

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 slightly improved macroeconomic performance as real GDP growth increased from 6.17 percent recorded in the first quarter to 6.28 percent in the second quarter. The slight improvement in the country's economic performance was accounted for by the non-oil sector that witnessed a growth of 7.50 percent following improved activities in the building and construction industry.

The rate of inflation increased marginally from 12.6 percent recorded in the first quarter. This could be explained by the continued effects of the partial removal of fuel subsidy that triggered price increases in the different segments of the economy. The double digit rate of inflation could negatively affect the real returns on pension fund investment, as well as erode the purchasing power of retirees who are generally on fixed income.

1.2 Developments in the Money Market

In contrast to the performance of the money market in the first quarter, the total value of money market assets declined by 5.2 percent from ₦5,837.3 billion recorded in the first quarter to ₦5,534.1 billion in the second quarter. This was as a result of the restrictive monetary policy stance of the Central Bank of Nigeria (CBN), which was largely influenced by the inflationary pressure being experienced in the country. Consequently, there was a reduction in the volume of Bankers Acceptances and Commercial Papers to the tune of 16.5 and 99.0 percent respectively that had negative consequence on the value of monetary assets during the quarter.

Interest rate development in the money market showed mixed results similar to what was experienced during the first quarter as rates of return on some money market instruments increased while others declined. For example, deposit rate on instruments with various maturities appreciated while the rate of return on deposits of over 12 months actually declined from 7.51 percent in the first quarter to 6.82 percent in the second quarter. However, at the inter-bank call segment of the market, the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors increased from 14.60 and 15.20 percent in the first quarter to 14.90 and 15.33 percent respectively in the second quarter.

The primary segment of the money market remained a beehive of activities as investors preferred the risk-free government securities following its high yields in real terms. Thus, Nigerian Treasury Bills (NTBs) of 91-, 182- and 364-day tenors, amounting to ₦970.81, ₦2,518.62 and ₦970.81 billion, respectively,

were offered, subscribed to and allotted in the second quarter, compared with the respective sums of ~~₦947.45~~ billion, ~~₦1,947.96~~ billion and ~~₦807.14~~ billion in the preceding quarter.

1.3 Developments in the Bond Market

The performance of the bond market was quite impressive in the second quarter as the auctioned FGN 3-, 5-, 7-, and 10-year tranches were heavily oversubscribed by 91.96 percent. Thus, the total value of the bonds offered, subscribed to, and allotted during the second quarter were ~~₦243.91~~ billion, ~~₦468.22~~ billion, and ~~₦243.91~~ billion respectively.

The rate of return on the FGN bonds of various tenures ranged from 14.95 to 16.24 percent. It was therefore not surprising that these securities were oversubscribed because their yield was quite high relative to the rate of inflation of 12.90 percent recorded in the quarter.

1.4 Development in the Stock Market

The performance of the stock market was impressive during the second quarter as shown by some market indicators. The number of deals had increased from 206,908 in the first quarter to 238,043 in the second quarter. Similarly, the volume of traded securities increased from 19.63 billion shares in the first quarter to 26.49 billion shares in the second quarter, representing an increase of 41.30 percent. The value of traded shares also witnessed an increase of 18.70 percent from ~~₦145.05~~ billion in the first quarter to ~~₦172.23~~ billion in the second quarter.

The stock market capitalization recorded an increase of 4.60 percent as it increased from ~~₦6.55~~ trillion in the first quarter to ~~₦6.90~~ trillion in the second quarter. Similarly, the NSE All Share Index increased by 4.60 percent from 20,652.47 in the first quarter to 21,599.57 in the second quarter.

SECTION TWO

Regulatory and Supervisory Activities

The need to ensure safety of pension assets, fair returns on investment and sustainability of the industry necessitated the need to proactively regulate and supervise the pension industry in order to achieve the aims and objectives of Pension Reform Act 2004. The supervisory approach rested on risk-based philosophy in order to cope with the challenges posed by the dynamics of the operating environment.

2.1 Surveillance of the Pension Industry

During the quarter under review, the Commission conducted target examinations in addition to the on-site and off-site examinations. The analyses of the off-site report that covered such areas as actuarial valuation, compliance, risk management and corporate governance were used as vital information sources in planning for the on-site examination carried out.

The actuarial valuation report showed that seven out of 11 Defined Benefit Schemes approved by the Commission had submitted their 2011 valuation to the Commission. The report further showed that two of the schemes recorded deficits of ₦11.33 billion and ₦26.82 billion respectively. The Commission had written to the concerned sponsors of the Schemes on the need to fund the identified shortfalls.

The compliance report showed some irregularities on the part of operators, which included: the non-execution of Trust Deeds governing some Schemes and Service Level Agreements with some custodians; unpaid benefits worth ₦25.27 million; and contributions without schedule valued at ₦0.81 billion. The Commission had forwarded compliance letters to the concerned operators regarding the listed irregularities.

The target examinations were focused on 6 Pension Fund Administrators (PFAs) and covered areas such as pension and benefit administration; investment process; service delivery; and breaches of rules and guidelines. Similarly, the Commission carried out inspection of 8 ailing PFAs with a view to determine the status of their recapitalization in line with the minimum capital requirement that was set by the Commission.

2.1.1 Resolution Activities

Based on the directive of the Senate Joint Committee on Pension Matters, the Commission intervened and resolved the pension issues between Nigeria Postal Services (NIPOST), the underwriters (IGI Insurance and LASACO Life Assurance) and the NIPOST Pensioners. As part of the resolutions reached, it was agreed that IGI Insurance, LASACO Assurance and NIPOST should pay the outstanding pension arrears of retirees from January to April, 2012. Various steps had since been taken to resolve other issues of harmonization and underpayment of pensions.

2.2 Compliance and Enforcement Activities

The Commission intensified its compliance activities during the quarter by conducting on-site inspection of 60 employers. The inspection culminated into the opening of additional 3,066 Retirement Saving Accounts (RSAs) to which the sum of ₦596.13 million was remitted. The inspection further showed that 15 of the 60 organizations had Group Life Insurance policy covers, while organizations that were in partial compliance with the provisions of Pension Reform Act (PRA) 2004 were sanctioned based on the Commission's regimes of sanctions.

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

During the quarter under review, the Commission received 3,769 applications from Trustfund Plc for the transfer of contributions amounting to ₦360.68 million from the defunct NPF/NSITF to the respective RSAs of the applicants. The Commission however, approved the transfer of ₦359.15 million to the RSAs of 3,750 applicants. 19 applications were rejected due to incomplete documentation, zero balance or duplicated applications. This brought the total amount and contributors for whom NSITF contributions were remitted to their RSAs to ₦6.81 billion and 92,521 respectively.

However, in order to fast-track the transfer of NSITF contributions into the RSAs of contributors, the Commission in conjunction with Trustfund Plc initiated the matching of RSA records to the records in the NSITF database. In furtherance of the matching of the records, the guidelines on the transfer of NSITF contributions were further amended to accommodate this new activity.

2.2.1.1 Recovery of Unremitted Pension Contributions

As part of the initiative to recover unremitted pension contributions from defaulting private sector employers along with interest penalty and following the appointment of 172 Recovery Agents, the Service Level Agreement (SLA)

was executed between the Commission and the Agents. The salient features of the SLA included the scope of service to be rendered by the Agents, remuneration, confidentiality, duration of the exercise, code of ethics, performance standards and service delivery.

In order to ensure successful implementation of the assignment, the Commission organized workshops in Abuja and Lagos for the Recovery Agents. The workshop addressed such issues as the compliance and enforcement activities of the Commission as well as the framework and processes for the recovery of outstanding pension liabilities of the private sector employers.

2.3 Establishment of Pension Transitional Arrangement Department (PTAD)

In order to address some lingering issues in the administration of pension in the public service, the Commission forwarded a proposal to the Federal Government seeking the approval for the establishment of a Pension Transitional Arrangement Department (PTAD). This was with the aim to streamline and coordinate the activities of the existing Pension Boards/Offices. Already an inter-Ministerial Committee chaired by the Director General of the Commission had been established by the Coordinating Minister for the Economy and Minister of Finance towards achieving this aim. Other members of the Committee include the Permanent Secretary Establishment and Records, Office of the Head of Civil Service of the Federation; Director General, Budget Office of the Federation; Accountant General of the Federation; and Auditor General of the Federation.

2.4 Other Compliance Efforts

(a) Applications of Regime of Sanctions

In line with the Sanction Regime, the Commission issued caution letters to 487 organizations for failure to comply with the provisions of the PRA, 2004. In addition, monetary penalties were 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 CPS by state governments showed that 21 states had enacted their Pension Laws as at the end of the second quarter. The states were Kaduna, Ogun, Niger, Lagos, Delta, Zamfara, Osun, Jigawa, Oyo, Imo, Kebbi, Sokoto, Kogi, Bayelsa, Nasarrawa, Taraba, Ekiti, Rivers, Akwa Ibom, 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	Oyo, Imo, Kebbi, Sokoto, Kogi, Bayelsa, Nasarawa, Taraba, Ekiti, Rivers, Akwa Ibom, Edo and Kano (yet to transfer its pension assets)

It can further be seen from Table 2.1 that eight states have commenced remittance of contributions into the RSAs of employees.

As in the first quarter, only four states out of the 21 states that have enacted the Law, have commenced funding their Retirement Bond Redemption Accounts (RBRFA) with the Central Bank of Nigeria (CBN). These states were Niger, Ogun, Kaduna, and Osun states and had their balances at ₦1.23 billion, ₦2.49 billion, ₦1.6 billion and ₦1.07 billion respectively. Lagos State still had its RBRFA domiciled in commercial banks with the balances not disclosed as at the reporting date.

(c) Examination of State Pension Commissions/Bureaus

The Commission carried out the maiden examination of the Lagos State Pension Commission (LASPEC) during the quarter. The examination was carried out with the objective to partly assess the status of implementation of the Contributory Pension Scheme (CPS) in Lagos State and partly to add value to the operations of LASPEC.

(d) Public Enlightenment Campaigns

The Commission facilitated and participated in some awareness and sensitization campaigns during the quarter. These included facilitating training programmes for the staff of Rivers State Pension Board and other Officials from the State's MDAs.

Similarly, the Commission held an interactive session with the Nigerian Labour Congress in Benin where three papers were presented on the following topics: "Overview of Compliance and Challenges of the CPS", "Ways and Strategies for State Government Implementation of the CPS", and "Viability of the PFAs".

During the quarter, the Commission conducted a workshop on International Financial Reporting Standard (IFRS) for Pension Operators in line with the roadmap of the Financial Reporting Council of Nigeria (FRCN). The FRCN roadmap makes it mandatory for public listed entities and those with significant public interest to prepare their financial statements using applicable

IFRS from January, 2012. The workshop, which was divided into two sessions, had Directors and top management staff of pension operators in attendance, while the second session was for staff of the Finance Departments of the operators.

2.5 Updates on the Verification of Pensioners of FGN Parastatals

The Commission enrolled 23 pensioners from seven Parastatals and Universities under the Federal Ministry of Education, with a total liability of ₦54.69 million. Similarly, 11 pensioners were enrolled from 5 Parastatals under the Federal Ministry of Health, with a total liability of ₦5.92 million.

2.5.1 Parastatals Pensioners' Verification Exercise (PPVE) Phase I

The Commission would conclude the PPVE Phase I during the quarter. So far, out of the 23,725 pensioners on the monthly pension schedules, 18,069 have been certified by the External Auditors appointed to review the data generated under the PPVE I. The balance of 5,656 records was recommended for further review. Following this recommendation, the Auditors visited 98 institutions with a view to clearing the discrepancies observed in some pensioners' records.

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 is presented in this section.

3.1 Scheme Memberships

The total Scheme memberships increased from 5,106,828 in the first quarter to 5,224,551 in the second quarter. This represented an increase of 2.31 percent as shown in Table 3.1. The RSA scheme accounted for the highest proportion of total scheme memberships at 98.68 percent. The Closed Pension Fund Administrators (CPFAs) and Approved Existing Schemes (AESs) accounted for 0.47 and 0.85 percent respectively.

A review of total RSA holders shows that RSA registrations for both the public and private sectors increased from 5,040,421 in the first quarter to 5,155,571 in the second quarter, which represented an increment of 115,150 (2.28 percent). However, membership of CPFA witnessed a negative growth of 0.004 percent while AES increased by 6.61 percent.

Table 3.1: Scheme Membership by Type of Scheme

Scheme	Q2:2011	Q3:2011	Q4:2011	Q1:2012	Q2:2012	% change (Q1 vs Q2:2012)
RSA	4,787,984	4,885,271	4,927,216	5,040,421	5,155,571	2.28
CPFA	24,716	24,728	24,613	24,597	24,596	(0.004)
AES	41,749	41,752	41,752	41,810	44,384	6.61
Total	4,854,449	4,951,751	4,993,581	5,106,828	5,224,551	2.31

3.1.1 Membership of RSA

As in the first quarter, the public sector dominated total RSA registrations in the second quarter at 2,820,153 accounting for 54.70 percent of total registrations.

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

Age Bracket	Public Sector		Private Sector		Sub-Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	485,520	192,511	602,296	251,977	1,087,816	444,488	1,532,304	29.72
30 - 40 yrs	589,016	342,198	687,733	204,049	1,276,749	546,247	1,822,996	35.37
41 - 50 yrs	517,698	286,274	340,480	68,375	858,178	354,649	1,212,827	25.32
51 - 60 yrs	274,316	104,903	135,151	15,173	409,467	120,076	529,543	10.27
Above 61 yrs	23,254	4,463	27,594	2,590	50,848	7,053	57,901	1.12
Total	1,889,804	930,349	1,793,254	542,164	3,683,058	1,472,513	5,155,571	100.00

The private sector recorded 2,335,418 RSAs representing a proportional contribution of 45.30 percent to total registration as at the end of the quarter. This could be explained by intensified compliance efforts of the Commission including the activities of the appointed Recovery Agents.

A review of the age distribution of RSA holders showed the age category “30 – 40” had continued to have the highest proportion of RSA holders in both the public and the private sectors at 35.29 percent. This suggests that 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

As in the first quarter, the ranking of PFAs by total registered contributors shows a decrease in the share of the top three, and five PFAs from 42.09 and 59.77 percent in the first quarter to 41.97 and 59.60 percent respectively as at the end of the second quarter as shown in Table 3.3. Similarly, the share of the top ten PFAs declined marginally from 84.08 percent in the first quarter to 84.06 percent in the second quarter. The share of the bottom five PFAs also declined marginally from 1.16 in the first quarter to 1.15 percent in the second quarter. However, the share of the bottom three and ten PFAs recorded marginal increases from 0.28 and 6.43 percent in the first quarter to 0.29 and 6.44 percent respectively in the second quarter.

Table 3.3: RSA Registration by Market Share of PFAs

PFA Ranking	Q3:2011 (% of Total)	Q4:2011 (% of Total)	Q1:2012 (% of Total)	Q2:2012 (% of Total)
Top 3	42.34	42.26	42.09	41.97
Top 5	60.02	59.96	59.77	59.60
Top 10	84.41	84.30	84.08	84.06
Bottom 3	0.27	0.27	0.28	0.29
Bottom 5	1.17	1.16	1.16	1.15
Bottom 10	6.25	6.31	6.43	6.44

In addition, Table 3.4 shows that a PFA had over 1,000,000 contributors by the end of the second quarter; two PFAs had between 500,000 to 1,000,000; nine PFAs had contributors in the range of 100,000 and 499,999; and 12 PFAs had less than 100,000 registered contributors each.

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 24,596 and 44,384 respectively as at the end of the second quarter as shown in Tables 3.5 and 3.6. These Tables further show that while membership of CPFAs declined marginally by 0.004 percent, membership of AESs recorded an increment of 6.16 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 Second Quarter of 2012

Enrolment Type	Number			Percentage of Total	
	Q4:2011	Q1:2012	Q2:2012	Q1	Q2
Active Members	18,807	18,681	18,671	75.95	75.91
Existing Pensioners	5,211	5,321	5,330	21.63	21.67
Deferred Pensioners	595	595	595	2.42	2.42
Total	24,613	24,597	24,596	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 2012

Enrolment Type	Number			Percentage of Total	
	Q4:2011	Q1:2012	Q2:2012	Q1:2012	Q2:2012
Active Members	25,525	25,583	28,195	61.19	63.53
Current Pensioners	14,844	14,844	14,806	35.50	33.36
Deferred Pensioners	149	149	149	0.36	0.33
Dependants	1,234	1,234	1,234	2.95	2.78
Total	41,752	41,810	44,384	100.00	100.00

Note: Dependants are protégés of deceased pensioners.

3.2 Pension Contributions

The total pension contribution by employees of both the public and private sectors was ₦1,377.34 billion as at the end of the second quarter. This marked an increase of ₦77.90 billion, representing 5.99 percent over the total contributions recorded at the end of the first quarter as shown in Table 3.7. The increase in total pension contributions could be explained by the increased level of compliance with the Pension Reform Act 2004.

A review of total contributions in the second quarter shows public sector had ₦827.18 billion, representing a 60.06 percent of the total contributions as against the private sector contributions of 39.94 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	1.89	-	-	15.60	1.13
2005	34.68	4.19	-	-	34.68	2.52
2006	37.38	4.52	23.03	4.19	60.41	4.39
2007	70.25	8.49	68.34	12.42	138.59	10.06
2008	99.28	12.00	80.81	14.69	180.09	13.08
2009	98.43	11.90	91.21	16.58	189.64	13.77
2010	162.45	19.64	102.86	18.70	265.31	19.26
2011	228.91	27.67	119.53	21.73	348.44	25.30
Q1:2012	33.84	4.09	32.84	5.97	66.68	4.84
Q2:2012	46.36	5.60	31.54	5.73	77.90	5.66
Total	827.18	100.00	550.16	100.00	1,377.34	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 71.04 percent of total contributions during the quarter, the top 10 accounted for 91.26 percent as revealed in Table 3.8. The Table further reveals that the bottom 5 and 10 PFAs accounted for 1.51 and 6.02 percent of the contributions as at the end of the period under review respectively.

Table 3.8: PFA Ranking by Size of Contributions

Rank	Amount (₦' Billion)	Q2:2012 (% of Total)
Top 5	86.12	71.04
Top 10	110.63	91.26
Bottom 5	1.83	1.51
Bottom 10	7.29	6.02

The average monthly contributions received by the top 5 and 10 PFAs during the quarter were ₦28.71 billion and ₦36.88 billion respectively. Similarly, the average monthly contributions received by the bottom 5 and 10 PFAs amounted to ₦0.61 billion and ₦2.43 billion respectively.

The size of the pension contributions of the PFAs established 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 1.51 and 6.02 percent of pension contributions in the second quarter respectively. In all, the bottom five and ten PFAs accounted for 7.53 percent share of total contributions received in the reviewed period.

3.3 Pension Fund Investment

The total value of unaudited pension assets increased by ₦184.11 billion in the second quarter from ₦2.55 trillion recorded in the first quarter to ₦2.74 trillion in the second quarter. This represented an increase of 7.22 percent as shown in Table 3.9. It can further be seen from the Table that RSA “Active” Funds had the largest pension fund investment portfolio during the quarter, accounting for 55.00 percent. The AES and CPFAs accounted for 20.29 and 17.43 percent respectively. The RSA “Retiree” Fund accounted for the remaining balance of 7.29 percent.

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

Fund/Period	Q4:2011		Q1:2012		Q2:2012		Change between Q1 & Q2:2012	
	₦' Billion	% of Total	₦' Billion	% of Total	₦' Billion	% of Total	₦' Billion	% of Total
RSA Active	1,293.33	52.78	1,391.68	54.47	1,506.34	55.00	114.66	8.24
RSA Retiree	175.30	7.15	186.98	7.32	199.59	7.29	12.61	6.74
CPFAs	457.09	18.65	464.51	18.18	477.30	17.43	12.80	2.76
AESs	524.66	21.41	511.66	20.03	555.61	20.29	43.95	8.59
Total	2,450.38	100.00	2,554.83	100.00	2,738.94	100.00	184.11	7.22

All the Funds witnessed increases in the value of their pension fund portfolios. The growth in RSA active funds was largely attributable to pension contributions that averaged ₦40 billion per month. Similarly, the CPFA and AES funds recorded increases in their investment portfolios, which could be explained by investment income and periodic injection of funds by scheme sponsors.

A review of pension fund investment portfolio shows that PFAs have consistently been investing more in FGN securities from the fourth quarter of 2011 to the second quarter of 2012. This investment class contributed 63.08

percent of total pension investment portfolio in the second quarter from 59.78 percent in the first quarter as shown in Table 3.10. In addition, investment in FGN securities increased by ₦200.66 billion, representing an increase of 13.14 percent over the figure recorded in the first quarter. This performance could be explained by increased investors' confidence and safety of assets as well as strategic moves of the PFAs as they divested part of their investment portfolio away from equities due to the volatilities of the market.

The growth in FGN securities was largely attributed to increased investments in Treasury Bills, which had relatively high average yields of 16 percent during the quarter. Similarly, pension funds were heavily invested in the 5-, 7-, and 10-year FGN bonds, which had yields of 15.85, 16.00, and 16.21 percent respectively as at the end of the second quarter. For similar reasons, investment in State Government Bonds increased by 4 percent in the second quarter from ₦104.12 billion in the first quarter to ₦109.24 billion.

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

Asset Class	Q4:2011		Q1:2012		Q2:2012		Change between Q1 & Q2:2012	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% Change
Ordinary Shares	363.02	14.81	319.24	12.50	310.06	11.32	(9.18)	(2.88)
FGN Securities	1,361.31	55.56	1,527.16	59.78	1,727.82	63.08	200.66	13.14
State Govt. Bonds	109.81	4.48	104.12	4.08	109.24	3.99	5.12	4.92
Money Market Securities	319.43	13.04	287.80	11.27	279.85	10.22	(7.95)	(2.76)
Corporate Debt Securities	74.89	3.06	75.57	2.96	71.53	2.61	(4.04)	(5.35)
Other Assets	224.41		240.56	9.42	240.43	8.78	(0.13)	(0.05)
Total Assets	2,450.38	100.00	2,554.55	100.00	2,738.93	100.00	184.38	7.22

Note: Figures in Parenthesis are decreases

The period under review also witnessed decline in investment in money market securities, which decreased by ₦7.95 billion from ₦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 the slight increases in returns on other fixed income securities.

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 55.20 and 70.11 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 41.97 and 59.60 percent of RSA registration respectively in the quarter.

Table 3.11: Rank of PFA by Asset Size

PFA Rank	Q4:2011		Q1:2012		Q2:2012	
	Amount (N' Million)	% of Total Pension Assets	Amount (N' Million)	% of Total Pension Assets	Amount (N' Million)	% of Total Pension Assets
Top 3	705.42	54.87	769.84	55.06	853.83	55.20
Top 5	897.41	69.80	977.44	69.91	1,084.52	70.11
Top 10	1,181.72	91.91	1,284.06	91.84	1,419.19	91.79
Bottom 3	1.59	0.12	1.72	0.12	0.22	0.14
Bottom 5	5.26	0.41	5.76	0.41	1.02	0.66
Bottom 10	33.67	2.62	38.23	2.73	5.32	3.44

The bottom three, five and 10 PFAs' share of pension assets witnessed slight improvements during the quarter under review as they increased minimally from 0.12, 0.41 and 2.73 percent in the first quarter to 0.14, 0.66, and 3.44 percent respectively in the second quarter.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal (PW)

The Commission approved 3,945 applications for Programmed Withdrawal during the quarter. This brought the total number of retirees on Programmed Withdrawal to 49,951 from inception to the end of the second 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 Second Quarter, 2012

Sector	Gender		Total	Lump sum (N'Million)	PW (N'Million)
	Male	Female			
Public	2,542	738	3,280	8827.31	100.98
Private	587	78	665	703.07	11.41
Q2: Sub-Total	3,129	816	3,945	9,530.38	112.39
Inception to Q1	38,107	7,899	46,006	125,216.69	1,447.11
Total	41,236	8,715	49,951	134,747.07	1,559.50

Note: Public Sector refers to both Federal and State Governments

It can further be seen from Table 3.12 that while the public sector accounted for 3,280 retirees (83.14 percent), the private sector accounted for 665 retirees (16.86 percent). A review of the retirees on Programmed Withdrawal from inception to the end of second quarter by gender shows the dominance of the male sex which accounted for 82.56 percent of total retirees against the female gender that accounted for the balance of 17.44 percent.

3.4.2 Retirement by Annuity

During the quarter, a total of 409 retirees opted for Life Annuity retirement plan. This shows an increasing level of retirees' awareness of annuity plan as alternative option to the Programmed Withdrawal method of collecting pension. Thus, the total number of retirees on annuity plan increased from 967 as at the end of the first quarter to 1,367 in the second quarter, representing an increase of 41.37 percent.

The sum of ₦1,450.11 million was approved as total lump-sum and paid out to retirees during the second quarter. Similarly, the sum of ₦2.07 billion was paid out to insurance companies as premium in return for an average monthly/quarterly annuity payout of ₦20.51 million as shown in Table 3.14.

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

Sector	Male	Female	Total	% of Total	Annuity (N'M)	Average Monthly Annuity (N'M)	Lump Sum (N'M)	Premium (N'M)
FGN	210	78	288	70.42	14.43	4.81	1,066.96	1,454.08
State	39	66	105	25.67	4.58	1.53	338.27	471.39
Private	15	1	16	3.91	1.50	0.50	44.88	140.23
Total (Q2:2012)	264	145	409	100.00	20.51	6.84	1,450.11	2,065.70
Total inception to Q1.2012	734	233	967	Na	38.56	Na	3,130.14	4,163.42
Cumulative Total as at Q2:2012	968	378	1,376	Na	59.07	Na	4,580.25	6,229.12

Na = Not applicable

Table 3.14 further shows that the public sector had a larger proportion of retirees under the Life Annuity plan at 393, representing 96.09 percent in the second quarter. This is against the private sector's 3.91 percent. However, while cumulative lump-sum withdrawal as at the end of the review period was ₦4.58 billion, a cumulative premium of ₦6.23 billion was paid to insurance companies.

3.5.3 Withdrawal of 25 Percent of RSA Balances

During the quarter, the Commission approved the payment of ₦539.82 million being payment of 25% of RSA balance to 3,139 RSA holders who were disengaged from work and could not secure another job within six months as stipulated in the PRA 2004. An appraisal of the requests showed that private sector employees accounted for the highest proportion at 3,000 representing 95.57 percent of total requests during the second quarter. While this category of RSA holders was paid the sum of ₦507.20 million, the public sector was paid ₦32.62 million or 6.04 percent of total payment as shown in Table 3.15.

Table 3.15: Withdrawal of 25% RSA Balance as at Q2:2012

Sector	Male	Female	Total	% of Total	Total 25% Request (₦ Million)
FGN	93	31	124	3.95	25.19
State	9	6	15	0.48	7.43
Private	2,580	420	3,000	95.57	507.20
Sub-Total for Q2:2012	2,682	457	3,139	100	539.82
Inception to Q1:2012	27,548	3,641	31,189	100	5,006.27
Cumulative Total as at Q2:2012	30,230	4,098	34,328	100	5,564.10

3.6 Implementation of Group Life Insurance Policy (GLIP)

In furtherance of compliance with the provisions of Section 9(3) of the PRA 2004, the pension industry recorded an increase in the number of organizations implementing the GLIP as the number of complying organizations increased by 191 from 667 as at the end of the first quarter to 858. This represented an increase of 28.64 percent as at the end of the second quarter, 2012 as shown in Table 3.16.

Table 3.16: Submission of Group Life Insurance Certificates

S/N	Category	Cum. Q1	Q2:2012	Cum. Total
1	Financial Institutions	117	32	149
2	Educational Institutions	13	4	17
3	Construction	34	21	55
4	Oil and Gas	40	13	53
5	Manufacturing	52	13	65
6	Hospitality	26	9	35
7	Government	175	5	180
8	Pension Operators	32	17	49
9	Commercial	124	59	183
10	Others	54	18	72
	TOTAL	667	191	858

Unlike the first quarter, Table 3.16 further shows that the Commercial activities sector topped the list of organizations that implemented the Policy in the second quarter at 183 followed by the public sector (Government) at 180. The financial sector came third as the number of financial institutions implementing the GLIP increased from a cumulative total of 117 in the first quarter to 149 in the second quarter, representing an increase 27.35 percent.

3.7 Payment of Death Benefits

The Commission approved 1,194 requests for payment of death benefits to the Next of Kin of deceased employees in both the public and private sectors as at the end of second quarter as shown in Table 3.17. The total death benefits paid during the second quarter stood at ₦3.56 billion, out of which ₦1.10 billion (30.97 percent) represents proceeds of Group Life Insurance Policy. The public sector accounted for the highest proportion of death benefit claims at 77.89 percent.

Table 3.17: Payment of Death Benefits as Q2:2012

Sector	Male	Female	Total	% of Total	Life insurance Paid (₦'m)	Total Death Benefit Paid (₦'m)
FGN	768	162	930	77.89	577.60	2,544.34
State	17	9	26	2.18	2.64	113.41
Private	198	40	238	19.93	523.48	906.17
Total for Q2:2012	983	211	1,194	100.00	1,103.72	3,563.92
Jan: 2011 to Q2:2012	4,074	668	4,742	100.00	3,007.87	10,377.29
Total	5,057	879	5,936	100.00	4,111.59	13,941.20

The cumulative total death benefit payments stood at ₦13.94 billion as at the end of the second quarter of 2012.