



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

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Context

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

To be 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.



Old Pension Scheme	National Pension System	Unified Pension Scheme
<ul style="list-style-type: none">It offered a defined benefit pension of 50% of the last drawn salary, fully funded by the government without requiring contributions from employees.	<ul style="list-style-type: none">Employees contribute 10% of their basic pay and DA, and the government contributes 14%.Receive pension based on contributionNo minimum <u>guarantee</u> pension	<ul style="list-style-type: none">Employees will now contribute 10% of their salary to their pension, just like the NPS, with the government contributing 18.5%.Min 50 % pension is guaranteed if he / she completes 25 years

Features

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 with a minimum pension guarantee of at least 10,000 Rs**

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.

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).

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.