

FREQUENTLY ASKED QUESTIONS – NPS VATSALYA

I. OPENING OF NPS VATSALYA ACCOUNT

1. What is NPS Vatsalya?

NPS Vatsalya is a contributory pension system under the National Pension System (NPS). Its objective is to create a pensioned society and encourage the empowerment of children by inculcating the habit of saving for retirement from an early age.

2. Who can subscribe to NPS Vatsalya?

NPS Vatsalya is open to all citizens of India who are under the age of eighteen years. The account will be opened and operated by the guardian on behalf of the minor.

3. What are the benefits of opening a NPS Vatsalya account?

Opening a NPS Vatsalya account provides the child with a head start on saving for retirement and offers valuable financial lessons from an early age. It instills the importance of financial planning and discipline, which can benefit the child throughout their life.

4. How is the NPS Vatsalya account operated?

- The account is opened by the natural or legal guardian in the name of the minor.
- The minor is the sole beneficiary of the account.
- A unique Permanent Retirement Account Number (PRAN) is issued in the minor's name.
- The account is operated by the guardian for the exclusive benefit of the minor until they reach the age of majority (18 years).

5. What is the procedure for opening a NPS Vatsalya account?

The NPS Vatsalya account can be opened through:

- Points of Presence (POPs) registered with PFRDA (Major banks, India Post and Pension Funds etc), either online or in physical mode, directly or through Retirement Advisors/Pension Agents.
- The online platform (eNPS) of NPS Trust.

6. What are the KYC requirements for opening a NPS Vatsalya account?

- The KYC norms applicable to the guardian must be in accordance with the standards stipulated by PFRDA.
- In the case of a court appointed legal guardian, a copy of the court order regarding the appointment of the Legal Guardian must be submitted along with the KYC documents.

7. What documents of the minor are required for opening a NPS Vatsalya account?

For the minor, the proof of date of birth is required. Acceptable documents include:

- Birth certificate of the minor
- School leaving certificate / Matriculations issued by Higher Secondary Board of respective states, ICSE, CBSE, etc.
- Passport of the minor
- PAN

8. Is a bank account required for opening a NPS Vatsalya account?

- The bank account details of the minor or a joint account with the minor are not mandatory for opening the account for Indian residents but will be required at the time of partial withdrawal or exit before the age of 18.
- For non-residents, details of NRE or NRO account are mandatory.

9. What happens when the minor attains the age of 18 years?

- The account will continue to be operational and will be seamlessly transitioned into a NPS -Tier 1 Account under the All Citizen Model.
- Upon transitioning, the features, benefits, and exit norms of the NPS-Tier I for All Citizen Model will apply.
- A fresh KYC of the subscriber must be carried out within three months of reaching majority. Contributions to the NPS Tier1 Account will be allowed after the submission of fresh KYC.

10. Can an NRI or OCI open a NPS Vatsalya account?

- The minor must be a citizen of India.
- The guardian can be a Non-Resident Indian (NRI) or Overseas Citizen of India (OCI).
- A separate form is applicable for guardians who are NRIs or OCIs.
- A bank account (NRE or NRO) is mandatory when the guardian is an NRI or OCI.

11. Is it required to furnish a nomination while joining the scheme?

No, the guardian becomes the nominee under the scheme.

12. How many NPS Vatsalya accounts can I open?

The guardian can open a single account (per child) for the minor.

13. Can a guardian who is a NPS subscriber open a NPS Vatsalya account for a minor?

Yes, a guardian who is a NPS subscriber can open a NPS Vatsalya account in the name of the minor.

II. ACCUMULATION PHASE UNDER NPS VATSALYA

1. What are the minimum and maximum contributions under the NPS Vatsalya account?

- The minimum contribution is Rs 1000 per annum, with no upper limit on the maximum contribution.
- The initial contribution required for enrollment under the scheme is Rs 1000.

2. What are the modes of contribution available under NPS Vatsalya?

A subscriber can contribute through any of the following modes:

- **Physical mode:** By visiting any registered service provider (PoP) and depositing a cheque/cash along with the NPS contribution slip.
- **Online mode:**
 - Online facility provided by PoPs.
 - eNPS platform of NPS Trust.

3. What choices do I need to exercise under NPS Vatsalya?

All choices available under the NPS All Citizen model are also available for NPS Vatsalya, including:

- **Choice of CRA (Central Recordkeeping Agency):** From the registered CRAs with PFRDA.
- **Choice of Pension Fund (PF):** From the registered PFs with PFRDA.
- **Choice of Allocation of Funds:**
 - **Auto Choice:**
 - Conservative Life Cycle Fund (LC25)
 - Moderate Life Cycle Fund (LC50) – Default
 - Aggressive Life Cycle Fund (LC75)
 - **Active Choice:**
 - Equity (E) – Maximum 75%
 - Corporate Bonds (C) – Up to 100%
 - Government Securities (G) – Up to 100%
 - Alternate Assets (A) – Maximum 5%

4. How are the contributions invested in NPS Vatsalya?

The contributions made by the subscriber are invested according to the choices (Pension Fund and Asset allocation) exercised and recorded with CRA, in line with the investment guidelines prescribed by PFRDA for each asset class:

- **Asset Class E** – Equity shares of Top 200 companies under NSE/BSE in terms of market capitalisation.
- **Asset Class C** – Corporate Bonds/Debentures that are listed and rated not below A.

- **Asset Class G** – Government securities and State Development Loans.
- **Asset Class A** – Alternate Assets. For detailed investment guidelines, refer to the Circulars Section of the PFRDA website.

5. How do I know about the performance of my NPS investments?

The performance of your NPS investments is available in the Statement of Transactions, which can be accessed online through the subscriber web login or mobile app. Periodic statements are sent by the CRA to the registered email ID of the subscriber, and a physical statement for the financial year is sent to the correspondence address of the subscriber.

6. What happens if I don't make the minimum contribution? Will my account be closed?

If the minimum contribution is not received, the account is categorized as 'frozen' and will be activated upon contributing to the account. The NPS account will be closed only when a subscriber submits a request (physical or online) for exit from NPS to a service provider (PoP).

7. What are the charges under the NPS Vatsalya Account?

The charges under the NPS Vatsalya account are the same as those for the NPS Tier I for the All Citizen model. The details of the same is as under:

Intermediary	Charge head	Service Charges*
POP	Initial subscriber registration and contribution upload	Min Rs. 200 Max Rs. 400 (Negotiable within slab)
	Any subsequent transactions	0.5% of contribution Min. Rs. 30 Max. Rs. 25,000 Non-Financial Rs. 30
	Persistency > 6 months & Rs 1000 contribution	Rs 50 p.a. for annual contribution Rs. 1,000 to Rs. 2,999 Rs. 75 p.a. for annual contribution Rs. 3,000 to Rs. 6,000 Rs. 100 p.a. for annual contribution above Rs. 6,000
	eNPS (for subsequent contribution)	0.20% of contribution Min Rs. 15 and Max Rs. 10,000 (Only for NPS-All Citizen and Tier-II Accounts)
	Processing Exit/ Withdrawal	0.125% of Corpus with Min. Rs. 125 and Max. Rs.

		500
CRA	PRA Opening charges	PCRA 18
		KCRA 18
		CAMS 18
		<i>Note: e-PRAN card and digital Welcome kit would be sent through email only.</i>
	Annual PRA Maintenance cost per account	PCRA: Rs. 69 KCRA: Rs. 57.63 CAMS: 65
	Charge per transaction	PCRA: Rs. 3.75 KCRA: Rs. 3.36 CAMS: 3.50
Trustee Bank	-	NIL
Pension Fund	Investment Management Fee	0.0467% - 0.09%
NPS Trust	Reimbursement of Expenses	0.005 % p.a. of Assets Managed
Custodian	Asset Servicing charges	0.000000001770% p.a. of assets in custody
<ul style="list-style-type: none"> • <i>Persistency fee is payable to such POPs to which the subscriber is associated for more than six months in a financial year. Minimum per transaction contribution is ₹500/- and minimum annual contribution is ₹1000/-.</i> • <i>GST or other taxes as applicable, to be additional.</i> • <i>PoPs charges for account opening and contribution processing are upfront and other charges including persistency charges to PoPs are through unit deduction by the CRA at the end of the Financial Year</i> 		

9. How do I access my NPS account?

Subscribers can access their Pension Account through:

- **Physical mode:** By visiting their service provider (PoP).
- **Online mode:** Using the login credentials provided by CRA in the Account Opening Kit.

III. EXIT FROM NPS VATSALYA

1. Can I partially withdraw money from the NPS Vatsalya account before 18 years?

- Partial withdrawals from your NPS Vatsalya account are allowed to address contingency situations. The reasons/conditions for partial withdrawal include:
 - Education of the minor subscriber

- Treatment of specified illnesses of the minor subscriber
- Disability of more than 75% of the minor subscriber
- A maximum amount of up to 25% of contributions (excluding returns) can be partially withdrawn.
- This facility is available on a declaration basis after a minimum of 3 years from the date of account opening.
- The Partial withdrawal can be made maximum three times till subscriber attains 18 years of age.

2. What are the exit options under the scheme?

- The subscriber can exit on attainment of age of 18 years.
- On such exit, at least eighty percentage of accumulated corpus available in the account must be utilized for purchase of annuity and remaining balance shall be paid in lump sum.
- In case, the accumulated pension wealth available in the account is equal to or less than a two lakh fifty thousand, or purchase of annuity is not available from empaneled Annuity Service Providers ('ASPs'), the subscriber shall have option to withdraw the entire accumulated pension wealth.

3. What happens in case of death before 18 years?

- In the event of the minor subscriber's death, the entire accumulated corpus to be paid to the guardian.
- If the guardian registered under the account dies during the account's subsistence, another guardian must be registered on behalf of the minor subscriber by submitting the KYC documents as specified by the PFRDA from time to time.
- In case of death of both the parent, the legally appointed guardian can continue the account with or without making contributions to the account, and upon attainment of 18 years of age, the subscriber can exit from the scheme.

IV. GRIEVANCE REDRESSAL

1. Whom should I approach if I have a complaint /grievance?

- For resolving subscriber grievances, the Authority has notified the PFRDA (Redressal of Subscriber Grievance) Regulations, 2015 and an online platform 'Central Grievance Management System (CGMS)' has been hosted for subscriber to lodge grievance online by logging to his/her NPS account.
- A complaint/grievance has to be resolved by the intermediary concerned as early as possible within a maximum period of 30 days of the receipt of the complaint.
- If a subscriber is not satisfied with the resolution provided, he/she can escalate his grievance to the next higher level for resolution and the escalation matrix is as under:

