



# National Pension System

## Perception, Design, Updates and Future

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The presentation looks into the trends related to the employer perception, market prevalence, utilization, plan design, plan implementation strategies and challenges related to NPS.

### Key Takeaways:

- Market prevalence of NPS has been increasing rapidly more so in the industries like IT/ITES, financial institutions and FMCG.
- Majority of the companies who have implemented the scheme feel that the scheme is extremely favorable whereas the companies who haven't implemented the scheme are still concerned about its feasibility
- According to the pay replacement model, employee's monthly income post retirement should be 70% of his/her last drawn monthly salary to take care of all the post retirement financial needs. NPS augmented with other retirement benefits can ensure the 70% mark.
- Only 1 out of every 5 organizations has a utilization of above 10%. Regular employee educations and awareness campaigns are extremely important for a good off-take. Only 30% of the companies have a regular NPS awareness for their employees. The most common communication mediums are Email campaigns by internal team and presentations by POPs.
- Majority of the companies offer the benefit to all employees irrespective of the level.
- In almost all companies, the NPS contribution is the employer's contribution and a part of the CTC.
- The NPS administrative charges in most companies are borne by the employee.
- The most important factors affecting the selection of point of presence are service levels, turn-around time and geographical coverage. Close to 40% of the companies end up choosing their banking partner as their point of presence for NPS.
- The challenges related to NPS majorly revolve around lack of effective communication of scheme to the employees, gaps in the POP selection process or the areas of improvement in the scheme from the government in terms of tax savings and technology.

