

NPS Vatsalya:

Securing Your Child's Future



INTRODUCTION

- In **Budget 2024**, Finance Minister **Nirmala Sitharaman** introduced the NPS Vatsalya scheme, a minor pension plan.
- Allows parents/guardians to contribute to an NPS account for their children to build a **retirement corpus**.



WHAT IS THE NPS VATSALYA SCHEME?

- A variant of the existing NPS, designed for minor children.
- **Parents/guardians** can contribute on behalf of their children until the child reaches 18.
- Minimum contribution: ₹1,000 per year; no limit on the maximum.
- **Goal:** Secure future financial stability and retirement for minors.



WHO IS ELIGIBLE FOR NPS VATSALYA?

- Indian citizens below 18 years.
- NRIs and OCI individuals below 18 years.
- Parents or guardians can open the account on behalf of minors.



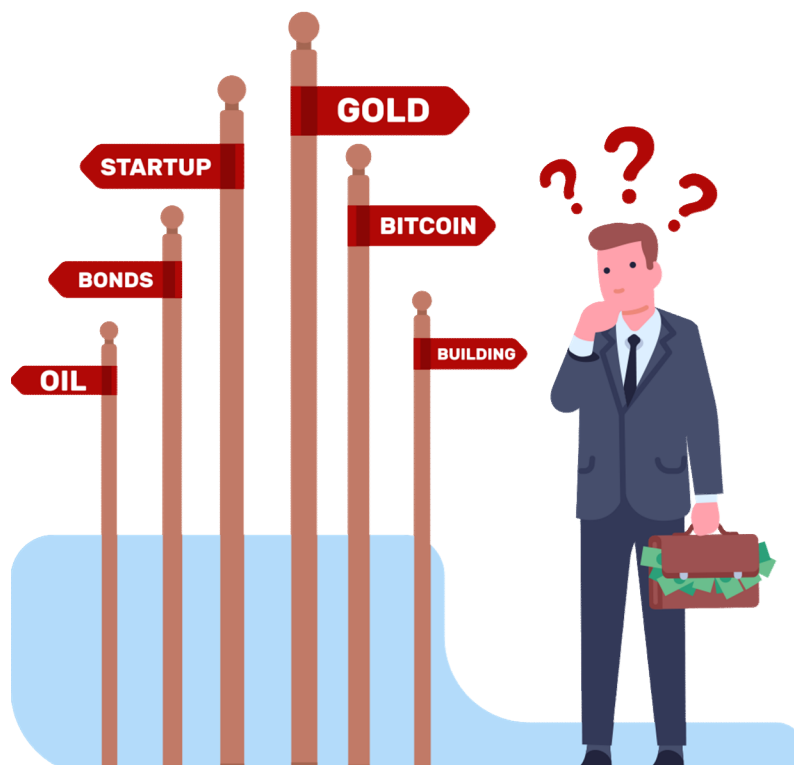
SCHEME APPLICABILITY

- Applicable for parents and guardians of minors.
- Upon reaching 18 years, the **NPS Vatsalya** account converts into a **standard NPS** account.
- Families can leverage this for long-term financial security and retirement planning.



INVESTMENT CHOICES UNDER NPS VATSALYA

- **Default Choice:** Moderate Lifecycle Fund (LC-50) - 50% equity.
- **Auto Choice:** Choose from Aggressive (LC-75) - 75% equity, Moderate (LC-50) - 50% equity, or Conservative (LC-25) - 25% equity, lifecycle funds.
- **Active Choice:** Parents can customise their investment allocation across four asset classes: equity (max 75%), government securities, corporate debt, and alternative assets.



WITHDRAWAL & EXIT RULES

PARTIAL WITHDRAWAL:

- Available after 3 years of joining.
- Withdraw up to 25% of the contributed amount for education, illness, or disability.
- You can withdraw 3 times before the child turns 18.

EXIT RULES AT 18:

- Convert to a standard NPS account.
- Withdraw up to 20% as a lump sum; the rest is invested in annuities.
- Corpus below ₹2.5 lakh can be fully withdrawn as a lump sum.



DEATH BENEFITS

PARENT OR GUARDIAN DEATH:

- The entire corpus returned to the guardian or nominee.

SUBSCRIBER'S DEATH:

- In case of the death of a parent, another parent is registered through a fresh KYC. If both parents pass away, the legal guardian continues the scheme for the child without making contributions until the child attains 18 years.



TAXATION

To be clarified.

BENEFITS OF NPS VATSALYA

KEY BENEFITS:

- Promotes early **savings habits** in children.
- Provides a **portability** feature that allows job changes without affecting the account.
- A large retirement corpus due to long-term contributions.
- Teaches children **financial management** as they take over the account at 18.



WHY JOIN NPS VATSALYA?

REASONS TO JOIN:

- **Protection** against future financial uncertainty.
- Encourages long-term **investment** and pension planning.
- Enjoy the **benefits of compounding** for maximum returns.
- Provides **flexibility** in financial planning for children's future.



CONCLUSION

- The **NPS Vatsalya Scheme** is a valuable tool for families to build a financially secure future for their children.
- Early contributions ensure a robust retirement fund, promoting a culture of **saving** and **investment** in children.





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DISCLAIMER:

- The information provided in this presentation is for educational purposes only and should not be considered as financial advice.
- The terms and conditions of the NPS Vatsalya Scheme may be subject to changes as per government regulations.
- Past performance does not indicate future results, and Investments in the NPS are subject to market risks.
- Returns are not guaranteed.

