



## UNIFIED PENSION SCHEME : NATIONAL ISSUES

**NEWS :** Centre announces Unified Pension Scheme: How will UPS differ from OPS, NPS?

### WHAT'S IN THE NEWS?

Former Finance Secretary **T V Somanathan**, who led the committee which came up with the UPS, said that the latest pension scheme incorporates the best elements of both the NPS and the OPS. Here is how it will work

### Key Features of the Unified Pension Scheme (UPS)

- **Assured Pension:** 50% of the employee's average basic pay over the last 12 months for those with at least 25 years of service.
- **Assured Minimum Pension:** ₹10,000 per month minimum pension for retirees with at least 10 years of service.
- **Family Pension:** 60% of the retiree's last drawn pension for their immediate family upon death.
- **Inflation Indexation:** Pensions will be adjusted based on the All India Consumer Price Index.
- **Lump Sum Payment:** An additional lump sum payment on top of gratuity, based on a portion of the last drawn pay.

### Comparison with the National Pension Scheme (NPS)

- **Introduction of NPS:** Introduced in 2004 to replace the Old Pension Scheme (OPS) and address the fiscal burden of unfunded pensions.
- **Employee Contributions:** Unlike the OPS, the NPS required employee contributions and did not guarantee returns, leading to dissatisfaction.

### Fiscal Implications of UPS

- **Fiscal Responsibility:** Aims to be more fiscally responsible than the OPS while maintaining a contributory and funded structure with guaranteed returns.
- **Cost to Exchequer:** Expected to cost ₹800 crore in arrears and an additional ₹6,250 crore annually.

### Impact on Employees

- **Eligibility:** Available to all employees who retired under the NPS from 2004 onwards.
- **Employee Choice:** Employees can opt to remain under the NPS, but the UPS is likely to be more beneficial for the majority.



## Features of new pension policy

HT

**1 ASSURED PENSION** Retiring govt staff to get 50% of their average basic pay from the last 12 months before retirement if they have completed a minimum of 25 years of service. The pension amount will be proportionate for those with shorter service periods, if they have served for at least 10 yrs

**2.3mn**  
govt employees  
are set to  
benefit from  
the scheme

**2 FAMILY PENSION**  
Next of kin to get 60% of pension amount after the retired govt staff's death

**3 MINIMUM PENSION**  
A guaranteed minimum monthly pension of ₹10,000 for those who retire after at least 10 years of service

**4 RETIREMENT CORPUS**  
Lump sum payment at retirement in addition to gratuity

**5 INFLATION INDEXATION**  
Scheme includes provisions for inflation indexation for assured pensions, family pensions, minimum pension

“We are proud of the hard work of all govt employees who contribute significantly to national progress. The Unified Pension Scheme ensures dignity and financial security for govt employees, aligning with our commitment to their well-being and a secure future.”

— NARENDRA MODI, PM



“Pension upon superannuation is a big part of social security. Govt employees have been demanding that the NPS should be reformed. The PM constituted a committee for this...”

— ASHWINI VAISHNAW, I&B minister



Source : <https://indianexpress.com/article/explained/centre-announced-unified-pension-scheme-how-will-ups-differ-from-ops-nps-9531351/#:~:text=The%20Union%20Cabinet%20on%20Saturday,according%20to%20the%20government's%20announcement.>

SINCE 2006