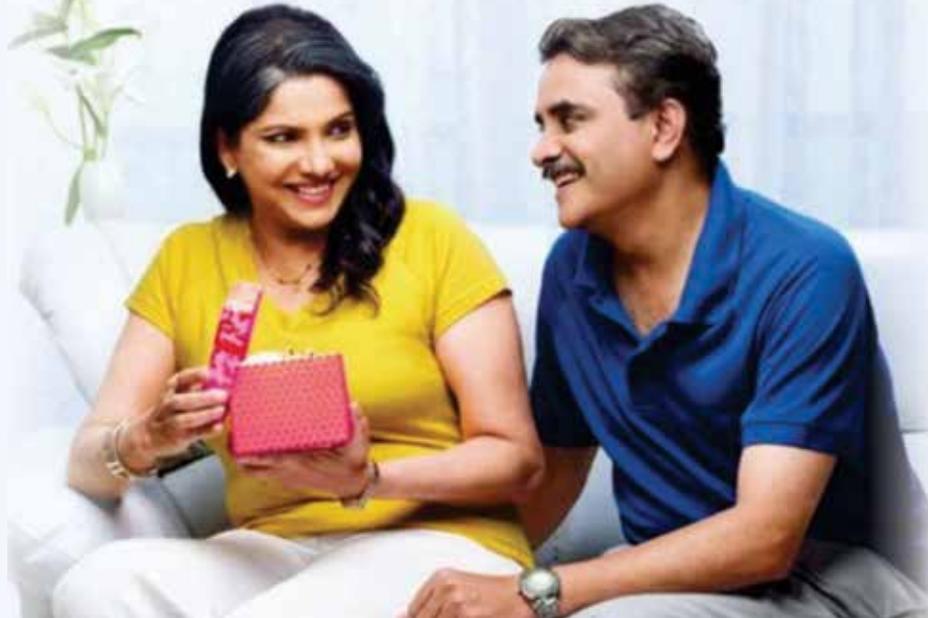


*Plan for pension,
plan for lifelong celebration!*



From The Editor's Desk

Dear Reader,

Because of the social structure, social psyche and nature of the economy, the average Indian was never much concerned about making provision for old age income. Pension plans provide financial security and stability during old age when people don't have a regular source of income. Retirement plan ensures that people live with pride and without compromising on their standard of living during advancing years. Pension scheme gives an opportunity to invest and accumulate savings and get lump sum amount as regular income through annuity plan on retirement.

According to United Nations Population Division World's life expectancy is expected to reach 75 years by 2050 from present level of 65 years. The better health and sanitation conditions in India have increased the life span. As a result number of post-retirement years increases. Thus, rising cost of living, inflation and life expectancy make retirement planning essential part of today's life. To provide social security to more citizens the Government of India has started the National Pension System. Investors should plan their old age income by opening a NPS account (National Pension System).

National Pension System (NPS) was made available by the Central Government to All Citizens of India from May 01, 2009. Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, appointed NSDL (post demerger is now NSDL e-Governance Infrastructure Limited) as Central Recordkeeping Agency (CRA) for NPS. CRA issues a Permanent Retirement Account Number (PRAN) to each subscriber and maintains data base of each Permanent Retirement account along with recording transactions relating to each PRAN.

NPS is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life. NPS seeks to inculcate the habit of saving for retirement amongst the citizens. It is an attempt towards finding a sustainable solution to the problem of providing adequate retirement income to every citizen of India.

In this issue of Kaleidoscope, we will provide in-depth information on Pension system & NPS available for its subscribers.

**Best Regards,
NSDL**

Background

The Pension system in India was introduced by the British Government after the India Independence struggle in 1857. This is a reflection of the Pension system prevailing in Britain. The pay scales in the government service in India were planned to enable the “native employees” of the British Government to meet their normal substance, leaving very negligible margin for them to make provision for their post – retirement life. The service conditions did not allow the govt. employees to earn any extra income by doing business or by carrying any other profession. So the provision pension of Pension system providing some sure income for the employees after their retirement was aimed at, to discourage them from resorting to malpractices for creating money cover for their post – retirement life. The Pension System thus started in India was finalized by the Indian Pension Act of 1871.

Pension plans provide financial security and stability during old age when people don't have a regular source of income. Retirement plan ensures that people live with pride and without compromising on their standard of living during advancing years. Pension scheme gives an opportunity to invest and accumulate savings and get lump sum amount as regular income through annuity plan on retirement.

National Pension System (NPS)

Government of India established Pension Fund Regulatory and Development Authority (PFRDA) to develop and regulate pension sector in the country. The National Pension System (NPS) was launched on 1st January, 2004 with the objective of providing retirement income to all the citizens. PFRDA, the regulatory body for NPS, has appointed NSDL (post demerger is now NSDL e-Governance Infrastructure Limited) as Central Recordkeeping Agency (CRA) for National Pension System. CRA is the first of its kind venture in India which will carry out the functions of Record Keeping, Administration and Customer Service for all subscribers under NPS. CRA shall issue a Permanent Retirement Account Number (PRAN) to each subscriber and maintain data base of each Permanent Retirement account along with recording transactions relating to each PRAN. NPS aims to institute pension reforms and to inculcate the habit of saving for retirement amongst the citizens. Initially, NPS was introduced for the new government recruits (except armed forces). With effect from 1st May, 2009, NPS has been provided for all citizens of the country including the unorganised sector workers on voluntary basis.

Additionally, to encourage people from the unorganised sector to voluntarily save for their retirement, the Central Government launched a co-contributory pension scheme, ‘**Swavalamban Scheme**’ in the Union Budget of 2010-11. Under Swavalamban Scheme, the government will contribute a sum of ₹1,000 to each eligible NPS subscriber who contributes a minimum of ₹1,000 and maximum ₹12,000 per annum.

NPS offers following important features to help subscriber save for retirement:

The subscriber will be allotted a unique Permanent Retirement Account Number (PRAN). This unique account number will remain the same for the rest of subscriber's life. This unique PRAN can be used from any location in India.

PRAN will provide access to two personal accounts:

- **Tier I Account:** This is a non-withdrawable account meant for savings for retirement.
- **Tier II Account:** This is simply a voluntary savings facility. The subscriber is free to withdraw savings from this account whenever subscriber wishes. No tax benefit is available on this account.

“Did You Know”

India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a compound annual growth rate (CAGR) of 12-15 per cent over the next five years. India's insurable population is anticipated to touch 750 million in 2020, with life expectancy reaching 74 years. Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian insurance Sector. **Source: www.ibef.org**

“Quote of the month”

“If you invest nothing, the reward is worth little.” - **Richelle E. Goodrich**

Get Started:National Pension System (NPS)

National Pension System (NPS)

NPS is a pension scheme launched by Government of India with effect from January 1, 2004. NPS is regulated by Pension Fund Regulatory and Development Authority (PFRDA), was first introduced for government employees and then in end 2009 for all citizens of India. Under the NPS, you can regularly invest your money into your pension scheme account. On retirement, you have the option of taking a part of the corpus as lump sum amount and the balance in the form of a fixed monthly income.

Subscribing to NPS

A citizen of India, whether resident or non-resident can subscribe to NPS, subject to the following conditions:

- ✓ You should be between 18 – 60 years of age as on the date of submission of his/her application to the POP/ POP-SP.
- ✓ You should comply with the Know Your Customer (KYC) norms as detailed in the Subscriber Registration Form.
- ✓ The Subscriber Registration form attached with this Offer Document should be duly filled-in by the applicant and all terms and conditions mentioned therein should be duly complied with.
- ✓ All the documents required for KYC compliance need to be mandatorily submitted.

Tax Benefits of NPS

Your contribution amount to NPS (Tier I) is tax free, that is, it is deductible from the total income, subject to upper limits.

➤ Employee/Self-employed/Professional Contribution

- ✓ Eligible for tax deduction of up to 10% of salary (Basic + Dearness Allowance) or 10% of total gross income under section 80CCD(1A), which is within the limit specified under section 80CCE of ₹1.5 lakh.
- ✓ Eligible for additional tax deduction of up to ₹50,000 under section 80CCD(1B). This benefit will not attract the limit specified under section 80CCE. Hence contribution would be allowed over & above ₹1.5 lakh.

➤ Employer's Contribution

- ✓ Eligible for tax deduction of up to 10% of salary (Basic + Dearness Allowance) under section 80CCD(2) without any upper cap in terms of absolute value. Hence contribution would be allowed over & above ₹1.5 lakh under section 80CCE and ₹50,000 under section 80CCD(1B).
- ✓ An eligible contribution made by the employer is allowed as a business expense under Section 36 of Income Tax Act 1961.

Registering for National Pension System (NPS)

Any Individual who wants to get registered as a subscriber and wants to open a Permanent Retirement Account (PRA)(Tier I and/or Tier II) in NPS would submit the duly filled form (Composite application form for subscriber registration) with other supporting KYC documents to POP-SP. For subscribers covered under Corporate sector, the duly filled CS-S1 form needs to be provided to the Corporate office for onward submission to the associated POP.

For only Tier II account, an individual with an active Tier I account needs to approach the associated POP-SP and submit a copy of the PRAN Card along with Tier II activation form (UOS-S10).

A subscriber is required to make the first contribution at the time of applying for registration. (Minimum contribution ₹500 for Tier I and ₹1000 for Tier II) with duly filled NCIS (NPS Contribution Instruction Slip). However, this initial contribution is optional in case of Corporate Model. The POP-SP provides a Receipt no. (as an acknowledgement) to the Subscriber.

Availing registration forms for subscribing to NPS

Application form for registration for NPS can be downloaded from <https://www.npskra.nsdli.co.in/state-forms.php>. You need to forward the duly filled subscriber registration form, photograph, 1st contribution cheque & self-attested KYC documents to POP-SP.

For more information, kindly visit <https://www.npskra.nsdli.co.in/all-citizens-of-india.php>

e-NPS Account:

Any individual can open a pension account under NPS through eNPS using one of the following options:

Option 1 - Registration using Aadhaar

- You must have an '**Aadhaar number**' (with a mobile number registered with Aadhaar).
- Your KYC in NPS will be done using Aadhaar through One Time Password (OTP) authentication.
- OTP for the purpose of authentication will be sent to the mobile number registered with the Aadhaar.
- Your demographic details and photo will be fetched from Aadhaar database and populated in online form.
- You need to fill up all the mandatory details online.
- You would be required to upload your scanned signature (in *.jpeg/*.jpg format having file size between 4kb - 12kb) as part of the registration process.
- In case, you wish to replace the photo obtained from Aadhaar, you may upload a scanned photograph.
- You will be routed to a payment gateway for making the payment towards your NPS account from Debit/ Credit card or Internet Banking.

Option 2 - Registration using PAN (KYC verification by Bank)

- You must have a '**Permanent Account Number**' (PAN).
- Bank account with the empanelled Bank for KYC verification for subscriber registration through eNPS.
- Your KYC verification will be done by the Bank selected by you during the registration process. In case of rejection of KYC by the selected Bank, applicant is requested to contact the Bank.
- You need to fill up all the mandatory details online.
- You need to upload your scanned photograph and signature in *.jpeg/*.jpg format having file size between 4kb - 12kb.
- You will be routed to a payment gateway for making the payment towards your NPS account from Internet Banking.

After successful payment of initial contribution, a Permanent Retirement Account Number (PRAN) will be allotted to you. After online account opening process is completed,

- The PRAN Kit containing a PRAN Card, IPIN/TPIN, Subscriber Master Report, Scheme Information Booklet alongwith a Welcome Letter will be sent to your registered address.
- You need to take a printout of the form, paste your photograph (please do not sign across the photograph) & affix signature. You should sign on the block provided for signature.
- The photograph should not be stapled or clipped to the form.
- The form should be sent within 90 days from the date of allotment of PRAN to CRA

Processing of subsequent contribution:

All existing subscribers (registered through both online and offline mode) can contribute in Tier I & Tier II account using 'eNPS'. To contribute online, you need to

- ✓ Have an active Tier I / Tier II account
- ✓ Authenticate your PRAN using the OTP sent to your registered mobile number
- ✓ Pay through your Debit / Credit card or use Internet Banking option.

- ✓ **Annuity:** This is a fixed amount of money paid each year until a particular event (such as a death). It might be split into more than one payment, for example monthly payments.
- ✓ **Annuity Rate:** This compares the size of an annuity (how much it pays each year) with how much it cost to buy. It also takes into account the age of the annuitant.
- ✓ **Accumulation Period:** This is the period when you pay premiums to accumulate funds for retirement.
- ✓ **Deferred Annuity:** This is an annuity which will start to pay out at some time in the future.
- ✓ **Dependant:** A person who is financially dependent on a member or pensioner, or was so at the time of death or retirement of the member or pensioner.
- ✓ **Immediate Annuity:** An annuity which commences immediately, or shortly after, it is purchased.
- ✓ **Nomination:** The naming by a member of a person or persons to whom he or she wishes any death benefit to be paid.
- ✓ **Pension Plan:** An arrangement, other than accident insurance, to provide pension and/or other benefits for members on leaving service or retirement and for the member's dependants in the event of death.
- ✓ **Sum Assured:** The amount that the nominee receives in the event of death of the insured during the accumulation period.
- ✓ **Vesting Age:** The age at which you choose to start receiving pension.

Pension Fund Regulatory and Development Authority (PFRDA), the regulatory body for NPS, has appointed NSDL (post demerger is now NSDL e-Governance Infrastructure Limited) as Central Recordkeeping Agency (CRA) for National Pension System. National Pension System (NPS), Regulated by PFRDA, is an important milestone in the development of a sustainable and efficient voluntary defined contribution pension system in India. It has the following broad objectives:

- ✓ Provide old age income
- ✓ Reasonable market based returns over the long term
- ✓ Extending old age security coverage to all citizens

The budget of 2015 added some spice to the scheme in terms of tax benefits. Under section 80CCD of the Income Tax Act, 1961, an investment in NPS provides an additional tax benefit on investments of up to ₹50,000 per annum which is over and above ₹1.5 lakh under section 80C. For someone in highest tax bracket, maximizing his investment in NPS could additionally (after section 80C) save him about ₹15,000 a year in taxes.

On successful registration in NPS, a PRAN (Permanent Retirement Account Number) will be allotted to the subscriber. PRAN will provide access to two personal accounts:

- **Tier I Account:** This is a non-withdrawal account meant for savings for retirement.
- **Tier II Account:** This is simply a voluntary savings facility. The subscriber is free to withdraw savings from this account whenever subscriber wishes. No tax benefit is available on this account.

Besides the NPS, some mutual funds and insurance companies also offer Pension plan or retirement plan, which are not under the jurisdiction of PFRDA. Apart from this, other retirement schemes includes EPF, Retirement gratuity that is offered by employers to their employees. PPF can also be used to accumulate corpus for retirement. If we have to compare NPS with EPF then the first big drawback with EPF is that it is open to employees of organized sector only whereas NPS is open to all citizens; whether employees, businessmen or self-employed professionals. Hence, NPS has a much bigger canvas.



1. What is National Pension System?

NPS is an easily accessible, low cost, tax-efficient, flexible and portable retirement savings account. Under the NPS, the individual contributes to his retirement account and also his employer can co-contribute for the social security/welfare of the individual. NPS is designed on Defined contribution basis wherein the subscriber contributes to his account, there is no defined benefit that would be available at the time of exit from the system and the accumulated wealth depends on the contributions made and the income generated from investment of such wealth.

The greater the value of the contributions made, the greater the investments achieved, the longer the term over which the fund accumulates and the lower the charges deducted, the larger would be the eventual benefit of the accumulated pension wealth likely to be.



**Contributions + Investment Growth – Charges = Accumulated Pension Wealth
(Individual contribution as well as co-contribution from Employers)**

2. Who can Join NPS?

Any citizen of India, whether resident or non-resident, can join NPS subject to the following conditions:

Individuals who are aged between 18 – 60 years as on the date of submission of his/her application to the POP/ POP-SP. The citizens can join NPS either as individuals or as an employee-employer group(s) (corporates) subject to submission of all required information and Know your customer (KYC) documentation. After attaining 60 years of age, you will not be permitted to make further contributions to the NPS accounts.

3. How and where can I open an NPS account?

NPS is distributed through authorized entities called Points of Presence (POP's) and almost all the banks (both private and public sector) are enrolled to act as Point of Presence (POP) under NPS apart from several other financial institutions. To invest in NPS, you will be required to open an NPS account through the Point of Presence (POP) and who will assist the subscriber in opening the account including the filling up of necessary forms, providing the information about NPS and any other relevant information in this regard.

4. Who is a POP/POP-SP and what is their role?

Points of Presence (POPs) are the first points of interaction of the NPS subscriber with the NPS architecture. The authorized branches of a POP, called Point of Presence Service Providers (POP-SPs), will act as collection points and extend a number of customer services to NPS subscribers including requests for withdrawal from NPS.

5. How can we find location/address of POP-SP nearest to the place where I live for opening an NPS account?

POP-SP location can be accessed through website of PFRDA. This can also be accessed through below mentioned link of CRA's website:
<https://www.npscra.nsdl.co.in/pop-sp.php>

6. How will I know about the status of my PRAN application form?

Subscriber can check the status by accessing CRA website: <https://cra-nsdl.com> by using the 17 digit receipt number provided by POP-SP or the acknowledgement number allotted by CRA-FC at the time of submission of application forms by POP-SP. Once the PRAN is generated, an email alert as well as an SMS alert will be sent to the registered email ID and mobile number respectively of the subscriber.

7. What is e-NPS?

e-NPS is an online platform provided by NPS Trust for enabling individuals to open his/her Individual Pension Account under NPS (Tier-I & Tier-II) and also facilitate the new or existing subscribers to make initial or subsequent contributions respectively to their Individual Pension Account under NPS using netbanking and debit/credit cards. e-NPS does not facilitate enrolment of individuals under Atal Pension Yojana.

8. How can I open the Individual Pension Account under NPS online?

An individual can open his/her Individual Pension Account under NPS by choosing any one of the following alternatives and having netbanking facilities enabled with his/her bankers :-

- ✓ Option # 1 by providing Aadhaar details
- ✓ Option # 2 by providing PAN details and KYC details as recorded with the Bank in which he/she maintains his/her bank account and that Bank is empanelled in e-NPS.

9. What is Atal Pension Yojana?

Atal Pension Yojana (APY), a pension scheme for citizens of India, is focused on the unorganised sector workers. Under the APY, guaranteed minimum pension of ₹1,000/- or ₹2,000/- or ₹3,000/- or ₹4,000 or ₹5,000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

10. Who can subscribe to APY?

Any Citizen of India can join APY scheme. The following are the eligibility criteria:-

- ✓ The age of the subscriber should be between 18 - 40 years.
- ✓ He / She should have a savings bank account.

The prospective applicant may provide Aadhar and mobile number to the bank during registration to facilitate receipt of periodic updates on APY account. However, Aadhar is not mandatory for enrolment.

11. What is the procedure for opening APY Account?

- i. Approach the bank branch where individual's savings bank account is held or open a savings account if the subscriber doesn't have one.
- ii. Provide the Bank A/c number and with the help of the Bank staff, fill up the APY registration form.
- iii. Provide Aadhaar / Mobile Number. This is not mandatory, but may be provided to facilitate the communication regarding contribution.
- v. Ensure keeping the required balance in the savings bank account for transfer of monthly / quarterly / half yearly contribution.

12. How the contributions are invested in APY?

The contributions under APY are invested as per the investment guidelines prescribed by PFRDA for Central Government / State Government / NPS-Lite / Swavalamban Scheme / APY.

News Articles

Name Change of Participant

Old Name	New Name	DP ID
Intouch Securities Limited	Maashitla Securities (P) Limited	IN303997

Investor Education initiatives undertaken by NSDL

Joint Awareness Programmes:

In order to reach out to investors that are spread across the country and to apprise them about the facilities available in NSDL depository system and the awareness on stock markets, NSDL conducted 22 Joint Awareness Programmes during January 2016 in association with ASE Capital Markets Limited, Canara Bank, Geojit BNP Paribas Financial Services Limited, ICICI Securities Limited, Jhaveri Securities Limited, Kotak Securities Limited, Shah Investor's Home Limited & Sharekhan Limited. NSDL also conducted two Joint Awareness Programmes in association with Economic Times presenting Money Gurukul & two Joint Awareness programmes in association with Integrated Enterprises (India) Limited, NSE & Nanayam Vikatan. These programmes were attended by more than 2,400 investors.

Regional Investor Awareness Programmes with SEBI & NSE:

In order to reach out to masses spread across the country and to apprise them about the facilities available in NSDL depository system, NSDL conducted nine Joint Awareness Programmes with SEBI & NSE during January 2016 which were attended by around 3,000 investors.

Participation in events conducted by Institutions:

In January 2016, NSDL participated at 11th Annual Banking Summit, cum Social Banking Excellence Awards 2015 organized by ASSOCHAM which were attended by around 250 delegates. Further, NSDL also sponsored five events organized by reputed college Institutes like The Indian Institute of Management Ahmedabad, Indian Institute of Technology Kharagpur, The Indian Institute of Technology Guwahati, SP Jain Institute of Management & Research & Ramniranjan Jhunjhunwala College. Over 1,100 participants visited the NSDL stalls at these events. Various aspects on Depository related services were explained to these participants attending this event.



Mr. G. V. Nageswara Rao, MD & CEO - NSDL addressing the delegates at 11th Annual Banking Summit, cum Social Banking Excellence Awards 2015 organized by ASSOCHAM.

Read and Win!

How should I open an NPS account through e-NPS mode?

Send your replies providing your contact details (Name, address and contact no.) with the subject 'Knowledge Wins Contest - February 2016' to info@nsdl.co.in

Terms and Conditions

- NSDL shall be solely responsible for the execution and administration of this Contest.
- This Contest is only open to Indian Citizens. (NSDL employees are not allowed to participate in this contest.)
- All personal details submitted must be accurate and complete and are subject to proof upon request by NSDL.
- NSDL reserves the right, at any time, to verify the validity of entries and entrants and to disqualify any entry not submitted in accordance with these Terms or which tampers with the entry process.
- NSDL reserves the right to discontinue the contest at any given point of time without prior intimation.
- All prize drawings will be made on a strictly random basis and the decision made by NSDL will be final.

KNOWLEDGE WINS Contest

Lucky 25 Winners will Win Free Goodies



Your suggestions for newsletter are valuable to us. Send in your suggestions mentioning your contact details (contact name, address & contact number) with the subject "Suggestions for the newsletter" to info@nsdl.co.in

NSDL Offices

Head Office	Branch Offices	
<p>Mumbai Trade World, A wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351</p>	<p>Ahmedabad Unit No. 407, 4th floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C. G. Road, Near Panchvati Circle, Ahmedabad - 380006 Tel.:(079) - 26461376 Fax:(079) - 26461375</p>	<p>Chennai 6A, 6th Floor, Kences Towers, #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Tel.:(044) 2814 3917 / 18 Fax:(044) 2814 4593</p>
	<p>Kolkata 5th Floor, The Millenium, Flat No. 5W, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata - 700 020. Tel.:(033) 2281 4661 / 2281 4662 Fax:(033) 2289 1945</p>	<p>New Delhi 409/410, Ashoka Estate Building, 4th floor, Barakhamba Road, Connaught Place, New Delhi - 110 001. Tel.:(011) 2335 3815 / 2335 3817 Fax:(011) 2335 3756</p>

Investor Relationship Cell	NSDL Certification Program
<p>Officer-In-Charge National Securities Depository Ltd. Trade World, A Wing, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351 Email: relations@nsdl.co.in</p>	<p>Officer-In-Charge National Securities Depository Ltd. Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel.:(022) 2499 4200 Fax:(022) 2497 6351 Email: trainingdept@nsdl.co.in</p>

For more information, email us at info@nsdl.co.in

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