

FAQs on PROVIDENT FUND

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What is PF scheme?

Provident Fund is a mandatory, tax-qualified, defined contribution, retirement benefit plan wherein equal contribution at the rate of 12% is made by the employer and the employee.

Who administers the Scheme / Fund?

In case of a non-exempt establishment the Regional Provident Fund Commissioner (RPFC) administers and manages the fund. In case of Exempt and Excluded Trusts the Board of Trustees administers the Fund.

What are the payments made towards an employee for Provident Fund?

- Employee contribution of 12% of Basic, D.A., and cash value of food concession, if any,
- Employer contribution of 12% of Basic, D.A., and cash value of food concession if any, out of which
- 8.33% with a cap of Rs.6500/- to be paid towards EPS a/c from the employer's contribution. Balance goes to the employee's Provident Fund Account.

Can an employee contribute more than the stipulated rate voluntarily? If yes, what is the stipulation for the same?

An employee can contribute voluntarily over and above the stipulated rate of contribution. However, the contribution to VPF should be a certain % of wages and not a fixed amount. Such voluntary contribution will not be matched by the employer's contribution.

Can an employee know the PF balance standing to his credit?

Yes. A statement will be issued every year from the Trust / RPFC showing the contributions and interest credited along with other details like transfers received, loans availed etc.

In case of RPFC member's balances would be known after receipt of annual PF statement from RPFC. This statement would have the opening balances, contributions during the year along with interest credited during the year. The closing balance would include the transfer in received / NRL issued during the year.

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Can an employee transfer his PF accumulations from another Trust / RPFC to present Employer's Trust?

An employee can transfer his PF accumulations from another Trust / RPFC to his/her Trust by submitting Form 13. This is done only when an employee changes employment.

For the purpose of membership to PF, is the service with previous employer counted?

If an employee brings in a transfer from another approved Provident Fund Trust or RPFC then the service rendered with such ex-employer is counted.

What is nomination?

Every member has to give the details of himself & details of the nominee & family in Form 2.

What is EPS ?

Employee Pension Scheme (EPS) is governed by the 'Employees' Pension Scheme 1995' and the funds are managed by the RPFC (Regional Provident fund Commissioner). All Employees who are covered under the Un-exempt and Exempt Trust are eligible. Members of the Excluded Trust are not eligible.

Who will be covered by Employee Pension Scheme ?

Every member of the ceased Family Pension Scheme 1971, and anyone who joins any covered establishment on or after 16-11-95 is compulsorily to join this scheme, provided his/her salary/wage is less than Rs. 6500/- per month at the date of appointment.

How much contribution a member needs to make towards EPS ?

Contributions to EPS are taken from the Employer's share of PF contribution .It is calculated at 8.33 % of Salary with a Cap of Rs.6500.

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How many years service is required to be eligible to receive member pension?

On completion of ten years or more service in the Employee Pension Scheme and on attaining the age of 58 years the member / family is eligible for the following benefits:

- Super annuation Pension on attaining of 58 years
- Retirement Pension if the age is between 50 and 58 years with 3 % reduction of pension for every year falling short of 58 years.
- Widow Pension on the death of the member.
- Children Pension up to the Age of 25 years for 2 children at a time.
- Orphan Pension up to the age of 25 years for 2 children at a time.
- Disabled Pension
- Parents Pension
- Invalidation Pension
- Withdrawal benefit if the service rendered is more than 6 months and less than 10 years.

Which withdrawal Forms needs to be filled in for claiming EPS benefits ?

If the period of service is more than 6 months and less than 10 years of service, a member needs to fill in Form 10C.

If the pension under EPS is claimed after more than 10 years of service or at the time of retirement , Form 10D needs to be filled in the member

Is there any statement issued indicating the contributions made to the EPS ?

EPS is a defined benefit scheme, hence the Employees' Provident Fund Organization (EPFO) does not maintain member wise contribution details. It is only in the form of details such as the member's date of entry into service, date of leaving, wages, his/her other personal information and settlement is made on the prescribed format under EPS Scheme, taking into account the details mentioned. Therefore, the statements indicating individual member balance are not issued by the EPFO

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What is EDLI?

Employees' Deposit Linked Insurance Scheme, 1976 (EDLI) the Central Government with the motive of providing additional Social Security in the form of Life Insurance to the family of the deceased member of the Provident Fund, introduced the Employees Deposit Linked Insurance Scheme. Under this scheme, on the death of an employee, while in service, who is the member of the Employees' Provident fund, the persons entitled to receive the provident fund accumulations would be paid an additional amount equal to the average balance in the provident fund account of the deceased during the preceding 12 months. This scheme applies to all the establishments to which the Employees' Provident Fund Scheme applies

How much does an employee contribute to EDLI?

Under this scheme, the employees do not contribute any amount as contribution. However, the employer pays an amount equal to 0.5% of the total wages paid to the employees as contribution.

What are the benefits available under EDLI to employees?

On the death while in service of the member, the nominee of the deceased shall in addition to PF/EPS accumulation, be paid an amount equal to the average balance in the PF accumulation of the deceased for the preceding twelve months and if the average balance exceeds Rs. 50,000/- then the amount payable shall be Rs. 50,000/- plus 40% in excess of Rs. 50,000/- subject to a maximum of Rs. 1,00,000/- (One lakh)

What are the loan / Withdrawal facilities available to me from the fund?

The table given below outlines the rules as per the PF Act, Trust rules in certain circumstances may vary, various loans and withdrawals which a member can avail from the PF Account are as under:

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Type of Advance/ Withdrawal	Purpose of Advance / Withdrawal	Conditions for Advance / Withdrawal	Amount that could taken as Advance / Withdrawal
Non-refundable withdrawal for Housing	Purchase of Site and Construction of house thereon	<ul style="list-style-type: none"> • 5 years of PF membership • Member Contribution + Interest. thereon should not be less than 1000/- • Site should be free from encumbrances. • Site should be in the name of the member or spouse of the member or in the joint names of the member and the spouse. 	<p>Least of the following:</p> <ul style="list-style-type: none"> • Basic + DA for 24 months • Total contribution & Interest. • Actual cost of site
Additional Withdrawal for Housing Purposes	Alteration / Modification of House	<ul style="list-style-type: none"> • Only after 5 years of completion of construction of dwelling house • 5 years membership 	<p>Least of the following:</p> <ul style="list-style-type: none"> • 12 months' Basic + DA • Members of share of contribution with interest. thereon.
	Further alteration	<ul style="list-style-type: none"> • Only after 10 years of the first alteration. • 5 years membership 	<p>Least of the following:</p> <ul style="list-style-type: none"> • 12 months' Basic + DA • Members of share of contribution with int. thereon.
Withdrawal for Repayment of loans obtained for housing in special cases	Repayment of outstanding principal / Int. of a loan obtained from State Govt, Regd Co-operative Society, State Housing Board, Nationalized Bank and Public Financial Institution.	<ul style="list-style-type: none"> • Minimum Membership with PF 10 Years • Members' Contribution + Interest. thereon should be more than Rs. 1000/- • To be paid only to the Agency and NOT TO THE MEMBER 	<p>Least of the Following:</p> <ul style="list-style-type: none"> • 36 Months Basic + DA • Members accumulation with interest • Outstanding Principal plus interest which is sought to be

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			repaid.
Grant of withdrawal to members who are physically handicapped	To purchase equipment required to minimize the hardship on account of handicap.	<ul style="list-style-type: none"> Medical Certificate from a Doctor to the effect that the member is physically handicapped. 	<p>Least of the Following:</p> <ul style="list-style-type: none"> 6 Months Basic + DA Members share of contribution with interest. Cost of the equipment.
Withdrawal for Marriages or post matriculate education of children	<ul style="list-style-type: none"> For Members own marriage-For the marriage of member's daughter/son/sister /brother For the Post-matriculation education of member's son or daughter. 	<ul style="list-style-type: none"> Completed 7 years of membership with the PF. The member's share of contribution in the PF is more than Rs.1000/- Not more than three withdrawals under this clause will be permitted 	<ul style="list-style-type: none"> 50% of members own contribution with interest.
Withdrawal in abnormal conditions	To meet any unforeseen expenditure of a member whose property has been damaged by flood, earthquake or riots.	<ul style="list-style-type: none"> The state government has declared the area of member's residence as calamity affected. Certificate from Civil authorities that the property has been damaged. Application for advance is made within four months of the calamity 	<p>Least of the Following:</p> <ul style="list-style-type: none"> Rs. 5,000/- 50% of Members share of contribution with interest.
Withdrawal for Illness	For the Purpose of the illness of a member or his Family	<ul style="list-style-type: none"> Hospitalization for more than a month Major Surgical operation in a Hospital Suffering from specified illness. Doctor's Certificate and Employer's Certificate that ESI not applicable and medical leave was 	<p>Least of the Following:</p> <ul style="list-style-type: none"> 6 Months Basic + DA Members share of contribution with interest.

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		granted for such purposes.	
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When would I get my money back?

- On retirement you'll be paid entire accumulations along with interest.
- If you leave the organization, you can transfer the accumulations (with interest) to your new organization's trust.
- If you are going abroad, you can opt out of this scheme and get your money back.
- If you are within the country and are not employed elsewhere after leaving the employment for a period of two months, you can withdraw the money.

Is settlement immediate in case of resignations?

Settlement can be processed only after a waiting period of two months from the date of resignation if an employee is not joining a Company which is covered under the PF Act .In cases of members going abroad, and in case of female members who resign from the services for the purpose of getting married settlements can be processed immediately.

How can I access forms for loans, settlements & transfers?

Please refer the Download Forms link on the home page of www.hrworkwaysindia.com

How do I fill the forms?

Please refer the Retiral Forms Guidelines link on the homepage of www.hrworkwaysindia.com

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