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## CIRCULAR

PFRDA/2018/03/PF/03

Date: 22<sup>nd</sup> May, 2018

**SUBJECT: Amendment to Investment Guidelines for NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY} –reg.**

1. In partial modification of Circular No.PFRDA/2017/18/PF/2 dated 04.05.2017 pertaining to investment guidelines issued by the Authority for NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY}, it has been decided to amend Clause 10 of the said Circular as under:

*“10. In the interest of subscribers in the non-government sector, the Central Recordkeeping Agency(s) (CRAs) would monitor ‘the ceiling of exposure in Asset Class E (Equity) upto 75%, C (Corporate Debt) upto 100%, G (Government Securities) upto 100% and Asset Class A (for Tier I only) upto 5% respectively’, to ensure that such limits are adhered to.”*

2. The cap on equity investment has been increased to maximum limit of 75% from current permissible limit of 50% in active choice for private sector subscribers under NPS, with tapering off of the equity allocation after attaining the age of 50 years by subscriber. Thus allocation in the Active Choice has been revised as under:

Age ( years)	Cap on E	Cap on C	Cap on G	Cap on A
Upto 50	75%	100%	100%	5%
51	72.5%	100%	100%	5%
52	70%	100%	100%	5%
53	67.5%	100%	100%	5%
54	65%	100%	100%	5%
55	62.5	100%	100%	5%
56	60	100%	100%	5%
57	57.5	100%	100%	5%
58	55	100%	100%	5%
59	52.5	100%	100%	5%
60 and above	50	100%	100%	5%

3. In case the investment by the subscriber in equity exceeds the cap in particular age bucket due to tapering of the caps, the excess portion shall be moved to G-Sec by default. However, the subscriber would continue to have the choice to re-allocate the non-equity portion between asset classes C, G & A unlike under the auto choice where tapered off portion moves in a pre-fixed percentage of C & G. The subscriber will also continue to enjoy the choice of allocation between E, C, G and A subject to limits as given above.
4. If a person subscribes to NPS beyond the age of 50 years and chooses active choice, he shall get the maximum equity allocation in accordance with the table. For e.g. if the person enters at the age of 56 years, he can get maximum 60% of equity asset allocation in accordance with the table.
5. Further, if the person at an age lower than 50 years selects equity allocation less than 75%, the tapering of equity allocation shall be in accordance with the age/percentage of equity cap mentioned in the table. For. e.g. if a person at the age of 45 years (say) chooses 65% as equity allocation under active choice, the tapering off of the equity allocation shall initiate from the age of 55 years.
6. The above arrangement is applicable w.e.f. 15<sup>th</sup> June, 2018. All other terms and conditions of the relevant investment guidelines shall stand unaltered and all concerned intermediaries shall ensure compliance, in terms thereof.
7. This circular is issued in exercise of powers of the Authority under sub-clause(b) of sub-section(2) of Section 14 read with Section 23 of the PFRDA Act, 2013 and sub-regulation (1) of Regulation 14 of the PFRDA(Pension Fund) Regulations, 2015.



22/5/18

(Venkateswarlu Peri)  
Chief General Manager