

Public Sector Valuations: How can we move towards strengthening Pension Benefit Liability?

2nd Workshop on Employee Benefits

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Points of consideration

Data related issues

Rules pertaining to different categories of employees

Purpose of valuation

Components of liability

Basis and assumptions for valuation

Relevance of funding arrangement to valuation

Data related issues

Completeness

Consistency

Treatment of Missing data

Rules pertaining to different categories of employees

Rules applicable on employees with reference to their joining dates

Purpose of Valuation

Provision in Accounts

Contribution to Fund

Transfer of Liability

Exploratory

Components of liability

Existing Employees

- Family pension contingent upon death during service
- Employees pension
- Family pension contingent upon death of employee after vesting of pension

Separated Employees

- Employee pension
- Family pension contingent upon death of employee

Current beneficiary other than employee

Basis and assumptions for valuation

Salary rise

- During Service for employees
 - Basic
 - DA
- Pensioners and Beneficiaries
 - DA
- Impact of Periodic revision of wages

Attrition Rate

Imputed Rate of Interest/ Discount Rate

Service Table (Multiple Decrement Table)

Relevance of funding arrangement to Valuation

Discount Rate for Valuation of Liability v/s Return on Investments

Key-points to deliberate for PSE

Salary rise

Attrition rate

Funding arrangement

Much more to discuss!!