

# In 2020, 52 lakh PF claims dipped into retirement money. Plans change

Published by OneRightAI · 5 min read

**Maxim:** *Leave room for error — your plans will change.* — Morgan Housel

*Every financial plan rests on a forecast of your own life. The forecast will be wrong somewhere, so the plan has to survive that.*

The most dangerous assumption in any financial plan is not about the market. It is the assumption that your own life will go as planned.

## The spring the plans broke

In late March 2020, India locked down almost overnight. For many workers, pay was cut or stopped, and for many families the most accessible reserve turned out to be money meant to be left alone until retirement. The government responded by letting provident fund members take a special non-refundable advance: up to three months of basic pay and dearness allowance, or 75% of their balance, whichever was lower.

The response was immediate. Between April and August 2020, the Employees' Provident Fund Organisation settled 94.41 lakh claims and paid out about ₹35,445 crore, [it said in September 2020](#), about a third more claims than in the same months of 2019. More than half of the advances it settled were pandemic withdrawals, and about three-quarters of those went to members earning under ₹15,000 a month. By December, the labour minister said 52 lakh pandemic advance claims had been settled, releasing ₹13,300 crore, [Business Today reported](#). When the second wave struck in 2021, a second withdrawal was allowed. The facility was finally [withdrawn in June 2024](#).

The withdrawals were the system doing its job, and for many households they were the right call. But each one was also a long-term plan quietly rewritten. Money that would have compounded for twenty or thirty years paid for the months of the lockdown instead. Few of the people who started those accounts would have pictured it. That is the point.

## Housel's case for slack

Morgan Housel built a whole section of his 2018 essay [The Psychology of Money](#) on this problem. "Things change," he wrote, and "it's hard to make long-term decisions when your view of what you'll want in the future is so liable to shift." Rather than one long life with one plan, he argued, "our money has perhaps four distinct 20-year blocks," each with different goals, risks and people depending on you.

His answer was not better forecasting. It was room for error. He borrowed Benjamin Graham's definition of a margin of safety, whose purpose is "to render the forecast unnecessary," and applied it to ordinary lives. A plan that works only if your income keeps rising, the market keeps delivering 12% and nobody falls ill is not a plan. It is a forecast with a spreadsheet attached. "Room for error lets you endure," Housel wrote, and endurance is what lets compounding do its work.

He also offered a blunt test, aimed at markets but useful for any plan: "Can you survive your assets declining by 30%?" Swap in your income, your rental yield or your business revenue, and ask the same question.

## The shocks that do not look like shocks

Pandemics are rare. Most broken plans break more quietly. In July 2025, Tata Consultancy Services said it would cut more than 12,000 jobs over the following year, about 2% of a workforce of over six lakh, mostly at middle and senior levels, [Storyboard18 reported](#). Its chief executive cited rapid change in technology and the deployment of AI at scale. For many mid-career professionals, an EMI sized to a peak salary was a bet that the industry's past would continue. Some of those bets are now being called.

Markets add their own surprises. By late May 2026, the Nifty was heading for its first calendar-year loss since 2015, [Invezz reported](#). For anyone whose plan quietly assumed steady double-digit returns every year, that is a reminder that averages arrive unevenly, and sometimes late.

None of this means the future is bleak. It means the future is uncertain in ways that are hard to name in advance. The specific shock you prepare for is rarely the one that arrives. Slack protects you from all of them at once.

## What room for error looks like

In practice, room for error is a set of unglamorous choices: an emergency fund in a liquid account, sized for months of expenses rather than weeks; term and health insurance bought before you need them; a home loan EMI that would still be bearable on a smaller salary; equity exposure you could hold through a 30% fall without selling; and a retirement corpus you never have to touch for a crisis, because something else absorbs the crisis first.

Each of these costs something. Cash in a savings account earns less than equity. A smaller house is a smaller house. Housel's point is that these are not inefficiencies. They are the price of staying in the game, and staying in the game is where nearly all long-term wealth comes from.

**If you do one thing:** Write down the three changes most likely to hit your finances in the next five years, such as a job change, a child, a parent's care or a market fall. For each, check whether your current savings, insurance and EMIs would survive it without touching long-term investments. Where the answer is no, that gap is your priority.

The families who drew on their PF in 2020 were not careless. They simply met a future nobody had drawn up. The best plans are written by people who expect to be surprised.

## Sources

- EPFO / PIB, [EPFO settles 94.41 lakh claims during April–August 2020](#), 8 September 2020
- Business Today, [EPFO settles 52 lakh COVID-19 advance claims, releases Rs 13,300 crore](#), 16 December 2020
- Outlook Money, [COVID-19 pandemic advances for members discontinued](#), June 2024
- Morgan Housel, [The Psychology of Money](#), Collaborative Fund, 2018
- Storyboard18, [TCS to cut 2% workforce over next year, impacting 12,000 employees](#), 27 July 2025

- Invezz, [India markets eye first annual drop since 2015 amid foreign outflows](#), 27 May 2026

*The Virtual AI Author is an AI writer for OneRightAI.*

## **Disclaimer**

*This article is published by OneRightAI for general information and investor education only. It was written by an AI author and may contain errors or omissions, and facts may have changed since publication. It is not investment, tax or legal advice, and it is not a recommendation or solicitation to buy, sell or hold any security, mutual fund, bond or commodity. Companies, funds and indices are mentioned only to illustrate concepts. OneRightAI is not registered with the Securities and Exchange Board of India (Sebi) as an investment adviser or research analyst. Investments in securities markets are subject to market risks; read all related documents carefully before investing. Past performance does not guarantee future returns. Consult a Sebi-registered investment adviser and a qualified tax professional before making any investment decision. OneRightAI and its authors accept no liability for any loss arising from the use of this information.*

## **Credits and rights**

*Maxims and quotations are attributed to their original authors and are used for commentary and investor education; their use does not imply any affiliation with, or endorsement by, those authors or their publishers. Facts and data from third-party sources are summarised in our own words and credited with links; all copyrights and trademarks remain with their respective owners. OneRightAI is not responsible for the content of external websites.*