

Examrace

Employees Pension Scheme 1995: Most Important Topic For 2020 Competitive Exams

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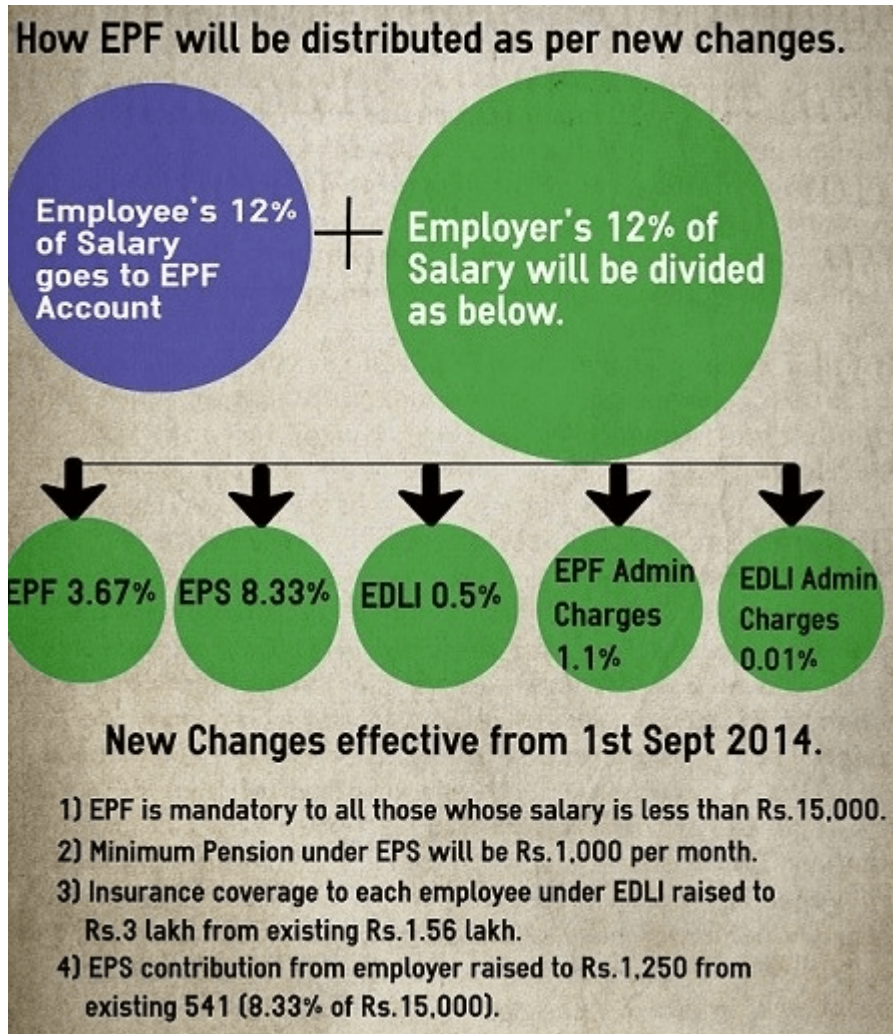
- Employees' Pension Scheme is a social security scheme run by the Employees' Provident Fund Organisation (EPFO) for the employees of the organised sector.

Eligibility

- Be a member of the Employees' Provident Fund Scheme (EPFS), 1952 - Are a member of the ceased Family Pension Scheme 1971 or employed in Factories engaged in Industries specified in Schedule I of the Employees' Provident Fund & Miscellaneous Provisions Act 1952 or employed in establishments notified & engaging 20 or more employees with a salary/wage less than Rs. 15,000 per month at the date of appointment.
- Rendered eligible service of 10 years or more where contribution to EPFS has been made.
- Pension to be received by the member on attaining 58 years of age. Provision of withdrawal benefit also exists.
- A member, who is permanently & totally disabled during the employment is also eligible for pension.
- The Family of the member is eligible to receive the pension following the date of death of the member.

Few Features of These Schemes Are-

- A minimum pension of Rs. 1000/- per month to the member/disabled/widow/widower/parent/nominee pensioners & Rs. 250/- per month for children pensioners & Rs. 750/- per month to orphan pensioners.
- Contribution to EPS: An employee contributes 12% of his/her pay towards the EPF account. A matching contribution is also made by the employer. 8.33% of the employee's pay is remitted by the employer to EPS. The Central Government also contributes at the rate of 1.16 per cent of the pay of the members to the Employees' Pension Scheme.
- To access the Employees' Pension Scheme 1995 document.



- Employees who are members of EPF will automatically become the members of EPS.
- Along with your employer contribution of 8.33% of your salary, Central Govt. also contributes 1.16% of employees' monthly salary. Here the meaning of salary means Basic+DA. The rulebook still sticks to the old salary limit of Rs.6, 500 limits for an employer & central government contribution. However, in my view after the new rules, the limit should be raised to Rs.15, 000.
- You will not get any interest on your EPS contribution.
- For calculation purposes, if your service is more than or equal to 6 months, then it will be rounded to next year. If it is less than 6 months, then such fraction of service period is not considered for calculation.
- For example, suppose you worked for 21 years and 7 months. In this case, your service is considered as 22 years. However, if your service is 21 years and 2 months, then service will be considered as 21 years only.
- Pensioner receives a pension for life long & upon his death will go to spouse & two children below 25 years of age
- Employees are eligible for EPS only if they complete 10 Years of service or attain the age of 58 or 50 years of age.

- You will not be eligible to receive more than one pension from EPS.

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