

EPFO's decision to restore pension commutation will benefit 6.3 lakh pensioners



Did you know?

The provision for commutation of pension was withdrawn by the EPFO. Now, the facility has been restored for all those who opted for it on or before September 25, 2008.

What is Pension commutation?

Pension commutation is giving up part or all of the pension payable from retirement in exchange for an immediate lump sum.

It not only gives you tax-free lump sum, but also reduces the taxable pension amount.

Labour ministry has implemented retirement fund body EPFO's decision to restore pension commutation under the Employees' Pension Scheme, a move that will benefit 6.3 lakh pensioners.

The news came out after a recent gazette notification that says that the normal pension will be restored for those individuals who had availed commutation before September 25, 2008.

Key Takeaways:

- Before some time, under EPS-95, members were allowed to commute 1/3rd of the pension for 10 years, which was restored after 15 years. This is available to some categories of government employees.
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