

# EPS Recast Planned, may Allow Higher Voluntary Contributions

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## EPS Recast Planned, may Allow Higher Voluntary Contributions

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**New Delhi:** The government is set to allow higher voluntary contributions to the pension accounts as part of a major revamp of the Employees' Pension Scheme, 1995.

The move is aimed at bringing EPS-95 on a par with the National Pension Scheme to enhance the retirement options.

The labour ministry also plans to open the EPS to all individuals while enhancing the minimum pension to ₹3,000 based on the contribution by individuals.

At present, all EPFO subscribers are enrolled under EPS with contributions to the pension account capped at the wage of ₹15,000. This prohibits high-salaried individuals to enhance their retirement kitty under EPS and instead go for other retirement schemes offered by private players or the NPS.

"Various changes are being considered to make the scheme comprehensive while expanding its subscriber base," a senior government official told ET. The changes, however, will be brought in after the implementation of the Social Security Code, 2020.

According to the official, who spoke on the condition of anonymity, the labour ministry is also contemplating to alter the investment pattern of the pension pool to maximise returns as the country moves towards defined contributions.

This will be a departure from the existing scheme under which the pensioners are given pension from the pooled account.

### Wider Coverage

Labour ministry is planning to revamp EPS-95

**Idea is to allow EPS subscribers to make higher contributions**

Changes could be made after Social Security Code comes in

### Key changes

- ▶ **The scheme** could be self-contributory
- ▶ **Will be** opened for individuals and not just EPFO subscribers
- ▶ **May have** enhanced benefits like medical and IT exemption
- ▶ **Higher rate** of contribution could be allowed

### How will this help?

**Allow** EPS subscribers to build up a handsome retirement kitty