

## *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 pension industry operated under an improved macroeconomic environment in the third quarter of 2015 compared to the second quarter. The real Gross Domestic Product (GDP) grew by 2.84 percent relative to a growth rate of 2.35 recorded in the second quarter. This represented a marginal increase of 0.49 percent.

However, inflation rate grew by 0.90 percent from 8.50 percent in the second quarter to 9.40 percent in the third quarter. The increase in rate of inflation signaled a potential negative impact on the real rate of return on pension fund investments during the quarter under review.

#### **1.2 Developments in the Money Market**

The stance of monetary policy remained restrictive in the third quarter of 2015 as the Monetary Policy Rate (MPR) was maintained at 13 percent, while the Cash Reserve Ratio (CRR) was reduced from 31 to 25 percent. The liquidity ratio was maintained at 30 per cent for the period under review as a check to the threat of rising prices.

Interest rate developments in the market showed some levels of moderation relative to what obtained in the second quarter of the year. For example, the average interbank call rate that was 10.85 percent in the second quarter declined by 2.73 percent to close at 8.12 percent in the third quarter. However, the rates on deposits of various maturities increased from the range of 9.02 and 10.83 percent in the second quarter to the range of 9.08 and 11.21 percent during the quarter under review. Similarly, the spread between the average term deposit and maximum lending rates increased marginally by 0.15 percent from 26.84 percent in the second quarter to 26.99 percent in the third quarter. All these could be explained by the liquidity mop-up in the banking industry.

#### **1.3 Developments in the Bond Market**

The period under review did not witness the issuance of any new FGN Bonds. However, there was reopening of the 5-, and 20-year tranches during the review period. The 5- year tenors, were offered for the amount in the range of ₦35 billion and ₦45 billion, while the 20-year tenor was offered for amounts in the range of ₦25 billion and ₦35 billion. The marginal rates for the bonds ranged from 12.15 to 15.54 percent similar to the preceding quarter.

## 1.4 Developments in the Stock Market

During the quarter under review, the Nigerian Stock Exchange (NSE) introduced NSE Pension Index. The constituents of the Index were selected in accordance with the criteria as defined by the Regulations on Pension Fund Investment issued by the Commission. The NSE Pension 40 Index values would provide a tracking mechanism for the Commission to monitor compliance as well as serve as performance benchmark for Pension Fund Managers, investors and other fund managers.

Performance Indicators of the Nigerian Stock Market showed declines in the third quarter of 2015 relative to the figures in the second quarter. The market capitalization dropped slightly from ₦17.02 trillion in the second quarter to ₦17.01 trillion, representing a marginal decline of 0.06 percent. The market capitalization of the new NSE Pension 40 Index, which represented 26.98 percent of the total market capitalization closed at ₦4.59 trillion in the quarter. The NSE All share Index (NSE ASI) during the quarter closed at 31,217.77, which was 6.69 percent lower than the preceding quarter.

However, while the volume of shares traded increased marginally by 0.20 billion during the quarter, the value of shares traded witnessed a decline by 18.48 percent from ₦278.15 billion at end of second quarter to ₦226.76 billion at the end of the third quarter.

## **SECTION TWO**

### **Regulatory and Supervisory Activities**

The Commission continued its consultative philosophy in the regulation and supervision of the industry. The risk-based examination approach was implemented as a way of promoting transparency and providing early warning signals as well as encouraging pension operators to regularly self-evaluate their positions.

#### **2.1 Surveillance of the Pension Industry**

The Commission conducted routine examinations on eight (8) operators in the third quarter. The examination was risk based and covered eleven (11) broad areas which included: The Company, Board and Management, Information and Communications Technology, Pension Administration, Benefits Administration and Payments, Fund Management, Fund Accounting, Risk Management, Compliance, Internal Control as well as Service Delivery.

In addition, the Commission also carried out inspection on selected Branch Offices of operators that had reached the threshold of at least ₦100 billion of funds under management. The exercise was to ascertain the quality of services rendered by the operators to their clients at the branches and service centers.

##### **a) Compliance Reports**

The major issues observed from the review of the compliance reports forwarded by the operators during the quarter included: breach of investment limits by some PFAs, un-credited pension contributions, improper storage of registration documents, failure to fill vacant top management positions and failure to send statements to Contributors as and when due.

As a consequence of these irregularities, the Commission forwarded letters to the operators involved on the issues and has been reviewing the operators' responses towards resolving them. In addition, some of the issues were also raised and discussed with the operators during the on-site examination exercise.

##### **b) Actuarial Valuation**

The Commission continued to receive Actuarial Valuation reports from Defined Benefit Schemes for the financial year ended 31 December, 2014. The review of reports received during the quarter showed that the West African Examination Council Staff Pension Scheme had recorded Surplus of ₦1.39 billion while Chevron Nigeria Closed PFA Limited had Deficit of ₦4.99 billion.

## **c) Corporate Governance**

During the quarter under review, the Commission received and reviewed 30 Corporate Governance reports from Licensed Pension Fund Operators for the financial year ended 31 December, 2014. The review of the reports indicated violations of the Code of Corporate Governance in the areas of non-submission of performance evaluation of the Board, Board Committees and individual Directors; inadequate meeting of the Board and its Committees; and poor level of attendance by some members at the Board at Committee meetings. The Commission is working with the concerned operators to resolve these issues.

### **2.1.1 Update on Returns Rendition System**

As part of the their obligations to the Commission, 23 Licensed Pension Operators comprising 13 PFAs and 6 CPFAs and 4 PFCs have rendered returns on the Funds under their management/custody as well as their companies accounts through the Risk Management Analysis System (RMAS) during the quarter under review. The returns for 8 PFAs and 1 CPFA were yet to be received.

The review of returns rendered so far, indicated an increase in the pension assets under management/custody of the operators. However, the detailed analysis of the financials of Funds and Operators was still ongoing.

### **2.1.2 Resolution Activities**

First Guarantee Pension Managers Limited remained under the regulatory intervention of the Commission following the appointment of an Interim Management Committee (IMC) to superintend over the affairs of the PFA in August, 2013. The Commission is awaiting the resolution of the issues that led to the regulatory intervention.

## **2.2 Compliance and Enforcement Activities**

The Commission continued to apply various strategies to ensure compliance with the provisions of the Pension Reform Act (PRA) 2014. These included the application of sanctions and collaboration with key stakeholders on public enlightenment campaigns as well as engagement of defaulting employers via pension recovery agents that were engaged by the Commission to recover unremitted pension contributions. The following are details of some of the compliance activities.

## **2.2.1 Update on Compliance by the Private Sector**

During the quarter, the Commission received 940 applications for the issuance of compliance certificates, out of which compliance certificates were issued to 893 organizations. The remaining 47 applications were turned down due to non-remittance of pension contributions for the appropriate period and non-provision Group Life Insurance Policy for their employees.

## **2.2.2 Transfer of Nigeria Social Insurance Trust Fund (NSITF) Contributions to Members' RSAs**

The Commission continued the supervision of the transfer of NSITF contributions into beneficiaries' RSAs during the quarter under review. In this regard, 920 applications for the transfer of contributions amounting to ₦58.46 million were received. The applications were processed and "no objection" was granted to Trustfund Pensions Plc to transfer ₦55.36 million to the RSAs of 886 beneficiaries. Thirty-four (34) applications totaling ₦1.63 million were rejected due to incomplete documentations. This brought to ₦9.07 billion the total NSITF contributions transferred to RSAs of 125,757 NSITF contributors.

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

During the quarter, the Commission maintained the services of consultants to follow-up and conclude the recovery of outstanding pension contributions with interest penalty from defaulting employers. Following the issuance of demand notices to defaulting employers whose liabilities had been established by the consultants, some employers have remitted the outstanding pension contributions and penalties. During the quarter, the sum of ₦993.69 million representing principal contributions of ₦740.69 million and penalty of ₦253.00 million were recovered. This brought the total recoveries made to date to ₦ 8.73 billion.

## **2.2.4 Update on Informal Sector Participation in the Contributory Pension Scheme (CPS)**

In an effort to encourage the informal sector to participate in the CPS, the Commission developed and distributed the Framework for the informal sector participation in the CPS to all stakeholders for review and comments. The inputs from various stakeholders had been collated and subsequently incorporated into the Framework. In this regard, the Commission commenced work on the Guidelines and other modalities that would facilitate the participation of the informal sector in the Scheme.

## 2.3 Other Compliance Efforts

### (a) Implementation Update by the State Governments

State Governments continued to make progress in the level of implementation of the CPS. As at the end of the third quarter, twenty-six (26) States Governments had enacted their Pension Reform Laws while 10 States were at the Bill stage. Furthermore, 673,116 contributors from various states of the Federation were registered with different PFAs. A breakdown of the level of implementation of the CPS by State Governments is presented in Table 2.1

**Table 2.1: Level of Compliance with the CPS by State Governments**

S/N	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
1	Jigawa	Assets transferred to 6 PFAs for management	N/A	N/A
2	Lagos	Commenced	Funded	Implemented
3	Ogun	Commenced	Funded	Not implemented
4	Kaduna	Commenced	Funded	Not implemented
5	Niger	Commenced	Funded	Implemented
6	Delta	Commenced	Funded	Not Implemented
7	Zamfara	Commenced	Not funded	Not implemented
8	Osun	Commenced	Funded	Implemented
9	Rivers	Commenced	Funded	Implemented
10	Kano	Assets yet to be transferred	N/A	N/A
11	Imo	Yet to commence remittance of pension contributions but the Imo State University is currently implementing the CPS	Not funded	Not implemented
12	Kebbi	Yet to commence	Not funded	Not implemented
13	Sokoto	Yet to commence	Not funded	Not implemented
14	Ekiti	Yet to commence	Not funded	Not implemented
15	Kogi	Yet to commence	Not funded	Not implemented
16	Bayelsa	Yet to commence	Not funded	Not implemented
17	Nasarawa	Yet to commence	Not funded	Not implemented
18	Oyo	Yet to commence	Not funded	Not implemented
19	Katsina	Yet to commence	Not funded	Not implemented
20	Akwa Ibom	Yet to commence	Not funded	Not implemented
21	Edo	Yet to commence	Not funded	Not implemented
22	Ondo	Yet to commence	Not funded	Not implemented
23	Benue	Yet to commence	Not funded	Not implemented
24	Kwara	Yet to commence	Not funded	Not implemented
25	Plateau	Yet to commence	Not funded	Not implemented
26	Cross River	Yet to commence	Not funded	Not implemented
27	Anambra	Commenced	Funded	Not implemented
28	Enugu	Yet to commence	Not funded	Not implemented
29	Abia	Yet to commence	Not funded	Not implemented
30	Ebonyi	Yet to commence	Not funded	Not implemented
31	Taraba	Yet to commence	Not funded	Not implemented
32	Bauchi	Yet to commence	Not funded	Not implemented
33	Borno	Yet to commence	Not funded	Not implemented
34	Gombe	Yet to commence	Not funded	Not implemented
35	Yobe	Yet to commence	Not funded	Not implemented
36	Adamawa	Yet to commence	Not funded	Not implemented

Apart from enacting laws on the CPS, Table 2.1 further shows that ten (10) out of the 36 states had commenced remittance of contributions into the RSAs of their employees. Similarly, eight (8) State Governments have commenced the funding of their Retirement Benefit Bond Redemption Fund Accounts (RBBRFAs).

**(b) Implementation of the CPS by Self-funded Agencies**

The Commission conducted on-site reviews of 35 self-funded Government Agencies during the quarter to assess their compliance level with the Pension Reform Act, 2014. The ongoing assessment process is expected to ensure full compliance by the relevant Agencies.



## SECTION THREE

### Pension Industry Statistics

#### 3.1 Scheme Memberships

The pension industry witnessed a growth of 1.70 percent in scheme membership during the third quarter from 6,696,793 contributors at the end of the preceding quarter to 6,810,554. The increase was largely driven by RSA Scheme, which had an increase of 113,867 contributors representing 1.72% as against the negative growth observed in membership of the Closed Pension Fund Administration Scheme (CPFA). The Approved Existing Scheme (AES) membership remained unchanged. Breakdown of Scheme memberships is provided in Table 3.1.

**Table 3.1 Scheme Memberships as at Third Quarter, 2015**

<b>Scheme</b>	<b>Q1:2015</b>	<b>Q2:2015</b>	<b>Q3:2015</b>	<b>% change (Q2: 2015 and Q3:2015)</b>
RSA	6,515,736	6,631,539	6,745,406	1.72
CPFA	24,344	24,303	24,197	(0.44)
AES	40,951	40,951	40,951	0.00
<b>Total</b>	<b>6,581,031</b>	<b>6,696,793</b>	<b>6,810,554</b>	<b>1.70</b>

Note: Figures in parenthesis represent decrease

The apparent stagnancy in the memberships of AES and CPFAs could be explained by the fact that the PRA 2014 had closed new registrations into these Schemes.

##### 3.1.1 Membership of RSA

A breakdown of the RSA registrations indicates a 0.94 percent (9,930) increase in membership of the public sector, which recorded total registration of 3,204,440 at the end of the second quarter. This figure represents 47.51 percent of the total RSA registration as at the end of the third quarter as shown in Table 3.2.

**Table 3.2: RSA Registrations by Age and Sector in Third Quarter, 2015**

Age Range	Public Sector		Private Sector		Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	140,069	60,747	371,924	168,137	511,993	228,884	740,877	10.98
30 - 39 yrs	722,156	361,452	1,151,617	413,941	1,873,773	775,393	2,649,166	39.27
40 - 49 yrs	568,281	355,939	703,107	177,920	1,271,388	533,859	1,805,247	26.76
50 - 59 yrs	490,918	263,284	361,078	60,218	851,996	323,502	1,175,498	17.43
60 - 65 yrs	142,522	49,403	81,818	8,963	224,340	58,366	282,706	4.19
above 65 yrs	40,778	8,891	38,684	3,559	79,462	12,450	91,912	1.36
<b>Total</b>	<b>2,104,724</b>	<b>1,099,716</b>	<b>2,708,228</b>	<b>832,738</b>	<b>4,812,952</b>	<b>1,932,454</b>	<b>6,745,406</b>	<b>100.00</b>

The private sector shows a continuous dominance in RSA membership with 52.49 percent or 3,540,960 of the total RSA registration as at the reporting period as against 3,457,029 recorded in the previous quarter. The private sector also witnessed a higher growth of 2.43 percent (83,937) than the public sector during the quarter under review. This can be attributed to increase in the level of compliance by the private sector as a result of the various steps taken by the Commission to improve compliance and coverage, as well as the marketing strategies of the PFAs.

Analysis of the age distribution of RSA holders revealed that the scheme members were quite young, as 78 percent of the members were below 50 years while 51 percent of the members were below the age of 40 years. Thus, the demography of the scheme favours longer accumulation periods and long-term investible instruments like the infrastructure funds and bonds for economic development.

### 3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by number of registered contributors shows that while the market shares of the bottom three, five and ten PFAs have continued to grow, those of the top three, five and ten slightly dipped as at end of third quarter of 2015. The shares of bottom five and ten PFAs increased from 2.68 and 13.92 percent in Q2 to 2.76 and 14.08 percent as at the reporting period respectively. However, the market shares of top five and ten dropped from 60.99 and 86.08 percent in the previous quarter to 60.80 and 85.92 percent as at the quarter under review.

**Table 3.3: RSA Registration by Market Share**

<b>PFA Ranking</b>	<b>Q2:15 (%)</b>	<b>Q3:15 (%)</b>
Top 3	44.20	43.99
Top 5	60.99	60.80
Top 10	86.08	85.92
Bottom 3	1.14	1.19
Bottom 5	2.68	2.76
Bottom 10	13.92	14.08

Table 3.3 further shows that the share of the top three PFAs had reduced from 44.20 percent as at the end of second quarter of 2015 to 43.99 percent as at the end of the third quarter. The share of the bottom three PFAs increased by 4.39 percent from 1.14 percent as at the end of second quarter, 2015 to 1.19 percent as at the quarter under review.

Table 3.4 reveals 75 percent of the PFAs had registered less than 500,000 RSA contributors. The Table also shows that five PFAs (25 percent) registered above 500,000 RSA contributors during the quarter.

**Table 3.4: Range of RSA Registration per PFA**

<b>Range of RSA Registrations</b>	<b>Number of PFAs</b>
500,000 – 1,000,000	5
100,000 – 499,999	8
Less than 100,000	7

### 3.1.3 Memberships of CPFA and AES

The total memberships of licensed CPFAs and the AESs were 24,197 and 40,951 respectively as at the end of the third quarter as shown in Tables 3.5 and 3.6. A review of the Tables shows a decline of 0.44 percent in the membership of the CPFAs from second quarter figures, while that of the AESs remained unchanged during the quarters.

**Table 3.5: Membership of CPFAs as at Third Quarter, 2015**

<b>Enrolment Type</b>	<b>Number</b>			<b>Percentage of Total</b>	
	<b>Q1:2015</b>	<b>Q2:2015</b>	<b>Q3:2015</b>	<b>Q2:2015</b>	<b>Q3:2015</b>
Active Members	17,883	17,760	17,623	82.93	72.83
Existing Pensioners	5,866	5,948	5,979	12.93	24.71
Deferred Pensioners	595	595	595	4.14	2.46
<b>Total</b>	<b>24,344</b>	<b>24,303</b>	<b>24,197</b>	<b>100.00</b>	<b>100.00</b>

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, 2015**

Enrolment Type	Number			Percentage of Total	
	Q1:2015	Q2:2015	Q3:2015	Q2:2015	Q3:2015
Active Members	24,255	24,255	24,255	59.23	59.23
Current Pensioners	15,313	15,313	15,313	37.39	37.39
Deferred Pensioners	149	149	149	0.39	0.39
Dependants	1,234	1,234	1,234	3.01	3.01
<b>Total</b>	<b>40,951</b>	<b>40,951</b>	<b>40,951</b>	<b>100.00</b>	<b>100.00</b>

Note: Dependants are protégés of deceased pensioners.

### 3.2 Pension Contributions

The total pension contributions made by both the public and private sectors into the RSA Scheme was N3.29 trillion as at the end of third quarter of 2015. This marked an increase of N252.66 billion over the second quarter, representing 7.67 percent increase. Furthermore, the public sector contributions were lower than that of the private sector during the quarter under review. Overall, while the cumulative contributions of the public sector accounted for 53.43 percent of the total, the private sector contributions accounted for 46.57 percent.

**Table 3.7: Pension Contributions as at Third Quarter, 2015**

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	0.89	-	-	15.60	0.47
2005	34.68	1.97	-	-	34.68	1.05
2006	37.38	2.12	23.03	1.50	60.41	1.83
2007	80.63	4.58	68.34	4.46	148.97	4.52
2008	99.28	5.64	80.81	5.27	180.09	5.47
2009	137.10	7.79	91.21	5.95	228.31	6.93
2010	162.46	9.23	103.03	6.72	265.49	8.06
2011	228.92	13.01	119.53	7.79	348.45	10.58
2012	331.14	18.82	174.43	11.37	505.57	15.35
2013	278.50	15.83	225.42	14.70	503.92	15.30
2014	237.76	13.51	343.97	22.43	581.73	17.66
Q1:2015	27.50	1.56	52.37	3.41	79.87	2.43
Q2:2015	35.27	2.00	52.55	3.43	87.82	2.67
Q3:2015	53.54	3.04	199.12	12.98	252.66	7.67
<b>Total</b>	<b>1,759.76</b>	<b>100.00</b>	<b>1,533.81</b>	<b>100.00</b>	<b>3,293.57</b>	<b>100.00</b>

The pension contribution of the private sector increased from ₦1.33 trillion in the second quarter to ₦1.53 trillion in the third quarter, representing a growth of 15.04 percent.

### 3.2.1 Contributions by Rank of PFA

The ranking of PFAs by total pension contributions indicates that the top 5 PFAs received 67.94 percent of the total contributions into the RSAs of their registered contributors as at the end of the quarter under review. The top 10 PFAs accounted for 90.30 percent of the total contributions. The bottom 5 and 10 PFAs received a total pension contributions of ₦51.09 billion and ₦293.23 billion representing 1.69 and 9.70 percent respectively.

**Table 3.8: PFA Ranking by Size of Contributions as at Third Quarter, 2015**

Rank	Amount (₦' billion)	Percentage of Total
Top 5	2,054.35	67.94
Top 10	5,73.65	90.30
Bottom 5	51.09	1.69
Bottom 10	293.23	9.70

### 3.3 Pension Fund Investment

The total value of pension fund assets grew to ₦5.11 trillion as at 30 September, 2015 from ₦4.96 trillion as at the end of the second quarter, representing an increase of 3.08 percent (₦152.89 billion). This is indicative of slower growth compared to 3.27 percent as at the second quarter of the same year. The breakdown of the pension assets is shown in Table 3.9.

**Table 3.9: Pension Fund Portfolio by Fund Type as at Third Quarter, 2015**

Fund/Period	Q1:2015		Q2:2015		Q3:2015		Change between Q2:2015 & Q3:2015	
	₦' Billion	% of Total	₦' Billion	% of Total	₦' Billion	% of Total	₦' Billion	% of Total
RSA Active	3,037.15	63.24	3,190.98	64.33	3,350.96	65.54	159.98	104.64
RSA Retiree	426.36	8.88	400.52	8.07	399.80	7.82	(0.72)	(0.47)
CPFAs	696.02	14.49	714.15	14.40	709.26	13.87	(4.89)	(3.20)
AESs	643.38	13.40	654.45	13.19	652.97	12.77	(1.48)	(0.97)
<b>Total</b>	<b>4,802.91</b>	<b>100.00</b>	<b>4,960.09</b>	<b>100.00</b>	<b>5,112.99</b>	<b>100.00</b>	<b>152.89</b>	<b>100.00</b>

Table 3.9 reveals that RSA Active Fund had the largest portion of the total assets, accounting for 65.54 percent (₦3,350.96) of total pension funds assets. It exceeded the growth rate of 64.33 percent recorded in the second quarter. The CPFAs and AESs assets stood at ₦709.26 billion and ₦652.97 billion representing 13.87 and 12.77 percent respectively. The RSA Retiree Funds

recorded ₦399.80 billion, representing 7.82 percent of the total pension fund assets as at the end of the quarter.

A breakdown of pension industry portfolio as illustrated in Table 3.10 shows that Federal Government Securities accounted for 67% of total pension assets as at the end of the quarter. This was made up of FGN Bonds, 54 percent, and Treasury Bills, 13 percent.

**Table 3.10: Pension Industry Portfolio as at September, 2015**

Asset Class	30-Sep-15		30-Jun-15		Variance (Q3 – Q2)
	₦ Billion	%	₦ Billion	%	₦ Billion
Quoted Ordinary Shares	540.92	10.58	560.88	11.31	-19.96
FGN Securities:					
FGN Bonds	2,776.51	54.30	2,537.68	51.16	238.83
Treasury Bills	662.86	12.96	622.94	12.56	39.92
State Govt. Bonds	160.52	3.14	161.29	3.25	-0.77
Corporate Debt Securities	148.32	2.90	144.06	2.90	4.26
Supranational Bonds	12.47	0.24	12.8	0.26	-0.33
Money Market Instruments	475.11	9.29	571.27	11.52	-96.16
Open/Close-End Funds	19.11	0.37	21.37	0.43	-2.26
Real Estate Property	209.55	4.10	213.08	4.30	-3.53
Private Equity Funds	14.23	0.28	12.55	0.25	1.68
Infrastructure Funds	0.84	0.02	1.19	0.02	-0.35
Foreign Investments:		0.00		0.00	
Equities	64.58	1.26	71.25	1.44	-6.67
Money Market Instruments	0.97	0.02	0.22	0.00	0.75
Cash & Other Assets	26.99	0.53	29.52	0.60	-2.53
<b>Total</b>	<b>5,112.98</b>	<b>100.00</b>	<b>4,960.10</b>	<b>100.00</b>	<b>152.88</b>

The investments in quoted ordinary shares decreased by ₦19.96 billion (4 percent) in the quarter to stand at ₦540.92 billion. This could be attributed primarily to depreciation in the market prices of quoted equities during the period. It was a reflection of the key market performance indicators, the NSE-All Share Index and Market Capitalization, which declined by 6.69% and 6.04%, respectively. The NSE-All Share Index and Market Capitalization depreciated from 33,456.83 basis points and ₦11.42 Trillion on 30 June, 2015 to 31,217.77 basis points and ₦10.73 Trillion, respectively, as at 30 September, 2015. In addition, the values of investment in Money Market Instrument, Real Estate and Open/Closed Ended Funds shrunk relative to the second quarter by ₦96.16 billion (17 percent), ₦3.53 billion (2 percent) and ₦2.26 billion (11 percent) respectively.

The value of investments in FGN Bonds and Treasury Bills increased by ₦238.83 billion (9%) and ₦39.92 billion (6%), respectively, due to new investments. The value of investment in State Government Bonds decreased by ₦764 million due to partial redemptions and coupon payments while the value of investment in Corporate Bonds increased by ₦4.26 billion due to accrued coupons on investments.

### 3.3.2 PFA Ranking by Size of RSA Assets

A review of PFAs' rank by size of assets shows that the top 3 and 5 PFAs accounted for more than half of the total RSA assets at 54.57 and 67.45 percent respectively while the top ten PFAs controlled 88.17 percent of the total RSA assets as at the end of the quarter under review. The trend through the quarters indicated a redistribution of the RSA assets across the PFA ranking with the bottom ranked PFAs expanding and the top ranked PFAs contracting.

**Table 3.11: Rank of PFA by Asset Size**

PFA Rank	Q1:2015		Q2:2015		Q3:2015	
	Amount (₦' Billion)	% of Total Pension Assets	Amount (₦' Billion)	% of Total Pension Assets	Amount (₦' Billion)	% of Total Pension Assets
Top 3	1,851.50	55.47	1,943.97	54.80	2,005.71	54.57
Top 5	2,300.55	68.93	2,411.86	68.00	2,479.13	67.45
Top 10	2,967.38	88.91	3,127.92	88.18	3,240.68	88.17
Bottom 3	12.71	0.38	14.18	0.40	14.99	0.41
Bottom 5	52.30	1.57	56.96	1.61	59.32	1.61
Bottom 10	267.81	8.02	307.39	8.67	319.82	8.70

The bottom three, five and ten PFAs showed improvement in the proportion of RSA assets under their management over the previous quarter with 0.41, 1.61 and 8.70 percent of the total assets as at the end of the first, second and third quarters of 2015 respectively.

### 3.3.3 Portfolio Performance

The Weighted Average Rate of Return (WARR) on the RSA 'Active' Funds was 1.56% (annualized: 6.37%) in Q3:2015. This indicates a lower performance from the recorded growth in the preceding quarter with the WARR of 3.48% (annualized rate of 14.65%). The relatively slow performance could be explained by unrealized losses of ₦31.67Billion in the quarter on investment in quoted equities as opposed to unrealized gains of ₦19.01Billion recorded in the second quarter.

Similarly, the RSA 'Retiree' Fund witnessed slightly lower performance in the period with a Weighted Average Rate of Return (WARR) of 3.06% (annualized rate of 12.82%). This Fund recorded weighted average rate of return of 3.17% (annualized rate of 13.31%) recorded in the preceding period.

The Rates of Return of the CPFA Funds ranged between 3% and 22% in the quarter as a reflection of their actual assets allocation. The CPFA Funds with relatively high equity investments underperformed other Funds with lower exposure to equities. The performances recorded in the quarter under review were slightly lower than the previous quarter.

Furthermore, the AES Funds recorded annualized returns on a range between 2% and 16%, depending on the Funds' level of exposure to variable income securities. The Fund performance dipped compare to the second quarter with returns ranging between 14% and 25%.

#### **3.3.4 Outlook for 4<sup>th</sup> Quarter 2015**

The Year-on-Year inflation rate in September 2015 was 9.4% and is expected to trend slightly higher in Q4:2015.

The Yields on fixed income securities are expected to remain relatively stable as the CBN is expected to maintain its tight monetary policy stance, primarily to maintain exchange rate stability and control inflation. The demand for Treasury Bills is likely to increase as investors seek to reduce duration risk until there is clear policy direction on fiscal and monetary policies. In addition, the ongoing volatility in the equities market poses an upside picture and preference for fixed income securities as investors adopt a "flee to safety" strategy.

### **3.4 Retirement/Terminal Benefits**

#### **3.4.1 Retirees on Programmed Withdrawal**

The total number of retirees on Programmed Withdrawal (PW) increased from 111,756 in the second quarter to 117,052 in the third quarter. This represents an increase 5,295 retirees (4.74 percent) as shown in Table 3.12. A breakdown of the total number of retirees shows that while the public sector accounted for 74.40 percent of total retirees, the private sector accounted for the remaining balance of 25.60 percent.



**Table 3.12: Number of Retirees on PW as at Third Quarter, 2015**

Period	Public		Private	Total	Lump sum (₦ Million)	Monthly PW (₦ Million)
	FGN	State				
Inception to Q2: 2015	77,751	6,795	27,210	111,756	270,733.40	3,478.17
Q3: 2015	1,984	562	2,750	5,296	17,808.47	154.89
<b>Total</b>	<b>79,735</b>	<b>7,357</b>	<b>29,960</b>	<b>117,052</b>	<b>288,541.87</b>	<b>3,633.06</b>

Note: Public Sector refers to both Federal and State Governments

The Table further shows that the lump sum withdrawals within the quarter stood at ₦17.80 billion, which cumulatively amounted to ₦288.54 billion from inception to the end of the reporting quarter. In addition, an average of ₦3.63 billion is paid monthly to the retirees under the scheme.

### 3.4.2 Retirement by Annuity

The Commission approved a total of 2,147 applications for annuity retirement plan in the quarter, bringing the total number of retirees receiving their retirement benefits through annuity plan to 20,615. The 2,147 retirees received ₦1.93 billion as lump sum payment and paid annuity premium of ₦10.44 billion in the month cumulating to a total of ₦30.29 billion and ₦101.96 billion as lump sum and premium respectively.

**Table 3.13: Retirement by Annuity as at Third Quarter, 2015**

Period	Public		Private	Total	Lump sum (N'Million)	Premium (N'Million)	Annuity (N'Million)
	FGN	State					
Inception to Q2: 2015	12,454	1,672	4,342	18,468	28,361.40	91,517.56	919.00
Q3:2015	1,323	150	674	2,147	1,927.67	10,443.51	107.53
<b>Total</b>	<b>13,777</b>	<b>1,822</b>	<b>5,016</b>	<b>20,615</b>	<b>30,289.07</b>	<b>101,961.07</b>	<b>1,026.53</b>

### 3.4.3 Withdrawal of 25 Percent of RSA Balances

During the quarter under review, approval was granted for payment of ₦4.47 billion to 14,436 RSA holders under the age of 50 years who were disengaged from work and were unable to secure another job within 4 months from the dates of their disengagements.

Furthermore, an analysis of Table 3.14 showed that the private sector accounted for 95.34 percent of the disengaged RSA holders. In total, 125,395 RSA holders were paid 25 percent of their RSA balances amounting to ₦32.49 billion from inception to the end of third quarter of 2015.

**Table 3.14: Withdrawal of 25% of RSA Balance in the Third Quarter, 2015**

Period	Public		Private	Total	Total RSA Balance (₦ Million)	Total 25% Request (₦ Million)
	FGN	State				
Inception to Q2:2015	4,079	1,427	105,483	110,959	112,054.91	28,013.72
Q3: 2015	204	166	14,066	14,436	17,893.28	4,473.32
<b>Total</b>	<b>4,283</b>	<b>1,593</b>	<b>119,549</b>	<b>125,395</b>	<b>129,948.19</b>	<b>32,487.04</b>

### 3.6 Approval of Death Benefits

The death benefits of 1,399 deceased employees with total value of ₦4.47 billion was approved for payment to the beneficiaries/administrators of the deceased employees during the review period. Cumulatively, 29,804 beneficiaries were paid ₦85.01 billion as death benefits of deceased employees from both the private and public sectors as at the end of third quarter, 2015.

**Table 3.16: Approval of Death Benefits as at the end of Third Quarter, 2015**

Sector	Public		Private	Total	Total Amount Paid (N Million)
	FGN	State			
Inception to Q2:2015	22,621	889	4,895	28,405	80,544.64
Q2: 2015	829	265	305	1,399	4,469.85
<b>Total</b>	<b>23,450</b>	<b>1,154</b>	<b>5,200</b>	<b>29,804</b>	<b>85,014.49</b>

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