



# Annual Report of NPS Schemes

Managed by

**UTI Retirement Solutions Limited**

For the Financial Year 2017 – 18

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## 1. Introduction

The National Pension System (NPS) is a '**Government of India**' initiative with an objective of Development of a sustainable and efficient voluntary defined contribution Pension System in India. It is regulated by Pension Fund Regulatory & Development Authority (PFRDA). NPS provides a platform for savings to create a Retirement Corpus (Pension Wealth), to enable subscriber for purchasing Annuity post retirement.

NPS is applicable on a mandatory basis to all Central Government Employees (except Armed Forces) who have joined services with effect from 1<sup>st</sup> January, 2004. Various State Governments have also introduced NPS for their employees.

The scheme was made open to the general public w.e.f. May 2009. Indian citizens in the age group of 18 to 65 are eligible for the scheme. Initially, the contributions made by investors were invested in 3 asset classes: E (Equities), C (Corporate Bonds) and G (Govt. Securities). PFRDA introduced a new Asset Class in NPS Schemes i.e. "Asset Class - A" in addition to the existing asset classes 'E', 'C' and 'G' w.e.f. 7<sup>th</sup> October, 2016. The new Asset Class A will invest in alternative investment funds viz. Commercial mortgage based securities or Residential mortgaged based securities, Units issued by Real Estate Investment Trusts regulated by the SEBI, Asset backed securities regulated by SEBI, Units of Infrastructure Investment Trusts regulated by SEBI and Alternative Investment Funds (AIF Category I & II) registered with SEBI.

NPS offers 2 investment choices - 'Active Choice' and 'Auto Choice'.

The Active Choice offers flexibility to subscribers to decide the asset allocation between the 4 asset classes E, C, G & A. The maximum exposure to Equity is restricted to 50% and maximum exposure to Asset Class 'A' is restricted to 5% whereas in Corporate Bonds and Govt. Securities one can invest upto 100%. Active Choice is appropriate for the subscribers who are well versed with the market and who have the ability to take informed decisions. The subscribers have the freedom to change the asset allocation twice in a financial year.

