

NATIONAL PENSION COMMISSION

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CIRCULAR

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DATE: 3 November, 2016

TO: All Pension Fund Operators/Custodians

SUBJECT: STRENGTHENING THE ADMINISTRATION OF RETIREMENT BENEFITS UNDER THE PENSION REFORM ACT (PRA) 2014

In order to ensure consistency with the Pension Reform Act (PRA) 2014 and to strengthen the processing of administration of retirement benefits, the Commission has resolved that the custody of retiree life annuity shall, henceforth, be domiciled with Pension Fund Custodian (PFC) as provided for in Section 56 of PRA 2014. Arising from the foregoing, we wish to inform you of the following decisions taken by the Commission.

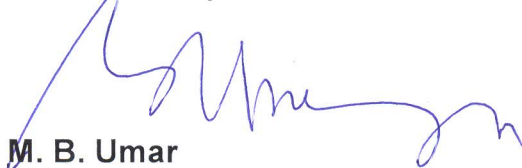
1. That all Life Insurance Companies currently providing life annuity for retirees under the Contributory Pension Scheme (CPS) are to Open Operational Account jointly with a Pension Fund Custodian (PFC) of their choice and advise the National Pension Commission on same;
2. That all Life Insurance Companies currently providing retiree life annuity for retirees under CPS are to transfer the corresponding assets in their possession/custody to the PFC of their choice within three months.

3. That the approval of new requests for annuity is hereby put on hold with immediate effect, until Life Insurance Companies meet the custody and transfer conditions in (1) and (2) above.
4. The Life Insurance Companies are required to open an account with the custodian of their choice and also execute custodial service agreement that shall state the terms and conditions of the contract between the parties.

The documentation and procedure for the transfer of existing retirees' life annuity assets by Life Insurance Companies is attached as Appendix I.

All Pension Fund Operators are required to be guided accordingly.

Yours faithfully,



M. B. Umar
Head, Surveillance Department

APPENDIX I

DOCUMENTATION AND PROCEDURE FOR THE TRANSFER OF EXISTING RETIREE LIFE ANNUITY ASSETS TO PFCs

S/N	TYPE OF INVESTMENT INSTRUMENT	DESCRIPTION OF TITLE DOCUMENTS TO BE LODGED WITH PFC	PROCEDURE FOR TRANSFER
1	Money Market Deposits	Deposit Contract Letters	The Insurance Company shall instruct the bank to issue another Contract Letter to the PFC appointed (e.g. ABC PFC/LMN Assurance Company)
2	Real Estates	Title Documents	Deposit Title Document to the PFC (The Custodian will then do a Deed of Custody in line with PenCom sample earlier given)
3	Corporate Bonds	CSCS Statements	Chosen PFC will open account (e.g. ABC PFC/LMN Assurance) with CSCS. LMN Assurance Company will issue instruction to CSCS to effect transfer of the bonds to the new account.
4	Treasury Bills	S4 Statements/Contract Letters	PFC will open account (e.g. ABC PFC/LMN Assurance) using the CBN platform. LMN Assurance Company will issue instruction to the CBN to issue the S4 Statement in the name of the new account.
5	FGN Bonds	S4 Statements	PFC will open account (e.g. ABC PFC/LMN Assurance) using the CBN platform. LMN Assurance Company will issue instruction to the CBN to issue the S4 Statement in the name of the new account.
6	State Bonds	CSCS Statements	PFC will open account (e.g. ABC PFC/LMN Assurance) with CSCS. LMN Assurance Company will issue instruction to CSCS to effect transfer of the bonds to the new account
7	Equities	CSCS Statements	PFC will open account (e.g. ABC PFC/LMN Assurance) with CSCS. LMN Assurance Company will issue instruction to CSCS to effect transfer of the bonds to the new account
8	Cash and Other Assets	Bank Statement and any other Contract Letters	Insurance Company will instruct the bank to transfer the cash to the bank account of the PFC.