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ஓய்வூதியத் திணைக்களம்
DEPARTMENT OF PENSIONS



මහලක්ෂි කාර්යාලය, මැලිගාවත්ත, කොළඹ 10.

மாளிகாவத்தை செயலகம், மாளிகாவத்தை, கொழும்பு 10.

Maligawatte Secretariat, Maligawatte, Colombo 10.

Pension Circular 4/2010

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No. }
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திகதி }
Date }

- Heads of all Overseas Missions
- Secretaries to Ministries,
- Secretaries to Ministries of Provincial Councils,
- Heads of Departments,
- District Secretaries,
- Divisional Secretaries

Public Service Provident Fund
Instruction Manual

This is a supplementary to the Pension Circular 14/2006, 9/2006 and P.S.P.F. Circular 1/2003, 1/97.

01. Introduction

The Public Service Provident Fund was established by the Ordinance No.18 of 1942 on 01.04.1942 with view of awarding Provident Fund benefits to those public servants who are not entitled to receive a pension. The membership capacity of this fund was expanded by amendments introduced time to time. This was further expanded by Public Service Provident Fund (Amendment) Act No. 17 of 2003 in order to provide with membership and benefits to public servants in daily paid or monthly paid non-pensionable services.

Director General	Telephone 2431647	Fax 2342078	W&OP	Telephone 2332346	Fax 2432214	Policy	Telephone 2329580
Director	2432008	2342078	PSPF	2324375	2332347	Forces	2320439
Director (F)	2434974	2391403	L.G.U.	2342525	2342525	Computation	2434414
Internal Auditor	2329634	2329634	Registration	2329178	-	Payments	2431612

E-mail: pensions@slt.net.lk
Web site: www.pensions.gov.lk

02 Structure of the Fund

The authority to appoint members to the management board was assigned to the Minister holds the portfolio of Public Administration from 23.12.1970 and members of the board are as follows.

- 01 Director of Pensions (Chairman)
(Director General of Pensions after 23.08.2006)
- 02 Solicitor General
- 03 Commissioner of Labor or a Deputy Commissioner
- 04 Director or Deputy Director of Irrigation
05. One person from the contributors

The Director General of Pensions shall appoint Secretary and Accountant of the Management Board of the Provident Fund.

03 Officers qualified to receive membership

- ❖ Non-pensionable government employees
- ❖ Temporary, monthly paid government employees
- ❖ Non-pensioner joined government service on contract basis
- ❖ Daily paid or monthly paid non-pensionable government employees
- ❖ Non-pensionable foreign employees or non-pensionable local employees in Sri Lanka overseas missions
- ❖ Officers of Sri Lanka reserve police service
- ❖ Officers of ministers' staffs or provincial council ministers' staff
- ❖ Officers of civil defense force

04 Officers not qualified for membership

I Retired government officers

All heads of institutions are requested to not furnish the applications of re-employed retired government officers. Your attention to the Para (2) of Public Administration Circular 46/91 dated 07.10.1991 is kindly drawn in this regard.

If a number had been assigned for an officer as above on false information and the contributions were charged accordingly, it is informed that only the contributions so charged will be refunded.

- I. Officers over 60 years of age are not qualified to obtain membership.

II. Officers of ministers' staff categorized in Schedule GQ receive pension entitlement with completion of 5 years service in the post and if such retired officers are reemployed shall not entitle for membership in this fund.

05 Obtaining membership

- ❖ Person who expects to obtain membership in this fund is required to fill in the PD1 (N) application and submit to the head of the institution where her serves. (Annexure 1)
- ❖ The department should fill the PD2 (N) application. (Annexure 2)
- ❖ The PD2 (N) application which returns after noticing the P.S.P.F. registration number should be attached to the personal file.
- ❖ Head of the relevant institution should take action to inform the number to the contributor.
- ❖ It is important to mark these details in the history sheets of the officer.
- ❖ It is necessary to mention the P.S.P.F. number in all correspondences when inquiring the contributions and refunds.
- ❖ Membership numbers are not assigned for applications which not duly filled.
- ❖ Membership numbers are not assigned for any application which is not submitted through the head of institution.

06 Charging contributions

All contributors to this fund should pay a certain percentage of their own salary to the fund. Such contribution is called as the "compulsory contribution". Percentages are mentioned below.

<u>Duration</u>	<u>Percentage</u>
To the date 01.01.1972	5%
From 01.01.1972 to 31.12.1994	6%
From 01.01.1995	8%

Government shall credit an amount of 1.5 (one point five) times as the compulsory contribution to the fund. All monthly contributions should be computed to the nearest rupee from the date 01.01.2003 and charged accordingly.

The compulsory contribution should be computed on monthly consolidated salary even where the officer's monthly drawn salary has been less than his full salary or the officer has no money to draw as a salary due to no-pay leaves availed.

07 Monthly salary

The monthly salary of all members who are daily paid or monthly paid should be,

- I. The total of the daily payments to such person during a calendar month or a part of the month,
- II. Total monthly allowance paid for such person instead of a salary for such period,

The monthly consolidated salary of the other members should be considered for the computation. Further, the allowances granted as to be personal for a post or a designation should also be considered for the computation.

08 Method of sending contributions

Institutions of the central government or provincial councils should execute the following method when sending contributions.

- I. The compulsory amount (8%) and the government bonus amount (12%) should be sent only by monthly cheques. Therefore the appointing authorities should take action to obtain necessary allocations from the government budget or other sources.
- II. **The contributions should not be credited to the account No.8098 in future by monthly account summaries.**
- III. The cheques should be written in favor of "Chairman, Public Service Provident Fund".
- IV. Cheques should be supported with,
 - ❖ Monthly list of the contributors (the specimen setout below)
 - ❖ PD2 (N) form of new members enlisted in P.S.P.F. within the month which the list prepared
 - ❖ The registration number provided by the P.S.P.F. office should duly mentioned in the list

- ❖ The 8% compulsory amount and the 12% government bonus amount should be stated separately in the list.
- ❖ The list should be certified by an authorized officer and its value should be equal to the value mentioned in the cheque.

Monthly list of contributors

Name of Institution
Month

Year

Membership No.	Name	Contributions	
		8%	12%
	Total		

The cheque is sent herewith. Equal with the cheque value

.....
Head of Department (Head of Institution)

- V The cheque date should be in appropriately extended.
- VI Relevant institutions should not issue separate cheques in respect of each officer for the recovered contributions. One cheque should be issued for all contributions with a list of members' details.
- VII It is a responsibility of Chief Accounting Officers of the institutions in central government, provincial councils and other institutions to send contributions of each month to the Public Service Provident Fund before 10th day of subsequent month together with credit notices.
- VIII An abatement record prepared in compliance to the form P.S.P.F. No.02 (Attachment 5) in respect of the contributions recovered within a year having balanced with the money credited to the fund by account summaries or sent by cheques should be sent to the Public Service Provident fund before January 31st of the subsequent year. (N.B. membership numbers should be stated in this record and has been certified by an authorized officer by placing signature and official stamp)

- IX Matters have been immersed when awarding benefits for members since most institutions have not followed the instruction in above Para (VIII). Therefore your strict attention towards the instructions of above Para (VIII) is drawn.
- X It is informed that the payments for the applications received from institutions that have not sent abatement records as mentioned in above Para (VIII) would be temporary stopped until relevant documents are received. Therefore it is a responsibility of the heads of departments to provide necessary cooperation to expedite issuing awards by duly providing the annual abatement records to the fund. Payments shall not make based on the recovery reports when abatement records are unavailable. Therefore it is expected that the institutions which have not provided abatement records yet will updated the relevant information.
- XI Since I was reported that some departments used to retain the collected contributions in their deposit accounts and also has been pointed out by the government audit, it is a main responsibility of the Chief Accounting Officers and Accounting Officers to duly credit the money to the fund.
- XII The details membership charges of each month should be filed in each year in separate files and kept for future requirements in the office where the officer serves.

09 Abolition of membership

Membership of the fund can be abolished on one of the following reasons.

- ❖ Receiving pensionable status
- ❖ Completion of 60 years or 55 years
- ❖ Resign
- ❖ Abolition of post
- ❖ completion of contract period
- ❖ Abolition of service on disciplinary reasons
- ❖ Vacation of post
- ❖ Death

10 Method of receiving benefits

- a. The contributor should fill the PD1 (P) application (Annexure 3) and submit to the head of the department where he served last. The relevant department should prepare PD2 (P) application and send to this department along with supportive documents. (Annexure 4)

- b. A certification from the head of institution should be available as to the contributor had not obtained an award earlier.
- c. The heirs should fill the contributor's declaration, in respect of dead contributors.
- d. The first reason come up to abolish membership in the fund would be base to award payments by the fund and the date which the incident was occurred to abolish membership in the fund would be the date stopped the contribution towards the P.S.P.F.
- e. Since the interest is paid only for the contributions made from the date initiated the membership in P.S.P.F. to the date abolished the membership, it is informed to submit applications for requesting benefits as immediately as the membership abolished. Delays of some members to submit applications have been caused for matters.
- f. The application should be supported with following documents when the membership abolished in P.S.P.F.
- ❖ Letter of appointment in P.S.P.F.
 - ❖ Letter of appointment to a permanent and pensionable status
 - ❖ If resigned, approval letter to resign
 - ❖ Service abolishing letter/ letter of service termination
 - ❖ Birth certificate of contributor, if age completed
 - ❖ At a time of death of contributor,
 - Death certificate
 - Marriage certificate
 - Birth certificates of children
 - Divisional Secretary's report on heirs
 - ❖ Report on contribution recoveries
- g. Copies of above documents should be sent with the certification as true copies and the name included official stamp of the officer certifying should be placed.
- h. A cheque for the total amount payable will be sent to the relevant head of the department along with the award letter. A copy of the award letter is sent to the contributor also.

- i. If there any dues for government from the contributor can be recovered by this award. All recoveries done by the relevant department.
- j. The head of the department should pay the money payable to contributor after recoveries from the award.
- k. The award letter sent to Head of the Department should attached to the personal file of the contributor and the details such as the section which applicable to refund contribution, the amount of money so paid (separately as compulsory contribution and bonus amount) reference number and date of the award letter should be written on the history sheet.
- l. Further the contributions towards the widows' and orphans' or widowers' and orphans' pension fund should be charged from contributors whose membership has been terminated due to receipt of permanent and pensionable appointment.

11 Benefits receivable at the termination of membership

The benefits payable at the termination of membership is differ from each on the method of termination of membership. Those are as follows.

- ❖ Persons subject to the closure of contributing to the fund due to resign from the post, completion of age, abolition of post, completion of contract period, death are refunded the contribution they made and the compound interest thereto and the government bonus amount together with its compound interest. **(Section 14 of the Act)**
- ❖ Persons subject to the closure of contributing to the fund due to abolition of service on disciplinary reasons, vacation of post are refunded only the contribution they made and the compound interest thereto. It should be noticed that this service period is not accepted for the computation of pension. **(Section 16 of the Act)**
- ❖ Persons subject to the closure of contributing to the fund due to receipt of permanent and pensionable appointment are refunded only the contribution and compound interest thereto. It should be noticed that this service period is accepted for the computation of pension. **(Section 20 of the Act)**

12 Other benefits

- ❖ A compound interest is entitled for the compulsory contribution and government contribution deposited in the accounts of contributors.

- ❖ The service period of employees served under Public Service Provident Fund benefits and joined to a permanent and pensionable post in government service is applicable for the calculation of pensionable service period.
- ❖ The service period of members who received benefits in terms of section 20 and the service period of officers made contribution as false payments are applicable for the calculation of pension.
- ❖ If a member who received benefits in terms of section 14 requests to add the service period of the appointment in public service provident fund when has been appointed to a pensionable service, the service period therein applicable for the computation of pension if the said employee accepts to repay the government bonus and compound interest thereto with a 4% simple interest for the period from the date which received benefits to the date repay.
- ❖ Members receive pensionable status are entitled to contribute towards widows' and orphans' pension scheme is another benefit.

13 Other factors

- ❖ The contributions charged mistakenly from officers who are not entitled to contribute towards the fund are refunded as erroneous charges. Officers are entitled to receive only the compulsory contribution at this juncture without interest thereto.
- ❖ If the relevant officer had been held a pensionable post and if contributions have been charged mistakenly from the officer, the total period where the officer made such contribution can be applied for the calculation of pension.
- ❖ All heads of institutions are requested to make aware the members and officers regarding guidance of this instruction manual.

- ❖ Action will be taken to introduce software that facilitates to submit applications with launch of proposed e-pension program.

14 Obtaining details

Please do contact following officers of the Public Service Provident Fund of the Department of Pensions to obtain details on Public Service Provident Fund.

Secretary and Accountant

Tel. No. (Direct) :011 2 324375
Tel. No. (General) :011 2 320316 / 011 2 421786 (Ext.861)

Administrative Officer

Tel. No. (Direct) :011 2 325008
Tel. No. (General) :011 2 320316 / 011 2 421786 (Ext. 862)

Chief Clerk

Tel. No. (General) :011 2 320316 / 011 2 421786 (Ext. 863/ 864)

Annexure:

1. Application to be furnished by the contributor to obtain membership (PD 1-N)
2. Application to be furnished by the department to obtain membership (PD 2-N)
3. Application to be furnished by the contributor to get refund the contribution (PD 1-P)
4. Application to be furnished by the department to get refund the contribution (PD 1-P)
5. Annual abatement report (P.S.P.F. 02)



K A Thilakaratne
Director General of Pensions and
Chairman of Public Service
Provident Fund Management Board

Copy:

1. Secretary to the President
2. Secretary to the Prime Minister
3. Secretary to the Cabinet of Ministers
4. Auditor General