EPFO's Systematic Withdrawal Plan: retirement savings in instalments, minimum balance cut to 10%

Labour • Social security | GS-II/GS-III | News reference: 19 November 2026 (240th CBT meeting)
Prelims: EPFO, CBT, EDLI, social security


मौलिक प्रतीकात्मक चित्र: pcsmantra.com

Why in news

At the **240th meeting of the Central Board of Trustees (CBT), EPF**, chaired by Labour and Employment Minister Dr Mansukh Mandaviya, approval was given to a **Systematic Withdrawal Plan (SWP)** - letting retirees take their provident fund savings in instalments instead of a lump sum. The Board also approved major withdrawal relaxations: the minimum-balance requirement was cut from 25% to 10%, and the waiting period for final withdrawal from 12 months to 2 months.

Key points of the SWP

- **How it works**: retiring members can draw their accumulated PF at regular intervals - monthly, quarterly or half-yearly - while the remaining corpus keeps earning returns. The facility is entirely **voluntary**.
- **Likely beneficiaries**: about **6.32 lakh** members above 55 years with PF accumulations over ₹5 lakh in the initial phase.
- **Death during payout**: the nominee or dependent can withdraw the remaining balance or continue periodic payments.
- **New mechanisms**: UAN-linked direct voluntary contributions and third-party micro-contributions (such as customer tips), independent of employer payrolls; EPF scheme amendments will be notified, and an Income Tax Act amendment is being taken up with the Finance Ministry.

Other decisions

- **EDLI exemption relief**: amendments to the EDLI Scheme 2026 - settlement of legacy exemption cases, a six-month renewal window, and relief from contributions, interest and penal damages for the verified transitional period.
- **AIF investment**: in-principle approval to invest up to 3% of fresh accretion in eligible Alternative Investment Funds (AIFs) within the existing ceiling, initially through government-backed entities.
- **Exemption surrender**: 27 establishments surrendering and four losing exemptions transfer about ₹5,996 crore covering 1,44,437 members to EPFO's direct administration.
- **CITES 2.0**: auto-processing of claims up from 39% to 71%, rejection ratio down from 23% to 7.82%, average settlement time down from 11.15 days to 2.57 days.

Prelims practice questions

Question 1: Consider the following statements:
Statement 1: The CBT has approved a Systematic Withdrawal Plan for EPF members, which will be entirely voluntary
Statement 2: The minimum-balance requirement in EPF has been raised from 25% to 30%

Which of the above statements is/are correct?

(a) 1 only

(b) 2 only

(c) Both 1 and 2

(d) Neither 1 nor 2

▼ Answer and explanation

Answer: (a) The SWP is a voluntary instalment facility; the minimum balance has been reduced from 25% to 10%, not raised.

Question 2: With reference to the Central Board of Trustees (CBT) of the EPF, choose the correct statement:

(a) It is the apex decision-making body of the EPFO with government, employer and employee representatives

(b) It was constituted under a NITI Aayog Act

(c) It oversees only the pension scheme, not the PF

(d) Employer and employee representatives are not part of it

▼ Answer and explanation

Answer: (a) The CBT is a tripartite (government-employer-employee) apex body overseeing the EPF, EPS and EDLI schemes.

Mains practice question

Question: "Moving retirement savings from lump-sum withdrawal to instalment-based income is the new direction of social security." Examine in the light of EPFO's SWP proposal. (250 words, 15 marks)

Answer outline
Introduction - India's retirement-security challenge.
Main body - the SWP design and benefits (regular income, lower reinvestment risk, fund sustainability); voluntariness and family security; possible extension to gig workers; challenges (awareness, tax treatment).
Conclusion - a step towards universal social security.

FAQ

In short: the 240th CBT meeting approved instalment-based EPF withdrawal (SWP), cut the minimum balance to 10% and the waiting period to 2 months.

Q: Who can use the SWP?

Retiring EPF members; initially about 6.32 lakh members (55+ years, over ₹5 lakh accumulated) are expected to be the main beneficiaries.

Q: Is the SWP mandatory?

No, the facility is entirely voluntary; extension to eligible family members/beneficiaries is also proposed.

Q: What improved under CITES 2.0?

Auto-processing of claims rose from 39% to 71%, the rejection ratio fell from 23% to 7.82%, and average settlement time fell from 11.15 days to 2.57 days.

Sources

1. PIB/Ministry of Labour and Employment, 240th CBT meeting (19 November 2026): https://www.pib.gov.in/PressReleasePage.aspx?PRID=2338667
2. EPFO, administrative setup (CBT tripartite body): https://pmvbry.epfindia.gov.in/wp-content/uploads/2025/11/MAP_PartI_Complete.pdf