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To,

All Stakeholders under NPS

Enabling National Pension System (NPS) Subscribers to continue PRAN in case of premature exit

National Pension System (NPS) provides opportunity to its subscribers to invest for their retirement through Pension Funds at a low cost. The unique features of NPS are its portability, flexibility, multiple convenient modes of depositing contributions, choice of pension funds, scheme preference, exclusive tax benefits etc. Under NPS, the subscribers are allotted with a Permanent Retirement Account Number (PRAN), which is unique, and the subscribers can have one active PRAN at any given point of time. Hence, the eligible subscribers can open a new NPS Account after closing their existing NPS Account up to the age of 65 years.

2. Under NPS, a subscriber can opt to either prematurely exit or opt for final exit at the age of 60 years or on attaining superannuation or any time later as per regulations. In case of premature exit, up to 20% of the accumulated pension corpus in the PRAN can be withdrawn as lump sum and balance (80% or above) has to be utilized to buy annuity plan from an Annuity Service Providers (ASP) empaneled by PFRDA.

3. NPS Subscribers, who have exited NPS prematurely or if their PRAN has been deactivated due to final exit, can open a new NPS account (with new PRAN) if they are otherwise eligible to join NPS. There are instances when NPS subscribers, including employees from Government Sector who have applied for premature exit, who have withdrawn the lump sum (upto 20%) from their PRAN but have yet not bought any annuity plan. In such cases, 80% or more corpus meant for annuity remains invested in their PRAN.

4. In order to help such subscribers, referred under para-3 above, it has now been decided that they will be allowed to continue in NPS, if they so desire, by redepositing the entire amount withdrawn earlier (upto 20%) in one lump sum into their NPS account (PRAN) and shall henceforth have the option to continue their NPS account with the same PRAN. This option can be exercised only once.

5. In case of difficulties to redeposit the amount withdrawn earlier, such subscribers can opt to close their NPS account by availing annuity out of the remaining corpus (80%) and open a new NPS account by completing the formalities.

6. The enabling option to continue the existing PRAN offers the benefit of preserving the legacy corpus and facilitating further accumulation in an uninterrupted manner to those NPS Subscribers who have partly exited from NPS but thereafter desirous of continuing in NPS with the same PRAN.

7. The circular is issued under Section 14 of PFRDA Act 2013 is available at www.pfrda.org.in and its contents overrides the provisions laid out on the subject by PFRDA vide its Circular no. PFRDA/2017/3/CSG/1 dated February 1, 2017.



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