

RELIANCE

National Pension System

RELIANCE

I'm retired –
goodbye tension,
hello pension!

The question isn't at
what age
I want to retire,
it's at what Income

Life begins
at retirement

When I turn 60...& Retire

Retire from work,
but not from life.

Don't simply retire *from*
something;
have something to retire *to*

Retirement is wonderful
if you have
much to live for
&
much to live on

Why to Plan for RETIREMENT Years:

- ✓ Pay Cheques stop coming
- ✓ Lack of Universal Social Security System in India
- ✓ Increased cost of living and skyrocketing medical expenses
- ✓ Deteriorating joint family concept
- ✓ Average human life expectancy rising
- ✓ You will have time, keep money with you to pursue your passions and unfulfilled desires

How Much Funds I'll Need after Retirement?

Effect of Inflation

1992	2012
Movie Ticket : Rs 25	Movie Ticket : Rs 250
1992	2012
Hotel Bill: Rs.150	Hotel Bill: Rs.1100
1992	2012
Petrol Price: Rs. 15 / Litre	Petrol Price: Rs. 74 / Litre

INFLATION COST CALCULATOR

Current Expenses	30,000	After Years
Inflation	6.00%	20
Future Expenses	96,214	

Monthly Contribution Rs.	5,000					
Expected End Value of your Investment For A Monthly Investment of Rs.5,000						
Exp. Returns	Number of Years of Investments					
	5	10	15	20	25	30
8%	367,070	906,416	1,698,892	2,863,300	4,574,197	7,088,066
10%	385,859	1,007,288	2,008,106	3,619,934	6,215,798	10,396,464
15%	436,710	1,315,091	3,081,828	6,635,367	13,782,804	28,158,852
20%	493,520	1,721,555	4,777,300	12,380,970	31,301,335	78,381,258

How do I plan myself for **Life after Retirement?**

- ◆ **Set the Goal**

Nobody plans to fail, but plenty of people fail to plan.

- ◆ **Start Saving**

If you don't save, you'll never reach your goal. Finding the cash to stash may be a challenge, particularly when you're young, but don't let that stop you from pursuing future riches.

- ◆ **Asset Allocation**

Studies have shown that the majority of the returns generated by an investment are dictated by the Asset-allocation decision. *Asset Allocation* explains how to treat all your investments as a single portfolio to maximize returns. *Asset Allocation* can help you minimize risk while maximizing return.

- ◆ **Prepare for Rainy Days**

Part of long-term planning involves accepting the idea that setbacks will occur. If you are not prepared, these setbacks can put a stop to your savings efforts. While you can't avoid all of the bumps in the road, you can prepare in advance to mitigate the damage they can do.

- ◆ **Save More**

Your income should rise as time passes. You'll get raises, you'll change jobs, and maybe you'll get married and become a two-income family. Every time more cash comes in to your pocket, you should increase the amount that you save. The key to reaching your goal as quickly as possible is to save as much as you can.

How do I plan myself for **Life after Retirement?**

- ◆ **Watch Your Spending**

To maximize your savings, you need to minimize your spending. Buying a home you can afford and living a lifestyle that is below your means and not funded by credit cards are all necessities if you want to boost your savings.

- ◆ **Monitor Your Portfolio**

There's no need to obsess over every movement of the Sensex. Instead, check your portfolio once a year. Rebalance your asset allocation to keep on track with your plan.

- ◆ **Max Out Your Options**

Take advantage of every savings opportunity that comes your way. Make the maximum contribution to tax savings plans. Don't let any chance to save get away.

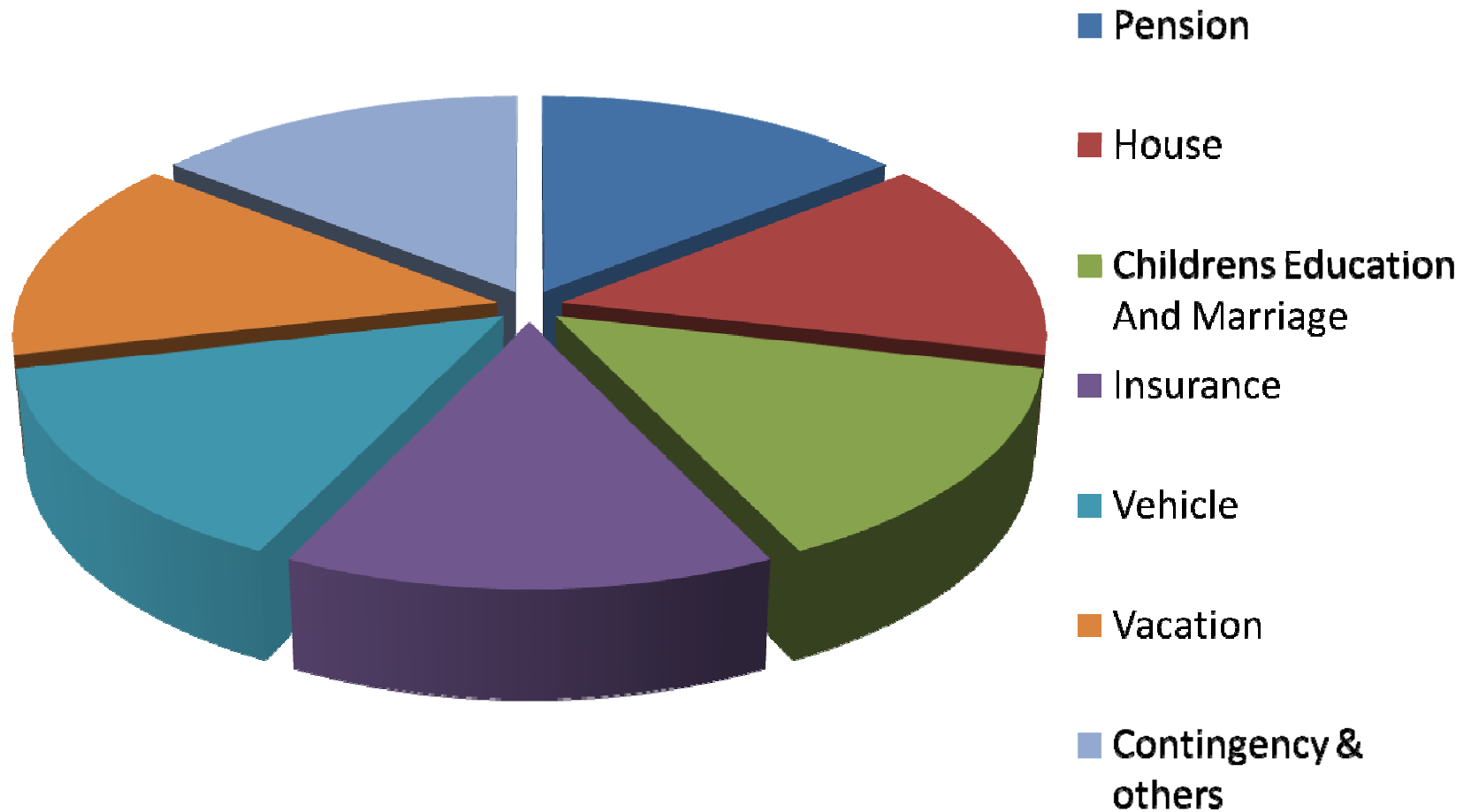
- ◆ **Catch-Up Contributions**

As you age you are in a position to increase contributions to the savings plans. Take advantage of this position to increase your savings.

- ◆ **Have Patience**

"Get-rich-quick" schemes are usually just that - schemes. The power of compounding takes time, so invest early, invest often and accept that the road to riches is often long and slow. With that in mind, the sooner you get started, the better your odds of achieving your goals.

Traditionally **Pension** is not a part of **Savings...**
 Add it **NOW!**



To Take Care of all your Pension and Retirement Needs
We have a Product Conceived & Designed By the
Government of India

National Pension System

What is the NATIONAL PENSION SYSTEM ('NPS')?



- Major initiative undertaken by Government of India to ensure old age income security / provide adequate retirement income.

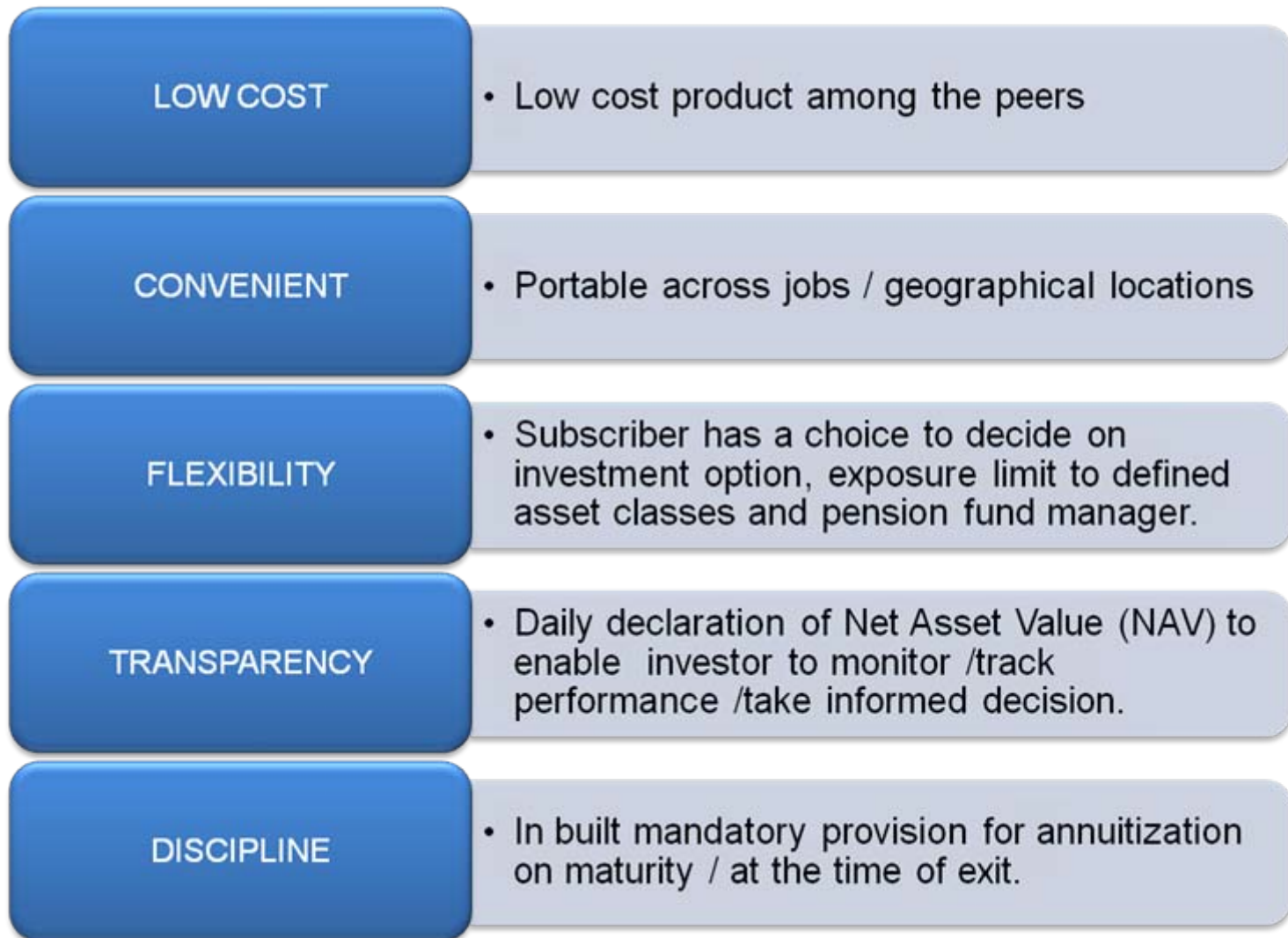


- Well regulated environment [Pension Fund Regulatory and Development Authority (PFRDA) as regulator & Board of NPS Trust as Trustees] to oversee the overall function of pension funds to safeguard the interest of subscribers.



- Pension System based on defined contribution to provide sustainability.

Why NPS?



Eligibility



Who can ?

- ✓ A citizen of India whether resident or non resident.
- ✓ Age between 18-60 years on the date of submission of application.
- ✓ Complied with Know Your Client (KYC) Norms



Who cannot?

- ✓ Undischarged insolvent
- ✓ Individuals of unsound mind
- ✓ Pre existing account holder under NPS
- ✓ Government employees who are already covered under NPS

NPS Accounts



Tier I

- ✓ Contribute savings for retirement into non- withdrawable pension account.
- ✓ It is available to all citizens of India with effect from May 1,2009.



Tier II

- ✓ Voluntary savings facility.
- ✓ Free to withdraw whenever subscriber wishes.
- ✓ It is available to all citizen of India with effect from December 1, 2009.
- ✓ An active Tier-I account will be a Pre requisite for opening of a Tier-II account

Contribution



Tier I

- ✓ Minimum amount per contribution Rs. 500
- ✓ Minimum amount per year – Rs. 6,000
- ✓ Minimum number of contributions – 1 per year
- ✓ Penalty of Rs. 100 to be levied if no contribution is made or contribution made in any year is less than Rs. 6,000



Tier II

- ✓ Minimum contribution at the time of account opening – Rs. 1,000
- ✓ Minimum amount per contribution – Rs. 250
- ✓ Minimum account balance at the end of each financial year Rs. 2,000
- ✓ Minimum number of contributions – 1 per year
- ✓ Penalty of Rs. 100 to be levied if minimum account balance is not maintained and/or contribution made in any year is less than Rs 250/-.

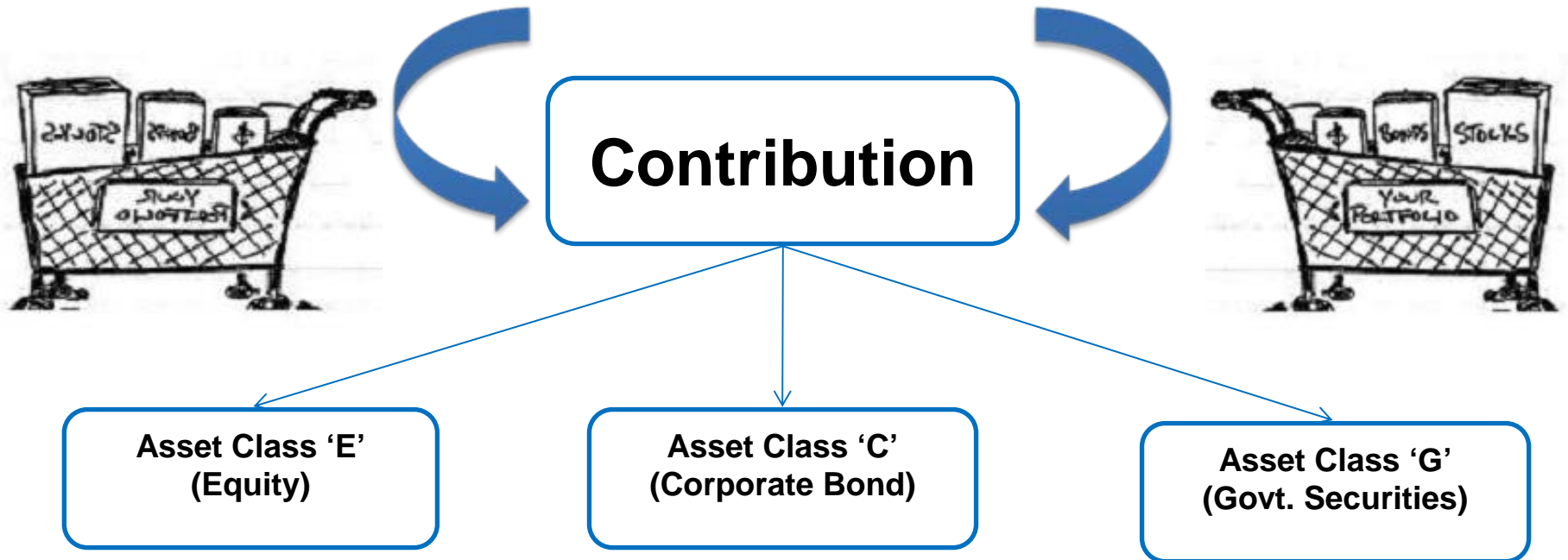
Allocation of Contribution

Active Choice

Subscriber's choice of allocation into asset classes with subject to cap of 50% in Asset Class E

Auto Choice

Pre-determined portfolio allocation according to the age of subscriber.



Note : Auto choice will be considered if subscriber does not exercise active choice

Pension Wealth Proceeds



CRITERIA

BENEFIT

On the attaining the age of 60 years and upto 70 years

Compulsorily annuitize 40% of accumulated pension wealth & rest 60% as lump sum.

Before 60 years of age

Compulsorily annuitize 80% of accumulated pension wealth & remaining 20% as lump sum.

Death due to any cause

Nominee(s) will receive 100% of pension wealth as lump sum. Nominee can continue with NPS after following KYC procedure themselves.

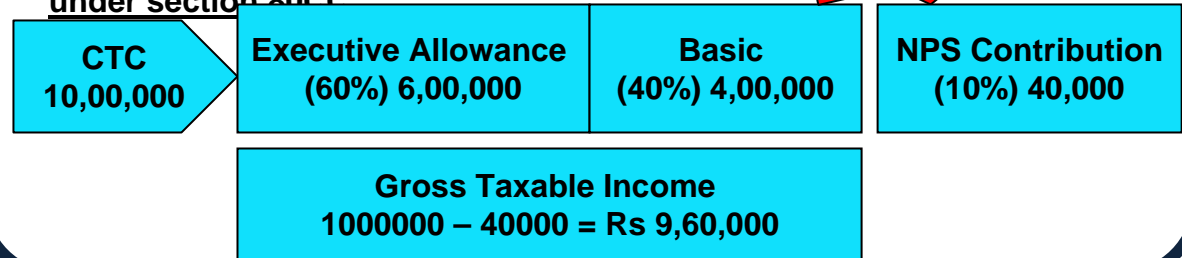
Pension wealth proceeds that are received as lump sum upon maturity or withdrawal are taxable as of now. However the proposed Direct Tax Code ver 2.0 intends to make it tax free.
The amount of Pension wealth utilised for purchase of annuity is tax free.

Tax Benefit

Employer's Contribution
(On Behalf of Employee)

Employer's contribution to NPS made on behalf of employee(s) under Section 80CCD(2) of Income Tax Act, subject to 10% of the Salary (Basic + DA) shall be "allowed deduction in the computation of employee's total income".

The contribution of the employer therefore will be available as a further deduction to the assessee over and above the deduction of Rs One Lakh under section 80CC

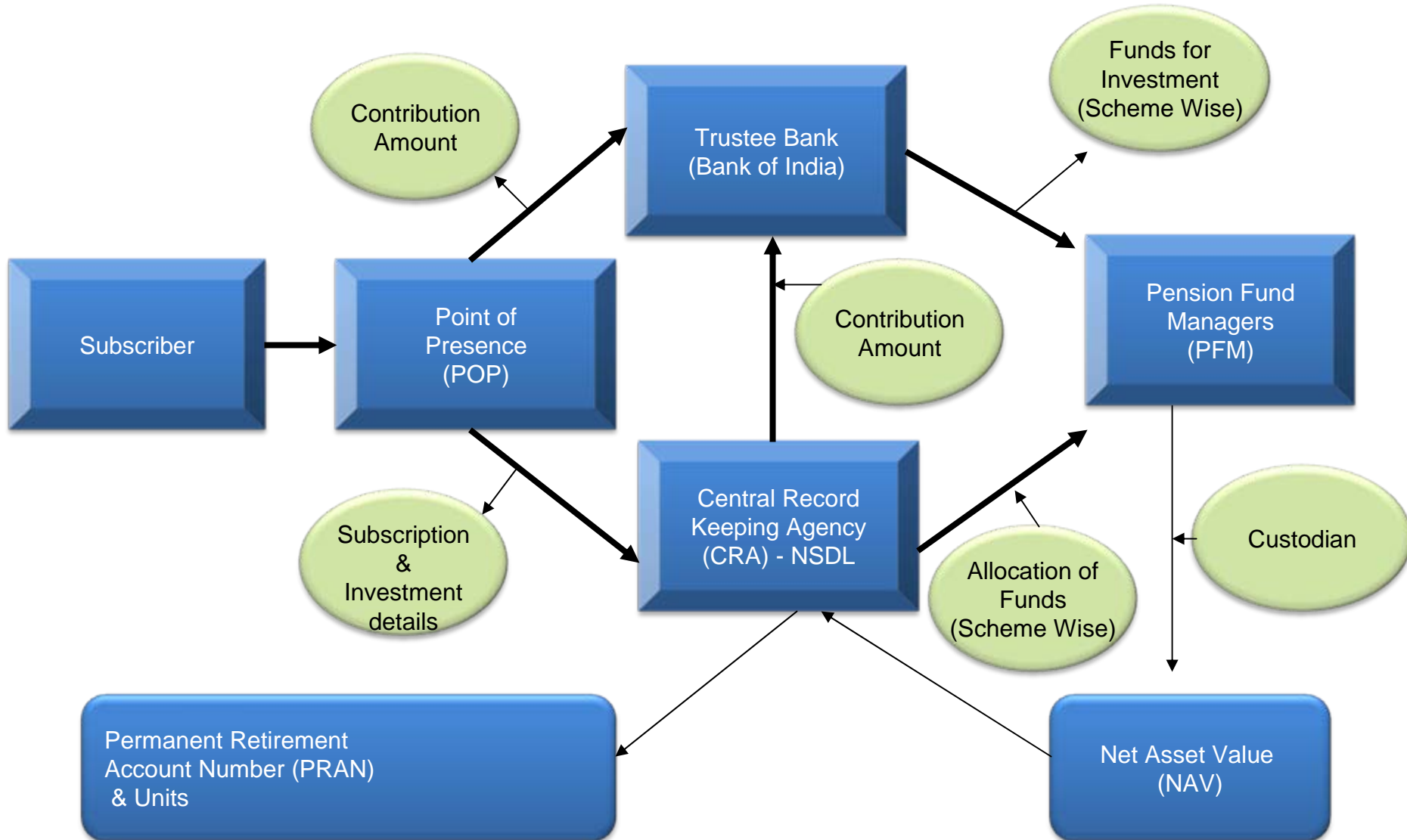


Employee's Contribution
(Individual Subscriber)

Deduction in respect of contribution to NPS scheme shall be allowed under section 80CCD (1) upto Rs. 1 lac.

It may be noted that aggregate amount of deduction in any case u/s 80C, 80CCC & 80CCD shall not exceed Rs. 1 lac.

NPS Architecture



Cost Structure

POP	Initial Subscriber Registration and contribution upload	Rs. 100	To be collected upfront
	Subsequent transaction Cost	0.25% of subscription or Rs. 20 whichever is higher (maximum Rs.25000/-)	
CRA - (NSDL)	PRA Opening Charges	Rs. 50	Through cancellation of Units
	Annual PRA Maintenance Charges	Rs. 225	
	Charges per transaction	Rs. 5	
Trustee Bank- Bank of India	Per transaction cost from RBI location	Zero	Through NAV deduction
	Per transaction cost from non RBI location	Rs. 15	
Custodian - Stock Holding Corp. India Ltd.	Asset Servicing Charges	0.0075% p.a. for electronic segment 0.05% p.a. for physical segment	Through NAV deduction
Pension Fund Manager	Investment Management Fees	0.0009% p.a. (0.25% p.a. w.e.f. 1/1/2013)	Through NAV deduction

Awards & Recognition



Best product innovation

Reliance Capital Pension Fund Ltd (RCPFL)

For RCPFL- The most experienced Multi Funds scheme manager - Sponsor RCAM has well established track record of one among the top AMCs managing Mutual Fund business with the current AUM being around Rs 1.5 lakh Crs. For RCAM - In various forums, SEBI has envisioned a huge opportunity in the untapped investment avenue for post retirement savings and has encouraged Asset Management Companies to launch pension oriented schemes.

Risks and Disclaimers

- ◆ *Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the NPS Schemes will be achieved. As with any investment in securities, the NAV of the units issued under the NPS Schemes can go up or down depending on the factors and forces affecting the securities markets. Past performance of the Pension Fund Manager is not indicative of the future performance. The NAV of the NPS Schemes may be affected inter-alia by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures.*
- ◆ *Value of your investments in the NPS may go up or down depending upon the forces and factors affecting financial markets in general. Tax laws may change affecting the Return on Investments.*
- ◆ *The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the reader. This information is meant for general reading purposes only and is not meant to serve as a professional guide for the readers. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by RCPFL from independent, third-party sources that it deems to be reliable, some of which have been cited above. However, RCPFL has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of RCPFL, which belief may be based in whole or in part on such data and other information.*
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THANK YOU

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