proportion of elderly in the population
- People will need 30 years of post retirement income by 2050\*

### Number of Dependents (60 yrs & above) in India#

2021	2031
138 Million	194 Million

### Step Rise in ageing population of India from 2021 to 2031#



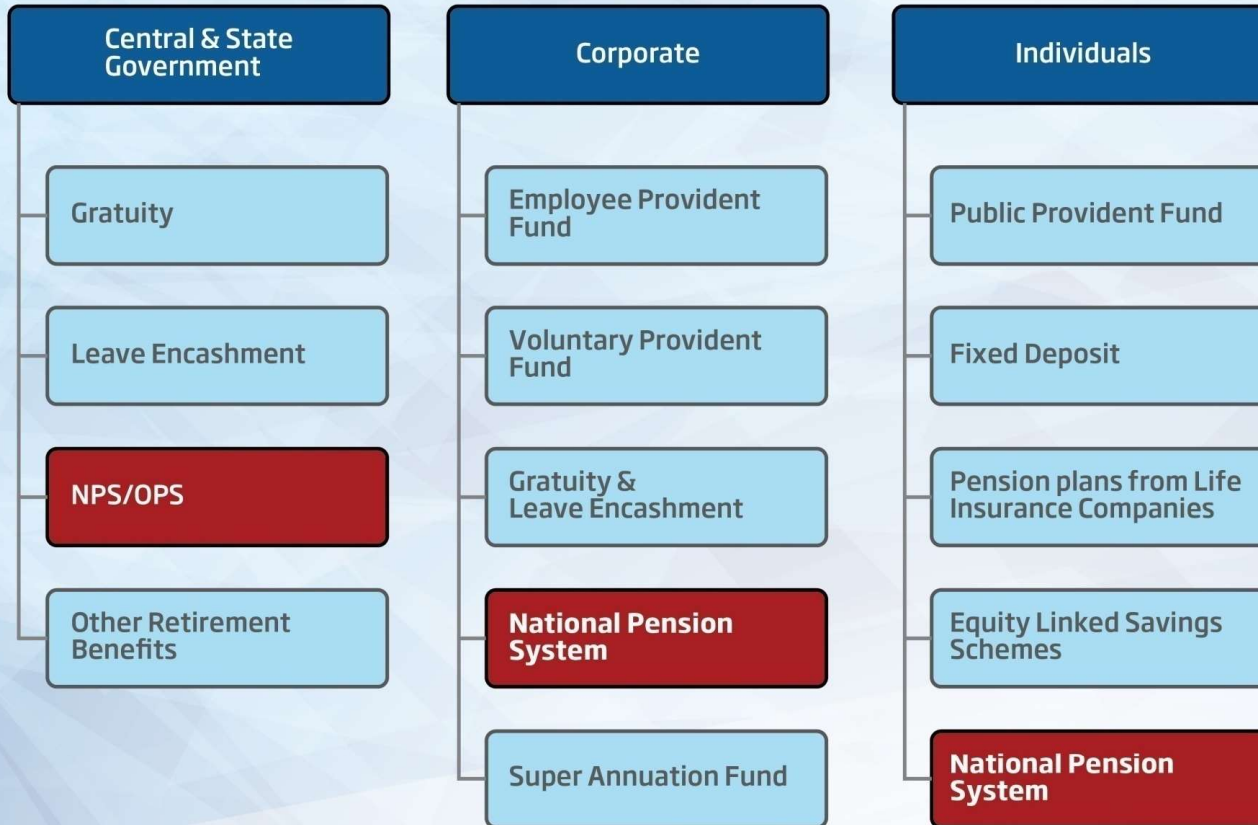
**Lack of planning may result in creating a financial distress in the next two-three decades**

Source:-

\* The Lancet Journal (Study led by Imperial Scientists in collaboration with WHO) & OECD's Pension at Glance Report 2019

# National Statistical Office (NSO)'s Elderly in India 2021 report

## Pension System in India



Only 12 % of the working population in India is covered under various pension systems\*

\* According to 2011 Census

## What is Corporate NPS?



**Corporate NPS facilitates Employees to on board National Pension System through their Corporates within the purview of their Employer - Employee relationship**

- Started in December 2011
- Implemented by 16,800+ companies as on 30<sup>th</sup> June 2024\*



Pension Scheme  
by Govt of India



Regulated by  
PFRDA

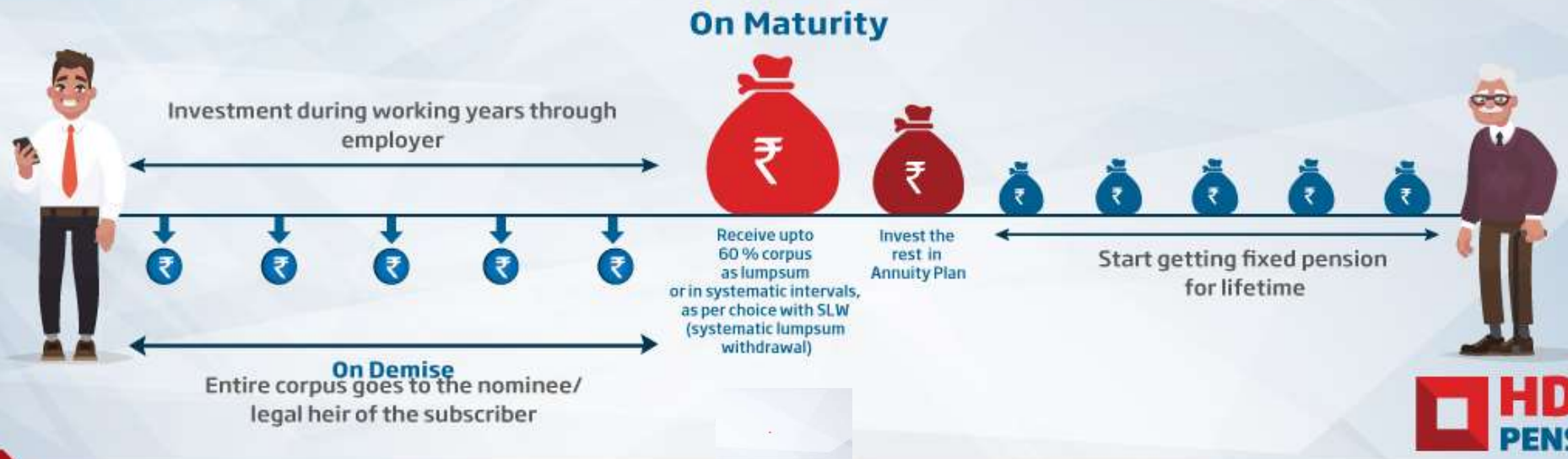


Entry Age:  
18 - 70 Years



For Indian Citizen,  
NRI / OCI

## How does it work ?





## Pension Fund Regulator & Development Authority

Autonomous body set up by Government of India to develop & regulate pension market



## CRA - Central Record Keeping Agency

Custodians of all the stakeholders data. Role played by NSDL, KFINTECH, CAMS



## POP/Govt. Dept. - Point of Presence

First point of contact for subscribers & NPS stakeholders. Total 104 POPs



## Custodian

Responsible for custody of securities. Role played by Deutsche Bank with effect from 30<sup>th</sup> March



## PFM - Pension Fund Manager

Responsible for investment and management of funds as per PFRDA guidelines. There are 11 Fund Managers



## ASP - Annuity Service Provider

Responsible for delivering monthly pension to subscriber, there are 15 Life Insurance Companies



## NPS Trust

Supervision of PFMs



## Trustee Bank

Registered Trustee Bank - Axis Bank  
Managers Banking functions across various entities of NPS

## NPS - Growth Highlights



businessline.

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### **Pension Milestone.** NPS surpasses ₹10 lakh crore AUM mark: A remarkable 25% YoY growth

Updated - September 07, 2023 at 10:13 PM

PFRDA hopeful of NPS AUM touching ₹11-12 lakh crore by end March 2024, says PFRDA Chief Mohanty; NPS assets under management doubled to ₹ 10 lakh crore in two years and ten months

### **NPS assets grow by 27% to ₹9.92-lakh crore in one year**

Updated - August 12, 2023 at 06:42 PM

AUMs under corporate and all-citizen categories jump 36%

**Business Standard**

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#### National Pension Scheme to add 1.3 million new subscribers in FY24

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#### NPS is an attractive product because of its low cost: PFRDA chairman

Neil Banerjee, **Money** | Published: 10S Jul 2023, 12:25 AM IST

**moneycontrol**

#### NPS sees remarkable 650% growth in voluntary subscribers' AUM, outpacing other segments

Ever since the 'all citizen model' was introduced in 2009, the NPS attracted more number of voluntary subscribers to 30 lakh. Their asset base in NPS grew by 650% in the last five-years

#### National Pension System AUM set to touch Rs 12 lakh crore by March 2024: PFRDA Chairman

NPS crossed Rs 10 lakh crore in assets under management in August 2023.

## Benefits of NPS to the Employees



**Tax benefit on NPS contribution by Employer**

14% of basic salary \*under new tax regime



**EEE Tax Benefit**

Tax Exemption on all stages of investment  
Contribution, Accumulation & Maturity



**Fully portable across jobs and locations**



**Lowest Fund Management Charges**



**Offers superior market linked returns\***



**Freedom to choose investment strategy & asset class**



**Flexible Contribution**



**Fund Managed by Experts**

\*Returns under NPS are subject to market risk and are prone to fluctuation depending on the state of the Financial market.

## Exclusive Tax benefit beyond 80C



Particulars	Without NPS (Old Tax)	With NPS (Old Tax)	With NPS (New Tax post Union Budget 2024)
<b>Total Salary</b>	<b>10,00,000</b>	<b>10,00,000</b>	<b>10,00,000</b>
Basic (40% of Gross)	4,00,000	4,00,000	4,00,000
HRA (50% of Basic)	2,00,000	2,00,000	2,00,000
Other Allowances	3,32,760	2,92,760	2,76,760
Corporate Contribution - EPF	48,000	48,000	48,000
Corporate Contribution - Gratuity	19,240	19,240	19,240
Corporate Contribution - NPS		40,000	56,000
<b>Deductions:</b>			
Standard Deduction u/s 16(ia)	50,000	50,000	75,000
Deductions under Chapter VIA:			
80CCE	1,50,000	1,50,000	-
Corporate Contribution to NPS [80CCD (2)]	-	40,000	56,000
Individual Contribution to NPS [80CCD (1B)]	-	50,000	-
<b>Total Deductions</b>	<b>2,00,000</b>	<b>2,90,000</b>	<b>1,31,000</b>
<b>Taxable Salary</b>	<b>8,00,000</b>	<b>7,10,000</b>	<b>8,69,000</b>
<b>Change in Taxable Salary</b>		<b>90,000</b>	<b>-69,000</b>
<b>Tax</b>	<b>72,500</b>	<b>54,500</b>	<b>36,900</b>
<b>Health and Education Cess</b>	<b>2,900</b>	<b>2,180</b>	<b>1,476</b>
<b>Total Tax</b>	<b>75,400</b>	<b>56,680</b>	<b>38,376</b>

1. Contribution of up to 14% of Basic Salary (to the extent of 7.5 lakh\*) is eligible for tax deduction u/s 80CCD(2)

2. Contribution of up to Rs.50,000 is eligible for tax deduction u/s 80CCD(1B)

Both the tax benefits are mutually exclusive and can be availed at the same time.

\*This limit includes Employer's EPF and Superannuation contribution. 14% is available only under new tax regime.

## NPS has the lowest Fund Management Charges

NPS	ULIP	Mutual Funds Debt	Mutual Funds Equity
0.09%	1.35%	2.00%	2.25%

## Impact of Low Fund Management Charges

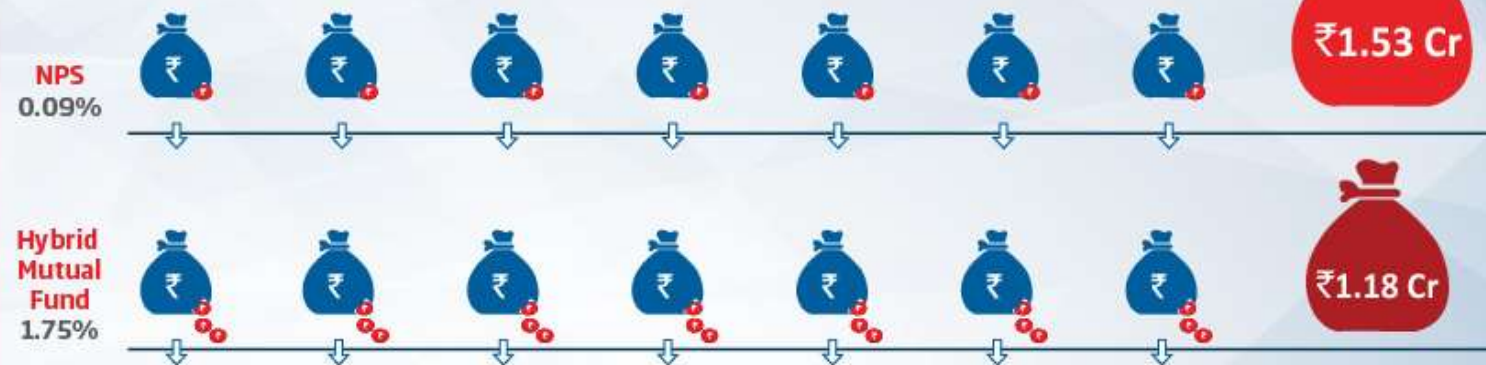
### Assumptions:

Amount invested : ₹12,000/- p.m.

Duration: 25 Years

Gross ROI: 10%

Total amount invested: ₹36,00,000/-



Fund management charges for NPS range from 0.03 to 0.09% (conditional to the AUM of PFM)

\* Impact of FMC on investment of Rs.10,00,000 with 10% return

Fund management charges for NPS range from 0.03 to 0.09% (conditional to the AUM of PFM)

17 Million# Indians have already opted for NPS, what about you?



Every year's delay will cost you upto 22 lakh!

**AT 35**

**AT 40**

○ Monthly investment  
₹5,000

○ Investment time  
till retirement **25 years**

○ Expected return on  
investment\* **12%**

○ Total investment with 10%  
increase in contribution p.a.  
₹59,00,824

○ Total corpus at retirement  
(age 60)  
₹2.13 Cr



○ Monthly investment  
₹5,000

○ Investment time  
till retirement **20 years**

○ Expected return on  
investment\* **12%**

○ Total investment with 10%  
increase in contribution p.a.  
₹34,36,500

○ Total corpus at retirement  
(age 60)  
₹99 Lakh

\* Return as on 31st March, 2023 - for the past 7 years performance of HDFC Pension for Scheme LC75  
Source of Calculation: NPS Calculator - HDFC Pension website [www.hdfcpension.com](http://www.hdfcpension.com)  
#Source - NPS Trust website as on 31st March, 2023

## Types of NPS Accounts & Operating Guidelines



### Tier I NPS account

- Also known as Pension Account
- Its mandatory to open in order to join NPS
- Withdrawal from this account is conditional

### Tier II NPS account

- Also known as Investment Account
- Option for Subscriber. It can be opened later as well
- Withdrawal from this account is permitted any time

### Operating guidelines of Tier 1 and Tier 2 NPS account

Particulars	Tier I Account	Tier II Account
Initial Contribution required to open Account	Rs. 500	Rs. 1,000
Minimum amount of subsequent Contribution	Rs. 500	Rs. 250
Minimum Annual Contribution required	Rs. 1,000	Nil

- NPS account is frozen if employee does not deposit minimum annual contribution required.
- For Corporate NPS, initial Contribution is not required.

- **Choice of Pension Fund Manager -**
  - Employee gets a choice to select any of the registered Pension Fund Managers to manage the funds
- **Choice of Asset Class (Fund)**
  - Equities (E)
  - Corporate Bonds (C)
  - Government Securities (G)
  - Alternative Investment Fund (A)
- **Choice of Investment Strategy**
  - **Active Choice** - Active fund management by employee with cap of 75% and 5% in asset class E and A respectively.
    - PFRDA has removed the tapering of investment under Equity.
    - Subscribers can now invest 100% in Equity under Tier 2
  - **Auto Choice** - Investment in a life cycle fund (as per age of the Employee). 3 life cycle funds are LC 75, LC 50 and LC 25

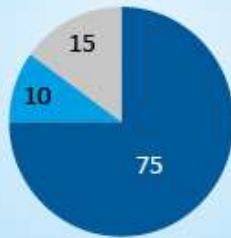
## Auto Choice Model



Under Auto Choice mode, investments are done across three asset classes E, C and G as per your age. Post 35 years of age, the equity exposure would keep on reducing as per below diagram:

### Aggressive Model

■ Equity ■ Corporate Bond ■ Government Sec



Upto the age of 45 years of age, exposure to equity reduces by 4% and that of Corporate bond increases by 1% and Government securities increases by 3%, every year.

From 46 to 50 years of age, Corporate bonds remains constant at 20%, equity reduces by 3% and Government securities increases by 3%

From 51 to 55+, Equity reduces by 1%, Corporate bond reduces by 2%, accordingly Government securities increases by 3%

### Moderate Model

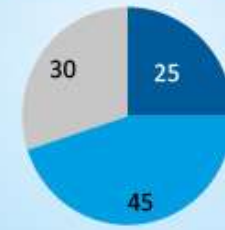
■ Equity ■ Corporate Bonds ■ Government Sec



Exposure to Equity and Corporate bonds reduces by 2% & 1% respectively and that of Government Securities increases by 3%, every year.

### Conservative Model

■ Equity ■ Corporate Bonds ■ Government Sec



Exposure to Equity and Corporate bonds reduces by 1% & 2% respectively and that of Government Securities increases by 3%, every year.

# Auto Choice – Investment Pattern

Age (Yrs)	Aggressive Life Cycle (LC75)			Moderate Life Cycle (LC50)			Conservative Life Cycle (LC25)		
	E%	C%	G%	E%	C%	G%	E%	C%	G%
< = 35	75	10	15	50	30	20	25	45	30
36	71	11	18	48	29	23	24	43	33
37	67	12	21	46	28	26	23	41	36
38	63	13	24	44	27	29	22	39	39
39	59	14	27	42	26	32	21	37	42
40	55	15	30	40	25	35	20	35	45
41	51	16	33	38	24	38	19	33	48
42	47	17	36	36	23	41	18	31	51
43	43	18	39	34	22	44	17	29	54
44	39	19	42	32	21	47	16	27	57
45	35	20	45	30	20	50	15	25	60
46	32	20	48	28	19	53	14	23	63
47	29	20	51	26	18	56	13	21	66
48	26	20	54	24	17	59	12	19	69
49	23	20	57	22	16	62	11	17	72
50	20	20	60	20	15	65	10	15	75
51	19	18	63	18	14	68	9	13	78
52	18	16	66	16	13	71	8	11	81
53	17	14	69	14	12	74	7	9	84
54	16	12	72	12	11	77	6	7	87
> = 55	15	10	75	10	10	80	5	5	90

Re-balancing of portfolio under Auto choice is done on next date of birth of the employee. It's a system driven activity

### Partial Withdrawal

- Allowed after 3 years of account opening
- Up to 25% of Contributed amount can be withdrawn
- In the entire life span, 3 withdrawals are permitted
- Contribution deposited for availing tax benefit u/s 80CCD (2) shall not be available for partial withdrawal

### Pre-mature exit

- Allowed after 5 years of account opening
- Up to 20% of Corpus is allowed for withdrawal
- Balance amount should be invested in annuity

### Exit on Maturity

- Exit on retirement age defined by the Corporate is treated as exit on maturity
- Minimum 40% of Corpus to be invested in annuity
- Up to 60% of Corpus can be withdrawn

### Death Benefit

- Entire Corpus can be claimed by nominee / legal heir



### Partial Withdrawal

Amount withdrawn is tax free



### Pre Mature Exit

Amount withdrawn is tax free



### Exit on Maturity

Amount withdrawn is tax free



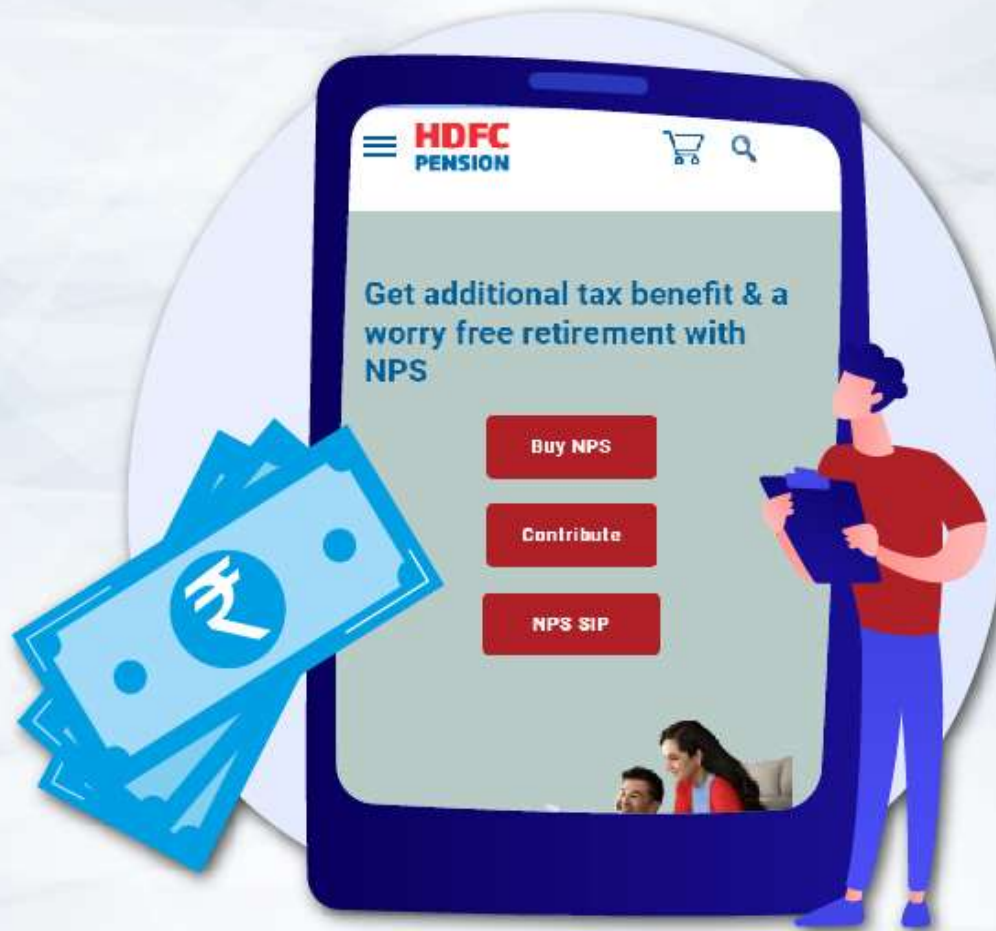
### Death Benefit

Amount received by Nominee /  
Legal heir is tax exempt

### Tax treatment on Annuity

- Amount invested in Annuity is tax exempt
- Pension received is treated as Income and will be taxed appropriately, if falling into any tax bracket

## Why HDFC Pension?



## About HDFC Pension



Wholly owned **subsidiary of HDFC Life**, the leading private life insurance company in India

**Awarded Best Fund Manager** by Money Today for 3 consecutive years\*

**Largest Pension Fund Manager** in terms of AUM under Retail & Corporate NPS segment#

**Largest PFM Subscriber base** under Retail & Corporate NPS segment#

\*in equity category  
#Source - NPS Trust website

## Our Journey as Point of Presence

FY19

Started POP operations

Became the fastest growing POP under Corporate NPS and Largest POP in terms of new business

FY20

FY21

Continued to be the fastest growing POP under Corporate NPS  
Largest POP in terms of new business 2<sup>nd</sup> year in a row

Crossed 1.7 Lac of Customer Base to become the 2<sup>nd</sup> Largest POP in the country within just 3 years of business commencement

FY22

FY23

Crossed Customer Base of 2.5 Lac and continues to remain the 2<sup>nd</sup> Largest POP in the country .

We became #1 in terms of total corporate partnerships & corporate subscribers

FY25

## Leadership Position across NPS Architecture



\*Data Points as on June'24  
Awarded by Money Today for Equity category  
#Annuity AUM as of Mar'24 - largest Private sector player  
Source: NPS Trust



## Why HDFC Pension as PFM?



### Governance Strength

Investment strategy governed by the industry leading - HDFC Life Insurance Company Limited, managing an AUM of ₹2.5 Lakh+ Crore (as on 31<sup>st</sup> July'23) & 22 yrs of rich experience



### Experienced And Professional Team

Largest Team amongst private Pension Fund Managers managing the highest AUM across private sector



### Awarded 'The Best PFM' by Money Today

HDFC Pension is awarded as the best Pension Fund Manager by Money Today for 3 consecutive years from 2019-2022



### Stringent Guidelines

Investment decisions backed by stringent guidelines and regulations

### Investment Strategy based on Strong Research



## Impact of choosing the right Pension Fund Manager



Since NPS is a long-term product, the right amount of equity exposure can make a huge difference to your retirement corpus

### Fund Manager A

Expected Rate of Return  
**10% p.a<sup>#</sup>**

a/c credited with  
a pension amount  
of ₹68,095\*



₹2.9 Cr<sup>^</sup>

Corpus on maturity

### Fund Manager B

Expected Rate of Return  
**11% p.a<sup>#</sup>**

₹3.24 Cr<sup>^</sup>

a/c credited with  
a pension amount  
of ₹75,747\*



Corpus on maturity

Age  
35 Years

Monthly Self Contribution  
₹5000

Contribution by Employer  
₹7000

Annual Increment in contribution/Year  
15%

Retirement Age  
60 Years

\* At an assumed Annuity Rate of 7% with 40% contribution of NPS corpus

# The ROI is assumed for the purpose of this illustration. Does not belong to any specific PFM  
^ Corpus on Maturity is derived from the parameters mentioned above.

Source of Calculation - NPS Calculator on HDFC PENSION website

## Awards and Recognition



HDFC Pension won the **prestigious SKOCH Award** for its project '**Making India Retirement Ready**'



HDFC Pension won the '**Best Pension Customer Service Provider Award**' in the **India Insurance Summit, 2024**



HDFC Pension felicitated by the regulator PFRDA for **outstanding performance in the NPS Diwas contest**



HDFC Pension received the **Best Performing PoP Award by PFRDA** (for its performance in FY22-23)

## Charges Under NPS (exclusive of GST) PROTEAN



Intermediary	Charge Head	Charge	Frequency of deduction	Mode of deduction
POP (HDFC Pension)	Subscriber Registration	Rs.200	One time	From the contribution amount
	Contribution Processing*	0.25%	On each transaction	
	Non – Financial Transaction Processing	Rs. 30		
CRA (Protean)	PRAN Generation	Rs.40	One time	By cancelling the units on the last day of the calendar quarter
	Annual Maintenance	Rs.69	Per annum	
	Financial Transaction Processing	Rs.3.75	On each transaction	
Custodian	Asset Servicing	0.0032%	Per annum	Through NAV deductions
NPS Trust	Trust Management	0.003%		

\*Minimum Rs.30 and maximum Rs.25,000 per transaction

**Pension Fund Manager Fees:** From 1<sup>st</sup> Apr'21, Fund Management charge shall be levied basis below AUM slab of the Fund Manager.

AUM Slab (In Cr)	PFM Charge (% of AUM)
Up to Rs 10,000	0.09%
Rs 10,001 - Rs 50,000	0.06%
Rs 50,001 - 1,50,000	0.05%
Rs 1,50,000 and above	0.03%



- 1. A link will be shared by your HR to generate PRAN**
- 2. If you already have an NPS Account:**

- **In case of PRAN with the same CRA**

- Online Migration process
- In case Online migration not working:
- Fill up ISS file & send to HR
- Restructuring of your salary will be done on employer's end



- **In case of PRAN with different CRA**

- Fill ICSS Form and submit it to your employer
- Online Migration process
- In case Online migration not working:
- Fill up ISS file & send to HR
- Restructuring of your salary will be done on employer's end



### What is Annuity?

- An annuity is a long-term investment agreement between an insurance company and an individual in which the individual makes payments in series or in a lump sum, in exchange for which he gets periodic disbursements or income, either immediately or in the future.

### Choice of Annuity Scheme

- Pension payable for life at a uniform rate to the Subscriber only
- Pension payable for 5, 10, 15 or 20 years certain and thereafter as long as Subscriber is alive
- Pension for life with return of purchase price on death of the Subscriber
- Pension for life with a provision of 50% / 100% of the annuity payable to spouse during his/her lifetime on death of the Subscriber



*Sar utha ke jiyo!*

HDFC Life, our sponsor company, is a leading Annuity Service provider offering the most attractive rates and a comprehensive retiree service platform. Four out of ten NPS subscribers who buy an annuity, choose HDFC Life as their Annuity Service Provider



Returns under NPS are subject to market risk and are prone to fluctuation depending on the state of the Financial market.

HDFC PENSION MANAGEMENT COMPANY LIMITED. Registered Office Address: 14th Floor, Lodha Excelus, Apollo Mills Compound, N .M. Joshi Marg, Mahalaxmi, Mumbai – 400011. CIN: U66020MH2011PLC218824.  
Telephone No. : +91 22 6751 6666. Fax No.: +91 22 6751 6861. Website: [www.hdfcpension.com](http://www.hdfcpension.com). POP Registration No.: POP246022019