Unified Pension Scheme

Why in News?

The central government is bringing UPS (Unified Pension Scheme) instead of NPS (National Pension System) for employees.

- **Aim** – UPS is a fund-based payout system that ensures government employees receive an ***assured payout*** after retirement.
- It relies on the regular and timely accumulation of contributions from both the employee and the Central Government, which are invested to provide a monthly payout to the retiree.
- **Implemented from -** April 1, 2025.
- **Eligibility -** It is available to those ***central government employees*** who are already enrolled in the NPS and have opted for this new scheme.
- **Contributions**

Old Pension Scheme	National Pension System	Unified Pension Scheme
It offered a defined benefit pension of 50% of the last drawn salary, *fully funded by the government* without requiring contributions from employees.	Employees contribute 10% of their basic pay and DA, and the government contributes 14%.	Employees will now contribute ***10% of their salary to their pension***, just like the NPS, with the government contributing 18.5%.

- **Features –** The following are the features of UPS,
- **Guaranteed pension -** Pensioners will receive 50% of their average basic pay (from the last 12 months before retirement) as a pension, provided they have completed at least 25 years of service.
- Those with a shorter service period (minimum 10 years) will receive a proportionate pension.
- **Family pension -** In case of the employee's death, the surviving spouse will receive 60% of the pension amount that the employee was receiving before death.
- **Minimum pension guarantee -** The UPS guarantees a minimum pension of Rs 10,000 to those who retire after serving at least 10 years.
- **Inflation protection -** The pension amount will be adjusted for inflation, just like Dearness Relief (DR) for serving employees, based on the All India Consumer Price Index for Industrial Workers (AICPIN-IW).
- **Lump sum payment at retirement -** Upon retirement, employees will receive a one-time lump sum in addition to their gratuity.
- This amount will be 1/10th of their last drawn monthly salary (Basic Pay + DA) for every six months of completed service. This benefit will not impact the assured pension amount.

- The state governments ***can also adopt*** and implement the UPS scheme for state government employees. ***Maharashtra*** is the first state to implement UPS.

  National Pension System will also remain available for those who do not want to switch to the UPS.

References

1. India Today | Unified Pension Scheme (UPS)
2. Times Bull | Unified Pension Scheme

