

**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 ~~N~~10 billion, irrespective of the number of RSAs opened.
- 3.2 A PFA shall be allowed to manage existing schemes above ~~N~~10 billion, subject to its having funded RSAs in excess of 50,000.
- 3.3 For every one new and funded RSA opened by a PFA (up to a limit of 50,000), the PFA shall have the opportunity to manage approved existing schemes of ~~N~~200,000 in excess of ~~N~~10 billion.
- 3.4 In addition to the provisions of 3.3 above, every one new and funded RSA opened by a PFA in excess of 50,000 shall avail the PFA the opportunity to manage approved existing schemes of ~~N~~400,000.
- 3.5 The allowable amount of assets of an approved existing scheme that can be managed by a PFA shall be determined as follows:

$$E = \text{N}10 \text{ billion} + \text{N}200,000x + \text{N}400,000(\text{RSAs} - x)$$

where E = allowable limit of existing schemes a PFA can administer

x = funded RSAs within the band of 1 – 50,000

RSAs = total number of funded RSAs

- 3.6 A company having an existing scheme may choose to appoint any PFA(s) of its choice to administer the scheme.
- 3.7 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.

- 3.8 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.
- 3.9 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.