

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 quite conducive to pension fund operations as real GDP growth increased by 0.63 percent from 6.18 percent in the second quarter to 6.81 percent in the third quarter. The slight increase in real GDP growth could be explained by the real non-oil sector growth of 8.00 percent in the quarter, which accounted for 87.4 percent of total GDP growth during the quarter. However, real oil GDP, comprising crude petroleum and natural gas, grew by 0.1 percent and accounted for 12.6 percent of GDP growth over the same period.

The end-period inflation rate was further contained at 8.00 percent in the quarter as against the 8.40 percent recorded in the second quarter. 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.

1.2 Developments in the Money Market

The stance of monetary policy continued to be restrictive in the third quarter as the Central Bank of Nigeria (CBN) maintained the Monetary Policy Rate (MPR) at 12.00 percent. The thrust of the restrictive monetary policy necessitated the retention of the Cash Reserve Ratio (CRR) and the Liquidity Ratio and net open position at the second quarter levels of 12.00 and 30.00 and 1.00 percent respectively. Similarly, open market operations were conducted in ways that further contained inflationary pressure on the economy.

However, interest rate developments in the money market showed mixed results. While average savings deposit rate increased by 0.40 percent from 2.04 percent in the second to 2.44 percent in the third quarter, all other rates on deposits of various maturities fell from a range of 5.69 – 7.72 percent to a range of 4.92 – 7.55 percent. Following a fall in the prime and maximum lending rates in the quarter, the spread between the weighted average term deposit and maximum lending rates reduced by 0.19 percent to 17.79 percent from 17.98 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 increased from 11.69 percent in the second quarter to 14.03 percent in the third quarter. In a similar vein, the Nigeria Interbank Offer Rate

(NIBOR) for the 7 and 30-day tenors increased from 12.19 and 12.46 percent in the second quarter to 13.79 and 13.95 percent respectively in the third quarter.

The primary market segment of the money market was a beehive of activities during the quarter under review as the Nigerian Treasury Bills of 91-, 182- and 364-day tenors, amounting to ₦739.37 billion, ₦1,867.04 billion and ₦739.37 billion, were offered, subscribed to and allotted respectively. The bid rates ranged from 10.000 - 17.019, 10.000 - 19.999 and 10.500 - 20.000 percent, for the 91-, 182- and 364-day tenor respectively, while the stop rates ranged from 10.85 – 13.34 percent in the quarter.

The foregoing suggests that pension fund investments in money market instruments had made positive real returns in the third quarter in the face of inflation rate of 8.00 percent.

1.3 Developments in the Bond Market

There were no new bonds issued in the third quarter. However, there was reopening and auctioning of 3-, 5-, and 20-year tranches. The total amount offered, subscribed to and allotted for the three tranches were ₦195.00 billion, ₦388.51 billion, and ₦182.73 billion respectively.

Table 1.1: FGN Bond Issues and Subscriptions as at Q3:2013

Year	Issued Amount (₦ Million)	Subscription (₦ 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
Q1:2013	285,000	607,140.00	322,140.00	113.03	Oversubscribed
Q2:2013	285,000	607,050.00	322,050.00	113.00	Oversubscribed
Q3:2013	195.00	388.51	182.73	112.61	Oversubscribed

The level of oversubscription to the FGN bond in the third quarter was 112.61 percent as against the 113.00 percent recorded in the second quarter.

1.4 Developments in the Stock Market

Available indicators from the stock market showed that activities in market were mixed. The volume of traded shares decreased from 26.5 billion shares in the second quarter to 21.80 billion in the third quarter, which represented a decrease

of 17.60 percent. Similarly, the value of stocks traded decreased from ₦336.60 billion in the second quarter to ₦196.80 billion in the third quarter, representing a decrease of 14.50 percent. In a similar vein, the number of deals decreased from 380,946 in second quarter to 325,742 deals in the third quarter, representing a decrease of 14.94 percent.

Other indicators of stock market performance were quite impressive as market capitalization increased by 12.22 percent from ₦15.80 trillion in the second quarter to ₦17.73 trillion as at the end of the third quarter. Similarly, the NSE All-Share Index increased by 1.2 percent from 36,164.31 as at the end of the second quarter to 36,585.

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

During the quarter, the Commission carried out its routine examination on additional nine operators, which brought the total number of operators examined in the course of the year to 20. The examination covered such broad areas as information and communication technology, pension administration, benefits administration and funds under management. Other areas included risk management and compliance as well as internal control systems.

In addition to the routine examination, the Commission conducted a special examination on one Pension Fund Administrator (PFA) during the quarter. The objective of the examination was to determine the status of the PFA's proceeds of recapitalization in order to ascertain its true financial condition and the integrity of the financial report it forwarded to the Commission. All these were to help the Commission evaluate the quality of the PFA's investment decisions as well as its corporate governance practices.

The highlights of the offsite examination of the PFAs included the following:

(a) Compliance Reports

Some of the issues observed from the compliance reports forwarded by the PFAs to the Commission indicated cases as: 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 vacant management positions; and non implementation of disaster recovery plans.

Consequently, the Commission forwarded letters to the concerned operators as well as monitored their efforts at resolving them.

(b) Risk Management Reports

An evaluation of the 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. Accordingly, the Commission advised the concerned operators to strengthen their mitigating measures to avert the identified risks.

(c) Actuarial Valuation

The Commission received and reviewed the actuarial valuation reports of 13 Defined Benefit Schemes for the year ended 31 December, 2012. The reports showed that some of the schemes were under-funded 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 funding gaps.

(d) Corporate Governance

During the quarter, the Commission received and reviewed 27 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 held 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, 26 licensed pension operators rendered returns on the Funds under their management/custody and their company accounts to the Commission through the electronic return rendition application.

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 ensure compliance.

2.2.1 Update on Compliance by the Private Sector

In the third quarter of 2013, the Commission received 467 applications for the issuance of compliance certificates, out of which 401 certificates were issued while 66 applications were turned down due to various inadequacies. These inadequacies included such issues as non-remittance of pension contributions for

the appropriate period and non-provision of Group Life Insurance Policy for their employees.

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

The Commission received 3,408 requests for the transfer of NPF/NSITF contributions which amounted to ₦232.69 million into the contributors' RSAs during the quarter under review. Upon revision of the applications, the Commission approved the transfer of ₦71.35 million into the RSAs of 1,094 applicants. The remaining 2,314 applications were rejected due to incomplete documentation, zero balances and duplicated applications. As at the end of the third quarter, the sum of ₦8.11 billion had been transferred into the Retirement Savings Accounts (RSAs) of 107,695 NPF/NSITF contributors.

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

The Commission had earlier issued demand notices to erring employers whose liabilities were established by the Recovery Agents (RAs) to remit their outstanding pension contributions and interest penalties into the RSAs of their employees.

In line with this directive, some defaulting employers remitted outstanding pension contributions and interest penalty into the RSAs of their employees to the tune of ₦2.69 billion. This brought the total amount recovered to date to ₦3.05 billion which represented principal contribution of ₦2.87 billion and interest penalty of ₦183.61 million.

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) remained 21. While 14 other states were at various stages of implementing the scheme, one state was yet to commence the process of implementing the Scheme.

(b) Funding of Retirement Benefits Bond Redemption Fund Account

A review of funding the Retirement Benefits Bond Redemption Fund Account (RBBRFA) showed that six out of 21 states that have enacted laws on the CPS

have also commenced the funding of their RBBRFA. The names of the states and their level of funding the RBBRFA are presented in Table 2.1.

Table 2.1: Balance in RBBRF Accounts of State Governments as at September, 2013

S/N	State	Balance (N billion)	Domiciliation
1	Lagos	13.00	Commercial Banks
2	Ogun	5.08	Central Bank of Nigeria (CBN)
3	Kaduna	1.60	First Bank Plc
4	Niger	5.10	CBN/GT Bank
5	Osun	1.07	CBN
6	Rivers	0.32	Premium Pension Limited

Table 2.1 shows that Lagos State has remitted N13.00 billion, while Ogun, Niger and Kaduna States have remitted ~~N~~5.08, ~~N~~5.10 and ~~N~~1.6 billion into their RBBRFAs as at the end of the quarter under review.

(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 (NOKs) 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 next of kin's (NOKs) required to facilitate the payments.

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

The refund to the third batch of Officers and Men of the Military and Security Service Agencies had commenced during the third quarter of 2013. Thus far, the Commission had released and remitted the sum of ~~N~~9.64 billion to the accounts of 59,225 personnel out of the approved sum of ~~N~~12.34 billion to be refunded to 73,594 personnel of the Military and Security Agencies. The Commission is, however, intensifying effort to obtain the correct bank details of 14,369 personnel that have not been paid due to incorrect bank account details.

In addition to incorrect bank details, some of the Military personnel were not paid due to information mismatch between Military Authorities and the PFAs.

2.4 Settlement of Benefits of Staff of Power Holding Company of Nigeria (PHCN)

In order to ensure a hitch-free payment of terminal benefits to employees of the PHCN, the Commission is currently working on determining the first RSA opened by each of the PHCN workers as many of them had opened multiple RSAs. This is to ensure that retirement benefits are paid into the first RSA of every worker with multiple RSAs in accordance with the Commission's policy on cases of multiple registrations.

2.5 Establishment of Pension Transitional Arrangement Department (PTAD)

The President approved the appointment of the Director General for PTAD in person of Ms. Nellie Mayshak. The PTAD has formally commenced operations from its temporary office accommodation within the premises of the National Pension Commission.

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The total membership of pension schemes increased from 5,693,936 at the end of second quarter to 5,796,979 at the end of the third quarter, representing an increase of 1.81 percent. The increase in scheme memberships was largely explained by Approved Existing Schemes (AES) and RSA memberships that increased by 2.63 and 2.10 percent respectively. The membership of Closed Pension Fund Administrators (CPFA), however, increased marginally by 0.05 percent as shown in Table 3.1.

Table 3.1 Scheme Memberships as at Third Quarter, 2013

Scheme	Q4:2012	Q1:2103	Q2:2013	Q3:2013	% Change (Q3 & Q2)
RSA	5,393,001	5,516,478	5,610,310	5,728,006	2.10
CPFA	24,665	25,594	24,610	24,622	0.05
AES	43,633	43,622	43.213	44,351	2.63
Total	5,461,299	5,585,694	5,693,963	5,796,979	1.81

Note: Figures in parenthesis represent decrease

3.1.1 Membership of RSA

An insight into total RSA registrations for both public and private sectors shows that total RSA registrations increased by 2.10 percent as revealed in Tables 3.1 and 3.2. The public sector dominated total RSA registrations with a total figure of 2,987,967, thereby accounting for 52.16 percent of total registrations.

Table 3.2: RSA Registrations by Age and Sector in Third Quarter, 2013

Age Range	Public Sector		Private Sector		Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	590,143	237,931	758,335	319,082	1,348,478	557,013	1,905,491	33.27
30 - 40 yrs	619,179	375,606	792,314	224,241	1,411,493	599,847	2,011,340	35.11
41 - 50 yrs	516,187	285,934	382,830	71,704	899,017	357,638	1,256,655	21.94
51 - 60 yrs	247,649	94,827	143,093	15,965	390,742	110,792	501,534	8.76
Above 61 yrs	17,486	3,025	29,717	2,758	47,203	5,783	52,986	0.93
Total	1,990,644	997,323	2,106,289	633,750	4,096,933	1,631,073	5,728,006	100

The private sector also witnessed an increase in RSA membership as total registrations increased from 2,652,626 in the second quarter to 2,740,039 in the third quarter, representing an increase of 3.30 percent. In all, the private sector accounted for 47.84 percent of total RSA registrations at the end of the quarter under review. This could be seen as the product of stricter regime of sanctions for non-compliance with PRA 2004 and the efforts of Recovery Agents.

Analysis of the age distribution of RSA holders shows that those in the age category “30-40” accounted for the highest proportion of contributors in the third quarter at 35.11 percent. In fact, those in the age category 40 years and below accounted for 68.38 percent of RSA contributors. This suggests that pension funds are veritable sources of long term funding of various developmental projects in Nigeria such as infrastructure and housing development.

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 in the third 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	Q2:13 (%)	Q3:13 (%)
Top 3	45.44	46.28
Top 5	62.39	63.78
Top 10	87.30	87.77
Bottom 3	0.67	0.66
Bottom 5	1.90	1.89
Bottom 10	12.70	12.23

A review of the range of market share of RSA registrations by number of PFAs shows that 50 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 3 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	2
100,000 – 499,999	10
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 at the end of the third quarter 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 Third Quarter of 2013

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 Third Quarter of 2013

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 Scheme was ₦2,119.77 billion as at the end of third quarter, 2013. This was an increase of ₦108.80 billion, representing 5.41 percent over the total contributions as at the end of second quarter as shown in Table 3.7. Apart from the fact that public sector contributions were higher than that of the private sector during the quarter, the cumulative contribution of the public sector was also higher than that of the private sector by ₦521.23 billion.

Table 3.7: Pension Contributions as at Third Quarter, 2013

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	1.18	-	-	15.60	0.74
2005	34.68	2.63	-	-	34.68	1.64
2006	37.38	2.83	23.03	2.88	60.41	2.85
2007	80.63	6.11	68.34	8.55	148.97	7.03
2008	99.28	7.52	80.81	10.11	180.09	8.50
2009	137.10	10.38	91.21	11.41	228.31	10.77
2010	162.46	12.30	103.03	12.89	265.49	12.52
2011	228.92	17.34	119.53	14.95	348.45	16.44
2012	331.14	25.08	174.43	21.82	505.57	23.85
Q1:2013	55.88	4.23	43.35	5.42	99.23	4.68
Q2:2013	59.92	4.54	64.25	8.04	124.17	5.86
Q3:2013	77.51	5.87	31.29	3.91	108.80	5.13
Total	1,320.50	100.00	799.27	100.00	2,119.77	100.00

The private sector contributions increased from ₦767.98 as at the end of the second quarter to ₦799.27 at the end of the third quarter, representing an

increase of 4.07 percent. The average monthly contributions for the private and public sectors were ₦10.43 billion and ₦25.84 billion respectively during the quarter.

3.2.1 Contributions by Rank of PFA

The ranking of PFAs by total contributions shows that the top 3 PFAs accounted for 47.00 percent of total contributions as at the end of the third quarter. 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 in the third quarter.

Table 3.8: PFA Ranking by Size of Contributions as at Q3:2013

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 ₦3,728.43 billion as at the end of the third quarter, 2013 from ₦3,521.91 billion recorded at the end of the second quarter, representing an increase of ₦206.52 billion (5.86 percent). The total pension assets for the four fund types are shown in Table 3.9.

Table 3.9: Pension Fund Portfolio by Fund Type as at Third Quarter, 2013

Fund/Period	Q1:2012		Q2:2013		Q3:2013		Change between Q2 & Q3:2013	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Active	1,975.44	58.40	2,067.69	58.71	2,223.70	59.64	156.01	7.55
RSA Retiree	267.09	7.90	282.39	8.02	296.95	7.96	14.56	5.16
CPFAs	563.17	16.65	578.68	16.43	601.88	16.14	23.20	4.01
AESs	576.71	17.05	593.15	16.84	605.90	16.25	12.75	2.15
Total	3,382.41	100.00	3,521.91	100.00	3,728.43	100.00	206.52	5.86

Table 3.9 shows that RSA active fund dominated total pension assets, accounting for 59.64 percent of total pension assets in the quarter. This was

partly accounted by growth in pension contributions that averaged ₦36.27 billion in the quarter. The growth could also be partly explained by the relatively larger membership of RSA active fund than any other fund type. The Approved Existing Scheme (AES) and Closed Pension Fund Administrators (CPFAs) followed with proportional contributions of 16.25 and 16.14 percent of total pension assets respectively. The RSA Retiree Funds (RRF) made a proportional contribution of 7.96 percent in the quarter.

A review of the pension industry investment portfolio as shown in Table 3.10 reveals continuous dominance of FGN securities, which accounted for 59.67 percent of pension fund investment in the quarter. This was made up of FGN Bonds, which accounted for 43.59 percent and Treasury Bills that contributed 16.08 percent of total portfolio.

It can further be seen from Table 3.10 that investment in state government bonds, supranational bonds and foreign money market securities decreased by 2.59, 0.01 and 0.74 percent of total contribution to pension industry investment portfolio during the quarter.

Table 3.10: Pension Industry Portfolio as at Third Quarter of 2013

Asset Class	Q2:2013		Q3:2012		Variance	
	₦ Billion	% of Total	₦ Billion	% of Total	₦ Billion	% of Total
Ordinary Shares	480.26	13.64	501.14	13.44	20.88	10.11
FGN Securities:						
Bonds	1,473.15	41.83	1,625.18	43.59	152.03	73.62
Bills	593.56	16.85	599.54	16.08	5.98	2.90
State Government Bonds	169.73	4.82	164.38	4.41	(5.35)	(2.59)
Corporate Debt Securities	77.06	2.19	77.43	2.08	0.37	0.18
Supranational Bonds	1.75	0.05	1.72	0.05	(0.03)	(0.01)
Local Money Market Instrument	408.58	11.60	416.73	11.18	8.15	3.95
Open/Close End Funds	17.03	0.48	20.84	0.56	3.81	1.84
Real Estate Property	193.19	5.49	195.63	5.25	2.44	1.18
Private Equity Fund	6.94	0.20	8.02	0.22	1.08	0.52
Foreign Investment:						
Equities	45.40	1.29	48.98	1.31	3.58	1.73
Money Market Securities	3.57	0.10	2.04	0.05	(1.53)	(0.74)
Cash & other Assets	51.68	1.47	66.79	1.79	15.11	7.32
Total	3,521.91	100.00	3,728.43	100.00	206.52	100.00

During the quarter, FGN securities witnessed an increased investment of ₦158.01 billion, representing 7.65 percent over the figure recorded in the second quarter. The increment in the FGN Securities investment was largely accounted for by FGN Bonds, which increased by 10.32 percent. The increase in pension fund investment in FGN securities relative to local money market securities and

corporate debt securities could be explained by portfolio reallocation resulting from the relatively high yields on FGN Securities.

Investment in State Government Bonds, however, witnessed marginal decrease from ₦169.73 billion in the second quarter to ₦164.38 billion in the third quarter, representing 3.51 percent decrease due to cash realization and receipt of accrued coupons during the quarter.

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 more than half of RSA assets at 51.86, 64.03 and 90.80 percent respectively at the end of the third quarter.

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

PFA Rank	Q1:2013		Q2:2013		Q3:2013	
	Amount (₦' Billion)	% of Total Pension Assets	Amount (₦' Billion)	% of Total Pension Assets	Amount (₦' Billion)	% of Total Pension Assets
Top 3	399.42	55.63	1,116.01	56.19	1,096.57	51.86
Top 5	504.42	70.26	1,399.11	70.45	1,353.82	64.03
Top 10	664.25	92.52	1,812.12	91.24	1,919.85	90.80
Bottom 3	0.83	0.11	5.96	0.30	16.48	0.78
Bottom 5	2.00	0.28	28.76	1.45	49.58	2.35
Bottom 10	14.08	1.96	173.88	8.76	194.46	9.20

The bottom three, five and 10 PFAs, however, showed some improvements in the proportional share of pension assets under their management as the share for the bottom three PFAs increased from 0.30 percent in the second quarter to 0.78 percent in the third quarter. Similarly, share of the bottom five and ten PFAs increased to 2.35 and 9.20 percent from 1.45 and 8.76 percent respectively.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

The total number of retirees on programmed withdrawal increased from 69,469 in the second quarter to 73,695 at the end of the third quarter as shown in Table 3.12. This represented an increase of 6.08 percent. A breakdown of the total number of retirees into private and public sectors shows that the public sector

accounted for 2,669 retirees (63.16 percent) in the third quarter while the private sector accounted for 1,557 retirees (36.84 percent) over the same period.

Table 3.12: Number of Retirees on PW as at Second Quarter, 2013

Sector	Gender		Total	Lump sum (N'Million)	Monthly PW (N'Million)
	Male	Female			
FGN	1,709	546	2,255	6,808.35	80.27
State	290	124	414	804.60	11.49
Private	1,348	209	1,557	1,387.27	31.34
Q3: Sub-Total	3,347	879	4,226	9,000.22	123.10
Inception to Q2:2013	56,401	13,068	69,469	180,736.43	2,136.97
Total	59,748	13,947	73,695	189,736.65	2,260.07

Note: Public Sector refers to both Federal and State Governments

A review of the retirees on Programmed Withdrawal from inception to the end of third quarter by gender shows that male retirees accounted for 81.07 percent of total retirees against the female retirees that accounted for the balance of 18.93 percent. The average lump-sum withdrawal paid during the quarter was ₦3,000.07 million.

3.4.2 Retirement by Annuity

There was an increased awareness on annuity life plan as an option for pension payments, which was evidenced by 21.95 percent increase in the number of retirees on this plan from 4,688 in the second quarter to 5,717 in the third quarter. In this regard, total premium of ₦5,381.09 million was approved for payment to insurance companies on behalf of the 1,029 retirees in return for an average monthly pensions amounting to ₦17.78 million as shown in Table 3.13.

Table 3.13: Retirement by Annuity as at the end of Q3:2013

Sector	Gender		Total	Lump sum (N'Million)	Premium (N'Million)	Annuity (N'Million)
	Male	Female				
FGN	606	276	882	1,447.82	4,243.64	42.58
State	10	13	23	38.78	94.36	0.97
Private	100	24	124	326.27	1,043.09	9.80
Q3: Sub-Total	716	313	1,029	1,812.88	5,381.09	53.35
Inception to Q2:2013	3,342	1,366	4,688	13,218.09	22,640.47	223.85
Total	4,058	1,679	5,717	15,030.97	28,021.56	277.20

In general, 92.80 percent of the retirees were on Programmed Withdrawals while the remaining 7.20 percent were under annuity.

3.4.3 Withdrawal of 25 Percent of RSA Balances

In the third quarter, the Commission granted the approval for the payment of ₦1,363.76 million, being 25 percent of RSA balances, to 6,356 RSA holders of which 6,219 (97.84 percent) were from the private sector and 137 (2.16 percent) from the public sector as shown in Table 3.14.

Table 3.14: Withdrawal of 25% of RSA Balance in the Third Quarter of 2013

Sector	Gender		Total	Total RSA Balance (N Million)	Total 25% Request (N'Million)
	Male	Female			
FGN	93	28	121	187.78	47.01
State	14	2	16	19.54	4.88
Private	5,113	1,106	6,219	5,232.22	1,311.47
Q3: Sub-Total	5,220	1,136	6,356	5,439.54	1,363.76
Inception to Q2:2013	25,470	4,543	30,013	24,444.61	6,106.87
Total	30,600	5,679	36,369	29,884.15	7,470.63

A review of these requests shows that the private sector employees accounted for ₦1,311.47 million or 96.17 percent of the total requests while the public sector employees that were out of job accounted for ₦51.89 million or 3.83 percent as shown in Table 3.14.

3.5 Implementation of Group Life Insurance Policy (GLIP)

The Commission intensified its compliance and enforcement activities with particular reference to the provisions of Section 9 (3) of PRA 2004, which requires employers to maintain life insurance policy in favour of their employees for a minimum of three times the annual emoluments of the employees. The number of institutions that submitted evidences of compliance with the GLIP increased from 54 in the second quarter to 81 in the third quarter, representing an increase of 50 percent. During the quarter, the financial institutions maintained their lead of complying organizations as the number of complying financial institutions moved from 14 to 23.

Table 3.15: Compliance with Group Life Insurance Policy in Q3:2013

S/No	Sector	Number
1	Financial Institutions	23
2	Educational Institutions	4
3	Construction	8
4	Oil and Gas	5
5	Manufacturing	3
6	Hospitality	2
7	Government Agencies	2
8	Commercial	8
9	Others	26
Total		81

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.

3.6 Approval of Death Benefits

During the quarter, approvals were given for the payment of ~~N~~5,267.22 million as death benefits to the NOKs of 1,895 deceased employees as shown in Table 3.16.

Table 3.16: Approval of Death Benefits as at Q3:2013

Sector	Gender		Total	Total Amount Paid (N Million)
	Male	Female		
FGN	1,244	266	1,510	4,094.81
State	13	8	21	53.70
Private	305	59	364	1,118.71
Q3: Sub-Total	1,562	333	1,895	5,267.22
Inception to Q2:2013	11,227	1,738	12,965	35,628.37
Total	12,789	2,071	14,860	40,895.59

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

The Table further shows that the sum of ~~N~~40,895.59 million had been paid to the NOKs of 14,860 deceased employees from inception to the end of the third quarter.