

THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)

Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AIBOC)



CENTRAL OFFICE
402-406, 4TH Floor, Himalaya House, P.B.No.262,
79, Mata Ramabai Ambedkar Marg, FORT, MUMBAI: 400001
Tel: 2261 7872, 2270 5750, 22692083 Fax : 2261 8306
Gram: CIBIOA, E-mail: cboabom1@gmail.com
www.cboa.co.in

General Secretary's Office :
Plot No 39, Near Ambitus International School,
Gunadala, Vijayawada - 520004
Email: cboavij@gmail.com



REF: GS/CBOA/LTR/34/2025/RS

10th September, 2025

To

**The Chief General Manager,
Canara Bank,
HR Wing, Head Office,
Bengaluru**

Dear Sir,

Sub: Provision for exercising choice of Pension Fund Manager and Investment Pattern for Employees under Defined Contributory Pension Scheme – DCPS (NPS) – Reg

Canara Bank is known for taking care of the staffs in the best possible manner in the industry. We have set a benchmark in analysing the productiveness and challenges before declaring any kind of schemes to our Employees. Our bank has taken every possible effort in helping our Canarites to overcome the challenges in their journey with our Mother Bank.

As per the 9th Bipartite settlement dated 27.04.2010, a Defined Contributory Pension Scheme was introduced by which all employees joining the services of the Bank on or after 01.04.2010 are being covered under the National Pension System (NPS).

As per the 11th Bipartite Settlement dated 11.11.2020, the employees are contributing at 10% of the pay plus dearness allowance thereon and the Bank is contributing 14% of the pay plus dearness allowance thereon. At present, the funds under NPS for the employees of our Bank are being

managed by SBI Pension Funds Pvt. Ltd. under the SBI Corporate CG scheme with default asset allocation.

The provision for exercising choice of Pension Fund Manager and Investment Pattern for Employees under Defined Contributory Pension Scheme – DCPS (NPS) is a long pending demand from the staffs, who are very much aware about the nuances of the market.

Recently, the Pension Fund Regulatory And Development Authority (PFRDA) has issued directions to all stakeholders that under All Citizen Model and NPS Corporate Sector Model, the subscriber or employer, as the case may be, shall have the option to change the investment pattern / asset allocation (changing between Auto choice and Active Choice or to change the ratio of allocation among asset classes under Active Choice) four times in a financial year and to change Pension Fund Manager once in a financial year.

In line with the guidance of PFRDA, we request you to provide the option to our staffs to select the Pension Fund Manager and Investment Pattern for Employees under Defined Contributory Pension Scheme – DCPS (NPS). The positives of providing the option are as follows:

- ✓ This will empower the staffs to tailor their retirement savings strategy according to their personal financial goals, risk appetite and retirement horizon.
- ✓ The ability to select the fund manager and investment pattern gives them direct control over how their contributions are managed.
- ✓ The sense of ownership enhances financial awareness and encourages active involvement in retirement planning.
- ✓ Employees who exercise the choice intelligently can allocate more funds towards equities in early service years, potentially accumulating a larger retirement corpus compared to conservative default options.
- ✓ A young Canarite may choose a growth-oriented allocation (higher equity), while a senior Canarite nearing retirement may shift to low-risk government securities, which is a life-cycle flexibility.

- ✓ Staffs can balance their portfolio across Equity, Corporate Debt, Government Securities and Alternative Assets thereby reducing concentration risk.
- ✓ Employees will benefit from the competition between PFMs, since every PFM strive for better performance, lower costs and improved service quality.
- ✓ Employees can monitor the performance of PFMs and make informed choices rather than relying blindly on defaults.
- ✓ The responsibility of choosing PFMs and patterns nudges employees to learn more about investment, risk and returns. This builds a culture of financial discipline and long-term planning.
- ✓ Since contributions are locked until retirement with limited withdrawal options, the corpus enjoys long-term compounding. Exercising choice of fund manager and investment pattern ensures that compounding works optimally for each individual's goals.
- ✓ The choice offers empowerment, customization, diversification, transparency and the potential for higher returns compared to rigid traditional systems.

While the system empowers employees by allowing them to choose their Pension Fund Manager (PFM) and decide the investment pattern, this freedom is not without challenges. For many employees, particularly those with low financial literacy or limited market awareness, exercising this choice may lead to confusion or suboptimal decisions. Below are the major challenges and risks associated with this flexibility:

- ⊗ This facility transfers the responsibility of managing retirement savings to the employee.
- ⊗ For staffs unfamiliar with finance, this becomes a burden rather than empowerment.
- ⊗ Many staffs may feel stressed about whether they are making the “right” choice. Employees may develop fear of making a wrong choice, leading to decision paralysis.

- ⊗ Staffs having limited knowledge of equity, debt, risk-return trade-offs or fund performance metrics may go for random choices, which will reduce the effectiveness of this facility.
- ⊗ Comparing returns, expense ratios and risk profiles requires time, data analysis and financial knowledge, which are lacked by the employees who are new to the market.
- ⊗ Too much technical data (NAVs, asset allocations, performance ratios) creates information overload, which may lead to confusion often defaulting to random or conservative choices.
- ⊗ Less literate employees may end up with poor fund manager choices, creating inequality within the same pension system.
- ⊗ Without structured advisory, this exercise of choice becomes more guess work than informed strategy.
- ⊗ If employees exercise their choice poorly, their pension corpus at retirement may be inadequate, jeopardizing financial security in old age.

Every challenge in this world can be bulldozed with proper planning and upskilling. We, CBOA have conducted various brainstorming sessions across the country with respect to the challenges in implementing this facility and have come up with few solutions, which shall be implemented along with this exercise of choice of Pension Fund Manager and Investment Pattern by Employees:

- **Workshops** may be conducted in a structured manner across the country by our Bank to make every employee aware of the **terminologies and data** involved in market analysis.
- Proper **E-learning material** may be provided to every employee to upskill their knowledge on the strategies used in selecting PFM and Investment pattern.

- **Data analysis** is a key part in selecting PFM and proper training on data analysis may be imparted to staffs in every cadre.
- **Verified advisors may be linked to our Bank's panel** at every Circle, whom the employees can approach for guidance at free of cost.
- **Mandatory financial awareness sessions on NPS** should be conducted regularly for all the cadres starting from sub-staffs and the sessions should use simple language and regional translations instead of financial jargons.
- **Performance analysis of all the major PFMs may be published by our Bank** on a regular basis and a comparative study may be provided periodically in a simple language to assist our staffs.
- A dedicated helpline may be created to assist our staffs in exercising their choice judiciously.
- Employees who make errors in PFM selection or investment pattern allocation should be provided with an easy correction window.
- Calculator, which shows the projected corpus under different PFMs and investment patterns shall be made easily available and accessible to our staffs.

Considering the need of the hour and the demand of our Canarites, we kindly request your good selves to shift from existing selection of scheme preference from Corporate to Subscriber Level in respect of all active staff members. In the process, we kindly request you to consider our solutions presented to mitigate the challenges faced by our Canarites.

Sir, as always, we the Canara Bank Officers' Association, representing more than 50,000 officers, expect your good selves to consider this request with utmost urgency.

Assuring you of our continued support in all your endeavours for the growth of our Mother Bank and well-being of our Canarites.

Yours Sincerely,

A handwritten signature in blue ink, appearing to be 'Ravi Kumar K', with a long horizontal stroke extending to the left.

RAVI KUMAR K
General Secretary