

22nd Current Issues in Retirement Benefits (CIRB)

29th August 2025

The State of Retirement Benefits in India – Survey Findings



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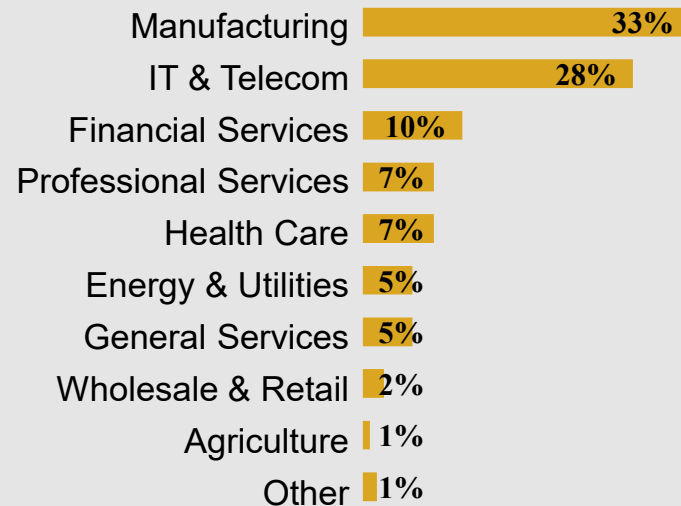
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State of Retirement Survey

We surveyed 138 **Employers** in India with the objective of assessing what actions they are taking in managing their retirement benefits. The survey was on field in September and October 2024.



Main Industries



Number of employees



Summary



Retirement/long term benefits strategy

Employers want to improve their current retirement related benefits offering, but are taking a cautious approach...

- More than half of employers who are not currently offering Corporate NPS plan to introduce the benefit in the near future.
- Employers prefer insurer-managed arrangements for funding long-term retirement benefits.



Gratuity Funding

Funding levels improve, with greater focus on diversification

- Two in five employers are considering to evaluate alternative insurers or investment options with private insurance companies, including those that are currently satisfied with their fund performance.



Provident Fund

Compliance remains top priority....

- Trusts of large Indian companies likely to continue, which will look for external help, e.g. to conduct an investment review, carry out an ALM exercise
- Compliance and vendor reviews a priority for unexempt funds

Summary



Corporate NPS

Are we getting the desired outcome?

- Nearly half of employers are dissatisfied with current participation levels. Educational sessions on retirement planning and multiple enrollment windows are being used to encourage and boost participation.



Labour codes

The nervous wait continues...

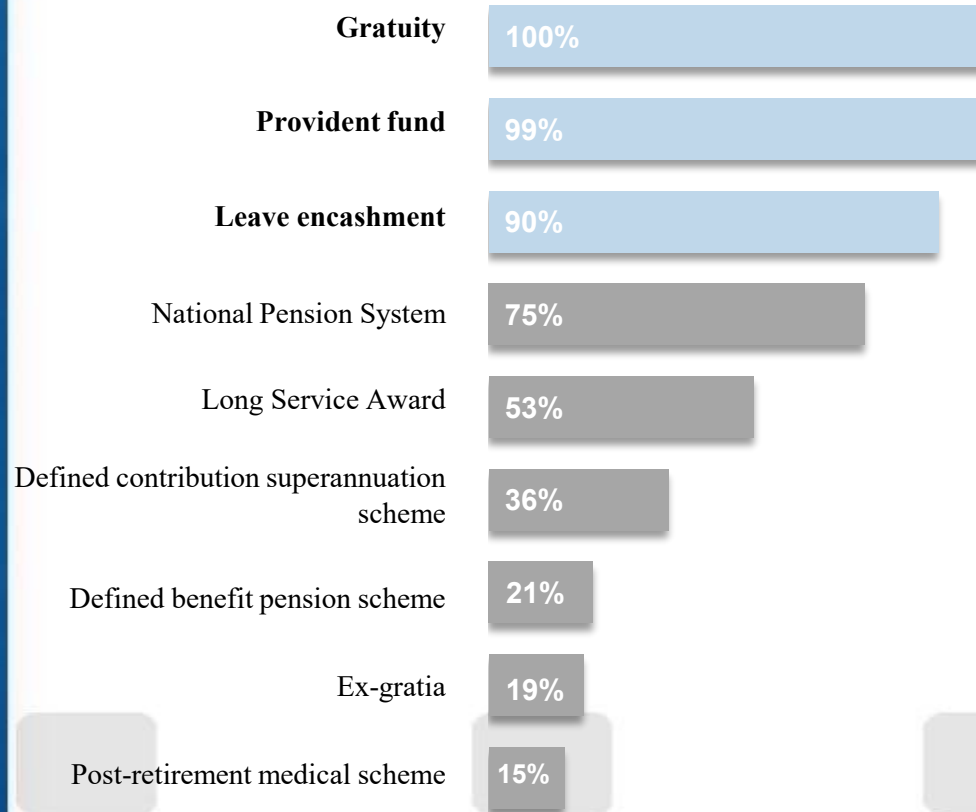
- Nearly half of the employers have taken action to assess the financial impact of labor codes. But a significant number do not know if and how they may need to change their compensation structures, or the potential impact on PF contributions and gratuity liabilities.

Retirement/long-term benefits strategy



Retirement/long term benefits strategy

Indian employers offer a range of long-term plans to their employees with **NPS** on the rise



Source: The State of Retirement Benefits in India – 2024

Employers want to improve their current position in retirement and financial wellbeing



32%

Q: What best describes your organisation's current position and its desired position in the next two years for the following benefits relative to its main competitors?

Note: "Not sure" and "don't offer benefits" are excluded. Percentages indicate employers that are looking to enhance their benefit position. Source: 2023 Benefits Trends Survey, India

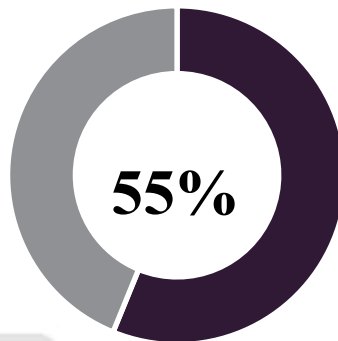
Gratuity funds – Insurer managed



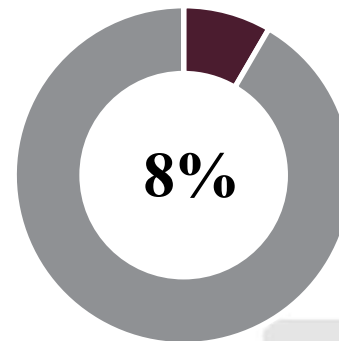
Most employers use traditional investment products for their group gratuity plans

Types of investment products

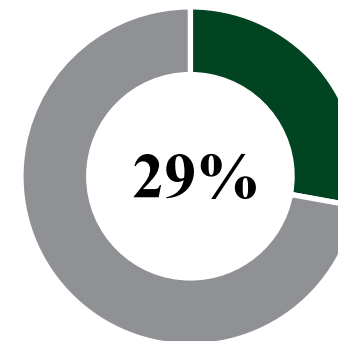
Traditional



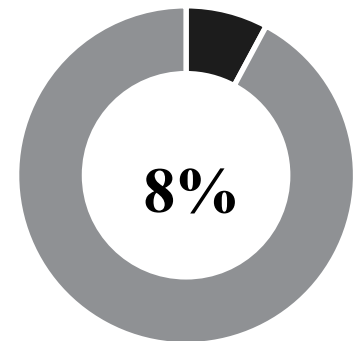
Unit linked insurance plan



Combination of traditional and ULIP plan



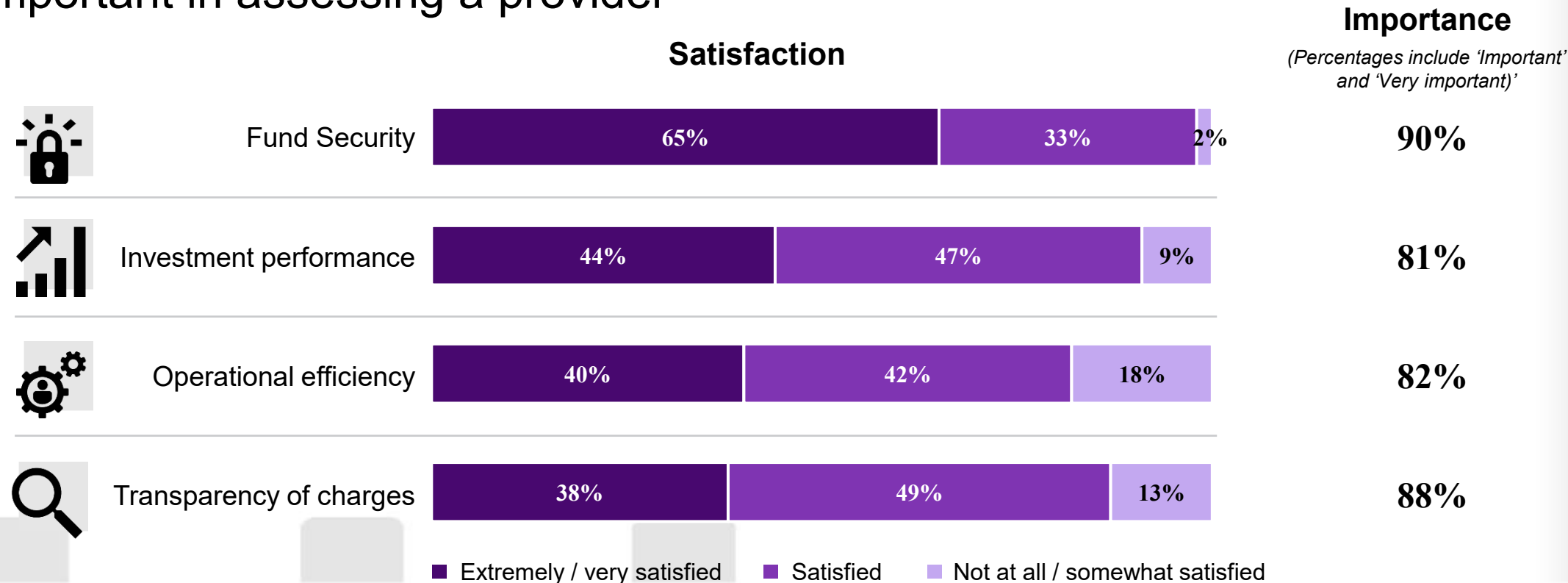
Other



Q: What type of investment products do you use for your group gratuity plan?
Source: The State of Retirement Benefits in India - 2024

Most are highly satisfied with the security of their gratuity funds

Fund security and transparency of charges are the areas deemed most important in assessing a provider



LHS Q: How satisfied is your organisation with the following aspects provided by an insurer for your organisation's group gratuity plan?

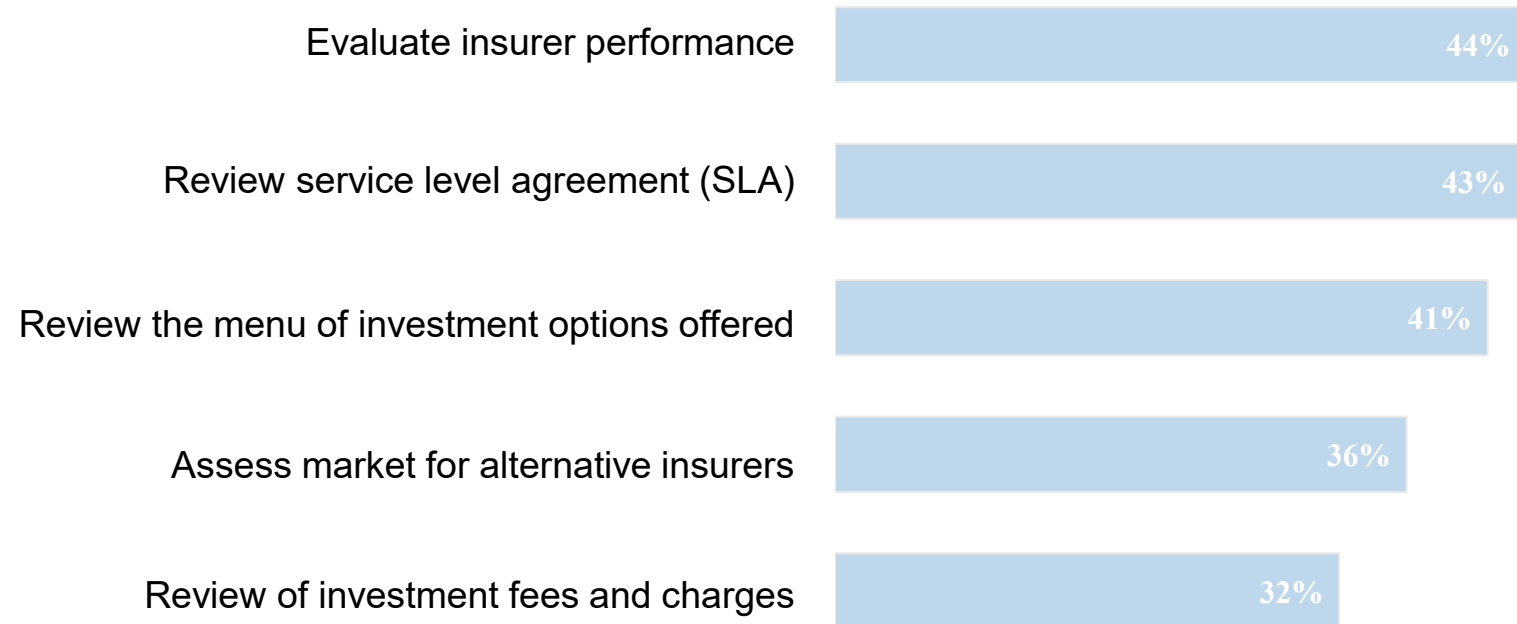
RHS Q: How important are the following factors for your organisation when assessing an insurer for your organisation's group gratuity plan?

Source: The State of Retirement Benefits in India - 2024

2 in 5 employers plan to review investment options and explore alternative insurers for group gratuity plans



Future Action Plan



Q: Does your organisation plan to take any of the following actions for the group gratuity plan in the next two years?

Note: Percentages indicate "Yes".

Source: The State of Retirement Benefits in India – 2024

1 in 2 employers highly satisfied with the fund security are still planning to review the investment options and assess alternate insurers



Future Action Plan



Review the menu of investment options offered

52%



Assess market for alternative insurers

48%

Q: Does your organisation plan to take any of the following actions for the group gratuity plan in the next two years?

Note: Results for those who are extremely / very satisfied with fund security. Percentages indicate "Yes".

Source: The State of Retirement Benefits in India – 2024

Historical Returns on Group Gratuity Funds

	1 Year	5 Years
Traditional fund	7.55%	7.40%
Short term Debt Fund	5.82%	5.26%
100% Debt Fund	8.09%	7.76%
Balanced Fund (Equity: Up to 20%)	8.56%	8.53%
Growth Fund (Equity: Up to 60%)	11.83%	11.13%

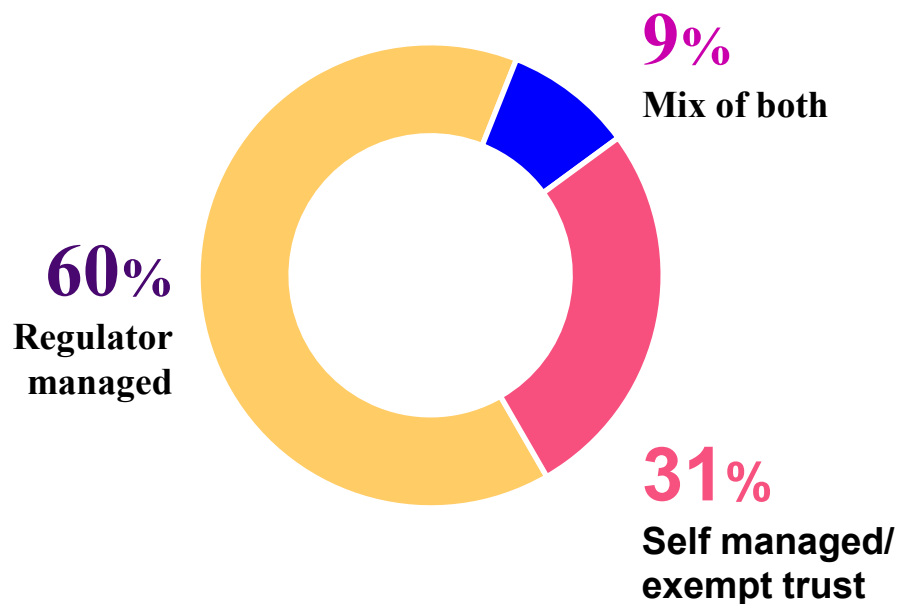
Provident Fund



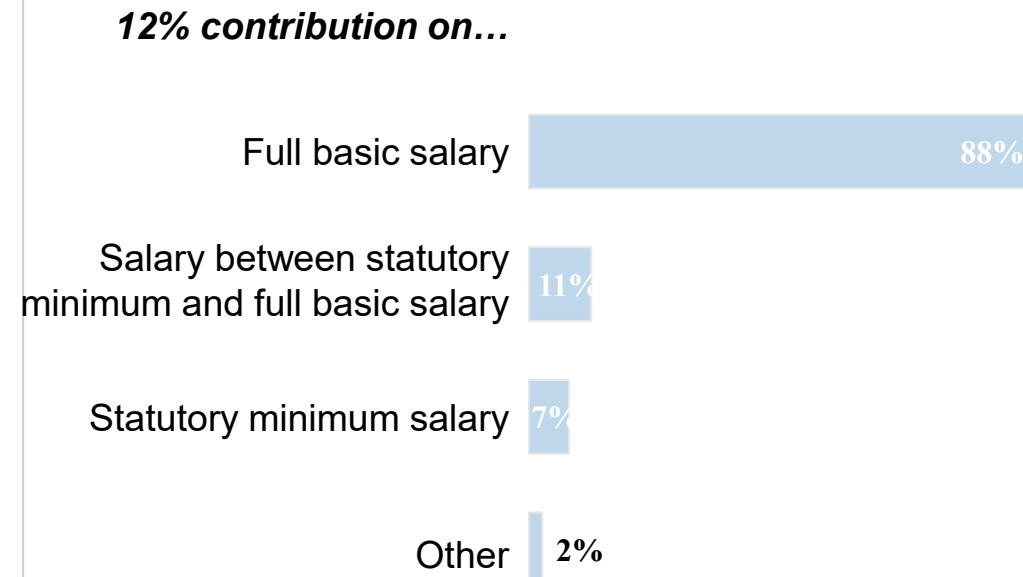
Most employers choose a regulator managed Provident Fund

The full basic salary is typically used as the basis for Provident Fund contributions

Managing provident fund



Contribution Options



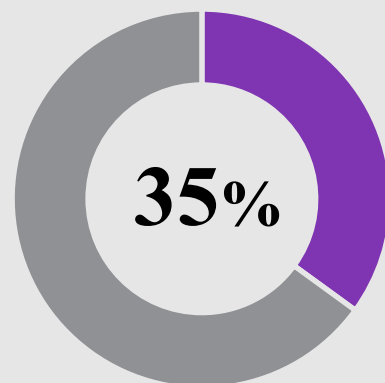
LHS Q: How is your organisation's Provident Fund managed?

RHS Q: Which of the following contribution options to the Provident Fund are available to your employees? Please select all that apply

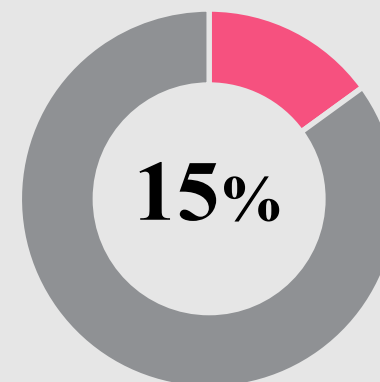
Source: The State of Retirement Benefits in India – 2024

Over 1 in 3 employers are planning to conduct a compliance review

Conduct a compliance review



Assess vendors for provident fund administration

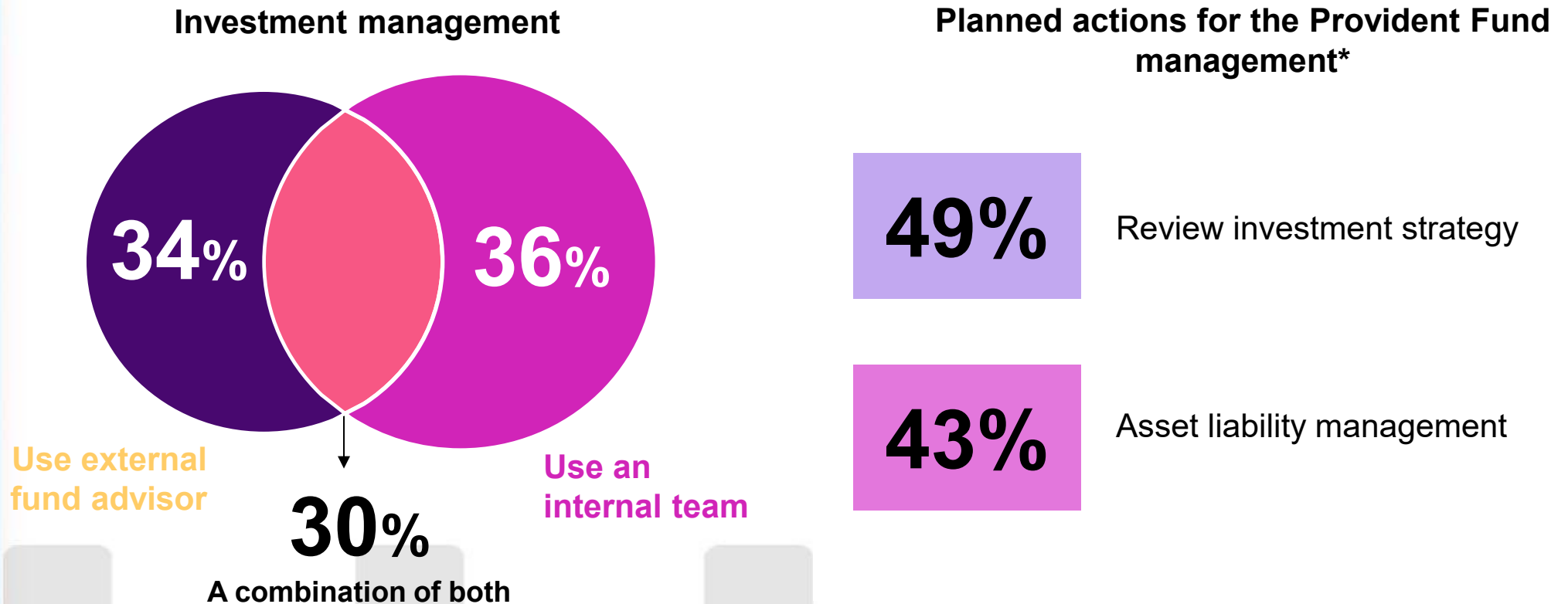


Q: Does your organisation plan to take any of the following actions for the Provident Fund in the next two years?

Note: Percentages indicate "Yes".

Source: The State of Retirement Benefits in India – 2024

Almost half of the employers with self-managed provident fund are planning to review their investment strategy and conduct an ALM exercise



LHS Q: How are the investments of the Provident Fund managed?

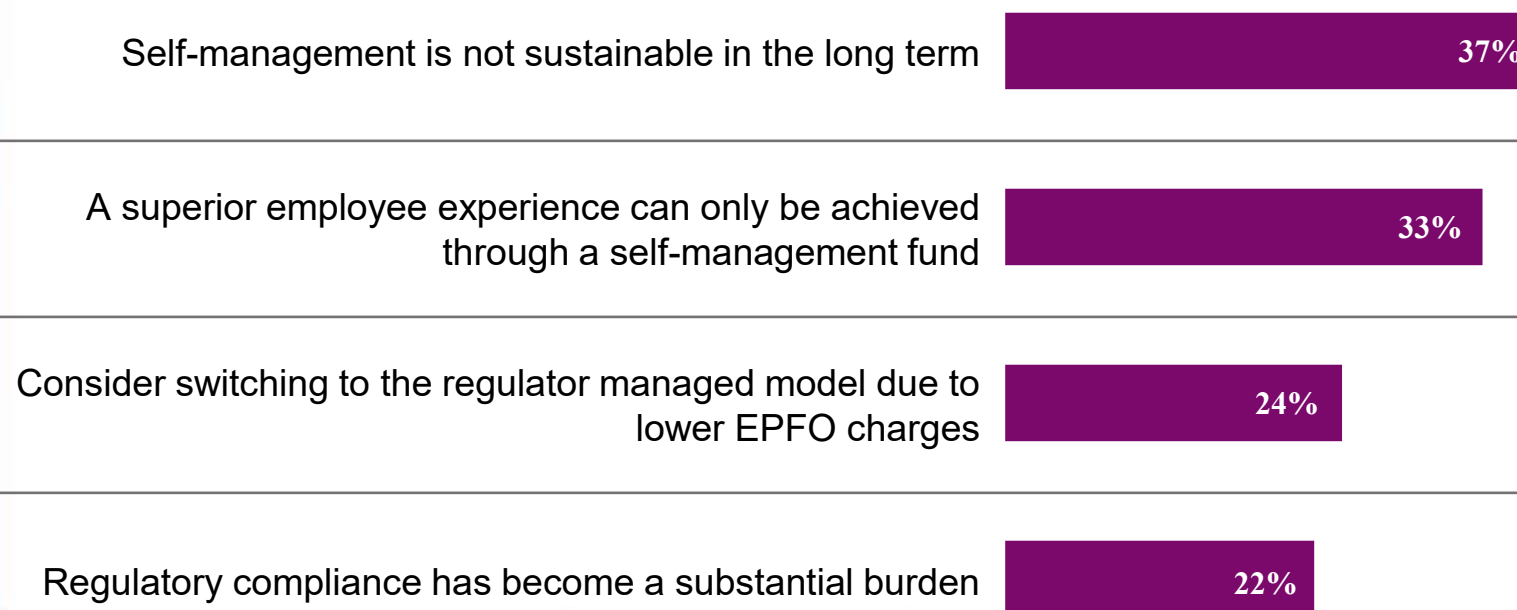
RHS Q: Does your organisation plan to take any of the following actions for the Provident Fund in the next two years?

Note: Results are based on Provident Funds that are self-managed (including those that offer mix of regulator managed and self-managed). *Percentages indicate "Yes".

Source: The State of Retirement Benefits in India – 2024

Two in five employers believe self-managed Provident Funds are unsustainable in the long-term

Views on self-managed provident fund



1 in 2
are considering switching to the regulator managed model due to lower EPFO charges, or say regulatory compliance is a burden

Q: How strongly do you agree or disagree with the following statements regarding your organisation's self-managed provident fund?

Note: Results are based on Provident Funds that are self-managed (including those that offer mix of regulator managed and self-managed). Percentages include "Agree" and "Strongly agree."

Source: The State of Retirement Benefits in India – 2024

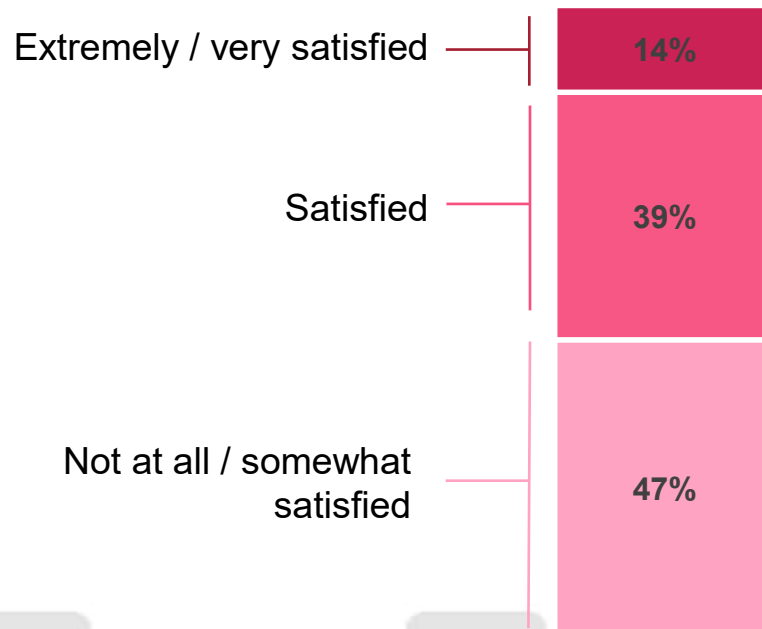
Corporate National Pension System (NPS)



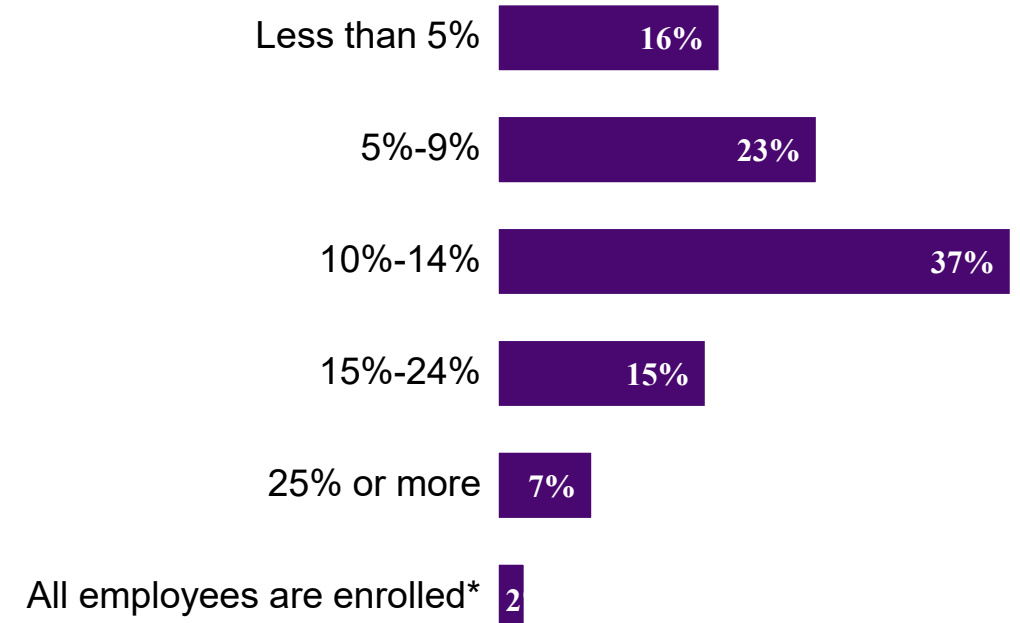
Half of employers are not satisfied with their NPS participation rate

The most common participation rate is between 10%-14%

Satisfaction level of NPS



NPS Participation rate



(Don't know excluded)

LHS Q: To what extent are you satisfied with the level of take up / participation in corporate NPS in your organisation?

RHS Q: What is the corporate NPS participation rate (what percentage of eligible employees have enrolled in the corporate NPS)?

Note * NPS is fully sponsored by employer (over and above CTC)

Source: The State of Retirement Benefits in India – 2024

Education on retirement planning and multiple enrolment windows are used to improve NPS participation



Actions to improve NPS participation

Conduct regular education sessions on retirement planning

64%

25%

Provide more than one enrolment window

53%

19%

Cover some of the enrolment charges

16%

7%

Fully sponsor the scheme by paying full NPS contributions*

8%

7%

Partially sponsor the scheme by paying NPS contributions*

4%

4%

■ Action taken ■ Planning ■ Neither action taken nor planning

Q: Has your organisation taken any of the following actions to improve corporate NPS participation or is planning or considering doing so?

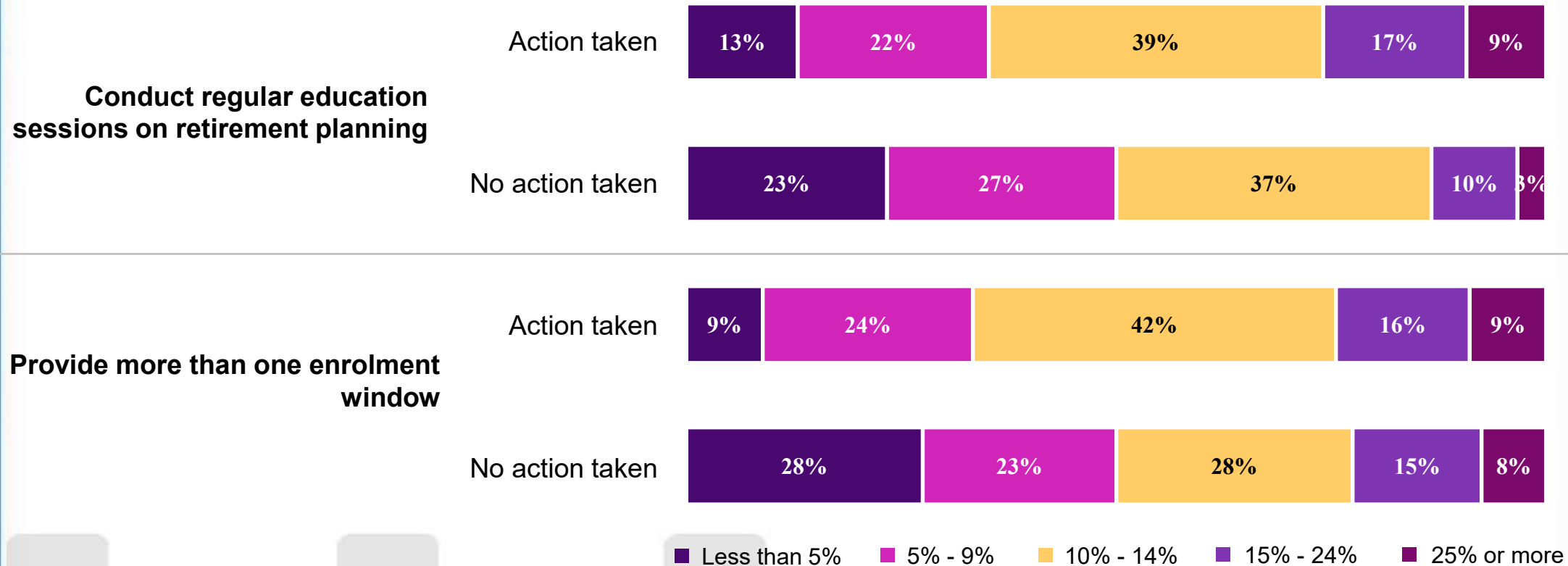
Note: *Contributions over and above CTC.

Source: The State of Retirement Benefits in India – 2024



Employers offering retirement planning education report higher NPS participation

NPS Participation rate



Source: The State of Retirement Benefits in India – 2024

Labour codes

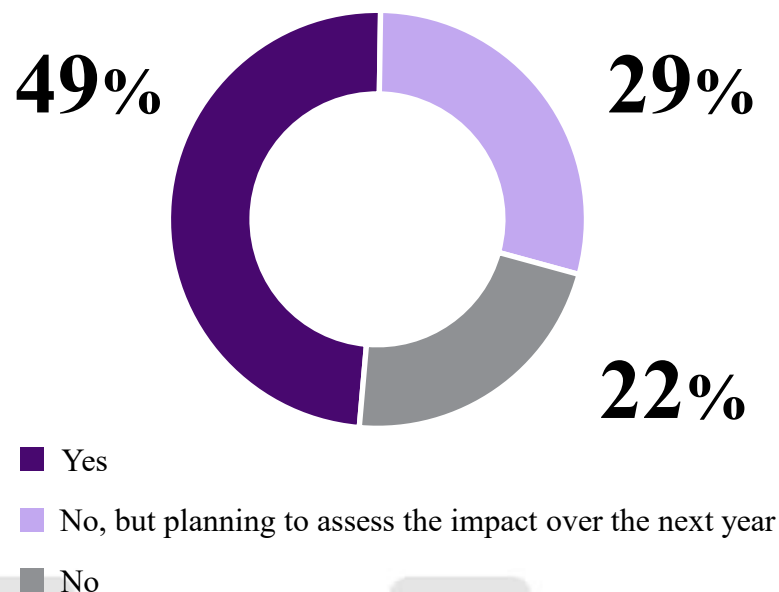


Half have assessed the financial impact of labour codes

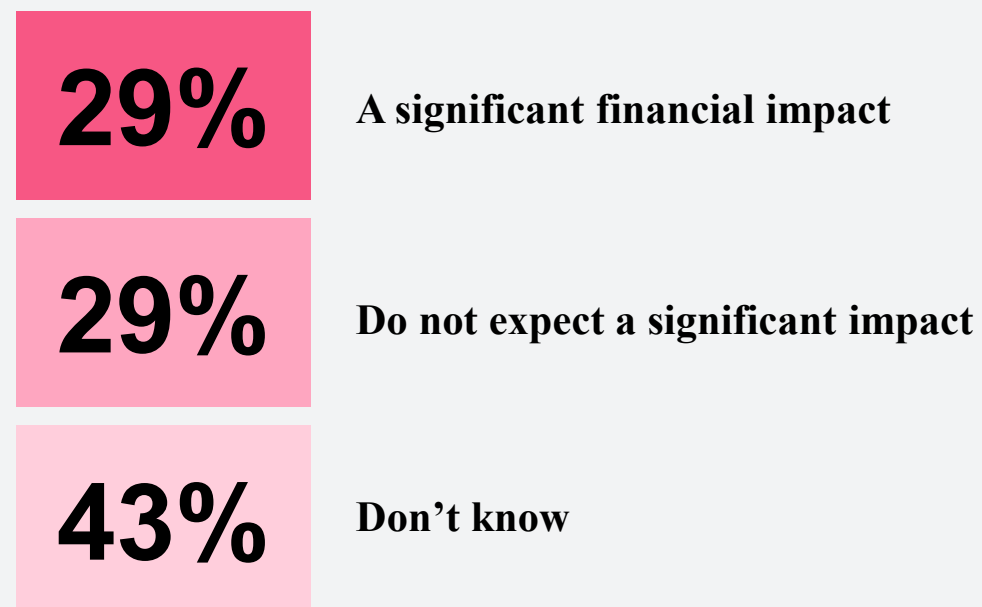


Over 2 in 5 are unsure of the impact on the gratuity liability

**Action taken to assess financial impact
of Labour Codes**



**Expected impact of labour code on P&L
(due to impact on gratuity liability)**



LHS Q: Has your organisation taken any action to assess the financial impact of the Labour Codes?

RHS Q: The changes in the labour code will have an impact on the gratuity liability, and in turn the profit and loss (P&L) for the organisation. What will be the expected financial impact of the labour code on your organisation's P&L? And is your organisation planning to change its gratuity policy as a result?

Note Percentages may not sum 100% due to rounding
Source: The State of Retirement Benefits in India – 2024

1 in 4 expect to update their gratuity policy

Over 2 in 5 are unsure of the impact on the gratuity liability



Expected impact of labour code on P&L

A significant impact ...

and considering options to update our gratuity policy

15%

but will not change the gratuity policy

14%

29%

No significant financial impact ...

and will not change our gratuity policy

19%

but will update our gratuity policy

10%

29%

Don't know

43%

Q: The changes in the labour code will have an impact on the gratuity liability, and in turn the profit and loss (P&L) for the organisation. What will be the expected financial impact of the labour code on your organisation's P&L? And is your organisation planning to change its gratuity policy as a result?

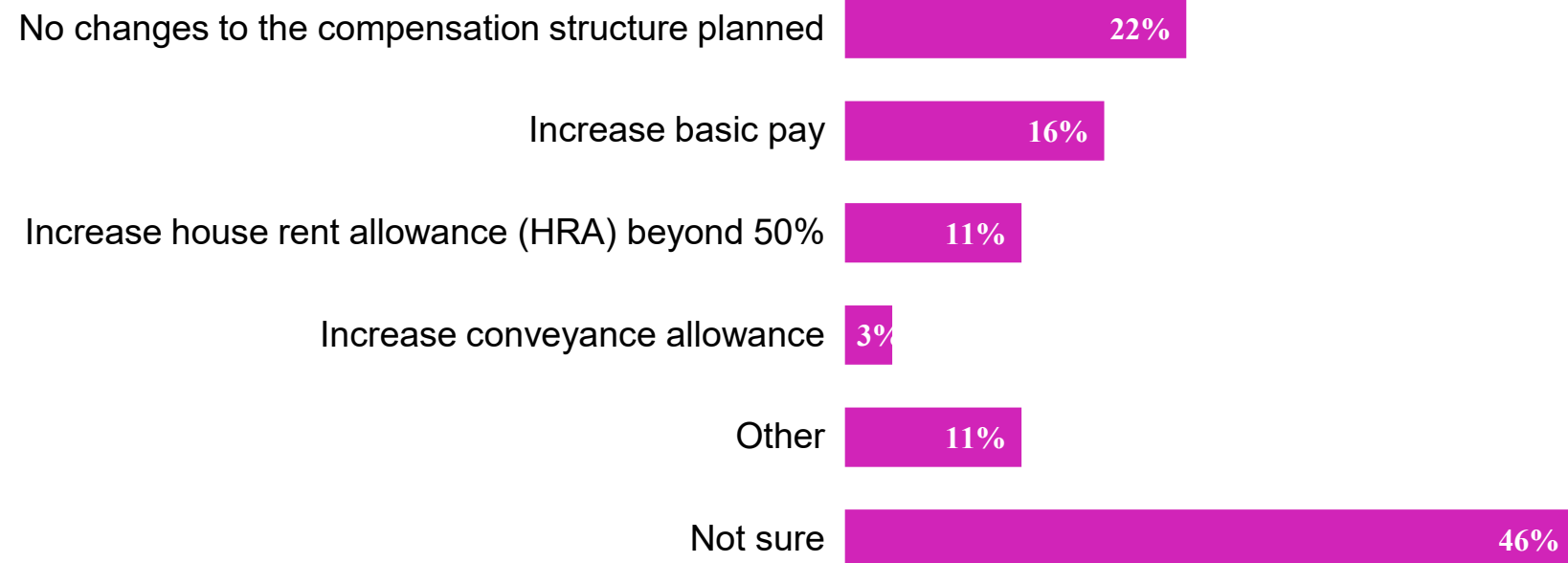
Note Percentages may not sum 100% due to rounding.

Source: The State of Retirement Benefits in India – 2024

Almost half are unsure about their response to the new definition of wages



Response to new definition of wages



Q: How is your organisation planning to change its compensation structure in response to the new definition of wages? Please select all that apply.

Source: The State of Retirement Benefits in India – 2024

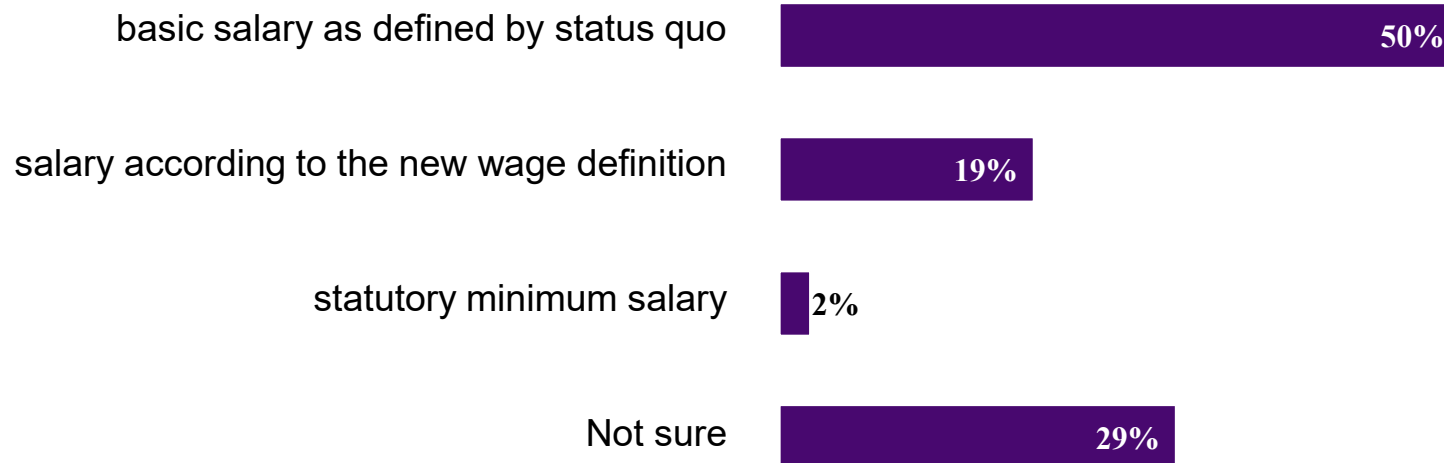
Half of PF contributions to continue with status quo basic salary

But 3 in 10 are not sure how their contributions might change



Contributions to Provident Fund in response to new labour code

Contribute 12% of...



Q: How is your organisation planning to change its contributions to the Provident Fund as a response to the likely changes in the labour code?

Source: The State of Retirement Benefits in India – 2024

Questions

