



NATIONAL PENSION COMMISSION (PenCom)

FOURTH QUARTER 2019 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

March, 2020

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Section One

Pension Operating Environment

1.1 Macroeconomic Development

Nigeria's aggregate Gross Domestic Product (GDP) in the fourth quarter of 2019 stood at **₦39,577,340.04** million in nominal terms. This was higher than the fourth quarter of 2018 which recorded an aggregate of **₦35,230,607.63** million, representing year on year nominal growth rate of 12.34%. This growth rate was 0.31% lower relative to the rate recorded in Q4 2018 and 0.96% lower than the rate recorded in the preceding quarter. In real terms, Nigeria's GDP grew by 2.55% (year-on-year) in Q4 2019 compared to the 2.38% growth rate recorded the same quarter of 2018. Quarter on quarter, real GDP growth was 5.59%. These indices were driven by economic activities under the two broad categories of the oil and non-oil.

In real terms, the oil sector contributed **₦2,897,061.00** million or 7.32% to total real GDP and recorded a real growth of 6.36% year-on-year. Similarly, the non-oil sector contributed **₦36,680,278.00** million (92.68%) and returned a real growth rate of 2.26% to total real GDP during the quarter under review. The non-oil sector was again driven mainly by economic activities in the Information and Communication (Telecommunications), Agriculture (Crop Production), Financial and Insurance Services (Financial Institutions), and Manufacturing.

1.2 Developments in the Capital Market

The All Share Index (ASI) opened at 27,630.56 at the beginning of the quarter, but declined by 2.9% to close at 26,842.07. The aggregate market capitalization correspondingly fell by 1.6% to **₦25.9** trillion at the end of Q4 2019 compared to **₦26.3** trillion recorded at end of Q3 2019. The market capitalization for the equities segment declined by 3.9% to **₦13.0** trillion to constitute 50.1% of the aggregate, compared to **₦13.5** trillion or 51.3% of the market capitalization in Q3 2019. The sectoral indices however, showed a mixed trend in performance within the review period. The NSE-Lotus rose by 2.5% to 1,834.76; NSE Oil & Gas by 9.7% to 262.54; NSE Consumer Goods by 4.5% to 592.85; NSE Pension by 6.1% to 1,054.06; NSE Banking by 3.7% to 356.84 and NSE Insurance by 8.5%. On the other hand; the NSE Premium fell by 6.8% to 2,116.12; NSE AseM by 5.1% to 734.99; and the NSE Industrial by 0.7% to 1,075.60.

In Q4 2019, the Bond Market witnessed the issuance of tranches of the 5 year, 10 year and 30 year FGN Bonds. The term to maturity of the bonds ranged between 3 years and 4 months to 29 years and 4 months. A total of **₦450** billion was offered, which was oversubscribed to the tune of **₦796.77** billion out of which **₦554** billion was allotted while a further sum of **₦121.10** billion was allotted on a non-competitive basis. The period also witnessed the maturity of bonds worth **₦264.40** billion which were redeemed. The bid rates on all tenors ranged between 9.00% and 15.12% while the marginal rates ranged between 11.00% and 14.60%.

1.3 Developments in the Money Market

The money market was largely liquid during the quarter under review as inflows from 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, boosted liquidity in the market. This increased liquidity was nonetheless moderated by the provisioning and settlement for foreign exchange purchases, auctioning of new CBN bills, FGN Bonds and Nigerian Treasury Bills (NTBs). Consequently, the total value of money market assets outstanding as at end of Q4 2019 stood at ₦13.04 billion, which represented an increase of 4.8% compared to the corresponding figure as at Q3 2019.

*Sources: National Bureau of Statistics: Nigeria Gross Domestic Products Report Q4 2019
Central Bank of Nigeria: Economic Report 4th Quarter, 2019*

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

2.1.1 Issuance of Guidelines and Regulations

During the quarter under review, the Commission issued the following subsidiary legislations;

- i. Circular on Flagging and deletion of Personal Identification Numbers on Pension Fund Administrator Databases.
- ii. Framework for the transfer of Retirement Savings Accounts to NUPEMCO
- iii. Circular on Pension Protection Fund Levy.
- iv. Addendum to Circular on Death Benefits.
- v. Circular on Substandard Data Quality.
- vi. Circular on Issues on the Transition from Contributor Registration System (CRS) to Enhanced Contributor Registration System (ECRS).
- vii. Revised Guidelines for Retirement Savings Account Registration.
- viii. Circular on the Implementation of the Requirements for the Provision of Fidelity Insurance Cover for Employees of PFAs/PFCs.
- ix. Addendum to Guidelines for Appointment to Board or Top Management Positions of PFAs/PFCs.
- x. Circular on Fee Structure for the Micro Pension Fund
- xi. Revised Circular on Payment of Dividend to Shareholders
- xii. Circular on Corporate Governance for Licensed Pension Fund Operators
- xiii. Circular on Payment of Audit Fees for Pensions Funds.

2.1.2 Off-Site Examination of Pension Fund Operators

In line with its mandate to regulate and supervise Licensed Pension Operators, the Commission conducted the Routine On-Site Examination of eight (8) Licensed Operators comprising of five (5) Pension Fund Administrators (PFAs), two (2) Closed Pension Fund Administrators (CPFAs) and one (1) Pension Fund Custodian (PFC) within the Q4 2019. The outcome of the Examinations indicated that the Pension Industry remained sound and resilient. Special or Target Examinations were also conducted on two (2) Pension Fund Operators, in order to address some governance issues.

2.1.3 Surveillance Issues Addressed During the Quarter

- i. The Commission met with the Board of three (3) PFAs to address solvency issues.
- ii. Following the issuance of the Nigerian Code of Corporate Governance (the Code) by Financial Reporting Council (FRC), a Circular on Corporate Governance for Pension Fund Operators (PFOs) was issued. The Circular aims at encouraging PFOs to embrace good corporate governance practices and high professional ethics in their organisations.

2.1.4 Update on Returns Rendition System

A total of thirty (30) Licensed Pension Operators comprising of twenty (20) PFAs, four (4) PFCs and six (6) CPFAs rendered returns on Assets under Management (AuM) as well as their Company Operations via the Risk Management & Analysis System (RMAS) for Q4, 2019.

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.

2.2.1 Update on Compliance by the Private Sector

During the quarter under review, the Commission received 19,298 applications for Pension Clearance Certificate (PCC) out of which a total of 18,579 certificates were issued PCC while 719 applications were rejected due to failure to meet the appropriate requirements. The records confirmed that the sum of ₦93,791,371,822.64 was remitted into the Retirement Savings Accounts (RSAs) of 341,786 employees by the 18,579 applicants.

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

As at the end of Q4 2019, one hundred and eighty one (181) batches of NSITF transfer applications were received from PFAs on behalf of 1,905 NSITF members. The Commission reviewed and conveyed concurrence for the transfer of ₦128,157,059.74 into RSAs of 1,900 members. Thus, from inception of the transfers in 2009 to 31 December 2019, the sum of ₦10,022,733,146.95 had been transferred to the RSAs of 139,566 NSITF members.

2.2.3 One-Off Payments

A total of One hundred and Five (105) batches of applications were received on behalf of 516 NSITF members for payment of Lump Sum (Retirement Grants, Differed NPF Grants etc.). The sum of ~~N~~18,507,905.20 was approved for payment to 511 NSITF members during the quarter. As at 31 December 2019, the sum of ~~N~~2,939,743,135.26 had been paid as Lumpsum to 36,485 NSITF Members.

2.2.4 NSITF Scheme Monthly Pension Payments

The Commission granted approval for the PFA to pay monthly pensions totaling N62,228,420.19 to 3,628 NSITF Pensioners during the fourth quarter. Thus, from November 2006 to 31 December 2019, the total pension payment to NSITF Pensioners amounted to ~~N~~4,676,455,221.64.

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

During the quarter under review, the sum of ~~N~~483,461,569 was recovered by the RAs. The amount recovered within the quarter had since been credited to the respective RSAs of the employees. In the same vein, a list comprising sixty-nine (69) defaulting employers that failed to remit outstanding pension contributions and penalty as established by the RAs were forwarded for legal actions.

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

In line with Section 92(1)(c) of the Pension Reform Act (PRA) 2014, the Commission conducted the 2019 Routine Examination of Pension Transitional Arrangement Directorate (PTAD) during the quarter. Copies of the Examination Reports were forwarded to the Honorable Minister of Finance and the Executive Secretary of PTAD. Similarly, the Commission continued to analyze the Monthly Statutory Reports submitted by the Directorate and also monitored the pensioners' Verification and Enrollment Exercises carried out in the six geopolitical zones and concluded the in December 2019.

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

Following the amendment of the Pension Reform Act 2004 (PRA 2004), the Military personnel and other Security Agencies were exempted from participating in the Contributory Pension Scheme (CPS) in 2011. During the quarter under review, the Commission processed 251 applications for the refund of pension contributions of Military personnel and other Security Agencies. The sum of N16.50 million was refunded to the contributors while N77.36 million was refunded to the Contributory Pension Account.

2.3 Compliance by State Governments

2.3.1 Implementation Update by the State Governments

As at the fourth quarter of 2019, a total of 25 States of the Federation had enacted pension laws on the Contributory Pension Scheme (CPS) while seven (7) States were at the bill stage. Five (5) States have, however adopted the Contributory Defined Benefits Scheme, while one (1) State operates the Defined Benefits Scheme. The level of compliance by States with the CPS is as detailed in Table 2.1.

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

S/N	State	Law	Remittance of Contribution	Accrued Rights	Group Life Insurance
1	Abia	Enacted law on CPS in 2017	Not remitting Pension Contributions.	Not Funding Accrued Rights	No Group Life Insurance
2	Adamawa	Enacted a Pension law in 2013 that is neither CPS nor CDBS (Contributory Defined Benefits Scheme)	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
3	Akwa Ibom	Bill Stage	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
4	Anambra	Enacted law on CPS in 2013 and amended some sections of the Law in 2014	Remitted the employer and employee pension contributions for LG employees up to June 2018. Some State employees had their employer portion of pension contribution remitted up to December 2017 and employee portion up to June 2019.	Funding accrued pension rights for only LG employees	No valid Group Life Insurance
5	Bauchi	Drafted a Bill on CDBS in 2015 and still undergoing legislative processes	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
6	Bayelsa	Enacted law on CPS in 2009	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
7	Benue	Enacted a law on CPS in May 2019	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
8	Borno	Drafted Bill on CPS in 2008	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance

S/N	State	Law	Remittance of Contribution	Accrued Rights	Group Life Insurance
9	Cross River	Bill Stage	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
10	Delta	Enacted law on CPS in 2008 and amended the Law in 2011	Regular and complete remittance of Pension Contributions for State employees. However, the employer contributions for LG employees are outstanding between May 2016 and September 2018, while October 2018 to January 2019 were remitted. The employee portion of the pension contributions were remitted up to date for the LG employees.	Funded accrued pension rights of both LG and State but with huge arrears of accrued pension liabilities	No Group Life Insurance
11	Ebonyi	Enacted law on CPS in 2017 which is in the process of amendment	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
12	Edo	Enacted law on CPS in 2010 which was amended in 2017	Regular and up to date remittance of pension contributions	Not Funding Accrued Rights	No Group Life Insurance
13	Ekiti	Enacted law on CPS and amended the law in 2017	Remitted Pension Contributions for State and LG employees up to July 2019	Not Funding Accrued Rights	No Group Life Insurance
14	Enugu	Enacted law on CPS in 2014	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
15	FCT	Covered by PRA 2014	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
16	Gombe	Amended its 2008 Law on CPS and adopted the CDBS in January 2019	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance

S/N	State	Law	Remittance of Contribution	Accrued Rights	Group Life Insurance
17	Imo	Enacted law on CPS in 2008	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
18	Jigawa	Enacted a law on CDBS in 2005 and further amended the law in 2015	Regular and up to date remittances of pension contributions to selected Pension Fund Administrators	Not Available	Valid Group Life Insurance
19	Kaduna	Amended law on CPS in 2016	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
20	Kano	Enacted law on CDBS in 2006	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	No Group Life Insurance
21	Katsina	Drafted Bill on CDBS in 2017 which is undergoing legislative processes	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
22	Kebbi	Enacted law on CPS in 2009 and amended the law in 2014	Remitting only employees' portion of Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
23	Kogi	Enacted a law on CPS in 2018	Not remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
24	Kwara	Drafted Bill on CPS in 2016 which is undergoing legislative processes	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
25	Lagos	Enacted law on CPS in 2007 and amended the law in 2019	Regular and up to date remittance of pension contributions	Funding the Accrued Rights of employees. However funds earmarked for this purpose is domiciled in a commercial Bank	No valid Group Life Insurance policy in place

S/N	State	Law	Remittance of Contribution	Accrued Rights	Group Life Insurance
26	Nasarawa	Enacted law on CPS in 2009	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
27	Niger	Enacted law on CPS in 2006 and amended its Law in 2017.	Suspended implementation of the CPS in April 2015 but amended its Law in 2017 to extend transition period/exempt some employees and recommence the CPS. Remittances of pension contributions were stopped. Yet to resume remittances for employees remaining under the CPS	Not Funding Accrued Rights	No Group Life Insurance
28	Ogun	Enacted law on CPS in 2008	Stopped remitting pension contributions; with huge arrears of unremitted pension contributions	Not Funding Accrued Rights	No Group Life Insurance
29	Ondo	Enacted a law on CPS in 2014	Remitting pension contributions for only core civil servants employed from September 2014	Not Funding Accrued Rights	No Group Life Insurance
30	Osun	Enacted law on CPS in 2008	Remitting Pension Contributions, though inconsistent, resulting in backlog of pension contributions.	Not Funding of Accrued Rights, resulting in huge arrears of accrued rights.	No Group Life Insurance
31	Oyo	Enacted law on CPS in 2010 and in the process of amending the Law	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
32	Plateau	Drafted Bill on CPS in 2016 and undergoing legislative processes	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
33	Rivers	Re-enacted law on CPS in 2019	The State extended the transition period after the law was re-enacted in 2019. Pension contribution made under the	The sum of N300 million was set aside with a PFA in 2012 for	No Group Life Insurance

S/N	State	Law	Remittance of Contribution	Accrued Rights	Group Life Insurance
			repealed law are to be refunded to the employees. However, the state is yet to commence remittance under the new law.	the payment of accrued rights	
34	Sokoto	Enacted law on CPS in 2007	Not remitting of Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
35	Taraba	Enacted law on CPS in 2009	Not Remitting Pension Contributions	Not Funding Accrued Rights	No Group Life Insurance
36	Yobe	No Law on CPS, operating the old Defined Benefit Scheme and no action towards adopting CPS	Not Applicable	Not Applicable	Not Applicable
37	Zamfara	Amended its law on CPS and adopted CDBS in 2019	Not commenced deductions and remittance of contributions under the CDBS. However contributions made under the CPS are currently being refunded to employees	Not Applicable	No Group Life Insurance

2.3.2 Inspection of Pension Boards/Bureaus/Commissions

The Commission conducted routine inspection of the pension arrangements in Kaduna and Ogun States, including their self-funded agencies during the quarter to ascertain the level of implementation of the CPS as well as the administration of the Defined Benefits Scheme (DBS) in the States.

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

The interactive sessions, trainings and workshops held during the period under review include:

- Sensitization workshops on the CPS for Staff and Management of the Federal Polytechnic Nasarawa
- Participation in the annual Account Opening Week held across the 6 geopolitical zones of the country from 2 to 7 December 2019 to promote financial inclusion for the informal sector and sensitize participants on the Micro Pension Plan.

- iii. Capacity building for the newly inaugurated Board and Management Staff of the Delta State and Local Government Pension Bureaux on 28 and 29 November 2019.
- iv. Fourth Quarter 2019 Consultative Forum for States and the FCT on 3 and 4 December, 2019 at Gombe State.

2.4 Update on Micro Pension Plan

2.4.1 Update on Registration under the Micro Pension Plan

As at Q4, 2019, the PFAs had registered a total of **39,686** contributors under the Micro Pension Plan (MPP) for whom a total of **₦17.71million** had been remitted to the RSAs as pension contributions.

2.4.2 Update on Sensitization on the Micro Pension Plan

The Commission continued to distribute the translated Frequently Asked Questions (FAQs) on the MPP to various stakeholders across the 6 geo-political zones through the Commission's Zonal Offices to further sensitize the public during the period under review.

2.5.1 Update on the Recapturing Exercise

Following the commencement of the Data Recapture Exercise commenced in August 2019, the PFAs recaptured a total of **187,391** RSA holders and uploaded same on the Enhanced Contributor Registration System (ECRS) during the quarter under review. RSA holders were mandatorily required to present their National Identification Numbers (NIN), amongst other documents at the point of recapture in order to facilitate authentication with the database of NIMC.

2.5.2 Update on the Employer code

A total of **1,816** Employer Codes were generated on the Enhanced Contributor Registration System (ECRS) during the period under review. The ECRS is an electronic platform for the receipt of requests for RSA registration from Pension Fund Administrators (PFAs) as well as requests for the generation of codes for employers of labour and updates/edits of RSA holders' information.

Section Three

Pension Industry Statistics

3.1 Scheme Memberships

The pension industry recorded a 1.25 % growth (110,701) in the scheme membership during the fourth quarter of 2019, moving from 8.84 million to 8.95 million contributors at the end of the quarter under review. The growth in the industry membership was driven by the Retirement Savings Account (RSA) Scheme, which had an increase of 110,900 contributors representing 1.26 %. However, membership of the Closed Pension Fund Administration (CPFA) Scheme declined by 199 members to 17,349 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 Fourth Quarter, 2019

Scheme Type	Q2:2019	Q3:2019	Q4:2019	Change between Q3:2019 and Q4:2019	% Change
RSA	8,722,609	8,780,336	8,891,236	110,900	1.26
CPFA	17,876	17,548	17,349	(199)	(1.13)
AES	40,951	40,951	40,951	0	0
TOTAL	8,781,436	8,838,835	8,949,536	110,701	1.25

3.1.1 Membership of RSA

The RSA registrations grew by 1.26% to 8,891,236 as at Q4, 2019 moving from 8,780,336 recorded in Q3, 2019. The 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.

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 fourth quarter, 2019, the market shares of the bottom three, five and ten PFAs had continued to grow, while those of the top three, five and ten slightly dropped. The shares of the bottom five and ten PFAs increased from 3.90 % and 14.99 % in Q3 2019 to 3.93 % and 15.01 % respectively as at the end of the reporting period. Conversely, the market shares of top five and ten PFAs dropped from 53.40% and 78.58% in the previous quarter to 53.34% and 78.51% respectively as at the end of Q4, 2019 as shown in Table 3.2.

Table 3.2: RSA Registration by Market Share

PFA Ranking	Q3:19 (%)	Q4:19 (%)
Top 3	37.58	37.51
Top 5	53.40	53.34
Top 10	78.58	78.51
Bottom 3	1.47	1.48
Bottom 5	3.90	3.93
Bottom 10	14.99	15.01

Table 3.2 indicated that the share of the top three PFAs had reduced from 37.58 % as recorded in Q3, 2019 to 37.51 % as at Q4, 2019. The share of the bottom three PFAs slightly increased from 1.47 % in previous quarter to 1.48 % as at Q4, 2019. By a range analysis of the registrations, Table 3.3 shows that 15 PFAs (68.18%) had each registered less than 500,000 RSAs while the remaining seven PFAs (31.82%) 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 CPFA and AES

The total memberships of the CPFAs and AESs were 17,349 and 40,951 respectively as at the end of the fourth quarter of 2019 as shown in Tables 3.4 and 3.5 respectively. A review of the tables show a slight decrease of 1.13 % 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 3.4: Membership of CPFAs as at Fourth Quarter, 2019

Enrolment Type	Number			Percentage of Total	
	Q2:2019	Q3:2019	Q4:2019	Q3:2019	Q4:2019
Active Members	12,121	11,797	11,580	67.23	66.75
Existing Pensioners	5,715	5,663	5,734	32.27	33.05
Deferred Pensioners	40	88	35	0.50	0.20
Total	17,876	17,548	17,349	100.00	100.00

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

Table 3.5: Membership of AES as at Fourth Quarter, 2019

Enrolment Type	Number			Percentage of Total	
	Q4:2018	Q1:2019	Q2:2019	Q1:2019	Q2:2019
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

During the fourth quarter of 2019, the total contributions received from the public sector amounted to ₦101.40 billion (53.99 %) while the private sector contributed ₦86.42 billion (46.01 %). Cumulatively, the total monthly pension contributions received from contributors from both the public and private sectors was ₦5.80 trillion as at the end of Q4, 2019. This shows an increase of ₦ 187.82 billion, representing 3.35 % growth, over the total contributions as at the end of the previous quarter as shown in Table 3.6.

A review of the aggregate total contribution received shows that ₦2.90 trillion (49.97 %) of the contributions came from the public sector, while the private sector contributed the remaining 50.03 % (₦2.90 trillion).

Table 3.6: Pension Contributions as at Fourth Quarter, 2019

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total
2004	15.6	0.56	0	0.00	15.60	0.28
2005	34.68	1.24	0	0.00	34.68	0.62
2006	37.38	1.34	23.03	0.82	60.41	1.08
2007	80.63	2.89	68.34	2.43	148.97	2.66
2008	99.28	3.56	80.81	2.87	180.09	3.21
2009	137.1	4.91	91.21	3.24	228.31	4.07
2010	162.46	5.82	103.03	3.66	265.49	4.74
2011	228.92	8.20	119.53	4.25	348.45	6.22
2012	302.24	10.83	159.52	5.67	461.76	8.24
2013	278.5	9.98	225.42	8.01	503.92	8.99
2014	237.76	8.52	343.97	12.23	581.73	10.38
2015	200.05	7.17	358.91	12.76	558.96	9.97
2016	225.86	8.09	262.33	9.32	488.20	8.71
2017	257.11	9.21	353.73	12.57	610.84	10.90
2018	266.84	9.56	340.72	12.11	607.55	10.84
Q1:2019	93.80	3.36	92.63	3.29	186.43	3.33
Q2:2019	72.42	2.59	97.48	3.47	169.90	3.03
Q3:2019	63.94	2.21	92.60	3.19	156.55	2.70
Q4:2019	101.40	3.50	86.42	2.98	187.82	3.24
Total	2,895.97	100.00	2,899.68	100.00	5,795.65	100.00

The aggregate total pension contributions of the private sector increased from ₦2.81 trillion as at third quarter of 2019 to ₦2.90 trillion as at the end of the reporting period representing a growth of 3.07%. In the same vein, the aggregate total pension contribution of the public sector increased by 3.63% from ₦2.79 trillion to ₦2.90 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 indicated that the top 5 ranked PFAs received 66.31% of the total contributions as at the end of the fourth quarter of 2019. The top 10 ranked PFAs accounted for 88.13% of the total contributions. The bottom 5 and 10 PFAs had received ₦115.48 billion and ₦556.44 billion pension contributions, representing 1.88% and 9.06% of the total contributions respectively as shown in Table 3.7 below.

Table 3.7: PFA Ranking by Size of Contributions as at Fourth Quarter, 2019

Rank	Amount (₦ billion)	Percentage of Total (%)
Top 5	4,072.86	66.31
Top 10	5,413.23	88.13
Bottom 5	115.48	1.88
Bottom 10	556.44	9.06

3.3 Pension Fund Investment

The total value of pension fund assets based on unaudited valuation reports, grew from ₦9.58 trillion as at the end of September, 2019, to ₦10.22 trillion as at December, 2019, representing a growth of 6.60% (₦632.88 billion). The growth showed an increase in the quarterly growth rate compared to the 2.76% recorded for the previous quarter. The breakdown of the pension assets by fund type is shown in Table 3.8.

Table 3.8: Pension Fund Portfolio by Fund Type as at Fourth Quarter, 2019

Fund/Period	Q4:2019		Q3:2019		Change between Q4:2019 & Q3:2019	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	Growth %
RSA Fund I	22.60	0.22	19.31	0.20	3.29	17.04
RSA Fund II	4,459.08	43.65	4,228.28	44.12	230.80	5.46
RSA Fund III	2,552.22	24.98	2,376.41	24.80	175.81	7.40
RSA Fund IV (Retiree)	816.52	7.99	768.38	8.02	48.14	6.26
CPFAs	1,258.89	12.32	1,180.75	12.32	78.14	6.62
AESs	1,106.59	10.83	1,009.90	10.54	96.69	9.57
Total	10,215.91	100	9,583.03	100	632.88	6.60

Table 3.8 shows that as at fourth quarter of 2019, the RSA funds (Funds I – IV) had the largest portfolio, accounting for ₦7.85 trillion (76.85%) of the total assets under management. CPFAs and AESs assets stood at ₦1.26 trillion and ₦1.11 trillion representing 12.32% and 10.83% of the total assets under management respectively. The Table further revealed that the RSA Fund I constituted 0.29% of the total RSA Funds, RSA Fund II constituted 56.80%; Fund III 32.51% while Fund IV i.e. the ‘Retiree’ Fund accounted for 10.40% of the Fund.

A breakdown of the pension industry portfolio as shown in Table 3.9 indicated that the pension fund assets were mainly invested in Federal Government Securities, with an allocation of about 72% of the total pension assets (FGN Bonds: 52%, Treasury Bills: 18%, Sukuk Bonds: 1%, Agency Bonds and Green Bonds: less than 1%).

Table 3.9: Pension Industry Portfolio as at Fourth Quarter, 2019

S/N	ASSET CLASS	Total Pension Fund Assets 31-Dec-19		Total Pension Fund Assets 30-Sept-19		Variance Between December 2019 and September 2019	
		₦ Billion	Weight (%)	₦ Billion	Weight (%)	₦ Billion	Weight (%)
1	Domestic Ordinary Shares	552.78	5.41	492.08	5.13	60.70	12.34
2	Foreign Ordinary Shares	71.28	0.70	65.14	0.68	6.14	9.42
3	Total FGN Securities	7,345.20	71.90	6,844.88	71.43	500.32	7.31
	(i) FGN Bonds	5,347.46	52.34	4,476.59	46.71	870.87	19.45
	(ii) Treasury Bills	1,881.18	18.41	2,263.69	23.62	(382.51)	(16.90)
	(iii) Agency Bonds (NMRC & FMBN)	11.73	0.11	10.69	0.11	1.04	9.73
	(iv) Sukuk Bonds	88.90	0.87	80.53	0.84	8.37	10.40
	(v) Green Bonds	15.92	0.16	13.38	0.14	2.55	19.03
4	State Govt. Securities	115.06	1.13	125.24	1.31	(10.18)	(8.13)
5	Corporate Debt Securities	567.46	5.55	621.96	6.49	(54.49)	(8.76)
6	Supra-National Bonds	4.14	0.04	4.03	0.04	0.11	2.78
7	Local Money Market Securities	1,172.32	11.48	1,074.56	11.21	97.76	9.10
8	Foreign Money Market Securities	5.38	0.05	8.42	0.09	(3.04)	(36.06)
9	Mutual Funds	26.65	0.26	21.81	0.23	4.84	22.17
	(i) Open/Close-End Funds	15.34	0.15	9.90	0.10	5.43	54.86
	(ii) REITs	11.31	0.11	11.91	0.12	(0.60)	(5.01)
10	Real Estate Properties	220.01	2.15	231.48	2.42	(11.47)	(4.96)
11	Private Equity Fund	34.54	0.34	32.05	0.33	2.48	7.75
12	Infrastructure Fund	41.54	0.41	34.90	0.36	6.64	19.03
13	Cash & Other Assets	59.54	0.58	26.47	0.28	33.07	124.91
	Net Assets Value	10,215.91	100.00	9,583.03	100.00	632.88	6.60

Table 3.9 indicates that the value of investments in domestic ordinary shares was ₦552.78 billion (5.41% of industry portfolio value) as at 31 December, 2019, indicating an increase of ₦60.70 billion compared to the value of ₦492.08 billion as at 30 September, 2019.

The value of investments in FGN Bond increased by ₦870.87 billion (19.45 %), Agency Bonds; ₦1.04 billion (9.73 %), FGN SUKUK; ₦8.37 billion (10.40 %) and FGN Green Bond; ₦2.55 billion (19.03 %). On the flipside, investments in Treasury bills declined by ₦382.51 billion (16.90 %) during the same period.

Table 3.10: Ranking of PFAs by Asset Size as at Fourth Quarter, 2019

PFA Rank	Q1:2019		Q3:2019		Q4:2019	
	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets
Top 3	3,843.68	54.07	3,976.31	54.01	4,218.12	53.88
Top 5	4,746.03	66.77	4,909.80	66.69	5,216.32	66.63
Top 10	6,237.94	87.76	6,449.94	87.62	6,850.49	87.50
Bottom 3	36.56	0.51	43.42	0.59	31.79	0.41
Bottom 5	137.16	1.93	149.51	2.03	106.27	1.36
Bottom 10	655.08	9.22	687.28	9.34	535.35	6.84

A review of PFAs' ranking by size of Assets under Management showed that the top five PFAs accounted for more than half of the total RSA assets at 66.63%. The top ten PFAs had 87.50 % of the total RSA assets under their management while the bottom ten PFAs accounted for 6.84 % 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 ₦409.90 billion (6.19%), from ₦6.62 trillion recorded in Q3 to ₦7.03 trillion as at Q4, 2019. The growth resulted primarily from monthly inflows of pension contributions into the Funds and the investment incomes. The breakdown of the Net Asset Value of the various RSA 'Active' Funds were: RSA Fund I was ₦22.60 billion (0.32%); RSA Fund II was ₦4.46 trillion (63.39%) and RSA Fund III was ₦2.55 trillion (36.28%).

(ii) RSA Retiree Fund

The Net Asset Value of the RSA Retiree Fund increased by ₦48.14 billion (6.26%), from ₦768.38 billion as at Q3 to ₦816.52 billion as at Q4, 2019. 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 15.96 % (annualized) as at Q4 2019, which was a slight increase in performance when compared with the annualized WARR of 12.50 % recorded in the Q3, 2019.

(iii) CPFA Funds

The value of pension fund assets held by the CPFA Funds rose by ₦78.14 billion (6.62%), from ₦1.18 trillion as at Q3, 2019 to ₦1.26 trillion as at Q4, 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 (for contributory schemes).

(iii) Approved Existing Schemes

The NAV of the AESs increased by ₦96.69 billion (9.57 %), from ₦1.01 trillion as at Q3, 2019, to ₦1.11 trillion as at Q4, 2019. The net increase in the total portfolio value was primarily attributed to funds injected by Scheme sponsors and interest/coupons from fixed income investments.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

During the quarter under review, the Commission approved the retirement benefits of 6,093 retirees by programmed withdrawal who received the sum of ₦17.83 billion as lump sum and ₦263.37 million as monthly pensions. Details of these payments are provided in Table 3.11 below:

Table 3.11: Number of Retirees on PW During the Fourth Quarter, 2019

Period	Public		Private	Total	Lump sum	Monthly PW
	FGN	State			(₦Million)	(₦ Million)
Q4: 2019	1,876	1,696	2,521	6,093	17,829.31	263.37

Note: Public Sector refers to both Federal and State Governments

The table further shows that from inception to date, the sum of ₦607.17 billion had been paid to 233,493 retirees as lump sum while their monthly Programmed Withdrawals amounted to ₦9.95 billion.

3.4.2 Retirement by Annuity

The Commission approved a total of 3,591 applications for retirement under life annuity during the quarter, The 3,591 retirees received ₦6.70 billion as lump sum payment and paid premium of ₦21.01 billion to insurance companies in exchange for monthly annuity of ₦216.54 million as shown in Table 3.12 below.

Table 3.12: Retirement by Annuity During the Fourth Quarter, 2019

Period	Public		Private	Total	Lump sum	Premium	Annuity
	FGN	State			(₦ Million)	(₦ Million)	(₦ Million)
Q4: 2019	1,521	856	1,214	3,591	6,704.69	21,010.01	216.54

3.4.3 Withdrawal of 25 % of RSA Balances

During the fourth quarter 2019, the Commission granted approval for payment of ~~N~~5.61 billion to 9,402 RSA holders who were disengaged from work but unable to secure another job within 4 months of disengagement in accordance with the provisions of the PRA 2014.

Table 3.13: Withdrawal of 25% of RSA Balance During the Fourth Quarter, 2019

Period	Public		Private	Total	Total 25% Paid
	FGN	State			(N Million)
Q4: 2019	135	250	9,017	9,402	5,608.97

3.4.4 Approval of Death Benefits

The Commission approved the payment of ~~N~~8.59 billion as death benefits to the beneficiaries of the 1,864 deceased contributors during the quarter under review.

Table 3.14: Approval of Death Benefits During the Fourth Quarter, 2019

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(N Million)
Q4: 2019	892	479	493	1,864	8,587.98

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 ~~N~~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 returned to their home countries after making contributions under the CPS.

Accordingly, the sum of ~~N~~569.27 million was paid to 2,241 retirees, which comprised 140 from the public sector (FGN and State) and 2,101 from the private sector during the quarter under review.

Table 3.15: Enbloc Payment to Retirees/Foreigners During the Fourth Quarter, 2019

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(N Million)
Q4: 2019	31	109	2,101	2,241	569.27