

Retirement Benefits : Defined Benefit Pension Scheme and New Pension Scheme to retired Central Government employees

In Lok Sabha, Minister of Personnel, Public Grievances and Pensions Shri.V.Narayanasamy replied to a question about the welfare schemes for retired employees on 22nd August, 2012.

The Central Government employees appointed before 1.1.2004 and governed by the Defined Benefit Pension Scheme, on their retirement, are granted a monthly pension equal to 50% of their last pay drawn. However, the minimum pension granted to retired employees is Rs.3,500/- per month. Old Pensioners of the age of 80 years and above are granted additional pension ranging from 20% to 100% of their basic pension.

The pensioners are also granted dearness relief from time to time based on the All India Consumer Price Index. The present rate of Dearness Relief is 65% of the pension. The pensioners are also provided medical facilities/fixed medical allowance to take care of their health.

The Government employees appointed on or after 1.1.2004 and governed by the New Pension System can withdraw 60% of their savings as a lumpsum when they retire. The balance 40% of their wealth is used to purchase an annuity scheme from a life insurance company of their choice, which will pay him/her a monthly pension for the rest of his/her life. In case the employees leave the New Pension Scheme prior to age of 60, the mandatory annuitization would be 80% of the pension wealth.