GOVERNMENT OF ORISSA
FINANCE DEPARTMENT

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NOTIFICATION

Bhubaneswar, the , 17th September, 2005.

No. 44451 /F Pen-5/05 In exercise of the Powers conferred by the proviso to article 309 of the Constitution of India, the Governor of Orissa is pleased to make the following rules further to amend the Orissa Civil Services (Pension) Rules 1992, namely: -

1.(1) These rules may be called the Orissa Civil Services (Pension) Amendment Rules, 2005.

(2) They shall be deemed to have come into force with effect from the 1st day of January, 2005.

2. In the Orissa Civil Services (Pension) Rules, 1992, after sub - rule (3) of rule 3 the following sub-rule shall be added namely :-

"(4) Notwithstanding any thing contained in these rules, all persons appointed under the Government of Orissa with effect from 1st day of January 2005 shall not be eligible for Pension as defined under sub-rule (1) of rule 3 of the said rules but shall be covered by the defined contribution Pension Scheme as specified below:

(i) The monthly contribution would be 10% of the salary and Dearness allowance to be paid by the employee and the Government would also provide a matching contribution. The contribution so made would be deposited in a non-withdrawable pension tier-I account. Such funds will be invested by pension fund managers as approved by Pension fund Regulatory and Development Authority (PFRDA) under different categories of scheme which would be a mix of debt and equity. The fund managers would give out easily understood information about the performance of different investment schemes so that individual Government employee would be able to make informed choices about which scheme to choose.

(ii) In addition to the above provision, each individual may also have a voluntary tier -II withdrawable account at his option. This option is provided as General Provident Fund will be withdrawn for employees recruited to the State Government Service with effect from 1st January, 2005. Government will make no contribution into this account. In tier -II system, the individual may subscribe 10% of his salary and these assets would be managed through exactly the above procedure. However, the employee would be free to withdraw part or all of second tier of his money at any time. This withdrawalable account does not constitute pension investment and would attract no special tax treatment.

(iii) At the time of retirement, Government servant will receive the lump sum amount of 60% deposited in pension tier -I account as pension wealth and it is mandatory to the Government servant to invest remaining 40% of his pension wealth to purchase as annuity from an Insurance Regulatory and Development Authority – regulated life insurance company. The annuity shall provide for pension for the life time of the employee and his dependent parents and his spouse at the time of retirement. The individual would receive lump-sum of the remaining pension wealth, which he would be free to utilise in any manner. Individuals would have the flexibility to leave the pension system prior to age of 58 years or 60 years as the case may be. In such case the mandatory annuitisation would be 80% of the pension wealth.

By order of the Governor

Sarat Chandran

Principal Secretary to Government