

Commutation of Pension

1. **Eligibility** – Every pensioner is eligible to commute a portion of his monthly pension for a lump-sum payment, which is the commuted value of that portion of the pension. Commutation of a portion of compassionate allowance is also admissible. An employee or pensioner against whom departmental or judicial proceedings are pending is not eligible to commute a portion of his pension till completion of such proceedings.
2. **Amount Admissible** – Not exceeding 40% of monthly pension. Any fraction in the amount offered for commutation will be ignored.

Example – 50 % of emoluments (pay last drawn) or average emoluments received during last 10 months, whichever is more beneficial to retired employee.

Emoluments Rs. 14,870.00

- (i) 50% of the average emoluments = $\frac{\text{Rs. } 14,738}{2}$ = Rs. 7,369/- **OR**
- (ii) 50 % of Last Pay Drawn = Rs. $\frac{\text{14,870}}{2}$ = Rs. 7,435/-

The Maximum amount of pension admissible for commutation will be –

$$\frac{\text{Rs. } 7435 \times 30}{100} = \text{Rs. } 2974/-$$

3. **Commutation without medical examination** – Person in receipt of the following kinds of pension (including provision pension) can commute up to 40% of their pension without undergoing medical examination. If they apply for commutation before the expiry of one year reckoned from -
 - (i) The date of retirement in the case of Superannuation pension, Retiring pension, Compensation pension.
 - (ii) The date of issue of retirement order in the case of Pension on absorption in a Corporation, Company or Body, etc.
 - (iii) The date of issue of final orders in the case of Pension granted on finalisation of departmental/judicial proceeding and issue of final orders thereon.
4. **Commutation after medical examination** – The following categories of pensioners can commute a portion of their pension only after they have been medically examined and declared fit by the appropriate medical authority: -
 - (i) Retired on invalidation;
 - (ii) Retired compulsorily as a measure of penalty;
 - (iii) In receipt of compassionate allowance; and
 - (iv) All pensioners applying for commutation after one year from the date of retirement.

5. **Withdrawal of application for commutation on Medical Examination.**

- (i) Permissible before medical examination'
- (ii) Permissible after medical examination, if pensioner declines to accept addition to actual age directed in the medical report with 14 days of its receipt.
- (iii) Treated as withdrawn if pensioner fails to take the medical examination.

6. **When commutation becomes absolute** – The commutation becomes absolute and the commuted value of pension becomes payable on the date:

- (i) following the date of retirement in the case where the application for commutation of superannuation pension is received by the Head of Office on or before the date of superannuation;
- (ii) of receipt by the Head of Office of the application for commutation of pension without medical examination before the expiry of one year as mentioned in Para. 3 above;
- (iii) on which the Medical Authority signs the medical report for commutation;
- (iv) on which the first Medical Authority recorded its opinion when its decision is set aside or modified on appeal.

7. **Calculation of Commutation Amount.**

Lump sum payable = Commutation of factor x 12 x amount of pension offered for commutation.

The product should be rounded off to the next higher rupee.

The commutation factor is taken from the Commutation Table as relevant to the age next birthday. The age next birthday will be determined with respect to (i) the date of superannuation in cases where commutation is required along with PPO, (ii) the date of receipt of application in other cases where medical examination is not necessary, and (iii) the date of medical examination when it is necessary.

COMMUTATION VALUE FOR A PENSION OF Re.1 PER ANNUM

Age next birthday	Commutation value expressed as number of year's purchase	Age next birthday	Commutation Value expressed as number of year's purchase
20	9.188	51	8.808
21	9.187	52	8.768
22	9.186	53	8.724
23	9.185	54	8.678
24	9.184	55	8.627
25	9.183	56	8.572
26	9.182	57	8.512
27	9.180	58	8.446

Age next birthday	Commutation value expressed as number of year's purchase	Age next birthday	Commutation Value expressed as number of year's purchase
28	9.178	59	8.371
29	9.176	60	8.287
30	9.173	61	8.194
31	9.169	62	8.093
32	9.164	63	7.982
33	9.159	64	7.862
34	9.152	65	7.731
35	9.145	66	7.591
36	9.136	67	7.431
37	9.126	68	7.262
38	9.116	69	7.083
39	9.103	70	6.897
40	9.090	71	6.703
41	9.075	72	6.502
42	9.059	73	6.296
43	9.040	74	6.085
44	9.019	75	5.872
45	8.996	76	5.657
46	8.971	77	5.443
47	8.943	78	5.229
48	8.913	79	5.018
49	8.881	80	4.812
50	8.846	81	4.611

(Basic: LIC (94-96) Ultimate Tables and 8.00% interest)

Note: The revised commutation table will be used for all commutation which become absolute on or after 02 Sep 2008.

8. **Reduction of pension on commutation** - The reduction in the amount of pension on commutation will become operative from the date of receipt of the commuted value by the pensioner or at the end of three months after issue of Pension Payment Order, whichever is earlier. If the pension is drawn through bank, the reeducation in pension becomes operative from the date of credit of the amount in the bank account. A person who retire on superannuation and apply for commutation before the date of retirement, the commuted value becomes payable on the day following the date of retirement and reeducation in pension becomes operative from the same date.

9. **Restoration of commuted portion** – Commuted portion of pension will be restored on the expiry of 15 years from the date of retirement, if the commutation amount is received in the first month of retirement; in other case, the commuted portion of pension will be restored after fifteen years from the date of receipt of commutation amount. For this purpose, pensioner should apply to the Pension Disbursing Authority.

If the commuted value of pension is paid in two installments due to retrospective revision of pension vide Rule 10, CCS (Commutation of Pension) Rules, the date of restoration of that portion will also be same as for original commutation.