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Now, NPS subscribers can withdraw funds partially

NEW DELHI, MAY 3

Pension fund regulator PFRDA on Thursday said NPS subscribers will now have the option to partially withdraw funds from their accounts for pursuing higher education or setting up new business.

The decision was taken at the Board meeting of the Pension Fund and Regulatory Development Authority (PFRDA) last week.

"Partial withdrawals will now be allowed to National Pension System (NPS) subscribers who wish to improve their employability or acquire new skills by pursuing higher education/acquiring professional and technical qualifications," the PFRDA said.

Further, NPS subscribers who wish to set up a new business or acquire new business will also be allowed to make partial withdrawals from their contributions.

NEW GUIDELINES

- Subscribers who wish to set up a new business or acquire new business will also be allowed to make partial withdrawals from their contributions
- The PFRDA also decided to increase the cap on equity investment in 'active choice' category to 75% from current 50% for private sector subscribers
- However, the option of increasing investment in equity will be available to subscribers till the age of 50 years

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However, the option of increasing investment in equity will be available to subscribers till the age of 50 years.

NPS offers subscribers to design their own portfolio based on two investment options — 'Auto Choice' and 'Active Choice'.

Subscribers opting for 'active choice' option, can invest in 'Alternate Investment Fund' up to 5%, besides the three regular instruments — equity, G-Secs and corporate bonds.

At present, NPS and Atal Pension Yojana (APY), both regulated by the PFRDA, have a cumulative subscriber base of over 2.13 crore with total asset under management (AUM) of over Rs 2.38 lakh crore.

The PFRDA Board also approved a proposal on changing the investment grade rating from 'AA' to 'A' for corporate bonds.

"The change is subject to a cap on investments in 'A' rated bonds to be not more than 10% of the overall corporate bond portfolio of the pension funds," it said.

This initiative will enlarge the scope of investment for the fund managers while ensuring credit quality, it added.

The PFRDA has taken this decision in pursuance of an announcement in the Union Budget. A proposal on adoption of Common Stewardship Code, as a measure of good corporate governance, was also approved.

"Further, it was also approved that the principles enumerated in such code shall be circulated to all pension funds for compliance and implementation," the PFRDA said. — PTI