



NATIONAL PENSION COMMISSION (PenCom)

FIRST QUARTER 2020 REPORT

Corporate Vision and Mission

Vision

By 2020, 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

April, 2020

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Section One

Pension Operating Environment

1.1 Macroeconomic Development

In the first quarter of 2020, Nigeria's aggregate Gross Domestic Product (GDP) stood at **₦35,647,406.08** million in nominal terms. This was higher when compared to the first quarter of 2019 which recorded **₦31,824,349.67** million, with a nominal growth rate of 12.01% year on year. Relative to the first quarter of 2019, the nominal growth rate was higher by 0.11% but lower than the preceding quarter by 0.32% points.

The GDP grew by 1.87% (year-on-year) in real terms despite the significant global disruptions caused by the outbreak of the novel Coronavirus which resulted in a sharp fall in oil prices and restricted international trade. The performance recorded in Q1 2020 represented a drop of 0.23% compared to Q1 2019 and 0.68% compared to Q4 2019, reflecting the earliest slowdown particularly in the non-oil economy. On a Quarter on quarter basis however, real GDP growth was 14.27% compared to 5.59% recorded in the preceding quarter. These indices were driven by economic activities under the two broad categories of the oil and non-oil.

During the period under review, the oil sector recorded an average daily oil production of 2.07 million barrels per day (mbpd). The production level was higher by 0.08mbpd compared to the 1.99mbpd recorded in the same quarter of 2019 and 0.06mbpd higher than the production volume recorded in Q4 2019. The oil sector recorded a real growth rate of 5.06% (year-on-year) in Q1 2020 indicating an increase of 6.51% relative to the rate recorded in the corresponding quarter of 2019. However, growth slowed by 1.30% when compared to Q4 2019 which was 6.36%. Quarter-on-quarter, the oil sector recorded a growth rate of 11.30% in Q1 2020 and contributed 9.50% to aggregate real GDP in Q1 2020.

Similarly, the non-oil sector grew by 1.55% in real terms during the quarter under review. This was slower by 0.93% compared to the rate recorded during the same quarter of 2019, and 0.72% lower than Q4 2019. The non-oil sector was driven mainly by Information and Communication (Telecommunications), Financial and Insurance (Financial Institutions), Agriculture (Crop Production), Mining and Quarrying (Crude Petroleum & Natural Gas), and Construction. In real terms, the Non-Oil sector contributed 90.50% to the nation's GDP in Q1 2020, less than its share in the first quarter of 2019 which was 90.78% and Q4 2019 which recorded 92.68%.

1.2 Developments in the Capital Market

Activities on the Nigerian Stock Exchange (NSE) were bearish during the first quarter of 2020, as the All Share Index (ASI) and aggregate market capitalization fell. The development was driven, largely, by the negative impact of COVID-19 pandemic and disruptions in global supply chain. The turnover volume rose by 26.0% to 23.56 billion shares compared to 18.70 billion shares recorded in Q4 2019. In a similar vein, the value of traded securities rose by 24.6 % to N289.62 billion compared with the N232.41 billion recorded in Q4 2019. The development was attributed to the massive sell-off embarked upon by the investors, triggered by the COVID-19 pandemic

The aggregate market capitalization for all listed securities (equities and debts) fell by 5.3% to N24.51 trillion in Q1 2020, compared with N25.89 trillion as at 31st December 2019. Similarly, market capitalization for the equities segment declined by 14.3% to N11.11 trillion in Q1 2020 and constituted 45.3% of the aggregate market capitalization, compared with N12.97 trillion and 50.1% as at 31st December 2019.

NSE All-Share Index which opened at 26,867.79 at the beginning of the quarter, fell by 26.1% to 21,300.47 at end-March 2020. With the exception of the NSE-AseM index, which remained unchanged at 734.99 during the period under review, all other sectoral indices declined considerably. Specifically, NSE-Consumer Goods fell to 325.50 (45%), NSE-Banking to 235.86 (33.7%), NSE Pension to 826.75 (21.2%), NSE-Lotus to 1,512.63 (18.4%), NSE-Premium to 1,761.23 (17.3%), NSE-Oil and Gas to 215.25 (13.7%), NSE-Insurance to 119.40 (6.0%) and NSE-Industrial indices to 1,040.295 (1.1%), as at end-March 2020.

In the domestic bond market tranches of 5, 10, 15 and 30 year bonds were reopened and offered for sale in Q1 2020. The term-to-maturity of the FGN Bonds ranged from 3 years 1 months to 30 years. Total amount offered was N345.00 billion, investors subscribed for N1,203.90 billion and N559.99 billion were allotted. Allotment on noncompetitive basis was N80.83 billion, while the sum of N606.43 billion matured for repayment. The bid rates on all tenors ranged from 7.00% to 16.00%, while the marginal rates ranged from 8.75% to 12.98%.

1.3 Developments in the Money Market

Financial market key indicators were relatively stable in the first quarter of 2020. However, as the global economy reeled from the effects of COVID-19 pandemic, oil prices plunged, following Saudi Arabia's oil price slash and the unprecedented disruptions in global supply chains. The level of liquidity in the period rose, as a result of repayment of matured CBN bills, maturing Federal Government (FGN) Bonds and Nigerian Treasury Bills (NTBs), as well as, fiscal disbursements to the three tiers of Government.

The provisioning and settlement of foreign exchange purchases, auctioning of CBN bills, FGN Bonds, Nigerian Treasury Bills (NTBs), and CRR debits, however, moderated the liquidity. Money market rates were generally stable and moved in tandem with the level of liquidity in the first quarter of 2020. Average interbank and OBB rates were 10.68% and 12.08% respectively. Other rates, such as the 7-day and 30-day NIBOR, traded at averages of 11.74% and 9.81% during the quarter under review.

The Central Bank of Nigeria intervened through the conduct of direct Open Market Operations (OMO) auctions to moderate liquidity during the quarter. The tenor of the instrument was from 81 to 364 days. A Total amount of N4, 259.42 billion was offered, investors subscribed for N5,305.35 billion while N4,441.54 were allotted. The bid rates ranged from 11.29% to 18.25% while the stop rates were from 11.44% to 13.28%. Repayment of matured CBN bills was N5,519.17 billion, translating to a net injection of N1,077.63 billion.

At the 91-day auction of Nigeria Treasury Bills (NTBs), total subscription and allotment were N246.33 billion and N94.25 billion, respectively, with bid rates ranged from 2.00% to 9.40%, while the stop rates were 2.30% to 3.50%. For the 182-day auction, total subscription and allotment were N331.84 billion and N165.33 billion, respectively. The bid rates ranged from 2.80% to 10.50%, while the stop rates ranged from 3.40 per cent to 4.90 per cent. At the 364-day auction, total subscription and allotment were N1,199.28 billion and N662.72 billion, respectively, with bid rates ranging from 2.40 per cent to 15.49 per cent, and stop rates ranging from 4.60 per cent to 6.54 per cent. On all the maturities, the stop rates ranged from 2.30 per cent to 6.54 per cent.

Sources: National Bureau of Statistics: Nigeria Gross Domestic Products Report Q1 2020

Central Bank of Nigeria: Economic Report 1st Quarter, 2020

Section Two

Regulatory and Supervisory Activities

2.1 Surveillance of the Pension Industry

2.1.1 Update on the On-Site Examination of Pension Fund Operators

As part of measure to contain the spread of the novel Coronavirus, the Commission temporarily suspended all On-Site Examination of Pension Fund Operators. However, the Off-Site Surveillance and Analysis of Pension Operators' activities had been strengthened with the development of additional reporting templates and increase in the frequency of rendition of some reports, from quarterly to monthly. The additional reporting templates were developed to provide more information and increased monitoring of Operators' activities.

2.1.2 Update on the Review of Periodic RMAS Reports of Pension Operators

During the quarter under review, a total of thirty-two (32) Licensed Pension Operators, comprising of twenty-two (22) PFAs, four (4) PFCs and six (6) CPFAs rendered the returns on Assets under Management as well as the Company's financial position via the Risk Management & Analysis System (RMAS) platform. The returns from the Operators were reviewed and found to be in line with the minimum regulatory requirements.

2.1.3 Review of Compliance Reports of Pension Operators

The key issues observed from the review of the compliance reports forwarded by the operators during the quarter under review were high un-credited pension contributions, delays in the payment of retirement benefits to retirees and unresolved outstanding commitments from 2019 routine examinations. The pension operators were directed to expedite the regularization of the noted exceptions.

2.1.4 Approval for Appointment to Board and Top Management Positions

During the quarter under review, the Commission granted two (2) PFAs approval for the appointments of Board Members. Details of the newly appointed Directors are as follows:

S/N	OPERATOR	NAME OF APPOINTEE	POSITION	DATE APPROVED
1	IEI-Anchor Pension Manager Limited	Sen. Zik Ambuno Sunday	Non-Executive Director	10 Feb. 2020
2	FCMB Pensions Limited	Mrs. Caroline Chidiebere Anyanwu	Independent Director	13 Feb. 2020

2.2 Compliance and Enforcement Activities

2.2.1 Issuance of Pension Clearance Certificate

The Commission received a total 11,430 applications for issuance of Pension Clearance Certificate (PCC) in the first quarter of 2020. Out of which, PCCs were issued to 8,689 organizations. The remaining 2,741 applications were not processed due to the lockdown occasioned by the COVID-19 Pandemic. The records confirm that the 8,689 organizations remitted the sum of **₦89,077,380,289.49** to the Retirement Savings Account (RSAs) of 145,324 employees.

2.2.2 Update on the Recovery of Outstanding Pension Contributions and penalty from defaulting employers

During the quarter under review, the Commission issued demand notices to defaulting employers whose pension liabilities had been established by the Recovery Agents (RAs). Thirty-five (35) of the affected employers redeemed the outstanding pension contributions and accrued penalty amounting to **₦404,258,235.16**. This amount comprised principal contribution of **₦180,189,395.30** and penalty of **₦224,068,839.86**. Cumulatively, the total recoveries made from inception to 31st March 2020 amounted to **₦17,257,719,831.99** comprising of principal contribution **₦8,737,357,718.26** and penalty **₦8,520,362,113.73**.

2.2.3 Update on Refund of Pension Contributions to Military Personnel and State Security Agencies

The Commission received and processed 187 applications during the quarter (January – March 2020) for the refund of pension contribution of Military Personnel and other Security Agencies. The sum of **₦12,278,997.31** was refunded to 187 personnel.

2.2.4 Supervision of Pension Transitional Arrangement Directorate (PTAD)

In the quarter under review, the Commission continued to monitor payment of pensions to Public Service Retirees under the Defined Benefit Scheme (DBS) through monthly statutory returns by PTAD.

2.2.5 Update on Transfer of NSITF Contributions to Members Retirement Saving Account

The Commission received 31 batches of NSITF transfer applications totaling **₦19,083,256.33** on behalf of 291 NSITF members during the quarter under review. All the applications were processed and the members' contributions transferred to their RSAs. Cumulatively, the sum of **₦10,033,642,012.05** had been transferred into the RSAs of 139,275 NSITF contributors from inception to 31 March, 2020.

2.2.6 Monthly NSITF Scheme Pensions

For the quarter ended March 2020, the Commission granted approval for the payment of monthly pensions totaling ₦62,266,025.87 in respect of 3,630 to NSITF pensioners. Cumulatively, the sum of ₦4,738,858,263.83 had been paid to NSITF pensioners from inception to 31st March, 2020.

2.2.7 Complaints and Enquiries

The Commission received a total of 185 complaints relating to non-remittance of pension contributions, NSITF pension payment, other benefits, and pension payment under PTAD. Out of the total complaints received, 69 complaints were resolved while the remaining 116 were at various stages of processing.

2.3 Compliance by State Governments

2.3.1 Implementation Update by the State Governments

A total number of twenty five (25) States of the Federation have enacted pension laws on the Contributory Pension Scheme (CPS) while seven (7) States were at the bill stage. Out of five (5) States operating other pension schemes, four (4) States have adopted the Contributory Defined Benefits Scheme (CDBS), while one (Yobe State) operates the Defined Benefits Scheme (DBS). Although, Yobe State still operates the Pay-As-You-Go Scheme, a committee was inaugurated during the quarter by the State Government towards the adoption of the CPS. The level of compliance with the CPS by States is as detailed in Table 2.1 below:

States At Bill Stage	States with Enacted Laws on CPS	States with Pension Bureaux/Boards	States Remitting ER & EE Pension Contributions	States Remitting only EE Pension Contributions	States that Conducted Actuarial Valuation	Availability of RBBRFA	Funding of Accrued Rights	Payment of Pension Under CPS	Valid Group Life	States with Other Pension Schemes *
(7)	(25)	(14)	(9)	(2)	(8)	(6)	(6)	(5)	(4)	(5)
KWARA	LAGOS	LAGOS	LAGOS	RIVERS	LAGOS	FCT	KADUNA	LAGOS	FCT	JIGAWA
PLATEAU	KADUNA	KADUNA	KADUNA	KEBBI	KADUNA	DELTA	FCT	KADUNA	KADUNA	KANO
CROSS RIVER	EDO	FCT	FCT		FCT	KADUNA	DELTA	FCT	EDO	YOBE
BORNO	ABIA	DELTA	ONDO		DELTA	OSUN	OSUN	DELTA	LAGOS	GOMBE
AKWA IBOM	OSUN	OSUN	EDO		OSUN	ANAMBRA (LG)	ANAMBRA (LG)	OSUN		ZAMFARA
BAUCHI	EKITI	EKITI	ANAMBRA*		ANAMBRA	RIVERS	LAGOS			
KATSINA	ONDO	ONDO	EKITI		RIVERS					
	ANAMBRA	RIVERS	OSUN *		EKITI					
	RIVERS	OGUN	DELTA							
	OGUN	KEBBI								
	KOGI	NIGER								
	TARABA	EDO								
	IMO	BAYELSA								
	SOKOTO	BENUE								
	DELTA									
	EBONYI									
	NASARAWA									
	KEBBI									
	NIGER									
	BAYELSA									
	ENUGU									
	OYO									
	FCT									
	ADAMAWA									
	BENUE									

* OTHER PENSION SCHEMES: DB, CDBS

2.3.2 UPDATE ON SENSITIZATION/CAPACITY BUILDING WORKSHOPS AND ENGAGEMENTS

The Commission carried out the following sensitization/capacity building engagements during the quarter.

- i. Sensitization workshop for Borno State University.
- ii. A sensitization workshop for Staff and Management of the Kebbi State Pension Board.
- iii. Capacity building workshop for staff of the Ogun State Bureau of State Pensions and Ogun Bureau of Local Governments.
- iv. A meeting held with the Kano State Head of Service/Government on the next steps towards the implementation of the CPS in Kano State.
- v. Meeting with the Kaduna State Government and Pension Fund Administrators operating in the State to discuss the pending the payment of their accrued rights by the State Government.
- vi. Official flag-off of the CPS in Benue State by Governor Samuel Ortom on 9 March 2020 at Makurdi, Benue State.

2.4 Update on Micro Pension Plan

2.4.1 Update on Registration under the Micro Pension Plan

In Q1, 2020, the PFAs registered a total of **9,449** contributors under the Micro Pension Plan (MPP) for whom a total of **₦16.81million** had been remitted to the RSAs as pension contributions.

2.4.2 Update on Sensitization on the Micro Pension Plan

The Commission's sensitization efforts slowed considerably during the quarter due to the outbreak of the COVID 19 pandemic. Nonetheless, the distribution of the translated Frequently Asked Questions (FAQs) on the MPP to various stakeholders across the 6 geo-political zones continued through the Commission's Zonal Offices to further sensitize the public during the period under review.

2.5 Update on National Databank Management Activities

2.5.1 Update on the RSA Transfer System (RTS)

The design and development of the RSA Transfer System (RTS) which commenced in September 2019 had reached 98% completion at the end of the first quarter of 2020. Consequently, test scripts were developed for the internal testing of the application by users, within the period. The Internal User Acceptance Test (UAT) was scheduled to commence in April 2020.

2.5.2 Implementation of the National Data Protection Regulation 2019

The Commission reviewed the National Data Protection Regulation (NDPR) 2019 and began implementation of Key aspects of the regulation during the quarter. The Commission also requested PenOp to draft the Data Privacy Policy for the Pension Industry.

2.5.3 Update on the Employer code

A total of 3,131 employer codes were generated during the quarter under review. Over 88.6% of the employer codes generated were for private sector companies, about 9% for small businesses and 51 for the Federal and State Governments' agencies representing 1.6% of the total employer codes generated for the different sectors. The table below shows the employer codes generated within the period under review:

S/N	Employer Code Type	Description	Count	%
1	PU	Federal Government MDAs	1	0.0
2	ST	State Government MDAs	51	1.6
3	BR	Business Names - Law Firms, Hospitals, Schools, Banks, etc.	288	9.2
4	PR	Private Registered Companies	2,773	88.6
5	UN	Unions/Associations	11	0.4
6	NG	Non-Governmental Organization	7	0.2
TOTAL			3,131	100

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The pension industry recorded a 1.20% growth (107,193) in the scheme membership during the first quarter of 2020, moving from 8.95 million contributors at the end of the preceding quarter to 9.06 million. The growth in the industry membership was driven by the Retirement Savings Account (RSA) Scheme, which had an increase of 107,344 contributors representing 1.21%. However, membership of the Closed Pension Fund Administration (CPFA) Scheme declined by 151 members to 17,198 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, 2020

Scheme Type	Q3:2019	Q4:2019	Q1:2020	Change between Q4:2019 and Q1:2020	% Change
RSA	8,780,336	8,891,236	8,998,580	107,344	1.21
CPFA	17,548	17,349	17,198	(151)	(0.87)
AES	40,951	40,951	40,951	0	0
TOTAL	8,838,835	8,949,536	9,056,729	107,193	1.20

3.1.1 Membership of RSA

The RSA registrations grew to 8,998,580 as at first quarter, 2020 moving from 8,891,236 as at fourth quarter, 2019, representing a growth of 1.21% (107,344). The growth can be attributed to the increased level of compliance by the private sector because of the various steps taken by the Commission to improve compliance and coverage, as well as marketing strategies of the PFAs.

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. During the first quarter, 2020, the market shares of the bottom three, five and ten PFAs grew, while those of the top three, five and ten slightly dipped. The shares of the bottom five and ten PFAs increased from 3.93% and 15.01% in the fourth quarter of 2019 to 3.96% and 15.02% respectively as at the end of the reporting period. On the other hand, the market shares of top five and ten PFAs dropped from 53.34% and 78.51% in the previous quarter to 53.28% and 78.48% respectively as at the end of first quarter, 2020 as shown in Table 3.2.

Table 3.2: RSA Registration by Market Share

PFA Ranking	Q4:2019 (%)	Q1:2020 (%)
Top 3	37.51	37.47
Top 5	53.34	53.28
Top 10	78.51	78.48
Bottom 3	1.48	1.50
Bottom 5	3.93	3.96
Bottom 10	15.01	15.02

Table 3.2 further indicates that the share of the top three PFAs had reduced from 37.51% as at fourth quarter, 2019 to 37.47% as at first quarter, 2020. The share of the bottom three PFAs slightly increased from 1.48% in previous quarter to 1.50% as at first quarter, 2020. Table 3.3 shows that 15 of the PFAs (68.18%) had each registered less than 500,000 RSAs while the remaining seven PFAs (31.81%) had registered more than 500,000 RSAs each.

Table 3.3: 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	4

3.1.3 Memberships of CPFAs and AES

The total memberships of the CPFAs and AESs were 17,198 and 40,951 respectively as at the end of the first quarter of 2020 as shown in Tables 3.1. A review of the table shows a slight decrease of 0.87% 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.

3.2 Pension Contributions

The total monthly pension contributions received from contributors from both the public and private sectors was ~~N~~6 trillion as at the end of the First quarter, 2020. This shows an increase of ~~N~~205.71 billion representing 3.55% growth over the total contributions as at the end of the previous quarter as shown in Table 3.4. During the first quarter of 2020, the total contributions received from the public sector amounted to ~~N~~116.80 billion (56.78%) while the private sector contributed ~~N~~88.91 billion (43.22%).

Table 3.4: Pension Contributions as at First Quarter, 2020

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total
2004	15.6	0.52	0	0.00	15.60	0.26
2005	34.68	1.15	0	0.00	34.68	0.58
2006	37.38	1.24	23.03	0.77	60.41	1.01
2007	80.63	2.68	68.34	2.29	148.97	2.48
2008	99.28	3.30	80.81	2.70	180.09	3.00
2009	137.1	4.55	91.21	3.05	228.31	3.80
2010	162.46	5.39	103.03	3.45	265.49	4.42
2011	228.92	7.60	119.53	4.00	348.45	5.81
2012	302.24	10.03	159.52	5.34	461.76	7.69
2013	278.5	9.24	225.42	7.54	503.92	8.40
2014	237.76	7.89	343.97	11.51	581.73	9.69
2015	200.05	6.64	358.91	12.01	558.96	9.31
2016	225.86	7.50	262.33	8.78	488.20	8.13
2017	257.11	8.53	353.73	11.84	610.84	10.18
2018	266.84	8.86	340.72	11.40	607.55	10.12
2019	331.56	11.01	369.13	12.35	700.69	11.68
Q1:2020	116.80	3.88	88.91	2.98	205.71	3.43
Total	3,012.77	100.00	2,988.59	100.00	6,001.36	100.00

The aggregate total pension contributions of the private sector increased from ₦2.90 trillion as at fourth quarter of 2019 to ₦2.99 trillion as at the end of the reporting period representing a growth of 3.07%. Whereas the aggregate total pension contribution of the public sector increased by 4.03% from ₦2.90 trillion to ₦3.01 trillion over the same period.

A review of the aggregate total contribution received as at 31 March, 2020 shows that ₦3.01 trillion or 50.20% of the contributions came from the public sector, while the private sector contributed the remaining ₦2.99 trillion (49.80%).

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 66.41% of the total contributions as at the end of the first quarter of 2020. The top 10 ranked PFAs accounted for 88.13 % of the total contributions. The bottom 5 and 10 PFAs received ₦120.15 billion and ₦574.41 billion pension contributions, representing 1.89% and 9.06% of the total contributions respectively as at the end of the quarter under review.

Table 3.5: PFA Ranking by Size of Contributions as at First Quarter, 2020

Rank	Amount (N' billion)	Percentage of Total (%)
Top 5	4,212.72	66.41
Top 10	5,590.16	88.13
Bottom 5	120.15	1.89
Bottom 10	574.41	9.06

3.3 Pension Fund Investment

The total value of pension fund assets based on unaudited valuation reports grew from to ₦10.22 trillion as at the end of December, 2019, to ₦10.33 trillion as at March, 2020, representing a growth of 1.08% (₦110.11 billion). The growth indicates a decrease in the quarterly growth rate compared to the 6.60% recorded for the previous quarter, this was mainly due to market valuation of quoted equities. The breakdown of the pension assets by fund type is shown in Table 3.6.

Table 3.6: Pension Fund Portfolio by Fund Type as at First Quarter, 2020

Fund/Period	Q1:2020		Q4:2019		Change between Q1:2020 & Q4:2019	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Fund I	24.23	0.23	22.60	0.22	1.63	7.23
RSA Fund II	4,480.84	43.39	4,459.08	43.65	21.76	0.49
RSA Fund III	2,649.47	25.66	2,552.22	24.98	97.25	3.81
RSA Fund IV (Retiree)	827.93	8.02	816.52	7.99	11.42	1.40
RSA Fund V	0.01	0.00	0.00	0.00	0.01	0.00
CPFAs	1,228.13	11.89	1,258.89	12.32	(30.76)	(2.44)
AESs	1,115.39	10.80	1,106.59	10.83	8.80	0.80
Total	10,326.02	100.00	10,215.91	100.00	110.11	1.08

Table 3.6 shows that as at first quarter of 2020, the RSA funds (Funds I – IV) had the largest portfolio, accounting for ₦7.98 trillion (77.30%) of the total assets under management. CPFAs and AESs assets stood at ₦1.23 trillion and ₦1.12 trillion representing 11.89% and 10.80% of the total assets under management, respectively. In addition, the Table also revealed that the RSA Fund (I) constituted 0.23% (₦24.23 billion) of the total AUM, RSA Fund (II) constituted 43.39% (₦4.48 trillion); Fund (III) 25.66% (₦2.65 trillion); Fund (IV) i.e. the 'Retiree' Fund accounted for 8.02% (₦827.93 billion) while RSA Fund (V) i.e Micro Pension Fund accounted for less than 1% (₦9.6 million) of the Fund.

A breakdown of the pension industry portfolio as shown in Table 3.7 indicated that the pension fund assets were mainly invested in Federal Government Securities, with an allocation of about 68% of the total pension assets (FGN Bonds: 54%, Treasury Bills: 13%, Sukuk Bonds: 1% while Agency Bonds and Green Bonds: less than 1%).

Table 3.7: Pension Industry Portfolio as at First Quarter, 2020

S/N	ASSET CLASS	Total Pension Fund Assets 31-Mar-20		Total Pension Fund Assets 31-Dec-19		Variance Between March 2020 and December 2019	
		₦ Billion	Weight (%)	₦ Billion	Weight (%)	₦ Billion	Weight (%)
1	Domestic Ordinary Shares	441.95	4.28	552.78	5.41	(110.83)	(20.05)
2	Foreign Ordinary Shares	59.42	0.58	71.28	0.70	(11.86)	(16.64)
3	Total FGN Securities	7,018.04	67.96	7,345.20	71.90	(327.16)	(4.45)
	(i) FGN Bonds	5,604.77	54.00	5,347.46	52.34	257.31	4.81
	(ii) Treasury Bills	1,317.95	13.00	1,881.18	18.41	(563.23)	(29.94)
	(iii) Agency Bonds (NMRC & FMBN)	10.54	0.00	11.73	0.11	(1.19)	(10.13)
	(iv) Sukuk Bonds	70.99	1.00	88.90	0.87	(17.91)	(20.14)
	(v) Green Bonds	13.78	0.00	15.92	0.16	(2.14)	(13.45)
4	State Govt. Securities	156.54	1.52	115.06	1.13	41.48	36.05
5	Corporate Debt Securities	649.97	6.29	567.46	5.55	82.51	14.54
6	Supra-National Bonds	2.69	0.03	4.14	0.04	(1.46)	(35.16)
7	Local Money Market Securities	1,594.09	15.44	1,172.32	11.48	421.77	35.98
8	Foreign Money Market Securities	8.54	0.08	5.38	0.05	3.16	58.67
9	Mutual Funds	24.83	0.24	26.65	0.26	(1.82)	(6.82)
	(i) Open/Close-End Funds	14.18	0.14	15.34	0.15	(1.15)	(7.52)
	(ii) REITs	10.65	0.10	11.31	0.11	(0.67)	(5.88)
10	Real Estate Properties	217.61	2.11	220.01	2.15	(2.40)	(1.09)
11	Private Equity Fund	39.25	0.38	34.54	0.34	4.71	13.63
12	Infrastructure Fund	46.98	0.45	41.54	0.41	5.44	13.10
13	Cash & Other Assets	66.12	0.64	59.54	0.58	6.58	11.05
	Net Assets Value	10,326.02	100.00	10,215.91	100.00	110.11	1.08

Table 3.7 above, shows the comparative Pension Industry Portfolio for the period ended 31 March, 2020 and 31 December, 2019, as well as the variance between both periods.

The table indicated that the value of investments in domestic quoted ordinary shares was ₦441.95billion (4% of AUM) as at 31 March 2020, a decrease of ₦110.83billion (20.05%) compared to the value of ₦552.78 billion as at 31 December, 2019. The decrease in the value of domestic quoted equities, was primarily due to the depreciation of some stock prices during the period, as the Nigerian Stock Exchange All Share Index (NSE-ASI) depreciated by 20.65% from 26,842.07 basis points (bps) as at 31 December, 2019 to 21,300.47 bps as at 31 March, 2020.

The value of investments in FGN Bonds increased by ₦257.31 billion (4.81%), while investments in Treasury Bills decreased by ₦563.23 billion (29.94%). Similarly, FGN Sukuk and Agency Bonds decreased by ₦17.91 billion (20.14%) and ₦1.19 billion (10.13%) respectively. The reduction in the value of the Treasury Bills was due to maturities and reallocation to other asset classes, mainly FGN Bonds and Money Market Securities.

Table 3.8: Ranking of PFAs by Asset Size as at March, 2020

PFA Rank	Q3:2019		Q4:2019		Q1:2020	
	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets
Top 3	3,976.31	54.07	4,218.12	53.88	4,284.74	53.84
Top 5	4,909.80	66.77	5,216.32	66.63	5,295.95	66.55
Top 10	6,449.94	87.76	6,850.49	87.50	6,955.79	87.41
Bottom 3	43.42	0.51	31.79	0.41	40.78	0.51
Bottom 5	149.51	1.93	106.27	1.36	116.26	1.46
Bottom 10	687.28	9.22	535.35	6.84	552.89	6.95

A review of the ranking of PFAs by the size of assets under their management indicated that the top five PFAs accounted for more than half of the total RSA assets at 66.55%. The top ten PFAs had 87.41% of the total RSA assets under their management while the bottom ten PFAs accounted for 6.95% of the RSA assets under management at the end of the reporting period.

3.3.1 Portfolio Performance

(i) RSA 'Active' Funds

The Net Assets Value (NAV) of the RSA 'Active' Funds, which includes RSA Funds I, II, III, as well as Fund V, which is the recently established Micro Pension Fund was ₦7.15 trillion as at first quarter 2020. This represented a net growth of ₦120.65 billion (1.72%), as it increased from ₦7.03 trillion from 31 December, 2019. The growth resulted primarily from monthly inflows of pension contributions into the Funds and the investment incomes.

The Weighted Average Rate of Return (WARR) of the RSA 'Active' funds were: RSA Fund I recorded -6.59%; RSA Fund II recorded -2.46% and RSA Fund III recorded 2.88%. This showed a decrease in performance of Fund I, II and III when compared to the performance of recorded in the previous quarter. RSA Fund I and II recorded negative WARR. The performances of the RSA Funds were negatively impacted by the continued depreciation in the market prices of quoted stocks as reflected by the negative return of 20.63% recorded by the NSE-ASI. However, there were gains in the prices of FGN bonds, as yield declined on all maturities. The yields on FGN Bonds ranged between 6% p.a and 11% p.a for maturities between 5 years and 20 years, which is was a significant decrease from Q4:2019 (11.88% to 13.10%). Similarly, yields on Treasury Bills ranged between 11% p.a and 13% p.a across all tenors.

(ii) RSA Retiree Fund

The Net Asset Value of the RSA Retiree Fund increased by ₦11.42billion (1.40%), from ₦816.52 billion as at 31 December, 2019 to ₦827.93billion as at 31 march, 2020. The growth resulted primarily from transfers from RSA Active Funds into the RSA Retiree Funds including accrued rights of Federal Government retirees and income from investment. The fund recorded a WARR of 7.18% (annualized), which was a decrease when compared with the annualized WARR of 15.96% recorded in Q4 2019. The decrease in the WARR was as a result of the yields on fixed income securities, (approximately 99% of total portfolio) which declined in Q1:2020.

(iii) CPFA Funds

The value of pension fund assets held by the CPFA Funds recorded a decrease in value of ₦30.76billion (2.44%), from ₦1.26 trillion as at 31 December, 2019 to ₦1.23 trillion as at 31 March, 2020. The annualized rates of return recorded on the CPFA Funds ranged between negative 3% to positive 8.50%, which were reflective of the actual assets allocation of the individual Funds. The Funds with relatively high exposure to equity/equity funds recorded lower performances, when compared to Funds with more investments in fixed income assets.

(iii) Approved Existing Schemes

The NAV of the AESs increased by ₦8.80 billion (0.80 percent), from ₦1.11 trillion as at 31 December, 2019, to ₦1.12 trillion as at 31 March, 2020. The net increase in the total portfolio value was mainly attributed to funds injected by Scheme sponsors, interest/coupons from fixed income investments and unrealized gains from investments in bonds. The annualized rates of return recorded on the AES Funds ranged between 9.86% and 11.38% in first quarter, 2020, which were reflective of the actual assets allocation of the individual Funds.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

During the quarter under review, the Commission granted approval for the payment of ₦24.54 billion as lump sum and ₦346.75 million as monthly programmed withdrawals to 8,428 retirees. Details of these payments are provided in Table 3.11 below:

Table 3.9: Number of Retirees on PW during First Quarter, 2020

Period	Public		Private	Total	Lump sum	Monthly PW
	FGN	State			(₦Million)	(₦ Million)
Q1: 2020	4,434	940	3,054	8,428	24,535.11	346.75

Note: Public Sector refers to both Federal and State Governments

3.4.2 Retirement by Annuity

The Commission granted approval for the payment of ₦6.13 billion as lump sum and premium of ₦15.96 billion to insurance companies for a monthly annuity of ₦151.18 million to 2,523 retirees under the life annuity during the quarter as shown in Table 3.12 below.

Table 3.10: Retirement by Annuity during the First Quarter, 2020

Period	Public		Private	Total	Lump sum	Premium	Annuity
	FGN	State			(₦ Million)	(₦ Million)	(₦ Million)
Q1: 2020	1,311	352	860	2,523	6,126.34	15,958.61	151.18

3.4.3 Withdrawal of 25 Percent of RSA Balances

During the quarter under review, the Commission granted approval for the payment of ₦4.31 billion to 8,221 RSA holders who were under the age of 50 years and were disengaged from work but unable to secure another job within 4 months of disengagement.

Table 3.11: Withdrawal of 25% of RSA Balance during the First Quarter, 2020

Period	Public		Private	Total	Total 25% Paid
	FGN	State			(₦ Million)
Q1: 2020	143	675	7,403	8,221	4,313.10

3.4.4 Approval of Death Benefits

The Commission approved the payment of ₦9.34 billion as death benefits to the beneficiaries of the 2,086 deceased employees during the quarter under review.

Table 3.12: Approval of Death Benefits During the First Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Q1: 2020	1,213	309	564	2,086	9,343.17

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 ₦531.93 million was paid to 2,227 retirees, which comprised 222 from the public sector retirees (FGN and State) and 2,005 from the private sector retirees.

Table 3.13: Enbloc Payment to Retirees/Foreigners During the First Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Q1: 2020	42	180	2,005	2,227	531.93