

COMPARISON OF UPS-NPS & OPS

S.N.	Particulars	UPS 24.01.2025 Notification	NPS	OPS
1	Date of effect	01.04.2025	01.01.2004	01.04.1957
2	Pension / Assured Payout for UPS	50% of the average basic pay over the last 12 months of retirement for employees retiring with at least 25 years of service and proportionate pension benefits for employees with 10-25 years of service.	Pension amount depends on the investments made in the NPS investment scheme and the accumulated corpus.	50% of the last drawn salary or average earnings over the previous 10 months of service, whichever is more with at least 1020 years of service .
3	Minimum pension / Assured Pay out for UPS	Rs. 10,000 per month for employees with at least 10 years of service.	Minimum pension amount depends on the investments made in the NPS scheme.	Rs. 9,000 per month for employees with at least 10 years of service.
4	Family pension / Family Pay out	Family payout @ 60% of the payout admissible to the payout holder, immediately before his demise, will be assured to the legally wedded spouse.	Family pension amount depends on the accumulated corpus and the chosen annuity plan.	30% of basic pay subject to the minimum of Rs.9000 per month .
5	Dearness Relief (DR)	The Dearness Relief will be worked out in the same manner as Dearness Allowance applicable to serving employees. DR will be payable	There is no provision for automatic DR increments to protect against inflation.	The pension is revised twice a year, i.e. on January 1 st and July 1 st , by increasing the Dearness Relief (DR)
6	Gratuity	Eligible (But No mention)	Eligible	Eligible
7	Lump sum amount payment / Commutation of pension	A lump sum payment will be allowed on superannuation @10% of monthly emoluments (basic pay + DA) for every completed six months of qualifying service. 60% of the Benchmark corpus can be withdrawn as a lump-sum upon superannuation- but Pension shall be restricted to balance amount	60% of the NPS corpus can be withdrawn as a lump sum upon superannuation.	A lump sum amount could be taken at the time of retirement, not exceeding 40%, through commutation of pension. Full pension restores on completion of 15 years. In case of death of pensioner commutated portion will not be recovered.
8	Employer's contribution	10% of basic pay + DA.	14% of basic pay + DA.	No contribution to the pension fund
	Employee's contribution	10% of basic pay + DA. (Individual corpus consists of employer's contribution + employees' contribution)	10% of basic pay + DA.	No contribution to the pension fund.
9	Pool Corpus	Additional contribution estimated 8.5% of basic pay + DA for supporting assured payouts.	--	--

10	Additional pension / family pension	Not available.	Not available.	Pension goes up by 20%, 30%, 40%, 50% and 100% after attaining the age 80, 85, 90, 95 and 100 years respectively.
11	Voluntary retirement on completion of qualifying service	in cases of voluntary retirement after a minimum 25 years of qualifying service, assured payout will commence from the date on which the employee would have superannuated, if he had continued in service.	80% of corpus will be kept for annuity fund.	Will get all eligible settlement at the time of voluntary retirement after completing 20 years of service.
12	Risk factor	Partially risk-free as it provides minimum assured pension.	There are market risks as the returns depend on the performance of the market-linked funds.	Risk-free as it provides an assured pension.
13	Tax for contribution towards pension fund		10% contribution by employee is taxable. Eligible for tax benefit for combined limit of Rs.1.5 lakh under 80C, 80CCC and 80CCD(1).	N.A

INDIVIDUAL CORPUS, BENCH MARK CORPUS & ASSURED PAYOUT

1. If an employee opts for UPS, outstanding NPS corpus in the employees Permanent Retirement Account Number shall be transferred to the employee's individual corpus under the UPS.
2. '**Bench mark corpus**' value will be computed by PFRDA with following assumption
 - a) ***Contributions for both the employees and the employer***
 - b) ***In case of missing contributions, an appropriate value, to be determined by PFRDA***
 - c) ***Investment of such contributions is made as per the 'default pattern' of investment***
3. **At the time of superannuation or retirement**
 - a) Employee under UPS has to authorise transfer of the value or units in the individual corpus to the pool corpus, equivalent to the value or units of the benchmark corpus for authorisation of Assured Payout.
 - b) In case the value or units of **individual corpus is less than value or units of the benchmark corpus**, the **employee** will have an option to **arrange for additional contribution to meet this gap**.
 - c) In case the value or units **of individual corpus is more than the value or units of the benchmark corpus**, the employee shall authorise transfer of value or units equivalent to the benchmark corpus and the **balance amount in the individual corpus will be credited to the employee**.
4. In case the values or units transferred by the employee from the individual corpus to the pool corpus, is less than the value or units of the benchmark corpus, payout proportionate to the assured payout shall be authorised.
5. UPS is a fund-based pension system.

Admissible Monthly Assured Payout based on set of following assumptions

- (i) The 12 monthly average basic pay before superannuation of an employee is Rs 45,000.
- (ii) The employee has a qualifying service of 25 years (300 months) or more.
- (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

Lump Sum Payment on superannuation or VR after 25 years of qualifying service**Basic Pay Rs.45000 + DA Rs.23,850 @ 53% = Rs. 68,850**

Scenario	Full filling conditions	Year/month of service	Individual Corpus (IC)	Bench Mark Corpus (BC)	Assured Payout
1	(i) to (v)	25/300	50 lakh	50 lakh	Rs. 22,500 + DR
2	(i), (iii), (iv) & (v)	15/180	30 lakh	30 lakh	Rs. 13,500 + DR
3	(i), (iii), (iv) & (v)	10/120	25 lakh	25 lakh	As per calculation Rs.9000 Minimum assured pay out Rs.10,000
3a			22 lakh (Partial withdrawal)	25 lakh	Rs. 8,800 + DR Full corpus has not been deposited from individual corpus to pool corpus
4	(i), (ii), (iv) & (v)	25/300	45 lakh (Missing Credit)	50 lakh	Rs. 20,250 + DR
5	(i), (ii), (iii) & (iv)	25/300	40 lakh (partial withdrawal)	50 lakh	Rs. 18,000 + DR
6	(i), (ii), (iii) & (v)	25/300	55 lakh	50 lakh	Rs.22,500 + DR (5 lakh one time credit)
7	(i), (ii), (iii) & (v)	25/300	45 lakh (Investment choice in IC value lower than BC)	50 lakh	Rs. 20,250 + DR
7b			45 lakh	50 lakh 2.5 lakh partial recoup by employee	21,375 + DR

BASIC PAY RS.45000 + DA RS.23,850 @ 53% = RS. 68,850

1/10TH OF EMOLUMENT IS RS.6,885

Length of qualifying service	Number of completed 6 months	Lump sum (Rs)
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

**COMPARISON BETWEEN UPS & OPS ON SOME OF THE TERMINAL BENEFITS
FOR AN EMPLOYEE RETIRING IN THE BASIC PAY
OF RS.45,000 + 53% DA COMPLETING 25 YEARS OF SERVICE.**

S. No	Description	UPS	OPS
1	Basic Pay	Rs.45,000	Rs.45,000
2	DA	53%	53%
3	Basic Pay + DA	Rs.68,850	Rs.68,850
4	Pay Out / Basic Pension	Rs.22,500	Rs.22,500
5	DR @ 53%	Rs.11925	Rs.11925
6	Total pension per month	Rs.34,425	Rs.34,425
7	Maximum pension commutation (40%) in OPS		Rs.10,59,480
8	Lump sum in UPS	Rs.3,44,250	
9	Pay out +DR / Pension + DR after commutation	Rs.34,425	Rs.25,425
10	Contribution during service for pension corpus fund per month	10% of BP + DA	Nil
11	Family Pay out / Basic Family Pension	Rs.13,500	Rs.13,500
12	Family Pay out + DR / Family Pension + DR	Rs.20,655	Rs.20,655
13	Pay out / Basic pension at the age of 80	Rs.22,500	Rs.27,000
14	Family Pay out / Basic family pension at the age of 80	Rs.13,500	Rs.16,200