

Government Notifies Higher Pension for Rs.6.3 lakh EPS Pensioners Who Opted for commutation.

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As per EPS rules, an EPFO member who retired before Sept 26, 2008, could get maximum one-third of his/her Pension as lump-sum i.e. commuted Pension and remaining two-thirds was paid as monthly Pension to an employee for his/her lifetime.

The Labour ministry has notified the restoration of full Pension after 15 years of retirement for Pensioners under Employee Provident Fund (EPF) Scheme who have commuted part of their Pension at the time of retirement. The move is expected to result in substantial increase in Pension for those Employees Provident Fund Organization (EPFO) Pensioners who retired before September, 26, 2008 and had opted for partial commutation of Pension which is about 6.3 lakh Pensioners. The higher/full Pension benefit will be restored after 15 years from the date of receiving commuted Pension at the time of retirement.

As per Employees' Pension Scheme (EPS) rules, an EPFO member who retired before September 26, 2008 could get maximum one-third of his/her Pension as lump-sum i.e. commuted Pension and remaining two-thirds was paid as monthly Pension to an employee for his/her lifetime. As per current EPF rules, EPFO members does not have an option to receive the commutation benefit.

EPFO is an organization that administers EPF and EPS schemes.

The new notification dated February 20, 2020 will benefit such employees as it would lead to restoration of full (higher) Pension after 15 years. Therefore, an individual who retired on April 1, 2005, would be eligible to receive the benefit of higher Pension after 15 years i.e. from April 1, 2020.

2018, a panel of the Securities and Exchange Board of India had recommended allowing domestic firms to list only in Jurisdictions that were treaty-bound to share information with India, and would cooperate if there was an investigation.

Puneet Gupta, Director, People Advisory Services, EY India says, "As per Para 12A of the Employee Pension Scheme, an employee could claim commuted Pension (i.e. lump-sum Pension) instead of monthly Pension. Such commutation was allowed for maximum of 1/3rd of monthly Pension. Remaining 2/3rd continued to be received as monthly Pension by the employee. For the maximum 1/3rd of monthly Pension, on commutation, the employee was eligible for one-time lump-sum benefit of 100 times the monthly Pension will be restored after 15 years."

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The proposal to restore the full monthly Pension (for the above mentioned employees) was approved by the EPFO in its Central Board of Trustees meeting held on August 21, 2019. The EPFO in its statement dated August 21, 2019 said "In a major decision, the (EPFO's apex decision-making body) Central Board of Trustees (CBT) in a meeting held at Hyderabad on August 21, 2019, approved proposal to recommend for amendment in EPS-95 for restoration of commuted value of Pension to Pensioners after 15 years of drawing commutation, which will benefit about 6.3 lakh Pensioners".