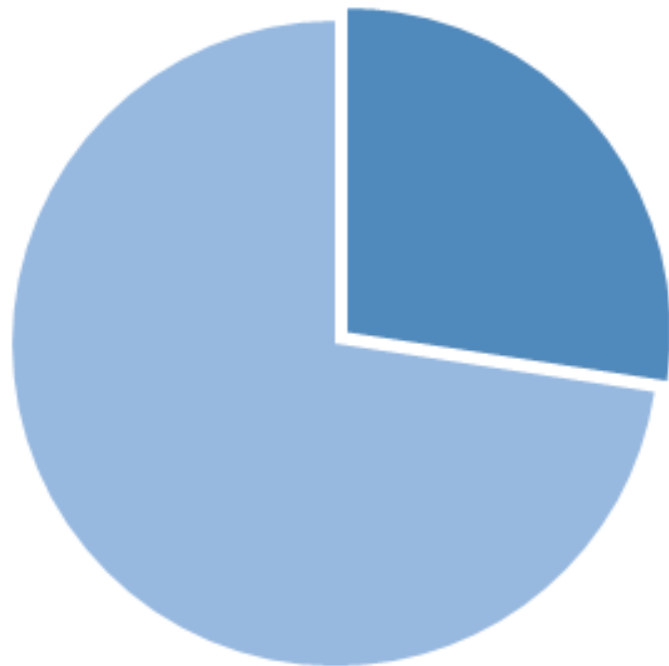


Ever thought how
you can enjoy a secure retirement?

It's simple! Just start investing in
National Pension System (NPS)



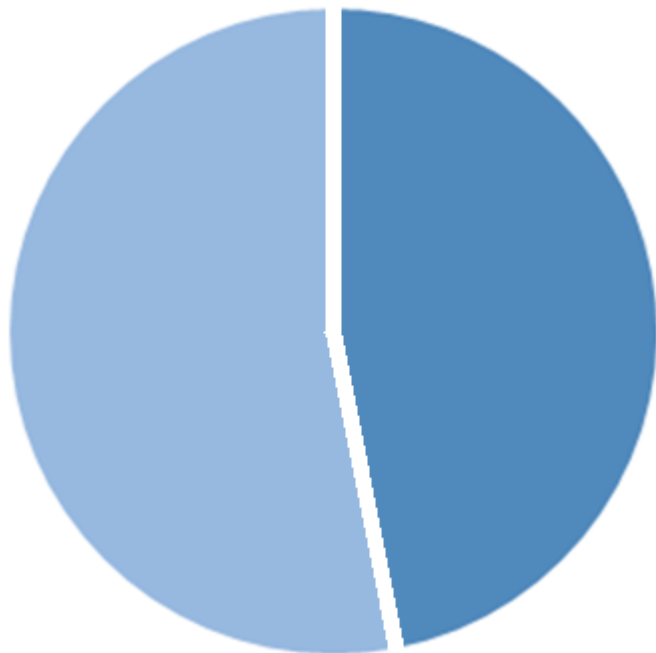
Why to plan for Retirement



Out of the average Indian life span of 80 years minimum 20 years is spent without steady earnings

McKinsey India Life Insurance 2012 Report

Why to plan for Retirement contd...

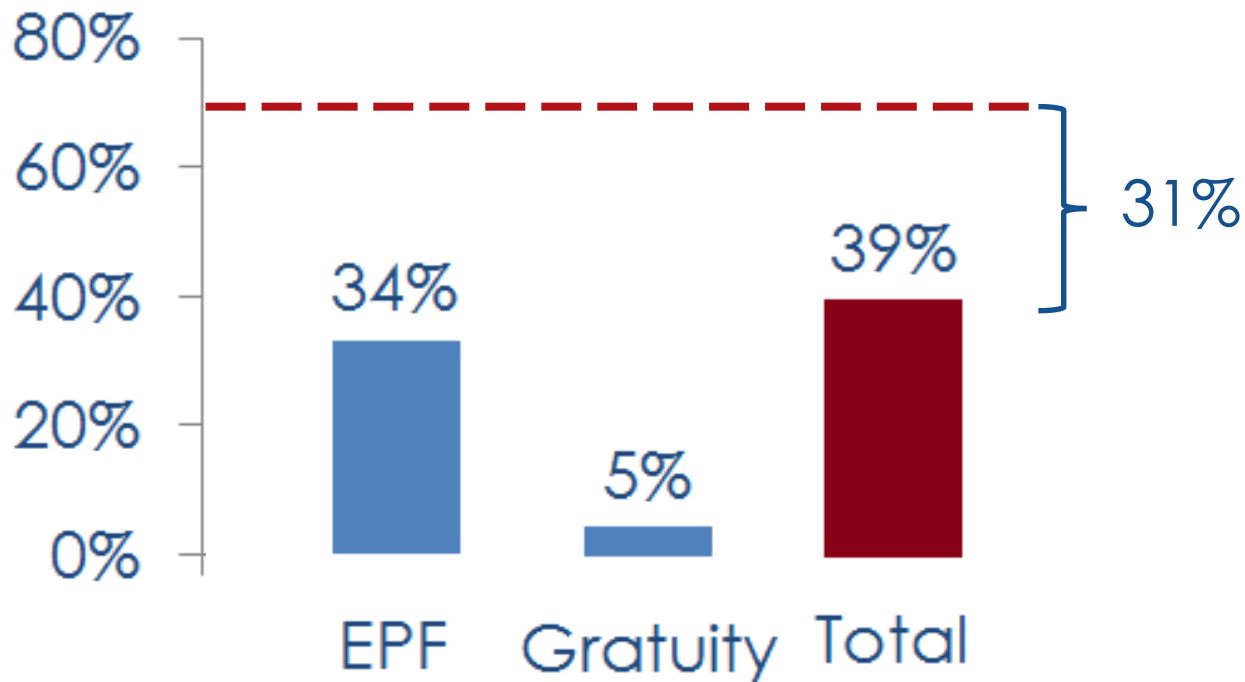


47% retired Indians feel their retirement would have been more comfortable had they started saving for it earlier

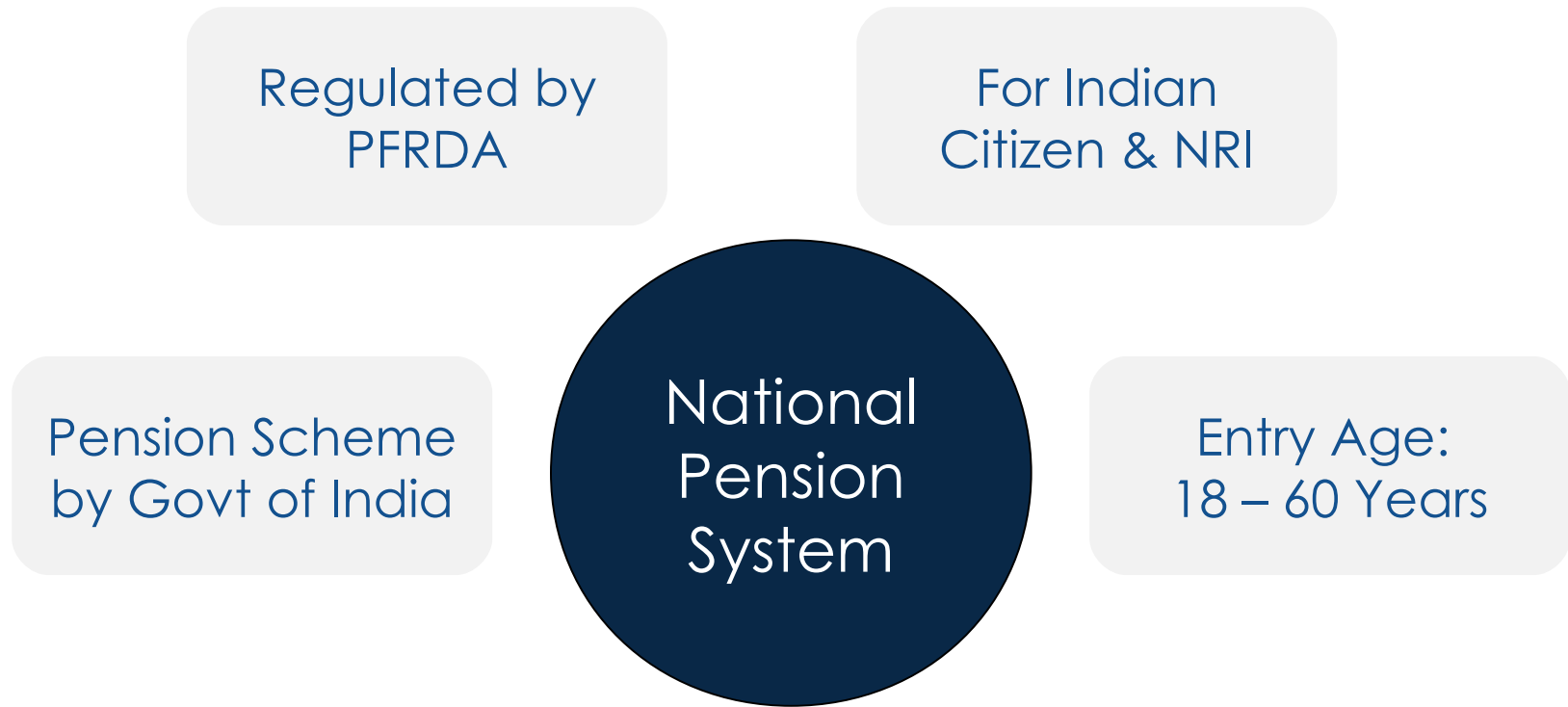
Relying on EPF is not Enough

Pay Replacement Ratio (PRR): Monthly income possible from Retirement Corpus

Ideal PRR: 70% + of last drawn salary



About NPS



Corporate NPS facilitates Employees to on board NPS through their Corporates within the purview of their Employer – Employee relationship

How NPS works?

Employee starts investing in NPS directly / through Employer

On Exit, a portion of Corpus comes to Employee in lump sum and balance to be invested in Annuity

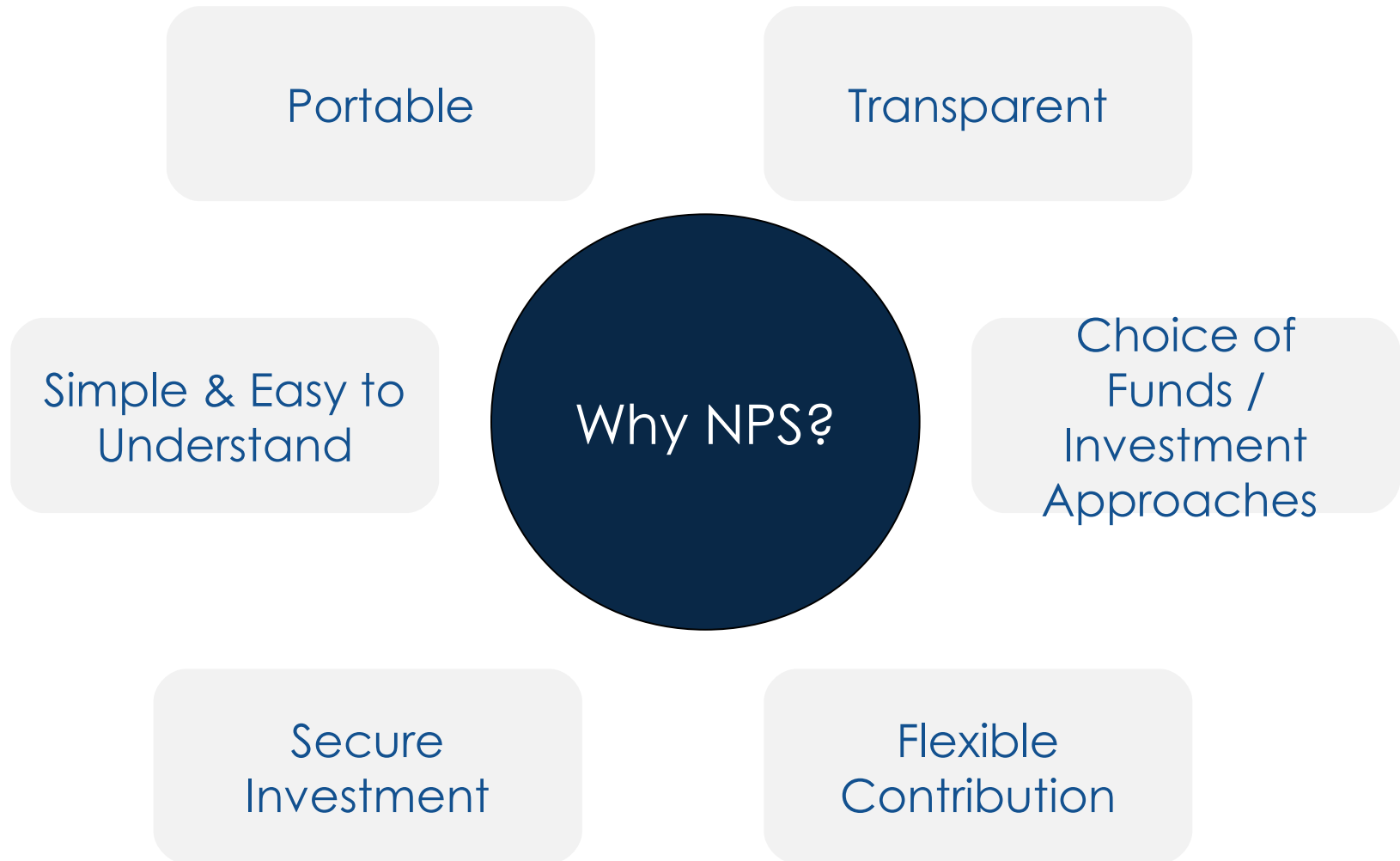
Accumulation Phase

Withdrawal Phase

In case of death of Employee, Nominee / Legal Heir can claim the Corpus

Employee starts getting pension depending on the Annuity scheme selection

Why NPS – USP's



Why NPS - Exclusive Tax Benefits beyond 80C limit

Contribution by Employee directly

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

Contribution by Employee through the Company

Contribution of up to 10% of Basic Salary (without any cap in terms of absolute value) is eligible for tax deduction u/s 80CCD (2)

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

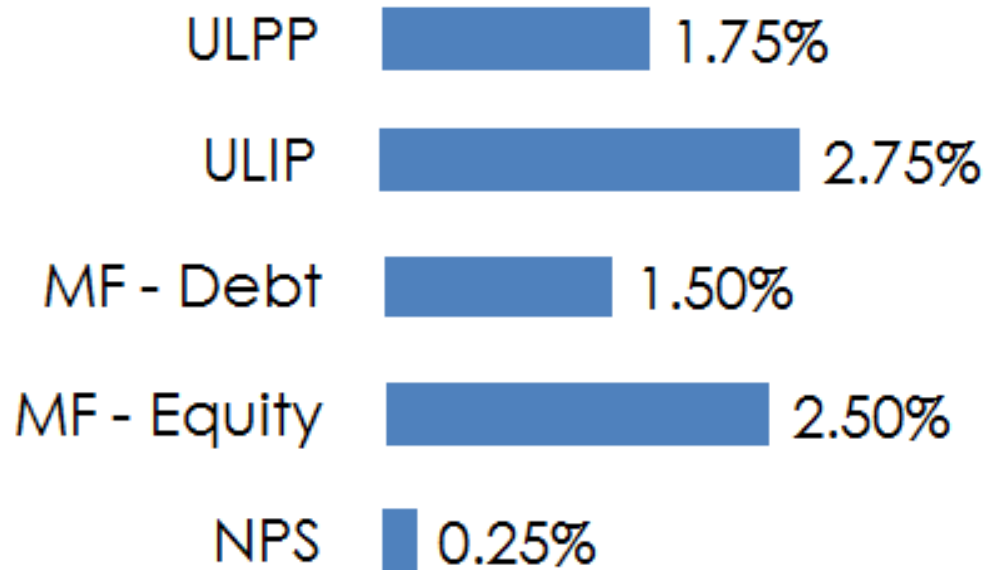
Tax benefits beyond 80C limit – how it works

| Head | Particulars | Without NPS | With NPS |
|---------------------------------|--|------------------|------------------|
| Salary | Basic (40% of Gross) | 20,00,000 | 20,00,000 |
| | HRA (50% of Basic) | 10,00,000 | 10,00,000 |
| | Other Allowances | 16,63,800 | 14,63,800 |
| | Corporate Contribution - EPF | 2,40,000 | 2,40,000 |
| | Corporate Contribution - Gratuity | 96,200 | 96,200 |
| | Corporate Contribution - NPS | 0 | 2,00,000 |
| Total Salary | | 50,00,000 | 50,00,000 |
| Deductions | 80CCE | 1,50,000 | 1,50,000 |
| | Corporate Contribution – EPF | 2,40,000 | 2,40,000 |
| | Corporate Contribution – Gratuity | 96,200 | 96,200 |
| | Corporate Contribution - NPS [80CCD (2)] | 0 | 2,00,000 |
| | Individual Contribution to NPS [80CCD (1B)] | 0 | 50,000 |
| Total Deductions | | 4,86,200 | 7,36,200 |
| Taxable Salary | | 45,13,800 | 42,63,800 |
| Change in Taxable Salary | | | 2,50,000 |
| Tax Saved @ 30% | | | 75,000 |

Corporate Contribution for NPS is deducted from any flexi component of the salary and invested by the Corporate as Employer's Contribution

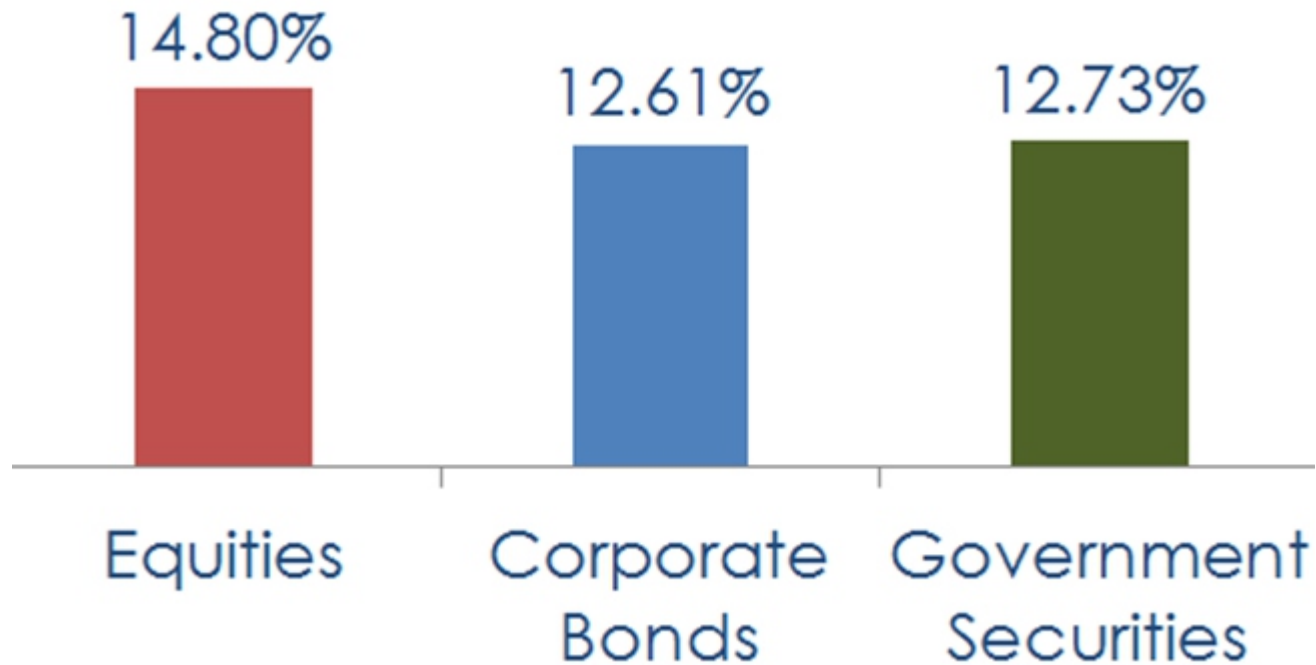
Why NPS - The Most Economical Investment Option

Expense Ratio (as % of AUM)



Calculated on an yearly investment of Rs. 50,000 for 15 years or more

Why NPS - Superior returns on investment



Annualized returns (since 1st Aug' 13 to 13th Jan' 17)

NPS Architecture – Unbundled one

Distribution & Marketing

By financial entities regulated by RBI, SEBI, IRDA, etc after obtaining licence from PFRDA. They are known as POP (Point of Presence)

Back Office Management

By NSDL which acts as CRA (Central Recordkeeping Agency)

Fund Management

By separate set of entities (subsidiary of Life Insurance / AMC) after obtaining licence from PFRDA

Providing Pension

By Life Insurance companies regulated by IRDA after obtaining licence from PFRDA

Other Key Intermediaries

Trustee Bank

To channelize the funds between Subscriber, POP, PFM and Annuity Service Provider

NPS Trust

To monitor activities of all the intermediaries



Corporate NPS - Value Proposition for Corporate

Value proposition for Corporate

No Administration Cost burden

- o Cost of joining

- o need to form a Trust

- o simple procedure to add or remove employees at any point of time

No account related obligation

- o Corporate acts as facilitator

- o The Account maintenance responsibility / obligation remains with the employees only

Unmatched flexibility

- o can be roll out NPS for all on voluntary basis / for select group of employees

- o Corporate can fix the percentage / frequency of contribution



Corporate NPS

- ❖ Started in December 2011
- ❖ More than 3,000 Companies have implemented it
- ❖ More than 5 lakh Employees are already enrolled under Corporate NPS

Accounting and Audit of PFM / NPS Schemes

| Particulars | Pension Fund Management Company (PFM) | NPS Schemes |
|---|--|-----------------------------|
| Preparation of Financial Statement and Disclosures | As per Companies Act and Accounting Standards | As per PFRDA Regulations |
| Accounting and reporting of Investments | As per Companies Act and Accounting Standards | PRFDA Investment Regulation |
| Appointment of Statutory Auditors | PFM | NPS Trust |
| Appointment of Scheme Internal Auditor - expects 100% transaction Audit** | Not Applicable | Appointed by PFM |
| Capital | Shareholders | NPS members |
| Networth requirement | Minimum Networth of Rs. 25 Crores required to be maintained. Limit being revised upward to Rs. 50 Crores | Not Applicable |

** As per PFRDA Regulation, Internal Auditor should not in any way associated with the audit of the PFM or Sponsor or any other PFM or schemes of any other PFM

Scheme Charge Structure

Expenses charged to NPS Schemes / Borne by the Pension Fund Managers (PFM)

| Expenses | Rate | Basis of charge | Charged to |
|---|------------|--|-------------|
| Fund Management Charges | 0.01% pa | As per License terms | NPS Schemes |
| Trustee Fees | 0.01% pa | As determined by NPS trust | NPS Schemes |
| Custody Fees | 0.0032% pa | Standard rate agreed between PFRDA and Custodian | NPS Schemes |
| Transaction charges such as CCIL / NSDL / CBRICS / SEBI Charges | Actual | As per PFRDA regulation | NPS Schemes |
| Brokerage on investment transactions | Actual | As per PFRDA regulation | PFM |
| Other expenses including audit fees | Actual | As per PFRDA regulation | PFM |

Thanks