



PFRDA Announces Expert Committee to Develop Framework for Assured Payouts under National Pension System (NPS)

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The Pension Fund Regulatory and Development Authority (PFRDA) has constituted a high-level committee tasked with formulating guidelines and regulations to enable a framework for assured payouts under the National Pension System (NPS). This move aligns with the provisions of the PFRDA Act and aims to enhance the security of retirement income for subscribers.

The formation of this committee is a significant step by PFRDA towards the broader vision of a *Viksit Bharat 2047*, where every citizen achieves true financial independence and dignity in their golden years.

Committee Leadership and Composition

The committee will be chaired by Dr. M. S. Sahoo, Founder of Dr. Sahoo Regulatory Chambers and former Chairperson of the Insolvency and Bankruptcy Board of India (IBBI). The 15-member panel includes a diverse group of experts from various disciplines such as legal, actuarial, finance, insurance, capital markets and academia. Furthermore, to ensure comprehensive deliberation, the committee has been authorized to invite external experts or intermediaries as special invitees for feedback and consultation.

Key Objectives and Terms of Reference

The committee is established as a standing advisory committee on structured pension payouts. Its primary mandate, *inter alia*, includes:

- Framework Development: Creating regulations for assured payouts, including exploring the pension schemes as highlighted in the PFRDA consultation paper dated September 30, 2025.
- Seamless Transition: Ensuring a smooth end-to-end transition for subscribers moving from the accumulation phase to the decumulation (payout) phase.
- Market-Based Assurance: Deliberating on novation and settlement concepts to ensure legally enforceable and market-based guarantees.

- Operational Design: Defining terms such as lock-in periods, withdrawal limits, pricing mechanisms and fee structures for providers.
- Risk & Legal Oversight: Establishing robust risk management (capital and solvency requirements) and examining tax implications for payouts that do not require a subscriber to exit the NPS architecture.
- Consumer Protection: Developing standardized disclosure frameworks to prevent mis-selling and manage subscriber expectations regarding the nature of assurance and market based guarantee.

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