

Frequently Asked Questions – New Pension scheme (NPS)

1. Is it compulsory to open Tier II account?

No, Tier II account is optional to the subscriber

2. How will I get the information about my PRAN (Permanent Retirement Account Number) generation?

Once the PRAN is generated, NSDL sends Physical PRAN Card to the address of the subscriber.

3. I am an existing PRAN Card holder. Can I submit a copy of the same along with Consent Letter to HR to process the contribution?

Yes, you can if your POP is Kotak Bank POP only.

4. My PRAN is with other POP. What do I need to do if I want my HR to process the contribution?

In this case, first you need to change your POP from existing POP to Kotak Bank POP.

Please submit POP change form to the nearest Kotak Bank branch along with a photocopy of the PRAN Card.

Once the POP is changed, the request to HR can be initiated to process contribution.

5. How can I access details of all the contributions / funds in my NPS accounts?

Once the PRAN is generated, NSDL sends welcome kit to each subscriber that contains unique Internet Password (I-Pin) and Telephone Password (T-Pin).

The T-Pin can be used to access your NPS accounts on the call center number of CRA (1800-222-080) and I-Pin can be used to access your accounts on CRA website (www.npscra.nsdl.co.in)

6. Will I be getting any physical statement for my NPS account?

Yes. An annual statement containing details of your unit holdings will be issued by CRA to your registered address within 3 months of the end of every financial year

7. In which account HR contribution would be processed?

HR contribution would be processed only in Tier I account

8. My HR is already contributing to my Tier I account. Do I also need to contribute to this account?

This is not mandatory. It a choice of individual subscriber to contribute to his / her Tier I account over and above the contribution made by the employer.

9. What is the minimum contribution amount per transaction for Tier I and Tier account?

- Tier I: Rs.500
- Tier II: Rs.250

10. What is the minimum annual contribution required for Tier I account?

Rs.6000 in a year (including HR contribution)

11. How can I make subsequent contributions to my Tier I / Tier II account?

You need to visit any of the POP – SP and make contribution to your Tier I / Tier II account by Cash / Cheque / Demand Draft favoring Kotak Mahindra Bank Collection Account – NPS Trust.

You can also set Standing Instruction for contribution to your Tier I / Tier II account

12. What happens if the minimum contribution of Rs.6000 is not made in Tier I account?

In this scenario, PRAN would be frozen. The subscriber would not be allowed to do any transaction in his Tier I and Tier II (if Tier II account is there) accounts.

13. How can I unfreeze my PRAN?

The subscriber should pay prescribed minimum contributions due for entire period of dormancy (Rs.6000 (less) amount already contributed in the financial year) calculated for each year plus Rs. 500 for the current financial year plus penalty of Rs. 100 for each financial year of freeze.

Illustration

If a subscriber has made following contributions in the last three consecutive financial years: FY 12 - 13: Rs.2500; FY 13 - 14: Rs.2200; FY 14 - 15: Rs.1350

Calculation for total amount required for unfreezing the PRAN Financial Year	Contribution made by the subscriber	Minimum contribution required for the year	Defaulted contribution
FY 12 – 13	2500	6000	3500
FY 13 – 14	2200	6000	3800
FY 14 – 15	1350	6000	4650
Total	6050	18000	11950

Contribution for FY 15-16:	Rs.500 (minimum contribution required for Tier I)
Penalty Amount:	Rs.300 (Rs.100 * 3) for three years of default
Total amount to be paid:	Rs.12750 (Rs.11950 + Rs.500 + Rs.300)

POP Charges to be paid over and above this amount

14. What is the minimum contribution required for Tier II account?

Minimum unit holding as on 31st March of next year should be Rs.2000.

15. What happens if the unit holding as on 31st March in my Tier II account is not Rs.2000?

Tier II account would be frozen. The subscriber would not be allowed to do any transaction in his / her Tier II account

16. Will my Tier I account also be frozen if Tier II account is frozen?

No, Tier I account will get frozen only in case minimum criteria is not fulfilled for Tier I account

17. How can I unfreeze my Tier II account?

Subscriber needs to submit request for unfreezing the Tier II account along with the amount required to unfreeze the Tier II account. The amount required to unfreeze the account would be difference between the amount lying in the account as on date of freezing and Rs.2000 plus Rs.250 (minimum contribution for the current financial year) plus Rs.100 as penalty for each year

Illustration:

The subscriber has opened Tier II account in the FY 09 – 10. Since then, he has not met criteria and the Tier II account is frozen. The value of asset holding is Rs. 1250 in Tier II account as on 31st March 2012

Amount required for unfreezing the Tier II account: Rs.1300 (Rs.750 (difference between unit value and Rs.2000) + Rs.300 (Penalty of Rs.100 for three years) + Rs.250 (minimum contribution required for current FY))

POP Charges to be collected over and above this amount

18. Can I opt for different Pension Fund Managers for my Tier I and Tier II accounts?

Yes

19. Can I opt for different allocation patterns in E, C and G classes for my Tier I and Tier II accounts?

Yes

20. Can I change my Pension Fund Manager?

Yes, the same can be done once in a year

21. Can I change my allocation pattern in asset classes – E, C and G?

Yes, the same can be done once in a year

22. In the Auto Choice, whether only new contribution is allocated as per the ratio defined under each asset classes or entire corpus is restructured?

The entire corpus is restructured on the date of birth of the subscriber. The additional units are added / redeemed at the market price for portfolio rebalancing

23. Can I change my investment pattern – from Auto Choice to Active Choice and vice-versa?

Yes, the same can be done once in a year

24. What happens if I switch from Active Choice to Auto Choice or vice-versa?

The fund is restructured as per the option selected by the subscriber in case of switch from Auto to Active choice and as per the age in case of Active to Auto choice

It is a system driven process and would follow the respective characteristics of the investment choice chosen with unitization % for the respective portfolios being increased/decreased at the market rates prevailing at the time of exercise of the switch

25. I am changing my employment. How can my next employer contribute to my Tier I account?

In case of change of employment, you need to submit duly filled and certified 'Subscriber Employment & Scheme Change Form' to the POP with whom the next employer has tied up.

Once the employment details are changed in the CRA system, the same can be communicated to the next employer for processing corporate contribution.

26. Can I change the nominee for my Tier I / Tier II account?

Yes

27. Can I withdraw funds from my Tier I account before I attain the age 60?

The withdrawal is allowed only once. In that case, only 20% of the corpus would be paid in lump sum. Rest 80% will be utilized for Annuity.

Please note that once this option is exercised, PRAN will be closed and subscriber will not be allowed to register for NPS again.

28. If I select the option of phased withdrawal once I attain the age 60, in which scheme my fund would remain invested?

The fund would continue to remain invested in the same scheme last opted for.

29. Can I change the asset allocation pattern for my remaining corpus after I select the phased withdrawal option?

The process of the same is not defined by PFRDA. The same would be communicated accordingly.

30. Is there any maximum age limit for making further contribution to Tier I account?

Yes. You can contribute in your Tier I account only till you have not completed the age 60 years. After attaining the age 60, you will not be permitted to make further contribution.

31. What is the TAT for processing contribution paid by me?

Kotak Bank (POP) TAT is T+2 while bank of India (Trustee Bank) TAT is t+3

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