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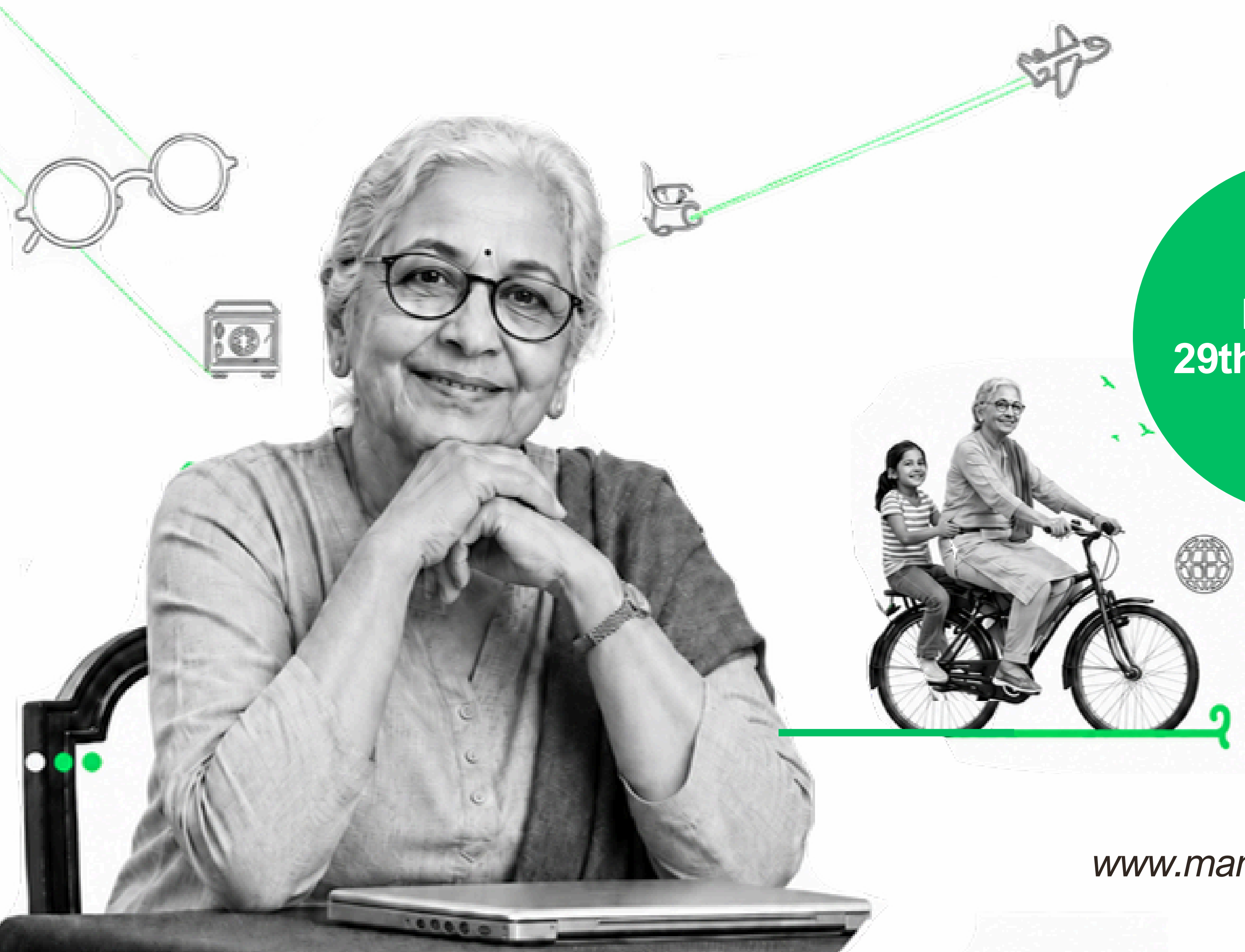
Employees' Pension Scheme, 2026: A Quick Guide

What's New, What Remains Unchanged & Comparison with EPS-1995

- The Employees' Pension Scheme (EPS), 2026 has been notified under the Employees' Provident Fund Organisation and the Code on Social Security, 2020.
- It replaces the earlier EPS-1971 and EPS-1995 schemes for employees who become members on or after 29 June 2026.
- EPS 2026 is a modernised and reorganised version of EPS, 1995 under the Code on Social Security, 2020. Its focus is on legal alignment, clearer drafting, digital administration, stronger procedural safeguards, and time-bound claim settlement, rather than enhancing pension amounts or altering the contribution structure.



Effective:
29th June 2026

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Key Takeaways

1. New scheme under the Social Security Code

The biggest change is legal. The 2026 Scheme supersedes the 1971 and 1995 schemes and becomes the pension scheme framed under the Code on Social Security, 2020.

2. Pension fund continues without disruption

Rather than creating a new fund, the existing EPS pension fund is carried forward into the new scheme, ensuring continuity for members.

3. Existing contribution structure retained

The contribution mechanism remains unchanged:

- Employer contributes **8.33%** of wages (subject to the notified wage ceiling).
- Central Government contributes **1.16%**.
- Higher pension option (where already applicable) continues.

4. Membership provisions clarified

The scheme clearly specifies who becomes a member:

- Employees joining EPF after the notification who are within the wage ceiling
- Existing EPS members continue automatically.

It also clarifies when membership ceases (superannuation, withdrawal benefit, death, or commencement of pension).

5. Clearer rules for pensionable service

The Gazette expressly explains:

- Rounding of service
- Treatment of seasonal workers
- Counting previous service
- Contributory versus non-contributory service

These provisions largely existed earlier but have been reorganised and simplified.

6. Pension formula remains unchanged

The monthly pension continues to be calculated as:

Monthly Pension = (Pensionable Salary × Pensionable Service) ÷ 70

No revision has been made to the formula itself.

7. Minimum pension remains ₹1,000

The scheme **does not increase the minimum pension**.

The Gazette expressly states that the member's monthly pension shall not be less than **₹1,000**, subject to the existing conditions.

8. Greater flexibility for deferred pension

Members may:

- Defer drawing pension up to **60 years**
- Receive a **4% increase for each completed year of deferment**
- Continue contributing during the deferred period, subject to conditions.

Although deferred pension existed earlier, these provisions are presented more clearly.

9. Clearer options for employees leaving before 10 years

Employees who leave before completing the qualifying service may:

- Take withdrawal benefits, or
- Obtain a Scheme Certificate so that service can be added if they rejoin covered employment later.

These provisions have been streamlined.

10. Stronger protection for beneficiaries

A significant administrative improvement is that **an employee cannot be denied pension merely because the employer failed to deposit contributions**. The liability remains on the employer.

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11. Time-bound claim settlement

The Scheme now requires:

- Pension claims to be settled within **20 days**
- Deficiencies to be communicated within **20 days**
- **12% interest**, recoverable from the responsible officer's salary, if there is an unjustified delay in processing complete claims.

12. Greater emphasis on digital administration

The Scheme requires employers to:

- Submit electronic returns
- Maintain electronic records
- Furnish information digitally
- Facilitate electronic verification and inspections

Disbursement through **electronic fund transfer** via banks, post offices, treasuries, Regional Rural Banks (RRBs), cooperative banks, etc

Aspect	EPS, 1995	EPS, 2026	What has changed?
Legal framework	Under EPF & MP Act, 1952	Under Code on Social Security, 2020	✔️ New statutory framework
Earlier schemes	EPS, 1995	Replaces both EPS 1995 and Family Pension Scheme 1971	✔️ Consolidation
Pension formula	Pensionable Salary × Pensionable Service ÷ 70	Same	✖️ No change
Employer contribution	8.33% of wages (subject to wage ceiling)	Same	✖️ No change
Government contribution	1.16%	Same	✖️ No change
Minimum pension	₹1,000	₹1,000	✖️ No increase
Early pension	Allowed with reduction	Continues	✖️ No change
Family pension	Available	Continues	✖️ No change