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# **GUIDELINES FOR THE ADMINISTRATION OF RETIREMENT BENEFITS OF PROFESSORS AND A CATEGORY OF POLITICAL APPOINTEES**

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**National Pension Commission**

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## **CONTENTS**

### **SECTION 1: INTRODUCTION**

- 1.1 Background
- 1.2 Definition of Terms
- 1.3 Objectives of the Guidelines
- 1.4 Application
- 1.5 Form and Content
- 1.6 Legal Framework

### **SECTION 2: ELIGIBILITY CRITERIA**

- 2.1 Eligibility Criteria for Professors
- 2.2 Eligibility Criteria for Political Appointees
- 2.3 Minimum Documentation Requirement at Retirement

### **SECTION 3: MODALITIES FOR ADMINISTRATION OF RETIREMENT BENEFITS**

- 3.1 Determination of RSA Component and Shortfall
- 3.2 Funding of RSA Component and Shortfall
- 3.3 Payment of Full Retirement Benefits
- 3.4 Death Benefits

### **SECTION 4: REVIEW AND ENQUIRY**

- 4.1 Review
- 4.2 Enquiries
- 4.3 Citation

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BENEFITS OF PROFESSORS AND A CATEGORY  
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**Commencement [1 January 2017]**

**SECTION 1: INTRODUCTION**

**1.1 Background**

1.1.1 Prior to the enactment of the Pension Reform Act (PRA) 2004, retiring Heads of Service of the Federation and Permanent Secretaries were entitled to receive 100% of their Annual Total Emoluments as pension for life. This was premised on the Federal Establishments Circular No. B.63216/S.1/X/757 of 23 June 1998 and a subsequent Presidential approval in 2012, which re-instituted the implementation of the Circular.

1.1.2 In addition, the Universities Miscellaneous Provisions (Amendment) Act 2012 (UMPAA 2012) provides that retiring Professors would be entitled to pension at the rate equivalent to their annual salary for life.

1.1.3 In recognition of the above provisions, Section 6(2) of the PRA 2014 mandates the National Pension Commission to issue Guidelines to regulate the administration of retirement benefits of Professors covered under the UMPAA 2012 and the category of Political Appointees entitled, by virtue of their terms and conditions of employment, to retire with full benefits, provided that any shortfall shall be funded from budgetary allocations by the employer.

1.1.4 Pursuant to the above provisions, these Guidelines, therefore, set out the modalities for the administration of retirement benefits of the aforementioned category of Public Officers, under the ambit of the Contributory Pension Scheme (CPS).

1.1.5 In exercise of the powers conferred on it by section 6 (2) of the Pension Reform Act, 2014 and all other powers enabling it on that behalf, the National Pension Commission (“the Commission”) issues these Guidelines to set modalities for the payment of retirement benefits of the category of Public Officers covered under Sections 1.1.1 and 1.1.2 of these guidelines.

## 1.2 Definition of Terms

For the purpose of these Guidelines, terms used are as defined below:

S/N	TERMS	DEFINITION
1.	Accrued Rights	Retirement benefits of any employee for service rendered prior to the enactment of the Pension Reform Act 2004.
2.	CPS	Contributory Pension Scheme.
3.	Employer	Office of the Head of Civil Service of the Federation or State or Universities, as applicable.
4.	NUC	National Universities Commission.
5.	Full Retirement Benefits	Terminal Salary of an eligible Professor or Political Appointee.
6.	PFA	Pension Fund Administrator.
7.	Shortfall	Amount determined as difference between the RSA balance of eligible Professor or Political Appointee and his or her full retirement benefits.
8.	Political Appointee	Head of Service of the Federation or State and Permanent Secretaries.
9.	RSA	Retirement Savings Account.
10.	UMPAA 2012	Universities Miscellaneous Provision (Amendment) Act 2012.
11.	Investment Income	Return on investment of pension funds.
12.	The Commission	National Pension Commission.
13.	Recognized University	A Nigerian University recognized by the National Universities Commission of Nigeria.
14.	Professor	Recognized Professor under the Universities Miscellaneous Provision (Amendment) Act 2012.

<b>S/N</b>	<b>TERMS</b>	<b>DEFINITION</b>
15.	President	President of the Federal Republic of Nigeria
16.	MDAs	Ministries Departments and Agencies

### **1.3 Objectives of the Guidelines**

1.3.1 The objective of these Guidelines is to set out modalities for the administration of retirement benefits of Professors covered under the UMPAA 2012 and category of Political Appointees (i. e. Heads of Service and Permanent Secretaries) entitled, by virtue of their terms and conditions of employment to retire with full benefits provided that any shortfall shall be funded from budgetary allocations by the employer.

1.3.2 These Guidelines also establish uniform set of rules, regulations and standards, under the CPS, for the administration and payment of terminal benefits to eligible Professors and the category of Political Appointees (i. e. Heads of Service and Permanent Secretaries) in the Federal or State Civil Service.

### **1.4 Application**

1.4.1 The provisions of these Guidelines shall apply to eligible Professors and Political Appointees (i. e. Heads of Service and Permanent Secretaries) in the Federal Civil Service, Federal Capital Territory and States of the Federation.

### **1.5 Form and Content**

1.5.1 The requirements of these Guidelines are in conformity with the provisions of the PRA 2014 and are considered necessary for the seamless administration of retirement benefits of the category of persons it applies to. The requirements are also considered transparent and enforceable in the pension industry.

1.5.2 These Guidelines might not be all encompassing. Therefore, reference to the PRA 2014 and other Frameworks, Guidelines and Regulations issued by the Commission is essential.

1.5.3 These Guidelines are divided into four (4) main Sections. Section one (1) provides the background, objectives and application of the Guidelines as well as the legal framework upon which the requirements set out herein are based. The criteria for eligibility are spelt out in Section two (2). Section three (3) sets out the modalities for the administration of retirement benefits, which address the determination of benefits, funding arrangements and payments. While issues relating to reviews, enquiries and citation the Guidelines are specified under Section four (4).

## **1.6 Legal Framework**

1.6.1 Sections 4(a) and (b) of the UMPAA 2012 stipulate that the compulsory retiring age for academic staff in the professorial cadre shall be 70 years while that of non-academic staff shall be 65 years.

1.6.2 Section 5(1) of the UMPAA 2012 specifies that an academic staff who retires as a Professor in a recognized University shall be entitled to pension at the rate equivalent to his or her annual salary, provided that the Professor had served continuously in a recognized University up to retirement age.

1.6.3 Section 5(2) of the UMPAA 2012 states that, where a Professor has not served up to the retirement age, he or she shall be entitled to the rate of pension in line with Section 5(1) of the UMPAA 2012 provided that he or she has served for a minimum of 20 years as Professor in a recognized University.

1.6.4 Furthermore, Section 5(3) of the UMPAA 2012 requires that where an academic joins a Nigerian University as a Professor, he or she shall be entitled to the rate of pension in line with Section 5(1) of the UMPAA 2012

provided that such a Professor must have served continuously for at least 20 years in a recognized University.

- 1.6.5 Section 6(2) of the PRA 2014 provides that, in the case of Professors covered by the UMPAA 2012 and category of Political Appointees entitled, by virtue of their terms and conditions of employment, to retire with full benefits, the Commission shall issue guidelines to regulate the administration of their retirement benefits, provided that any shortfall shall be funded from budgetary allocations by the employer.
- 1.6.6 The provisions of the Federal Establishments Circular No. B.63216/S.1/X/757 of 23 June 1998 specified that Heads of Service of the Federation, appointed from the Civil Service, shall earn 100% of their total emolument as pension for life and Permanent Secretaries who have put in a minimum of 20 years of pensionable service shall earn 100% of their total emolument as pension for life.
- 1.6.7 Rule 020810 of Chapter two (2) of the Public Service Rules (PSR) states that the compulsory retirement age for all grades in the service shall be 60 years or 35 years of pensionable service, whichever is earlier, and no officer shall be allowed to remain in service after attaining the retirement age of 60 years or 35 years of pensionable service, whichever is earlier.
- 1.6.8 Notwithstanding the provisions of clause 1.6.7 above, the retirement of Permanent Secretaries in the Federal Civil Service shall also be in line with PSR number 020810(iv, b), which stipulates that a Permanent Secretary shall hold office for a term of four (4) years and renewable for a further term of four (4) years, subject to satisfactory performance, and no more.
- 1.6.9 While the compulsory retirement age for academic staff in the professorial cadre shall be 70 years, in line with the UMPAA 2012.

## **SECTION 2: ELIGIBILITY CRITERIA**

### **2.1 Eligibility Criteria for Professors**

2.1.1 For any Professor to be entitled to receive pension at a rate equivalent to his or her annual salary upon retirement, such a Professor must:

- i. be an academic staff who retires as a Professor after serving continuously up to the retirement age of 70 years in a University recognized by the National Universities Commission (NUC); or
- ii. have served a minimum of 20 years as a Professor in a University recognized by National Universities Commission, and retired before attaining the age of 70 years.

### **2.2 Eligibility Criteria for Political Appointees**

2.2.1 The category of Political Appointees referred to in Section 6(2) of the PRA 2014 are Heads of Civil Service of the Federation and Permanent Secretaries who are appointed by the President for the Federal Government and FCT and by the Governor for State Government MDAs and are subject to retirement upon attaining the prescribed retirement age or length of service.

2.2.2 For a Political Appointee (i. e. Head of Service and Permanent Secretary) to be eligible to retire with full benefits as pension for life, he or she must have:

- i. been appointed from the Civil Service of the Federation or State Government to the post of Head of Service; or
- ii. attained the rank of Permanent Secretary with a minimum of 20 years of pensionable service.



## **2.3 Minimum Documentation Requirement at Retirement**

2.3.1 A PFA must ensure that, prior to processing the retirement benefits, an eligible Professor or Political Appointee (i. e. Head of Service and Permanent Secretary) registered with it provides the minimum documentation requirements classified under clauses 2.3.2 and 2.3.3 of these Guidelines as appropriate.

2.3.2 Pursuant to the provisions of 2.1.1 above, an eligible Professor must, possess in the minimum, the following documents at retirement:

- i. letter of appointment as an academic staff from a recognized University;
- ii. letter of appointment or promotion to the rank of Professor from a recognized University;
- iii. letter of retirement as a Professor, which indicates effective date of disengagement from the service of a recognized University;
- iv. letter of introduction from the employer;
- v. birth certificate or age declaration affidavit;
- vi. last pay slip before retirement;
- vii. evidence of registration with a PFA; and
- viii. other relevant documents as may be required by the Commission, from time to time.

2.3.3 Pursuant to clause 2.2.2 in these Guidelines, eligible Political Appointees shall, in the minimum, possess the following documents:

- i. letter of appointment into the Civil Service of the Federation or State;
- ii. letter of appointment to the post of Head of Service or Permanent Secretary from either the President, State Governor, Secretary to the State Government or Head of Civil Service of the Federation or State, as the case may be;

- iii. letter of retirement from the Civil Service, as Head of Service or Permanent Secretary;
- iv. letter of introduction from employer;
- v. birth certificate or age declaration affidavit;
- vi. last pay slip before retirement;
- vii. evidence of registration with a PFA; and
- viii. other relevant documents as may be required by the Commission, from time to time.

2.3.4 The Commission shall, on a regular basis, obtain the updated list of recognized Universities from the National Universities Commission and advise the PFAs accordingly.

2.3.5 PFAs shall ensure that only eligible Professors from the Universities on such list are considered.

### **SECTION 3: MODALITIES FOR THE ADMINISTRATION OF RETIREMENT BENEFITS**

#### **3.1 Determination of the RSA Component and Shortfall**

3.1.1 The RSA components for a Professor or Political Appointee (i. e. Head of Service and Permanent Secretary) shall consist of the accrued benefits for past service rendered prior to the enactment of the PRA 2004, the accumulated monthly employer and/or employee pension contributions and income earned on investment of the pension funds.

3.1.2 In determining the accrued rights, the Commission shall, in accordance with Section 15(1) of the PRA 2014, conduct a verification and enrollment exercise, on yearly basis not later than 30 June of the year preceding their retirement, for the categories of Professors and Political Appointees (i. e.

Heads of Service and Permanent Secretaries) a year prior to their retirement.

3.1.3 The Commission shall request the employment details of eligible Professors and Political Appointees (i. e. Heads of Service and Permanent Secretaries) from their employers prior to the enrollment exercise.

3.1.4 In the case of the States and FCT, their appropriate agencies shall make necessary arrangements to determine the accrued rights of these categories of public officers in accordance with the provisions of the State Contributory Pension Law and/or the PRA 2014.

3.1.5 The accumulated monthly employer and employee pension contributions of these categories of Professors and Political Appointees shall be determined in line with Section 4 of the PRA 2014.

3.1.6 In line with Section 6(2) of the PRA 2014, which provides that Professors and Political Appointees (i. e. Heads of Service and Permanent Secretaries) shall retire with their full benefits, provided the shortfall from the RSA balance shall be funded from budgetary allocation by the employer, the Commission shall, not later than 30 September of each year, advise the Federal Government of estimated annual shortfall amount, based on the balances in the RSA of the affected officers, for inclusion in the subsequent year's budgetary provision.

## **3.2 Funding of RSA Component and Shortfall**

3.2.1 Pursuant to the provisions of Section 39(1), (2) and (5) of the PRA 2014, the accrued rights of the eligible Professors and a category of Political Appointees shall be funded from the Federal Government Retirement Benefit Bond Redemption Fund Account maintained by the Central Bank of Nigeria, which shall be redeemed into their RSAs.

- 3.2.2 In the case of the States that have established the CPS, the accrued rights of the category of Professors and a category of Political Appointees shall be funded from the State Government Retirement Benefit Bond Redemption Fund.
- 3.2.3 In accordance with Section 12(1) and (3) of the PRA 2014, the employer or employee pension contributions of these categories of Political Appointees and Professors shall be deducted from the Consolidated Revenue Fund of the Federation or State and remitted to their RSAs.
- 3.2.4 Pursuant to Section 6(2) of the PRA 2014, the amounts determined by the employer as the shortfall between the projected monthly pension and the full benefits at retirement of these categories of Political Appointees (i. e. Heads of Service and Permanent Secretaries) and Professors shall be funded from budgetary allocation by the employer.
- 3.2.5 Specifically, the Commission shall request for annual budgetary provisions for the shortfalls from the Federal Ministry of Finance through the Budget Office of the Federation (BOF). Accordingly, the BOF shall make budgetary provisions towards off-setting the shortfalls in respect of existing retirees and prospective retirees in this category.
- 3.2.6 The Commission shall receive the associated budgetary releases with regards to the shortfalls, which shall be domiciled in a designated account with the CBN, and shall instruct the Office of the Accountant General of the Federation to remit the shortfall amounts directly into the RSAs of the affected retirees.

### **3.3 Payment of Full Retirement Benefits to Eligible Professors/Political Appointees**

- 3.3.1 The employer shall advise the Commission and the PFA three (3) months prior to the retirement of a Professor or Political Appointee (i. e. Head of Service and Permanent Secretary) of his or her full retirement benefits.

- 3.3.2 Upon retirement, the RSA component of the Professors and Political Appointees (i. e. Heads of Service and Permanent Secretaries) shall consist of the accrued rights, total employer and employee pension contributions and investment income.
- 3.3.3 In addition to the components in clause 3.3.2 above, the amount determined as the shortfall shall be released by the OAGF into the RSAs of eligible Professors and Political Appointees (i. e. Heads of Service and Permanent Secretaries) for the payment of their full pension benefits.
- 3.3.4 The PFA shall seek and obtain approval from the Commission for payment of full retirement benefits to the Political Appointee (i. e. Head of Service and Permanent Secretary) and Professor.
- 3.3.5 Upon receipt of the Commission's approval, the PFA shall place the Professor on a pension at a rate equivalent to his or her annual salary at retirement as required by UMPAA (2012), while the Political Appointee (i. e. Head of Service and Permanent Secretary) shall be placed on his or her full benefits.
- 3.3.6 In line with Section 4(4)(a) of the PRA 2014, an employer may agree to pay additional benefits to the employee upon retirement.
- 3.3.7 In the event that the employer defaults in the remittance of the shortfall after the retirement of a Professor or Political Appointee (i. e. Head of Service or Permanent Secretary) as and when due, he or she shall be allowed to access the balance standing to the credit in his or her RSA, in line with the Commission's template for payment of monthly pension under the CPS. Any underpayment that may arise thereof, shall be paid to the Professor or the Political Appointee (i. e. Head of Service or Permanent Secretary) in form of an arrears upon eventual remittance of the shortfall by the Federal Government.

3.3.8 In the event that the balance in the RSA runs out while the Professor or Political Appointee (i. e. Head of Service or Permanent Secretary) is still alive, the employer shall bear the payment of the full retirement benefits of the retiree, as provided by the provisions of Section 6(2) of the PRA 2014 and these guidelines.

3.3.9 Where a Professor or Political Appointee (i. e. Head of Service and Permanent Secretary) opts to purchase an annuity with his or her RSA balance from a licensed Insurance Company for monthly pension, the employer shall be remitting whatever shortfall amount arising thereof to the RSA of the Professor or Political Appointee (i. e. Head of Service or Permanent Secretary). Subsequently, the RSA holder may elect to purchase additional Annuity or access enbloc the amount from the RSA.

### **3.4 Death Benefits**

3.4.1 In the event of death of a retired Professor or Political Appointee (i. e. Head of Service or Permanent Secretary), his/her Next-of-Kin(s) and or beneficiaries shall immediately notify his/her PFA and employer as well as the Commission of the demise.

3.4.2 The employer and/or the Commission shall immediately withdraw his or her name from the schedule of remittance of shortfall and shall, henceforth, discontinue making budgetary provision for his/her shortfall, accordingly.

3.4.3 The Next-of-Kins or beneficiaries of the deceased Professor or Political Appointee (i. e. Head of Service or Permanent Secretary) shall approach the PFA for the payment of the remaining balance in the deceased's RSA if any, in line with the Commission's Regulation for the Administration of Retirement and Terminal Benefits.

3.4.4 Where a Political Appointee (i. e. Head of Service or Permanent Secretary) or Professor dies in active service, his or her accrued rights and pension contributions shall be remitted into his or her RSA and the balance standing

to the credit of the RSA shall be paid to his or her Next-of-Kins or beneficiaries.

3.4.5 The payment of death benefits to his or her Next-of-Kin or beneficiaries shall be administered in line with the Guidelines for the Administration of Death Benefits issued by the Commission.

#### **SECTION 4: REVIEW, ENQUIRY AND CITATION.**

##### **4.1. Review**

4.1.1 These Guidelines shall be reviewed in line with prevailing conditions as the need arises.

##### **4.2 Enquiry**

4.2.1 All enquiries regarding the contents of these Guidelines shall be directed to the Director General, National Pension Commission, Abuja.

##### **4.3 Citation**

4.3.1 These Guidelines may be cited as Guidelines for the Administration of Retirement Benefits of Professors, Heads of Service and Permanent Secretaries.

ISSUED AT ABUJA THIS ..... OF .....2017



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DIRECTOR GENERAL  
NATIONAL PENSION COMMISSION