



## PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

PFRDA/ 2013/14/ PDEX /9

September 17, 2013

To,

All Govt depts./PAO's/DDO/ POP's, CRA & other stakeholders

Dear Sir/ Madam,

### **Sub: Option to defer Annuity purchase under NPS at the time of exit**

As per the Exit guidelines of PFRDA for National Pension System (NPS) subscribers, a subscriber on attaining the Normal Retirement Age (applicable to Govt. sector subscribers) or upon attaining 60 years - is required to compulsorily annuitize at least 40% of your pension wealth and the remaining 60% can be withdrawn as a lump sum. Also, a subscriber wishing to exit from NPS before the normal retirement age or before attainment of 60 years is allowed to exit subject to the condition that a minimum of 80% of accumulated pension wealth needs to be mandatorily utilized for purchase of annuity that provides for the monthly pension to the subscriber.

Presently, withdrawal of permissible lump sum withdrawal (60%) upon exit can be deferred by the subscriber to a later date but not beyond attaining 70 years of age. This is to take care of the reasons like unfavorable Market conditions or there being no requirement of the funds at that particular time.

Due to the upheavals in the market conditions including the bond market and the swings in NAV's of the debt funds including NPS in the recent past, feedback has been received from various stakeholders that the subscribers be given an option to defer or time the annuity purchase (subject to a minimum of 40%/80% of accumulated pension wealth as applicable) akin to the deferment option for the lump sum withdrawal that is permitted currently under NPS.

PFRDA after examining the issued has approved the "Deferment option" for the annuity purchase at the time of exit from NPS with condition that such deferment can be for a maximum period of 3 years. One can initiate the annuity purchase option at any time before lapse of 3 years from the date of such deferment, by giving an application or notice to the Central Record Keeping Agency.

If no such notice is given before the lapse of 3 years from such date of deferment, the percentage of accumulated pension wealth as provided by the subscriber in the NPS withdrawal application form (subject to a minimum of 40%/80% of accumulated pension wealth as applicable) for purchase of annuity would be automatically monetized and such amount would not earn any investment income or interest to the subscriber thereafter.

This is for the information of all concerned. The circular has also been placed on PFRDA website at <http://www.pfrda.org.in> and CRA website at <http://www.npscra.nsdl.co.in>.

Yours faithfully,

**Sd/-**  
**Venkateswarlu Peri**  
General Manager