

NATIONAL ACADEMY FOR TRAINING AND RESEARCH IN SOCIAL SECURITY
READING MATERIAL

EMPLOYEES PROVIDENT FUND ORGANISATION



BOOKLET ON SALIENT FEATURES
OF
EMPLOYEES PENSION SCHEME 1995
AND
CALCULATION OF PENSION.

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PENSION SCHEME – IN NUTSHELL – BENEFITS - OPTION

BENEFITS UNDER THREE SCHEMES

- Provident Fund Act is applicable to specified establishment in which 20 or more persons (including Contract employees) are working.
- Any establishment can seek voluntary application of the Act.
- All employees are eligible to become a member of provident Fund from the date of joining the establishment.
- On becoming a member, an employee is eligible for provident Fund benefits, pension benefits and Insurance benefits.
- Every employee at the time of joining the PF Scheme should execute a nominations in Form-2.
- Every employee is required to pay Contribution to the provident fund @ 12%/10% of the Basic Wages and Dearness Allowance.
- The Employer will also pay an equal amount of contribution.
- Out of employer's share of contribution 8.33% of pay is diverted towards Pension Fund and the balance will be credited to members provident fund account.
- Employee has got an option to contribute to PF at a higher rate than the statutory rate and also in excess of Rs.6500/- p.m. However the employer has no obligation to contribute at the higher rate.
- The Provident Fund accumulations of the member will earn interest calculated on monthly running balances.
- The members are informed of the balance of their Provident Fund accumulation every year through the Annual Statement of Accounts (Form 23).
- .The Provident Fund members can avail advances / partial withdrawals for Housing constructions, Marriage, Illness, Closure of establishment etc., through application in Form 31 which provides details and documents to be submitted.
- On retirement or on leaving service, the Provident Fund accumulations can be withdrawn in fully by submitting application in Form 19.
- In case of premature death, the Provident Fund is payable to Nominee(s) or family members.
- A members of provident fund is also a member of employees deposits linked insurance Scheme.
- In case of death of an employee while in service, insurance benefit upto Rs.60,000/- is payable to the Nominee / family members.
- No contribution is required to be paid by the employee for the insurance benefit. On behalf of the employee, the employer is required to pay the contributions.
- .A member of Provident Fund also acquires membership under pension scheme.
- No Separate amount of contribution is payable by the employee.
- The pensionary benefit is not related to the quantum of contribution paid

- Pension is based on age, wage and service of an employee at the time of his leaving service.
- The payment of Pension is guaranteed and assured even in cases where the employer fails to deposit the pension contributions.

BENEFITS OF PENSION SCHEME

- An Employee is eligible for Pension after 10 years of service.
- The Pension is payable on attaining the age of 58 years, whether he is in service or superannuated.
- Early Pension at reduced rate can be availed on leaving the employment, after attaining the age of 50 years.
- Where an employee is totally disabled and leaving service on account of disablement, Disablement Pension is allowed. No age and service stipulation to claim the pension.
- Every year, the pension quantum may increase.
- Wherever the Pension claims are received three months before the date of superannuation, the Regional Provident Fund Commissioner will deliver the Pension Payment Order on the day of superannuation.
- Apart from Pension Benefit, a member can commute upto one-third of his pension and in lieu of this, he will receive a lumpsum amount equivalent to 100 times of the commuted value of pension.
- A Pensioner may nominate a person to receive a lumpsum amount after his death, as Return of Capital.
- Family Pension is payable in case of death of a member:
 - after leaving the employment.
 - while in employment.
 - after drawing the pension
 - Family Pension is payable even where the death occurs before 10 years of service. Thus, the minimum eligible service of 10 years is not applicable.
 - On death of a pensioner. the Pension is automatically payable to the spouse (widow / widower).
 - When a member dies as Bachelor or Spinster or where there is no spouse or children below 25 years, the Family Pension is payable to Nominee till his/her death.
 - When there is no valid nomination, the Family Pension is payable to dependent father followed by dependent mother.
 - In addition to Family Pension to Widow / Widower, Children below 25 years are also eligible for Pension simultaneously. It is payable to the married daughters also, below the age of 25 years.
 - On death or re-marriage of widow / widower, Children will be given enhanced pension treating such children as Orphan.
 - On behalf of the minor children the pension is payable to guardian.

- Any child in a family with total and permanent disablement will receive Children Pension till death.
- The pension can be drawn anywhere in India.
- The employees with less than 10 years of service on the day of superannuation may avail the benefit of withdrawal from Pension Fund.
- Where an employee has not served for 10 years on the date of leaving service, he may obtain a Scheme Certificate so as to continue his membership during un-employment period and the same can be used to count the previous service as and when he joins another establishment covered under the Act.
- The employees who have not contributed to the Employees' Family Pension Scheme, 1971 can also join the Employees' Pension Scheme before attaining the age of 58 years, at their option, after paying the contribution and interest upto-to-date.
- The Pension quantum is determined separately for the period of service from 1.3.1971 to 15.11.1995 as fixed amount. This is known as "Past Service" benefit.
- The Pension for the service rendered after 15.11.1995 is calculated through formula namely,

Pensionable Salary x Pensionable Service

70

- An employee on his superannuation is entitled for Pension (through the above formula) upto 60% of the pensionable salary. (Pensionable Salary would mean, the salary drawn by the employee for a period of 12 months prior to the date of superannuation).

PENSION CLAIMS - FORM NO. & NATURE OF BENEFITS.

The benefits under the Employees' Pension Scheme.1995 shall be authorised through the forms prescribed below for the purpose indicated against each:-

By Member/Beneficiary	Form 10-C	1.	Withdrawal benefit Or
		2.	Scheme Certificate
By a Member	Form 10-D	1.	Monthly Member Pension With or without the option for commuted value of Pension and / or Return Capital .
		2.	Monthly disabled Member Pension
By eligible family Member	- DO -	3.	Widow/Widower Pension
		4.	Children including Disabled /Orphan pension
		5.	Nominee pension

It is sufficient to submit a single application in the prescribed form, irrespective of the number of beneficiaries. If the place of payment falls outside the jurisdiction of Regional Office/Sub-Regional Office , the application in Form 10-D should be sibmitted, in duplicate.

DETERMINATION OF WITHDRAWAL BENEFIT

Withdrawal Benefit is payable to a member on exit from employment rendering the eligible service for a period of less than 10 years on the date of exit or on attaining the age of 58 years of age, whichever is earlier.

Wherever the period of past service or Actual service after excluding the period of Break in Service / non contributory service is more than 6 months but less than ten years, the Withdrawal benefit is to be paid.

It is clarified that the period of eligible service for 9 years and 6 months and above is construed as 10 years and in such cases the payment of Return of contribution / withdrawal benefit does not arise.

QUANTUM OF WITHDRAWAL BENEFIT

(Where the service is 6 months or more – separately under past service and Actual service but less than ten years)

The withdrawal benefit is to be calculated with reference to tables A & B & D
(i.e., $A \times B + D$)

In cases where the eligible service is past service only:

In this case, the quantum of benefit is worked out with reference to Table A only as explained above.

In cases where the eligible service is Actual service only:

In this case, the quantum of benefit is worked out for the Actual Service (arrived at after excluding the non contributory service) with reference to Table D only, as explained above.

However, if the member has not attained the age of 58 years on the date of exit, he may opt for Scheme Certificate.

In cases where the eligible service is Past Service & Actual service :

CALCULATION OF WITHDRAWAL BENEFIT

1.Past Service and Actual Service

	<u>Past Service [FPF '1971]</u>	<u>Actual Service [EPS '95]</u>
(a). Date of cessation 16.03.2000	15.11.1995	
(b). Date of Joining 16.11.1995	01.01.1991	
(a). – (b). 00.03.0004	14.10.0004	
(c). NCP days 00.03.0000	---	
(d) Rounded off years	5 years	4
(e) Wages as on 15.11.1995 & Rs.3012/- Date of exit.	Rs.1724/-	
(f). Proportion of Pay as per Table A And Table D	1.06	4.18
(g). (e) x (f)	$1724 \times 1.06 = 1827.44$	$3012 \times 4.18 = 12590.16$
(h). Additional Benefits for past Service for existing members as per Table “B”	$1827 \times 1.536 = 2806$	
(i). Total withdrawal Benefit Payable	$2806 + 12590 = 15396$	

SCHEME CERTIFICATE

A member who has put in an eligible service of 10 years or more on the date of his exit and has not attained 58 years of age is eligible for Scheme Certificate only. However, if the member attains the age of 50 years and opts for reduced pension, he will be paid reduced pension.

The member may apply for Scheme Certificate even if the eligible service is less than 10 years and he has not attained the age of 58 years.

BENEFITS GUARANTEED FOR SCHEME CERTIFICATE HOLDER:

- (a) The Scheme Certificate will enable the member to carry forward his eligible service as and when he changes his employment.
- (b) The different spells of membership under different Employers will enable the member to consolidate the service to get the pensionary benefits subject to fulfilling other eligibility conditions.
- (c) In the event of death of the member who has not put in the eligible service of 10 years before attaining the age of 58 years and subsequent to the issue of scheme certificate, the Widow and Children are entitled for pensionary benefits. In case the death of the member occurs after attaining age of 58 years the family will be eligible only for withdrawal benefit and not family pension.

Non-issue / non-claim of scheme certificate will not forfeit the membership

A Scheme Certificate holder on joining a new establishment covered under the act must surrender the scheme certificate for onward transmission to RPFC concerned.

LIFE CERTIFICATE AND NON REMARRIAGE CERTIFICATE

CERTIFICATES TO BE FURNISHED BY THE PENSIONERS

1). LIFE CERTIFICATE:

The pensioner is required to furnish a life certificate in November each year in the prescribed form indicated below.

2). NON-REMARRIAGE CERTIFICATE:

In the case of widow / widower recipient family pension, the certificate of non-remarriage in the prescribed form indicated below is required to be furnished by the recipient, at yearly intervals i.e in November.

The certificates mentioned above are required to be submitted by the concerned pensioner to the Paying Branch of the Bank

CERTIFICATE TO BE SUBMITTED BY PENSIONER

I. LIFE CERTIFICATE

Certified that I have seen the pensioner _____ (Name of the Pensioner) holder of Pension Payment Order No. _____ and that he is alive on this date.

Signature of responsible officer or
a well-known person

Name _____
Designation of authorised Officer _____
Seal _____

Place:
Date

CERTIFICATE OF NON RE-MARRIAGE

* I hereby declare that I have not been re-married and I under take to report such an event promptly to the Pension Disbursing Authority / Bank.

Signature / Thumb impression of pensioner
Name of the Pensioner _____
PPO No. _____

I certify to the best of my knowledge and belief that the above declaration is correct

Signature of responsible officer or a well-known person
Name _____
Designation _____

Place :
Date:

DETERMINATION OF PENSION – CALCULATION

MONTHLY MEMBER'S PENSION [PARA 12] FOR PAST SERVICE & PENSIONABLE SERVICE

Payment of Monthly Member Pension (MMP) is permissible if a member has rendered eligible service of 10 years or more and retires on attaining the age of 58 years.

In some cases the member may retire at an age earlier than 58, having completed more than 10 years of pensionable service. The pension in such cases is payable only after the member attains the age of 58.

A member, if he so desires, may draw pension earlier than the age of 58 but not earlier than 50 years. In such cases, the amount of pension will be reduced at the rate of 3% for every year, the age falls short of 58 years.

(1) A Member shall be entitled to :-

(a) Superannuation pension if he has rendered eligible service of 20 years or more and retires on attaining the age of 58 years

(b) Retirement pension, if he has rendered eligible service of 20 years or more and retires or otherwise ceases to be in employment before attaining the age of 58 years;

(c) Short service pension, if he has rendered eligible service of 10 years or more but less than 20 years.

Minimum Eligible Service for entitlement to Member monthly Pension is Ten Years. However it is one month for Widow/disablement pension.

ELIGIBLE SERVICE FOR OLD MEMBERS LEFT PRIOR TO 15.11.1995:

Past service from 01.03.1971 or the actual date of enrolment upto 15.11.1995.

ELIGIBLE SERVICE FOR NEW MEMBERS:

Actual Service from 16.11.1995 or the actual date of enrolment upto the date of exit from employment or attainment of 58 years of age, whichever is earlier.

ELIGIBLE SERVICE FOR EXISTING MEMBERS:

Will be aggregate of Past Service (upto 15.11.95) and Actual Service (on or after 16.11.1995).

PENSIONABLE SERVICE

After arriving the aggregate of Actual service, the period of non contributory service, if any, should be deducted. The period of service thus arrived is known as ‘Pensionable Service’. There is no stipulation of minimum period of Pensionable service. It **may be less than 10 years also**.

The minimum eligible service of 10 years is only to determine the entitlement of pension;

The Pensionable Service is to determine the quantum of pension only (adopting the factor prescribed).

Where the Pensionable service is 20 years or more, a weightage of 2 years is to be added. As the Scheme stands as on date, the application of weightage will arise only in the year 2015.

CALCULATION OF M.M.P WHERE PAST SERVICE ALONE IS ELIGIBLE SERVICE (For Old member)

S.No.	Particulars	Details
1.	Name of the member	A
2.	Date of birth	01.02.1936
3.	Date of joining FPF membership	15.11.1980
4.	Date of exit	01.02.1994
5.	Age at Exit	58 years
6.	Age as on 15.11.1995	59 years
7.	Pay as on 15.11.1995	Rs.3500/-
8.	Past Service period	15 years
9.	Pensionable Service Period	0 years
10.	Pensionable Salary	Rs.0

(a) Past Service Pension for 15 years under Rs.105.00	-	=
Para 12(3)(b)(i) – (Not multiplied by Table ‘B’		

Since there is no Actual service).		
(b) Formula pension	(No pensionable Service	=Rs.0
	(a) + (b)	=Rs.105.00
(c), But, Minimum assured eligible pension under para 12(5)(b)		=
Rs.500.00 For 24 years of past service.		
(d). Minimum pension for 15 years service	= 500 X 15 / 24	=
Rs.313.00		
Pension Payable as above	is	=
Rs.313.00		
The amount of pension payable shall be Rs.313/- per month for life from the date following the date of retirement i.e. 02.02.1994.		

COMPUTATION OF PENSION FOR EXISTING MEMBERS:

In respect of those falling under the category of 'existing members', the monthly member's pension is computed as under:-

- (a) Pensionable Service Pension benefit as per the prescribed formula.
 And
 (b) Past service pension benefit

The aggregate of (a) and (b) above will be Monthly Member's Pension.

While reckoning the Monthly Member's Pension, the following factors are considered:

- i) age of the member as on 16.11.95
 ii) years of past service
 iii) salary
 iv) Quantum of Past service benefit as on 16.11.95
 v) Factor to multiply the past service pension, for period between 16.11.95 and date of attaining 58 years age;
 vi) Minimum quantum prescribed for – factor pension;
 - Pension with 24 years of past service
 - Pension with service less than 24 year

To determine the age as on 16.11.95, the existing members are divided into 3 categories:

- (1) Not attained the age of 48 years
 (2) Attained the age of 48 years but less than 53 years; and
 (3) Attained the age of 53 years or more

The years of past service is grouped into 4 categories i.e.

- (i) upto 11 years
 (ii) More than 11 years but upto 15 years
 (iii) More than 15 years but less than 20 years
 (iv) Beyond 20 years

The Salary as on 16.11.95, was divided into two groups, i.e.,

- (i) Salary upto Rs.2500/- per month
 (ii) Salary more than Rs.2500/- per month

The Past Service benefit payable on completion of 58 years of age of 16.11.95

	Years of Past Service	Salary upto Rs.2500/- Per Month	Salary more than Rs.2500/-per month
(1)	(2)	(3)	(4)
(i)	Upto 11 years	80	85
(ii)	More than 11 years but up to 15 years	95	105
(iii)	More than 15 years but less than 20 years	120	135
(iv)	Beyond 20 years	150	170

Wherever the member completes the age of 58 years after 16.11.95, the quantum of Past service pension benefit, given in the Table above will be multiplied by the factor given in Table 'B' corresponding to the period between 16.11.95 and date of attainment of 58 years of age.

The minimum Pension prescribed at different stages are as under in Superannuation cases (after attaining age of 58 years) :-

Category	Age at 16.11.95	Minimum for Formula Pension	Minimum for 24 yrs Past Service	Minimum for Service less than 24 yrs
(1)	(2)	(3)	(4)	(5)
X	Less than 48 yrs	635	800	450
Y	Between 48 yrs and less than 53 yrs	438	600	325
Z	53 yrs and above	335	500	265

PENSION COMPUTATION FOR 'X' Category [PARA 12(3)]

S.No.	Particulars	Details
1.	Name of the member	X
2.	Date of birth	30.11.1947
3.	Date of joining FPF membership	08.08.1971
4.	Date of exit	30.11.2005
5.	Age at Exit	58 years
6.	Age as on 15.11.1995	47 years
7.	Pay as on 15.11.1995	Rs.5000/-
8.	Past Service period	24 years
9.	Pensionable Service Period	10 years & 14 days (less than 11 years)
10.	Pensionable Salary	Rs.6500/-

(a) Past Service Pension for 24 years under Para 12(3)(b)(iv) – multiplied by Table 'B' Factor for less than 11 years.	170 X 2.720 = 462.00
(b).Pensionable Service – 10 Years Pension payable higher of formula pension or Rs.635/- {Age below 48 Yrs on 15.11.1995}	- Rs.6500 X10 = Rs.929/- 70
(minimum assured eligible formula pension Rs.635/-)	
)	

Pension Payable as above (a) + (b)		- Rs.462 + 929 = Rs.1391/-
But Minimum pension assured		= Rs.800.00
On attaining age 58 years with 24 yrs Past Service membership.		
Pension payable is more than the minimum pension Assured (Rs.800/-) under para 12 (3)(b). As such MMP payable in this case w.e.f. 01.12.2005 is		= Rs.1391.00

PENSION COMPUTATION FOR 'Y' Category [PARA 12(4)]

S.No.	Particulars	Details
1.	Name of the member	Y
2.	Date of birth	30.11.1942
3.	Date of joining FPF membership	01.08.1971
4.	Date of exit	30.11.2000
5.	Age at Exit	58 years
6.	Age as on 15.11.1995	52 yrs 11mts 14 Days 52 yrs
7.	Pay as on 15.11.1995	Rs.5000/-
8.	Past Service period	24 yrs
9.	Pensionable Service Period	5 yrs 0 mts 14 days 5 yrs
10.	Pensionable Salary	Rs.6500/-

(a) Past Service Pension for 24years under Para 12(3)(b)(iv)-multiplied by Table 'B' Factor for less than 6 years.	170 X 1.689 = 287.00
(b).Pensionable Service – 5 Years as per formula subject to minimum of Rs.438/- {Age between 48 – 53 Yrs on 15.11.1995}	- Rs.6500 X 5 ----- = Rs.464/- 70
(Minimum assured eligible formula pension = Rs.438/-)	
Pension Payable as above (a) + (b)	- Rs.287 + 464 = Rs751/-
But Minimum pension assured On attaining age 58 years with 24 yrs Past Service membership.	= Rs.600.00
Pension payable is more than the minimum pension Assured (Rs.600/-) under para 12 (4)(b). As such MMP payable in this case w.e.f. 01.12.2000 is	= Rs.751.00

PENSION COMPUTATION FOR 'Z' Category [PARA 12(5)]

S.No.	Particulars	Details
1.	Name of the member	Z
2.	Date of birth	30.11.1937
3.	Date of joining FPF membership	01.08.1971
4.	Date of exit	30.11.1995
5.	Age at Exit	58 YEARS
6.	Age as on 15.11.1995	58 YEARS
7.	Pay as on 15.11.1995	Rs.6500/-
8.	Past Service period	24 yrs 3mts14 days 24 years
9.	Pensionable Service Period	0 years 0 mts 15 days Nil
10.	Pensionable Salary	Rs.6500/-

(a) Past Service Pension for 24 years as per Para 12(3)(iv) -multiplied by Table 'B' Factor for less than one year.	170 X 1.049 = 178.00
(b).Pensionable Service – 15 days Pension payable after rounding off of 15 days, Pensionable service is nil. As such no Pensionable service pension.	– Rs.0/- (ZERO)
Pension Payable as above (a) + (b) Total	- Rs.178 +0 = Rs.178/-
Total pension entitlement being less than minimum pension prescribed (for 24 yrs Past Service) Rs.500/- pm. The actual pension payable for 24 years in this case is Rs.500/- w.e.f. 01.12.1995.	

The Pension is payable monthly, from the date following the date of attaining 58 years of age in case of superannuation, **even though he may continue in service.**

MEMBERS ATTAINING 58 YEARS OF AGE – CONTINUING IN SERVICE BEYOND 58 YEARS OF AGE – PENSION TO BE GRANTED – NO DIVERSION OF PF CONTRIBUTION TO THE PENSION FUND

Such of the members who attain the age of 58 years but still continue in service beyond the age of 58 years would start getting pension on attaining the age of 58 years. Thereafter no diversion of PF contribution to the Pension Fund would require to be made. The employer's share of contribution in respect of them will remain in their respective provident fund account

DISABLED MEMBER PENSION – [PARA 15]

A Member, who is permanently and totally disabled during the employment shall be entitled to pension as admissible under sub-paragraphs (2) to (5) of paragraph 12 as the case may be subject to a minimum of Rs.250/- per month notwithstanding the fact that he / she not rendered the pensionable service entitling him / her to pension under paragraph 12 provided that he / she has made at least one month's contribution to the Pension Fund.

CONTINGENCY FOR PAYMENT

If an employee retires from service on account of any bodily or mental infirmity, which permanently and totally incapacitated him for performing all work, which he was capable of performing at the time of disablement, regardless whether such disablement is sustained in the course of employment or otherwise

The member should undergo a medical examination before the Medical Board of the area constituted either by the Central or State Government or the Employees' State Insurance Corporation or any other local authority competent to constitute such a Medical board.

QUANTUM OF PENSION

The quantum of disabled pension is to be determined with reference to the formula prescribed for Monthly Member's Pension.

This will be subject to a minimum of Rs.250/- per month. The member who is entitled for disabled pension is also eligible to avail the benefit of Return of Capital. **However he is not eligible to avail the benefit of commutation.**

Wherever the member opts for Return of Capital, the actual pension payable shall be reduced by 1% and the return of capital shall be further reduced by Rs.1000/- for every year by which the age of commencement of pension falls short of 50 years. This reduction in the quantum of pension and Return of Capital should be made applicable only in the cases where the member is disabled before attaining the age of 50 years, and is opted for return of capital. This 1% reduction in pension is in addition to reduction of pension @ 3% for every year the age fall short of 58 years till 50 years as per sub-para 7 of paragraph 12 of the Employees Pension Scheme, 1995.

COMMENCEMENT

The disabled pension is payable from the day following the date of disablement and consequent exit from the employment. **The pension is payable for life time of the member followed by family pension to widow and children.**

CALCULATION OF DISABLED PENSION - EXAMPLE -1:

- Consider a disabled Pensioner aged 35
- Original Pension Rs.500/- opted for ROC
- ROC Pension in normal course would have been Rs.450/- and ROC as Rs.50,000/-
- In case of Disabled Retirement Reduction in ROC = $Rs.450 \times .01 \times (50 - 35) = Rs.67.50$
- ROC Pension Payment = $Rs.450 - Rs.67.50 = Rs.382.50$
- Return of Capital = $Rs.50,000 - (50 - 35) \times Rs.1,000 = Rs.35,000$

MEDICAL CERTIFICATE PROFORMA TO BE OBTAINED FROM MEDICAL BOARD	
[To be completed by the Medical Board on examining the disabled member]	
1.	Name of the Member:-
2.	Father's Name:-
3.	EPF A/C.No:-
4.	Name of the Establishment in which he / she Working:-
4.	Residential Address:-
6.	Nature of disablement sustained in the course of employment or otherwise:-
7.	Date on which disablement sustained:-
8.	Whether the relevant nature of disablement has resulted in permanent and total disablement: (if so , please certify so in clear terms and furnish the relevant details including the percentage of disablement)
9.	Whether the Member is permanently and totally unfit for employment:-

10. Whether permanent total disablement incapacitated the Member employee for all work which he / she was Capable of performing at the time of disablement:-	
11. Name of the Central / State govt/ESIC Hospital with Full address:-	
12. Members of the Medical Board who have examined The disabled member.	
<u>Name to the Members of Medical Board</u>	<u>Designation</u>
1.	
2.	
3.	
13.Report of the Medical Board and their recommendations:	
Note: The Medical Board to be clearly certify the permanent And total disablement of the member after examining on the Above lines [Refer para 2(XVII), 15(3)]	
14.Signature of the members of the Board with Office Seal and date:-	
1.	
2.	
3.	
To The Regional Provident Fund Commissioner / Officer-In-charge Regional / Sub-Regional / Sub-Accounts Office	

The “**family**” of a member includes spouse, sons and daughters (including legally adopted children). The children whose age is beyond 25 years also falls under the definition of family.

Benefits to the family on the death of a member:

On death of a member, the family (spouse and children below 25 years) is entitled to receive monthly family pension.

The occurrence of death is divided into three categories as indicated below:

<u>OCCURANCE OF DEATH</u>	<u>CONDITION FOR PAYMENT</u>
Para 16 (1) (a) Death while in service (before attaining the age of 58 years)	Having paid atleast 1 month or part of a months’ contribution**.
Para 16 (1)(b) Death after the date of exit. (During out of employment) (Before attaining 58 years)	With 10 years eligible service Or below 10 years eligible service.
Para 16 (1) (c) Death after commencement of pension (as a pensioner)	No condition

**** MONTHLY WIDOW / CHILDREN PENSION – ONE MONTH’S CONTRIBUTION MEANING.**

QUANTUM OF PENSION

DEATH WHILE IN SERVICE

Para 16(2)(a)(i)

(a) After attaining the age of 50 but not 58 years	With 10 years eligible service	Widow pension shall be Equal to MMP which would have been admissible as if the member had retired on the date of death or Rs.450/- or the amount indicated in Table “C” which ever is more.
(b).After attaining the age of 50 but not 58 years	Without 10 years eligible service	

CALCULATION OF WIDOW PENSION IN CASE OF DEATH WHILE IN SERVICE

S.No.	Particulars	Details
1.	Name of the member	AA
2.	Date of birth	10.09.1955
3.	Date of Death	31.01.2002
4.	Age at Exit	46 years
5.	Age as on 16.11.1995	40 years
6.	Pay as on 16.11.1995	Rs.3969/-
7.	Past Service period	21 years
8.	Pensionable Service Period	6 years
9.	Pensionable Salary	Rs.5918
10.	Years to Age 58 (from 16.11.95)	11 yrs 7 mts 8 days. 12 years

(a) Past Service Pension for 21 years under Para 12(3)(b)(i) – (Multiplied by Table (for less than 7 yrs) 1.858 x 170).	-	= Rs.170.00
		= Rs.316.00
(b) Formula pension	$\frac{5918 \times 6}{70}$	=Rs.507.00
(a) + (b) -	316+507	=Rs.823.00
In case of Death of the member while in service		
1). Amount of monthly member pension as above		=Rs. 823.00
2). Amount indicated in Table “C”(As amended on 27.09.2001)		=Rs.1996.00
3). An amount of Rs.450.00 (Prescribed minimum Widow pension)		=Rs. 450.00
Higher of 1 or 2 or 3		=Rs.1996.00
Widow pension payable is Rs.1996/-		
Children pension payable (25 % of Widow pension of Rs.1996/-) is Rs. 499/-(per Child)		
Orphan pension payable (75 % of Widow pension of Rs.1996/-) is Rs.1497/-(Per Orphan)		

DEATH AFTER THE DATE OF EXIT

Para 16(2)(a)(ii)

Before attaining the age of 58 years	With 10 years eligible service	Widow pension shall be Equal to MMP which would have been admissible as if the member had retired on the date of death or Rs.450/- or the amount indicated in Table “C” which ever is more
	Without 10 years eligible service	

CALCULATION OF WIDOW PENSION IN CASE OF DEATH AFTER EXIT FROM EMPLOYMENT

S.No.	Particulars	Details
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1.	Name of the member	BB
2.	Date of birth	01.02.1955
3.	Date of Exit	21.02.2000
4.	Date of Death	02.03.2000
4.	Age at Exit	45 years
5.	Age as on 16.11.1995	40 years
6.	Pay as on 16.11.1995	Rs.3500/-
7.	Past Service period	15 years
8.	Pensionable Service Period	4 years
9.	Pensionable Salary	Rs.5000
10.	Years to Age 58 (from 16.11.95)	12 yrs 10 mts 29 days. 13 years

(a) Past Service Pension for 15 years under Para 12(3)(b)(i) – (Multiplied by Table ‘B’ (for less than 5 yrs) 1.536 x 105).	= Rs.105.00 = Rs.161.00
(b) Formula pension $\frac{5000 \times 4}{70}$	=Rs.286.00
(a) + (b) - 161+286	=Rs.447.00
In case of Death of the member after exit from employment	
1). Amount of monthly member pension as above	=Rs. 447.00
2).Amount indicated in Table “C”(Prior to amendment dated. 27.09.2001)	=Rs.1750.00
3). An amount of Rs.450.00 (Prescribed minimum Widow pension) = Rs. 450.00	

Higher of 1 or 2 or 3	=Rs.1750.00
Widow pension payable is Rs.1750/-	
Children pension payable (25 % of Widow pension of Rs.1750/-) is Rs. 438/-(per Child)	
Orphan pension payable (75 % of Widow pension of Rs.1750/-) is Rs.1313/-(Per Orphan)	

Para 16 (2)(a)(iii)

After commencement of Pension -----

Widow pension shall be 50 % of MMP subject to minimum of Rs.450/- per month

CALCULATION OF WIDOW PENSION - DEATH OCCURRED AFTER SUPERANNUATION / AFTER COMMENCEMENT OF PENSION.

ASSUMING MEMBER'S PENSION	Rs.1600/- p.m
Widow pension (50 % of member's Pension)	Rs. 800/- p.m
(Children Pension will be paid in addition to Widow Pension maximum upto two children at a time)	

CHILDREN PENSION - [PARA 16(3)]

The "**family**" of a member includes spouse, sons and daughters (including legally adopted children). The children whose age is beyond 25 years also falls under the definition of family.

CONTINGENCY FOR PAYMENT:

The surviving children of the deceased member, shall be entitled to a monthly Children Pension in addition to the widow / widower pension.

The monthly children pension shall be admissible to all surviving children who have not attained the age of 25 years. However it shall be admissible to maximum of two children at a time and will run from the oldest to youngest child in that order irrespective of whether the eligible child is through first or second wife and so on.

CONDITIONS FOR ELIGIBILITY:

Monthly Children Pension for each child shall be payable until the child attains the age of 25 years.

On the date of death of the member, the children should not have attained the age of 25 years.

Legally adopted children shall also be eligible for pension.

QUANTUM OF PENSION:

Monthly children pension for each child, shall be equal to 25 % of the Pension admissible to the Widow of the deceased member subject to a minimum of Rs.150/- per month.

CALCULATION OF CHILDREN PENSION

This is paid in addition to widow pension maximum upto two children	
Rate of Pension	25 % of widow Pension for each child
Assuming that widow pension is	Rs.880 per month.
If the widow has two children	Rs.220/- to each child. upto 25 years will be paid
(Minimum children Pension = Rs.150/-)	

ORPHAN PENSION – [PARA 16(4)]

‘Orphan’ is defined in the scheme as “none of whose parent is alive”. Orphan Pension is payable in the following contingencies:

Where none of the parent is alive

Member died without a spouse

Widow/Widower died as a family pensioner

On remarriage of widow/widower being a family pensioner

QUANTUM:

The quantum of orphan pension for each such child will be **75%** of the pension admissible to widow / widower, subject to a minimum of Rs.250/- per month..

Where pension is payable to more than one widow, it shall be payable to second widow consequent on the death of the first widow. On remarriage / death of the second widow only the children pension will be converted into orphan pension irrespective of the fact that children are through the first wife.

Similar to children pension, orphan pension is also restricted to two orphans at a time and it shall be payable to each orphan until they attain the age of 25 years.

The orphan pension will commence from the date following the date of death of the member (without leaving a spouse) or widow / widower, or remarriage of widow / widower.

The Orphan pension will cease on attaining the age of 25 years or death of orphan whichever earlier.

CALCULATION OF ORPHAN PENSION

Widow Pension	-	Rs.800/- per month
Widow dies leaving two orphans aged 12 & 8		
Orphan Pension each orphan		75 % of Widow pension to
Orphan Pension = 75 % of 800		Rs.600/- per month per
		orphan.
(Minimum Orphan Pension per child Rs.250/- per month)		

NOMINATION AND NOMINEE PENSION

The **“family”** of a member includes spouse, sons and daughters (including legally adopted children). The children whose age is beyond 25 years also falls under the definition of family.

A member is required to execute nomination in Form 2 (Revised) in favour of a person to receive pension in the event of his death under following contingencies.

- 1). A member who is not married or who does not have a living spouse and or children below the age of 25 years
- 2). A member who is married but does not have a living spouse and living children.
- 3). If the member has no living spouse and all children attained the age of 25 years.

The nominee appointed by the member will be paid pension.

If the member has a Family, the person nominated should fall within the scope of definition of **“Family”**.

Nomination in favour of spouse has no relevance as he/she is an automatic beneficiary for family pension.

A member who is not married or who does not have a living spouse and or children below the age of 25 years shall nominate a person of his choice. The nomination should be in favour of one person only. In the event of member acquiring a family subsequently, the nomination made in favour of a person not falling within the family shall become void.

Normally, children who attained the age of 25 years are not eligible for children pension.

However, if the member has no living spouse and all children attained the age of 25 years, he should nominate any one of his children, irrespective of their age and marital status to receive the monthly pension.

The eligibility of pension to nominee would arise only when a member who does not have any living spouse and or eligible child dies while in service or after the date of exit (before 58 years). **Further in the case of death after leaving service, before 58 years of age, the member should have rendered 10 years eligible service and should not have availed reduced monthly pension. In case requisite service of 10 years is not there, the nominee shall entitled to ROC only under para 13 (1) of the EPS, 1995.**

THE QUANTUM OF NOMINEE PENSION WILL BE EQUIVALENT TO THE WIDOW PENSION

The quantum of nominee pension will be equivalent to the widow pension, as under:-	
In case of death while in service	- Equal to MMP or Rs.450/- or Amount in Table C whichever Is more.

Death after the date of exit with 10 years eligible service before 58 yrs of age	- .

Para 16 (5)(b)

**Death after the date of exit without 10 years - Not entitled for monthly pension eligible service before 58 yrs of age under para 12.
Entitled to ROC as provided under Para 13(1)-(in lieu of pension)**

If a member is not entitled to a pension at the date of exit then his beneficiary cannot receive a pension under Para 16(5)(b). Nominee beneficiary will not receive pension, but his/her benefit shall not be less than Capital Value of notional Pension otherwise payable to the member.

EXAMPLE-1:

Date of Joining : 1.12.1995;
Date of leaving : 1.1.1996;
Salary Rs.5,000/-
Date of death : 15.2.1996
Notional pension should be based on the Scheme formula: $Rs.5000 \times 1/70 = Rs.71$.
So, nominee beneficiary will get as Capital Value of Pension. $Rs.71 \times 100 \text{ times} = Rs.7100/-$

EXAMPLE-2:

Date of Joining : 07.12.1988;
Date of Leaving : 15.12.1996;
Date of death:01.04.1997
Salary Rs.5000/-
Past Service Pension = Rs.85/-
Pensionable Service -Pension = $Rs.5000 \times 1/70 = Rs.71/-$.
Notional Pension Payable = $Rs.85 + Rs.71 = Rs.156/-$.
So, Nominee beneficiary will get as Capital Value of Pension = $Rs.156 \times 100 = Rs.15,600/-$

EXAMPLE-3:

Date of Joining : 15.01.1996;

Date of Exit : 01.01.2005;	
Date of death:01.08.2005	
Salary Rs.5000/-	
	Past Service Pension = Rs.0/-
Pensionable Service -Pension	= Rs.5000X9/70 = Rs.642/-.
So, Nominee beneficiary will get as Capital Value of Pension.	Rs.642 X 100 = Rs.64,200/-

PAYMENT OF PENSION TO PARENTS

Clause (aa) of Sub-para (5) of Para 16 (inserted vide Govt. of India Notification dated 22.2.1999 published vide GSR No.66 Gazette of India – March 6, 1999) entitles the dependent parents of a member of the Employees Pension Scheme, 1995 who dies leaving behind no spouse and/or an eligible child and no nomination by such deceased member exists.

COMMUTATION OF PENSION - [PARA 12A]

A member eligible to pension may, in lieu of pension normally admissible under paragraph 12, opt to commute upto a maximum of one-third of his pension so as to receive

hundred times the monthly pension so commuted as commuted value of pension. Balance pension will be paid on monthly basis as per option exercised under Paragraph 13.

It is a lump sum one time payment.

Commutation of pension is effective from 16.11.1998 onwards.

Commutation can be made upto a maximum of $1/3^{\text{rd}}$ of pension. It implies that the member pensioner can commute at any percentage rate not exceeding one third (33.33%) of the original monthly pension.

Example:

Normal Pension under Para 12	= Rs.600/-
$1/3^{\text{rd}}$ rd Commutation	= Rs.600/- X $1/3^{\text{rd}}$ = Rs.200/-
Commuted Value of Pension	= Rs.200/- X 100 = Rs.20,000/-
Balance Pension Payable	= Rs.600/- - 200=Rs.400/-

The commutation amount of Rs.20,000/- shall be paid at the time of exercise of option for commutation through Form 10 D

CALCULATION OF REDUCED PENSION UNDER PARA 13(1) – AFTER COMMUTATION OF PENSION AND ON EXERCISING OPTION FOR RETURN OF CAIPTAL:

In such cases (i.e. after commutation of pension), the reduced pension as provided under Para 13(1) shall be calculated on the original monthly pension. The following example will illustrate:

a)	Original Monthly pension under Para 12	Rs.	600
	Amount of pension commuted under Para 12A	Rs.	200
	Amount of commuted value of pension (200 X 100 = 20,000)	Rs.	20,000
b)	Balance of original monthly pension (600-200)	Rs.	400
	Reduced pension under Para 13(1) for ROC (Reduction For option-I at the rate of 10 % of original pension) (600-200-60=340)	Rs.	340
	Pension in payment (on commutation and Return of Capital Rs. ROC as per the option exercised (400 X 100 = Rs.40,000 {Option 1 & 3}) (400 X 90= Rs.36,000 {Option 2})	Rs.	340
c)	Spouse pension on death of Member pensioner [50% of original monthly pension as at (a)]	Rs.	300

RETURN OF CAPITAL - [PARA 13]

(1) A Member eligible to pension may, in lieu of pension normally admissible under paragraph 12 (subject to commutation of pension, if any, under paragraph 12A) opt to draw for reduced pension and avail of return of capital under any one of the three alternatives given below: --

S.No	. Alternatives	Revised Pension payable as	Amount payable as Return of Capital
1	Revised pension during life time of member with Return of capital on his death	90% of original monthly pension	100 times the original monthly pension on death of member to the nominee.

2	Revised pension during the life time of member, further reduced pension during life time of the widow or her remarriage whichever is earlier and return of capital on widow's death/remarriage	90% of original monthly pension to the member. On his death 80% of the original monthly pension to the widow	90 times the original monthly pension on death of widow / remarriage to the nominee
3	Pension for a fixed period of 20 years notwithstanding whether the member lives for that period or not.	87.5% of the original monthly pension for a fixed period of 20 years. The pension will cease thereafter.	100 times the original monthly pension at the end of 20 years from the date of commencement of pension to the member if he is alive, otherwise to his nominee.

This option should be exercised at the time of submission of application seeking pension in Form 10D (Pension) itself . The option once exercised is final and irrevocable. If no option is exercised in the application in Form 10D for Return of capital the member shall be deemed not to have exercised any option for return of capital.

The details of the nominee in Part 'B' of Form 2 are for the purpose of paying pensionary benefits to the family members under Para 16 of the Scheme only and hence **the member should indicate the details of the nominee for the Return of capital in Form 10D itself.**

The nominee shall mean a person nominated by the member through Form 10 D only. The nominee should be the one falling under the definition of “Family” as defined in Para 2(vii) of the Scheme i.e. Spouse, sons & daughters only.

If the member has no family i.e. spouse, sons and daughters (irrespective of their age) he can nominate any other person of his choice. **The member/pensioner can alter the nomination during his life time.**

If there is no valid nomination on the day of death of the pensioner or spouse, as the case may be, the benefit shall be payable as per the Succession Certificate issued by the Court of Law.

The Return of Capital is payable only to the nominee of the member.