

PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) Regulations, 2025

| S. No. | Proposed Regulations (Reg No.) | Stakeholder/ Public comments | Response |
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| 1 | <p>2. Definitions. - d)- “Benchmark Corpus”</p> <p>e)- “Default pattern”</p> | <p>1. Illustrative example on calculation of Benchmark Corpus may be provided in regulations.</p> <p>2. Guidance as to how missing credit shall be treated in respect of officials having regular service, may be provided in the regulations.</p> <p>“Default Pattern” under UPS shall be same as that of under NPS to avoid confusion and mismatch in IC and BC. It will further, lead the employee to take informed decision.</p> | <p>1. Illustrative examples as to computation of benchmark corpus under different scenarios are provided under Schedule III.</p> <p>2. Regulation 12 provides for the manner of computation of benchmark corpus including the manner of treatment of missing contributions.</p> <p>As per Regulation 2(e) Default pattern of investment of the individual corpus shall be as determined by the Authority. Regulation 11 of PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025 provides for investment choices to subscribers (including LC-25 and LC-50) and choice of pension fund including choice of default pattern.</p> |
| 2 | 4. Exercise of option and enrolment under unified Pension Scheme | <p>1. The value of benchmark corpus <i>vis a vis</i> Individual Corpus as on the date of exercise of option should be informed to the individuals for taking informed decision.</p> | <p>1. The benchmark corpus value shall be computed once a person gets enrolled under UPS. As per Regulation 11(11), the information of individual corpus and the benchmark corpus of a UPS Subscriber shall be available in the UPS PRAN account statement on a monthly basis.</p> |

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| | | <p>2. Timelines may be clearly specified. Sufficient time to be given for submitting forms and life certificates like in OPS.</p> <p>3. The availability of option for “Compulsory” retired officials may be included.</p> <p>4. Only legally wedded spouse in case of deceased UPS subscriber is mentioned. The availability of option to the legal heir of the deceased official, may be included.</p> | <p>2. Regulation 3(2) provides for timelines within which eligible employee can exercise choice of UPS option. With respect to past retirees under NPS on or before 31st March 2025 and existing Central Government employee in service as on 1st April 2025, the option shall be exercised within 3 months from 1st April 2025 or within such extended timelines if any, allowed by the Central Government. With respect to a new recruit in the Central Government services joining on or after 1st April 2025, the option shall be exercised within 1 months from 1st April 2025 or within such extended timelines if any, allowed by the Central Government.</p> <p>3. As per para 2(i)(b) of the UPS Notification dated 24th January 2024 and regulation 13(1)(b), UPS benefits are available to employee who has retired under the provisions of Fundamental Rule 56 (j) (which is not a penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965).</p> <p>4. As per para 2(iv) of the UPS Notification dated 24th January 2024 and regulation 15, the family payout is only admissible and payable to a legally wedded spouse as on the date of superannuation or voluntary retirement or retirement under Fundamental Rules 56(j) (which is not treated as penalty under Central Civil Services</p> |
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| | | | (Classification, Control and Appeal) Rules, 1965), as may be applicable, and who is surviving the deceased subscriber. |
| 3 | 8. Assured Payout | <p>1. Regulations may allow a UPS Subscriber to transfer funds from NPS account to their UPS Individual corpus on or before superannuation to make good the shortfall, if any.</p> <p>2. There is no mention of lumpsum withdrawal at the time of superannuation of UPS subscriber in the notification issued by GOI.</p> | <p>1. As per para 4 of the Notification dated 24th January 2025, the outstanding NPS corpus in the employees PRAN shall be transferred to the employee's individual corpus under the UPS.</p> <p>2. Provision for Final Withdrawal is available under Regulation 15(2) of PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025.</p> |
| 4 | 16. Investment of individual corpus | <p>1. UPS is worked around the benchmark corpus, PFRDA may consider giving UPS subscribers more choice for the individual corpus investments based on risk appetite and to generate optimum returns, such as allowing for option to select one PFM for each 'G', 'C' and 'E' type schemes, option for LC-75, allowing subscriber to change the choice of investment (along with the pension fund) preferably twice a year.</p> <p>Further, cap to invest in Equity may also be increased to 100% along with Investment option in Mid & Small Cap Funds as well.</p> | <p>1. Regulation 11 of PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025 provides for the investment of individual corpus.</p> <p>As per sub-regulation 3 thereof, a UPS Subscriber may choose any one of the pension funds registered with the Authority or may choose default pattern.</p> <p>As per sub-regulation 5 thereof, a UPS subscriber has an option to change the choice of pension fund once in a financial year and investment choice twice in a financial year.</p> |

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| | | 2. The comparison of IC & BC should be disclosed as on 31st March of a FY in the month April of the following FY. | 2. As per sub-regulation 11 thereof, the information of individual corpus and the benchmark corpus of a UPS Subscriber shall be available in the UPS PRAN account statement on a monthly basis |
| 5 | 19. Central Recordkeeping Agency | <p>1. A reference may be made regarding whether there will be a single CRA or multiple CRAs.</p> <p>2. Existing infrastructure for OPS should be leveraged for the payout phase of UPS as CRA and other agencies are well suited for a defined contribution pension ecosystem but may not be for assured/defined benefit portion of the UPS.</p> <p>3. One of the functions of CRA shall be obtaining appropriate life certificates including digital life certificates;</p> | <p>As per regulation 24 (1), UPS shall be implemented through NPS architecture, by such of the intermediaries registered with the Authority, namely National Pension System Trust, Pension Fund, Central Recordkeeping Agency, Trustee Bank and Custodian of Securities and the registration granted by the Authority under the Act and in terms of specific regulations shall enable such intermediaries to undertake activities under UPS, during the tenure of such registration.</p> <p>Regulation 26 may kindly be referred to.</p> |
| 6 | 23. Partial Withdrawal | Withdrawals on medical grounds should not affect the Assured pension amount. | As per the Notification dated 24 th January 2025, assured payout is contingent on various factors |

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| | | | <p>including Individual corpus being equal to the benchmark corpus.</p> <p>As per the scenario 5 under the annexure appended to the said notification, the benchmark corpus shall be worked out considering no partial withdrawal.</p> <p>Under Regulation 11 (9) of the PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025, any shortfall in the individual corpus as compared to benchmark corpus), may be replenished by the UPS subscriber at any point of time before or on superannuation or retirement, in order to be eligible to receive assured payout.</p> <p>Regulation 18 provides for the limits, frequency and grounds for which partial withdrawal is allowed.</p> |
| 7 | 17. Intermediaries and Entities implementing UPS. | The nodal offices of the Central Government including Pay and Accounts Officer, Drawing and Disbursing Officer, Cheque Drawing and Disbursing Officer and Head of office shall also be part of the implementation process. | As per regulation 24 of PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025, besides the intermediaries under the NPS architecture, the nodal offices of the Central Government including Head of Office, PAO, DDO and CDDO shall be part of the implementation process. |
| 8 | 24. Lumpsum Withdrawal | Lump sum withdrawal being calculated on individual corpus or benchmark corpus, whichever is less [Regulation 8(2)] may be mentioned under this regulation as well. | Under Regulation 15(2) , UPS Subscriber or the legally wedded spouse, as the case may be, shall have an option to effect final withdrawal of an amount not exceeding sixty percent. of the individual corpus or benchmark corpus, whichever is lower. |

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| 9 | 25. Withdrawal Process | Deferment of benefits under UPS may be allowed as available in NPS to avoid effect of market volatility. | Under regulation 19(3) , the UPS Subscriber, at superannuation or voluntary retirement or retirement under Fundamental Rules 56(j) (which is not treated as penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965), as may be applicable, shall authorise the transfer of the value of units in the individual corpus to the pool corpus, which shall not exceed the value of the benchmark corpus. |
| 10 | 28. Payment of benefits to Superannuated or Retired Employees under National Pension System | <p>1. Computation of representative annuity be done on 40% of the individual corpus may be considered.</p> <p>2. Funding for the arrears and for prior retirees top-ups going forwards needs to come from the Pooled corpus, which the government should consider making a one-off contribution. If a separate one-off estimated contribution is not made by the Government, then there will be an immediate strain on the pooled fund from day one.</p> | <p>1. Regulation 22 provides for the formula for computation of Monthly Top-up amount including computation of Representative annuity amount. The computation of representative annuity amount for such person shall be based on the annuity rate declared by the Authority, utilising such percentage of the individual corpus under NPS Tier I annuitized at the time of exit from NPS.</p> <p><i>[Representative Annuity Amount = Individual Corpus x (1-FW%) x (Representative Annuity Rate)/(12 x 100).]</i></p> <p>2. As per para 2(ix) of the UPS notification dated 24th January 2025 and regulation 7(1)(i), pool corpus shall comprise of additional Government contribution of an estimated 8.5% of (basic pay + Dearness Allowance) of all employees who have chosen the UPS option on an aggregate basis, for supporting assured payout under UPS scheme.</p> |

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| | | <p>3. The National Pension System Trust shall, after due verification authorize payment of the lumpsum payment, as contained in UPS Payout order from pool corpus.</p> | <p>3. Regulation 25 provides that the National Pension System Trust shall authorise release of UPS benefits, after due verification of UPS Payout Order issued by the PAO of the Central Government;</p> |
| 11 | 31. Fees and Charges | <p>Individual corpus shall be subject to fees and charges, or be borne by government. It may be made explicit if fees under UPS shall be same as NPS, or not.</p> | <p>Regulation 30 provides that the fees and charges for the services rendered by the intermediaries shall be in the mode and manner, and subject to such limits, as approved by the Authority. CRA shall be entitled to recover the charges in respect of services to UPS subscribers in the payout phase from Pool Corpus, within the limits approved by the Authority.</p> |

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| S. No. | Miscellaneous Stakeholder / Public comments | Observations |
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| 1 | <p>The regulations are silent as to the IC and BC in case of Voluntary retirement from date of retirement to the date of superannuation i.e. whether individual corpus remains invested with no further contribution until superannuation date?</p> <p>Or it moves to the pooled corpus at retirement date, and any shortfall from the benchmark corpus at retirement date is made good then?</p> | <p>As per Regulation 19(3) the UPS Subscriber, at superannuation or voluntary retirement or retirement under Fundamental Rules 56(j) (which is not treated as penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965), as may be applicable, shall authorise the transfer of the value of units in the individual corpus to the pool corpus, which shall not exceed the value of the benchmark corpus.</p> |

| S. No. | Intermediary comments received as part of Active Stakeholder Consultation | Observations |
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| 1 | <p>1. Investment of pool corpus by all 11 PFs so as to reduce concentration risk; Different investment pattern for the corpus surrendered to the pool corpus by the subscriber on superannuation / retirement in lieu of assured payment; Regulation 15(1) - In sub-regulation (1), where it states that the pool corpus shall be allocated to such Pension Fund(s) as determined by the Central Government. Does Pension Fund mean all the Ten Pension Fund Player in the Industry including Private Players. In sub-regulation (1) last line, where it states that the Investment decisions for the Pool Corpus shall solely rest with Central Government. The First line and the last line are contradictory; Clarity sought on control over investment strategy, criteria for selection of pension funds and public disclosure requirements while managing the pool corpus particularly whether the selection of pension fund would be on the AUM threshold or the Fund performance;</p> | <p>1. Under Regulation 10(1), the Pool Corpus shall be allocated to such pension fund(s) as determined by the Central Government, who shall invest the funds in accordance with the investment pattern and related aspects thereto, as approved by the Central Government. The Authority shall, subject to such instructions, issue investment guidelines which the pension funds shall adhere to.</p> |

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| | <p>2. Whether subscribers will have to choose 3 Pension Funds (as in the case of Default Scheme under NPS) or they will have the option of choosing from all 11 Pension Funds, registered with the Authority;</p> | <p>2. Please refer regulation 11- “Investment of Individual Corpus. – (1) <i>UPS Subscriber shall have an option to choose the pension fund and the investment pattern including a default pattern in accordance with the guidelines issued by the Authority, for the investment of contributions made in the individual corpus under UPS.</i></p> <p>(2) <i>UPS Subscriber shall have the choice of default pattern of pension fund(s) and default investment; or</i></p> <p>(3) <i>A UPS Subscriber may choose any one of the pension funds registered with the Authority.</i></p> <p><i>Provided that a UPS subscriber not exercising such choice of pension fund shall be deemed to have opted for default pattern as determined by the Authority.</i></p> <p>...”</p> |
| | <p>3. Inclusion of Balanced Life Cycle Fund and LC 75 as investment options for UPS Subscribers, since historical data shows that the probability of negative return in long term in case of equity investment is low;</p> | <p>3. Regulation 11 inter alia provides for the investment choices available to a UPS Subscriber.</p> |

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| | <p>4. Regulation 2(d) – Details sought regarding methodology of computing/arriving at the benchmark corpus. Simplified methodology will provide operational clarity to all the participants as well as to the subscribers;</p> <p>5. Regulation 2(h) – Clarification sought whether Legal heir or Nominee in addition to Legally wedded Spouse would be considered for receipt of UPS Benefits. Inclusion of Legal heir or Nominee in addition to the spouse will ensure smooth transfer of funds of the subscribers without lengthy and time-consuming legal complications;</p> <p>6. Regulation 7 - Clarity on the Lumpsum Payment whether the same will be provided in addition to the accumulated funds or if it will be distributed as part of the existing accumulated funds sought;</p> | <p>4. Regulation 12 provides for the manner and methodology for computation of benchmark Corpus value. In addition, illustrative examples as to working of benchmark corpus under different scenarios are provided under Schedule III.</p> <p>5. Regulation 16 provides that family payout besides other benefits that get vested in the UPS subscriber, shall be payable to the legally wedded spouse of such deceased subscriber as on the date of superannuation or retirement under Fundamental Rules 56(j) (which is not treated as penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965), as may be applicable.</p> <p>6. Regulation 14(3) provides that this Lumpsum Payment shall be in addition to the assured payout payable to the UPS subscriber and shall not affect the quantum of assured payout and shall be payable upon superannuation or voluntary retirement or retirement under Fundamental Rules 56(j) (which is not treated as penalty under Central Civil Services (Classification, Control and Appeal) Rules, 1965), as may be applicable.</p> |
| 2 | <p>1. Choice of Investment patterns: Govt. subscribers should not be given more investment choices which have higher equity exposure;</p> | <p>1. As per regulation 2(1)(e), default pattern means such choice of pension fund(s) and of investment pattern(s), as may be determined</p> |

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| | <p>2.Default Scheme: The Government subscribers who are already in Default Option under NPS, and choose to shift to UPS, should by default, continue in Default Option under UPS, for all safety and security reasons; Default option: The three Pension Fund managers under the default option in NPS score over others as far as their core strength & technical criteria are concerned and therefore, these PFMs should be the only choice for managing the Individual fund under Default UPS Option;</p> <p>3. Movement from NPS to UPS: Movement from NPS to UPS on account of change in Investment Pattern and change in Pension Fund Manager may lead to market disruptions. Hence a change of Fund Manager and Investment pattern is not suggested for subscribers under the Default Option in NPS moving to UPS; PFM for Pool Fund: Management of Pension Funds under Pool account should be entrusted with existing PFMs under the NPS default scheme.</p> | <p>by the Authority in respect of individual corpus under UPS, from time to time.</p> <p>2. As per regulation 11, a UPS subscriber shall have an option to choose the pension fund and the investment pattern including a default pattern in accordance with the guidelines issued by the Authority, for the investment of contributions made in the individual corpus under UPS.</p> <p>3. As per regulation 10, the Pool Corpus shall be allocated to such pension fund(s) as determined by the Central Government, who shall invest the funds in accordance with the investment pattern and related aspects thereto, as approved by the Central Government. The Authority shall, subject to such instructions, issue investment guidelines which the pension funds shall adhere to.</p> |
| 3 | <p>Role of NPS Trust may be reformulated to ensure/ facilitate/ be an oversight/ monitoring role. NPS Trust may also be permitted to delegate its activities to any other entity;</p> | <p>Regulation 25 provides for the activities that the National Pension System Trust shall undertake for implementation of UPS.</p> |
| 4 | <p>1. Drafting change suggested in Regulation 3(1)(c) - ‘Legally wedded spouse’ reference is with respect to deceased NPS Subscriber and not deceased UPS subscriber;</p> <p>2. Form C1 (UPS Payout order) may include details of lumpsum payment amount and</p> | <p>1. Regulation 3 provides that UPS option shall be available <i>inter alia</i> to the legally wedded spouse in case of a subscriber who has superannuated or retired and has demised prior to exercising the option for UPS.</p> <p>2. Regulation 20 specifies details to be provided under UPS Payout order. As per sub-</p> |

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| | <p>the difference of corpus in the individual corpus under Unified Pension Scheme as compared to the corpus under default pattern; Further, Email address of the Legally Wedded Spouse may be included in this form as well;</p> <p>3. Regulation 7 - Different terminology for ‘Lumpsum Payment’ or ‘Lumpsum Withdrawal’ may be considered to avoid confusion and errors at the end of the Nodal Offices. They suggest usage of the term ‘Lumpsum Withdrawal from Individual Corpus’;</p> <p>4. Regulation 10 - The Authority to communicate the applicable Dearness Relief to National Pension System Trust, from time to time;</p> <p>5. Regulation 18(4) - Instead of verification of UPS Payout order, National Pension System Trust may ensure verification as this is in keeping with their role as a monitoring agency under the NPS architecture;</p> | <p>regulation (1), the benefits payable to a UPS Subscriber shall be recorded by the respective PAO in a UPS Payout Order as provided in Form B1, B2, B3, B4, B5 or B6 in Schedule I, as may be applicable, and sent to the National Pension System Trust through CRA.</p> <p>3. Provision for Final Withdrawal is available under Regulation 15(2) of PFRDA (Operationalisation of Unified Pension Scheme under National Pension System) 2025.</p> <p>4. Regulation 17 provides that Dearness relief as declared by the Central Government from time to time, shall be payable on the admissible payout and family payout, as the case may be. Regulation 21(2) provides that the NPS Trust shall ensure payment of monthly payout from the Pool Corpus to the bank account of the UPS Subscriber and periodic release of applicable dearness relief.</p> <p>5. Under Regulation 25(4), the National Pension System Trust shall authorise release of UPS benefits, after due verification of UPS Payout Order issued by the PAO of the Central Government;</p> |
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| | <p>6. Regulation 23- Amount that can be withdrawn between two consecutive partial withdrawals may also be covered; Regulation 29(3) - once the claim form (B1) along with documents has been submitted to the HOO, option of partial withdrawal should be disabled;</p> <p>7. Drafting change suggested in Regulation 28(3) by addition of portion in bold: with respect to computation of Monthly top-up amount, the computation of representative annuity shall be based on the annuity rate applicable, utilising hundred percent of the individual corpus, available in the PRAN... ‘plus partial withdrawals, if any and less voluntary contributions, if any’;</p> <p>8.Regulation 29(6) - The contribution though is credited by the Nodal Office on the last day of the retiring month. However, the same gets reflected in the PRAN only on T+1/T+2 days. This contribution may be allowed to be adjusted from the first payout to the subscriber.</p> | <p>6. Regulation 18 may kindly be referred to.</p> <p>7.The computation of representative annuity amount for such person shall be based on the annuity rate declared by the Authority, utilising such percentage of the individual corpus under NPS Tier I annuitized at the time of exit from NPS. [Please refer regulation 18].</p> <p>8.Please refer to different illustrative scenarios under Schedule III.</p> |
| 5 | <p>1. Addition of definitions of Family, Family payout, Payout holder;</p> <p>2. Definition 2(f) - Definition of Head of office needs to be strictly as per DFPR;</p> <p>3. Definition 2(l) - The UPS payout order issued by the PAO on the basis of verification of details provided by HOO to be added;</p> <p>4. Regulation 24(3) – The rule should specifically mention that the payment related information flows from CRA to HOO;</p> <p>5.Role of Head of Office/DDO/PAO needs to be clearly distinguished;</p> <p>General suggestions – Why shall PAO issue payout order when all the management, verification is done by the NPS Trust.</p> | <p>1. Definition of Family Payout is given under regulation 2(f).</p> <p>2. For definition of Head of office, please refer regulation 2(g).</p> <p>3. For definition of UPS Payout order, please refer regulation 2(o).</p> <p>4. Part B of FORMs (B1, B2, B3, B4, B5, B6) appended to Schedule I provides for the filing up the details recorded in the CRA System.</p> |

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| | | 5. For roles of Head of Office/DDO/PAO, please refer <i>inter alia</i> regulation 6, 20, 23, 24. |
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