

Pradhan Mantri Vaya Vandana Yojana

Pradhan Mantri Vaya Vandana Yojana 2021 is a pension scheme being run by the Ministry of Finance to provide immediate pension for senior citizens of 60 years and above. PMVVY pension scheme is being implemented with LIC and interested and eligible candidates can buy LIC PM Vaya Vandana Yojana plan online at www.licindia.in. The revised PMVVY LIC Plan 856 can be purchased by paying a lump sum amount. The scheme is now extended up to 31st March, 2023 for a further period of three years beyond 31st March, 2020.

Eligibility

Below is the basic eligibility criteria for the PM Vaya Vandana Yojana pension scheme.

- Minimum Entry Age: 60 years (completed)
- Maximum Entry Age: No limit
- Policy Term: 10 years
- Minimum Pension: 1,000/- per month, 3,000/- per quarter, 6,000/- per 6 months, Rs. 12,000/- per year
- Maximum Pension: 9,250/- per month, 27,750/- per quarter, 55,500/- per half-year, 1,11,000/- per year
- Total amount of purchase price under all the policies taken under Pradhan Mantri Vaya Vandana Yojana shall not exceed Rs. 15 lakhs.

Benefits of the scheme

Following are the major benefits under the Pradhan Mantri Vaya Vandana Yojana (PMVVY):

- Scheme provides initially an assured rate of return of 7.40 % per annum for the year 2020-21 per annum and thereafter to be reset every year.
- Annual reset of assured rate of interest with effect from April 1st of financial year in line with revised rate of returns of Senior Citizens Saving Scheme (SCSS) upto a ceiling of 7.75% with fresh appraisal of the scheme on breach of this threshold at any point.
- Pension is payable at the end of each period, during the policy term of 10 years, as per the frequency of monthly/ quarterly/ half-yearly/ yearly as chosen by the pensioner at the time of purchase.
- The scheme is exempted from GST.

- On survival of the pensioner to the end of the policy term of 10 years, Purchase price along with final pension installment shall be payable.
- Loan upto 75% of Purchase Price shall be allowed after 3 policy years (to meet the liquidity needs). Loan interest shall be recovered from the pension installments and loan to be recovered from claim proceeds.
- The scheme also allows for premature exit for the treatment of any critical/ terminal illness of self or spouse. On such premature exit, 98% of the Purchase Price shall be refunded.
- On death of the pensioner during the policy term of 10 years, the Purchase Price shall be paid to the beneficiary.
- The ceiling of maximum pension is for a family as a whole, the family will comprise of pensioner, his/her spouse and dependents.
- The shortfall owing to the difference between the interest guaranteed and the actual interest earned and the expenses relating to administration shall be subsidized by the Government of India and reimbursed to the Corporation.

Tax Benefits

PM Vaya Vandana Yojana pension scheme for senior citizens is not a tax saving scheme but an investment plan to fund their retirement. All the elderly people above 60 years were allowed to invest a max. amount of Rs. 15 lakh on or before 31 March 2023. For the policy term of 10 years, senior citizens can get a minimum pension of Rs. 1,000 per month and a maximum pension of Rs. 9,250 per month depending on the amount invested.