



NATIONAL PENSION COMMISSION (PenCom)

FIRST QUARTER 2019 REPORT

Corporate Vision and Mission

Vision

By 2019, to be a pension industry with 20 million contributors delivering measurable impact on the Economy

Mission

PenCom exists for the effective regulation and supervision of the Nigerian Pension Industry to ensure that retirement benefits are paid as and when due

May, 2019

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SECTION ONE

Pension Operating Environment

1.1 Macroeconomic Development

According to the National Bureau of Statistics (NBS), the Nigeria's Gross Domestic Product (GDP) grew by 2.01 percent (year-on-year), in real terms, in the first quarter of 2019. Compared to the first quarter of 2018, which recorded real GDP growth rate of 1.89 percent, the Q1 2019 growth rate represented an increase of 0.12 percent points. However, relative to the preceding quarter (fourth quarter of 2018), real GDP growth rate declined by -0.38 percent points (See figure 1).

It is worth noting that general elections were held across the country during the first quarter of 2019 and this may have reflected in the strongest first quarter performance observed since 2015. Aggregate GDP stood at N31.79 trillion in nominal terms. This aggregate was higher than in the first quarter of 2018 which recorded N28.44 trillion, representing a year on year nominal growth rate of 11.80 percent. The aggregate was, however, lower than in the preceding quarter of N35.23 trillion, by -9.75 percent. The nominal GDP growth rate in Q1 2019 was higher than the rate recorded in Q1 2018 by 2.54 percent points. For further analysis, the Nigerian economy can be classified broadly into the oil and non-oil sectors.

The non-oil sector grew by 2.47 percent in real terms during the reference quarter. This was 1.72 percent points higher compared to the rate recorded in the same quarter of 2018 but -0.23 percent points lower than the fourth quarter of 2018. During the quarter, the sector was driven mainly by Information and communication technology. Other drivers were Agriculture, Transportation and Storage, Trade and Construction. In real terms, the non-oil sector contributed 90.86 percent to the nation's GDP, higher than recorded in the first quarter of 2018 of 90.45 percent but lower than the 92.94 percent in the fourth quarter of 2018.

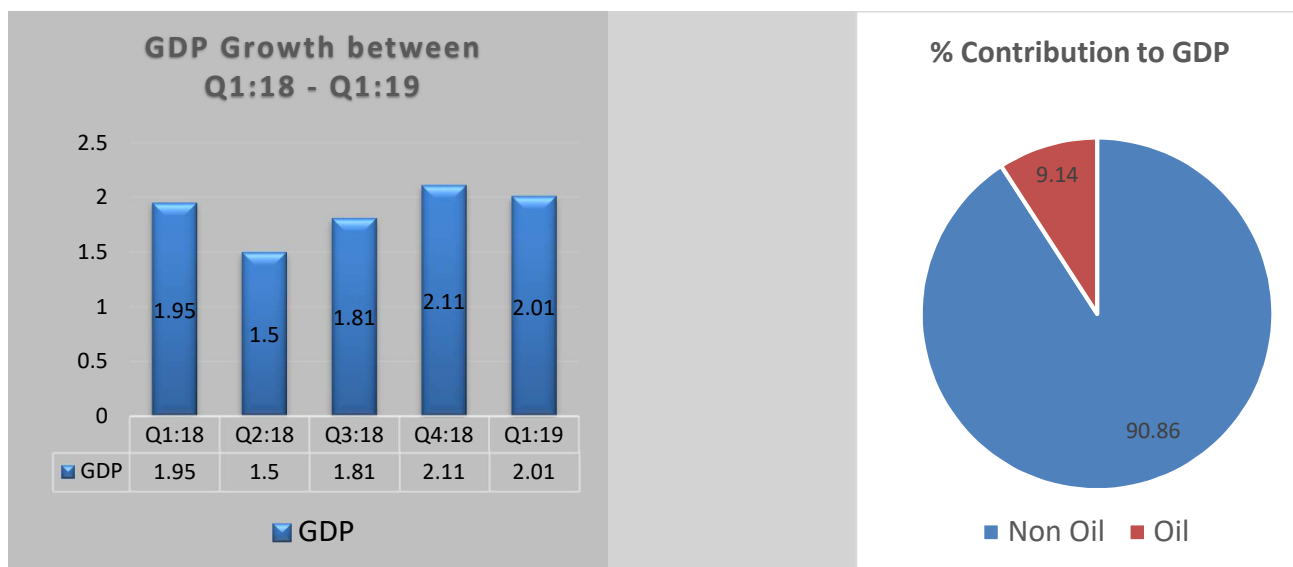


Figure 1: GDP Growth Trend between Q1:18 – Q1:19 and Sector Contribution to GDP

The inflation rate declined in the quarter under review, relative to the fourth quarter, 2018. The inflation figure stood at 11.25 percent at the end of the first quarter of 2019 having dropped from 11.44 percent, thus representing 1.66 percent decline over the previous quarter. A comparison of this with the corresponding quarter in 2018, which recorded 13.34 percent resulted in a decline of 11.58 percent. The decline in headline inflation was largely from food items as the core inflation decreased in the period under review.

1.2 Developments in the Money Market

The monetary policy of the Central Bank of Nigeria (CBN) sustained its restrictive stance in the quarter under review. The Monetary Policy Rate (MPR) was adjusted from 14.00 to 13.50 percent. Similarly, the Cash Reserve Ratio (CRR) was sustained at 22.5 percent to further enforce fiscal stability and sustain the level of stability in the inflation trajectory. The liquidity ratio was maintained at 30 per cent for the period under review as a check to the threat of rising prices. The symmetric corridor was retained at +200 and -500 basis points around the MPR.

The developments on interest rates witnessed a rise in the weighted average interbank call rate which stood at 8.36 percent as at the previous quarter rose by 3.14 percentage points to 11.50 percent as at the quarter under review. In addition, the prime lending rate decreased by 0.12 percentage points from 16.17 percent in the previous quarter to 16.05 percent in the quarter under review. However, the maximum lending rates remain unchanged at the fourth quarter of 2018 level of 30.52 percent.

1.3 Developments in the Capital Market

The Nigerian Capital Market continued its bearish run in the quarter under review. The NSE All Share Index closed at 31,041.42 down from 31,430.50 recorded in the previous quarter. Likewise, the market capitalization dropped by 0.09 percent during the quarter to close at ₦22.33 trillion from ₦22.35 trillion as at the fourth quarter of 2019.

The equity market capitalization closed at ₦11.65 trillion in the quarter under review. This represented a 0.68 percent decline from the ₦11.73 trillion recorded in the last quarter. In addition, the total volume of stocks traded at the end of the quarter stood at 20.70 billion with the closing total trading value of ₦208.89 billion.

1.4 Developments in the Bond Market

There were no new issuances from the Federal Government of Nigeria during the quarter. However, several other 5 to 7 and 10 year tenured bonds worth about ₦400 billion were re-opened during the period.

According to the Nigerian Stock Exchange (NSE), the bonds market capitalization stood at ₦10.64 trillion, which signifies an increase from ₦10.12 trillion recorded in the 4th quarter of 2018. The total number of listed bonds was 120 as at the closing period of the quarter under review.

SECTION TWO

Regulatory and Supervisory Activities

The Commission maintained its consultative philosophy in the regulation and supervision of the industry during the quarter under review. 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 a retreat to review the Standard Operating Procedures (SOP) and Manual, preparatory to the 2019 Routine Examination of Pension Operators. The Commission issued previous Examination Reports of Licensed Operators and presented same to their respective Board of Directors.

The Commission issued a Pension Fund Administrator (PFA) Licence to Nigerian University Pension Management Company (NUPEMCO). NUPEMCO will serve members and employees of the Academic Staff Union of Universities (ASUU); National Universities Commission (NUC); Non-Academic Staff Union of Educational and Associated Institutions (NASU); Senior Staff Association of Nigerian Universities (SSANU); and National Association of Academic Technologists (NAAT), who elect to move their Retirement Savings Accounts (RSAs) to the PFA. Employees who are not desirous of moving their RSAs to NUPEMCO may remain with their existing PFAs. It should also be noted that new employees of these organizations are allowed to open RSAs with NUPEMCO or any other licensed PFA of their choice.

2.1.1 Off-Site Examination of Pension Fund Operators

a) Compliance Reports

The Commission reviewed monthly Compliance Reports submitted by Pension Operators. The major issues observed from the review of the compliance reports forwarded by the operators during the quarter under review were un-credited pension contributions, delay in the payment of retirement benefits to the retirees and outstanding commitments from previous routine examinations.

b) Corporate Governance

During the quarter under review, Pension Operators forwarded their Corporate Governance Reports. The major issues observed from the review of the Corporate Governance reports were Inadequate Size of Board Composition, non-submission of Annual Performance Evaluation of the Individual Directors, inclusion of Executive Directors as members of the Board Audit Committee while some Directors were members of all Board Committees. In addition, Board meetings were held same day with that of the Board Sub Committees in some instances. The affected Pension Operators have been advised to ensure that they address the above issues.

2.1.2 Update on Returns Rendition System

During the quarter under review, twenty-five (25) Licensed Pension Operators comprising 15 PFAs, 4 PFCs and 6 CPFAs rendered the returns for the Funds under their management/custody as well as that of the Company to the Commission via the Risk Management & Analysis System (RMAS) for the quarter ended 31 March, 2019. The remaining operators could not render the returns within the stipulated timeframe a result of challenges in the process of validation, technical and reconciliation issues.

2.1.3 Resolution Activities

The Commission maintained its regulatory intervention on First Guarantee Pension Limited owing to non-resolution of the outstanding issues. However, the PFA continued to provide services to its clients with a satisfactory solvency and going concern status. The Commission sustained its efforts at ensuring an expeditious resolution of the shareholders' dispute in the PFA with a view to ending 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. This 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 employed 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 period under review, the Commission received 6,630 applications for the issuance of compliance certificate out of which 4,657 certificates were issued, while 1,973 applications were declined due to non-remittance of pension contributions for the appropriate period and/or non-provision of Group Life Insurance Policy for the employees. The sum of ~~N~~45.90 billion was remitted to 105,382 employees' RSAs by the 4,675 organizations that were issued with compliance certificates.

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

During the quarter under review, the Commission received 64 batches of NSITF transfer applications totaling ~~N~~29.10 million on behalf of 442 NSITF members. All the applications were processed and the 442 members' contributions transferred to their RSAs. From inception to date, the sum of ~~N~~9.91 billion has been transferred into the RSAs of 137,939 NSITF contributors.

2.2.3 Payment of Lump sum benefits to NSITF Members

During the first quarter, 2019, the Commission processed monthly pension payments of ~~N~~55.64 million in respect of 3,231 NSITF pensioners. From inception to date the total pension payments to NSITF pensioners amount to ~~N~~4.42 billion

2.2.4 NSITF Scheme Monthly Pension Payments

During the first quarter, 2019, the Commission processed monthly pension payments of ~~N~~55.64 million in respect of 3,231 NSITF pensioners. From inception to date the total pension payments to NSITF pensioners amounted to ~~N~~4.42 billion.

2.2.5 Update on the Recovery of Outstanding Pension Contributions and Interest Penalty from Defaulting Employers

The Commission maintained the services of Recovery Agents (RAs) for the recovery of outstanding pension contributions and penalty from defaulting employers. The RAs were mandated to review the pension records of the employers assigned by the Commission with a view to recover outstanding pension contributions with penalty.

During the quarter, demand notices were issued to 23 defaulting employers whose pension liabilities had been established by the RAs, which resulted in the remittance of outstanding pension contributions of ~~N~~399.76 million, representing principal contributions of ~~N~~343.72 million and penalty of ~~N~~56.04 million. Accordingly, total

recoveries made from inception to date amounted to ₦15.76 billion, comprising principal contributions of ₦8.22 billion and penalty ₦7.54 billion. These amounts have since been credited to the respective RSAs of the employees.

2.2.6 Public Awareness for the Organised Private Sector and Collaboration with MDAs

Further to the Commission's strategy of driving compliance with the provisions of the PRA 2014 by employers through the conduct of public awareness programmes, the Commission has continued to organize sensitization workshops on the Contributory Pension Scheme (CPS) for employers' associations/unions to enlighten and encourage them to key into the Scheme.

The Commission participated at the 12th delegate conference organized by the Nigerian Labour Congress (NLC) which took place in Abuja. The Commission also sent a Goodwill message which was published in a compendium of Goodwill messages as part of the Conference documentation.

Furthermore, the Commission received the Director General of the Nigeria Employers' Consultative Association (NECA) and his Team for an in-focus meeting with the Acting Director General and officials of the Commission. The visit was in line with NECA's commitment to deepening the existing cordial relations with the Commission. This collaboration has facilitated the continuous progress on private sector participation in the Contributory Pension Scheme. During the meeting, NECA urged the Commission to sustain the annual interactive sessions between the Commission and the Organized Private Sector (OPS) in order to close the knowledge gap on the CPS for the Human Resource Practitioners and Finance Directors who are directly involved in handling pension matters at their various organizations.

2.2.7 Update on Activities of the Pension Transitional Arrangements Directorate (PTAD)

During the first quarter, the Commission concluded the report of the 2018 Routine Examination of the Pension Transitional Arrangements Directorate (PTAD). The final report had been sent to both PTAD and Honourable Minister of Finance.

The Commission monitored the verification exercise conducted for former staff of defunct Savannah Sugar Company in Yola, Adamawa State by PTAD. The exercise was to settle the ex-staff who have received partial or no final entitlements following the privatization of the company by the Federal Government of Nigeria in 2002/2003.

The Commission continued to monitor the payment of pensions to Public Service retirees under the Defined Benefit Scheme (DBS) through a review of the monthly statutory returns by PTAD. Complaints from pensioners were also followed up with PTAD to ensure that they were resolved.

2.2.8 Update on the Refund of Pension Contribution of the Military and Security Agencies

The Commission processed 1,469 applications for the refund of pension contributions of Military personnel and other Security Agencies during the quarter ended, 31 March, 2019. The sum of ₦83.79 million was refunded to the contributors while ₦34.30 million representing the contributions made by the Federal Government was returned to the Contributory Pension Account domiciled with the Central Bank of Nigeria.

During the period under review, the Commission approved an extension of the timeline given to the Tripartite Committee for the Winding Down of the pension contribution refunds to the Military and Security Agencies from 31 March, 2019 to 30 June, 2019. This is to ensure that all refunds are effected while ensuring adequate documentation of all processes.

2.3 Compliance By State Governments

2.3.1 Implementation Update by the State Governments

State Governments continued to make progress in the level of implementation of the Contributory Pension Scheme (CPS). As at the first quarter of 2019, the number of States that have enacted laws on the CPS stood at 27, while eight (8) States were at the bill stage of implementation. Yobe State is, however, yet to commence the process of enacting a law on the CPS. A breakdown of the level of implementation of the CPS is presented in Table 2.1.

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

S/No	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
1	Jigawa	Remitting Pension Contributions to selected Pension Fund Administrators but implementing a Contributory Defined Benefits Scheme (CDBS).	Not Available	No Group Life Insurance
2	Lagos	Regular and up to date remittance of pension contributions	Funding the Accrued Rights of employees	No valid Group Life Insurance policy in place
3	Ogun	Stopped remitting pension contributions with huge arrears of unremitted pension contributions	Yet to commence funding of the accrued rights	Yet to put in place Group Life Insurance policy
4	Kaduna	Regular and up to date remittance of pension contributions	Funding accrued pension rights consistently with 5% of total monthly wage bill	Valid Group Life Insurance cover

S/No	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
5	Niger	Stopped Remitting Pension Contributions in 2015	Not Funding Accrued Rights	No Group Life Insurance
6	Delta	Remitting complete and regular Pension Contributions for State employees, but remitting only employees' portion for LG workers.	Funded accrued pension rights of both LG and State but with huge arrears of accrued pension liabilities	No Group Life Insurance
7	Zamfara	Remitting Pension Contributions. LG Remitting only employees' portion of pension contributions	Not Funding Accrued Rights	No Group Life Insurance
8	Osun	Remitting Pension Contributions though inconsistent resulting in backlog of pension contributions.	Inadequate Funding of Accrued Rights, resulting in huge arrears of accrued rights.	No Group Life Insurance
9	Rivers	Remitting only employee portion of pension contributions. State has huge backlog of unremitted employer portion of pension contributions	The sum of N300 million was set aside with Premium Pensions in 2012 for the payment of accrued rights	No Group Life Insurance
10	Kano	Deducting Pension Contributions but under the management of the Board of Trustees. Yet to transfer the pension assets to a Licensed Pension Operator.	Not Available	Not Available
11	Imo	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
12	Kebbi	Remitting only employees' portion of Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
13	Sokoto	Not remitting of Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
14	Ekiti	Remitted Pension Contributions for State and LG employees up to January 2019	Not Funding Accrued Rights	No Group Life Insurance
15	Kogi	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
16	Bayelsa	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
17	Nasarawa	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
18	Oyo	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
19	Katsina	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
20	Akwa Ibom	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
21	Edo	Regular and up to date remittance of pension contributions	Not Funding Accrued Rights	No Group Life Insurance

S/No	State	Remittance of Contribution	Accrued Rights	Group Life Insurance
22	Ondo	Remitting pension contributions for only core civil servants employed from September 2014	Not Funding Accrued Rights	No Group Life Insurance
23	Benue	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
24	Kwara	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
25	Plateau	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
26	Cross River	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
27	Anambra	Remitted the employer and employee pension contributions for LG employees up to March 2018. The State employees had their employer portion of pension contribution remitted up to December 2016 and employee portion up to February 2019	Funding accrued pension rights for only LG employees	No valid Group Life Insurance
28	Enugu	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
29	Abia	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
30	Ebonyi	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
31	Taraba	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
32	Bauchi	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
33	Borno	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
34	Gombe	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
35	Yobe	Not Applicable	Not Applicable	Not Applicable
36	Adamawa	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
37	FCT	Regular and up to date remittance of pension contributions for employees of the FCTA and Area Councils/LEAs	Funding accrued pension rights. Regular funding of accrued rights for FCTA and FCT Area Council	Valid Group Life Insurance cover

Apart from enacting law on the CPS, Table 2.1 further shows that 12 states and the FCT had commenced and are remitting pension contributions into the RSAs of their employees.

2.3.2 Inspection of Pension Boards/Bureaus

The Commission conducted the maiden inspection of the pension arrangements in Edo State and its agencies. The Inspection was aimed at ascertaining the level of implementation of the CPS as well as the administration of the Defined Benefits Scheme (DBS) in the State. The Commission also conducted an inspection of the Pension Fund Administrator (PFA) branches operating in Edo State. The inspection was to determine the extent to which staff of the PFAs were conversant with the provisions of the Edo State Contributory Pension Law and extant regulations and guidelines issued by the Commission, the level of compliance of the PFAs with the Commission's circular on minimum requirement for opening of branches and service centers as well as the quality of services rendered to stakeholders.

The Commission conducted routine inspections of the Federal Capital Territory (FCT) Pension Board and the FCT Area Council Staff Pension Board. The purpose of the Inspections was to ascertain the level of implementation of the CPS as well as the administration of the DBS in the FCT and Area Councils.

2.3.3 Update on Engagements with the State Governments on the Implementation of the CPS

The Commission continued its engagement with State Governments on the implementation of the CPS. These interactive sessions, trainings and workshops include the following:

- i. The Commission held series of meetings with the Management and Staff of Ondo State Pension Commission (OSPEC), the Committee on the Implementation of the CPS in Ondo State, the Management and Staff of the Ondo State Oil Producing Area Development Commission (OSOPADEC) as well as officials of the Ondo State Local Government Service Commission. The meeting was convened to discuss some of the challenges in the implementation of the CPS in the State. The issues discussed include, provision of Information and Communications Technology infrastructure especially the deployment of appropriate applications by OSPEC, provision of Group Life Insurance Policy, capacity building for staff, non-conduct of Actuarial Valuation to determine the past service liabilities of the employees, non-creation and funding of the Retirement Benefits Bond Redemption Fund (RBBRF) Account, irregular deduction and remittance of pension contributions for employees of the State.
- ii. The Commission held a meeting with the Technical Committee on Pension, Kano State. The meeting was convened to address the issue of non-remittance of pension contributions and inability of Kano State Pension Fund Trustees to pay retirement benefits as at when due.

2.3.4 Consultative Forum for States and the FCT

The Commission conducted the First Quarter 2019 Consultative Forum for States and the FCT. The event was attended by representatives of all States and the FCT, States and Local Governments Pension Bureau, Compliance Officers of PFAs and PFCs. The forum was aimed principally to monitor the status of implementation of the CPS in the States and Local Governments. Some of the issues discussed at the Forum included matters arising from the fourth quarter 2018 Consultative Forum, Pension Funds Investment – Instruments and safeguard and Administration of Pension Schemes in the States/FCT.

2.4 Update on Micro Pension Plan

The Pension Reform Act (PRA) 2014 expanded coverage of the Contributory Pension Scheme (CPS) to the self-employed and persons working in organizations with less than 3 employees. This category of workers constitutes the larger percentage of the working population in the country. In order to achieve the Pension Industry's strategic objective of covering 30 percent of the working population in Nigeria under the CPS by the end of 2024, the Micro Pension Plan is being given impetus as an initiative that would ensure the coverage of this important segment of the Nigerian economy.

2.4.1 Launch of Micro Pension Plan

During the period under review, the Micro Pension plan was formally launched by His Excellency, President Muhammadu Buhari on 28 March, 2019 at the State House Banquet Hall, Abuja. The launch was attended by several Stakeholders including various trade associations, leadership of Labour and employers, amongst others.

Fee Structure for the Micro Pension Fund

The Commission is in the process of issuing a Fee Structure to govern the management of the Micro Pension Fund by Pension Fund Operators. This is in light of the commencement of registration of contributors under the Micro Pension Plan and the subsequent collection of contributions from Micro Pension Contributors.

2.4.3 Custodian Account for Micro Pension Fund

The Collection and Management of the Micro Pension Fund will soon commence and Pension Fund Administrators were required to open a Collection account with Pension Fund Custodians of their choice for the receipt of contributions from Micro Pension Participants.

2.4.4 MPP Returns Rendition Template

During the quarter under review, the Commission worked on the development of the MPP returns rendition template for Operators in line with the Guidelines for the Micro Pension Plan. The returns would be used to monitor MPP operations, ensure the provision of efficient service delivery to contributors and take action against violations of the Guidelines whenever they arise.

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The pension industry recorded a 1.87 percent growth in the scheme membership during the first quarter of 2019, moving from 8.47 million contributors at the end of the preceding quarter to 8.63 million. The growth in the industry membership was driven by the Retirement Savings Account (RSA) Scheme, which had an increase of 158,853 contributors representing 1.89 percent. However, membership of the Closed Pension Fund Administration (CPFA) Scheme declined by 16 members (23,316) while the Approved Existing Scheme (AES) membership remained unchanged at 40,951 as shown in Table 3.1.

Table 3.1 Scheme Memberships as at First Quarter, 2019

Scheme Type	Q3:2018	Q4:2018	Q1:2019	Change between Q4:2018 and Q1:2019	% Change
RSA	8,271,948	8,410,184	8,569,037	158,853	1.89
CPFA	23,403	23,332	23,316	(16)	(0.07)
AES	40,951	40,951	40,951	0	0
TOTAL	8,336,302	8,474,467	8,633,304	158,837	1.87

3.1.1 Membership of RSA

A breakdown of the RSA registrations indicated a 0.87 percent (31,508) increase in RSA membership from the public sector during the first quarter of 2019 to stand at 3,640,858, which represented 42.49 percent of the total RSA registrations as shown in Table 3.2 below. In addition, private sector membership increased by 2.65 percent (127,345) in the quarter under review, which brought total registrations from this sector to 4,928,179 representing 57.51 percent of total RSA membership. This growth can be attributed to the increased 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 marketing strategies of the PFAs

Table 3.2: RSA Registrations by Age and Sector as at First Quarter, 2019

Age Range	Public Sector		Private Sector		Total		Grand Total	
	Male	Female	Male	Female	Male	Female	Number	%
Less than 30 yrs	92,099	50,182	442,466	231,909	534,565	282,091	816,656	9.53
30 - 39 yrs	688,515	348,440	1,446,656	581,604	2,135,171	930,044	3,065,215	35.77
40 - 49 yrs	670,344	406,892	1,028,905	303,205	1,699,249	710,097	2,409,346	28.12
50 - 59 yrs	577,462	335,426	523,442	108,235	1,100,904	443,661	1,544,565	18.02
60 - 65 yrs	230,653	96,914	148,115	19,144	378,768	116,058	494,826	5.77
Above 65 yrs	111,973	31,958	85,619	8,879	197,592	40,837	238,429	2.78
Total	2,371,046	1,269,812	3,675,203	1,252,976	6,046,249	2,522,788	8,569,037	100.00

3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by number of registered contributors showed a redistribution of the market share across the various groups. While the market shares of the bottom three, five and ten PFAs had continued to grow, those of the top three, five and ten slightly dipped as at end of first quarter of 2019. The shares of bottom five and ten PFAs increased from 5.17 and 17.66 percent in the fourth quarter of 2018 to 5.34 and 18.07 percent respectively as at the end of the reporting period. However, the market shares of top five and ten PFAs dropped from 53.93 and 79.18 percent in the previous quarter to 53.57 and 78.81 percent respectively as at the end of First quarter, 2019 as shown in Table 3.3.

Table 3.3: RSA Registration by Market Share

PFA Ranking	Q4:18 (%)	Q1:19 (%)
Top 3	37.81	37.64
Top 5	53.93	53.57
Top 10	79.18	78.81
Bottom 3	2.17	2.33
Bottom 5	5.17	5.34
Bottom 10	17.66	18.07

Table 3.3 further indicates that the share of the top three PFAs had reduced from 37.81 percent as at fourth quarter, 2018 to 37.64 percent as at first quarter, 2019. The share of the bottom three PFAs increased from 2.17 percent to 2.33 percent during the same period.

Table 3.4 shows that 66.67 percent (14) of the PFAs had each registered less than 500,000 RSAs while the remaining seven PFAs (33.33 percent) had registered more than 500,000 RSAs 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	6
100,000 – 499,999	11
Less than 100,000	3

3.1.3 Memberships of CPFA and AES

The total memberships of the CPFAs and AESs were 23,316 and 40,951 respectively as at the end of the first quarter of 2019 as shown in Tables 3.5 and 3.6 respectively. A review of the tables shows a slight decrease of 0.07 percent in the membership of the CPFAs from the figures of the previous quarter, while that of the AES remained stable compared to the previous reporting period.

Table 3.5: Membership of CPFAs as at First Quarter, 2019

Enrolment Type	Number			Percentage of Total	
	Q3:2018	Q4:2018	Q1:2019	Q4:2018	Q1:2019
Active Members	16,434	16,356	16,321	70.10	70.00
Existing Pensioners	6,260	6,337	6,359	27.16	27.27
Deferred Pensioners	709	639	636	2.74	2.73
Total	23,403	23,332	23,316	100.00	100.00

Note: Deferred pensioners are pensionable retirees who are not eligible to start drawing pension until they reach a certain age in accordance with rules and regulations of the scheme.

Table 3.6: Membership of AES as at First Quarter, 2019

Enrolment Type	Number			Percentage of Total	
	Q3:2018	Q4:2018	Q1:2019	Q4:2018	Q1:2019
Active Members	23,836	24,255	24,255	59.23	59.23
Current Pensioners	15,423	15,313	15,313	37.39	37.39
Deferred Pensioners	149	149	149	0.36	0.36
Dependants	1,234	1,234	1,234	3.01	3.01
Total	40,642	40,951	40,951	100.00	100.00

Note: Dependants are protégés of deceased pensioners.

3.2 Pension Contributions

The total monthly pension contributions received from contributors from both the public and private sectors was N5.28 trillion as at the end of the first quarter, 2019. This shows an increase of N186.43 billion representing 3.66 percent growth over the

total contributions as at the end of the previous quarter as shown in Table 3.7. During the first quarter of 2019, the total contributions received from the public sector amounted to ₦93.80 billion (50.31 percent) while the private sector contributed ₦92.63 billion (49.69 percent).

A review of the aggregate total contribution received shows that ₦2.66 trillion or 50.33 percent of the contributions came from the public sector, while the private sector contributed the remaining 49.67 percent (₦2.62 trillion).

Table 3.7: Pension Contributions as at First Quarter, 2019

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total
2004	15.6	0.59	0	0.00	15.60	0.30
2005	34.68	1.30	0	0.00	34.68	0.66
2006	37.38	1.41	23.03	0.88	60.41	1.14
2007	80.63	3.03	68.34	2.61	148.97	2.82
2008	99.28	3.73	80.81	3.08	180.09	3.41
2009	137.1	5.16	91.21	3.48	228.31	4.32
2010	162.46	6.11	103.03	3.93	265.49	5.03
2011	228.92	8.61	119.53	4.56	348.45	6.60
2012	302.24	11.37	159.52	6.08	461.76	8.74
2013	278.5	10.48	225.42	8.59	503.92	9.54
2014	237.76	8.94	343.97	13.11	581.73	11.01
2015	200.05	7.53	358.91	13.68	558.96	10.58
2016	225.86	8.50	262.33	10.00	488.20	9.24
2017	257.11	9.67	353.73	13.48	610.84	11.57
2018	266.84	10.04	340.72	12.99	607.55	11.50
Q1:2019	93.80	3.53	92.63	3.53	186.43	3.53
Total	2,658.21	100.00	2,623.18	100.00	5,281.39	100.00

The aggregate total pension contributions of the private sector increased from ₦2.53 trillion as at fourth quarter of 2018 to ₦2.62 trillion as at the end of the reporting period representing a growth of 3.66 percent. Whereas, the aggregate total pension contribution of the public sector increased by 3.66 percent from ₦2.56 trillion to ₦2.66 trillion over the same period.

3.2.1 Ranking of PFAs by the Amount of Contributions Received

The ranking of PFAs by total pension contributions received into the pension fund indicates that the top 5 ranked PFAs received 65.87 percent of the total contributions as at the end of the first quarter of 2019. The top 10 ranked PFAs accounted for 88.03 percent of the total contributions. The bottom 5 and 10 PFAs received ₦100.52 billion

and ₦501.60 billion pension contributions, representing 1.82 percent and 9.10 percent of the total contributions respectively as at the end of the quarter under review.

Table 3.8: PFA Ranking by Size of Contributions as at First Quarter, 2019

Rank	Amount (₦ billion)	Percentage of Total (%)
Top 5	3,631.40	65.87
Top 10	4,853.39	88.03
Bottom 5	100.52	1.82
Bottom 10	501.60	9.10

3.3 Pension Fund Investment

The total value of pension fund assets based on unaudited valuation reports grew from to ₦8.64 trillion as at the end of December, 2018 to ₦9.03 trillion as at March, 2019, representing a growth of 4.55 percent (₦393.06 billion). The growth indicates an increase in the quarterly growth rate compared to the 3.49 percent for the previous quarter. The breakdown of the pension assets by fund type is shown in Table 3.9.

Table 3.9: Pension Fund Portfolio by Fund Type as at First Quarter, 2019

Fund/Period	Q4:2018		Q1:2019		Change between Q1:2019 & Q4:2018	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Fund I	7.90	0.09	12.73	0.14	4.83	1.23
RSA Fund II	3,826.34	44.30	3,988.76	44.17	162.42	41.32
RSA Fund III	2,064.22	23.90	2,149.43	23.80	85.21	21.68
RSA Fund IV (Retiree)	683.86	7.92	732.13	8.11	48.27	12.28
CPFAs	1,077.57	12.48	1,135.42	12.57	57.85	14.72
AESs	977.84	11.32	1,012.33	11.21	34.49	8.78
Total	8,637.74	100.00	9,030.80	100.00	393.06	100.00

Table 3.9 shows that as at first quarter of 2019, the RSA funds (Funds I – IV) had the largest portfolio, accounting for ₦6.88 trillion (76.22 percent) of the total assets under management. CPFAs and AESs assets stood at ₦1.14 trillion and ₦1.01 trillion representing 12.57 percent and 11.21 percent of the total assets under management respectively. In addition, the Table also revealed that the RSA Fund I constituted 0.19 percent of the total RSA Fund, RSA Fund II constituted 57.95 percent; Fund III 31.23 percent while Fund IV i.e. the 'Retiree' Fund accounted for 10.64 percent of the Fund.

A breakdown of pension industry portfolio as shown in Table 3.10 indicates that the pension fund assets were mainly invested in Federal Government Securities, with an allocation of 72 percent of the total pension assets (FGN Bonds: 49 percent, Treasury

Bills: 21 percent, Sukuk Bonds: 1 percent while Agency Bonds and Green Bonds: less than 1 percent).

Table 3.10: Pension Industry Portfolio as at March, 2019

S/N	ASSET CLASS	Total Pension Fund Assets 31-Mar-19		Total Pension Fund Assets 31-Dec-18		Variance Between March 2019 and December 2018	
		₦ Billion	Weight (%)	₦ Billion	Weight (%)	₦ Billion	Weight (%)
1	Domestic Ordinary Shares	590.61	6.54	606.20	7.02	(15.59)	(3.97)
2	Foreign Ordinary Shares	62.60	0.69	55.86	0.65	6.74	1.71
3	Total FGN Securities	6,509.64	72.08	6,313.12	73.09	196.52	49.99
	(i) FGN Bonds	4,458.81	49.37	4,534.37	52.49	(75.56)	(19.22)
	(ii) Treasury Bills	1,936.26	21.44	1,673.42	19.37	262.84	66.87
	(iii) Agency Bonds (NMRC & FMBN)	11.96	0.13	11.57	0.13	0.39	0.10
	(iv) Sukuk Bonds	94.11	1.04	86.54	1.00	7.57	1.92
	(v) Green Bonds	8.51	0.09	7.23	0.08	1.28	0.33
4	State Govt. Securities	144.31	1.60	138.71	1.61	5.60	1.42
5	Corporate Debt Securities	478.10	5.29	468.68	5.43	9.42	2.40
6	Supra-National Bonds	5.37	0.06	6.91	0.08	(1.54)	(0.39)
7	Local Money Market Securities	874.40	9.68	709.14	8.21	165.26	42.04
8	Foreign Money Market Securities	22.54	0.25	3.21	0.04	19.33	4.92
9	Mutual Funds	24.96	0.28	24.01	0.28	0.95	0.24
	(i) Open/Close-End Funds	10.69	0.12	8.47	0.10	2.22	0.56
	(ii) REITs	14.27	0.16	15.54	0.18	(1.27)	(0.32)
10	Real Estate Properties	231.37	2.56	229.71	2.66	1.66	0.42
11	Private Equity Fund	32.34	0.36	31.35	0.36	0.99	0.25
12	Infrastructure Fund	29.40	0.33	18.51	0.21	10.89	2.77
13	Cash & Other Assets	25.17	0.28	32.32	0.37	(7.15)	(1.82)
	Net Assets Value	9,030.81	100.00	8,637.74	100.00	393.07	100.00

Table 3.10 further indicates that the value of investments in domestic ordinary shares was ₦590.61 billion (6.54 percent of industry portfolio value) as at 31 March, 2019, indicating a decrease of ₦15.59 billion compared to the value of ₦ 606.20 billion as at 31 December, 2018. The decrease in the value of investments in domestic ordinary shares was primarily due to the market price depreciation of some stocks during the period, as the Nigerian Stock Exchange All Share Index (NSE-ASI), and Market Capitalization depreciated by 1.24 percent and 0.43 percent respectively, from 31,430.50 bps and ₦11.72 trillion, as at 31 December 2018, to 31,041.42bps points and ₦11.67 trillion, as at 31 March 2019.

The value of investments in Treasury bills and FGN SUKUK increased by ₦264.84 billion (15.71 percent) and ₦7.57 billion (8.74 percent); while investments in FGN Bonds decreased by ₦75.56 billion (1.67 percent). The reduction in the value of FGN bonds is due to coupon payment and reallocation to other asset classes.

Table 3.11: Rank of PFA by Asset Size as at March, 2019

PFA Rank	Q3:2018		Q4:2018		Q1:2019	
	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets
Top 3	3,414.95	54.23	3,545.88	54.07	3,709.06	54.09
Top 5	4,212.96	66.90	4,381.97	66.83	4,578.25	66.76
Top 10	5,531.54	87.84	5,757.09	87.80	6,020.29	87.79
Bottom 3	31.15	0.49	32.66	0.50	34.77	0.51
Bottom 5	118.79	1.89	124.59	1.90	131.40	1.92
Bottom 10	573.17	9.10	601.04	9.17	629.16	9.17

A review of PFAs' ranking by size of assets under their management showed that the top three and five PFAs accounted for more than half of the total RSA assets at 54.09 and 66.76 percent respectively. The top ten PFAs had 87.79 percent of the total RSA assets under their management while the bottom ten PFAs accounted for 9.17 percent of the RSA assets under management at the end of the reporting period.

3.3.1 Portfolio Performance

(i) RSA 'Active' Funds

The Net Asset Value (NAV) of the RSA 'Active' Funds (i.e. RSA Funds I, II and III) recorded a net growth of ₦252.45 billion (4.28 percent), from ₦5.90 trillion as at 31 December, 2018 to ₦6.15 trillion as at 31 March, 2019. The breakdown of the Net Asset Value of the various RSA 'Active' Funds were: RSA Fund I was ₦12.73 billion (0.21 percent); RSA Fund II was ₦3.99 trillion (64.85 percent) and RSA Fund III was ₦2.15 trillion (34.94 percent).

The Weighted Average Rate of Return (WARR) of the RSA 'Active' funds net of asset based fees and taxes were: RSA Fund I recorded 14.10 percent; RSA Fund II recorded 15.67 percent and RSA Fund III recorded 13.45 percent. The performance of the RSA Funds were positively impacted by the increase in yields/interest rates on FGN Bonds, Treasury Bills and Money Market placements at the beginning of first quarter, 2019, which marginally decreased towards the end of the quarter. The yields on FGN Bonds ranged between 12.35 percent p.a. and 13.10 percent p.a., for maturities between 5 years and 20 years, a marginal decrease from levels in second quarter, 2018 (14.88 percent to 13.20 percent). Similarly, yields on Treasury Bills

ranged between 11 percent p.a. and 13 percent p.a. across all tenors. In addition, the continued depreciation in the market prices of quoted stocks as reflected by the negative return of 1.25 percent recorded by the NSE-ASI also affected the Fund performance.

(ii) RSA Retiree Fund

The Net Asset Value of the RSA Retiree Fund increased by ₦ 48.27 billion, from ₦683.86 billion as at 31 December, 2018 to ₦ 732.13 billion as at 31 March, 2019. The fund recorded a WARR of 14.55 percent (annualized), which was an increase in performance when compared with the annualized WARR of 12.66 percent recorded in the fourth quarter, 2018.

(iii) CPFA Funds

The value of pension fund assets held by the CPFA Funds recorded an increase in value of ₦57.85 billion (5.37 percent), from ₦1.08 trillion as at 31 December, 2018 to ₦1.14 trillion as at 31 March, 2019. The growth recorded was largely due to investment income and fund injection by the various scheme sponsors to bridge funding deficits and members' contributions.

The annualized rates of return recorded on the CPFA Funds ranged between 7.03 percent and 13.96 percent, which was reflective of the actual assets allocation of the individual Funds. The Funds with relatively high exposure to equity/equity funds recorded a lower performance, when compared to other Funds with more investments in fixed income assets.

(iv) Approved Existing Schemes

The NAV of the AESs increased by ₦34.49 billion (3.53 percent), from ₦977.84 billion as at 31 December, 2018, to ₦1.01 trillion as at 31 March, 2019. The net increase in the total portfolio value was primarily attributed to funds injected by scheme sponsors, interest/coupon from fixed income investments and unrealized gains from equity investments.

The annualized rates of return recorded on the AES Funds ranged between 9.86 percent and 15.58 percent in the first quarter 2019, which was also reflective of the actual assets allocation of the individual Funds.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

The total number of retirees currently receiving their pensions under the Programmed Withdrawal (PW) contracts increased by 6.87 percent from 200,747 as at the end of the fourth quarter of 2018 to 214,538 as at the end of the first quarter of 2019. A sectorial breakdown shows that 65.75 percent of those that received pension under the PW were from the public sector while retirees from the private sector accounted for the remaining 34.25 percent.

During the quarter under review, the sum of ₦39.40 billion was paid to 13,791 retirees as lump sum and ₦522.48 million as monthly programmed withdrawals. Details of these payments are provided in Table 3.12 below:

Table 3.12: Number of Retirees on PW as at First Quarter, 2019

Period	Public		Private	Total	Lump sum	Monthly PW
	FGN	State			(₦Million)	(₦ Million)
Inception to Q4: 2018	114,922	15,942	69,883	200,747	520,077.13	8,619.15
Q1: 2019	8,784	1,418	3,589	13,791	39,402.32	522.48
Total	123,706	17,360	73,472	214,538	559,479.45	9,141.63

Note: Public Sector refers to both Federal and State Governments

The Table further shows that from inception to date, the sum of ₦559.48 billion has been paid as lump sum and the monthly Programmed Withdrawals amounted to ₦9.14 billion.

3.4.2 Retirement by Annuity

The Commission approved a total of 4,264 applications for retirement under life annuity during the quarter, bringing the total number of retirees receiving their retirement benefits through the annuity plan to 65,916 from inception. The 4,264 retirees received ₦9.83 billion as lump sum payment and paid premium of ₦24.81 billion to insurance companies and monthly annuity of ₦257.26 million. This resulted in total lumps sum payment of ₦86.60 billion, premium of ₦353.69 billion and monthly annuity payments of ₦3.52 billion as at the end of First quarter, 2019.

Table 3.13: Retirement by Annuity as at First Quarter, 2019

Period	Public		Private	Total	Lump sum	Premium	Annuity
	FGN	State			(₦ Million)	(₦ Million)	(₦ Million)
Inception to Q4: 2018	39,393	6,043	16,216	61,652	76,775.67	328,875.83	3,259.66
Q1: 2019	1,778	1,478	1,008	4,264	9,828.58	24,809.81	257.36

Total	41,171	7,521	17,224	65,916	86,604.25	353,685.64	3,517.02
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3.4.3 Withdrawal of 25 Percent of RSA Balances

Approval was granted for payment of ~~N~~4.51 billion to 10,733 RSA holders who were under the age of 50 years and were disengaged from work and unable to secure another job within 4 months of disengagement.

As shown in Table 3.14, the cumulative total number of RSA holders who were paid benefits for temporary loss of job was 313,468 and were paid a total of ~~N~~107.93 billion being 25 percent of the balances of their RSAs as prescribed by the Pension Reform Act 2014. A further analysis showed that the private sector accounted for 95.38 percent of those who benefitted from these payments while the public sector accounted for 4.62 percent.

Table 3.14: Withdrawal of 25% of RSA Balance During the First Quarter, 2019

Period	Public		Private	Total	Total RSA Balance (N Million)	Total 25% Paid (N Million)
	FGN	State				
Inception to Q4: 2018	7,959	5,046	289,730	302,735	413,694.26	103,423.56
Q1: 2019	210	1,266	9,257	10,733	18,036.18	4,509.04
Total	8,169	6,312	298,987	313,468	431,730.43	107,932.61

3.4.4 Approval of Death Benefits

The Commission approved the payment of ~~N~~4.28 billion as death benefits to the beneficiaries of the 1,586 deceased employees during the quarter under review, which brought the total number of deceased employees from both public and private sectors to 55,820. The amount paid during the quarter moved the total payments of death benefits to ~~N~~173.86 billion.

Table 3.15: Approval of Death Benefits as at First Quarter, 2019

Sector	Public		Private	Total	Total Amount Paid (N Million)
	FGN	State			
Inception to Q4: 2018	37,912	4,262	12,060	54,234	167,584.29
Q1: 2019	811	278	497	1,586	6,279.71
Total	38,723	4,540	12,557	55,820	173,864.00

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

3.4.5 En-Bloc Payments

The Commission granted approval for the payment of the entire RSA balances of the categories of retirees whose RSA balances were ₦550,000 or below and considered insufficient to procure a Programmed Withdrawal or Annuity of a reasonable amount over an expected life span. Approval was also granted for payment of RSA balances to foreign nationals who decided to return to their home countries after making contributions under the CPS.

Accordingly, the sum of ₦625.43 million was paid to 3,467 retirees, which comprised 276 public (FGN and State) and 2,915 private sector retirees. Consequently, 106,483 retirees received en-bloc payments totaling ₦26.43 billion from inception to the end of the first quarter of 2019.

Table 3.16: Enbloc Payment to Retirees/Foreigners as at First Quarter, 2019

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Inception to Q4: 2018	6,373	2,840	93,803	103,016	25,800.92
Q1: 2019	55	497	2,915	3,467	625.43
Total	6,428	3,337	96,718	106,483	26,426.35

3.5 Outlook for the First Quarter 2019

We expect the equity market to rebound in the second and third quarter of 2019. This is premised on the expected increase in Crude price and expected decrease in yields on Government Securities.

It is also envisaged that the inflation rate would continue its downward trend, from the average inflation rate recorded in Q1:2019 (11.25 percent). Overall, pension fund portfolios are expected to show continued growth in second quarter, 2019, on the back of monthly receipts of pension contributions, which continue to average ₦50 billion.