



NATIONAL PENSION COMMISSION

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CIRCULAR

REF: PENCOM/INSP/CIR/SURV/14/02

DATE: 20 August, 2014

TO: All Licensed Pension Operators

SUBJECT: USING OUTSOURCED STAFF TO PERFORM PENSION ADMINISTRATION AND MANAGEMENT AND CUSTODIAL FUNCTIONS BY PENSION FUND OPERATORS

- 1.0 The Commission has observed an increase, by licensed Pension Operators in the use of outsourced staff from Third Parties to perform critical functions in pension administration and management as well as custodial services. These staff are often not properly trained and their conditions of service are poor.
- 2.0 The risks inherent in this arrangement had already started manifesting, as there are several cases of fraudulent activities involving these outsourced staff. It would be recalled that, when the pension reform was conceptualized, the only function that was allowed to be out sourced was sales/marketing to be performed by Sales Agents.
- 3.0 While the Commission recognizes the fact that every business venture should strive for efficiency and be mindful of overhead expenses, the Commission will not allow the situation to be to the detriment of the pension system and services to be delivered to contributors.

4.0 Consequently, the Commission hereby disallows Licensed Pension Operators from using contract staff for critical functions such as:

- i. Pension Administration;
- ii. Benefits Administration;
- iii. Fund Management and Accounting;
- iv. Settlement;
- v. Safe Keeping;
- vi. Contribution Collection & Administration; and
- vii. Information & Communication Technology

5.0 Licensed Pension Operators are however at liberty to engage outsourced staff for sales/marketing functions only.

6.0 All Licensed Pension Operators that have in their employment outsourced/contract staff in the functions listed in 4.0 above, have a transition period of six (6) months, effective from the date of this Circular, to regularize the appointments of the staff i.e to convert their employment to permanent status or replace them with permanent staff.

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

Thank you.



M.Y. Datti
Head, Surveillance Department