

MAIN : HRMD – 83 / 2019-20



DT. 25.09.2019

SUB : WELFARE - 05

H R M Department

FILE M - 3 S - 305

Sub : Loan against Pension at concessional rate of interest for all retired employees of our Bank drawing pension from our Bank

Our Bank is extending Pension Loans to Pensioners under the IB Pension Loan Scheme to meet their financial requirements. At present there is no separate Pension loan scheme for the Staff retired from the services of our Bank.

As a welfare measure, Board in its meeting held on 30.08.2019 has accorded approval for extending pension loan at concessional rate of interest to retired employees of our Bank who are drawing pension from our Bank.

Salient features

Target Group	All retired employees of our Bank who are drawing pension and spouse of our employees drawing family pension from our Bank
Rate of Interest	MCLR (1 year) + 1% (spread) – (floating) irrespective of tenor of the loan
Existing Pension Loans	An option to convert the existing pension loan to the new rate of interest can be exercised in writing by the pensioners, subject to satisfactory loan repayment.
Guarantee	<ul style="list-style-type: none"> • Guarantee of the spouse / legal heir who is eligible for family pension should be obtained • In case of pension loan availed by family pensioner or where payment of family pension does not arise, guarantee of legal heir or a family member, having sufficient income (not less than the pensioner's income) should be obtained along with proof of income, i.e. latest salary certificate or latest Form 16 or latest IT assessment order
Other Terms	Purpose, age limit, eligible loan amount, margin, repayment, security / documentation, sanctioning authority and all other terms and conditions as per the IB Pension Loan Scheme (IBPLS)
Product Code	4508 0002 PENSIONLN-IB RETIREE-MCLR

The scheme details are enclosed as annexure. The facility shall come into force with immediate effect. Please bring this circular to the notice of the retired staff members of our Bank who are drawing pension.

(P C DASH)
GENERAL MANAGER (HR)

Loan against Pension at concessional rate of interest for all retired employees of our Bank drawing pension from our Bank.

Parameter	Norms
Target Group	IB Retirees (VRS, CRS & superannuation) whose pension accounts are maintained with our branches.
Purpose	To meet the expenses like Marriage, Family & Domestic functions, Education, Medical etc.
Age limit	i) For Regular Pensioners: Maximum Entry Age: 75 years. Maximum Exit Age: 78 years. ii) For Family Pensioners: Maximum Entry Age: 70 years. Maximum Exit Age: 73 years
Eligible amount	Regular Pensioner: 15 months' pension - subject to a maximum of Rs.10.00 lakhs Family Pensioner: 12 months' pension - subject to a maximum of Rs.2.00 lakhs
<p>Caution: In case of family pensioners, branches need to ascertain the following information to properly decide on the quantum of loan and the EMI / repayment term:</p> <ul style="list-style-type: none"> ⇒ The date of start of family pension ⇒ Whether any downward revision of pension is applicable and if so, when due ⇒ In case of such downward revision, what is the level / quantum of pension expected <p>Even in case of regular pensioners, any likely reduction in quantum of pension envisaged - on account of commutation, recovery of excess pension by PPA etc shall be duly taken in to account while fixing the loan amount / EMI.</p> <p>Note: 40% NTHP to be maintained after deducting the EMI for the proposed pension loan.</p>	
Margin	Nil
Repayment	Regular Pensioner: Maximum: 60 months Family Pensioner : Maximum: 36 months
Interest	MCLR (1 Year) + 1%(Spread) - Floating
Security/ Documents required	<ul style="list-style-type: none"> ⇒ Original Pensioner's Portion of PPO ⇒ Intimation to PPA (Pension Payment Authority) ⇒ Authorization to recover monthly loan installment from SB account where pension is credited. ⇒ Guarantee of spouse/ legal heir 'eligible for family pension' to be obtained. If spouse/ legal heir 'eligible for family pension' is not available, guarantee of a legal heir or a family member with sufficient income (i.e., not less than the pensioner's income) should be obtained along with proof of income i.e Latest salary certificate or latest Form 16 or latest IT assessment order.



	<p>⇒ In case of pension loan availed by family pensioner or where payment of family pension does not arise, guarantee of legal heir or a family member, having sufficient income (not less than the pensioner's income) should be obtained along with proof of income, i.e. latest salary certificate or latest Form 16 or latest IT assessment order</p> <p>⇒ If both (spouse / legal heir or family member) are not available, a suitable third party guarantee (preferably a relative) may be obtained (whose net-worth should be at least equivalent to the loan amount) and in such cases, the loan quantum shall be restricted to the level applicable for family pensioners.</p> <p>⇒ Revised documents as per ADV-173/2015-16 dated 16.12.2015 of CO: O&M Division. Loan Documents to be obtained: D1,D126, D57,F198 and F199</p> <p>⇒ Pre-sanction verification to be carried out as advised by CO:O&M Division circular ADV- 55/2015-16 dated 22.07.2015</p>
Sanctioning Authority	Please refer Power Booklet page No. CP 10
Rollover of limit	After successful completion of 12 months. ZLCC may permit after 6 months also on Selective basis.
Service Charges	Exempted.
Documentation Charges	Nil
Others	Pension Loan account must be connected to the CIF of the Pension Drawing account.
Product Code	4508 0002 PENSIONLN-IB RETIREE-MCLR

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