

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

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Sub.: Implementation of new defined contributory pension scheme w.e.f., 1.4.2006 for new entrants of KPTCL/ESCOMs services – Reg.

READ:

- 1. Memorandum of Settlement dated 25.9.2006 entered into between the Management of KPTCL and the KPTC Employees Union (Reg. No.659) regarding the revision of pay scales of workmen and allied matters w.e.f., 1.4.2003.
- 2. Order No.KPTCL/B16/4678/2006-07 dated 27.9.2006 revising the pay scales of workmen w.e.f., 1.4.2003.
- 3. Order No.KPTCL/B16/4679/2006-07 dated 27.9.2006 revising the pay scales of officers w.e.f., 1.4.2003.
- 4. Government Order No.FD (SPL) 04 PET 2005 dated 31.3.2006 implementing new defined contributory pension scheme w.e.f., 1.4.2006 for new entrants to Civil Service.
- 5. Corporate Office note dated 15.6.2007.

ORDER NO:KPTCL/B16/B14/4977/2005-06, BANGALORE, DATED: - 5 JUL 2007

KPTCL is pleased to accord approval for implementing new defined contributory pension scheme w.e.f., 1.4.2006 for new entrants to KPTCL/ESCOMs service as follows:

- The new defined contributory pension scheme shall be mandatory to all new recruits to KPTCL/ESCOMs service joining on or after 1.4.2006. The monthly contribution shall be 10% of the Basic Pay & Dearness Allowance thereon to be paid by the employee and matched by KPTCL/ESCOMs in equal proportion. However, there shall be no contribution from KPTCL/ESCOMs in respect of individuals who are not KPTCL/ESCOMs employees.
- 2. The contribution and returns thereon shall be deposited in a non-withdrawable Pension Tier-I Account.
- 3. KPTCL/ESCOMs under the new scheme shall normally exit at the age of superannuation for tier-I of the pension system. At exit, the employee shall be mandatorily required to invest 40% of pension wealth to purchase an annuity. In case of employees, the annuity shall provide for pension for the life time of the employee and his dependent parents & his spouse at the time of retirement. The individual shall receive a lump-sum of the remaining pension wealth which he would be free to utilize in any manner.

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- 4. In the case of employees who leave the scheme before attaining the age of superannuation, the mandatory annuitisation shall be 80% of the pension wealth.
- 5. Separate Orders will be issued appointing the Central Record Keeping Agency and Pension Fund Managers. Till such time, the accumulated balances under each individual account are transferred to pension fund Managers, contributions made by the employees and the matching contribution by the KPTCL/ESCOMs shall be suitably invested on which appropriate interest shall be given and the interest earned shall be credited to the fund. But, this shall be purely temporary arrangement.
- 6. The effective date for opearationalisation of the new pension system shall be from 1st April, 2006.
- 7. The existing provisions of defined benefit pension shall not be available to the new recruits joining/already joined service on or after 1.4.2006.
- 8. Pending finalization of new defined contributory pension scheme, the specified contribution shall be collected from the month of July-2007 and onwards along with the arrears of contribution from 1.4.2006 to 30.6.2007 in 15 equal instalments. Employee wise/ESCOMs wise consolidated statement along with DD shall be sent to KPTCL/ESCOMs P & G Trust. Financial advisor (A&R), KPTCL will issue detailed guidelines and procedure for the accounting contributions till the regular central record keeping agency and pension fund managers are appointed.
- 9. Clarifications, if any in implementing the new defined contributory pension scheme shall be sought from the Financial Advisor (A&R), KPTCL, Kaveri Bhavan,
- 10. Amendments to the KEB ESRs will be issued separately.

By orders.

GENERAL MANAGER (ADMN. & HRD)

Copies to:

1. V.Narayana Gowda, Director(Labour) & President, KPTC Employees Union (659)

2. Shri. B.N. Sathyapremkumar, Director, MESCOM, HESCOM, GESCOM, CESCO and President, KEB, Engineering Association.

3. All Managing Directors, ESCOMs/VVNL (KPCL).

4. All Chief Engineers, Electy., KPTCL/ESCOMs.

5. All Financial Advisers, KPTCL/ESCOMs.

