



## ALL INDIA BANK RETIREES' FEDERATION (REGD.)

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**6<sup>th</sup> Conference Slogan- Pension Updation is Right of Bank Retirees**

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**The Office Bearers/ Central Committee members/ State committee Chiefs**

**A.I.B.R.F.**

Dear Sir,

### **Re: Why Pension Updation Is Justified and Financially Feasible,**

For many years, bank retirees have been demanding **Updation of Pension** to ensure **social justice, social welfare, and social security**, and to live a dignified life after retirement. Unfortunately, **no pension Updation has been done in the last 38 years** since the pension scheme started in 1986, even though **seven Bipartite Settlements** have been signed during this period, giving better pension only to new retirees and leaving old pensioners behind.

### **Growing Discontent Among Pensioners**

Today, the entire retiree community is **deeply disappointed and angry** due to the continuous delay in pension Updation. Pensioners are divided into **8 different groups**, receiving different basic pensions and DA purely based on their **date of retirement**. Nearly **7 lakh pensioners** feel this is grossly unfair and are ready to intensify the struggle for justice through all democratic means.

### **Pension Scheme Is a Closed and Declining Scheme**

It is important for all retirees to understand that the present **Defined Benefit (DB) Pension Scheme** is applicable only to employees who joined banks **before 01.01.2010**. No new employees are joining this scheme. Therefore, it is a **closed scheme**, and naturally:

- The number of pensioners reduces every year.
- Pension payments will reduce over time.
- Pension funds remain strong due to investment income.

Hence, the overall **financial burden is declining**, not increasing.

### **False Propaganda Must Be Ignored**

Some vested interest groups are spreading **false fears** that pension Updation will damage the country's economy or bankrupt banks. This is completely **incorrect and misleading**. Such rumors are being spread only to delay justice to pensioners.

### **Why Pension Updation Is Financially Safe and tolerable**

Because the scheme is closed:

- No new beneficiaries are added.
- Total liability is limited and time-bound.
- Pension payments will peak and then automatically reduce.
- Investment income of pension funds increasingly covers pension payouts.

### **Pensioner population trend (conceptually)**

Pensioner population broadly consists of:

- Superannuation pensioners
- Family pensioners (post-retirement survivorship)

Over time:

- Superannuation pensioners reduce steadily.
- Family pensioners also reduce with time lag.

Net beneficiary count declines monotonically.

### **Cost trajectory phases may be divided in periods**

#### **Phase I: Growth / Plateau Phase (1995–2015)**

- Rapid increase in pensioner count due to:
  - Introduction of pension scheme
  - Mass retirements of pre-nationalization / early nationalization employees
- Pension outgo increased year-on-year.

#### **Phase II: Peak / Stabilization Phase (2015–2025)**

- Pensioner inflow reduced.
- Pension outgo stabilized.
- Interest income from pension funds began to offset payouts significantly.

### **Phase III: Declining Phase (2025 onwards)**

- No new entrants.
- Accelerated reduction in beneficiary base.
- Pension outgo declines in real and nominal terms over time.

**Now pension scheme has entered in to third phase**

### **Funding Dynamics**

Bank pension schemes are **funded schemes**, supported by:

- Initial corpus from employer CPF transfers
- Ongoing bank contributions (Regulation 7)
- Actuarial top-up contributions
- Investment income on pension fund assets

As beneficiary count reduces:

- Annual pension pays outs decrease.
- Investment income remains stable or declines at a slower rate.

### **Net fund position improves progressively**

Even if measures like:

- Pension Updation,
- DA merger, or
- CPI base revision

are implemented, It may be noted that they **do not increase life of the scheme**. They only improve benefits for **existing pensioners** and do not create any new long-term liability.

## Future Trend of Pension Liability (Indicative)

Period	Pensioner Count	Pension Outgo	Liability Trend
2010	Rising	Rising	Expanding
2020	Near Peak	Stable	Plateau
2030	Declining	Declining	Contracting
2040	Very Low	Low	Run-off Phase
2050+	Residual	Minimal	Near Extinction

(Exact timelines may vary bank-wise, but overall trend remains the same.)

### Our Firm Conclusion

The bank pension scheme is a **closed, mature, and funded scheme with declining liability**. Pension expenditure will reduce over time irrespective of Updation or parity, due to the **absence of new entrants and shrinking beneficiary base**.

Therefore, **pension Updation is both morally justified and financially feasible**.

We appeal to all retirees to remain **united, alert, and ready for collective action** to achieve long-pending pension justice.

We are approaching to the Department of Financial Services, Government of India, Indian Banks' Association and Unions who are signatories of Bipartite Settlements to get the above issues examined by the committee of experts so as to ensure justice to 7 lakhs retirees on Updation.

In the meantime, office bearers, central committee members, state committees and affiliates are requested to study the subject and send their feedback/ suggestions to draft effective representation on the subject.

With Warm Greetings,

Yours Sincerely



(S. C. JAIN)

GENERAL SECRETARY

