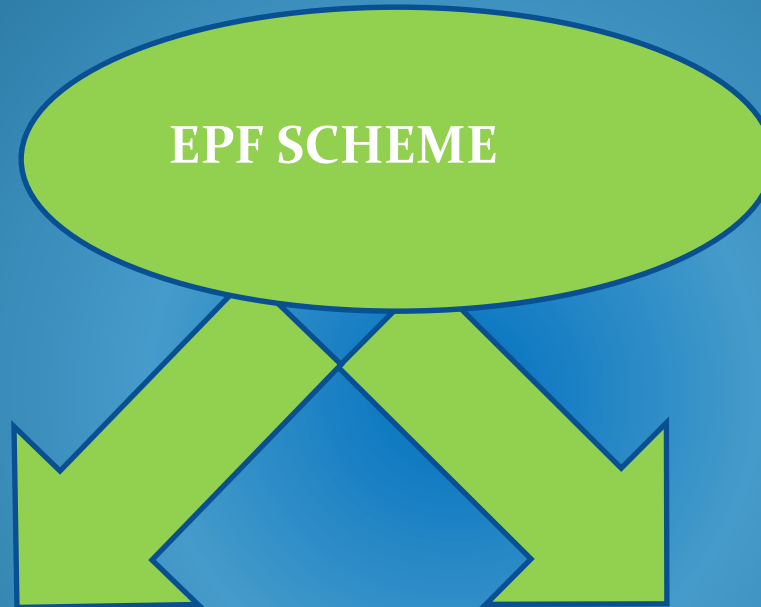


# EPF HIGHER PENSION



## 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

Basic and 100 % DA merged in 3<sup>rd</sup> PRC and 4<sup>th</sup> PRC



					Current EPS			Higher EPS			Current EPS	Higher EPS
	BASIC	IDA RATE	DA	BASIC+DA	EMPLOYEE EPF CONTRIBUTION	EMPLOYER EPF CONTRIBUTION	ER. PENSION	EMPLOYEE EPF CONTRIBUTION	EMPLOYER EPF CONTRIBUTION	ER. PENSION	EE+ER EPF	EE+ER EPF
Jan-17	52520	19.5	10241	62761	7531	6281	1250	7531	2303	5228	13812	9835
Feb-17	52520	19.5	10241	62761	7531	6281	1250	7531	2303	5228	13812	9835
Mar-17	52520	19.5	10241	62761	7531	6281	1250	7531	2303	5228	13812	9835
Apr-17	52520	17.1	8981	61501	7380	6130	1250	7380	2257	5123	13510	9637
May-17	52520	17.1	8981	61501	7380	6130	1250	7380	2257	5123	13510	9637
Jun-17	52520	17.1	8981	61501	7380	6130	1250	7380	2257	5123	13510	9637
Jul-17	52520	19	9979	62499	7500	6250	1250	7500	2294	5206	13750	9794
Aug-17	52520	19	9979	62499	7500	6250	1250	7500	2294	5206	13750	9794
Sep-17	52520	19	9979	62499	7500	6250	1250	7500	2294	5206	13750	9794
Oct-17	52520	21	11029	63549	7626	6376	1250	7626	2332	5294	14002	9958
Nov-17	52520	21	11029	63549	7626	6376	1250	7626	2332	5294	14002	9958
Dec-17	52520	21	11029	63549	7626	6376	1250	7626	2332	5294	14002	9958

# EPF HIGHER PENSION



	BASIC	IDA RATE	DA	BASIC+DA	OPTION 1			OPTION 2			OPTION 1	OPTION 2	
					EMPLOYER EPF CONT	EMPLOYER EPF	ER. PENSION	EMPLOYER EE	EMPLOYER ER	ER. PENSION	EE+ER EPF	EE+ER EPF	
Jan-35	173603	58	100690	274293	32915	31665	1250	32915	10067	22849	64580	42982	
Feb-35	173603	58	100690	274293	32915	31665	1250	32915	10067	22849	64580	42982	
Mar-35	173603	58	100690	274293	32915	31665	1250	32915	10067	22849	64580	42982	
Apr-35	173603	60	104162	277765	33332	32082	1250	33332	10194	23138	65414	43526	
May-35	173603	60	104162	277765	33332	32082	1250	33332	10194	23138	65414	43526	
Jun-35	173603	58	100690	274293	32915	31665	1250	32915	10067	22849	64580	42982	
Jul-35	173603	60	104162	277765	33332	32082	1250	33332	10194	23138	65414	43526	
Aug-35	173603	60	104162	277765	33332	32082	1250	33332	10194	23138	65414	43526	
Sep-35	173603	60	104162	277765	33332	32082	1250	33332	10194	23138	65414	43526	
Oct-35	173603	62	107634	281237	33748	32498	1250	33748	10321	23427	66246	44070	
Nov-35	173603	62	107634	281237	33748	32498	1250	33748	10321	23427	66246	44070	
Dec-35	173603	62	107634	281237	33748	32498	1250	33748	10321	23427	66246	44070	
					<b>38472361</b>	<b>4616670</b>	<b>4220930</b>	<b>395740</b>	<b>4616683</b>	<b>1411936</b>	<b>3204748</b>	<b>8837600</b>	<b>6028619</b>

# EPF HIGHER PENSION



Current EPS

Higher EPS

Pensionable Salary

15000

242450

(Avg salary of 60 months)

Suppose in above example employee serves for 33 years. (i.e. Two years extra if service is more than 20 years)

35

35

Pension=

$15000 \times 35 / 70$

$242450 \times 35 / 70$

(Pensionable Salary X years of service)/70

= 7500

121225

EPF Fund Value under both options on simple 8% interest

**24745280**

**16880133**

Differential amount in current EPS **7865147**

# 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	8269753	8427056	8584358	8741661	8898964	<b>1454676</b>	6815077	6972380	7129682	7286985	7444288
IF ALIVE UPTO 2 YEARS AFTER RETIREMENT	8674358	8988964	9303570	9618176	9932782	<b>2909352</b>	5765006	6079612	6394218	6708824	7023430
IF ALIVE UPTO 3 YEARS AFTER RETIREMENT	9078964	9550873	10022782	10494691	10966600	<b>4364028</b>	4714936	5186845	5658754	6130663	6602572
IF ALIVE UPTO 5 YEARS AFTER RETIREMENT	9888176	10674691	11461205	12247720	13034235	<b>7273380</b>	2614796	3401311	4187825	4974340	5760855
IF ALIVE UPTO 6 YEARS AFTER RETIREMENT	10292782	11236600	12180417	13124235	14068052	<b>8728056</b>	1564726	2508544	3452361	4396179	5339996
<b>IF ALIVE UPTO 7 YEARS AFTER RETIREMENT</b>	<b>10697388</b>	<b>11798508</b>	<b>12899629</b>	<b>14000749</b>	<b>15101870</b>	<b>10182732</b>	<b>514656</b>	<b>1615776</b>	<b>2716897</b>	<b>3818017</b>	<b>4919138</b>
IF ALIVE UPTO 8 YEARS AFTER RETIREMENT	11101994	12360417	13618841	14877264	15101870	11637408	-535414	723009	1981433	3239856	3464462
IF ALIVE UPTO 10 YEARS AFTER RETIREMENT	11911205	13484235	15057264	16630293	18203323	<b>14546760</b>	-2635555	-1062525	510504	2083533	3656563
IF ALIVE UPTO 15 YEARS AFTER RETIREMENT	13934235	16293779	18653323	21012867	23372411	<b>21820140</b>	-7885905	-5526361	-3166817	-807273	1552271
IF ALIVE UPTO 20 YEARS AFTER RETIREMENT	15957264	19103323	22249381	25395440	28541499	<b>29093520</b>	-1.3E+07	-9990197	-6844139	-3698080	-552021
IF ALIVE UPTO 25 YEARS AFTER RETIREMENT	17980293	21912867	25845440	29778013	33710587	<b>36366900</b>	-1.8E+07	-1.4E+07	-1.1E+07	-6588887	-2656313
IF ALIVE UPTO 30 YEARS AFTER RETIREMENT	20003323	24722411	29441499	34160587	38879675	<b>43640280</b>	-2.4E+07	-1.9E+07	-1.4E+07	-9479693	-4760605

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

3<sup>rd</sup> PRC & 4<sup>th</sup> 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 before 50 years of age

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 15 years with Avg 60 months salary is Rs 40000

## Current EPS

Pension= 15000\*no of years service/70

Ex  $=15000*15/70= 3214$

## Higher EPS

Pension= Avg 60 months salary \*no of years service/70

Ex  $=40000*15/70= 8571$

Difference  $8571-3214 =5357$

# EPF HIGHER PENSION



## Family pension

If employee serviced for 15 years with Avg 60 months salary is Rs 40000

### Current EPS

If Member death in service

Family pension= $(15000 * \text{no of years service} / 70) / 2$

Ex  $= (15000 * 15 / 70) / 2 = 1607$

If Member death after retirement

Ex  $= (15000 * 35 / 70) / 2 = 3750$

### Higher EPS

If Member death in service

Family pension= $(\text{Avg 60 months salary} * \text{no of years service} / 70) / 2$

Ex  $= (40000 * 15 / 70) / 2 = 4285$

If Member death after retirement

Ex(above case study)  $= (242450 * 35 / 70) / 2 = 60612$

**Difference in case1  $4285 - 1607 = 2678$**

**case2  $60612 - 3750 = 56862$**

# 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 1<sup>st</sup> 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



For any queries contact me

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# EPF HIGHER PENSION



THANK  
YOU