

National Pension & Provident Fund Plan (Amendment 2010) and Armed Forces Pension & Provident Fund Scheme Rules and Regulations 2002

PREAMBLE

WHEREAS, the National Pension and Provident Fund Plan and the Armed Forces Pension and Provident Fund Schemes were established in 2002 with the objective to provide financial security to those who have no steady source of income in old age.

WHEREAS, in accordance with the National Pension Policy, the pension benefit shall be paid to the members who are not gainfully employed after retirement to secure their livelihood and well-being since recurrent payment of pension benefit on re-employment is not only against the principle of pension policy, but would also have adverse impact on the sustainability of the pension system calling for a huge subsidy from the Government to meet future pension obligations.

Accordingly, _____, has directed the National Pension and Provident Fund to make amendments to the National Pension Fund Plan and Armed Forces Pension & Provident Fund Scheme Rules and Regulations to suspend pension payment to those re-employed pensioners.

NOW, THEREFORE, the National Pension Board hereby incorporates Schedule 1 in the National Pension and Provident Fund Plan and Armed Forces Pension & Provident Fund Scheme Rules and Regulations to be effective as of2013.

Contents

General Rules.....	3
Definitions.....	3
Application.....	4
Suspension of pension.....	4
Adjustment of pension benefits	4
Notice for Suspension of Pension Benefit	4
Pension resumption.....	5
Membership	5
Contribution	5
Reporting and monitoring system on re-employment	5
Forms	6

General Rules

1. These Rules set forth the circumstances and conditions under which the pension benefits shall be suspended upon re-employment. The Plan's objective is to provide financial security to those who have no steady source of income after retirement and at the same time maintain the sustainability of the Pension Scheme. **The pension benefits otherwise receivable recurrently after employment shall be paid in accordance with the National Pension Policy to rationalize the allocation of national resources.**

Definitions

2. In this Schedule:
 - a. **"AFPPFS"** refers to the Armed Forces Pension and Provident Fund Scheme.
 - b. **"NPPFP"** refers to the National Pension and Provident Fund Plan.
 - c. **"Pensioner"** refers to a person who receives **member pension benefits** under the NPPFP/AFPPFS.
 - d. **"Public Funded agencies"** refer to the government and public sector companies that are supported through the use of public resources.
 - e. **"Re-employment"** refers to employment of a pensioner by way of election, nomination, appointment on regular, contract and others.
 - f. **"Re-employment Period"** refers to re-employment for a period of 180 days or more which shall include all leave and holidays entitled under the service rules of the employer.
 - g. **"Total Salary"** refers to the monthly basic salary and monetary allowances of an employee.

Application

3. Suspension of pension shall apply when a pensioner is re-employed in a public funded agency.
4. These Rules shall apply to a pensioner who is re-employed before or after and or on the commencement of these Rules and continues to be employed thereafter.
5. These Rules shall not apply to those surviving family members receiving pension benefits.

Suspension of pension

6. Pension benefits shall be suspended from the date of employment if a pensioner is re-employed.
7. A re-employed pensioner shall not be entitled to benefits during the period of suspension and not eligible for claims on cessation of employment.

Adjustment of pension benefits

8. Those re-employed pensioner(s) shall receive the differential amount as pension benefit, if such differential amount between the total salary is less than the pension amount by equivalent to Ngultrum five hundred and above during the period of re-employment.
9. Pension benefits upon resumption shall be recomputed after adjusting the yearly increment to inflation or 5% p.a, whichever is lower during the period of which the pension amounts were suspended.
10. The pension benefits shall be subject to adjustments, if any, for over and underpayment when the pension payment resumes after the employee ceases to be employed.

Notice for Suspension of Pension Benefit

11. A re-employed pensioner shall be served notice on the suspension of pension benefits within the second month of the suspension.

Pension resumption

12. Pension benefits to a pensioner shall resume, when the employee ceases to be employed, provided that the employee has complied with the required procedures of the Fund.
13. The initial payment upon resumption shall include pension amounts due after the end of re-employment including adjustments, if any. However, this shall exclude pension benefits suspended with respect to the month or year during which the pensioner was re-employed.

Membership

14. Re-employed pensioner(s) shall be entitled to join only the provident fund scheme from the date of the employment and or contribution payment, whichever is later.

Contribution

15. Re-employed pensioner (s) shall contribute an amount equal to the rate applicable to the active members of the provident fund scheme.

Reporting and monitoring system on re-employment

16. Re-employed pensioner(s) shall report to the Fund in the prescribed form, the periods of employment and the total salary receivable from the employer within 15 days of the start of such employment.
17. An employer shall notify the Fund promptly of services provided by the re-employed pensioner and information as may be required to establish the nature and extent of employment.
18. Re-employed pensioner(s) shall notify the Fund on exit from employment to enable the Fund to resume the pension benefits payment. Benefit payments shall be held back until such notice is filed with the Fund.

Forms

**National Pension & Provident Fund
Thimphu**

Re-employment Declaration Form

Personal Details

Pensioner Name.....Pension Identity Card
No.....CID No.....Contact
No.....E-mail.....

Details of Re-employment by the Current Organization

Employed by (Agency Name)

Type of Employment (tick)

- a. Regular b. Contract c. GSP/ESP d. Other**

Start Date (re-employment).....End date.....

Monthly Basic salary Nu.Total Allowances Nu.....

Agency AddressPost Box.....

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I certify that the information given above is true and correct to the best of my knowledge and agree that I will promptly notify NPPF on the information related to my re-employment.

Pensioner's Signature

Signature and Seal

Date

Head of Agency

(To be used by NPPF)

Verified by:

Seal & Signature

**National Pension & Provident Fund
Thimphu**

Suspension of Pension Benefits

Pen-02/

Date:

.....
.....
.....

Sir/Madam,

With reference to your Re-employment Declaration Form dated.....,your monthly pension benefit will remain suspended during the re-employment period with effect from until the receipt of the notice on cessation of re-employment.

You will receive the differential, if the difference between the total salary and the pension amount is Ngultrum five hundred or more at the commencement of re-employment.

You may kindly inform us upon immediately upon cessation of re-employment by completing the “**Resumption of Pension Benefit Claim Form**” to resume your pension benefits.

Yours sincerely,

Signatory Authority

For the National Pension & Provident Fund

**National Pension & Provident Fund
Thimphu**

Resumption of Pension Benefits Claim Form

(To be completed by Pensioner)

Name :

Pension ID No. :

CID No.:

Re-employment Date :

Relieving Date : (attach Retirement/Relieving Order)

Mobile No.:

E-mail :

Pensioner's Signature

Signature and Seal
Head of Employing Agency

(To be used by NPPF)

Verified by:

End of Re-employment date:

Resumption Date:

Disbursement Officer

Approval Authority