



पेंशन निधि विनियामक और विकास प्राधिकरण  
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

# Unified Pension Scheme

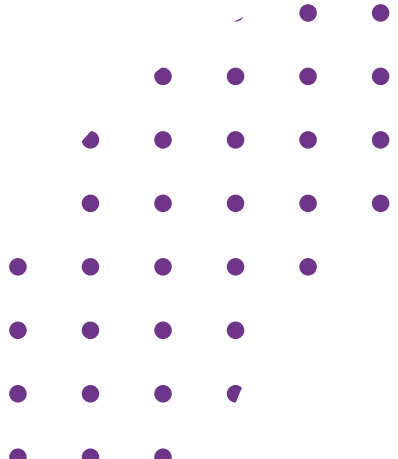
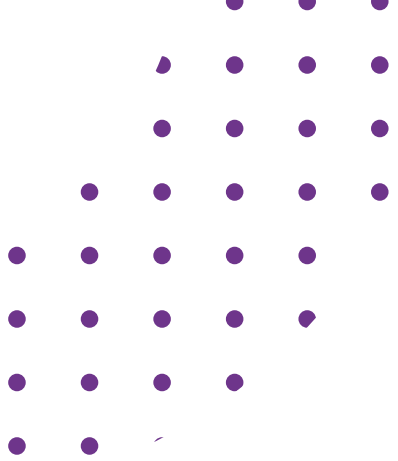
Empowering Central Government Employees with Assured Payout



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## **1 Foreword**

## **2 Key Objectives**

## **3 Eligibility & Enrollment**

## **4 How to Opt for the Unified Pension Scheme (UPS)?**

## **5 Contributions Under UPS**

- Employee and Government Contribution
- Pool Corpus in UPS
- Investment of Individual Corpus in UPS
- Benchmark Corpus in UPS

## **6 Eligibility and Benefits Under UPS**

- Eligibility for Benefits
- Computation of Benefits
- Additional Benefits

## **7 Payment of Benefits under UPS**

## **8 Benefits for Superannuated/Retired Employees Under NPS (Before March 31, 2025)**

## **9 Conclusion**

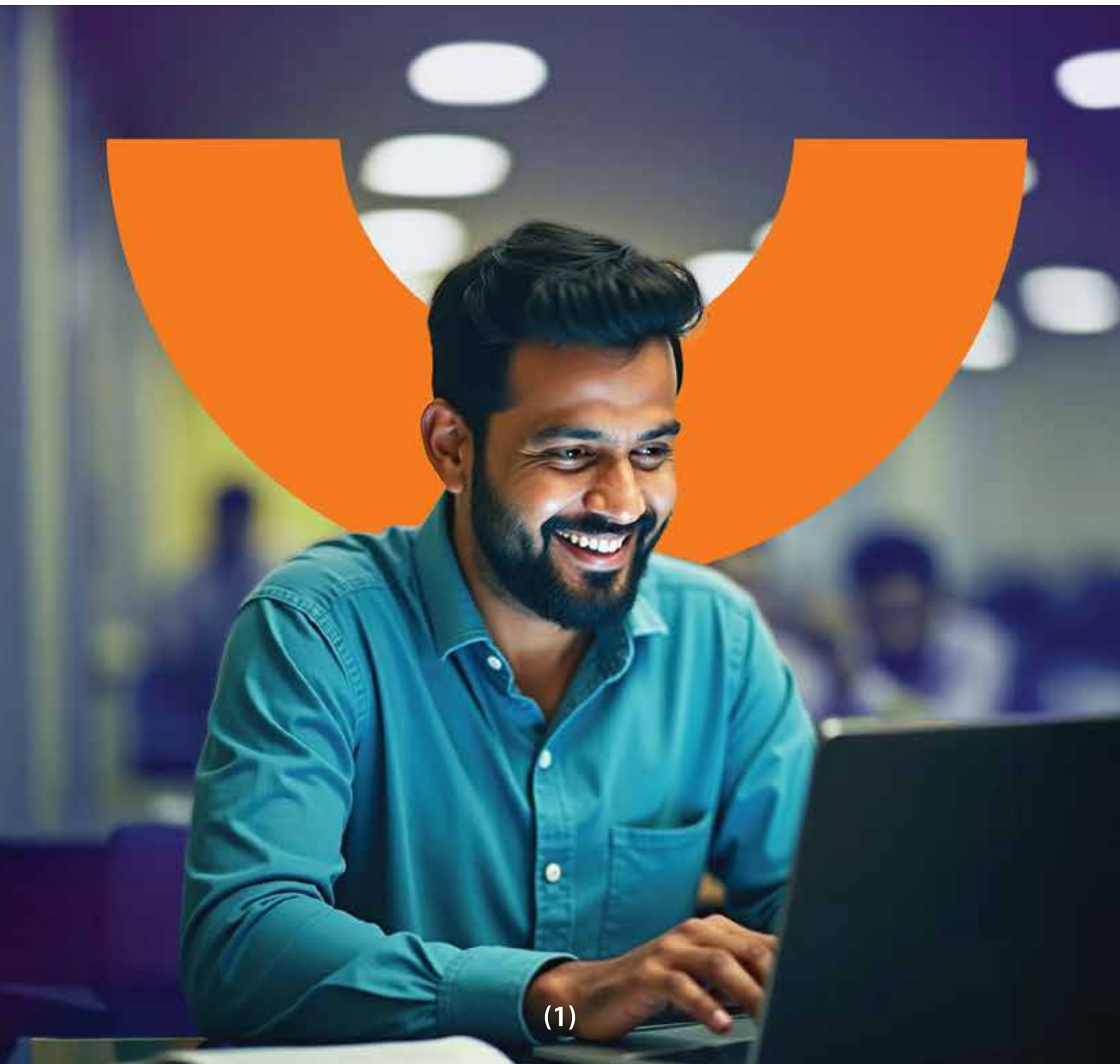


# 1 Foreword

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The Unified Pension Scheme (UPS) marks a significant milestone in pension reform, ensuring sustainable and inclusive retirement benefits.

This booklet provides an in-depth understanding of the scheme, highlighting its benefits, applicability, and operational framework. The UPS aims to provide financial security to government employees, aligning with the best practices in pension management.



## 2 Key Objectives

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### 2.1 Ensure Assured Post-Retirement Payouts

Provide central government employees under NPS with a guaranteed monthly payout after retirement.

### 2.2 Establish a Fund-Based Payout System

Create a structured pension payout mechanism based on accumulated contributions and investments.

### 2.3 Encourage Systematic Contribution & Investment

Ensure timely and regular contributions from both employees and the Central Government for sustainable payout benefits.

### 2.4 Enhance Financial Security for Retirees

Offer a stable and predictable source of income post-retirement, reducing financial uncertainty.

### 2.5 Ensure seamless transition from existing pension structures

Migration from National Pension System (NPS) to Unified Pension Scheme (UPS).



## 3 Eligibility & Enrollment

### 3.1 Existing Central Government Employees

(as of April 1, 2025) who are currently under the National Pension System (NPS) can opt within 3 months from April 1, 2025.

### 3.2 New Recruits

Joining Central Government services on or after April 1, 2025; can opt within 30 days of joining.

### 3.3 Retired Employees & Spouses of Retired & Deceased Employees

Employees retired before March 31, 2025 (due to superannuation, retirement under Rule 56(j)) under NPS or their legally wedded spouses of such retired and deceased employees can opt UPS within 3 months from April 1, 2025.

**Note:** Once an employee opts for UPS, the decision is final and cannot be changed.



## 4 How to Opt for the Unified Pension Scheme (UPS)?

Eligible employees must apply for UPS before the deadline using the following process:

### 4.1 Existing Central Government Employees (as of April 1, 2025, under NPS)

Submit **Form A2** to your Drawing and Disbursing Officer (DDO) to enroll in UPS.

### 4.2 New Recruits (Joining on or after April 1, 2025)

1. Employee needs to opt for UPS by submitting Form A1 to the DDO.
2. The default option will be NPS.

### 4.3 Retired Employees (Superannuated or Retired on or before March 31, 2025, under NPS)

Submit **Form B2 along with KYC documents** to the DDO for UPS benefits.

### 4.4 Legally Wedded Spouse of a Deceased Retired Employee (Eligible for UPS but Passed Away Before Opting)

Submit **Form B6 with KYC documents** to the DDO.

### 4.5 Submission Methods

**Online Submission** – Via the Central Recordkeeping Agency (CRA) portal.

**Physical Form Submission** – Through the DDO and Pay and Accounts Office (PAO) for approval.



## 5 Contributions Under UPS

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### 5.1 Employee and Government Contribution:

UPS subscribers will contribute 10% of their Basic Pay + Dearness Allowance (including non-practicing allowance, if applicable) with a matching Government contribution into the PRAN.

This amount will be credited to their individual PRAN.

### 5.2 Pool Corpus in UPS:

The Pool Corpus is a central pool fund created under UPS, consisting of:

**Additional Government Contribution** – Estimated 8.5% of Basic Pay + DA based on all employees who have opted for UPS.

**Transferred Individual Balances** – Funds from an individual subscriber's account (post-superannuation) will be moved into the Pool Corpus.

**Other Contributions** – Any additional contributions specified by the Central Government.







### 5.3 Investment of Individual Corpus in UPS:

Default pattern- Pension Fund and Investment choice as decided by PFRDA.

UPS subscribers can also choose their Pension Fund and Investment pattern (LC-25: Equity capped at 25%, LC-50: Equity capped at 50%, Scheme G:100% in Government Securities).

### 5.4 Benchmark Corpus in UPS:

**Benchmark Corpus** is a calculated value based on default pattern of investment, and used to compare against an employee individual corpus under the UPS.

Determines whether an individual's corpus has a **surplus or shortfall** at retirement.

If the corpus exceeds the benchmark corpus, the **excess amount is paid to the subscriber on superannuation/retirement.**

If the corpus is below the benchmark corpus, the subscriber can add more funds before retirement, or payouts will be reduced proportionately.

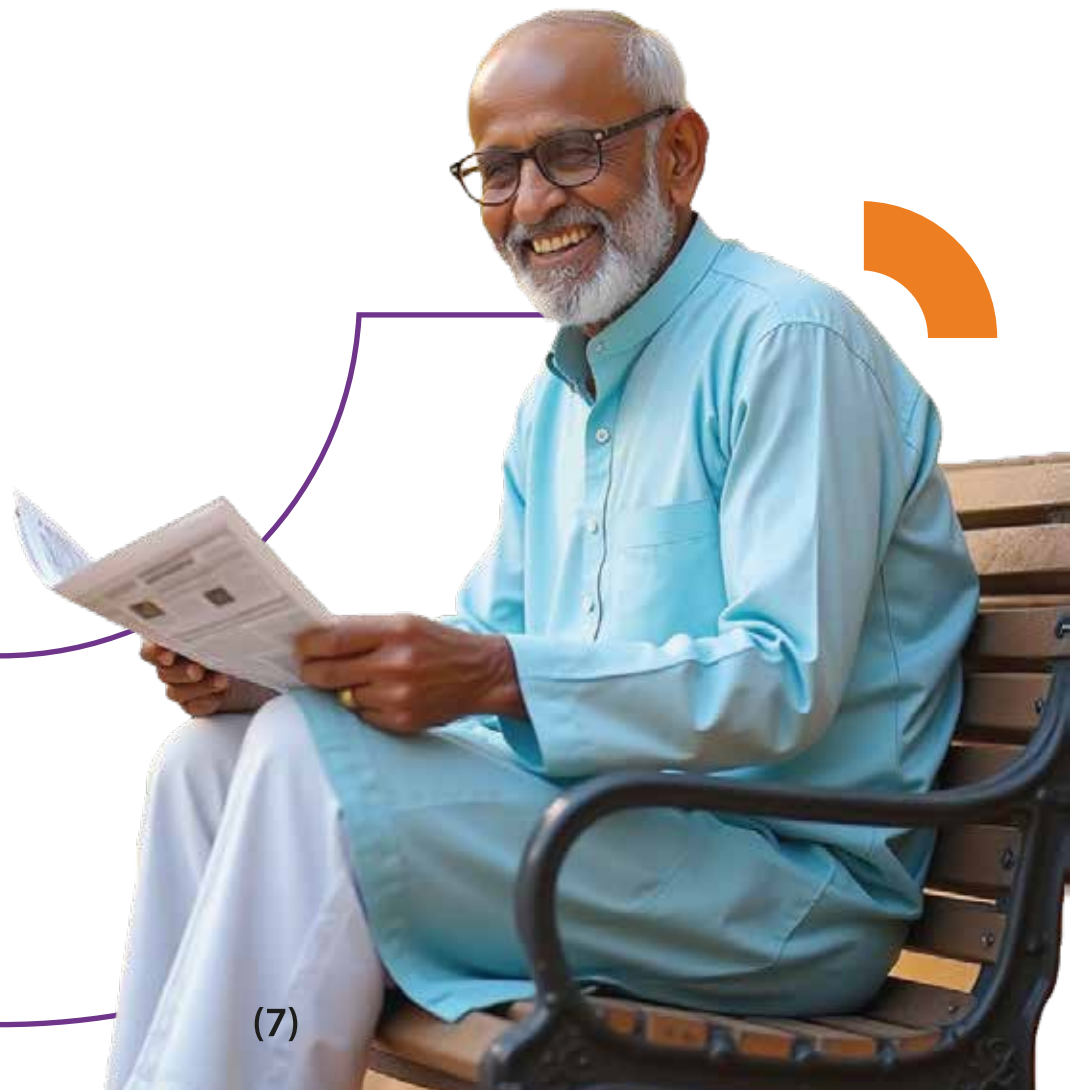
## 6 Eligibility and Benefits Under UPS

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### 6.1 Eligibility for Benefits:

Employees are eligible for UPS benefits in the following cases:

- **Superannuation** – Employees retiring after completing at least 10 years of service will receive benefits from the date of superannuation.
- **Retirement by Government** – If an employee is retired under Fundamental Rule 56(j) (not as a penalty), benefits start from the date of retirement.
- **Voluntary Retirement** – Employees opting for voluntary retirement after 25 years of service will receive benefits from their notional superannuation date.
- **Exclusions** – UPS benefits are not applicable to employees who resign, are dismissed, or are removed from service.



## 6.2 Computation of Benefits:

- **Lump Sum Payment** – One-time payment based on last drawn salary and total qualifying service, calculated as 1/10th of Basic Pay + DA for every completed six months of service.
- **Assured Monthly Payout** – 50% of the average Basic Pay of the last 12 months, subject to a minimum qualifying service of 25 years. Assured payout of ₹10,000/month is guaranteed for employees with at least 10 years of service. For those with 10 to 25 years of service, benefits are adjusted proportionally.
- **Admissible Payout** - The Admissible Payout refers to the payout amount an employee will receive under UPS, which will be reduced under certain conditions.
- **Reduction in Assured Payout** - The assured payout will be proportionally reduced in either or both of the following cases:

**Shortfall in Individual Corpus:** If the individual corpus (IC) is less than the benchmark corpus (BC) at the time of retirement.

**Final Withdrawal:** If the subscriber has opted for a final withdrawal of up to 60% of their corpus.

If the individual corpus is less than the benchmark corpus, the subscriber has the option to replenish the shortfall before or at the time of retirement to maintain the full assured payout.

- **Final Withdrawal Option** – Employees or their spouses can withdraw up to 60% of their corpus, with a proportionate reduction in assured payouts.
- **Family Payout** – In case of an employee's demise, the legally wedded spouse will receive 60% of the last admissible payout for life.

## 6.3 Additional Benefits

- **Dearness Relief (DR)** – Dearness Relief (DR) is paid on admissible and family payouts as per Central Government rates. It is applicable only after the payout begins.
- **Service Considerations** – Certain periods like suspension (if exonerated), study leave, or government-approved deputations are counted as qualifying service.





## 7 Payment of Benefits under UPS

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### 7.1 General Payment Rules:

- Payments follow UPS regulations and government directives.
- Applications must be submitted in prescribed forms (Schedule I) to the Head of Office or DDO.

### 7.2 Application Process:

- For retiring employees: Submit Form B1 at superannuation / voluntary retirement / retirement under 56(j) (not as a penalty).
- For past retirees: Submit Form B2
- For deceased employees:
  1. Spouse submits Form B3 (if UPS benefits were availed) or Form B5 (if not availed)
  2. Spouse of past retirees: Submit Form B4 (if UPS benefits were availed) /B6 (if not availed).

### 7.3 Corpus Transfer & Reduction:

- Upon retirement, the individual corpus is transferred to the Pool Corpus (up to the benchmark corpus).
- If the individual corpus is lower, assured payout is proportionally reduced unless replenished.
- Retirees before March 31, 2025, receive payments from the Pool Corpus without transfer.

## 7.4 UPS Payout Order:

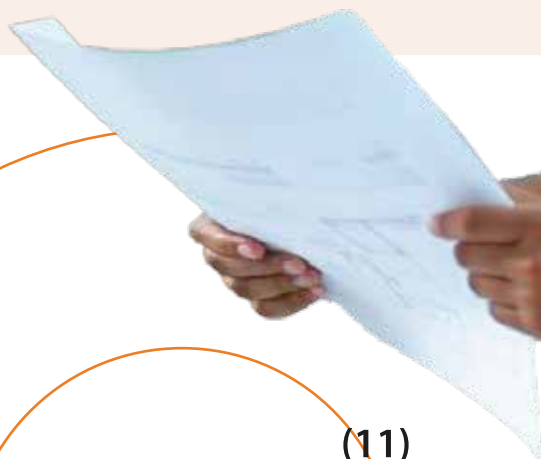
- Issued by the Pay and Accounts Office (PAO) and sent to NPS Trust.
- Includes details like service history, corpus value, payout amounts, and bank account information.
- For voluntary retirement (after 25 years of service), payout starts from the original superannuation date.

## 7.5 Processing & Payment:

- Release of payment on NPS Trust approval of monthly Payouts:

Admissible payout (monthly payout)

2. Lumpsum payment
3. Final withdrawal (up to 60%)
4. Surplus corpus (if any)
5. Dearness Relief
6. Monthly payouts and DR are credited to the subscriber's bank account.



## 8 Benefits for Superannuated or Retired Employees Under NPS (Before March 31, 2025)

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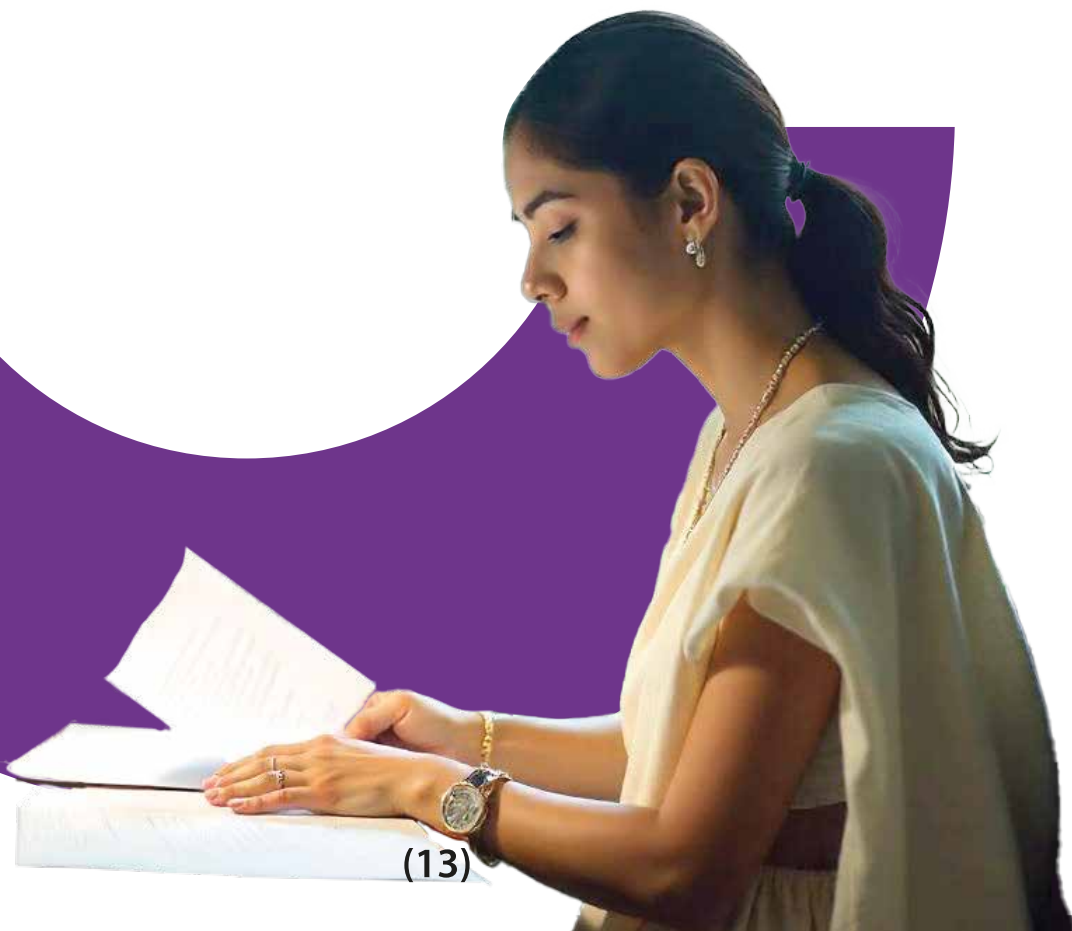
**8.1 Employees who retired or superannuated under the National Pension System (NPS) on or before March 31, 2025, and meet the required conditions under regulations, will be eligible for the following benefits:**

- **Lumpsum Payment** | A one-time payout based on service duration and last drawn salary.
- **Monthly Top-Up** | An additional monthly amount over their NPS annuity.
- **Dearness Relief (DR)** | Dearness Relief (DR) is paid on admissible and family payouts as per Central Government rates. It is applicable only after the payout begins.
- **Interest on Arrears** | Simple interest (at Public Provident Fund rates) on pending payments, from the month after retirement until the claim is submitted.



## 8.2 Calculation of Monthly Top-Up

- The Monthly Top-Up Amount is determined using:  
**Top-Up = (Admissible Payout + DR) - Representative Annuity Amount**
- The Admissible Payout is based on service duration, and average of last 12 months salary.
- The Representative Annuity Amount is computed from the individual's annuitized NPS corpus.
- If the individual's corpus is less than the benchmark, they have the option to replenish the shortfall.
- Payment Process:
  1. The National Pension System Trust (NPS Trust) will process and authorize the payments.
  2. Monthly payouts, including top-ups and dearness relief, will be credited directly to the retired employee's bank account.



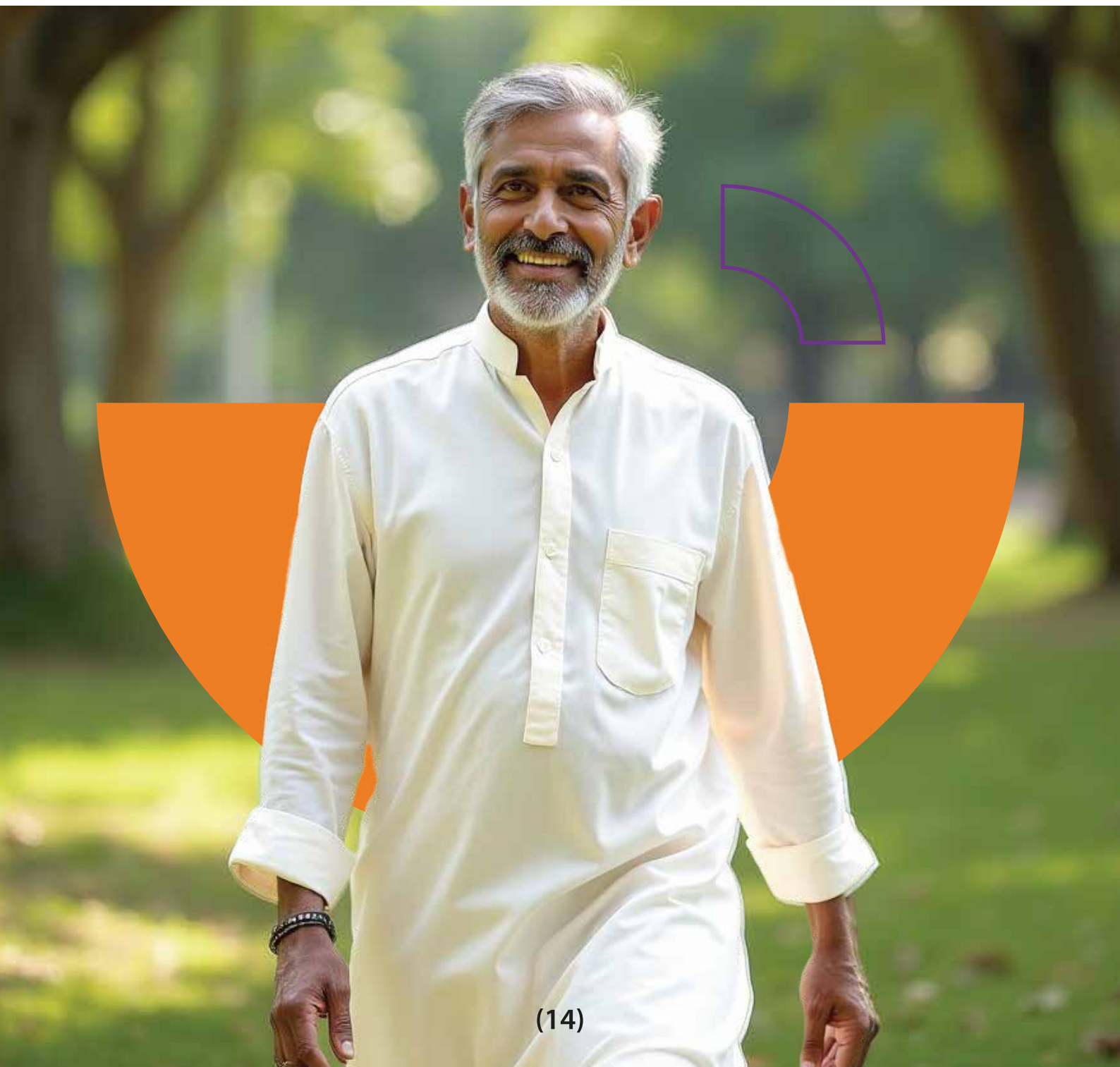


## 9 Conclusion

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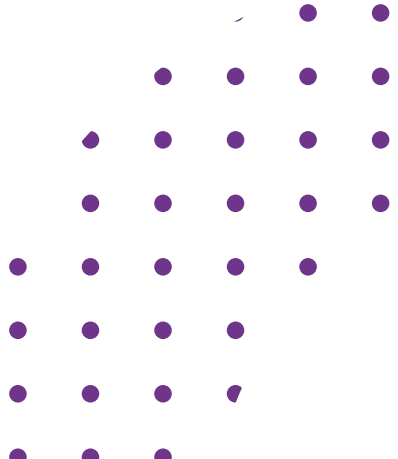
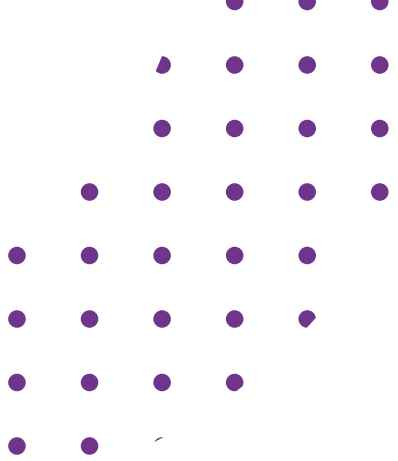
**The Unified Pension Scheme (UPS) ensures long-term financial stability for government employees by offering assured payouts, systematic contributions, and flexible investment choices.**

This booklet serves as a comprehensive guide to UPS, fostering awareness and ensuring a smooth transition to a sustainable pension framework.



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