STUDY NOTES · BASIC CONCEPT

What is Employees' Provident Fund Organisation (EPFO) 3.0? Explained in Detail

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What?

EPFO 3.0 is the major next-generation digital and policy revamp of India’s Employees' Provident Fund Organisation. It moves away from legacy infrastructure toward a modern, Core Banking Solution (CBS) architecture to make Provident Fund (PF) and pension services paperless, near-instant, and accessible to a broader workforce.

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The initiative rests on two main pillars: technology upgrades for existing salaried members and policy expansion for gig and informal workers.

Key Pillars of EPFO 3.0

1. Technology & Instant Access (Operational Overhaul)

Instant/UPI-Based Withdrawals: EPFO 3.0 introduces direct integration with UPI and bank systems. Rather than waiting 7 to 20 days for claim settlements, eligible members can withdraw partial PF funds (up to 75%) almost instantly.

ATM Access & Auto-Settlements: Includes plans for ATM-enabled PF withdrawals and raises auto-settlement limits up to ₹5 lakh for medical and urgent advance claims.

Employer-Independent Services: Members can self-correct personal details (name, DOB) via Aadhaar-linked OTPs, and perform online PF transfers between jobs without needing HR/employer approval.

Streamlined Rules: Reduces the 13 different partial withdrawal categories down to 3 simple categories (Essential, Housing, Special Circumstances) and lowers minimum service eligibility for partial claims to just 12 months.

2. Universal Pension Scheme (Policy Expansion)

Under the Code on Social Security, EPFO 3.0 introduces a proposed flexible, defined-contribution Universal Pension Scheme designed to extend retirement security to over 60 crore workers—including gig drivers, delivery partners, construction workers, and high-income employees excluded from the traditional EPS.

Features

Feature	Details
Target Retirement Sum (TRS)	Subscribers choose a target pension goal. The platform dynamically calculates required contribution frequency and models inflation-adjusted projections.
Multi-Source Funding	Contributions can come from workers, employers, government co-contributions, digital aggregators (1–2% turnover), and CSR funds.
One-to-Many UAN Mapping	A single Universal Account Number (UAN) can link to multiple digital platforms or employers at once, tracking all income streams on a single dashboard.
Flexible Payouts (SWP)	At age 60, members aren't locked into rigid annuities; they can opt for a Systematic Withdrawal Plan (SWP) to draw down interest or principal based on their needs.

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