Central Adoption Resource Authority
Ministry of Women & Child Development,
Government of India,
West Block – 8, Wing – 2, 2nd Floor,
R.K. Puram, New Delhi – 110066.

CARA-LP07/5/2023-PC

30/10/2023

OFFICE MEMORANDUM

In pursuance of the decision taken by the Steering Committee of CARA in its 35th Meeting held on 11/07/2023 regarding implementation of National Pension Scheme (NPS) to the regular employees of CARA and as well as according to the Para 40 of the Rules & Regulations of CARA, 2018, "Contributory Provident Fund/ National Pension Scheme – An employee shall be entitled to the benefits of the Contributory Provident Fund/ National Pension Scheme in CARA subject to and in accordance with the Rules of the GoI".

2. In reference to above, a comparison on major criteria/points between Employees Provident Fund (EPF) v/s National Pension System (NPS) is attached herewith, to enable the concerned employees to take informed decision.

3. All Regular Officials of CARA are requested to submit their choice and consent in the matter for switch over from Employees Provident Fund (EPF) to National Pension System (NPS) and transfer of funds, as per the terms and conditions applicable and decided by the Competent Authority, to the Coordination Section of CARA by 02/11/2023 positively.

4. This has been approved by the Competent Authority.

(Richa Ojha)
Assistant Director

ऋचा ओझा / Richa Ojha
सहायक निदेशक / Assistant Director
केन्द्रीय–दत्तक ग्रहण संसाधन प्राधिकरण
Central Adoption Resource Authority
महिला एवं बाल विकास मंत्रालय
Ministry of Women & Child Development
भारत सरकार / Government of India
पश्चिमी खण्ड–8, विगं–2, द्वितीय तल, आर.के. पुरम
West Block-8, Wing-2, 2nd Floor, R.K. Puram
नई दिल्ली / New Delhi-110066

Encl. : As above.

Copy to :

1. All Regular Officials of CARA
2. Guard File.
3. IT Team/CARINGS of CARA – for uploading this OM on CARA website.

Comparison on major criteria between Employees Provident Fund (EPF) v/s National Pension System (NPS) inter-alia are as follows :

S. No.	Criterion	Employees Provident Fund (EPF)	National Pension System (NPS)
1.	Applicable for	• EPF has come in to force to secure the post-retirement mandatory needs of individual employed in the private sector in India. It is a statutory body administered by the government.	• NPS was introduced for Central Government employees vide notification dated 22/12/2003. • NPS was made mandatory for all new recruits to the Central Govt. Service (except the Armed forces) from 01/01/2004. • Now, an individual to belonging to every sectors (except the Armed forces) – businessman, public sector employees or private sector workers can open a NPS account.
2.	Minimum Percentage of Contribution (on monthly basis)	Employee Share : 12% Employer Share : 12%	Employee Share : 10% Employer Share : 14%
3.	Investment of Contributions	• EPF contribution are invested in Central and state Govt. Securities • Investments are also made in bonds and deposited of PSUs. • Pension of the contribution is independent of market conditions. • Compounding annual interest on EPF deposits will be paid to contributors even in the case of flexible returns for bonds and securities.	• Two investments modes available - Active choice mode and Auto investment mode. • Active choice mode investors get up to 50% exposure to equity, with the remaining being invested in medium or low return fixed income instruments. • Auto choice mode calculates asset allocation based on age of the contributors. • NPS contributions from Govt. employees in the Tier-I account has only 15% exposure to equity.

4.	Can you decide how your money gets invested	No.	Yes. You can invest across four asset classes - Equity, Corporate Debt., Govt. Securities and alternative assets.
5.	Returns	Guaranteed returns, but rate changes every year by the Govt.	Returns vary; higher the equity allocation, higher the long-term returns, but with higher risk as well.
6.	Matured Sum	100% of the matured sum can be withdrawn once the employee attains 58-60 years of age.	60% of the matured sum can be withdrawn once the subscriber attains 60 years of age. The balance 40% must be mandatorily used to buy an annuity.
7.	Partial Withdrawal	Partial withdrawal permitted for specific reasons - home loan repayment, medical emergency, etc.	25% of the contributions can be withdrawn after 3 years of subscription.
8.	Taxability	EPF falls under Exempt Exempt Exempt (EEE) category. The accumulated sum and interest accrued thereon are tax exempt.	60% of the matured sum can be withdrawn tax-free.
9.	Tax Benefits	Employee contribution of up to Rs.1.5 lakh p.a. gets tax benefits u/s 80C; interest up to Rs.2.5 lakh and redemption proceeds tax free.	Self-contribution is tax deductible up to Rs.1.5 lakh p.a. u/s 80C as long as contribution does not exceed 10% of basic salary or 20% of gross income. An additional tax deduction of Rs.50,000/- is available u/s 80CCD. At maturity, 60% of corpus is tax-free; remaining 40% must be converted into annuity, which is taxable.
10.	Risks Involved	Returns are government-assured and therefore EPF is a comparatively safer investment option.	NPS returns are market-linked and therefore are subject to certain risks under coverage.
11.	Pension after Retirement	• All eligible members of EPFO can avail pension	• On exit from NPS on superannuation, an

		benefits as per their age from when they start withdrawing the pension. The pension amount is different in different cases. A member becomes eligible for pension benefits once he retires at the age of 58 years. • Recently, EPFO has given an option to opt higher pension. After opting for a higher pension will reduce the accumulation in your EPF and increase your pension, subject to the necessary adjustments.	individual is mandatorily required to invest at least 40% of the accumulated pension corpus in Tier-I to purchase an annuity from an Annuity Service Provider an Insurance Regulatory and Development Authority (IRDA) regulated Insurance Company registered with PFRDA and a maximum of 60% of the accumulated corpus in the Tier–I account is given to the individual in lump-sum. If the Government servant exits from NPS before superannuation (i.e. before 60 years of age), he/ she has to invest at least 80% of the accumulated corpus to purchase an annuity and the remaining 20% can be withdrawn as lump sum. • Recently, the Government has constituted a committee regarding submission of suggestions for given better pension to the NPS subscribers.
12.	Family Pension	Spouse and children (under the age of 25 years) are entitled to the pension. The EPS also covers children legally adopted by the members. The 'widow' pension handed out to the deceased pensioner's spouse will be paid out for lifetime or until s/he remarries.	Family members on death of subscriber covered under National Pension System.