

# CENTRALISED PENSION PAYMENT SYSTEM

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## **Context:**

The Union Labour Ministry has cleared a proposal for Centralised Pension Payment System (CPPS) for about 78 lakh pensioners under the Employees' Pension Scheme, 1995.

## **Background:**

The CPPS aims to provide a more efficient, seamless, and user-friendly experience for pensioners.

## **About Centralised Pension Payment System:**

1. The Centralised Pension Payment System (CPPS) is a new initiative by the Indian government to modernize pension disbursements under the Employees' Pension Scheme (EPS).
2. Unlike the current system, which is as of now decentralised and managed by individual Zonal/Regional Offices of the Employees' Provident Fund Organisation (EPFO), the new system CPPS will centralise the pension disbursement at a national level.
3. The new system enables pension disbursement through any bank, any branch across the country.
4. This system is part of the EPFO's Centralized IT Enabled System (CITES 2.01). The system will enable pensioners to access their pensions without the need for physical verification at bank branches.

## **Key points about CPPS:**

1. **Nationwide Access:** Starting January 1, 2025, pensioners will be able to receive their pensions from any bank, any branch across India.
2. **No PPO Transfers:** Pensioners will no longer need to transfer Pension Payment Orders (PPOs) when moving or changing banks, addressing long-standing issues faced by retirees.
3. **Immediate Pension Credit:** Pensions will be credited immediately upon release, with no need for branch visits for verification.
4. **Aadhaar-Based Payment System:** In the next phase, CPPS will transition to an Aadhaar-based payment system (ABPS), further enhancing efficiency and security.
5. **The Employees' Pension Scheme (EPS)**
6. **The Employees' Pension Scheme (EPS),** introduced in 1995, is a social security initiative managed by the Employees' Provident Fund Organisation (EPFO).

## **Key details:**

1. **Eligibility:** Employees who are members of the EPFO and have completed at least 10 years of service are eligible for EPS benefits. The pension is typically available from the age of 58,

with early pension options starting at 50.

2. Contributions: Both the employee and employer contribute 12% of the employee's basic salary and Dearness Allowance (DA) to the EPF. Out of the employer's contribution, 8.33% goes to the EPS.
3. Pension Calculation: The pension amount is calculated based on the average salary of the last 60 months and the total years of service.
4. Minimum Pension: The scheme guarantees a minimum monthly pension of ₹1,000, regardless of the contributions made.
5. Benefits: EPS provides a fixed income after retirement, disability pension, and family pension in case of the member's death.



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