

Defined Benefit Pension Scheme – Can it survive?

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Synopsis : Defined Benefit Pension schemes in India are facing serious crisis mainly due to declining trend of interest rate in the market, hike in prices of immediate annuities and also due to more-than-before rate of salary escalation for employees at the managerial level. All together, the annual contribution required to sustain the existing final salary pension scheme is increasing from year to year crossing the normal upper limit of 15% of salary as prescribed in the Income Tax Rules. Attitude of the young generation of employees is also adding to the problem. The trend of shifting from Defined Benefit Pension scheme to Defined Contribution Pension scheme has now gained ground all over the globe. It has become the current trend in India as well. This article attempts to put together the related factors and examine whether and how Defined Benefit Pension scheme can have any chance of survival in our country.

1.0 Pension Schemes in India

1.1 Defined Benefit and Defined Contribution : Pension schemes are basically of two types – Defined Benefit and Defined Contribution. In the Rules of a Defined Benefit Pension Scheme the benefits payable are clearly specified, normally mentioned as fixed amounts or related to service and salary or in some such defined manner. Most of the Defined Benefit Pension schemes in India are usually final salary related. The benefit payable is normally calculated as a fraction of the final salary for each year of service rendered, usually subject to a maximum limit. Defined Contribution Pension schemes only specify the contributions that will be payable into the scheme in respect of each member (as fixed amounts or calculated as a percentage of salary) and the benefits payable under the scheme depend on the accumulated value of the contributions.

1.2 Various types of schemes : In practice, there are various types of schemes which may not be simply categorised as Defined Benefit or Defined Contribution type. For example, a scheme can be partly Defined Benefit and partly Defined Contribution, it can be a Defined Benefit scheme with a Defined Contribution top-up (or cap) or a Defined Contribution scheme with a Defined Benefit top-up (or cap), etc. However, all such schemes can be ultimately analysed into Defined Benefit and Defined Contribution parts for the purpose of any financial treatment.

1.3 Why Pension schemes are so important ? : Pension schemes are basically meant to provide income after retirement in the form of pension. With increase in longevity the value of a regular pension income during the post-retirement life is being more and more appreciated. The tax incentives related to funding of such Pension schemes make them

attractive both to the employer and the employees. The employer's contribution in an approved Superannuation Fund (subject to the approved limit) is considered as business expense and is not treated as income or perquisite in the hands of the employees. Lump sum commuted value up to one-third of the pension entitlement is also tax-free. Superannuation scheme (whether Defined Benefit or Defined Contribution) is therefore one of the most tax-efficient arrangements for the employees in high tax-bracket. Besides, Defined Benefit Pension schemes with final salary linked benefits in effect reward the long-serving employees and the high-fliers within a company and serve as a retention tool encouraging company loyalty. Defined Contribution Pension schemes, on the other hand, favour the employees leaving early and are therefore useful in attracting mobile talents.

1.4 Pension schemes and Actuarial valuation : Since the benefits specified under a Defined Benefit Pension scheme are payable at the end of service which will take place after a number of years (which may be quite long), the contributions required to pay the benefits as and when they arise need to be calculated on the basis of a number of assumptions relating to the future years (e.g., increase in salary over the future years of service need to be estimated, mortality and other contingencies over the future years are to be projected, the investment situation over the long term needs to be anticipated and all such factors are ultimately actuarially combined to arrive at the actuarial estimate of the normal rates of contribution required to fund the scheme). Since the contribution rate is pre-defined in a Defined Contribution scheme, such scheme does not require any such actuarial estimation.

2.0 Crisis of the Defined Benefit Pension schemes in India

2.1 The financial factors responsible : In India the Defined Benefit Pension schemes are recently facing serious financial problems mainly due to – i) declining trend of interest rate in the market, ii) hike from time to time in the prices of immediate annuities and also iii) very high rate of salary escalation for the employees at senior management level who are usually the members of such Defined Benefit Pension schemes.

2.2 Declining trend of interest rate : In last few years the interest rate in India has shown steeply declining trend. For example, in last three years the yield on long term Government Bonds has come down from more than 10 % to less than 6 % in December 2003. As a result, the rate of interest earning of the Pension Funds is gradually going down from year to year. Consequently, the rate of discounting to be used for the future period in case of a Defined Benefit Pension scheme is also decreasing from year to year boosting up the liability figures substantially.

2.3 Hike in immediate annuity prices : As per the Income Tax Rules, the approved Superannuation Funds in India must purchase annuities from the life insurance companies in India at the time any pension becomes due for payment. The two main factors underlying the annuity pricing, viz. longevity and interest rate, are both independently contributing to increase in the prices of annuities. Longevity at higher ages is showing trend of steady improvement. Interest rate, as already mentioned, has been showing steadily declining trend. The risk of further worsening of these factors in future and lack of reliable relevant data are having so much perceived impact that in spite of 12 new private life insurance companies with international reputation entering the Indian market in the recent years and the Income Tax Rules already amended to accommodate them as annuity providers, the government-

owned life insurer Life Insurance Corporation of India (LIC) still remains the sole provider of immediate annuities in the Indian market. Considering the above risk factors, LIC has also stopped providing guaranteed deferred annuities (which it used to provide even up to 31 March 2002) and has increased its annuity prices over the recent years – e.g. purchase price of life annuity at age 60 was increased by about 15% in July 2000, by about another 40% in April 2002 and by about another 25% in November 2003. Similar problems regarding annuity are being observed all over the globe. In many countries the insurers are already observing that inadequate prices were charged in the past from the annuitants purchasing immediate or guaranteed deferred annuities. Increase in annuity prices immediately increases the liability of a Defined Benefit Pension scheme because the pension amounts calculated as per the Rules of the scheme do not change with increase in annuity prices.

2.4 Unprecedented salary escalation : With liberalization of Indian economy and associated factors the restrictions on the upper limit of salary have been removed. Executives at senior level are now getting salaries and raises which were simply unimaginable even 10 years back. Since most of the existing Defined Benefit Pension schemes are for managerial staff, significant increase in salary escalation rate has also substantially increased the liabilities of final salary pension schemes. It is quite often observed that the financial problems under discussion are much more serious in case of the final salary pension schemes for the very senior executives compared to similar schemes for the clerical employees and manual workers or for the Defined Benefit Pension schemes not linked to final salary.

2.5 The overall effect : All the above adverse factors taken together, the annual contribution rates required to sustain the final salary pension schemes are increasing from year to year and becoming much higher compared to the contribution rates required earlier. Most of the Defined Benefit Pension schemes had earlier been managing well with contributions within 15% of salary, the upper limit of the ordinary annual contribution rate prescribed in the Income Tax Rules. Even some Funds increased the benefit levels substantially when interest rates were quite high. Now the annual contribution rates required are crossing the prescribed limit of 15% of salary giving rise to not only additional financial burden on the companies but also problems regarding tax advantage and the risk of violating the provisions stipulated for the approved Superannuation Funds. The employers having such Defined Benefit Pension schemes are naturally alarmed at the increasing cost of continuing such schemes. The immediate panacea that is being prescribed to them is to convert the Defined Benefit Pension schemes to Defined Contribution Pension schemes or to discontinue such Defined Benefit Pension schemes altogether.

2.6 Other factors : Apart from the above financial reasons, various other factors are also adding to the crisis of the Defined Benefit Pension schemes. In view of VRS, sickness of many private and even public sector companies and other uncertainties prevailing in the market regarding future stability of the companies in general and increasing employee mobility, the employees no longer feel very comfortable about remote benefits like pensions under Defined Benefit schemes. Another important aspect is the attitude of the present generation of employees who want everything 'here and now' and in cash. In general, they do not feel attracted to any Superannuation Scheme which promises income during the retired life which is perceived by them as a remote distant future which need not be thought of at the time of starting their career. Another emerging attitude is aversion towards any sort of cross subsidy – whether it is real or perceived. Defined Benefit Pension scheme, with its complex features and distant promises, do not attract the young generation of employees. It is

also difficult to directly match the “cost to company” concept of employees’ remuneration with the features of the traditional Defined Benefit Pension schemes. All these factors are driving new generation employees towards Defined Contribution Pension scheme if at all they have to choose any Superannuation scheme for the sake of tax benefit or otherwise.

2.7 Compounded crisis : As discussed above, the Defined Benefit Pension schemes are facing problems from both the sides - the employer as well as the employees. Defined Benefit Pension scheme as a type is not popular with the new generation of employees. The employers are also uncomfortable with such schemes due to this attitude of the new generation of employees in addition to their own headache due to the financial problems discussed above. As a result, the new Superannuation schemes set up in India are now rarely of Defined Benefit type and most of the existing Defined Benefit Pension schemes are also now getting converted partly or fully into Defined Contribution Pension schemes.

3.0 Defined Contribution Pension schemes

3.1 Defined Contribution Pension Scheme is not a newcomer in India : Defined Contribution Pension schemes were already in existence in large number in India even before the Defined Benefit Pension schemes were in crisis for the reasons mentioned above. Defined Benefit Pension schemes were mainly the legacy of the British companies in India followed by the renowned Indian companies which appreciated the merits of such Defined Benefit Pension schemes. A large majority of the Superannuation schemes were however introduced in India to provide a tax efficient benefit to the senior executives in lieu of Bonus which was earlier allowable to all employees irrespective of salary. Defined Contribution Pension schemes suited that requirement. Other reasons for proliferation of the Defined Contribution Pension schemes in India compared to the Defined Benefit Pension schemes are already discussed above. The recent addition is the Defined Contribution Pension scheme for the new employees of the Central Government.

3.2 Attractions of Defined Contribution Pension scheme : The attractions of the Defined Contribution Pension schemes are many – employer’s liability remains limited, both the employer and the employees find it easy to understand the operation of the scheme, transfer of individual member’s benefit from one scheme to another can be least complicated, the employers tend to be very lenient regarding the vesting condition so that the employees leaving early can also take away the full accumulations of the contributions made in respect of them, and even that the schemes can be managed without engaging an actuary to advise.

3.3 Transfer of financial risks : Defined Contribution Pension scheme obviously limits the liability of the employer to the contribution rate defined in the Rules of the scheme, e.g. 15% of salary. But the declining trend of interest rate, hike in annuity prices etc. may not allow the contributions at the defined rate to accumulate to such a level which would ultimately bring in the level of final salary linked pension as provided in the Rules of a Defined Benefit Pension scheme. So the entire risk of uncertainty in this respect is passed on to the individual employees.

4.0 Defined Benefit vs. Defined Contribution Pension Scheme

4.1 The basic distinguishing features can be summarized as follows:

- (i) The risks of lower investment return and hike in annuity prices are borne by the concerned employees under a Defined Contribution Pension scheme whereas the employer bears these risks for Defined Benefit Pension scheme.
- (ii) The progress of the fund is very clear to one and all under Defined Contribution Pension scheme but the ultimate benefit is unknown to every one concerned.
- (iii) The cross subsidy element in the Defined Benefit Pension scheme is virtually absent in the Defined Contribution Pension scheme.
- (iv) Defined contribution scheme has consistency with the new life style of “give my share” and the present system of deciding remuneration on “cost to company” basis.

4.2 In the U.K. also in spite of the longstanding tradition of Defined Benefit Pension schemes the current trend is towards Defined Contribution Pension scheme, at least for the new members. No wonder, in India also now Defined Contribution Pension scheme is gaining more and more ground replacing the Defined Benefit Pension schemes which are posing serious problems for the employers and the Funds. But the question remains - does Defined Contribution Pension scheme really provide an ultimate solution? Have we come to the conclusive stage that the employers should not have Defined Benefit Pension scheme, or can Defined Benefit Pension scheme still survive in spite of all these odds?

5.0 Is Defined Contribution Pension Scheme the ultimate solution?

5.1 Problems of switching to a Defined Contribution Pension scheme : Switching to a Defined Contribution Pension scheme from a Defined Benefit Pension scheme is not usually straightforward. The Indian Trusts Act prevents reductions in members' benefits without consent of the beneficiaries. The Trust Deed & Rules of the Defined Benefit Pension schemes also usually do not permit reduction of the accrued benefits. There is no legal precedent as to what is meant by these accrued benefits. But if the accrued benefits are quantified (calculated on the basis of particular assumptions) and transferred as initial contributions in the individual accounts under Defined Contribution system, there is a possibility that these amounts may not be ultimately sufficient to secure the “accrued” pensions for the individual members at the time of exit, if the actual rates of interest, annuity prices etc. deteriorate in future compared to the assumptions made. This aspect may cause legal complications for the company. In India a popular interpretation of protecting the accrued benefit is to provide “frozen” pensions based on the members' service completed to the date of transition and the pensionable salary current as at that date. That is, to that extent the Pension scheme remains Defined Benefit type. Considering the legal consequences, in the U.K. the Defined Benefit Pension schemes usually remain unchanged for the existing members although the Defined Contribution Pension scheme is applied for the new members.

5.2 The adverse consequences : The various advantages of Defined Contribution Pension scheme have been discussed above. However it comes out that the main difficulty of a Defined Contribution Pension scheme is that the pension income receivable at the end

remains totally uncertain. In case of employer-sponsored Defined Contribution Pension schemes the contribution rate usually remains fixed as a percentage of salary. As a result the pension amount from the scheme ultimately bears no relation to the income at the end of the working life.

5.3 No protection to the employees : The method usually recommended to overcome the above difficulty is to project the expected benefits on the basis of the likely values of the various parameters over the future years and adjust the level of contribution periodically to ensure that the pension income comes out to be as per the target level. Even then the entire responsibility of reaching the target pension remains on the individual and no protection is available to him against any of the risks involved in this process, whereas a pooled Fund can have the advantage of taking recourse to various risk management tools. This appears to be all right as a ‘fashionable’ concept, but when the adverse consequences are practically realized majority of the affected persons may not like it any more. Defined Contribution Pension schemes are having a bad press in the US and the UK as a result of declining investment returns and the increasing cost of purchasing annuities. India will not be immune from similar concerns forever.

5.4 These critical consequences under a Defined Contribution Pension scheme put really big question mark as to treating the Defined Contribution Pension scheme as a panacea to all the ills of a Defined Benefit Pension scheme.

6.0 Any demand for Defined Benefit Pension scheme?

6.1 Demand in ‘90s : In India a momentum developed in early 90’s towards employer-sponsored Defined Benefit Pension scheme with increasing realization of the value of pension in retired life. Even then many employee Unions were not in favour of a Defined Benefit Pension scheme in lieu of any Defined Contribution benefit like partly foregoing the accumulations in the Provident Fund (the statutory Defined Contribution scheme with totally lump sum benefit at the end instead of any provision for pension) looking at the very high rate of interest prevailing in the market at that time and anticipating that the rising trend of interest rate would continue for ever. Now the perception has changed but the momentum in favour of Defined Benefit Pension scheme got lost.

6.2 Introduction of DB Pension schemes in nationalized Banks and Insurance Companies : A perfect example of the trend in favour of Defined Benefit Pension scheme was introduction of Central Government type Defined Benefit Pension scheme in nationalized Banks and Insurance Companies in 1995 in lieu of employer’s contribution towards the Provident Fund. The employees in general appreciated the value of such scheme and opted in favour of it. The more and more appreciation of the benefits of such scheme by the employees was evident in subsequent demands from the employees for giving further chances to join the Pension scheme to those who originally opted for continuation of the employer’s contribution in the contributory Provident Fund. Many employees who still favoured continuation of the employer’s contribution in the contributory Provident Fund instead of going for the new Pension scheme are ultimately becoming losers or gainers depending on whether they are qualified for pension or not at the end.

6.3 Opposition of Trade Unions to introduction of EPS'95 : The opposite example was the opposition of a large number of Trade Unions to the Employees Pension Scheme 1995 introduced by the Central Government for the Provident Fund members in lieu of Family Pension Scheme 1971. This is a Defined Benefit Pension scheme assuring $1/70^{\text{th}}$ of final salary for each year of membership as pension from age 58 (together with pension for spouse and children on death of the member) for which 8.33% of the salary is taken as contribution out of the employer's contribution to the Provident Fund. The well-informed persons considered this as a very good social security measure but many Trade Unions perceived the other way. The Supreme Court in a recent judgment has however rejected all these objections. Most of the Trade Unions also by now seem to appreciate the benefits of the EPS'95 compared to the corresponding accumulation in PF (the DC arrangement).

6.4 Appreciation of DB Pension scheme by many employers : The enlightened employers who were having Defined Benefit Pension schemes still appreciate the merits of such scheme in terms of rewarding the long serving employees as well as those who are recognized by the company in terms of promotion and salary escalation and as an effective tool for retaining talent in the company instead of providing liberal benefits to employees leaving after short period of service. Many sophisticated employers still perceive the merit of the Defined Benefit Pension scheme in those respects, but practical constraints particularly the high contribution rate required to sustain such scheme deter them from introducing or continuing such Defined Benefit Pension scheme. In the Indian market at present attracting talents is getting priority over retaining people. When retention will get priority after the Indian market condition stabilizes, Defined Benefit Pension scheme may get back its role in respect of reward and retention of the employees.

6.5 Reaction of Trade Unions in the U.K. : It came out as a news item in the October 2002 issue of *'The Actuary'* that in the run-up to the annual Trades Union Congress the unions in the U.K. were calling for strike action if necessary to protect their members' final salary pension schemes. Pensions became one of the most hotly debated topics at the congress.

7.0 Any solution to the problems of having Defined Benefit Pension scheme?

7.1 Increasing cost of DB Pension scheme : The main difficulty of running a Defined Benefit Pension scheme, as we have discussed earlier, is constantly increasing rate of contribution required to sustain the scheme when interest rates are continuously falling.

7.1.1 Increasing cost of DB Pension scheme is only one side of the whole picture : In fact, increasing cost of DB Pension scheme is only one aspect of the whole picture. In a low interest regime a company largely benefits from the savings on account of interest on the company borrowings. In most of the companies the savings in respect of interest on the company borrowings is much more than the increase in the cost of the Defined Benefit Pension scheme.

7.1.2 Increasing cost can be adjusted with employees' overall remuneration : The current practice is to remunerate the employees on "cost to company" basis. If the cost of the Defined Pension benefits increases under a Defined Benefit Pension scheme, the employer can easily adjust this cost from the wage rise allowed to the employees so that

the overall financial burden of the company does not increase just because the Defined Benefit Pension scheme continues with higher rates of contribution.

7.1.3 Adjustment of defined benefits : In any case, if an employer wants to contain the cost of a Defined Benefit Pension scheme within a limit, it is possible to introduce a mechanism to adjust accordingly the benefit under the Defined Benefit Pension scheme to keep the cost under control. This method will have the advantage that the employees can still see their pension income linked to their salary earnings.

7.1.4 Refining Indian Accounting Standard : As per existing Indian Accounting Standard the entire increase in liability in a particular year is shown in that year's Profit & Loss Account. This approach adversely affects the company's performance for the year because the entire increase does not correspond to only one year. Refinement of this concept, spread over of the additional liability over future years and appropriate valuation of the assets (mostly fixed interest securities) will go a long way in easing the accounting problem of the companies in this regard. Actuarial Society of India needs to sort out this issue with the Institute of Chartered Accountants.

7.2 Regulatory upper limit on the ordinary annual contribution : One regulatory constraint is that the Income Tax Rules in effect allow ordinary annual contribution of 15% of salary to an approved Superannuation Fund. Any contribution made in addition to this prescribed upper limit may be disallowed for tax exemption. Besides, the Income Tax authorities also retain the right to disapprove such Superannuation Funds.

7.2.1 Regulatory authorities may be lenient : In practice, it is understood that the Income Tax authorities usually take a very lenient view on this issue particularly when they are satisfied about the justification of such additional contribution. The author is not aware of any legal precedent in connection with an approved Superannuation Fund in this matter, but there are legal precedents in respect of approved Gratuity Funds where Courts have given clear verdict that such additional contributions are allowable for tax exemption since these are ultimately business expenses only.

7.2.2 Removal of the regulatory upper limit : However, one simple solution to this problem is that the Income Tax Rules may be modified to raise the upper limit or remove it altogether. When the Rules were framed in 1962 this limit was perceived to be adequate and understandably such limit was imposed to prevent any misuse of the tax benefits. The contribution rate under almost all the Defined Benefit Pension schemes running in this country were well within 15% before the interest rates started declining over the last few years forcing lower discount rates for valuation and increase in purchase price for annuities. Under the present circumstances the limit can be simply removed and the contribution rate recommended by the valuing actuary as per the Guidelines of the Actuarial Society of India can be allowed for tax exemption. Else, if the Income Tax authorities are bent on putting a limit a much higher limit can be placed so that this constraint alone does not kill the Defined Benefit Pension schemes in this country. Actuarial Society of India needs to sort out this issue with the concerned authorities.

7.2.3 Regulatory control on the benefits rather than the contributions : In fact, the best way to impose control on the Defined Benefit Pension schemes is to impose limits on the benefits allowable under such approved Superannuation Funds rather than limiting

the contributions. This is the system in the U.K. Adoption of such system will also stop any possible misuse of the present scope for allowing even more than 100% of salary as pension benefit to very senior executives keeping the overall contribution within 15% of salary.

7.3 Controlling the effect of salary escalation : The effect of extraordinary salary escalation in the recent years for the senior executives of the companies having Defined Benefit Pension schemes in India should not be underestimated as a cause creating financial crisis for the Pension schemes. In fact, it is possible and may be necessary to curb the escalation of pensionable salary for the purpose of Pension schemes so that the liability remains under control. The factors like interest rate in the market or increase in annuity prices are not in the hands of the employers, but controlling the increase in the pensionable salary is well within managerial jurisdiction. 'Salary' for the purpose of making contribution to an approved Superannuation Fund is clearly defined in the Income Tax Act 1961, but 'Pensionable Salary' is defined only in the Rules of the Superannuation Fund. Depending on the circumstances the following approaches may be adopted by the companies for reducing the cost of pension linked to future salary increases :

- Introducing ceilings on 'pensionable salary' that vary by grade.
- Restrict growth in 'pensionable salary' by keeping all, or part, of future pay increases outside the definition of 'pensionable salary'.

Any future increases in pensionable salary would then be at the discretion of the company and so costs would be controlled. Amending a Defined Benefit Pension scheme in this way may be more acceptable in particular circumstances than reducing accrued benefits or switching to a Defined Contribution Pension scheme. Circumstances differ from case to case, however, and the relevant legal aspects need to be considered before amending a Pension scheme.

7.4 Tackling employee objections : One of the main objections of the young employees to the traditional Defined Benefit Pension schemes is that the minimum service period required for any pension entitlement under such scheme is usually quite long (15, 20 years or service up to age 50, 55 etc.). In the U.K. 'preserved' pension concept was legally introduced for the benefit of the employees leaving service after a minimum period of two years. In India also, due to employee pressure, minimum vesting period is tending to come down to even five years under the Defined Benefit Pension schemes. Many useful innovations can be brought into the structure of the Defined Benefit Pension schemes to ensure acceptable balance between the different sorts of demands so that the basic purpose of such scheme to provide a defined retirement income remains possible.

8.0 So, should the Defined Benefit Pension schemes survive ?

8.1 Why not ? : As per our analysis in the foregoing section 7 there is no reason why Defined Benefit Pension scheme cannot and should not survive in spite of all the odds faced at present to serve its unique purposes which are still appreciated by many employer and employees.

8.2 Public perception is vitally important : However, theoretical solutions cannot simply motivate everyone to go for or continue with a Defined Benefit Pension scheme. There are trends and waves as also mindsets which are all created by the surrounding circumstances. So the general perception of the employers and the employees in respect of the usefulness of a Pension scheme, and Defined Benefit Pension scheme in particular, will play the crucial role in deciding the survival or extinction of the Defined Benefit Pension scheme in our country. Actuaries should take all out pro-active steps to remove any distortion in public perception in this matter.

8.3 Defined Benefit Pension provides the security net : Social security pension schemes have to be Defined Benefit type in nature. Secured retirement income from an employer-sponsored Defined Benefit Pension scheme obviously provides a very useful net of security to the concerned employees and it is in the interest of the society at large to protect this pillar to the extent possible.

8.4 Defined Benefit Pension schemes and Pension Reforms in India : Unfortunately in India pension is not yet a well-understood concept. Traditionally only Government employees and the senior executives of a few renowned companies used to receive pension. Pension was therefore beyond the expectation of the rank and file. With the ongoing changes in the social structure in this country, particularly disintegration of the Indian family pattern moving from joint family to nuclear family to single family, the importance of pension is being felt more and more. New awareness is developing in the society regarding the need of making adequate provision for retirement income. With the increasing longevity at the old ages, lack of income in the post-retirement life of general public is likely to create a social crisis. The Government is already trying to encourage the public to save for their own pensions. Most of these plans will be necessarily Defined Contribution saving plans. These DC Pension schemes and personal pension plans will have their own merits and usefulness and will act as good supplement to any benefit available under any Defined Benefit Pension scheme but evidently they cannot replace the Defined Benefit Pension schemes altogether.

[**Note :** Views and opinions expressed in this article are personal views and opinions of the author and do not reflect official views of any institution or company he is attached to.]

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