

National Pension System

The **National Pension System (NPS)** is a voluntary defined contribution pension system in **India**. NPS started with the decision of the Government of India to stop defined benefit pensions for all its employees who joined after 1 January 2005. While the scheme was initially designed for government employees only, it was opened up for all citizens of India between the age of 18 and 60 in 2009.

Contributions to NPS receive tax exemptions under Section 80C, Section 80CCC and Section 80CCD (1) of Income Tax Act. Starting from 2016, an additional tax benefit of Rs 50,000 under Section 80CCD (1b) is provided under NPS, which is over the Rs 1.5 lakh exemption of Section 80C. Private Fund managers are important parts of NPS. NPS is considered one of the best tax saving instruments, after 40% of the corpus was made tax-free at the time of maturity and it is ranked just below Equity-linked savings scheme (ELSS).