



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

D/1/ Sector C Scheme No. 71 Indore 452009

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Ref: 2021/ 557

19.08.2021

The Office Bearers/ Central Committee members/ State Committee Chiefs

A.I.B.R.F.

Dear Comrades,

Re: Updation Exercise Visa vis Position of Pension Funds in banks

As all of you know, Updation exercise has started moving forward. Committee for this purpose has already been constituted by IBA. It has held first round of discussion with union leaders on 22. 07.2021. We now understand constituents of UFBU are scheduled to meet in Mumbai on 25.08.2021 to discuss and decide their strategy to hold negotiation with IBA committee on the issue in coming days.

2. At AIBRF level, we are keeping watch on the developments in this regard and would initiate required steps as and when needed.

3. We find that many of our activists and individual retirees have been circulating their reactions and comments on Pension Fund positions obtaining in banks. Many hold views that Pension Fund position in banks is very comfortable and excessive which can easily take care of burden of updation cost.

4. In this regard we would like to state that studying pension fund position is a quite complexed issue and need critical analysis of relevant issues to have clarity and to reach to the matured and logical conclusion.

5. In this regard, we wish to invite your kind attention on the following aspects of pension funds which need to be examined in detail:

- (a) To study and understand relevant provisions of Pension Regulations to constitute pension funds and its management in banks.
- (b) Who is contributor to the pension funds and their legal responsibility?
- (c) Concept of **Pension Funds liability** and **Pension fund assets**
- (d) How to read whether pension funds are **overfunded or underfunded**
- (e) Impact of rate of interest trend/scenario on contribution to be made by employer in pension fund periodically
- (f) Study of ratio between active employees and retired employees and its impact on pension funds.

- (g) Concept of **investment risk** to employer under **Defined Benefit (DB) scheme** *visa vis* **Defined Contribution scheme (DC)**.
- (h) Impact on pension funds because of time difference in **contribution and expenses**.
- (i) **Concept of amortization** to meet burden of bulk contribution due to fresh option/ improvements in the scheme.
- (j) Impact of ratio between members of **DB scheme and DC scheme**.
- (k) Challenges in day to day administration and management of funds.
- (l) Study of impact on pension due to **death of pensioner and grant of family pension**
- (m) Study of likely scenario of inflation level in coming time and its impact on adequacy of pension funds.
- (n) Impact on pension funds due to periodical pension options given to left over and improvements in the scheme.
- (o) Study of retirement cost to the overall establishment cost.
- (p) Accounting Standard 15 provisions and guidelines for employer contribution to pension funds.
- (q) Annual Actuarial exercise
- (r) Other related issues

6. We propose to hold **deliberations and discussion** on the above points related to Pension Funds in banks to ensure better understanding and clarity on this important issue. **Those office bearers and central committee members are interested to participate in such discussion and have conceptual interest on this topic may send their names to central office.** Depending upon the number, we shall organize one or more meetings for this purpose. In case state committees want to hold this type of workshop/ seminars, we may be informed.

With Warm Greetings,

Yours Sincerely

A handwritten signature in cursive script, appearing to read "mahab", is written over a horizontal line.

GENERAL SECRETARY

