

# Settlement Procedure



# Types of Retirement

- Normal Retirement Cases (NR)
  - ❖ Superannuation
- Other than Normal Retirement Cases(ONR)
  - ❖ Voluntary
  - ❖ Death Cases
  - ❖ Permanent absorbed in PSU
  - ❖ Medical Unfit/De-categorise in all category
  - ❖ Compulsory Retirement
  - ❖ Removal /Dismissal Cases
  - ❖ Resignation from railway service
  - ❖ Pre Mature Retirement (Review Cases)
    - Review has been done after completing 20 years or 30 years of Qualifying Service.

# Benefits under retirement Cases

- Monthly Pension
- Provident Fund
- Retirement Gratuity
- Commutation of Pension (Optional)
- Group Insurance
- Encashment of Leave
- Composite transfer Grant
- RELHS
- Complimentary Passes

# Benefits under Death Cases

- Monthly Family Pension
- Provident Fund
- Death Gratuity
- Deposit Link Insurance
- Group Insurance
- Encashment of Leave
- Composite Transfer Grant
- RELHS
- Widow Complimentary Passes

# Benefits under Removal/Dismissal Cases

- Provident Fund
- Group Insurance
- Compassionate Allowance/Grant(If Sanctioned by DA )compassionate allowance should not exceed  $2/3^{\text{rd}}$  of Pension or gratuity or both which would have been admissible to retiree if he had retired on compensation pension

# Benefits under Resignation Cases

- Provident Fund
- Group Insurance
- Leave encashment (50% of Balance LAP, Subject to Maximum of 150 Days .

Settlement case initiates from cadre officer before 6 month of date of retirement and sent Service record and Leave Account duly vetted by associate accounts to settlement section along with other relevant documents such as retirement notice, History Sheet, Vigilance Clearance & D&AR Clearance in some cadre Commercial Debit is also necessary before 3 months of retirement. And, Pension Papers filled by concerned employee may be received before 1 month of his/her retirement in settlement section.

After receipt of settlement case No Due Certificate(NDC) is called from bill section regarding any overpayment or outstanding dues against retiring employee which has to be deducted from his Gratuity.

After gathering all relevant documents and information settlement case is prepared and put up for sanction from Competent Authority. Once sanction is obtained case is ready to sent in pension section to pay settlement dues.

All cases may be sent to pension section from 1<sup>st</sup> to 10<sup>th</sup> of every month

# Calculation of Settlement dues

## Pension

**A regular payment made by the state to people of or above the official retirement age i.e 60 years of the age(Appointed before 01.01.2004)**

Formula

Pension = last basic pay /2 (i.e 50% of the last basic pay)

Min. pension =9,000/-

Max. Pension = 1,25,000/-

w.e.f 01.01.16



# Family pension

- Ordinary family pension = last basic pay X 30%  
Min = 9,000/- Max = 75,000/-
- Enhance family Pension = last basic pay /2 (50% of the basic pay).
  - ❖ In case of retirement : for the period of 7 years following the date of death or till the deceased employee would reaches the age of 67 years had he survived , whichever period is less.
  - ❖ In case of death : for the period of 10 years from the date of death of railway employee or remarriage of spouse whichever is earlier.

# Gratuity

**Gratuity is a lump sum payment made by the employer as a mark of recognition of the service rendered by the employee when he retires or leaves service.**

- Retirement gratuity = Last basic Pay + DA X QS/2  
(max. 20,00,000/- w.e.f 01.01.16)
- Death gratuity = Last basic Pay + DA X QS  
(max. 20,00,000/- w.e.f 01.01.16)

Qualifying Service(QS) should not more than 33 years

- ❖ If a railway servant dies while in service the amount of death gratuity shall be paid in following manner.

|          |  |  |
|----------|--|--|
| <b>1</b> | <b>Less than one year</b>                        | <b>2 times of emoluments</b>   |
| <b>2</b> | <b>One year or more but less than 5 years</b>    | <b>6 times of emoluments</b>   |
| <b>3</b> | <b>Five years or more but less than 12 years</b> | <b>12 times of emoluments</b>  |
| <b>4</b> | <b>12 years or more but less than 20 years</b>   | <b>20 times of emoluments</b>  |
| <b>5</b> | <b>20 years or more</b>                          | <b>Half of emoluments for every completed six monthly period of qualifying service subject to max.33 times emoluments provided that the amount of death gratuity shall in no case exceed 20 Lakhs w.e.f 01.01.16</b> |

# Commutation of Pension

- **Commutation of Pension means payment of lump sum amount in lieu of a portion of pension surrendered voluntarily by the pensioner based on a duration of period in relation to the age. This is purely an optional facility provided by the Government to the pensioner.**
  - ❖ Railway servant shall be entitled to commute for lump sum payment of fraction not exceeding 40% of Pension.(It is optional)  
**Commutated value = 40% of Pension X 12 X age factor**(as per table prescribed by Railway Board)
  - ❖ Commuted portion of pension shall be restored after 15 years from the date of commutation.
  - ❖ The commuted value immediately after retirement comes on factor of 8.194,60 years of age ( 61 yrs of age on next birth day)
  - ❖ Commutation of family pension is not permissible.

# Commutation of Pension

- Commutation after Medical Examination:  
An applicant who:
  - ❖ Retires on invalid pension (medically de-categorised).
  - ❖ Is Compulsory retired from service as a penalty and is granted pension.
  - ❖ Is in receipt of compassionate allowance
  - ❖ Has retired from service but his application for commutation has not been received within one year of his retirement .  
shall be eligible to commute his pension, subject to the limit specified After he has been declared fit by the appropriate medical authority

# Commutation Table

| Age | Factor |
|-----|--------|
| 20  | 9.188  |
| 21  | 9.187  |
| 22  | 9.186  |
| 23  | 9.185  |
| 24  | 9.184  |
| 25  | 9.183  |
| 26  | 9.182  |
| 27  | 9.180  |
| 28  | 9.178  |
| 29  | 9.176  |
| 30  | 9.173  |
| 31  | 9.169  |
| 32  | 9.164  |
| 33  | 9.159  |
| 34  | 9.152  |
| 35  | 9.145  |
| 36  | 9.136  |
| 37  | 9.126  |
| 38  | 9.116  |
| 39  | 9.103  |
| 40  | 9.090  |

| Age | Factor |
|-----|--------|
| 41  | 9.075  |
| 42  | 9.059  |
| 43  | 9.040  |
| 44  | 9.019  |
| 45  | 8.996  |
| 46  | 8.971  |
| 47  | 8.943  |
| 48  | 8.913  |
| 49  | 8.881  |
| 50  | 8.846  |
| 51  | 8.808  |
| 52  | 8.768  |
| 53  | 8.724  |
| 54  | 8.678  |
| 55  | 8.627  |
| 56  | 8.572  |
| 57  | 8.512  |
| 58  | 8.446  |
| 59  | 8.371  |
| 60  | 8.287  |
| 61  | 8.194  |

| Age | Factor |
|-----|--------|
| 62  | 8.093  |
| 63  | 7.982  |
| 64  | 7.862  |
| 65  | 7.731  |
| 66  | 7.591  |
| 67  | 7.431  |
| 68  | 7.262  |
| 69  | 7.083  |
| 70  | 6.897  |
| 71  | 6.703  |
| 72  | 6.502  |
| 73  | 6.296  |
| 74  | 6.085  |
| 75  | 5.872  |
| 76  | 5.657  |
| 77  | 5.443  |
| 78  | 5.229  |
| 79  | 5.018  |
| 80  | 4.812  |
| 81  | 4.611  |
|     |        |

# GIS(Group Insurance Scheme)

- Under the CGEGIS Scheme a subscription amount is deducted each month from employee's salary as follows:

| Group | Recovery  |
|-------|-----------|
| A     | Rs. 120/- |
| B     | Rs.60/-   |
| C & D | Rs.30/-   |

At the time of the employees retirement/resignation/death, the subscription amount so recovered is refunded along with the interest as per the table prescribed by the railway Board annually but after 01.01.17 it is quarterly issued. This is called saving fund amount.

# Leave Encashment

Due for retiring employee but max 300 days

- In case of LAP

Last basic pay + DA/30 X No. of LAP Days (max 300 days LAP)

Shortfall if any can be covered by encashment of LHAP within the limit of 300 days.

- In case of LHAP

Last basic pay + DA/30 X no. of LHAP Days/2  
(Max. 300)



# Provident Fund

- Credit balance in PF account of employee is paid.

- After the workout of all the above payments settlement cases has been sent to Pension section with the approval of Competent Authority to issue PPO.
- Last working day of the month a folder has been given to retiring employee consisting following things:
  - ❖ PPO
  - ❖ Service Certificate
  - ❖ Payment Certificate comprising Payment details of retiring employee
  - ❖ Medical Card (it is mandatory as per railway boards instructions)
  - ❖ Retirement ID Card
  - ❖ Gold Plated Silver Medal

**Thank you**