



SJVN LIMITED
Corporate HR DIVISION
SHANAN, SHIMLA-6



Our Shared Vision –25000 MW by 2030 & 50000 MW by 2040

SJVN/CHQ/HR/Policy/15(30/44)/ 831

Dated: 12.04.2024

CIRCULAR

Sub:- Employee Pension Scheme,1995- Formula for calculation of pensionable salary and employee consent thereof

EPFO vide order no. Pension/2022/56259/16541 dated 20.02.2023 notified instructions for filing of Joint Option for EPS on higher salary, in pursuance to Hon'ble Supreme Court Judgment dated 04.11.2022. As per the aforesaid judgement, all existing/separated employees who were member of EPS before 01.09.2014 and continued to be a member of EPS on/after 01.09.2014 and had contributed on higher wages exceeding the statutory wage ceiling of Rs. 6500/- or Rs. 15,000/- in the Provident Fund were eligible to apply. Accordingly, the employees/ ex-employees have submitted their options on EPFO Portal.

The Employees Provident Fund Organization (EPFO) has recently issued an internal circular specifying the formula for calculation of pension in higher wage case (**Annexure-A**), the brief highlights of which are as under:-

- A. The calculation will entail **separate calculation for pensionable service prior to 01.09.2014 and pensionable service post 01.09.2014.**
- B. The calculation formula is as below:-
 1. **For pensionable service prior to 01.09.2014 -**
Pro-rata pensionable salary i.e. highest monthly salary prior to 01.09.2014 or 60 months average of salary preceding the date of exit from the membership of the Pension Fund, whichever be less.
 2. **For pensionable service post 01.09.2014 -**
Pro-rata pensionable salary i.e. highest monthly salary post 01.09.2014 or 60 months average of salary preceding the date of exit from the membership of the Pension Fund, whichever be less.
- C. Further, two year weightage, where due, is to be added to pensionable service prior to 01.09.2014.

An example of the calculation of pension on the basis of above formula is attached at **Annexure-B.**



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At the time of exercising joint option the formula for calculation of pension was not clear and hence the employees/ ex-employees **who have applied for EPS 95 scheme on EPFO Portal** are once again requested to carefully analyze and understand the notified formula & reconfirm their decision to either continue with their earlier choice or to withdraw from the scheme based on the new formula circulated by EPFO.

The employees/ ex-employees who do not wish to continue with their option are required to submit the dissent form enclosed herewith to SJVN EPFO Trust (Sr. Manager (F&A), email - eps95.sjvn@gmail.com & njpc.epf@gmail.com) **latest by 30.04.2024.**

Further, in case the dissent form is not received from the employees/ ex-employees by 30.04.2024, it shall be construed/presumed that they are willing to continue to opt for enhanced pension under EPS by allowing diversion of additional funds from EPF account/ or to deposit additional amount with EPFO as to be notified by RPFCL.

This issues with the approval of Competent Authority.

Neena Chauhan
18/4/24
(Neena Chauhan)
DGM (Policy)

Distribution Through e-mail :

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Zonal Office, Coimbatore (Tamilnadu - Excluding Chennai)

Calculation of pension in Higher Wages Cases - Examples

From : Vertical I Pension <v1.eps@epfindia.gov.in>

Wed, Feb 14, 2024 03:20 PM

Subject : Calculation of pension in Higher Wages Cases - Examples

1 attachment

To : Addl CPFC UP BIHAR EPFO Ministry of Labour
<acc.upbh@epfindia.gov.in>, EPFO ZONAL OFFICE BANDRA
<acc.mhch@epfindia.gov.in>, ACC <acc.kargoa@epfindia.gov.in>,
Addl Central PF Commissioner Hubli Zone
<acc.hublgoa@epfindia.gov.in>, EPFO Zonal Office Odisha
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Cc : Central PF Commissioner, EPFO <cpfc@epfindia.gov.in>, ACC HQ
Pension <acchq.pension@epfindia.gov.in>, Addl. CPFC
Pension, EPFO Ministry of Labour <acc.pension@epfindia.gov.in>,
RPFC Pension Head Office <rc.pension@epfindia.gov.in>,
Higherpension Wages <hrpenwgs.hopen@epfindia.gov.in>

For Internal Circulation Only

Madam / Sir,

Kind reference is invited on the above cited subject.

2. Requests have been received from various Zonal and Regional Offices to provide an example of calculation of pension on higher wages where date of commencement of pension is post 01.09.2014 i.e. pro-rata calculation is to be done.

3. Accordingly, it is once again clarified that as per provisions of EPS, 1995 pro-rata calculation is being done since 01.09.2014 in normal pension cases (please refer circular no. Actuarial/18(2)/2008/Vol.III/7738 dated 29.08.2014). Now, after implementation of judgement of Hon'ble Supreme Court, in eligible cases, the normal pension earlier given has to be enhanced to pension on higher wages. Since, there is no separate formula in EPS, 1995 for calculation of pension on higher wages in respect of ordinary EPS members, therefore in Higher Wages cases also as per provisions of EPS, 1995 calculation shall be done similarly, where date of commencement is on and after 01.09.2014:

a. Calculation of Pension in Higher Wages Cases will be on pro-rata basis as per provision of EPS, 1995:

$$\text{Monthly Member's Pension} = \frac{\text{Pensionable salary} \times \text{Pensionable service}}{70}$$

Pro-rata calculation will entail separate calculation for pensionable service prior to 01.09.2014 and pensionable service post 01.09.2014

- b. Calculation of Pensionable Salary in Higher Wages Cases:
- i. For pensionable service prior to 01.09.2014: Pro-rata pensionable salary i.e. highest monthly salary prior to 01.09.2014 or 60 Months average of salary preceding the date of exit from the membership of the Pension Fund ,whichever be less.
 - ii. For pensionable service post 01.09.2014 : Pro-rata pensionable salary i.e. highest monthly salary post 01.09.2014 or 60 Months average of salary preceding the date of exit from the membership of the Pension Fund ,whichever be less.
- c. c. 2 year weightage, where due, is to be added to pensionable service prior to 01.09.2014 i.e. in b (i) above.

(Examples attached for ready reference)

[This is issued with the approval of CPFC]

With regards,

Vertical-1, S-2,

Pension Division,
Head Office

// Please quote the same Subject mentioned in the "Subject Column" of this email sent for easy tracking of mails//

— **Examples.pdf**
231 KB

EXAMPLES

	Example of Calculation of Pension (up to wage ceiling) that these members were receiving or were eligible to receive	Examples of Calculation of Pension on Higher Wages when a member becomes eligible for the same	
		I	II
Date of Joining	01/09/1996	01/09/1996	01/09/1996
Date of Exit	31/08/2023	31/08/2023	31/08/2023
2 year weightage benefit admissible (Pensionable Service >= 20 years)	Yes	Yes	Yes
Pensionable Service up to 31/08/2014 (IN DAYS)	18x365=6570	18x365=6570	18x365=6570
Total Pensionable Service up to 31/08/2014 (including 2 year weightage benefit if any) (IN DAYS)	6570+365x2=7300	6570+365x2=7300	6570+365x2=7300
Pensionable Service from 01/09/2014 (IN DAYS)	9x365=3285	9x365=3285	9x365=3285
Pensionable Salary (Average monthly pay drawn during contributory period of service in the span of 60 months preceding the date of exit from the membership of the fund) (in Rs)	15,000/-	18,000/-	18,000/-
Maximum Monthly wages taken for wage ceiling period pre 01.09.2014	6,500/- (Maximum wage ceiling)	11,000/- (Maximum Salary for pre 01.09.2014 period)	19,000/- (Maximum Salary for pre 01.09.2014 period)
Maximum Monthly Wages taken for wage ceiling period post 01.09.2014	15,000/- (Maximum wage ceiling)	22,000/- (Maximum Salary for post 01.09.2014 period)	22,000/- (Maximum Salary for post 01.09.2014 period)
Formula Pension	$\frac{(7300 \times 6500 + 3285 \times 15000)}{70 \times 365}$ = 3,786/-	$\frac{(7300 \times 11000 + 3285 \times 18000)}{70 \times 365}$ = 5,457/-	$\frac{(7300 \times 18000 + 3285 \times 18000)}{70 \times 365}$ = 7,457/-

FORMAT

A) I _____ hereby opt to withdraw my option submitted on EPFO portal for higher pension under EPS 95 scheme.

OR

B) I want to continue with the higher pension option exercised earlier and I understand that the option exercised herein is final & shall not be reviewed hereafter.

Signature

Name:

Designation:

Employee No.:

Place of Posting:

UAN No.: