



NATIONAL PENSION & PROVIDENT FUND RETIREMENT BENEFIT SCHEMES



WHAT IS A PENSION FUND?

A Pension Fund is a scheme in which monthly contributions are made by the employee with matching contribution from the employer. This contribution savings is then paid to the employee during his/her retirement as retirement benefits every month.

WHAT IS A PROVIDENT FUND?

A Provident Fund is a scheme in which monthly contributions are paid by the employees with matching contribution from the employers into the individual members account and then a lump sum is provided to each employee on retirement.

WHY SAVE FOR THE FUTURE?

- Steady source of income
- Income security in the event of unforeseen circumstances.
- Social support to spouse(s) and dependent children in the event of the death of a member

WHAT IS THE OBJECTIVE OF NPPF?

To provide sustainable financial security to those who have no steady source of income during their old age and to their surviving families.

WHO ARE THE MEMBERS OF THE NPPF?

Currently, the beneficiaries (members) are civil servants, employees of Government owned corporations, joint-sector companies and the armed forces. Feasibility for the old age retirement schemes to be gradually expanded to include sectors other than the civil servants and the corporations may be explored.

WHAT IS THE RATE OF CONTRIBUTION?

Every month contributions are collected directly from ones salary with matching contribution by the employer at the following rates:

Civil Servants, employees of Government owned corporations, joint-sector companies	Armed Forces
Employee contribute 11% of their monthly basic salary	Employees contribute 15% of their covered monthly salary
Employer on behalf of the employer contribute 11% of the employee's monthly basic salary	Employers on behalf of the employee contribute 15% of the employee's covered monthly salary

WHAT ARE THE BENEFITS?

1. The following benefits are extended to the members:
 - Member retirement pension
 - Permanent disability benefit
 - Surviving spouse benefit
 - Surviving children benefit
 - Orphan benefit
 - Dependent parent benefit
 - Residential (housing) colony
 - Member loan schemes
2. On retirement, members will benefit from Provident Fund with receipt of Lump sum accumulated contribution plus interest earned.

MEMBERS ARE ELIGIBLE FOR MONTHLY PENSION, IF THEY HAVE:

- Attained 56 years or is also eligible for early pension at 51 years for civil servants, employees of government owned corporations and joint-sector companies.
- Member has served a minimum of 22 years in the service and is above 42 years of age on the date of retirement for the armed forces.

HOW ARE THE PENSION BENEFITS DELIVERED?

- Depending on the choice of pensioners, benefits can be distributed through BOB, BNB, BDBL, T-Bank Bhutan Post, Thimphu City Bank, Community Centres and DPNB.
- Pensioners are required to open Pension Savings Account with the designated branch in the prescribed form authorized by the NPPF.
- Pensioners can withdraw pension benefit once every month or at least once in three months.
- Non-withdrawal of Pension or non-submission of certificate will result into suspension of Pension payment.
- Spouse pensioners are required to submit Non-remarriage certificate on or before 30th April every year.





NATIONAL PENSION & PROVIDENT FUND INTRODUCING MEMBER HOME OWNERSHIP PROGRAMME



In order to help our members own a home, the NPPF has launched the Home Ownership Programme under which members can access various services. The objective is to encourage our members to build and own affordable homes while they are still in service.

THE FOLLOWING ARE THE SERVICES RELATED TO HOME OWNERSHIP PROGRAMME

- Designing Services
- Cost estimations of the Building
- Financial Service (Loan at 11% interest rate)
- Recommendation on materials and labour
- Technical Supervision

In order to demonstrate a full package (Design, Finance and Build) project under this scheme, NPPF has completed two model houses at Depsi, Thimphu.



For Further Information, Please call or Visit Planning and Design Cell Real Estate Division, National Pension and Provident Fund +975-2-324140-Ext-123/124 Please visit our website www.nppf.org.bt

MEMBER LOAN SCHEMES

Over the years the NPPF has extended its services and benefits through credit facilities and extended schemes to facilitate home ownership, building commercial housing facility and pursuing education. This is to ensure that the NPPF adequately services the needs and fulfilment of the

members, with proper check and balance so that the member's funds are protected. The following provides a snapshot of the various facility/schemes provided by NPPF to our valued members:

Sl. #	Loan Products	Eligibility Criteria
1	Commercial Housing Loan	<ul style="list-style-type: none"> • Members of NPPF • Interest rate at 13.19% • Term for 20 years • Security: land & building and PF balance • Repayment source from expected rental income • Mode of financing as per the RMA's guidelines on commercial housing loan • Mortgage has to be registered in the name of member
2	Flat purchase (single dwelling or a unit flat)	<ul style="list-style-type: none"> • Members of NPPF • Interest rate at 10% • Term for 20 years • Security: flat and land • Repayment mode: Net Take Home Pay (NTHP) up to a maximum of 60% of the NTHP • Mode of financing as per RMA's guidelines on housing loan
3	Member Home Loan	<ul style="list-style-type: none"> • Members of NPPF • Interest rate at 11% • Term for 20 years • Security: land & building • Repayment mode: Net Take Home Pay (NTHP) up to a maximum of 60% of the NTHP • Mode of financing as per RMA's guidelines on housing loan and home loan
4	Education Loan (For educating one's	<ul style="list-style-type: none"> • Members of NPPF • Interest rate at 10% for 5 years, 11% for child and also 10 years and 12% for 15 years
	educating self)	<ul style="list-style-type: none"> • Security: PF balance and other immovable properties (only land & building) • Max. loan of Nu. 500,000 per child within Bhutan, limited to 3 children per family • Max. loan of Nu. 1,500,000 per child outside Bhutan, limited to 3 children per family • Repayment mode: Net Take Home Pay (NTHP) up to a maximum of 60% of the NTHP
5	Student Loan	<ul style="list-style-type: none"> • Student guaranteed by members of the NPPF and immovable property • Min. required percentage of 55% (English + best 3 subjects) for proposed degree courses and 55% for proposed Master degrees • Interest rate 8% during study period and 9% after completion of studies • Maximum term 15 years • Maximum loan of Nu. 1,000,000 • Tuition fees shall be directly paid to the College/ Institution/University • Repayment mode: Repay the loan installment immediately after the loan is disbursed
6	New Members Loan	<ul style="list-style-type: none"> • Members of NPPF • Within first 3 years of service excluding the probation period • Interest rate at 12% • Term for five years • Maximum loan of Nu. 300,000 • Security: personal guarantor by NPPFF member • Repayment Mode: Net Take Home Pay (NTHP) up to a maximum of 60% of the NTHP

