

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”

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SECTION ONE

Pension Operating Environment

1.1 Macroeconomic Development

The pension industry operated in an environment of declined macroeconomic performance as real GDP growth decelerated by 1.51 percent from 7.68 percent witnessed in the fourth quarter of 2011 to 6.17 percent in the first quarter of 2012. The decline in economic activities could be ascribed to the partial removal of subsidy on petrol and the subsequent civil protest.

Consequently, the rate of inflation increased by 2.3 percent from 10.3 percent recorded in the fourth quarter of 2011 to 12.6 percent in the first quarter of 2012. The double digit rate of inflation could negatively affect the real returns on pension fund investment, especially where such returns are generally lower than the inflation rate. A double digit rate of inflation can as well impact negatively on the welfare of retirees as their purchasing power become weak.

1.2 Developments in the Money Market

The money market continued to record improved performance in the first quarter of 2012 as the total value of money market assets increased by 7.93 percent from ₦5,408.6 billion recorded in the fourth quarter of 2011 to ₦5,837.3 billion. This was due to liquidity injection into the market by the CBN following the release of ₦295.5 billion from the excess crude account and the injection of another ₦130.0 billion CBN intervention into the manufacturing sector.

The interest rate developments in the money market showed mixed results with the rate of return on some money market instruments increasing while others declined. Thus, the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors declined from 16.07 and 16.56 percent in the fourth quarter of 2011 to 14.6 and 15.2 percent, respectively in the first quarter of 2012. However, at the primary segment of the money market, the Nigeria Treasury Bill (NTB) rates increased on Bills of various tenors. The average yields on 91– 182– and 365 – day NTB moved from 19.1 percent, 19.11 percent and 20.00 percent in the fourth quarter of 2011 to 20.34 percent, 19.45 percent and 20.13 percent respectively in the first quarter of 2012.

1.3 Developments in the Bond Market

The bond market was a beehive of activities as bond market capitalization increased by 0.73 percent in the first quarter of 2012 from ₦3.089 trillion recorded in the fourth quarter of 2011 to ₦3.112 trillion. In the quarter, the Debt Management Office (DMO), on behalf of the FGN, offered a total of ₦209.76 billion worth of FGN Bonds, all of which were 10-year Bonds. Also, while State bond value remained unchanged at ₦308 billion, the value of corporate debt instrument increased marginally by 1.82 percent from ₦1.376 trillion recorded in the fourth quarter of 2011 to ₦1.401 trillion in the first quarter of 2012.

The average yield on the FGN bond in the quarter was 16.02 percent, which was quite high relative to an inflation rate of 12.3 percent recorded in the quarter. The high yield was ascribed to the contractionary monetary policy stance of the CBN, which acted as the main driver of the figures recorded in the quarter.

1.4 Development in the Stock Market

The stock market performance in the first quarter of 2012 was mixed, wherein some stock market indicators showed improved performance, while others declined. Thus, the stock market capitalization recorded a marginal increase of 0.30 percent in the first quarter as stock market capitalization increased from ₦6.53 trillion in the fourth quarter to ₦6.55 trillion. Similarly, the value of traded shares increased by 2.95 percent in first quarter from ₦140.90 billion recorded in the fourth quarter to ₦145.05 billion. However, the NSE All-share Index fell from 20,730.63 at the beginning of the quarter to close at 20,652.47, representing a marginal decline of 0.40 percent.

The marginal decline in some indicators of stock market performance in the first quarter could partly be explained by the low investors' confidence in the market and the controversy that trailed the capital market public hearing that was organized by the House of Representatives Committee on Capital market. It could also be partly explained by divestment from the equities market to fixed income securities due to higher yields on instruments in this segment of the market.

SECTION TWO

Regulatory and Supervisory Activities

In order to achieve the aims and objectives of Pension Reform Act (PRA) 2004 as well as cope with the challenges posed by the operating environment, the Pension Industry was regulated and supervised by the Commission towards ensuring the safety of pension assets, the fair returns on the investment and the sustainability of the industry.

2.1 Surveillance of the Pension Industry

In the first quarter, onsite examination was conducted on four targeted Pension Fund Operators. The targeted examination focused on Pension Benefit Administration and Investment activities of the operators. The review also witnessed the analysis of statutory quarterly and monthly reports in respects of the activities of the licensed operators, which included Compliance, Risk Management and Corporate Governance Reports.

The Commission released a Circular on Compliance with Section 553 of the Companies and Allied Matters Act (CAMA). This was with a view to informing the PFAs and CPFAs that they would have to comply with the provisions of Section 553 of the CAMA, 2004.

2.2 Compliance and Enforcement Activities

In order to ensure compliance with the PRA 2004, the Commission commenced the issuance of certificate of compliance to all eligible employers. The Certificate, which is renewable annually, replaced the individual compliance letters issued to organizations bidding or soliciting for contract or business with Federal Government Ministries, Departments and Agencies (MDAs) as provided in the Public Procurement Act, 2007.

2.2.1 Transfer of National Social Insurance Trust Fund (NSITF) Contributions to Member's RSAs

The Commission amended the Guidelines on the transfer of NSITF contributions to employees RSAs to allow employers make direct submission for the transfer of the NSITF contributions of their active employees. In the quarter, the Commission reviewed and conveyed concurrence to Trustfund for 3,151 applications for the transfer of ₦207,322,440.89 into the NSTIF members RSA maintained with Pension Fund Administrators (PFAs). The total transfer of NSTIF

contributions during the first quarter of 2012 was ₦6,057,201,753.24 for the benefit of 83,305 NSITF members.

2.2.1.1 Transfer of Pension Assets to Custodians of Trustfund Pension Plc

In furtherance of the Commission's efforts to ensure the transfer of outstanding pension assets from NSITF to Trustfund Pension Plc, ₦54.08 billion equivalent to 98 percent of ₦54.87 billion were transferred as at the end of the first quarter of 2012. This left a balance of ₦0.79 billion to be transferred.

2.2.1.2 Recovery of Unremitted Pension Contributions

As part of the initiative to recover unremitted pension contributions from the private sector along with the interest penalty, the Commission processed Expression of Interest (EOI) received from 173 interested Accounting and Legal Firms for the exercise. However, based on the review of the returns forwarded by the PFAs to the Commission, it was established that 15,427 employers failed to remit pension contributions to the employees' Retirement Savings Accounts for various periods between January 2010 and December 2011. Subsequently, the defaulting employers were shared among Recovery Agents to retrieve all outstanding contributions along with the interest penalty.

2.3 Issuance of Guideline, Circulars and Regulations

The Commission released the following circulars during the period under review:

- i. An Addendum to the Circular on Requirements for Pension Fund Administrators (PFAs) with Funds Under Management of ₦100 billion and above
- ii. Circulars on new Requirement for Appointments to Board and Top Management Positions of PFAs.

2.4 Other Compliance Efforts

(a) Applications of Regime of Sanctions

In line with the Sanction Regime, the Commission issued 487 caution letters to organizations for failure to comply with the provisions of the PRA, 2004. In addition, monetary Penalties were also imposed on 618 organizations during the period under review. The Commission has been following up to ensure that the organizations comply with the PRA 2004.

(b) Implementation Update by the State Governments

A review of the level of implementation of the Contributory Pension Scheme (CPS) by State Governments showed that 20 States have enacted their Pension Laws as at the end of the first quarter. The States were Kaduna, Ogun, Niger, Lagos, Delta, Zamfara, Osun, Jigawa, Oyo, Imo, Kebbi, Sokoto, Kogi, Bayelsa, Nasarawa, Taraba, Ekiti, Rivers, Edo and Kano.

Table 2.1: Compliance by States with enacted Laws on the CPS

States that have commenced remittance	States that are yet to commence remittance
Kaduna, Ogun, Niger, Lagos, Delta, Zamfara, Osun, Jigawa (transferred pension assets)	Oyo, Imo, Kebbi, Sokoto, Kogi, Bayelsa, Nasarawa, Taraba, Ekiti, Rivers, Edo and Kano (yet to transfer its pension assets)

Table 2.1 shows that seven states have commenced remittance of contributions into RSAs of employees with Jigawa State transferring its pension assets to the Pension Fund Custodians. However, Kano State was yet to transfer its pension assets to the Pension Fund Custodians as at the end of the first quarter.

Incidentally, out of the 20 States that have enacted the Law, only 4 states have funded their Retirement Bond Redemption Accounts with the Central Bank of Nigeria (CBN). Although Lagos State has commenced funding its Retirement Bond Redemption Account, the account is domiciled in a commercial bank.

(c) Public Enlightenment Campaigns

Some public awareness and sensitization campaigns were undertaken during the quarter under the review. These included

2.5 Verification of Pensioners of FGN Parastatals

The Commission enrolled 6 pensioners from 4 Parastatals and Universities under the Federal Ministry of Education, with a total liability of ₦235,190.12. The Commission also enrolled 3 pensioners from 2 Parastatals under the Federal Ministry of Health, with a total liability of ₦1,672,608.38.

2.6 Exit of the Military and Security Service Agencies from the CPS

In furtherance of the exit of the Military and Security Services Agencies (SSA) personnel from CPS, the Commission directed all PFAs to discontinue the payment of benefits to retired Military and SSA personnel. The Commission constituted a committee to reconcile the in-house and PFAs submissions upon which employees contributions were refunded to them directly while the employer's portion was returned to the CBN account.

SECTION THREE

Pension Industry Statistics

The pension industry statistics gives a panoramic view of the pension industry in a way that could help the Commission and Pension Fund Operators to take decisions that could foster the smooth operations of the pension industry. Thus, statistical information on growth in the number and structure of RSA holders, pension fund assets, structural breakdown of pension fund investment portfolio, and other issues on retirement are presented in this section.

3.1 Scheme Memberships

The total Retirement Savings Account (RSA) holders, memberships of Closed Pension Fund Administrators (CPFAs), and Approved Existing Schemes (AESs) increased from 4,993,581 in the fourth quarter of 2011 to 5,106,828 in the first quarter of 2012. This represented an increase of 2.27 percent as shown in Table 3.1. The RSA scheme accounted for the highest proportion of total scheme memberships at 98.70 percent. The CPFAs and AESs accounted for 0.48 and 0.82 percent respectively.

A review of total RSA holders shows that RSA registrations for both the public and private sectors increased from 4,927,216 in the fourth quarter of 2011 to 5,040,421 in the first quarter of 2012, representing an increment of 113,205 (2.30 percent). While memberships of CPFA witnessed a negative growth of 0.07 percent, AES increased marginally by 0.14 percent.

Table 3.1: Scheme Membership by Type of Scheme

Scheme	Q 1: 2011	Q 2: 2011	Q 3: 2011	Q 4: 2011	Q 1: 2012	% change (Q4 and Q1:2012)
RSA	4,700,235	4,787,984	4,885,271	4,927,216	5,040,421	2.30
CPFA	25,652	24,716	24,728	24,613	24,597	-0.07
AES	41,717	41,749	41,752	41,752	41,810	0.14
Total	4,767,604	4,854,449	4,951,751	4,993,581	5,106,828	2.27

3.1.1 Membership of RSA

The public sector dominated total RSA registrations in the first quarter at 2,770,049, accounting for 54.96 percent of total registrations.

Table 3.2: RSA Registrations by Age and Sector in the First Quarter of 2012

Age Group	Public Sector		Private Sector		Sub-Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	476,973	186,941	582,756	242,724	1,059,729	429,665	1,489,394	29.55
30 - 40 yrs	579,168	333,390	667,912	198,396	1,247,080	531,786	1,778,866	35.29
41 - 50 yrs	510,960	281,222	334,084	67,140	845,044	348,362	1,193,406	23.68
51 - 60 yrs	270,615	103,223	132,814	14,885	403,429	118,108	521,537	10.35
Above 61 yrs	23,111	4,446	27,117	2,544	50,228	6,990	57,218	1.14
Total	1,860,827	909,222	1,744,683	525,689	3,605,510	1,434,911	5,040,421	100.00

A review of the age distribution of RSA holders shows that pension contributors are relatively young as those in the age category “30 – 40” accounted for the highest proportion of RSA holders in both the public and the private sectors at 35.29 percent. Thus, pension funds can be safely invested in long-term instruments as a higher proportion of RSA holders are either less than 30 years or between 30 and 40 years.

3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by total registered contributors shows a decrease in the share of the top three, and five PFAs from 42.26 and 59.96 percent as at the end of the fourth quarter 2011 to 42.09 and 59.77 percent respectively at the end of the first quarter of 2012 as shown in Table 3.3. However, the share of the top ten PFAs also decline marginally from 84.30 percent in the fourth quarter to 84.08 percent in the first quarter. As in the fourth quarter, the shares of the bottom three, five, and ten PFAs increased slightly from 0.27, 1.16, and 6.31 percent to 0.28, 1.16, and 6.43 percent respectively at the end of the quarter under review.

Table 3.3: RSA Registration by Market Share

PFA Ranking	Q2:2010 (% of Total)	Q3:2011 (% of Total)	Q4:2011 (% of Total)	Q1:2012 (% of Total)
Top 3	46.40	42.34	42.26	42.09
Top 5	61.10	60.02	59.96	59.77
Top 10	83.89	84.41	84.30	84.08
Bottom 3	0.16	0.27	0.27	0.28
Bottom 5	0.59	1.17	1.16	1.16
Bottom 10	4.44	6.25	6.31	6.43

A review of the range of market share of RSA registrations by number of PFAs shows slight improvement as just one PFA has registered over 1,000,000 contributors by the end of the first quarter. Two PFAs had between 500,000 to 1,000,000 as shown in Table 3.4. While 12 PFAs had less than 100,000 registered contributors each, nine PFAs had contributors in the range of 100,000 and 499,999.

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	9
Less than 100,000	12

3.1.3 Memberships of CPFA and AES

The total memberships of licensed CPFAs and Approved Existing Schemes were 24,597 and 41,810 respectively as at the end of the first quarter. However, while membership of CPFAs declined by 0.07 percent, members of AESs recorded marginal increment of 0.14 percent in the quarter. The breakdown of the CPFA and AES memberships are shown in Tables 3.5 and 3.6 respectively.

Table 3.5: Membership of CPFAs as at First Quarter of 2012

Enrolment Type	Number			Percentage of Total	
	Q3	Q4	Q1	Q4	Q1
Active Members	18,921	18,807	18,681	76.41	75.95
Existing Pensioners	5,212	5,211	5,321	21.17	21.63
Deferred Pensioners	595	595	595	2.42	2.42
Total	24,728	24,613	24,597	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 First Quarter of 2012

Enrolment Type	Number			Percentage of Total	
	Q3	Q4	Q1	Q4	Q1
Active Members	25,525	25,525	25,583	61.13	61.19
Current Pensioners	14,844	14,844	14,844	35.55	35.50
Deferred Pensioners	149	149	149	0.36	0.36
Dependants	1,234	1,234	1,234	2.96	2.95
Total	41,752	41,752	41,810	100.00	100.00

Note: Dependants are protégés of deceased pensioners.

3.2 Pension Contributions

The total pension contribution by both public and private sectors employees into their RSA at the end of first quarter of 2012 was ₦1,299.13 billion. This was an increase of ₦66.36 billion, representing 5.11 percent over the total contributions recorded at the end of the fourth quarter of 2011 as shown in Table 3.7. The increase in total pension contributions could be explained by the increased level of compliance with the PRA 2004.

A review of total contributions in the first quarter shows public sector dominance as it accounted for 79.54 percent of total contributions. This is against the private sector contributions that accounted for the balance of 20.46 percent.

Table 3.7: Pension Contributions

Year/ Quarter	Public Sector		Private Sector		Total	
	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total
2004	15.60	2.00	-	-	15.60	1.20
2005	34.68	4.44	-	-	34.68	2.67
2006	37.38	4.79	23.03	4.44	60.41	4.65
2007	70.25	9.00	68.34	13.18	138.59	10.67
2008	99.28	12.72	80.81	15.58	180.09	13.86
2009	98.43	12.61	91.21	17.59	189.65	14.60
2010	162.45	20.81	102.86	19.83	265.31	20.42
2011	228.91	29.33	119.53	23.05	348.44	26.82
Q1:2012	33.52	4.29	32.84	6.33	66.36	5.11
TOTAL	780.50	100.00	518.63	100.00	1,299.13	100.00

3.2.1 Contributions by Rank of PFA

The ranking of PFAs by total contributions shows that while the top 5 PFAs accounted for 68.50 percent of total contributions during the quarter, the top 10 accounted for 89.50 percent as revealed in Table 3.8. The Table further shows that the average monthly contributions received by the top 5 and 10 PFAs were ₦19.03 billion and ₦24.86 billion respectively in the quarter. Similarly, the average monthly contributions received by the bottom 5 and 10 PFAs amounted to ₦0.47 billion and ₦2.08 billion respectively in the quarter.

Table 3.8: PFA Ranking by Size of Contributions

Rank	Amount (N' Billion)	Q1:2012 (% of Total)
Top 5	57.09	68.50
Top 10	74.59	89.50
Bottom 5	1.40	0.02
Bottom 10	6.24	0.07

The size of the pension contributions of the bottom 10 PFAs can be seen as a reflection of the range of their RSA registration figures, which were lower than 100,000 as shown in Table 3.4. This establishes some relationships between the number of RSAs registered by PFAs and the size of pension contributions received during the quarter. Thus, the bottom 5 and 10 PFAs accounted for 0.02 and 0.07 percent of pension contributions in the first quarter respectively. In all, the bottom five and ten PFAs marginally accounted for 0.09 percent share of total contributions received in the reviewed period.

3.3 Pension Fund Investment

The total value of unaudited pension assets increased by N104.45 billion in the first quarter from N2.45 trillion recorded in the fourth quarter of 2011 to N2.55 trillion. This represented an increase of 4.26 percent as shown in Table 3.9. The Table further shows that RSA active funds dominated total pension fund investment portfolio during the quarter, accounting for 54.47 percent. The AES and CPFAs accounted for 20.03 and 18.18 percent respectively. The RSA retiree fund accounted for the remaining balance of 7.32 percent.

Table 3.9: Pension Fund Portfolio by Fund Type as at First Quarter, 2012

Fund/Period	Q3		Q4		Q1		Change between Q4:2011 & Q1:2012	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Active	1,153.47	51.40	1,293.33	52.78	1,391.68	54.47	98.35	7.60
RSA Retiree	165.15	7.36	175.30	7.15	186.98	7.32	11.68	6.66
CPFAs	433.00	19.30	457.09	18.65	464.51	18.18	7.42	1.62
AESs	492.27	21.94	524.66	21.41	511.66	20.03	(13.00)	(2.48)
Total	2,243.89	100.00	2,450.38	100.00	2,554.83	100.00	104.45	4.26

Note: Figures in Parenthesis are decreases

Both the RSA Active and Retiree Funds witnessed improvements in the quantum of their pension fund portfolios at N98.35 billion and N11.68 billion respectively.

Similarly, the CPFA fund witnessed a slight growth of 1.62 percent during the quarter. However, the AES recorded a negative growth of 2.48 percent. The diminution in AES fund could be explained by the depreciation in the value of equity investments during the period under review as a consequence of its level of exposure to equity investment relative to RSA (Retiree and Active) and CPFA Funds.

A review of pension fund investment portfolio shows that FGN securities dominated total pension fund investment in the quarter, accounting for 59.78 percent of total investment as shown in Table 3.10. Beyond its dominance of pension fund investment, it also increased by ₦165.85 billion, representing an increase of 12.18 percent over the figure recorded in the fourth quarter of 2011. This impressive performance could be explained by increased investors' confidence and relative safety of the assets as well as strategic moves of the PFAs as they divested part of their investment portfolio away from equities whose yields were generally lower than the FGN securities. In fact, investment in ordinary shares declined by 12.89 percent as it decreased from ₦363.02 billion in the fourth quarter of 2011 to ₦329.24 billion in the first quarter.

Table 3.10: Structure of Pension Fund Assets as at First Quarter, 2012

Asset Class	Q3		Q4		Q1		Change between Q4:2011 & Q1:2012	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% Change
Ordinary Shares	344.69	15.36	363.02	14.81	329.24	12.89	(33.78)	(9.31)
FGN Securities	1,124.68	50.12	1,361.31	55.56	1,527.16	59.78	165.85	12.18
State Government Bonds	81.29	3.62	109.81	4.48	104.12	4.08	(5.70)	(5.19)
Money Market Securities	398.52	17.76	319.43	13.04	287.80	11.27	(31.63)	(9.90)
Corporate Debt Securities	69.32	3.09	74.89	3.06	75.57	2.96	0.69	0.92
Real Estate Property	178.08	7.94	189.71	7.74	182.13	7.13	(7.58)	(4.00)
Other Assets	47.30	2.11	32.21	1.31	48.81	1.91	16.61	51.56
Total Assets	2,243.88	100.00	2,450.38	100.00	2,554.84	100.00	104.46	4.26

Note: Figures in Parenthesis are decreases

The period under review also witnessed decline in investment in money market securities, which decreased by ₦31.63 billion from ₦319.43 billion in the fourth quarter of 2011 to ₦287.80 billion in the first quarter. This could be seen as strategic investment initiatives of the PFAs to adjust their investment portfolio to take advantage of slight increases in returns on other fixed income securities, especially the Federal Government Securities. Similarly, the PFAs strategically

reduced the exposure of pension fund investment to the money market instruments.

During the quarter under review, corporate debt instrument also witnessed a marginal increase of 0.92 percent. This suggests that private sector organizations are becoming aware of the importance of corporate debt instrument as veritable source of investment financing.

3.3.2 PFA Ranking by Size of RSA Assets

A review of PFAs' ranking by size of RSA assets shows that the top three and five PFAs accounted for more than half of the RSA assets at 55.06 and 69.91 percent respectively at the end of the quarter under review. This was expected, given the fact that the top three and five PFAs accounted for 42.09 and 59.77 percent of RSA registration respectively in the quarter.

Table 3.11: Rank of PFA by Asset Size

PFA Rank	Q3:2011		Q4:2011		Q1:2012	
	Amount (₦' Million)	% of Total Pension Assets	Amount (₦' Million)	% of Total Pension Assets	Amount (₦' Million)	% of Total Pension Assets
Top 3	567.64	55.40	705.42	54.87	769.84	55.06
Top 5	715.27	69.81	897.41	69.80	977.44	69.91
Top 10	942.65	92.00	1,181.72	91.91	1,284.06	91.84
Bottom 3	0.96	0.09	1.59	0.12	1.72	0.12
Bottom 5	3.54	0.35	5.26	0.41	5.76	0.41
Bottom 10	25.20	2.46	33.67	2.62	38.23	2.73

The bottom ten PFAs' share of pension assets witnessed slight improvements during the quarter under review as they increased minimally from 2.62 percent in the fourth quarter of 2011 to 2.73 percent in the quarter under review.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal (PW)

The Commission approved 3,362 applications for programmed withdrawal during the quarter. This brought the total number of retirees on programmed withdrawal to 46,006 from inception to the first quarter of 2012. The breakdown of retirees on programmed withdrawal by gender and sector is presented in Table 3.12.

Table 3.12: Number of Retirees on PW as at First Quarter, 2012

Sector	Gender		Total	Lump sum (N'Million)	PW (N'Million)
	Male	Female			
Public	2,182	544	2,726	6872.43	81.27
Private	562	74	636	338.12	7.48
Q1	2,744	618	3,362	7,211.85	88.75
Cum to Q1	35,363	7,281	42,644	118,004.84	1,358.35
Total	38,107	7,899	46,006	125,216.69	1,447.10

Note: Public Sector refers to both Federal and State Governments

Table 3.12 further shows that while the public sector accounted for 2,726 retirees (81.08 percent), the private sector accounted for 636 retirees (18.92 percent) within the quarter. A review of the retirees on programmed withdrawal by gender shows the dominance of the male sex which accounted for 2,744 (82.83 percent of total retirees) in the quarter against the female gender that accounted for 618 (17.17 percent). Cumulatively, Table 3.12 shows that 46,006 retirees are on programmed withdrawal from inception to the end of the first quarter of 2012.

3.4.2 Retirement by Annuity

In the quarter, 261 retirees opted for annuity retirement plan. The sum of ₦717.30 million was approved as total lump-sum and paid out to retirees during the first quarter. The sum of ₦1.10 billion was paid out to the insurance companies as premium in return for an average monthly/quarterly annuities of ₦3.59 million as shown in Table 3.14. Another picture from Table 3.14 is the increasing level of awareness of annuity retirement plan as the number of retirees on annuity plan increased by 38.49 percent from 530 as at the end of the fourth quarter, 2011 to 734 in the first quarter of 2012.

Table 3.14: Retirement by Annuity in the First Quarter of 2012

Sector	Male	Female	Total	% of Total	Annuity (N'M)	Average Monthly Annuity (N'M)	Lump Sum (N'M)	Premium (N'M)
Public	163	31	194	73.33	8.28	2.76	582.86	870.79
Private	19	1	20	7.66	1.77	0.59	122.67	185.20
State	22	25	47	18.01	0.71	0.24	11.76	45.69
Total (Q1:2012)	204	57	261	100	10.48	3.59	717.30	1,101.68
Total inception to Dec.2011	530	176	706	Na	28.08	Na	2,412.84	3,061.74
Cumulative Total as at Q1:2012	734	233	967	Na	38.56	Na	3,130.14	4,163.42

Na = Not applicable

It can be seen from Table 3.14 that the public sector had a larger proportion of retirees under the annuity plan at 194, representing 73.33 percent. This is against the private sector proportional contribution of 7.66 percent in the reviewed quarter. The Table further revealed that while the cumulative lump-sum withdrawal as at the end of the review period was ₦3,130.14 million, a cumulative premium of ₦4,163.42 million was paid to insurance companies.

3.5.3 Withdrawal of 25 Percent of RSA Balances

In the quarter under review, the Commission granted approval for the payment of ₦459.71 million to 2,955 RSA holders who were disengaged from work and could not secure another job within six months as stipulated in the PRA 2004. A review of the requests revealed that private sector employees accounted for the highest proportion at 2,769, representing 93.19 percent. While this category of RSA holders was paid the sum of ₦428.41 million, the public sector was paid ₦31.29 million or 6.81 percent of total payment as shown in Table 3.15.

Table 3.15: Withdrawal of 25% RSA Balance as at Q1:2012

Sector	Male	Female	Total	% of Total	Total 25% Request (₦ Million)
Public	145	41	186	6.29	31.29
Private	2,438	331	2,769	93.71	428.41
Sub-Total for Q1:2012	2,583	372	2,955	100.00	459.70
Add: Inception to Dec 2011	24,965	3,269	28,234	100.00	4,546.57
Cumulative Total as at Q1:2012	27,548	3,641	31,189	100.00	5,006.27

3.6 Implementation of Group Life Insurance Policy (GLIP)

Sequel to the provisions of Section 9(3) of the PRA 2004, the pension industry witnessed minimal increase of 5.54 percent in the number of organizations implementing the GLIP as the number of organizations implementing the policy increased from 632 as at the end of the fourth quarter of 2011 to 667 at the end of the first quarter, 2012 as shown in Table 3.16.

Table 3.16: Submission of Group Life Insurance Certificates

S/N	Category	Dec: 2011	Q1: 2012	Cum to Q1:2012
1	Financial Institutions	110	7	117
2	Educational Institutions	13	0	13
3	Construction	32	2	34
4	Oil and Gas	37	3	40
5	Manufacturing	52	0	52
6	Hospitality	26	0	26
7	Government	161	14	175
8	Pension Operators	28	4	32
9	Commercial	122	2	124
10	Others	51	3	54
	Total	632	175	667

It can further be seen from Table 3.16 that the public sector topped the list of organizations that implemented the Policy in the first quarter of 2012 with 14 organizations. The public sector (Government) was however followed by the financial institutions that recorded seven organizations during the quarter. This puts the number of financial institutions implementing the GLIP at 117 as against 175 public sector organizations.

3.7 Payment of Death Benefits

The Commission approved 937 requests for payment of death benefits to the Next of Kin (NOK) of deceased employees in both the public and private sectors as shown in Table 3.17. The public sector accounted for a higher proportion of death benefit claims at 79.62 percent.

Table 3.17: Payment of Death Benefits

Sector	Male	Female	Total	% of Total	Life insurance Paid (₦ Million)	Total Death Benefit Paid (₦ Million)
Public	606	140	746	79.62	405.55	2005.77
Private	165	26	191	20.38	181.19	439.54
Total for Q1:2012	771	166	937	100	586.74	2,445.31
Jan-Dec 2011	3,303	502	3,805	100	2,421.13	7931.98
Jan 2011-Q1:2012	4,074	668	2,896	100.00	3,007.87	10,377.29

The public sector also accounted for a higher proportion of death benefit payments at ₦2,005.77 million (82.02 percent). The cumulative total death benefit payments stood at ₦10,377.29 million at the end of the first quarter, 2012.