



## NATIONAL PENSION COMMISSION

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### CIRCULAR

**REF:** PENCOM/INSP/SURV/11/04

**DATE:** 27 June, 2011

**TO:** All Pension Fund Administrators

**SUBJECT: REQUIREMENTS FOR PFAS WITH FUNDS UNDER MANAGEMENT OF ₦100 BILLION & ABOVE AND NEW REQUIREMENTS FOR APPOINTMENTS TO BOARD AND TOP MANAGEMENT POSITIONS OF ALL PFAs**

The significant growth in the size of pension assets and the changing dynamics of pension business has necessitated the need for the Commission to issue another circular in respect of appointment to Board and Top Management Positions as well as new requirements for PFAs with funds under management of ₦100 billion and above. In addition, the control of a significant portion of Nigerian Pension business by a few Pension Fund Administrators has made it necessary to strengthen their operations.

This circular is therefore intended to intimate PFAs about the Commission's decision on the new requirements for PFAs that have funds under management of ₦100 billion & above and appointment to Board and Top Management positions of all PFAs:

**a) Requirements for PFAs with Funds Under Management of ₦100 billion and above.**

1. The creation of the following eleven (11) Departments at minimum:

- i. Contributions/Collections - The core function of the Department would be the management of overall contribution process. This include among others Contributions Records,

Contribution software and contribution document management;

- ii. Investment – The Department would be responsible for the Investment Management of pension contributions, Portfolio management, Research & Analysis and Reconciliation etc;
- iii. Benefit Administration - The Department would be responsible for management of the retirement benefit process. To this end the Department would ensure that retirees are paid as and when due, keep proper records, determine withdrawal options through consultation with retirees, calculate retirement benefits in line with predetermined formula, establish proper structures for handling retiree issues/complaints etc;
- iv. Business Development/Relationship Management – The Department would be responsible for marketing, registration of new clients, follow up with employers to ensure consistent remittance, ensuring the delivery of statement of accounts at the prescribed intervals, ensuring proper service delivery to clients etc;
- v. Finance (2 units, one each for Fund Accounting and the other for Company accounts) – The Department would be responsible for maintaining adequate books of accounts and records of all funds under management as well as the company in accordance with Nigerian Accounting Standards and guidelines issued by the Commission;
- vi. Information Technology- The Department would be responsible for the provision of IT support and IT infrastructure maintenance;
- vii. Compliance – The Department would be responsible for ensuring compliance at all times with all laws of the federation, the Pension Reform Act 2004, Rules, Guidelines, Circulars

and Codes issued by the Commission as well as the internal policies of the PFA;

- viii. Risk Management – The Department would be responsible for the implementation of organisation wide risk management system and the Commission’s guidelines on risk management as well as monitoring and reporting identified risk areas;
  - ix. Internal Audit – The Department would be responsible for establishing internal audit systems and controls in the PFA.
  - x. Administration/Human Resources – The Department would be responsible for Human resources management and General administration.
  - xi. Legal/Company Secretary – The Department would be responsible for providing all legal services of the organisation.
2. The existence of the office of the Managing Director and 2 Executive Directors (EDs) with the latter overseeing Departments and not Units. Additionally, the MD/CEO should have only the following Departments reporting to him:
- i. Legal/Company Secretary
  - ii. Internal Audit
  - iii. Compliance.
3. All core operational Departments should report to the MD through Executive Directors. The core operational Departments for this purpose are Contributions/Collections, Benefits Administration, Investment, ICT, Business Development/Relationship Management, Risk Management, Administration/Human Resources and Finance Department.
4. Where a PFA has RSA Funds size of ₦100 billion and above, it must have two separate Investment Departments one each for the RSA Fund and other funds and the appointment of a Chartered Financial Analyst to head each of the Investment Departments.

b) **New Requirements for Appointments to Board and Top Management Positions of all Pension Fund Administrators**

POSITION	NEW REQUIREMENTS		
	Post qualification Experience	Financial Sector Experience	Top Management Experience
Managing Director	20	15	10
Executive Director	18	13	7
Heads of Department	10	8	4

The new requirements would however not affect the existing approved Board and Top management staff of affected PFAs;

C. **Opening of Branches in States**

- i. Where a PFA has 10,000 or more RSAs in a State, the PFA must open a branch in that State which must meet the following requirements specified in the Commission's Circular for Branch Opening as well as have a Benefit Administration function:
- a. Service requirements;
  - b. Human Resource Requirements; and
  - c. ICT Requirements

This circular takes immediate effect.

All enquiries regarding this circular should be directed to the undersigned.

Thank you.

**M. Y. Datti**  
**Head, Surveillance Department**