**ANNEXURE**

**ANNEXURE REFERRED TO IN PARAGRAPH 14 OF THE MINISTRY OF FINANCE (DEPARTMENT OF FINANCIAL SERVICES) NOTIFICATION F. NO. FX-1/3/2024-PR DATED- THE 24th JANUARY, 2025**

**A. Illustrative Examples of Admissible Monthly Assured Payout**

A set of different scenarios have been considered with the following set of assumptions, namely:-

| | |
|---|---|
| (i) | The 12 monthly average basic pay before superannuation of an employee is Rs 45,000 (denoted as P). |
| (ii) | The employee has a qualifying service (based on the number of months of contribution) of 25 years (300 months) or more (denoted as Q). |
| (iii) | All contributions of the employee have been credited regularly and there are no missing credits. |
| (iv) | The employee has opted for 'default pattern' of investment. |
| (v) | The employee did not make any partial withdrawals |

**Scenario 1: The employee fulfils all conditions (i) to (v).**

- The value of the individual corpus of the employee at retirement is Rs 50,00,000 (10,000 units) (denoted as IC).
- The value of the benchmark corpus in this case should also be Rs 50,00,000 (10,000 units) (denoted as BC).
- The assured payout of the employee will be

$$=\left(\frac{P}{2}\right) X \left(\frac{Q}{300}\right) X \left(\frac{IC}{BC}\right)$$ with the condition that;

(i) if Q exceeds 300, it will be taken as 300.

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$$= \left(\frac{45,000}{2}\right) X \left(\frac{300}{300}\right) X \left(\frac{50,00,000}{50,00,000}\right)$$ = Rs 22,500 plus applicable Dearness Relief (DR).

**NOTE:- In this case assured payout equals full assured payout**

**Scenario 2: The employee fulfils the conditions (i) and (iii) to (v).** The employee has a qualifying service (based on the number of months of contribution) of **15 years (180 months).**

- The value of the individual corpus of the employee at retirement is Rs 30,00,000 (8,000 units) (denoted as IC).
- The value of the benchmark corpus will be Rs 30,00,000 (8,000 units) (denoted as BC).
- The assured payout of the employee will be

$$=\left(\frac{P}{2}\right) X \left(\frac{Q}{300}\right) X \left(\frac{IC}{BC}\right)$$ with the condition that

(i) if Q exceeds 300, it will be taken as 300.

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$$= \left(\frac{45,000}{2}\right) X \left(\frac{180}{300}\right) X \left(\frac{30,00,000}{30,00,000}\right)$$ = Rs 13,500 plus applicable Dearness Relief (DR).

**Scenario 3**: **The employee fulfils the conditions (i) and (iii) to (v).** The employee has a qualifying service (based on the number of months of contribution) of **10 years(120months).**

- The value of the individual corpus of the employee at retirement is Rs 25,00,000 (10,000 units) (denoted as IC).
- The value of the benchmark corpus will be Rs 25,00,000 (10,000 units) (denoted as BC).

- The assured payout of the employee will be

$$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC}) \text{ with the condition that;}$$

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$$= (\frac{45,000}{2}) \text{ X } (\frac{120}{300}) \text{X } (\frac{25,00,000}{25,00,000}) = \text{Rs } 9,000$$

which will be raised to the minimum assured payout of Rs 10,000 plus applicable Dearness Relief (DR), as the full value of the bench mark corpus has been deposited from the individual corpus to the pool corpus.

**Scenario 3(a):The employee fulfils the conditions (i), (iii) and (iv). The employee made partial withdrawals.** The employee has a qualifying service (based on the number of months of contribution) of **10 years(120 months).**

- The value of the individual corpus of the employee at retirement is Rs 22,00,000 (8,800 units) (denoted as IC).
- The value of the benchmark corpus will be Rs 25,00,000 (10,000 units) (denoted as BC).
- The assured payout of the employee will be

$$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC}) \text{ with the condition that;}$$

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$$= (\frac{45,000}{2}) \text{ X } (\frac{120}{300}) \text{X } (\frac{22,00,000}{25,00,000}) = \text{Rs } 8,800$$

In this case assured payout will be Rs. 8800 plus applicable Dearness Relief (DR), as full corpus has not been deposited from the individual corpus to the pool corpus

**Scenario 4**: **The employee fulfils the conditions (i), (ii), (iv) and (v).All contributions of the employee have not been credited regularly** and there are some missing credits which has not been made good/ arranged to be made good by the employee.

- The value of the individual corpus of the employee at retirement is Rs 45,00,000 (9,000 units) (denoted as IC).
- The value of the benchmark corpus is Rs 50,00,000 (10,000 units) (denoted as BC). The benchmark corpus has been worked out considering an average contribution for the missing credits.
- The assured payout of the employee will be

$$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC}) \text{ with the condition that;}$$

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$$= (\frac{45,000}{2}) \text{ X } (\frac{300}{300}) \text{X } (\frac{45,00,000}{50,00,000}) = \text{Rs } 20,250 \text{ plus applicable Dearness Relief (DR)}$$

**Scenario 5**: **The employee fulfils the conditions (i) to (iv). The employee made partial withdrawals**, the value of which, vis-à-vis the benchmark corpus, has not been recouped by the employee before retirement.

- The value of the individual corpus of the employee at retirement is Rs 40,00,000 (8,000 units) (denoted as IC).
- The value of the benchmark corpus is Rs 50,00,000 (10,000 units) (denoted as BC). The benchmark corpus will be worked out considering no partial withdrawals.
- The assured payout of the employee will be

$$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC}) \text{ with the condition that:}$$

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$= (\frac{45,000}{2}) \text{ X } (\frac{300}{300}) \text{X } (\frac{40,00,000}{50,00,000})$ = Rs 18,000 plus applicable Dearness Relief (DR)

**Scenario 6**: **The employee fulfils the conditions (i), (ii), (iii) and (v). The employee opted for investment choices in the individual corpus and the value of the individual corpus is higher than benchmark corpus**

- The value of the individual corpus of the employee at retirement is Rs 55,00,000 (11,000 units) (denoted as IC).
- The value of the benchmark corpus is Rs 50,00,000 (10,000 units) (denoted as BC). The benchmark corpus has been worked out based on 'default pattern' of investment.
- The assured payout of the employee will be

$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC})$ with the condition that ;

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$= (\frac{45,000}{2}) \text{ X } (\frac{300}{300}) \text{X } (\frac{50,00,000}{50,00,000})$ = Rs 22,500 plus applicable Dearness Relief (DR)

In this case, the employee will get a credit of the excess value of individual corpus vis-à-vis benchmark corpus (i.e. Rs 5,00,000) in his designated bank account at retirement.

**Scenario 7**: **The employee fulfils the conditions (i), (ii), (iii) and (v). The employee opted for investment choices in the individual corpus and the value of the individual corpus is lower than benchmark corpus.**

**(a) If the employee does not recoup the individual corpus:**

- The value of the individual corpus of the employee at retirement is Rs 45,00,000 (9,000 units) (denoted as IC); as the employee did not recoup the value of the individual corpus vis-à-vis the benchmark corpus, owing to the investment choices exercised by the employee.
- The value of the benchmark corpus is Rs 50,00,000 (10,000 units) (denoted as BC). The benchmark corpus has been worked out based on 'default pattern' of investment.
- The assured payout of the employee will be

$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC})$ with the condition that;

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$= (\frac{45,000}{2}) \text{ X } (\frac{300}{300}) \text{X } (\frac{45,00,000}{50,00,000})$ = Rs 20,250 plus applicable Dearness Relief (DR)

**(b) If the employee partially recoups the individual corpus:**

- The value of the individual corpus of the employee at retirement is Rs 45,00,000 (9,000 units) (denoted as IC); the employee recouped partially the individual corpus by Rs 2,50,000, so the corpus now stands at Rs.47,50,000 (9,500 Units).
- The value of the benchmark corpus is Rs 50,00,000 (10,000 units) (denoted as BC). The benchmark corpus has been worked out based on 'default pattern' of investment.
- The assured payout of the employee will be

$(\frac{P}{2}) \text{ X } (\frac{Q}{300}) \text{X } (\frac{IC}{BC})$ with the condition that;

(i) if Q exceeds 300, it will be taken as 300

(ii) if (P/2) XQ/300 is less than 10,000, it will be taken as 10,000.

$= (\frac{45,000}{2}) \text{ X } (\frac{300}{300}) \text{X } (\frac{47,50,000}{50,00,000})$ = Rs 21,375 plus applicable Dearness Relief (DR)

**B. <u>Illustrative examples of Lump Sum Payment on superannuation or VR after 25 years of qualifying service and retirement under FR 56(j)</u>**

The Basic Pay at the time of retirement and Dearness Allowance have been assumed as under:

| | |
|---|---|
| Basic pay as on the date of superannuation or VR or retirement under FR 56(j) | **Rs. 45,000** |
| Dearness Allowance thereon @ 53% | **Rs. 23,850** |
| Total emoluments | **Rs. 68,850** |

**Lump sum amount = ($\frac{1}{10}$X 68,850) X L = 6,885 X L**

Where **L** =number of six-monthly completed years of service based on the number of months for contribution to individual's pension corpus

**Amount of Lump Sum, depending upon the length of qualifying service:**

| 1/10 of emoluments ( Rs) | Length of qualifying service (number of months of contribution) L | Number of completed 6 months | Amount of Lump sum (Rs) |
|---|---|---|---|
| 6,885 | 10 years (120 months) | 20 | 1,37,700 |
| | 15 years(180 months) | 30 | 2,06,550 |
| | 20 years (240 months) | 40 | 2,75,400 |
| | 25 years (300 months) | 50 | 3,44,250 |
| | 30 years (360 months) | 60 | 4,13,100 |
| | 35 years (420 months) | 70 | 4,81,950 |

**NOTE**: No lump sum will be payable, if the service length is less than 10 years (less than 120 months of contribution), as Unified Pension Scheme is not applicable in such a case.

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