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**Frequently Asked Question (FAQs) - Exit from National Pension System by
citizens, including corporate sector 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?	Exit is allowed only upon such subscriber having subscribed to the national pension system for at least a minimum period of ten years.
3. Whether pre-mature exit and voluntary retirement are same or not?	Yes, under NPS both are same. Pre-mature exit is defined under NPS as exit before the superannuation/retirement age. Under NPS, Voluntary retirement is treated as pre-mature exit. However, eligibility & terms of Voluntary retirement are defined/governed by service rules and regulations of the respective organization.
4. What shall be my benefits, if I opt for pre-mature exit from NPS?	a). Pre-mature exit or Voluntary retirement- Minimum Annuitisation- 80% of accumulated wealth. Maximum Lump sum Withdrawal- 20% of accumulated wealth. 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. b). In Case of disability/incapacitation of subscriber

Question	Answer
	<p>Minimum Annuitisation- 40% of accumulated wealth.</p> <p>Maximum Lump sum Withdrawal- 60% of accumulated wealth.</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, if I attain the age pf 60 years or retire/ superannuate from NPS?</p>	<p>At the age of 60 years or Retirement / Superannuation –</p> <p><i>Minimum Annuitisation- 40% of accumulated wealth.</i></p> <p><i>Maximum Lump sum Withdrawal- 60% of accumulated wealth.</i></p> <p>The Subscriber may choose to purchase an annuity for an amount greater than 40 percent also.</p> <p>If the accumulated pension wealth of the subscriber is equal to or less than two 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 during the service?</p>	<p>i. In case of Death :</p> <p>the entire accumulated pension wealth of the subscriber shall be paid to the nominee or nominees or legal heirs, as the case may be, of such subscriber.</p>

Question	Answer
	Further ,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, while applying for withdrawal of benefits on account of deceased subscribers' Permanent else the entire accumulated pension wealth of the subscriber shall be paid to the nominee or nominees or legal heirs Retirement Account
7. What are the provisions to settle the cases in the unfortunate death of the NPS subscriber during the service and no nomination has been provided in the account?	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.
8. Can I defer my lump sum in case of pre-mature exit from the system?	No.
9. Can I defer my lump sum in case of attaining the age of 60 years or retirement / superannuation? If yes, what are the provisions and requirements to avail this facility?	Yes. The lump sum can be deferred till the age of 70 years which can be withdrawn at any time between superannuation and 70 years of age or every year till age of 70 years. The subscriber has to give in writing (intimation to the employer) in the specified form at least fifteen days before the attainment of age of superannuation and same should be authorized by the associated Nodal office in the CRA system . If deferment is availed by the subscriber, subscriber has to bear the maintenance charges like CRA, PFM etc.
10. Can I defer my annuity at the time of attaining the age of 60 years or retirement /superannuation? If yes, what are the provisions?	Yes. Annuity purchase can also be deferred for maximum period of 3 years. The subscriber has to give in writing (intimation to the employer) at least fifteen days before the attainment of age of superannuation and same should be authorized by the associated Nodal office in the CRA system.



Question	Answer
	If the death of the subscriber occurs before such due date of purchase of an annuity after the deferment, the annuity shall mandatorily be purchased by the spouse.
11. Can I defer both lump sum and annuity at the time of attaining the age of 60 years or retirement/superannuation?	Yes.
12. Can I keep on contributing in my Tier-1 account even after attaining the age of 60 years or retirement / superannuation?	<p>Yes. The Subscriber shall have the option to do so by giving in writing and up to which age he would like to contribute to his individual pension account but not exceeding seventy years of age.</p> <p>In such scenario, subscriber has operated account in his/her individual capacity only.</p> <p>Such option shall be exercised at least fifteen days prior to the age of attaining sixty years or age or superannuation, as the case may be, and same should be authorized by the associated Nodal office in the CRA system.</p> <p>Such subscriber who has not exercised the option within the period of fifteen days, so stipulated, but desires to continue with his individual pension account under National Pension System, beyond the age of sixty years or the age of superannuation, as the case may be, and to the extent so permitted, may do so by making an application in writing with reasons for such delay to the National Pension System Trust, within one hundred and eighty days of attaining such age or superannuation. Where an application is received by the National Pension System Trust, from any subscriber, beyond the period of one hundred and eighty days, together with justification and sufficient cause, so shown by the subscriber, the National Pension System Trust, shall cause to forward such application along with its recommendation thereon, for consideration and approval of the Authority.</p> <p>Subscriber has to bear the maintenance charges like PoP, CRA, PFM etc.</p>
13. If I continue my Tier-1 account even after attaining the age of 60 years or	No, Upon exercise of the option of continuation after the age of 60 years or superannuation, the other



Question	Answer
retirement / superannuation, Can I avail the facility of deferment of lump sum and annuity during the extended period?	options of deferment of benefits (lump sum and annuity) shall not be available to such a subscriber.
14. Can I terminate my extension any time before the attaining the age of 70 years or I have to continue the Tier -1 till the age of 70 years?	Even after exercise of such option, the subscriber may exit at any point of time from National Pension System, by submitting a withdrawal request as prescribed.
15. Who shall bear the transaction and other charges, if I avail the facility of continuation of Tier-1 account after the retirement / superannuation?	Subscriber has to bear all the applicable charges including maintenance charges like PoP , CRA, PFM etc., if he avails such facility.
16. Can I continue my Tier-2 account after the closure of Tier -1 account?	No. Upon exit from Tier 1 account, the Tier 2 account gets closed automatically.
17. Can I continue my Tier -2 account, if decide to continue Tier-1 account even after the or attaining the age of 60 years retirement / superannuation?	Yes. A subscriber can contribute to his Tier 2 account till the time he has an active Tier 1 account.
18. What is annuity?	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.
19. In case of pre-mature exit, when will my annuity start i.e. immediately or after the age of 60 years?	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.
20. What are the annuity options available to me under NPS?	The following are the most common variants that are available: a). Annuity for life with return of purchase price (amount given to annuity service provider) on death- Subscriber shall get annuity (monthly pension) till he/she is alive and payment of annuity

Question	Answer
	<p>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 – Subscriber 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 – Subscriber 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 - Subscriber 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. Subscriber 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 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</p>



Question	Answer
	<p>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>
21. Whether I have a choice to decide annuity type or not?	The subscriber can choose any annuity type available with the empaneled Annuity Service Providers (ASPs).
22. Where can I check the rates offered by the annuity service providers on various type of annuities?	<p>Details of annuity rates and other details may be checked on CRA website (link given below).</p> <p>https://www.npscra.nsdl.co.in/annuity-service-providers.php</p>
23. Can I change my annuity service provider or annuity type any time?	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.
24. Is it mandatory to purchase annuity under NPS at the time of exit?	Yes, but there are some scenarios where the subscriber/nominees/legal heirs can withdraw the whole accumulated wealth.
25. Which companies are empaneled under PFRDA as Annuity Service Providers (ASPs)?	<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><i>*Subject to change from time to time.</i></p>
26. Will I get back the amount invested for annuity purchase?	Only in annuity types where there is a provision of return of purchase price.
27. In case of attaining the age of 60 years or retirement /	CRA network sends a communication 6 months before the attaining the age of 60 years or

Question	Answer
superannuation, when should I submit my withdrawal request i.e. after the date of retirement or before the retirement?	superannuation/retirement date generating a Claim ID to the subscriber and nodal office. It is advisable that the subscriber should submit all the documents to the PoP atleast 1 month before t attaining the age of 60 years or superannuation/retirement date.
28. Can I withdraw before attaining the age of attaining the age of 60 years or retirement / superannuation?	Yes, it is termed as Partial Withdrawal .
29. 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.
30. 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.
31. 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:</p> <ol style="list-style-type: none"> (i) Cancer; (ii) Kidney Failure (End Stage Renal Failure);

Question	Answer
	<p>(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>32. 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>33. What are tax benefits available under IT Act, 1961 for Tier 1 Account?</p>	<p>a). On Contributions: 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. 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>Employer's contribution: Up to 10% of Basic & DA (no upper monetary ceiling) under 80CCD(2). This rebate is over and above 80 C. (This tax benefit is only available for NPS subscribers).</p> <p>b). Partial Withdrawal- Tax free.</p> <p>c). Lump sum Withdrawal- In case of superannuation, lump sum withdrawal (40 % of the accumulated corpus) is tax free.</p> <p>d). Annuity- Amount utilized for purchase of annuity is not taxable in the hands of the subscriber.</p>
<p>34. What are tax benefits available under IT Act, 1961 for Tier 2 Account?</p>	<p>No tax benefit is available for Tier 2 account.</p>
<p>35. What happens if the nominee predeceases the subscriber?</p>	<p>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;</p>
<p>36. Can I distribute amount/percentage of fund under nomination</p>	<p>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;</p>
<p>37. Can I make nomination in favour of a person not belonging to his family?</p>	<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> <p>iii. 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;</p> <p>iv. 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> <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</p>

Question	Answer
	personal law of the adopter, adoption is legally recognized, such a child shall be considered as excluded from the family of the subscriber.
38. 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;
39. Whether a subscriber having aged in between 60 to 65 can join NPS?	<p>Yes</p> <p>The maximum age of joining NPS in the Private Sector i.e. under All Citizen Model and Corporate model have been increased to 65 years from the existing 60 years.</p> <p>The subscriber joining NPS can continue upto 70 years.</p>
40. What will be the exit rule for subscribers joining NPS aged between 60 to 65?	<p>A. Normal Exit: The subscriber exiting after completion of 3 years from the date of joining NPS. In the normal exit, the subscriber will be required to annuitize at least 40% of the corpus for purchase of annuity and the remaining corpus can be withdrawn in lump sum. In case the accumulated corpus at the time of exit is equal or less than Rs. 2 lacs, the subscriber will have the option to withdraw the entire corpus in lump sum.</p> <p>B. Premature Exit: Any exit before completion of 3 years will be treated as premature exit. In such case, the subscriber will be required to annuitize at least 80% of the corpus for purchase of annuity and the remaining corpus can be withdrawn in lump sum. In case the accumulated corpus at the time of exit is equal or less than Rs. 1 lac, the subscriber will have the option to withdraw the entire corpus in lump sum.</p> <p>C. Exit due to the death of the subscriber: The entire corpus shall be payable to the nominee of the subscriber.</p>



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