

Corporate Vision and Mission

Vision

To be a world-class Organization that ensures the prompt payment of retirement benefits and promotes a sustainable pension industry that positively impacts on the economic development of Nigeria

Mission

To be an effective Regulator and Supervisor that ensures the safety of Pension Assets and fair return on investment utilising appropriate technology, with highly skilled and motivated staff

SECTION ONE

Pension Operating Environment

1.1 Macroeconomic Development

The macroeconomic environment was more favourable to the operations of pension funds in the second quarter as real GDP growth increased by 0.33 percent from 6.21 percent recorded in the first quarter. The slight increase in real GDP growth could be explained by the services sector, which accounted for 53.15 percent of total GDP during the quarter. This suggests that the Commission should target its compliance efforts to the services sector in the organized private sector.

The end-period inflation rate increased slightly from 7.80 percent recorded in the first quarter to close at 8.20 percent in the second quarter. The slight increase in the rate of inflation was due to increase in the prices of food and non-alcoholic beverages. The single digit rate of inflation could help increase workers and retirees welfare as a result of increased purchasing powers in the face of further reduction in prices. It could also enhance the achievement of positive real return on pension fund investment.

1.2 Developments in the Money Market

The stance of monetary policy remained restrictive in the second quarter as the Central Bank of Nigeria (CBN) maintained the Monetary Policy Rate (MPR) at 12.00 percent. In pursuit of restrictive monetary policy, the Cash Reserve Ratio (CRR) on both public and private sector deposits were maintained at 75.0 and 15.0 percent, respectively in the quarter. The Liquidity Ratio and net open position were similarly maintained at 30.00 and 1.00 percent respectively as in the first quarter. Similarly, open market operations were conducted in ways that further contained inflationary pressure on the economy.

Interest rate developments in the money market however showed mixed results especially on banks' deposits and lending rates. Apart from the 3 months deposit rates that declined from 9.41 in the first quarter to 9.37 in the second quarter, every other rate on deposits of different maturity increased from a range of 3.30 – 9.92 percent in the first quarter to a range of 3.42 – 10.06 percent. The average term deposit rate increased marginally from 8.60 percent to 8.65 percent. Similarly, the maximum lending rate increased marginally from 25.72 percent to 25.82 percent while the prime lending rate actually fell from 17.19 percent to close at 16.86 percent.

The inter-bank segment of the money market recorded some increases in the rates of some financial instruments. For example, the weighted average inter-bank call rate, which stood at 10.33 percent at the end of the first quarter increased by 0.26 percent to close at 10.59 percent, reflecting the liquidity condition in the banking system. However, the Nigeria Interbank Offer Rate (NIBOR) for the 7-day and 30-day tenors decreased from 11.88 and 12.22 percent to 10.91 and 12.41 percent respectively.

The primary market segment of the money market was quite active during the quarter under review as the Nigerian Treasury Bills of 91-day, 182-day and 364-day tenors, amounting to ₦1,053.49 billion, ₦3,569.9 billion and ₦1,053.49 billion were offered, subscribed to and allotted respectively. This shows that the level of oversubscription to the NTBs was 238.86 percent in the quarter, which indicates continuous investors' confidence in FGN securities. The bid rates for the 91-day tenor ranged from 8.50 to 15.00 percent, while the stop rates were from 9.95–11.71 percent. The bid rates for the 182-day tenor ranged between 9.20 and 13.69 percent, while the stop rates ranged between 10.02–12.84 percent. For the 364-day tenor, the bid rates ranged between 9.00 and 15.00 percent, while the stop rates ranged from 10.12 –13.04 percent.

In all, pension fund investments in money market instruments had made positive real returns in the second quarter of 2014 in the face of inflation rate of 8.20 percent and the average term deposits that made the least return of 8.60 percent in the second quarter.

1.3 Developments in the Bond Market

There were no new bonds issued in the second quarter of 2014. However, there were opening and auctioning of 3-year and 5-year tranches that were oversubscribed by 229.81 percent. The total amount offered, subscribed and allotted for the two tranches were ₦190.00 billion, ₦626.63 billion and ₦200.0 billion respectively.

Table 1.1: FGN Bond Issues and Subscriptions as at Q2:2014

Year	Issued Amount (₦ Million)	Allotment (₦ Million)	Subscription Level		Remarks
			Amount (₦ Million)	%	
2008	515,000	845,951.53	330,951.53	64.24	Oversubscribed
2009	694,000	1,340,891.46	646,891.46	93.21	Oversubscribed
2010	932,810	1,877,044.08	944,234.08	101.22	Oversubscribed
2011	846,710	2,034,060.00	1,187,350.00	140.23	Oversubscribed
2012	865,160	1,712,480.00	847,320.00	97.94	Oversubscribed
2013	1,044,643.14	1,044,643.14	1,948,108.48	86.49	Oversubscribed
Q1:2014	270.00	265.00	544.89	101.81	Oversubscribed
Q2:2014	190.00	200.00	626.63	229.81	Oversubscribed

1.4 Developments in the Stock Market

Activities in the stock market showed mixed results as revealed by some indicators of stock market performance. For example, while volume of traded securities and number of deals decreased in the second quarter, the value of traded securities actually increased. In this respect, while the volume of traded securities decreased from 27.6 billion in the first quarter to 24.0 billion in the second quarter, representing a decline of 15.1 percent, the value of traded securities increased from ₦273.9 billion in 319,512 deals to ₦298.19 billion in 298,869 deals.

Other indicators of stock market performance revealed some improved results as aggregate market capitalization for all listed securities, including equities and bonds increased from ₦16.7 trillion at the end of the first quarter to ₦19.1 trillion at the end of the review quarter, indicating an increase of 14.2 percent. Similarly, the market capitalization for listed equities increased from ₦12.5 trillion in the first quarter to ₦14.0 trillion as at the end of the second quarter, representing an increase of 12.7 percent.

In a similar development, the NSE All Share Index, which was just 38,748.01 at the end of the first quarter increased by 9.64 percent to close at 42,482.48 as at the end of the second quarter. Apart from the Alternative Securities Market (ASeM) of the Nigerian Stock Exchange that had a decrease in its index in the second quarter, all other indices in the market recorded increases as at the end of the second quarter.

SECTION TWO

Regulatory and Supervisory Activities

The regulation and supervision of the pension industry focused on risk-based examination of licensed pension operators with a view to promote transparency, provide early warning signals as well as encourage pension operators to regularly self-evaluate their positions.

2.1 Surveillance of the Pension Industry

In the second quarter, the Commission conducted routine examination on 11 Pension Fund Operators. The examination which was risk-based covered 11 broad areas of the PFA's operations that included Company, Board and Management operations; information and communication technology; pension administration; benefits administration and payment arrangements; and fund management. Other areas included risk management and compliance, service delivery as well as internal control systems. The draft report of the routine examination had since been communicated to the Boards of some of the Pension Fund Operators. The examination report had since been discussed with concerned PFA's management and commitments were obtained for remedial actions to be carried out by the operators examined.

(a) Compliance Reports

A review of the compliance reports forwarded by PFAs to the Commission during the quarter revealed some issues of non-compliance, which included: non-compliance with investment limits by some PFAs; delay in the payment of retirement benefits; receipt of pension contributions without appropriate schedules; unresolved customer complaints; failure to fill certain vacant management positions; and non-implementation of disaster recovery plans. Subsequently, the Commission forwarded letters to concerned operators over the identified issues as well as monitored the operators in their efforts at resolving them.

(b) Risk Management Reports

The evaluation of risk management reports forwarded by the Operators showed that some operators faced operational risks associated with receipt of contributions without appropriate schedules; litigations; concentration of portfolio investment; and non-funding of RSAs by employers. The affected Operators were subsequently advised by the Commission to strengthen their mitigating measures to avert the identified risks.

(c) Actuarial Valuation

The Commission received and reviewed the actuarial valuation reports of 10 Defined Benefit Schemes for the year ended 31 December, 2013. The reports revealed that some of the schemes had some funding gaps as at the end of the reporting period. Consequently, the affected scheme sponsors were directed to come up with funding arrangements with a view to clear the identified shortfalls.

(d) Corporate Governance

During the quarter, the Commission received and reviewed 28 corporate governance reports from Licensed Operators. The reports indicated some violations of the Code of Corporate Governance by the Operators. The review further showed that some Operators did not evaluate the performance of their Boards, Board Committees and Directors; and did not hold inadequate number of Board meetings as stipulated by the Code. In addition, some Board members did not attend Board and Committee meetings regularly. Subsequently, the affected operators were asked to address the issues of non-compliance with the Code of Corporate Governance.

2.1.1 Update on Returns Rendition System

During the quarter under review, 30 licensed pension operators rendered returns on the Funds under their management/custody and their company accounts to the Commission through the Pension Returns Rendition System (PenRRS).

2.2 Compliance and Enforcement Activities

The Commission scaled up its compliance and enforcement strategies in order to enhance compliance with the provisions of the Pension Reform Act (PRA) 2004. Consequently, sanctions were applied in line with the Compliance Framework. In addition, the Commission had participated in public enlightenment programmes as well as collaborated with various stakeholders to enhance compliance.

2.2.1 Update on Compliance by the Private Sector

In the second quarter of 2014, the Commission received 952 applications for the issuance of compliance certificates, out of which 683 certificates were issued while 269 applications were turned down due to various inadequacies that rendered their applications incomplete. These inadequacies included such issues as non-remittance of pension contributions and non-provision of Group Life Insurance Policy for their employees. Apart from publishing the names of 683 employers who were issued certificates of compliance, these employers remitted the sum of ₦10.18 billion into 35,057 employees' Retirement Saving Account during the quarter.

2.2.2 Transfer of National Provident Fund (NPF) and National Social Insurance Trust Fund (NSITF) Contributions to Members' RSAs

During the quarter, the Commission reviewed and conveyed concurrence for the transfer of the sum of ₦293.81 million to PFAs of 4,739 NSITF contributors, while 885 applications were rejected due to incomplete documentations, zero balances and duplication of applications. To date, the sum of ₦8.69 billion had been transferred to the PFAs of 120,081 members who contributed to the former NPF/NSITF pension scheme.

2.2.3 Update on the Recovery of Outstanding Pension Contributions and Interest Penalty from Defaulting Employers

During the quarter, the Commission re-appointed 123 Recovery Agents (RAs) in order to conclude the recovery of outstanding pension contributions and penalty from employers. As a consequence of the demand notices issued to defaulting employers whose liabilities had been determined by the RAs, some employers had remitted their outstanding pension contributions and penalties. Subsequently, the sum of ₦367.436 million representing principal contributions and penalties were recovered by the RAs. This brought the total recoveries made so far by the RAs to ₦4.099 billion comprising of principal contributions of ₦3.47 billion and penalties of ₦628.36 million.

In another development, while letters of warning were issued to 316 employers that failed to remit outstanding pension contributions and penalties that were established by the RAs, 27 employers were referred to the Legal Department for prosecution. This brought the total number of employers scheduled for prosecution to 101 (one hundred and one).

2.3 Other Compliance Efforts

(a) Implementation Update by the State Governments

The number of State Governments that enacted their Laws on the Contributory Pension Scheme (CPS) was 24 as at the end of the second quarter. While 12 other states were at various stages of implementing the scheme, one state was yet to commence the process of implementing the Scheme.

(b) Update on the Verification of Pensioners of FGN Parastatals

In order to fast-track the payment of benefits by the Office of the Accountant General of the Federation (OAGF) to pensioners and Next of Kin (NOK) of deceased pensioners of institutions covered under Parastatals Pension Verification Exercise (PPVE) 1, the Commission sent Teams to various

institutions to obtain the Unified Bank Account Numbers (NUBAN) of pensioners and NOKs required to facilitate the payments.

(c) Update on the Refund of Pension Contributions of the Military and Security Agencies

The Commission continued to refund pension contributions to the personnel of the Military and Security Service Agencies during the quarter under review. With the approval of refund to the first batch of retired personnel, the sum of ₦222.05 million was remitted to the bank accounts of 1,127 retired personnel. Additionally, the counterpart employer portion of ₦4.49 billion and ₦2.13 billion was also returned to the RBBRF account and Contributory Pensions Account with the CBN, as unutilized accrued rights and contributions, respectively.

In addition, the sum of ₦7.66 billion has been refunded to the bank accounts of 61,528 personnel with funded RSAs under Batches 1 to 4, while the sum of ₦34.32 billion has been returned to Contributory Pensions Account with the CBN. Similarly, the sum of ₦3.149 billion due to 14,988 personnel with unfunded RSAs was forwarded to Finance Department for onward transmission to the CBN for payment. Refunds due to the remaining 13,950 personnel with funded RSAs and 12,428 personnel with unfunded RSAs were yet to be effected due to wrong account details.

As a means of addressing the irregularities observed in the refund process especially the unpaid retired and serving military personnel, the Commission requested the three (3) Military Service Chiefs to forward the details of all serving and retired personnel yet to be treated under Batches 1 – 4 and Batch 1 of retirees on or before 12 September 2014. The Commission had forwarded the lists of all personnel that had been treated as well as those that had some irregularities in order to fast-track the submission by the Service Chiefs.

2.4 Payment of 25% of RSA Balances to Re-absorbed Employees of the Power Holding Company of Nigeria (PHCN)

It was brought to the attention of the Commission that some re-absorbed employees of the defunct PHCN connived with some PFAs to access 25 percent of their RSA balances using their disengagement letters to obtain the Commission's approval, in spite of the fact that their RSAs were still active. The Commission was still investigating the case during with a view to take appropriate actions against those PFAs found to have willfully violated the provisions of the PRA.

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The total membership of pension schemes increased from 6,090,301 at the end of the first quarter to 6,196,956 as at the end of the second quarter, representing an increase of 1.75 percent. The increase in scheme memberships was largely explained by RSA memberships, which accounted for a proportional contribution of 98.94 percent of total pension scheme memberships during the second quarter. Approved Existing Schemes (AES) and Closed Pension Fund Administrators (CPFA) accounted for the remaining balances of 0.66 and 0.40 percent respectively as shown in Table 3.1.

Table 3.1 Scheme Memberships as at Second Quarter, 2014

Scheme	Q3:2013	Q4:2013	Q1:2014	Q2:2014	Proportional Contribution (%)	% Change (Q2 & Q1) 2014
RSA	5,825,913	5,919,299	6,024,599	6,131,368	98.94	1.77
CPFA	24,622	24,699	24,684	24,637	0.40	(0.19)
AES	44,223	44,513	41,018	40,951	0.66	(0.16)
Total	5,893,758	5,988,511	6,090,301	6,196,956	100.00	1.75

Note: Figures in parenthesis represent decrease

3.1.1 Membership of RSA

Analysis of total RSA registrations for both public and private sectors shows that total RSA registrations increased by 1.77 percent from 6,024,599 in the first quarter as revealed in Tables 3.1 and 3.2. The private sector recorded highest number of RSA registrations at 3,121,262, thereby accounting for 50.91 percent of total registrations.

Table 3.2: RSA Registrations by Age and Sector in Second Quarter, 2014

Age Range	Public Sector		Private Sector		Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	166,049	66,537	350,899	155,386	516,948	221,923	738,871	12.05
30 - 39 yrs	689,757	342,193	1,021,732	361,299	1,711,489	703,492	2,414,981	39.39
40 - 49 yrs	534,833	327,943	612,320	150,876	1,147,153	478,819	1,625,972	26.52
50 - 59 yrs	458,903	228,055	312,338	49,580	771,241	277,635	1,048,876	17.11
60 - 65 yrs	124,222	40,523	68,445	7,199	192,667	47,722	240,389	3.92
Above 65 yrs	25,814	5,277	28,544	2,644	54,358	7,921	62,279	1.02
Total	1,999,578	1,010,528	2,394,278	726,984	4,393,856	1,737,512	6,131,368	100.00

The public sector also witnessed an increase in RSA membership as total registrations marginally increased from 2,994,562 in the first quarter to 3,010,106, representing an increase of 0.52 percent. In all, the public sector accounted for 49.09 percent of total RSA registrations at the end of the quarter under review.

Analysis of the age distribution of RSA holders shows that RSA holders in the age category “30-39” accounted for the highest proportion of registrations in the second quarter at 39.39 percent. The age category 49 years and below accounted for 77.96 percent of RSA contributors.

3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by number of registered contributors shows increases in the shares of the top three, five and ten PFAs as the shares increased from 45.44, 62.39 and 87.30 percent in the second quarter to 46.68, 63.78 and 87.77 percent respectively as shown in Table 3.3. However, while the share of the bottom 3 and 5 PFAs decreased marginally by 0.01 percent those of bottom 10 PFAs decreased by 0.47 as shown in Table 3.3.

Table 3.3: RSA Registration by Market Share

PFA Ranking	Q1:14 (%)	Q2:14 (%)
Top 3	45.64	45.11
Top 5	62.44	61.98
Top 10	87.17	86.87
Bottom 3	1.30	0.95
Bottom 5	3.30	2.35
Bottom 10	16.57	13.13

A review of the range of market share of RSA registrations by number of PFAs shows that 75 percent of the PFAs have less than 500,000 RSAs under their management as shown in Table 3.4. Another remarkable picture of the Table is the fact that 4 PFA had between 500,000 and 1,000,000 RSAs under their management.

Table 3.4: Range of RSA Registration per PFA

Range of RSA Registrations	Number of PFAs
Above 1,000,000	1
500,000 – 1,000,000	4
100,000 – 499,999	8
Less than 100,000	7

3.1.3 Memberships of CPFA and AES

The total memberships of Closed Pension Fund Administrators and Approved Existing Schemes were 24,622 and 44,351 respectively as shown in Tables 3.5 and 3.6. These Tables further show that memberships of CPFAs and AESs increased by 0.05 and 2.64 percent respectively.

Table 3.5: Membership of CPFAs as at Second Quarter of 2014

Enrolment Type	Number			Percentage of Total	
	Q1:2013	Q2:2013	Q3:2013	Q2:2013	Q3:2013
Active Members	18,699	18,574	18,699	75.81	75.94
Existing Pensioners	5,381	5,441	5,328	21.78	21.64
Deferred Pensioners	595	595	595	2.41	2.42
Total	24,675	24,610	24,622	100.00	100.00

Note: Deferred pensioners are pensionable retirees who are not eligible to start drawing pension until they reach a certain age in accordance with rules and regulations of the scheme.

Table 3.6: Membership of AES as at Second Quarter of 2014

Enrolment Type	Number			Percentage of Total	
	Q1:2012	Q2:2013	Q3:2013	Q2:2013	Q3:2013
Active Members	27,444	26,250	28,162	60.75	63.50
Current Pensioners	15,313	15,580	14,806	36.05	33.38
Deferred Pensioners	149	149	149	0.30	0.34
Dependants	1,234	1,234	1,234	2.86	2.78
Total	44,140	43,213	44,351	100.00	100.00

Note: Dependants are protégés of deceased pensioners.

3.2 Pension Contributions

The total pension contributions by both the public and private sectors into the RSA of employees was ~~N~~2,528.05 billion as at the end of second quarter, 2014. This was an increase of ~~N~~93.08 billion, representing 3.82 percent over the total contributions remitted as at the end of first quarter as shown in Table 3.7. While the private sector contributions were higher than that of the public sector during the quarter, the cumulative contribution of the public sector was however 45.87 percent higher than that of the private sector.

Table 3.7: Pension Contributions as at Second Quarter, 2014

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (N billion)	% of Total	Amount (N billion)	% of Total	Amount (N billion)	% of Total
2004	15.60	1.04	-	-	15.60	0.62
2005	34.68	2.31	-	-	34.68	1.37
2006	37.38	2.49	23.03	2.24	60.41	2.39
2007	80.63	5.38	68.34	6.65	148.97	5.89
2008	99.28	6.62	80.81	7.86	180.09	7.12
2009	137.10	9.14	91.21	8.87	228.31	9.03
2010	162.46	10.83	103.03	10.02	265.49	10.50
2011	228.92	15.26	119.53	11.63	348.45	13.78
2012	331.14	22.08	174.43	16.96	505.57	20.00
2013	278.50	18.57	225.42	21.92	503.92	19.93
Q1:2014	51.96	3.46	91.52	8.90	143.48	5.68
Q2:2014	42.21	2.81	50.87	4.95	93.08	3.68
Total	1,499.86	100.00	1,028.19	100.00	2,528.05	100.00

The private sector contributions increased from ~~N~~77.32 as at the end of the first quarter to ~~N~~1,028 billion as at the end of the second quarter, representing an increase of 5.21 percent. The average monthly contributions for the private and public sectors were ~~N~~16.96 billion and ~~N~~14.07 billion respectively during the quarter.

3.2.1 Contributions by Rank of PFA

The ranking of PFAs by total contributions shows that the top 3PFAs accounted for 47.00 percent of total contributions. Similarly, the top 5 PFAs accounted for 62.77 percent of total contributions received over the same period as revealed in Table 3.8. The Table further shows that while the bottom 3 PFAs accounted for 0.26 percent of total contributions, the bottom 5 PFAs accounted for 1.20 percent of total contributions.

Table 3.8: PFA Ranking by Size of Contributions as at Q2:2014

Rank	Amount (N' billion)	Percentage of Total
Top 3	149.72	47.00
Top 5	200.00	62.77
Bottom 3	3.82	1.20
Bottom 5	8.18	2.57

Note: Figures and Provisional

3.3 Pension Fund Investment

The total value of pension assets stood at N4,489.17 billion as at the end of the second quarter, 2014 from N4,207.63 billion recorded at the end of the first quarter, representing an increase of N281.54 billion (6.69 percent) as shown in Table 3.9.

Table 3.9: Pension Fund Assets by Fund Type as at Second Quarter, 2014

Fund/Period	Q4:2013		Q1:2014		Q2:2014		Change between Q2&Q1:2014	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Active	2,467.57		2,483.89	59.03	2,792.81	62.21	308.92	12.44
RSA Retiree	324.30		347.23	8.25	363.03	8.09	15.80	15.80
CPFAs	622.24		642.35	15.27	675.78	15.05	33.43	33.43
AESs	643.32		734.16	17.45	657.55	14.65	(76.61)	(10.44)
Total	4057.53		4,207.63	100.00	4,489.17	100.00	281.54	6.69

Table 3.9 shows that RSA active fund dominated total pension assets, accounting for 62.21 percent of total pension assets in the quarter. This was partly explained by growth in pension contributions that averaged N31.03 billion in the quarter. The Approved Existing Scheme (AES) and Closed Pension Fund Administrators (CPFAs) accounted for 14.65 and 15.05 percent of total pension assets respectively. The RSA Retiree Fund (RRF) was 8.09

percent of the total pension assets as at the end of the second quarter of 2014.

A review of the pension industry investment portfolio as shown in Table 3.10 reveals that FGN securities accounted for 57.81 percent of pension fund portfolio.

It can further be seen from Table 3.10 that investment in FGN securities, supranational bonds, Open/Closed Funds and Private Equity decreased by 4.22, 27.33, 1.99 and 2.14 percent respectively during the quarter.

Table 3.10: Pension Industry Portfolio as at Second Quarter of 2014

Asset Class	Q2:2014		Q1:2014		Variance	
	₦ Billion	% of Total	₦ Billion	% of Total	₦ Billion	% Change
Ordinary Shares	637.85	14.43	548.75	13.04	89.10	16.24
FGN Securities:	2,554.77	57.81	2,667.20	63.39	(112.43)	(4.22)
State Government Bonds	263.50	5.96	195.22	4.64	68.28	34.98
Corporate Debt Securities	82.93	1.88	79.92	1.90	3.01	3.77
Supranational Bonds	1.25	0.03	1.72	0.04	(0.47)	(27.33)
Local Money Market Instrument	527.43	11.94	255.21	8.44	272.22	106.67
Open/Close End Funds	21.67	0.49	22.11	0.53	(0.44)	(1.99)
Real Estate Property	228.72	5.18	228.41	5.43	0.31	0.14
Private Equity Fund	9.15	0.21	9.35	0.22	(0.20)	(2.14)
Foreign Investment:						
Equities	55.87	1.26	53.16	1.26	2.71	5.10
Money Market Securities	0.50	0.01	0.29	0.01	0.21	72.41
Cash & other Assets	35.50	0.80	46.29	1.10	(10.79)	(23.31)
Total	4,419.12	100.00	4,207.63	100.00	211.49	5.03

However, ordinary shares recorded an increment of 16.24 percent, while local money market witnessed a large increment of 106.67 percent in the second quarter. This could be explained by portfolio reallocation by the PFAs as a consequence of the relatively high yields on money market securities.

Investment in State Government Bonds, also witnessed a leap as it moved from ₦195.22 billion in the first quarter to ₦263.50 in the second quarter, representing an increase of 34.98 percent.

3.3.2 PFA Ranking by Size of RSA Assets under Management

A review of PFAs' rank by size of RSA assets under Management shows that the top three, five, and ten PFAs accounted for 45.37, 62.23 and 87.07 percent of total RSA assets respectively.

Table 3.11: Rank of PFA by Size of Asset under Management

PFA Rank	Q1:2014		Q2:2014	
	Amount (₹ Billion)	% of Total Pension Assets	Amount (₹ Billion)	% of Total Pension Assets
Top 3	1,676.06	58.26	2,677,070	45.37
Top 5	2,059.03	71.58	3,672,373	62.23
Top 10	2,634.75	91.59	5,138,415	87.07
Bottom 3	10.19	0.35	47,612	0.01
Bottom 5	41.65	1.45	128,392	2.18
Bottom 10	241.87	8.41	762,747	12.93

The bottom 5 and 10 PFAs, showed some improvements in the proportional share of pension assets under their management as the share for the bottom five PFAs increased by 2.18 percent, while that of the bottom 10 increased to 12.93 percent.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

The total number of retirees on Programmed Withdrawal increased from 86,628 in the first quarter of 2014 to 92,373 in the second quarter as shown in Table 3.12. This represented an increase of 6.63 percent. A breakdown of the total number of retirees into private and public sectors shows that the public sector cumulatively accounted for 74,119 retirees (80.24 percent) while the private sector cumulatively accounted for 18,254 retirees (19.76 percent).

Table 3.12: Number of Retirees on PW as at Second Quarter, 2014

Period	Public		Private	Lump sum (N' Billion)	Monthly PW (N' Million)
	FGN	State			
April	1,247	84	698	4.44	66.18
May	711	99	709	3.47	53.31
June	1208	150	839	4.45	69.50
Q2:2014	3,166	333	2,248	12.38	188.99
Inception to Q1:2014	66,874	3,748	16,008	215.70	2,687.62
Total	70,040	4,079	18,258	228.09	2,876.60

A review of the retirees on Programmed Withdrawal from inception to the end of the second quarter shows that the total lump sum on Programmed Withdrawal was N228.09 billion from inception to the end of the second quarter as shown in Table 3.12. The Table further shows that the total monthly Programmed Withdrawal from inception to the end of the quarter was N2.88 billion.

3.4.2 Retirement by Annuity

Sensitization programmes to create awareness on Life Annuity plan as an option for pension payments continued in the second quarter as evidenced by the increase in the number of retirees on annuity plan from 9,212 as at the end of the first quarter to 11,115 as at the end of the second quarter, representing an increase of 20.67 percent. Thus, a total premium of N7.74 billion was approved for payment to insurance companies on behalf of the 1,903 retirees in return for an average monthly pensions amounting to N26.32 million as shown in Table 3.13.

Table 3.13: Retirement by Annuity as at the end of Q2:2014

Period	Public		Private	Lump sum (N' Billion)	Premium (N' Billion)	Monthly Annuity (N' Million)
	FGN	State				
April	424	12	80	0.82	2.66	25.99
May	518	37	131	0.89	3.57	37.72
June	492	40	169	0.59	1.51	15.24
Q2:2014	1,434	89	380	2.30	7.74	78.99
Inception to Q1:2014	7,270	940	1,002	20.47	45.27	465.13
Total	8,704	1,029	1,382	22.77	53.01	544.12

In general, 89.26 percent of the retirees were on Programmed Withdrawals while the remaining 10.74 percent were under Life Annuity.

3.4.3 Withdrawal of 25 Percent of RSA Balances

In the second quarter, the Commission granted the approval for the payment of ₦3.48billion, being 25 percent of RSA balances to 9,549 RSA holders of which 8,685(90.95 percent) were from the private sector and 864 (2.16 percent) from the public sector as shown in Table 3.14.

Table 3.14: Withdrawal of 25% of RSA Balance in the Second Quarter of 2014

Period	Public		Private	Amount Paid (₦' Billion)
	FGN	State		
April	160	1	1,739	0.42
May	292	0	3,057	1.43
June	410	1	3,889	1.63
Q2:2014	1,314	2	8,685	3.48
Inception to Q1:2014	2,809	95	75,408	14.48
Total	4,119	97	84,099	17.96

3.6 Approval of Death Benefits

During the quarter, approvals were given for the payment of ₦6.12billion as death benefits to the NOKs of 2,475 deceased employees as shown in Table 3.15.

Table 3.15: Approval of Death Benefits as at Q4:2014

Period	Public		Private	Amount Paid (₦' Billion)
	FGN	State		
April	546	21	91	1.76
May	893	29	149	1.96
June	556	24	162	2.40
Q2:2014	1,999	74	402	6.12
Inception to Q1:2014	16,499	211	3,430	53.00
Total	18,494	285	3,832	59.12

Note: Total Amount paid is inclusive of Group Life Insurance Claims

The Table further shows that a cumulative sum of ₦59.12billion had been paid to the NOKs of 22,611 deceased employees from inception to the end of the second quarter.

3.7 Provision of Group Life Insurance for Employees

The Commission continued its sensitization programmes and engagement of employers as part of measures to deepen compliance and implementation of the Group Life Insurance Policy.