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Circular

PFRDA/2021/41/SUP-ASP/06

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To,

Central Record Keeping Agencies (CRAs)

& NPS Stakeholders for information

Subject: Enhancement of Lump sum Withdrawal limit on Exit

The exit/withdrawal norms of the Subscribers are defined by PFRDA (Exits and Withdrawals under NPS) Regulations, 2015 and its amendments. As per regulatory mandate, there are certain predefined conditions which fulfill the norms of exit viz premature exit, normal exit and exit due to unfortunate death of the Subscriber.

2. The provisions of exit regulations require the Subscribers during exit, to utilize a certain percentage upto which their corpus can be withdrawn as lump sum and the balance is to be utilized to buy annuity from the Annuity Service Providers (ASP) empaneled by PFRDA. There are certain instances wherein the corpus in the PRAN paid to the Subscriber or the beneficiary by way of lump sum without mandating them to buy annuity. *However, there is no restriction for any Subscriber to buy annuity from the corpus partly or fully.*

3. The annuity calculator is being provided for the benefit of Subscribers in the respective websites of CRAs and the links are <https://enps.kfintech.com/annuity> & <https://cra-nsdl.com/CRAOnline/aspQuote.html>.

4. As per PFRDA (Exit and Withdrawal) (Amendment) Regulations, 2021 dt 14th June 2021, the provisions related to lump sum withdrawal have been modified for the benefit of Subscribers as provided below.

Norms for Lump sum payment of corpus (On-boarded NPS 18-60 years)			
Category	Limit for lump sum payment(lac)	Government Sector	Non - Government Sector
Premature Exit (Exit before 60 years/Superannuation) <i>For building a long-term retirement wealth in an optimum manner, the subscribers may prefer to contribute under NPS till normal exit</i>	2.5	a. If the corpus is equal to or below 2.5 lakh, lump sum is payable. b. If the corpus is higher than 2.5 lakh, at least 80% of the accumulated pension wealth has to be utilized for purchase of an Annuity providing for monthly pension to the Subscriber. The balance 20% is payable as lump sum to the Subscriber.	a. Be a Subscriber for 10 years. b. Lump sum payable if the corpus is equal to or less than 2.5 lakh. c. If the corpus is more than 2.5 lakh, at least 80% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of an Annuity. The balance 20% is payable as lump sum.
Normal exit (60 years or beyond) & Superannuation)	5	a. Lump sum withdrawal allowed if the corpus is equal to or below 5 lakhs. b. If the corpus is more than 5 lakhs, at least 40% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of an Annuity providing for monthly pension to the Subscriber. The balance 60% is paid as lump sum.	a. Lump sum withdrawal is allowed if the corpus is less than or equal to 5 lakhs. b. If the corpus is more than 5 lakhs, at least 40% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of an Annuity. The balance 60% is paid as lump sum.
Unfortunate Death of Subscriber	5	a. Lump sum is payable to nominees/legal heirs if the corpus is less than or equal to 5 lakhs.	The entire accumulated pension wealth of the Subscriber is payable to the nominee or legal heirs.

		b. If the corpus is higher than 5 lakhs, at least 80% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of Default Annuity* by dependents and the balance 20% is paid as lump sum to the nominee/legal heir. c. If none of the dependent family members (spouse, mother & father) are alive unfortunately, 20% is to be paid as lump sum to the nominee/legal heir. The balance corpus i.e. 80 % is payable to the surviving children of the Subscriber or to the legal heirs.	
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**Default Annuity Scheme* provides for Annuity for life of the Subscriber and the spouse with provision for return of purchase price of the Annuity. Upon the demise of such annuitants, the Annuity be re-issued to the family members. After the coverage of the family members, the purchase price shall be returned to the surviving children of the Subscriber and in the absence of children, the legal heirs of the Subscriber, as may be applicable.

5. Subscribers who join NPS beyond 60 years:

The exit before 3 years shall be treated as '*premature exit*' and those withdrawals beyond 3 years is the '*normal exit*'. For premature exit, the permissible limit for lump sum is 2.5 lacs and 5 lacs under normal exit without the need for annuitization. In case of unfortunate death of those subscribers, the entire corpus shall be paid to the nominee/legal heirs.

Norms for Lump sum payment of corpus (On-boarded NPS between 60-70 years)		
<i>Category</i>	<i>Limit for lump sum payment(lac)</i>	<i>Non-Government Sector</i>
Premature Exit (Exit before completion of 3 Years)	2.5	a. If the corpus is equal to or below 2.5 lakhs, lump sum is payable. b. If the corpus is higher than 2.5 lakhs, at least 80% of the accumulated pension wealth has to be utilized for purchase of an Annuity providing for monthly pension to the Subscriber. The balance 20% is payable as lump sum.
Normal exit (Exit after completion of 3 Years)	5	a. Lump sum withdrawal allowed if the corpus is equal to or below 5 lakhs. b. If the corpus is more than 5 lakhs, at least 40% of the accumulated pension wealth of the Subscriber has to be utilized for purchase of an Annuity providing for monthly pension to the Subscriber. The balance 60% is payable as lump sum to the Subscriber.
Unfortunate Death of Subscriber	5	The entire accumulated pension wealth of the Subscriber is payable to the nominee or legal heirs

6. CRAs need to effectively disseminate the information and create awareness among those Subscribers who are nearing their exit/superannuation through SMS, Educational videos, FAQ, Email communication and creative contents, as deemed fit.

This Circular is issued under Section 14 of PFRDA Act 2013 and is available at PFRDA's website (www.pfrda.org.in) under the Regulatory framework in "Circular" section



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