

New Pension Scheme (NPS)

FAQs related to the New Pension Scheme (NPS)

1. Whether a retiring Government servant is entitled for leave encashment after retirement under the NPS?

The benefit of encashment of leave salary is not a part of the retirement benefits admissible under Central Civil Services (Pension) Rules, 1972. It is payable in terms of CCS (Leave) Rules which will continue to be applicable to the government servants who join the government service on after 1-1-2004. Therefore, the benefit of encashment of leave salary payable to the governments/to their families on account of retirement/death will be admissible.

2. Why is it mandatory to use 40% of pension wealth to purchase the annuity at the time of the exit (i.e. after the age of 60 years) from NPS?

This provision has been made in the New Pension Scheme with an intention that the retired government servants should get regular monthly income during their retired life.

3. Whether any minimum age or minimum service is required to quit from Tier-I?

Exit from Tier-I can only take place when an individual leaves Government service.

4. Whether Dearness Pay is counted as basic pay for recovery of 10% for Tier-I?

As per the New Pension Scheme, the total Dearness Allowance is to be taken into account for working out the contributions to Tier-I. Subsequently, a part of the "Dearness Allowance" has been treated as Dearness Pay. Therefore, this should also be reckoned for the purpose of contributions.

5. Whether contribution towards Tier-I from arrears of DA is to be deducted?

Yes. Since the contribution is to be worked out at 10% of (Pay+ DP+DA), it needs to be revised whenever there is any change in these elements

6. Who will calculate the interest PAO or CPAO?

The PAO should calculate the interest.

7. What happens if an employee gets transferred during the month? Which office will make deduction of Contribution?

As in the case of other recoveries, the recovery of contributions towards New Pension Scheme for the full month (both individual and government) will be made by the office who will draw salary for the maximum period.

8. Whether NPA payable to medical officers will count towards 'Pay' for the purpose of working out contributions to NPS?

Yes. Ministry of Health & Family Welfare has clarified vide their O.M. no. A45012/11/97-CHS.V dated 7-4-98 that the Non-Practising Allowance shall count as 'pay' for all service benefits. Therefore, this will be taken into account for working out the contribution towards the New Pension Scheme.

9. Whether a government servant who was already in service prior to 1.1.2004, if appointed in a different post under the Government of India, will be governed by the CCS (Pension) Rules or NPS?

In cases where Government servants apply for posts in the same or other departments and on selection they are asked to render technical resignation, the past services are counted towards pension under CCS (Pension) Rules, 1972. Since the Government servant had originally joined government service prior to 1-1-2004, he should be covered under the CCS (Pension) Rules, 1972.

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