



Retirement Benefits

AIUCBOF Empowerment Series Chapter 2

Retirement benefits

Retirement benefits in general term indicate financial benefits available/accrued to an officer on his retirement .It is the appreciation of long term service rendered to the Bank by the concerned officer as well as the benefits which the officer had earned .

The followings are the major components of Retirement benefits:

- a) Contribution to Provident Fund
- b) Gratuity
- c) Leave encashment
- d) Pension
- e) Savings portion of GSLI

The salient features of each component are discussed in brief hereinafter.

a) **Provident Fund:**

i)Contribution: As per latest industry level settlement 10% of "Pay" (Basic pay, stagnation increment, PQP, Basic portion of FPP etc) is recovered from monthly salary of an officer as member's contribution to PF and the Bank also provides matching contribution to this fund except for pension optees . Half yearly interest is credited to this account and the rate of interest for a particular year is determined on the basis of earnings made by this fund. However an officer/ employee may contribute voluntarily up to 16.66% of his "pay" to this Fund. The officers, who have opted for pension, are not entitled to have matching contribution from Bank's side. The amount accumulated in this fund is payable to the officer/ employee at the time of his/her retirement subject to recovery of outstanding loan (refundable) availed of from this fund as well as for full/ part recovery of pecuniary loss caused to the Bank . There shall be no Provident Fund to Officers joining the services of the Bank on or after 01.04.2010. They shall be covered by a defined Contributory Pension Scheme, where the officer will contribute 10% of Pay + Dearness Allowance and the Bank will make a matching contribution. The scheme shall be governed by the provisions of the Contributory Pension Scheme as introduced for employees of Central Government with effect from 01.01.2004 and modified from time to time.

ii) **Loan facilities:**

A) Refundable loan: **Limit** – Max 6 months of BP (Basic pay). For daughter's marriage 9 months of BP and for medical treatment 3 months of BP provided total loan amount inclusive of earlier outstanding loan should not exceed 80% of accumulated fund in member's contribution.

Eligibility: The officer/ employee should be having 40% of Net take home pay after recovery of proposed loan installment (principal and interest) together with notional interest in CC/OD

Repayment: Maximum 48 monthly installments wef 01-04-2011 (Circular No. CHO/PMG/49/2010-11 dated 23-03-2011)

B) **Non refundable loan: Limit:** 6 months of Basic pay and can be availed of two times in entire service career with a minimum gap of five years for second time availment . For second time availment , the limit would be 6 months of current Basic pay minus the loan amount availed earlier . Sanctioned amount should not exceed 80% of own contribution minus outstanding balance in refundable loan.

Purpose: New construction of dwelling house, purchase of land/house/flat and additional construction over existing property. Loan is not sanctioned for purchase of second property as well as for the purpose of repair/renovation /remodeling of existing house.

Supporting papers: Allotment letter /vendor's agreement, detailed estimate from a registered valuer /Chartered Engineer with seal signature & Registration number on his letter Head.

Note: PF amount received at the time of retirement is exempt from Income Tax

B) **Gratuity:**

a) AS per OSR : one month's pay for each completed years of service, subject to a maximum of 15 month's pay. In case the officer rendered more than 30 years of service, he would be entitled additional amount of gratuity @ ½ of a month's pay for each completed years of service beyond 30 years.

i) Length of service for calculation of Gratuity is the total period from the day of initial appointment (permanent/temporary/probation) in the Bank to the day of cessation of the Bank's service.

ii) If the fraction of service beyond completed years is six months or more, gratuity will be paid pro-rate for the period.

iii) In case of death of the employee in harness, the amount of gratuity will be payable to the nominee of the Officer employee if he had submitted such a document, otherwise, the gratuity will be payable to the legal heirs, executors, administrators or assigns of the Officer employee.

iv) Gratuity is forfeited wholly or partly if the services of an employee has been terminated (a) for riotous/disorderly conduct or any act of violence on his part, (b) for any act which constitutes an offence involving moral turpitude committed in course of employment.

v) Gratuity is also liable to be forfeited to the extent of loss suffered by the Bank, if the employee is terminated for any act of willful omission, negligence causing damage/loss/destruction of Bank's property.

vi) For delayed payment of gratuity beyond 30 days the Bank is liable to pay simple interest @10% p.a. provided the delay is not caused due to the fault of the employee.

vii) In case of Officers the gratuity is calculated as per OSR as well as per Gratuity Act, 1972 and higher of the two amounts shall be payable.

b) As per payment of Gratuity Act, 1972: The Gratuity is payable @15 days wages for each completed of service or part thereof in excess of six months on the basis of 26 working days subject to a ceiling of Rs.10.00 lakhs. Wages includes the pay + dearness allowance.

(BP + DA) x 15/26 x No. of years of service = Rs.10.00 lakh maximum

- In other words DA is not taken for calculation of gratuity as per OSR whereas the DA forms a part of wages as per Gratuity Act.
- Gratuity amount upto Rs. 10 lacs is exempted from Income Tax.

C) Leave encashment:

Encashment of accumulated P.L. is permitted to an officer at the time of his retirement/to his/her legal heirs if he/she dies in harness to the extent such leave is available in his credit subject to a maximum of 240 days.

For such encashment the officer will be paid one month`s salary and allowances (Inclusive of notional HRA for those who have been provided with Bank's accommodation) at the rate for the month in which he retires. Amount exempt from Income Tax –Rs 3 lacs

D) Savings portion of GSII-

Insurance Cover	(Sum Assured)
Officers In Scale IV & above	Rs 4,00 lacs+ Savings Part
Officers upto Scale III	Rs 3.00 lacs+ Savings Part

Savings Part = 63% of Self Premium.

This scheme has been introduced by the Bank as Group insurance scheme and the premium depends on the age of the employee at the point of entry level in the scheme. The recovery of premium is effected from the monthly salary and the Bank is not contributing anything else in this regard except administration of the scheme. The savings portion of the insurance premium is accumulated and at the time of retirement of the employee the balance amount together with interest is payable to the retiring employee / officer.

Benefits Receivable after retirement from Bank' Service

1. Group Medclaim Insurance for Retired Employees:

Object	Group Medclaim Insurance for retired employees with their spouse
Target Group	All retired employees
Insurance coverage & premium payment	Renewed with an enhancement in sum assured value from Rs.1,00,000/- to Rs.2,00,000/- per retired employees & spouse. The policy is valid up to 30/03/2014. Rs.1890/- is to be paid by the retired employee out of total premium Rs.10,112/- per employee. Rest amount will be given from Staff Welfare Fund.
Circular Reference	(CHO/PMG/42/2012-13 dated 30-03-2013)

2. Payment of funeral expenses to the family of retired staff members:

Object	Reimbursement of funeral expenses to the family of retired employees in the event of death of normal / VRS retired employees/officer.
Target Group	All normal/VRS retired employees/officers
Quantum of Assistance	Rs.5000/- (Max)
Circular Reference	CHO/PMG/43/2010-11 dated 26/12/2011

3. Scheme for further reimbursement of hospitalization to the retired employees @ Rs.25000/- and their spouse @ Rs.10000/- against uncovered medical Bill:

Object	Assistance by way of reimbursement against uncovered hospitalization bills (after reimbursement / settlement through Group Medclaim Insurance) in connection with treatment of Heart Surgery, Kidney failure, Cancer, Brain Tumor and major surgery arising out of any accident.
Target Group	All normal/VR retired employees who are covered under Group Medclaim Insurance.
Quantum of Assistance	Maximum – Rs.25,000/- in case of retired employee & Maximum – Rs.10,000/- in case of spouse of the retired employee or the difference between the Hospitalization expenses claimed and amount settled under Group Medclaim, whichever is lower.
Circular Reference	CHO/PMG/28/2012-13 dated 26/11/2012

4. Issuance of Photo Identity Cards to the retired employees/ officers- Reimbursement of cost of Photograph (CHO/PMG/40/2011-2012. DATE: 09.12.2011)

i) Photo Identity Card shall be issued to all retired employees/officers indicating their date of retirement by the Pension paying Branch / Branch where the employee/officer is maintaining his account, free of cost. In case cost was recovered as per earlier instruction from the Bank, the same is to be reimbursed now, upon production of Photo and its relevant money receipt or bill.

ii) For the officers/ employees, retiring shortly, the Identity card, duly filled in indicating the date of retirement, with a Photograph affixed thereon and attested by the Head of Branch/Office may be submitted by the branch/office along with the terminal benefit claim papers / pension forms to Head Office, Personnel Services Dept., Terminal Benefit Cell, well in advance.

iii) The Identity Card duly counter-signed by the officer, authorizing the PPO at Head Office, shall be forwarded to the branch/office from where the employee/officer is retiring, along with terminal benefit papers so as to handing over the same to retiring employees/ officers on the date of retirement itself.