

Model Calculations for Retirement and Pension Benefits under different Heads

For Higher Scale Salary

Particulars for Calculating Pension Taking Highest Pay Scale			
Last pay drawn	2,16,600 w.e.f. 1/7/2020		
DA	17%		
Date of Retirement	31/3/2021		
Total Qualifying service	33 years		
S.No	Type of Pension	Applicable Rule & Calculation	Amount of Payable Pension
1.	Normal Pension		
	Rule: 50% of last ten month's average emoluments or 50% of last pay drawn whichever is higher	10 months average emoluments	Rs.1,07,985/-
		50% of last pay drawn	Rs.1,08,300/-
		Therefore Pension Payable (Basic) DR: (1,08,300/100)X17= 18,411	Rs.1,08,300/- + Applicable DR
Total Amount of Pension (Basic + DR)		Rs. 1,26,711	
2.	Commutation		
		Maximum allowed and opted (40% of Rs.1,08,300/-)	Rs.43,320/-
		Lumpsum Commuted value based on age on next birthday (61) Rs.43320x12x8.194=Rs.42,59,568.96	Rs.42,59,569/-
Pension after commutation	(Rs.64,980 + DR on Rs.1,08,300/-)	Rs.64,980/-+DR on Rs. 1,08,300/-	
3.	Retirement Gratuity		
	(Rule: ¼th of basic +DAx no. of six monthly periods limited to 20 lakhs or 16 and half times of emoluments Whichever is less)	¼th of basic +DA x no. of six monthly periods i.e 1/4xRs.2,53,422x66	Rs.41,81,463/-
		or 16 and half times of emoluments	Rs.41,81,463/-
Therefore Gratuity Payable		Rs.20,00,000/	
4.	Family Pension		
4A.	Normal Family Pension		
	When pensioner dies after 67 years of age	30% of last drawn pay i.e Rs 2,16,600	Rs.64,980/- + Applicable DR
4B.	Enhanced Family Pension		

i) Enhanced Family Pension in the case of death immediately after retirement			
	(Rule: Enhanced family pension is limited to Pension authorised payable for a period of 7 years or upto the date on which the deceased pensioner would have attained 67 years whichever is earlier. Thereafter, the family pension will be at normal rates)	A. Pension up to an age that pensioner would have attained 67 years	Rs. 1,08,300/- +Applicable DR
		B. Pension there after (30% of last drawn pay + DR)	Rs 64,980 + Applicable DR
ii) Enhanced Family Pension in the case of death while in service-			
	(Rule: If death happens while in service which is double the family pension limited to 50% of last pay drawn. Enhanced Family Pension is payable for a period of 10 years from the following date of death of the employee. Thereafter the family pension is paid at normal rates)	A. Pension up to a period of 10 years	Rs.1,08,300/- +Applicable DR
		B. Thereafter (30% of last drawn pay + DR)	Rs 64,980 + Applicable DR
5.	Leave Encashment		
	(Rule: Emoluments (basic + DA) /30* no. of days of EL to credit limited to 300 days. If running short of 300 days of EL, the shortage can be adjusted by HPL. <i>The calculation will be based on half pay salary</i>) Ex: If one has 200 days EL, the shortage can be offset with 100 days HPL, meaning one gets leave encashment for 250 days only. (200 + 50 i.e 100 days HPL is equivalent to 50 days EL)	Leave encashment for 300 days of EL (Rs.2,53,422/30x300) ----- If the entire period is half pay leave i.e no EL in balance, then (Rs.2,53,422x300/30x2)=	Rs.25,34,220/- Rs.12,67,110/-

For Mid Scale Salary

Particulars for Calculating Pension Taking Mid Scale			
Last pay drawn		Rs.87,700 w.e.f. 1/7/2020	
DA		17%	
Date of Retirement		31/3/2021	
Total Qualifying service		33 years	
S.No	Type of Pension	Applicable Rule & Calculation	Amount of Payable Pension
1.	Normal Pension		
	Rule: 50% of last ten	10 months average emoluments	Rs.43,720/-

	month's average emoluments or 50% of last pay drawn whichever is higher	50% of last pay drawn	Rs.43,850/-
		Therefore Pension Payable (Basic) DR: (43,850/100)X17=7,454.50 (7,455)	Rs.43,850/- + Applicable DR
		Total Amount of Pension (Basic + DR)	Rs. 51,305
2. Commutation			
		Maximum allowed and opted (40% of Rs.43,850/-)	Rs.17,540/-
		Lumpsum Commuted value based on age on next birthday (61) Rs.17,540x8.194x12	Rs.17,24,673.12 rounded off to Rs.17,24,674/-
	Pension after commutation	(Rs. 43,850-Rs.17,540)	Rs.26,310/-+DR on Rs. 43,850/-
3. Retirement Gratuity			
	(Rule: ¼th of basic +DA no. of six monthly periods limited to 20 lakhs or 16 and half times of emoluments Whichever is less)	¼th of basic +DA no. of six monthly periods i.e 1/4xRs.1,02,609x66	Rs.16,93,048.5/- rounded off to Rs.16,93,049/-
		or 16 and half times of emoluments	Rs.16,93,048.5/- rounded off to Rs.16,93,049/-
		Therefore Gratuity Payable	Rs.16,93,049/-
4. Family Pension			
4A. Normal Family Pension			
	When pensioner dies after 67 years of age	30% of last drawn pay i.eRs.87,700/-	Rs.26310/-+ Applicable DR
4B. Enhanced Family Pension			
i) Enhanced Family Pension in the case of death immediately after retirement			
	(Rule: Enhanced family pension is limited to Pension authorised payable for a period of 7 years or up to the date on which the deceased pensioner would have attained 67 years whichever is earlier. Thereafter, the family pension will be at normal rates)	A. Pension upto an age that pensioner would have attained 67 years B. Pension there after (30% of last drawn pay + DR)	Rs.43,850/- +Applicable DR Rs 26,310/- +Applicable DR
ii) Enhanced Family Pension in the case of death while in service-			
	(Rule: If death happens while in service which is double the family pension limited to 50% of last pay drawn. Enhanced Family Pension is payable for a	A. Pension up to a period of 10 years	Rs.43,850/-+ Applicable DR

	period of 10 years from the following date of death of the employee. Thereafter the family pension is paid at normal rates)	B. Thereafter (30% of last drawn pay + DR)	Rs26,310/-+ Applicable DR
5.	Leave Encashment		
	(Rule: Emoluments (basic + DA) /30* no. of days of EL to credit limited to 300 days. If running short of 300 days of EL, the shortage can be adjusted by HPL. <i>The calculation will be based on half pay salary</i>) Ex: If one has 200 days EL, the shortage can be offset with 100 days HPL, meaning one gets leave encashment for 250 days only. (200 + 50 i.e 100 days HPL is equivalent to 50 days EL)	Leave encashment for 300 days of EL ----- If the entire period is half pay leave i.e no EL in balance, then	Rs.10,26,090/- Rs.5,13,045/-

For Lower Scale Salary

Particulars for Calculating Pension Taking Mid Scale			
Last pay drawn		Rs.28,400 w.e.f. 1/7/2020	
DA		17%	
Date of Retirement		31/3/2021	
Total Qualifying service		18 years (COMPASSIONATE APPOINTMENT)	
S.No	Type of Pension	Applicable Rule & Calculation	Amount of Payable Pension
1.	Normal Pension		
	Rule: 50% of last ten month's average emoluments or 50% of last pay drawn whichever is higher	10 months average emoluments	Rs.28,320/-
		50% of last pay drawn	Rs.14,200/-
		Therefore Pension Payable (Basic) DR: (14,200/100)X17=2,414	Rs.14,200/- + Applicable DR
Total Amount of Pension (Basic+ DR)		Rs.16,614	
2.	Commutation		
		Maximum allowed and opted (40% of Rs.14,200/-)	Rs.5,680
		Lumpsum Commuted value based on age on next birthday (61) Rs.5680x12x8.194	Rs.5,58,503.04 rounded off to Rs.5,58,504/-
	Pension after commutation	(Rs.14200-Rs.5680)	Rs.8,520/-+DR on Rs.14,200/-

3.	Retirement Gratuity		
	(Rule: ¼th of basic +DA no. of six monthly periods limited to 20 lakhs or 16 and half times of emoluments Whichever is less)	¼th of basic +DA no. of six monthly periods i.e.1/4x33,228x36SMPs	Rs.2,99,052/-
		or 16 and half times of emoluments	Rs.5,48,262/-
Therefore Gratuity Payable		Rs.2,99,052/-	
4.	Family Pension		
4A.	Normal Family Pension		
	When pensioner dies after 67 years of age	30% of last drawn pay i.e Rs 28,400/-	Rs.8,520/-raised to minimumRs.9,000/-+Applicable DR
4B.	Enhanced Family Pension		
	i) Enhanced Family Pension in the case of death immediately after retirement		
	(Rule: Enhanced family pension is limited to Pension authorised payable for a period of 7 years or up to the date on which the deceased pensioner would have attained 67 years whichever is earlier. Thereafter, the family pension will be at normal rates)	A. Pension up to an age that pensioner would have attained 67 years	Rs.14,200/-+Applicable DR
		B. Pension there after (30% of last drawn pay + DR)	Rs.8,520/- raised to minimum Rs.9,000/-+ Applicable DR
	ii) Enhanced Family Pension in the case of death while in service-		
(Rule: If death happens while in service which is double the family pension limited to 50% of last pay drawn. Enhanced Family Pension is payable for a period of 10 years from the following date of death of the employee. Thereafter the family pension is paid at normal rates)	A. Pension up to a period of 10 years	Rs.14,200/-+Applicable DR	
	B. Thereafter (30% of last drawn pay + DR)	Rs.8,520/- raised to the minimum of 9,000/-+ Applicable DR	
5.	Leave Encashment		
(Rule: Emoluments (basic + DA) /30* no. of days of EL to credit limited to 300 days. If running short of 300 days of EL, the shortage can be adjusted by HPL. <i>The calculation will be based on half pay salary</i>) Ex: If one has 200 days EL, the shortage can be offset with 100 days HPL, meaning one gets leave encashment for 250 days only. (200 + 50 i.e 100 days HPL is equivalent to 50 days EL)	Leave encashment for 300 days of EL (Rs.33,228/30x300)	Rs.3,32,280/-	
	If the entire period is half pay leave i.e no EL in balance, then (Rs.33,228x300/30x2)	Rs.1,66,140/-	

Legal Matters

A. DA (dearness allowance) and DR (dearness relief) are one and the same but the later *i.e* DR is used with Pension / Family Pension.

B. PENSION IS ALSO ADMISSIBLE FOR:

1. Those who did not hold a substantive post at the time of retirement, but rendered not less than 10 years of qualifying service on superannuation / invalidation.

2. (or) rendered not less than 20 years qualifying service and retired voluntarily.

3. **FUTURE GOOD CONDUCT IS AN IMPLIED CONDITION FOR CONTINUATION OF PENSION.** The phrase “Future Good Conduct” is a broad term which is grossly exaggerated and misinterpreted by many. **In reality grave misconduct or criminal charges / conviction only can affect Pension** and the pertinent rules are reproduced below:

“DAE HAND Book (2017) on “Pension and Retirement Benefits at a Glance”
<https://dae.gov.in/writereaddata/parbaag.pdf>

2.4 Pension subject to future good conduct

2.4.1 Future good conduct shall be the implied condition of every grant of pension and its continuance. - Rule 8 (1) (a)

2.4.2 **Convicted for a Crime or grave misconduct:** If a pensioner is convicted for a **serious crime or is found guilty of grave misconduct**, the Appointing Authority by giving order in writing can withhold or withdraw a pension or part (should not reduce below Rs.9000/-) thereof, permanently or for a specified period. - Rule 8 (1) (b)

CCS RULES:

8. Pension subject to future good conduct

(1)	(a)	Future good conduct shall be an implied condition of every grant of pension and its continuance under these rules.
	² (b)	The appointing authority may, by order in writing, withhold or withdraw a pension or a part thereof, whether permanently or for a specified period, if the pensioner is convicted of a serious crime or is found guilty of grave misconduct.
		Footnote 2. Substituted by G.I., Dept. of Per. & A.R., Notification No. 6 (A), Pen.(A)/79, dated the 19th May, 1980.

EXPLANATION. - In this rule, -

(a)	the expression `serious crime' includes a crime involving an offence under the Official Secrets Act, 1923 (19 of 1923);
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(b)	the expression `grave misconduct' includes the communication or disclosure of any secret official code or password or any sketch, plan, model, article, note, document or information, such as is mentioned in Section 5 of the Official Secrets Act, 1923 (19 of 1923) (which was obtained while holding office under the Government) so as to prejudicially affect the interests of the general public or the security of the State.
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9. *Right of President to withhold or withdraw pension*

¹[(1) The President reserves to himself the right of withholding a pension or gratuity, or both, either in full or in part, or withdrawing a pension in full or in part, whether permanently or for a specified period, and of ordering recovery from a pension or gratuity of the whole or part of **any pecuniary loss caused** to the Government, if, in any departmental **or** judicial proceedings, the pensioner is **found guilty of grave misconduct or negligence during the period of service**, including service rendered upon re-employment after retirement:

- C.** The matter of withholding Pension was dealt by courts several times in the past and the judiciary is always against withholding pension for anyone, unless it is an extraordinary case with very grave misconduct / criminal act. *Some of the observations made by courts are as follows:*

CONCEPT OF PENSION:

8. It is accepted position of law that pension and gratuity are not bounties. An employee earns these benefits by dint of his long, continuous, faithful and unblemished service. In case of a civil servant whose service conditions are governed by statutory rules; pension, a deferred salary, is a right and the payment of pension/gratuity does not dependent upon the discretion of the Government. Government servant coming within the Rules is entitled to claim pension. The right to receive pension flows not by any order to that effect but the right to receive pension flows by virtue of the Rules governing pension and gratuity.

10. Thus the hard earned benefit which accrues to an employee is in the nature of 'property'. This right of property cannot be taken away without due process of law as per the provisions of Article 300-A of the Constitution of India. It, therefore, follows that executive instructions not having statutory character and, therefore, cannot be deemed as 'law' within the meaning of Article 300A. The State Government cannot withhold even a part of pension or gratuity if there is no provision for withholding pension or gratuity in the given situation.

For withholding of pension or gratuity there must be an express provision in the Rules failing which the State Government is not competent to withhold pension or gratuity on the strength of executive instructions not having the force of law.

A note about The Atomic Energy Act 1962

<http://barc.gov.in/about/01.pdf>

1. Short Title, Extent and Commencement:

1. This Act may be called **the Atomic Energy Act, 1962**.
2. It extends to the whole of India.
3. It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

18. Restriction on disclosure of information:

1. The Central Government may by order restrict the disclosure of information, whether contained in a document, drawing, photograph, plan, model or in any other form whatsoever, which relates to, represents or illustrates:-

1. An existing or proposed plant used or proposed to be used for the purpose of producing, developing or using atomic energy or
2. The purpose or method of operation of any such existing or proposed plant or
3. Any process operated or proposed to be operated in any such existing or proposed plant.

2. No person shall:-

1. Disclose or obtain or attempt to obtain any information restricted under sub-section (1) or
2. Disclose without the authority of the Central Government any information obtained in the discharge of any functions under this Act or in the performance of his official duties.

3. Nothing in this section shall apply:-

1. To the disclosure of information with respect to any plant of a type in use for purposes other than the production, development or use of atomic energy, unless the information discloses that plant of that type is used or proposed to be used for the production, development or use of atomic energy or research into any matters connected therewith or

2. Where any information has been made available to the general public otherwise than in contravention of this section, to any subsequent disclosure of that information.

“In other words, referring to or quoting information which is already in public domain does not attract any provision under the above Act”

The A to Z of Retirement Matters to Remember

A. Apply for Temporary I Card to visit Establishment, Pension, Salary and TA Sections to settle accounts and collect Pension Book with PPO and Income Tax Exemption Certificates for Leave Encashment, Gratuity and Provident Fund Received.

B. Open **Preferably FORMER or SURVIVOR Savings Account** in the bank with spouse for receiving Pension. *If opening the account in Either or Survivor mode, one needs to think twice.* Once opened it can't be reversed without consent from your spouse. Life can take so many turns post retirement with pressing financial needs from children and grandchildren. Any one of the couple can come under pressure or duress to part with the money. If any amount is withdrawn by spouse without consent from the pensioner, the banks and RBI will not take any responsibility. *Former or Survivor account can be easily changed to either or survivor anytime, but doing the reverse can be a tricky and sticky issue with great cost to mental peace for the remaining part of life, hence this caution.*

C. Never go for commutation of pension unless there is a pressing need for buying a house for yourself to reside for the rest of your life or children's marriage. The total amount corresponding to commuted period of 15 years will not be given. One gets paid in advance the commuted portion only for ~ 8 years; the remaining will be retained by the govt. However, DA component will be paid even for the commuted portion. Restoration of Pension to Full amount will be done only after 15 years, **and do not forget one needs to apply for restoration of the same.** *Having lived a life of hand to mouth scenario several times during active service, do have a liberated life financially post retirement.*

D. Do remember that earnings from all senior citizen savings accounts attract income tax as per your tax bracket. Further, submit life certificate in the month of November every year. It also should be born in mind that Group A officers need to seek prior permission from the Department before taking up any job during the first year after retirement.

E. Collect TA Claim forms and submit them, in time, to claim travel and freight charges. Do not wrongly give native place address as permanent settling place solely to claim TA and freight charges. The catch is that all subsequent correspondence including future upgradation of pension scale and arrears etc would be communicated to that address only.

F. Those who are settling within 20 km from the last place of work do get paid Composite Travel Grant. See the relevant section given under appropriate Tab.

G. Submit details of your new bank account for the terminal benefits etc to get credited. One can maintain two different accounts, one for Pension and the other for receiving all terminal benefits. You can continue your salary savings account for the purpose of terminal benefits and claiming medical reimbursement etc.

H. While Filing Income Tax Returns, one can claim Rs 25,000 towards premium paid for CHSS benefits. This can be done for 10 years successively (as I was told).

I. While closing Employees Co-operative Credit Society, do apply and collect certificates for the amounts received as these amounts are already tax paid deposits. You will get details of principal and Interest paid to you.

J. Do not forget that saving money post retirement in PPF is still the best yielding monetary instrument one can exercise. At the current rate of 7.1% rate of interest, if one invests @ Rs 1,50,000 for 15 years it gives a tax free bonanza of Rs 40,00,000/-- on your 75th birthday. A safe and secure investment, so never ignore. One can renew PPF account in slots of 5 years thereafter.

K. If you are vacating official accommodation, do write to the estate management in advance so that they arrange for inspection of the flat while vacating. Further one needs to show the papers at the security gate to be able to take the personal belongings out of the residential colony.

L. If you are having landline, do preserve surrendering papers and all the payments made during the last couple of months atleast, so that one can avoid unnecessary visits and calls to the service provider to show that you don't owe anything to them.

M. Same is the case with cable provider. Make pending payments, surrender equipment and preserve the receipts. You require them for claiming your deposits.

N. If you are going to settle in the same district, the LPG cylinders and the regulator can be carried along while vacating the flat. If settling in a different district or state, the cylinders and the regulator need to be surrendered to the service provider who returns the deposit. Then showing the papers in the new place one can get the connection in a single day. These days one can change service provider from one company to another like changing from B.P. to H.P. or vice versa, depending on the local supplier in the new area.

O. Open accounts in banks that are absolutely in walking distance from your home as far as possible. So is the case with post office accounts. Do get a locker and have peace of mind.

P. Whatever credit limit one wants to enhance on credit cards, it should be done atleast six months to one year before retirement. After retirement it will be not that easy. It is important for those who want to travel abroad regularly as substantial amount needs to be paid towards air tickets at one go.

Q. Based on the address on the pension I.D. card, one should get the address on adhar card changed first. Then based on adhar card address, one can get a new PAN Card with a recent photo. These are like major tasks in life as one gets started doing it. You may face many hurdles due to repeated spelling mistakes they commit. Do get proper cards with absolute correct spelling and address. Do get your complete name written on these cards

including Pension ID Card to avoid any difficulties. Do follow the same pattern in all places be it bank or post office or any other agency. *Uniformity in the name is vital* if you want to live with peace of mind for ever later!!

R. Make xerox copies of Service Book along with promotion and Pay Fixation orders, Service Letter that is given after 20 years of putting in service, PPO order and the booklet, first page of bank and post office passbooks showing account particulars, particulars of locker(s) in the bank and put them together with telephone numbers of the last place of work and details of juniors (must be 15 to 20 years younger whom you know). Get all the copies as a spiral bound book and pass on to your children or a close relative for safe custody. In case of untimely event the spouse will have limited problems and it is of great help to those helping your spouse in getting family pension etc.

S. Nominate right persons to receive the funds from your accounts in case of any untimely event. Nomination does not take away the legal right of other heir(s) in getting their share. If in doubt, make a written note of all legal heirs for such shares, sign and include it in the book mentioned above. This situation may arise as nominating more than one person may not be entertained by the financial agency.

T. Stay away from investing in all kinds of risky schemes (such as lending money to others and businessmen for higher rate of interest and investing in share market etc and be contented with fixed deposits made in post office, nationalised banks, PPF and senior citizen accounts. One can invest in properties that are ready to be taken into possession and also can be taken control of, if giving on rent. Litigations from tenants are the last things that one can afford to face in later years of life knowing how notorious the courts are in taking decades while passing judgements in civil matters.

U. Be part of a medical care system like CHSS or CGHS by making onetime payment and do not opt for fixed medical allowance. The reality is that when sickness hits the allowance will be too meagre to offset the costs.

V. Never sit idle at home after retirement. Make it a practice to do your daily chores (rituals) at home that you were doing while in service.

W. Be generous towards people working for you, be it maids or small time helpers that fix broken things at your home. These are the people who make the life easy for you and your spouse. You have taken enough care of your children, it is time you help others and yourself.

X. Make will (s) of property and keep them safely. The wills can be changed any number of times in your life time. But do not complicate life by declaring them to all, *out of euphoria*, as it can only bring prejudice against you when you want to alter and it can lead to hellish life thereafter. One need not register such wills. Anything written on a plain piece of paper with signature will do. When needed, the legal heirs can pay the stamp duty for the property and get it legitimised. However, registering them in the registrar's office will put a check to fabricated and forged papers which happens in some unfortunate cases.

Y. Do not indulge in giving unwarranted advices as there is no value to such things. Be nice to everyone and stay away from all controversies and personal animosities. If possible, do social service of one type or the other. This includes even writing to govt agencies and local bodies for the cause of public and there is no limit for that, plenty of work exists.

Z. Do write to the post office indicating your new address. They will forward your letters free of cost to your new address for a period of three months.

(Please note that the above views are born out of personal experiences of Dr. P. Venu Babu and they are left to the discretion of the readers)

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