

STANDARD OPERATING PROCEDURE (SOP) FOR NATIONAL PENSION SCHEME(NPS)

Part-I

1. INTRODUCTION

DPE guidelines inter alia having provisions of 'superannuation benefits' and CPSEs are allowed to contribute 30% of Pay as Superannuation benefits. Accordingly, SJVN has introduced Employees Defined Contribution Pension Scheme (SJVN DCPS) w.e.f. 01.01.2007 which is managed by a Trust. All employees are liable to contribute 5% of pay while the SJVN contributes residual of 30% Pay after contributing towards Employees Provident Fund (EPF), Gratuity and Post-Retirement Medical Scheme (PRMS). Further, Board of SJVN decided to introduce National Pension Scheme (NPS) in SJVN in place of existing SJVN-EDCPS and all the existing fund/corpus is to be transferred to NPS. The Board also directed that Existing DCPS Trust be closed.

NPS is defined contribution pension scheme regulated by Pension Fund Regulatory Development Authority (PFRDA) under Pension Fund Regulatory Development Authority Act, 2013 (PFRDA Act 2013). In NPS, there is no defined benefit that would be available at the time of exit from the system and the accumulated wealth depends on the contributions made and the income generated from investment. NPS is being managed by NPS Board of trustees and its intermediaries. PFRDA also has its guidelines on policy for bulk transfer from self-managed superannuation fund to NPS.

2. SCOPE

- a) This Standard Operating Procedure(SOP) shall apply for implementation and operationalization of NPS in SJVN viz. enrolment of new recruits, payment of contribution, Exit from NPS, partial withdrawals, Grievance Redressal and activities specified or required within the ambit NPS or PFRDA for smooth operation of NPS.
- b) Transfer of Corpus/funds under existing SJVN EDCPS to NPS.
- c) SOP shall apply to all regular employee of SJVN and Board level appointees.

3. DEFINITIONS

In this SOP, unless the context otherwise requires:-

- a) '**Corporate/Employer/Company**' mean SJVN Limited.
- b) '**Contribution**' means contribution stipulated under para 6 of this SOP.
- c) '**National Pension Scheme**' means scheme and any amendments notified by PFRDA/NPS Trust from time to time.

- d) **'NPS Intermediaries'** mean different entities under NPS Architecture performing function of that area such as Point of Presence, Central Recordkeeping Agency, NPS Trust, Pension Fund Manager, Annuity Service Providers, Custodian, Trustee Bank.
- e) **'SJVN EDCPS'** means SJVN Employees Defined Contribution Pension Scheme operated by Trust to manage Pension Funds specified under DPE guidelines towards superannuation benefits.
- f) **'PRAN'** means Permanent Retirement Account Number issued by CRA.
- g) **'Pay'** means Basic Pay + DA.
- h) **'Employee'** means all regular employee of SJVN including employees 'In-waiting', employees on deputation to other organization and trainees appointed against regular posts excluding employees holding Lien in SJVN or appointment on Fixed Tenure basis.
- i) **'Subscriber'** means employee registered under NPS.
- j) **'Annuity'** means a financial instrument which provides for a regular payment of a certain amount of money on monthly/quarterly/annual basis for the chosen period for a given purchase price or pension wealth.

Part-II

4. NPS INTERMEDIARIES

4.1 Company shall appoint NPS Intermediaries and other agencies as per for the function assigned under PFRDA guidelines as under:

- a) **Point of Presence (POP):** POP will act as interface between the corporate/subscribers and NPS Intermediaries. POP shall be first point of contact for company and its employee for any issue of NPS .POP will perform the functions relating to registration of subscribers, undertaking Know Your Customer (KYC) verification, receiving contributions, remitting contribution to individual NPS account and instructions from company and transmission of the same to designated NPS intermediaries.
- b) **Pension Fund Manager (PFM):** PFM will manage retirement savings of the subscribers under NPS. PFMs are notified by PFRDA which can be chosen by subscriber or corporate from time to time.PFM has been appointed by company till 25.04.2022 i.e. first year of NPS implementation, thereafter, it shall be discretion of employee to opt PFM empanelled by PFRDA.
- c) **Central Record Keeping Agency (CRA):** CRA will ensure recordkeeping, administration and customer service functions for all the subscribers of the NPS. It deals with Issuance of unique Permanent Retirement Account Number (PRAN) to each subscriber, maintaining a database of all PRANs issued and recording transactions relating to each subscriber's

PRAN. CRA also act as an operational interface between PFRDA and other NPS intermediaries such as PFMs, Annuity Service Providers, Trustee Bank etc.

d) Nodal Officer/Alternate Nodal Officer:

(i) CRA mandates appointment of Nodal Officer for implementation of NPS in Corporate Model.

(ii) Corporate Establishment Section shall be Nodal Department for implementation and operationalization of NPS in company and responsible for all function under this SOP or/and notified & prescribed by NPS/PFRDA including appointment of POP, CRA, notification of rate of contribution, redressal of grievance etc.

(iii) Head, Corporate Establishment Section shall be Nodal Officer and Section Head (Employee Salary), Corporate F&A shall be designated as Alternate Nodal Officer.

4.2 In addition to above, NPS Trust, Trustee Bank, Custodian, Annuity Service Provider are other intermediaries in NPS Architecture.

Part-III

5. PROCEDURE

a) Enrolment in NPS: All existing employee/New entrants already having NPS Account in individual capacity, his/her PRAN will be shifted to Corporate Model of NPS. Enrolment in NPS will be made through POP for all other employees.

b) Tier-I account will mandatorily be opened under NPS. Income Tax benefits as per the Income Tax Act, 1961 can be availed by employer and employee.

c) Nomination facility is available under NPS and Subscriber will be allowed to register upto three nominees only as per PFRDA guidelines.

d) Subscriber can change/correct personal details, bank details, reissue of I-PIN/T-PIN/PRAN Card, update his/her photograph and signature on NPS portal or physically by submitting written request/form prescribed by NPS/PFRDA to the Nodal Department/Officer or POP.

6. CONTRIBUTION

Contribution towards NPS shall be subject to DPE instructions and SJVN Rules.

a) Employer Contribution:

(i) Company will decide its contribution based on DPE guidelines. Nodal Department shall seek approval of Competent Authority for each financial year in consultation with Corporate F&A.

(ii) Company reserves the right to reduce/increase the rate of contribution or discontinue the contributions.

(iii) Company's liability to contribution will be co-terminus with the employment of employee.

b) Employee contribution:

- (i) Employee will contribute @5% of pay
- (ii) In addition to i) above, employee can opt for voluntary contribution in NPS from salary. Ordinarily, request for voluntary contribution shall be made through ERP to Corporate F&A in beginning of financial year. Company shall not be liable for any other voluntary contribution which is not remitted from salary.
- c) The contribution shall be remitted to NPS by Corporate Finance in consultation with Nodal Department and Point of Presence. Contribution shall normally be made on or before 5th of every month.
- d) Contributions will increase/decrease depending upon increase/decrease in the Salary and shall take effect retrospectively, i.e. from the date the increase/decrease in pay is affected.
- e) Contribution in respect of Deputationists will be made as per terms & condition of deputation of employee.
- f) No contribution will be payable to parent organization if an employee holds lien in his parent organization. However, contribution admissible under this SOP will be remitted to NPS.
- g) No contribution will be payable for the period of leave without pay.
- h) During the period of suspension, contribution shall not be payable. However, in the event of the suspended employee being reinstated, the contribution under the scheme for the period of suspension may be payable on the recommendations of the Disciplinary Authority under the Company's CDA Rules.
- i) Contribution on account of pay arrears after cessation of employment or otherwise will be remitted as per PFRDA guidelines. If guidelines does not permit remittance to NPS, the amount will be paid to employee directly.

7. INVESTMENT CHOICE FOR ASSET ALLOCATION

Subscriber can choose investment pattern either Active Choice (actively decides to invest across various Asset Classes i.e. Equity, Corporate Bonds, Government Securities, Alternate investment like REIT) or Auto Choice (investments will be made in a life-cycle fund). Investment Pattern has been finalized by company till 25.04.2022 i.e. first year of NPS implementation, thereafter, it shall be discretion of employee to opt Investment Pattern.

8. PARTIAL WITHDRAWAL

Subscriber who have been in NPS for 10 years shall have option to partially withdraw from the corpus i.e. upto 25% of the contributions made by the Subscriber for maximum three times during the entire tenure of subscription, against the specified reasons, as per notified NPS guidelines. Presently, withdrawal is allowed for following:

- a) Higher education of children
- b) Marriage of children
- c) For the purchase/construction of residential house (in specified conditions)
- d) For treatment of Critical illnesses
- e) To meet medical and incidental expenses arising out of the disability or incapacitation suffered by the subscriber
- f) For skill development/re-skilling or any other self-development activities
- g) For establishment of own venture or any start-up

Part-IV

9. TRANSFER OF CORPUS/FUNDS UNDER EXISTING SJVN EDCPS TO NPS

- a) The bulk transfer of existing fund/corpus under SJVN DCPS to NPS (as is where is basis) shall be made as per PFRDA Circular dated 01.01.2019. **(Appendix-1)**.
- b) New Entrant having pension accumulation/corpus under NPS or any Superannuation Fund, such accumulation/corpus will be transferred as per PFRDA guidelines.

Part-V

10. EXIT FROM NPS

- a) **On superannuation:** On attaining the Age of superannuation, subscriber will be required to invest minimum 40 percent (presently) of accumulated savings to purchase a life annuity from any IRDA-regulated life insurance. The remaining wealth 60% of Corpus can either be withdrawn in a lump sum at superannuation. Such Corpus can also be withdrawn in a lump sum in a phased manner, between age 60 and 70, at the option of the subscriber.
- b) The employee will have option to defer annuity as per PFRDA guidelines. Presently, the annuity can be deferred till the age of 63 years.
- c) After superannuation, subscriber shall have option to continue in NPS till 70 years which will be regulated as per PFRDA guidelines.
- d) **On death:** In such an unfortunate event, option will be available to the nominee to receive 100% of the NPS pension wealth in lump sum.
- e) **Before 60 years:** In case of cessation from employment in company, Subscriber would be required to invest at least 80% of the pension wealth to purchase a life annuity from any

IRDA – regulated life insurance company. Rest 20% of the pension wealth may be withdrawn as lump sum.

- f) The benefits on cessation of service on account of disciplinary action will be regulated as per SJVN Rules.
- g) Subscriber shall have option to withdraw from the NPS without buying a annuity/pension plan in cases corpus in NPS account is less than limit prescribed by PFRDA which is currently Rs 5 lakh.
- h) The subscriber will provide duly filled applicable **WITHDRAWAL FORM** and copy of PAN, PRAN, Address Proof and Bank details to nodal officer who shall forward the same to POP after verification 15 days prior to superannuation.

11. ANNUITY

The subscriber on exit from NPS has to purchase an annuity from any one of the PFRDA empanelled annuity service providers as per his choice or selection of the annuity type. Few Such annuity options provided by Annuity Service Providers are elaborated below:

- a) Pension (Annuity) payable for life at a uniform rate to the annuitant only.
- b) Pension (Annuity) payable for 5, 10, 15 or 20 years certain and thereafter as long as you is alive.
- c) Pension (Annuity) for life with return of purchase price on death of the annuitant (Policyholder).
- d) Pension (Annuity) payable for life increasing at a simple rate of 3% p.a.
- e) Pension (Annuity) for life with a provision of 50% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
- f) Pension (Annuity) for life with a provision of 100% of the annuity payable to spouse during his/her lifetime on death of the annuitant.
- g) Annuity for life with a provision of 100% of the annuity payable to spouse during his/ her life time on death of annuitant and purchase price will be returned to the nominee/nominees on the death of last survivor.

Part-VI

12. CHARGES

Charges payable to different intermediaries of PFRDA will be paid by subscriber as per PFRDA guidelines. The present rate of charges are enclosed at **Appendix-2**.

13. ACCESS TO NPS ACCOUNT

- a) **Online Mode**
 - (i) **Web based**

Login on <https://cra-nsdl.com/CRA/>

Login with PRAN/IPIN and password

(ii) Mobile Application-

Download mobile App (Android / iOS).

Login with PRAN/IPIN and password

b) Toll Free Number - 1800 1020 990 / 1800 224 430/ 1-800-222080

c) Employee can contact Nodal Officer/Nodal Department/POP.

14. GRIEVANCE REDRESSAL

Any grievance on NPS can be addressed to multi layered Grievance Redressal Mechanism.

a) SJVN

(i) Nodal Department – Corporate Establishment Section

(ii) Nodal Officer – Section Head, Corporate Establishment Section

b) POP (M/s SBI Pension Funds Pvt Ltd)

(i) Email ID – support@sbipensionfunds.com

(ii) Support 1 – 022 4214 7116

(iii) Support 2 – 022 4214 7122

Note: Above contact details may change after expiry of 3 years on appointment of new POP.

c) CRA (NSDL)

(i) Call centre toll free number: 1-800-222080

(ii) Web based- Subscriber can register the grievance at the website <https://cra-nsdl.com>

(iii) Email ID – uoshelpdesk@nsdl.co.in

(iv) Physical Form

15. GENERAL

a) This SOP is not exhaustive / final and shall be subject to addition/deletion/change/modification on the basis of guidelines issued by NPS/PFRDA from time to time.

b) Employee may visit NPS / PFRDA website for detailed information on NPS. Income tax on the contribution and withdrawal shall be applicable as per provisions of Income Tax Rules.

c) Matter not covered under this SOP will be regulated as per PFRDA guidelines.

- d)** This SOP shall be subject to any amendment, as per SJVN Rules or DPE/PFRDA guidelines.
- e)** In case of any doubt regarding interpretation/ clarification of SOP, the decision of Director (P) shall be final and binding.
- f)** The powers to modify, relax, cancel, add or amend any of the provisions of the SOP will rest with CMD/D(P) subject to PFRDA guidelines.
- g)** The scheme shall be applicable to existing employees w.e.f. 01.04.2021 and new entrant shall become member of scheme w.e.f. date of joining in company.

Curcular

Circular No. PFRDS/2019/1/P&D/1

Dated 1.01.2019

To,

All stakeholder under NPS

Subject: Policy for bulk transfer of self managed Superannuation fund to NPS (as is where is basis)

1. The procedure for transfer of individual account from recognized provident fund/superannuation fund to NPS WdS laid down by the Authority vide circulars no: PFFiDA/2017/11/PD/3 dated 1st March 2017 and PFRDA/2015/48/P&D/1 dated 1st

June 2018.

2. Considering the requests received from various stakeholders for facilitating the bulk transfer of assets of self-managed Superannuation Trust Funds to NPS (as is where is basis), the Authority has approved a policy/process for enabling such transfers. The detailed process is provided as Annexure A.

Yours faithfully



Shri MG Phukon
(Mono M. Phukon)
General Manager

Annex A

Process for bulk transfer of Superannuation Fund to NPS as is where is basis

1. Corporate Registration:

- a. The Corporate will register itself with either of the CRAs (through a PoP or as a PoP-Corporate).
- b. The Corporate will select the PF for the new SAF asset class/scheme for transfer of funds from existing SAF to NPS.
- c. Choice of scheme preference options (Active/Auto choice & Asset allocation) for incremental flows can be exercised either by the Corporate or by the subscribers.
- d. The PF chosen for SAF transfer and incremental funds transfer will be the same. *(The existing policy of exercising choice of PF & Scheme preference in case of NPS Corporate Model not applicable)*

2. PF and investment schemes:

- a. The PF selected by the Corporate will create a new SAF scheme.
- b. There will be separate SAF scheme for each corporate (e.g., 'SAF_Company1'; 'SAF_Company 2' etc.)
- c. The transfer of underlying assets of the existing SAF will be at market value. The existing underlying assets of SAF will be marked at market value (valued as per the existing valuation practices) for transfers to PF. Any difference in value of SAF corpus due to marked to market valuation on transfers will be borne by the SAF Trust or Subscribers.
- d. The underlying assets/securities will be transferred to the PF by the existing SAF. The PF shall consent for each asset being transferred through negotiation and discussion with the SAF Trust.
- e. The new SAF scheme will be registered with Rs.10 NAV in the CRA system. Alongwith other schemes, NAV for this scheme will also be uploaded by the PF in the CRA system and NAV of SAF scheme may vary as per the market valuation every day.
- f. The dividends / interest will go back to the SAF Scheme.
- g. No new contributions will be accepted in the legacy SAF scheme except dividends/coupons/maturity/sale proceeds of existing securities.
- h. The existing investment guidelines will not be applicable to the SAF Scheme.

Appendix-2				
Intermediary	Charge Head	Service Charges		Mode of deduction
Point of Presence	Initial Subscriber Registration and contribution upload	Rs. 200		Collected Upfront
	Initial Contribution Upload	Percent 0.10 (minimum Rs. 20, max Rs. 25000)		
	Subsequent Monthly Contributions	Percent 0.10 (minimum Rs. 20, max Rs. 25000)		
	Other Non-Financial Transactions as prescribed by PFRDA	Rs. 20		
Central Record Keeping Agency (CRA)	Account Opening charges (one Time)	NSDL - Rs. 40.00		Unit deduction
	Annual Maintenance Charge (Per Annum)	NSDL - Rs. 95.00		
	Charge per transaction (Financial/Non-Financial)	NSDL- 3.75		
Pension Fund	Investment Management Fee	Slabs of AUM managed by Pension Fund	Maximum IMF	NAV Adjustment
		Upto 10,000 Cr.	0.09%	
		10,001 – 50,000 Cr.	0.06%	
		50,001 – 1,50,000 Cr.	0.05%	
		Above 1,50,000 Cr.	0.03%	
NPS Trust	Reimbursement of Expenses	0.005% p.a. of Asset Managed		NAV Adjustment
Custodian Stock Holding Corporation of India	Asset Servicing charges	0.0032% p.a. of Asset in custody		
CRA	Account opening within Physical PRAN Card (in Rs.)	Account Opening with ePRAN Card (in Rs.)		Welcome Kit Sent in email only
		Welcome Kit Sent in Hardcopy		
NSDL	40/-	35/-		18/-
<i>Charges shall vary as notified by NPS/PFRDA and *Service tax and other levies, as applicable, will be levied as per the existing tax laws</i>				