

11. COMMUTATION OF PENSION

(11.1) How much of the pension can be commuted?

A pensioner can opt to commute up to 40% of the pension admissible at the time of retirement.

(11.2) Is there any restriction on commutation of pension?

Yes. No Government servant against whom departmental or judicial proceedings as referred to in Rule 9 of the Pension Rules, have been instituted before the date of his retirement or the pensioner against whom such proceedings are instituted after the date of retirement, shall be eligible to commute a fraction of his provisional pension authorised under Rule 69 of the Pension Rules or the pension, as the case may be, during the pendency of such proceedings.

(11.3) Whether the family can be given the benefit of 40 per cent commutation if a pensioner dies before exercising option?

No, since the commutation does not become absolute in such cases the benefit cannot be given to the family.

(11.4) What will be the effective date of reduced pension if,

- a) The applicant is drawing pension from PAO?**
- b) The applicant is drawing pension from a branch of Public Sector Bank?**
- c) A Government servant who retired on superannuation and commutation applied in Form 1-A of CCS(Commutation of Pension) Rules before the date of retirement and commutation paid through Head of Office within the first month of retirement ?**

(a) The reduction in the amount of pension on account of the commutation shall be operative from the date of receipt of the commuted value of pension or at the end of three months after issue of authority by the PAO for the payment of commuted value of pension, whichever is earlier.

(b) The reduction in the amount of pension on account of commutation shall be operative from the date on which the commuted value of pension is credited by the bank to the applicant's account to which pension is being credited.

(c) The reduction in the amount of pension on account of commutation shall be operative from its inception. The commuted value is paid in two stages as such the reduction in the amount of pension shall be made from the respective dates of the payment as per (a) or (b) above, as the case may be.

(11.5) How does the period of 15 years for restoration of commuted portion of pension reckon?

The 15-year period for restoration may be reckoned from the date of retirement itself only in case where the payment of commuted value of pension was/is made during the first month of retirement leading to appropriate reduction on account of commutation in the first pension itself. In all other cases, where the commutation of pension led/leads to a reduction in the second or subsequent month, the 15-year period will be reckoned from the date on which reduction in pension became/becomes effective.

(11.6) Is any authorization for restoration of commuted portion of pension after 15 years required from PAO/CPAO?

No, Restoration of commuted portion of pension after 15 years (from the date of crediting of commuted value) or as fixed by the Government from time to time is to be made automatically by bank. In cases where the date of commutation is not readily available in the PPO, the bank will obtain the information from the concerned PAO who issued the PPO through CPAO before restoring the commuted portion of pension.

(11.7) What has the pensioner to do for restoration of commuted portion of pension? From what date is it restored?

Commutated portion of pension is to be restored after 15 years from the date of commutation. This restoration was introduced w.e.f 01.04.1985. The commuted amount of pension shall be restored on completion of fifteen years from the date the reduction of pension on account of commutation becomes operative in accordance with Rule 6 of CCS (Commutation of Pension) Rules provided that when the commutation amount was paid on more than one occasion on account of upward revision of pension, the respective commuted amount of pension shall be restored on completion on fifteen years from the respective date(s).

(11.8) What is reduce/residual/residuary pension?

Reduce/residual/residuary pension is the part of pension which is payable after deducting commuted portion of the pension.

(11.9) What would be the age to be used for commutation of additional commutable pension and which factor would be used for such additional commuted value of pension ?

The age reckoned for calculation of commuted value of pension at the time of original application for commutation of pension will apply for calculation of commutation value of additional commutable pension. However, as mentioned in the OM dated 04.08.2016,

the commutation factor in the revised Table of Commutation Value for Pension will be used for the commutation of the additional amount of pension that has become commutable on account of retrospective revision of pay/pension.

(11.10) From which date the reduction in pension on account of additional commutation of pension will take effect?

Reduction in pension on account of additional commutation of pension will be in two or more stages as per the provisions contained in Rule 6 and Rule 10 of the CCS(Commutation of Pension) Rules,1981.

(11.11) What will be the date of restoration of additional commutation of pension?

The commuted portion of pension shall be restored after 15 years from the respective dates of commutation as provided in Government of India decision No.1 under the Rule 10 of CCS(Commutation of Pension) Rules,1981. Necessary endorsement should be made on PPO.

(11.12) A person with D.O.B. on first of month retires in the previous month. What will be the value to be taken for calculation from commutation table ?

The commutation of pension become absolute on the date following the date of his retirement. The commutation value taken will be Age on 61st Birthday (i.e. 8.194) in the present commutation table, if he has retired on attaining the age of 60 years.

(11.13) Whether a person who has commuted some percentage of his pension, can commute remaining part up to maximum of 40% afterwards(e.g if a person have commuted 20% of his pension on retirement and the same was duly authorized, whether he can commute the remaining 20% of his pension)?

There is no provision for second option for commutation after the first option becomes absolute.