

Major NPS rule changes 2023: Systematic Lumpsum Withdrawal facility, NPS Lite exit rules, consolidated statement & more

By Sneha Kulkarni, ET Online | Last Updated: Dec 29, 2023, 11:10:07 AM IST

Synopsis

The Pension Fund Regulatory and Development Authority (PFRDA) has implemented many rule and regulatory changes in 2023 to better facilitate and support NPS subscribers. Here is a look at a few important changes made to NPS in 2023.



NPS new rules 2023.

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Mandatorily upload these documents for withdrawal from NPS

PFRDA has mandated that certain documents be uploaded by subscribers as of April 1, 2023 in order to speed up and simplify annuity payments after exiting the

National Pension System (NPS).

"In the interest of Subscribers and to benefit them with the timely payment of annuity income, the upload of the documents shall be mandatory with effect from 1st April 2023," the pension body said in a circular dated February 22, 2023.

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- A. NPS Exit/ Withdrawal Form
- B. Proof of Identity and Address as specified in the Withdrawal form
- C. Bank account Proof
- D. Copy of PRAN card

NPS rule change: [Uploading these documents will be mandatory for withdrawal from April 1, 2023](#)

NPS Lite exit rules revised

With the exception of Department of Posts (DoP) Gramin Dak Sevaks, new enrollment under the NPS-Lite Swavalamban scheme was stopped in 2015 following the launch of the Atal Pension Yojana (APY).

Subscribers between the ages of 18 and 40 were given the opportunity to move to APY, while those who had previously signed up for the NPS-Lite-Swavalamban Scheme between 2010 and 2015 were allowed to continue doing so.

[NPS Lite exit rules revised; what subscribers must know](#)

According to a public notice issued by the Pension Fund Regulatory and Development Authority on July 27, 2023, "The exiting subscriber under NPS-Lite -Swavalamban Scheme are hereby informed as

"(a) Subscribers can deposit subsequent contributions through their underlying PoPNPS-Lite/Aggregator or can contribute online by logging into eNPS portal at <https://enps.nsdl.com/eNPS/InitialExistingUser.html>.

b) Subscribers between the age of 18 to 40 years can migrate to APY to avail the benefit of guaranteed pension. For migration of account the subscribers may contact the bank/post office where the savings bank account is held by them.

(c) Subscribers above the age of 40 years who do not wish to continue under the scheme can exit by submitting the premature exit request/form to the underlying PoPNPS-Lite/Aggregator."

Multiple annuities from the same life insurance company

Subscribers to the National Pension System (NPS) can buy numerous annuity plans from the same provider. The Pension Fund Regulatory Development Authority (PFRDA) has announced that it will now allow multiple annuities for NPS subscribers who earmark the annuity corpus more than Rs 10 lakh, wherein Rs 5 lakh is utilised to buy each annuity scheme. This move is intended to give subscribers a wider range of annuity options.

Systematic Lumpsum Withdrawal facility

According to the proposed rule, subscribers can withdraw up to 60% of their pension corpus through the SLW on a monthly, quarterly, half-yearly, or annual basis for a period of up to 75 years of age, as chosen at the time of their usual retirement. PFRDA made this announcement via a circular on October 27, 2023.

[Will new NPS systematic lump sum withdrawal \(SLW\) option help you during retirement? Here's how to decide](#)

With SLW facility, on exit, on account of Superannuation, lumpsum corpus can be withdrawn in a phased manner. Subscriber has an option to withdraw desired amount systematically at regular periodic intervals.

According to PFRDA circular, "In accordance with Regulation 3 and Regulation 4 of PFRDA (Exits and Withdrawals under the NPS) Regulations, 2015 and amendments therein, it is proposed to provide the option of phased withdrawal of the lump sum through Systematic Lump Sum Withdrawal (SLW) facility. The subscribers are allowed to withdraw up to 60% of their pension corpus, through the SLW on a periodical basis viz. monthly, quarterly, half-yearly or annually for a period till 75 years of as per the choice at the time of their normal exit."

Modifying the subscriber's bank account details

The Pension Fund Regulatory and Development Authority (PFRDA) has mandated instant bank account verification as a means of ensuring that subscribers' bank accounts receive timely National Pension System (NPS) payments upon withdrawal or scheme departure.

According to the PFRDA circular dated October 25, 2023, "The penny drop verification has to be necessarily successful with name matching, for processing the exit/withdrawal requests, and also for modifying the subscriber's bank account details."

The pension regulator stated that no request for exit/withdrawal or changing the subscriber's bank account information will be allowed if the CRA is unable to validate the penny drop.

NPS statement in Consolidated Account Statement

The Pension Fund Regulatory and Development Authority (PFRDA) and SEBI have now provided a unified view of personal investments in the securities market for National Pension System (NPS) subscribers, with updated mark-to-

market values. It comprises both the investors' Demat account holdings and mutual fund holdings.

According to the PFRDA circular dated August 10, 2023, "PFRDA has integrated the NPS Statement of Transaction (SoT) with CAS. Currently, the NPS SoT is shared on an annual basis either physically or through email, and it can also be viewed online in the CRA login. Now, PFRDA has enabled CRAs to integrate with depositories, registered with SEBI to provide NPS Subscribers with the option to include NPS transactions in CAS. Till date, nearly 50000 Subscribers have evinced interest and provided their consent to avail the facility."

NPS contributions using UPI-enabled QR code

The Pension Fund Regulatory and Development Authority (PFRDA) in India has introduced another digital mode of contribution to the National Pension System (NPS).

NPS subscribers can now use the D-remit-based Quick Response (QR) code to invest to their NPS accounts. Subscribers can use any UPI-enabled application to scan the QR code and make contributions, PFRDA said in a circular dated December 6, 2023. The QR code is unique to each subscriber and may be kept offline for payments; the QR codes for Tier I and Tier II are different.

Investing in NPS made easier by PFRDA for these subscribers

The Pension Fund and Regulatory and Development Authority (PFRDA) has simplified the procedure of creating a National Pension Scheme (NPS) account via Central Recordkeeping Agency (CRA) and Point of Presence (PoP) locations. This feature would allow members to generate their Permanent Retirement Account Number (PRAN) instantly.

"To streamline the process of onboarding NPS subscribers under Online PRAN Generation Module (OPGM), CRAs have introduced two methods: one with the photo and signature of the subscriber uploaded by respective nodal offices or PoP, and the other without the photo and signature of the subscriber," said PFRDA in a circular dated November 23, 2023.

NPS subscribers must choose annuity pension plan as per need

The Pension Fund Regulatory and Development Authority (PFRDA) simplified withdrawal restrictions from the pension corpus in an effort to bring relief to thousands of National Pension System (NPS) participants. The pension agency emphasised three points that all NPS members must know in a letter dated July 27, 2023.

Choose up to 3 pension fund managers for different asset classes

The Pension Fund Regulatory and Development Authority (PFRDA) has released a circular announcing that National Pension System (NPS) investors can now select multiple pension fund managers for different asset classes. According to the new PFRDA circular, NPS members can choose up to three pension fund managers for various asset classes. An investor may invest in many asset classes, including equities (E), government bonds (G), corporate bonds (c), and alternate asset classes (A).

Default option available in NPS Tier II accounts for govt employees

The default scheme choice in NPS tier II accounts will now be available to government sector NPS members. The Pension Fund Regulatory and Development Authority (PFRDA) stated in a circular issued on September 22, 2023, that "it has been decided to introduce the NPS Tier II default scheme exclusively for government sector subscribers."

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(Originally published on Dec 28, 2023)

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