

ANNOUNCEMENT to members of the Pension
and Life Assurance Scheme of AIR-INDIA

AIR-INDIA (hereinafter referred to as the Corporation) is pleased to announce that substantial improvements are to be made to the above-named Scheme with effect from 1st August, 1971.

ELIGIBILITY

All members of the existing Scheme are eligible to join the new arrangement including those male members aged under $62\frac{1}{2}$ and female members aged under $59\frac{1}{2}$ who are at present on deferred retirement.

The age limits for new members joining the Scheme on or after 1 August, 1971 will be altered to males aged 18 and not over 55 and females aged 18 and not over 50.

PENSION BENEFIT & CONTRIBUTION

The present Scheme provides you with a fixed amount of pension according to your Salary grade from year to year so that the pension ultimately payable is related to the average of your Salary throughout the Scheme membership. Although this method has proved satisfactory in the past, continuing inflation considerably reduces the value of your pension by the time you retire.

To overcome this drawback and to provide a further improvement in benefits it is intended to relate your pension to salary shortly before retirement. This new basis of calculating pension will give you $1/60$ th of your Final Pensionable Salary for each year of Pensionable Service. Whilst in the longer term this revised system can be expected to produce a better pension for you it will nevertheless be guaranteed that your pension under the new arrangement will not be less than your present expected pension in accordance with the existing rules assuming you remain in your existing salary class to Normal Pension Date.

In future employees' contributions to the Scheme will be $6\frac{1}{2}\%$ of Pensionable Salary for males and 5% for females. This has the effect of reducing contributions for the majority of members.

WIDOWS & ORPHANS BENEFIT

If, being a married male member, you die while you are a member of the Scheme in the employment of the Corporation a pension equal to one half of your expected pension will be paid to your widow until her death or earlier remarriage. In addition $1/8$ of your expected pension will be paid for each child (up to a maximum of four) under the age of 18.

WIDOWS PENSION

Up to the present time if a member died after retirement on pension his widow would not receive any benefit in her own right unless the member had elected to take a reduced widows pension. Under the new arrangement, if you die after retirement on pension your widow will receive a pension equal to one-half of your own pension payable from the date of your death and ceasing on death or remarriage.

VESTED RIGHTS

Under the old arrangement, if you left the Corporation's Service of your own free will you were not automatically entitled to the pension provided by the Corporation's payments to the Scheme but only if the Corporation so decided at its discretion. Under the new arrangement, you will have an absolute right after five years service to all pension secured for you, except in the event of withdrawal for reasons of fraud or misconduct or if you elect a refund of contributions.

TRANSFERABILITY

If you have pension benefits arising from service with a previous employer it may be possible under certain circumstances for these to be transferred into the Scheme. If this applies to you, you should make formal application as soon as possible so that it can be considered.

NATIONAL GRADUATED PENSION SCHEME

You will continue to be contracted out of the graduated part of the National Insurance Scheme. Your Equivalent Pension Benefit will be provided by the Trustees of the new Scheme. Formal Notice of Variation is on the Notice Boards.

LIFE ASSURANCE

The Life Assurance Benefit under the new basis will be equal to your basic salary, subject again to a guarantee that cover under the new basis will be not less than the level of benefit you enjoyed under the graded scale. On a member's death in service his contributions will be returned, as before, but interest will now be added with effect from 1 August 1971.

Under the present Scheme any Life Assurance Benefit payable would be added to a member's estate and, if the estate is large enough, would be liable for Estate Duty. Also the Executors or Administrators of the member's estate must establish their legal title before the benefit can be paid and this can lead to delay in payment. Under the new arrangement, the benefits will be payable as in the attached leaflet headed "Death of a Member". This method of payment has the advantage that, under present law and practise, the benefits are completely free from Estate Duty and the additional advantage that payment can normally be made upon production of the death certificate.

An "Expression of Wish" form is attached for members to complete and return.

DISABLEMENT BENEFIT

If you are ~~a male member and are~~ totally and permanently disabled while you are a member of the Scheme in the employment of the Corporation, the amount of the Life Assurance Benefit will, on admission of the claim, be paid by equal montnly instalments over a period of five years.

This benefit is payable if you lose two limbs or both eyes or one eye and one limb, or if you have been absent from work through illness or injury for six consecutive months and have become so permanently incapacitated that it is impossible for you ever to work again.

TAX RELIEF

Up to now you have only received income tax relief on two fifths of your contributions to the Scheme. Under the present arrangement your contributions will be eligible for expenses relief which for the majority of members means tax relief on seven-ninths of your contributions.

DEFINITIONS

Definitions of the terms used are:-

"Pensionable Salary" means basic annual salary less a deduction of £100.

"Final Pensionable Salary" means Pensionable Salary averaged over the best three consecutive years in the six years prior to Normal Pension Date.

"Pensionable Service" means complete and consecutive years of service at Normal Pension Date from the date of entry into the Scheme with a maximum of 40 years service to count.

"Normal Pension Date" means the 63rd birthday for males and the 60th birthday for females.

SUMMARY

The effect of these alterations is to provide considerably improved benefits at a reduced cost to yourself. In particular (a) pension will be geared to your final salary (b) improved tax relief (c) an automatic pension for your widow in the event of your death in service or after retirement (d) disablement benefit. You will appreciate that the cost of these improvements is being borne wholly by the Corporation.

This announcement is intended only to give a brief summary of the proposed changes, Formal Rules will be issued in due course. In the event of any discrepancy between this Announcement and the formal documents the latter will prevail.

The Corporation have no doubt that you will welcome the opportunity to join the revised Scheme and perhaps you would be kind enough to complete the enclosed Agreement and return it as soon as possible.

JUNE, 1971

AIR-INDIA

DEATH OF A MEMBER

In the event of the death of a Member from any cause while in Service prior to Normal Pension Date the appropriate Life Assurance benefit will be payable by the Assurance Society to the Trustees and will be held by the Trustees upon trust to pay or apply the same within a period of 5 years from the date of death of the Member unto or for the benefit of such one or more of the Dependants and/or Relations (as defined below) of the deceased Member living at this death in such shares and in such manner as the Trustees in their absolute discretion shall decide. In the event of the failure of the trust aforesaid the Life Assurance benefit shall be the absolute property of the Employer.

"Dependants" shall mean:-

- (i) any individual or individuals (a) entitled to any interest in the Member's estate under any testamentary disposition or dispositions made by him and in respect of which a grant of representation has been obtained and (b) approved by the Trustees in writing after the death of the Member, and
- (ii) any individual or individuals (a) named in any letter signed by the Member which has been deposited with the Trustees before the death of the Member and which is in the terms or to the effect that such individual or individuals is or are a person or persons towards whose maintenance or education the Member has contributed in cash or otherwise and (b) approved by the Trustees in writing after the death of the Member.

"Relations" shall mean:-

- (i) any spouse ancestor or descendant (however remote) of the Member or the spouse of such ancestor or descendant, and
- (ii) any brother or sister uncle or aunt (whether of the whole or half blood) of the Member or any spouse or descendant of any such person.

For the purpose of this definition:-

- (i) a relationship acquired by process of legal adoption shall be as valid as a blood relationship and a stepchild shall be deemed to be a descendant,
- (ii) this definition shall be construed as if Section 15 of the Family Law Reform Act 1969 had not been enacted.