UNIVERSITY GRANTS COMMISISON

ESTABLISHMENTS CIRCULAR LETTER NO. 14/2011

No. 20, Ward Place,
Colombo 07.

19.07.2011.

Vice-Chancellors of Universities
Rectors of Campuses
Directors of Institutes

RECKONING OF COST OF LIVING ALLOWANCE FOR THE PURPOSE OF COMPUTATION OF UNIVERSITIES PROVIDENT FUND, EMPLOYEES TRUST FUND AND PAYMENT OF GRATUITY

This has further reference to the Commission Circular No. 952 dated 18th March 2011, issued in this regard.

The University Grants Commission, at its 827th meeting held on 09.06.2011, decided that the following methodology should be adopted in computation of contributions to Universities Provident Fund (UPF), Employees' Trust Fund (ETF) and payment of Gratuity on Cost of Living Allowance in terms of Commission Circular No. 952 of 18.03.2011 ;

(A) UPF and ETF for the existing employees

(a) The total amount due for the period from 01.01.2006 to 31.05.2011 after calculating the employee's contribution of 10% and employer's contribution of 15% in the case of employees who have not opted for the Pension Scheme or 7% in the case of pensionable employees on the Cost of Living Allowance, together with the accumulated interest only for the employer's contribution as applicable for each year should be credited by the UGC/HEI to the UPF.

(b) The total amount to be deducted from the respective employees being the employee's contribution of 10% to the Provident Fund on the Cost of Living Allowance for the period from 01.01.2006 to 31.05.2011 should be deducted from the respective employees in 20 installments, commencing from the month of July 2011. In the event of failure to recover the due amount from any employee within the stipulated period, action should be taken to deduct such amount from the provident fund balance of the employee concerned before releasing his/her provident fund with his/her consent.

(c) Three percent (3%) contribution together with the accumulated interest as applicable for each year should be credited to the ETF by the UGC/HEI as the case may be.

(B) UPF and ETF for employees who have retired/resigned/vacated office

(a) Employees who have not joined the Pension Scheme ;

Since it is not possible to deduct 10% contribution from the employees concerned, employer's contribution of 15% for the period from 01.01.2006 to the date of cessation of employment together with the accumulated interest as applicable for each year be paid to the employees concerned.

(b) Employees who have joined the Pension Scheme ;

In the case of employees who have joined the pension scheme, since it is not possible to deduct employee's contribution of 10%, an amount equivalent to seven percent (7%) in respect of the Universities Provident Fund together with the accumulated interest as applicable for each year should be paid to such employees, for the period from 01.01.2006 to the date of cessation of employment.

(c) The amount due for the period from 01.01.2006 to the date of cessation of employment of above employees [category (a) and (b)] in connection with 3% ETF, together with the accumulated interest as applicable for each year on behalf of the employees concerned should be credited to the ETF.

(C) Contributin to Pension Fund

The following adjustments should also be made with regard to the Pension Fund ;

(a) In the case of pensionable employees who are in service at present, employer's contribution of 8% to the Pension Fund together with the accumulated interest as applicable for each year should be credited to the Pension Fund by the UGC/HEI for the period from 01.01.2006 to 31.05.2011.

(b) In the case of pensionable employees who have retired, the employer's contribution of 8% together with the accumulated interest for the period from 01.01.2006 to the date of cessation of employment, should be credited to the Pension Fund of such employees by the UGC/HEI. Accordingly, the monthly pension of the employees concerned should be adjusted taking into consideration the CLA.

(c) In the case of employees who have retired/resigned/vacated office. prior to the completion of 20 years, Cost of Living Allowance should be taken into account when refunding the amount and the interest lying to the credit of the employee concerned..

5. Please take action accordingly.

(Prof. Gamini Samaranayake)
Chairman

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