



National Pension Scheme

A disciplined retirement engine & tax minimizing tool

Sagothia & Shah
(Chartered Accountants)



◆ **Why NPS deserves attention**

Market-linked long-term compounding

Among the lowest fund management costs

Flexible asset allocation

Regulated by PFRDA

Built for retirement



Long-term performance (indicative)

~12–14%

Equity (E)

CAGR

~8–10%

Corporate Debt (C)

CAGR

~8–10%

Govt Securities (G)

CAGR



! Market-linked & not guaranteed



Investment choice & lifecycle flexibility

You can also choose your pension fund manager (fund house).

Active Choice

- Select E/C/G/A allocation
- Choose fund house
- Greater control

Auto Choice (Lifecycle)

- Higher equity when young
- Gradual shift to debt
- Reduces retirement-time risk

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New Tax Regime Advantage

Employer NPS deduction

 **Up to 14% of Basic + DA**

- Available for all employees
- Over & above standard deduction

  ₹50k personal NPS deduction not available

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Old Regime tax benefits

₹1.5L u/s 80CCD(1)

Extra ₹50k u/s 80CCD(1B)

Employer: 10% (private) | 14% (Govt)

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Directors & KMPs CTC structuring

Where remuneration flexibility exists, salary may be structured via employer NPS:

 **Deductible for company**

 **Non taxable for employee**

  **₹7.5L overall cap applies across EPF, NPS & Superannuation fund**

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Exit rules (Non-Govt employees)

At age 60

\leq ₹8L

100% withdrawal

₹8–12L

₹6L lump sum

$>$ ₹12L

Up to 80% withdrawal (Tax-free only up to 60%)

💡 Post-retirement, with lower income, annuity tax may be modest depending on corpus & other income

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Partial withdrawal



After 3 years



Up to 4 times during tenure



Max 25% of own contribution



Only for specified purposes



Eligible withdrawals are tax-exempt

Young
Molynthe
Pmeprenacoed
a roecovort

Restore
Aljostm :f
Ofeaud

Wattiiree
Rremmmng
realyee

Elder
Amayng
pefiesting
we-lued

Elder
Vnovotire
Lifestenstied
welled



Tenure basics (updated)



Entry

18–70 years



Normal retirement

60 years



Option to continue

Remain invested up to 85 years



Who should be cautious

Avoid heavy NPS allocation if you need:



High liquidity



Higher take-home



Full flexibility

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Bottom line

**NPS is a powerful
retirement & tax
planning tool — if used
strategically.**

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