

Employees' Provident Funds & Miscellaneous Provisions Act, 1952

1. Applicability of the Act

- a). Every Establishment which is a Factory engaged in any industry specified in Schedule and in which 20 or more persons are employed.
- b) Any other establishment employing 20 or more persons or class of such establishment which the Central Govt. may notify in the Official Gazette.

2. Eligible Employees

The employees become eligible to participate in the fund on his joining the establishment covered under this Act. Employees drawing pay upto Rs.6500/-p.m. with effect from 01.04.1994 (Pay includes Basic with Dearness Allowance, Retaining Allowance etc.) only are eligible for participation in the fund. Where the monthly pay of such a member was earlier less than Rs.6500/- but has now exceeded to Rs.6500/- will also continue to be a member of this fund. All casual/temporary workmen are to be covered. Registration and other compliances can be done **On-Line** and paper work has been reduced and company should be registered with their respective Regional P.F commissioner.

3. Rate of Contribution

Employee's Contribution: 12% of the monthly pay

If the number of employees in the establishment are less than 20, rate of contribution shall be 10%.

4. Time for Payment

Should be deposited within 15th of every following month. Grace period of 5 days in case of Cheque payment is allowed. No paper returns to be prepared and submitted. No need to submit forms 5, 10, 12A, 3A, 6A only ECR (Electronic Challan-cum-Return) to be prepared **On Line** every month. Follow www.epfindia.gov.in

F.A.Q.

1. If the establishment contributes EPF @ 12% and make cash loss for consecutive 3 years what may be the EPF percentage?

If any organizations continuously make cash loss for consecutive 3 years, the rate of EPF of the employees may be reduced from 12% to 10% and to that extent necessary permission is to be taken from PF authority on submission of relevant documents

2. If an employee attended 58 years of age the deposit in pension fund shall be continued?

No, after 58 years the entire fund will be deposited in PF Accounts, not in Family Pension fund.

3. If any employee is engaged in any establishment after his superannuation age of 60 years, whether EPF deposit is mandatory?

EPF deposit is not mandatory after 60 years of service.

Frequently Asked Questions related to Pension Scheme

1) Who will be covered by the Pension Scheme?

Every member of the ceased Family Pension Scheme 1971 and anyone who joins any covered establishment on or after 16-11-95 is compulsory to join this scheme, provided his/her salary/wage is less than Rs. 6500/- per month at the date of appointment.

2) what is a covered establishment?

Covered establishment is an establishment belonging to the class of industries / other establishments, which have been listed in the schedule appended to the Employees' Provident Fund and Miscellaneous Provisions Act 1952 and where 20 or more persons are employed.

3) An employee was a Family Pension Scheme member. He/She has left on 13-12-93 and he/she is 54 yrs. old. He/She has taken his withdrawal benefit. Can he/she join the new scheme now?

Yes, by refunding the withdrawal benefit together with interest. Thereafter, he/she will be entitled to receive pension from age 58, if he/she completes atleast 10 yrs. of contributory service by then.

4) If employee is a Family Pension Scheme Member and he/she has retired after 58 yrs. of age on 15-01-94. Can he/she join will get pension under the new scheme?

Yes, anyone who has retired by reaching age 58 between 01-04-93 and 15-11-95 may join the scheme by returning the withdrawal benefit along with interest. He will be paid pension with immediate effect, from date of exit provided he has rendered 10 yrs. of eligible service.

5) If employee is not a Family Pension Scheme member and he/she is 56 yrs. of age. Can he/she join Family Pension?

Yes, by diverting from his/her Provident Fund balance, Family Pension Scheme contribution from date of his/her joining or 01-03-71, whichever is later.

6) Whether the Family Pension Scheme member who has attained the age of 58 yrs. before 01-04-93 and has left employment after 01-04-93 will be admitted to the scheme as member of Family Pension Scheme, 1995?

Yes, he will be deemed to have retired after 01-04-93. On repayment of that withdrawal benefit if paid along with the interest, Pension will be paid from the same date, provided he has rendered 10 yrs. of eligible service.

7) In case Family Pension member has attained the age of 58 yrs. between 01-04-93 and 16-11-95 then in that case whether arrears of monthly Member Pension become payable for the period earlier than 16-11-95 i.e. from the date of his/her attaining the age of 58 yrs. which is prior to 16-11-95?

No, he/she will be deemed to have retired from 16-11-95 and pension paid accordingly.

8) Is employee the only beneficiary of Fund?

Benefit will be paid to him/her and in his/her absence to his/her family.

9) What is meant by Family?

Family means employees' spouse and children below 25 yrs. of age.

10) Suppose employee does not have a Family and he/she dies before receiving benefit. Does his/her pension get lost?

No, if he/she does not have a family, benefits will be paid to his/her nominee, who will receive the benefit in his/her absence.

11) Suppose member has not nominated anyone?

The amount will be paid to dependant father or dependant mother as the case may be.

12) Can member change his/her nomination?

He/She can change his/her nomination whenever he/she decide within the framework of rules for such nomination. In other words if he/she has a family, nomination should be in favour of a member(s) of the family. If he/she has no family he/she can nominate anyone he/she wishes

13) How many years service is required to be eligible to receive pension?

Minimum 10 years eligible service will entitle for pension.

14) Employee is a member of Employees' Pension Scheme. He/She has left employment at 48 yrs. of age and 8 yrs. of service. When shall he/she receive his/her pension?

He/She will not receive any pension.

15) What is past service pension?

This pension is for the period under membership of the Employees' Family Pension Scheme, 1971, i.e upto 15.11.1995.

16) If employee is a member of Employees' Family Pension Scheme and he/she has left employment at 48 years of age with 12 years of service to his/her credit. When will he/she be eligible to receive pension?

He/She will receive pension on reaching age of 58 years.

17) Can member not get pension earlier?

Yes, he/she may receive pension on reaching age of 50 years. In that case pension payable from age of 50 years will be reduced by 3% for each year falling short of 58.

18) Member's pension has been worked out based on salary at age 48 and service upto 48. Will this pension remain same until he/she reach age 58?

No, the pension will be increased on subsequent actuarial valuation along with vested percentage.

20) Past service pension is Rs. 170/- now. If employee retires after 10 years what will be his/her past service pension?

His/her past service pension will be accumulated as per factor Table B. As such pension payable will be $Rs.170 * 2.720 = 462.40$.

20) Why are there two pension formulas?

For the past service upto 15.11.95, there is a table to calculate the benefits. For actual service from 16.11.95 onwards there is a formula which is Pension formula is $1/70$ Pensionable Salary * Pensionable Service. From those rendering 20 years service, pensionable service is enhanced by two years. This is inline with concept that maximum pension should be paid to the longest service employee.

21) If employee has reached age of 50 years, what does he/she has to do to receive monthly pension?

As and when he / she is quitting the employment, they can apply for reduced monthly pension.

22) Employee is a member of ESIC. On his disablement he will receive benefit from there as well. Will his benefit under Employees' Pension Scheme be affected by this?

No, his benefit under the scheme is due to his contribution under The Employees' Pension Scheme '95. Accordingly the disablement pension will not be affected notwithstanding his availing benefit elsewhere.

23) Employee has left his employment on reaching age 45. He has deferred his pension till 58. He has become permanently disabled after 3 years from leaving service. Does he receive disablement pension?

No, he will receive disablement pension from date of disablement only if such disablement occurs while in service.

24) In case of employee's death in service, what benefit will be available to his family?

Widow will receive pension :-

- a) The pension as he would have received had he retired on the day of death or
- b) Such widow pension would have been payable under erstwhile Family Pension Scheme or
- c) Rs. 450/- per month whichever is highest.

In addition 25% of widow pension with minimum of Rs. 150/- for each child (not exceeding two children at a time) will be paid until the youngest child reaches 25 years of age.

25) Employee has left covered establishment after 12 years in service and he has not taken withdrawal benefit. He has not reached age 58. In case he dies during deferment of pension what benefit will widow receive?

Widow will receive pension :-

- a) Pension that he would have received had he retired on the day of death, or
- b) Family pension payable under erstwhile Family Pension Scheme, or
- c) Rs. 450/- per month whichever is the highest.

26) Employee has left service with 8 years of service. He has not taken refund of contribution. He has not reached age 58. If he dies during deferment what benefit will his widow receive?

She will receive widow pension as prescribed and not the retirement pension.

27) Employee has made an Option-1 i.e. to receive 90% of original monthly pension. What capital return on his death?

100 times of original pension.

28) Employee has opted for Option-1 where his wife is nominee. Does his wife get widow pension after his death even though she will receive capital sum?

Yes, she will get 50% of pension last drawn by him or Rs. 450 p.m. whichever is the highest in addition to payment of Return of Capital.

28) What is Commutation?

It is the option to receive a capital sum today instead of receiving a monthly pension for rest of your life.

29) What is the rate of commutation?

It is upto 1/3rd of the Original Pension. Suppose the original pension is Rs.600/-, the commutation value is Rs.20,000/-. On commutation, the pension payable will be Rs. 400/-.

30) When will commutation be effective?

This will be effective from 16-11-98.

31) Employee is a member of The Employees' Pension Scheme. What are his duties?

He should provide his employer with such details as would be required for the scheme purposes. He should submit his scheme certificate to his new employer if he changes his employment.

32) Anyone runs a covered establishment. What are his duties?

- a) Furnish particulars of ownership.
- b) He should obtain from each of his employees, pension scheme details in form 2 (R). He should send such details for all existing employees. In case of new employees, such details are to be sent within 3 months of date of enrollment.
- c) He should maintain in Form 3A / Form 7 (PS) such account in respect of contribution as required.
- d) Within 15 days of each month he will remit the contribution to the Pension Fund. If there is no employee he shall submit nil return in Form-12A / Form 6 (PS). Similar details about persons leaving the job if any in Form-10 / Form 5 (PS) should be submitted. Nil return may be furnished if no exit takes place.
- e) Obtain particulars for (a) to (d) from contractors engaged by him in respect of employees employed by them, and furnish it to Regional Provident Fund Commissioner in the manner prescribed.

33) Will the pension once sanctioned remain constant?

No, this is likely to be increased consequent upon annual actuarial valuation.