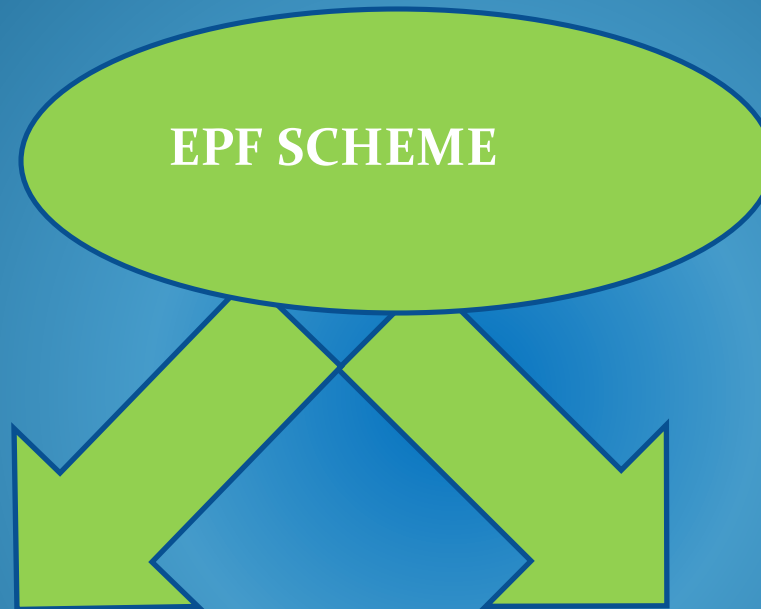


EPF HIGHER PENSION



EMPLOYEES' PROVIDENT FUND (EPF)

12% OF EMPLOYEE CONTRIBUTION
+

12% EMPLOYER CONTRIBUTION-PENSION
CONTRIBUTION

EMPLOYEES' PENSION SCHEME (EPS)

8.33% STATUTORY WAGE CEILING
i.e Rs 15000

8.33% of 15000=Rs 1250

EPF HIGHER PENSION



What is Higher EPF Pension

As per Hon'ble Supreme Court's order in civil Appeal No(s) 10013-10014 of 2016 arising out of SLP NO 33032-33033 of 2015

All members of the EPS 95 the benefit of the actually salary in the pension exceeding wage limit of Rs 15000/- per month.

Member get benefit by contributing 8.33% of actual salary instead of ceiling salary

Current EPS

Pension contribution is 8.33% of ceiling salary i.e 8.33% Of Rs 15000/= Rs 1250

Higher EPS

Pension contribution is 8.33% of actually salary

In both the cases the pension contribution is from 12% of employer contribution only.

EPF HIGHER PENSION



Amount deposited in EPF

Current EPS

The amount deposited in the EPF account is

12% salary of Employee contributed by Employee + (12% salary of employee contributed by employer-Rs 1250)

8.33% of 15000=1250

Higher EPS

12% salary of Employee contributed by Employee + 3.37% salary of employee contributed by employer

8.33% salary of employee contributed by Employer is deposited in EPS

The amount deposited in the EPF account is more in current EPS option

The amount deposited in the EPS account is more in Higher EPS option

There is interest on the deposited amount in the EPF

There is no interest on the deposited amount in the EPS

EPF HIGHER PENSION



Pension Formula

Current EPS

$15000(\text{ceiling salary}) * \text{Pensionable service}/70$

Ex $15000 * 35/70 = 7500$

Higher EPS

$\text{Avg of 60 months salary} * \text{Pensionable service}/70$

Ex $100000 * 35/70 = 50000$

Take a case study

EPF HIGHER PENSION



Pension Formula on prorata basis

Normal EPS

$(6500 * (\text{Pensionable service upto Sep 2014}) / 70) + (15000 (\text{ceiling salary}) * \text{Pensionable service} / 70)$

Ex $6500 * 15 / 70 + 15000 * 20 / 70 = 5678$

Higher EPS

$(\text{Avg of 60 months salary} * \text{Pensionable service up to Sep 2014} / 70)$

+

$(\text{Avg of 60 months salary} * \text{Pensionable service at retirement} / 70)$

Ex $20000 * 15 / 70 + 100000 * 20 / 70$

Recently Kerala court given has judgment Pro rata calculation not applicable for Higher pension

EPF HIGHER PENSION

2003 JEs Basic and 100 % DA merged in 3rd PRC and 4th PRC



					Current EPS			Higher EPS			Current EPS	Higher EPS
	BASIC	IDA RATE	DA	BASIC+DA	EMPLOYER EPF CONT	EMPLOYER EPF	ER. PENSION	EMPLOYER EE	EMPLOYER ER	ER. PENSION	EE+ER EPF	EE+ER EPF
Jan-14	23320	90.5	21105	44425	5331	4790	541	5331	1630	3701	10121	6961
Feb-14	23320	90.5	21105	44425	5331	4790	541	5331	1630	3701	10121	6961
Mar-14	23320	90.5	21105	44425	5331	4790	541	5331	1630	3701	10121	6961
Apr-14	23320	88.4	20615	43935	5272	4731	541	5272	1612	3660	10003	6885
May-14	23320	88.4	20615	43935	5272	4731	541	5272	1612	3660	10003	6885
Jun-14	23320	88.4	20615	43935	5272	4731	541	5272	1612	3660	10003	6885
Jul-14	23320	91.3	21291	44611	5353	4812	541	5353	1637	3716	10165	6991
Aug-14	23320	91.3	21291	44611	5353	4812	541	5353	1637	3716	10165	6991
	60 months	Salary Total		2046077	245529			245529	75091	170438		320620
			AVG Salary=	34101	4092			4092	1252	2841		5344

EPF HIGHER PENSION



ON PRORATA

Pensionable Salary (Avg. Basic+DA of last 60 months)		15000	242446
Suppose in above example employee serves for 33 years. (i.e. Two years extra if service is more than 20 years)		35	35
Pension= (Pensionable Salary X Years of service)/70	Normal Cal	7500	121223
	Calculation on Prorata	(6500*11/70) + (1500*14/70)	(34101*11/70)+(242446*24/70)
		6164	88483
	DIFF	1336	32740
Fund Value under both options on simple 8% interest under IBB method (which is under control of employee)		24890919	19378335
Difference of Amount		5512584	

EPF HIGHER PENSION



	Pension + Intt. On Diff. Fund @4%	Pension + Intt. On Diff. Fund @6%	Pension + Intt. On Diff. Fund @8%	Pension + Intt. On Diff. Fund @10%	Pension + Intt. On Diff. Fund @12%	FIXED PENSION UNDER OPTION 2	DIFF. @4% (OPTION 1 - OPTION 2)	DIFF. @6% (OPTION 1 - OPTION 2)	DIFF. @8% (OPTION 1 - OPTION 2)	DIFF. @10% (OPTION 1 - OPTION 2)	DIFF. @12% (OPTION 1 - OPTION 2)
IF ALIVE UPTO 1 YEARS AFTER RETIREMENT	58,23,087	59,33,339	60,43,591	61,53,842	62,64,094	10,61,796	47,61,291	48,71,543	49,81,795	50,92,046	52,02,298
IF ALIVE UPTO 2 YEARS AFTER RETIREMENT	61,33,591	63,54,094	65,74,597	67,95,101	70,15,604	21,23,592	40,09,999	42,30,502	44,51,005	46,71,509	48,92,012
IF ALIVE UPTO 3 YEARS AFTER RETIREMENT	64,44,094	67,74,849	71,05,604	74,36,359	77,67,114	31,85,388	32,58,706	35,89,461	39,20,216	42,50,971	45,81,726
IF ALIVE UPTO 5 YEARS AFTER RETIREMENT	70,65,101	76,16,359	81,67,618	87,18,876	92,70,134	53,08,980	17,56,121	23,07,379	28,58,638	34,09,896	39,61,154
IF ALIVE UPTO 6 YEARS AFTER RETIREMENT	73,75,604	80,37,114	86,98,624	93,60,134	100,21,644	63,70,776	10,04,828	16,66,338	23,27,848	29,89,358	36,50,868
IF ALIVE UPTO 7 YEARS AFTER RETIREMENT	76,86,107	84,57,869	92,29,631	100,01,393	107,73,154	74,32,572	2,53,535	10,25,297	17,97,059	25,68,821	33,40,582
IF ALIVE UPTO 8 YEARS AFTER RETIREMENT	79,96,611	88,78,624	97,60,638	106,42,651	107,73,154	84,94,368	-4,97,757	3,84,256	12,66,270	21,48,283	22,78,786
IF ALIVE UPTO 10 YEARS AFTER RETIREMENT	86,17,618	97,20,134	108,22,651	119,25,168	130,27,685	106,17,960	-20,00,342	-8,97,826	2,04,691	13,07,208	24,09,725
IF ALIVE UPTO 15 YEARS AFTER RETIREMENT	101,70,134	118,23,909	134,77,685	151,31,460	167,85,235	159,26,940	-57,56,806	-41,03,031	-24,49,255	-7,95,480	8,58,295
IF ALIVE UPTO 20 YEARS AFTER RETIREMENT	117,22,651	139,27,685	161,32,718	183,37,752	205,42,785	290,93,520	173,70,869	151,65,835	129,60,802	107,55,768	-85,50,735
IF ALIVE UPTO 25 YEARS AFTER RETIREMENT	132,75,168	160,31,460	187,87,752	215,44,044	243,00,336	363,66,900	230,91,732	203,35,440	175,79,148	148,22,856	120,66,564
IF ALIVE UPTO 30 YEARS AFTER RETIREMENT	148,27,685	181,35,235	214,42,785	247,50,336	280,57,886	436,40,280	288,12,595	255,05,045	221,97,495	188,89,944	155,82,394

If your life expectancy is around 8 years after retirement, you are at break even as per above sample calculation but LIFE IS UNCERTAIN.

3rd PRC & 4th PRC has not taken into consideration & in 2017 & 2027, 100% DA has been merged with Basic without any fitment to be on safer side. U can simulate after changing the figures.

EPF HIGHER PENSION



Terms And Conditions of EPS

You must have been in the service for at least 10 years.

One can get the pension after the age of 58. Reduced pension can be withdrawn after the age of 50

You can also defer your pension till the age of 60. If you opt for deferment, the pension would increase by 4% for every deferred year.

The Pension is given to the family after the untimely death of employee.

An employee can get a pension if s/he gets totally incapacitated.

EPF HIGHER PENSION



Know Your Reduced Pension

Age	Factor To multiply
50	0.7837
51	0.808
52	0.833
53	0.8587
54	0.8853
55	0.9127
56	0.9409
57	0.97
58	1

Enhanced Pension After 58

In the reduced pension formula, the pension decreases by 4% for every year. Similarly, you would get 4% more pension for every extra year. However, you can get only two such years as this benefit is not available after the age of 60.

EPF HIGHER PENSION



If VRS/CRS

There is no pension till attending the age of 50 years in both the cases. Pension is as per given above reduced table

If employee serviced for 20 years with Avg 60 months salary is JE 2003 batch salary claculation

Current EPS

Pension= 6500*service upto 2014 +15000*no of years service on VRS/70

Ex
$$=(6500*10/70)+(15000*10/70)= 3071$$

Higher EPS

Pension= Avg 60 months salary upto Sep 2014 *no of years service/70 + Avg 60 months salary upto VRS*no of years service/70

Ex
$$=(34101*10/70)+(98693*10/70)= 18970$$

Difference 18970-3071 =15899

EPF HIGHER PENSION



Family pension = Family pension / 2

If employee serviced for 20 years with Avg 60 months salary is JE
2003 batch salary calculation

Current EPS

If Member death in service

Ex $=((6500*10/70)+(15000*10/70))/2= 1535$

If Member death after retirement

$((6500*15/70) + (15000*20/70))/2 = 3082$

Higher EPS

If Member death in service

$=((34101*10/70)+(98693*10/70))= 9485$

If Member death after retirement

Ex(above case study) = $((34101*11/70)+(242446*24/70))/2=44281$

Difference in case1 9485-1535=8310

case2 44281-3082=41199

EPF HIGHER PENSION



Suppose at present 10 lakh by employee and 10 lakh by employer have been deposited in epf in last 15 years

In current EPS pension contribution deposited is
=6500*8.33%*no of Months*no of years+15000*8.33%*no of Months*no of years

$$=6500*8.33%*12*12+15000*8.33%*12*3$$
$$=123048$$

$$\text{Amount deposited in EPF account} = 1000000 + (1000000 - 123048)$$
$$= 1876952$$

If we opt to Higher EPS

As per above case study

$$\text{Amount deposited in EPS account} = 431051$$

$$\text{Amount deposited in EPF account} = 1000000 + (1000000 - 431051)$$
$$= 1568949$$

Arrear to be transferred from epf fund to EPS fund

$$431051 - 123048 = 308003$$

Note this is without considering interest

EPF HIGHER PENSION



If there are any surviving children of the deceased member, falling within a definition of family, they shall be entitled to a monthly children pension in addition to the monthly widow/widower pension.

Monthly children pension for each child shall be equal to 25 per cent of the amount admissible to the widow/widower of the deceased member

Monthly children pension shall be payable until the child attains the age of 25 years

The monthly children pension shall be admissible to maximum of two children

EPF HIGHER PENSION



	Current EPS	Higher EPS
If bsnl continue to give us regular increment and ida till our retirement	Low Pension	Very High Pension
if bsnl not able to give regular increments and ida till retirement or in last 5 years of our service or VRS/CRS	EPF Amount is more EPS amount is Low Access EPF AMOUNT would help at the time of retirement /VRS/CRS	pension will be low as per last 5 years wages and EPF amount will also be lower than current EPS
If Govt. imposes taxes on EPF amount withdraw at the time of retirement	More tax on our EPF amount	Less Tax
EPF interest rates less	less pension and less interest will be heavy loss in EPF Amount	higher pension every month give comfortable fund in our hand

EPF HIGHER PENSION



	Current EPS	Higher EPS
if employee & spouse are alive till 75 years of age	Low Pension will effect daily life	Very High Pension will give happy life
if employee & spouse are alive till 65 years of age	High accumulated EPF amount will help next generation	Next generation and our children above age 25 years will not got any pension. We have invested lakhs of rupees in 35 years of service but not enjoyed pension for long time
Any emergency requirement	higher epf amount could be withdrawn at the time of Emergency	Not possible

EPF HIGHER PENSION



Who are eligible for this Higher pension ?

All employees who are joined before 1st September 2014

If any employee withdraw EPF amount is eligible for this Higher Pension?

If employee is ready to repay the amount is eligible for this higher pension

How to apply this Higher Pension?

A joint option form of Employee and Employer has to submit to Concern EPF Office

EPF HIGHER PENSION



If our JOB continue till 58 years

higher pension option will provide higher pension so no need to plan anything else for retirement, we can enjoy our current salary in present time , no worry about future

In current EPS low pension option need some other retirement planning like NPS from now on wards

if we think with positive attitude Higher EPS is very good option

EPF HIGHER PENSION



GACHESWARA RAO
Asst Circle Secretary
SNEA AP CIRCLE
BSNL

EPF HIGHER PENSION



THANK
YOU