

Corporate Vision and Mission

Vision

To be a world-class Organization that ensures the prompt payment of retirement benefits and promotes a sustainable pension industry that positively impacts on the economic development of Nigeria

Mission

To be an effective Regulator and Supervisor that ensures the safety of Pension Assets and fair return on investment utilising appropriate technology, with highly skilled and motivated staff

SECTION ONE

Pension Operating Environment

1.1 Macroeconomic Development

The pension industry operated under a declined macroeconomic atmosphere as estimated real GDP decreased slightly by 0.30 percent to 6.60 percent in the first quarter of 2013 as against the 6.90 percent growth rate recorded in the fourth quarter of 2012. The slight decline in real GDP could be explained by decrease in the contributions of the non-oil sector. Although the non-oil sector accounted for 85 percent of the total GDP, the growth of the sector actually decreased from 8.2 percent in the fourth quarter of 2012 to 7.9 percent in the first quarter of 2013. Similarly, the growth rate of real oil GDP decreased by 13.30 percent as against a decrease of 0.2 percent recorded in the fourth quarter of 2012.

The end-period inflation rate was 8.60 percent in the first quarter as against an inflation rate of 12.0 percent recorded in the fourth quarter of 2012. This signaled an improved real rate of returns by pension funds in the quarter. Similarly, the single digit rate of inflation could help increase workers and retirees welfare as a result of increased purchasing powers.

1.2 Developments in the Money Market

The Central Bank of Nigeria (CBN) continued to pursue restrictive monetary policy stance as the Monetary Policy Rate (MPR) was maintained at 12.00 percent. Similarly, the Cash Reserve Ratio (CRR) and the Liquidity Ratio were maintained at 12.00 and 30.00 percent respectively in the quarter in order to check threats of inflationary pressure on the economy.

The interest rate developments in the money market showed mixed results as rates on deposits of various maturities decreased during the quarter with the exception of one month deposit rate, which increased from 8.09 percent in the fourth quarter of 2012 to 8.20 percent in the period under review. The rate on deposits of various maturities decreased from a range of 5.56 - 8.82 per cent to 5.08 – 8.40 per cent. Similarly, the spread between the weighted average term deposit and maximum lending rates decreased from 17.38 per cent in the fourth quarter of 2012 to 16.60 per cent in the first quarter of 2013, which represented a decrease of 0.78 percent.

The story in the inter-bank segment of the market was however different as the weighted interbank call rate increased from 11.72 percent in the fourth quarter of 2012 to 12.00 percent in the first quarter of 2013, representing an increase of

0.28 percent. This could be explained by the liquidity condition in the money market. Similarly, the Nigeria Interbank Offer Rate (NIBOR) for the 7 and 30-day tenors increased from 12.34 and 13.00 percent in the fourth quarter of 2012 to 12.40 and 13.37 percent respectively in the first quarter.

The primary market segment for the auctioning of government securities showed that treasury bills (NTBs) of 91-, 182- and 364-day tenors amounting to ₦1,084.52 billion, ₦2,515.73 billion and ₦1,084.52 billion, were offered, subscribed to and allotted, respectively, in the first quarter of 2013. The bid rates were spread between 7.50 - 14.00 per cent, 10.00 -14.60 per cent and 8.99 - 13.25 per cent for the 91-, 182- and 364-day tenor respectively. The stop rates ranged from 9.20 – 11.79 percent. However, the total amount of NTBs offered and the level of subscription for all the tenors showed an impressive patronage at the primary market.

The implication of the foregoing is that pension fund investment in NTBs and deposit of various tenors generated positive real rate of returns given the headline inflation rate of 8.60 percent.

1.3 Developments in the Bond Market

There was a general slowdown in bond market activities during the quarter under review as investors shifted focus from the market to the capital market because of low yield in the bond market and relative stability of the capital market. Correspondingly, the average yield in the bond market fell from 10.51 percent in the quarter compared to the yield of 13.5 percent at the end of the fourth quarter of 2012.

Table 1.1: FGN Bond Issues and Subscriptions as at Q1:2013

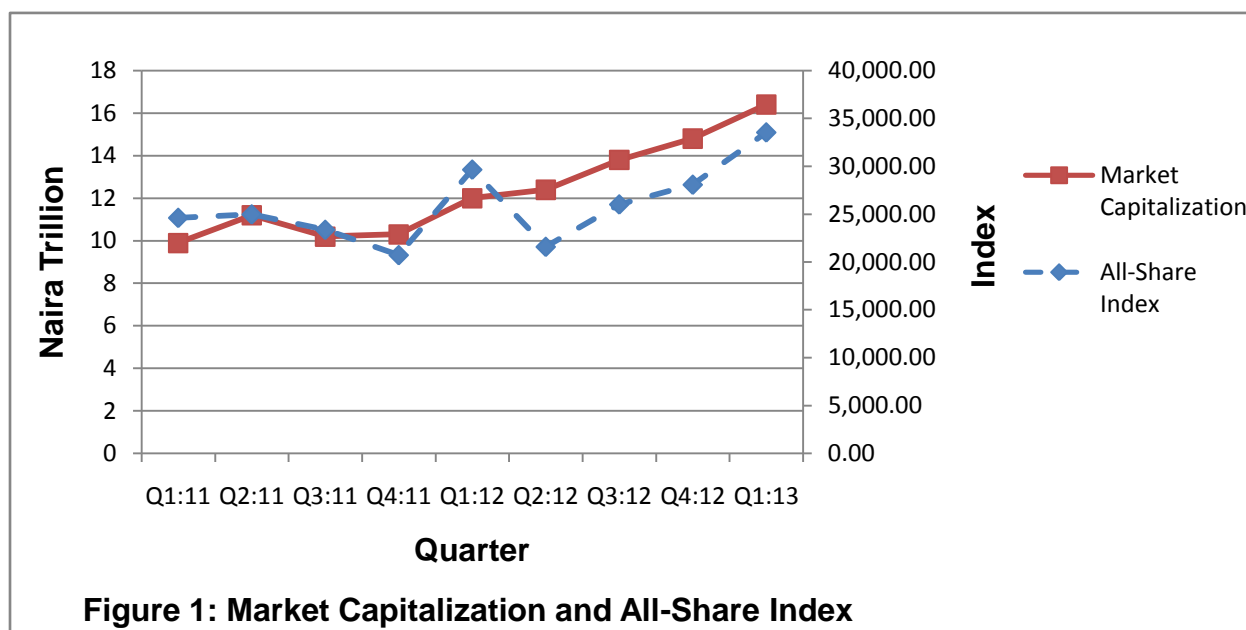
Year	Issued Amount (₦ Million)	Subscription (₦ Million)	Subscription Level		Remarks
			Amount (₦ Million)	%	
2008	515,000	845,951.53	330,951.53	64.24	Oversubscribed
2009	694,000	1,340,891.46	646,891.46	93.21	Oversubscribed
2010	932,810	1,877,044.08	944,234.08	101.22	Oversubscribed
2011	846,710	2,034,060.00	1,187,350.00	140.23	Oversubscribed
2012	865,160	1,712,480.00	847,320.00	97.94	Oversubscribed
Q1:2013	285,000	607,140.00	322,140.00	113.03	Oversubscribed

The Table further shows that the least amount of bond issues in the last five years was in the first quarter of 2013 at ₦285,000 million, which was

oversubscribed to the tune of ₦607,140 million, representing 113.03 percent oversubscription as shown in Table 1.1.

1.4 Developments in the Stock Market

Activities in the stock market were impressive in the first quarter of 2013 as reflected in some stock market performance indicators. The volume and value of traded stock went up by 50.90 and 40.60 percent to 31.80 billion shares and ₦254.98 billion respectively. Similarly, the number of deals went up by 44.19 percent from 265,625 in the fourth quarter of 2012 to 383,014 in the first quarter of 2013. The financial sector stocks were the most actively traded with a volume of 13.40 billion shares valued at ₦95.6 billion in 125,244 deals.



Similarly, other indicators of stock market performance improved as market capitalization for equities rose by 19.62 percent from ₦8.97 trillion in the fourth quarter of 2012 to ₦10.73 trillion in the first quarter of 2013. The All-Share Index increased by 19.44 percent from 28,078.81 in the fourth quarter of 2012 to 33,536.25 in the first quarter.

SECTION TWO

Regulatory and Supervisory Activities

The Commission continued its consultative philosophy in the regulation and supervision of the industry. The risk-based examination approach was continuously implemented as a way of promoting transparency and providing early warning signals as well as encouraging pension operators to regularly self-evaluate their positions.

2.1 Surveillance of the Pension Industry

The Commission commenced the 2013 on-site and off-site examinations of Pension Fund Operators with two Pension Fund Operators (PFAs) in the first quarter of 2013. The on-site examination, which was risk-based, was used to assess the financial viability, governance and management of the operators examined. The examination focused on pension and benefit administration, investment and fund accounting. The PFAs were also examined on performance measurement, compliance, risk management and information and communication technology.

The detailed highlights of the offsite examination of the PFAs included the following:

(a) Compliance Reports

A number of issues were observed from the compliance reports which indicated that some of the PFAs had received pension contributions without appropriate schedules; had some backlog of unresolved customers' complaints; had some vacant top management positions; and did not fully implement disaster recovery plans. Consequent upon the foregoing, the Commission had notified the operators involved and continued to closely monitor them as they resolve the issues.

(b) Actuarial Valuation

The Commission received actual valuation report on some Defined Benefit Schemes. The reports revealed that all the Schemes were fully funded as at the quarter under review.

(c) Corporate Governance

During the quarter under review, the Commission received and reviewed 18 governance reports from Licensed Pension Fund Operators that revealed violations of the Code of Corporate Governance by the Operators. The affected operators were engaged by the Commission with the view of addressing the identified issues.

2.1.1 Update on Returns Rendition System

As part of their obligations to the Commission, the Licensed Pension Fund Operators rendered their quarterly reports on the funds under their management during the quarter. A review of the reports showed a significant increase in the pension assets under their management. However, four operators were sanctioned for late submission of reports during the quarter under review.

2.1.2 Resolution Activities

The regulatory intervention in First Guarantee Pension Limited continued in the quarter as 5 cases on issues relating to the constitution of interim management for the PFA by the Commission were still pending in court during the period under review.

2.2 Compliance and Enforcement Activities

The Commission continued to apply various strategies to ensure compliance with the provisions of the Pension Reform Act (PRA) 2004. This included the application of sanctions and collaboration with key stakeholders on public enlightenment campaigns. Similarly, the Recovery Agents (RAs) employed by the Commission had continued to recover outstanding pension contributions with interest penalties from erring eligible employers.

2.2.1 Update on Compliance by the Private Sector

During the quarter, the Commission received 436 applications for the issuance of compliance certificates, out of which 383 certificates were issued while 53 applications were unsuccessful. The 53 applications were turned down due to such issues as incomplete documentation; non-remittance of pension contributions in the last three years; and non-provision of Group Life Insurance Policy for their employees.

2.2.2 Transfer of Nigeria Social Insurance Trust Fund (NSITF) Contributions to Members RSAs

In accordance with Section 42(2)(3)(7) of PRA 2004, the Commission continued the supervision of the transfer of NSITF contributions into beneficiaries' RSAs during the quarter. In this regard, Trustfund Plc submitted 5,069 applications from contributors for the transfer of their contributions, which amounted to ₦338.63 million from the defunct NPF/NSITF Schemes into their respective PFAs. Subsequently, the Commission reviewed and approved the transfer of ₦338.05 million into the RSAs of 5,086 applicants. The remaining 10 applications were rejected due to incomplete documentation and duplicated applications. As at date, the sum of ₦7.43 (billion?) had been transferred into the RSAs of 100,774 NSITF beneficiaries.

2.2.3 Update on the Recovery of Outstanding Pension Contributions and Interest Penalty from Defaulting Employers

During the quarter, 75 Recovery Agents (RAs) established outstanding pension contributions and interest penalties amounting to ₦10.78 billion against 424 private sector employers. The Commission reviewed the claims submitted by the RAs and granted approval that 138 out of the 424 private sector employers be served demand notices for outstanding pension contributions and interest penalty that amounted to ₦4.28 billion. The remaining balance from 286 employers was not approved due to documentation errors.

Some of the employers whose liabilities were established by the RAs had remitted their outstanding pension contributions and interest penalties that cumulatively amounted to ₦225.99 million as at the end of the quarter under review. In furtherance of its compliance efforts, the Commission plans to commence the issuance of notice of intention to prosecute the employers that failed to remit their outstanding pension contributions and interest penalties.

2.2.4 Update on Informal Sector Participation in the Contributory Pension Scheme (CPS)

In the effort to encourage the informal sector participation in the CPS, the Commission developed and distributed the Framework for the informal sector participation in the CPS to all stakeholders for review. The inputs from various stakeholders have been collated and subsequently incorporated into the Framework. Consequent upon this, the Commission commenced work on the Guidelines and other modalities that would facilitate the participation of the informal sector in the Scheme.

2.3 Other Compliance Efforts

(a) Implementation Update by the State Governments

State Governments continued to make progress in the level of implementation of the Contributory Pension Scheme (CPS). In the first quarter of 2013, 21 State Governments had enacted their pension laws, 14 States were at the Bill stages, while one State is yet to commence the process of implementing the CPS. A breakdown of the level of implementation of the CPS is presented in Table 2.1

Table 2.1: Level of Compliance with the CPS by State Governments

S/N	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
1	Jigawa	Assets transferred to PFAs	N/A	N/A
2	Lagos	Commenced	Funded	Implemented
3	Ogun	Commenced	Funded	Not implemented
4	Kaduna	Commenced	Local Government component funded	Not implemented
5	Niger	Commenced	Funded	Implemented
6	Delta	Commenced	Not funded	Implemented for State Government Employees
7	Zamfara	Commenced	Not funded	Not implemented
8	Osun	Commenced	Funded	Implemented
9	Rivers	Commenced	Not funded	Implemented
10	Kano	Assets yet to be transferred	Not applicable	Not implemented
11	Imo	Yet to commence	Not funded	Not implemented
12	Kebbi	Yet to commence	Not funded	Not implemented
13	Sokoto	Yet to commence	Not funded	Not implemented
14	Ekiti	Yet to commence	Not funded	Not implemented
15	Kogi	Yet to commence	Not funded	Not implemented
16	Bayelsa	Yet to commence	Not funded	Not implemented
17	Nasarawa	Yet to commence	Not funded	Not implemented
18	Oyo	Yet to commence	Not funded	Not implemented
19	Taraba	Yet to commence	Not funded	Not implemented
20	Akwa Ibom	Yet to commence	Not funded	Not implemented
21	Edo	Yet to commence	Not funded	Not implemented

Apart from enacting law on the CPS, Table 2.1 further shows that eight out of the 21 states had commenced remittance of contributions into the RSAs of their employees. Similarly, 6 States have commenced the funding of their Retirement Benefit Bond Redemption Fund Accounts (RBBRFAs) as shown in Table 2.2.

Table 2.2: Balance in RBBRF Account of State Governments as at March 2013

S/N	State	Balance (₦ billion)
1	Lagos	13.00
2	Ogun	5.08
3	Kaduna	1.60
4	Niger	2.60
5	Osun	1.07
6	Rivers	0.30

Table 2.2 shows that Lagos State had remitted ₦13.00 billion, while Ogun, Niger and Kaduna States had remitted ₦5.08, ₦2.6 and ₦1.6 billion into their RBBRFAs respectively as at the end of the quarter under review.

(b) Public Enlightenment Campaigns

As part of the strategies to increase the level of compliance and awareness about the scheme, the Commission facilitated, organized and participated in series of workshops, seminars and interactive sessions during the quarter. In this regard, the Commission participated in workshops organized by Delta and Ekiti States to train the staff of these States and their Local government Pension Bureaus on the CPS. Interactive sessions were jointly organized by the Commission and the Nigeria Employers Consultative Association (NECA) for Small and Medium Scale Enterprises (SMEs) on compliance with the provisions of PRA 2004. The interactive session availed the Commission the opportunity to address the challenges facing the SMEs in the implementation of the CPS.

(c) Collaboration with Stakeholders

In furtherance of its compliance efforts, the Commission continued to collaborate with the Bureau of Public Procurement (BPP) to ensure that organizations providing services to Ministries, Departments and Agencies (MDAs) comply with the provisions of PRA 2004 as one of the preconditions for bidding for Federal Government contracts.

In the first quarter of 2013, 520 applications for compliance certificates were received, out of which 479 were processed and issued compliance certificates. The remaining 41 applications were turned down due to incomplete documentations.

2.4 Update on Retirement Bond Redemption Fund Account (RBRF)

Following the receipt of mandate for the sum of ₦5.85 billion from the Office of the Accountant General of the Federation, the total remittance into the RBRF rose to ₦357.55 billion from inception to the end of the first quarter of 2013. However, after payment of accrued benefits to retirees, the bank balance on this account was ₦851.06 million as at the end of the quarter under review.

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The Commission's efforts at increasing the level of compliance with PRA 2004 and the marketing strategies of the PFAs continued to yield positive results as the total scheme memberships increased from 5,459,418 at the end of fourth quarter, 2012 to 5,585,694 at the end of the first quarter, 2013, representing an increase of 2.25 percent. However, memberships of Closed Pension Fund Administrators (CPFAS) and Approved Existing Schemes (AES) witnessed declines of 0.29 and 1.78 percent respectively as shown in Table 3.1.

Table 3.1 Scheme Memberships as at First Quarter, 2013

Scheme	Q3:2012	Q4:2012	Q1:2013	% change (Q4:2012 and Q1:2013)
RSA	5,280,928	5,393,001	5,516,478	2.29
CPFA	24,622	24,665	24,594	(0.29)
AES	44,351	41,752	41,018	(1.78)
Total	5,349,772	5,459,418	5,585,694	

Note: Figures in parenthesis represent decrease

The reduction in the memberships of AES and CPFAs could be ascribed to the retirement of some members as membership of these Schemes is restricted to staff of the sponsoring organizations.

3.1.1 Membership of RSA

A review of the total RSA registrations for both public and private sectors shows that total RSA registrations increased by 2.29 percent as revealed in Tables 3.1 and 3.2. The public sector continued to dominate total RSA registrations with a total figure of 2,937,256, which accounted for 53.25 percent of the total registrations.

Table 3.2: RSA Registrations by Age and Sector in First Quarter, 2013

Age Range	Public Sector		Private Sector		Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	582,590	231,646	710,945	300,377	1,293,535	532,023	1,825,558	33.09
30 - 40 yrs	662,150	397,064	791,763	227,051	1,453,913	624,115	2,078,028	37.67
41 - 50 yrs	498,145	267,955	333,942	61,773	832,087	329,728	1,161,815	21.06
51 - 60 yrs	207,671	75,333	116,687	112,980	324,358	88313	412,671	7.48
Above 61 yrs	12,627	2,075	21,594	2,110	34,221	4,185	38,406	0.70
Total	1,963,183	974,073	1,974,931	604,291	3,938,114	1,578,364	5,516,478	100.00

The private sector also witnessed an increase in the RSA membership as total registrations increased from 2,485,303 in the fourth quarter of 2012 to 2,579,222 in the first quarter of 2013, representing an increase of 3.78 percent. In all, the private sector accounted for 46.75 percent of total RSA registrations in the third quarter of 2010. This was attributed to the increase in the level of compliance by the private sector following series of compliance measures put in place by the Commission and the marketing strategies of the PFAs.

Analysis of the age distribution of RSA holders shows that the age category “30-40” accounted for the highest proportion of contributors in the first quarter. Thus, there are prospects for longer accumulation periods and hence opportunities for sustained investment of pension funds in long-term investible instruments for economic development.

There is expectation that the number of RSA holders would continue to increase in the future with the continuous review of the Commission’s compliance strategies and collaboration with key stakeholders as well as marketing efforts of the PFAs. In addition, the level of compliance would be enhanced as the Commission fine tunes its strategies to improve compliance as well as bring the informal sector on the CPS.

3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by number of registered contributors showed a slight drop in the share of the top three PFAs from 44.00 percent of total registration as at the end of the fourth quarter of 2012 to 43.91 percent at the end of the first quarter of 2013 as shown in Table 3.3. Similarly, the shares of the top 5 and 10 PFAs dropped slightly from 60.0 percent and 84.01 percent at the end of the fourth quarter of 2012 to 59.49 and 83.17 percent respectively as at the end of the first quarter of 2013.

Table 3.3: RSA Registration by Market Share

PFA Ranking	Q4:12 (%)	Q1:13 (%)
Top 3	44.00	43.91
Top 5	60.00	59.49
Top 10	84.01	83.17
Bottom 3	0.26	0.11
Bottom 5	0.83	0.55
Bottom 10	4.56	4.20

Table 3.3 further reveals that the bottom three PFAs had their shares reduced from 0.26 percent as at the end of the fourth quarter of 2012 to 0.11 percent at the end of the first quarter of 2013. Similarly, the bottom 5 and 10 PFAs witnessed marginal decreases in their shares of RSA registrations as their shares dropped from 0.83 and 4.56 percent in the fourth quarter of 2012 to 0.55 and 4.20 percent respectively in the first quarter of 2013.

A review of the range of market share of RSA registrations by number of PFAs shows that 50 percent of the PFAs had registered less than 500,000 RSA contributors as shown in Table 3.4. Another remarkable picture of the Table is that 3 PFAs had registered between 500,000 and 1,000,000 RSA contributors as at the end of the quarter under review.

Table 3.4: Range of RSA Registration per PFA

Range of RSA Registrations	Number of PFAs
500,000 – 1,000,000	3
100,000 – 499,999	10
Less than 100,000	7

3.1.3 Memberships of CPFAs and AES

The total memberships of licensed CPFAs and Approved Existing Schemes were 24,594 and 41,018 respectively at the end of the first quarter of 2013 as shown in Tables 3.5 and 3.6. These Tables further show that while memberships of CPFAs were reduced by 0.29 percent, those of AESs declined by 1.78 percent. The breakdown of the CPFA and AES memberships are shown in Tables 3.5 and 3.6 respectively.

Table 3.5: Membership of CPFAs as at First Quarter of 2013

Enrolment Type	Number			Percentage of Total	
	Q3:2012	Q4:2012	Q1:2013	Q4:2012	Q1:2013
Active Members	18,699	18,699	18,699	75.78	75.81
Existing Pensioners	5,328	5,371	5,400	21.81	21.78
Deferred Pensioners	595	595	595	2.41	2.41
Total	24,622	24,665	24,594	100.00	100.00

Note: Deferred pensioners are pensionable retirees who are not eligible to start drawing pension until they reach a certain age in accordance with rules and regulations of the scheme.

Table 3.6: Membership of AES as at First Quarter of 2013

Enrolment Type	Number			Percentage of Total	
	Q3:2012	Q4:2012	Q1:2013	Q4:2012	Q1:2013
Active Members	28,162	25,525	24,322	62.90	62.17
Current Pensioners	14,806	14,844	15,313	33.94	34.69
Deferred Pensioners	149	149	149	0.34	0.34
Dependants	1,234	1,234	1,234	2.83	2.84
Total	44,351	41,752	41,018	100.00	100.00

Note: Dependants are protégés of deceased pensioners.

3.2 Pension Contributions

The total pension contribution by both the public and private sectors into the RSA Scheme was ₦1,886.80 billion as at the end of Q1, 2013. This marked an increase of ₦99.23 billion, representing 5.55 percent over the total contributions as at the end of 2012 as shown in Table 3.7. The table further shows that public sector contributions were higher than the contributions by the private sector in the quarter. The cumulative contribution of the public sector was also higher than that of the private sector by ₦479.34 billion as at the end of the quarter under review.

Table 3.7: Pension Contributions

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (N billion)	% of Total	Amount (N billion)	% of Total	Amount (N billion)	% of Total
2004	15.60	1.32	-	-	15.60	0.83
2005	34.68	2.93	-	-	34.68	1.84
2006	37.38	3.16	23.03	3.27	60.41	3.20
2007	80.63	6.82	68.34	9.71	148.97	7.90
2008	99.28	8.39	80.81	11.48	180.09	9.54
2009	137.10	11.59	91.21	12.96	228.31	12.10
2010	162.46	13.73	103.03	14.64	265.49	14.07
2011	228.92	19.35	119.53	16.99	348.45	18.47
2012	331.14	27.99	174.43	24.79	505.57	26.80
Q1:2013	55.88	4.72	43.35	6.16	99.23	5.26
Total	1,183.07	100.00	703.73	100.00	1,886.80	100.00

The private sector contributions increased from ₦660.38 billion at the end of 2012 to ₦703.73 billion at the end of first quarter, 2012, representing an increase of 6.56 percent. The average monthly contribution for the private and public sectors was ₦14.45 billion and ₦18.62 billion respectively during the quarter.

3.2.1 Contributions by Rank of PFA

The ranking of PFAs by total contributions shows that while the top 5 PFAs accounted for 68.55 percent of total contributions, the top 10 accounted for 90.02 percent of total contributions received in the quarter as revealed in Table 3.8. This shows that the average monthly contributions of the top 5 and 10 PFAs amounted to ₦12.59 billion and ₦16.54 billion respectively as at the end of the quarter. Similarly, the average monthly contributions of the bottom 5 and 10 PFAs amounted to ₦677.92 million and ₦4.36 billion respectively over the same period.

It is important to note that the bottom 10 PFAs were those within the range of registration figures lower than 100,000 RSAs as shown in Table 3.4 above, which establishes a direct relationship between the number of RSAs registered by PFAs and the size of pension assets under their management.

Table 3.8: PFA Ranking by Size of Contributions

Rank	Amount (N' Million)	Sept'10 (%)
Top 5	113,345.00	68.55
Top 10	148,840.82	90.02
Bottom 5	294.66	0.18
Bottom 10	3,704.35	2.24

However, the bottom 5 and 10 PFAs accounted for 0.18 percent and 2.24 percent respectively. The distribution of RSA contributions is not surprising if it is linked to the distribution of RSA registrations as the top 5 and 10 PFAs accounted for more than half of total RSA registrations at 59.49 and 83.17 percent respectively.

3.3 Pension Fund Investment

The total value of pension assets stood at ~~N~~3,382.41 billion as at the end of the first quarter of 2013 from ~~N~~3,153.11 billion recorded at the end of the fourth quarter of 2012, representing an increase of ~~N~~229.30 billion (7.27 percent). The breakdown of the pension assets is shown in Table 3.9.

Table 3.9: Pension Fund Portfolio by Fund Type as at First Quarter, 2013

Fund/Period	Q3:2012		Q4:2012		Q1:2013		Change between Q4:2011 & Q1:2012	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Active	1,636.30	55.51	1,817.88	57.65	1,975.44	58.40	157.56	8.67
RSA Retiree	227.69	7.72	251.45	7.97	267.09	7.90	15.64	6.22
CPFAs	506.10	17.17	536.09	17.00	563.17	16.65	27.08	5.05
AESs	566.75 ¹	19.59	547.69	17.37	576.71	17.05	29.02	5.30
Total	2,947.56	100.00	3,153.11	100.00	3,382.41	100.00	229.30	25.24

1: Revised

Table 3.9 shows that RSA active fund continued to dominate total pension assets as it accounted for 58.40 percent of total pension assets in the quarter. This was partly accounted for by growth in pension contributions that averaged ~~N~~29.8 billion per month in the quarter. This was followed by AES and CPFAs with proportional contributions of 17.05 and 16.65 percent of total pension assets respectively. The RSA Retiree Funds (RRF) had 7.90 percent in the quarter. The growth in the contributions of CPFAs and AES to total pension assets was due to investment income and periodic injection of funds by sponsors.

A review of the pension industry investment portfolio as shown in Table 3.10 reveals the dominance of FGN securities, which accounted for 54.75 percent of pension fund investment portfolio in the quarter. This was made up of FGN Bonds, 41.27 percent and Treasury Bills, 13.48 percent.

Another remarkable picture of Table 3.10 lies in the investment of supranational bonds of ₦1.72 billion, representing 0.05 percent of total investment portfolio. The value of investment in ordinary shares increased from ₦364.06 billion in the fourth quarter of 2012 to ₦455.24 billion in the first quarter. This asset class accounted for 13.46 percent of total investment portfolio in the quarter.

Table 3.10: Pension Industry Portfolio as at First Quarter of 2013

Asset Class	Q1:2013		Q4:2012		Variance	
	₦ Billion	% of Total	₦ Billion	% of Total	₦ Billion	% of Total
Ordinary Shares	455.24	13.46	364.06	11.55	91.18	25.05
FGN Securities:						
Bonds	1,395.80	41.27	1566.38	49.68	(170.58)	(10.89)
T-Bills	456.01	13.48	205.24	6.51	250.77	122.18
State Government Bonds	168.71	4.99	167.11	5.30	1.60	0.96
Corporate Debt Securities	80.65	2.38	70.52	2.24	10.13	14.36
Supranational Bonds	1.72	0.05	0	0.00	1.72	0.00
Local Money Market Instrument	521.71	15.42	487.27	15.45	34.44	(0.07)
Open/Close End Funds	16.09	0.48	16.17	0.51	(0.14)	8.62
Real Estate Property	188.93	5.59	189.00	6.00	0.56	8.23
Private Equity Fund	7.06	0.21	6.50	0.21	3.29	(88.80)
Foreign Investment:						
Equities	43.25	1.28	39.96	1.27	3.29	30.91
Money Market Securities	0.58	0.02	5.18	0.16	(4.6)	(8.88)
Cash & other Assets	46.67	1.38	35.65	1.13	11.02	30.91
Total	3,382.42	100.00	3,153.11	100.00	229.39	7.27

Note: * refers to CPFAs and AES Schemes

However, there is a reduction of ₦170.58 billion in FGN securities, especially FGN bonds, which moved from ₦1,566.38 billion in the fourth quarter of 2012 to ₦1,395.80 in the first quarter, representing a decrease of 10.89 percent. The reduction in FGN Bonds investment could be explained by the maturity of 9.45 and 5.50 percent FGN bond in January and February, 2013 respectively. Similarly, the value of foreign money market securities decreased by ₦4.6 billion following the divestment of Shell CPFA from its money market investment in JP Morgan Chase Bank that were invested in two mutual funds, namely, Black World and Black World Emerging Market Indexes.

Although investment in State Government Bonds was fairly stable in the quarter, pension fund investment in Corporate Debt Securities actually increased by

14.36 percent from N70.52 billion in the fourth quarter of 2012 to N80.65 billion in the first quarter of 2013.

3.3.2 PFA Ranking by Size of RSA Assets

A review of PFAs' rank by size of RSA assets shows that the top three and five PFAs accounted for more than half of the RSA assets at 55.63 and 70.26 percent respectively at the end of the first quarter of 2013. This picture is not surprising as the top three and five PFAs accounted for almost 60 percent of RSA registrations.

Table 3.11: Rank of PFA by Asset Size

PFA Rank	Q1:2012		Q4:2012		Q1:2013	
	Amount (N' Billion)	% of Total Pension Assets	Amount (N' Billion)	% of Total Pension Assets	Amount (N' Billion)	% of Total Pension Assets
Top 3	336.94	54.13	367.21	53.69	399.42	55.63
Top 5	416.13	66.86	454.98	66.52	504.42	70.26
Top 10	554.97	89.16	608.97	89.03	664.25	92.52
Bottom 3	0.65	0.10	0.78	0.11	0.83	0.11
Bottom 5	1.55	0.25	2.71	0.40	2.00	0.28
Bottom 10	10.80	1.73	13.02	1.90	14.08	1.96

The bottom three, five and 10 PFAs did not show much improvement as the proportion of pension assets under the management of the bottom three remained 0.11 percent of the total pension assets. The bottom five and ten PFAs' share of pension assets dropped by 0.72 and 0.06 percent respectively. In all, the bottom ten PFAs accounted for less than 2 percent of total pension assets.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

The total number of retirees on Programmed Withdrawal (PW), which stood at 59,104 as at the end of the fourth quarter of 2012 increased by 4,932 to close at 624,036. This represented an increase of 8.35 percent as shown in Table 3.12. A breakdown of the total number of retirees shows that while the public sector accounted for 3,796 retirees (76.97 percent) the private sector accounted for 1,136 retirees (23.03 percent) in the first quarter of 2013.

Table 3.12: Number of Retirees on PW as at First Quarter, 2013

Sector	Gender		Total	Lump sum (N'Million)	Monthly PW (N'Million)
	Male	Female			
FGN	2,613	809	3,422	10,722.31	126.30
State	140	234	374	1,306.81	14.98
Private	995	141	1,136	806.08	18.73
Q1: Sub-Total	3,748	1,181	4,932	12,885.20	160.07
Inception to Q4:2012	48,515	10,589	59,104	155,271.26	1,813.72
Total	52,263	11,773	64,036	168,156.46	1,973.79

Note: Public Sector refers to both Federal and State Governments

The Table further shows that while male retirees on PW accounted for 81.62 percent of total retirees, female retirees accounted for the balance of 18.38 percent.

The monthly lump-sum withdrawals within the first quarter of 2013 was ₦160.07 million, which cumulatively amounted to ₦1,973 million from inception to the end of the period under review.

3.4.2 Retirement by Annuity

The Commission received a total of 1,173 applications for annuity retirement plan in the quarter. All the requests were approved, which brought the total number of retirees on annuity to 3,607. In addition, a total premium of ₦517,754.72 million was approved for payment to insurance companies on behalf of the 3,607 retirees in return for monthly payments amounting to ₦175.78 as shown in Table 3.13.

Table 3.13: Retirement by Annuity as at the end of Q1:2013

Sector	Gender		Total	Lump sum (N'Million)	Premium (N'Million)	Annuity (N'Million)
	Male	Female				
FGN	718	271	989	2,467.32	4,633.30	47.19
State	31	64	95	246.73	382.28	4.04
Private	94	15	109	309.23	649.72	6.50
Q1: Sub-Total	843	350	1,193	3,023.28	5,665.30	57.73
Inception to Q4:2012	1,787	647	2,434	7,984.69	12,089.42	118.05
Total	2,630	997	3,607	11,007.97	17,754.72	175.78

A comparative analysis of retirees on annuity and PW shows that while 5.33 percent of the retirees were under annuity, 94.67 percent were under PW. The relatively lower number of retirement by annuity could be explained by the delay in the takeoff of the retirement plan as it started in September, 2009. However, there is more awareness by retirees on retirement benefit options as the number of annuitants increased by 48.19 percent during the quarter.

3.4.3 Withdrawal of 25 Percent of RSA Balances

In the first quarter of 2013, the Commission granted the approval for the payment of 25% of RSA balances amounting to ₦1,324.22 million to 5,832 RSA holders who retired before the age of 50 and having stayed for at least six months after retirement and could not secure any employment. Out of this number, 5,615 (96.28 percent) were from the private sector and 217 (3.72 percent) from the public sector as shown in Table 3.14.

Table 3.14: Withdrawal of 25% of RSA Balance in the First Quarter of 2013

Sector	Gender		Total	Total RSA Balance (₦ Million)	Total 25% Request (₦ Million)
	Male	Female			
FGN	154	53	207	262.01	65.25
State	5	5	10	17.24	4.31
Private	4,764	851	5,615	5,018	1,254.65
Q1: Sub-Total	4,923	909	5,832	5,297.25	1,324.22
Inception to Q4:2012	16,077	2,695	18,772	13,845.44	3,456.65
Total	21,000	3,604	24,604	19,142.69	4,780.87

A review of these requests shows that the private sector employees accounted for ₦1,254.65 million or 94.75 percent of the total requests while the public sector accounted for ₦69.56 million or 3.25 percent as shown in Table 3.14.

3.5 Implementation of Group Life Insurance

The Commission intensified its compliance and enforcement activities with particular reference to the provisions of Section 9(3) of PRA 2004, which requires employers to maintain life insurance policy in favour of their employees. In the quarter under review, financial institutions topped the list of complying organizations with six organizations. This was followed by Pension operators with five organizations. In all, 30 organizations complied with the Group Life Insurance Policy in the quarter under review.

Table 3.15: Compliance with Group Life Insurance Policy in Q1:2013

S/No	Sector	Number
1	Financial Institutions	6
2	Educational Institutions	1
3	Construction	4
4	Pension Operators	5
5	Oil and Gas	2
6	Manufacturing	-
7	Hospitality	-
8	Government Agencies	1
9	Commercial	4
10	Others	5
Total		30

However, the Commission continued its sensitization programmes and engagement of employers as part of measures to deepen compliance and implementation of the Group Life Insurance Policy.

3.6 Approval of Death Benefits

During the quarter under review, approvals were given for the payment of ₦5,479.62 million as death benefits to the Next of Kins (NOKs) of 1,852 deceased employees as shown in Table 3.16.

Table 3.16: Approval of Death Benefits as at Q1:2013

Sector	Gender		Total	Total Amount Paid (N Million)
	Male	Female		
FGN	1,347	212	1,559	4,550.40
State	10	9	19	103.73
Private	239	35	274	825.49
Q1: Sub-Total	1,596	256	1,852	5,479.62
Inception to Q4:2012	7,898	1,217	9,115	24,159.47
Total	9,494	1,473	10,967	29,639.09

Note: Total Amount paid is inclusive of Group Life Insurance Claims

The Table further shows that the sum of ₦29,639.09 million had been paid to the NOKs of 10,967 deceased employees from inception to the end of the first quarter of 2013.