



Farsight

WE REWARD YOUR INVESTMENTS



**NEW PENSION SYSTEM
(NPS)**

Background and Introduction

Pension Fund Regulatory and Development Authority (PFRDA) has been established by the Government of India, Ministry of Finance to promote old age income security. The Government authorized PFRDA to extend New Pension System on a voluntary basis to all citizens of India from May 1, 2009.

The NPS, initiated under the aegis of PFRDA, seeks to bring about a new dimension for Indian savers through individual retirement account. NPS offers Indian citizens a low cost option (perhaps the world's lowest cost money management) for planning their retirement. It provides a choice of savings and investment products with different asset allocations, professional fund management and centralized administration. The NPS offers a variety of asset allocation patterns for contribution including one with a high exposure to equities. Subscribers can choose an appropriate pattern for themselves based on their risk profiles.

Farsight Securities Ltd. in addition to the host of capital market services has now also been appointed by PFRDA as a Point of Presence (POP) for the NPS. As a POP, Farsight would act as the customer interface for citizens who wish to open, contribute and reap benefit of NPS Permanent Retirement Account (PRA) with Central Record Keeping Agency (CRA) and fund managers.



NPS Pension Trust
Investment of Contribution

PFRDA
for regulation

KRA
for Record Keeping
accounts and Backoffice

POP – FARSIGHT
Single Point of Presence

Subscribers

In addition to individuals, PFRDA has come out a special model for Corporate Sector so that they can encourage their employees to subscribe to NPS.

Salient features of Individual and Corporate Model:

Particulars	NPS – Corporate Group Model	NPS – Individual / Citizen Model
Need for Pension	<ul style="list-style-type: none"> ▶ Earning capacity decreases with the increase age. ▶ The rise of nuclear family – Migration of younger earning members. ▶ Rise in cost of living ▶ Increasing Longevity 	Same as Corporate Model
Eligibility	Voluntary for citizens of India within the age group of 18-70 and who are not covered already covered under NPS.	Same as Corporate Model
Features	<ul style="list-style-type: none"> ▶ Catering to Organized Sector ▶ Individual accounts for every subscriber ▶ Contribution as per convenience of the subscriber ▶ No mandatory monthly deposit. ▶ Low charge structure ▶ Safety of Investment ▶ Investment by professional fund managers overseen by NPS Trust 	▶ Catering to unorganized Sector
Contribution	<ul style="list-style-type: none"> ▶ Individual account holder and also employer may contribute ▶ Maximum upto 10% of Basic + DA under CG model to get tax benefit u/s. 80CCD(2) ▶ Employer contribution not taxable in the hand of employee though employer gets full deduction. ▶ Minimum one time contribution Rs.500/- and per annum Rs. 1000/-. ▶ Employee can contribute Over and above 10% of basic 	<ul style="list-style-type: none"> ▶ Individual account holder can contribute ▶ Minimum one time contribution Rs. 500/- and per annum Rs. 1000/-. ▶ No maximum cap on contribution
Benefits from Joining NPS	<ul style="list-style-type: none"> ▶ Flexible ▶ Voluntary ▶ Portable ▶ Regulated 	<ul style="list-style-type: none"> ▶ Flexible ▶ Voluntary ▶ Portable ▶ Regulated
Fund Management	10 Professional Fund Managers appointed by PFRDA	10 Professional Fund Managers appointed by PFRDA
Investment Option	A flexible option as Active and Auto choice for investment pattern as per their financial affordability	A flexible option as Active and Auto choice for investment pattern as per their financial affordability

NPS – Tax Benefits to Employees by using NPS as Saving Instrument

ILLUSTRATION

I	Head	Without NPS contribution by employer & employee	Without NPS contribution by employer & employee
Ia.	Basic + DA	10,00,000	10,00,000
Ib.	Special Allowance	4,00,000	3,00,000
Ic.	NPS contribution by employer	NIL	1,00,000
	Total taxable salary	14,00,000	14,00,000
II	Deduction from taxable salary		
Ila.	Contribution u/s. 80CCE upto Rs.1,50,000/-)	1,50,000	50,000
Ilb.	NPS contribution by employee u/s 80CCD(1) – 10% of basic+DA within overall ceiling of Rs.1,50,000 u/s. 80CCE	NIL	1,00,000
Ilc.	NPS contribution by employee u/s. 80CCD(1B) – upto Rs.50,000/-	NIL	50,000
Ild	NPS contribution by employer u/s. 80CCD(2) – 10% of basic + DA	NIL	1,00,000
	Total Deductions	1,50,000	3,00,000
III	Total taxable salary (I – II)	12,50,000	11,00,000
IV	Tax Saving on 1,50,000/- @ 30%		45,000

In addition to individuals, PFRDA has come out a special model for Corporate Sector so that they can encourage their employees to subscribe to NPS.

Salient features of Individual and Corporate Model:

Particulars	NPS – Corporate Group Model	NPS – Individual / Citizen Model
Tax benefits to employee	<p>a) Benefits u/s.80C in case of contribution by subscriber</p> <p>b) Benefits u/s 80CCD(1B) in case of contribution by subscriber of Rs.50000 (Over and above Sec80C)</p> <p>c) Benefits u/s. 80CCD(2) in case of contribution by/vide employer (Over and above Sec.80 C and Sec80CCD(1B))</p>	<p>a) Benefits u/s.80C in case of contribution by subscriber</p> <p>b) Benefits u/s 80CCD(1B) in case of contribution by subscriber of Rs.50000 (Over and above Sec80C)</p>
Tax benefits to employer	Deduction upto 10% of salary (basic + DA) u/s. 80CCD(2) This is over and above the limits under section 80CCE	NIL
Process	<ul style="list-style-type: none"> ▶ Account can be opened with minimal paper requirement, online as well as offline. ▶ Employer has to get registered under NPS Scheme for making consolidated contribution 	<ul style="list-style-type: none"> ▶ Account can be opened with minimal paper requirement, online as well as offline like – Aadhaar, PAN, Bank Details etc.

A well diversified product portfolio



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