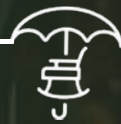




Enjoy  
a **stress free**  
Retirement with

National Pension  
System (**NPS**)



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Entrepreneur/s

Aditya Birla Sun Life  
Pension Management Ltd.



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# INTRODUCTION

National Pension System (NPS) is a defined contribution scheme specially designed as a sustainable financial solution to provide adequate retirement income. It was launched by the Government of India and regulated by Pension Fund Regulatory & Development Authority (PFRDA).

It allows individual to contribute periodically towards their NPS account through their working life, which later can be used to purchase an annuity.

## BENEFITS OF NPS



Affordability



Flexibility



Power of compounding



Portability



Online access



Systematic savings

## Tax Benefit under NPS

### Exclusive tax benefits (beyond 80C limits)

#### Under Section 80CCD (1B)

NPS subscriber can claim tax deduction on an additional self-contribution upto ₹ 50,000/-.

### Tax Benefit for Salaried Individuals under Corporate NPS

#### Under Section 80CCD (2)

Maximum of 10% of the salary (Basic Salary + Dearness Allowance).

Please Note: The total deduction for all retirement benefit made by employer including Provident Fund, Super Annuity Fund and NPS cannot exceed ₹ 7.5 lacs.

### Within 80C limits

#### Under section 80CCD (1)

The NPS subscriber : Self employed can claim up to 20% of their gross taxable income and salaried can claim 10% of their basic salary or ₹ 1.50 lacs whichever is less.

# How NPS Work

## Illustration 1

Ronit is 28 years happily married to an IT professional with a futuristic approach to life. He wishes to retire with financial independence and achieve all his life goals. He actively invested in NPS to create a corpus for his retired life and claim the tax benefits yearly.

He started contributing to NPS.

Monthly investment: ₹ 10,000

Total Corpus at retirement: ₹ 2.80 CR\*



At 60 years of age, he gets 60% lump sum i.e ₹ 1.68 cr and 40% invested in annuity i.e ₹ 1.12 cr to receive guaranteed regular income of approx. ₹ 74,889\*\* for him & his spouse lifetime.

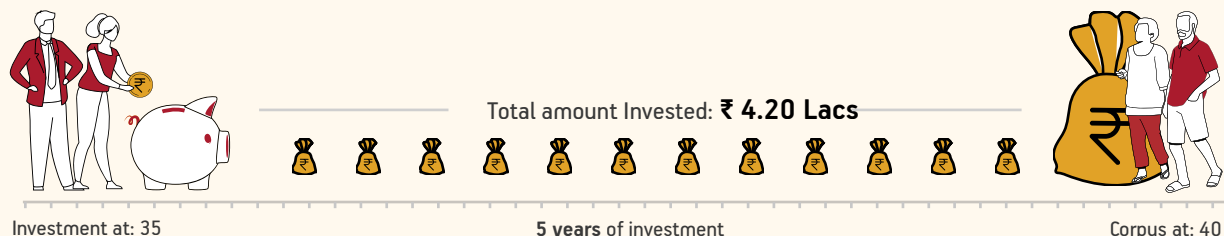
## Illustration 2:

Shobhit (35) & Shreya (32) are happily married for 2 years. They both are marketing professionals and love travelling. They have set a 5-year travel goal for a Europe tour (expected cost of trip to be approx. 5 lacs after 5 years). They are planning their investments and have decided to use NPS as an investment tool apart from retirement planning. They already have a Tier I NPS account for retirement planning.

They opened Tier II<sup>^</sup> NPS account:

Monthly investment: ₹ 7000

Total Corpus at retirement: ₹ 5.46 Lacs\*



Tier II account provides complete flexibility on withdrawals, up to 100% exposure to equity, lower fund allocation charges & seamless online process.

\*Rate of return given in above illustration is indicative in nature and not guaranteed or provided any assurance in future. Investments are subject to market risk.

\*\*As per prevailing annuity rate for joint life annuity without ROP.

<sup>^</sup>It is mandatory to have an active Tier I account to invest in Tier II account.

# Investment choices & asset allocation in Tier I

## Asset Class

- » E - Equity Market Instruments  
Max exposure up to 75%
- » G - Government Securities  
Max exposure up to 100%
- » C - Corporate Bonds  
Max exposure up to 100%
- » A - Alternate Investment Fund  
Max exposure up to 5%

## Asset Allocation (Can be changed four times every year)

- » Active – Subscriber decides % age of allocation among asset classes
- » Auto – Investments will be made in a life-cycle fund (Aggressive - LC75, Moderate - LC50, Conservative - LC25)

## Exit & Withdrawals Options

- Exit on Retirement** - Allowed at 60 years for individual subscribers & for corporate subscribers retirement age is as per corporate. Max 60% can be withdrawn in lumpsum & min 40% to be invested in annuity. The exit can be extended up to 75 years of age.
- Pre Mature Exit** - Maximum 20% can be withdrawn in lumpsum & minimum 80% to purchase annuity.
- In Case of Death** - Entire corpus is given to Nominee.
- Partial Withdrawal while in service**- Allowed after 3 years 25% of subscriber's contribution. Only for specific reasons. Max 3 withdrawals allowed.

### Registered Address

#### Aditya Birla Sun Life Pension Management Company Limited

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