

## **Agenda for Webinar**

- 1. Role of Retirement Adviser in promoting NPS and APY**
- 2. Eligibility and Process of registration of Retirement Adviser**
- 3. Work profile and compliance for Retirement Adviser**

# **Executive Summary**

“Retirement adviser” means any person being an individual, registered partnership firm, body corporate, or any registered trust or society, who desires to engage in the activity of providing advice on National Pension System or other pension scheme regulated by Authority to prospects/subscribers or other persons or group of persons and is registered as such under these regulations.

## **1. Role of Retirement Adviser in promoting NPS and APY**

- i) The Retirement Adviser shall advise the prospects or subscribers of the manner of filling the registration form for enrolment, exit forms, various other forms required to modify or change personal master details, nomination, Point of Presence, Pension Funds, investment choice and other related activities under National Pension System or other pension schemes;
- ii) Creating awareness of National Pension System and other pension schemes regulated by Authority will be the core responsibility of the Retirement Adviser;
- iii) To facilitate on-boarding of the prospective subscriber to National Pension System or other pension scheme regulated by Authority;
- iv) To advise prospects on the necessity of old age income security, retirement planning, level of contributions they can make , having regard to their current and future potential income to achieve desired retirement objectives and other issues connected with taking of these decisions and avoid chances of mis-selling;
- v) To help prospects and other subscribers in planning for retirement savings;
- vi) The retirement adviser is expected to exercise professional due diligence while dealing with prospects and possess the necessary skills towards this end;
- vii) The retirement adviser shall allow a free and frank atmosphere while dealing with prospects, which shall allow them to take informed transactional decisions and for this purpose and shall keep the interest of the prospect/subscriber in the forefront;
- viii) The retirement adviser is required to collect and suggest prospects or subscribers, the most suitable scheme, taking into consideration the following aspects of the prospects and based on utmost good faith and fair market practices:
  - Due diligence on the requirements of the prospects to suggest them the most suitable products by collecting basic information of the prospects such as information pertaining to age, marital status, dependents, current assets, liabilities, income, planned purchases, planned retirement age; plans post retirement, family history of health and longevity and the current health position.
  - Identifying prospect’s financial and retirement goals.
  - Analyzing prospect’s current financial situation and current investments.
  - Risk profiling of the prospect or subscriber.

- Asset Allocation
  - Investment allocation strategy
  - Periodic monitoring and balancing.
  - Likelihood of immediate and near future financial commitments of either self or family.
- ix) A Retirement Advisor will enable the subscribers to avail the benefits of pension schemes regulated by Authority by supporting them in making simple decisions about contributions, investments allocation and selection of Pension Funds.
- x) A Retirement Adviser shall partner with corporates and Government departments to run awareness programmes on retirement planning for their employees.
- xi) A Retirement Advisor shall be able to appropriately guide and advice the subscriber about the risk and return profiles of the different financial assets and also advise the most suitable ratio of fund allocation in each of the asset classes viz. Equity, Government Securities, Corporate Bonds after duly considering the profile of the prospect and prevailing market conditions, and expected growth in the various parameters of economy and financial markets. A retirement advisor shall not hold out any guarantee for the performance of any asset.
- xii) Retirement Advisors may create awareness on the fund performance of each pension fund including comparison of the returns of the scheme and investments made by the pension funds, on the basis of information made available or approved by Authority.
- xiii) Retirement Advisors would transmit information and documents to intermediaries in a time bound manner and maintain utmost confidentiality at all times of personal information collected from subscribers and shall not use it for any other activity without the consent of the subscriber.

## **2. Eligibility and Process of registration of Retirement Adviser**

Applicant should be minimum graduate in any discipline and should possess a valid certification on retirement planning or retirement advisory services issued by National Institute of Securities Market (NISM). Certification from NISM shall not be mandatory, in case the applicant holds a Certified Financial Planner (CFP) or Associate Financial Planner (AFP) - Retirement Planning Certification/s, awarded by Financial Planning Standards Board India (FPSB India).

Applicant may be an individual, a body corporate or a registered partnership firm or society or trust registered under applicable law.

Application shall be made online, link of which is available on PFRDA website [web link: <http://www.pfrda.org.in/index1.cshtml?lsid=1001>] along with necessary supporting documents and shall be accompanied by a non-refundable application fee.

**Documents (self-attested copies) required for the purpose of enclosing along with registration form:**

**For RA\_Individual**

<b>S.no</b>	<b>Mandatory documents</b>	<b>Additional documents</b>
1.	PAN card	Any other Certificate of registration issued by SEBI / IRDA or PFRDA in any capacity.
2.	Aadhar card (applicable only for residents)	Details of the applicant if engaged in retirement advisory services prior to making application under these regulations.
3.	Credit report from CIBIL / Other registered credit bureaus (not older than 6 months and with a score of more than 700)	Details of any previous application for grant of certificate made by any person directly or indirectly connected with the applicant which has been rejected by the Authority.
4.	Certificate of Graduation	Details of all settled and pending disputes in the last 5 years.
5.	Certificate of Registration (any 1 of 3) issued by; - Retirement Adviser Certificate issued by NISM - CFP or AFP Certificate issued by FPSB - Investment Adviser Certificate issued by SEBI	Details of any disciplinary action or orders of restraint, debarment or prohibition of any orders of such like nature taken by the Authority or any other regulatory authority or government against any person directly or indirectly connected with the applicant under the Act or the regulations made there under in the last 5 years immediately preceding the date of application.
6.	Proposed Business Plan	Any other information considered relevant to the nature of services to be rendered by the applicant.
7.	Process for risk profiling & assessing suitability of advice	Details in case applicant have been convicted/ indicted/involved in any economic offence or involving moral turpitude in the last 5 years immediately preceding the date of application.
8.	Details of office infrastructure & communication facilities etc. for undertaking retirement advisory services	-

**For RA\_Other than Individual**

<b>S.no</b>	<b>Mandatory documents</b>	<b>Additional documents</b>
1.	PAN card	Details of application for grant of certificate made directly or indirectly connected with the applicant, if rejected by the Authority.
2.	Aadhar card (applicable only for residents)	Details of all settled and pending disputes in the last 5 years.
3.	Credit report from CIBIL / Other registered credit bureaus (not older than 6 months and with a score of more than 700)	Details of any disciplinary action or orders of restraint, debarment or prohibition of any orders of such like nature has been taken by the Authority or any other regulatory authority or government against any person directly or indirectly connected with the applicant under the Act or the regulations made there under in the last 5 years immediately preceding the date of application.

4.	Certificate of Graduation of Directors / Partners / Proprietors, members, trustees, representatives, etc.	Details of the applicant/directors/promoters/partners who have been convicted/indicted/involved in any economic offence or involving moral turpitude in the last 5 years immediately preceding the date of application.
5.	Qualification / Certificate of the person covered under S.No 4 above; <ul style="list-style-type: none"> <li>- Retirement Adviser Certificate issued by NISM</li> <li>- CFP or AFP Certificate issued by FPSB</li> <li>- Investment Adviser Certificate issued by SEBI</li> </ul>	Experience of at least five years in activities relating to advice in financial products or retirement products or fund or asset or portfolio management, in case applicant is proprietor / partnership firm.
6.	Proposed business plan & means of achieving the same. Business Plan	Copy of the registration issued by SEBI, RBI, IRDAI or PFRDA to the applicant / associated companies.
7.	Details of shareholding pattern of the applicant/s (shareholding of 5 % and above)	Details in case applicant is engaged in Retirement advisory services prior to making application under these regulations.
8.	Process for risk profiling of the subscriber and for assessing suitability of advice.	Copy of approval from RBI for undertaking retirement advisory services in case applicant is a Bank or NBFC.
9.	Details of office infrastructure, communication and research facilities for undertaking retirement advisory services.	Details in case of a body corporate of distribution or execution services to its subscribers through a subsidiary or separately identified dept. or division.
10	Assets and Liabilities / Net worth certificate issued by a chartered accountant, not more than six months old along with membership number of the chartered accountant.	List of associated companies if registered with SEBI, RBI, IRDAI or PFRDA.
11	-	Any other information considered relevant to the nature of services to be rendered by the applicant

#### Fee for registration:

Nature of fee	RA Individual	RA Other than Individual	Remarks
<b>Application Fee</b>	Rs.500/-	Rs.5000/-	Non-Refundable fee to be submitted along with application form
<b>Registration Fee</b>	Rs.1,000/-	Rs.10, 000/-	Non-refundable fee to be paid within fifteen days from the date of receipt of intimation from the Authority
<b>Security Deposit</b>	Rs.10,000/-	Rs.1, 00,000/-	To be submitted, post issuance of Certificate of Registration by PFRDA, in the form of bank deposit OR performance bank guarantee to the Authority before commencement of business, valid for three years and six months.

### 3. Work profile and Compliance for Retirement Adviser

The primary role of a retirement adviser is to **advise subscribers on NPS**, help them come **on board** and **assist them with advisory and other services** under NPS. On boarding of the subscribers can be done in the following ways;

- a) RA may have tie up with the POPs registered with PFRDA for facilitating onboarding the potential subscribers.
- b) RA may also facilitate onboarding of the subscribers, without any tie up with the POPs registered by PFRDA.
- c) RA may also guide subscribers for onboarding through e-NPS , without going to POPs.

Retirement Advisers can charge following three types of fee from the subscribers, as per regulations;

- a) On boarding fee – Rs. 120 / -
- b) Subsequent service fee – minimum Rs. 20 per transaction and maximum Rs. 100/- per annum.
- c) Advisory fee - an advisory fee of 0.02% may also be charged from any existing subscriber, on their assets under management (AUM) of NPS or any other scheme regulated by PFRDA, on the date of advice, subject to a minimum of Rs. 100/- and maximum Rs. 1000/- per annum, for providing advice to the subscribers. No advisory fee shall be charged at the time of on boarding of the subscriber along with on boarding fee of Rs. 120/-. (Please refer Circular no: PFRDA/36/R&S/RA/4 dated 22nd September, 2016)

#### General Responsibilities

- i) A Retirement Adviser shall act in a fiduciary capacity towards his prospects/subscribers.
- ii) A Retirement Adviser shall not receive any consideration by way of remuneration or compensation in respect of National Pension System (NPS) or other pension scheme regulated by Authority.
- iii) A Retirement Adviser shall not collect any amount in cash for investment or contribution to the pension account of the subscribers in the capacity of Retirement Adviser;
- iv) A retirement adviser shall maintain an arms-length relationship between its activities as a Retirement Adviser and its other activities;
- v) A Retirement Adviser shall ensure that in case of any conflict of interest on retirement advisory activities with other activities, such conflict of interest shall be disclosed to the prospects or subscribers, beforehand;
- vi) A Retirement Adviser shall not divulge any confidential information about its prospect or subscriber, which has come to his or its knowledge, without taking prior permission of its prospect or subscriber, except where such disclosures are required to be made in compliance with any law for the time being in force;
- vii) A Retirement Adviser shall follow 'Know Your Customer' procedure as specified by the Authority from time to time;
- viii) In case of change in control of firm of the Retirement Adviser, timely intimation shall be given to Authority;
- ix) It shall be the responsibility of the Retirement Adviser to ensure that its representatives and partners, as applicable, comply with the certification and qualification requirements as specified by Authority at all times.

## Code of Conduct

A Retirement Adviser shall abide by Code of Conduct as specified by Authority;

- i) **Honesty and fairness:** A retirement adviser shall act with integrity, honesty, fairness and in the best interests of its subscribers and for orderly growth of National Pension System
- ii) **Diligence:** A retirement adviser shall act with due skill, care and diligence in the best interest of the subscribers
- iii) **Capabilities:** A retirement adviser shall employ effectively appropriate resources and procedures which are needed for the efficient performance
- iv) **Information about prospects/subscribers:** A retirement adviser shall collect information from its prospects or subscribers, about their financial situation, investment experience and retirement objectives and maintain confidentiality of such information.
- v) **Information to its subscribers:** A retirement adviser shall make adequate disclosures of relevant material information while dealing with its prospects or subscribers.
- vi) **Fair and reasonable charges:** A retirement adviser advising a prospect may charge fees, subject to the ceiling as specified by the Authority, if any. The retirement adviser shall ensure that the fee charged to the subscribers is fair and reasonable.
- vii) **Conflicts of interest:** A retirement adviser shall try to avoid conflicts of interest as far as possible and when they cannot be avoided, it shall ensure that appropriate disclosures are made to the prospects and that the prospects are fairly treated.
- viii) **Compliance:** A retirement adviser including its representative(s) shall comply with all regulatory requirements applicable to the conduct of its business activities.
- ix) **Responsibility of senior management:** The senior management of a body corporate which is registered as retirement adviser shall bear the primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the body corporate.

## Submission of MIS

The Retirement Adviser registered with PFRDA shall submit the following;

- a. Monthly Business MIS report.
- b. Annual Certificate, by the RA-Other than Individual only, duly certified by the Auditor.
- c. Half-yearly Compliance Certificate.