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Shell to start pension fund for junior staff

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SHELL TRINIDAD LIMITED has decided to introduce a Pension Fund Plan for hourly and weekly rated employees and for junior staff, Mr. Geoffrey Chandler, Managing Director, disclosed in a circular dated February 25, to all personnel.

The plan will replace the Shell Trinidad Retirement Gratuity Fund, the Local Provident Fund and the Non-Contributory Pension Fund to which no new members were admissable since June of 1963.

A hint of the change was given by Mr. Chandler in a letter to personnel in December when "I promised to communicate further with you on the company's proposals to revise our retirement benefits schemes."

According to this week's circular, the existing schemes provide for lump sum payments on retirement, either in the form of a gratuity under the Retirement Gratuity Fund or Provident Fund payments under the Local Provident Fund.

Lump sum

"The payment of retirement benefits wholly as lump sum payments is, however, no longer regarded as suitable to meet the social needs of a modern society.

"This has been recognised in Government's income tax legislation which is designed to provide for the payment of retirement benefits in the form of pensions and under which retirement benefit plans are approved for the purpose of income tax.

"The new Pension Fund Plan is designed to give you and your family financial security on your retirement, and generous benefits in case of death or permanent disability. In addition, the benefits you have in the existing funds at the date of your joining the Plan will be set aside and paid to you with compound interest at 3½ per cent per annum on leaving the company service. You will also be able to take part of your pension as a lump sum payment.

"Your full continuous service with the company from the age of 18 years will be taken into account for the calculation of your pension benefits. Breaks in service of six months or less will not affect continuity of service."

Mr. Chandler stressed that "such a plan is costly to the company and is being introduced at a time when our costs are rising and prices for our products are falling — a trend which gives us serious concern.

"We nontheless believe it right to introduce this plan in keeping with our objective of being a good employer. In view of the cost involved, which would be prohibitive if we were to provide the proposed level of benefits and maintain present retirement ages, the normal retirement age for persons electing to join the plan will be 65 years for men and 60 for women," but individuals may retire with a reduced pension any time from the age of 53 for men and 50 for women.

Good employer

"Shell intends giving the trade union and staff association representatives the opportunity to discuss the plan and any matter which may require clarification before the rules are drafted.

"Junior staff and hourly weekly rated employees on the regular payroll at the date of inception of the plan