



Unified Pension System (UPS)

Empowering, Assuring & Securing

CONVICTION. CAPABILITIES. COMMITMENT.

Confidentiality: <Classification> | <LOCATION>, India | March 2025

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1. Foreword

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



OPS to NPS	01 st January 2004 Defined Benefit to Defined Contribution
UPS announced on	24th August 2024 – Enhance Financial Security over NPS
UPS Gazette Notification	F.No. FX – 1/3/2024-PR, dated 24 th January 2025, available at www.pfrda.org.in
Implementation Date	1st April 2025
UPS	a mix of ‘Defined Benefit’ AND ‘Defined Contribution’

The content of this presentation is as per our Understanding of the PFRDA Notification on UPS. Subscribers are advised to go through the Circular on their own or consult their DDO / PFRDA website.

2. Key Objectives of UPS

2.1 Ensure Assured Post-Retirement Payouts

Provide Central Government employees under NPS with '**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 Inflation Protection & Family Payout

Ensure that the Pension is '**INFLATION INDEXED**', **increases with time** and in case of death of employee **continues to the spouse**

2.4 Enhance Financial Security for Retirees

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

2.5 Transition from existing pension structures

Seamless **migration from NPS to UPS**

2.6 Gratuity Benefits

All Central Government Employee who opt for UPS, will be **Eligible for retirement and Death gratuity benefits**

3. Eligibility & Enrollment

3.1 Existing Central Government Employees

(as of April 1, 2025) **who are currently under NPS** can opt for UPS **upto 30th September, 2025.**

3.2 New Recruits

New Joining Central Government services on or after April 1, 2025;

Have to opt within 30 days of joining

If no choice is opted between NPS and UPS, NPS will be the default choice.

3.3 Retired Employees & Spouses of Retired & Deceased Employees

Employees who 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 for UPS **upto 30th September, 2025.**

Note: Once an employee opts for UPS, the decision is final & 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 & Disbursing Officer (DDO) to enroll in UPS.

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

Employee needs to opt for UPS by submitting **Form A1** to the DDO.

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

Submit **Form B6 along with KYC documents** to the DDO for UPS benefits.

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

Submit **Form B2 with KYC documents** to the DDO.

4.5 Submission Methods

Online Submission - Via the Central Recordkeeping Agency (CRA) portal. - <https://enps.nsdl.com/enPS/NationalPensionSystem.html>

Physical Form Submission - Through the DDO & Pay & Accounts Office (PAO) for approval.

5. Contributions Under UPS

5.1 Contributions to Individual Corpus:

- **Employee contributes 10% of Basic Pay + DA** (similar to NPS)
- **Government contributes 10% of Basic Pay + DA** (it is 14% in NPS)

5.2 Pool Corpus in UPS:

It is a central pool fund created under UPS, consisting of:

Government Contribution: 8.5% of Basic Pay+ DA (This is NIL in NPS)

Total Contribution: 28.5% in UPS Vs. 24% in NPS

The total Government contribution is higher by 4.5% of Basic Pay + DA in UPS than in NPS.

Transferred Individual Balances:

Post Superannuation, Funds from an individual subscriber's account **will move to the Pool Corpus** under UPS and will be used to pay annuity and other benefits

5.3 Investment Choices for Individual Corpus in UPS:

Two options

a) Default Pattern:

- i) It **ensures 100% guarantee** of Pension as benchmark corpus is calculated basis this pattern.
- ii) **Equity is capped at 25% and will remain same till superannuation (no tapering)**
- iii) The Fund in this choice is managed in almost equal proportion by 3 Pension fund managers i.e.



b) Non-Default Pattern:

Subscribers can also choose their Pension Fund and the following Investment pattern

- i) Conservative Life Cycle Fund (LC-25): Equity capped at 25% upto age 35 years, tapering thereafter
- ii) Moderate Life Cycle Fund (LC-50): Equity capped at 50% till age of 35, tapering thereafter
- iii) Scheme G: 100% in Government Securities

5.4 Benchmark Corpus in UPS:

Benchmark Corpus is calculated for

- each subscriber
- **calculated based on investment as per 'Default Pattern'.**

In case employee ***chooses option other than Default pattern***, the individual corpus may differ from Benchmark Corpus.

- a) If the corpus exceeds the benchmark corpus, the excess amount is paid to the subscriber
- b) If the corpus is below the benchmark corpus, the subscriber will have to:
 - i) replenish the shortfall of funds OR
 - ii) Pension payouts will be proportionately reduced

Switching option between Default and Non Default pattern will be there. But for the time period corpus is invested in Non-default pattern, if the performance is less than Benchmark Corpus (Default pattern), subscriber has to replenish the difference or take proportionate reduction of annuity.

In case subscriber wants 'Guaranteed Pension' without risk of replenishing the funds, he/she should opt and stay invested in 'Default Pattern' under UPS.

1. Lump Sum Payment:

One-time payment based on last drawn salary & total qualifying service.

Calculated as **1/10th of Basic Pay + DA, for every completed six months of service.**

2. Assured Monthly Payout:

It is "Admissible Payout + Dearness Relief on Admissible Payout":

Admissible Payout : 50% of the average Basic Pay of the last 12 months.

Eligibility : minimum Qualifying Service of -

- (i) Equal to or more than 25 years: **100% of admissible payout**
- (ii) 10-25 years: proportionate reduction
- (iii) Less than 10 years: NIL

Minimum Assured Payout: Rs. 10,000 per month is guaranteed for employees with at least 10 years of qualifying service.

Also Proportionate reduction in payout is done if Individual Corpus is less than benchmark corpus OR any final withdrawal made.

3. Dearness Relief (DR):

- **Paid as a percentage of 'Admissible Payout'**
- It is based on the Dearness rate percentage as notified by Central Government from time to time.

Example: Currently as announced by Office Memorandum of 2nd April 2025, for CG employees, **DR is 55%.**

4. Family Payout:

Upon demise of the employee, legally wedded spouse shall receive for life :

- **60% of Admissible Payout immediately prior to the demise**
- **Dearness Relief**

5. Gratuity Benefits:

'Retirement Gratuity and 'Death Gratuity'

(as per the Central Civil Services (Payment of Gratuity under National Pension System) Rules, 2021)

6. Final withdrawal

Option to **withdraw 60% of the Individual Corpus** at Superannuation, payout will be reduced proportionately

7. Death/Discharge*:

Department of Pension and Pensioners' Welfare, allows CG employees to **opt for Old Pension Scheme (OPS)**

*: '**Death while in service**' and '**Discharge**' on account of invalidation/ disablement

Voluntary Retirement (after 25 years of service) :

- **Final withdrawal:** option to take upto 60% of individual corpus
- **Lumpsum Payment:** is payable at the time of voluntary retirement.

Monthly payout will start from the date of deemed superannuation

7.Type of Payouts under UPS

7.1 Processing & Payment:

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

- I. **Admissible payout {monthly payout}**
- II. **Dearness Relief {paid on Admissible payout and Family payout}**
- III. **Lumpsum payment**
- IV. Final withdrawal {up to 60%, if any}
- V. Surplus corpus {if any}

Monthly payouts & DR are credited to the subscriber's bank account.

■ In UPS pension is paid by Central Government.
(in NPS, Pension is paid by an Annuity Service Provider which is a Life Insurance company)

8. Benefits for Superannuated/Retired Employees Under NPS

(Before March 31, 2025)

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

Lumpsum Payment

A one-time payout based on service duration & last drawn salary.

Monthly Top-Up

An additional monthly amount over their NPS annuity.

Dearness Relief (DR)

Dearness Relief {DR} is paid on admissible & 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.

To know the value of benefits, subscriber can go to <https://enps.nsdl.com/eNPS/NationalPensionSystem.html> and check UPS calculator there

9. How to calculate my UPS Corpus and compare it with NPS?

- I. Go to NPS Trust website: <https://npstrust.org.in>
- II. Scroll down to **'UPS Calculator'**
- III. Put in your details : Date of Birth, Date of Joining, Retirement age, Basic Pay etc... and press Calculate
- IV. Get comparison of various payouts under NPS and UPS
- V. Dearness Relief to be added separately

10. NPS Vs UPS: Comparison

Sno	NPS	UPS
1.	<ul style="list-style-type: none"> - Defined Contribution, No Defined benefit - Terminal Benefit based on market linked returns - Fully Funded – Part Subscriber – Part Govt. 	<ul style="list-style-type: none"> - Defined Contribution AND Defined Benefit - Terminal Benefits paid by Govt. from Pool Corpus - Funded by Subscriber and Govt., any shortfall in annuity to be paid by Govt.
2.	No Burden on Public Exchequer	Burden on Public Exchequer limited to the amount of shortfall between value of corpus & pension liability
3.	<p>Contributions: Total: 24% of Basic + DA</p> <p>a) Individual Corpus:</p> <p>Employee Contribution: 10%</p> <p>Govt. Contribution: 14%</p> <p>b) Pool Corpus: Not Applicable thereby NIL</p>	<p>Contributions: Total: 28.5% of Basic + DA</p> <p>a) Individual Corpus:</p> <ul style="list-style-type: none"> - Employee Contribution: 10% - Govt. Contribution: 10% <p>b) Pool Corpus: Govt. contribution: 8.5%</p>
4.	<p>Asset Allocation Pattern: 4 options</p> <p>i) Default Pattern: Equity capped at 25% with no tapering till superannuation</p> <p>ii) Moderate Life Cycle Fund (LC50): Equity capped at 50% till 35 yrs of age, tapering thereafter</p> <p>iii) Conservative Life Cycle Fund (LC25): Equity capped at 25% till 35 yrs of age, tapering thereafter</p> <p>iv) Govt. Securities Fund (Scheme G): 100% G Sec</p>	<p>Asset Allocation Pattern: 4 options</p> <p>i) Default Pattern: Equity capped at 25% with no tapering till superannuation</p> <p>ii) Moderate Life Cycle Fund (LC50): Equity capped at 50% till 35 yrs of age, tapering thereafter</p> <p>iii) Conservative Life Cycle Fund (LC25): Equity capped at 25% till 35 yrs of age, tapering thereafter</p> <p>iv) Govt. Securities Fund (Scheme G): 100% G Sec</p>

NPS Vs UPS: Comparison

Sno	NPS	UPS
5.	<ul style="list-style-type: none"> - Default Pattern managed by 3 Fund managers i.e. UTIPF, LICPF and SBIPPF: diversified hence less risky - Other 3 Investment choices: managed by single Pension Fund Manager hence more risky 	<ul style="list-style-type: none"> - Default Pattern managed by 3 Fund managers i.e. UTIPF, LICPF and SBIPPF: diversified hence less risky - Other 3 Investment choices: managed by single Pension Fund Manager hence more risky
6.	Annuity/Pension: <ul style="list-style-type: none"> - No Guarantee of Pension amount at time of entry - At vesting, Fixed Monthly Pension based on invested Corpus - No inflation Protection i.e. same Pension continues for life 	Annuity/Pension: <ul style="list-style-type: none"> - Pension Guaranteed at entry only (if choose Default Pattern) - At vesting, pension based on last 12 month average salary (Basic + DA) - increasing Pension which is linked to DR
7.	Annuity is paid by Life Insurance Company	Annuity is paid by Central Government through Pool Fund
8.	Broadly with EEE Status, with Annuity Taxable	Broadly with EEE Status, with Annuity Taxable
9.	Dearness Relief is not applicable	Dearness Relief applicable on Admissible Payout and Family payout

NPS Vs UPS a Comparison

Sno	Features	NPS	UPS
10.	Lump sum Withdrawal	Allowed up-to 60% of Corpus	Allowed up-to 60% of Individual Corpus (in addition to Lumpsum payout)
11.	Lump sum Payout	NIL	$= 1/10 * (\text{Last drawn Basic Pay} + \text{DA}) * L$ where 'L' is No. of completed 6 mths of Qualifying service
12.	Pension eligibility	After 3/5 Years for early exit	Min. 10 Years Full Pension: 25 Yrs of Qualifying Service
13.	Gratuity Benefits	NIL	Eligible for ' Retirement Gratuity ' and ' Death Gratuity ' as per the Central Civil Services (Payment of Gratuity under National Pension System) Rules, 2021.
14.	Assured Family Pension	Depends on Annuity Type chosen, generally same or reducing pension	On death of the employee, 60% of last pension paid PLUS Dearness Relief is given to legally wedded spouse
15.	Return of Corpus on Death	Depends on Annuity Type & Remaining Corpus	NIL
16.	Voluntarily Retirement (After 25 years of service)	Pension starts immediately or after 3/5 years for early exit	<ul style="list-style-type: none"> - Final withdrawal: option to take upto 60% of individual corpus - Lumpsum Payment: is payable at the time of voluntary retirement. Monthly payout (pension) will start from the date of deemed superannuation
17.	Monthly Pension Formula	As per Purchase price, annuity rates and annuity scheme	$\text{Pension} = \frac{1}{2} * (P * Q / 300) + \text{DR on admissible payout}$ *P=Average of basic pay of last 12 Months Q= Qualifying Months,

Illustrative example: Admissible Payout under different scenarios

Scenario 1: Monthly assured payout $\{(P/2) \times (Q/300)\}$ of Rs. 22,500
(Individual Corpus is equal or more than benchmark corpus)

Case 1: Employee does not opt for any final withdrawal

Monthly Assured Payout = Rs. 22,500

Admissible Payout = Rs. 22,500 plus applicable Dearness Relief

Case 2: Employee opts for 60% final withdrawal

Monthly Assured Payout = Rs. 22,500

Admissible Payout = Rs. 22,500 $\times (1-60/100)$

Rs. 9,000 plus applicable Dearness Relief

Scenario 2: The employee superannuates on 30/05/2025 completing 15 years, 11 months and 12 days and has opted for UPS

- i. Qualifying service*: 191 months
- ii. Twelve-month average basic pay prior to superannuation*: Rs 52,894
- iii. Last month basic pay prior to superannuation*: Rs 53,600
- iv. Partial withdrawal: Rs. 1,15,000 (has value of Rs. 1,95,130 on the date of superannuation)
- v. UPS corpus on the date of superannuation: Rs 27,43,000 (no voluntary contribution till superannuation)
- vi. Subscriber has **continued in Default Pattern** throughout the service
- vii. Opted for: 60% final withdrawal at the time of superannuation
- viii. Benchmark corpus of the employee on the date of superannuation is Rs. 29,38,130
- ix. Assuming DR to increase to 56% in Jan. 2025

i. Lumpsum Payment = $(E/10) \times L$

(where E = last month Basic Pay + Dearness Allowance, L = Qualifying months of service/ 6)

$$E = 53,600 + 30,016 = \text{Rs. } 83,616, L = 191/6 = 31.83 \text{ i.e. } 31 \text{ (fractions to be ignored)}$$

$$\text{Lumpsum Payment} = (83,616 / 10) \times 31 = \text{Rs. } 2,59,210$$

ii. Assured payout = $(\frac{1}{2} \text{ of } P) \times (Q/300)$

(where P = Avg of basic pay of last 12 m, Q = Qualifying months. If assured payout < Rs.10,000, it will be taken as Rs.10,000)

$$P = (0.5 \times 52,894) \times (191/300) = \text{Rs. } 16,83$$

iii. Admissible Payout = Assured Payout $\times (IC/BC) \times (1-FW\%)$

$$\text{Admissible Payout} = 16,838 \times (27,43,00/29,38,130) \times 0.40 = \text{Rs. } 6288$$

iv. Dearness Relief* (01/06/2025) = Admissible Payout \times DR Rate (%)
= $6,288 \times 56\% = \text{Rs. } 3,522$

v. Monthly Payout = Admissible Payout + Dearness Relief on Admissible payout
= $6,288 + 6,288 \times 56\% = \text{Rs. } 9,810$

Scenario 3:

The Employee in Scenario 2 has not opted for any final withdrawal on superannuation date

i. **Lumpsum Payment** = $(E/10) \times L = (83,616 / 10) \times 31 = \text{Rs. } 2,59,210$

ii. **Assured payout** = $(\frac{1}{2} \text{ of } P) \times (Q/300) = \text{Rs. } 16,838$

iii. **Admissible Payout** = Assured Payout $\times (IC/BC) \times (1-FW\%)$

$$\text{Admissible Payout} = 16,838 \times (27,43,00/29,38,130) \times 1 = \text{Rs. } 15,720$$

iv. **Dearness Relief* (01/06/2025)** = Admissible Payout $\times \text{DR Rate } (\%) = 15,720 \times 56\% = \text{Rs. } 8,804$

v. **Monthly Payout** = Admissible Payout + Dearness Relief on Admissible payout
 $= 15,720 + (15,720 \times 56\%) = \text{Rs. } 24,524$

In case employee dies few days after superannuation, Family Payout would be admissible to legally wedded spouse.

vi. **Family Payout** = 60% of Admissible Payout + Dearness Relief
 $= 60\% \times 15,720 + (60\% \times 15,720) \times 56\%$
 $= \text{Rs. } 14,714$

How to apply for Migration from NPS to UPS?

Online process

- Visit the Protean website i.e. <https://enps.nsdl.com/eNPS/NationalPensionSystem.html>
- Click on 'Unified Pension Scheme' option.
- For Existing Members of NPS: Select 'Migrate from NPS to UPS'
- For New Recruits (joining after 1 April 2025): Select 'Register for UPS'
- Fill out the required details. Enter **Aadhar number and OTP** and Submit.

Offline process

- Visit the Protean CRA website.
- Under 'Forms under Unified Pension Scheme', click on the relevant form to download it.
 - Click on Form A1 if you are a newly recruited employee joining service after 1 April 2025.
 - Click on Form A2 if you are existing member of NPS and want to exercise the option of UPS.
- Fill out the form and submit it to the DDO (Drawing and Disbursing Officer).

*All the information shared by UTI Pension Fund Limited is as per our understanding of the regulation & subscribers/readers are advised to go through PFRDA website / circular & have their independent opinion as well.

For complete information on UPS, please refer to the gazetted notification bearing number F. No. FX-1/3/2024-PR, dated the 24th January 2025, issued by the Department of Financial Services, Ministry of Finance or visit pfrda.org.in

All investments in Pension Funds are subject to market risks.



Thank You

Payment of Benefits under UPS

7.1 General Payment Rules:

- Payments follow UPS regulations & 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.

Benefits for Superannuated/Retired Employees Under NPS

(Before March 31, 2025)

8.2 Calculation of Monthly Top-Up:

The Monthly Top-Up Amount is determined using:

$$\text{Top - Up} = (\text{Admissible Payout} + \text{DR}) - \text{Representative Annuity Amount}$$

The Admissible Payout is based on service duration, & 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 & authorize the payments.
2. Monthly payouts, including top - ups & dearness relief, will be credited directly to the retired employee's bank account.