

**SCCL EXECUTIVE DEFINED CONTRIBUTION PENSION SCHEME 2007 –
FAQs(FREQUENTLY ASKED QUESTIONS)**

1. What is SCCL EDCPS?

The Scheme is called SCCL Executive Defined Contribution Pension Scheme 2007. It came into effect from 1st January, 2007. The Executive Cadre employees who have exited after 01-01-2007 are entitled to receive the benefits under this scheme as per the eligibility criteria in Para 2.2 of the Scheme.

2. Why are Executives who have exited from Service before 01-01-2007 not eligible for the SCCL EDCPS?

As per the pay revision of Executive Cadre employees of SCCL w.e.f. 01-01-2007, a provision for superannuation benefits equaling 30% of Basic Pay and VDA was provided which includes, PF – 12%, Gratuity – 4.16%, Medical Fund – 4%, Pension Fund – 3% and Superannuation Fund – 6.84%. The CIL Board, approved adoption of SCCL EDCPS by combining Pension & Superannuation Fund, i.e. 9.84% of Basic & VDA w.e.f. 01-01-2007. Hence, Executives who have exited from service before 01-01-2007 are not covered under this Scheme.

However, the above contribution of 9.84% is modified w.e.f. 01-10-2017 @ 6.99%.

a. Whether executives who resigned from the services of the company and joined in the state/Central government services and also in death cases that arose between the entry date (01.01.2007) and the notified date (06.05.2019) ?

The executives who resigned and joined the the State/Central Government Services, are not eligible for the Superannuation pension benefit as per DPE guideline, such amount is dealt as per the provisions of the scheme. In respect of the Death cases prior to notified date, Trust is refunding the amount to the Nominee concerned. Whereas in respect of death cases after notified date, the Fund Manager(LIC) will deal as per the option submitted by the nominee.

3. Is this an additional pension benefit in addition to the existing Coal Mines Pension Scheme'98?

Yes, this is an additional pension benefit to the Executives in addition to the existing statutory pension benefit of CMPS'98.

4. Who are eligible to receive benefits under this Scheme?

- i. **Executives Superannuated** before 1.1.2017 provided they have completed 15 years of continuous service
- ii. Following Executives with or without 15 years of continuous service after effective date:
 - i. Death Cases while in Service.

- ii. Ceased to be in service on account of permanent total disablement
- iii. Terminated on grounds of ill health.
- iii. Executives who are compulsorily retired after effective date under the provisions of 'Pre-Mature retirement' having completed 15 years of continuous service (**– Para 2.2 d)**)
- iv. Executives who have taken VRS after effective date provided they have completed 15 years of continuous service.
- v. With effect from 01.01.2017, all executives shall be eligible to receive pension, on superannuation/Voluntary retirement from the Company, under SCCL Executive Defined Contribution Pension Scheme-2007 irrespective of number of years of service in the company.

5. Are the Executives who have resigned from service eligible for pension?

No. However, if the Executive has made any voluntarily contributions to the scheme, he/she will be entitled for pension benefits based only on his/her contribution and interest accrued thereon. The employer's contribution and interest accrued will be transferred to the Surplus Account.

6. Who else is NOT eligible for pension under this scheme?

In addition to the resignation case mentioned above at Sl. No. 5, executives who have exited from service on account of compulsory retirement, removal, issued displeasure letter on proved charges, dismissal because of disciplinary proceedings are not eligible. Such cases will be entitled for benefits based on employee's contribution only (if any) and interest accrued thereon.

7. What happens to pension benefits when the disciplinary proceedings are pending at the time of exit from service?

Pension benefits to the Executive against whom disciplinary proceedings are pending at the time of exit from service shall be regulated as per the CDA rules of the Company. On completion of the disciplinary proceedings, Executive will be entitled to receive annuity under EDCPS-2007. However, funds on account of the executives will remain invested with LIC till the completion of disciplinary proceedings.

8. What documents are required for processing the pension claim?

The Executive has to fill the online Profile/Option form in order for his pension claim to be processed. The Executive must ensure that none of the field in the Profile/Option Form is left blank and must provide details like Bank A/c No., Name of Bank, IFSC Code, etc. through which he/she wishes to draw pension from. The Executive must also choose the Annuity Provider, Annuity Options, Commutation Option, etc. at the time of filling the online form. Specimen of Profile/Option Form enclosed as Annexure A.

The Online Profile Option Form is available SCCL Web application at <https://www.scclmines.com/>

9. What is Form 10E and Annexure I?

Since, the Executives are receiving the benefits ex post facto for the contributions made w.e.f 01-01-2007, to protect from additional tax burden; relief under Section 89(1) can be claimed by the Executives.

The Income Tax Department has made it mandatory to file Form 10E to claim relief under Section 89(1). As per Section 89(1), tax relief is provided by recalculating tax for both the years; i.e. the year in which arrears are received and the year to which the arrears pertain (i.e. from FY 2006-07 onwards). Taxes are adjusted assuming arrears were received in the year in which they were due.

10. I don't know how to prepare Annexure I and fill Form 10E. What should I do?

To facilitate Executives in preparation of Annexure I & Form 10E, the necessary programming has been done in SAPHR and required link has been provided in SCCL WEB SITE.

The Executive Member concerned has to down load Annexure-A with details of Taxable Income and Tax paid as per SAPHR records and confirm the same with modified/ updated data or same data including Current year taxable income if any (2019-2020 in respect of Executives retired prior to 2019-20) to enable to incorporate the same and calculate Tax relief under Section 89 of Income Tax.

After submission of Annexure-A, Relief under Section 89 will be calculated in SAP HR and relevant link will be given in SCCL WEB SITE. The Executive Member has to down load the form 10E and upload the same duly signed together with Declaration-I or II as applicable.

Any doubt/clarification/guidance required in the matter, the Executive Member concerned may contact the SCCLDCPS Nodal Officer DGM(Personnel)/EE Cell at Land line number: 08744-248116.

11. What if I do not submit Form 10E?

If an Executive does not provide Form 10E, SCCL will consider the contribution to the Superannuation Fund as the contribution for the current year and accordingly tax deduction will be made. Tax will be deducted considering the entire contribution to be that of current year. Retired Executives are to submit Declaration-II indicating that they will not claim tax relief under section 89(1).

12. What will happen in case of death of executives before and after retirement:

As per para 4.7 of the scheme, subject to eligibility conditions provided in the Scheme, Executives who have retired/disabled prior to the implementation of the Scheme and whose annuity is less than Rs.1000/- from/out of Fund, will have an option to avail the refund of the accumulated contribution in lump sum or to avail the annuity contract as provided in the rules 4.8, as applicable. In case of Executives who have died prior to the implementation of the Scheme, the beneficiaries on behalf of such executives will have the same option. In all other eligible cases, benefits as admissible in the case of normal superannuation shall be followed. Payments of Contribution to the deceased executives will pass through Trust.

13. What will be the process for application of legal heir of deceased executives.

Any income which has accrued up to the death of the person is taxable in the hands of deceased person only. Hence legal heir needs to submit Form 10E on behalf of the deceased employees in order to claim relief under section 89(1) of the Act. Legal heir will submit Income Tax Return as representative assessee of the deceased employees.

14. Whether payment of contribution from approved superannuation fund to legal heir of the deceased is taxable?

The payment made to the legal heir after the death of the employee would be exempt under section 10(13) of the Income Tax Act.

15. How is the pension paid/disbursed to the pensioner?

After the Executive concerned submits necessary documents mentioned above and Profile/Option Form, the SCCL EDCPS Nodal Officer, verifies the records and submits it to the Trust for transfer of his/her Corpus to LIC. LIC in turn transfers the fund in respect of individual members to Annuity Service Providers for final disbursement of Pension.

Pension is paid in the form of 'Annuity' by the Annuity Service Provider (ASP). A policy document (annuity certificate) will be issued by the ASP with all the details of Annuity Option chosen by the Pensioner.

16. What is Annuity and who are the Annuity Service Providers (ASPs)?

Annuity is a contract between an Executive and the Insurance Company (Annuity Service Provider) in which the lump sum accumulated corpus amount (in case of commutation after withdrawal of 1/3rd amount of total corpus) is made to the Insurance Company and in return the Executive concerned receives a fixed monthly amount till death or as per the option chosen in the Profile/Option Form submitted by the Executive.

Currently there are 3 (three) approved ASPs to choose from, LIC, HDFC and SBI.

17. What is Commutation of Pension?

The entire accumulated corpus amount has to be invested with the Insurance Company (ASP) and based on the accumulated corpus amount after attaining the superannuation age, the pension is paid in the form of periodical annuities. However, if the Executive desires, 1/3rd of the accumulated corpus can be commuted into a single payment and can be withdrawn. The annuity will be purchased for the remaining 2/3rd amount.

The Executive must choose Commutation Option as 'Yes' while filling the Profile/Option Form to avail this benefit.

18. What are the different Pension/Annuity Options?

- i. **Pension for Life with Return of Corpus:** Pensioner will get pension till life. After life, the corpus will be returned to the nominee in lump sum.
- ii. **Pension for Life without Return of Corpus:** Pensioner will get pension till life. After life, no corpus will be returned to the nominee.
- iii. **Pension guaranteed for 5/10/15/20 years and life thereafter:** Assured Pension for 5/10/15/20 years as chosen by the Pensioner. In case of premature death, pension payable to nominee till the entire term of 5/10/15/20 years in the same manner as the pensioner was receiving. If the pensioner survives, pension will be for life and no amount payable to the nominee.
- iv. **Joint Pension with 50% pension to the Spouse:** Pension is paid for life. After death, 50% of the pension will be extended to Spouse with nothing payable to the nominee after the death of Spouse.
- v. **Joint Pension with 100% pension to the Spouse:** Pension is paid for life. After death, 100% of the pension will be extended to Spouse with nothing payable to the nominee after the death of Spouse.
- vi. **Joint Pension with 100% pension to the Spouse and Return of Corpus:** Pension is paid for life. After death, 100% of the pension will be extended to Spouse and the corpus amount will be returned to the nominee.
- vii. **Joint Pension for Life with return of purchase price on diagnosis of Critical Illness (Only HDFC is providing this option currently).**

Note: The extent of monthly pension amount will vary according the Pension/Annuity Option chosen by the Executive as well as the corpus.

19. Will the pension/annuity be paid retrospectively from the date of exit from service?

No. The pension/annuity will be paid prospectively, from date of purchase of annuity from the Insurance Company (ASP) as per the details mentioned in the policy document issued by the ASP. There will be no arrear payments whatsoever with retrospective effect.

Pension will start only after all the necessary documents are submitted along with preferred pension options

20. When will I get my policy document (annuity certificate)?

Policy document (Annuity Certificate) will be dispatched to the address of the Pensioner which was mentioned in the Correspondence details at the time of filling the Profile cum Option Form. Soft Copy of same can also be provided by e-mail and intimation is given through SMS on the contact number provided by the Executive.

{Policy document (Annuity certificate) will be arranged by the fund manager/ASP to the member}

21. If I have any queries regarding my policy document (annuity certificate), whom shall I contact?

For any queries regarding policy document (annuity certificate), the Executive may contact the Insurance Company (ASP) at the Contact number provided by the ASP. Otherwise,

Executive concerned also can talk to PNGS Dept. of LIC or can walk-in to any of the HDFC Life, ICICI Prulife and SBI Life branches pan India.

22. Whom shall I submit my Life Certificate to and what is the process for it?

The Life Certificate has to be submitted annually. The detailed process will be communicated to the Pensioner by the ASP at the time when the Pensioner is required to submit the Life Certificate.

The Life Verification Certificate can be downloaded online. The duly filled Life Verification Certificate signed by the verifier approved by the ASP. It can be submitted in the manner prescribed by the ASPs.

23. Can I change by bank account to which my pension is credited?

Yes. The bank account to which pension is credited can be changed. Executive concerned may contact the Annuity Service Provider (ASP) with NEFT Mandate and Supporting documents as per the requirement of the ASP.

24. What are the formalities in case of death of a Pensioner?

It is highly recommended to keep the Original Annuity Certificate (Policy Document) in safe custody so that it can be produced as and when required by the ASP. Based on the options chosen by the Executive, at the time of filling the Profile Option Form, documents like NEFT Mandate of claimant/nominee after death, KYC documents, Death Certificate, Identity & Address proof, etc. may be required. The Executive concerned may contact the ASP for further details.

25. Is there any separate option for Children Pension/Orphan Pension as in the case of Coal Mines Pension Scheme?

No. The Pension Options chosen by the Executive at the time of filling the Profile Option Form are final and the benefits will be as per the choice opted during the submission of Profile Option Form.

26. What is the Formula for calculation of Pension/Annuity?

Unlike in the Coal Mines Pension Scheme, there is no formula for calculation of Pension/Annuity. Calculation of annuity is a projected activity using annuity calculator (as the future market projections cannot be exactly arrived at). Various factors are taken into consideration while calculating the annuity such as inflation, rate of returns, demography, etc.

The Executive concerned may contact the ASP for more details.

27. Is my annuity/pension taxable?

Yes. It is taxable as per the existing tax slabs based on the taxable income of the Executive concerned.

28. In the nominee column whose name is to be written?

A nominee is appointed by the policyholder and can be anyone to whom the policyholder wants the financial benefits to accrue, in case of his/her death during policy tenure.

29. After submitting the desired documents to SCCL EDCPS Nodal Officer/Trust, how long will it take for my pension/annuity to be remitted to my bank account?

If all the documents submitted are in Order and the Profile Option Form is complete in all respects, it may take approximately 45 days for the pension/annuity amount to be remitted to the specified bank account.

30. Will my pension be revised or increased or adjusted to inflation?

There is no provision for DA/VDA in annuity payments. It is fixed for the lifetime. However, in the event of pay revisions, an arrear annuity shall be payable for Executives who have retired in the intervening period. The additional annuity shall however be paid from prospective date and not from the date of purchase of original annuity or the date of retirement of the Executive.

31. Will I get a Unique Number for my Pension Account (For e.g. PRAN No.)?

Funds are being deposited with LIC and unique ID is provided by LIC for each employee. After vesting of fund for the purpose of annuity, annuity Certificate will be provided to the Annuitant with a unique number. LIC is requested to arrange a display of the pension account number in their website.

32. I also have a PRAN No. with PFRDA. Will my contributions of NPS with PFRDA be merged with SCCL EDCPS? If merged what will be the procedure for that?

No. It cannot be merged.