

## **NEW PENSION SCHEME - A BRIEF INFORMATION**

The Government of India has accounted a " New Pension Scheme". The Ministry of Shipping and Transport vide letter No.14018/2/2003 coord dated 22-12-2003 has directed the Port Trust to implement the New Pension Scheme in the Ports also in respect of the employees / workers / officers those who have appointed in the Port service on or after 01-01-2004.

The New Pension Scheme is mandatory for all the new entrants appointed w.e.r. 01-01-2004 onwards. As a result of this the existing system of defined benefit of Pension system is replaced.

In the new pension scheme system the employee is required to pay 10% of his basic Pay+DA as monthly contribution for which a matching contribution is to be paid by the VPT to each individual as along as the contributions recovered from the employees / officers in the above matter. All the sums so recovered and credited shall be kept in pension non withdrawable account tier-1 in a nationalized Bank. This is mandatory. In addition to the above pension account the employees / officers may also be allowed for an optional withdrawable account tier-II. The VPT will not make any contribution to the sums recovered under the tier-II account. This account amount would be free to withdrawable at any time by the employees / officers. This account is also does not constitute pension investment and would attract no special tax treatment. However, under Tier-II will not be made operative during the period of Interim arrangement and therefore no recoveries will be made from the salaries of the employees on this account.

All the employees / officers who are going to retire after attaining the age of superannuation 58 / 60 years, the sums available in pension tier-I account are to be payable to the tune of 60% only and the remaining balance of 40% amount would be arranged to be invested for an annuity is handed by. The annuity should provide for pension for the life time of the employee and his dependent parents / spouse at the time retirement. However, the employees are also allowed to leave the pension system ever prior to the retirement age of 58 / 60 years. In such cases, it is mandatory annuitisation would be around 80% of his pension wealth. All the above information is temporary and likely to be changed at any time by the Government.