



University Grants Commission

Pension Circular Letter No. 06

No. 20, Ward Place
Colombo 07

January 18, 2007

Vice-Chancellors of Universities,
Rectors of Campuses,
Directors of institutes,

THE OLD EMPLOYEES TO OBTAIN MEMBERSHIP OF UNIVERSITIES PENSION SCHEME

The Universities Employees Unions have made several requests to obtain the membership of the Universities Pension Fund for those employees who were in permanent service prior to the year 1999, but who did not opt to join the Universities Pension Fund earlier. The University Grants Commission considered the above requests, and action was taken to obtain an actuarial report in order to examine the possibility of implementing these requests. The following points have been highlighted in the actuarial report.

1. The Pension Scheme which commenced in 1999 based on an actuarial report, operates only on employees' contributions. The difference between the salary increase rate prevailed during that period and the interest rates prevailed in the country for the investments have been considered when the actuarial report was prepared. The interest rates that prevailed at that time were higher than the salary increase rate. Accordingly, the pension scheme was formulated based on favourable interest rates prevailed during that period.
2. However, according to the current situation, since the salary increase rate is higher than the rate of interest rate, it is difficult to expand the pension scheme.
3. During the past several years the interest rates prevailed in the country was not increased in parallel with the increase of salaries of university employees, Therefore it is impossible to grant membership of the pension scheme by receiving only 40% of the Provident Fund, as done in the year 1999.
4. Due to the prevailing situation, the membership of the pension fund to old employees can be considered only if approximately 63% of the Provident Fund is transferred to the Pension Fund.

Therefore, I regret to inform that it is not possible to grant another opportunity to old employees to join the Pension Scheme.

Please inform the contents of this circular to all the employees of your university/Institute.



(Prof. Gamini Samaranayake)

Chairman

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