How to withdraw or transfer your PF money effortlessly

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Most salaried people contribute a fraction of their monthly salary towards Employees' Provident Fund (EPF). However, while switching jobs, many of them tend to either forget about that contribution or consider it too tedious to transfer or withdraw the money. Here, we take a look at how to transfer/withdraw your EPF money.

EPF basics

EPF is an effective investment vehicle that helps you generate a corpus for post-retirement life. When you, as an employee, contribute 12% of the basic salary towards EPF, your employer also puts in an equal amount each month. However, out of the employer's contribution, 8.33% goes to Employees’ Pension Scheme (EPS), subject to a maximum of R541 a month, 0.5% goes towards Employee’s Deposit Linked Insurance Scheme (EDLIS), 1.1% towards EPF administrative charges and 0.01% goes towards administrative charges of EDLIS and the rest (3.67%) to EPF.

The amount available in your EPF account earns a risk- and tax-free interest of 8.75% (current rate), which is capable of giving you a decent inflation-adjusted return. Let us suppose that, 10 years ago, on a basic salary of R10,000 a month, you contributed R1,200 and your employer R367 per month. Let's assume you worked for a year before switching job. Taking a constant rate of 8.5% for 10 years, this amount now stands at R50,000. And this income is tax-free.

Switching jobs?

On switching jobs, an employee can apply for transfer of money from the EPF account through Form 13, which has to be filled up by the employee and attested by the designated authority at the employer side. After verifying the details, the EPF office will process your transfer to your new employer. From this month, the EPFO has launched a portal, http://memberclaims.epfoservices.in, which makes online transfer possible. While you can also check the status of your application online, to avail of this service, at least one of the employers (current or former) needs to have their digital signatures registered with the EPFO.

Withdrawal procedure

To withdraw your EPF, you need to fill up Form 19 (which can be downloaded from www.epfindia.org) and submit it with the previous employer. With the Form 19 duly filled in, signed and attested by the former employer, you need to submit this along with other documents, such as resignation acceptance letter or relieving letter and a cancelled cheque of your bank account, to the EPFO of your jurisdiction. Withdrawal of money from the account is permissible only if you are in between two jobs or have been unable to find another for over two months.

Pension contribution

The employer contribution of 8.33% goes towards pension, which an employee can start receiving only after a minimum service of 10 years and attaining the age of 58/50. However, no pension is payable before 50. Early pension after 50 years — but before 58 — is subject to a discounting factor at 4% with effect from September 26, 2008, for every year falling short of 58. The above restrictions don’t apply in case of death/disablement. The duration of this pension is life-long and, on the death of the the individual, members of the family are entitled to the money.

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