

OERC PENSION MANUAL

1. Introduction

The OERC Pension Manual contains the historical background of OERC's (Odisha Electricity Regulatory Commission) pension payment over last 14 years, creation of OERC Pension Fund Trust, appointment of LIC of India as Fund Manager and procedure for payment of pension and family pension to its employees and their legal heirs. The purpose of this manual is to provide historical background juxtaposed with the statutory provisions for better understanding of the matter by the decision making authorities and describe the procedure for pension payment by OERC in clear and unambiguous terms so that pension / family pension can be sanctioned and disbursed by OERC timely as well as smoothly.

2. Historical Background

OERC (Odisha Electricity Regulatory Commission), an independent autonomous regulatory body, was established for achieving the objectives enshrined in the OER Act, 1995. OERC became functional on 01.8.1996 with the joining of its three members, as the first and pioneer electricity regulator of the country.

- 2.1 The budget of OERC was met out of the Consolidated Fund of the State from 1996 to March, 2006. The employees of OERC were entitled to GPF and pensionary benefits like any other state government employee as per OCS (Pension) Rules, 1992. All service conditions of employees of OERC has been stipulated in the regulation titled, "Odisha Electricity Regulatory Commission (Method of Recruitment and Conditions of Service of Officers and Staff) Regulations, 1997".
- 2.2 The Electricity Act 2003 was implemented throughout the country in 2003. As envisaged under the said Act, OERC became financially autonomous and created its own fund, in accordance with the OERC (Fund) Rules, 2006 framed by Govt. of Odisha. This fund meets the expenses of the Commission as specified under **sub-section (2) of Section 103** of the Act and **Rule 7 of OERC (Fund) Rules, 2006** and these stipulations are reproduced below for ready reference:-

(2) The Fund shall be applied for meeting —

(a) the salary, allowances and other remuneration of Chairperson, Members, Secretary, officers and other employees of the State Commission;

(b) the expenses of the State Commission in discharge of its function under Section 86; and

(c) the expenses on objects and for purposes authorised by this Act.

OERC (FUND) Rules

7. Application of the Fund

7.1 The fund shall be applied for meeting: -

(a) The salary, allowances and other remuneration of Chairperson, Members, Secretary, Officers and other Employees of the Commission including pension and provident fund as provided in clause (a) of sub-section (2) of section 103 of the Act.

Expenditure of the various allowances like H.R.A., R.C.M., T.E., L.T.C., etc. shall be as per the Rules of the State Government in force and as per yardstick fixed by the State Government. Expenditure on GPF, Pension and other retirement benefit shall be as per the Rules applicable to the State Government Employees.

- 2.3 In order to pay pension to its employees, the Pension Fund Schemes (Rules) and the Trust Deeds for the following Trusts were formulated and adopted by OERC in 2006.
1. OERC Pension Fund Trust (for pension of employees who joined or deemed to have joined OERC before 2005)
 2. OERC Contribution Tier-I Fund Trust (for pension of employees who joined OERC on or after 01-01-2005)
 3. OERC Voluntary Tier-II Fund Trust (for voluntary contribution of employees who joined OERC on or after 01-01-2005 - in place of GPF)

The aforesaid three Trusts were created and registered with the Registrar Office, Bhubaneswar on 29th March, 2007.

- 2.4 OERC started paying salary and pension to its employees from its fund from 1st April 2006. It is pertinent to mention here that the Govt. of Odisha transferred Rs.181 lakh to OERC Pension Fund Trust towards the pension contribution of employees of OERC from 01.01.1996 to 31.03.2010. Moreover, in case of employees from Govt. / PSUs, who joined OERC on deputation and were permanently absorbed in OERC later, the funds towards their pension and leave salary were transferred to OERC Pension Fund Trust and their period of service under the Government / Public Sector Undertakings as the case may be, was treated as continuous for the purpose of their service benefits.

3. Types of Pensioners

For the purpose of paying pension, the employees of OERC, except for the contractual ones, can broadly be categorized into two types:- i) Defined Benefit and ii) Defined Contribution. These two types of pensioners have been explained below.

3.1 Defined Benefit

The employees, who have joined or deemed to have joined OERC before 01.01.2005, belong to this category. They are entitled to receive pension and family pension in accordance with the OCS (Pension) Rules, 1992 and its modifications under ORSP (Odisha Revised Scale of Pay) Rules from time to time.

3.2 Defined Contribution

The employees, who have joined OERC on or after 01.01.2005, belong to this category. At present, they have been registered under the National Pension System (NPS), which is administered and regulated by Pension Fund Regulatory and Development Authority (PFRDA) created by an Act of Parliament. In this system, a percentage (10% now) of the salary is contributed by the employee and an equal contribution is made by OERC. Every month, total amount comprising the sum of the contributions of employee and employer, is deposited in the Permanent Retirement Account Number (PRAN) account of the employee in the NPS Trust maintained by National Securities Depository Ltd., the Central Recordkeeping Agency (CRA) under the overall supervision of PFRDA.

4. **OERC Pension Fund & Its Management**

4.1 Out of the aforesaid three Trusts, the monies in the Pension Fund Trust is required to be managed by OERC. The funds in other two Trusts were initially managed by OERC and later, the funds were transferred to the NPS Trust managed by PFRDA.

4.2 Initially, the fund management of the Trusts was done by the Accounts Officer, OERC. Mostly, the fund was put in a fixed deposit (FD) scheme in the Corporation Bank, a PSU Bank and earned an interest at the rate of 7% - 9%. The yield of the fund was not satisfactory.

4.3 LIC of India as Fund Manager

The Commission decided to appoint a more professional fund manager such that the return is more without compromising the security of the fund. This necessitated an amendment in the Trust Deed for allowing a professional fund manager approved by Insurance Regulatory and Development Authority (IRDA) to manage the funds of the Pension Fund Trust. This amendment was effected in April, 2011.

The Commission, in order to have better return and more security of the fund, decided to appoint the LIC of India (in short, LIC) as the fund manager after carefully comparing its performance on those two aspects vis-à-vis some other companies approved by IRDA like HDFC Life and TATA AIG. Moreover, it was noted that LIC enjoyed a sovereign

guarantee under section 37 of the LIC of India Act, whereas other players in this arena did not.

4.4 Arrangement with LIC of India

4.4.1 In accordance with the guidelines of Govt. of India with regard to pension fund investment, OERC decided to consider conventional scheme (not unit linked ones) of LIC with zero exposure to equity. OERC preferred the Group Superannuation Cash Accumulation (GSCA) Scheme of LIC and signed an agreement with LIC in the year 2011. The agreement with LIC in the matter of fund management has been detailed in the Master Policy No. GSCA 35702 and is enclosed as Appendix-I. It may be noted that the following documents form a part of the Master Policy.

- a) OERC Pension Fund Trust Deed
- b) OERC Pension Fund Scheme
- c) OCS (Pension) Rules, 1992 & OCS (Commutation of Pension) Rules, 1992
- d) OERC (Method of Recruitment and Condition of Service) Officers and Staff Regulation 1997.

4.4.2 In the said GSCA policy, the employees of OERC who have joined or deemed to have joined OERC before 01.01.2005, are taken as members. LIC (or, any other accredited actuarial valuer) estimates the pension liability of these members on actuarial valuation every year.

Actuarial Valuation

In actuarial valuation, the future benefit payments consider the individual's compensation and service history, and when that individual might be expected to die, quit or retire. Each future payment is discounted from the date of payment to today using the actuarial assumptions. Actuaries call this discounted amount the **present value of future benefits (PVFB)** and it represents the present value of all benefits expected to be paid from the scheme to current participants in the scheme. This could theoretically set aside that amount of money in a scheme today and it would cover payments from the scheme, including those for service not yet rendered. Note this amount considers future service the participant is expected to earn and future pay increases.

4.4.3 On the basis of the said actuarial valuation estimating the pension liability of the members, OERC shall deposit the requisite amount into the GSCA policy. At the end of the financial year, LIC declares an interest rate for the existing fund under the GSCA policy and accordingly, interest accrued is calculated and added to the existing fund. The deposits made by OERC in the said GSCA policy and the fund position in that policy since FY 2010-11 is given as Appendix-II.

5. Pension Payment Procedure

5.1 Issuance of Pension Payment Order

An employee belonging to 'Defined Benefit' category becomes a pensioner of OERC on two conditions:- i) On leaving OERC after completing minimum 10 years of service; ii) On retirement / superannuation from OERC. The employee, who is leaving / superannuating from OERC, shall submit the requisite pension papers to Secretary, OERC three months before his/her leaving / retiring. The pension papers shall be scrutinized by the Administration section and also, no objection certificates shall be obtained from various divisions / sections for the said employee. The Accounts section of OERC shall calculate the retirement benefits of the employee including the basic pension amount, commuted value of pension if commutation was opted for by the employee and the basic family pension amount. Then, OERC, Pension Sanctioning Authority (PSA) may allow the employee to leave/retire by issuing an office order through Secretary, OERC. PSA shall approve the Pension Payment Order and shall issue the same through the Secretary, OERC Pension Fund Trust and the employee thus becomes a pensioner of OERC. A Pension Passbook and an Identity Card shall be issued to the pensioner. Two sample orders viz. i) order allowing the employee to leave / retire and ii) the pension payment order are enclosed here as Appendix-III and Appendix-IV respectively.

5.2 Requesting LIC to Purchase Annuity in the Pensioner's Name

The order for allowing the employee to leave / retire shall usually be issued by the Secretary, OERC two / three weeks before the date of leaving / retirement of the employee. On the basis of the said order, the Secretary, OERC Pension Fund Trust shall write to LIC furnishing the detailed information about the member (employee) in the GSCA Policy who is leaving / retiring along with the said office order and the calculation sheet showing the pension and commuted value of pension. In that letter, LIC shall be requested to purchase annuity in the name of the pensioner so as to pay him/her the monthly pension amount from the next day of retirement. A sample letter in this regard is enclosed as Appendix-V.

5.3 Purchase of Annuity and Transfer of Commuted Value of Pension

On receipt of the request from OERC, LIC shall purchase pension / annuity within 7 working days from the date of receipt under the Option of "Annuity till life and return of purchase price to the Trustees on death of Annuitant" (also called as Return of Capital option) at the prevailing annuity rate by defraying funds from GSCA policy. LIC shall also transfer the amount in respect of the commuted value of pension for the said member

from the GSCA policy fund to OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

Two concepts which are significant in this context, have been explained below:-

- i) An annuity is a contract between the person and the insurance company in which a lump-sum payment is made depending on the prevailing interest rate and in return, the person receives regular disbursements usually till death beginning either immediately or at some point in future.
- ii) OERC's GSCA policy with LIC of India is based on Return of Capital (RoC) option. RoC option means that the capital invested in purchase of annuity in the name of a person returns back to the fund under the GSCA policy on death of that person.

5.4 Increase in Dearness Allowance (DA) and Purchase of Required Annuity

Whenever Govt. of Odisha increases Dearness Allowance (DA) for pensioners with effect from a retrospective date, the pension amount of existing pensioners may increase and arrear amount may also accrue to them. The Accounts section shall calculate the increase in monthly pension during the calculation of such increase in pay for regular employees and arrears for last few months that accrue due to such retrospective increase in DA for each of the existing pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

5.5 Revision of Scale of Pay Leading to Increase in Pension

Whenever Govt. of Odisha revises scale of pay on implementation of Pay Commission Report or otherwise, it leads to revision of pension for existing pensioners mostly with effect from a retrospective date. By such revision, the pension amount of existing pensioners may increase and an arrear amount may also accrue to them. The Accounts section shall calculate the increase in monthly pension and arrears for last few months that accrue due to such retrospective revision of pension for each of the existing pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary,

OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

5.6 Revision of Pension Due to Other Factors

Basic pension amount of a pensioner is also revised upwards on these two conditions viz. i) restoration of commuted value of pension after 12 / 15 years and ii) on attaining 80 years of age or above. As per ORSP Rules, 2017, the amount of pension is increased by 20% to 100% of the revised basic pension after the pensioner attains the age of 80 years or above in the following manner:-

Age of Pensioner	Additional Quantum of Pension
From 80 years to less than 85 years	20% of revised basic pension
From 85 years to less than 90 years	30% of revised basic pension
From 90 years to less than 95 years	40% of revised basic pension
From 95 years to less than 100 years	50% of revised basic pension
From 100 years and above	100% of revised basic pension

By such revision, the pension amount of existing pensioners may increase and an arrear amount may also accrue to them. The Accounts section shall calculate the increase in monthly pension and arrears, if any, for each of the concerned pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each affected pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

5.7 Payment of Monthly Pension and Arrears

On the basis of the annuity purchased in the name of the pensioner, LIC shall disburse the corresponding pension amount on the first working day of every month to the OERC Pension Fund account by NEFT. The Accounts section shall prepare monthly pension bill for the pensioners along with the salary bill for regular employees. While preparing so, the Accounts section shall verify whether 'Life Certificate' has been furnished by the pensioner for the year and in case of non-submission of the same, stop the billing for the pensioner. The 'Life Certificate' is usually submitted once in a year to the Secretary, OERC Pension Fund Trust in the month of November. Subsequently, OERC shall pay the pensioner every month by transferring the pension amount from the OERC Pension Fund account to his/her registered pension account. OERC shall also transfer the arrear amount to the pensioner's registered pension account as and when it is received from LIC.

A list of pensioners of OERC along with their monthly pension amount as on 30.10.2020 is given as Appendix-VI.

6. Family Pension Payment Procedure

6.1 Family pension is granted to his/her spouse / legal heir in one of these two conditions viz. i) On death of an employee; ii) On death of a pensioner in accordance with OCS (Pension) Rules, 1992 and the modifications under ORSP (Odisha Revised Scale of Pay) Rules from time to time. The procedures followed to pay family pension in these two cases are different and hence, are dealt below separately.

6.2 On Death of Employee

6.2.1 Issuance of Family Pension Order

The family pension papers (claim forms) shall be submitted by the spouse / legal heir with OERC along with two more documents i.e. i) Death Certificate of the employee & ii) legal heir certificate. The family pension papers shall be scrutinized by the Administration section of OERC and no objection certificates shall be obtained from various divisions / sections of OERC. The Accounts section shall calculate the retirement benefits of the deceased employee including the basic family pension amount, commuted value of family pension if commutation was opted for by the legal heir of the employee. OERC, the PSA, shall approve the Family Pension Payment Order and issue the same through the Secretary, OERC Pension Fund Trust and the employee thus becomes a family pensioner of OERC. A Family Pension Passbook an Identity Card shall be issued to the family pensioner.

6.2.2 Requesting LIC to Purchase Annuity in the Family Pensioner's Name

On the basis of the family pension payment order, the Secretary, OERC Pension Fund Trust shall write to LIC furnishing the detailed information about the deceased employee along with the said office order, death certificate of employee, legal heir certificate and the calculation sheet showing the family pension and commuted value of family pension, if any.. In that letter, to LIC shall be requested to purchase annuity in the name of the family pensioner (legal heir) so as to pay him/her the monthly family pension amount from the next day of death of employee.

6.2.3 Purchase of Annuity and Transfer of Commuted Value of Family Pension

On receipt of the request from OERC, LIC, within 7 working days from the date of receipt, shall purchase requisite annuity (with Return of Capital (RoC) option in the name of the family pensioner at the prevailing annuity rate by defraying funds from GSCA policy. LIC shall also transfer the amount in respect of the commuted value of family pension from the GSCA policy fund to OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

Two concepts, which are significant in this context, have been explained below:-

- iii) An annuity is a contract between the person and the insurance company in which a lump-sum payment is made depending on the prevailing interest rate and in return, the person receives regular disbursements usually till death beginning either immediately or at some point in future.
- iv) OERC's GSCA policy with LIC of India is based on Return of Capital (RoC) option. RoC option means that the capital invested in purchase of annuity in the name of a person returns back to the fund under the GSCA policy on death of that person.

6.2.4 Increase in Dearness Allowance (DA) and Purchase of Required Annuity

Whenever Govt. of Odisha increases Dearness Allowance (DA) for pensioners with effect from a retrospective date, the pension amount of existing family pensioners may increase and an arrear amount may also accrue. The Accounts section shall calculate the increase in monthly pension along with the calculation of such increase in pay for regular employees and arrears for last few months that accrue due to such retrospective increase in DA for each of the existing family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each family pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner's name from the subsequent month. Moreover, the arrear pension amount (if

any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

6.2.5 Revision of Scale of Pay Leading to Revision of Family Pension

Whenever Govt. of Odisha revises scale of pay on implementation of Pay Commission Report or otherwise, it leads to revision of pension for existing family pensioners mostly with effect from a retrospective date. By such revision, the pension amount of existing family pensioners may increase and an arrear amount may also accrue. The Accounts section shall calculate the increase in monthly pension and arrears for last few months that accrue due to such retrospective revision of pension for each of the existing family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner’s name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

6.2.6 Revision of Family Pension Due to Other Factors

Basic family pension amount of a family pensioner is also revised upwards on these two conditions viz. i) restoration of commuted value of pension after 12 / 15 years and ii) on attaining 80 years of age or above. As per ORSP Rules, 2017, the amount of pension is increased by 20% to 100% of the revised basic family pension after the family pensioner attains the age of 80 years or above in the following manner:-

Age of Family Pensioner	Additional Quantum of Family Pension
From 80 years to less than 85 years	20% of revised basic family pension
From 85 years to less than 90 years	30% of revised basic family pension
From 90 years to less than 95 years	40% of revised basic family pension
From 95 years to less than 100 years	50% of revised basic family pension
From 100 years and above	100% of revised basic family pension

By such revision, the family pension amount of existing family pensioners may increase and an arrear amount may also accrue to them. The Accounts section shall calculate the increase in monthly pension and arrears, if any, for each of the concerned family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each affected family pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

6.2.7 Payment of Monthly Family Pension and Arrears

On the basis of the annuity purchased in the name of the family pensioner, LIC shall disburse the corresponding pension amount on the first working day of every month to the OERC Pension Fund account by NEFT. The Accounts section shall prepare monthly pension bill for the family pensioners along with the salary bill for regular employees.

While preparing so, the Accounts section shall verify whether 'Life Certificate' has been furnished by the family pensioner for the year and in case of non-submission of the same, stop the billing for the family pensioner. The 'Life Certificate' is usually submitted once in a year to the Secretary, OERC Pension Fund Trust in the month of November. Subsequently, OERC shall pay the family pensioner every month by transferring the pension amount from the OERC Pension Fund account to his/her registered pension account. OERC shall also transfer the arrear amount to the family pensioner's registered pension account as and when it is received from LIC.

6.3 On Death of Pensioner

6.3.1 Issuance of Family Pension Order

The family pension papers (claim forms) shall be submitted with OERC by the legal heir along with two more documents i.e. i) Death Certificate of the pensioner & ii) legal heir certificate. The family pension papers shall be scrutinized by the Administration section of OERC. The Accounts section shall calculate the basic family pension amount, if required. Then, OERC, the Pension Sanctioning Authority (PSA), shall approve the Family Pension Payment Order and issue the same through the Secretary, OERC Pension Fund Trust and the legal heir becomes a family pensioner of OERC. A Family Pension Passbook and Identity Card shall be issued to the new family pensioner.

6.3.2 Requesting LIC to Return the Capital Invested for Annuity in the Deceased Pensioner's Name and Purchase Annuity in the Family Pensioner's Name

On the basis of the family pension payment order, the Secretary, OERC Pension Fund Trust shall write to LIC furnishing the detailed information about the deceased pensioner along with the said office order, death certificate of pensioner, legal heir certificate. **In that letter, LIC shall be requested to return the capital invested for purchasing annuity in the name of the deceased pensioner to the GSCA policy fund increasing the funds in the said policy.** LIC shall also be requested to purchase annuity in the name of the family pensioner (legal heir) so as to pay him/her the monthly family pension amount from the next day of death of pensioner.

6.3.3 Return of Capital Invested for Deceased Pensioner & Purchase of Annuity for the Family Pensioner

On receipt of the request from OERC, **LIC, within 7 working days from the date of receipt, transfers the capital invested in purchasing annuity for the deceased pensioner to the existing GSCA policy fund.** Also, LIC purchases requisite annuity (with Return of Capital (RoC) option) in the name of the family pensioner at the prevailing annuity rate by defraying funds from GSCA policy within 7 working days from the date of receipt of the request.

6.3.4 Increase in Dearness Allowance (DA) and Purchase of Required Annuity

Whenever Govt. of Odisha increases Dearness Allowance (DA) for pensioners with effect from a retrospective date, the pension amount of existing family pensioners may increase and an arrear amount may also accrue. The Accounts section shall calculate the increase in monthly pension along with the calculation of such increase in pay for regular employees and arrears for last few months that accrue due to such retrospective increase in DA for each of the existing family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each family pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

6.3.5 Revision of Scale of Pay Leading to Revision of Family Pension

Whenever Govt. of Odisha revises scale of pay on implementation of Pay Commission Report or otherwise, it leads to revision of pension for existing family pensioners mostly with effect from a retrospective date. By such revision, the pension amount of existing family pensioners may increase and an arrear amount may also accrue. The Accounts section shall calculate the increase in monthly pension and arrears for last few months that accrue due to such retrospective revision of pension for each of the existing family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval. Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request.

6.3.6 Revision of Family Pension Due to Other Factors

Basic family pension amount of a family pensioner is also revised upwards on attaining 80 years of age or above. As per ORSP Rules, 2017, the amount of family pension is increased by 20% to 100% of the revised basic family pension after the family pensioner attains the age of 80 years or above in the following manner:-

Age of Family Pensioner	Additional Quantum of Family Pension
From 80 years to less than 85 years	20% of revised basic family pension
From 85 years to less than 90 years	30% of revised basic family pension
From 90 years to less than 95 years	40% of revised basic family pension
From 95 years to less than 100 years	50% of revised basic family pension
From 100 years and above	100% of revised basic family pension

By such revision, the family pension amount of existing family pensioners may increase and an arrear amount may also accrue to them. The Accounts section shall calculate the increase in monthly pension and arrears, if any, for each of the concerned family pensioners separately, take approval of the Commission and inform the same to the Secretary, OERC Pension Fund Trust within 3 working days of such approval.

Accordingly, within 3 working days of receiving the above information, the Secretary, OERC Pension Fund Trust shall write to LIC to purchase requisite annuity for each affected family pensioner at the prevailing annuity rate so that the increased pension amount can be disbursed from the annuity held in the family pensioner's name from the subsequent month. Moreover, the arrear pension amount (if any) as mentioned in the said letter shall be transferred by LIC from GSCA Policy fund to the OERC Pension Fund account by NEFT within 7 working days from the date of receipt of the request

6.3.7 Payment of Monthly Family Pension and Arrears

On the basis of the annuity purchased in the name of the family pensioner, LIC shall disburse the corresponding pension amount on the first working day of every month to the OERC Pension Fund account by NEFT. The Accounts section shall prepare monthly pension bill for the family pensioners along with the salary bill for regular employees. While preparing so, the Accounts section shall verify whether 'Life Certificate' has been furnished by the family pensioner for the year and in case of non-submission of the same, stop the billing for the family pensioner. The 'Life Certificate' is usually submitted once in a year to the Secretary, OERC Pension Fund Trust in the month of November. Subsequently, OERC shall pay the family pensioner every month by transferring the pension amount from the OERC Pension Fund account to his/her registered pension account. OERC shall also transfer the arrear amount to the family pensioner's registered pension account as and when it is received from LIC.

7. Conclusion

The establishment of OERC Pension Fund and its financial management by the LIC of India are for the purpose of:-:

- ✓ Securing steady growth of fund for catering to the pensionary benefits of its employees
- ✓ Estimating the annual liability of employees by actuarial valuation and funding the balance requirement accordingly. This prevents OERC from having any future shock due to massive build-up of liability.
- ✓ Managing the Trusts efficiently with skeletal manpower and minimal administrative expenses
- ✓ Preventing frittering of capital through RoC option in case of demise of a pensioner