

NATIONAL PENSION COMMISSION

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CIRCULAR

REF: PENCOM/CIR/PSP/12/02
DATE: 30 November 2012
TO: All Pension Fund Administrators
SUBJECT: MINIMUM REQUIREMENTS FOR THE INCLUSION OF STATE BONDS AS INVESTIBLE INSTRUMENTS IN THE PENSION INDUSTRY

Following the increased desire by States to include their State Bonds as investible instruments in the pension industry, the Commission has deemed it necessary to prescribe minimum requirements for the States.

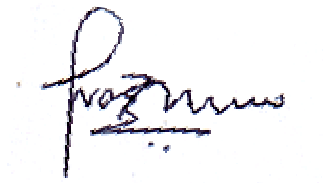
Accordingly, any State Government seeking to access pension funds through investment in its State Bond shall be required to fulfill the following minimum conditions:

- i) Enact a Law to establish the Contributory Pension Scheme, which must give pension contributions the same priority as salaries. Such law must also have fully addressed every inconsistency observed by the National Pension Commission in its review.
- ii) Establish a State Pension Bureau and a Local Government Pension Bureau to coordinate the implementation of the Contributory Pension Scheme and other related pension matters in the State.
- iii) Open Retirement Savings Accounts with PFAs for all the employees that are covered under the Contributory Pension Scheme in the State.

- iv) Fully remit both employer and employee pension contributions into the employees' RSAs for a minimum of six consecutive months from the date of commencement of the Scheme in the State.
- v) Secure a group life insurance cover that guarantees a minimum of 300% of the annual total emolument of all the employees covered by the Contributory Pension Scheme. The insurance companies engaged for this purpose must be eligible life insurance companies, licensed by the National Insurance Commission (NAICOM), and duly certified by the National Pension Commission as being compliant with the provisions of the Pension Reform Act 2004.
- vi) Must have consistently funded the Retirement Benefits Bond Redemption Fund Account with the Central Bank of Nigeria or any PFA, from the date of commencement of remittance of pension contributions by the State.
- vii) Must execute an Irrevocable Standing Payment Order (ISPO), to mandate the Accountant General of the Federation (AGF) to deduct at source and remit monthly pension contributions from the State's share of the Federation Account Allocation to the State, in line with the Guidelines issued by the Commission, attached as an Appendix to this Circular.

Please be guided accordingly.

Thank you.



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