

Frequently Asked Questions (FAQs) on the Unified Pension Scheme (UPS)

1. What is the Unified Pension Scheme (UPS)?

The Unified Pension Scheme (UPS) has been introduced as an option under the National Pension System (NPS) by the Central Government for the Central Government employees covered under NPS so that they may receive an assured payout after their retirement. It is a 'fund-based' payout system which relies on the regular and timely accumulation and investment of applicable contributions (from both the employee and the employer (the Central Government)) for grant of monthly payout to the retiree.

2. When will Unified Pension Scheme (UPS) become operational?

The Unified Pension Scheme will be operational from 1st April, 2025.

3. Who is eligible for the UPS?

The Central Government employees, who are covered under NPS, are eligible to submit their option for UPS under National Pension System.

4. How is the assured payout calculated under UPS?

The rate of full assured payout will be @50% of 12 monthly average basic pay, immediately prior to superannuation. Full assured payout is payable after a minimum 25 years of qualifying service. In case of lesser qualifying service period, proportionate payout would be admissible. A minimum guaranteed payout of Rs. 10,000 per month shall be assured in case superannuation is after 10 years or more of qualifying service subject to timely and regular credit of contributions and no withdrawals. In cases of voluntary retirement after a minimum 25 years of qualifying service, assured payout will commence from the date on which the employee would have superannuated if he had continued in service.

5. What is the minimum assured-payout under UPS?

A minimum assured payout of Rs.10,000 per month has been guaranteed under Unified Pension Scheme in case superannuation is after 10 years or more of qualifying service, subject to timely and regular credit of contributions and no withdrawals.

6. What is the family payout under UPS?

In case of death of the payout holder after superannuation, family payout @60% of the payout admissible to the payout holder immediately before his demise, shall be assured to the legally wedded spouse (spouse legally wedded as on the date of superannuation or on the date of voluntary retirement or retirement under FR 56(j), as may be applicable).

7. What is the eligibility criteria for the Central Government employees to receive assured payout under UPS?

The Central Government employees, who are covered under NPS and who choose the option for UPS, are eligible to receive assured payout under UPS, as per the following criteria:

- i. On superannuation after completing a minimum of 10 years' qualifying service, from the date of superannuation;
- ii. In case of retirement under the provisions of FR 56 (j) (which is not a penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965) from the date of such retirement; and
- iii. In case of voluntary retirement after a minimum qualifying service period of 25 years, from the date such employee would have superannuated, if the service period had continued to superannuation.

8. Under what circumstances the option of assured payout under UPS shall not be available to the Central Government employees?

The option of assured payout under UPS shall not be available to the Central Government employees in the following circumstances:

- a. In case of an employee superannuating before qualifying service of 10 years, from the date of superannuation.
- b. In case of removal or dismissal from service or resignation of the employee.

9. Is there any provision for inflation protection under UPS?

Dearness Relief shall be available on the assured payout and family payout, as the case may be. The Dearness Relief will be worked out in the same manner as Dearness Allowance applicable to serving employees. Dearness Relief will be payable only when payout commences.

10. When will the disbursement of assured payout and DR thereon commence in case of Voluntary Retirement?

In cases of voluntary retirement after a minimum 25 years of qualifying service, assured payout shall commence from the date on which the employee would have superannuated if he had continued in service.

11. Besides assured payout, is there any additional benefit admissible to Central Government retirees at the time of superannuation?

A lumpsum payment will be allowed on superannuation @10% of monthly emoluments (basic pay + Dearness Allowance) for every completed six months of qualifying service. i.e.

$$\text{Lump sum amount} = \left(\frac{1}{10} \times \text{Total Emoluments}\right) \times L$$

(Where L = number of six-monthly completed years of service based on the number of months for contribution to individual's pension corpus)

Further, the lump sum payment will not affect the quantum of assured payout.

12. What is the rate of contribution of employee and Central Government under UPS?

The contribution of employees will be 10% of (basic pay + Dearness Allowance). The matching Central Government contribution will also be 10% of (basic pay + Dearness Allowance). Both will be credited to each employee's individual corpus.

Further, Central Government shall provide an additional contribution of an estimated 8.5% of (basic pay + Dearness Allowance) of all employees who have chosen the UPS option, to the pool corpus on an aggregate basis. The additional contribution is for supporting assured payouts under the UPS option.

13. What is concept of benchmark corpus under the UPS?

A corpus value accrued through a default pattern of investment as defined by Pension Fund Regulatory and Development Authority (PFRDA) from time to time.

14. How the benchmark corpus value will be computed under UPS?

A 'benchmark corpus' value shall be computed, in such manner as may be determined by the PFRDA, with the following assumptions, namely:

- i. regular contributions by the employees as well as the employer, as applicable under the scheme, are received for each month of qualifying service;
- ii. in case of missing contributions, an appropriate value, to be determined by the PFRDA, shall be assigned; and
- iii. investment of such contributions shall be made as per the 'default pattern' of investment defined by the PFRDA.

15. What will be the provisions for management of individual corpus as well as pooled corpus?

- i. The employee can exercise investment choices for the individual corpus alone. Such investment choices shall be regulated by the PFRDA. A 'default pattern' of investment may be defined by PFRDA from time to time. If an employee does not exercise an investment choice on individual corpus, the 'default pattern' of investment will apply.
- ii. The investment decisions for the pool corpus built through the additional Central Government contribution will solely rest with Central Government.

16. In case value/units of individual corpus of employee is more than the value/units of benchmark corpus, what will be the treatment of excess amount accrued on account of investment choice (other than the default scheme) opted by the subscriber?

At superannuation/retirement, the employee under UPS shall authorise the transfer of the value or units in the individual corpus to the pool corpus, equivalent to the value or units of the benchmark corpus for authorisation of Assured Payout. In case the value or units of individual corpus is more than the value or units of the benchmark corpus, the employee shall authorize transfer of value/ units equivalent of the benchmark corpus and the balance amount in the individual corpus will be credited to the employee.

17. **In case value/units of individual corpus of employee is less than the value/units of benchmark corpus, what will be the treatment of deficit amount due to the investment choice (other than the default scheme) opted by the subscriber?**

At superannuation/retirement, the employee under UPS shall authorise transfer of the value or units in the individual corpus to the pool corpus, equivalent to the value or units of the benchmark corpus for authorization of assured payout. In case the value/units of individual corpus is less than value or units of the benchmark corpus, the employee shall have an option to arrange for additional contribution to meet this gap.

18. **Can I receive my assured payout if I have less than 25 years of service on the date of superannuation?**

Yes. In case the qualifying service is less than 25 years, proportionate payout would be admissible on superannuation.

19. **Who will determine the qualifying service of the employee under the UPS?**

At superannuation/ retirement, the qualifying service of the employee under the UPS option, will be determined by the Head of Office, where he is employed.

20. **Can I change my pension scheme option once I have selected the UPS?**

In case an employee chooses the UPS option, all its stipulations and conditions shall be deemed to have been opted for and such option once exercised, shall be final.

21. **Whether past retirees of NPS will be given the benefit under UPS?**

The provisions of UPS will also be applicable, *mutatis mutandis* to past retirees of NPS, who have superannuated before the date of operationalizing of UPS.

22. **How the cases of past retirees of NPS will be accounted for the purpose of UPS benefits?**

Past retirees of NPS will be paid arrears for the past period along with interest as per Public Provident Fund (PPF) rates. The monthly top-up amount for such superannuated employees, as determined by the PFRDA, shall be paid after adjusting the withdrawals made by, and annuities paid to, them.

23. **Will there be any mechanism under UPS to keep the subscriber updated about their individual corpus in terms of units/value (with or without their investment choice)?**

The value or units in the individual corpus with investment choices of the employee shall be informed to such employee on a periodic basis. Alongside, the value or units of the benchmark corpus corresponding to the employee, computed as per para 5 of the Notification on UPS dated 24.01.2025, will also be informed to the employee.