PENSION REFORMS SECTION
DEPARTMENT OF FINANCIAL SERVICES

Subject: Weekly Report on Circulars / Notifications / Guidelines issued by PFRDA – week ended 28th April and 04th May, 2012

This is the brief of weekly report on circulars / notifications / guidelines issued by PFRDA during the week ended 28th April and 04th May, 2012

S.No.	Letter / Circular No.	Gist of the Letter / circular
1.	F.No.9/4/2009-PFRDA dated 2nd May, 2012	PFRDA has revised the incremental subscriptions of the Government employees under NPS w.e.f 1st May, 2012, which are to distributed among the three PFMs for year 2012-13.
2.	F.No.8/26/2009-PFRDA dated 17th April, 2012	PFRDA wrote to Principal Secretary (Finance) Govt. of Karnataka, informing his of the finalization of Exit Guidelines applicable for subscribers who are going out of the National Pension System due to Normal Superannuation, Death or pre-mature exit before attaining the age of normal superannuation.

Surinder Kaur
US (PR)

Pension Fund Regulatory
& Development Authority
1st Floor, ICADR Building,
Plot No. 6, Vasant Kunj
Institutional Area, Phase-II,
New Delhi - 110070
Tel. : 26897948, 26897949
Fax : 26897938

F. No. 9/47/2009-PFRDA

Date: 16th April 2012

To,
Ashok Gupta,
Asst. General Manager,
Bank of India,
Star House, C-5, G Block,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400051

Subject: Re-allocation of subscription of Government employees to PFMs for the year 2012-13

Sir,

This is to inform you that, the revised incremental subscriptions of the Government employees under NPS are to be distributed among the three PFMs for the FY 2012-13 as under, with effect from 1st May 2012.

CG Schemes of PFMs	% Allocation for 2012-13
SBI Pension Fund Pvt. Ltd.	34%
UTI Retirement Solution Ltd.	32%
LIC Pension Fund Ltd.	34%

SG Schemes of PFMs	% Allocation for 2012-13
SBI Pension Fund Pvt. Ltd.	35%
UTI Retirement Solution Ltd.	31%
LIC Pension Fund Ltd.	34%

Yours faithfully,

Purnima Sharma

(Dr. Purnima Sharma)
Deputy General Manager

Pension Fund Regulatory & Development Authority
Ist Floor, ICADR Building,
Plot No. 6, Vasant Kunj
Institutional Area, Phase-II,
New Delhi - 110070
Tel. : 26897948, 26897949
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Date: 16th April 2012

F. No. 9/47/2009-PFRDA

To,
Prasenjit Mukherjee,
Asst. Vice President,
National Securities Depository Limited,
4th Floor, "A" Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013

Subject: Re-allocation of subscription of Government employees to PFMs for the year 2012-13

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This is to inform you that, the revised incremental subscriptions of the Government employees under NPS are to be distributed among the three PFMs for the FY 2012-13 as under, with effect from 1st May 2012.

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UTI Retirement Solution Ltd.	31%
LIC Pension Fund Ltd.	34%

Yours faithfully,

Purnima Sharma

(Dr. Purnima Sharma)
Deputy General Manager

F.No. – 8/26K/2009-PFRDA

17th April, 2012

Dear Sir,

Subject: Exit Guidelines

I refer to the agreement entered between the Government of Karnataka and Pension Fund Regulatory and Development Authority through NPS trust on the implementation of the National Pension System for the state government employees. As provided in the agreement vide clause no:2, 4 & 9, PFRDA has finalized the Exit guidelines applicable for subscribers who are going out of the National Pension System due to Normal Superannuation, Death or pre-mature exit before attaining the age of normal superannuation.

In the case of Central Government subscribers, the exit guidelines proposed by PFRDA have been sent to the Department of Financial Services (DFS) under the Ministry of Finance for their acceptance and their response is still awaited.

However, several requests/claims for withdrawal of the benefits from government sector subscribers are being reported to PFRDA either directly from subscribers or through the government dept., concerned. Keeping in view of the above, PFRDA as an interim measure has permitted the withdrawal of 60% of the accumulated pension wealth in the account of subscribers who have exited the government service due to normal superannuation and balance 40% of the accumulated pension wealth is being retained in the NPS for mandatory purchase of annuity for providing the monthly pension. However, the claims arising out of Death and pre-mature exits referred above are not being entertained at present as the Exit rules are not yet finalized by the government.

Keeping in view of the several requests for withdrawal from National Pension System, we are herewith attaching the referred exit policy which has been sent to the central government for your perusal and adoption for the state government employees. Alternatively, the state governments can chose to adopt the exit policy which may be approved by the central government in due course. In such an event no exits/withdrawals would be permitted from the NPS except for the interim arrangement as provided above.

You are requested to communicate your decision on adoption of one of the above two options which would be applicable to the employees who are enrolled in NPS from your state government latest by 30/06/2012 for enabling us to design and develop suitable process in this regard.

The exact and full benefits that would be available to the government employees other than those proposed in the exit guidelines of PFRDA are in the domain of respective state/central government. In this regard, it may be noted that the benefit rules that would be applicable to central government employees who would be exiting the National Pension System due to Normal Superannuation, Death or pre-mature exit before attaining the age of normal superannuation are being finalized by the Central Government.

Thanking you,

Yours Sincerely,

(Pravesh Kumar)
Deputy General Manager

To,

The Principal Secretary,
Department of Finance,
Government of Karnataka,
Room No. 255, 2nd Floor,
Vidhan Soudha,
Bengaluru-560001,
Karnataka.

PROVISIONS WHICH REQUIRE MODIFICATION OF GOVERNMENT NOTIFICATION AND FORMING PART OF THE EXIT RULES PROPOSED BY PFRDA			
Sl no	As per Govt of India Notification	EXISTING OR NEW PROVISION WITH RESPECT TO GOVERNMENT NOTIFICATION	Proposed Exit rule
1	Individuals can normally exit at or after age 60 years for tier-I of the pensions system. At exit the individual would be mandatorily required to invest 40% of pension wealth to purchase an annuity from an IRDA – Regulated life Insurance Company.	**EXISTING PROVISION** WITH RESPECT TO GOVERNMENT NOTIFICATION	The age of normal exit from NPS would be the age of normal superannuation as prescribed by the applicable State/Central govt/autonomous body/corporation/related government organisations and 60 years for all other subscribers of National Pension System. At the time of exit from NPS after attaining the age of superannuation or 60 years as applicable, at least 40% of the pension wealth needs to be used for purchase of annuity and the balance 60% of the pension wealth can be withdrawn either as a lump sum or in phased withdrawals till the age of 70. Subscriber at the time of normal exit has an option to defer the purchase of annuity up to a maximum of 5 years with the 40% of the pension wealth as stipulated above and which needs to be compulsorily annuitized upon attainment of 65 years of age. This is also subject to the condition that this 40% of pension wealth will not be allowed to be withdrawn and stays invested by Pension Fund Manager in the same investment scheme in which the pension wealth was invested before the subscriber attained the age of 60 years. This option will be purely at the option of the subscriber and can be opted at the time of normal exit. Also, in case of demise of the subscriber after opting for such a deferment, the entire pension wealth has to be used for purchase of annuity for the surviving spouse as per the option exercised.
	Individuals would have the flexibility to leave the pension system prior to age 60. However, in this case, the mandatory annuitisation would be 80% of the pension wealth.	**EXISTING PROVISION** WITH RESPECT TO GOVERNMENT NOTIFICATION	The mandatory annuitisation would be 80% of the pension wealth with the monthly annuity payments beginning immediately upon purchase of annuity. However, if the age of the subscriber is less than the minimum age required by Annuity Service Provider's for buying an annuity, it is proposed that the pension wealth stays invested with Pension Fund Manager in the same investment scheme in which the pension wealth was invested before the subscriber applied for exit from NPS and till the subscriber achieves the minimum age required for purchase of an annuity. **Also, subscriber has** a voluntary option to keep the annuity purchase amount (80%) invested in the NPS in Life cycle fund scheme till he attains an age of 60 years and when the annuity has to be bought.
	Exit from NPS due to the death / demise of the Subscriber	NEW PROVISION AND NOT REFLECTING IN THE ORIGINAL NOTIFICATION	Upon the death/demise of the subscriber, 100% of the accrued pension wealth in the account of the subscriber will be paid to the nominees / legal heirs of the subscriber as applicable.
	The cases of regulatory bodies where Chairman/Members are appointed/reemployed after the age of superannuation (60 years) and the procedure to be adopted on exit for this category of NPS Subscribers.	NEW PROVISION AND NOT REFLECTING IN THE ORIGINAL NOTIFICATION	Subscribers are allowed to take the lump sum payment of the entire accrued pension wealth.
PROVISIONS WHICH MAY NOT REQUIRE MODIFICATION OF GOVERNMENT NOTIFICATION BUT WHICH ARE PART OF THE EXIT RULES PROPOSED BY PFRDA			
	The transfer of funds/corpus of employees who were subscribing to NPS, but were later clarified to be governed by GPF-cum Pension scheme.	NEW PROVISION AND NOT REFLECTING IN THE ORIGINAL NOTIFICATION	As such cases will be very few and limited to the initial years, we may allow withdrawal of 100% of the accrued pension wealth and which is mandatorily transferred back to the concerned PAO/DDO. Such proceeds can't be paid back to the subscriber.
	Additional benefits for NPS Subscribers (as proposed by DOE): In respect of those subscribers who are discharged on invalidation/disablement and	NEW PROVISION AND NOT REFLECTING IN THE ORIGINAL NOTIFICATION	The additional benefits should be seen as arising out of discharge of subscribers owing to I. Invalidation or disablement II. Death while in Govt service

	families of such employees who die while in as government servants will have the option to either to: a. Avail the benefits of NPS (lump sum 20% and 80% corpus for buying annuity) OR Forgo the benefits from NPS corpus and avail of the benefits similar to that available under the concerned CCS (Pension) Rules, CCS (Extraordinary) Rules and Liberalised Pensionary Award Scheme. If this option is availed the NPS corpus would be remitted back to CFI or corpus of Autonomous body and the related pension would be paid from Government/autonomous body.		As NPS is a defined contribution scheme providing such a deviation would go against the intention of having NPS, in the long run. Also, with the implementation of NPS by central govt the CCS(Pension) rules, and CCS(extraordinary)rules and LIberalised pensionary award schemes would no longer applicable to employees coming under NPS. Hence, it is proposed 1. to allow 100% withdrawal of the accrued pension wealth for such subscribers who are discharged on the grounds of invalidation / disablement 2. In case of death of the government servant while on duty to be treated as on par with Exit from NPS due to death entailing 100% payment of accrued pension wealth to the nominee / legal heirs of the deceased employee.