

GUIDELINES FOR THE APPOINTMENT OF  
PENSION FUND ADMINISTRATORS AND  
CUSTODIANS FOR EXISTING PENSION  
SCHEMES

# GUIDELINES FOR THE APPOINTMENT OF PENSION FUND ADMINISTRATORS AND CUSTODIANS FOR EXISTING PENSION SCHEMES

## 1.0 INTRODUCTION

1.1 These Guidelines are issued to form a basis for the appointment of PFAs by companies with approved existing schemes and to limit the assets of approved existing schemes that can be held in custody by PFCs.

1.2 This document consists of two parts.

- i) The Objectives for the Guidelines
- ii) The Guidelines

## 2.0 OBJECTIVES FOR THE GUIDELINES

2.1 These Guidelines seek to:

- Discourage concentration of pension assets in one or two PFAs;
- Ensure dispersion of risk amongst PFAs;
- Discourage the creation of areas of specialization within the pension industry;
- Provide an incentive for PFAs to pay more attention to canvassing for RSAs; and

- Stop the tendency for retarded growth in the coverage of the new scheme.

2.2 For the purpose of these Guidelines, existing schemes shall include staff retirement benefit funds, retirees funds, gratuity funds and any other form of compensation fund put in place by employers.

### 3.0 THE GUIDELINES

3.1 All PFAs shall be allowed to administer assets of approved existing schemes up to a limit of ₦10 billion, irrespective of the number of RSAs opened.

3.2 A PFA shall be allowed to manage existing schemes above ₦10 billion, subject to its having funded RSAs in excess of 50,000.

3.3 Any multiple of 5000 new and funded RSAs (or a fraction thereof) opened by a PFA in excess of 50,000 shall avail the PFA the opportunity to manage approved existing schemes in multiples of ₦2 billion (or a fraction thereon) in excess of ₦10 billion.

3.4 The allowable amount of assets of an approved existing scheme that can be managed by a PFA that has attained over 50,000 funded RSAs, shall be determined as follows:

$$E = \text{₦10 billion} + \frac{(\text{No. of funded RSAs} - 50,000)}{5,000} \times \text{₦2 billion}$$

Where E = Allowable Existing Scheme

3.5 A company may choose to appoint any PFA(s) of its choice.

- 3.6 Where a PFA is appointed to manage the assets of an approved existing scheme, the PFA shall forward the draft management agreement with the organization, to the Commission for approval.
- 3.7 To accommodate the increasing number of approved continuing schemes, including CPFAs, PFCs shall be allowed to have custody of the assets of approved existing schemes up to a limit of ₦200 billion.
- 3.8 Where an existing scheme appoints more than one PFA to manage its scheme, there shall be a PFA that will be responsible for harmonizing all reports on the scheme to the Commission.

#### 4.0 REVIEW AND ENQUIRIES

- 4.1 These Guidelines shall be reviewed in line with prevailing conditions as and when the need arises.
- 4.2 All enquiries regarding the content of these Guidelines should be forwarded to the Director General, National Pension Commission.