NIT – PF Continue ……..

Allocation of Contributions & Allocation Schemes

Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, from amongst the following Five (5) Schemes being offered by the Pension Fund Manager.

Allocation Scheme	**Equity Sub-Fund**	**Debt Sub-Fund**	**Money Market Sub-Fund**
High Volatility	Min 65%	Min 20%	Nil
Medium Volatility	Min 35%	Min 40%	Min 10%
Low Volatility	Min 10%	Min 60%	Min 15%
Lower Volatility	Nil	Min 40%	Min 40%
Customized Allocation Scheme	0-100%	0-100%	0-100%

Allocation of Contributions & Allocation Schemes

Contributions shall be allocated among the Units of Sub-Funds at Net Asset Value, as per the selected Allocation Scheme, from amongst the following Five (5) Schemes being offered by the Pension Fund Manager.

Allocation Scheme	**Equity Sub-Fund**	**Debt Sub-Fund**	**Money Market Sub-Fund**	**Commodities Sub-Fund**
High Volatility	Min 40%	Min 40%	Nil	Max 25%
Medium Volatility	Min 20%	Min 40%	Min 10%	Max 15%
Low Volatility	Min 05%	Min 60%	Min 15%	Max 15%
Lower Volatility	Nil	Min 40%	Min 40%	Nil
Customized Allocation Scheme	0-100%	0-100%	0-100%	0-100%

Withholding Tax

The Trustee on the advice of the Pension Fund Manager shall with hold any tax or tax penalty from payments to the Participants or, in accordance with the Trust Deed and the Offering Document, to their nominated survivors, executors, administrators or successors, as the case may be, applicable under the Income Tax Ordinance,2001 (Ordinance No.XLIX of 2001) and shall deposit the same in the Government treasury.

Retirement Age

The Participant may choose his/her Retirement Age which would be between sixty and seventy years or twenty-five years since the age of first contribution to a pension fund whichever is earlier. Participant shall send a notice to the Pension Fund Manager at least thirty days before the chosen date of Retirement. If a Participant suffers from any of the following disabilities, which render him unable to generate any income he/she may, if he/she so elects, be treated as having reached the Retirement Age at the date of such disability and all relevant provisions shall apply accordingly, namely:

a. loss of two or more limbs or loss of a hand and a foot;
b. loss of eyesight;
c. deafness in both ears;
d. severe facial disfigurement;
e. loss of speech;
f. paraplegia or hemiplegia;
g. lunacy;
h. advance case of incurable disease; or
i. wounds, injuries or any other diseases etc., resulting in a disability due to which the Participant is unable to continue any work.

An assessment certificate from the medical board approved by the Commission and appointed by the Pension Fund Manager or any such procedure that the Commission has approved would be required to confirm any of the disability, specified above.

Investment Policy

The NIT Pension Fund through its four Sub-Funds, NIT-PF Equity Sub-Fund, NIT-PF Debt Sub-Fund, NIT-PF Money Market Sub-Fund and NIT-PF Commodities Sub-Fund, under its umbrella, will invest in equities, fixed income, money market and in those Commodities future contract that are traded at the Pakistan Mercantile Exchange.

Risk Disclosure

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of NIT Pension Fund is subject to market price fluctuations and other risks inherent in all such investments.

Disclaimer

The Units of the Sub-Funds of the Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the investors of the Seed Capital Units or any other Bank or financial institution.

Taxation

a. Tax Credit for Contributions to the Pension Fund

An eligible person, as defined in sub-section(19A) of section 2 of the Income Tax Ordinance, 2001, deriving income chargeable to tax under the head "Salary" or the head "Income from Business", will be entitled to a Tax Credit for a Tax Year in respect of any contribution or premium paid in the year by the person to the Pension Fund under the VPS Rules, 2005.

The amount of a person's Tax Credit allowed under Sub-section(1)for a Tax Year shall be computed according to the following formula, namely:–

(A/B) x C

Where:

A is the amount of tax assessed to the person for the Tax Year,before allowance of any Tax Credit under this Part;

B is the person's taxable income for the tax year; and

C is the lesser of –

(i)the total contribution or premium referred to in sub-section(1) paid by the person in the year; or

(ii)twenty percent(20%)of the person's taxable income for the relevant Tax Year Provided that a person joining the Pension Fund at the age of forty-one (41) years or above, during the first ten (10)years starting from July 1, 2006, shall be allowed additional contribution of two percent(2%)per annum for each year of age exceeding forty years. Provided, further, that the total contribution allowed to such person shall not exceed fifty percent(50%) of the total taxable income of the preceding year.

b. Tax Exemptions

Exemptions under Clause (57) sub Clause (3) (viii) of Part-I of the Second Schedule of the Income Tax Ordinance, 2001:

(a) Total income of the Pension Fund approved by the SECP under the VPS Rules, 2005.

(b) Profit or gain or benefit derived by the Pension Fund Manager from a pension fund approved under the VPS Rules, 2005 on redemption of the seed capital invested in the Pension Fund.

c. Withholding Tax

A pension fund manager making payment from individual pension accounts, maintained under an approved pension fund, shall deduct tax from any amount:

a. Withdrawn before the age of retirement, provided that tax shall not be withheld in the following cases

• eligible person suffering from any disability which render him unable to continue with any employment at the age which he may so elect to be treated as retirement age or the age as on the date of such disability if not so elected by him; or

• on the share of the nominated survivor of the deceased eligible person.

b. Withdrawn, if in excess of fifty per cent of his accumulated balance at or after the retirement age, provided tax shall not be withheld in the following cases

• the balance is invested in an approved income payment plan;

• the balance is paid to a takaful company for the purchase of an annuity plan;
• the balance is transferred to an another individual pension account of the eligible person;or
• the balance is transferred to the survivors approved pension account in case of the death of the eligible person.

The tax is required to be withheld at the last three year's average rate of tax which shall be computed in accordance with the following formula:

A/B

Where,

A= the total tax paid or payable by the person on the person's total taxable income for the three preceding years; and

B= the person's total taxable income for the preceding three years.

d. Zakat

Units held by resident Pakistani Participants shall be subject to Zakat at two and a half percent (2.5%) on lower of the par value of Units and Redemption price under Zakat and Ushr Ordinance,1980,(XVIIof1980), except those exempted under the said Ordinance. Zakat will be deducted at source from redemption / withdrawal payment, and paid into the Government Treasury.

Disclaimer

The tax and Zakat information given above is based on the Pension Fund Manager's interpretation of the law which, to the best of the Pension Fund Manager's understanding, is correct but Participants are requested to seek independent advice from their tax advisors so as to determine the taxability arising from their Contributions to the Pension Fund.