****

**NATIONAL PENSION COMMISSION**

**174 ADETOKUNBO ADEMOLA CRESCENT WUSE II**

**ABUJA**

**FRAMEWORK**

**TO: ALL PFAs/PFCs**

**SUBJECT: FRAMEWORK ON PENSION ENHANCEMENT FOR EXISTING RETIREES ON PROGRAMMED WITHDRAWAL UNDER THE CONTRIBUTORY PENSION SCHEME (CPS)**

1. **Introduction**

1.1 The Commission’s attention has been drawn to the clamouring for enhancement of pension given the appreciable growth in the Retirement Savings Account (RSA).

1.2 Pursuant to the above, this framework therefore sets out the modalities for enhancement of the pension of retirees on PW under CPS based on increased earnings on investment.

1. **Objective**

2.1 The objective of the Framework is to provide modalities for the implementation of periodic pension enhancement for retirees on PW under CPS by using the surpluses generated from ROI.

1. **Eligibility**

3.1 The Framework provides that only retirees on PW under the CPS with appreciable growth in their RSAs are entitled to receive enhanced pensions.

1. **Commencement**
   1. The effective date for the maiden Pension Enhancement under CPS shall be December, 2017 Pension Payroll. Subsequent reviews of pension shall be as advised by the Commission.
   2. PFAs shall adjust the pension of the affected retirees to reflect the enhanced pension in December, 2017 Pension Payroll.
   3. PFAs shall not pay pension arrears to retirees for the period of January to November,2017
   4. Pursuant to 4.3 above, any retiree that comes later than the month of December, 2017 shall be paid arrears from December, 2017 only.
2. **Implementation Strategy**
   1. The first set of pension enhancement would be for employees, who retired between July 2007- December 2014, using their RSA balances as at 31 December 2016 as the basis
   2. To facilitate the process for the initial enhancement, PFAs are required to review the retiree’s data/information pending other dates to be provided by the Commission from time to time, for subsequent enhancements. The information shall include the following, amongst others:
3. Name
4. PIN
5. Employer Code
6. Sector
7. Date of Birth
8. Gender
9. Date of Retirement
10. RSA Balance at the time of Retirement
11. Approved Monthly Pension at the time of Retirement
12. RSA Balance as at 31 December 2016(other date to be specified by the Commission) S/N
13. Frequency (Monthly/Quarterly)
    1. The PFA shall use the surplus to enhance the pension of eligible retirees.
    2. The PFA shall use the Pension Enhancement Template provided by the Commission to re-compute the new monthly pension using the current age of eligible retirees and their RSA balances as at 31 December 2016 and other criteria to be provided by the Commission.
    3. The retiree RSA balance as at 31 December, 2016 would be applied in determining the enhanced pension which shall be exclusive of the balance in the Voluntary Contribution (VC).
    4. Retirees would not be allowed to use his/her VC balance to augment enhanced pension.
    5. The earned growth would be used for pension enhancement only, it shall not be applied to pay additional lumpsum.
    6. All affected retirees shall be required to sign and execute a Consent Forms with their respective PFAs based on their RSA balances as at 31 December 2016 before commencement of payment. See specimen format attached as **Appendix I**.
    7. All consent forms received from the retiree should be kept in the mandate file subject to examination by the Commission.
    8. PFAs are required to forward computed enhanced pension in batches to the Commission for approval using the Request for Pension Enhancement provided by the Commission.
    9. PFAs are to ensure that all batches are numbered serially for ease of reference.
    10. PFAs must carry out due diligence on their submission and certify that all information provided are correct.
    11. The Commission shall be indemnified and / or discharged from all liabilities arising from the information provided by the PFA on Pension Enhancement
    12. To facilitate prompt approval, PFAs shall forward their requests in the attached format **(Appendix II**) by hardcopy as well as through the email provided by the Commission. All requests to the Commission for approval shall have the full signatures of the Managing Director or Executive Director Operations as well as that of the Benefits Officer and the Compliance Officer. All signatures in above shall be original; automated signatures will not be accepted.
    13. Submissions cannot be made through RMAS platform, hence PFAs shall send both hard and soft copies of their requests in the specified format provided by the Commission. Soft copy shall be submitted through [**benefitsinsurance@pencom.gov.ng**](mailto:benefitsinsurance@pencom.gov.ng) **.** Accordingly, softcopy submissions without the hardcopies would be rejected by the Commission.
    14. Soft copies submission forward to individual staff email shall not be processed.
    15. All requests received by the Commission up to 2.00 pm daily would be processed and approved by close of business same day.
    16. All requests received after 2.00 pm by the Commission would be reviewed and approved by the following working day.
    17. PFAs shall process payment of enhanced pension to retirees within the same month after receiving approval from the Commission.
    18. PFAs shall forward payment instruction approved on enhanced pensions to the PFCs for payment within same month of approval.

* 1. PFAs shall maintain a separate database of all retirees affected by the pension enhancement.
  2. PFAs shall continue paying current pensions to retirees that have insufficient growth to be considered for enhancement
  3. PFAs shall continue paying pensions to retirees that have fully exhausted their RSAs from their statutory reserve pending implementation of Minimum Pension Guarantee (MPG).

1. **Termination**
   1. PFAs are expected to complete the maiden Pension enhancement exercise within a period of three months ending February, 2018 Pension Payroll.
2. **Sanctions** 
   1. PFAs that fails to carry out due diligence on their submission provided to the Commission shall be sanction appropriately.

7.2 PFAs that fails to complete the enhancement exercise within the three months period from December, 2017 to February, 2018 shall be sanction accordingly**.**

1. **Information Management Strategy**
   1. It is the responsibility of the PFAs to develop a comprehensive awareness strategy to enlighten the retirees and other pension stakeholders about the impending pension enhancement.
2. **Reporting**
   1. PFAs/PFCs shall submit returns to the Commission on payments of enhanced pension on or before the 10th of the next month using the prescribed format provided by the Commission. See format attached as **Appendix III.**
3. **Review and Enquiries**

10.1 These Frameworks shall be subject to review by the Commission from time to time as the need arises.

10.2 All enquiries regarding these Frameworks shall be directed to the Acting Director General, National Pension Commission.