



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

**LIFE INSURANCE CORPORATION OF INDIA, CENTRAL OFFICE, "YOGAKSHEMA",
JEEVAN BIMA MARG, MUMBAI – 400 021**

Department: Personnel/ER/A
Circular No.: CO/PER/ER-A/222/2019

15th May 2019

ALL THE OFFICES OF THE CORPORATION

Re: Instructions for implementation of Life Insurance Corporation of India (Employees) Pension (Amendment) Rules, 2019.

In exercise of the powers conferred on him under Rule 55 of the LIC of India (Employees) Pension Rules, 1995, (herein after referred to as "Pension Rules"), the Chairman issues the following instructions for the implementation of the Life Insurance Corporation of India (Employees) Pension (Amendment) Rules, 2019, (herein after referred to as "Amendment Rules"), which have been notified by the Government of India on 23rd April, 2019 and a copy of which is enclosed.

In terms of Rule 2 of the Amendment Rules another option has been allowed to the existing employees and retired employees / family members of the deceased retired employees / family members of the employees who had died while in service of the Corporation, subject to their fulfilling of the eligibility conditions prescribed in the Amendment Rules.

In accordance with the various provisions contained in the Pension Rules, the following are the categories of employees who are eligible for pension and family pension:

1. Categories eligible for Pension and Family Pension:

(I) Pension:

- (a) Employees who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and are in service on the notified date viz 23rd April, 2019.
- (b) Employees who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and had retired on or before the notified date viz 23rd April, 2019.

(II) Family Pension:

- (a) Families of the employees, who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and had died while in service on or before the notified date viz 23rd April, 2019.
- (b) Families of the employees, who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and had retired but died before the notified date viz 23rd April, 2019.

2. Exercise of option:

- (a) **Employees who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and are in service on the notified date viz 23rd April, 2019:**

The newly inserted Rule 3(10) of the Pension Rules provides that employees who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and who still

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continue to be in service as on the notified date of 23rd April 2019 shall have an option to be governed by the Pension Rules provided they exercise such an option within 90 days from the date of notification of the Amendment Rules and irrevocably authorize the trustees of the Provident fund to transfer to the Pension Fund the entire amount of Corporation's Contribution credited to their individual accounts of Provident Fund together with interest accrued thereon. Entire amount of Corporation's Contribution to their PF account includes non-refundable withdrawal, if any, made from the Corporations' Contribution to their PF account together with interest at the rate of 9% per annum from the date of such withdrawal until the date of refund of this amount to the Corporation. The non-refundable withdrawal made from the Corporations' Contribution together with interest at the rate of 9% per annum shall be refunded on or before 21st October, 2019. These employees will have to complete the Option Form given in **Annexure I** of these instructions and the completed Option Form has to be received on or before 22nd July, 2019 by the office. If the option form is not received within a stipulated period in respect of a particular employee, he shall be deemed to have decided to continue to be a member of the Provident fund.

Factors for interest rate of 9% per annum are given in Annexure IV.

Employees on deputation to other companies like AMC, PENF, HFL etc. should submit their option form to OS Department of respective controlling DO/ZO/CO. Ex-patriated employees should submit their forms to OS Department, Central Office through SBU-IO Department.

Further, those employees who opt to be governed by Pension Rules shall be required to contribute to the Pension Fund 3.7 times of their existing pay as on 1st March, 2019 on or before 21st October, 2019. The definition of "PAY" is as per Rule 2(o) of LIC of India (Employees) Pension Rules, 1995.

Illustration for the offices to determine the amount of additional contribution under this category:

Name	A
Basic Pay as on 01.03.2019	Rs.65,805/-
FPA	Rs.1745/-
Total Existing PAY	Rs.67,550/-
Applicable Rate	3.7
Total Additional Contribution	Rs.2,49,935/-

Illustration for calculation where Non Refundable Withdrawal on Corporation's Contribution has been taken:

Name of Employee:	A
Date of Non Refundable Withdrawal:	23.03.2014
Date of Refund:	19.10.2019
Interest to be charged for Months:	5 years 6 months
Amount of Non Refundable Withdrawal:	Rs. 2,00,000/-

Interest Factors for 5 years and 6 months are 0.54 and 0.044 respectively.
Therefore, Non Refundable Withdrawal along with interest will be
 $200000 * (1.54) * (1.044) = \text{Rs. } 3,21,552/-$

The amount to be refunded by the employee on 21st October, 2019 shall be Rs. 3,21,552/-. Apart from this amount, 3.7 times of existing Pay as on 1st March, 2019 is to be paid on or before 21st October, 2019.

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If any employee is on unauthorized absence or salary is not disbursed to him/ her due to any reason or is under suspension, the amount of additional contribution shall be calculated based on his last drawn pay. In case Normal Grade Increment and / or Fixed Personal Allowance and / or Stagnation Increment is released at a later date, 3.7 times of corresponding difference in Pay shall also be payable.

(b) Employees who were in the service of the Corporation during anytime on or before the 28th day of June, 1995 and had retired on or before the notified date viz 23rd April, 2019:

Those employees who were in service during anytime on or before 28.06.1995 but have retired prior to date of notification i.e. 23rd April 2019 can also become members of the Pension Fund provided they give option in **Annexure II** to be governed by the Pension Rules within 120 days from the date of publication of the Amendment Rules and the completed form has to be received on or before 21st August, 2019 and refund, on or before 21st October 2019, 1.3 times of the entire amount of Corporation's Contribution credited to their Provident Fund account including interest accrued thereon at the time of their retirement. Entire amount of Corporation's Contribution to their PF account includes non-refundable withdrawal, if any, made from the Corporation's Contribution to their PF account together with interest at the rate of 9% per annum from the date of such withdrawal until the date of their retirement. The amount so refunded should also include 1.3 times of arrears of Corporation's Contribution towards PF received after date of retirement due to wage revision and/or difference in interest on Corporation's Contribution due to upward revision in PF interest rate.

However, the commuted value payable to an employee can be adjusted against the refund of 1.3 times of the entire amount of Corporation's Contribution credited to their Provident Fund account including interest accrued thereon at the time of their retirement or settlement of PF account, as the case may be, after submitting **Annexure V and VI**.

(c) Option to be exercised by the family of the deceased employees:

It has already been mentioned that families of the employees who were in the service of the Corporation anytime on or before the 28th day of June, 1995 and had died while in service on or before the notified date of Amendment Rules, i.e. 23rd April, 2019 or families of the employees who were in the service of the Corporation anytime on or before the 28th day of June, 1995 and had retired but died before the notified date of Amendment Rules, can also opt for pension. In such a case, the family will be allowed family pension with effect from the notified date of the Amendment Rules. However, the family will not be allowed commutation of a portion of pension. In these cases, the family has to exercise an option within 120 days from the date of Notification of the Amendment Rules using the Option Form given in **Annexure III** of this circular and the completed form has to be received by the Corporation on or before 21st August, 2019.

As per the Amendment Rules the family of the employees eligible for family pension has to refund, on or before 21st October, 2019, 1.3 times of the entire amount of the Corporation's Contribution to the Provident Fund account of deceased employee including interest accrued thereon at the time of retirement / at the time of settlement of Provident Fund. Entire amount of Corporation's Contribution to PF account includes non-refundable withdrawal, if any, made from the Corporation's Contribution to their PF account together with interest at the rate of 9% per annum from the date of such withdrawal until the date of their retirement or the date of settlement of Provident Fund as the case may be. The amount so refunded should also include 1.3 times of arrears of Corporation's Contribution towards PF received after date of settlement due to wage revision and/or difference in interest on Corporation's Contribution due to upward revision in PF interest rate.

Employees who were in the services of the Corporation anytime on or before 28th day of June, 1995 and had retired on or before the notified date of Amendment Rules **OR** the family of a deceased employee who was in the services of the Corporation anytime on or before 28th day of June, 1995 and had died while in service on or before the notified date of Amendment Rules or had retired but died before the notified date of Amendment Rules and opts to be governed by Pension Rules shall be eligible for family pension with effect from the notified date, i.e. 23rd April, 2019.

Needless to add that employees / retired employees / family of deceased employee who opt for pension / family pension under LIC of India (Employees) Pension (Amendment) Rules, 2019 will be governed by LIC of India (Employees) Pension Rules, 1995. Therefore, calculation and release of pension / family pension / commutation value will also be governed by the same rules. Amount of minimum pension as per Rule 36 of LIC of India (Employees) Pension Rules, 1995 shall be in accordance with judgment dated 27.04.2017 of the Hon'ble High Court, Delhi.

Provided further that the "period of seven years" as specified in sub-clause (i) or sub-clause (ii) of clause (a) of sub-rule (3) of rule 39 of the Pension Rules, shall be reduced by the period from the date of death of the employee to the notified date of Amendment Rules viz 23.04.2019.

Retired employees/family of deceased employee as per para 2(b) and 2(c) should submit option form to the Sr. / Divisional Manager in charge of the Division under whose jurisdiction the ex-employee was working last or RM (E&OS) of Zonal Office / Executive Director (E&OS) of the Central Office in the case of employees working last in Zonal/Central office, as the case may be, on or before 21st August, 2019.

Illustration for calculation where Non Refundable Withdrawal on Corporation's Contribution has been taken:

Name of Retired Employee/ Family of the Deceased Employee:	A
Date of Non Refundable Withdrawal:	14.05.2014
Date of Retirement / Settlement:	17.04.2019
Interest to be charged for Months: (More than 15 days in a month shall be taken as One month)	4 years 11 months
Amount of Non Refundable Withdrawal:	Rs. 2,00,000/-

Interest Factors for 4 years and 11 months are 0.41 and 0.082 respectively.
Therefore, Non Refundable Withdrawal along with interest will be
 $200000 * (1.41) * (1.082) = \text{Rs. } 3,04,560/-$

Suppose, amount paid towards Corporation's Contribution along with interest accrued thereon at the time of Retirement / Settlement = Rs. 11,00,000/-

The amount to be refunded by retired employee / family of the deceased employee on or before 21st October, 2019 shall be –
 $1.3 * (\text{Rs. } 11,00,000/- + \text{Rs. } 3,04,560/-) = \text{Rs. } 18,25,928/-$

(d) Employees who have joined during any time prior to 28.06.1995 but due to retire / retired within 180 days from the notified date of LIC of India (Employees) Pension (Amendment) Rules, 2019:

Those employees who have retired or are going to retire within 180 days from the notified date of Amendment Rules, should submit an option within 90 days from the date of publication of the Amendment Rules and irrevocably authorize the trustee of the Provident fund to transfer the entire amount of Corporation's Contribution together with interest accrued thereon to the Pension Fund. These employees will have to complete the Option Form given in **Annexure I** of these

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instructions and the completed Option Form has to be received on or before 22nd July, 2019 by the office. The additional contribution of 3.7 times of existing Pay as on 1st March, 2019 may be adjusted from the employee's contribution and interest accrued thereon. Hence the amount payable to the employee on his/ her retirement / settlement of PF will be his contribution plus accrued interest reduced by 3.7 times of the Pay as on 1st March, 2019.

3. OS Department is to communicate the amount to be deposited along with the challan to the retired employees/ family of the deceased employee who opt for pension as per the Amendment Rules. The letter should inform the retired employee / family of the deceased employee that the amount will hold good only if he/she pays the amount before the stipulated date. He/she should be asked to pay the amount directly to the respective Central / Zonal / Divisional Office. Other instructions regarding collection of data, account codes, procedure and payment/disbursement of pension and family pension, medical examination for retired employees in case of commutation of pension, etc. will be issued separately by the OS Department, Central Office.

4. **Auditing:**

The Audit Teams should conduct 100% checking of all calculations regarding the pension option in the Central / Zonal Office Pension cell. The first such audit should be conducted immediately after expiry of six months from the date of these instructions. The Audit Department should also verify all such cases whenever the team visits each Divisional Office.

By Order



Executive Director (Personnel)