Indian Banks' Association

HR & INDUSTRIAL RELATIONS

No.CIR/HR&IR/G2/665/90/2010-11/999
August 10, 2010

Chief Executives of Member Banks which
are parties to the Bipartite Settlement

Dear Sirs,

Bipartite Settlement with Workmen Unions and Joint Note with Officers' Organisations for extending another option to join the Pension Scheme to those who did not opt for pension earlier

Please find enclosed copies of the Settlements dated 27th April 2010 signed with the Workmen Unions and Joint Note dated 27th April 2010 signed with the Officers' Organisations on extending another option for pension to the non-optees who were in the service of the bank prior to 29th September 1995 in case of Nationalised Banks and 26th March 1996 in case of Associate Banks of State Bank of India and confirmed to be in service on or after the said date and did not opt for pension earlier.

2. To facilitate early implementation, Government has consented IBA advising all banks that they may undertake the exercise for seeking the option from the employees both serving and retirees who did not opt for pension earlier, explaining the terms and condition for such option.

3. Sanction of the Government is also accorded to implement the terms of Settlement/Joint Note dated 27th April 2010 between IBA and Unions/ Associations for the grant of option to the retirees and payment of pension to such retirees w.e.f. 27th November 2009, who opt for pension and comply with terms and conditions set out in the Settlement/ Joint Note for the grant of pension, pending necessary amendments in the Bank (Employees) Pension Regulations, 1995.

4. The existing pension scheme will not be applicable to those, who join the services of banks on or after 1st April 2010. Officers/ workmen employees, joining services of banks on or after 1st April 2010 shall be eligible for Defined Contributory Pension Scheme on the lines of New Pension Scheme introduced for employees of Central Government. The Officer/ Workmen employees joining service on or after 1st April 2010 shall contribute 10% of Pay and DA towards the Defined Contributory Pension Scheme.

5. Officer/ Workmen employees, who opted for Voluntary Retirement under special Voluntary Scheme after rendering a minimum of 15 years service, shall be eligible to exercise option to join the Pension Scheme subject to terms and conditions applicable to retirees.

6. Pension/ Family Pension will be payable to those, who opt to join pension scheme and comply with terms and conditions set out in the Settlement/ Joint Note dated 27.4.2010.

7. The cost of another option of pension for the serving employees and the grant of option to the retirees assessed by the Actuaries, based on the estimates of each Bank, will be closely supervised by the Monitoring Committee. The Banks which exceeds the cost than the Actuarial report, would need to explain to the Government.

8. The monitoring in this regard may be carried out every quarter at the Board level.

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World Trade Centre Complex, Centre 1, 6th Floor, Cuffe Parade, Mumbai - 400 005. • Phone : 2217 4040, Fax : 2218 4222 / 2215 4131
Website : www.iba.org.in

9. We are enclosing a draft of the option letters to be obtained from serving employees and retirees for guidance. You are requested to take immediate steps to circulate the terms and condition on which another option is granted to non-optees as contained in the enclosed Settlements/ Joint Note among the staff members, with the approval of the Bank's Board.

10. You are also requested to advise those who retired from service on or after 29th September 1995 / 26th March 1996 in the last known address, the following information as available in the Bank's records:

(i) The amount of Bank's contribution to Provident Fund with interest paid to him at the time of retirement.
(ii) 56% of the above amount representing his share in the funding gap.
(iii) The lumpsum amount he may get if he exercises his option to join the Pension Scheme and choose to commute the maximum permissible pension (1/3rd of Basic Pension) based on the commutation value on his next date of birth from the date of option.

11. IBA is arranging to publish an advertisement in English in a National daily and other newspapers in Regional Languages advising the retirees to approach the banks in this regard.

12. Banks may consider setting off the commutation amount of the optees against the amount due from him for joining the Pension Scheme.

13. In terms of Memorandum of Settlement dated 27th April 2010, in the case of workmen employees and Joint Note dated 27th April 2010, in the case of Officer employees, those who ceased to be in service on account of retirement on superannuation, death or on account of VRS under special scheme prior to 27th April 2010 but after 29th September 1995 from Nationalised Banks and after 26th March 1996 from Associated Banks of State Bank of India are eligible to opt for joining the pension scheme now as retired employees subject to the terms and conditions stipulated. Those who were in the service of the Banks as on 27th April 2010 will be eligible to join the pension scheme as serving employees subject to the terms and conditions stipulated.

14. Once the Scheme is implemented and funds received from those who opted to join the Pension Scheme complying with the terms and conditions for such option, please advise us the details in respect of -

(i) Bank's contribution with interest paid to the retirees at the time of retirement refunded by them;
(ii) 56% of the above remitted by them towards their share of funding gap
(iii) Bank contribution towards Provident Fund and interest accrued thereon transferred to the pension in respect of serving employees who opt to join the pension scheme now.
(iv) 2.8 times of revised pay for November 2007 contributed by serving employees who opted to join the pension scheme now.

15. You may kindly approach us for any clarification in respect of implementation of the Settlement/Joint Note in extending another option to join the Pension Scheme to serving employees/ retirees as above.

Yours faithfully,

K Unnikrishnan
Deputy Chief Executive

Encl.