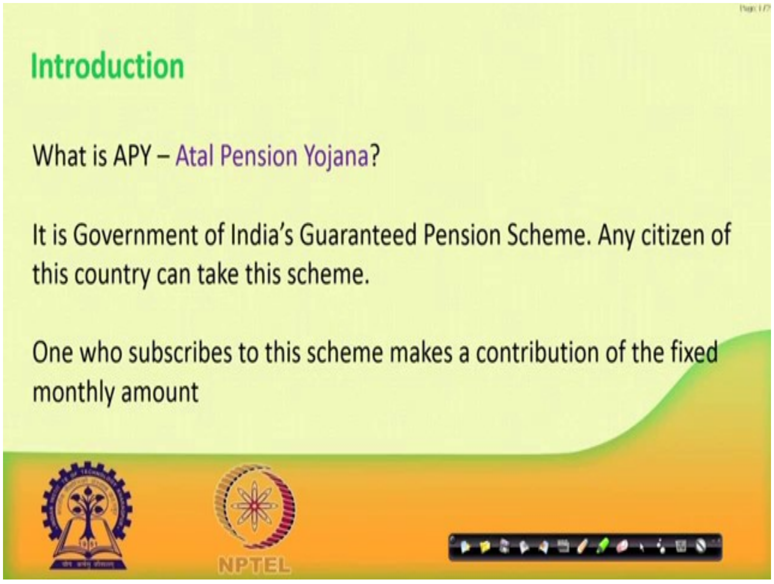
Performance And Reward Management
Prof. Susmita Mukhopadhyay
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture – 52
Understanding relevance of employee benefits and pension schemes, employee benefits, flexible benefits, pension scheme, 7th pay Commission
(Contd.)

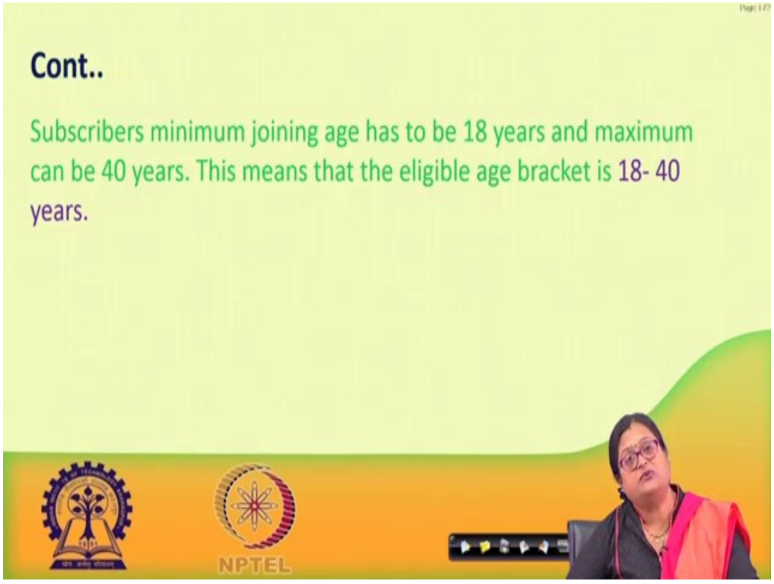
Welcome to the topic on the Pensions benefits and 7th pay Commission we were discussing about pensions. And today in the last module two sub module of this we are going to discuss on the Atal Pension Yojana, NPS LITE, Pradhan Mantri Shram-Yogi Maandhan Yojana.

(Refer Slide Time: 00:38)



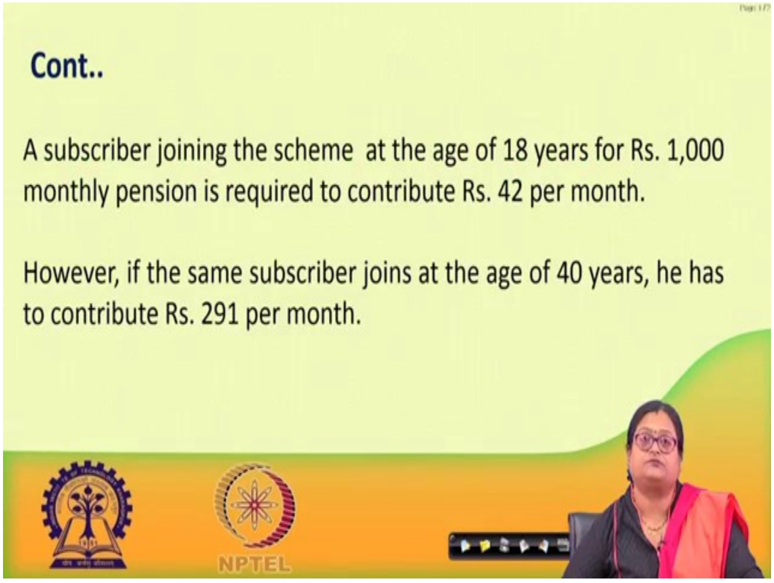
Now, what is Atal Pension Yojana? It is a Government of India's Guaranteed Pension Scheme. Any citizen of this country can take this scheme. One who subscribes to this scheme makes a contribution of the fixed monthly amount.

(Refer Slide Time: 01:00)



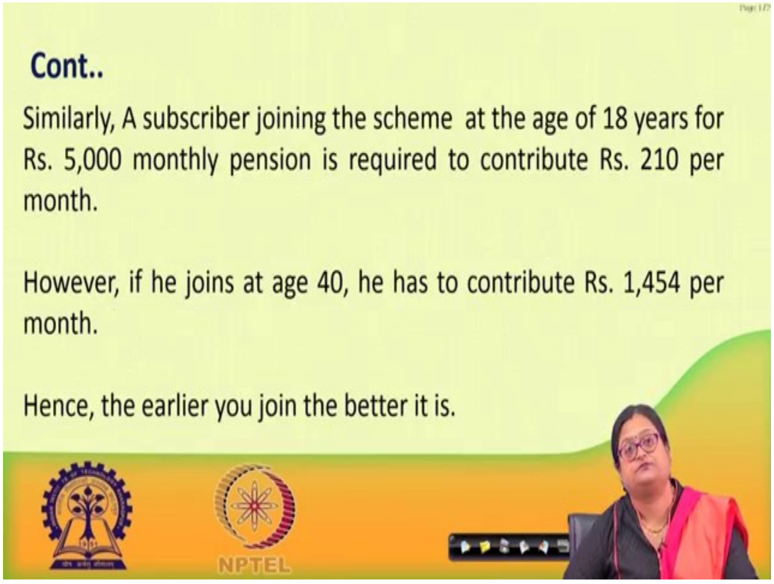
The most interesting of this is that subscriber’s minimum joining age has to be 18 years and maximum age can be 40 years. This means that the eligible age bracket is 18 to 40 years.

(Refer Slide Time: 01:18)



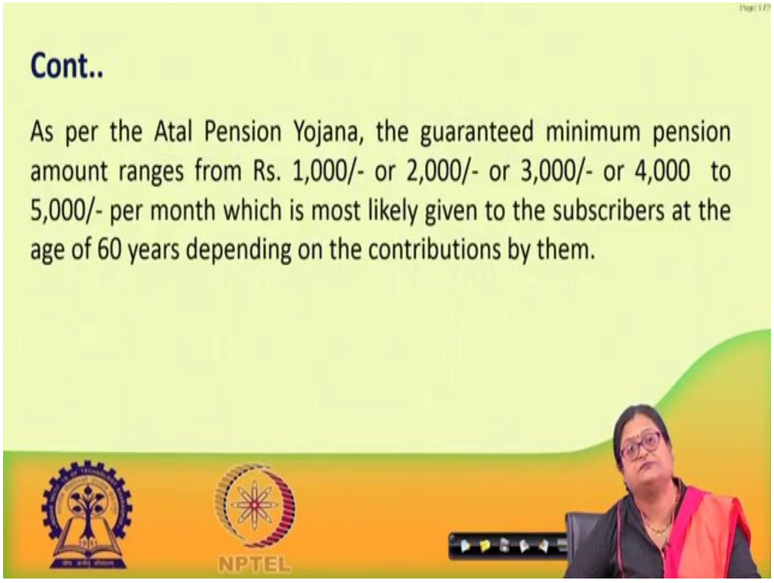
A subscriber joining the scheme at an age of 18 years before Rs 1000/ monthly pension is required to contribute Rs 42 per month. However, if the same subscriber joins at the age of 40 years he has to contribute Rs 291 per month.

(Refer Slide Time: 01:44)



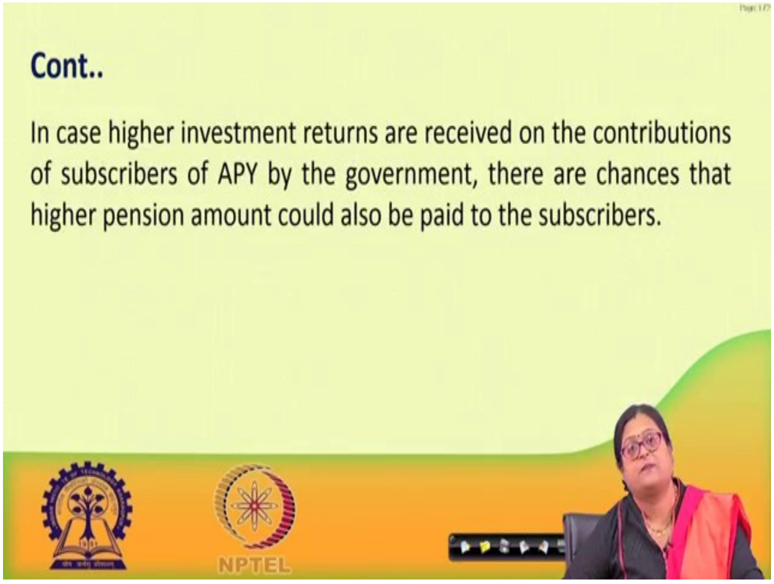
Similarly, a subscriber joining the scheme at the age of 18 years for Rs 5000 monthly pension is required to contribute Rs 210 per month; however, if he joins at the age of 40 years to contribute Rs 1,454 per month. Hence the earlier you join the better it is.

(Refer Slide Time: 02:14)



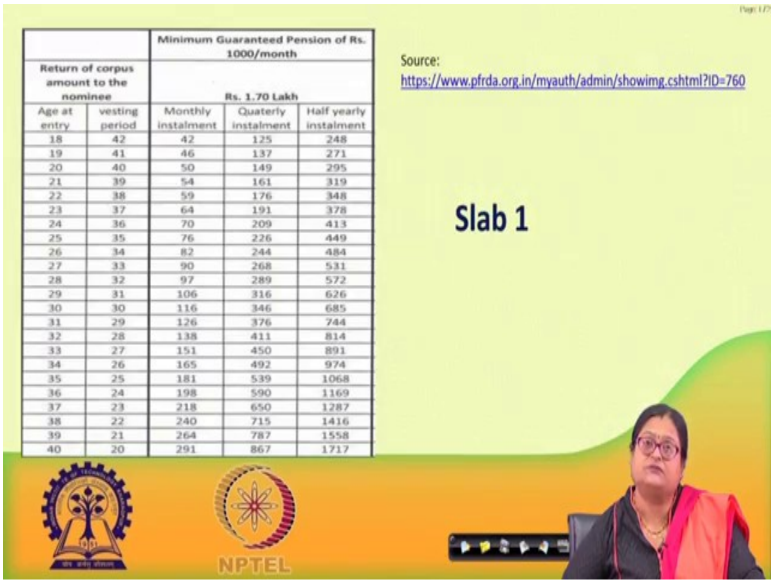
As per the Atal Pension Yojana, the guaranteed minimum pension amount ranges from Rs 1000 or 2000 or 3000 or 4000 to 5000 per month which is most likely given to the subscribers at the age of 60 years depending on the contributions made by them.

(Refer Slide Time: 02:42)



In case higher investment returns are received on the contributions of the subscribers of the Atal Pension Yojana by the government, there are chances that the higher pension amount would also be paid to the subscribers.

(Refer Slide Time: 02:59)



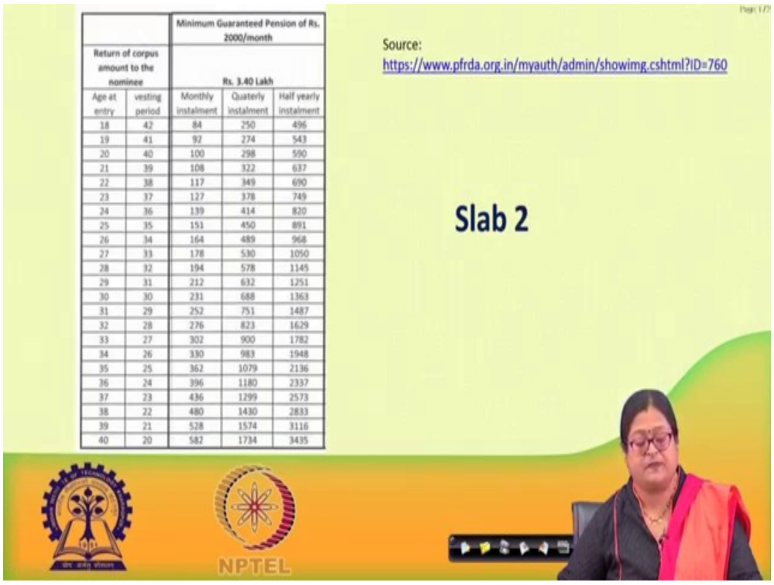
		Minimum Guaranteed Pension of Rs. 1000/month		
Return of corpus amount to the nominee		Rs. 1.70 Lakh		
Age at entry	vesting period	Monthly instalment	Quaterly instalment	Half yearly instalment
18	42	42	125	248
19	41	46	137	271
20	40	50	149	295
21	39	54	161	319
22	38	59	176	348
23	37	64	191	378
24	36	70	209	413
25	35	76	226	449
26	34	82	244	484
27	33	90	268	531
28	32	97	289	572
29	31	106	316	626
30	30	116	346	685
31	29	126	376	744
32	28	138	411	814
33	27	151	450	891
34	26	165	492	974
35	25	181	539	1068
36	24	198	590	1169
37	23	218	650	1287
38	22	240	715	1416
39	21	264	787	1558
40	20	291	867	1717

Here what you see is a depiction of the different slabs. This slab is for the guaranteed pension of Rs 1000 per month. And, it is the return of the corpus amount to the nominee, the if the age of entry is 18 the vesting period is 42 years, a for 19 it is 41 years and if you see if increasingly if you see like if the age of entry is 40 years then the vesting period is like for 20 years.

And here you see the monthly installment at the age of entry if it is 18 years then it is Rs 42/, quarterly installment is rupees 125, half early installment is for Rs 248/. So, at different age levels you will find there is a vesting period and the differences in the monthly installment of or the quarterly installment of the half yearly installment.

If you can see like if you are entering after the age of maybe 29 or 30, the amount increases and the age of 40 like it is Rs 291 per month, quarterly installment is Rs 867 per month Rs 867 and half yearly installment is Rs 1717. So, sooner like earlier you join it is better and then you have to give less money per month or quarterly or half yearly for Rs 1000 per month yearly pension monthly pension after your retirement at the age of 60.

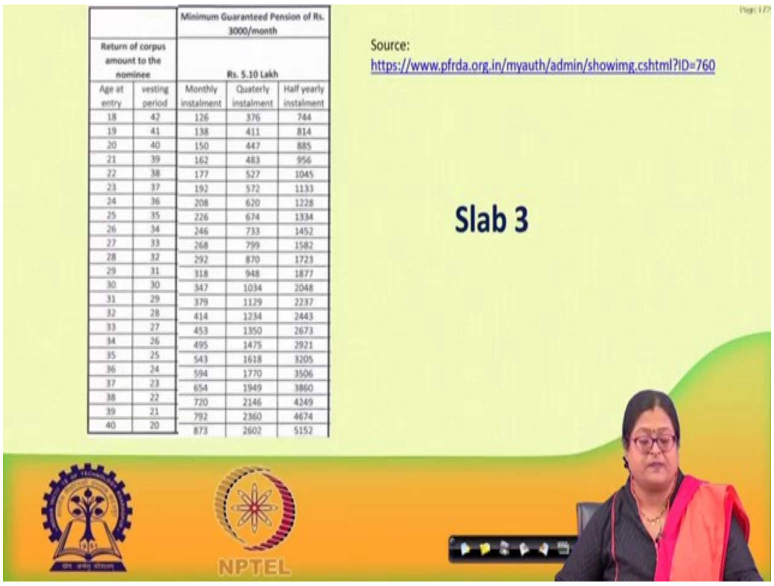
(Refer Slide Time: 05:07)



		Minimum Guaranteed Pension of Rs. 2000/month		
Return of corpus amount to the nominee		Rs. 3.40 Lakh		
Age at entry	vesting period	Monthly instalment	Quaterly instalment	Half yearly instalment
18	42	84	250	496
19	41	92	274	543
20	40	100	298	590
21	39	108	322	637
22	38	117	349	690
23	37	127	378	749
24	36	139	414	820
25	35	151	450	891
26	34	164	489	968
27	33	178	530	1050
28	32	194	578	1145
29	31	212	632	1251
30	30	231	688	1363
31	29	252	751	1487
32	28	276	823	1629
33	27	302	900	1782
34	26	330	983	1948
35	25	362	1079	2136
36	24	396	1180	2337
37	23	436	1299	2573
38	22	480	1430	2833
39	21	528	1574	3116
40	20	582	1734	3435

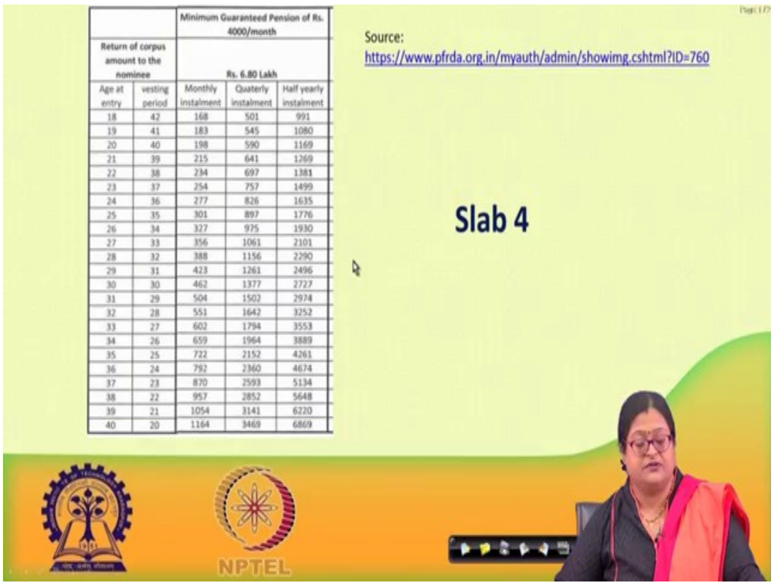
Similarly, in the slab 2 where it is Rs 2000/ per month guaranteed pension similar if you see if the age of entry is 18 vesting period is 42 years monthly installment is Rs 84/ quarterly installment is Rs 250/ and half yearly installment is Rs 496/. Similarly the amount goes on varying and if you see at the age of 40, it becomes Rs 582/ monthly installment and quarterly installment is Rs 1734/ and half yearly installment is Rs 3435 for Rs 2000 per month pension after your retirement.

(Refer Slide Time: 06:00)



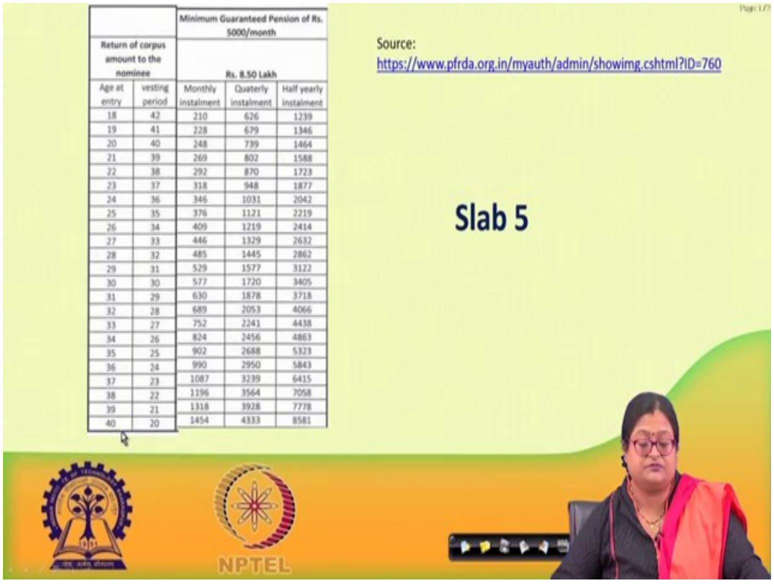
Returning of corpus to the amount to the nominee when you finally at the age of entries 18 then the vesting period is 42 years for Rs 3000 per month pension, monthly installment is this slab 3, Rs 126/ quarterly installment is Rs 376/ and half early installment is Rs 744/. And similarly if you move down you see the money increases considerably and if it is you are entering at the age of 40 it is monthly installment is Rs 873/ then Rs 2602/ and Rs 5152/; you can compare the charts in between to see like what is the amount based on what is the age of your entry.

(Refer Slide Time: 07:03)



If it is Rs 4000 per month similarly at the age of entries 18 it is Rs 168 per month or Rs 501/ for quarterly installment and half yearly installment is Rs 991/. But again it is very high considerably if you are again entering at the age of 40.

(Refer Slide Time: 07:30)

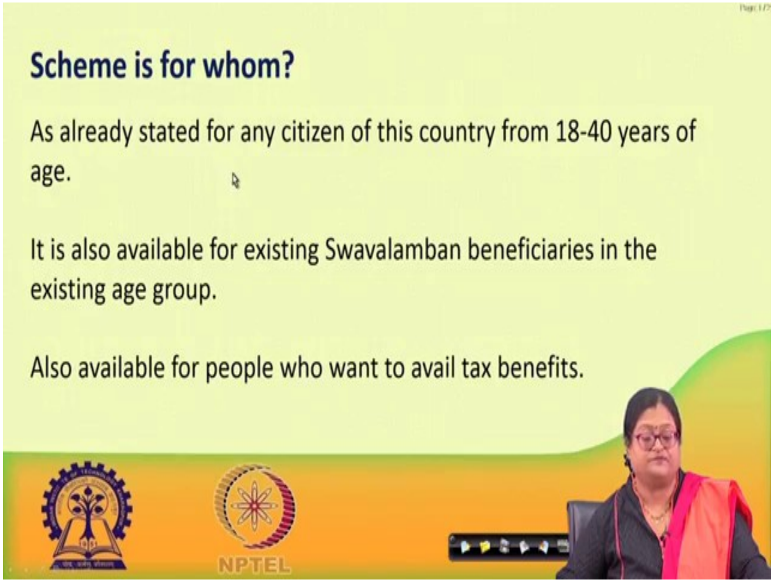


		Minimum Guaranteed Pension of Rs. 5000/month		
Return of corpus amount to the nominee		Rs. 8.50 Lakh		
Age at entry	vesting period	Monthly instalment	Quaterly instalment	Half yearly instalment
18	42	210	626	1239
19	41	228	679	1346
20	40	248	739	1464
21	39	269	802	1588
22	38	292	870	1723
23	37	318	948	1877
24	36	346	1031	2042
25	35	376	1121	2219
26	34	409	1219	2414
27	33	446	1329	2632
28	32	485	1445	2862
29	31	529	1577	3122
30	30	577	1720	3405
31	29	630	1878	3718
32	28	689	2053	4066
33	27	752	2241	4438
34	26	824	2456	4863
35	25	902	2688	5323
36	24	990	2950	5843
37	23	1087	3239	6415
38	22	1196	3564	7058
39	21	1318	3928	7778
40	20	1454	4333	8581

For Rs 5000 per month you have at the age of entry of 18 you have to pay a monthly installment of Rs 210/ quarterly installment of Rs 626/ and half yearly installment of Rs 1239/, which if you it enter the age of 40 is monthly installment is Rs 1454/ quarterly installment is Rs 4333/ and half yearly installment is Rs 8581/.

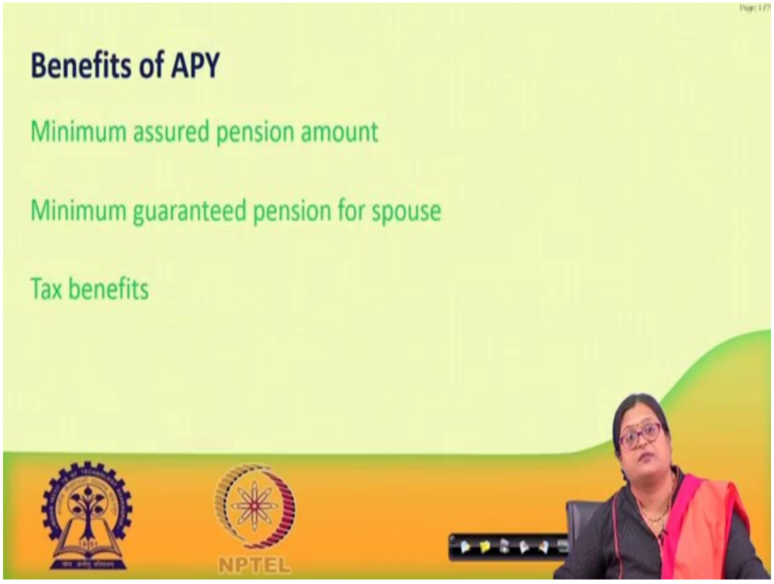
So, at the various age levels you can choose amongst the various different slabs which are present and according to your affordability maybe you can choose the pension plan to opt for and whether to go for a monthly quarterly or a half yearly installment. Please visit the site which is there which gives you a very comprehensive idea of the different slabs which are there and the subdivisions under it.

(Refer Slide Time: 08:42)



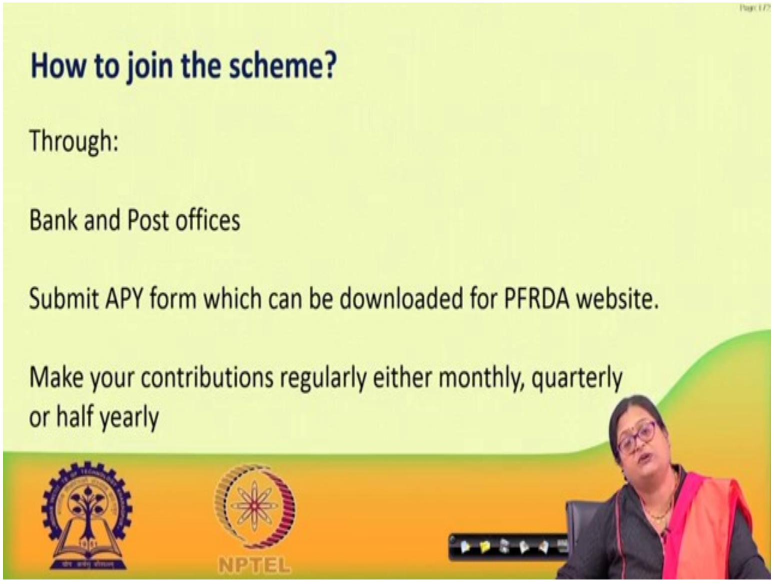
Now, question is like this scheme is for whom? As already stated this scheme is for any citizen of this country from a group of 18 to 40 years of age. It is also available for existing Swavalamban beneficiaries in the existing age group; also available for people who want to avail of tax benefits.

(Refer Slide Time: 09:13)



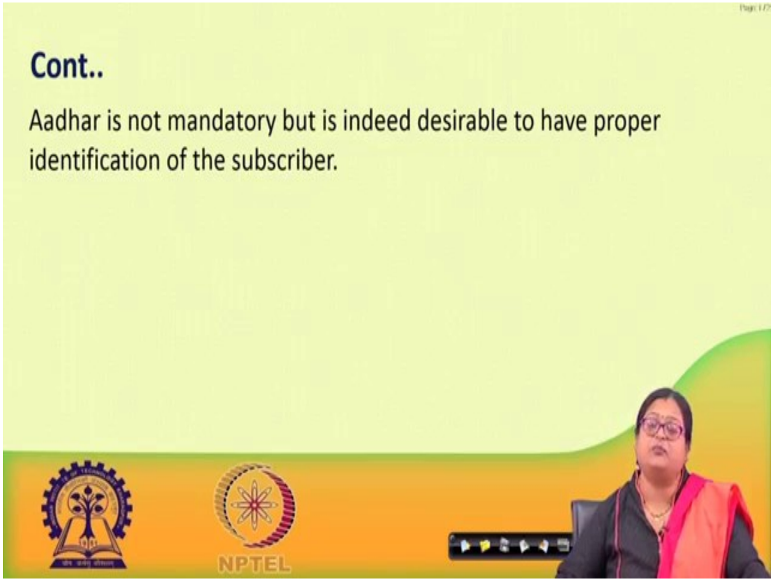
The benefits of Atal Pension Yojana are minimum assured pension amount, minimum guaranteed pension for spouse, tax benefits.

(Refer Slide Time: 09:27)



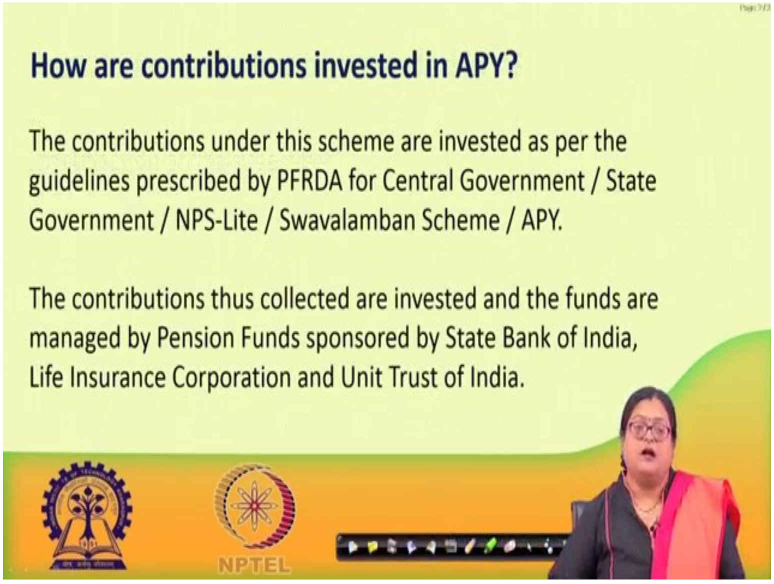
How to join the scheme is through bank and post offices, submit Atal Pension Yojana form which can be downloaded from the PFRDA website. You have to make your contributions regularly either monthly, quarterly or half yearly.

(Refer Slide Time: 09:48)



Adhar for this is not mandatory, but is indeed desirable to have proper identification for the subscriber.

(Refer Slide Time: 09:58)

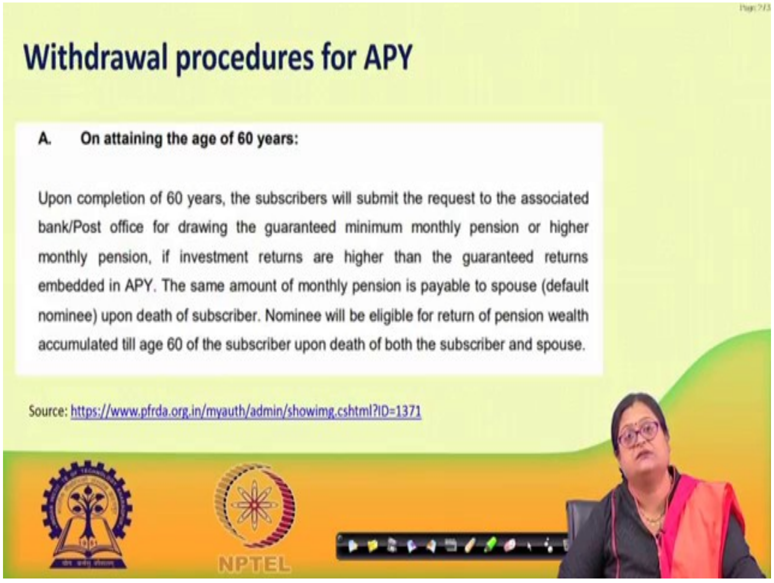


How are the contributions invested in Atal Pension Yojana? The contributions under this scheme are invested as per the guidelines prescribed by the PFRDA for Central Government, State Government, NPS-Lite, Swavalamban Scheme and the Atal Pension Yojana. The contributions thus collected are invested and the funds are managed by Pensions Funds sponsored by State Bank of India, Life Insurance Corporation and Unit Trust of India.

(Refer Slide Time: 10:34)

What the date for contributions? Contributions can be made on any date of the particular month, in case of a monthly contribution or any day of the first month of the quarter, in case of quarterly contributions or any day of the first month of the half year, in case of half yearly contributions.

(Refer Slide Time: 11:02)

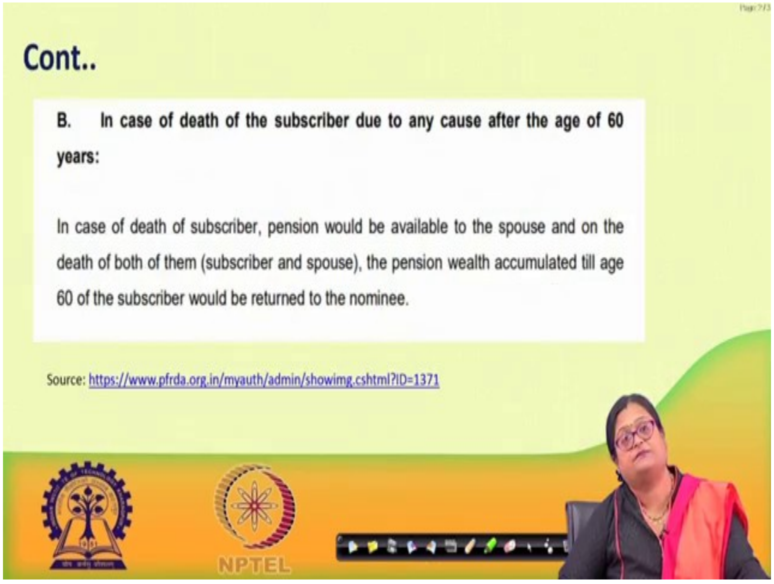


Now, what are the withdrawal procedures for Atal Pension Yojana. First is on attaining the age of 60 years. Upon completion of 60 years the subscribers will submit a request to the associated bank or Post office for drawing the guaranteed minimum monthly pension or higher monthly pension. If investment returns are higher than the guaranteed returns embedded in the Atal Pension Yojana, thus then they can claim for the higher monthly pension.

The same amount of monthly pension is payable to spouse default nominee upon the death of the subscriber. Nominee will be eligible for return of the pension wealth accumulated till age 60 of the subscriber upon death of both the subscriber and the spouse. So, this is a very important safety net given, if you have seen in the slides it was written vesting period; so, for the nominee. So, if somebody is entering at the age of 18, the vesting period is for 42 years for the nominee.

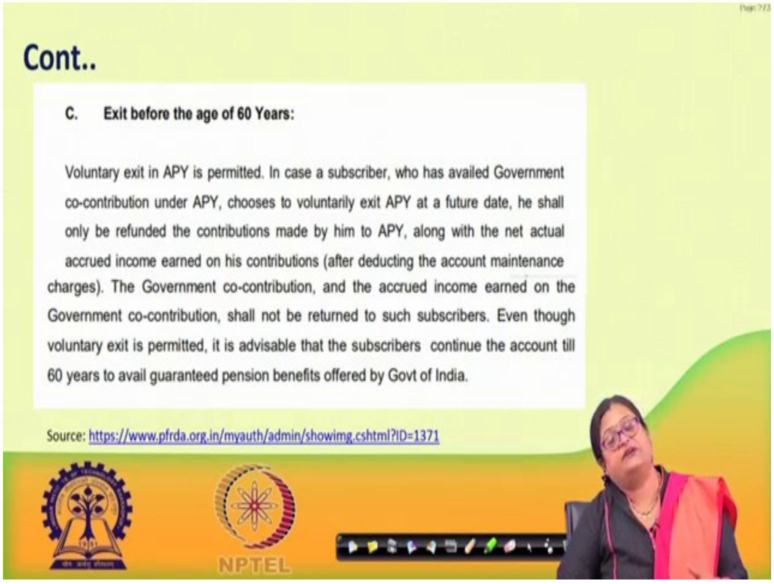
So, these are very important decisions of this which gives a lot of safety net not only to the pension holder, but to the spouse and also to the nominee upon the death of both the subscriber and the spouse.

(Refer Slide Time: 12:49)



Case B, which is in case of death of the subscriber due to any cause after the age of 60 years. In case of death of the subscriber pension would be available to the spouse and on the death of both of them that is the subscriber and the spouse, the pension wealth accumulated till age 60 of the subscriber would be returned to the nominee.

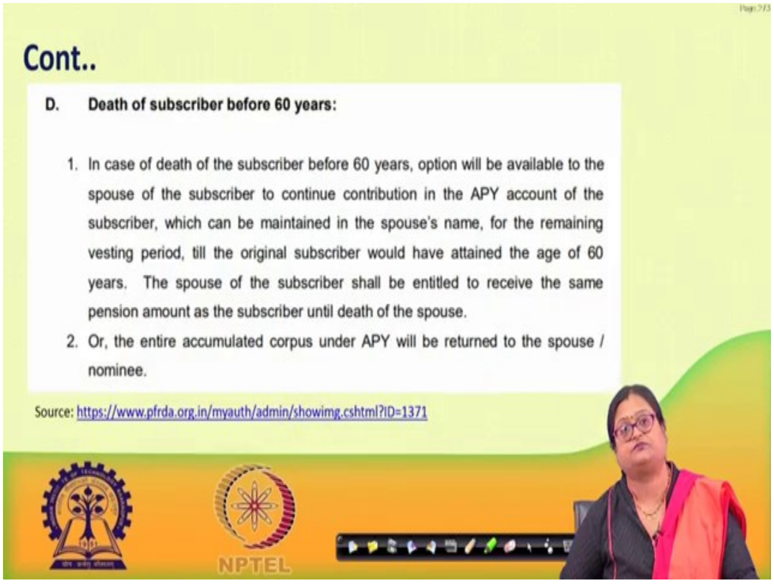
(Refer Slide Time: 13:22)



If it is an exit before the age of 60 years; voluntary exit in Atal Pension Yojana is permitted. In case a subscriber who has availed Government contribution under Atal Pension Yojana, chooses to voluntarily exit Atal Pension Yojana at a future date he shall only be refunded the contributions made by him to Atal Pension Yojana, along with the net actual accrued income earned on his contributions after deducting the account maintenance charges. The; so, he will be returned only that amount which his contribution has earned which is accrued and from it the account maintenance charges will be deducted.

The Government co-contribution and the accrued income earned on the Government co-contribution shall not be returned to such subscribers. Even though the voluntary exit is permitted, it is advisable that the subscribers continue the account till 60 years to avail guaranteed pension benefits offered by the Government of India. Because if you are exiting the scheme before 60 years of age you are not going to get the benefit which is from the due to the Government's co-contribution to the scheme.

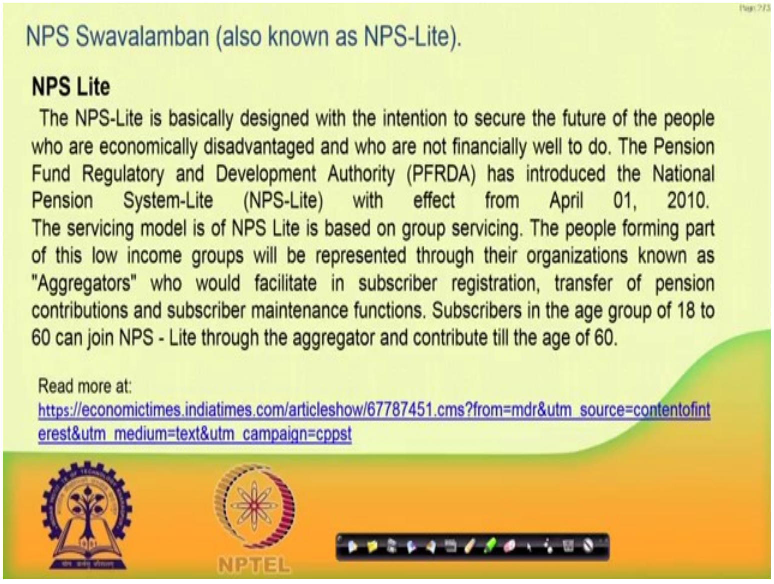
(Refer Slide Time: 15:02)



If there is a death of the subscriber before 60 years; in case of the death of the subscriber before 60 years, option will be available to the spouse of the subscriber to continue contribution in the Atal Pension Yojana account of the subscriber which can be maintained in the spouse's name, for the remaining resting period, till the original subscriber would have attained the age of 60 years. The spouse of the subscriber shall be entitled to receive the same pension amount as the subscriber till death of the spouse.

Number 2; or, the entire accumulated corpus under Atal Pension Yojana will be returned to the spouse or the nominee.

(Refer Slide Time: 16:02)



Now, we will discuss about the NPS Swavalamban or also known as the NPS-Lite. What is NPS-Lite? It is basically designed for the intention to secure the future of the people who were economically disadvantaged and who are not financially well to do. The Pension Fund Regulatory and Development Authority has introduced the National Pension System-Lite NPS-Lite with effect from 1st April 2010.

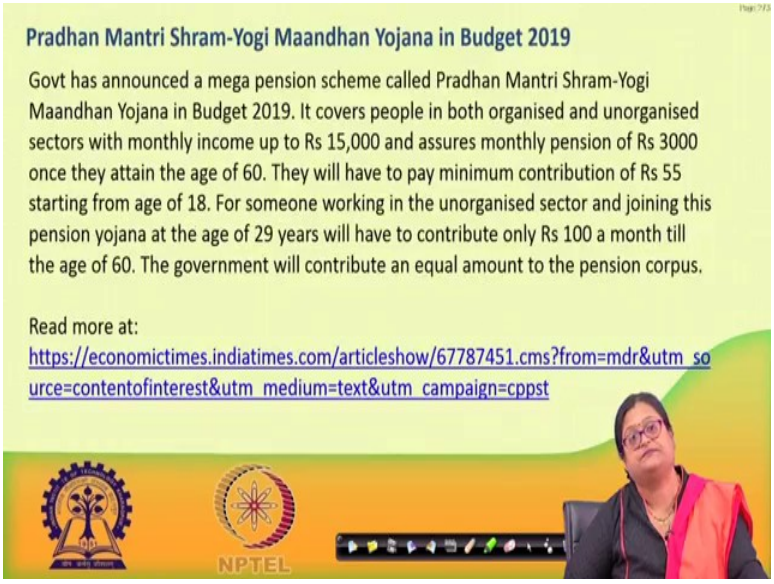
The service model of the NPS-Lite is based on group servicing. The people forming a part of this low income groups will be represented through their organizers who are also known as “Aggregators” who would facilitate the subscriber registration, transfer of pension contributions and subscriber maintenance functions. Subscribers in the age group of 18 to 60 can join the NPS-Lite through the aggregator and contribute to the age of 60.

We have already discussed in details about this in the earlier module. Why we are discussing it over here, because in this section of the discussion of the pension schemes you are trying to discuss about the different types of schemes which are there, which can answers to the needs of the mass people maybe people who do not have that much earning per month. But, for whom a guaranteed pension is provided by the government on a co-contribution basis with a minimum level of subscription from their side.

So, we have already seen one such in the Atal Pension Yojana where the people from 18 years of age. Through a minimum contribution of some rupee can get a like 1000 rupees monthly your pension after they return and they can enter this scheme up to the age of 40 years.

So, NPS-Lite is another such effort to like provide this pension benefits to the people who like and not able to get coverage it is from the organizations. But, it is a general pension scheme devised by the government where through the aggregators think through with the minimum level of subscription, they can open their account and get a guaranteed pension like starting from Rs 1000 per month to Rs 12000 per month.

(Refer Slide Time: 19:15)



Pradhan Mantri Shram-Yogi Maandhan Yojana is as discussed in budget 2019. So, this is a mega pension scheme which is called Pradhan Mantri Shram-Yogi Maandhan Yojana which has been declared by the government in budget 2019. It covers people both of the organized and unorganized sectors with a monthly income of up to Rs 15000 and assures monthly pension of Rs 3000 once they enter the age of enter the age of 60 years.

This they will have to pay a minimum contribution of Rs 55/ starting from the age of 18. For someone working in an unorganized sector and joining this pension yojana at the age of 29 years will have to make contribute only Rs 100 a month till the pension they get the pension at the age of 60 years. The government will contribute an equal amount to the pension corpus. For more details about it the reference is given below you can click on this reference to learn the details of this key.

So, these are new things coming up to provide the financial safety net to people who are somewhat underprivileged working in with a may be at a lower salary level for both the organized and the unorganized sectors to ensure like post retirement. They are not facing any financial crisis and they are able to maintain their own well being and their family's well being also.

So, these are some very important social measures taken by the government to ensure the financial security of the people who are retiring. So, that they do not become burden to the society they can maintain their self esteem, they can be self sufficient enough to, they can be financially independent enough to take care of their own needs and they can also to some extent support the family based on the contributions that they get.

So, if we start contributing early; so, it is a minimum amount that we need to put it into the scheme and it is a guaranteed pension, the government is also going to put a similar amount together with this co-contribution we get to. At the end of the 60 years of age where maybe we are not capable enough to continue work furthermore or we reach our stage of superannuation we get a pension which is a guaranteed one.

Not only that that is which is also important to note over here the for especially for the Atal Pension Yojana Scheme, the spouses also get a very exact equal amount of the pension. And after both the subscriber and the maybe the spouse they after their death the nominee gets the amount.

So, it is a safety financial safety net coverage which takes care of the welfare of, not only the subscriber, but the dependents of the subscriber also. So, that they can live at least a holistic balanced life and they do not face any risk or crisis due to like financial reasons. So, this is a very good effort taken by the government and all of us need to like be aware of these things which are there and utilize or avail of these services; so, that we can get the benefits of these schemes.

(Refer Slide Time: 23:48)

These are the references from which these slides have been developed, please visit these sites to get a further detailed analysis of the schemes discussed over here.

Thank you for now, we will meet you in the next module.